

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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Notes	Group		Bank	
		31 March 2022 RM'000	31 December 2021 RM'000	31 March 2022 RM'000	31 December 2021 RM'000
ASSETS					
Cash and short-term funds		1,538,613	1,254,962	1,535,852	1,246,606
Financial investments at fair value through through profit or loss ("FVTPL")	9	234,647	100,927	234,647	100,927
Financial investments at fair value through other comprehensive income ("FVOCI")	10	1,408,890	1,396,737	1,408,890	1,396,737
Financial investments at amortised cost ("AC")	11	430,135	518,757	430,135	518,757
Loans, advances and financing	12	7,502,976	7,423,451	7,502,976	7,423,451
Other assets		23,915	20,608	72,090	106,480
Investment in associate		2,654	2,654	-	-
Property, plant and equipment		146,877	134,044	146,843	134,011
Right-of-use assets		12,943	13,830	12,943	13,830
Investment properties		374,081	374,081	374,081	374,081
Intangible assets		12,720	14,762	12,720	14,762
Tax recoverable		5,070	5,572	2,997	2,997
Deferred tax assets		106,947	106,947	106,947	106,947
TOTAL ASSETS		11,800,468	11,367,332	11,841,121	11,439,586
LIABILITIES					
Deposits from customers	13	3,978,121	3,742,803	3,984,007	3,776,444
Deposits from banks and other financial institutions	14	200,144	50,085	200,144	50,085
Islamic medium-term notes/commercial notes		2,463,738	2,521,926	2,463,738	2,521,926
Borrowings/Fundings	15	1,907,412	1,741,109	1,907,412	1,741,109
Lease liabilities		13,374	14,195	13,374	14,195
Other liabilities		1,066,228	1,151,093	1,092,846	1,178,555
Government funds		544,021	540,701	544,021	540,701
TOTAL LIABILITIES		10,173,038	9,761,912	10,205,542	9,823,015
EQUITY					
Share capital		1,850,000	1,850,000	1,850,000	1,850,000
Accumulated losses		(246,124)	(262,346)	(237,975)	(251,195)
Other reserves		23,554	17,766	23,554	17,766
TOTAL EQUITY		1,627,430	1,605,420	1,635,579	1,616,571
TOTAL LIABILITIES AND EQUITY		11,800,468	11,367,332	11,841,121	11,439,586
COMMITMENTS AND CONTINGENCIES	21	2,262,674	2,180,552	2,262,674	2,180,552

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

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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2022

Group	Notes	First Quarter Ended		Three Months Ended	
		31 March 2022 RM'000	31 March 2021 RM'000	31 March 2022 RM'000	31 March 2021 RM'000
Interest income	16	283	669	283	669
Interest expense	17	(3,711)	(3,795)	(3,711)	(3,795)
Net interest expense		(3,428)	(3,126)	(3,428)	(3,126)
Gross income from Islamic banking business	23	104,935	94,749	104,935	94,749
Other operating income	18	506	3,186	506	3,186
Net income		102,013	94,809	102,013	94,809
Other operating expenses	19	(67,652)	(63,332)	(67,652)	(63,332)
Operating profit		34,361	31,477	34,361	31,477
(Allowances)/Writeback for impairment losses on:					
- loans, advances and financing	20	(16,477)	(2,737)	(16,477)	(2,737)
- commitments and contingencies		(177)	(204)	(177)	(204)
- financial investments at FVOCI	10	71	(5,236)	71	(5,236)
- financial investments at AC	11	(7)	-	(7)	-
- other assets at AC		(566)	(273)	(566)	(273)
		17,205	23,027	17,205	23,027
Share of loss after tax of associate		-	-	-	-
Profit before tax expense and zakat		17,205	23,027	17,205	23,027
Tax expense		(233)	(274)	(233)	(274)
Zakat		(750)	(750)	(750)	(750)
Profit for the period		16,222	22,003	16,222	22,003
Other comprehensive income/(loss)					
Item that may be reclassified to profit or loss:					
Unrealised gain/(loss) on revaluation of financial investments at FVOCI		5,859	(29,767)	5,859	(29,767)
Changes in expected credit losses on financial investments at FVOCI		(71)	5,236	(71)	5,236
Other comprehensive income/(loss) for the period		5,788	(24,531)	5,788	(24,531)
Total comprehensive income/(loss) for the period		22,010	(2,528)	22,010	(2,528)
Profit for the period attributable to owner of the Bank		16,222	22,003	16,222	22,003
Total comprehensive income/(loss) attributable to owner of the Bank		22,010	(2,528)	22,010	(2,528)

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

**Small Medium Enterprise Development Bank Malaysia Berhad
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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2022**

Bank	Notes	First Quarter Ended		Three Months Ended	
		31 March 2022 RM'000	31 March 2021 RM'000	31 March 2022 RM'000	31 March 2021 RM'000
Interest income	16	283	669	283	669
Interest expense	17	(3,711)	(3,795)	(3,711)	(3,795)
Net interest expense		(3,428)	(3,126)	(3,428)	(3,126)
Gross income from Islamic banking business	23	103,020	96,631	103,020	96,631
Other operating income	18	243	363	243	363
Net income		99,835	93,868	99,835	93,868
Other operating expenses	19	(65,204)	(61,792)	(65,204)	(61,792)
Operating profit		34,631	32,076	34,631	32,076
(Allowances)/Writeback for impairment losses on:					
- loans, advances and financing	20	(17,653)	(6,869)	(17,653)	(6,869)
- commitments and contingencies		(177)	(204)	(177)	(204)
- financial investments at FVOCI	10	71	(5,236)	71	(5,236)
- financial investments at AC	11	(7)	-	(7)	-
- other assets at AC		(566)	(273)	(566)	(273)
- other assets at FVOCI		(2,149)	(2,802)	(2,149)	(2,802)
Profit before tax expense and zakat		14,150	16,692	14,150	16,692
Tax expense		(180)	(211)	(180)	(211)
Zakat		(750)	(750)	(750)	(750)
Profit for the period		13,220	15,731	13,220	15,731
Other comprehensive income/(loss)					
Item that may be reclassified to profit or loss:					
Unrealised gain/(loss) on revaluation of financial investments at FVOCI		5,859	(29,767)	5,859	(29,767)
Changes in expected credit losses on financial investments at FVOCI		(71)	5,236	(71)	5,236
Other comprehensive income/(loss) for the period		5,788	(24,531)	5,788	(24,531)
Total comprehensive income/(loss) for the period		19,008	(8,800)	19,008	(8,800)
Profit for the period attributable to owner of the Bank		13,220	15,731	13,220	15,731
Total comprehensive income/(loss) attributable to owner of the Bank		19,008	(8,800)	19,008	(8,800)

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

**Small Medium Enterprise Development Bank Malaysia Berhad
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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2022**

Group	Note	<=====Attributable to the Owner of the Bank=====> <=====Non-distributable=====>				Total RM'000
		Share capital RM'000	Fair value reserve RM'000	General reserve RM'000	Accumulated losses RM'000	
At 1 January 2022		1,850,000	7,652	10,114	(262,346)	1,605,420
Unrealised gain on revaluation of financial investments at FVOCI		-	5,859	-	-	5,859
Changes in expected credit losses of financial investments at FVOCI	10	-	(71)	-	-	(71)
Profit for the period		-	-	-	16,222	16,222
Total comprehensive income for the period		-	5,788	-	16,222	22,010
At 31 March 2022		1,850,000	13,440	10,114	(246,124)	1,627,430
At 1 January 2021		1,850,000	42,054	10,114	(301,724)	1,600,444
Unrealised loss on revaluation of financial investments at FVOCI		-	(38,004)	-	-	(38,004)
Reclassification of loss included in profit or loss		-	(6,481)	-	-	(6,481)
Changes in expected credit losses of financial investments at FVOCI		-	(593)	-	-	(593)
Income tax relating to components of other comprehensive income		-	10,676	-	-	10,676
Profit for the year		-	-	-	52,589	52,589
Total comprehensive (loss)/income for the year		-	(34,402)	-	52,589	18,187
Transaction with owner: Dividends		-	-	-	(13,211)	(13,211)
At 31 December 2021		1,850,000	7,652	10,114	(262,346)	1,605,420

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

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2022

Bank	Note	<=====Attributable to the Owner of the Bank=====>				Total RM'000
		Share capital RM'000	Fair value reserve RM'000	General reserve RM'000	Accumulated losses RM'000	
At 1 January 2022		1,850,000	7,652	10,114	(251,195)	1,616,571
Unrealised gain on revaluation of financial investments at FVOCI		-	5,859	-	-	5,859
Changes in expected credit losses of financial investments at FVOCI	10	-	(71)	-	-	(71)
Profit for the period		-	-	-	13,220	13,220
Total comprehensive income for the period		-	5,788	-	13,220	19,008
At 31 March 2022		1,850,000	13,440	10,114	(237,975)	1,635,579
At 1 January 2021		1,850,000	42,054	10,114	(288,039)	1,614,129
Unrealised loss on revaluation of financial investments at FVOCI		-	(38,004)	-	-	(38,004)
Reclassification of loss included in profit or loss		-	(6,481)	-	-	(6,481)
Changes in expected credit losses of financial investments at FVOCI		-	(593)	-	-	(593)
Income tax relating to components of other comprehensive income		-	10,676	-	-	10,676
Profit for the year		-	-	-	50,055	50,055
Total comprehensive (loss)/income for the year		-	(34,402)	-	50,055	15,653
Transaction with owner:						
Dividends		-	-	-	(13,211)	(13,211)
At 31 December 2021		1,850,000	7,652	10,114	(251,195)	1,616,571

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

**Small Medium Enterprise Development Bank Malaysia Berhad
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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2022**

	Group		Bank	
	31 March 2022 RM'000	31 March 2021 RM'000	31 March 2022 RM'000	31 March 2021 RM'000
Cash flows generated from/(used in) operating activities				
Profit before tax expense and zakat	17,205	23,027	14,150	16,692
Adjustments for:				
Net impairment loss on loans, advances and financing	19,311	11,816	20,487	15,948
Net impairment loss of commitment and contingencies	177	204	177	204
Net impairment (writeback)/loss on financial investment at FVOCI	(71)	5,236	(71)	5,236
Net impairment loss on financial investment at AC	7	-	7	-
Impairment writeback on other assets at AC	566	273	566	273
Impairment writeback on other assets at FVOCI	-	-	2,149	2,802
Depreciation of property, plant and equipment	2,766	2,831	2,766	2,830
Depreciation of right-of-use assets	887	873	887	873
Amortisation of intangible assets	2,042	1,705	2,042	1,706
Government funds released	(6,717)	(4,118)	(6,717)	(4,118)
Income from financial investments at FVOCI	(11,427)	(13,163)	(11,427)	(13,163)
Income from financial investments at FVTPL	(761)	(1,327)	(761)	(1,327)
Income from financial investments at AC	(4,036)	(5,142)	(4,036)	(5,142)
Profit expense on medium-term notes/commercial papers	22,006	17,192	22,006	17,192
Profit expense on borrowings/fundings	9,272	7,404	9,272	7,404
Finance cost on lease liabilities	123	126	123	126
Profit income on amount due from a subsidiary company	-	-	(2,149)	(2,802)
Operating profit before working capital changes	51,350	46,937	49,471	44,734
Changes in working capital:				
Net changes in operating assets	(102,640)	(131,988)	(66,120)	(54,945)
Net changes in operating liabilities	299,672	(160,233)	271,075	(233,881)
Cash generated from/(used in) operating activities	248,382	(245,284)	254,426	(244,092)
Interest and profit received	14,858	959	14,858	959
Tax and zakat refunded/(paid)	72	(666)	(377)	(421)
Net cash generated from/(used in) operating activities	263,312	(244,991)	268,907	(243,554)
Cash flows from/(used in) investing activities				
Net purchase of financial investment	(50,033)	(332,001)	(50,033)	(332,001)
Net purchase of property, plant and equipment	(15,559)	(4,243)	(15,559)	(4,243)
Net purchase of intangible assets	-	(1,091)	-	(1,091)
Net cash used in investing activities	(65,592)	(337,335)	(65,592)	(337,335)
Cash flows from/(used in) financing activities				
Proceeds from medium term notes/commercial notes	(80,194)	(20,827)	(80,194)	(20,827)
Proceeds from borrowings/fundings	157,032	109,483	157,032	109,483
Proceeds from government funds	10,037	2,500	10,037	2,500
Payment of lease liabilities	(944)	(958)	(944)	(958)
Net cash (used in)/generated from financing activities	85,931	90,198	85,931	90,198
Net increase/(decrease) in cash and cash equivalents	283,651	(492,128)	289,246	(490,691)
Cash and cash equivalents at beginning of year	1,254,962	1,406,158	1,246,606	1,401,826
Cash and cash equivalents at end of year	1,538,613	914,030	1,535,852	911,135
Cash and cash equivalents comprise:				
- Cash and short term funds	1,538,613	914,030	1,535,852	911,135

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

1. Basis of preparation

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

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

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

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

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

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

2. Summary of Significant Accounting Policies

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

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3. Significant Accounting Estimates and Judgements

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

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

4. Auditors' report on preceding audited annual financial statements

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

5. Seasonal or cyclical factors

The operations of the Group and of the Bank were not materially affected by any seasonal or cyclical factors in the financial period ended 31 March 2022.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and of the Bank in the financial period ended 31 March 2022.

7. Changes in estimates

There were no material changes in estimates that have a material effect in the financial period ended 31 March 2022.

8. Dividends

No dividend has been proposed or paid for the first quarter ended 31 March 2022.

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

	Group and Bank	
	31 March 2022	31 December 2021
	RM'000	RM'000
At fair value		
Government securities		
Malaysian Government Investment Issues	-	41,102
Money market instruments		
Commercial papers	234,647	59,825
	<u>234,647</u>	<u>100,927</u>

10. Financial investments at FVOCI

	Group and Bank	
	31 March 2022	31 December 2021
	RM'000	RM'000
At fair value		
Government securities		
Malaysian Government Investment Issues	891,620	892,606
Non-money market instruments		
Equity securities		
- Private debt securities	31,240	30,572
- Unquoted shares	10,192	10,192
Debt securities		
- Private debt securities	475,838	463,367
	<u>517,270</u>	<u>504,131</u>
	<u>1,408,890</u>	<u>1,396,737</u>

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

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

	Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	89	218	10,000	10,307
Allowance/(Writeback) made due to changes in credit risk	-	(88)	-	(88)
New financial investments originated	17	-	-	17
At 31 March 2022	<u>106</u>	<u>130</u>	<u>10,000</u>	<u>10,236</u>
At 1 January 2021	-	900	10,000	10,900
Allowance/(Writeback) made due to changes in credit risk	89	(682)	-	(593)
At 31 December 2021	<u>89</u>	<u>218</u>	<u>10,000</u>	<u>10,307</u>

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

The impairment losses by external rating grade are as follows:

<i>External rating grade</i>	Group and Bank			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
RAM AAA	6	-	-	6
MARC AAA	25	-	-	25
RAM AA	48	-	-	48
RAM A	-	130	-	130
MARC AA	9	-	-	9
MARC AA- RAM D^	18	-	-	18
RAM D^	-	-	10,000	10,000
At 31 March 2022	<u>106</u>	<u>130</u>	<u>10,000</u>	<u>10,236</u>

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

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

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11. Financial investments at amortised cost

	Group and Bank	
	31 March 2022	31 December 2021
	RM'000	RM'000
At amortised cost		
Government securities		
Malaysian Government Investment Issues	50,423	50,905
	<hr/>	<hr/>
Money market instruments		
Commercial papers	-	33,895
	<hr/>	<hr/>
Non-money market instruments		
Private debt securities	379,997	434,235
	430,420	519,035
	<hr/>	<hr/>
Less: Accumulated impairment losses	(285)	(278)
	<hr/>	<hr/>
	430,135	518,757
	<hr/>	<hr/>

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

	Group and Bank	
	31 March 2022	31 December 2021
	RM'000	RM'000
Within one year	324,121	402,759
More than one year to three years	25,419	35,292
More than three years to five years	40,535	40,585
More than five years	40,345	40,399
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	430,420	519,035
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11. Financial investments at amortised cost (cont'd.)

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

	Group and Bank	
	31 March 2022	31 December 2021
	RM'000	RM'000
	Stage 1	Stage 1
At 1 January	278	-
Allowance made due to changes in credit risk	-	120
New financial investments originated or purchased	88	158
Financial investments derecognised	(81)	-
At 31 March/31 December	285	278

The impairment losses by external rating grade are as follows:

	Group and Bank	
	31 March 2022	31 December 2021
	RM'000	RM'000
	Stage 1	Stage 1
<i>External rating grade</i>		
RAM AAA	3	5
MARC AAA	-	19
RAM AA	122	122
MARC AA+	70	-
MARC AA	-	61
MARC AA-	90	71
Total	285	278

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

	Group and Bank	
	31 March 2022	31 December 2021
	RM'000	RM'000
Malaysian Government Investment Issues	50,631	51,312
Commercial papers	-	33,895
Private debt securities	381,310	436,849
	431,941	522,056

**Small Medium Enterprise Development Bank Malaysia Berhad
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12. Loans, advances and financing

	Group		Bank	
	31 March 2022 RM'000	31 December 2021 RM'000	31 March 2022 RM'000	31 December 2021 RM'000
Term loans/financing				
- Hire purchase	383,505	393,901	347,349	357,583
- Leasing	342	342	-	-
- Other term loans/financing	6,086,470	5,987,744	5,751,788	5,652,166
Revolving loans/financing	1,904,043	1,909,608	1,882,584	1,888,031
Staff loans/financing	11,600	11,988	11,600	11,988
Gross loans, advances and financing	<u>8,385,960</u>	<u>8,303,583</u>	<u>7,993,321</u>	<u>7,909,768</u>
Less: Allowance for impairment losses on				
- Stage 1 (Note 12(ix))	(89,518)	(97,559)	(89,518)	(97,559)
- Stage 2 (Note 12(ix))	(32,021)	(16,634)	(32,021)	(16,634)
- Stage 3 (Note 12(ix))	(761,445)	(765,939)	(368,806)	(372,124)
Net loans, advances and financing	<u>7,502,976</u>	<u>7,423,451</u>	<u>7,502,976</u>	<u>7,423,451</u>
Gross impaired loans, advances and financing (Note 12(viii))	<u>1,465,015</u>	<u>1,526,505</u>	<u>1,072,376</u>	<u>1,132,690</u>
Net impaired loans, advances and financing	<u>703,570</u>	<u>760,566</u>	<u>703,570</u>	<u>760,566</u>

Included in loans, advances and financing for the Group and the Bank are gross loans, advances and financing of RM82,644,000 (2021: RM84,730,000) financed by Government funds.

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

	Group		Bank	
	31 March 2022 RM'000	31 December 2021 RM'000	31 March 2022 RM'000	31 December 2021 RM'000
Within one year	1,868,284	1,761,750	1,566,029	1,459,184
More than one year to three years	601,881	635,000	574,212	606,615
More than three years to five years	1,412,085	1,352,761	1,379,157	1,319,667
More than five years	4,503,710	4,554,072	4,473,923	4,524,302
	<u>8,385,960</u>	<u>8,303,583</u>	<u>7,993,321</u>	<u>7,909,768</u>

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

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

	Group		Bank	
	31 March 2022 RM'000	31 December 2021 RM'000	31 March 2022 RM'000	31 December 2021 RM'000
Domestic business enterprise	8,374,360	8,291,595	7,981,721	7,897,780
Individual	11,600	11,988	11,600	11,988
	<u>8,385,960</u>	<u>8,303,583</u>	<u>7,993,321</u>	<u>7,909,768</u>

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

	Group		Bank	
	31 March 2022 RM'000	31 December 2021 RM'000	31 March 2022 RM'000	31 December 2021 RM'000
Constructions	1,457,315	1,377,290	1,454,491	1,374,467
Education, health and others	639,258	655,163	594,576	610,181
Electricity, gas and water supply	192,426	166,680	192,426	166,680
Financial, insurance/takaful, real estate and business services	1,124,076	1,107,202	1,121,318	1,104,443
Manufacturing	1,466,532	1,420,443	1,395,914	1,348,757
Mining and quarrying	134,603	143,895	132,607	141,899
Primary agriculture	8,087	8,089	7,825	7,827
Transportation, storage and communication	1,001,432	1,006,740	962,294	967,553
Wholesale, retail trade, restaurants and hotels	2,350,631	2,406,093	2,120,270	2,175,973
Others	11,600	11,988	11,600	11,988
	<u>8,385,960</u>	<u>8,303,583</u>	<u>7,993,321</u>	<u>7,909,768</u>

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

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

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	981,915	42,078	82,210	46,680	91,755	212,677	1,457,315
Education, health and others	422,321	25,754	54,032	85,891	39,065	12,195	639,258
Electricity, gas and water supply	179,505	1,968	4,270	2,965	3,364	354	192,426
Financial, insurance/takaful, real estate and business services	678,644	108,409	152,083	41,363	65,883	77,694	1,124,076
Manufacturing	796,809	236,154	246,412	104,732	52,254	30,171	1,466,532
Mining and quarrying	82,779	689	20,398	25,852	2,403	2,482	134,603
Primary agriculture	262	366	913	100	4,786	1,660	8,087
Transportation, storage and communication	528,722	175,945	54,036	108,814	56,590	77,325	1,001,432
Wholesale, retail trade, restaurants and hotels	1,155,433	321,915	138,550	284,226	283,522	166,985	2,350,631
Others	11,600	-	-	-	-	-	11,600
At 31 March 2022	4,837,990	913,278	752,904	700,623	599,622	581,543	8,385,960

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

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

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

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

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

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	979,091	42,078	82,210	46,680	91,755	212,677	1,454,491
Education, health and others	377,639	25,754	54,032	85,891	39,065	12,195	594,576
Electricity, gas and water supply	179,505	1,968	4,270	2,965	3,364	354	192,426
Financial, insurance/takaful, real estate and business services	675,886	108,409	152,083	41,363	65,883	77,694	1,121,318
Manufacturing	726,191	236,154	246,412	104,732	52,254	30,171	1,395,914
Mining and quarrying	80,783	689	20,398	25,852	2,403	2,482	132,607
Primary agriculture	-	366	913	100	4,786	1,660	7,825
Transportation, storage and communication	489,584	175,945	54,036	108,814	56,590	77,325	962,294
Wholesale, retail trade, restaurants and hotels	925,072	321,915	138,550	284,226	283,522	166,985	2,120,270
Others	11,600	-	-	-	-	-	11,600
At 31 March 2022	4,445,351	913,278	752,904	700,623	599,622	581,543	7,993,321

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

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

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

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

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

	Group		Bank	
	31 March 2022 RM'000	31 December 2021 RM'000	31 March 2022 RM'000	31 December 2021 RM'000
Fixed rate:				
- Staff loan/financing	11,600	11,988	11,600	11,988
- Hire purchase	183,546	191,080	148,267	155,639
- Leasing	342	342	-	-
- Other term loans/financing	1,957,197	1,928,220	1,727,841	1,697,917
- Revolving loans/financing	857,175	632,904	835,774	611,385
Variable rate				
- Hire purchase	199,959	202,821	199,082	201,944
- Other term loans/financing	4,129,273	4,059,524	4,023,947	3,954,249
- Revolving loans/financing	1,046,868	1,276,704	1,046,810	1,276,646
	<u>8,385,960</u>	<u>8,303,583</u>	<u>7,993,321</u>	<u>7,909,768</u>

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

	Group		Bank	
	31 March 2022 RM'000	31 December 2021 RM'000	31 March 2022 RM'000	31 December 2021 RM'000
Constructions	129,899	134,922	127,075	132,099
Education, health and others	158,817	175,969	114,135	130,987
Electricity, gas and water supply	43	43	43	43
Financial, insurance/takaful, real estate and business services	165,156	153,902	162,398	151,143
Manufacturing	309,340	321,201	238,722	249,515
Mining and quarrying	10,206	10,258	8,210	8,262
Primary agriculture	541	540	279	278
Transportation, storage and communication	116,962	151,315	77,824	112,128
Wholesale, retail trade, restaurants and hotels	574,051	578,355	343,690	348,235
	<u>1,465,015</u>	<u>1,526,505</u>	<u>1,072,376</u>	<u>1,132,690</u>

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

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

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	99,760	1,408	3,346	10,504	12,828	2,053	129,899
Education, health and others	103,651	2,727	10,089	33,403	8,086	861	158,817
Electricity, gas and water supply	-	43	-	-	-	-	43
Financial, insurance/takaful, real estate and business services	131,690	8,314	11,387	9,739	3,239	787	165,156
Manufacturing	184,256	15,094	58,726	44,381	1,499	5,384	309,340
Mining and quarrying	2,720	-	7,158	328	-	-	10,206
Primary agriculture	262	-	67	-	212	-	541
Transportation, storage and communication	64,674	5,209	9,453	17,814	11,962	7,850	116,962
Wholesale, retail trade, restaurants and hotels	390,696	39,187	19,555	57,682	56,900	10,031	574,051
At 31 March 2022	<u>977,709</u>	<u>71,982</u>	<u>119,781</u>	<u>173,851</u>	<u>94,726</u>	<u>26,966</u>	<u>1,465,015</u>

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

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

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

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

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

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	96,936	1,408	3,346	10,504	12,828	2,053	127,075
Education, health and others	58,969	2,727	10,089	33,403	8,086	861	114,135
Electricity, gas and water supply	-	43	-	-	-	-	43
Financial, insurance/takaful, real estate and business services	128,932	8,314	11,387	9,739	3,239	787	162,398
Manufacturing	113,638	15,094	58,726	44,381	1,499	5,384	238,722
Mining and quarrying	724	-	7,158	328	-	-	8,210
Primary agriculture	-	-	67	-	212	-	279
Transportation, storage and communication	25,536	5,209	9,453	17,814	11,962	7,850	77,824
Wholesale, retail trade, restaurants and hotels	160,335	39,187	19,555	57,682	56,900	10,031	343,690
At 31 March 2022	585,070	71,982	119,781	173,851	94,726	26,966	1,072,376

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

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

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

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

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

	Group		Bank	
	31 March 2022 RM'000	31 December 2021 RM'000	31 March 2022 RM'000	31 December 2021 RM'000
At 1 January	1,526,505	1,581,516	1,132,690	1,167,360
-Transfers to Stage 1	(1,237)	(21,254)	(1,237)	(21,254)
-Transfers to Stage 2	(12,448)	(2,553)	(12,448)	(2,553)
-Transfers to Stage 3	21,577	253,436	21,577	253,436
	<u>1,534,397</u>	<u>1,811,145</u>	<u>1,140,582</u>	<u>1,396,989</u>
Changes due to change in credit risk	(35,784)	(46,881)	(34,608)	(26,540)
New financial assets originated	267	4,093	267	4,093
Financial assets derecognised	(17,406)	(87,283)	(17,406)	(87,283)
Amount written-off	(16,459)	(154,569)	(16,459)	(154,569)
At 31 December	<u>1,465,015</u>	<u>1,526,505</u>	<u>1,072,376</u>	<u>1,132,690</u>

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

Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2021	97,559	16,634	765,939	880,132
-Transfers to Stage 1	123	(115)	(8)	-
-Transfers to Stage 2	(16,418)	16,633	(215)	-
-Transfers to Stage 3	(4,858)	(5,221)	10,079	-
	<u>(21,153)</u>	<u>11,297</u>	<u>9,856</u>	<u>-</u>
Changes due to change in credit risk (Note 20)	9,893	4,176	7,809	21,878
New financial assets originated (Note 20)	8,965	-	47	9,012
Financial assets derecognised (Note 20)	(5,746)	(86)	(5,747)	(11,579)
Amount written off	-	-	(16,459)	(16,459)
At 31 March 2022	<u>89,518</u>	<u>32,021</u>	<u>761,445</u>	<u>882,984</u>
At 1 January 2021	67,708	18,297	793,434	879,439
-Transfers to Stage 1	261	(86)	(175)	-
-Transfers to Stage 2	(1,740)	1,911	(171)	-
-Transfers to Stage 3	(56,804)	(52,297)	109,101	-
	<u>(58,283)</u>	<u>(50,472)</u>	<u>108,755</u>	<u>-</u>
Changes due to change in credit risk	76,326	49,722	27,242	153,290
New financial assets originated	21,953	3	2,088	24,044
Financial assets derecognised	(10,145)	(916)	(11,011)	(22,072)
Amount written off	-	-	(154,569)	(154,569)
At 31 December 2021	<u>97,559</u>	<u>16,634</u>	<u>765,939</u>	<u>880,132</u>

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

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

Bank	Stage1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2021	97,559	16,634	372,124	486,317
-Transfers to Stage 1	123	(115)	(8)	-
-Transfers to Stage 2	(16,418)	16,633	(215)	-
-Transfers to Stage 3	(4,858)	(5,221)	10,079	-
	(21,153)	11,297	9,856	-
Changes due to change in credit risk (Note 20)	9,893	4,176	8,985	23,054
New financial assets originated (Note 20)	8,965	-	47	9,012
Financial assets derecognised (Note 20)	(5,746)	(86)	(5,747)	(11,579)
Amount written off	-	-	(16,459)	(16,459)
At 31 March 2022	89,518	32,021	368,806	490,345
At 1 January 2021	67,708	18,297	379,278	465,283
-Transfers to Stage 1	261	(86)	(175)	-
-Transfers to Stage 2	(1,740)	1,911	(171)	-
-Transfers to Stage 3	(56,804)	(52,297)	109,101	-
	(58,283)	(50,472)	108,755	-
Changes due to change in credit risk	76,326	49,722	47,583	173,631
New financial assets originated	21,953	3	2,088	24,044
Financial assets derecognised	(10,145)	(916)	(11,011)	(22,072)
Amount written off	-	-	(154,569)	(154,569)
At 31 December 2021	97,559	16,634	372,124	486,317

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

	Group		Bank	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Net impaired loans, advances and financing in percentage	9.24%	10.11%	9.24%	10.11%

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13. Deposits from customers

	Group		Bank	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Term deposit:				
- Commodity Murabahah/Tawarruq	3,978,121	3,742,803	3,984,007	3,776,444

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

	Group		Bank	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Government bodies	1,179,717	1,030,879	1,179,717	1,030,879
Statutory bodies	783,139	995,907	783,139	995,907
Business enterprise	1,127,007	1,098,771	1,132,893	1,132,412
Others	888,258	617,246	888,258	617,246
	<u>3,978,121</u>	<u>3,742,803</u>	<u>3,984,007</u>	<u>3,776,444</u>

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

	Group		Bank	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Within three months	2,569,292	2,920,489	2,569,293	2,954,130
More than three months to six months	921,175	471,685	924,960	471,685
More than six months to one year	487,654	350,629	489,754	350,629
	<u>3,978,121</u>	<u>3,742,803</u>	<u>3,984,007</u>	<u>3,776,444</u>

14. Deposits from banks and other financial institutions

	Group and Bank	
	31 March 2022	31 December 2021
	RM'000	RM'000
Licensed banks and other financial institutions	200,144	50,085

The deposits maturity structure is as follows:

	Group and Bank	
	31 March 2022	31 December 2021
	RM'000	RM'000
Less than three months	200,144	50,085

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15. Borrowings/Fundings

	Group and Bank	
	31 March 2022 RM'000	31 December 2021 RM'000
Unsecured borrowings/fundings	1,907,412	1,741,109

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

	Group and Bank	
	31 March 2022 RM'000	31 December 2021 RM'000
Within one year	488,533	488,408
More than one year to five years	1,167,249	729,824
More than five years	251,630	522,877
	<u>1,907,412</u>	<u>1,741,109</u>

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

		Group and Bank	
	Note	31 March 2022 RM'000	31 December 2021 RM'000
Government of Malaysia	(a)	963,676	974,546
Other institutions	(b)	943,736	766,563
		<u>1,907,412</u>	<u>1,741,109</u>

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15. Borrowings/Fundings (cont'd.)

(a) Borrowings/fundings from Government of Malaysia

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

	Group and Bank	
	31 March 2022 RM'000	31 December 2021 RM'000
Maturity structure:		
Within one year	481,030	479,852
More than one year to five years	242,476	242,054
More than five years	240,170	252,640
	963,676	974,546

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

(b) Borrowings/fundings from other institutions

	Group and Bank	
	31 March 2022 RM'000	31 December 2021 RM'000
Bank Negara Malaysia	943,736	766,563

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

	Group and Bank	
	31 March 2022 RM'000	31 December 2021 RM'000
Maturity structure:		
Within one year	7,503	8,556
More than one year to five years	924,773	487,770
More than five years	11,460	270,237
	943,736	766,563

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

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16. Interest income

Group and Bank	First Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- Loans, advances and financing	283	669	283	669

17. Interest expense

Group and Bank	First Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Term loans	3,711	3,795	3,711	3,795

18. Other operating income

Group	First Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fee income	5	2	5	2
	5	2	5	2
Other income:				
Recovery income	263	2,823	263	2,823
Compensation on late payment charges	238	341	238	341
Others	-	20	-	20
	501	3,184	501	3,184
Total other operating income	506	3,186	506	3,186
Bank				
Fee income	5	2	5	2
	5	2	5	2
Other income:				
Compensation on late payment charges	238	341	238	341
Others	-	20	-	20
	238	361	238	361
Total other operating income	243	363	243	363

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19. Other operating expenses

Group	Note	First Quarter Ended		Three Months Ended	
		31 March 2022 RM'000	31 March 2021 RM'000	31 March 2022 RM'000	31 March 2021 RM'000
Personnel expenses	(i)	44,870	46,217	44,870	46,217
Establishment related expenses	(ii)	11,340	9,880	11,340	9,880
Promotion and marketing expenses	(iii)	1,528	464	1,528	464
Administration and general expenses	(iv)	9,914	6,771	9,914	6,771
		67,652	63,332	67,652	63,332
(i) Personnel expenses					
Salaries, allowances and bonuses		34,709	37,586	34,709	37,586
Directors' fees and remuneration		530	367	530	367
Social security cost		516	238	516	238
Contribution to Employee Provident Fund		4,245	3,893	4,245	3,893
Other staff related expenses		4,870	4,133	4,870	4,133
		44,870	46,217	44,870	46,217
(ii) Establishment related expenses					
Depreciation of property, plant and equipment		2,766	2,831	2,766	2,831
Depreciation of right-of-use assets		887	873	887	873
Amortisation of intangible assets		2,042	1,705	2,042	1,705
Rental expenses		30	(3)	30	(3)
Repairs and maintenance of property, plant and equipment		5,615	4,474	5,615	4,474
		11,340	9,880	11,340	9,880
(iii) Promotion and marketing expenses					
Advertisement and publicity		1,528	464	1,528	464
(iv) Administration and general expenses					
Administrative expenses		1,923	1,803	1,923	1,803
Auditors' remuneration		281	240	281	240
General expenses		7,710	4,728	7,710	4,728
		9,914	6,771	9,914	6,771

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19. Other operating expenses (cont'd.)

Bank	Note	First Quarter Ended		Three Months Ended	
		31 March 2022 RM'000	31 March 2021 RM'000	31 March 2022 RM'000	31 March 2021 RM'000
Personnel expenses	(i)	43,818	45,176	43,818	45,176
Establishment related expenses	(ii)	11,329	9,872	11,329	9,872
Promotion and marketing expenses	(iii)	1,526	464	1,526	464
Administration and general expenses	(iv)	8,531	6,280	8,531	6,280
		<u>65,204</u>	<u>61,792</u>	<u>65,204</u>	<u>61,792</u>
(i) Personnel expenses					
Salaries, allowances and bonuses		33,789	36,689	33,789	36,689
Directors' fees and remuneration		530	366	530	366
Social security cost		511	232	511	232
Contribution to Employee Provident Fund		4,176	3,795	4,176	3,795
Other staff related expenses		4,812	4,094	4,812	4,094
		<u>43,818</u>	<u>45,176</u>	<u>43,818</u>	<u>45,176</u>
(ii) Establishment related expenses					
Depreciation of property, plant and equipment		2,766	2,830	2,766	2,830
Depreciation of right-of-use assets		887	873	887	873
Amortisation of intangible assets		2,042	1,706	2,042	1,706
Rental expenses		30	(3)	30	(3)
Repairs and maintenance of property, plant and equipment		5,604	4,466	5,604	4,466
		<u>11,329</u>	<u>9,872</u>	<u>11,329</u>	<u>9,872</u>
(iii) Promotion and marketing expenses					
Advertisement and publicity		1,526	464	1,526	464
(iv) Administration and general expenses					
Administrative expenses		1,918	1,802	1,918	1,802
Auditors' remuneration		265	225	265	225
General expenses		6,348	4,253	6,348	4,253
		<u>8,531</u>	<u>6,280</u>	<u>8,531</u>	<u>6,280</u>

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

Group	First Quarter Ended		Three Months Ended	
	31 March 2022 RM'000	31 March 2021 RM'000	31 March 2022 RM'000	31 March 2021 RM'000
(Writeback)/allowance for impairment losses on loans, advances and financing made during the period:				
- Stage 1, net (Note 12(ix))	(8,041)	14,784	(8,041)	14,784
- Stage 2, net (Note 12(ix))	15,387	1,732	15,387	1,732
- Stage 3, net (Note 12(ix))	11,965	(4,700)	11,965	(4,700)
	<u>19,311</u>	<u>11,816</u>	<u>19,311</u>	<u>11,816</u>
Impaired loans, advances and financing recovered	<u>(2,926)</u>	<u>(9,079)</u>	<u>(2,926)</u>	<u>(9,079)</u>
Impaired loans, advances and financing written off	<u>92</u>	<u>-</u>	<u>92</u>	<u>-</u>
Total allowance/(writeback) for impairment on loans, advances and financing	<u>16,477</u>	<u>2,737</u>	<u>16,477</u>	<u>2,737</u>
Bank				
(Writeback)/allowance for impairment losses on loans, advances and financing made during the period:				
- Stage 1, net (Note 12(ix))	(8,041)	14,784	(8,041)	14,784
- Stage 2, net (Note 12(ix))	15,387	1,732	15,387	1,732
- Stage 3, net (Note 12(ix))	13,141	(568)	13,141	(568)
	<u>20,487</u>	<u>15,948</u>	<u>20,487</u>	<u>15,948</u>
Impaired loans, advances and financing recovered	<u>(2,926)</u>	<u>(9,079)</u>	<u>(2,926)</u>	<u>(9,079)</u>
Impaired loans, advances and financing written off	<u>92</u>	<u>-</u>	<u>92</u>	<u>-</u>
Total allowance/(writeback) for impairment on loans, advances and financing	<u>17,653</u>	<u>6,869</u>	<u>17,653</u>	<u>6,869</u>

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21. Commitment and contingencies

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

	Group and Bank	
	31 March 2022 RM'000	31 December 2021 RM'000
Direct credit substitutes	225,096	231,283
Transaction-related-contingent items	159,561	160,555
Undisbursed loans/financing		
- original maturity up to one year	228,735	235,490
- original maturity more than one year	1,644,186	1,547,106
	<u>2,257,578</u>	<u>2,174,434</u>

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

	Group and Bank	
	31 March 2022 RM'000	31 December 2021 RM'000
Approved and contracted for Information technology system	5,096	6,118
Total commitments and contingencies	<u>2,262,674</u>	<u>2,180,552</u>

22. Capital adequacy

Capital management

Capital policy

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

Regulatory capital

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

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

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22. Capital adequacy (cont'd.)

Regulatory capital (cont'd.)

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

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

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

	Group		Bank	
	31 March 2022 RM'000	31 December 2021 RM'000	31 March 2022 RM'000	31 December 2021 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	(262,346)	(262,346)	(251,195)	(251,195)
General reserves	10,114	10,114	10,114	10,114
General provision for loans, advances and financing*	30,200	32,743	30,200	32,743
Less: Deferred tax assets	(106,947)	(106,947)	(106,947)	(106,947)
Less: Property revaluation reserve	(228,616)	(228,616)	(228,616)	(228,616)
Total Tier I capital	1,292,405	1,294,948	1,303,556	1,306,099
<u>Tier II Capital</u>				
General provision for loans, advances and financing*	97,230	87,163	97,230	87,163
Property revaluation reserve [^]	114,308	114,308	114,308	114,308
Government funds [#]	438,060	428,923	438,060	428,923
Total Tier II capital	649,598	630,394	649,598	630,394
Total capital	1,942,003	1,925,342	1,953,154	1,936,493
Less: Investment in subsidiaries	-	-	-	-
Total capital base	1,942,003	1,925,342	1,953,154	1,936,493

* 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 RM26,791,000 (2021: RM26,791,000) for Teraju Facilitation fund was channelled as placement with profit sharing of 70:30 between the Group and the Bank; and Teraju.

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22. Capital adequacy (cont'd.)

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

	Group		Bank	
	31 March 2022 RM'000	31 December 2021 RM'000	31 March 2022 RM'000	31 December 2021 RM'000
20%	292,282	246,248	292,282	246,248
50%	5,440	5,621	5,440	5,621
100%	9,989,958	9,772,457	10,033,373	9,853,065
	10,287,680	10,024,326	10,331,095	10,104,934

Before deducting dividends:

Core capital ratio	12.563%	12.918%	12.618%	12.925%
Risk-weighted capital ratio	18.877%	19.207%	18.906%	19.164%

After deducting dividends:

Core capital ratio	12.514%	12.868%	12.569%	12.876%
Risk-weighted capital ratio	18.828%	19.157%	18.857%	19.114%

Capital monitoring

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

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23. Islamic banking business

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

**Unaudited Statements of Financial Position
As at 31 March 2022**

	Note	Group		Bank	
		31 March 2022 RM'000	31 December 2021 RM'000	31 March 2022 RM'000	31 December 2021 RM'000
Assets					
Cash and short-term funds		1,537,892	1,248,636	1,535,381	1,246,152
Financial investments at FVTPL	9	234,647	100,927	234,647	100,927
Financial investments at FVOCI	23(a)	1,398,698	1,386,545	1,398,698	1,386,545
Financial investments at AC	11	430,135	518,757	430,135	518,757
Advances and financing	23(b)	7,483,026	7,374,322	7,483,026	7,374,322
Other assets		23,914	20,608	72,089	106,480
Property, plant and equipment		146,877	134,044	146,843	134,011
Right-of-use assets		12,943	13,830	12,943	13,830
Investment properties		374,081	374,081	374,081	374,081
Intangible assets		12,720	14,762	12,720	14,762
Tax recoverables		5,070	5,572	2,997	2,997
Deferred tax assets		106,947	106,947	106,947	106,947
Total assets		11,766,950	11,299,031	11,810,507	11,379,811
Liabilities					
Deposits from customers	13	3,978,121	3,742,803	3,984,007	3,776,444
Deposits from banks and other financial institutions	14	200,144	50,085	200,144	50,085
Islamic medium-term notes/ commercial notes		2,463,738	2,521,926	2,463,738	2,521,926
Term financing/fundings	23(c)	943,736	766,563	943,736	766,563
Other liabilities		1,065,052	1,150,023	1,091,673	1,177,524
Lease liabilities		13,374	14,195	13,374	14,195
Amount due to conventional operations		1,021,073	998,938	1,208,553	1,192,341
Government funds		544,021	540,701	544,021	540,701
Total liabilities		10,229,259	9,785,234	10,449,246	10,039,779
Islamic general funds		1,537,691	1,513,797	1,361,261	1,340,032
Total liabilities and Islamic banking funds		11,766,950	11,299,031	11,810,507	11,379,811
Commitments	23(i)	2,254,310	2,174,403	2,254,310	2,174,403

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

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23. Islamic banking business (cont'd.)

**Unaudited Statements of Comprehensive Income
For the first quarter ended 31 March 2022**

Group	Note	First Quarter Ended		Three Months Ended	
		31 March 2022 RM'000	31 March 2021 RM'000	31 March 2022 RM'000	31 March 2021 RM'000
Income from Islamic banking business	23(d)	132,807	128,160	132,807	128,160
Profit expense attributable to Islamic banking business	23(e)	(47,277)	(44,265)	(47,277)	(44,265)
Gross income from Islamic banking business		85,530	83,895	85,530	83,895
Other operating income	23(f)	19,405	10,854	19,405	10,854
Other operating expenses	23(g)	(67,393)	(63,220)	(67,393)	(63,220)
Operating profit		37,542	31,529	37,542	31,529
(Allowances)/Writeback for impairment losses on:					
- advances and financing	23(h)	(17,774)	(2,977)	(17,774)	(2,977)
- commitments		(177)	(210)	(177)	(210)
- financial investments at FVOCI	10	71	(5,236)	71	(5,236)
- financial investments at AC	11	(7)	-	(7)	-
- other assets at AC		(566)	(273)	(566)	(273)
Profit before tax expense and zakat		19,089	22,833	19,089	22,833
Tax expense		(233)	(211)	(233)	(211)
Zakat		(750)	(750)	(750)	(750)
Profit for the period		18,106	21,872	18,106	21,872
Other comprehensive income/(loss)					
Item that may be reclassified to profit or loss:					
Unrealised gain/(loss) on revaluation of financial investments at FVOCI		5,859	(29,767)	5,859	(29,767)
Changes in expected credit losses on financial investments at FVOCI		(71)	5,236	(71)	5,236
Other comprehensive income/(loss) for the period		5,788	(24,531)	5,788	(24,531)
Total comprehensive income/(loss) for the period		23,894	(2,659)	23,894	(2,659)

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

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23. Islamic banking business (cont'd.)

**Unaudited Statements of Comprehensive Income
For the first quarter ended 31 March 2022 (cont'd.)**

Bank	Note	First Quarter Ended		Three Months Ended	
		31 March 2022 RM'000	31 March 2021 RM'000	31 March 2022 RM'000	31 March 2021 RM'000
Income from Islamic banking business	23(d)	132,807	128,160	132,807	128,160
Profit expense attributable to Islamic banking business	23(e)	(47,322)	(44,443)	(47,322)	(44,443)
Gross income from Islamic banking business		85,485	83,717	85,485	83,717
Other operating income	23(f)	17,535	12,914	17,535	12,914
Other operating expenses	23(g)	(64,947)	(61,681)	(64,947)	(61,681)
Operating profit (Allowances)/Writeback for impairment losses on:		38,073	34,950	38,073	34,950
- advances and financing	23(h)	(18,874)	(3,333)	(18,874)	(3,333)
- commitments and contingencies		(177)	(210)	(177)	(210)
- financial investments at FVOCI	10	71	(5,236)	71	(5,236)
- financial investments at AC	11	(7)	-	(7)	-
- other assets at AC		(566)	(273)	(566)	(273)
- other assets at FVOCI		(2,149)	(2,802)	(2,149)	(2,802)
Profit before tax expense and zakat		16,371	23,096	16,371	23,096
Tax expense		(180)	(211)	(180)	(211)
Zakat		(750)	(750)	(750)	(750)
Profit for the period		15,441	22,135	15,441	22,135
Other comprehensive income/(loss) Item that may be reclassified to profit or loss:					
Unrealised gain/(loss) on revaluation of financial investments at FVOCI		5,859	(29,767)	5,859	(29,767)
Changes in expected credit losses on financial investments at FVOCI		(71)	5,236	(71)	5,236
Other comprehensive income/(loss) for the period		5,788	(24,531)	5,788	(24,531)
Total comprehensive income/(loss) for the period		21,229	(2,396)	21,229	(2,396)

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

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23. Islamic banking business (cont'd.)

**Statements of changes in Islamic General Funds
For the first quarter ended 31 March 2022**

Group	Note	<=====Non-distributable=====>		Distributable	Total RM'000
		Share capital RM'000	Fair value reserve RM'000	retained earnings RM'000	
At 1 January 2022		1,050,564	2,278	460,955	1,513,797
Unrealised gain on revaluation of financial investments at FVOCI		-	5,859	-	5,859
Changes in expected credit losses of financial investments at FVOCI	10	-	(71)	-	(71)
Profit for the period		-	-	18,106	18,106
Total comprehensive income for the period		-	5,788	18,106	23,894
At 31 March 2022		1,050,564	8,066	479,061	1,537,691
At 1 January 2021		1,050,564	37,174	430,789	1,518,527
Unrealised loss on revaluation of financial investments at FVOCI		-	(38,654)	-	(38,654)
Reclassification of loss included in profit or loss		-	(6,481)	-	(6,481)
Changes in expected credit losses of financial investments at FVOCI		-	(593)	-	(593)
Income tax relating to components of other comprehensive income		-	10,832	-	10,832
Profit for the year		-	-	43,377	43,377
Total comprehensive (loss)/income for the year		-	(34,896)	43,377	8,481
Transaction with owner:					
Dividends		-	-	(13,211)	(13,211)
At 31 December 2021		1,050,564	2,278	460,955	1,513,797

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

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23. Islamic banking business (cont'd.)

**Statements of changes in Islamic General Funds
For the first quarter ended 31 March 2022 (cont'd.)**

Bank	Note	<=====Non-distributable=====>		Distributable	Total RM'000
		Share capital RM'000	Fair value reserve RM'000	retained earnings RM'000	
At 1 January 2022		1,050,564	2,278	287,190	1,340,032
Unrealised gain on revaluation of financial investments at FVOCI		-	5,859	-	5,859
Changes in expected credit losses of financial investments at FVOCI	10	-	(71)	-	(71)
Profit for the period		-	-	15,441	15,441
Total comprehensive income for the period		-	5,788	15,441	21,229
At 31 March 2022		<u>1,050,564</u>	<u>8,066</u>	<u>302,631</u>	<u>1,361,261</u>
At 1 January 2021		1,050,564	37,174	243,816	1,331,554
Unrealised loss on revaluation of financial investments at FVOCI		-	(38,654)	-	(38,654)
Reclassification of loss included in profit or loss		-	(6,481)	-	(6,481)
Changes in expected credit losses of financial investments at FVOCI		-	(593)	-	(593)
Income tax relating to components of other comprehensive income		-	10,832	-	10,832
Profit for the year		-	-	56,585	56,585
Total comprehensive (loss)/income for the year		-	(34,896)	56,585	21,689
Transaction with owner:					
Dividends		-	-	(13,211)	(13,211)
At 31 December 2021		<u>1,050,564</u>	<u>2,278</u>	<u>287,190</u>	<u>1,340,032</u>

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

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23. Islamic banking business (cont'd.)

(a) Financial investments at FVOCI

	Group and Bank	
	31 March 2022 RM'000	31 December 2021 RM'000
At fair value		
Government securities		
Malaysian Government Investment Issues	891,620	892,606
Non-money market instruments		
Equity securities		
- Private debt securities	31,240	30,572
Debt securities		
- Private debt securities	475,838	463,367
	<u>507,078</u>	<u>493,939</u>
	<u>1,398,698</u>	<u>1,386,545</u>

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

(b) Advances and financing

	Group		Bank	
	31 March 2022 RM'000	31 December 2021 RM'000	31 March 2022 RM'000	31 December 2021 RM'000
Bai' Bithaman Ajil	1,509	1,509	-	-
Murabahah	1,415,777	1,463,786	1,367,649	1,415,280
Istisna'	25,256	26,943	20,829	21,801
Ijarah	84	84	-	-
Ijarah Thumma Al-Bai	402,388	412,599	347,349	357,583
Bai' Dayn	5	1,668	5	1,668
Tawarruq	6,211,940	6,035,984	6,211,935	6,035,979
Bai' Inah	18,332	20,906	17,092	19,636
Gross advances and financing	<u>8,075,291</u>	<u>7,963,479</u>	<u>7,964,859</u>	<u>7,851,947</u>
Less: Allowance for impairment losses on				
- Stage 1 (Note 23(b)(x))	(89,516)	(97,559)	(89,516)	(97,559)
- Stage 2 (Note 23(b)(x))	(32,021)	(16,634)	(32,021)	(16,634)
- Stage 3 (Note 23(b)(x))	(470,728)	(474,964)	(360,296)	(363,432)
Net advances and financing	<u>7,483,026</u>	<u>7,374,322</u>	<u>7,483,026</u>	<u>7,374,322</u>
Gross impaired advances and financing (Note 23(b)(vii))	<u>1,154,555</u>	<u>1,186,610</u>	<u>1,044,123</u>	<u>1,075,078</u>
Net impaired advances and financing	<u>683,827</u>	<u>711,646</u>	<u>683,827</u>	<u>711,646</u>

Included in advances and financing are gross advances and financing amounting to RM82,644,000 (2021: RM84,730,000) financed by the Government funds.

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23. Islamic banking business (cont'd.)

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

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

	Group		Bank	
	31 March 2022 RM'000	31 December 2021 RM'000	31 March 2022 RM'000	31 December 2021 RM'000
Maturity within one year	1,664,521	1,558,442	1,558,121	1,451,817
More than one year to three years	575,057	607,686	573,888	605,801
More than three years to five years	1,375,341	1,316,075	1,374,183	1,314,751
More than five years	4,460,372	4,481,276	4,458,667	4,479,578
	8,075,291	7,963,479	7,964,859	7,851,947

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Domestic business enterprise	8,063,692	7,951,492	7,953,260	7,839,960
Individual	11,599	11,987	11,599	11,987
	8,075,291	7,963,479	7,964,859	7,851,947

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

	Group		Bank	
	31 March 2022 RM'000	31 December 2021 RM'000	31 March 2022 RM'000	31 December 2021 RM'000
Constructions	1,455,972	1,375,949	1,454,490	1,374,466
Education, health and others	625,842	641,642	592,889	608,391
Electricity, gas and water supply	192,426	166,680	192,426	166,680
Financial, insurance/takaful, real estate and business services	1,123,118	1,106,244	1,121,316	1,104,442
Manufacturing	1,427,307	1,380,882	1,395,366	1,348,115
Mining and quarrying	132,607	141,899	132,607	141,899
Primary agriculture	7,825	7,827	7,825	7,827
Transportation, storage and communication	987,451	963,154	959,332	935,071
Wholesale, retail trade, restaurants and hotels	2,111,144	2,167,215	2,097,009	2,153,069
Others	11,599	11,987	11,599	11,987
	8,075,291	7,963,479	7,964,859	7,851,947

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

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

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

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	980,574	42,078	82,210	46,680	91,753	212,677	1,455,972
Education, health and others	408,905	25,754	54,032	85,891	39,065	12,195	625,842
Electricity, gas and water supply	179,505	1,968	4,270	2,965	3,364	354	192,426
Financial, insurance/takaful, real estate and business services	677,686	108,409	152,083	41,363	65,883	77,694	1,123,118
Manufacturing	757,995	235,743	246,412	104,732	52,254	30,171	1,427,307
Mining and quarrying	80,783	689	20,398	25,852	2,403	2,482	132,607
Primary agriculture	-	366	913	100	4,786	1,660	7,825
Transportation, storage and communication	514,744	175,945	54,036	108,814	56,587	77,325	987,451
Wholesale, retail trade, restaurants and hotels	931,683	318,440	138,550	277,242	278,244	166,985	2,111,144
Others	11,599	-	-	-	-	-	11,599
At 31 March 2022	4,543,474	909,392	752,904	693,639	594,339	581,543	8,075,291

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

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

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

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

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23. Islamic banking business (cont'd.)

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

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

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	979,092	42,078	82,210	46,680	91,753	212,677	1,454,490
Education, health and others	375,952	25,754	54,032	85,891	39,065	12,195	592,889
Electricity, gas and water supply	179,505	1,968	4,270	2,965	3,364	354	192,426
Financial, insurance/takaful, real estate and business services	675,884	108,409	152,083	41,363	65,883	77,694	1,121,316
Manufacturing	726,054	235,743	246,412	104,732	52,254	30,171	1,395,366
Mining and quarrying	80,783	689	20,398	25,852	2,403	2,482	132,607
Primary agriculture	-	366	913	100	4,786	1,660	7,825
Transportation, storage and communication	486,625	175,945	54,036	108,814	56,587	77,325	959,332
Wholesale, retail trade, restaurants and hotels	917,548	318,440	138,550	277,242	278,244	166,985	2,097,009
Others	11,599	-	-	-	-	-	11,599
At 31 March 2022	4,433,042	909,392	752,904	693,639	594,339	581,543	7,964,859

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23. Islamic banking business (cont'd.)

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

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

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

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

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

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

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
Murabahah	-	-	1,369,171	35,007	11,599	1,415,777
Istisna'	-	-	25,256	-	-	25,256
Ijarah	-	84	-	-	-	84
Ijarah Thumma Al-Bai	381,712	-	20,676	-	-	402,388
Bai' Dayn	-	-	-	5	-	5
Tawarruq	5	-	4,351,247	1,860,688	-	6,211,940
Bai' Inah	-	-	18,332	-	-	18,332
At 31 March 2022	381,717	84	5,785,071	1,896,820	11,599	8,075,291
Bai' Bithaman Ajil	-	-	389	1,120	-	1,509
Murabahah	-	-	1,407,443	44,356	11,987	1,463,786
Istisna'	-	-	26,943	-	-	26,943
Ijarah	-	84	-	-	-	84
Ijarah Thumma Al-Bai	392,107	-	20,492	-	-	412,599
Bai' Dayn	-	-	-	1,668	-	1,668
Tawarruq	5	-	4,180,738	1,855,241	-	6,035,984
Bai' Inah	-	-	20,906	-	-	20,906
At 31 December 2021	392,112	84	5,656,911	1,902,385	11,987	7,963,479

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

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

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

Bank	Hire purchase RM'000	Other term financing RM'000	Revolving financing RM'000	Staff financing RM'000	Total RM'000
Murabahah	-	1,334,193	21,857	11,599	1,367,649
Istisna'	-	20,829	-	-	20,829
Ijarah Thumma Al-Bai	347,349	-	-	-	347,349
Bai' Dayn	-	-	5	-	5
Tawarruq	-	4,351,247	1,860,688	-	6,211,935
Bai' Inah	-	17,092	-	-	17,092
At 31 March 2022	347,349	5,723,361	1,882,550	11,599	7,964,859
Murabahah	-	1,372,204	31,089	11,987	1,415,280
Istisna'	-	21,801	-	-	21,801
Ijarah Thumma Al-Bai	357,583	-	-	-	357,583
Bai' Dayn	-	-	1,668	-	1,668
Tawarruq	-	4,180,738	1,855,241	-	6,035,979
Bai' Inah	-	19,636	-	-	19,636
At 31 December 2021	357,583	5,594,379	1,887,998	11,987	7,851,947

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23. Islamic banking business (cont'd.)

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

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

	Group		Bank	
	31 March 2022 RM'000	31 December 2021 RM'000	31 March 2022 RM'000	31 December 2021 RM'000
Fixed rate				
- Staff financing	11,599	11,987	11,599	11,987
- Hire purchase	181,765	189,298	148,267	155,639
- Leasing	84	84	-	-
- Other term financing	1,759,966	1,705,689	1,702,669	1,647,579
- Revolving financing	849,964	625,692	835,752	611,363
Variable rate				
- Hire purchase	199,952	202,814	199,082	201,944
- Other term financing	4,025,105	3,951,222	4,020,692	3,946,800
- Revolving financing	1,046,856	1,276,693	1,046,798	1,276,635
	<u>8,075,291</u>	<u>7,963,479</u>	<u>7,964,859</u>	<u>7,851,947</u>

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

	Group		Bank	
	31 March 2022 RM'000	31 December 2021 RM'000	31 March 2022 RM'000	31 December 2021 RM'000
Constructions	128,557	133,582	127,075	132,099
Education, health and others	145,400	162,449	112,447	129,198
Electricity, gas and water supply	43	43	43	43
Financial, insurance/takaful, real estate and business services	164,200	152,945	162,398	151,143
Manufacturing	270,146	281,671	238,205	248,904
Mining and quarrying	8,210	8,262	8,210	8,262
Primary agriculture	279	278	279	278
Transportation, storage and communication	102,981	107,822	74,862	79,739
Wholesale, retail trade, restaurants and hotels	334,739	339,558	320,604	325,412
	<u>1,154,555</u>	<u>1,186,610</u>	<u>1,044,123</u>	<u>1,075,078</u>

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

23. Islamic banking business (cont'd.)

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

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

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	98,418	1,408	3,346	10,504	12,828	2,053	128,557
Education, health and others	90,234	2,727	10,089	33,403	8,086	861	145,400
Electricity, gas and water supply	-	43	-	-	-	-	43
Financial, insurance/takaful, real estate and business services	130,734	8,314	11,387	9,739	3,239	787	164,200
Manufacturing	145,473	14,683	58,726	44,381	1,499	5,384	270,146
Mining and quarrying	724	-	7,158	328	-	-	8,210
Primary agriculture	-	-	67	-	212	-	279
Transportation, storage and communication	50,696	5,209	9,453	17,814	11,959	7,850	102,981
Wholesale, retail trade, restaurants and hotels	167,119	35,714	19,555	50,699	51,621	10,031	334,739
At 31 March 2022	683,398	68,098	119,781	166,868	89,444	26,966	1,154,555

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

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

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

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

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23. Islamic banking business (cont'd.)

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

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

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	96,936	1,408	3,346	10,504	12,828	2,053	127,075
Education, health and others	57,281	2,727	10,089	33,403	8,086	861	112,447
Electricity, gas and water supply	-	43	-	-	-	-	43
Financial, insurance/takaful, real estate and business services	128,932	8,314	11,387	9,739	3,239	787	162,398
Manufacturing	113,532	14,683	58,726	44,381	1,499	5,384	238,205
Mining and quarrying	724	-	7,158	328	-	-	8,210
Primary agriculture	-	-	67	-	212	-	279
Transportation, storage and communication	22,577	5,209	9,453	17,814	11,959	7,850	74,862
Wholesale, retail trade, restaurants and hotels	152,984	35,714	19,555	50,699	51,621	10,031	320,604
At 31 March 2022	572,966	68,098	119,781	166,868	89,444	26,966	1,044,123

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

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

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

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

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23. Islamic banking business (cont'd.)

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

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

	Group		Bank	
	31 March 2022 RM'000	31 December 2021 RM'000	31 March 2022 RM'000	31 December 2021 RM'000
At 1 January	1,186,610	1,200,035	1,075,078	1,074,357
-Transfers to Stage 1	(1,237)	(21,254)	(1,237)	(21,254)
-Transfers to Stage 2	(12,448)	(2,553)	(12,448)	(2,553)
-Transfers to Stage 3	21,577	253,436	21,577	253,436
	<u>1,194,502</u>	<u>1,429,664</u>	<u>1,082,970</u>	<u>1,303,986</u>
Changes due to change in credit risk	(6,349)	(31,629)	(5,249)	(17,483)
New financial assets originated	267	10,033	267	10,033
Financial assets derecognised	(17,406)	(82,766)	(17,406)	(82,766)
Amount written-off	(16,459)	(138,692)	(16,459)	(138,692)
At 31 December	<u>1,154,555</u>	<u>1,186,610</u>	<u>1,044,123</u>	<u>1,075,078</u>

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

Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2022	97,559	16,634	474,964	589,157
-Transfers to Stage 1	123	(115)	(8)	-
-Transfers to Stage 2	(16,418)	16,633	(215)	-
-Transfers to Stage 3	(4,858)	(5,221)	10,079	-
	<u>(21,153)</u>	<u>11,297</u>	<u>9,856</u>	<u>-</u>
Changes due to change in credit risk (Note 23(h))	9,891	4,176	8,067	22,134
Net financial assets originated (Note 23(h))	8,965	-	47	9,012
Financial assets derecognised (Note 23(h))	(5,746)	(86)	(5,747)	(11,579)
Amount written-off	-	-	(16,459)	(16,459)
At 31 March 2022	<u>89,516</u>	<u>32,021</u>	<u>470,728</u>	<u>592,265</u>
At 1 January 2021	67,685	18,294	493,244	579,223
-Transfers to Stage 1	261	(86)	(175)	-
-Transfers to Stage 2	(1,740)	1,911	(171)	-
-Transfers to Stage 3	(56,804)	(52,297)	109,101	-
	<u>(58,283)</u>	<u>(50,472)</u>	<u>108,755</u>	<u>-</u>
Changes due to change in credit risk	76,329	49,724	20,428	146,481
Net financial assets originated	21,953	3	2,088	24,044
Financial assets derecognised	(10,125)	(915)	(10,859)	(21,899)
Amount written-off	-	-	(138,692)	(138,692)
At 31 December 2021	<u>97,559</u>	<u>16,634</u>	<u>474,964</u>	<u>589,157</u>

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23. Islamic banking business (cont'd.)

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

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

Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2022	97,559	16,634	363,432	477,625
-Transfers to Stage 1	123	(115)	(8)	-
-Transfers to Stage 2	(16,418)	16,633	(215)	-
-Transfers to Stage 3	(4,858)	(5,221)	10,079	-
	(21,153)	11,297	9,856	-
Changes due to change in credit risk (Note 23(h))	9,891	4,176	9,167	23,234
Net financial assets originated (Note 23(h))	8,965	-	47	9,012
Financial assets derecognised (Note 23(h))	(5,746)	(86)	(5,747)	(11,579)
Amount written-off	-	-	(16,459)	(16,459)
At 31 March 2022	89,516	32,021	360,296	481,833
At 1 January 2021	67,685	18,294	367,565	453,544
-Transfers to Stage 1	261	(86)	(175)	-
-Transfers to Stage 2	(1,740)	1,911	(171)	-
-Transfers to Stage 3	(56,804)	(52,297)	109,101	-
	(58,283)	(50,472)	108,755	-
Changes due to change in credit risk	76,329	49,724	34,575	160,628
Net financial assets originated	21,953	3	2,088	24,044
Financial assets derecognised	(10,125)	(915)	(10,859)	(21,899)
Amount written-off	-	-	(138,692)	(138,692)
At 31 December 2021	97,559	16,634	363,432	477,625

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

	Group		Bank	
	31 March 2022 RM'000	31 December 2021 RM'000	31 March 2022 RM'000	31 December 2021 RM'000
Net impaired advances and financing as a percentage	9.01%	9.52%	9.01%	9.52%

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23. Islamic banking business (cont'd.)

(c) Term financing/Fundings

	Group and Bank	
	31 March	31 December
	2022	2021
	RM'000	RM'000
Unsecured term financing/fundings	943,736	766,563

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

	Group and Bank	
	31 March	31 December
	2022	2021
	RM'000	RM'000
Within one year	7,503	8,556
More than one year to five years	924,773	487,770
More than five years	11,460	270,237
	<u>943,736</u>	<u>766,563</u>

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

	Group and Bank	
	31 March	31 December
	2022	2021
	RM'000	RM'000
Financing from:		
- Bank Negara Malaysia ("BNM")	943,736	766,563
	<u>943,736</u>	<u>766,563</u>

The rate for financing from BNM ranges from 0% - 1.50% (2021: 0% - 1.50%) per annum.

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23. Islamic banking business (cont'd.)

(d) Income from Islamic banking business

Group and Bank	First Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Income from advances and financing				
- Murabahah	15,253	19,927	15,253	19,927
- Istisna'	1,280	1,611	1,280	1,611
- Ijarah Thumma Al-Bai	5,234	4,546	5,234	4,546
- Bai' Dayn	47	109	47	109
- Tawarruq	88,556	77,222	88,556	77,222
- Bai' Inah	274	333	274	333
Total income from advances and financing	110,644	103,748	110,644	103,748
Tawarruq deposit placements	5,939	4,780	5,939	4,780
Financial investments at FVTPL	761	1,327	761	1,327
Financial investments at FVOCI	11,427	13,163	11,427	13,163
Financial investments at AC	4,036	5,142	4,036	5,142
Total income from Islamic banking business	132,807	128,160	132,807	128,160

(e) Profit expense attributable to Islamic banking business

Group	First Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	19,008	22,864	19,008	22,864
Deposits from banks and other financial institutions	159	144	159	144
Islamic medium-term notes/commercial notes	22,006	17,192	22,006	17,192
Term financing/Fundings	5,561	3,609	5,561	3,609
Others	543	456	543	456
	47,277	44,265	47,277	44,265

Bank	First Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	19,053	23,042	19,053	23,042
Deposits from banks and other financial institutions	159	144	159	144
Islamic medium-term notes/commercial notes	22,006	17,192	22,006	17,192
Term financing/Fundings	5,561	3,609	5,561	3,609
Others	543	456	543	456
	47,322	44,443	47,322	44,443

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23. Islamic banking business (cont'd.)

(f) Other operating income

Group	First Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fee income	3,825	2,885	3,825	2,885
Commission fee income	204	224	204	224
Rental income	2,557	1,324	2,557	1,324
Government fund released	6,717	4,118	6,717	4,118
Government compensation	2,071	1,131	2,071	1,131
Recovery income	2,637	298	2,637	298
Ta'widh/Compensation on late payment charges	733	1,385	733	1,385
Others	661	(511)	661	(511)
	19,405	10,854	19,405	10,854

Bank	First Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fee income	2,354	2,399	2,354	2,399
Commission fee income	204	224	204	224
Rental income	2,557	1,324	2,557	1,324
Government fund released	6,717	4,118	6,717	4,118
Government compensation	2,071	1,131	2,071	1,131
Management fees	98	45	98	45
Profit income on amount owing by subsidiary company	2,149	2,802	2,149	2,802
Ta'widh/Compensation on late payment charges	733	1,385	733	1,385
Others	652	(514)	652	(514)
	17,535	12,914	17,535	12,914

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23. Islamic banking business (cont'd.)

(g) Other operating expenses

Group	First Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	44,870	46,217	44,870	46,217
Establishment related expenses	11,340	9,880	11,340	9,880
Promotion and marketing expenses	1,528	464	1,528	464
Administration and general expenses	9,655	6,659	9,655	6,659
	<u>67,393</u>	<u>63,220</u>	<u>67,393</u>	<u>63,220</u>

Bank	First Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	43,818	45,176	43,818	45,176
Establishment related expenses	11,329	9,872	11,329	9,872
Promotion and marketing expenses	1,526	464	1,526	464
Administration and general expenses	8,274	6,169	8,274	6,169
	<u>64,947</u>	<u>61,681</u>	<u>64,947</u>	<u>61,681</u>

(h) Allowances for impairment on advances and financing

Group	First Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
(Writeback)/allowance for impairment losses on advances and financing made during the period:				
- Stage 1 (Note 23(b)(x))	(8,043)	14,799	(8,043)	14,799
- Stage 2 (Note 23(b)(x))	15,387	1,735	15,387	1,735
- Stage 3 (Note 23(b)(x))	12,223	(9,349)	12,223	(9,349)
	<u>19,567</u>	<u>7,185</u>	<u>19,567</u>	<u>7,185</u>
Impaired advances and financing recovered	<u>(1,885)</u>	<u>(4,208)</u>	<u>(1,885)</u>	<u>(4,208)</u>
Impaired advances and financing written off	<u>92</u>	<u>-</u>	<u>92</u>	<u>-</u>
Total allowance for impairment on advances and financing	<u>17,774</u>	<u>2,977</u>	<u>17,774</u>	<u>2,977</u>

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22. Islamic banking business (cont'd.)

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

Bank	First Quarter Ended		Three Months Ended	
	31 March 2022 RM'000	31 March 2021 RM'000	31 March 2022 RM'000	31 March 2021 RM'000
(Writeback)/allowance for impairment losses on advances and financing made during the period:				
- Stage 1 (Note 23(b)(x))	(8,043)	14,799	(8,043)	14,799
- Stage 2 (Note 23(b)(x))	15,387	1,735	15,387	1,735
- Stage 3 (Note 23(b)(x))	13,323	(8,993)	13,323	(8,993)
	20,667	7,541	20,667	7,541
Impaired advances and financing recovered	(1,885)	(4,208)	(1,885)	(4,208)
Impaired advances and financing written off	92	-	92	-
Total allowance for impairment on advances and financing	18,874	3,333	18,874	3,333

(i) Commitments

	Group and Bank	
	31 March 2022 RM'000	31 December 2021 RM'000
Direct credit substitutes	225,096	231,283
Transaction-related-contingent items	159,561	160,555
Undisbursed financing		
- original maturity up to one year	228,735	235,459
- original maturity more than one year	1,640,918	1,547,106
	2,254,310	2,174,403

(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	
	31 March 2022 RM'000	31 December 2021 RM'000	31 March 2022 RM'000	31 December 2021 RM'000
Tier I Capital				
Capital funds	1,050,564	1,050,564	1,050,564	1,050,564
Retained earnings	460,955	460,955	287,190	287,190
General provision for advances and financing*	32,144	35,337	32,144	35,337
Less: Deferred tax assets	(106,947)	(106,947)	(106,947)	(106,947)
Less: Property revaluation reserves	(228,616)	(228,616)	(228,616)	(228,616)
Total Tier I capital	1,208,100	1,211,293	1,034,335	1,037,528

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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	
	31 March 2022 RM'000	31 December 2021 RM'000	31 March 2022 RM'000	31 December 2021 RM'000
Tier II Capital				
General provision for advances and financing*	95,280	84,565	95,280	84,565
Property revaluation reserve [^]	114,308	114,308	114,308	114,308
Government funds [#]	438,060	428,923	438,060	428,923
Total Tier II capital	647,648	627,796	647,648	627,796
Total capital	1,855,748	1,839,089	1,681,983	1,665,324
Less: Investment in subsidiaries	-	-	-	-
Total capital base	1,855,748	1,839,089	1,681,983	1,665,324

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

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

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

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
20%	291,469	245,435	291,469	245,435
50%	5,440	5,621	5,440	5,621
100%	9,959,591	9,713,334	10,005,660	9,796,596
	10,256,500	9,964,390	10,302,569	10,047,652

Before deducting dividends:

Core capital ratio	11.779%	12.156%	10.040%	10.326%
Risk-weighted capital ratio	18.093%	18.457%	16.326%	16.574%

After deducting dividends:

Core capital ratio	11.730%	12.106%	9.991%	10.276%
Risk-weighted capital ratio	18.045%	18.406%	16.277%	16.524%

24. Analysis of financial performance

Current Full Period vs. Previous Full Period

Key Profit or Loss item:	GROUP Three months ended			
	31 March 2022 RM'000	31 March 2021 RM'000	Variances RM'000 %	
Profit before tax expense and zakat	17,205	23,027	(5,822)	(25.3%)
Ratio of profit before tax to average shareholders' funds	1.06%	1.44%	-	(0.38%)
Ratio of profit before tax to average total assets	0.15%	0.21%	-	(0.06%)

Key Balance Sheet	GROUP As at			
	31 March 2022 RM'000	31 December 2021 RM'000	Variances RM'000 %	
Gross loans, advances and financing	8,385,960	8,303,583	82,377	0.99%
Gross impaired loans, advances and financing (%)	17.47%	18.38%	-	0.91%
Deposits from customers	3,978,121	3,742,803	235,318	6.29%

SME Bank Group (the "Group") reported profit before tax expense and zakat of RM17.21 million for the financial period ended 31 March 2022. The result is lower by RM5.82 million from the prior financial year of RM23.03 million due to the higher net impairment allowance on loans, advances and financing incurred amounting to RM16.48 million compared to RM2.74 million in the preceding period.

Higher gross income recognized from Islamic banking of RM104.94 million as compared to RM94.75 million in the prior period were consistent with the larger gross financing portfolio of the Group totalling to RM8.39 billion in the current financial period compared to RM7.87 billion in the previous financial period.

Ratio of PBT to average shareholders' funds and ratio of PBT to average total assets was calculated at 1.06% and 0.15% respectively during the period compared to 1.44% and 0.21% in the previous financial period.

The Group's total assets increased to RM11.80 billion as at 31 March 2022 compared to RM11.37 billion as at 31 March 2021. This was primarily contributed by higher cash and short term funds of RM1.54 billion compared to the corresponding financial period of RM1.25 billion.

The Group's gross impaired ratio was improved to 17.47% in the current financial period in comparison to 19.22% in the prior financial period. The Group's Risk-Weighted Capital Ratio stood at 18.88% while its Core Capital Ratio stood at 12.56% compared to 19.20% and 12.88% respectively in the preceding financial period.