

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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	Group		Bank	
		As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
ASSETS					
Cash and short-term funds		2,214,955	1,118,904	2,208,349	1,112,694
Financial investments at fair value through other comprehensive income ("FVOCI")	9	1,051,717	1,353,869	1,051,717	1,353,869
Financial investments at amortised cost	10	658,352	818,565	658,352	818,565
Loans, advances and financing	11	6,181,139	5,800,941	6,181,139	5,800,941
Other assets		16,539	13,525	58,087	112,606
Investment in associate		3,338	3,338		-
Property, plant and equipment		131,902	135,590	131,892	135,578
Right-of-use assets		13,767	15,474	13,767	15,474
Investment properties		393,563	393,062	393,563	393,062
Intangible assets		14,941	18,298	14,941	18,298
Tax recoverable		10,903	9,215	7,252	7,251
Deferred tax assets		104,454	104,456	104,454	104,456
TOTAL ASSETS		10,795,570	9,785,237	10,823,513	9,872,794
LIABILITIES					
Deposits from customers	12	3,698,603	3,168,209	3,703,763	3,233,536
Islamic medium-term notes		1,866,100	1,768,072	1,866,100	1,768,072
Borrowings	13	2,287,503	1,875,212	2,287,503	1,875,212
Lease liabilities		14,209	15,797	14,209	15,797
Other liabilities		1,031,270	1,099,904	1,057,349	1,120,599
Government funds		369,227	354,053	369,227	354,053
TOTAL LIABILITIES		9,266,912	8,281,247	9,298,151	8,367,269
EQUITY					
Share capital		1,850,000	1,850,000	1,850,000	1,850,000
Accumulated losses		(381,401)	(384,688)	(384,697)	(383,153)
Other reserves		60,059	38,678	60,059	38,678
TOTAL EQUITY		1,528,658	1,503,990	1,525,362	1,505,525
TOTAL LIABILITIES AND EQUITY		10,795,570	9,785,237	10,823,513	9,872,794
COMMITMENTS AND CONTINGENCIES	19	2,042,870	1,940,000	2,042,870	1,940,000

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2020

Group	Notes	Second Quarter Ended		Six Months Ended	
		30 June 2020	30 June 2019	30 June 2020	30 June 2019
		RM'000	RM'000	RM'000	RM'000
Interest income	14	1,482	5,240	3,706	10,878
Interest expense	15	(13,044)	(13,563)	(26,126)	(27,216)
Net interest expense		(11,562)	(8,323)	(22,420)	(16,338)
Gross income from Islamic banking business	21	87,190	93,032	177,333	194,835
Other operating income	16	959	2,461	1,714	4,344
Net income		76,587	87,170	156,627	182,841
Other operating expenses	17	(61,678)	(25,360)	(123,061)	(81,000)
Operating profit		14,909	61,810	33,566	101,841
(Allowances)/Writeback for impairment losses on :					
- loans, advances and financing	18	(18,993)	(30,743)	(22,155)	(53,416)
- commitments and contingencies		288	223	65	24
- financial investments at FVOCI	9	(6,210)	(3,502)	(5,866)	(3,324)
- financial investments at amortised cost	10	694	(27)	565	13
- other assets at amortised cost		160	(245)	(391)	(563)
(Loss)/Profit before tax expense and zakat		(9,152)	27,516	5,784	44,575
Tax expense		(249)	(293)	(497)	(585)
Zakat		(1,000)	(1,000)	(2,000)	(2,000)
(Loss)/Profit for the period		(10,401)	26,223	3,287	41,990
Other comprehensive income/(loss)					
Item that may be reclassified to profit or loss:					
Unrealised gain on revaluation of financial investments at FVOCI		15,405	7,856	15,515	25,600
Changes in expected credit losses on financial investments at FVOCI		6,210	3,502	5,866	3,324
Other comprehensive income for the period, net of tax		21,615	11,358	21,381	28,924
Total comprehensive income for the period, net of tax		11,214	37,581	24,668	70,914
(Loss)/Profit for the period attributable to owner of the Bank		(10,401)	26,223	3,287	41,990
Total comprehensive income attributable to owner of the Bank		11,214	37,581	24,668	70,914

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

**Small Medium Enterprise Development Bank Malaysia Berhad
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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

Bank	Notes	Second Quarter Ended		Six Months Ended	
		30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Interest income	14	1,482	5,240	3,706	10,878
Interest expense	15	(13,044)	(13,563)	(26,126)	(27,216)
Net interest expense		(11,562)	(8,323)	(22,420)	(16,338)
Gross income from Islamic banking business	21	89,562	86,007	181,873	184,555
Other operating income	16	341	2,461	707	4,344
Net income		78,341	80,145	160,160	172,561
Other operating expenses	17	(60,742)	(24,885)	(120,948)	(79,614)
Operating profit		17,599	55,260	39,212	92,947
Writeback/(Allowances) for impairment losses on :					
- loans, advances and financing	18	(18,856)	(29,849)	(26,194)	(53,867)
- commitments and contingencies		288	223	65	24
- financial investments at FVOCI	9	(6,210)	(3,502)	(5,866)	(3,324)
- financial investments at amortised cost	10	694	(27)	565	13
- other assets at amortised cost		160	(245)	(391)	(563)
- other assets at FVOCI		(3,219)	-	(6,438)	-
(Loss)/Profit before tax expense and zakat		(9,544)	21,860	953	35,230
Tax expense		(249)	(293)	(497)	(585)
Zakat		(1,000)	(1,000)	(2,000)	(2,000)
(Loss)/Profit for the period		(10,793)	20,567	(1,544)	32,645
Other comprehensive income/(loss)					
Item that may be reclassified to profit or loss:					
Unrealised gain on revaluation of financial investments at FVOCI		15,405	7,856	15,515	25,600
Changes in expected credit losses on financial investments at FVOCI		6,210	3,502	5,866	3,324
Other comprehensive income for the period, net of tax		21,615	11,358	21,381	28,924
Total comprehensive income for the period, net of tax		10,822	31,925	19,837	61,569
(Loss)/Profit for the period attributable to owner of the Bank		(10,793)	20,567	(1,544)	32,645
Total comprehensive income attributable to owner of the Bank		10,822	31,925	19,837	61,569

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

**Small Medium Enterprise Development Bank Malaysia Berhad
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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

	<=====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
Group					
At 1 January 2020	1,850,000	28,564	10,114	(384,688)	1,503,990
Unrealised gain on revaluation of financial investments at FVOCI	-	15,515		-	15,515
Changes in expected credit losses of financial investments at FVOCI	-	5,866	-	-	5,866
Profit for the period	-	-	-	3,287	3,287
Total comprehensive income for the period	-	21,381	-	3,287	24,668
At 30 June 2020	1,850,000	49,945	10,114	(381,401)	1,528,658
At 1 January 2019	1,850,000	(4,698)	10,114	(583,618)	1,271,798
Unrealised gain on revaluation of financial investments at FVOCI	-	30,278	-	-	30,278
Reclassification of gains included in profit or loss	-	8,870	-	-	8,870
Changes in expected credit losses of financial investments at FVOCI	-	3,508	-	-	3,508
Income tax relating to components of other comprehensive income	-	(9,394)	-	-	(9,394)
Profit for the year	-	-	-	198,930	198,930
Total comprehensive income for the year	-	33,262	-	198,930	232,192
At 31 December 2019	1,850,000	28,564	10,114	(384,688)	1,503,990

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

	<=====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
Bank					
At 1 January 2020	1,850,000	28,564	10,114	(383,153)	1,505,525
Unrealised gain on revaluation of financial investments at FVOCI	-	15,515	-	-	15,515
Changes in expected credit losses of financial investments at FVOCI	-	5,866	-	-	5,866
Loss for the period	-	-	-	(1,544)	(1,544)
Total comprehensive income for the period	-	21,381	-	(1,544)	19,837
At 30 June 2020	1,850,000	49,945	10,114	(384,697)	1,525,362
At 1 January 2019	1,850,000	(4,698)	10,114	(589,358)	1,266,058
Unrealised gain on revaluation of financial investments at FVOCI	-	30,278	-	-	30,278
Reclassification of gains included in profit or loss	-	8,870	-	-	8,870
Changes in expected credit losses of financial investments at FVOCI	-	3,508	-	-	3,508
Income tax relating to components of other comprehensive income	-	(9,394)	-	-	(9,394)
Profit for the year	-	-	-	206,205	206,205
Total comprehensive income for the year	-	33,262	-	206,205	239,467
At 31 December 2019	1,850,000	28,564	10,114	(383,153)	1,505,525

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

**Small Medium Enterprise Development Bank Malaysia Berhad
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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

	Group		Bank	
	As at 30 June 2020 RM'000	As at 30 June 2019 RM'000	As at 30 June 2020 RM'000	As at 30 June 2019 RM'000
Cash flows from/(used in) operating activities				
Profit before tax expense and zakat	5,784	44,575	953	35,230
Adjustments for:				
Net impairment loss on loans, advances and financing	36,117	60,841	40,156	61,292
Net impairment writeback on commitment and contingencies	(65)	(24)	(65)	(24)
Net impairment loss on financial investment at FVOCI	5,866	3,324	5,866	3,324
Net impairment writeback on financial investment at AC	(565)	(13)	(565)	(13)
Impairment loss on other assets at amortised cost	391	563	391	563
Impairment loss on other assets at FVOCI	-	-	6,438	-
Depreciation of property, plant and equipment	6,764	6,827	6,761	6,822
Depreciation of right-of-use assets	1,707	-	1,707	-
Amortisation of intangible assets	3,926	3,437	3,926	3,427
Government funds released	(1,600)	(1,719)	(1,600)	(1,719)
Income from financial investments at FVOCI	(25,435)	(41,214)	(25,435)	(41,214)
Income from financial investments at amortised cost	(16,584)	(12,476)	(16,584)	(12,476)
Profit expense on medium-term notes	32,781	37,013	32,781	37,013
Profit expense on borrowings	26,703	27,996	26,703	27,996
Finance cost on lease liabilities	286	-	286	-
Profit income on amount due from a subsidiary company	-	-	(6,438)	-
Operating profit before working capital changes	76,076	129,130	75,281	120,221
Changes in working capital:				
Net changes in operating assets	(419,716)	234,130	(366,224)	328,931
Net changes in operating liabilities	459,411	128,636	406,318	36,998
Cash generated from operating activities	115,771	491,896	115,375	486,150
Interest and profit paid	(54,815)	(59,081)	(54,815)	(59,081)
Interest and profit received	45,462	23,365	45,462	23,365
Net cash generated from operating activities	106,418	456,180	106,022	450,434
Cash flows from/(used in) investing activities				
Net proceeds from financial investment	475,000	420,000	475,000	420,000
Net purchase of property, plant and equipment	(3,075)	(5,954)	(3,075)	(5,954)
Net purchase of investment properties	(501)	-	(501)	-
Net purchase of intangible assets	(568)	(4,334)	(568)	(4,334)
Net cash generated from investing activities	470,856	409,712	470,856	409,712
Cash flows from/(used in) financing activities				
Net proceeds from Sukuk	100,000	200,000	100,000	200,000
Net proceeds/(payments) of borrowings	405,650	(81,669)	405,650	(81,669)
Proceed from government funds	15,000	10,000	15,000	10,000
Payment of lease liabilities	(1,873)	-	(1,873)	-
Net cash generated from financing activities	518,777	128,331	518,777	128,331
Net increase in cash and cash equivalents	1,096,051	994,223	1,095,655	988,477
Cash and cash equivalents at beginning of year	1,118,904	485,308	1,112,694	481,615
Cash and cash equivalents at end of year	2,214,955	1,479,531	2,208,349	1,470,092
Cash and cash equivalents comprise:				
- Cash and short term funds	2,214,955	1,479,531	2,208,349	1,470,092

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

1. Basis of preparation

The unaudited condensed interim financial statements for the Group and the Bank have been prepared under the historical cost convention except for the following assets that are stated at fair values: investment securities at fair value through other comprehensive income (FVOCI), derivative financial instruments 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 2019. 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 2019.

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 2019 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 2020:-

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)

Additional Measures to Assist Borrowers/Customers Affected by the COVID-19 Outbreak

On 25 March 2020, BNM implemented additional measures to assist borrowers/customers who experience temporary financial constraints due to the COVID-19. Banking institutions will grant an automatic moratorium on all loan/financing repayments/payments, principal and interest (except for credit card balances) by individuals and small-medium enterprise ("SME") borrowers/customers for a period of 6 months from 1 April 2020 until 30 September 2020.

For corporate borrowers/customers, banking institutions are strongly encouraged to facilitate requests for a moratorium on loan/financing repayment/payment, additional financing to support immediate cash flows and the rescheduling and restructuring ("R&R") of existing facilities in a way that will enable viable corporations to preserve jobs and swiftly resume economic activities when conditions stabilise and improve.

2. Summary of Significant Accounting Policies

The audited financial statements of the Group and of the Bank for the financial year ended 31 December 2019 were prepared in accordance with MFRS and International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia. The significant accounting policies adopted in preparing these unaudited condensed interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2019.

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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 2019.

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 2019 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 second quarter ended 30 June 2020.

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

Other than the impact of COVID-19 outbreak and the measures implemented by BNM to assist borrowers/customers affected by the outbreak, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and of the Bank in the second quarter ended 30 June 2020.

7. Changes in estimates

There were no material changes in estimates that have a material effect in the second quarter ended 30 June 2020.

8. Dividends

A final single-tier dividend in respect of the financial year ended 31 December 2019 of 2.00 sen per share on 1,850,000,000 ordinary shares, amounting to RM37,000,000 is to be paid at the forthcoming Annual General Meeting scheduled on 28 July 2020.

**Small Medium Enterprise Development Bank Malaysia Berhad
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9. Financial investments at FVOCI

	Group and Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
At fair value		
Government securities		
Malaysian Government Investment Issues	377,330	531,107
Non-money market instruments		
Equity securities		
- Private debt securities	30,603	30,392
- Unquoted shares	8,984	8,984
Debt securities		
- Private debt securities	634,800	783,386
	<u>674,387</u>	<u>822,762</u>
Total financial investment at FVOCI	<u>1,051,717</u>	<u>1,353,869</u>

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

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

	Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2020	153	3,656	10,000	13,809
(Writeback)/Allowances made due to changes in credit risk	(133)	6,013	-	5,880
Financial investments derecognised	(14)	-	-	(14)
At 30 June 2020	<u>6</u>	<u>9,669</u>	<u>10,000</u>	<u>19,675</u>
At 1 January 2019	301	-	10,000	10,301
(Writeback)/Allowances made due to changes in credit risk	(125)	3,656	-	3,531
New financial investments originated	1	-	-	1
Financial investments derecognised	(24)	-	-	(24)
At 31 December 2019	<u>153</u>	<u>3,656</u>	<u>10,000</u>	<u>13,809</u>

The impairment losses by external rating grade are as follows:

<i>External rating grade</i>	Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
RAM AAA	-	-	-	-
MARC AAA	-	-	-	-
RAM AA	-	-	-	-
MARC AA	-	-	-	-
MARC AA-	6	-	-	6
RAM BB	-	9,669	-	9,669
RAM C^	-	-	10,000	10,000
At 30 June 2020	<u>6</u>	<u>9,669</u>	<u>10,000</u>	<u>19,675</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>	Group and Bank			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
RAM AAA	2	-	-	2
MARC AAA	11	-	-	11
RAM AA	16	-	-	16
MARC AA	3	-	-	3
MARC AA-	121	-	-	121
RAM BB	-	3,656	-	3,656
RAM C^	-	-	10,000	10,000
At 31 December 2019	<u>153</u>	<u>3,656</u>	<u>10,000</u>	<u>13,809</u>

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

10. Financial investments at amortised cost

	Group and Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
At amortised cost		
Government securities		
Malaysian Government Investment Issues	<u>111,464</u>	<u>111,523</u>
Money market instruments		
Commercial papers	<u>248,418</u>	<u>393,959</u>
Non-money market instruments		
Private debt securities	<u>298,554</u>	<u>313,732</u>
	<u>658,436</u>	<u>819,214</u>
Less: Accumulated impairment losses	<u>(84)</u>	<u>(649)</u>
Total financial investment at amortised cost	<u>658,352</u>	<u>818,565</u>

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

	Group and Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Within one year	354,091	433,944
More than one year to three years	223,665	289,374
More than three years to five years	20,079	35,284
More than five years	60,601	60,612
	<u>658,436</u>	<u>819,214</u>

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10. 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:

	Group and Bank	
	2020	2019
	RM'000	RM'000
	Stage 1	Stage 1
At 1 January	649	63
Allowances made due to changes in credit risk	(525)	(20)
New financial investments originated or purchased	4	630
Financial investments derecognised	(44)	(24)
At 30 June / 31 December	84	649

The impairment losses by external rating grade are as follows:

	Group and Bank	
	2020	2019
	RM'000	RM'000
	Stage 1	Stage 1
<i>External rating grade</i>		
MARC AAA	-	9
RAM AA	1	59
Non-rated	83	581
Total	84	649

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

	Group and Bank	
	2020	2019
	RM'000	RM'000
Malaysian Government Investment Issues	113,653	112,812
Commercial papers	248,418	393,959
Private debt securities	306,749	318,675
	668,820	825,446

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11. Loans, advances and financing

	Group		Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Term loans/ financing				
- Hire purchase	329,227	313,586	291,576	275,898
- Leasing	417	344	75	1
- Other term loans/ financing	5,375,641	5,092,236	4,963,567	4,664,917
Revolving loans/financing	1,553,472	1,435,649	1,530,368	1,423,789
Staff loans/financing	14,589	15,216	14,589	15,216
Gross loans, advances and financing	<u>7,273,346</u>	<u>6,857,031</u>	<u>6,800,175</u>	<u>6,379,821</u>
Less: Allowance for impairment losses on				
- Stage 1 (Note 11(ix))	(57,958)	(48,065)	(57,958)	(48,065)
- Stage 2 (Note 11(ix))	(55,570)	(32,696)	(55,570)	(32,696)
- Stage 3 (Note 11(ix))	(978,679)	(975,329)	(505,508)	(498,119)
Net loans, advances and financing	<u>6,181,139</u>	<u>5,800,941</u>	<u>6,181,139</u>	<u>5,800,941</u>
Gross impaired loans, advances and financing (Note 11(vi))	<u>1,702,390</u>	<u>1,716,707</u>	<u>1,229,219</u>	<u>1,239,497</u>
Net impaired loans, advances and financing	<u>723,711</u>	<u>741,378</u>	<u>723,711</u>	<u>741,378</u>

Included in loans, advances and financing for the Group and the Bank are gross loans, advances and financing of RM68,683,000 (2019: RM65,538,000) financed by Government funds.

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

	Group		Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Within one year	1,512,101	1,312,721	1,162,490	987,769
More than one year to three years	820,172	825,377	756,377	782,827
More than three years to five years	1,048,782	1,039,415	999,836	979,101
More than five years	3,892,291	3,679,518	3,881,472	3,630,124
	<u>7,273,346</u>	<u>6,857,031</u>	<u>6,800,175</u>	<u>6,379,821</u>

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

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

	Group		Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Domestic business enterprise	7,258,757	6,841,815	6,785,586	6,364,605
Individual	14,589	15,216	14,589	15,216
	<u>7,273,346</u>	<u>6,857,031</u>	<u>6,800,175</u>	<u>6,379,821</u>

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

	Group		Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Constructions	1,301,999	1,264,185	1,299,268	1,261,329
Education, health and others	648,036	601,421	600,266	553,552
Electricity, gas and water supply	40,676	34,526	40,676	34,526
Financial, insurance, real estate and business services	1,033,951	1,059,269	1,031,012	1,056,332
Manufacturing	1,277,499	1,143,719	1,178,113	1,053,236
Mining and quarrying	101,980	77,883	99,984	75,887
Primary agriculture	7,330	5,980	7,074	5,729
Transportation, storage and communication	865,017	822,351	818,704	776,124
Wholesale, retail trade, restaurants and hotels	1,982,269	1,832,481	1,710,489	1,547,890
Others	14,589	15,216	14,589	15,216
	<u>7,273,346</u>	<u>6,857,031</u>	<u>6,800,175</u>	<u>6,379,821</u>

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

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

Group	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	660,741	39,396	274,609	76,614	77,353	173,286	1,301,999
Education, health and others	432,374	28,803	65,536	76,560	23,059	21,704	648,036
Electricity, gas and water supply	31,700	1,908	2,153	2,566	1,900	449	40,676
Financial, insurance, real estate and business services	696,049	63,335	117,038	22,448	75,030	60,051	1,033,951
Manufacturing	681,919	188,827	172,521	144,126	48,453	41,653	1,277,499
Mining and quarrying	54,679	-	8,766	16,805	17,192	4,538	101,980
Primary agriculture	1,504	505	344	14	4,926	37	7,330
Transportation, storage and communication	438,766	146,350	63,818	91,800	41,846	82,437	865,017
Wholesale, retail trade, restaurants and hotels	980,288	243,453	118,850	239,505	256,011	144,162	1,982,269
Others	14,589	-	-	-	-	-	14,589
At 30 June 2020	3,992,609	712,577	823,635	670,438	545,770	528,317	7,273,346

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

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

Group	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	650,601	34,214	284,171	70,984	75,610	148,605	1,264,185
Education, health and others	401,814	24,755	59,578	72,439	21,438	21,397	601,421
Electricity, gas and water supply	30,106	-	-	2,505	1,915	-	34,526
Financial, insurance, real estate and business services	735,698	91,266	95,078	15,557	75,866	45,804	1,059,269
Manufacturing	609,498	149,848	162,168	139,752	43,341	39,112	1,143,719
Mining and quarrying	35,042	-	7,428	14,413	17,874	3,126	77,883
Primary agriculture	725	-	504	22	4,651	78	5,980
Transportation, storage and communication	436,132	101,616	61,265	107,320	38,324	77,694	822,351
Wholesale, retail trade, restaurants and hotels	942,862	196,724	108,558	214,691	242,985	126,661	1,832,481
Others	15,216	-	-	-	-	-	15,216
At 31 December 2019	3,857,694	598,423	778,750	637,683	522,004	462,477	6,857,031

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

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

Bank	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	658,010	39,396	274,609	76,614	77,353	173,286	1,299,268
Education, health and others	384,604	28,803	65,536	76,560	23,059	21,704	600,266
Electricity, gas and water supply	31,700	1,908	2,153	2,566	1,900	449	40,676
Financial, insurance, real estate and business services	693,110	63,335	117,038	22,448	75,030	60,051	1,031,012
Manufacturing	582,533	188,827	172,521	144,126	48,453	41,653	1,178,113
Mining and quarrying	52,683	-	8,766	16,805	17,192	4,538	99,984
Primary agriculture	1,248	505	344	14	4,926	37	7,074
Transportation, storage and communication	392,453	146,350	63,818	91,800	41,846	82,437	818,704
Wholesale, retail trade, restaurants and hotels	708,508	243,453	118,850	239,505	256,011	144,162	1,710,489
Others	14,589	-	-	-	-	-	14,589
At 30 June 2020	3,519,438	712,577	823,635	670,438	545,770	528,317	6,800,175

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

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

Bank	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	647,745	34,214	284,171	70,984	75,610	148,605	1,261,329
Education, health and others	353,945	24,755	59,578	72,439	21,438	21,397	553,552
Electricity, gas and water supply	30,106	-	-	2,505	1,915	-	34,526
Financial, insurance, real estate and business services	732,761	91,266	95,078	15,557	75,866	45,804	1,056,332
Manufacturing	519,015	149,848	162,168	139,752	43,341	39,112	1,053,236
Mining and quarrying	33,046	-	7,428	14,413	17,874	3,126	75,887
Primary agriculture	474	-	504	22	4,651	78	5,729
Transportation, storage and communication	389,905	101,616	61,265	107,320	38,324	77,694	776,124
Wholesale, retail trade, restaurants and hotels	658,271	196,724	108,558	214,691	242,985	126,661	1,547,890
Others	15,216	-	-	-	-	-	15,216
At 31 December 2019	3,380,484	598,423	778,750	637,683	522,004	462,477	6,379,821

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

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

	Group		Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Fixed rate:				
- Staff loan/financing	14,589	15,216	14,589	15,216
- Hire purchase	205,365	212,519	168,591	175,708
- Leasing	417	344	75	1
- Other term loans/financing	1,671,608	1,451,579	1,400,686	1,166,844
- Revolving loans/financing	443,214	213,649	420,168	201,847
Variable rate				
- Hire purchase receivables	123,862	101,067	122,985	100,190
- Other term loans/financing	3,704,033	3,640,657	3,562,881	3,498,073
- Revolving loans/financing	1,110,258	1,222,000	1,110,200	1,221,942
	<u>7,273,346</u>	<u>6,857,031</u>	<u>6,800,175</u>	<u>6,379,821</u>

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

	Group		Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Constructions	153,556	178,370	150,825	175,514
Education, health and others	158,159	156,718	110,389	108,849
Financial, insurance, real estate and business services	234,213	231,441	231,274	228,504
Manufacturing	342,763	336,485	243,377	246,002
Mining and quarrying	4,580	4,140	2,584	2,144
Primary agriculture	531	523	275	272
Transportation, storage and communication	180,414	185,204	134,101	138,977
Wholesale, retail trade, restaurants and hotels	628,174	623,826	356,394	339,235
	<u>1,702,390</u>	<u>1,716,707</u>	<u>1,229,219</u>	<u>1,239,497</u>

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

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

Group	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	98,480	2,118	10,901	10,303	6,172	25,582	153,556
Education, health and others	108,745	3,155	18,571	19,648	7,169	871	158,159
Financial, insurance, real estate and business services	210,422	7,780	8,037	3,350	4,477	147	234,213
Manufacturing	229,187	14,182	45,858	41,954	6,396	5,186	342,763
Mining and quarrying	4,312	-	-	268	-	-	4,580
Primary agriculture	256	-	65	-	210	-	531
Transportation, storage and communication	129,052	7,045	12,157	12,543	9,041	10,576	180,414
Wholesale, retail trade, restaurants and hotels	436,829	30,103	27,675	49,273	78,969	5,325	628,174
At 30 June 2020	<u>1,217,283</u>	<u>64,383</u>	<u>123,264</u>	<u>137,339</u>	<u>112,434</u>	<u>47,687</u>	<u>1,702,390</u>

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

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

Group	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	103,271	2,084	30,418	9,310	8,441	24,846	178,370
Education, health and others	108,138	3,150	17,947	19,628	7,001	854	156,718
Financial, insurance, real estate and business services	206,230	7,487	8,859	3,291	5,426	148	231,441
Manufacturing	225,413	14,059	44,255	41,363	6,294	5,101	336,485
Mining and quarrying	3,846	-	-	294	-	-	4,140
Primary agriculture	251	-	65	-	207	-	523
Transportation, storage and communication	131,952	6,490	15,325	12,471	9,660	9,306	185,204
Wholesale, retail trade, restaurants and hotels	426,486	29,996	27,457	53,479	80,941	5,467	623,826
At 31 December 2019	<u>1,205,587</u>	<u>63,266</u>	<u>144,326</u>	<u>139,836</u>	<u>117,970</u>	<u>45,722</u>	<u>1,716,707</u>

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

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

Bank	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	95,749	2,118	10,901	10,303	6,172	25,582	150,825
Education, health and others	60,975	3,155	18,571	19,648	7,169	871	110,389
Financial, insurance, real estate and business services	207,483	7,780	8,037	3,350	4,477	147	231,274
Manufacturing	129,801	14,182	45,858	41,954	6,396	5,186	243,377
Mining and quarrying	2,316	-	-	268	-	-	2,584
Primary agriculture	-	-	65	-	210	-	275
Transportation, storage and communication	82,739	7,045	12,157	12,543	9,041	10,576	134,101
Wholesale, retail trade, restaurants and hotels	165,049	30,103	27,675	49,273	78,969	5,325	356,394
At 30 June 2020	<u>744,112</u>	<u>64,383</u>	<u>123,264</u>	<u>137,339</u>	<u>112,434</u>	<u>47,687</u>	<u>1,229,219</u>

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

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

Bank	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	100,415	2,084	30,418	9,310	8,441	24,846	175,514
Education, health and others	60,269	3,150	17,947	19,628	7,001	854	108,849
Financial, insurance, real estate and business services	203,293	7,487	8,859	3,291	5,426	148	228,504
Manufacturing	134,930	14,059	44,255	41,363	6,294	5,101	246,002
Mining and quarrying	1,850	-	-	294	-	-	2,144
Primary agriculture	-	-	65	-	207	-	272
Transportation, storage and communication	85,725	6,490	15,325	12,471	9,660	9,306	138,977
Wholesale, retail trade, restaurants and hotels	141,895	29,996	27,457	53,479	80,941	5,467	339,235
At 31 December 2019	<u>728,377</u>	<u>63,266</u>	<u>144,326</u>	<u>139,836</u>	<u>117,970</u>	<u>45,722</u>	<u>1,239,497</u>

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

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

	Group		Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
At 1 January	1,716,707	2,005,646	1,239,497	1,482,802
-Transfers to Stage 1	(7,449)	(68,261)	(7,449)	(68,261)
-Transfers to Stage 2	(342)	(27,161)	(342)	(27,161)
-Transfers to Stage 3	31,390	198,176	31,390	198,176
	<u>1,740,306</u>	<u>2,108,400</u>	<u>1,263,096</u>	<u>1,585,556</u>
Settlement/additional drawdown	(10,866)	119,103	(6,827)	119,103
New financial assets originated	559	88,913	559	88,913
Financial assets derecognised	(27,609)	(291,848)	(27,609)	(246,214)
Write-off/Write-down	-	(307,861)	-	(307,861)
	<u>1,702,390</u>	<u>1,716,707</u>	<u>1,229,219</u>	<u>1,239,497</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 2020	48,065	32,696	975,329	1,056,090
-Transfers to Stage 1	5,842	(2,694)	(3,148)	-
-Transfers to Stage 2	(2,535)	2,585	(50)	-
-Transfers to Stage 3	(79)	(2,781)	2,860	-
	<u>3,228</u>	<u>(2,890)</u>	<u>(338)</u>	<u>-</u>
Net remeasurement of allowances	(171)	25,769	11,978	37,576
New financial assets originated	12,751	188	85	13,024
Financial assets derecognised	(5,915)	(193)	(8,375)	(14,483)
At 30 June 2020	<u>57,958</u>	<u>55,570</u>	<u>978,679</u>	<u>1,092,207</u>
At 1 January 2019	42,799	55,642	1,246,237	1,344,678
-Transfers to Stage 1	39,963	(22,361)	(17,602)	-
-Transfers to Stage 2	(1,780)	14,452	(12,672)	-
-Transfers to Stage 3	(885)	(11,501)	12,386	-
	<u>37,298</u>	<u>(19,410)</u>	<u>(17,888)</u>	<u>-</u>
Net remeasurement of allowances	(39,039)	618	68,482	30,061
New financial assets originated	15,575	2,442	63,635	81,652
Financial assets derecognised	(8,568)	(6,596)	(77,276)	(92,440)
Amount written off	-	-	(307,861)	(307,861)
At 31 December 2019	<u>48,065</u>	<u>32,696</u>	<u>975,329</u>	<u>1,056,090</u>

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

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

Bank	Stage1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2020	48,065	32,696	498,119	578,880
-Transfers to Stage 1	5,842	(2,694)	(3,148)	-
-Transfers to Stage 2	(2,535)	2,585	(50)	-
-Transfers to Stage 3	(79)	(2,781)	2,860	-
	3,228	(2,890)	(338)	-
Net remeasurement of allowances	(171)	25,769	16,017	41,615
New financial assets originated	12,751	188	85	13,024
Financial assets derecognised	(5,915)	(193)	(8,375)	(14,483)
At 30 June 2020	57,958	55,570	505,508	619,036
At 1 January 2019	42,799	55,642	723,393	821,834
-Transfers to Stage 1	39,963	(22,361)	(17,602)	-
-Transfers to Stage 2	(1,780)	14,452	(12,672)	-
-Transfers to Stage 3	(885)	(11,501)	12,386	-
	37,298	(19,410)	(17,888)	-
Net remeasurement of allowances	(39,039)	618	114,116	75,695
New financial assets originated	15,575	2,442	63,635	81,652
Financial assets derecognised	(8,568)	(6,596)	(77,276)	(92,440)
Amount written off	-	-	(307,861)	(307,861)
At 31 December 2019	48,065	32,696	498,119	578,880

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

	Group		Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Net impaired loans, advances and financing as a percentage	11.50%	12.60%	11.50%	12.60%

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12. Deposits from customers

	Group		Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Term deposit:				
- Commodity Murabahah/Tawarruq	3,698,603	3,168,209	3,703,763	3,233,536

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

	Group		Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Government and statutory bodies	1,560,346	1,600,048	1,560,346	1,600,048
Business enterprise	2,138,257	1,568,161	2,143,417	1,633,488
	<u>3,698,603</u>	<u>3,168,209</u>	<u>3,703,763</u>	<u>3,233,536</u>

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

	Group		Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Less than three months	2,397,324	2,450,807	2,398,436	2,466,105
Three months to six months	676,508	256,697	680,556	304,519
Six months to one year	624,771	460,705	624,771	462,912
	<u>3,698,603</u>	<u>3,168,209</u>	<u>3,703,763</u>	<u>3,233,536</u>

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13. Borrowings

	Group and Bank	
	As at 30	As at 31
	June	December
	2020	2019
	RM'000	RM'000
Unsecured borrowings	2,287,503	1,875,212

The maturity structure of the borrowings is as follows:

	Group and Bank	
	As at 30	As at 31
	June	December
	2020	2019
	RM'000	RM'000
Within one year	114,827	112,477
More than one year to five years	1,484,105	996,584
More than five years	688,571	766,151
	<u>2,287,503</u>	<u>1,875,212</u>

The unsecured borrowings denominated in RM are sourced from the following:

	Note	Group and Bank	
		As at 30	As at 31
		June	December
		2020	2019
		RM'000	RM'000
Borrowings from:			
- Government of Malaysia	(i)	1,021,439	1,029,800
- Other institutions	(ii)	1,266,064	845,412
		<u>2,287,503</u>	<u>1,875,212</u>

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13. Borrowings (cont'd.)

(i) Borrowings from Government of Malaysia

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

	Group and Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Maturity structure:		
Within one year	46,874	41,266
More than one year to five years	635,995	622,383
More than five years	338,570	366,151
	<u>1,021,439</u>	<u>1,029,800</u>

The weighted average profit/interest rates on the borrowings from the Government of Malaysia range from 0% to 2.75% (2019: 0% to 4%) per annum.

(ii) Borrowings from other institutions

	Group and Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Bank Negara Malaysia	560,144	89,305
Employee Provident Fund	705,920	756,107
	<u>1,266,064</u>	<u>845,412</u>

The borrowings from other institutions are repayable as follows:

	Group and Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Maturity structure:		
Within one year	67,954	71,211
More than one year to five years	848,110	374,201
More than five years	350,000	400,000
	<u>1,266,064</u>	<u>845,412</u>

The weighted average profit/interest rates on the borrowings from other institutions range from 0% to 5.23% (2019: 0% to 5%) per annum.

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14. Interest income

	Second Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
Group and Bank	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- Loans, advances and financing	1,482	3,589	3,706	7,450
- Debt instruments at FVOCI	-	1,539	-	3,200
- Derivative at FVTPL	-	112	-	228
	<u>1,482</u>	<u>5,240</u>	<u>3,706</u>	<u>10,878</u>

15. Interest expense

	Second Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
Group and Bank	RM'000	RM'000	RM'000	RM'000
Term loans	13,044	13,563	26,126	27,216

16. Other operating income

	Second Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
Group	RM'000	RM'000	RM'000	RM'000
Fee income	34	52	34	70
Other income:				
Recovery income	618	-	1,007	-
Government fund released	-	852	-	1,719
Government compensation	-	605	-	1,210
Others	307	952	673	1,345
	<u>925</u>	<u>2,409</u>	<u>1,680</u>	<u>4,274</u>
Total other operating income	<u>959</u>	<u>2,461</u>	<u>1,714</u>	<u>4,344</u>
Bank				
Fee income	34	52	34	70
Other income:				
Government fund released	-	852	-	1,719
Government compensation	-	605	-	1,210
Others	307	952	673	1,345
	<u>307</u>	<u>2,409</u>	<u>673</u>	<u>4,274</u>
Total other operating income	<u>341</u>	<u>2,461</u>	<u>707</u>	<u>4,344</u>

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17. Other operating expenses

Group	Note	Second Quarter Ended		Six Months Ended	
		30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Personnel expenses	(i)	43,201	10,416	86,753	49,332
Establishment related expenses	(ii)	10,277	10,167	20,404	20,762
Promotion and marketing expenses	(iii)	863	853	1,669	1,740
Administration and general expenses	(iv)	7,337	3,924	14,235	9,166
		<u>61,678</u>	<u>25,360</u>	<u>123,061</u>	<u>81,000</u>
(i) Personnel expenses					
Salaries, allowances and bonuses		34,022	1,969	68,589	33,644
Group President/ Chief Executive Officer and Directors' fees and remuneration		394	369	823	602
Social security cost		247	145	494	364
Contribution to Employee Provident Fund		4,172	3,638	8,480	6,999
Other staff related expenses		4,366	4,295	8,367	7,723
		<u>43,201</u>	<u>10,416</u>	<u>86,753</u>	<u>49,332</u>
(ii) Establishment related expenses					
Depreciation of property, plant and equipment		3,292	3,406	6,764	6,827
Depreciation of right-of-use assets		854	-	1,707	-
Amortisation of intangible assets		2,222	1,676	3,926	3,437
Rental expenses		25	3,182	46	4,132
Repairs and maintenance of property, plant and equipment		3,884	1,903	7,961	6,366
		<u>10,277</u>	<u>10,167</u>	<u>20,404</u>	<u>20,762</u>
(iii) Promotion and marketing expenses					
Advertisement and publicity		863	853	1,669	1,740
(iv) Administration and general expenses					
Administrative expenses		1,861	1,763	3,853	3,445
Auditors' remuneration		241	212	477	424
General expenses		5,235	1,949	9,905	5,297
		<u>7,337</u>	<u>3,924</u>	<u>14,235</u>	<u>9,166</u>

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17. Other operating expenses (cont'd.)

Bank	Note	Second Quarter Ended		Six Months Ended	
		30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Personnel expenses	(i)	42,492	10,008	85,290	47,913
Establishment related expenses	(ii)	10,263	10,149	20,379	20,723
Promotion and marketing expenses	(iii)	925	927	1,796	1,874
Administration and general expenses	(iv)	7,062	3,801	13,483	9,104
		<u>60,742</u>	<u>24,885</u>	<u>120,948</u>	<u>79,614</u>
(i) Personnel expenses					
Salaries, allowances and bonuses		33,588	1,826	67,532	32,546
Group President/ Chief Executive Officer and Directors' fees and remuneration		394	369	823	602
Social security cost		241	137	484	353
Contribution to Employee Provident Fund		4,024	3,503	8,252	6,813
Other staff related expenses		4,245	4,173	8,199	7,599
		<u>42,492</u>	<u>10,008</u>	<u>85,290</u>	<u>47,913</u>
(ii) Establishment related expenses					
Depreciation of property, plant and equipment		3,290	3,404	6,761	6,822
Depreciation of right-of-use assets		854	-	1,707	-
Amortisation of intangible assets		2,222	1,670	3,926	3,427
Rental expenses		25	3,182	46	4,132
Repairs and maintenance of property, plant and equipment		3,872	1,893	7,939	6,342
		<u>10,263</u>	<u>10,149</u>	<u>20,379</u>	<u>20,723</u>
(iii) Promotion and marketing expenses					
Advertisement and publicity		925	927	1,796	1,874
(iv) Administration and general expenses					
Administrative expenses		1,862	1,752	3,840	3,529
Auditors' remuneration		225	200	450	400
General expenses		4,975	1,849	9,193	5,175
		<u>7,062</u>	<u>3,801</u>	<u>13,483</u>	<u>9,104</u>

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18. Allowances for impairment on loans, advances and financing

Group	Second Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Allowance for/(writeback of) impairment losses on loans, advances and financing made during the period:				
- Stage 1, net (Note 11(ix))	12,452	(861)	9,893	(2,922)
- Stage 2, net (Note 11(ix))	3,088	(11,171)	22,874	8,133
- Stage 3, net (Note 11(ix))	10,298	46,518	3,350	55,630
	<u>25,838</u>	<u>34,486</u>	<u>36,117</u>	<u>60,841</u>
Impaired loans, advances and financing recovered	<u>(6,845)</u>	<u>(3,743)</u>	<u>(13,962)</u>	<u>(7,425)</u>
Total allowances for impairment on loans, advances and financing	<u>18,993</u>	<u>30,743</u>	<u>22,155</u>	<u>53,416</u>
Bank				
Allowance for/(writeback of) impairment losses on loans, advances and financing made during the period:				
- Stage 1, net (Note 11(ix))	12,452	(861)	9,893	(2,922)
- Stage 2, net (Note 11(ix))	3,088	(11,171)	22,874	8,133
- Stage 3, net (Note 11(ix))	10,161	45,624	7,389	56,081
	<u>25,701</u>	<u>33,592</u>	<u>40,156</u>	<u>61,292</u>
Impaired loan, advances and financing recovered	<u>(6,845)</u>	<u>(3,743)</u>	<u>(13,962)</u>	<u>(7,425)</u>
Total allowances for impairment on loans, advances and financing	<u>18,856</u>	<u>29,849</u>	<u>26,194</u>	<u>53,867</u>

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19. Commitment and contingencies

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

	Group and Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Direct credit substitutes	149,247	160,753
Transaction-related-contingent items	65,752	106,581
Irrevocable commitments to extend credit with maturity exceeding one year	1,825,275	1,670,833
	<u>2,040,274</u>	<u>1,938,167</u>

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

	Group and Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Approved and contracted for Information technology system	2,596	1,833
	<u>2,596</u>	<u>1,833</u>
Total commitments and contingencies	<u>2,042,870</u>	<u>1,940,000</u>

20. 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.

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20. Capital adequacy (cont'd.)

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 the BNM's Capital Framework for Development Financial Institutions, which is based on the Basel I capital adequacy framework requirements.

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

	Group		Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
<u>Tier I Capital</u>				
Paid-up share capital	1,850,000	1,850,000	1,850,000	1,850,000
Accumulated losses	(384,688)	(384,688)	(384,697)	(383,153)
General reserves	10,114	10,114	10,114	10,114
Less: Deferred tax assets	(104,454)	(104,456)	(104,454)	(104,456)
Less: Property revaluation reserve	(232,381)	(232,381)	(232,381)	(232,381)
Total Tier I capital	1,138,591	1,138,589	1,138,582	1,140,124
<u>Tier II Capital</u>				
General provision for loans, advances and financing*	119,865	87,163	119,865	87,163
Property revaluation reserve [^]	116,191	116,191	116,191	116,191
Government funds [#]	407,452	392,980	407,452	392,980
Total Tier II capital	643,508	596,334	643,508	596,334
Total capital	1,782,099	1,734,923	1,782,090	1,736,458
Less: Investment in subsidiaries	-	-	-	-
Total capital base	1,782,099	1,734,923	1,782,090	1,736,458

* 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.

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

[#] An amount of RM38,225,000 (2019: RM38,927,000) for Teraju Facilitation fund was channelled as placement with profit sharing of 30:70 between the Group and the Bank; and Teraju.

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20. Capital adequacy (cont'd.)

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

	Group		Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
20%	424,135	239,011	424,135	239,011
50%	7,027	425,057	7,027	425,057
100%	8,754,428	7,770,823	8,788,978	7,864,591
	<u>9,185,590</u>	<u>8,434,891</u>	<u>9,220,140</u>	<u>8,528,659</u>

Before deducting dividends:

Core capital ratio	12.395%	13.499%	12.349%	13.368%
Risk-weighted capital ratio	<u>19.401%</u>	<u>20.568%</u>	<u>19.328%</u>	<u>20.360%</u>

After deducting dividends:

Core capital ratio	11.993%	13.060%	11.948%	12.934%
Risk-weighted capital ratio	<u>18.998%</u>	<u>20.130%</u>	<u>18.927%</u>	<u>19.926%</u>

Capital monitoring

The Group's and the Bank's capital are closely monitored and actively managed. Besides the 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 senior management and the Board of Directors.

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21. Islamic banking business

The state of affairs as at 30 June 2020 and results for the financial period then ended under the Islamic Banking business of the Bank and included in the Group's and the Bank's financial statements are summarised as follows:-

**Unaudited Statements of Financial Position
As at 30 June 2020**

		Group		Bank	
		As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Assets					
Cash and short-term funds		2,212,228	1,118,166	2,205,907	1,111,978
Financial investments at FVOCI	21(a)	1,042,733	1,344,885	1,042,733	1,344,885
Financial investments at amortised cost	10	658,352	818,565	658,352	818,565
Advances and financing	21(b)	5,970,939	5,554,595	5,970,939	5,554,595
Other assets		14,035	5,525	57,558	104,444
Property, plant and equipment		131,902	63,199	131,892	63,161
Right-of-use assets		13,767	15,474	13,767	15,474
Investment properties		393,563	393,062	393,563	393,062
Intangible assets		14,941	-	14,941	-
Deferred tax assets		104,454	104,456	104,454	104,456
Total assets		10,556,914	9,417,927	10,594,106	9,510,620
Liabilities					
Deposits from customers	12	3,698,603	3,168,209	3,703,763	3,233,536
Islamic medium-term notes		1,866,100	1,768,072	1,866,100	1,768,072
Term financing	21(c)	717,202	246,867	717,202	246,867
Other liabilities		1,033,121	1,034,300	1,055,957	1,041,486
Lease liabilities		14,209	15,797	14,209	15,797
Amount due to conventional operations		1,410,074	1,552,877	1,666,629	1,818,567
Government funds		369,227	228,220	369,227	228,220
Total liabilities		9,108,536	8,014,342	9,393,087	8,352,545
Islamic general funds		1,448,378	1,403,585	1,201,019	1,158,075
Total liabilities and Islamic banking funds		10,556,914	9,417,927	10,594,106	9,510,620
Commitments		2,027,727	1,927,435	2,027,727	1,927,435

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

**Small Medium Enterprise Development Bank Malaysia Berhad
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21. Islamic banking business

**Unaudited Statements of Comprehensive Income
For the second quarter ended 30 June 2020**

Group	Note	Second Quarter Ended		Six Months Ended	
		30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Income from Islamic banking business	21(d)	123,740	126,425	251,572	265,411
Profit expense attributable to Islamic banking business	21(e)	(44,983)	(48,185)	(92,134)	(95,152)
Gross income from Islamic banking business		78,757	78,240	159,438	170,259
Other operating income	21(f)	8,433	14,792	17,895	24,576
Other operating expenses	21(g)	(59,476)	(23,747)	(118,501)	(76,364)
Operating profit		27,714	69,285	58,832	118,471
(Allowances)/Writeback for impairment losses on :					
- advances and financing	21(h)	(19,192)	(19,681)	(27,796)	(44,725)
- commitments and contingencies		287	223	68	27
- financial investments at FVOCI	9	(6,210)	(3,502)	(5,866)	(3,324)
- financial investments at amortised cost	10	694	(27)	565	13
- other assets at amortised cost		160	(245)	(391)	(563)
Profit before tax expense and zakat		3,453	46,053	25,412	69,899
Zakat		(1,000)	(1,000)	(2,000)	(2,000)
Net profit for the period		2,453	45,053	23,412	67,899
Other comprehensive income					
Item that may be reclassified to profit or loss:					
Unrealised gain on revaluation of financial investments at FVOCI		15,402	6,827	15,515	21,781
Changes in expected credit losses on financial investments at FVOCI		6,210	3,502	5,866	3,324
Other comprehensive income for the period, net of tax		21,612	10,329	21,381	25,105
Total comprehensive income for the period, net of tax		24,065	55,382	44,793	93,004

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

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21. Islamic banking business (cont'd.)

**Unaudited Statements of Comprehensive Income
For the second quarter ended 30 June 2020 (cont'd.)**

Bank	Note	Second Quarter Ended		Six Months Ended	
		30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Income from Islamic banking business	21(d)	123,740	126,425	251,572	265,411
Profit expense attributable to Islamic banking business	21(e)	(45,048)	(48,309)	(92,254)	(96,045)
Gross income from Islamic banking business		78,692	78,116	159,318	169,366
Other operating income	21(f)	10,870	7,891	22,555	15,189
Other operating expenses	21(g)	(58,896)	(23,272)	(117,033)	(74,978)
Operating profit		30,666	62,735	64,840	109,577
(Allowances)/Writeback for impairment losses on :					
- advances and financing		(19,264)	(31,172)	(29,215)	(57,026)
- commitments and contingencies		287	223	68	27
- financial investments at FVOCI	9	(6,210)	(3,502)	(5,866)	(3,324)
- financial investments at amortised cost	10	694	(27)	565	13
- other assets at amortised cost		160	(245)	(391)	(563)
- other assets at FVOCI		(3,219)	-	(6,438)	-
Profit before tax expense and zakat		3,114	28,012	23,563	48,704
Tax expense		-	-	-	-
Zakat		(1,000)	(1,000)	(2,000)	(2,000)
Net profit for the period		2,114	27,012	21,563	46,704
Other comprehensive income					
Item that may be reclassified to profit or loss:					
Unrealised gain on revaluation of financial investments at FVOCI		15,402	6,827	15,515	21,781
Changes in expected credit losses on financial investments at FVOCI		6,210	3,502	5,866	3,324
Other comprehensive income for the period, net of tax		21,612	10,329	21,381	25,105
Total comprehensive income for the period, net of tax		23,726	37,341	42,944	71,809

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

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

**Statements of changes in Islamic General Funds
For the second quarter ended 30 June 2020**

Group	Share capital RM'000	Non- distributable fair value reserve RM'000	Distributable retained earnings RM'000	Total RM'000
At 1 January 2020	1,050,564	24,107	328,914	1,403,585
Unrealised gain on revaluation of financial investments at FVOCI	-	15,515	-	15,515
Changes in expected credit losses of financial investments at FVOCI	-	5,866	-	5,866
Profit for the period	-	-	23,412	23,412
Total comprehensive income for the period	-	21,381	23,412	44,793
At 30 June 2020	1,050,564	45,488	352,326	1,448,378
At 1 January 2019	1,050,564	(5,257)	154,922	1,200,229
Unrealised gain on revaluation of financial investments at FVOCI	-	30,177	-	30,177
Reclassification of gains included in profit or loss	-	3,844	-	3,844
Changes in expected credit losses of financial investments at FVOCI	-	3,508	-	3,508
Income tax relating to components of other comprehensive income	-	(8,165)	-	(8,165)
Profit for the year	-	-	173,992	173,992
Total comprehensive income for the period	-	29,364	173,992	203,356
At 31 December 2019	1,050,564	24,107	328,914	1,403,585

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

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

**Statements of changes in Islamic General Funds
For the second quarter ended 30 June 2020 (cont'd.)**

Bank	Share capital RM'000	Non- distributable fair value reserve RM'000	(Accumulated losses)/ Distributable retained earnings RM'000	Total RM'000
At 1 January 2020	1,050,564	24,107	83,404	1,158,075
Unrealised gain on revaluation of financial investments at FVOCI	-	15,515	-	15,515
Changes in expected credit losses of financial investments at FVOCI	-	5,866	-	5,866
Profit for the period	-	-	21,563	21,563
Total comprehensive income for the period	-	21,381	21,563	42,944
At 30 June 2020	1,050,564	45,488	104,967	1,201,019
At 1 January 2019	1,050,564	(5,257)	(147,698)	897,609
Unrealised gain on revaluation of financial investments at FVOCI	-	30,177	-	30,177
Reclassification of gains included in profit or loss	-	3,844	-	3,844
Changes in expected credit losses of financial investments at FVOCI	-	3,508	-	3,508
Income tax relating to components of other comprehensive income	-	(8,165)	-	(8,165)
Profit for the year	-	-	231,102	231,102
Total comprehensive income for the period	-	29,364	231,102	260,466
At 31 December 2019	1,050,564	24,107	83,404	1,158,075

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

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21. Islamic banking business (cont'd.)

(a) Financial investments at FVOCI

	Group and Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
At fair value		
Government securities		
Malaysian Government Investment Issues	377,330	531,107
Non-money market instruments		
Equity securities - Private debt securities	30,603	30,392
Debt securities - Private debt securities	634,800	783,386
	<u>665,403</u>	<u>813,778</u>
Total financial investment at FVOCI	<u>1,042,733</u>	<u>1,344,885</u>

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

(b) Advances and financing

	Group		Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Bai' Bithaman Ajil	1,509	1,509	-	-
Bai' Dayn	7,124	8,424	7,124	8,424
Bai' Inah	49,482	48,037	48,206	46,759
Istisna'	128,293	140,998	118,924	131,640
Ijarah	84	84	-	-
Ijarah Thumma Al-Bai	356,424	357,413	292,843	292,838
Murabahah	1,740,794	1,937,358	1,672,405	1,868,535
Tawarruq	4,433,226	3,768,903	4,433,221	3,768,898
Gross advances and financing	<u>6,716,936</u>	<u>6,262,726</u>	<u>6,572,723</u>	<u>6,117,094</u>
Less: Allowance for impairment losses on				
- Stage 1 (Note 21(b)(x))	(57,705)	(47,627)	(57,705)	(47,627)
- Stage 2 (Note 21(b)(x))	(51,962)	(30,559)	(51,962)	(30,559)
- Stage 3 (Note 21(b)(x))	(636,330)	(629,945)	(492,117)	(484,313)
Net advances and financing	<u>5,970,939</u>	<u>5,554,595</u>	<u>5,970,939</u>	<u>5,554,595</u>
Gross impaired advances and financing (Note 21(b)(vii))	<u>1,280,667</u>	<u>1,276,942</u>	<u>1,136,454</u>	<u>1,131,310</u>
Net impaired advances and financing	<u>644,337</u>	<u>646,997</u>	<u>644,337</u>	<u>646,997</u>

Included in advances and financing are gross advances and financing amounting to RM68,683,000 (2019: RM65,538,000) financed by the Government funds.

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21. 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	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Maturity within one year	1,276,480	1,089,603	1,148,507	971,539
More than one year to three years	745,810	783,841	735,824	763,712
More than three years to five years	988,560	946,895	982,313	945,706
More than five years	3,706,086	3,442,387	3,706,079	3,436,137
	6,716,936	6,262,726	6,572,723	6,117,094

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

	Group		Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Domestic business enterprise	6,702,670	6,247,863	6,558,457	6,102,231
Individual	14,266	14,863	14,266	14,863
	6,716,936	6,262,726	6,572,723	6,117,094

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

	Group		Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Constructions	1,298,017	1,245,497	1,296,628	1,243,983
Education, health and others	629,491	579,777	593,606	543,801
Electricity, gas and water supply	40,676	34,525	40,676	34,525
Financial, insurance, real estate and business services	1,031,868	1,045,021	1,030,043	1,043,192
Manufacturing	1,231,812	1,105,905	1,173,177	1,046,143
Mining and quarrying	99,984	75,887	99,984	75,887
Primary agriculture	7,074	5,729	7,074	5,729
Transportation, storage and communication	808,044	766,109	775,893	734,033
Wholesale, retail trade, restaurants and hotels	1,555,704	1,389,413	1,541,376	1,374,938
Others	14,266	14,863	14,266	14,863
	6,716,936	6,262,726	6,572,723	6,117,094

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21. Islamic banking business (cont'd.)

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

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

Group	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	659,399	39,396	271,970	76,614	77,352	173,286	1,298,017
Education, health and others	415,372	28,803	64,427	76,560	22,625	21,704	629,491
Electricity, gas and water supply	31,700	1,908	2,153	2,566	1,900	449	40,676
Financial, insurance, real estate and business services	694,933	63,331	116,075	22,448	75,030	60,051	1,031,868
Manufacturing	639,267	188,303	172,521	141,615	48,453	41,653	1,231,812
Mining and quarrying	52,683	-	8,766	16,805	17,192	4,538	99,984
Primary agriculture	1,248	505	344	14	4,926	37	7,074
Transportation, storage and communication	392,655	139,614	59,695	91,800	41,843	82,437	808,044
Wholesale, retail trade, restaurants and hotels	697,138	221,723	117,879	176,965	197,837	144,162	1,555,704
Others	14,266	-	-	-	-	-	14,266
At 30 June 2020	3,598,661	683,583	813,830	605,387	487,158	528,317	6,716,936

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21. Islamic banking business (cont'd.)

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

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

Group	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	649,259	34,213	266,827	70,984	75,609	148,605	1,245,497
Education, health and others	381,792	24,755	58,388	72,439	21,005	21,398	579,777
Electricity, gas and water supply	30,106	-	-	2,504	1,915	-	34,525
Financial, insurance, real estate and business services	734,589	89,628	83,578	15,557	75,866	45,803	1,045,021
Manufacturing	574,390	149,326	162,169	137,567	43,340	39,113	1,105,905
Mining and quarrying	33,046	-	7,428	14,413	17,874	3,126	75,887
Primary agriculture	477	-	502	22	4,650	78	5,729
Transportation, storage and communication	390,737	94,781	57,255	107,320	38,321	77,695	766,109
Wholesale, retail trade, restaurants and hotels	645,603	172,639	107,575	152,689	184,245	126,662	1,389,413
Others	14,863	-	-	-	-	-	14,863
At 31 December 2019	3,454,862	565,342	743,722	573,495	462,825	462,480	6,262,726

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21. Islamic banking business (cont'd.)

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

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

Bank	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	658,010	39,396	271,970	76,614	77,352	173,286	1,296,628
Education, health and others	379,487	28,803	64,427	76,560	22,625	21,704	593,606
Electricity, gas and water supply	31,700	1,908	2,153	2,566	1,900	449	40,676
Financial, insurance, real estate and business services	693,108	63,331	116,075	22,448	75,030	60,051	1,030,043
Manufacturing	580,632	188,303	172,521	141,615	48,453	41,653	1,173,177
Mining and quarrying	52,683	-	8,766	16,805	17,192	4,538	99,984
Primary agriculture	1,248	505	344	14	4,926	37	7,074
Transportation, storage and communication	360,504	139,614	59,695	91,800	41,843	82,437	775,893
Wholesale, retail trade, restaurants and hotels	682,810	221,723	117,879	176,965	197,837	144,162	1,541,376
Others	14,266	-	-	-	-	-	14,266
At 30 June 2020	3,454,448	683,583	813,830	605,387	487,158	528,317	6,572,723

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21. Islamic banking business (cont'd.)

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

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

Bank	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	647,745	34,213	266,827	70,984	75,609	148,605	1,243,983
Education, health and others	345,816	24,755	58,388	72,439	21,005	21,398	543,801
Electricity, gas and water supply	30,106	-	-	2,504	1,915	-	34,525
Financial, insurance, real estate and business services	732,760	89,628	83,578	15,557	75,866	45,803	1,043,192
Manufacturing	514,628	149,326	162,169	137,567	43,340	39,113	1,046,143
Mining and quarrying	33,046	-	7,428	14,413	17,874	3,126	75,887
Primary agriculture	477	-	502	22	4,650	78	5,729
Transportation, storage and communication	358,661	94,781	57,255	107,320	38,321	77,695	734,033
Wholesale, retail trade, restaurants and hotels	631,128	172,639	107,575	152,689	184,245	126,662	1,374,938
Others	14,863	-	-	-	-	-	14,863
At 31 December 2019	3,309,230	565,342	743,722	573,495	462,825	462,480	6,117,094

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21. Islamic banking business (cont'd.)

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

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

Group	Hire purchase RM'000	Leasing RM'000	Other term financing RM'000	Revolving financing RM'000	Staff financing RM'000	Total RM'000
Bai' Bithaman Ajil	-	-	389	1,120	-	1,509
Bai' Dayn	-	-	-	7,124	-	7,124
Bai' Inah	-	-	49,482	-	-	49,482
Istisna'	-	-	128,293	-	-	128,293
Ijarah	-	84	-	-	-	84
Ijarah Thumma Al-Bai	327,433	-	28,854	137	-	356,424
Murabahah	-	-	1,648,233	78,295	14,266	1,740,794
Tawarruq	-	-	2,979,221	1,454,005	-	4,433,226
At 30 June 2020	327,433	84	4,834,472	1,540,681	14,266	6,716,936
Bai' Bithaman Ajil	-	-	389	1,120	-	1,509
Bai' Dayn	-	-	-	8,424	-	8,424
Bai' Inah	-	-	48,037	-	-	48,037
Istisna'	-	-	140,998	-	-	140,998
Ijarah	-	84	-	-	-	84
Ijarah Thumma Al-Bai	311,796	-	28,857	16,760	-	357,413
Murabahah	-	-	1,831,617	90,878	14,863	1,937,358
Tawarruq	-	-	2,461,417	1,307,486	-	3,768,903
At 31 December 2019	311,796	84	4,511,315	1,424,668	14,863	6,262,726

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21. Islamic banking business (cont'd.)

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

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

Bank	Hire purchase RM'000	Other term financing RM'000	Revolving financing RM'000	Staff financing RM'000	Total RM'000
Bai' Dayn	-	-	7,124	-	7,124
Bai' Inah	-	48,206	-	-	48,206
Istisna'	-	118,924	-	-	118,924
Ijarah Thumma Al-Bai	291,576	1,130	137	-	292,843
Murabahah	-	1,593,231	64,908	14,266	1,672,405
Tawarruq	-	2,979,221	1,454,000	-	4,433,221
At 30 June 2020	<u>291,576</u>	<u>4,740,712</u>	<u>1,526,169</u>	<u>14,266</u>	<u>6,572,723</u>
Bai' Dayn	-	-	8,424	-	8,424
Bai' Inah	-	46,759	-	-	46,759
Istisna'	-	131,640	-	-	131,640
Ijarah Thumma Al-Bai	275,897	181	16,760	-	292,838
Murabahah	-	1,776,270	77,402	14,863	1,868,535
Tawarruq	-	2,461,412	1,307,486	-	3,768,898
At 31 December 2019	<u>275,897</u>	<u>4,416,262</u>	<u>1,410,072</u>	<u>14,863</u>	<u>6,117,094</u>

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21. 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	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Fixed rate				
- Staff financing	14,266	14,863	14,266	14,863
- Hire purchase	203,583	210,736	168,591	175,707
- Leasing	84	84	-	-
- Other term financing	1,283,707	1,041,552	1,195,637	952,210
- Revolving financing	434,412	208,028	419,963	193,490
Variable rate				
- Hire purchase	123,855	101,060	122,985	100,190
- Other term financing	3,550,765	3,469,763	3,545,075	3,464,052
- Revolving financing	1,106,264	1,216,640	1,106,206	1,216,582
	6,716,936	6,262,726	6,572,723	6,117,094

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

	Group		Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Constructions	149,602	159,711	148,213	158,197
Education, health and others	143,603	142,093	107,718	106,117
Financial, insurance, real estate and business services	233,099	230,333	231,274	228,504
Manufacturing	298,866	301,471	240,231	241,709
Mining and quarrying	2,584	2,144	2,584	2,144
Primary agriculture	275	272	275	272
Transportation, storage and communication	130,585	136,286	98,434	104,210
Wholesale, retail trade, restaurants and hotels	322,053	304,632	307,725	290,157
	1,280,667	1,276,942	1,136,454	1,131,310

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21. Islamic banking business (cont'd.)

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

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

Group	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	97,138	2,118	8,289	10,303	6,172	25,582	149,602
Education, health and others	94,189	3,155	18,571	19,648	7,169	871	143,603
Financial, insurance, real estate and business services	209,308	7,780	8,037	3,350	4,477	147	233,099
Manufacturing	188,321	13,658	45,858	39,446	6,397	5,186	298,866
Mining and quarrying	2,316	-	-	268	-	-	2,584
Primary agriculture	-	-	65	-	210	-	275
Transportation, storage and communication	83,323	7,045	8,060	12,543	9,038	10,576	130,585
Wholesale, retail trade, restaurants and hotels	172,515	29,676	27,556	32,262	54,719	5,325	322,053
At 30 June 2020	<u>847,110</u>	<u>63,432</u>	<u>116,436</u>	<u>117,820</u>	<u>88,182</u>	<u>47,687</u>	<u>1,280,667</u>

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21. Islamic banking business (cont'd.)

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

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

Group	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	101,929	2,084	13,100	9,310	8,441	24,847	159,711
Education, health and others	93,512	3,150	17,947	19,628	7,001	855	142,093
Financial, insurance, real estate and business services	205,121	7,487	8,859	3,291	5,426	149	230,333
Manufacturing	193,102	13,537	44,255	39,182	6,294	5,101	301,471
Mining and quarrying	1,850	-	-	294	-	-	2,144
Primary agriculture	-	-	65	-	207	-	272
Transportation, storage and communication	87,020	6,490	11,342	12,471	9,657	9,306	136,286
Wholesale, retail trade, restaurants and hotels	-	-	-	-	-	-	-
	148,559	29,579	27,342	36,575	57,111	5,466	304,632
At 31 December 2019	<u>831,093</u>	<u>62,327</u>	<u>122,910</u>	<u>120,751</u>	<u>94,137</u>	<u>45,724</u>	<u>1,276,942</u>

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21. Islamic banking business (cont'd.)

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

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

Bank	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	95,749	2,118	8,289	10,303	6,172	25,582	148,213
Education, health and others	58,304	3,155	18,571	19,648	7,169	871	107,718
Financial, insurance, real estate and business services	207,483	7,780	8,037	3,350	4,477	147	231,274
Manufacturing	129,686	13,658	45,858	39,446	6,397	5,186	240,231
Mining and quarrying	2,316	-	-	268	-	-	2,584
Primary agriculture	-	-	65	-	210	-	275
Transportation, storage and communication	51,172	7,045	8,060	12,543	9,038	10,576	98,434
Wholesale, retail trade, restaurants and hotels	158,187	29,676	27,556	32,262	54,719	5,325	307,725
At 30 June 2020	<u>702,897</u>	<u>63,432</u>	<u>116,436</u>	<u>117,820</u>	<u>88,182</u>	<u>47,687</u>	<u>1,136,454</u>

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21. Islamic banking business (cont'd.)

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

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

Bank	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	100,415	2,084	13,100	9,310	8,441	24,847	158,197
Education, health and others	57,536	3,150	17,947	19,628	7,001	855	106,117
Financial, insurance, real estate and business services	203,292	7,487	8,859	3,291	5,426	149	228,504
Manufacturing	133,340	13,537	44,255	39,182	6,294	5,101	241,709
Mining and quarrying	1,850	-	-	294	-	-	2,144
Primary agriculture	-	-	65	-	207	-	272
Transportation, storage and communication	54,944	6,490	11,342	12,471	9,657	9,306	104,210
Wholesale, retail trade, restaurants and hotels	134,084	29,579	27,342	36,575	57,111	5,466	290,157
At 31 December 2019	<u>685,461</u>	<u>62,327</u>	<u>122,910</u>	<u>120,751</u>	<u>94,137</u>	<u>45,724</u>	<u>1,131,310</u>

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21. Islamic banking business (cont'd.)

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

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

	Group		Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
At 1 January	1,276,942	1,492,925	1,131,310	1,344,872
-Transfers to Stage 1	(7,175)	(68,261)	(7,175)	(68,261)
-Transfers to Stage 2	(341)	(27,161)	(341)	(27,161)
-Transfers to Stage 3	31,389	184,757	31,389	184,757
	<u>1,300,815</u>	<u>1,582,260</u>	<u>1,155,183</u>	<u>1,434,207</u>
Settlement/additional drawdown	4,542	104,208	5,961	106,629
New financial assets originated	559	88,913	559	88,913
Financial assets derecognised	(25,249)	(227,379)	(25,249)	(227,379)
Write-off/Write-down	-	(271,060)	-	(271,060)
	<u>1,280,667</u>	<u>1,276,942</u>	<u>1,136,454</u>	<u>1,131,310</u>

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

Group	Stage1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2020	47,627	30,559	629,945	708,131
-Transfers to Stage 1	5,816	(2,680)	(3,136)	-
-Transfers to Stage 2	(2,401)	2,451	(50)	-
-Transfers to Stage 3	(78)	(2,782)	2,860	-
	<u>3,337</u>	<u>(3,011)</u>	<u>(326)</u>	<u>-</u>
Net remeasurement of allowances (Note 21(h))	(98)	24,419	14,080	38,401
Net financial assets originated (Note 21(h))	12,737	188	85	13,010
Financial assets derecognised (Note 21(h))	(5,898)	(193)	(7,454)	(13,545)
At 30 June 2020	<u>57,705</u>	<u>51,962</u>	<u>636,330</u>	<u>745,997</u>
At 1 January 2019	42,207	51,522	826,154	919,883
-Transfers to Stage 1	39,788	(22,186)	(17,602)	-
-Transfers to Stage 2	(1,776)	14,447	(12,671)	-
-Transfers to Stage 3	(885)	(10,851)	11,736	-
	<u>37,127</u>	<u>(18,590)</u>	<u>(18,537)</u>	<u>-</u>
Net remeasurement of allowances	(38,733)	1,708	103,039	66,014
Net financial assets originated	15,522	2,441	63,635	81,598
Financial assets derecognised	(8,496)	(6,522)	(73,286)	(88,304)
Amount written off	-	-	(271,060)	(271,060)
At 31 December 2019	<u>47,627</u>	<u>30,559</u>	<u>629,945</u>	<u>708,131</u>

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21. Islamic banking business (cont'd.)

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

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

Bank	Stage1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2020	47,627	30,559	484,313	562,499
-Transfers to Stage 1	5,816	(2,680)	(3,136)	-
-Transfers to Stage 2	(2,401)	2,451	(50)	-
-Transfers to Stage 3	(78)	(2,782)	2,860	-
	3,337	(3,011)	(326)	-
Net remeasurement of allowances (Note 21(h))	(98)	24,419	15,499	39,820
Net financial assets originated (Note 21(h))	12,737	188	85	13,010
Financial assets derecognised (Note 21(h))	(5,898)	(193)	(7,454)	(13,545)
At 30 June 2020	57,705	51,962	492,117	601,784
At 1 January 2019	42,207	51,522	678,101	771,830
-Transfers to Stage 1	39,788	(22,186)	(17,602)	-
-Transfers to Stage 2	(1,776)	14,447	(12,671)	-
-Transfers to Stage 3	(885)	(10,851)	11,736	-
	37,127	(18,590)	(18,537)	-
Net remeasurement of allowances	(38,733)	1,708	105,460	68,435
Net financial assets originated	15,522	2,441	63,635	81,598
Financial assets derecognised	(8,496)	(6,522)	(73,286)	(88,304)
Amount written off	-	-	(271,060)	(271,060)
At 31 December 2019	47,627	30,559	484,313	562,499

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

	Group		Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Net impaired advances and financing as a percentage	10.60%	11.49%	10.60%	11.49%

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21. Islamic banking business (cont'd.)

(c) Term financing

	Group and Bank	
	As at 30	As at 31
	June	December
	2020	2019
	RM'000	RM'000
Unsecured term financing	717,202	246,867

The maturity structure of the term financing is as follows:

	Group and Bank	
	As at 30	As at 31
	June	December
	2020	2019
	RM'000	RM'000
Within one year	21,805	23,295
More than one year to five years	611,883	129,253
More than five years	83,514	94,319
	<u>717,202</u>	<u>246,867</u>

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

	Group and Bank	
	As at 30	As at 31
	June	December
	2020	2019
	RM'000	RM'000
Financing from:		
- Government of Malaysia	157,058	157,562
- Bank Negara Malaysia ("BNM")	560,144	89,305
	<u>717,202</u>	<u>246,867</u>

The profit rates on the financing from the Government of Malaysia is 0% - 2.75% (2019: 0% - 4%) per annum. The rate for financing from BNM ranges from 0% - 1.5% (2019: 4% - 5.23%) per annum.

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21. Islamic banking business (cont'd.)

(d) Income from Islamic banking business

Group and Bank	Second Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Income from advances and financing				
- Bai' Murabahah	18,626	34,921	49,379	76,305
- Bai' Istisna	1,065	2,470	2,933	5,127
- Ijarah Thumma Al-Bai	7,633	4,977	12,457	10,803
- Bai' Dayn	167	244	277	392
- Tawarruq	66,230	55,732	124,301	108,607
- Bai' Inah	836	1,111	1,515	1,450
Total income from advances and financing	94,557	99,455	190,862	202,684
Tawarruq deposit placements	9,339	8,295	18,529	13,991
Derivative financial investment at FVTPL	85	(5,971)	162	(1,754)
Financial investments at FVOCI	11,881	16,343	25,435	38,014
Financial investments at amortised cost	7,878	8,303	16,584	12,476
Total income from Islamic banking business	123,740	126,425	251,572	265,411

(e) Profit expense attributable to Islamic banking business

Group	Second Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	26,584	27,512	55,300	54,251
Islamic medium-term notes	16,480	19,577	32,781	37,013
Term financing	274	378	577	780
Deposits from banks and other financial institutions	170	696	668	2,591
Others	1,475	22	2,808	517
	44,983	48,185	92,134	95,152

Bank	Second Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	26,649	27,636	55,420	55,144
Islamic medium-term notes	16,480	19,577	32,781	37,013
Term financing	274	378	577	780
Deposits from banks and other financial institutions	170	696	668	2,591
Others	1,475	22	2,808	517
	45,048	48,309	92,254	96,045

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21. Islamic banking business (cont'd.)

(f) Other operating income

Group	Second Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Fee income	791	1,778	2,782	4,036
Commission fee income	315	503	495	960
Rental income	2,376	2,595	4,940	5,129
Government fund released	711	-	1,600	-
Government compensation	1,283	-	2,609	-
Recovery income	700	6,801	1,084	9,008
Compensation on late payment charges	911	1,101	2,168	2,253
Others	1,346	2,014	2,217	3,190
	8,433	14,792	17,895	24,576

Bank	Second Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Fee income	697	1,656	2,033	3,497
Commission fee income	315	503	495	960
Rental income	2,376	2,631	4,940	5,200
Government fund released	711	-	1,600	-
Government compensation	1,283	-	2,609	-
Management fees	44	(16)	89	89
Profit income on amount owing by subsidiary company	3,219	-	6,438	-
Compensation on late payment charges	911	1,101	2,168	2,253
Others	1,314	2,016	2,183	3,190
	10,870	7,891	22,555	15,189

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21. Islamic banking business (cont'd.)

(g) Other operating expenses

Group	Second Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	41,739	9,904	83,657	46,811
Establishment related expenses	10,156	9,328	20,144	19,385
Promotion and marketing expenses	832	805	1,604	1,642
Administration and general expenses	6,749	3,710	13,096	8,526
	<u>59,476</u>	<u>23,747</u>	<u>118,501</u>	<u>76,364</u>

Bank	Second Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	41,030	9,495	82,194	45,392
Establishment related expenses	10,142	9,309	20,119	19,346
Promotion and marketing expenses	893	879	1,731	1,776
Administration and general expenses	6,831	3,589	12,989	8,464
	<u>58,896</u>	<u>23,272</u>	<u>117,033</u>	<u>74,978</u>

(h) Allowances for impairment on advances and financing

Group	Second Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Net allowance for impairment losses on advances, and financing made during the period:				
- Stage 1 (Note 21(b)(x))	12,348	(757)	10,002	(2,772)
- Stage 2 (Note 21(b)(x))	2,771	(8,423)	21,401	9,691
- Stage 3 (Note 21(b)(x))	9,977	30,004	6,385	40,411
	<u>25,096</u>	<u>20,824</u>	<u>37,788</u>	<u>47,330</u>
Impaired advances and financing recovered	<u>(5,904)</u>	<u>(1,143)</u>	<u>(9,992)</u>	<u>(2,605)</u>
Total allowances for impairment on advances and financing	<u>19,192</u>	<u>19,681</u>	<u>27,796</u>	<u>44,725</u>

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22. Islamic banking business (cont'd.)

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

	Second Quarter Ended		Six Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Bank				
Net allowance for impairment losses on advances, and financing made during the period:				
- Stage 1 (Note 21(b)(x))	12,348	(757)	10,002	(2,772)
- Stage 2 (Note 21(b)(x))	2,771	(8,423)	21,401	9,691
- Stage 3 (Note 21(b)(x))	10,049	41,495	7,804	52,712
	<u>25,168</u>	<u>32,315</u>	<u>39,207</u>	<u>59,631</u>
Impaired advances and financing recovered	<u>(5,904)</u>	<u>(1,143)</u>	<u>(9,992)</u>	<u>(2,605)</u>
Total allowances for impairment on advances and financing	<u>19,264</u>	<u>31,172</u>	<u>29,215</u>	<u>57,026</u>

(i) Commitments

	Group and Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Direct credit substitutes	149,247	160,753
Transaction-related-contingent items	65,752	106,581
Irrevocable commitments to extend credit:		
- maturity exceeding one year	1,812,728	1,660,101
	<u>2,027,727</u>	<u>1,927,435</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	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Tier I Capital				
Capital funds	1,050,564	1,050,564	1,050,564	1,050,564
Retained earning	328,914	328,914	83,404	83,404
Less: Deferred tax assets	(104,454)	(104,456)	(104,454)	(104,456)
Less: Property revaluation reserves	(232,382)	(232,382)	(232,382)	(232,382)
Total Tier I capital	<u>1,042,642</u>	<u>1,042,640</u>	<u>797,132</u>	<u>797,130</u>

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22. Islamic banking business (cont'd.)

(j) Capital adequacy (cont'd.)

Capital management (cont'd.)

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

	Group		Bank	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Tier II Capital				
General provision for advances and financing*	115,978	84,565	115,978	84,565
Property revaluation reserve^	116,191	116,191	116,191	116,191
Government funds#	407,452	267,147	407,452	267,147
Total Tier II capital	639,621	467,903	639,621	467,903
Total capital	1,682,263	1,510,543	1,436,753	1,265,033
Less: Investment in subsidiaries	-	-	-	-
Total capital base	1,682,263	1,510,543	1,436,753	1,265,033

* 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 RM38,225,000 (2019: RM38,927,000) 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	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
20%	423,408	238,285	423,408	238,285
50%	6,960	422,273	6,960	422,273
100%	8,512,134	7,405,514	8,555,649	7,504,398
	8,942,502	8,066,072	8,986,017	8,164,956

Before deducting dividends:

Core capital ratio	11.659%	12.926%	8.871%	9.763%
Risk-weighted capital ratio	18.812%	18.727%	15.989%	15.493%

After deducting dividends:

Core capital ratio	11.246%	12.468%	8.459%	9.310%
Risk-weighted capital ratio	18.398%	18.268%	15.577%	15.040%