

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

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021**

	Notes	Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>ASSETS</b>					
Cash and short-term funds		1,254,962	1,406,158	1,246,606	1,401,826
Financial investments at fair value through other comprehensive income ("FVOCI")	9	1,396,737	1,323,857	1,396,737	1,323,857
Financial investments at fair value through profit or loss ("FVTPL")	10	100,927	-	100,927	-
Financial investments at amortised cost ("AC")	11	518,757	569,350	518,757	569,350
Loans, advances and financing	12	7,419,174	6,844,761	7,419,174	6,844,761
Other assets		14,855	18,017	99,300	143,502
Investment in associate		2,950	2,950	-	-
Property, plant and equipment		134,175	131,483	134,142	131,476
Right-of-use assets		9,341	12,834	9,341	12,834
Investment properties		374,081	393,062	374,081	393,062
Intangible assets		14,762	14,620	14,762	14,620
Tax recoverable		4,727	3,757	2,152	2,068
Deferred tax assets		99,275	99,278	99,275	99,278
<b>TOTAL ASSETS</b>		<b>11,344,723</b>	<b>10,820,127</b>	<b>11,415,254</b>	<b>10,936,634</b>
<b>LIABILITIES</b>					
Deposits from customers	13	3,742,803	4,255,632	3,776,444	4,330,869
Deposits from banks and other financial institutions	14	50,085	-	50,085	-
Islamic medium-term notes/commercial notes		2,521,926	1,866,327	2,521,926	1,866,327
Borrowings/Fundings	15	1,741,109	1,507,974	1,741,109	1,507,974
Lease liabilities		9,914	13,364	9,914	13,364
Other liabilities		1,141,407	1,121,503	1,167,445	1,149,088
Government funds		540,701	454,883	540,701	454,883
<b>TOTAL LIABILITIES</b>		<b>9,747,945</b>	<b>9,219,683</b>	<b>9,807,624</b>	<b>9,322,505</b>
<b>EQUITY</b>					
Share capital		1,850,000	1,850,000	1,850,000	1,850,000
Accumulated losses		(260,313)	(301,724)	(249,461)	(288,039)
Other reserves		7,091	52,168	7,091	52,168
<b>TOTAL EQUITY</b>		<b>1,596,778</b>	<b>1,600,444</b>	<b>1,607,630</b>	<b>1,614,129</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>11,344,723</b>	<b>10,820,127</b>	<b>11,415,254</b>	<b>10,936,634</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	21	<b>2,180,552</b>	<b>2,252,396</b>	<b>2,180,552</b>	<b>2,252,396</b>

*(These audited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 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 FOURTH QUARTER ENDED 31 DECEMBER 2021**

<b>Group</b>	<b>Notes</b>	<b>Fourth Quarter Ended</b>		<b>Twelve Months Ended</b>	
		<b>31 December 2021 RM'000</b>	<b>31 December 2020 RM'000</b>	<b>31 December 2021 RM'000</b>	<b>31 December 2020 RM'000</b>
Interest income	16	252	246	1,977	6,314
Interest expense	17	(3,806)	(42,172)	(15,245)	(80,972)
<b>Net interest expense</b>		<b>(3,554)</b>	<b>(41,926)</b>	<b>(13,268)</b>	<b>(74,658)</b>
Gross income from Islamic banking business	23	110,420	92,231	413,648	351,985
Other operating income	18	5,446	2,518	11,167	5,287
<b>Net income</b>		<b>112,312</b>	<b>52,823</b>	<b>411,547</b>	<b>282,614</b>
Other operating expenses	19	(44,646)	(42,353)	(238,190)	(227,919)
<b>Operating profit</b>		<b>67,666</b>	<b>10,470</b>	<b>173,357</b>	<b>54,695</b>
(Allowances)/Writeback for impairment losses on:					
- loans, advances and financing	20	(86,906)	74,980	(115,533)	63,376
- commitments and contingencies		916	2,014	(779)	1,468
- financial investments at FVOCI	9	5,828	8,770	593	2,909
- financial investments at AC	11	674	86	(278)	649
- other assets at AC		407	(1)	605	191
		<b>(11,415)</b>	<b>96,319</b>	<b>57,965</b>	<b>123,288</b>
Share of loss after tax of associate		-	(388)	-	(388)
<b>(Loss)/Profit before tax expense and zakat</b>		<b>(11,415)</b>	<b>95,931</b>	<b>57,965</b>	<b>122,900</b>
Tax expense		(1,204)	451	(2,028)	(294)
Zakat		935	(1,000)	(1,315)	(2,642)
<b>(Loss)/Profit for the period/year</b>		<b>(11,684)</b>	<b>95,382</b>	<b>54,622</b>	<b>119,964</b>
<b>Other comprehensive (loss)/income</b>					
<b>Item that may be reclassified to profit or loss:</b>					
Unrealised (loss)/gain on revaluation of financial investments at FVOCI		(7,222)	(7,146)	(44,484)	16,399
Changes in expected credit losses on financial investments at FVOCI		(5,828)	(8,770)	(593)	(2,909)
<b>Other comprehensive (loss)/income for the period</b>		<b>(13,050)</b>	<b>(15,916)</b>	<b>(45,077)</b>	<b>13,490</b>
<b>Total comprehensive (loss)/income for the period/year</b>		<b>(24,734)</b>	<b>79,466</b>	<b>9,545</b>	<b>133,454</b>
(Loss)/Profit for the period/year attributable to owner of the Bank		(11,684)	95,382	54,622	119,964
Total comprehensive (loss)/income attributable to owner of the Bank		(24,734)	79,466	9,545	133,454

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**Small Medium Enterprise Development Bank Malaysia Berhad**  
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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021**

<b>Bank</b>	<b>Notes</b>	<b>Fourth Quarter Ended</b>		<b>Twelve Months Ended</b>	
		<b>31 December 2021 RM'000</b>	<b>31 December 2020 RM'000</b>	<b>31 December 2021 RM'000</b>	<b>31 December 2020 RM'000</b>
Interest income	16	252	246	1,977	6,314
Interest expense	17	(3,806)	(42,172)	(15,245)	(80,972)
<b>Net interest expense</b>		<b>(3,554)</b>	<b>(41,926)</b>	<b>(13,268)</b>	<b>(74,658)</b>
Gross income from Islamic banking business	23	103,102	91,064	404,791	356,771
Other operating income	18	311	192	1,324	1,613
<b>Net income</b>		<b>99,859</b>	<b>49,330</b>	<b>392,847</b>	<b>283,726</b>
Other operating expenses	19	(41,845)	(40,647)	(230,028)	(223,211)
<b>Operating profit</b>		<b>58,014</b>	<b>8,683</b>	<b>162,819</b>	<b>60,515</b>
(Allowances)/Writeback for impairment losses on:					
- loans, advances and financing	20	(100,094)	24,986	(135,874)	322
- commitments and contingencies		916	2,014	(779)	1,468
- financial investments at FVOCI	9	5,828	8,770	593	2,909
- financial investments at AC	11	674	86	(278)	649
- other assets at AC		407	(1)	605	191
- other assets at FVOCI		36,198	78,359	27,793	68,701
<b>Profit before tax expense and zakat</b>		<b>1,943</b>	<b>122,897</b>	<b>54,879</b>	<b>134,755</b>
Tax expense		(1,141)	746	(1,775)	1
Zakat		935	(1,000)	(1,315)	(2,642)
<b>Profit for the period/year</b>		<b>1,737</b>	<b>122,643</b>	<b>51,789</b>	<b>132,114</b>
<b>Other comprehensive (loss)/income</b>					
<b>Item that may be reclassified to profit or loss:</b>					
Unrealised (loss)/gain on revaluation of financial investments at FVOCI		(7,222)	(7,146)	(44,484)	16,399
Changes in expected credit losses on financial investments at FVOCI		(5,828)	(8,770)	(593)	(2,909)
<b>Other comprehensive (loss)/income for the period/year</b>		<b>(13,050)</b>	<b>(15,916)</b>	<b>(45,077)</b>	<b>13,490</b>
<b>Total comprehensive (loss)/income for the period/year</b>		<b>(11,313)</b>	<b>106,727</b>	<b>6,712</b>	<b>145,604</b>
Profit for the period attributable to owner of the Bank		1,737	122,643	51,789	132,114
Total comprehensive (loss)/income attributable to owner of the Bank		(11,313)	106,727	6,712	145,604

*(These audited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to these financial statements.)*

**Small Medium Enterprise Development Bank Malaysia Berhad**  
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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021**

Group	Note	<=====Attributable to the Owner of the Bank=====>				
		Share capital RM'000	Fair value reserve RM'000	General reserve RM'000	Accumulated losses RM'000	Total RM'000
<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		-	(44,484)	-	-	(44,484)
Changes in expected credit losses of financial investments at FVOCI	9	-	(593)	-	-	(593)
Profit for the year		-	-	-	54,622	54,622
Total comprehensive (loss)/income for the year		-	(45,077)	-	54,622	9,545
Transaction with owner: Dividends		-	-	-	(13,211)	(13,211)
<b>At 31 December 2021</b>		<b>1,850,000</b>	<b>(3,023)</b>	<b>10,114</b>	<b>(260,313)</b>	<b>1,596,778</b>
<b>At 1 January 2020</b>		1,850,000	28,564	10,114	(384,688)	1,503,990
Unrealised gain on revaluation of financial investments at FVOCI		-	23,231	-	-	23,231
Reclassification of gains included in profit or loss		-	(1,654)	-	-	(1,654)
Changes in expected credit losses of financial investments at FVOCI		-	(2,909)	-	-	(2,909)
Income tax relating to components of other comprehensive income		-	(5,178)	-	-	(5,178)
Profit for the year		-	-	-	119,964	119,964
Total comprehensive income for the year		-	13,490	-	119,964	133,454
Transaction with owner: Dividends		-	-	-	(37,000)	(37,000)
<b>At 31 December 2020</b>		<b>1,850,000</b>	<b>42,054</b>	<b>10,114</b>	<b>(301,724)</b>	<b>1,600,444</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 FOURTH QUARTER ENDED 31 DECEMBER 2021**

Bank	Note	<=====Attributable to the Owner of the Bank=====>				
		Share capital RM'000	Fair value reserve RM'000	General reserve RM'000	Accumulated losses RM'000	Total RM'000
<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		-	(44,484)	-	-	(44,484)
Changes in expected credit losses of financial investments at FVOCI	9	-	(593)	-	-	(593)
Profit for the year		-	-	-	51,789	51,789
Total comprehensive (loss)/income for the year		-	(45,077)	-	51,789	6,712
Transaction with owner: Dividends		-	-	-	(13,211)	(13,211)
<b>At 31 December 2021</b>		<b>1,850,000</b>	<b>(3,023)</b>	<b>10,114</b>	<b>(249,461)</b>	<b>1,607,630</b>
<b>At 1 January 2020</b>		<b>1,850,000</b>	<b>28,564</b>	<b>10,114</b>	<b>(383,153)</b>	<b>1,505,525</b>
Unrealised gain on revaluation of financial investments at FVOCI		-	23,231	-	-	23,231
Reclassification of gains included in profit or loss		-	(1,654)	-	-	(1,654)
Changes in expected credit losses of financial investments at FVOCI		-	(2,909)	-	-	(2,909)
Income tax relating to components of other comprehensive income		-	(5,178)	-	-	(5,178)
Profit for the year		-	-	-	132,114	132,114
Total comprehensive income for the year		-	13,490	-	132,114	145,604
Transaction with owner: Dividends		-	-	-	(37,000)	(37,000)
<b>At 31 December 2020</b>		<b>1,850,000</b>	<b>42,054</b>	<b>10,114</b>	<b>(288,039)</b>	<b>1,614,129</b>

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**Small Medium Enterprise Development Bank Malaysia Berhad  
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**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF CASH FLOWS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021**

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Cash flows from/(used in) operating activities</b>				
Profit before tax expense and zakat	57,965	122,900	54,879	134,755
<b>Adjustments for:</b>				
Net impairment loss/(writeback) on loans, advances and financing	151,134	(34,722)	171,475	28,332
Net impairment loss/(writeback) of commitment and contingencies	779	(1,468)	779	(1,468)
Net impairment writeback on financial investment at FVOCI	(593)	(2,909)	(593)	(2,909)
Net impairment loss/(writeback) on financial investment at AC	278	(649)	278	(649)
Impairment writeback on other assets at AC	(605)	(191)	(605)	(191)
Impairment writeback on other assets at FVOCI	-	-	(27,793)	(68,701)
Depreciation of property, plant and equipment	11,579	13,114	11,576	13,108
Depreciation of right-of-use assets	3,494	3,491	3,494	3,491
Amortisation of intangible assets	7,447	7,455	7,447	7,455
Fair value adjustment on investment properties	18	-	18	-
Government funds released	(22,333)	(9,937)	(22,333)	(9,937)
Income from financial investments at FVOCI	(47,724)	(47,765)	(47,724)	(47,765)
Income from financial investments at FVTPL	(5,713)	-	(5,713)	-
Income from financial investments at AC	(22,170)	(28,253)	(22,170)	(28,253)
Profit expense on medium-term notes	77,672	67,930	77,672	67,930
Profit expense on borrowings/fundings	33,534	88,376	33,534	88,376
Finance cost on lease liabilities	458	568	458	568
Property, plant and equipment written-off	-	1	-	1
Investment property written-off	18,963	-	18,963	-
Profit income on amount due from a subsidiary company	-	-	(11,207)	(13,772)
Share of loss after tax of an associate	-	388	-	-
<b>Operating profit before working capital changes</b>	<b>264,183</b>	<b>178,329</b>	<b>242,435</b>	<b>170,371</b>
Changes in working capital:				
Net changes in operating assets	(726,068)	(1,013,334)	(663,812)	(1,020,384)
Net changes in operating liabilities	(446,070)	1,112,932	(489,213)	1,129,731
<b>Cash (used in)/generated from operating activities</b>	<b>(907,955)</b>	<b>277,927</b>	<b>(910,590)</b>	<b>279,718</b>
Interest and profit received	239,634	72,471	239,634	72,471
Tax and zakat paid	(666)	2,490	(2,055)	2,576
<b>Net cash (used in)/generated from operating activities</b>	<b>(668,987)</b>	<b>352,888</b>	<b>(673,011)</b>	<b>354,765</b>
<b>Cash flows from/(used in) investing activities</b>				
Net purchase of financial investment	(332,003)	305,000	(332,003)	305,000
Net purchase of property, plant and equipment	(14,176)	(11,536)	(14,176)	(11,535)
Net purchase of intangible assets	(7,590)	(1,249)	(7,590)	(1,249)
<b>Net cash (used in)/generated from investing activities</b>	<b>(353,769)</b>	<b>292,215</b>	<b>(353,769)</b>	<b>292,216</b>
<b>Cash flows from/(used in) financing activities</b>				
Proceeds from medium term notes/commercial notes	577,927	30,325	577,927	30,325
Proceeds from borrowings/fundings	305,328	(363,394)	305,328	(363,394)
Proceeds from government funds	5,423	16,072	5,423	16,072
Payment of lease liabilities	(3,907)	(3,852)	(3,907)	(3,852)
Dividend paid	(13,211)	(37,000)	(13,211)	(37,000)
<b>Net cash generated from/(used in) financing activities</b>	<b>871,560</b>	<b>(357,849)</b>	<b>871,560</b>	<b>(357,849)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(151,196)</b>	<b>287,254</b>	<b>(155,220)</b>	<b>289,132</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,406,158</b>	<b>1,118,904</b>	<b>1,401,826</b>	<b>1,112,694</b>
<b>Cash and cash equivalents at end 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 comprise:</b>				
- Cash and short term funds	1,254,962	1,406,158	1,246,606	1,401,826

**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 2020. 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 2020.

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 2020 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 2021:-

- Amendments to References to the Conceptual Framework in MFRS Standards
- Definition of a Business (Amendments to MFRS 3)
- Definition of Material (Amendments to MFRS 101 and MFRS 108)
- Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 107)

**2. Summary of Significant Accounting Policies**

The audited financial statements of the Group and of the Bank for the financial year ended 31 December 2020 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 2020.

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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 2020.

**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 2020 was not qualified.

**5. Seasonal or cyclical factors**

The operations of the Group and of the Bank were not materially affected by any seasonal or cyclical factors in the financial year ended 31 December 2021.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and of the Bank in the financial year ended 31 December 2021.

**7. Changes in estimates**

There were no material changes in estimates that have a material effect in the financial year ended 31 December 2021.

**8. Dividends**

During the financial year ended 31 December 2021, a final dividend of RM0.71 sen per share for financial year ended 31 December 2020, amounting to RM13,211,000 was paid on 9 June 2021.



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**9. Financial investments at FVOCI**

	<b>Group and Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
<b>Government securities</b>		
Malaysian Government Investment Issues	892,606	553,558
<b>Non-money market instruments</b>		
Equity securities		
- Private debt securities	30,572	30,569
- Unquoted shares	10,192	9,540
Debt securities		
- Private debt securities	463,367	730,190
	<u>504,131</u>	<u>770,299</u>
<b>Total financial investment at FVOCI</b>	<u>1,396,737</u>	<u>1,323,857</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 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>
At 1 January 2020	153	3,656	10,000	13,809
Writeback made due to changes in credit risk	(140)	(2,756)	-	(2,896)
Financial investments derecognised	(13)	-	-	(13)
At 31 December 2020	<u>-</u>	<u>900</u>	<u>10,000</u>	<u>10,900</u>

The impairment losses by external rating grade 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>
<i>External rating grade</i>				
RAM AAA	6	-	-	6
MARC AAA	26	-	-	26
RAM AA	48	-	-	48
RAM A	-	218	-	218
MARC AA	9	-	-	9
RAM D	-	-	10,000	10,000
At 31 December 2021	<u>89</u>	<u>218</u>	<u>10,000</u>	<u>10,307</u>

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

The impairment losses by external rating grade are as follows (cont'd.):

<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 BB	-	900	-	900
RAM C^	-	-	10,000	10,000
At 31 December 2020	<u>-</u>	<u>900</u>	<u>10,000</u>	<u>10,900</u>

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

**10. Financial investments at FVTPL**

	<b>Group and Bank</b>	
	<b>2021 RM'000</b>	<b>2020 RM'000</b>
<b>At fair value</b>		
<b>Government securities</b>		
Malaysian Government Investment Issues	41,102	-
<b>Money market instruments</b>		
Commercial papers	59,825	-
<b>Total financial investment at FVTPL</b>	<u>100,927</u>	<u>-</u>

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**11. Financial investments at amortised cost**

	<b>Group and Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
<b>Government securities</b>		
Malaysian Government Investment Issues	50,905	111,416
<b>Money market instruments</b>		
Commercial papers	33,895	164,159
<b>Non-money market instruments</b>		
Private debt securities	434,235	293,775
	519,035	569,350
Less: Accumulated impairment losses	(278)	-
<b>Total financial investment at amortised cost</b>	<b>518,757</b>	<b>569,350</b>

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

	<b>Group and Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Within one year	402,759	254,715
More than one year to three years	35,292	254,033
More than three years to five years	40,399	-
More than five years	40,585	60,602
	519,035	569,350

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

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

	<b>Group and Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Stage 1</b>	<b>Stage 1</b>
At 1 January	-	649
Allowance/(writeback) made due to changes in credit risk	120	(603)
New financial investments originated or purchased	158	-
Financial investments derecognised	-	(46)
At 31 December	<u>278</u>	<u>-</u>

The impairment losses by external rating grade are as follows:

	<b>Group and Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>Stage 1</b>	<b>Stage 1*</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>External rating grade</i>		
RAM AAA	5	-
MARC AAA	19	-
RAM AA	122	-
MARC AA	61	-
MARC AA-	71	-
Total	<u>278</u>	<u>-</u>

\* The impairment losses amount of certain private debt securities under Stage 1 are less than RM1,000.

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>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysian Government Investment Issues	51,312	113,019
Commercial papers	33,895	164,159
Private debt securities	436,849	302,793
	<u>522,056</u>	<u>579,971</u>

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**12. Loans, advances and financing**

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Term loans/financing				
- Hire purchase	391,699	337,678	355,381	301,007
- Leasing	342	343	-	1
- Other term loans/financing	5,981,315	6,001,391	5,645,737	5,647,464
Revolving loans/financing	1,909,834	1,371,677	1,888,257	1,348,461
Staff loans/financing	11,988	13,111	11,988	13,111
Gross loans, advances and financing	<u>8,295,178</u>	<u>7,724,200</u>	<u>7,901,363</u>	<u>7,310,044</u>
Less: Allowance for impairment losses on				
- Stage 1 (Note 12(ix))	(93,431)	(67,708)	(93,431)	(67,708)
- Stage 2 (Note 12(ix))	(16,634)	(18,297)	(16,634)	(18,297)
- Stage 3 (Note 12(ix))	(765,939)	(793,434)	(372,124)	(379,278)
Net loans, advances and financing	<u>7,419,174</u>	<u>6,844,761</u>	<u>7,419,174</u>	<u>6,844,761</u>
Gross impaired loans, advances and financing (Note 12(viii))	<u>1,526,505</u>	<u>1,581,516</u>	<u>1,132,690</u>	<u>1,167,360</u>
Net impaired loans, advances and financing	<u>760,566</u>	<u>788,082</u>	<u>760,566</u>	<u>788,082</u>

Included in loans, advances and financing for the Group and the Bank are gross loans, advances and financing of RM84,720,000 (2020: RM71,440,000) financed by Government grants.

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

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Within one year	1,751,136	1,596,830	1,448,570	1,305,932
More than one year to three years	633,520	577,349	605,135	526,071
More than three years to five years	1,353,172	1,248,317	1,320,078	1,216,961
More than five years	4,557,350	4,301,704	4,527,580	4,261,080
	<u>8,295,178</u>	<u>7,724,200</u>	<u>7,901,363</u>	<u>7,310,044</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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Domestic business enterprise	8,283,190	7,711,089	7,889,375	7,296,933
Individual	11,988	13,111	11,988	13,111
	<u>8,295,178</u>	<u>7,724,200</u>	<u>7,901,363</u>	<u>7,310,044</u>

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

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Constructions	1,375,540	1,261,903	1,372,717	1,259,079
Education, health and others	655,464	638,293	610,482	591,934
Electricity, gas and water supply	167,056	92,441	167,056	92,441
Financial, insurance/takaful, real estate and business services	1,107,418	1,153,977	1,104,659	1,151,224
Manufacturing	1,420,631	1,310,172	1,348,945	1,227,819
Mining and quarrying	144,051	127,238	142,055	125,242
Primary agriculture	8,083	8,320	7,821	8,058
Transportation, storage and communication	1,008,389	938,770	969,202	895,695
Wholesale, retail trade, restaurants and hotels	2,396,558	2,179,975	2,166,438	1,945,441
Others	11,988	13,111	11,988	13,111
	<u>8,295,178</u>	<u>7,724,200</u>	<u>7,901,363</u>	<u>7,310,044</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	886,070	45,456	86,889	46,138	94,094	216,893	1,375,540
Education, health and others	422,180	26,378	60,553	94,731	39,254	12,368	655,464
Electricity, gas and water supply	154,732	2,043	3,583	2,899	3,448	351	167,056
Financial, insurance/takaful, real estate and business services	667,736	108,791	151,818	38,787	65,233	75,053	1,107,418
Manufacturing	745,675	236,075	243,211	108,412	54,146	33,112	1,420,631
Mining and quarrying	97,978	290	24,726	15,703	2,545	2,809	144,051
Primary agriculture	262	374	941	102	4,697	1,707	8,083
Transportation, storage and communication	548,072	169,713	53,663	103,394	57,917	75,630	1,008,389
Wholesale, retail trade, restaurants and hotels	1,204,028	324,967	132,973	288,564	280,160	165,866	2,396,558
Others	11,988	-	-	-	-	-	11,988
At 31 December 2021	<b>4,738,721</b>	<b>914,087</b>	<b>758,357</b>	<b>698,730</b>	<b>601,494</b>	<b>583,789</b>	<b>8,295,178</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>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	689,472	39,139	234,213	40,684	74,673	183,722	1,261,903
Education, health and others	426,464	26,344	61,478	80,857	27,672	15,478	638,293
Electricity, gas and water supply	82,107	1,635	2,743	2,620	3,149	187	92,441
Financial, insurance/takaful, real estate and business services	744,393	63,473	141,421	28,919	78,292	97,479	1,153,977
Manufacturing	692,659	216,485	182,008	122,966	49,725	46,329	1,310,172
Mining and quarrying	95,148	293	19,328	10,059	1,820	590	127,238
Primary agriculture	262	351	728	-	4,882	2,097	8,320
Transportation, storage and communication	520,374	150,243	60,301	82,730	46,170	78,952	938,770
Wholesale, retail trade, restaurants and hotels	1,114,927	295,530	89,437	258,905	268,262	152,914	2,179,975
Others	13,111	-	-	-	-	-	13,111
At 31 December 2020	<b>4,378,917</b>	<b>793,493</b>	<b>791,657</b>	<b>627,740</b>	<b>554,645</b>	<b>577,748</b>	<b>7,724,200</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	883,247	45,456	86,889	46,138	94,094	216,893	1,372,717
Education, health and others	377,198	26,378	60,553	94,731	39,254	12,368	610,482
Electricity, gas and water supply	154,732	2,043	3,583	2,899	3,448	351	167,056
Financial, insurance/takaful, real estate and business services	664,977	108,791	151,818	38,787	65,233	75,053	1,104,659
Manufacturing	673,989	236,075	243,211	108,412	54,146	33,112	1,348,945
Mining and quarrying	95,982	290	24,726	15,703	2,545	2,809	142,055
Primary agriculture	-	374	941	102	4,697	1,707	7,821
Transportation, storage and communication	508,885	169,713	53,663	103,394	57,917	75,630	969,202
Wholesale, retail trade, restaurants and hotels	973,908	324,967	132,973	288,564	280,160	165,866	2,166,438
Others	11,988	-	-	-	-	-	11,988
At 31 December 2021	4,344,906	914,087	758,357	698,730	601,494	583,789	7,901,363

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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	686,648	39,139	234,213	40,684	74,673	183,722	1,259,079
Education, health and others	380,105	26,344	61,478	80,857	27,672	15,478	591,934
Electricity, gas and water supply	82,107	1,635	2,743	2,620	3,149	187	92,441
Financial, insurance/takaful, real estate and business services	741,640	63,473	141,421	28,919	78,292	97,479	1,151,224
Manufacturing	610,306	216,485	182,008	122,966	49,725	46,329	1,227,819
Mining and quarrying	93,152	293	19,328	10,059	1,820	590	125,242
Primary agriculture	-	351	728	-	4,882	2,097	8,058
Transportation, storage and communication	477,299	150,243	60,301	82,730	46,170	78,952	895,695
Wholesale, retail trade, restaurants and hotels	880,393	295,530	89,437	258,905	268,262	152,914	1,945,441
Others	13,111	-	-	-	-	-	13,111
At 31 December 2020	<b>3,964,761</b>	<b>793,493</b>	<b>791,657</b>	<b>627,740</b>	<b>554,645</b>	<b>577,748</b>	<b>7,310,044</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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fixed rate:				
- Staff loan/financing	11,988	13,111	11,988	13,111
- Hire purchase	188,164	188,981	152,723	153,187
- Leasing	342	343	-	1
- Other term loans/financing	1,928,175	1,770,112	1,697,872	1,522,658
- Revolving loans/financing	633,864	185,893	612,345	162,735
Variable rate				
- Hire purchase	203,535	148,697	202,658	147,820
- Other term loans/financing	4,053,140	4,231,279	3,947,865	4,124,806
- Revolving loans/financing	1,275,970	1,185,784	1,275,912	1,185,726
	<u>8,295,178</u>	<u>7,724,200</u>	<u>7,901,363</u>	<u>7,310,044</u>

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

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Constructions	134,922	157,685	132,099	154,861
Education, health and others	175,969	171,622	130,987	125,263
Electricity, gas and water supply	43	41	43	41
Financial, insurance/takaful, real estate and business services	153,902	214,375	151,143	211,622
Manufacturing	321,201	302,857	249,515	220,504
Mining and quarrying	10,258	10,142	8,262	8,146
Primary agriculture	540	541	278	279
Transportation, storage and communication	151,315	156,413	112,128	113,338
Wholesale, retail trade, restaurants and hotels	578,355	567,840	348,235	333,306
	<u>1,526,505</u>	<u>1,581,516</u>	<u>1,132,690</u>	<u>1,167,360</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	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	<b>1,010,195</b>	<b>75,825</b>	<b>134,184</b>	<b>182,065</b>	<b>96,044</b>	<b>28,192</b>	<b>1,526,505</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	136,358	1,907	6,690	2,731	7,637	2,362	157,685
Education, health and others	109,234	3,024	19,243	31,009	8,232	880	171,622
Electricity, gas and water supply	-	41	-	-	-	-	41
Financial, insurance/takaful, real estate and business services	158,886	8,227	8,562	10,292	2,788	25,620	214,375
Manufacturing	193,250	12,265	33,440	54,058	3,628	6,216	302,857
Mining and quarrying	2,713	-	7,074	355	-	-	10,142
Primary agriculture	262	-	66	-	213	-	541
Transportation, storage and communication	105,971	5,162	9,733	18,637	9,113	7,797	156,413
Wholesale, retail trade, restaurants and hotels	395,354	22,395	21,181	58,978	66,103	3,829	567,840
At 31 December 2020	1,102,028	53,021	105,989	176,060	97,714	46,704	1,581,516

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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	<b>616,380</b>	<b>75,825</b>	<b>134,184</b>	<b>182,065</b>	<b>96,044</b>	<b>28,192</b>	<b>1,132,690</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	133,534	1,907	6,690	2,731	7,637	2,362	154,861
Education, health and others	62,875	3,024	19,243	31,009	8,232	880	125,263
Electricity, gas and water supply	-	41	-	-	-	-	41
Financial, insurance/takaful, real estate and business services	156,133	8,227	8,562	10,292	2,788	25,620	211,622
Manufacturing	110,897	12,265	33,440	54,058	3,628	6,216	220,504
Mining and quarrying	717	-	7,074	355	-	-	8,146
Primary agriculture	-	-	66	-	213	-	279
Transportation, storage and communication	62,896	5,162	9,733	18,637	9,113	7,797	113,338
Wholesale, retail trade, restaurants and hotels	160,820	22,395	21,181	58,978	66,103	3,829	333,306
At 31 December 2020	687,872	53,021	105,989	176,060	97,714	46,704	1,167,360

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

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

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	1,581,516	1,716,707	1,167,360	1,239,497
-Transfers to Stage 1	(21,254)	(131,252)	(21,254)	(131,252)
-Transfers to Stage 2	(2,553)	(342)	(2,553)	(342)
-Transfers to Stage 3	261,160	267,137	261,160	267,137
	<u>1,818,869</u>	<u>1,852,250</u>	<u>1,404,713</u>	<u>1,375,040</u>
Changes due to change in credit risk	(54,605)	(59,601)	(34,264)	3,453
New financial assets originated	4,093	10,099	4,093	10,099
Financial assets derecognised	(87,283)	(79,303)	(87,283)	(79,303)
Amount written-off	(154,569)	(141,929)	(154,569)	(141,929)
At 31 December	<u>1,526,505</u>	<u>1,581,516</u>	<u>1,132,690</u>	<u>1,167,360</u>

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

Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2021	67,708	18,297	793,434	879,439
-Transfers to Stage 1	5,348	(361)	(4,987)	-
-Transfers to Stage 2	(280)	1,798	(1,518)	-
-Transfers to Stage 3	(2,396)	(4,101)	6,497	-
	<u>2,672</u>	<u>(2,664)</u>	<u>(8)</u>	<u>-</u>
Changes due to change in credit risk (Note 20)	11,243	1,915	136,005	149,163
New financial assets originated (Note 20)	21,953	3	2,088	24,044
Financial assets derecognised (Note 20)	(10,145)	(917)	(11,011)	(22,073)
Amount written off	-	-	(154,569)	(154,569)
At 31 December 2021	<u>93,431</u>	<u>16,634</u>	<u>765,939</u>	<u>876,004</u>
At 1 January 2020	48,065	32,696	975,329	1,056,090
-Transfers to Stage 1	1,540	(425)	(1,115)	-
-Transfers to Stage 2	(7,872)	7,881	(9)	-
-Transfers to Stage 3	(35,987)	(31,108)	67,095	-
	<u>(42,319)</u>	<u>(23,652)</u>	<u>65,971</u>	<u>-</u>
Changes due to change in credit risk	51,092	9,819	(87,646)	(26,735)
New financial assets originated	19,913	135	4,781	24,829
Financial assets derecognised	(9,043)	(701)	(23,072)	(32,816)
Amount written-off	-	-	(141,929)	(141,929)
At 31 December 2020	<u>67,708</u>	<u>18,297</u>	<u>793,434</u>	<u>879,439</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>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 2021	67,708	18,297	379,278	465,283
-Transfers to Stage 1	5,348	(361)	(4,987)	-
-Transfers to Stage 2	(280)	1,798	(1,518)	-
-Transfers to Stage 3	(2,396)	(4,101)	6,497	-
	2,672	(2,664)	(8)	-
Changes due to change in credit risk (Note 20)	11,243	1,915	156,346	169,504
New financial assets originated (Note 20)	21,953	3	2,088	24,044
Financial assets derecognised (Note 20)	(10,145)	(917)	(11,011)	(22,073)
Amount written off	-	-	(154,569)	(154,569)
At 31 December 2021	93,431	16,634	372,124	482,189
At 1 January 2020	48,065	32,696	498,119	578,880
-Transfers to Stage 1	1,540	(425)	(1,115)	-
-Transfers to Stage 2	(7,872)	7,881	(9)	-
-Transfers to Stage 3	(35,987)	(31,108)	67,095	-
	(42,319)	(23,652)	65,971	-
Changes due to change in credit risk (Note 20)	51,092	9,819	(24,592)	36,319
New financial assets originated (Note 20)	19,913	135	4,781	24,829
Financial assets derecognised (Note 20)	(9,043)	(701)	(23,072)	(32,816)
Amount written-off	-	-	(141,929)	(141,929)
At 31 December 2020	67,708	18,297	379,278	465,283

(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>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Net impaired loans, advances and financing in percentage	10.12%	11.39%	10.12%	11.39%

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**13. Deposits from customers**

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Term deposit:				
- Commodity Murabahah/Tawarruq	3,742,803	4,255,632	3,776,444	4,330,869

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

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Government and statutory bodies	2,026,786	2,283,327	2,026,786	2,283,327
Business enterprise	1,098,771	1,305,690	1,132,412	1,380,927
Others	617,246	666,615	617,246	666,615
	<u>3,742,803</u>	<u>4,255,632</u>	<u>3,776,444</u>	<u>4,330,869</u>

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

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Less than three months	2,915,026	3,173,795	2,948,666	3,249,032
Three months to six months	477,149	683,831	477,149	683,831
Six months to one year	350,628	398,006	350,629	398,006
	<u>3,742,803</u>	<u>4,255,632</u>	<u>3,776,444</u>	<u>4,330,869</u>

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

	Group and Bank	
	2021 RM'000	2020 RM'000
Licensed banks and other financial institutions	50,085	-

The deposits maturity structure is as follows:

	Group and Bank	
	2021 RM'000	2020 RM'000
Less than three months	50,085	-

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**15. Borrowings/Fundings**

	<b>Group and Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Unsecured borrowings/fundings	<u>1,741,109</u>	<u>1,507,974</u>

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

	<b>Group and Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Within one year	488,408	57,826
More than one year to five years	1,000,061	1,099,664
More than five years	<u>252,640</u>	<u>350,484</u>
	<u>1,741,109</u>	<u>1,507,974</u>

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

		<b>Group and Bank</b>	
		<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
Government of Malaysia	(a)	974,546	1,004,336
Other institutions	(b)	<u>766,563</u>	<u>503,638</u>
		<u>1,741,109</u>	<u>1,507,974</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>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Maturity structure:</b>		
Within one year	479,852	43,792
More than one year to five years	242,054	647,596
More than five years	252,640	312,948
	<u>974,546</u>	<u>1,004,336</u>

The weighted average interest on the borrowings/fundings from the Government of Malaysia range from 0% to 2.75% (2020: 0% to 2.75%) per annum.

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

	<b>Group and Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Bank Negara Malaysia	<u>766,563</u>	<u>503,638</u>

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

	<b>Group and Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Maturity structure:</b>		
Within one year	8,556	14,034
More than one year to five years	758,007	452,068
More than five years	-	37,536
	<u>766,563</u>	<u>503,638</u>

The weighted average profit rates on the borrowings/fundings from other institutions range from 0% to 1.5% (2020: 0% to 1.5%) per annum.

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## 16. Interest income

	Fourth Quarter Ended		Twelve Months Ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Group and Bank	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- Loans, advances and financing	252	246	1,977	6,314

## 17. Interest expense

	Fourth Quarter Ended		Twelve Months Ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Group and Bank	RM'000	RM'000	RM'000	RM'000
Term loans	3,806	42,172	15,245	80,972

## 18. Other operating income

	Fourth Quarter Ended		Twelve Months Ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Group	RM'000	RM'000	RM'000	RM'000
Fee income	2	143	23	196
<b>Other income:</b>				
Recovery income	5,135	2,326	9,843	3,674
Compensation on late payment charges	252	285	1,224	1,309
Others	57	1	77	108
<b>Total other operating income</b>	<b>5,446</b>	<b>2,755</b>	<b>11,167</b>	<b>5,287</b>
<b>Bank</b>				
Fee income	2	143	23	196
<b>Other income:</b>				
Compensation on late payment charges	252	285	1,224	1,309
Others	57	1	77	108
<b>Total other operating income</b>	<b>311</b>	<b>429</b>	<b>1,324</b>	<b>1,613</b>

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**19. Other operating expenses**

Group	Note	Fourth Quarter Ended		Twelve Months Ended	
		31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
Personnel expenses	(i)	23,851	27,740	163,421	157,482
Establishment related expenses	(ii)	11,094	10,326	41,529	41,063
Promotion and marketing expenses	(iii)	1,343	287	2,968	2,814
Administration and general expenses	(iv)	8,358	4,000	30,272	26,560
		<u>44,646</u>	<u>42,353</u>	<u>238,190</u>	<u>227,919</u>
<b>(i) Personnel expenses</b>					
Salaries, allowances and bonuses		18,643	23,793	130,049	126,648
Directors' fees and remuneration		772	1,455	2,162	2,752
Social security cost		232	178	953	918
Contribution to Employee Provident Fund		3,932	2,563	16,156	15,136
Other staff related expenses		272	(249)	14,101	12,028
		<u>23,851</u>	<u>27,740</u>	<u>163,421</u>	<u>157,482</u>
<b>(ii) Establishment related expenses</b>					
Depreciation of property, plant and equipment		2,997	3,113	11,579	13,114
Depreciation of right-of-use assets		874	931	3,494	3,491
Amortisation of intangible assets		2,100	1,807	7,447	7,455
Rental expenses		(45)	(314)	(81)	(246)
Property, plant and equipment written-off		-	1	-	1
Repairs and maintenance of property, plant and equipment		5,168	4,788	19,090	17,248
		<u>11,094</u>	<u>10,326</u>	<u>41,529</u>	<u>41,063</u>
<b>(iii) Promotion and marketing expenses</b>					
Advertisement and publicity		1,343	287	2,968	2,814
<b>(iv) Administration and general expenses</b>					
Administrative expenses		575	886	5,953	6,500
Auditors' remuneration		240	219	963	933
General expenses		7,543	2,895	23,356	19,127
		<u>8,358</u>	<u>4,000</u>	<u>30,272</u>	<u>26,560</u>

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

Bank	Note	Fourth Quarter Ended		Twelve Months Ended	
		31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
Personnel expenses	(i)	22,963	26,927	159,538	154,468
Establishment related expenses	(ii)	11,090	10,312	41,492	41,013
Promotion and marketing expenses	(iii)	1,340	148	2,933	2,814
Administration and general expenses	(iv)	6,452	3,260	26,065	24,916
		<u>41,845</u>	<u>40,647</u>	<u>230,028</u>	<u>223,211</u>
<b>(i) Personnel expenses</b>					
Salaries, allowances and bonuses		17,898	23,127	126,913	124,330
Directors' fees and remuneration		772	1,455	2,162	2,752
Social security cost		226	172	927	898
Contribution to Employee Provident Fund		3,843	2,482	15,753	14,757
Other staff related expenses		224	(309)	13,783	11,731
		<u>22,963</u>	<u>26,927</u>	<u>159,538</u>	<u>154,468</u>
<b>(ii) Establishment related expenses</b>					
Depreciation of property, plant and equipment		2,997	3,111	11,576	13,108
Depreciation of right-of-use assets		874	931	3,494	3,491
Amortisation of intangible assets		2,100	1,807	7,447	7,455
Rental expenses		(45)	(314)	(81)	(246)
Property, plant and equipment written-off		-	1	-	1
Repairs and maintenance of property, plant and equipment		5,164	4,776	19,056	17,204
		<u>11,090</u>	<u>10,312</u>	<u>41,492</u>	<u>41,013</u>
<b>(iii) Promotion and marketing expenses</b>					
Advertisement and publicity		1,340	148	2,933	2,814
<b>(iv) Administration and general expenses</b>					
Administrative expenses		574	886	5,947	6,484
Auditors' remuneration		225	196	900	871
General expenses		5,653	2,178	19,218	17,561
		<u>6,452</u>	<u>3,260</u>	<u>26,065</u>	<u>24,916</u>

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**20. Allowances/(Writeback) for impairment on loans, advances and financing**

Group	Fourth Quarter Ended		Twelve Months Ended	
	31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
(Writeback)/allowance for impairment losses on loans, advances and financing made during the period:				
- Stage 1, net (Note 12(ix))	(5,152)	43,796	23,051	61,962
- Stage 2, net (Note 12(ix))	(6,436)	(6,313)	1,001	9,253
- Stage 3, net (Note 12(ix))	107,574	(102,645)	127,082	(105,937)
	<u>95,986</u>	<u>(65,162)</u>	<u>151,134</u>	<u>(34,722)</u>
Impaired loans, advances and financing recovered	<u>(9,080)</u>	<u>(9,818)</u>	<u>(35,601)</u>	<u>(28,654)</u>
<b>Total allowance/(writeback) for impairment on loans, advances and financing</b>	<b><u>86,906</u></b>	<b><u>(74,980)</u></b>	<b><u>115,533</u></b>	<b><u>(63,376)</u></b>
<b>Bank</b>				
(Writeback)/allowance for impairment losses on loans, advances and financing made during the period:				
- Stage 1, net (Note 12(ix))	(5,152)	43,796	23,051	61,962
- Stage 2, net (Note 12(ix))	(6,436)	(6,313)	1,001	9,253
- Stage 3, net (Note 12(ix))	120,762	(52,651)	147,423	(42,883)
	<u>109,174</u>	<u>(15,168)</u>	<u>171,475</u>	<u>28,332</u>
Impaired loan, advances and financing recovered	<u>(9,080)</u>	<u>(9,818)</u>	<u>(35,601)</u>	<u>(28,654)</u>
<b>Total allowance/(writeback) for impairment on loans, advances and financing</b>	<b><u>100,094</u></b>	<b><u>(24,986)</u></b>	<b><u>135,874</u></b>	<b><u>(322)</u></b>



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**21. Commitment and contingencies**

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

	<b>Group and Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Direct credit substitutes	231,283	178,973
Transaction-related-contingent items	160,555	133,572
Undisbursed loans/financing		
- original maturity up to one year	235,490	131,082
- original maturity more than one year	1,547,106	1,801,659
	<b>2,174,434</b>	<b>2,245,286</b>

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

	<b>Group and Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Approved and contracted for Information technology system	6,118	7,110
<b>Total commitments and contingencies</b>	<b>2,180,552</b>	<b>2,252,396</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 expected credit losses (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 expected credit losses 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:

	<b>Group</b>		<b>Bank</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<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	(314,792)	(301,724)	(301,250)	(288,039)
General reserves	10,114	10,114	10,114	10,114
General provision for loans, advances and financing*	28,615	3,776	28,615	3,776
Less: Deferred tax assets	(99,275)	(99,278)	(99,275)	(99,278)
Less: Property revaluation reserve	(228,616)	(228,616)	(228,616)	(232,381)
<b>Total Tier I capital</b>	<b>1,246,046</b>	<b>1,234,272</b>	<b>1,259,588</b>	<b>1,244,192</b>
<b><u>Tier II Capital</u></b>				
General provision for loans, advances and financing*	87,163	87,163	87,163	87,163
Property revaluation reserve <sup>^</sup>	114,308	116,191	114,308	116,191
Government funds <sup>#</sup>	428,923	406,108	428,923	406,108
<b>Total Tier II capital</b>	<b>630,394</b>	<b>609,462</b>	<b>630,394</b>	<b>609,462</b>
<b>Total capital</b>	<b>1,876,440</b>	<b>1,843,734</b>	<b>1,889,982</b>	<b>1,853,654</b>
Less: Investment in subsidiaries	-	-	-	-
<b>Total capital base</b>	<b>1,876,440</b>	<b>1,843,734</b>	<b>1,889,982</b>	<b>1,853,654</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 RM26,791,000 (2020: RM36,452,000) 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
20%	246,248	279,650	246,248	279,650
50%	5,621	6,131	5,621	6,131
100%	9,753,390	9,384,804	9,832,277	9,505,644
	<u>10,005,259</u>	<u>9,670,585</u>	<u>10,084,146</u>	<u>9,791,425</u>

Before deducting dividends:

Core capital ratio	12.454%	12.763%	12.491%	12.707%
Risk-weighted capital ratio	<u>18.755%</u>	<u>19.065%</u>	<u>18.742%</u>	<u>18.931%</u>

After deducting dividends:

Core capital ratio	12.454%	12.627%	12.491%	12.572%
Risk-weighted capital ratio	<u>18.755%</u>	<u>18.929%</u>	<u>18.742%</u>	<u>18.796%</u>

Capital monitoring

The Group's and the Bank's capital are closely monitored and actively managed. Besides the minimum regulatory capital requirement of 8%, the Group and the Bank adhere to an internal capital limit that would act as a trigger to the regulatory capital and also as an indicator that allows the Group and the Bank to 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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	Note	Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Assets</b>					
Cash and short-term funds		1,248,636	1,399,622	1,246,152	1,396,061
Financial investments at FVOCI	23(a)	1,386,545	1,314,317	1,386,545	1,314,317
Financial investments at FVTPL	10	100,927	-	100,927	-
Financial investments at AC	11	518,757	569,350	518,757	569,350
Advances and financing	23(b)	7,369,808	6,754,846	7,369,808	6,754,846
Other assets		14,855	17,486	99,300	142,971
Property, plant and equipment		134,175	131,483	134,142	131,476
Right-of-use assets		9,341	12,834	9,341	12,834
Investment properties		374,081	393,062	374,081	393,062
Intangible assets		14,762	14,620	14,762	14,620
Tax recoverables		4,727	3,757	2,152	2,068
Deferred tax assets		99,275	99,278	99,275	99,278
<b>Total assets</b>		<b>11,275,889</b>	<b>10,710,655</b>	<b>11,355,242</b>	<b>10,830,883</b>
<b>Liabilities</b>					
Deposits from customers	13	3,742,803	4,255,632	3,776,444	4,330,869
Deposits from banks and other financial institutions	14	50,085	-	50,085	-
Islamic medium-term notes/ commercial notes		2,521,926	1,866,327	2,521,926	1,866,327
Term financing/fundings	23(c)	766,563	660,180	766,563	660,180
Other liabilities		1,135,143	1,120,358	1,161,366	1,147,985
Lease liabilities		9,914	13,364	9,914	13,364
Amount due to conventional operations		1,003,832	821,384	1,197,235	1,025,721
Government funds		540,701	454,883	540,701	454,883
<b>Total liabilities</b>		<b>9,770,967</b>	<b>9,192,128</b>	<b>10,024,234</b>	<b>9,499,329</b>
Islamic general funds		1,504,922	1,518,527	1,331,008	1,331,554
<b>Total liabilities and Islamic banking funds</b>		<b>11,275,889</b>	<b>10,710,655</b>	<b>11,355,242</b>	<b>10,830,883</b>
<b>Commitments</b>	23(i)	<b>2,171,976</b>	<b>2,234,224</b>	<b>2,171,976</b>	<b>2,234,224</b>

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

**Audited Statements of Comprehensive Income**  
**For the fourth quarter ended 31 December 2021**

Group	Note	Fourth Quarter Ended		Twelve Months Ended	
		31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
Income from Islamic banking business	23(d)	124,762	114,542	515,082	485,128
Profit expense attributable to Islamic banking business	23(e)	(49,528)	(48,492)	(182,568)	(183,562)
<b>Gross income from Islamic banking business</b>		<b>75,234</b>	<b>66,050</b>	<b>332,514</b>	<b>301,566</b>
Other operating income	23(f)	35,186	25,944	81,134	50,419
Other operating expenses	23(g)	(44,445)	(41,926)	(237,575)	(220,799)
<b>Operating profit</b>		<b>65,975</b>	<b>50,068</b>	<b>176,073</b>	<b>131,186</b>
(Allowances)/Writeback for impairment losses on:					
- advances and financing	23(h)	(94,633)	28,445	(127,662)	5,409
- commitments and contingencies		(587)	(219)	(797)	(219)
- financial investments at FVOCI	9	5,829	2,909	593	2,909
- financial investments at AC	11	(278)	649	(278)	649
- other assets at AC		407	(1)	605	191
<b>(Loss)/Profit before tax expense and zakat</b>		<b>(23,287)</b>	<b>81,851</b>	<b>48,534</b>	<b>140,125</b>
Tax expense		(1,204)	-	(2,028)	-
Zakat		935	(1,000)	(1,315)	(2,642)
<b>Net (loss)/profit for the period/year</b>		<b>(23,556)</b>	<b>80,851</b>	<b>45,191</b>	<b>137,483</b>
<b>Other comprehensive income/(loss)</b>					
<b>Item that may be reclassified to profit or loss:</b>					
Unrealised gain on revaluation of financial investments at FVOCI		(15,369)	113	(45,136)	113
Changes in expected credit losses on financial investments at FVOCI		(5,829)	(2,909)	(593)	(2,909)
<b>Other comprehensive (loss)/income for the period/year</b>		<b>(21,198)</b>	<b>(2,796)</b>	<b>(45,729)</b>	<b>(2,796)</b>
<b>Total comprehensive (loss)/income for the period/year</b>		<b>(44,754)</b>	<b>78,055</b>	<b>(538)</b>	<b>134,687</b>

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

**Unaudited Statements of Comprehensive Income  
For the fourth quarter ended 31 December 2021 (cont'd.)**

Bank	Note	Fourth Quarter Ended		Twelve Months Ended	
		31 December	31 December	31 December	31 December
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Income from Islamic banking business	23(d)	124,762	114,542	515,082	485,128
Profit expense attributable to Islamic banking business	23(e)	(49,623)	(48,315)	(182,921)	(183,562)
<b>Gross income from Islamic banking business</b>		<b>75,139</b>	<b>66,227</b>	<b>332,161</b>	<b>301,566</b>
Other operating income	23(f)	27,963	24,993	72,630	55,598
Other operating expenses	23(g)	(41,646)	(39,287)	(229,414)	(216,090)
<b>Operating profit</b>		<b>61,456</b>	<b>51,933</b>	<b>175,377</b>	<b>141,074</b>
(Allowances)/Writeback for impairment losses on:					
- advances and financing	23(h)	(106,169)	15,691	(141,809)	(14,545)
- commitments and contingencies		(587)	(219)	(797)	(219)
- financial investments at FVOCI	9	5,829	2,909	593	2,909
- financial investments at AC	11	(278)	649	(278)	649
- other assets at AC		878	191	605	191
- other assets at FVOCI		30,595	(3,219)	27,793	(3,219)
<b>(Loss)/Profit before tax expense and zakat</b>		<b>(8,276)</b>	<b>67,935</b>	<b>61,484</b>	<b>126,840</b>
Tax expense		(1,564)	-	(1,775)	-
Zakat		(565)	(2,642)	(1,315)	(2,642)
<b>Net (loss)/profit for the period/year</b>		<b>(10,405)</b>	<b>65,293</b>	<b>58,394</b>	<b>124,198</b>
<b>Other comprehensive income/(loss)</b>					
<b>Item that may be reclassified to profit or loss:</b>					
Unrealised gain on revaluation of financial investments at FVOCI		(15,369)	113	(45,136)	113
Changes in expected credit losses on financial investments at FVOCI		(5,829)	(2,909)	(593)	(2,909)
<b>Other comprehensive loss for the period/year</b>		<b>(21,198)</b>	<b>(2,796)</b>	<b>(45,729)</b>	<b>(2,796)</b>
<b>Total comprehensive income for the period/year</b>		<b>(31,603)</b>	<b>62,497</b>	<b>12,665</b>	<b>121,402</b>

*(These audited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 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 fourth quarter ended 31 December 2021**

Group	Note	<=====Non-distributable=====>		Distributable	Total RM'000
		Share capital RM'000	Fair value reserve RM'000	retained earnings RM'000	
<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		-	(45,136)	-	(45,136)
Changes in expected credit losses of financial investments at FVOCI	9	-	(593)	-	(593)
Profit for the year		-	-	45,191	45,191
Total comprehensive (loss)/income for the year		-	(45,729)	45,191	(538)
Transaction with owner:					
Dividends		-	-	(13,211)	(13,211)
<b>At 31 December 2021</b>		<b>1,050,564</b>	<b>(8,555)</b>	<b>462,769</b>	<b>1,504,778</b>
<b>At 1 January 2020</b>		1,050,564	24,107	328,914	1,403,585
Unrealised gain on revaluation of financial investments at FVOCI		-	22,675	-	22,675
Reclassification of gains included in profit or loss		-	(1,654)	-	(1,654)
Changes in expected credit losses of financial investments at FVOCI		-	(2,909)	-	(2,909)
Income tax relating to components of other comprehensive income		-	(5,045)	-	(5,045)
Profit for the year		-	-	138,875	138,875
Total comprehensive income for the year		-	13,067	138,875	151,942
Transaction with owner:					
Dividends		-	-	(37,000)	(37,000)
<b>At 31 December 2020</b>		<b>1,050,564</b>	<b>37,174</b>	<b>430,789</b>	<b>1,518,527</b>

*(These audited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 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 fourth quarter ended 31 December 2021 (cont'd.)**

Bank	Note	<=====Non-distributable=====>		Distributable	Total
		Share capital RM'000	Fair value reserve RM'000	retained earnings RM'000	
<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		-	(45,136)	-	(45,136)
Changes in expected credit losses of financial investments at FVOCI	9	-	(593)	-	(593)
Profit for the year		-	-	58,394	58,394
Total comprehensive (loss)/income for the year		-	(45,729)	58,394	12,665
Transaction with owner:					
Dividends				(13,211)	(13,211)
<b>At 31 December 2021</b>		<b>1,050,564</b>	<b>(8,555)</b>	<b>288,999</b>	<b>1,331,008</b>
<b>At 1 January 2020</b>		1,050,564	24,107	83,404	1,158,075
Unrealised gain on revaluation of financial investments at FVOCI		-	22,675	-	22,675
Reclassification of gains included in profit or loss		-	(1,654)	-	(1,654)
Changes in expected credit losses of financial investments at FVOCI		-	(2,909)	-	(2,909)
Income tax relating to components of other comprehensive income		-	(5,045)	-	(5,045)
Profit for the year		-	-	197,412	197,412
Total comprehensive income for the year		-	13,067	197,412	210,479
Transaction with owner:					
Dividends		-	-	(37,000)	(37,000)
<b>At 31 December 2020</b>		<b>1,050,564</b>	<b>37,174</b>	<b>243,816</b>	<b>1,331,554</b>

*(These audited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 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>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
<b>Government securities</b>		
Malaysian Government Investment Issues	892,606	553,558
<b>Non-money market instruments</b>		
Equity securities - Private debt securities	30,572	30,569
Debt securities - Private debt securities	463,367	730,190
	<u>493,939</u>	<u>760,759</u>
<b>Total financial investment at FVOCI</b>	<u><b>1,386,545</b></u>	<u><b>1,314,317</b></u>

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

**(b) Advances and financing**

	<b>Group</b>		<b>Bank</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Bai' Bithaman Ajil	1,509	1,509	-	-
Murabahah	1,462,863	1,609,661	1,414,357	1,556,843
Istisna'	26,854	121,534	21,712	111,653
Ijarah	84	84	-	-
Ijarah Thumma Al-Bai	410,398	362,421	355,382	302,310
Bai' Dayn	1,671	6,559	1,671	6,559
Tawarruq	6,031,041	5,208,768	6,031,036	5,208,763
Bai' Inah	20,416	23,533	19,146	22,262
Gross advances and financing	<u>7,954,836</u>	<u>7,334,069</u>	<u>7,843,304</u>	<u>7,208,390</u>
Less: Allowance for impairment losses on				
- Stage 1 (Note 23(b)(x))	(93,430)	(67,685)	(93,430)	(67,685)
- Stage 2 (Note 23(b)(x))	(16,634)	(18,294)	(16,634)	(18,294)
- Stage 3 (Note 23(b)(x))	(474,964)	(493,244)	(363,432)	(367,565)
Net advances and financing	<u>7,369,808</u>	<u>6,754,846</u>	<u>7,369,808</u>	<u>6,754,846</u>
Gross impaired advances and financing (Note 23(b)(vii))	<u>1,186,610</u>	<u>1,200,035</u>	<u>1,075,078</u>	<u>1,074,357</u>
Net impaired advances and financing	<u>711,646</u>	<u>706,791</u>	<u>711,646</u>	<u>706,792</u>

Included in advances and financing are gross advances and financing amounting to RM84,720,000 (2020: RM71,440,000) financed by the Government grants.

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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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Maturity within one year	1,547,824	1,393,973	1,441,199	1,290,840
More than one year to three years	606,204	538,001	604,319	523,932
More than three years to five years	1,316,486	1,213,797	1,315,162	1,212,086
More than five years	4,484,322	4,188,298	4,482,624	4,181,532
	<u>7,954,836</u>	<u>7,334,069</u>	<u>7,843,304</u>	<u>7,208,390</u>

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

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Domestic business enterprise	7,942,849	7,320,968	7,831,317	7,195,289
Individual	11,987	13,101	11,987	13,101
	<u>7,954,836</u>	<u>7,334,069</u>	<u>7,843,304</u>	<u>7,208,390</u>

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

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Constructions	1,374,198	1,260,560	1,372,715	1,259,078
Education, health and others	641,943	620,887	608,692	586,327
Electricity, gas and water supply	167,056	92,441	167,056	92,441
Financial, insurance/takaful, real estate and business services	1,106,460	1,153,018	1,104,658	1,151,222
Manufacturing	1,381,070	1,265,098	1,348,303	1,223,432
Mining and quarrying	142,055	125,242	142,055	125,242
Primary agriculture	7,821	8,058	7,821	8,058
Transportation, storage and communicatior	964,543	890,689	936,460	858,755
Wholesale, retail trade, restaurants and hotels	2,157,703	1,904,975	2,143,557	1,890,734
Others	11,987	13,101	11,987	13,101
	<u>7,954,836</u>	<u>7,334,069</u>	<u>7,843,304</u>	<u>7,208,390</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	884,729	45,456	86,889	46,138	94,093	216,893	1,374,198
Education, health and others	408,659	26,378	60,553	94,731	39,254	12,368	641,943
Electricity, gas and water supply	154,732	2,043	3,583	2,899	3,448	351	167,056
Financial, insurance/takaful, real estate and business services	666,778	108,791	151,818	38,787	65,233	75,053	1,106,460
Manufacturing	706,620	235,569	243,211	108,412	54,146	33,112	1,381,070
Mining and quarrying	95,982	290	24,726	15,703	2,545	2,809	142,055
Primary agriculture	-	374	941	102	4,697	1,707	7,821
Transportation, storage and communication	504,229	169,713	53,663	103,394	57,914	75,630	964,543
Wholesale, retail trade, restaurants and hotels	980,778	321,499	132,973	281,673	274,914	165,866	2,157,703
Others	11,987	-	-	-	-	-	11,987
<b>At 31 December 2021</b>	<b>4,414,494</b>	<b>910,113</b>	<b>758,357</b>	<b>691,839</b>	<b>596,244</b>	<b>583,789</b>	<b>7,954,836</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	688,130	39,139	234,213	40,684	74,672	183,722	1,260,560
Education, health and others	409,474	26,344	61,478	80,857	27,256	15,478	620,887
Electricity, gas and water supply	82,107	1,635	2,743	2,620	3,149	187	92,441
Financial, insurance/takaful, real estate and business services	743,434	63,473	141,421	28,919	78,292	97,479	1,153,018
Manufacturing	650,698	215,958	182,008	120,380	49,725	46,329	1,265,098
Mining and quarrying	93,152	293	19,328	10,059	1,820	590	125,242
Primary agriculture	-	351	728	-	4,882	2,097	8,058
Transportation, storage and communication	476,542	150,243	56,055	82,730	46,167	78,952	890,689
Wholesale, retail trade, restaurants and hotels	887,755	285,887	89,316	244,617	244,486	152,914	1,904,975
Others	13,101	-	-	-	-	-	13,101
<b>At 31 December 2020</b>	<b>4,044,393</b>	<b>783,323</b>	<b>787,290</b>	<b>610,866</b>	<b>530,449</b>	<b>577,748</b>	<b>7,334,069</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	883,246	45,456	86,889	46,138	94,093	216,893	1,372,715
Education, health and others	375,408	26,378	60,553	94,731	39,254	12,368	608,692
Electricity, gas and water supply	154,732	2,043	3,583	2,899	3,448	351	167,056
Financial, insurance/takaful, real estate and business services	664,976	108,791	151,818	38,787	65,233	75,053	1,104,658
Manufacturing	673,853	235,569	243,211	108,412	54,146	33,112	1,348,303
Mining and quarrying	95,982	290	24,726	15,703	2,545	2,809	142,055
Primary agriculture	-	374	941	102	4,697	1,707	7,821
Transportation, storage and communication	476,146	169,713	53,663	103,394	57,914	75,630	936,460
Wholesale, retail trade, restaurants and hotels	966,632	321,499	132,973	281,673	274,914	165,866	2,143,557
Others	11,987	-	-	-	-	-	11,987
At 31 December 2021	<b>4,302,962</b>	<b>910,113</b>	<b>758,357</b>	<b>691,839</b>	<b>596,244</b>	<b>583,789</b>	<b>7,843,304</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	686,648	39,139	234,213	40,684	74,672	183,722	1,259,078
Education, health and others	374,914	26,344	61,478	80,857	27,256	15,478	586,327
Electricity, gas and water supply	82,107	1,635	2,743	2,620	3,149	187	92,441
Financial, insurance/takaful, real estate and business services	741,638	63,473	141,421	28,919	78,292	97,479	1,151,222
Manufacturing	609,032	215,958	182,008	120,380	49,725	46,329	1,223,432
Mining and quarrying	93,152	293	19,328	10,059	1,820	590	125,242
Primary agriculture	-	351	728	-	4,882	2,097	8,058
Transportation, storage and communication	444,608	150,243	56,055	82,730	46,167	78,952	858,755
Wholesale, retail trade, restaurants and hotels	873,514	285,887	89,316	244,617	244,486	152,914	1,890,734
Others	13,101	-	-	-	-	-	13,101
<b>At 31 December 2020</b>	<b>3,918,714</b>	<b>783,323</b>	<b>787,290</b>	<b>610,866</b>	<b>530,449</b>	<b>577,748</b>	<b>7,208,390</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	-	-	1,406,497	44,379	11,987	1,462,863
Istisna'	-	-	26,854	-	-	26,854
Ijarah	-	84	-	-	-	84
Ijarah Thumma Al-Bai	389,907	-	20,491	-	-	410,398
Bai' Dayn	-	-	-	1,671	-	1,671
Tawarruq	5	-	4,175,596	1,855,440	-	6,031,041
Bai' Inah	-	-	20,416	-	-	20,416
<b>At 31 December 2021</b>	<b>389,912</b>	<b>84</b>	<b>5,650,243</b>	<b>1,902,610</b>	<b>11,987</b>	<b>7,954,836</b>
Bai' Bithaman Ajil	-	-	388	1,121	-	1,509
Murabahah	-	-	1,528,110	68,450	13,101	1,609,661
Istisna'	-	-	121,534	-	-	121,534
Ijarah	-	84	-	-	-	84
Ijarah Thumma Al-Bai	335,883	-	26,538	-	-	362,421
Bai' Dayn	-	-	-	6,559	-	6,559
Tawarruq	5	-	3,926,136	1,282,627	-	5,208,768
Bai' Inah	-	-	23,533	-	-	23,533
<b>At 31 December 2020</b>	<b>335,888</b>	<b>84</b>	<b>5,626,239</b>	<b>1,358,757</b>	<b>13,101</b>	<b>7,334,069</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	-	1,371,258	31,112	11,987	1,414,357
Istisna'	-	21,712	-	-	21,712
Ijarah Thumma Al-Bai	355,382	-	-	-	355,382
Bai' Dayn	-	-	1,671	-	1,671
Tawarruq	-	4,175,596	1,855,440	-	6,031,036
Bai' Inah	-	19,146	-	-	19,146
At 31 December 2021	<b>355,382</b>	<b>5,587,712</b>	<b>1,888,223</b>	<b>11,987</b>	<b>7,843,304</b>
Murabahah	-	1,488,639	55,103	13,101	1,556,843
Istisna'	-	111,653	-	-	111,653
Ijarah Thumma Al-Bai	301,006	1,304	-	-	302,310
Bai' Dayn	-	-	6,559	-	6,559
Tawarruq	-	3,926,136	1,282,627	-	5,208,763
Bai' Inah	-	22,262	-	-	22,262
At 31 December 2020	<b>301,006</b>	<b>5,549,994</b>	<b>1,344,289</b>	<b>13,101</b>	<b>7,208,390</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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fixed rate				
- Staff financing	11,987	13,101	11,987	13,101
- Hire purchase	186,384	187,198	152,724	153,186
- Leasing	84	84	-	-
- Other term financing	1,705,422	1,503,623	1,647,312	1,433,049
- Revolving financing	626,651	176,773	612,322	162,364
Variable rate				
- Hire purchase	203,528	148,690	202,658	147,820
- Other term financing	3,944,821	4,122,616	3,940,400	4,116,945
- Revolving financing	1,275,959	1,181,984	1,275,901	1,181,925
	<u>7,954,836</u>	<u>7,334,069</u>	<u>7,843,304</u>	<u>7,208,390</u>

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

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Constructions	133,582	156,343	132,099	154,861
Education, health and others	162,449	157,137	129,198	122,577
Electricity, gas and water supply	43	41	43	41
Financial, insurance/takaful, real estate and business services	152,945	213,419	151,143	211,623
Manufacturing	281,671	258,947	248,904	217,281
Mining and quarrying	8,262	8,146	8,262	8,146
Primary agriculture	278	279	278	279
Transportation, storage and communication	107,822	108,446	79,739	76,512
Wholesale, retail trade, restaurants and hotels	339,558	297,277	325,412	283,037
	<u>1,186,610</u>	<u>1,200,035</u>	<u>1,075,078</u>	<u>1,074,357</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	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>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	135,016	1,907	6,690	2,731	7,637	2,362	156,343
Education, health and others	94,749	3,024	19,243	31,009	8,232	880	157,137
Electricity, gas and water supply	-	41	-	-	-	-	41
Financial, insurance/takaful, real estate and business services	157,930	8,227	8,562	10,292	2,788	25,620	213,419
Manufacturing	152,449	11,738	33,440	51,476	3,628	6,216	258,947
Mining and quarrying	717	-	7,074	355	-	-	8,146
Primary agriculture	-	-	66	-	213	-	279
Transportation, storage and communication	62,243	5,162	5,497	18,637	9,110	7,797	108,446
Wholesale, retail trade, restaurants and hotels	-	-	-	-	-	-	-
	168,207	16,968	21,060	44,847	42,366	3,829	297,277
<b>At 31 December 2020</b>	<b>771,311</b>	<b>47,067</b>	<b>101,632</b>	<b>159,347</b>	<b>73,974</b>	<b>46,704</b>	<b>1,200,035</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.)**

(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	133,534	1,907	6,690	2,731	7,637	2,362	154,861
Education, health and others	60,189	3,024	19,243	31,009	8,232	880	122,577
Electricity, gas and water supply	-	41	-	-	-	-	41
Financial, insurance/takaful, real estate and business services	156,134	8,227	8,562	10,292	2,788	25,620	211,623
Manufacturing	110,783	11,738	33,440	51,476	3,628	6,216	217,281
Mining and quarrying	717	-	7,074	355	-	-	8,146
Primary agriculture	-	-	66	-	213	-	279
Transportation, storage and communication	30,309	5,162	5,497	18,637	9,110	7,797	76,512
Wholesale, retail trade, restaurants and hotels	153,967	16,968	21,060	44,847	42,366	3,829	283,037
<b>At 31 December 2020</b>	<b>645,633</b>	<b>47,067</b>	<b>101,632</b>	<b>159,347</b>	<b>73,974</b>	<b>46,704</b>	<b>1,074,357</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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	1,200,035	1,276,942	1,074,357	1,131,310
-Transfers to Stage 1	(21,254)	(130,461)	(21,254)	(130,461)
-Transfers to Stage 2	(2,553)	(342)	(2,553)	(342)
-Transfers to Stage 3	261,160	238,732	261,160	238,732
	<u>1,437,388</u>	<u>1,384,871</u>	<u>1,311,710</u>	<u>1,239,239</u>
Changes due to change in credit risk	(39,353)	6,619	(25,207)	26,573
New financial assets originated	10,033	10,099	10,033	10,099
Financial assets derecognised	(82,766)	(59,625)	(82,766)	(59,625)
Amount written-off	(138,692)	(141,929)	(138,692)	(141,929)
At 31 December	<u>1,186,610</u>	<u>1,200,035</u>	<u>1,075,078</u>	<u>1,074,357</u>

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

Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2021	67,685	18,294	493,244	579,223
-Transfers to Stage 1	5,348	(361)	(4,987)	-
-Transfers to Stage 2	(280)	1,798	(1,518)	-
-Transfers to Stage 3	(2,396)	(4,101)	6,497	-
	<u>2,672</u>	<u>(2,664)</u>	<u>(8)</u>	<u>-</u>
Changes due to change in credit risk (Note 23(h))	11,243	1,917	129,191	142,351
Net financial assets originated (Note 23(h))	21,953	3	2,088	24,044
Financial assets derecognised (Note 23(h))	(10,123)	(916)	(10,930)	(21,969)
Amount written-off	-	-	(138,621)	(138,621)
At 31 December 2021	<u>93,430</u>	<u>16,634</u>	<u>474,964</u>	<u>585,028</u>
At 1 January 2020	47,627	30,559	629,945	708,131
-Transfers to Stage 1	1,513	(399)	(1,114)	-
-Transfers to Stage 2	(7,850)	7,859	(9)	-
-Transfers to Stage 3	(33,706)	(31,108)	64,814	-
	<u>(40,043)</u>	<u>(23,648)</u>	<u>63,691</u>	<u>-</u>
Changes due to change in credit risk (Note 23(h))	49,200	11,949	(41,093)	20,056
Net financial assets originated (Note 23(h))	19,898	135	4,781	24,814
Financial assets derecognised (Note 23(h))	(8,997)	(701)	(22,151)	(31,849)
Amount written-off	-	-	(141,929)	(141,929)
At 31 December 2020	<u>67,685</u>	<u>18,294</u>	<u>493,244</u>	<u>579,223</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 2021	67,685	18,294	367,565	453,544
-Transfers to Stage 1	5,348	(361)	(4,987)	-
-Transfers to Stage 2	(280)	1,798	(1,518)	-
-Transfers to Stage 3	(2,396)	(4,101)	6,497	-
	2,672	(2,664)	(8)	-
Changes due to change in credit risk (Note 23(h))	11,243	1,917	143,338	156,498
Net financial assets originated (Note 23(h))	21,953	3	2,088	24,044
Financial assets derecognised (Note 23(h))	(10,123)	(916)	(10,930)	(21,969)
Amount written-off	-	-	(138,621)	(138,621)
At 31 December 2021	93,430	16,634	363,432	473,496
At 1 January 2020	47,627	30,559	484,313	562,499
-Transfers to Stage 1	1,513	(399)	(1,114)	-
-Transfers to Stage 2	(7,850)	7,859	(9)	-
-Transfers to Stage 3	(33,706)	(31,108)	64,814	-
	(40,043)	(23,648)	63,691	-
Changes due to change in credit risk (Note 23(h))	49,200	11,949	(21,140)	40,009
Net financial assets originated (Note 23(h))	19,898	135	4,781	24,814
Financial assets derecognised (Note 23(h))	(8,997)	(701)	(22,151)	(31,849)
Amount written-off	-	-	(141,929)	(141,929)
At 31 December 2020	67,685	18,294	367,565	453,544

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

	<b>Group</b>		<b>Bank</b>	
	<b>2021 RM'000</b>	<b>2020 RM'000</b>	<b>2021 RM'000</b>	<b>2020 RM'000</b>
Net impaired advances and financing as a percentage	9.53%	10.35%	9.53%	10.35%

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

**(c) Term financing/Fundings**

	<b>Group and Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Unsecured term financing/fundings	766,563	660,180

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

	<b>Group and Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Within one year	8,556	25,372
More than one year to five years	758,007	522,533
More than five years	-	112,275
	<u>766,563</u>	<u>660,180</u>

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

	<b>Group and Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Financing from:		
- Government of Malaysia	-	156,543
- Bank Negara Malaysia ("BNM")	766,563	503,637
	<u>766,563</u>	<u>660,180</u>

The profit rates on the financing from the Government of Malaysia is 0% to 2.75% (2020: 0% - 2.75%) per annum. The rate for financing from BNM ranges from 0% - 1.50% (2020: 0% - 1.50%) per annum.



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

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

Group and Bank	Fourth Quarter Ended		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Income from advances and financing				
- Murabahah	9,927	16,945	79,765	90,822
- Istisna'	2,286	2,239	5,298	6,969
- Ijarah Thumma Al-Bai	6,583	(4,054)	17,532	12,731
- Bai' Dayn	124	55	322	435
- Tawarruq	82,109	75,656	316,889	261,800
- Bai' Inah	487	817	1,167	2,999
<b>Total income from advances and financing</b>	<b>101,516</b>	<b>91,658</b>	<b>420,973</b>	<b>375,756</b>
Tawarruq deposit placements	4,691	6,145	18,502	33,354
Financial investments at FVOCI	11,573	11,549	47,724	47,765
Financial investments at FVTPL	1,041	-	5,713	-
Financial investments at AC	5,941	5,190	22,170	28,253
<b>Total income from Islamic banking business</b>	<b>124,762</b>	<b>114,542</b>	<b>515,082</b>	<b>485,128</b>

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

Group	Fourth Quarter Ended		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	18,277	22,291	82,856	100,715
Islamic medium-term notes/commercial notes	23,016	17,574	77,672	67,930
Term financing/Fundings	7,494	6,579	18,289	7,404
Deposits from banks and other financial institutions	190	80	1,507	748
Others	551	1,968	2,244	6,765
	<b>49,528</b>	<b>48,492</b>	<b>182,568</b>	<b>183,562</b>

Bank	Fourth Quarter Ended		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	18,371	22,114	83,209	100,715
Islamic medium-term notes/commercial notes	23,016	17,574	77,672	67,930
Term financing/Fundings	7,494	6,579	18,289	7,404
Deposits from banks and other financial institutions	190	80	1,507	748
Others	552	1,968	2,244	6,765
	<b>49,623</b>	<b>48,315</b>	<b>182,921</b>	<b>183,562</b>

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

**(f) Other operating income**

Group	Fourth Quarter Ended		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Fee income	6,277	2,925	15,494	8,075
Commission fee income	884	949	1,801	1,730
Rental income	(1,037)	1,338	2,005	4,183
Government fund released	8,952	7,472	22,333	9,937
Government compensation	1,938	1,097	4,447	5,036
Gain on revaluation of investment properties	8,337	-	8,337	-
Recovery income	6,484	4,732	14,696	6,911
Ta'widh/Compensation on late payment charges	1,259	751	4,841	4,133
Others	2,092	6,680	7,180	10,414
	<u>35,186</u>	<u>25,944</u>	<u>81,134</u>	<u>50,419</u>

Bank	Fourth Quarter Ended		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Fee income	2,686	2,596	10,362	6,349
Commission fee income	884	949	1,801	1,730
Rental income	(1,037)	1,338	2,005	4,183
Government fund released	8,952	7,472	22,333	9,937
Government compensation	1,938	1,097	4,447	5,036
Management fees	45	44	179	178
Gain on revaluation of investment properties	8,337	-	8,337	-
Profit income on amount owing by subsidiary company	2,802	4,114	11,207	13,772
Ta'widh/Compensation on late payment charges	1,259	751	4,841	4,133
Others	2,097	6,632	7,118	10,280
	<u>27,963</u>	<u>24,993</u>	<u>72,630</u>	<u>55,598</u>

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

## (g) Other operating expenses

Group	Fourth Quarter Ended		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	23,851	27,344	163,421	152,641
Establishment related expenses	11,093	10,270	41,529	40,609
Promotion and marketing expenses	1,343	285	2,968	2,719
Administration and general expenses	8,158	4,027	29,657	24,830
	<u>44,445</u>	<u>41,926</u>	<u>237,575</u>	<u>220,799</u>

  

Bank	Fourth Quarter Ended		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	22,963	26,531	159,538	149,627
Establishment related expenses	11,090	10,258	41,492	40,561
Promotion and marketing expenses	1,340	145	2,933	2,718
Administration and general expenses	6,253	2,353	25,451	23,184
	<u>41,646</u>	<u>39,287</u>	<u>229,414</u>	<u>216,090</u>

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

Group	Fourth Quarter Ended		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
(Writeback)/allowance for impairment losses on advances and financing made during the period:				
- Stage 1 (Note 23(b)(x))	(3,635)	41,885	23,073	60,101
- Stage 2 (Note 23(b)(x))	(7,954)	(3,247)	1,004	11,383
- Stage 3 (Note 23(b)(x))	109,855	(60,680)	120,349	(58,463)
	<u>98,266</u>	<u>(22,042)</u>	<u>144,426</u>	<u>13,021</u>
Impaired advances and financing recovered	<u>(3,633)</u>	<u>(6,403)</u>	<u>(16,764)</u>	<u>(18,430)</u>
<b>Total allowance for impairment on advances and financing</b>	<u>94,633</u>	<u>(28,445)</u>	<u>127,662</u>	<u>(5,409)</u>

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

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

Bank	Fourth Quarter Ended		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
(Writeback)/allowance for impairment losses on advances and financing made during the period:				
- Stage 1 (Note 23(b)(x))	(3,635)	41,885	23,073	60,101
- Stage 2 (Note 23(b)(x))	(7,954)	(3,247)	1,004	11,383
- Stage 3 (Note 23(b)(x))	121,391	(47,928)	134,496	(38,510)
	<u>109,802</u>	<u>(9,290)</u>	<u>158,573</u>	<u>32,974</u>
Impaired advances and financing recovered	(3,633)	(6,401)	(16,764)	(18,429)
<b>Total allowance for impairment on advances and financing</b>	<b>106,169</b>	<b>(15,691)</b>	<b>141,809</b>	<b>14,545</b>

**(i) Commitments**

	Group and Bank	
	2021	2020
	RM'000	RM'000
Direct credit substitutes	231,283	178,973
Transaction-related-contingent items	160,555	133,572
Undisbursed financing		
- original maturity up to one year	235,459	129,531
- original maturity more than one year	1,544,679	1,792,148
	<u>2,171,976</u>	<u>2,234,224</u>

**(j) Capital adequacy**

**Capital management**

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

	Group		Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<b>Tier I Capital</b>				
Capital funds	1,050,564	1,050,564	1,050,564	1,050,564
Retained earnings	417,723	430,789	230,607	243,816
General provision for advances and financing*	31,209	6,326	31,209	6,326
Less: Deferred tax assets	(99,275)	(99,278)	(99,275)	(99,278)
Less: Property revaluation reserves	(228,616)	(228,617)	(228,616)	(232,382)
<b>Total Tier I capital</b>	<b>1,171,605</b>	<b>1,159,784</b>	<b>984,489</b>	<b>969,046</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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Tier II Capital</b>				
General provision for advances and financing*	84,565	84,565	84,565	84,565
Property revaluation reserve^	114,308	114,309	114,308	116,191
Government funds#	428,923	406,108	428,923	406,108
<b>Total Tier II capital</b>	<b>627,796</b>	<b>604,982</b>	<b>627,796</b>	<b>606,864</b>
<b>Total capital</b>	<b>1,799,401</b>	<b>1,764,766</b>	<b>1,612,285</b>	<b>1,575,910</b>
Less: Investment in subsidiaries	-	-	-	-
<b>Total capital base</b>	<b>1,799,401</b>	<b>1,764,766</b>	<b>1,612,285</b>	<b>1,575,910</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.

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

# An amount of RM26,791,000 (2020: RM36,452,000) 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
20%	245,435	278,867	245,435	278,867
50%	5,621	6,127	5,621	6,127
100%	9,693,733	9,281,014	9,775,570	9,404,803
	<b>9,944,789</b>	<b>9,566,008</b>	<b>10,026,626</b>	<b>9,689,797</b>

Before deducting dividends:

Core capital ratio	11.781%	12.124%	9.819%	10.001%
Risk-weighted capital ratio	<b>18.094%</b>	<b>18.448%</b>	<b>16.080%</b>	<b>16.264%</b>

After deducting dividends:

Core capital ratio	11.781%	11.986%	9.819%	9.864%
Risk-weighted capital ratio	<b>18.094%</b>	<b>18.310%</b>	<b>16.080%</b>	<b>16.127%</b>

## 24. Analysis of financial performance

Current Full Year vs. Previous Full Year

	GROUP			
	Twelve months ended		Variances	
Key Profit or Loss item:	31 December 2021	31 December 2020	RM'000	%
	RM'000	RM'000	RM'000	%
Profit before tax expense and zakat	57,965	122,900	(64,935)	(52.8%)
Ratio of profit before tax to average shareholders' funds	3.63%	7.92%	-	(4.29%)
Ratio of profit before tax to average total assets	0.52%	1.19%	-	(0.67%)

	GROUP			
	As at		Variances	
Key Balance Sheet	2021	2020	RM'000	%
	RM'000	RM'000	RM'000	%
Gross loans, advances and financing	8,295,178	7,724,200	570,978	7.39%
Gross impaired loans, advances and financing (%)	18.40%	20.47%	-	2.07%
Deposits from customers	3,742,803	4,255,632	(512,829)	(12.05%)

SME Bank Group (the "Group") reported profit before tax expense and zakat of RM57.97 million for the financial year ended 31 December 2021. The result is significantly lower by RM64.94 million from the prior financial year of RM122.90 million due to the significantly higher net impairment allowance incurred amounting to RM135.87 million compared to a net write back of RM42.88 million in impairment allowance in the preceding year.

Higher gross income recognized from Islamic banking of RM413.65 million as compared to RM351.99 million in the prior year were consistent with the larger gross financing portfolio of the Group amounting to RM8.30 billion in the current financial year compared to RM7.72 billion in the previous financial year.

Ratio of PBT to average shareholders' funds and ratio of PBT to average total assets was calculated at 3.63% and 0.52% respectively during the year, as compared to 7.92% and 1.19% in the previous financial year.

The Group's total assets increased to RM11.34 billion as at 31 December 2021 as compared to RM10.82 billion as at 31 December 2020. This was primarily contributed by higher net loans, advances and financing of RM7.42 billion as compared to the corresponding financial year of RM6.84 billion.

The Group's gross impaired ratio was lower at 18.40% in the current financial year in comparison to 20.47% in the prior financial year. The Group's Risk-Weighted Capital Ratio stood at 18.76% while its Core Capital Ratio stood at 12.45% as compared to 19.07% and 12.77% respectively in the preceding financial year.