

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023**

	Notes	Group		Bank	
		30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
<b>ASSETS</b>					
Cash and short-term funds		732,858	1,628,091	732,002	1,626,827
Financial investments at fair value through through profit or loss ("FVTPL")	9	134,480	-	134,480	-
Financial investments at fair value through other comprehensive income ("FVOCI")	10	1,562,993	1,436,121	1,562,993	1,436,121
Financial investments at amortised cost ("AC")	11	1,198,680	934,753	1,198,680	934,753
Loans, advances and financing	12	8,048,355	7,838,869	8,048,355	7,838,869
Other assets		42,365	25,210	115,718	121,889
Investment in associate		-	2,335	-	-
Property, plant and equipment		121,344	146,131	121,343	146,098
Right-of-use assets		12,105	14,821	12,105	14,821
Investment properties		377,231	377,231	377,231	377,231
Intangible assets		43,157	17,698	43,157	17,698
Tax recoverable		-	5,203	-	2,997
Deferred tax assets		108,089	108,089	108,089	108,089
<b>TOTAL ASSETS</b>		<b>12,381,657</b>	<b>12,534,552</b>	<b>12,454,153</b>	<b>12,625,393</b>
<b>LIABILITIES</b>					
Deposits from customers	13	3,910,027	4,503,909	3,933,410	4,553,795
Deposits from banks and other financial institutions	14	150,177	150,208	150,177	150,208
Islamic medium-term notes/commercial notes		3,126,680	2,622,297	3,126,680	2,622,297
Borrowings/Fundings	15	2,019,550	1,949,473	2,019,550	1,949,473
Lease liabilities		12,552	15,137	12,552	15,137
Other liabilities		939,956	1,028,511	977,419	1,061,649
Tax payable		5,098	-	7,683	-
Government funds		578,407	602,785	578,407	602,785
<b>TOTAL LIABILITIES</b>		<b>10,742,447</b>	<b>10,872,320</b>	<b>10,805,878</b>	<b>10,955,344</b>
<b>EQUITY</b>					
Share capital		1,850,000	1,850,000	1,850,000	1,850,000
Accumulated losses		(237,030)	(201,809)	(227,965)	(193,992)
Other reserves		26,240	14,041	26,240	14,041
<b>TOTAL EQUITY</b>		<b>1,639,210</b>	<b>1,662,232</b>	<b>1,648,275</b>	<b>1,670,049</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>12,381,657</b>	<b>12,534,552</b>	<b>12,454,153</b>	<b>12,625,393</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	21	<b>1,997,258</b>	<b>2,255,710</b>	<b>1,997,258</b>	<b>2,255,710</b>

*(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these financial statements.)*

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

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**

<b>Group</b>	<b>Notes</b>	<b>Third Quarter Ended</b>		<b>Nine Months Ended</b>	
		<b>30 September 2023</b>	<b>30 September 2022</b>	<b>30 September 2023</b>	<b>30 September 2022</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	16	126	106	282	631
Interest expense	17	(1,458)	2,797	(4,380)	(4,636)
<b>Net interest expense</b>		<b>(1,332)</b>	<b>2,903</b>	<b>(4,098)</b>	<b>(4,005)</b>
Gross income from Islamic banking business	23	126,881	124,385	370,523	340,939
Other operating income	18	1,977	18,059	6,074	23,968
<b>Net income</b>		<b>127,526</b>	<b>145,347</b>	<b>372,499</b>	<b>360,902</b>
Other operating expenses	19	(70,715)	(65,560)	(215,582)	(175,587)
<b>Operating profit</b>		<b>56,811</b>	<b>79,787</b>	<b>156,917</b>	<b>185,315</b>
(Allowances)/Writeback for impairment losses on:					
- loans, advances and financing	20	(43,660)	(70,710)	(109,808)	(157,275)
- commitments and contingencies		830	64	179	213
- financial investments at FVOCI	10	-	-	27	307
- financial investments at AC	11	-	(1)	-	277
- other assets at AC		549	(405)	(5)	(1,110)
<b>Profit before tax expense and zakat</b>		<b>14,530</b>	<b>8,735</b>	<b>47,310</b>	<b>27,727</b>
Tax expense		(4,787)	(240)	(12,093)	(691)
Zakat		(375)	688	(1,125)	(812)
<b>Profit for the period</b>		<b>9,368</b>	<b>9,183</b>	<b>34,092</b>	<b>26,224</b>
<b>Other comprehensive income/(loss)</b>					
<b>Item that may be reclassified to profit or loss:</b>					
Unrealised gain/(loss) on revaluation of financial investments at FVOCI		308	(877)	12,226	(10,422)
Changes in expected credit loss on financial investments at FVOCI		-	-	(27)	(307)
<b>Other comprehensive income/(loss) for the period</b>		<b>308</b>	<b>(877)</b>	<b>12,199</b>	<b>(10,729)</b>
<b>Total comprehensive income for the period</b>		<b>9,676</b>	<b>8,306</b>	<b>46,291</b>	<b>15,495</b>
Profit for the period attributable to owner of the Bank		9,368	9,183	34,092	26,224
Total comprehensive income attributable to owner of the Bank		9,676	8,306	46,291	15,495

*(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these financial statements.)*

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**

<b>Bank</b>	<b>Notes</b>	<b>Third Quarter Ended</b>		<b>Nine Months Ended</b>	
		<b>30 September 2023</b>	<b>30 September 2022</b>	<b>30 September 2023</b>	<b>30 September 2022</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	16	126	106	282	631
Interest expense	17	(1,458)	2,797	(4,380)	(4,636)
<b>Net interest expense</b>		<b>(1,332)</b>	<b>2,903</b>	<b>(4,098)</b>	<b>(4,005)</b>
Gross income from Islamic banking business	23	123,023	124,972	366,420	338,108
Other operating income	18	1,529	15,411	4,114	16,237
<b>Net income</b>		<b>123,220</b>	<b>143,286</b>	<b>366,436</b>	<b>350,340</b>
Other operating expenses	19	(69,430)	(66,535)	(213,218)	(176,765)
<b>Operating profit</b>		<b>53,790</b>	<b>76,751</b>	<b>153,218</b>	<b>173,575</b>
(Allowances)/Writeback for impairment losses on:					
- loans, advances and financing	20	(47,690)	(78,475)	(121,802)	(168,711)
- commitments and contingencies		830	64	179	213
- financial investments at FVOCI	10	-	-	27	307
- financial investments at AC	11	-	(1)	-	277
- other assets at AC		549	(405)	(5)	(1,110)
- other assets at FVOCI		7,030	7,851	15,833	15,553
<b>Profit before tax expense and zakat</b>		<b>14,509</b>	<b>5,785</b>	<b>47,450</b>	<b>20,104</b>
Tax expense		(4,025)	(180)	(10,985)	(539)
Zakat		(375)	688	(1,125)	(812)
<b>Profit for the period</b>		<b>10,109</b>	<b>6,293</b>	<b>35,340</b>	<b>18,753</b>
<b>Other comprehensive income/(loss)</b>					
<b>Item that may be reclassified to profit or loss:</b>					
Unrealised gain/(loss) on revaluation of financial investments at FVOCI		308	(877)	12,226	(10,422)
Changes in expected credit loss on financial investments at FVOCI		-	-	(27)	(307)
<b>Other comprehensive income/(loss) for the period</b>		<b>308</b>	<b>(877)</b>	<b>12,199</b>	<b>(10,729)</b>
<b>Total comprehensive income for the period</b>		<b>10,417</b>	<b>5,416</b>	<b>47,539</b>	<b>8,024</b>
Profit for the period attributable to owner of the Bank		10,109	6,293	35,340	18,753
Total comprehensive income attributable to owner of the Bank		10,417	5,416	47,539	8,024

*(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 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 CHANGES IN EQUITY**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**

Group	Note	<=====Attributable to the Owner of the Bank=====>				Total RM'000
		Share capital RM'000	Fair value reserve RM'000	General reserve RM'000	Accumulated losses RM'000	
<b>At 1 January 2023, as previously stated</b>		1,850,000	3,927	10,114	(201,809)	1,662,232
Impact of adopting the modified accounting treatment		-	-	-	(63,092)	(63,092)
<b>At 1 January 2023 as restated</b>		1,850,000	3,927	10,114	(264,901)	1,599,140
Unrealised gain on revaluation of financial investments at FVOCI		-	12,226	-	-	12,226
Changes in expected credit losses of financial investments at FVOCI	10	-	(27)	-	-	(27)
Profit for the period		-	-	-	34,092	34,092
Total comprehensive income for the period		-	12,199	-	34,092	46,291
Transaction with owner: Dividends		-	-	-	(6,221)	(6,221)
<b>At 30 September 2023</b>		1,850,000	16,126	10,114	(237,030)	1,639,210
<b>At 1 January 2022</b>		1,850,000	7,652	10,114	(262,346)	1,605,420
Unrealised loss on revaluation of financial investments at FVOCI		-	(17,325)	-	-	(17,325)
Reclassification of gain included in profit or loss		-	12,566	-	-	12,566
Changes in expected credit losses of financial investments at FVOCI		-	(108)	-	-	(108)
Income tax relating to components of other comprehensive income		-	1,142	-	-	1,142
Profit for the year		-	-	-	65,543	65,543
Total comprehensive (loss)/income for the year		-	(3,725)	-	65,543	61,818
Transaction with owner: Dividends		-	-	-	(5,006)	(5,006)
<b>At 31 December 2022</b>		1,850,000	3,927	10,114	(201,809)	1,662,232

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**

Bank	Note	<=====Attributable to the Owner of the Bank=====>				
		Share capital RM'000	Fair value reserve RM'000	General reserve RM'000	Accumulated losses RM'000	Total RM'000
<b>At 1 January 2023, as previously stated</b>		1,850,000	3,927	10,114	(193,992)	1,670,049
Impact of adopting the modified accounting treatment		-	-	-	(63,092)	(63,092)
<b>At 1 January 2023 as restated</b>		1,850,000	3,927	10,114	(257,084)	1,606,957
Unrealised gain on revaluation of financial investments at FVOCI		-	12,226	-	-	12,226
Changes in expected credit losses of financial investments at FVOCI	10	-	(27)	-	-	(27)
Profit for the period		-	-	-	35,340	35,340
Total comprehensive income for the period		-	12,199	-	35,340	47,539
Transaction with owner:						
Dividends		-	-	-	(6,221)	(6,221)
<b>At 30 September 2023</b>		1,850,000	16,126	10,114	(227,965)	1,648,275
<b>At 1 January 2022</b>		1,850,000	7,652	10,114	(251,195)	1,616,571
Unrealised loss on revaluation of financial investments at FVOCI		-	(17,325)	-	-	(17,325)
Reclassification of gain included in profit or loss		-	12,566	-	-	12,566
Changes in expected credit losses of financial investments at FVOCI		-	(108)	-	-	(108)
Income tax relating to components of other comprehensive income		-	1,142	-	-	1,142
Profit for the year		-	-	-	62,209	62,209
Total comprehensive (loss)/income for the year		-	(3,725)	-	62,209	58,484
Transaction with owner:						
Dividends		-	-	-	(5,006)	(5,006)
<b>At 31 December 2022</b>		1,850,000	3,927	10,114	(193,992)	1,670,049

*(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these financial statements.)*

**Small Medium Enterprise Development Bank Malaysia Berhad  
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**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF CASH FLOWS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**

	Group		Bank	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
<b>Cash flows from operating activities</b>				
Profit before tax expense and zakat	47,310	27,727	47,450	20,104
<b>Adjustments for:</b>				
Net impairment loss on loans, advances and financing	107,803	156,731	119,797	168,167
Net impairment writeback of commitment and contingencies	(179)	(213)	(179)	(213)
Net impairment writeback on financial investment at FVOCI	(27)	(307)	(27)	(307)
Net impairment writeback on financial investment at AC	-	(277)	-	(277)
Impairment loss on other assets at AC	5	1,110	5	1,110
Impairment writeback on other assets at FVOCI	-	-	(15,833)	(15,553)
Depreciation of property, plant and equipment	9,853	8,311	9,852	8,309
Depreciation of right-of-use assets	2,716	2,667	2,716	2,667
Amortisation of intangible assets	7,782	6,171	7,782	6,171
Government funds released	(24,415)	(19,995)	(24,415)	(19,995)
Income from financial investments at FVOCI	(35,457)	(32,681)	(35,457)	(32,681)
Income from financial investments at FVTPL	(4,466)	(2,271)	(4,466)	(2,271)
Income from financial investments at AC	(29,504)	(14,982)	(29,504)	(14,982)
Profit expense on medium-term notes/commercial papers	79,819	61,223	79,819	61,223
Profit expense on borrowings/fundings	31,613	27,887	31,613	27,887
Finance cost on lease liabilities	372	393	372	393
Profit income on amount due from a subsidiary company	-	-	(1,667)	(6,447)
Gain on disposal of associate	(3,465)	-	(5,800)	-
<b>Operating profit before working capital changes</b>	<b>189,760</b>	<b>221,494</b>	<b>182,058</b>	<b>203,305</b>
Changes in working capital:				
Net changes in operating assets	(391,938)	(495,802)	(363,136)	(473,825)
Net changes in operating liabilities	(681,952)	1,078,426	(704,121)	1,079,464
<b>Cash (used in)/generated from operating activities</b>	<b>(884,130)</b>	<b>804,118</b>	<b>(885,199)</b>	<b>808,944</b>
Interest and profit received	61,639	50,484	61,639	50,484
Interest and profit paid	(81,775)	(77,328)	(81,775)	(77,328)
Tax and zakat paid	(3,217)	(1,553)	(1,740)	(1,627)
<b>Net cash (used in)/generated from operating activities</b>	<b>(907,483)</b>	<b>775,721</b>	<b>(907,075)</b>	<b>780,473</b>
<b>Cash flows from investing activities</b>				
Net proceed from purchase of financial investment	(505,264)	(776,708)	(505,264)	(776,708)
Net purchase of property, plant and equipment	(15,099)	(2,641)	(15,099)	(2,641)
Net purchase of intangible assets	(8,814)	-	(8,814)	-
Proceeds from disposal of associate	5,800	-	5,800	-
<b>Net cash used in investing activities</b>	<b>(523,377)</b>	<b>(779,349)</b>	<b>(523,377)</b>	<b>(779,349)</b>
<b>Cash flows from financing activities</b>				
Net disburse/(payment) of medium-term notes/commercial papers	500,000	(100,000)	500,000	(100,000)
Net disburse of borrowings/fundings	44,805	214,226	44,805	214,226
Proceeds from government funds	-	10,000	-	10,000
Payment of lease liabilities	(2,957)	(2,939)	(2,957)	(2,939)
Dividend paid	(6,221)	(5,006)	(6,221)	(5,006)
<b>Net cash generated from financing activities</b>	<b>535,627</b>	<b>116,281</b>	<b>535,627</b>	<b>116,281</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(895,233)</b>	<b>112,653</b>	<b>(894,825)</b>	<b>117,405</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,628,091</b>	<b>1,254,962</b>	<b>1,626,827</b>	<b>1,246,606</b>
<b>Cash and cash equivalents at end of period</b>	<b>732,858</b>	<b>1,367,615</b>	<b>732,002</b>	<b>1,364,011</b>
<b>Cash and cash equivalents comprise:</b>				
- Cash and short term funds	732,858	1,367,615	732,002	1,364,011

**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 2022. 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 2022.

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 2022 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 2023:-

Disclosure of Accounting Policies (Amendments to MFRS 101)  
Definition of Accounting Estimates (Amendments to MFRS 108)  
Deferred Tax related to Assets and Liabilities arising from a Single  
Transaction (Amendments to MFRS 112)

The adoption of the Amendments to MFRSs above did not have any material impact on the financial statements of the Group and the Bank in current financial period.

**2. Summary of Significant Accounting Policies**

The audited financial statements of the Group and of the Bank for the financial year ended 31 December 2022 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 2022.

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

**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 2022.

**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 2022 was not qualified.

**5. Seasonal or cyclical factors**

The operations of the Group and of the Bank were not materially affected by any seasonal or cyclical factors in the third quarter and nine months period ended 30 September 2023.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and of the Bank in the third quarter and nine months period ended 30 September 2023.

**7. Changes in estimates**

There were no material changes in estimates that have a material effect in the third quarter and nine months period ended 30 September 2023.

**8. Dividends**

During the twelve months ended 31 December 2023, a final dividend of 0.34 sen per share for the financial year ended 31 December 2022, amounting to RM6,221,000 was declared during the Annual General Meeting on 31 May 2023 and cash dividend payment was made on 8 June 2023.

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

**9. Financial investments at FVTPL**

	<b>Group and Bank</b>	
	<b>30 September 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
<b>At fair value</b>		
<b>Government securities</b>		
Malaysian Government Investment Issues	134,480	-
<b>Money market instruments</b>		
Commercial papers	-	-
	<u>134,480</u>	<u>-</u>

**10. Financial investments at FVOCI**

	<b>Group and Bank</b>	
	<b>30 September 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
<b>At fair value</b>		
<b>Government securities</b>		
Malaysian Government Investment Issues	<u>1,192,875</u>	<u>1,059,078</u>
<b>Non-money market instruments</b>		
Equity securities		
- Private debt securities	31,486	30,618
- Unquoted shares	10,062	10,062
Debt securities		
- Private debt securities	<u>328,570</u>	<u>336,363</u>
	<u>370,118</u>	<u>377,043</u>
	<u>1,562,993</u>	<u>1,436,121</u>

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

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

	<b>Group and Bank</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
At 1 January 2023	1	198	10,000	10,199
Writeback made due to changes in credit risk	-	(27)	-	(27)
At 30 September 2023	<u>1</u>	<u>171</u>	<u>10,000</u>	<u>10,172</u>
At 1 January 2022	89	218	10,000	10,307
Allowance made due to changes in credit risk	(40)	-	-	(40)
New financial investments originated	1	198	-	199
Financial investments derecognised	(49)	(218)	-	(267)
At 31 December 2022	<u>1</u>	<u>198</u>	<u>10,000</u>	<u>10,199</u>

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

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

The impairment losses by external rating grade are as follows:

<i>External rating grade</i>	<b>Group and Bank</b>			<b>Total RM'000</b>
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	
RAM A	-	171	-	171
MARC AA-	1	-	-	1
RAM D^	-	-	10,000	10,000
At 30 September 2023	<u>1</u>	<u>171</u>	<u>10,000</u>	<u>10,172</u>
RAM A	-	198	-	198
MARC AA-	1	-	-	1
RAM D^	-	-	10,000	10,000
At 31 December 2022	<u>1</u>	<u>198</u>	<u>10,000</u>	<u>10,199</u>

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

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

**11. Financial investments at AC**

	<b>Group and Bank</b>	
	<b>30 September 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
<b>At amortised cost</b>		
<b>Government securities</b>		
Malaysian Government Investment Issues	293,546	199,429
<b>Money market instruments</b>		
Commercial papers	278,304	64,140
<b>Non-money market instruments</b>		
Private debt securities	626,831	671,185
	1,198,681	934,754
Less: Accumulated impairment losses	(1)	(1)
	<u>1,198,680</u>	<u>934,753</u>

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

	<b>Group and Bank</b>	
	<b>30 September 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
Within one year	643,320	416,607
More than one year to three years	252,799	196,574
More than three years to five years	287,307	281,172
More than five years	15,255	40,401
	<u>1,198,681</u>	<u>934,754</u>

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

**11. Financial investments at AC (cont'd.)**

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

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Stage 1</b>	<b>Stage 1</b>
At 1 January	1	278
Allowance made due to changes in credit risk	-	(32)
New financial investments originated or purchased	1	1
Financial investments derecognised	(1)	(246)
At 30 September 2023/31 December 2022	1	1

The impairment losses by external rating grade are as follows:

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Stage 1</b>	<b>Stage 1</b>
<i>External rating grade</i>		
RAM AA	-	1
MARC AA	1	-
Total	1	1

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

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysian Government Investment Issues	292,294	199,428
Commercial papers	278,304	64,140
Private debt securities	629,665	670,110
	1,200,263	933,678

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

**12. Loans, advances and financing**

	Group		Bank	
	30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
<b>At amortised cost:</b>				
Term loans/financing				
- Hire purchase	359,365	391,041	324,557	355,560
- Leasing	346	345	-	-
- Other term loans/financing	6,484,265	6,401,094	6,181,291	6,086,815
Revolving loans/financing	2,205,389	1,991,084	2,185,420	1,971,098
Staff loans/financing	10,244	10,991	10,244	10,991
Gross loans, advances and financing	9,059,609	8,794,555	8,701,512	8,424,464
Less: Allowance for impairment losses on				
- Stage 1 (Note 12(ix))	(94,269)	(93,965)	(94,269)	(93,965)
- Stage 2 (Note 12(ix))	(56,357)	(45,769)	(56,357)	(45,769)
- Stage 3 (Note 12(ix))	(860,628)	(815,952)	(502,531)	(445,861)
Net loans, advances and financing	8,048,355	7,838,869	8,048,355	7,838,869
Gross impaired loans, advances and financing (Note 12(viii))	1,520,827	1,484,710	1,162,730	1,114,619
Net impaired loans, advances and financing	660,199	668,758	660,199	668,758

Included in loans, advances and financing for the Group and the Bank are gross loans, advances and financing of RM118,768,000 (2022: RM107,062,000) financed by Government funds.

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

	Group		Bank	
	30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
Within one year	2,380,516	1,969,780	2,084,325	1,690,385
More than one year to three years	1,004,721	701,591	972,293	673,821
More than three years to five years	1,328,712	1,406,664	1,319,518	1,373,667
More than five years	4,345,660	4,716,520	4,325,376	4,686,591
	9,059,609	8,794,555	8,701,512	8,424,464

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

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

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2023 RM'000</b>	<b>31 December 2022 RM'000</b>	<b>30 September 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
Domestic business enterprise	9,049,365	8,783,564	8,691,268	8,413,473
Individual	10,244	10,991	10,244	10,991
	<u>9,059,609</u>	<u>8,794,555</u>	<u>8,701,512</u>	<u>8,424,464</u>

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2023 RM'000</b>	<b>31 December 2022 RM'000</b>	<b>30 September 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
Constructions	1,519,220	1,448,561	1,516,416	1,445,737
Education, health and others	675,191	637,094	632,702	593,221
Electricity, gas and water supply	150,249	162,564	150,249	162,564
Financial, insurance/takaful, real estate and business services	1,109,788	1,143,111	1,107,698	1,140,395
Manufacturing	1,599,482	1,623,674	1,531,589	1,555,435
Mining and quarrying	113,618	113,441	111,622	111,445
Primary agriculture	10,607	7,432	10,338	7,163
Transportation, storage and communication	1,222,717	1,099,517	1,185,020	1,061,215
Wholesale, retail trade, restaurants and hotels	2,648,493	2,548,170	2,445,634	2,336,298
Others	10,244	10,991	10,244	10,991
	<u>9,059,609</u>	<u>8,794,555</u>	<u>8,701,512</u>	<u>8,424,464</u>

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

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

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

<b>Group</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	1,083,503	29,742	55,511	49,617	90,104	210,743	1,519,220
Education, health and others	504,502	23,625	17,018	83,631	35,752	10,663	675,191
Electricity, gas and water supply	137,622	3,230	2,843	1,708	2,707	2,139	150,249
Financial, insurance/takaful, real estate and business services	749,366	113,799	66,524	40,133	64,763	75,203	1,109,788
Manufacturing	899,295	235,462	229,967	103,007	47,949	83,802	1,599,482
Mining and quarrying	59,529	-	15,429	31,089	1,596	5,975	113,618
Primary agriculture	5,169	-	195	227	3,645	1,371	10,607
Transportation, storage and communication	851,919	87,821	43,471	98,648	73,988	66,870	1,222,717
Wholesale, retail trade, restaurants and hotels	1,357,203	334,401	103,625	327,876	306,376	219,012	2,648,493
Others	10,244	-	-	-	-	-	10,244
At 30 September 2023	5,658,352	828,080	534,583	735,936	626,880	675,778	9,059,609

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

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

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

<b>Group</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	996,097	29,440	53,465	48,247	100,650	220,662	1,448,561
Education, health and others	463,010	19,958	21,389	84,370	36,666	11,701	637,094
Electricity, gas and water supply	155,074	578	1,518	2,009	3,052	333	162,564
Financial, insurance/takaful, real estate and business services	777,863	113,857	67,676	40,570	65,667	77,478	1,143,111
Manufacturing	920,762	246,930	213,044	104,020	53,865	85,053	1,623,674
Mining and quarrying	57,086	-	18,680	33,316	1,847	2,512	113,441
Primary agriculture	1,371	-	231	240	4,074	1,516	7,432
Transportation, storage and communication	702,036	91,204	44,366	115,228	72,076	74,607	1,099,517
Wholesale, retail trade, restaurants and hotels	1,277,617	317,984	107,490	324,439	309,823	210,817	2,548,170
Others	10,991	-	-	-	-	-	10,991
At 31 December 2022	<b>5,361,907</b>	<b>819,951</b>	<b>527,859</b>	<b>752,439</b>	<b>647,720</b>	<b>684,679</b>	<b>8,794,555</b>

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

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

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

<b>Bank</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	1,080,699	29,742	55,511	49,617	90,104	210,743	1,516,416
Education, health and others	462,013	23,625	17,018	83,631	35,752	10,663	632,702
Electricity, gas and water supply	137,622	3,230	2,843	1,708	2,707	2,139	150,249
Financial, insurance/takaful, real estate and business services	747,276	113,799	66,524	40,133	64,763	75,203	1,107,698
Manufacturing	831,402	235,462	229,967	103,007	47,949	83,802	1,531,589
Mining and quarrying	57,533	-	15,429	31,089	1,596	5,975	111,622
Primary agriculture	4,900	-	195	227	3,645	1,371	10,338
Transportation, storage and communication	814,222	87,821	43,471	98,648	73,988	66,870	1,185,020
Wholesale, retail trade, restaurants and hotels	1,154,344	334,401	103,625	327,876	306,376	219,012	2,445,634
Others	10,244	-	-	-	-	-	10,244
At 30 September 2023	5,300,255	828,080	534,583	735,936	626,880	675,778	8,701,512

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

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

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

<b>Bank</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	993,273	29,440	53,465	48,247	100,650	220,662	1,445,737
Education, health and others	419,137	19,958	21,389	84,370	36,666	11,701	593,221
Electricity, gas and water supply	155,074	578	1,518	2,009	3,052	333	162,564
Financial, insurance/takaful, real estate and business services	775,147	113,857	67,676	40,570	65,667	77,478	1,140,395
Manufacturing	852,523	246,930	213,044	104,020	53,865	85,053	1,555,435
Mining and quarrying	55,090	-	18,680	33,316	1,847	2,512	111,445
Primary agriculture	1,102	-	231	240	4,074	1,516	7,163
Transportation, storage and communication	663,734	91,204	44,366	115,228	72,076	74,607	1,061,215
Wholesale, retail trade, restaurants and hotels	1,065,745	317,984	107,490	324,439	309,823	210,817	2,336,298
Others	10,991	-	-	-	-	-	10,991
At 31 December 2022	4,991,816	819,951	527,859	752,439	647,720	684,679	8,424,464

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

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

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

	Group		Bank	
	30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
Fixed rate:				
- Staff loan/financing	10,244	10,991	10,244	10,991
- Hire purchase	148,396	167,742	114,436	133,127
- Leasing	346	345	-	-
- Other term loans/financing	2,252,701	2,200,288	2,052,390	1,989,885
- Revolving loans/financing	1,741,833	1,173,510	1,721,925	1,153,585
Variable rate				
- Hire purchase	210,969	223,299	210,121	222,433
- Other term loans/financing	4,231,564	4,200,806	4,128,901	4,096,930
- Revolving loans/financing	463,556	817,574	463,495	817,513
	<u>9,059,609</u>	<u>8,794,555</u>	<u>8,701,512</u>	<u>8,424,464</u>

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

	Group		Bank	
	30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
Constructions	148,917	131,438	146,113	128,614
Education, health and others	141,210	145,096	98,721	101,223
Electricity, gas and water supply	52,517	54,833	52,517	54,833
Financial, insurance/takaful, real estate and business services	175,395	182,439	173,305	179,723
Manufacturing	303,253	288,267	235,360	220,028
Mining and quarrying	8,294	7,162	6,298	5,166
Primary agriculture	4,455	486	4,186	217
Transportation, storage and communication	123,695	106,906	85,998	68,604
Wholesale, retail trade, restaurants and hotels	563,091	568,083	360,232	356,211
	<u>1,520,827</u>	<u>1,484,710</u>	<u>1,162,730</u>	<u>1,114,619</u>

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

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

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

<b>Group</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	120,154	844	3,249	5,319	10,004	9,347	148,917
Education, health and others	105,789	377	4,674	27,526	2,204	640	141,210
Electricity, gas and water supply	52,517	-	-	-	-	-	52,517
Financial, insurance/takaful, real estate and business services	156,720	7,339	2,487	4,118	3,183	1,548	175,395
Manufacturing	186,097	10,856	56,789	20,255	22,813	6,443	303,253
Mining and quarrying	6,030	-	446	1,516	-	302	8,294
Primary agriculture	4,455	-	-	-	-	-	4,455
Transportation, storage and communication	80,937	7,652	13,944	10,009	8,917	2,236	123,695
Wholesale, retail trade, restaurants and hotels	386,954	67,552	14,544	41,474	48,996	3,571	563,091
<b>At 30 September 2023</b>	<b>1,099,653</b>	<b>94,620</b>	<b>96,133</b>	<b>110,217</b>	<b>96,117</b>	<b>24,087</b>	<b>1,520,827</b>

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

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

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

<b>Group</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	107,382	700	2,035	3,271	10,272	7,778	131,438
Education, health and others	100,775	461	7,969	28,237	6,837	817	145,096
Electricity, gas and water supply	54,833	-	-	-	-	-	54,833
Financial, insurance/takaful, real estate and business services	165,956	7,449	1,507	3,712	3,067	748	182,439
Manufacturing	186,873	13,445	55,737	25,637	1,179	5,396	288,267
Mining and quarrying	6,839	-	-	323	-	-	7,162
Primary agriculture	315	-	-	-	171	-	486
Transportation, storage and communication	56,485	7,586	9,830	13,939	11,494	7,572	106,906
Wholesale, retail trade, restaurants and hotels	388,659	66,789	15,450	43,858	46,241	7,086	568,083
At 31 December 2022	1,068,117	96,430	92,528	118,977	79,261	29,397	1,484,710

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

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

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

<b>Bank</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	117,350	844	3,249	5,319	10,004	9,347	146,113
Education, health and others	63,300	377	4,674	27,526	2,204	640	98,721
Electricity, gas and water supply	52,517	-	-	-	-	-	52,517
Financial, insurance/takaful, real estate and business services	154,630	7,339	2,487	4,118	3,183	1,548	173,305
Manufacturing	118,204	10,856	56,789	20,255	22,813	6,443	235,360
Mining and quarrying	4,034	-	446	1,516	-	302	6,298
Primary agriculture	4,186	-	-	-	-	-	4,186
Transportation, storage and communication	43,240	7,652	13,944	10,009	8,917	2,236	85,998
Wholesale, retail trade, restaurants and hotels	184,095	67,552	14,544	41,474	48,996	3,571	360,232
At 30 September 2023	<u>741,556</u>	<u>94,620</u>	<u>96,133</u>	<u>110,217</u>	<u>96,117</u>	<u>24,087</u>	<u>1,162,730</u>

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

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

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

<b>Bank</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	104,558	700	2,035	3,271	10,272	7,778	128,614
Education, health and others	56,902	461	7,969	28,237	6,837	817	101,223
Electricity, gas and water supply	54,833	-	-	-	-	-	54,833
Financial, insurance/takaful, real estate and business services	163,240	7,449	1,507	3,712	3,067	748	179,723
Manufacturing	118,634	13,445	55,737	25,637	1,179	5,396	220,028
Mining and quarrying	4,843	-	-	323	-	-	5,166
Primary agriculture	46	-	-	-	171	-	217
Transportation, storage and communication	18,183	7,586	9,830	13,939	11,494	7,572	68,604
Wholesale, retail trade, restaurants and hotels	176,787	66,789	15,450	43,858	46,241	7,086	356,211
At 31 December 2022	698,026	96,430	92,528	118,977	79,261	29,397	1,114,619

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

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

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

	Group		Bank	
	30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
At 1 January	1,484,710	1,526,505	1,114,619	1,132,690
-Transfers to Stage 1	(34,984)	(61,315)	(22,990)	(61,315)
-Transfers to Stage 2	(6,492)	(29,203)	(6,492)	(29,203)
-Transfers to Stage 3	184,363	282,994	184,363	282,994
	<u>1,627,597</u>	<u>1,718,981</u>	<u>1,269,500</u>	<u>1,325,166</u>
Changes due to change in credit risk	(21,323)	(75,305)	(21,323)	(51,581)
New financial assets originated	13,287	7,196	13,287	7,196
Financial assets derecognised	(44,800)	(62,258)	(44,800)	(62,258)
Amount written-off	(53,934)	(103,904)	(53,934)	(103,904)
At 30 September 2023/31 December 2022	<u>1,520,827</u>	<u>1,484,710</u>	<u>1,162,730</u>	<u>1,114,619</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 2023	93,965	45,769	815,952	955,686
-Transfers to Stage 1	12,146	(4,678)	(7,468)	-
-Transfers to Stage 2	(3,686)	6,778	(3,092)	-
-Transfers to Stage 3	(710)	(10,723)	11,433	-
	<u>7,750</u>	<u>(8,623)</u>	<u>873</u>	<u>-</u>
Changes due to change in credit risk (Note 20)	(16,308)	15,919	107,487	107,098
New financial assets originated (Note 20)	18,847	3,527	1,213	23,587
Financial assets derecognised (Note 20)	(9,985)	(235)	(12,662)	(22,882)
Amount written off	-	-	(52,235)	(52,235)
At 30 September 2023	<u>94,269</u>	<u>56,357</u>	<u>860,628</u>	<u>1,011,254</u>
At 1 January 2022	97,559	16,634	765,939	880,132
-Transfers to Stage 1	12,517	(4,190)	(8,327)	-
-Transfers to Stage 2	(9,713)	16,850	(7,137)	-
-Transfers to Stage 3	(8,976)	(4,293)	13,269	-
	<u>(6,172)</u>	<u>8,367</u>	<u>(2,195)</u>	<u>-</u>
Changes due to change in credit risk	(4,706)	20,009	169,111	184,414
New financial assets originated	20,208	933	2,113	23,254
Financial assets derecognised	(12,924)	(174)	(18,088)	(31,186)
Amount written off	-	-	(100,928)	(100,928)
At 31 December 2022	<u>93,965</u>	<u>45,769</u>	<u>815,952</u>	<u>955,686</u>

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

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

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

<b>Bank</b>	<b>Stage1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
At 1 January 2023	93,965	45,769	445,861	585,595
-Transfers to Stage 1	12,146	(4,678)	(7,468)	-
-Transfers to Stage 2	(3,686)	6,778	(3,092)	-
-Transfers to Stage 3	(710)	(10,723)	11,433	-
	7,750	(8,623)	873	-
Changes due to change in credit risk (Note 20)	(16,308)	15,919	119,481	119,092
New financial assets originated (Note 20)	18,847	3,527	1,213	23,587
Financial assets derecognised (Note 20)	(9,985)	(235)	(12,662)	(22,882)
Amount written off	-	-	(52,235)	(52,235)
At 30 September 2023	94,269	56,357	502,531	653,157
At 1 January 2022	97,559	16,634	372,124	486,317
-Transfers to Stage 1	12,517	(4,190)	(8,327)	-
-Transfers to Stage 2	(9,713)	16,850	(7,137)	-
-Transfers to Stage 3	(8,976)	(4,293)	13,269	-
	(6,172)	8,367	(2,195)	-
Changes due to change in credit risk	(4,706)	20,009	192,835	208,138
New financial assets originated	20,208	933	2,113	23,254
Financial assets derecognised	(12,924)	(174)	(18,088)	(31,186)
Amount written off	-	-	(100,928)	(100,928)
At 31 December 2022	93,965	45,769	445,861	585,595

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2023</b>	<b>31 December 2022</b>	<b>30 September 2023</b>	<b>31 December 2022</b>
Net impaired loans, advances and financing in percentage	8.06%	8.39%	8.06%	8.39%

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

**13. Deposits from customers**

	Group		Bank	
	30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
Term deposit:				
- Commodity Murabahah/Tawarruq	3,910,027	4,503,909	3,933,410	4,553,795

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

	Group		Bank	
	30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
Government bodies	1,160,480	1,614,767	1,160,480	1,614,767
Statutory bodies	487,384	870,527	487,384	870,527
Business enterprise	1,468,114	1,443,003	1,491,497	1,492,889
Others	794,049	575,612	794,049	575,612
	<u>3,910,027</u>	<u>4,503,909</u>	<u>3,933,410</u>	<u>4,553,795</u>

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

	Group		Bank	
	30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
Within three months	1,552,510	3,797,935	1,575,893	3,847,821
More than three months to six months	1,141,132	466,222	1,141,132	466,222
More than six months to one year	1,216,385	239,752	1,216,385	239,752
	<u>3,910,027</u>	<u>4,503,909</u>	<u>3,933,410</u>	<u>4,553,795</u>

The deposits from customers carried weighted average profit rate of 3.45% (2022: 3.28%) per annum.

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

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
Licensed banks and other financial institutions	150,177	150,208

The deposits maturity structure is as follows:

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
Less than three months	150,177	150,208

The deposits from banks and other financial institutions carried weighted average profit rate of 3.18% (2022: 2.98%) per annum.

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

**15. Borrowings/Fundings**

	<b>Group and Bank</b>	
	<b>30 September 2023</b>	<b>31 December 2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Unsecured borrowings/fundings	2,019,550	1,949,473

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

	<b>Group and Bank</b>	
	<b>30 September 2023</b>	<b>31 December 2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Within one year	56,687	44,001
More than one year to five years	923,058	911,363
More than five years	1,039,805	994,109
	<u>2,019,550</u>	<u>1,949,473</u>

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

		<b>Group and Bank</b>	
		<b>30 September 2023</b>	<b>31 December 2022</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
Government of Malaysia	(a)	920,463	941,916
Other institutions	(b)	1,099,087	1,007,557
		<u>2,019,550</u>	<u>1,949,473</u>

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

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

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

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

	<b>Group and Bank</b>	
	<b>30 September 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
<b>Maturity structure:</b>		
Within one year	51,245	33,266
More than one year to five years	260,743	453,647
More than five years	608,475	455,003
	<u>920,463</u>	<u>941,916</u>

The weighted average interest/profit rate on the borrowings/fundings from the Government of Malaysia range from 0% to 2.75% (2022: 0% to 2.75%) per annum.

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

	<b>Group and Bank</b>	
	<b>30 September 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
Bank Negara Malaysia	<u>1,099,087</u>	<u>1,007,557</u>

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

	<b>Group and Bank</b>	
	<b>30 September 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
<b>Maturity structure:</b>		
Within one year	5,442	10,735
More than one year to five years	662,315	457,716
More than five years	431,330	539,106
	<u>1,099,087</u>	<u>1,007,557</u>

The weighted average profit rates on the borrowings/fundings from other institutions range from 0% to 1.5% (2022: 0% to 1.5%) per annum.

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

**16. Interest income**

	Third Quarter Ended		Nine Months Ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
<b>Group and Bank</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income from:				
- Loans, advances and financing	126	106	282	631

**17. Interest expense**

	Third Quarter Ended		Nine Months Ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
<b>Group and Bank</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Term loans	1,458	(2,797)	4,380	4,636

**18. Other operating income**

	Third Quarter Ended		Nine Months Ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
<b>Group</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fee income	614	206	720	225
	614	206	720	225
<b>Other income:</b>				
Recoveries from financing written off	1,225	11,006	4,950	22,809
Compensation on late payment charges	138	127	404	934
	1,363	11,133	5,354	23,743
<b>Total other operating income</b>	<b>1,977</b>	<b>11,339</b>	<b>6,074</b>	<b>23,968</b>
<b>Bank</b>				
Fee income	614	206	720	225
	614	206	720	225
<b>Other income:</b>				
Recoveries from financing written off	777	8,358	2,990	15,078
Compensation on late payment charges	138	127	404	934
	915	8,485	3,394	16,012
<b>Total other operating income</b>	<b>1,529</b>	<b>8,691</b>	<b>4,114</b>	<b>16,237</b>

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

**19. Other operating expenses**

Group	Note	Third Quarter Ended		Nine Months Ended	
		30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Personnel expenses	(i)	41,058	42,929	128,921	111,210
Establishment related expenses	(ii)	14,022	11,111	42,240	34,055
Promotion and marketing expenses	(iii)	2,298	1,685	7,198	4,852
Administration and general expenses	(iv)	13,337	9,835	37,223	25,470
		<u>70,715</u>	<u>65,560</u>	<u>215,582</u>	<u>175,587</u>
<b>(i) Personnel expenses</b>					
Salaries, allowances and bonuses		31,470	34,702	98,881	83,271
Group President/ Chief Executive Officer and Directors' fees and remuneration		411	691	1,389	1,710
Social security cost		297	238	869	997
Contribution to Employee Provident Fund		4,560	4,128	13,317	12,627
Other staff related expenses		4,320	3,170	14,465	12,605
		<u>41,058</u>	<u>42,929</u>	<u>128,921</u>	<u>111,210</u>
<b>(ii) Establishment related expenses</b>					
Depreciation of property, plant and equipment		2,869	2,847	9,853	8,311
Depreciation of right-of-use assets		914	894	2,716	2,667
Amortisation of intangible assets		2,787	2,057	7,782	6,171
Rental expenses		32	(34)	107	63
Repairs and maintenance of property, plant and equipment		7,420	5,347	21,782	16,843
		<u>14,022</u>	<u>11,111</u>	<u>42,240</u>	<u>34,055</u>
<b>(iii) Promotion and marketing expenses</b>					
Advertisement and publicity		2,298	1,685	7,198	4,852
<b>(iv) Administration and general expenses</b>					
Administrative expenses		1,908	1,662	5,743	5,460
Auditors' remuneration		317	282	952	844
General expenses		11,112	7,891	30,528	19,166
		<u>13,337</u>	<u>9,835</u>	<u>37,223</u>	<u>25,470</u>

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

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

Bank	Note	Third Quarter Ended		Nine Months Ended	
		30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Personnel expenses	(i)	39,938	41,765	125,970	108,781
Establishment related expenses	(ii)	14,038	11,094	42,227	34,009
Promotion and marketing expenses	(iii)	2,272	1,683	7,172	4,847
Administration and general expenses	(iv)	13,182	11,993	37,849	29,128
		<u>69,430</u>	<u>66,535</u>	<u>213,218</u>	<u>176,765</u>
<b>(i) Personnel expenses</b>					
Salaries, allowances and bonuses		30,632	33,731	96,658	81,367
Group President/ Chief Executive Officer and Directors' fees and remuneration		355	691	1,333	1,710
Social security cost		290	232	847	980
Contribution to Employee Provident Fund		4,464	4,028	13,025	12,357
Other staff related expenses		4,197	3,083	14,107	12,367
		<u>39,938</u>	<u>41,765</u>	<u>125,970</u>	<u>108,781</u>
<b>(ii) Establishment related expenses</b>					
Depreciation of property, plant and equipment		2,868	2,846	9,852	8,309
Depreciation of right-of-use assets		914	894	2,716	2,667
Amortisation of intangible assets		2,787	2,057	7,782	6,171
Rental expenses		32	(34)	107	63
Repairs and maintenance of property, plant and equipment		7,437	5,331	21,770	16,799
		<u>14,038</u>	<u>11,094</u>	<u>42,227</u>	<u>34,009</u>
<b>(iii) Promotion and marketing expenses</b>					
Advertisement and publicity		2,272	1,683	7,172	4,847
<b>(iv) Administration and general expenses</b>					
Administrative expenses		1,896	1,661	5,724	5,454
Auditors' remuneration		300	265	900	795
General expenses		10,986	10,067	31,225	22,879
		<u>13,182</u>	<u>11,993</u>	<u>37,849</u>	<u>29,128</u>

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

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

Group	Third Quarter Ended		Nine Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
(Writeback)/Allowance for impairment losses on loans, advances and financing made during the period:				
- Stage 1, net (Note 12(ix))	(632)	3,554	(7,446)	(7,362)
- Stage 2, net (Note 12(ix))	6,345	3,532	19,211	19,597
- Stage 3, net (Note 12(ix))	36,448	46,716	96,038	144,496
	<u>42,161</u>	<u>53,802</u>	<u>107,803</u>	<u>156,731</u>
Impaired loans, advances and financing written off	<u>1,499</u>	<u>452</u>	<u>2,005</u>	<u>544</u>
<b>Total allowance for impairment on loans, advances and financing</b>	<b><u>43,660</u></b>	<b><u>54,254</u></b>	<b><u>109,808</u></b>	<b><u>157,275</u></b>
<b>Bank</b>				
(Writeback)/Allowance for impairment losses on loans, advances and financing made during the period:				
- Stage 1, net (Note 12(ix))	(632)	3,554	(7,446)	(7,362)
- Stage 2, net (Note 12(ix))	6,345	3,532	19,211	19,597
- Stage 3, net (Note 12(ix))	40,478	54,481	108,032	155,932
	<u>46,191</u>	<u>61,567</u>	<u>119,797</u>	<u>168,167</u>
Impaired loans, advances and financing written off	<u>1,499</u>	<u>452</u>	<u>2,005</u>	<u>544</u>
<b>Total allowance for impairment on loans, advances and financing</b>	<b><u>47,690</u></b>	<b><u>62,019</u></b>	<b><u>121,802</u></b>	<b><u>168,711</u></b>

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

**21. Commitment and contingencies**

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

	<b>Group and Bank</b>	
	<b>30 September 2023</b>	<b>31 December 2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Direct credit substitutes	121,093	178,521
Transaction-related-contingent items	227,591	167,106
Undisbursed loans/financing		
- original maturity up to one year	431,056	226,071
- original maturity more than one year	1,204,561	1,667,262
	<b>1,984,301</b>	<b>2,238,960</b>

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

	<b>Group and Bank</b>	
	<b>30 September 2023</b>	<b>31 December 2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Approved and contracted for Information technology system	12,957	16,750
<b>Total commitments and contingencies</b>	<b>1,997,258</b>	<b>2,255,710</b>

**22. Capital adequacy**

**Capital management**

Capital policy

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

Regulatory capital

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

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

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

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

**Capital management (cont'd.)**

Regulatory capital (cont'd.)

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

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

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

	Group		Bank	
	30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
<b><u>Tier I Capital</u></b>				
Paid-up share capital	1,850,000	1,850,000	1,850,000	1,850,000
Accumulated losses <sup>1</sup>	(271,122)	(201,809)	(263,305)	(193,992)
General reserves	10,114	10,114	10,114	10,114
General provision for loans, advances and financing <sup>2</sup>	34,004	42,971	34,004	42,971
Less: Deferred tax assets	(108,089)	(108,089)	(108,089)	(108,089)
Less: Property revaluation reserve	(231,766)	(231,765)	(231,766)	(231,765)
<b>Total Tier I capital</b>	<b>1,283,141</b>	<b>1,361,422</b>	<b>1,290,958</b>	<b>1,369,239</b>
<b><u>Tier II Capital</u></b>				
General provision for loans, advances and financing <sup>2</sup>	121,167	101,487	121,167	101,487
Property revaluation reserve <sup>3</sup>	115,883	115,883	115,883	115,883
Government funds	430,400	433,432	430,400	433,432
<b>Total Tier II capital</b>	<b>667,450</b>	<b>650,802</b>	<b>667,450</b>	<b>650,802</b>
<b>Total capital</b>	<b>1,950,591</b>	<b>2,012,224</b>	<b>1,958,408</b>	<b>2,020,041</b>
Less: Investment in subsidiaries	-	-	-	-
<b>Total capital base</b>	<b>1,950,591</b>	<b>2,012,224</b>	<b>1,958,408</b>	<b>2,020,041</b>

<sup>1</sup> Included in accumulated losses for the Group and the Bank are the impact of adopting the modified accounting treatment of RM63,092,000 for current financial period.

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

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

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

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

**Capital management (cont'd.)**

Regulatory capital (cont'd.)

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

	Group		Bank	
	30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
20%	173,809	351,705	173,809	351,705
50%	4,706	5,121	4,706	5,121
100%	10,409,220	10,243,324	10,482,572	10,335,414
	<u>10,587,735</u>	<u>10,600,150</u>	<u>10,661,087</u>	<u>10,692,240</u>

Before deducting dividends:

Core capital ratio	12.119%	12.843%	12.109%	12.806%
Risk-weighted capital ratio	<u>18.423%</u>	<u>18.983%</u>	<u>18.370%</u>	<u>18.893%</u>

After deducting dividends:

Core capital ratio	12.119%	12.785%	12.109%	12.748%
Risk-weighted capital ratio	<u>18.423%</u>	<u>18.924%</u>	<u>18.370%</u>	<u>18.834%</u>

Capital monitoring

The Group's and the Bank's capital are closely monitored and actively managed. Besides the minimum regulatory capital requirement of 8%, the Group and the Bank adhere to an internal capital limit that would act as a trigger to the regulatory capital and also as an indicator that allows the Group and the Bank to preserve its "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.

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

**23. Islamic banking business**

The state of affairs as at 30 September 2023 and results for the financial period then ended under the Islamic Banking business of the Bank and included in the Group's and the Bank's financial statements are summarised as follows:-

**Unaudited Statements of Financial Position**  
**As at 30 September 2023**

	Note	Group		Bank	
		30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
<b>Assets</b>					
Cash and short-term funds		732,447	1,627,108	731,607	1,626,341
Financial investments at FVTPL	9	134,480	-	134,480	-
Financial investments at FVOCI	23(a)	1,552,931	1,426,059	1,552,931	1,426,059
Financial investments at AC	11	1,198,680	934,753	1,198,680	934,753
Advances and financing	23(b)	8,037,863	7,823,198	8,037,863	7,823,198
Other assets		42,365	25,210	115,718	121,889
Property, plant and equipment		121,344	146,131	121,343	146,098
Right-of-use assets		12,105	14,821	12,105	14,821
Investment properties		377,231	377,231	377,231	377,231
Intangible assets		43,157	17,698	43,157	17,698
Tax recoverables		-	5,203	-	2,997
Deferred tax assets		108,089	108,089	108,089	108,089
<b>Total assets</b>		<b>12,360,692</b>	<b>12,505,501</b>	<b>12,433,204</b>	<b>12,599,174</b>
<b>Liabilities</b>					
Deposits from customers	13	3,910,027	4,503,909	3,933,410	4,553,795
Deposits from banks and other financial institutions	14	150,177	150,208	150,177	150,208
Islamic medium-term notes/ commercial notes		3,126,680	2,622,297	3,126,680	2,622,297
Term financing/fundings	23(c)	1,543,333	1,445,256	1,543,333	1,445,256
Other liabilities		939,524	1,031,893	976,987	1,065,071
Tax payable		5,098	-	7,683	-
Lease liabilities		12,552	15,137	12,552	15,137
Amount due to conventional operations		596,069	604,967	740,705	763,711
Government funds		578,407	602,785	578,407	602,785
<b>Total liabilities</b>		<b>10,861,867</b>	<b>10,976,452</b>	<b>11,069,934</b>	<b>11,218,260</b>
Islamic general funds		1,498,825	1,529,049	1,363,270	1,380,914
<b>Total liabilities and Islamic banking funds</b>		<b>12,360,692</b>	<b>12,505,501</b>	<b>12,433,204</b>	<b>12,599,174</b>
<b>Commitments</b>	23(i)	<b>1,984,301</b>	<b>2,236,532</b>	<b>1,984,301</b>	<b>2,236,532</b>

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these financial statements.)

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

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

**Unaudited Statements of Comprehensive Income**  
**For the third quarter ended 30 September 2023**

Group	Note	Third Quarter Ended		Nine Months Ended	
		30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Income from Islamic banking business	23(d)	171,184	150,762	493,838	424,560
Profit expense attributable to Islamic banking business	23(e)	(74,890)	(59,361)	(214,306)	(156,336)
<b>Gross income from Islamic banking business</b>		<b>96,294</b>	<b>91,401</b>	<b>279,532</b>	<b>268,224</b>
Other operating income	23(f)	30,587	23,248	90,991	72,715
Other operating expenses	23(g)	(70,666)	(64,499)	(215,398)	(174,269)
<b>Operating profit</b>		<b>56,215</b>	<b>50,150</b>	<b>155,125</b>	<b>166,670</b>
(Allowances)/Writeback for impairment losses on:					
- advances and financing	23(h)	(46,515)	(62,210)	(115,218)	(166,482)
- commitments		831	65	179	212
- financial investments at FVOCI	10	-	-	27	307
- financial investments at AC	11	-	(1)	-	277
- other assets at AC		549	(405)	(5)	(1,110)
<b>Profit/(Loss) before tax expense and zakat</b>		<b>11,080</b>	<b>(12,401)</b>	<b>40,108</b>	<b>(126)</b>
Tax expense		(4,787)	(241)	(12,093)	(692)
Zakat		(375)	688	(1,125)	(812)
<b>Profit/(Loss) for the period</b>		<b>5,918</b>	<b>(11,954)</b>	<b>26,890</b>	<b>(1,630)</b>
<b>Other comprehensive income/(loss)</b>					
<b>Item that may be reclassified to profit or loss:</b>					
Unrealised gain/(loss) on revaluation of financial investments at FVOCI		308	(877)	12,226	(10,422)
Changes in expected credit loss on financial investments at FVOCI		-	-	(27)	(307)
<b>Other comprehensive income/(loss) for the period</b>		<b>308</b>	<b>(877)</b>	<b>12,199</b>	<b>(10,729)</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>6,226</b>	<b>(12,831)</b>	<b>39,089</b>	<b>(12,359)</b>

*(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these financial statements.)*

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

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

**Unaudited Statements of Comprehensive Income**

**For the third quarter ended 30 September 2023 (cont'd.)**

Bank	Note	Third Quarter Ended		Nine Months Ended	
		30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Income from Islamic banking business	23(d)	171,184	150,762	493,838	424,560
Profit expense attributable to Islamic banking business	23(e)	(75,067)	(59,536)	(214,752)	(156,606)
<b>Gross income from Islamic banking business</b>		<b>96,117</b>	<b>91,226</b>	<b>279,086</b>	<b>267,954</b>
Other operating income	23(f)	26,906	24,010	87,334	70,154
Other operating expenses	23(g)	(69,382)	(65,479)	(213,036)	(175,447)
<b>Operating profit</b>		<b>53,641</b>	<b>49,757</b>	<b>153,384</b>	<b>162,661</b>
(Allowances)/Writeback for impairment losses on:					
- advances and financing	23(h)	(47,314)	(63,592)	(117,838)	(169,367)
- commitments and contingencies		831	65	179	212
- financial investments at FVOCI	10	-	-	27	307
- financial investments at AC	11	-	(1)	-	277
- other assets at AC		549	(405)	(5)	(1,110)
- other assets at FVOCI		7,030	7,851	15,833	15,553
<b>Profit/(Loss) before tax expense and zakat</b>		<b>14,737</b>	<b>(6,325)</b>	<b>51,580</b>	<b>8,533</b>
Tax expense		(4,025)	(180)	(10,985)	(539)
Zakat		(375)	688	(1,125)	(812)
<b>Profit/(Loss) for the period</b>		<b>10,337</b>	<b>(5,817)</b>	<b>39,470</b>	<b>7,182</b>
<b>Other comprehensive income/(loss)</b>					
<b>Item that may be reclassified to profit or loss:</b>					
Unrealised gain/(loss) on revaluation of financial investments at FVOCI		308	(877)	12,226	(10,422)
Changes in expected credit loss on financial investments at FVOCI		-	-	(27)	(307)
<b>Other comprehensive income/(loss) for the period</b>		<b>308</b>	<b>(877)</b>	<b>12,199</b>	<b>(10,729)</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>10,645</b>	<b>(6,694)</b>	<b>51,669</b>	<b>(3,547)</b>

*(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these financial statements.)*

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

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

**Statements of changes in Islamic General Funds  
For the third quarter ended 30 September 2023**

Group	Note	<=====Non-distributable=====>		Distributable retained earnings RM'000	Total RM'000
		Share capital RM'000	Fair value reserve RM'000		
<b>At 1 January 2023, as previously stated</b>		1,050,564	(1,348)	479,833	1,529,049
Impact of adopting the modified accounting treatment		-	-	(63,092)	(63,092)
<b>At 1 January 2023 as restated</b>		1,050,564	(1,348)	416,741	1,465,957
Unrealised gain on revaluation of financial investments at FVOCI		-	12,226	-	12,226
Changes in expected credit losses of financial investments at FVOCI	10	-	(27)	-	(27)
Profit for the period		-	-	26,890	26,890
Total comprehensive income for the period		-	12,199	26,890	39,089
Transaction with owner:					
Dividends		-	-	(6,221)	(6,221)
<b>At 30 September 2023</b>		1,050,564	10,851	437,410	1,498,825
<b>At 1 January 2022</b>		1,050,564	2,278	460,955	1,513,797
Unrealised loss on revaluation of financial investments at FVOCI		-	(17,195)	-	(17,195)
Reclassification of gain included in profit or loss		-	12,566	-	12,566
Changes in expected credit losses of financial investments at FVOCI		-	(108)	-	(108)
Income tax relating to components of other comprehensive income		-	1,111	-	1,111
Profit for the year		-	-	23,884	23,884
Total comprehensive (loss)/income for the year		-	(3,626)	23,884	20,258
Transaction with owner:					
Dividends		-	-	(5,006)	(5,006)
<b>At 31 December 2022</b>		1,050,564	(1,348)	479,833	1,529,049

*(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these financial statements.)*

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

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

**Statements of changes in Islamic General Funds  
For the third quarter ended 30 September 2023 (cont'd.)**

Bank	Note	<=====Non-distributable=====>		Distributable	Total RM'000
		Share capital RM'000	Fair value reserve RM'000	retained earnings RM'000	
<b>At 1 January 2023, as previously stated</b>		1,050,564	(1,348)	331,698	1,380,914
Impact of adopting the modified accounting treatment		-	-	(63,092)	(63,092)
<b>At 1 January 2023 as restated</b>		1,050,564	(1,348)	268,606	1,317,822
Unrealised gain on revaluation of financial investments at FVOCI		-	12,226	-	12,226
Changes in expected credit losses of financial investments at FVOCI	10	-	(27)	-	(27)
Profit for the period		-	-	39,470	39,470
Total comprehensive income for the period		-	12,199	39,470	51,669
Transaction with owner:					
Dividends		-	-	(6,221)	(6,221)
<b>At 30 September 2023</b>		1,050,564	10,851	301,855	1,363,270
<b>At 1 January 2022</b>		1,050,564	2,278	287,190	1,340,032
Unrealised loss on revaluation of financial investments at FVOCI		-	(17,195)	-	(17,195)
Reclassification of gain included in profit or loss		-	12,566	-	12,566
Changes in expected credit losses of financial investments at FVOCI		-	(108)	-	(108)
Income tax relating to components of other comprehensive income		-	1,111	-	1,111
Profit for the year		-	-	49,514	49,514
Total comprehensive (loss)/income for the year		-	(3,626)	49,514	45,888
Transaction with owner:					
Dividends		-	-	(5,006)	(5,006)
<b>At 31 December 2022</b>		1,050,564	(1,348)	331,698	1,380,914

*(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these financial statements.)*

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

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

**(a) Financial investments at FVOCI**

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
<b>At fair value</b>		
<b>Government securities</b>		
Malaysian Government Investment Issues	1,192,875	1,059,078
<b>Non-money market instruments</b>		
Equity securities		
- Private debt securities	31,486	30,618
Debt securities		
- Private debt securities	328,570	336,363
	<u>360,056</u>	<u>366,981</u>
	<u>1,552,931</u>	<u>1,426,059</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	
	30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
<b>At amortised cost:</b>				
Bai' Bithaman Ajil	1,509	1,509	-	-
Murabahah	953,812	1,111,712	907,603	1,064,315
Istisna'	60,535	79,134	58,450	76,312
Ijarah	168	84	84	-
Ijarah Thumma Al-Bai	388,757	421,095	335,270	366,920
Tawarruq	7,370,493	6,880,691	7,370,488	6,880,686
Bai' Inah	11,587	14,233	10,363	13,002
Gross advances and financing	<u>8,786,861</u>	<u>8,508,458</u>	<u>8,682,258</u>	<u>8,401,235</u>
Less: Allowance for impairment losses on				
- Stage 1 (Note 23(b)(x))	(94,269)	(93,965)	(94,269)	(93,965)
- Stage 2 (Note 23(b)(x))	(56,352)	(45,761)	(56,352)	(45,761)
- Stage 3 (Note 23(b)(x))	(598,377)	(545,534)	(493,774)	(438,311)
Net advances and financing	<u>8,037,863</u>	<u>7,823,198</u>	<u>8,037,863</u>	<u>7,823,198</u>
Gross impaired advances and financing (Note 23(b)(vii))	<u>1,250,107</u>	<u>1,200,785</u>	<u>1,145,504</u>	<u>1,093,562</u>
Net impaired advances and financing	<u>651,730</u>	<u>655,251</u>	<u>651,730</u>	<u>655,251</u>

Included in advances and financing are gross advances and financing amounting to RM118,768,000 (2022: RM107,062,000) financed by Government funds.

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

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

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

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

	Group		Bank	
	30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
Maturity within one year	2,185,918	1,792,987	2,083,181	1,689,760
More than one year to three years	965,704	674,638	965,106	673,485
More than three years to five years	1,312,332	1,367,673	1,312,012	1,366,564
More than five years	4,322,907	4,673,160	4,321,959	4,671,426
	<b>8,786,861</b>	<b>8,508,458</b>	<b>8,682,258</b>	<b>8,401,235</b>

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

	Group		Bank	
	30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
Domestic business enterprise	8,776,617	8,497,468	8,672,014	8,390,245
Individual	10,244	10,990	10,244	10,990
	<b>8,786,861</b>	<b>8,508,458</b>	<b>8,682,258</b>	<b>8,401,235</b>

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

	Group		Bank	
	30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
Constructions	1,517,877	1,447,218	1,516,415	1,445,736
Education, health and others	663,440	625,327	632,580	593,087
Electricity, gas and water supply	150,249	162,564	150,249	162,564
Financial, insurance/takaful, real estate and business services	1,108,946	1,142,153	1,107,698	1,140,394
Manufacturing	1,563,431	1,587,000	1,531,473	1,555,062
Mining and quarrying	111,622	111,445	111,622	111,445
Primary agriculture	10,338	7,163	10,338	7,163
Transportation, storage and communication	1,211,708	1,085,754	1,185,020	1,058,480
Wholesale, retail trade, restaurants and hotels	2,439,006	2,328,844	2,426,619	2,316,314
Others	10,244	10,990	10,244	10,990
	<b>8,786,861</b>	<b>8,508,458</b>	<b>8,682,258</b>	<b>8,401,235</b>

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

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

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

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

<b>Group</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	1,082,161	29,742	55,511	49,617	90,103	210,743	1,517,877
Education, health and others	492,751	23,625	17,018	83,631	35,752	10,663	663,440
Electricity, gas and water supply	137,622	3,230	2,843	1,708	2,707	2,139	150,249
Financial, insurance/takaful, real estate and business services	748,524	113,799	66,524	40,133	64,763	75,203	1,108,946
Manufacturing	863,244	235,462	229,967	103,007	47,949	83,802	1,563,431
Mining and quarrying	57,533	-	15,429	31,089	1,596	5,975	111,622
Primary agriculture	4,900	-	195	227	3,645	1,371	10,338
Transportation, storage and communication	840,910	87,821	43,471	98,648	73,988	66,870	1,211,708
Wholesale, retail trade, restaurants and hotels	1,158,642	330,981	103,625	320,370	306,376	219,012	2,439,006
Others	10,244	-	-	-	-	-	10,244
<b>At 30 September 2023</b>	<b>5,396,531</b>	<b>824,660</b>	<b>534,583</b>	<b>728,430</b>	<b>626,879</b>	<b>675,778</b>	<b>8,786,861</b>

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

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

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

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

<b>Group</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	994,755	29,440	53,465	48,247	100,649	220,662	1,447,218
Education, health and others	451,243	19,958	21,389	84,370	36,666	11,701	625,327
Electricity, gas and water supply	155,074	578	1,518	2,009	3,052	333	162,564
Financial, insurance/takaful, real estate and business services	776,905	113,857	67,676	40,570	65,667	77,478	1,142,153
Manufacturing	884,088	246,930	213,044	104,020	53,865	85,053	1,587,000
Mining and quarrying	55,090	-	18,680	33,316	1,847	2,512	111,445
Primary agriculture	1,102	-	231	240	4,074	1,516	7,163
Transportation, storage and communication	688,276	91,204	44,366	115,228	72,073	74,607	1,085,754
Wholesale, retail trade, restaurants and hotels	1,070,727	314,515	107,490	317,221	308,074	210,817	2,328,844
Others	10,990	-	-	-	-	-	10,990
<b>At 31 December 2022</b>	<b>5,088,250</b>	<b>816,482</b>	<b>527,859</b>	<b>745,221</b>	<b>645,967</b>	<b>684,679</b>	<b>8,508,458</b>

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

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

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

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

<b>Bank</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	1,080,699	29,742	55,511	49,617	90,103	210,743	1,516,415
Education, health and others	461,891	23,625	17,018	83,631	35,752	10,663	632,580
Electricity, gas and water supply	137,622	3,230	2,843	1,708	2,707	2,139	150,249
Financial, insurance/takaful, real estate and business services	747,276	113,799	66,524	40,133	64,763	75,203	1,107,698
Manufacturing	831,286	235,462	229,967	103,007	47,949	83,802	1,531,473
Mining and quarrying	57,533	-	15,429	31,089	1,596	5,975	111,622
Primary agriculture	4,900	-	195	227	3,645	1,371	10,338
Transportation, storage and communication	814,222	87,821	43,471	98,648	73,988	66,870	1,185,020
Wholesale, retail trade, restaurants and hotels	1,146,255	330,981	103,625	320,370	306,376	219,012	2,426,619
Others	10,244	-	-	-	-	-	10,244
<b>At 30 September 2023</b>	<b>5,291,928</b>	<b>824,660</b>	<b>534,583</b>	<b>728,430</b>	<b>626,879</b>	<b>675,778</b>	<b>8,682,258</b>

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

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

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

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

<b>Bank</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	993,273	29,440	53,465	48,247	100,649	220,662	1,445,736
Education, health and others	419,003	19,958	21,389	84,370	36,666	11,701	593,087
Electricity, gas and water supply	155,074	578	1,518	2,009	3,052	333	162,564
Financial, insurance/takaful, real estate and business services	775,146	113,857	67,676	40,570	65,667	77,478	1,140,394
Manufacturing	852,150	246,930	213,044	104,020	53,865	85,053	1,555,062
Mining and quarrying	55,090	-	18,680	33,316	1,847	2,512	111,445
Primary agriculture	1,102	-	231	240	4,074	1,516	7,163
Transportation, storage and communication	661,002	91,204	44,366	115,228	72,073	74,607	1,058,480
Wholesale, retail trade, restaurants and hotels	1,058,197	314,515	107,490	317,221	308,074	210,817	2,316,314
Others	10,990	-	-	-	-	-	10,990
<b>At 31 December 2022</b>	<b>4,981,027</b>	<b>816,482</b>	<b>527,859</b>	<b>745,221</b>	<b>645,967</b>	<b>684,679</b>	<b>8,401,235</b>

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

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

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

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

<b>Group</b>	<b>Hire purchase RM'000</b>	<b>Leasing RM'000</b>	<b>Other term financing RM'000</b>	<b>Revolving financing RM'000</b>	<b>Staff financing RM'000</b>	<b>Total RM'000</b>
Bai' Bithaman Ajil	-	-	389	1,120	-	1,509
Murabahah	194	-	922,404	20,970	10,244	953,812
Istisna'	-	-	60,535	-	-	60,535
Ijarah	84	84	-	-	-	168
Ijarah Thumma Al-Bai	357,045	-	31,712	-	-	388,757
Bai' Dayn	-	-	-	-	-	-
Tawarruq	246	-	5,192,565	2,177,682	-	7,370,493
Bai' Inah	-	-	11,587	-	-	11,587
<b>At 30 September 2023</b>	<b>357,569</b>	<b>84</b>	<b>6,219,192</b>	<b>2,199,772</b>	<b>10,244</b>	<b>8,786,861</b>
Bai' Bithaman Ajil	-	-	389	1,120	-	1,509
Murabahah	-	-	1,073,582	27,140	10,990	1,111,712
Istisna'	-	-	79,134	-	-	79,134
Ijarah	-	84	-	-	-	84
Ijarah Thumma Al-Bai	389,246	-	31,849	-	-	421,095
Bai' Dayn	-	-	-	-	-	-
Tawarruq	5	-	4,923,738	1,956,948	-	6,880,691
Bai' Inah	-	-	14,233	-	-	14,233
<b>At 31 December 2022</b>	<b>389,251</b>	<b>84</b>	<b>6,122,925</b>	<b>1,985,208</b>	<b>10,990</b>	<b>8,508,458</b>

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

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

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

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

<b>Bank</b>	<b>Hire purchase RM'000</b>	<b>Other term financing RM'000</b>	<b>Revolving financing RM'000</b>	<b>Staff financing RM'000</b>	<b>Total RM'000</b>
Murabahah	194	889,448	7,717	10,244	907,603
Istisna'	-	58,450	-	-	58,450
Ijarah	84	-	-	-	84
Ijarah Thumma Al-Bai Bai' Dayn	324,038	11,232	-	-	335,270
Tawarruq	-	-	-	-	-
Bai' Inah	241	5,192,565	2,177,682	-	7,370,488
	-	10,363	-	-	10,363
<b>At 30 September 2023</b>	<b>324,557</b>	<b>6,162,058</b>	<b>2,185,399</b>	<b>10,244</b>	<b>8,682,258</b>
Murabahah	-	1,039,455	13,870	10,990	1,064,315
Istisna'	-	76,312	-	-	76,312
Ijarah Thumma Al-Bai Bai' Dayn	355,560	11,360	-	-	366,920
Tawarruq	-	-	-	-	-
Bai' Inah	-	4,923,738	1,956,948	-	6,880,686
	-	13,002	-	-	13,002
<b>At 31 December 2022</b>	<b>355,560</b>	<b>6,063,867</b>	<b>1,970,818</b>	<b>10,990</b>	<b>8,401,235</b>

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

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

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

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

	Group		Bank	
	30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
Fixed rate				
- Staff financing	10,244	10,990	10,244	10,990
- Hire purchase	146,608	165,960	114,436	133,127
- Leasing	84	84	-	-
- Other term financing	2,087,112	2,023,634	2,033,784	1,968,362
- Revolving financing	1,736,216	1,167,634	1,721,904	1,153,305
Variable rate				
- Hire purchase	210,961	223,291	210,121	222,433
- Other term financing	4,132,080	4,099,291	4,128,274	4,095,505
- Revolving financing	463,556	817,574	463,495	817,513
	<u>8,786,861</u>	<u>8,508,458</u>	<u>8,682,258</u>	<u>8,401,235</u>

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

	Group		Bank	
	30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
Constructions	147,574	130,096	146,112	128,614
Education, health and others	129,459	133,329	98,599	101,089
Electricity, gas and water supply	52,517	54,833	52,517	54,833
Financial, insurance/takaful, real estate and business services	174,553	181,482	173,305	179,723
Manufacturing	267,221	251,870	235,263	219,932
Mining and quarrying	6,298	5,166	6,298	5,166
Primary agriculture	4,186	217	4,186	217
Transportation, storage and communication	112,686	93,143	85,998	65,869
Wholesale, retail trade, restaurants and hotels	355,613	350,649	343,226	338,119
	<u>1,250,107</u>	<u>1,200,785</u>	<u>1,145,504</u>	<u>1,093,562</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:

<b>Group</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	118,812	844	3,249	5,319	10,003	9,347	147,574
Education, health and others	94,038	377	4,674	27,526	2,204	640	129,459
Electricity, gas and water supply	52,517	-	-	-	-	-	52,517
Financial, insurance/takaful, real estate and business services	155,878	7,339	2,487	4,118	3,183	1,548	174,553
Manufacturing	150,065	10,856	56,789	20,255	22,813	6,443	267,221
Mining and quarrying	4,034	-	446	1,516	-	302	6,298
Primary agriculture	4,186	-	-	-	-	-	4,186
Transportation, storage and communication	69,928	7,652	13,944	10,009	8,917	2,236	112,686
Wholesale, retail trade, restaurants and hotels	190,399	64,135	14,544	33,968	48,996	3,571	355,613
<b>At 30 September 2023</b>	<b>839,857</b>	<b>91,203</b>	<b>96,133</b>	<b>102,711</b>	<b>96,116</b>	<b>24,087</b>	<b>1,250,107</b>

**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 (cont'd.):

<b>Group</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	106,041	700	2,035	3,271	10,271	7,778	130,096
Education, health and others	89,008	461	7,969	28,237	6,837	817	133,329
Electricity, gas and water supply	54,833	-	-	-	-	-	54,833
Financial, insurance/takaful, real estate and business services	164,999	7,449	1,507	3,712	3,067	748	181,482
Manufacturing	150,476	13,445	55,737	25,637	1,179	5,396	251,870
Mining and quarrying	4,843	-	-	323	-	-	5,166
Primary agriculture	46	-	-	-	171	-	217
Transportation, storage and communication	42,725	7,586	9,830	13,939	11,491	7,572	93,143
Wholesale, retail trade, restaurants and hotels	183,657	63,323	15,450	36,641	44,492	7,086	350,649
<b>At 31 December 2022</b>	<b>796,628</b>	<b>92,964</b>	<b>92,528</b>	<b>111,760</b>	<b>77,508</b>	<b>29,397</b>	<b>1,200,785</b>

**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 (cont'd.):

<b>Bank</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	117,350	844	3,249	5,319	10,003	9,347	146,112
Education, health and others	63,178	377	4,674	27,526	2,204	640	98,599
Electricity, gas and water supply	52,517	-	-	-	-	-	52,517
Financial, insurance/takaful, real estate and business services	154,630	7,339	2,487	4,118	3,183	1,548	173,305
Manufacturing	118,107	10,856	56,789	20,255	22,813	6,443	235,263
Mining and quarrying	4,034	-	446	1,516	-	302	6,298
Primary agriculture	4,186	-	-	-	-	-	4,186
Transportation, storage and communication	43,240	7,652	13,944	10,009	8,917	2,236	85,998
Wholesale, retail trade, restaurants and hotels	178,012	64,135	14,544	33,968	48,996	3,571	343,226
<b>At 30 September 2023</b>	<b>735,254</b>	<b>91,203</b>	<b>96,133</b>	<b>102,711</b>	<b>96,116</b>	<b>24,087</b>	<b>1,145,504</b>

**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 (cont'd.):

<b>Bank</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	104,559	700	2,035	3,271	10,271	7,778	128,614
Education, health and others	56,768	461	7,969	28,237	6,837	817	101,089
Electricity, gas and water supply	54,833	-	-	-	-	-	54,833
Financial, insurance/takaful, real estate and business services	163,240	7,449	1,507	3,712	3,067	748	179,723
Manufacturing	118,538	13,445	55,737	25,637	1,179	5,396	219,932
Mining and quarrying	4,843	-	-	323	-	-	5,166
Primary agriculture	46	-	-	-	171	-	217
Transportation, storage and communication	15,451	7,586	9,830	13,939	11,491	7,572	65,869
Wholesale, retail trade, restaurants and hotels	171,127	63,323	15,450	36,641	44,492	7,086	338,119
<b>At 31 December 2022</b>	<b>689,405</b>	<b>92,964</b>	<b>92,528</b>	<b>111,760</b>	<b>77,508</b>	<b>29,397</b>	<b>1,093,562</b>

**Small Medium Enterprise Development Bank Malaysia Berhad**  
**(Incorporated in Malaysia)**
**23. Islamic banking business (cont'd.)**
**(b) Advances and financing (cont'd.)**

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

	Group		Bank	
	30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
At 1 January	1,200,785	1,186,610	1,093,562	1,075,078
-Transfers to Stage 1	(22,990)	(61,315)	(22,990)	(61,315)
-Transfers to Stage 2	(6,492)	(27,287)	(6,492)	(27,287)
-Transfers to Stage 3	184,363	282,975	184,363	282,975
	1,355,666	1,380,983	1,248,443	1,269,451
Changes due to change in credit risk	(24,621)	(22,156)	(22,001)	(17,847)
New financial assets originated	13,287	7,196	13,287	7,196
Financial assets derecognised	(43,051)	(61,751)	(43,051)	(61,751)
Amount written-off	(51,174)	(103,487)	(51,174)	(103,487)
At 30 September 2023/31 December 2022	1,250,107	1,200,785	1,145,504	1,093,562

(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 2023	93,965	45,761	545,534	685,260
-Transfers to Stage 1	12,146	(4,678)	(7,468)	-
-Transfers to Stage 2	(3,687)	6,779	(3,092)	-
-Transfers to Stage 3	(710)	(10,723)	11,433	-
	7,749	(8,622)	873	-
Changes due to change in credit risk (Note 23(h))	(16,307)	15,921	112,894	112,508
Net financial assets originated (Note 23(h))	18,847	3,527	1,213	23,587
Financial assets derecognised (Note 23(h))	(9,985)	(235)	(12,662)	(22,882)
Amount written-off	-	-	(49,475)	(49,475)
At 30 September 2023	94,269	56,352	598,377	748,998
At 1 January 2022	97,559	16,634	474,964	589,157
-Transfers to Stage 1	12,517	(4,190)	(8,327)	-
-Transfers to Stage 2	(9,713)	16,850	(7,137)	-
-Transfers to Stage 3	(8,976)	(4,293)	13,269	-
	(6,172)	8,367	(2,195)	-
Changes due to change in credit risk	(4,706)	20,001	189,089	204,384
Net financial assets originated	20,208	933	2,113	23,254
Financial assets derecognised	(12,924)	(174)	(17,926)	(31,024)
Amount written-off	-	-	(100,511)	(100,511)
At 31 December 2022	93,965	45,761	545,534	685,260

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

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

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

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

<b>Bank</b>	<b>Stage1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
At 1 January 2023	93,965	45,761	438,311	578,037
-Transfers to Stage 1	12,146	(4,678)	(7,468)	-
-Transfers to Stage 2	(3,687)	6,779	(3,092)	-
-Transfers to Stage 3	(710)	(10,723)	11,433	-
	7,749	(8,622)	873	-
Changes due to change in credit risk (Note 23(h))	(16,307)	15,921	115,514	115,128
Net financial assets originated (Note 23(h))	18,847	3,527	1,213	23,587
Financial assets derecognised (Note 23(h))	(9,985)	(235)	(12,662)	(22,882)
Amount written-off	-	-	(49,475)	(49,475)
At 30 September 2023	94,269	56,352	493,774	644,395
At 1 January 2022	97,559	16,634	363,432	477,625
-Transfers to Stage 1	12,517	(4,190)	(8,327)	-
-Transfers to Stage 2	(9,713)	16,850	(7,137)	-
-Transfers to Stage 3	(8,976)	(4,293)	13,269	-
	(6,172)	8,367	(2,195)	-
Changes due to change in credit risk	(4,706)	20,001	193,398	208,693
Net financial assets originated	20,208	933	2,113	23,254
Financial assets derecognised	(12,924)	(174)	(17,926)	(31,024)
Amount written-off	-	-	(100,511)	(100,511)
At 31 December 2022	93,965	45,761	438,311	578,037

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2023 RM'000</b>	<b>31 December 2022 RM'000</b>	<b>30 September 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
Net impaired advances and financing as a percentage	7.97%	8.24%	7.97%	8.24%

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

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

**(c) Term financing/Fundings**

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Unsecured term financing/fundings	1,543,333	1,445,256

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

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Within one year	11,989	10,736
More than one year to five years	662,315	627,613
More than five years	869,029	806,907
	<u>1,543,333</u>	<u>1,445,256</u>

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

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Financing from:		
- Government of Malaysia	444,246	437,699
- Bank Negara Malaysia ("BNM")	1,099,087	1,007,557
	<u>1,543,333</u>	<u>1,445,256</u>

The weighted average profit rates on the term financing/fundings from Government of Malaysia is at 2.0% (2022: 2.0%) and Bank Negara Malaysia range from 0% to 1.5% (2022: 0% to 1.5%) per annum.

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

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

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

Group and Bank	Third Quarter Ended		Nine Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Income from advances and financing				
- Murabahah	14,580	15,468	43,412	46,790
- Istisna'	980	1,234	3,255	3,777
- Ijarah Thumma Al-Bai	5,712	6,803	17,593	16,986
- Bai' Dayn	-	32	-	122
- Tawarruq	115,890	99,475	332,834	281,837
- Bai' Inah	222	270	661	817
<b>Total income from advances and financing</b>	<b>137,384</b>	<b>123,282</b>	<b>397,755</b>	<b>350,329</b>
Tawarruq deposit placements	8,665	9,038	26,656	24,297
Financial investments at FVTPL	908	1,057	4,466	2,271
Financial investments at FVOCI	12,590	10,684	35,457	32,681
Financial investments at AC	11,637	6,701	29,504	14,982
<b>Total income from Islamic banking business</b>	<b>171,184</b>	<b>150,762</b>	<b>493,838</b>	<b>424,560</b>

Included in income from advances and financing is unwinding of modification loss amounting to RM6,089,000.

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

Group	Third Quarter Ended		Nine Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Deposits from customers	34,966	26,070	104,474	67,952
Deposits from banks and other financial institutions	632	923	1,856	2,493
Islamic medium-term notes/commercial notes	29,903	19,803	79,819	61,223
Term financing/fundings	9,107	12,106	27,233	23,251
Others	282	459	924	1,417
	<b>74,890</b>	<b>59,361</b>	<b>214,306</b>	<b>156,336</b>

  

Bank	Third Quarter Ended		Nine Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Deposits from customers	35,143	26,245	104,920	68,222
Deposits from banks and other financial institutions	632	923	1,856	2,493
Islamic medium-term notes/commercial notes	29,903	19,803	79,819	61,223
Term financing/fundings	9,107	12,106	27,233	23,251
Others	282	459	924	1,417
	<b>75,067</b>	<b>59,536</b>	<b>214,752</b>	<b>156,606</b>

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

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

**(f) Other operating income**

Group	Third Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Fee income	5,898	4,288	12,979	10,960
Commission fee income	465	1,029	1,113	1,502
Rental income	2,935	3,223	8,810	8,346
Government fund released	9,074	6,695	24,415	19,995
Government compensation	3,174	2,495	9,517	6,801
Gain on disposal of associate	-	-	3,465	-
Recoveries from financing written off	6,918	3,586	23,301	19,075
Ta'widh/Compensation on late payment charges	1,840	1,332	4,808	3,628
Others	283	600	2,583	2,408
	<b>30,587</b>	<b>23,248</b>	<b>90,991</b>	<b>72,715</b>

Bank	Third Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Fee income	3,152	2,145	7,646	6,793
Commission fee income	465	1,029	1,113	1,502
Rental income	2,935	3,223	8,810	8,346
Government fund released	9,074	6,695	24,415	19,995
Government compensation	3,174	2,495	9,517	6,801
Management fees	98	98	294	294
Gain on disposal of associate	-	-	5,800	-
Recoveries from financing written off	5,244	4,245	20,820	13,981
Profit income on amount owing by subsidiary company	470	2,149	1,667	6,447
Ta'widh/Compensation on late payment charges	1,840	1,332	4,808	3,628
Others	454	599	2,444	2,367
	<b>26,906</b>	<b>24,010</b>	<b>87,334</b>	<b>70,154</b>

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

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

**(g) Other operating expenses**

Group	Third Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	41,058	42,929	128,921	111,210
Establishment related expenses	14,022	11,111	42,240	34,055
Promotion and marketing expenses	2,298	1,685	7,198	4,852
Administration and general expenses	13,288	8,774	37,039	24,152
	<u>70,666</u>	<u>64,499</u>	<u>215,398</u>	<u>174,269</u>

Bank	Third Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	39,938	41,765	125,970	108,781
Establishment related expenses	14,038	11,094	42,227	34,009
Promotion and marketing expenses	2,272	1,683	7,172	4,847
Administration and general expenses	13,134	10,937	37,667	27,810
	<u>69,382</u>	<u>65,479</u>	<u>213,036</u>	<u>175,447</u>

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

Group	Third Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
	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))	(630)	3,555	(7,445)	(7,362)
- Stage 2 (Note 23(b)(x))	6,345	3,532	19,213	19,597
- Stage 3 (Note 23(b)(x))	39,301	54,671	101,445	153,703
	<u>45,016</u>	<u>61,758</u>	<u>113,213</u>	<u>165,938</u>
Impaired advances and financing written off	1,499	452	2,005	544
<b>Total allowance for impairment on advances and financing</b>	<u>46,515</u>	<u>62,210</u>	<u>115,218</u>	<u>166,482</u>

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

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

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

Bank	Third Quarter Ended		Nine Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
(Writeback)/Allowance for impairment losses on advances and financing made during the period:				
- Stage 1 (Note 23(b)(x))	(630)	3,555	(7,445)	(7,362)
- Stage 2 (Note 23(b)(x))	6,345	3,532	19,213	19,597
- Stage 3 (Note 23(b)(x))	40,100	56,053	104,065	156,588
	45,815	63,140	115,833	168,823
Impaired advances and financing written off	1,499	452	2,005	544
<b>Total allowance for impairment on advances and financing</b>	<b>47,314</b>	<b>63,592</b>	<b>117,838</b>	<b>169,367</b>

**(i) Commitments**

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
Direct credit substitutes	121,093	178,521
Transaction-related-contingent items	227,591	167,106
Undisbursed financing		
- original maturity up to one year	431,056	226,071
- original maturity more than one year	1,204,561	1,664,834
	<b>1,984,301</b>	<b>2,236,532</b>

**(j) Capital adequacy**

**Capital management**

Regulatory capital

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

	Group		Bank	
	30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
<b><u>Tier I Capital</u></b>				
Capital funds	1,050,564	1,050,564	1,050,564	1,050,564
Retained earnings <sup>1</sup>	410,520	479,833	262,385	331,698
General provision for advances and financing <sup>2</sup>	35,300	44,912	35,300	44,912
Less: Deferred tax assets	(108,089)	(108,089)	(108,089)	(108,089)
Less: Property revaluation reserves	(231,766)	(231,765)	(231,766)	(231,765)
<b>Total Tier I capital</b>	<b>1,156,529</b>	<b>1,235,455</b>	<b>1,008,394</b>	<b>1,087,320</b>

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

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

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

**Capital management (cont'd.)**

Regulatory capital (cont'd.)

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

	Group		Bank	
	30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
<b>Tier II Capital</b>				
General provision for advances and financing <sup>2</sup>	119,865	99,536	119,865	99,536
Property revaluation reserve <sup>3</sup>	115,883	115,883	115,883	115,883
Government funds	430,400	433,432	430,400	433,432
<b>Total Tier II capital</b>	<b>666,148</b>	<b>648,851</b>	<b>666,148</b>	<b>648,851</b>
<b>Total capital</b>	1,822,676	1,884,306	1,674,541	1,736,171
Less: Investment in subsidiaries	-	-	-	-
<b>Total capital base</b>	<b>1,822,676</b>	<b>1,884,306</b>	<b>1,674,541</b>	<b>1,736,171</b>

<sup>1</sup> Included in retained earnings for the Group and the Bank are the impact of adopting the modified accounting treatment of RM63,092,000 during current financial period.

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

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

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

	Group		Bank	
	30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
20%	172,986	350,881	172,986	350,881
50%	4,705	5,120	4,705	5,120
100%	10,392,779	10,218,138	10,466,131	10,312,578
	<b>10,570,470</b>	<b>10,574,139</b>	<b>10,643,822</b>	<b>10,668,579</b>

Before deducting dividends:

Core capital ratio	10.941%	11.684%	9.474%	10.192%
Risk-weighted capital ratio	<b>17.243%</b>	<b>17.820%</b>	<b>15.733%</b>	<b>16.274%</b>

After deducting dividends:

Core capital ratio	10.941%	11.625%	9.474%	10.133%
Risk-weighted capital ratio	<b>17.243%</b>	<b>17.761%</b>	<b>15.733%</b>	<b>16.215%</b>

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

**24. Analysis of financial performance**

**Current Period-to-Date vs. Previous Corresponding Period-to-Date**

Key Profit or Loss item:	GROUP Nine months ended			
	30 September 2023 RM'000	30 September 2022 RM'000	Variances	
			RM'000	%
Profit before tax expense and zakat	47,310	27,727	19,583	70.6%
Profit after tax expense and zakat	34,092	26,224	7,868	30.0%
Ratio of profit before tax to average shareholders' funds	2.87%	1.71%	-	1.16%
Ratio of profit before tax to average total assets	0.38%	0.23%	-	0.15%

Key Balance Sheet	GROUP As at			
	30 September 2023 RM'000	31 December 2022 RM'000	Variances	
			RM'000	%
Total assets	12,381,657	12,534,552	(152,895)	(1.22%)
Gross loans, advances and financing	9,059,609	8,794,555	265,054	3.01%
Gross impaired loans, advances and financing (%)	16.81%	16.90%	-	0.10%
Deposits from customers	3,910,027	4,503,909	(593,882)	(13.19%)

SME Bank Group ("Group") reported profit before tax expense and zakat of RM47.31 million for the financial period ended 30 September 2023. The result is higher by RM19.58 million from the same period last year of RM27.73 million largely due to the higher gross income recognised from Islamic banking business amounting to RM370.52 million compared to RM340.94 million in the preceding financial period, which was mainly contributed from higher income from financing portfolio and Treasury activities.

Ratio of PBT to average shareholders' funds and ratio of PBT to average total assets came in at 2.87% and 0.38% respectively, which is an improvement during the current period under review compared to 1.71% and 0.23% recorded in the previous corresponding quarter.

Notwithstanding higher gross financing portfolio of RM9.06 billion (3Q22: RM8.79 billion) the Group's total assets decreased to RM12.38 billion as at 30 September 2023 compared to RM12.53 billion as at 31 December 2022. This is mainly due to lower cash and short term funds of RM0.73 billion in comparison to RM1.63 billion in the last financial year end.

The Group's gross impaired ratio decreased to 16.81% in the current financial period in comparison to 16.90% in the preceding financial year end. The Group's Risk-Weighted Capital Ratio stood at 18.42% while its Core Capital Ratio stood at 12.12% compared to 18.98% and 12.84% respectively as at 31 December 2022.