

MBSB BANK BERHAD (200501033981 / 716122-P)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

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

		Bank Group		Bank	
		31-Mar-22 RM'000	31-Dec-21 RM'000	31-Mar-22 RM'000	31-Dec-21 RM'000
Assets					
Cash and short-term funds	5(a)	743,262	645,205	714,067	624,629
Deposits and placements with banks and other financial institutions	5(b)	811,784	843,856	-	100,093
Derivative financial assets	6	2,277	637	2,277	637
Financial investments at fair value through profit or loss	7	953,025	240,209	953,025	240,209
Financial investments at fair value through other comprehensive income	8	11,488,618	11,811,115	11,488,618	11,811,115
Financial investments at amortised cost	9	971,247	630,334	971,247	630,334
Financing and advances	10	34,148,345	34,026,013	34,148,345	34,026,013
Sukuk Commodity Murabahah		-	-	2,435,501	2,404,630
Other receivables	11	464,540	498,867	523,794	554,872
Statutory deposits with Bank Negara Malaysia		650,000	650,000	650,000	650,000
Investment property		820	820	820	820
Property and equipment		52,530	54,355	52,530	54,355
Intangible assets		101,638	101,184	101,638	101,184
Right-of-use assets		54,789	41,354	54,789	41,354
Tax recoverable		874	1,049	-	-
Deferred tax assets		65,150	17,292	65,150	17,292
Assets held for sale	13	1,805	2,122	1,805	2,122
Total assets		50,510,704	49,564,412	52,163,606	51,259,659
Liabilities					
Deposits from customers	14	27,503,624	25,418,212	27,503,624	25,418,212
Deposits and placements of banks and other financial institutions	15	6,977,311	8,649,581	6,977,311	8,649,581
Investment accounts of customers	16	1,710,773	2,094,914	1,710,773	2,094,914
Derivative financial liabilities	6	915	2,363	915	2,363
Other payables	17	1,019,892	985,880	2,949,848	2,952,415
Lease liabilities		55,422	41,973	55,422	41,973
Recourse obligation on financing sold		4,100,939	3,141,309	4,100,939	3,141,309
Sukuk-MBSB Structured Covered Murabahah		1,087,002	1,072,972	1,087,002	1,072,972
Sukuk Wakalah		1,310,941	1,294,247	1,310,941	1,294,247
Provision for taxation		50,916	77,202	50,916	77,202
Total liabilities		43,817,735	42,778,653	45,747,691	44,745,188
Equity					
Share capital		5,427,972	5,427,972	5,427,972	5,427,972
Reserves		1,264,997	1,357,787	987,943	1,086,499
Total equity		6,692,969	6,785,759	6,415,915	6,514,471
Total Liabilities and Equity		50,510,704	49,564,412	52,163,606	51,259,659
Commitments and contingencies	26	4,188,365	3,253,338	4,188,365	3,253,338
Capital Adequacy					
	28	Bank Group		Bank	
CET1 capital		16.459%	17.162%	15.658%	16.324%
Tier 1 capital		16.459%	17.162%	15.658%	16.324%
Total capital ratio		21.086%	21.794%	20.080%	20.751%

The interim financial statements should be read in conjunction with the audited financial statements of the Bank Group and the Bank for the financial year ended 31 December 2021.

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2022

		Bank Group		Bank	
		31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	18	531,270	545,197	554,800	556,908
Income derived from investment of shareholders' funds	19	109,548	111,134	114,087	113,252
Income derived from investment of investment accounts' funds	20	33,489	1,689	33,489	1,689
Expected credit losses on financing and advances and other impairment	21	(166,644)	(157,725)	(166,644)	(157,725)
Loss on modification of cash flows		(8,961)	(36,463)	(8,961)	(36,463)
Total distributable income		498,702	463,832	526,771	477,661
Income attributable to depositors and others	22	(279,189)	(262,639)	(314,234)	(296,568)
Total net income		219,513	201,193	212,537	181,093
Personnel expenses	23	(83,726)	(67,121)	(83,726)	(67,121)
Other overhead expenses	24	(62,731)	(28,437)	(62,342)	(27,785)
Profit before taxation and zakat		73,056	105,635	66,469	86,187
Taxation		(18,360)	(41,913)	(17,539)	(40,613)
Zakat		(75)	(675)	(75)	(675)
Profit for the financial period		54,621	63,047	48,855	44,899
Profit attributable to:					
Owner of the Bank		54,621	63,047	48,855	44,899
		54,621	63,047	48,855	44,899
Profit for the financial period		54,621	63,047	48,855	44,899
Other comprehensive loss, net of tax	25	(147,411)	(369,799)	(147,411)	(369,799)
		(147,411)	(369,799)	(147,411)	(369,799)
Total comprehensive loss for the financial period		(92,790)	(306,752)	(98,556)	(324,900)
Total comprehensive loss attributable to:					
Owner of the Bank Group		(92,790)	(306,752)	(98,556)	(324,900)
		(92,790)	(306,752)	(98,556)	(324,900)
Earnings per share (sen)		4.03	4.65	3.60	3.31

The interim financial statements should be read in conjunction with the audited financial statements of the Bank Group and the Bank for the financial year ended 31 December 2021.

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

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

	← Non-distributable →			Distributable	Total
	Share Capital	Regulatory Reserve	Fair value reserve	Retained profits	
Bank Group	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	5,427,972	5,234	(160,950)	1,513,503	6,785,759
Profit for the financial period	-	-	-	54,621	54,621
Other comprehensive loss for the financial period	-	-	(147,411)	-	(147,411)
Total comprehensive (loss)/income for the financial period	-	-	(147,411)	54,621	(92,790)
At 31 March 2022	5,427,972	5,234	(308,361)	1,568,124	6,692,969
At 1 January 2021	5,159,859	5,234	234,762	1,291,385	6,691,240
Profit for the financial period	-	-	-	63,047	63,047
Other comprehensive income for the financial period	-	-	(369,799)	-	(369,799)
Total comprehensive income for the financial period	-	-	(369,799)	63,047	(306,752)
Issuance of ordinary shares	268,113	-	-	-	268,113
At 31 March 2021	5,427,972	5,234	(135,037)	1,354,432	6,652,601

The interim financial statements should be read in conjunction with the Audited Financial Statements of the Bank Group and the Bank for the financial year ended 31 December 2021.

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CHANGES IN EQUITY****FOR THE FIRST QUARTER ENDED 31 MARCH 2022 (CONTINUED)**

	← Non-distributable →			Distributable	Total
	Share Capital	Regulatory Reserve	Fair value reserve	Retained profits	
Bank	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	5,427,972	5,234	(160,950)	1,242,215	6,514,471
Profit for the financial period	-	-	-	48,855	48,855
Other comprehensive loss for the financial period	-	-	(147,411)	-	(147,411)
Total comprehensive (loss)/income for the financial period	-	-	(147,411)	48,855	(98,556)
At 31 March 2022	5,427,972	5,234	(308,361)	1,291,070	6,415,915
At 1 January 2021	5,159,859	5,234	234,762	1,032,715	6,432,570
Profit for the financial period	-	-	-	44,899	44,899
Other comprehensive loss for the financial period	-	-	(369,799)	-	(369,799)
Total comprehensive (loss)/income for the financial period	-	-	(369,799)	44,899	(324,900)
Issuance of ordinary shares	268,113	-	-	-	268,113
At 31 March 2021	5,427,972	5,234	(135,037)	1,077,614	6,375,783

The interim financial statements should be read in conjunction with the Audited Financial Statements of the Bank Group and the Bank for the financial year ended 31 December 2021.

**INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2022**

	Bank Group		Bank	
	3 months ended		3 months ended	
	31-March-22	31-March-21	31-March-22	31-March-21
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	73,056	105,635	66,469	86,187
Adjustments for non-cash items	270,627	139,191	239,756	122,236
Operating profit before working capital changes	343,683	244,826	306,225	208,423
Working capital changes:				
Net changes in operating assets	(172,983)	(50,029)	(197,074)	61,368
Net changes in operating liabilities	(23,854)	2,132,416	28,431	2,055,364
Income taxes and zakat paid	(11,951)	(8,796)	(11,306)	(7,420)
Net cash generated from operating activities	134,895	2,318,417	126,276	2,317,735
Cash flows from investing activities				
Purchase of property and equipment	(2,239)	(2,263)	(2,239)	(2,263)
Purchase of intangible assets	(10,022)	(2,464)	(10,022)	(2,464)
Profit income from financial investments	131,789	104,659	131,789	104,659
Net purchase of financial investments	(1,068,859)	(1,731,312)	(1,068,859)	(1,731,312)
Net cash used in investing activities	(949,331)	(1,631,380)	(949,331)	(1,631,380)
Cash flows from financing activities				
Issuance/(repayment) of recourse obligation on financing sold	953,634	(393,507)	953,634	(393,507)
Profit expense paid on recourse obligation on financing sold	(29,006)	(24,218)	(29,006)	(24,218)
Payment of lease liabilities	(12,135)	(2,282)	(12,135)	(2,282)
Issuance of ordinary shares	-	268,113	-	268,113
Net cash generated from/(used in) financing activities	912,493	(151,894)	912,493	(151,894)
Net increase in cash and cash equivalents	98,057	535,143	89,438	534,461
Cash and cash equivalents at the beginning of financial period	645,205	731,160	624,629	726,996
Cash and cash equivalents at the end of financial period	743,262	1,266,303	714,067	1,261,457

The interim financial statements should be read in conjunction with the audited financial statements of the Bank Group and the Bank for the financial year ended 31 December 2021.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2022**

1. Basis of preparation

The unaudited condensed interim financial statements for the financial quarter ended 31 March 2022 have been prepared under the historical cost convention except for financial assets which are recognised at fair value and the following financial assets and financial liabilities which are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective profit method: financing and advances, trade and other payables, bank borrowings and recourse obligations on financing sold.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Financial Reporting for Islamic Banking Institutions policy issued by Bank Negara Malaysia ("BNM"). The unaudited interim financial statements should be read in conjunction with the audited annual financial statements of MBSB Bank Group and MBSB Bank for the financial year ended 31 December 2021. The explanatory notes attached to the 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 MBSB Bank Group and MBSB Bank since the financial year ended 31 December 2021.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 December 2021.

On 1 January 2022, where applicable, MBSB Bank Group and MBSB Bank adopted the following MFRSs and Amendments to MFRSs mandatory for annual financial periods beginning on or after 1 January 2021:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

1. Basis of preparation (continued)

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Bank Group and the Bank:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

2. Audit Report of Preceding Financial Year Ended 31 December 2021

The audit report on the financial statements of the preceding year was not qualified.

3. Seasonality and Cyclicity of Operation

The business operations of MBSB Bank Group and MBSB Bank have not been affected by any seasonal or cyclical factors.

4. Exceptional or Unusual Items

There were no exceptional or unusual items during the quarter.

5. Cash and short-term funds and deposits and placements with banks and other financial institutions

	Bank Group		Bank	
	31-Mar-22 RM'000	31-Dec-21 RM'000	31-Mar-22 RM'000	31-Dec-21 RM'000
(a) Cash and balances with banks and other financial institutions	271,239	125,180	242,044	104,604
Money at call and deposit placements maturing within one month	472,023	520,025	472,023	520,025
Total cash and short-term funds	743,262	645,205	714,067	624,629
(b) Deposits and placements with financial institutions with original maturity of more than one month				
- Licensed Islamic banks	811,784	843,856	-	100,093
	<u>1,555,046</u>	<u>1,489,061</u>	<u>714,067</u>	<u>724,722</u>

The ECL for cash and short-term funds and deposits and placements with banks and other financial institutions above is nil (2021: nil).

6. Derivative financial assets/(liabilities)

The following table summarises the contractual or underlying principal amounts of derivative financial instruments held at fair value through profit or loss. The principal or contractual amount of these instruments reflects the volume of transactions outstanding at financial position date, and do not represent amounts at risk.

Trading derivative financial instruments are revalued on a gross position and the unrealised gains or losses are reflected as derivative financial assets and liabilities respectively.

	Bank Group and Bank					
	31-Mar-22			31-Dec-21		
	Contract/ Notional amount RM'000	Fair value		Contract/ Notional amount RM'000	Fair value	
	Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000	
Trading derivatives						
<u>Foreign exchange contracts:</u>						
Currency forward						
- Less than one year	<u>1,568,433</u>	<u>2,277</u>	<u>(915)</u>	<u>419,278</u>	<u>637</u>	<u>(2,363)</u>

7. Financial investments at FVTPL

	Bank Group and Bank	
	31-Mar-22 RM'000	31-Dec-21 RM'000
At fair value		
<u>In Malaysia</u>		
Investment with fund manager - Money Market Securities	240,357	240,209
Malaysian Government Investment Issues	712,668	-
	<u>953,025</u>	<u>240,209</u>

8. Financial investments at FVOCI

	Bank Group and Bank	
	31-Mar-22	31-Dec-21
	RM'000	RM'000
At fair value		
Money Market Instruments		
Malaysian Government Investment Issues	8,281,959	8,317,698
Debt securities:		
<u>In Malaysia</u>		
Private and Islamic debt securities	1,090,659	1,139,722
Government Guaranteed corporate sukuk	2,116,000	2,353,695
	<u>11,488,618</u>	<u>11,811,115</u>

The carrying amount of financial investments measured at FVOCI is its fair value. Accordingly, the recognition of impairment loss does not affect the carrying amount of those assets, but is reflected as a debit to profit or loss or retained earnings, and credit to other comprehensive income.

ECL movement for financial investments at FVOCI:

	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	14	-	-	14
Total charge to profit or loss:	(5)	-	-	(5)
Change in credit risk	(5)	-	-	(5)
At 31 March 2022	<u>9</u>	<u>-</u>	<u>-</u>	<u>9</u>

	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	7	-	-	7
Total charge to profit or loss:	7	-	-	7
New financial investments purchased during the year	13	-	-	13
Matured financial investments during the year	(5)	-	-	(5)
Change in credit risk	(1)	-	-	(1)
At 31 December 2021	<u>14</u>	<u>-</u>	<u>-</u>	<u>14</u>

9. Financial investments at amortised cost

	Bank Group and Bank	
	31-Mar-22	31-Dec-21
	RM'000	RM'000
At amortised cost		
Money Market Instruments		
Malaysian Government Investment Issues	259,303	20,666
<u>In Malaysia</u>		
Private and Islamic debt securities	692,763	610,880
Government Guaranteed corporate sukuk	20,192	-
	972,258	631,546
Less: ECL Stage 1	(670)	(841)
ECL Stage 2	(341)	(371)
	971,247	630,334

ECL movement for financial investments at amortised cost:

	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
ECL at 1 January 2022	841	371	-	1,212
Charged to profit or loss	(171)	(30)	-	(201)
Change in credit risk	(203)	(30)	-	(233)
Matured financial investments during the period	(2)	-	-	(2)
New financial investments purchased during the period	34	-	-	34
ECL at 31 March 2022	670	341	-	1,011

	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
ECL at 1 January 2021	90	501	-	591
Charged to profit or loss	751	(130)	-	621
Change in credit risk	(3)	(130)	-	(133)
New financial investments purchased during the year	754	-	-	754
ECL at 31 December 2021	841	371	-	1,212

10. Financing and advances

	Bank Group and Bank	
	31-Mar-22	31-Dec-21
	RM'000	RM'000
(i) By type		
At amortised cost		
Term financing		
- Personal financing	19,745,946	19,613,339
- Property financing	7,515,585	7,266,303
- Hire purchase receivables	677,783	679,199
- Bridging financing	418,720	411,617
- Auto financing	69,609	75,121
- Other term financing	5,346,010	5,584,420
Revolving Credit	164,436	175,464
Staff financing	41,335	42,371
Cash line	113,076	125,147
Trade finance	1,499,798	1,341,912
Gross financing and advances	<u>35,592,298</u>	<u>35,314,893</u>
Less: ECL		
- Stage 1	(363,098)	(345,477)
- Stage 2	(584,008)	(588,894)
- Stage 3	(496,847)	(354,509)
Net financing and advances	<u>34,148,345</u>	<u>34,026,013</u>
(ii) By residual contractual maturity		
Within one year	2,526,737	2,426,329
More than one year to three years	1,401,437	1,355,651
More than three years to five years	1,636,424	1,815,082
More than five years	30,027,700	29,717,831
	<u>35,592,298</u>	<u>35,314,893</u>
(iii) By economic purpose		
Personal Use	19,837,005	19,697,222
Construction	3,488,800	3,519,709
Purchase of landed property:		
- Residential	7,112,080	6,875,705
- Non-Residential	851,053	842,591
Working Capital	3,161,645	3,243,641
Purchase of other fixed assets	936,293	928,278
Purchase of transport vehicles	72,148	77,009
Purchase of other securities	423	432
Purchase of consumer durables	907	901
Others	131,944	129,405
	<u>35,592,298</u>	<u>35,314,893</u>

10. Financing and advances (continued)

(iv) By type of customers

	Bank Group and Bank	
	31-Mar-22	31-Dec-21
	RM'000	RM'000
Individuals	27,293,095	26,916,815
Domestic business enterprises		
- Small medium enterprises	2,250,322	2,298,710
- Non-bank financial institutions	662,915	739,048
- Others	5,238,846	5,328,983
Foreign entities	147,120	31,337
	<u>35,592,298</u>	<u>35,314,893</u>

(v) By sector

	Bank Group and Bank	
	31-Mar-22	31-Dec-21
	RM'000	RM'000
Household sectors	27,293,095	26,916,816
Construction	3,004,780	3,356,831
Finance, insurance and business services	2,605,939	2,501,746
Wholesale & retail trade and restaurants & hotels	884,621	857,239
Manufacturing	1,040,737	907,471
Transport, storage and communications	211,262	242,399
Mining and quarrying	84,000	185,409
Electricity, gas and water	174,849	174,723
Education, health and others	252,734	135,680
Agriculture	40,281	36,579
	<u>35,592,298</u>	<u>35,314,893</u>

(vi) By profit rate sensitivity

	Bank Group and Bank	
	31-Mar-22	31-Dec-21
	RM'000	RM'000
Fixed rate:		
Personal financing	16,027,692	16,092,439
Auto financing	72,059	77,622
Property financing	399,323	416,749
Bridging, structured and term financing	859,458	868,877
Variable rate:		
Personal financing	3,728,145	3,531,300
Property financing	7,144,851	6,878,621
Bridging, structured and term financing	7,360,770	7,449,285
	<u>35,592,298</u>	<u>35,314,893</u>

(vii) By geographical distribution

	Bank Group and Bank	
	31-Mar-22	31-Dec-21
	RM'000	RM'000
Malaysia	<u>35,592,298</u>	<u>35,314,893</u>

10. Financing and advances (continued)

(viii) Financing by types and Shariah contracts

**Bank Group and Bank
31-Mar-22**

Type	Tawarruq RM'000	Bai' RM'000	Ijarah RM'000	Total RM'000
Term Financing	30,473,767	1,936,752	1,363,134	33,773,653
Property financing	5,666,410	1,848,116	1,059	7,515,585
Bridging financing	418,720	-	-	418,720
Hire purchase receivables	-	-	677,783	677,783
Auto financing	-	-	69,609	69,609
Personal financing	19,745,807	139	-	19,745,946
Other term financing	4,642,830	88,497	614,683	5,346,010
Cash line	113,076	-	-	113,076
Staff financing	38,472	13	2,850	41,335
Revolving credit	164,436	-	-	164,436
Others	1,499,798	-	-	1,499,798
	<u>32,289,549</u>	<u>1,936,765</u>	<u>1,365,984</u>	<u>35,592,298</u>

**Bank Group and Bank
31-Dec-21**

Type	Tawarruq RM'000	Bai' RM'000	Ijarah RM'000	Total RM'000
Term Financing	30,275,614	1,967,172	1,387,214	33,630,000
Property financing	5,387,921	1,876,845	1,537	7,266,303
Bridging financing	411,617	-	-	411,617
Hire purchase receivables	-	-	679,199	679,199
Auto financing	-	-	75,121	75,121
Personal financing	19,613,199	141	-	19,613,340
Other term financing	4,862,877	90,186	631,357	5,584,420
Cash line	125,147	-	-	125,147
Staff financing	39,450	21	2,900	42,371
Revolving credit	175,464	-	-	175,464
Others	1,341,911	-	-	1,341,911
	<u>31,957,586</u>	<u>1,967,193</u>	<u>1,390,114</u>	<u>35,314,893</u>

10. Financing and advances (continued)

(ix) Movement of gross financing and advances

31-Mar-22	Bank Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2022	29,129,287	5,222,077	963,529	35,314,893
Transfer to stage 1	573,133	(568,537)	(4,596)	-
Transfer to stage 2	(555,288)	594,048	(38,760)	-
Transfer to stage 3	(15,267)	(510,343)	525,610	-
New financing / disbursement during the period	1,753,125	529,176	4,168	2,286,469
Repayment during the period	(1,744,576)	(531,143)	(26,548)	(2,302,267)
Other movements	264,600	41,798	4,460	310,858
Loss on modification of cash flows	(7,302)	(1,659)	-	(8,961)
Write-offs	-	-	(8,694)	(8,694)
Gross carrying amount as at 31 March 2022	29,397,712	4,775,417	1,419,169	35,592,298

31-Dec-21	Bank Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2021	28,711,142	4,543,908	987,231	34,242,281
Transfer to stage 1	1,603,920	(1,476,762)	(127,158)	-
Transfer to stage 2	(2,090,037)	2,177,501	(87,464)	-
Transfer to stage 3	(158,818)	(130,337)	289,155	-
New financing / disbursement during the year	4,314,854	1,282,980	31,537	5,629,371
Repayment during the year	(3,205,995)	(1,089,886)	(66,529)	(4,362,410)
Other movements	194,032	(13,473)	97,786	278,345
Loss on modification of cash flows	(239,811)	(71,854)	-	(311,665)
Reclassification to assets held-for-sale	-	-	(23,671)	(23,671)
Write-offs	-	-	(137,358)	(137,358)
Gross carrying amount as at 31 December 2021	29,129,287	5,222,077	963,529	35,314,893

(x) Movement of ECL for financing and advances

31-Mar-22	Bank Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL as at 1 January 2022	345,477	588,894	354,509	1,288,880
Charges to profit or loss, of which:	17,621	(4,886)	151,111	163,846
Changes in the impairment allowance:				
- Transfer to stage 1	72,004	(69,443)	(2,561)	-
- Transfer to stage 2	(8,587)	32,919	(24,332)	-
- Transfer to stage 3	(256)	(105,792)	106,048	-
New financing / disbursement during the period	21,289	12,600	4,168	38,057
Repayment during the period	(83,948)	(97,544)	(6,848)	(188,340)
Change in credit risk parameters #	17,119	222,374	74,636	314,129
Write-offs	-	-	(8,773)	(8,773)
ECL as at 31 March 2022	363,098	584,008	496,847	1,443,953

The changes in credit risk parameters include impact of forward-looking on key macroeconomic variables ("MEV") and changes to loss rate for the ECL model.

10. Financing and advances (continued)

(x) Movement of ECL for financing and advances (continued)

31-Dec-21	Bank Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL as at 1 January 2021	365,538	587,652	425,587	1,378,777
Charged to profit or loss, of which:	(20,061)	1,242	87,829	69,010
Changes in the impairment allowance:				
- Transfer to stage 1	231,487	(189,892)	(41,595)	-
- Transfer to stage 2	(30,230)	78,365	(48,135)	-
- Transfer to stage 3	(2,778)	(29,910)	32,688	-
New financing / disbursement during the year	58,927	122,807	17,576	199,310
Repayment during the year	(303,617)	(211,442)	(109,991)	(625,050)
Change in credit risk parameters #	26,150	231,314	237,286	494,750
Reclassification to assets held-for-sale	-	-	(21,549)	(21,549)
Write-offs	-	-	(137,358)	(137,358)
ECL as at 31 December 2021	345,477	588,894	354,509	1,288,880

The changes in credit risk parameters include impact of forward-looking on key macroeconomic variables ("MEV") and changes to loss rate for the ECL model.

(xi) Movement for impaired financing and advances

	Bank Group and Bank	
	31-Mar-22 RM'000	31-Dec-21 RM'000
Balance as at 1 January	963,529	987,231
Classified as impaired during the period	529,778	320,692
Reclassified as non-impaired	(43,356)	(214,622)
Amount recovered	(26,548)	(66,529)
Amount written off	(8,694)	(137,358)
Other movements	4,460	97,786
Reclassification to assets held-for-sale	-	(23,671)
Balance as at end of financial period	1,419,169	963,529
Gross impaired financing and advances as a % of gross financing and advances	3.99%	2.73%

10. Financing and advances (continued)

(xii) Impaired financing and advances by economic purpose

	Bank Group and Bank	
	31-Mar-22	31-Dec-21
	RM'000	RM'000
Personal use	156,918	75,824
Construction	856,337	523,546
Purchase of landed property:		
- Residential	137,817	112,955
- Non-residential	151,053	146,339
Working Capital	86,711	73,606
Purchase of other fixed assets	23,597	26,700
Purchase of transport vehicles	5,692	3,585
Purchase of consumer durables	798	791
Others	246	183
	<u>1,419,169</u>	<u>963,529</u>

(xiii) Impaired financing and advances by sector

	Bank Group and Bank	
	31-Mar-22	31-Dec-21
	RM'000	RM'000
Household sector	314,300	201,203
Construction	401,478	305,071
Finance, insurance and business services	210,962	210,921
Manufacturing	103,011	101,470
Education, health and others	86,542	88,161
Mining and quarrying	27,028	26,423
Wholesale & retail trade and restaurants & hotels	275,745	26,248
Transport, storage and communications	103	4,032
	<u>1,419,169</u>	<u>963,529</u>

(xiii) Impaired financing by geographical distribution

	Bank Group and Bank	
	31-Mar-22	31-Dec-21
	RM'000	RM'000
Malaysia	<u>1,419,169</u>	<u>963,529</u>

11. Other receivables

	Bank Group		Bank	
	31-Mar-22	31-Dec-21	31-Mar-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Amount due from subsidiary	-	-	64,500	62,715
Financing to related companies	544,147	546,039	544,147	546,039
Prepayments and deposits	8,835	10,237	8,751	10,150
Deferred expenses	1,618	1,683	1,618	1,683
Sundry receivables	32,893	60,499	27,731	53,876
	<u>587,493</u>	<u>618,458</u>	<u>646,747</u>	<u>674,463</u>
Less: ECL at stage 1	(6,204)	(4,989)	(6,204)	(4,989)
Less: ECL at stage 3	(116,749)	(114,602)	(116,749)	(114,602)
	<u>464,540</u>	<u>498,867</u>	<u>523,794</u>	<u>554,872</u>

12. Investment in subsidiary

The Bank has a wholly owned subsidiary, Jana Kapital Sdn.Bhd. ("JKSB"), an investment holding company that was transferred from the holding company on 2 April 2018. The unquoted shares at cost in JKSB as at 31 March 2022 is RM 2 (31 December 2021: RM 2).

The subsidiary was incorporated in Malaysia.

13. Assets held for sale

	Bank Group and Bank	
	31-Mar-22	31-Dec-21
	RM'000	RM'000
Balance as at 1 January	23,671	-
Reclassification from financing	-	23,671
Other movement	60	-
Gross assets held for sale	<u>23,731</u>	<u>23,671</u>
Less impairment allowance:		
Balance as at 1 January	(21,549)	-
Reclassification from financing	-	(21,549)
Charged to profit or loss (stage 3)	(377)	-
Total impairment allowance	<u>(21,926)</u>	<u>(21,549)</u>
Net assets held for sale	<u>1,805</u>	<u>2,122</u>
By economic purpose:		
Purchase of residential properties	22,541	22,481
Purchase of non-residential properties	960	960
Purchase of other fixed assets	138	138
Purchase of transport vehicles	47	47
Others	45	45
	<u>23,731</u>	<u>23,671</u>

In the 2nd quarter ended 30 June 2021, the Bank entered into an agreement to dispose identified retail financing to an external party. The sale is expected to complete in 2022.

14. Deposits from customers

(i) By type of deposits:

	Bank Group and Bank	
	31-Mar-22	31-Dec-21
	RM'000	RM'000
<u>Non-Mudharabah Funds:</u>		
Commodity Murabahah Term Deposits	25,991,417	24,421,230
Demand deposits	1,044,583	611,386
Savings deposits	467,624	385,596
	<u>27,503,624</u>	<u>25,418,212</u>

The deposit above are under the Islamic contract of Tawarruq.

(ii) Maturity structure of term deposits are as follows:

	Bank Group and Bank	
	31-Mar-22	31-Dec-21
	RM'000	RM'000
Within six months	15,576,828	15,626,072
More than six months to one year	8,233,435	6,347,608
More than one year to three years	1,958,802	2,213,495
More than three years	222,352	234,055
	<u>25,991,417</u>	<u>24,421,230</u>

(iii) By type of customers:

	Bank Group and Bank	
	31-Mar-22	31-Dec-21
	RM'000	RM'000
Government and statutory bodies	13,126,961	12,283,703
Business enterprises	10,077,814	8,793,405
Individuals	4,298,849	4,341,104
	<u>27,503,624</u>	<u>25,418,212</u>

15. Deposits and placements of banks and other financial institutions

	Bank Group and Bank	
	31-Mar-22	31-Dec-21
	RM'000	RM'000
(i) By type of deposits:		
<u>Non-Mudharabah Funds:</u>		
-Licensed Investment Banks	952	948
-Licensed Islamic Banks	524	534,051
-Other financial institutions	6,975,835	8,114,582
	<u>6,977,311</u>	<u>8,649,581</u>
(ii) By type of contract:		
Tawarruq	<u>6,977,311</u>	<u>8,649,581</u>

16. Investment accounts of customers

	Bank Group and Bank	
	31-Mar-22	31-Dec-21
	RM'000	RM'000
Wakalah unrestricted investment accounts	<u>1,710,773</u>	<u>2,094,914</u>

The investment account placements are used to fund personal financing.

	Bank Group and Bank	
	31-Mar-22	31-Dec-21
	RM'000	RM'000
(i) By type of customers:		
Government and statutory bodies	1,686,490	2,014,773
Other financial institutions	24,283	80,141
	<u>1,710,773</u>	<u>2,094,914</u>

	Bank Group and Bank	
	31-Mar-22	31-Dec-21
	RM'000	RM'000
(ii) Movement of investment accounts of customers:		
At beginning of the financial period	2,094,914	-
New placement during the financial period	449,324	2,506,314
Redemption	(830,340)	(426,328)
Finance expense	13,359	23,456
Profit distributed	(16,484)	(8,528)
At end of financial period	<u>1,710,773</u>	<u>2,094,914</u>

17. Other payables

	Bank Group		Bank	
	31-Mar-22 RM'000	31-Dec-21 RM'000	31-Mar-22 RM'000	31-Dec-21 RM'000
Amount due to subsidiary	-	-	1,930,267	1,966,742
Amount due to related companies	1,407	7,679	1,407	7,679
Amount due to holding company	119,517	138,410	119,517	138,410
Al-Mudharabah security fund	147,382	147,604	147,382	147,604
Expected credit losses for commitments and contingencies	53,255	54,184	53,255	54,184
Other provisions and accruals	137,032	115,621	137,007	115,599
Deferred income	20,474	21,658	20,474	21,658
Sundry creditors	540,825	500,724	540,539	500,539
	<u>1,019,892</u>	<u>985,880</u>	<u>2,949,848</u>	<u>2,952,415</u>

Movement of ECL for commitment and contingencies are as follows:

31-Mar-22	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2022	16,943	35,869	1,372	54,184
Total charged to profit or loss, of which:	865	(2,361)	567	(929)
Changes in the impairment allowance				
- Transfer to stage 1	1,794	(1,794)	-	-
- Transfer to stage 2	(645)	651	(6)	-
- Transfer to stage 3	(6)	(186)	192	-
New financing/ disbursement during the period	3,088	1,539	-	4,627
Repayment/drawdown to financing during the period	(2,150)	(4,774)	(583)	(7,507)
Changes in credit risk parameters #	(1,216)	2,203	964	1,951
ECL as at 31 March 2022	<u>17,808</u>	<u>33,508</u>	<u>1,939</u>	<u>53,255</u>
31-Dec-21	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2021	18,878	13,274	12,291	44,443
Total charged to profit or loss, of which:	(1,935)	22,595	(10,918)	9,742
Changes in the impairment allowance				
- Transfer to stage 1	2,861	(999)	(1,862)	-
- Transfer to stage 2	(764)	802	(38)	-
- Transfer to stage 3	(3)	(43)	46	-
New financing/ disbursement during the year	8,719	26,614	590	35,923
Repayment/drawdown to financing during the year	(5,818)	(8,475)	(9,668)	(23,961)
Changes in credit risk parameters #	(6,930)	4,696	14	(2,220)
Write-off	-	-	(1)	(1)
ECL as at 31 December 2021	<u>16,943</u>	<u>35,869</u>	<u>1,372</u>	<u>54,184</u>

The changes in credit risk parameters include impact of forward-looking on key macroeconomic variables ("MEV") and changes to loss rate for the ECL model.

18. Income derived from investment of depositors' funds

	Bank Group		Bank	
	1st Quarter Ended		1st Quarter Ended	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	424,378	449,553	424,378	449,553
Financial investments at FVOCI	86,219	83,222	86,219	83,222
Financial investments at amortised cost	7,052	5,298	7,052	5,298
Financial investments at FVTPL	1,987	108	1,987	108
Money at call and deposits with financial institutions	6,360	5,186	3,292	1,913
Profit on Sukuk commodity murabahah	-	-	25,879	14,358
Others	5,274	1,830	5,993	2,456
	<u>531,270</u>	<u>545,197</u>	<u>554,800</u>	<u>556,908</u>
of which financing income/loss earned on impaired financing	<u>1,558</u>	<u>1,446</u>	<u>1,558</u>	<u>2,406</u>

19. Income derived from investment of shareholders' funds

	Bank Group		Bank	
	1st Quarter Ended		1st Quarter Ended	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	88,315	81,614	88,315	81,614
Financial investments at FVOCI	16,630	15,052	16,630	15,052
Financial investments at amortised cost	1,360	958	1,360	958
Financial investments at FVTPL	383	20	383	20
Money at call and deposits with financial institutions	1,227	938	635	346
Profit on Sukuk commodity murabahah	-	-	4,992	2,597
Others	1,017	331	1,156	444
	<u>108,932</u>	<u>98,913</u>	<u>113,471</u>	<u>101,031</u>
of which financing income earned on impaired financing	<u>300</u>	<u>435</u>	<u>300</u>	<u>435</u>
<u>Other operating income:</u>				
Financing related fees	3,631	(2,113)	3,631	(2,113)
(Loss)/gain from sale of FVOCI	(8,491)	10,281	(8,491)	10,281
Loss from sale of FVTPL	(6,997)	(197)	(6,997)	(197)
Gain on financial investments at FVTPL	1,036	-	1,036	-
Commission	4,311	2,260	4,311	2,260
Gain on foreign exchange transactions	4,312	1,942	4,312	1,942
Sundry income	2,814	48	2,814	48
	<u>616</u>	<u>12,221</u>	<u>616</u>	<u>12,221</u>
	<u>109,548</u>	<u>111,134</u>	<u>114,087</u>	<u>113,252</u>

20. Income derived from investment of investment account funds

	Bank Group and Bank			
	1st Quarter Ended		1st Quarter Ended	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
	RM'000	RM'000	RM'000	RM'000
Financing and advances	33,489	1,689	33,489	1,689
	<u>33,489</u>	<u>1,689</u>	<u>33,489</u>	<u>1,689</u>

21. Expected credit losses on financing and advances and other impairment

	Bank Group and Bank			
	1st Quarter Ended		1st Quarter Ended	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
	RM'000	RM'000	RM'000	RM'000
<u>Expected credit losses</u>				
<u>on financing and</u>				
<u>advances made/(written back)</u>				
Financing and advances				
- Stage 1	17,621	(107,769)	17,621	(107,769)
- Stage 2	(4,886)	184,861	(4,886)	184,861
- Stage 3	151,111	98,789	151,111	98,789
Financing held for sale				
- Stage 3	377	-	377	-
Credit impaired financing and advances:				
- Write - off	5,415	132	5,415	132
- Recovered	(5,220)	(2,153)	(5,220)	(2,153)
	<u>164,418</u>	<u>173,860</u>	<u>164,418</u>	<u>173,860</u>
<u>Other expected credit losses</u>				
<u>and impairment</u>				
<u>allowances made/(written back):</u>				
Financial investments at FVOCI	(5)	4	(5)	4
Financial investments at amortised cost	(201)	(54)	(201)	(54)
Other receivables	-	(2)	-	(2)
Financing to related companies	3,361	(9,568)	3,361	(9,568)
Financing commitments and financial guarantees	(929)	(6,515)	(929)	(6,515)
	<u>2,226</u>	<u>(16,135)</u>	<u>2,226</u>	<u>(16,135)</u>
	<u>166,644</u>	<u>157,725</u>	<u>166,644</u>	<u>157,725</u>

22. Income attributable to depositors and others

	Bank Group		Bank	
	1st Quarter Ended		1st Quarter Ended	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
	RM'000	RM'000	RM'000	RM'000
(a) Income attributable to depositors				
Deposits from customers:				
- Non-mudharabah funds	199,266	203,745	199,266	203,745
Deposits and placements of banks				
- Non-mudharabah funds	1,372	1,402	1,372	1,402
	<u>200,638</u>	<u>205,147</u>	<u>200,638</u>	<u>205,147</u>
(b) Income attributable to securitisation	35,002	23,213	35,002	23,213
(c) Income attributable to sukuk	30,190	33,640	30,190	33,640
(d) Income attributable to wakalah unrestricted investment account	13,359	639	13,359	639
(e) Others	-	-	35,045	33,929
	<u>279,189</u>	<u>262,639</u>	<u>314,234</u>	<u>296,568</u>

23. Personnel expenses

	Bank Group		Bank	
	1st Quarter Ended		1st Quarter Ended	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	60,641	51,896	60,641	51,896
Contributions to Employee Provident Fund and SOCSO	10,597	9,449	10,597	9,449
Directors' remuneration	664	884	664	884
Shariah Advisory Committee members' remuneration	131	76	131	76
Other staff related expenses	11,693	4,816	11,693	4,816
	<u>83,726</u>	<u>67,121</u>	<u>83,726</u>	<u>67,121</u>

24. Other overhead expenses

	Bank Group		Bank	
	1st Quarter Ended		1st Quarter Ended	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
	RM'000	RM'000	RM'000	RM'000
<u>Establishment related expenses</u>				
Depreciation of property and equipment	4,064	2,050	4,064	2,050
Depreciation of right of use assets	11,773	3,379	11,773	3,379
Amortisation of intangible assets	9,568	8,274	9,568	8,274
Software and hardware maintenance	12,494	2,588	12,494	2,588
Security expenses	720	645	720	645
Lease profit expense	375	142	375	142
Others	1,096	2,001	1,096	2,001
	<u>40,090</u>	<u>19,079</u>	<u>40,090</u>	<u>19,079</u>
<u>Promotion and marketing related expenses</u>				
Advertising and promotional activities	3,274	1,468	3,274	1,468
	<u>3,274</u>	<u>1,468</u>	<u>3,274</u>	<u>1,468</u>
<u>General administrative expenses</u>				
License and association fees and levies	470	163	470	163
Travelling, transport and accommodation expenses	357	424	357	424
Printing, stationery, postage and clearing charges	1,162	938	1,162	938
Electricity and water	901	866	901	866
Other professional fees	5,224	1,724	5,218	1,662
Auditors remuneration	301	326	297	323
Others	7,024	2,174	6,910	2,046
	<u>15,439</u>	<u>6,615</u>	<u>15,315</u>	<u>6,422</u>
<u>Commission fees</u>				
Angkasa charges	3,209	481	3,209	481
Commission fees	3,967	4,802	3,967	4,802
	<u>7,176</u>	<u>5,283</u>	<u>7,176</u>	<u>5,283</u>
Inter-company recharges [^]	<u>(3,248)</u>	<u>(4,008)</u>	<u>(3,513)</u>	<u>(4,467)</u>
	<u>62,731</u>	<u>28,437</u>	<u>62,342</u>	<u>27,785</u>

[^] The intercompany charges by the Bank were for services provided to related entities in Malaysia. The charges are unsecured, profit free and repayable on demand.

25. Other comprehensive loss, net of tax

	Bank Group and Bank			
	1st Quarter Ended		1st Quarter Ended	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
	RM'000	RM'000	RM'000	RM'000
Net loss from change in fair value of financial investments at FVOCI	(147,406)	(369,803)	(147,406)	(369,803)
Changes in expected credit losses of financial investments at FVOCI	(5)	4	(5)	4
	<u>(147,411)</u>	<u>(369,799)</u>	<u>(147,411)</u>	<u>(369,799)</u>

26. Commitments and contingencies

In the normal course of business, the Bank Group makes various commitments and incurs certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

Bank Group and Bank	Principal amount	Credit equivalent amount	Risk weighted amount
	RM'000	RM'000	RM'000
31-Mar-22			
Direct credit substitutes	20,206	20,206	20,206
Trade-related contingencies	71,579	35,082	35,082
Short term self liquidating trade related contingencies	93,010	18,602	18,602
Irrevocable commitments to extend credit:			
- one year or less	884,451	185,875	185,875
- over one year to five years	1,550,681	774,119	687,682
- over five years	5	2	2
Foreign exchange related contracts			
- one year or less	1,568,433	25,801	9,457
	<u>4,188,365</u>	<u>1,059,687</u>	<u>956,906</u>

Bank Group and Bank	Principal amount	Credit equivalent amount	Risk weighted amount
	RM'000	RM'000	RM'000
31-Dec-21			
Direct credit substitutes	22,786	22,786	22,786
Trade-related contingencies	81,815	40,908	40,908
Short term self liquidating trade related contingencies	82,061	16,412	16,412
Irrevocable commitments to extend credit:			
- one year or less	906,430	190,286	190,286
- over one year to five years	1,738,664	867,961	773,189
- over five years	2,304	1,150	1,150
Foreign exchange related contracts			
- one year or less	419,278	6,924	5,241
	<u>3,253,338</u>	<u>1,146,427</u>	<u>1,049,972</u>

27. Financial risk management

27.1 Credit quality

(i) Financing and advances

Financing and advances are summarised as follows:

31-Mar-22	Bank Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<i>Neither past due nor impaired</i>				
Corporate financing				
Excellent	148,562	609	-	149,171
Good	2,505,844	217,649	-	2,723,493
Average	2,297,780	1,399,721	-	3,697,501
Below Average	178,111	209,936	-	388,047
Poor	22,588	-	-	22,588
Retail financing				
Unrated	24,244,827	1,737,106	-	25,981,933
	<u>29,397,712</u>	<u>3,565,021</u>	<u>-</u>	<u>32,962,733</u>
<i>Past due up to 3 months</i>				
Corporate financing				
Excellent	-	508	-	508
Good	-	25,304	-	25,304
Average	-	108,249	-	108,249
Below Average	-	323	-	323
Retail financing				
Unrated	-	1,076,012	-	1,076,012
	<u>-</u>	<u>1,210,396</u>	<u>-</u>	<u>1,210,396</u>
<i>Impaired</i>	-	-	1,419,169	1,419,169
Gross financing and advances	<u>29,397,712</u>	<u>4,775,417</u>	<u>1,419,169</u>	<u>35,592,298</u>
Less ECL	(363,098)	(584,008)	(496,847)	(1,443,953)
Net financing and advances	<u>29,034,614</u>	<u>4,191,409</u>	<u>922,322</u>	<u>34,148,345</u>

27. Financial risk management (continued)

27.1 Credit quality (continued)

(i) Financing and advances (continued)

Financing and advances are summarised as follows (continued):

31-Dec-21	Bank Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<i>Neither past due nor impaired</i>				
Corporate financing				
Excellent	111,667	-	-	111,667
Good	2,450,734	271,536	-	2,722,270
Average	2,558,625	1,530,769	-	4,089,394
Below Average	49,568	388,663	-	438,231
Poor	1,048	63,095	-	64,143
Retail financing	23,957,645	2,056,646	-	26,014,291
	<u>29,129,287</u>	<u>4,310,709</u>	<u>-</u>	<u>33,439,996</u>
<i>Past due up to 3 months</i>				
Corporate financing				
Good	-	13,397	-	13,397
Average	-	116,508	-	116,508
Below Average	-	-	-	-
Poor	-	686	-	686
Retail financing	-	780,777	-	780,777
Total Past due up to 3 months	<u>-</u>	<u>911,368</u>	<u>-</u>	<u>911,368</u>
<i>Impaired</i>				
	-	-	963,529	963,529
Gross financing and advances	<u>29,129,287</u>	<u>5,222,077</u>	<u>963,529</u>	<u>35,314,893</u>
Less ECL	<u>(345,477)</u>	<u>(588,894)</u>	<u>(354,509)</u>	<u>(1,288,880)</u>
Net financing and advances	<u>28,783,810</u>	<u>4,633,183</u>	<u>609,020</u>	<u>34,026,013</u>

27. Financial risk management (continued)

27.1 Credit quality (continued)

(ii) Other financial assets

Credit quality of other financial assets by external rating is as follows:

<u>Bank Group</u>	Stage 1	Stage 2	Stage 3	Total
31-Mar-22	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds				
AAA	472,023	-	-	472,023
	<u>472,023</u>	<u>-</u>	<u>-</u>	<u>472,023</u>
Deposits and placements with banks and other financial institutions				
AAA	811,752	-	-	811,752
AA and below	32	-	-	32
	<u>811,784</u>	<u>-</u>	<u>-</u>	<u>811,784</u>
Debt investments				
AAA	927,758	-	-	927,758
AA and below	162,901	-	-	162,901
Unrated *	12,120,163	202,068	-	12,322,231
	<u>13,210,822</u>	<u>202,068</u>	<u>-</u>	<u>13,412,890</u>
Other financial assets				
Unrated	363,179	-	57,400	420,579
	<u>363,179</u>	<u>-</u>	<u>57,400</u>	<u>420,579</u>
<u>Bank Group</u>				
31-Dec-21	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds				
AAA	520,025	-	-	520,025
	<u>520,025</u>	<u>-</u>	<u>-</u>	<u>520,025</u>
Deposits and placements with banks and other financial institutions				
AAA	743,731	-	-	743,731
AA and below	100,125	-	-	100,125
	<u>843,856</u>	<u>-</u>	<u>-</u>	<u>843,856</u>
Debt investments				
AAA	977,336	-	-	977,336
AA and below	162,386	-	-	162,386
Unrated *	11,337,042	204,894	-	11,541,936
	<u>12,476,764</u>	<u>204,894</u>	<u>-</u>	<u>12,681,658</u>
Other financial assets				
Unrated	396,051	-	57,400	453,451
	<u>396,051</u>	<u>-</u>	<u>57,400</u>	<u>453,451</u>

* Unrated debt investments for Bank Group and Bank include government guaranteed securities of RM10,397,959,000 (2021: RM10,671,393,000)

27. Financial risk management (continued)

27.1 Credit quality (continued)

(ii) Other financial assets (continued)

Bank

31-Mar-22	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Cash and short-term funds				
AAA	472,023	-	-	472,023
	<u>472,023</u>	<u>-</u>	<u>-</u>	<u>472,023</u>
Debt investments				
AAA	927,758	-	-	927,758
AA and below	162,901	-	-	162,901
Unrated *	12,120,163	202,068	-	12,322,231
	<u>13,210,822</u>	<u>202,068</u>	<u>-</u>	<u>13,412,890</u>
Other financial assets				
Unrated	422,516	-	57,400	479,916
	<u>422,516</u>	<u>-</u>	<u>57,400</u>	<u>479,916</u>

Bank

31-Dec-21	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Cash and short-term funds				
AAA	520,025	-	-	520,025
	<u>520,025</u>	<u>-</u>	<u>-</u>	<u>520,025</u>
Deposits and placements with banks and other financial institutions				
AA and below	100,093	-	-	100,093
	<u>100,093</u>	<u>-</u>	<u>-</u>	<u>100,093</u>
Debt investments				
AAA	977,336	-	-	977,336
AA and below	162,386	-	-	162,386
Unrated *	11,337,042	204,894	-	11,541,936
	<u>12,476,764</u>	<u>204,894</u>	<u>-</u>	<u>12,681,658</u>
Other financial assets				
Unrated	452,143	-	57,400	509,543
	<u>452,143</u>	<u>-</u>	<u>57,400</u>	<u>509,543</u>

* Unrated debt investments for Bank Group and Bank include government guaranteed securities of RM10,397,959,000 (2021: RM10,671,393,000)

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

27. Financial risk management (continued)**27.2 Market risk****(i) Profit Rate Risk**

The tables below summarise the Bank Group and the Bank's exposure to profit rate risk. The tables indicate the periods in which the financial instruments mature, whichever is earlier. Assets classified as non-profit sensitive are either non-profit bearing or, if profit bearing, the cashflows arising from these assets are not expected to change significantly if profit rates change.

Bank Group	----- Non-trading book -----							Trading book	Total
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive	RM'000		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
31-Mar-22									
Financial Assets									
Cash and short-term funds	472,023	-	-	-	-	271,239	-	743,262	
Deposits and placements									
with financial institutions	200,468	427,650	183,666	-	-	-	-	811,784	
Derivative financial assets	1,716	54	507	-	-	-	-	2,277	
Financial investments at FVTPL	-	-	-	-	-	-	953,025	953,025	
Financial investments at FVOCI	70,076	135,386	308,351	3,497,318	7,368,286	109,201	-	11,488,618	
Financial investments at amortised cost	-	-	2,000	316,089	643,138	10,020	-	971,247	
Financing and advances									
- non-impaired	431,132	1,136,225	610,317	2,747,306	29,248,149	(947,106)	-	33,226,023	
- impaired, net of allowances*	-	-	-	-	-	922,322	-	922,322	
Assets held for sale	-	-	-	-	-	1,805	-	1,805	
Other financial assets ^	-	-	-	-	-	420,579	-	420,579	
Statutory deposits with Bank Negara Malaysia**	-	-	-	180,000	470,000	-	-	650,000	
Total financial assets	1,175,415	1,699,315	1,104,841	6,740,713	37,729,573	788,060	953,025	50,190,942	

* This is arrived after deducting impairment allowances from gross impaired financing.

^ Other financial assets exclude prepayments and deferred expenses.

** This is disclosed according to maturity bracket of MGS and MGII held by the Bank. Effective 16 May 2020, all banking institutions may recognise holdings of Malaysian Government Securities ("MGS") and Malaysian Government Investment Issues ("MGII") as part of their SRR compliance. This flexibility to banking institutions is available until 31 December 2022.

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

27. Financial risk management (continued)**27.2 Market risk (continued)****(i) Profit Rate Risk (continued)**

Bank Group	----- Non-trading book -----							Trading book	Total
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive	RM'000		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
31-Mar-22									
Financial Liabilities									
Deposits from customers	5,902,704	5,700,911	13,536,542	2,170,768	10,388	182,311	-	27,503,624	
Deposits and placements of banks	1,440,845	1,403,984	3,001,074	1,109,836	-	21,572	-	6,977,311	
Investment accounts of customers	259,908	53,525	1,379,924	5,614	-	11,802	-	1,710,773	
Derivative financial liabilities	853	60	2	-	-	-	-	915	
Other financial liabilities#	-	-	-	-	-	998,916	-	998,916	
Lease liabilities	3,846	7,591	29,596	14,389	-	-	-	55,422	
Recourse obligation on financing sold	15,936	38,381	994,709	3,035,069	-	16,844	-	4,100,939	
Sukuk-MBSB Structured Covered ("SC")									
Murabahah	-	94,533	144,039	684,803	142,632	20,995	-	1,087,002	
Sukuk Wakalah	-	-	-	-	1,292,232	18,709	-	1,310,941	
Total financial liabilities	7,624,092	7,298,985	19,085,886	7,020,479	1,445,252	1,271,149	-	43,745,843	
Total profit-sensitivity gap	(6,448,677)	(5,599,670)	(17,981,045)	(279,766)	36,284,321	(483,089)	953,025	6,445,099	

Other financial liabilities exclude deferred income.

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

27. Financial risk management (continued)**27.2 Market risk (continued)****(i) Profit Rate Risk (continued)**

Bank	----- Non-trading book -----							Trading book	Total
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive	RM'000		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
31-Mar-22									
Financial Assets									
Cash and short-term funds	472,023	-	-	-	-	242,044	-	714,067	
Derivative financial assets	1,716	54	507	-	-	-	-	2,277	
Financial investments at FVTPL	-	-	-	-	-	-	953,025	953,025	
Financial investments at FVOCI	70,076	135,386	308,351	3,497,318	7,368,286	109,201	-	11,488,618	
Financial investments at amortised cost	-	-	2,000	316,089	643,138	10,020	-	971,247	
Financing and advances									
- non-impaired	431,132	1,136,225	610,317	2,747,306	29,248,149	(947,106)	-	33,226,023	
- impaired, net of allowances*	-	-	-	-	-	922,322	-	922,322	
Assets held for sale	-	-	-	-	-	1,805	-	1,805	
Sukuk Commodity Murabahah	460,250	-	358,528	1,347,342	252,005	17,376	-	2,435,501	
Other financial assets ^	-	-	-	-	-	479,916	-	479,916	
Statutory deposits with Bank Negara Malaysia**	-	-	-	180,000	470,000	-	-	650,000	
Total financial assets	1,435,197	1,271,665	1,279,703	8,088,055	37,981,578	835,578	953,025	51,844,801	

* This is arrived after deducting impairment allowances from gross impaired financing.

^ Other financial assets exclude prepayments and deferred expenses.

** This is disclosed according to maturity bracket of MGS and MGII held by the Bank. Effective 16 May 2020, all banking institutions may recognise holdings of Malaysian Government Securities ("MGS") and Malaysian Government Investment Issues ("MGII") as part of their SRR compliance. This flexibility to banking institutions is available until 31 December 2022.

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

27. Financial risk management (continued)**27.2 Market risk (continued)****(i) Profit Rate Risk (continued)**

Bank	----- Non-trading book -----							Trading book	Total
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive	RM'000		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
31-Mar-22									
Financial Liabilities									
Deposits from customers	5,902,704	5,700,911	13,536,542	2,170,768	10,388	182,311	-	27,503,624	
Deposits and placements of banks	1,440,845	1,403,984	3,001,074	1,109,836	-	21,572	-	6,977,311	
Investment accounts of customers	259,908	53,525	1,379,924	5,614	-	11,802	-	1,710,773	
Derivative financial liabilities	853	60	2	-	-	-	-	915	
Other financial liabilities#	1,931,674	-	-	-	-	997,204	-	2,928,878	
Lease liabilities	3,846	7,591	29,596	14,389	-	-	-	55,422	
Recourse obligation on financing sold	15,936	38,381	994,709	3,035,069	-	16,844	-	4,100,939	
Sukuk-MBSB Structured Covered ("SC")									
Murabahah	-	94,533	144,039	684,803	142,632	20,995	-	1,087,002	
Sukuk Wakalah	-	-	-	-	1,292,232	18,709	-	1,310,941	
Total financial liabilities	9,555,766	7,298,985	19,085,886	7,020,479	1,445,252	1,269,437	-	45,675,805	
Total profit-sensitivity gap	(8,120,569)	(6,027,320)	(17,806,183)	1,067,576	36,536,326	(433,859)	953,025	6,168,996	

Other financial liabilities exclude deferred income.

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

27. Financial risk management (continued)**27.2 Market risk (continued)****(i) Profit Rate Risk (continued)**

Bank Group	----- Non-trading book -----							Trading book	Total
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive	RM'000		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
31-Dec-21									
Financial Assets									
Cash and short-term funds	520,025	-	-	-	-	125,180	-	645,205	
Deposits and placements									
with financial institutions	32	100,093	743,731	-	-	-	-	843,856	
Derivative financial assets	616	5	16	-	-	-	-	637	
Financial investments at FVTPL	-	-	-	-	-	-	240,209	240,209	
Financial investments at FVOCI	65,115	60,187	627,014	3,587,463	7,342,616	128,720	-	11,811,115	
Financial investments at amortised cost	-	19,999	1,999	310,877	291,271	6,188	-	630,334	
Financing and advances									
- non-impaired	406,478	771,414	889,708	3,143,948	29,139,815	(934,370)	-	33,416,993	
- impaired, net of allowances*	-	-	-	-	-	609,020	-	609,020	
Assets held for sale	-	-	-	-	-	2,122	-	2,122	
Other financial assets ^	-	-	-	-	-	453,451	-	453,451	
Statutory deposits with Bank Negara Malaysia**	-	-	-	180,000	470,000	-	-	650,000	
Total financial assets	992,266	951,698	2,262,468	7,222,288	37,243,702	390,311	240,209	49,302,942	

* This is arrived after deducting impairment allowances from gross impaired financing.

^ Other financial assets exclude prepayments and deferred expenses.

** This is disclosed according to maturity bracket of MGS and MGII held by the Bank. Effective 16 May 2020, all banking institutions may recognise holdings of Malaysian Government Securities ("MGS") and Malaysian Government Investment Issues ("MGII") as part of their SRR compliance. This flexibility to banking institutions is available until 31 December 2022.

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

27. Financial risk management (continued)

27.2 Market risk (continued)

(i) Profit Rate Risk (continued)

Bank Group	----- Non-trading book -----							Total
	Up to 1 months RM'000	1-3 months RM'000	3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	
31-Dec-21								
Financial Liabilities								
Deposits from customers	4,505,507	6,846,433	11,428,759	2,436,934	10,616	189,963	-	25,418,212
Deposits and placements of banks	3,377,956	1,098,057	3,647,683	503,837	-	22,048	-	8,649,581
Investment accounts of customers	10,089	695,188	1,369,096	5,614	-	14,927	-	2,094,914
Derivative financial liabilities	2,338	-	25	-	-	-	-	2,363
Other financial liabilities#	-	-	-	-	-	965,723	-	965,723
Lease liabilities	3,677	5,490	14,131	18,675	-	-	-	41,973
Recourse obligation on financing sold	5,712	47,031	1,011,062	2,066,656	-	10,848	-	3,141,309
Sukuk-MBSB Structured Covered ("SC")								
Murabahah	24	-	238,437	684,447	142,533	7,531	-	1,072,972
Sukuk Wakalah	-	-	-	-	1,292,046	2,201	-	1,294,247
Total financial liabilities	7,905,303	8,692,199	17,709,193	5,716,163	1,445,195	1,213,241	-	42,681,294
Total profit-sensitivity gap	(6,913,037)	(7,740,501)	(15,446,725)	1,506,125	35,798,507	(822,930)	240,209	6,621,648

Other financial liabilities exclude deferred income.

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

27. Financial risk management (continued)

27.2 Market risk (continued)

(i) Profit Rate Risk (continued)

Bank	----- Non-trading book -----							Trading book	Total
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive	RM'000		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
31-Dec-21									
Financial Assets									
Cash and short-term funds	520,025	-	-	-	-	104,604	-	624,629	
Deposits and placements with financial institutions	-	100,093	-	-	-	-	-	100,093	
Derivative financial assets	616	5	16	-	-	-	-	637	
Financial investments at FVTPL	-	-	-	-	-	-	240,209	240,209	
Financial investments at FVOCI	65,115	60,187	627,014	3,587,463	7,342,616	128,720	-	11,811,115	
Financial investments at amortised cost	-	19,999	1,999	310,877	291,271	6,188	-	630,334	
Financing and advances - non-impaired	406,478	771,414	889,708	3,143,948	29,139,815	(934,370)	-	33,416,993	
- impaired, net of allowances*	-	-	-	-	-	609,020	-	609,020	
Assets held for sale	-	-	-	-	-	2,122	-	2,122	
Sukuk Commodity Murabahah	458,728	-	355,646	1,338,678	250,056	1,522	-	2,404,630	
Other financial assets ^	62,715	-	-	-	-	446,828	-	509,543	
Statutory deposits with Bank Negara Malaysia**	-	-	-	180,000	470,000	-	-	650,000	
Total financial assets	1,513,677	951,698	1,874,383	8,560,966	37,493,758	364,634	240,209	50,999,325	

* This is arrived after deducting impairment allowances from gross impaired financing.

^ Other financial assets exclude prepayments and deferred expenses.

** This is disclosed according to maturity bracket of MGS and MGII held by the Bank. Effective 16 May 2020, all banking institutions may recognise holdings of Malaysian Government Securities ("MGS") and Malaysian Government Investment Issues ("MGII") as part of their SRR compliance. This flexibility to banking institutions is available until 31 December 2022.

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

27. Financial risk management (continued)**27.2 Market risk (continued)****(i) Profit Rate Risk (continued)**

Bank	----- Non-trading book -----							Trading book	Total
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive	RM'000		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
31-Dec-21									
Financial Liabilities									
Deposits from customers	4,505,507	6,846,433	11,428,759	2,436,934	10,616	189,963	-	25,418,212	
Deposits and placements of banks	3,377,956	1,098,057	3,647,683	503,837	-	22,048	-	8,649,581	
Investment accounts of customers	10,089	695,188	1,369,096	5,614	-	14,927	-	2,094,914	
Derivative financial liabilities	2,338	-	25	-	-	-	-	2,363	
Other financial liabilities#	1,966,741	-	-	-	-	965,516	-	2,932,257	
Lease liabilities	3,677	5,490	14,131	18,675	-	-	-	41,973	
Recourse obligation on financing sold	5,712	47,031	1,011,062	2,066,656	-	10,848	-	3,141,309	
Sukuk-MBSB Structured Covered ("SC")									
Murabahah	24	-	238,437	684,447	142,533	7,531	-	1,072,972	
Sukuk Wakalah	-	-	-	-	1,292,046	2,201	-	1,294,247	
Total financial liabilities	9,872,044	8,692,199	17,709,193	5,716,163	1,445,195	1,213,034	-	44,647,828	
Total profit-sensitivity gap	(8,358,367)	(7,740,501)	(15,834,810)	2,844,803	36,048,563	(848,400)	240,209	6,351,497	

Other financial liabilities exclude deferred income.

28. Capital adequacy

The capital adequacy ratios have been computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (Capital Components and Risk-Weighted Assets). The total risk-weighted assets are computed based on Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk.

In December 2020, Bank Negara Malaysia issued a revised Policy Document on the Capital Adequacy Framework for Islamic Banks (Capital Components) ("CAFIB") and with immediate effect, superseding the version previously issued in February 2020. The revised CAFIB has provided for an optional transitional arrangement for regulatory capital treatment of expected credit losses ("ECL") provisions.

This new optional transitional arrangement allows Islamic financial institutions to add back the amount of loss allowance measured at an amount equal to 12-month and lifetime ECL to the extent they are ascribed to non-credit impaired exposures (hereinafter referred to as Stage 1 and Stage 2 provisions) to CET1 capital on a gradual phase-out basis either over a four-year period from the financial year beginning 2020, or over a three-year period from the financial year beginning 2021.

The Bank Group and the Bank have elected to apply this transitional arrangement ("TA") for four financial years from the financial year beginning 1 January 2020 to 31 December 2023.

For the purpose of disclosures, the capital adequacy of the Bank Group and the Bank are disclosed 'with TA' and 'without TA'.

28. Capital adequacy (continued)

The capital adequacy ratios have been computed in accordance with BNM's Capital Adequacy Framework (Capital Components and Basel II – Risk Weighted Assets). The total risk weighted assets are computed based on Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk.

	Bank Group			
	with TA	without TA	with TA	without TA
	31-Mar-22	31-Mar-22	31-Dec-21	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
<u>Common Equity Tier 1 ("CET 1") Capital</u>				
Ordinary share capital	5,427,972	5,427,972	5,427,972	5,427,972
Retained profits exclude merger reserve	1,166,621	1,166,621	1,166,619	1,166,619
Other reserves	(303,127)	(303,127)	(155,716)	(155,716)
	<u>6,291,466</u>	<u>6,291,466</u>	<u>6,438,875</u>	<u>6,438,875</u>
Less : Regulatory adjustments				
Deferred tax assets	(65,150)	(65,150)	(17,292)	(17,292)
Cumulative gains of financial investments at FVOCI	(32,795)	(32,795)	(57,882)	(57,882)
Regulatory reserve	(5,234)	(5,234)	(5,234)	(5,234)
Intangible assets	(101,638)	(101,638)	(101,184)	(101,184)
Other CET 1 regulatory adjustments	117,899	-	144,121	-
Total CET 1 Capital	<u>6,204,548</u>	<u>6,086,649</u>	<u>6,401,404</u>	<u>6,257,283</u>
<u>Tier 1 Capital</u>				
Additional Tier 1 capital instruments	-	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-	-
Total Tier 1 capital	<u>6,204,548</u>	<u>6,086,649</u>	<u>6,401,404</u>	<u>6,257,283</u>
<u>Tier 2 Capital</u>				
Stage 1 & Stage 2 expected credit loss allowances [^]	433,385	433,385	433,618	433,618
Tier 2 capital instruments	1,310,941	1,310,941	1,294,247	1,294,247
Total Tier 2 capital	<u>1,744,326</u>	<u>1,744,326</u>	<u>1,727,865</u>	<u>1,727,865</u>
Total capital base	<u>7,948,874</u>	<u>7,830,975</u>	<u>8,129,269</u>	<u>7,985,148</u>

[^] Expected credit loss allowance on non-credit impaired exposure and regulatory reserves is subject to a maximum of 1.25% of total credit risk-weighted assets.

Breakdown of risk weighted assets in various categories of risk weights are as follows:

	Bank Group			
	with TA	without TA	with TA	without TA
	31-March-22	31-March-22	31-Dec-21	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
<u>Total risk weighted assets ("RWA")</u>				
- Credit risk	34,670,818	34,670,818	34,689,443	34,689,443
- Market risk	399,698	399,698	62,619	62,619
- Operational risk	2,627,067	2,627,067	2,547,591	2,547,591
Total RWA	<u>37,697,583</u>	<u>37,697,583</u>	<u>37,299,653</u>	<u>37,299,653</u>
<u>Capital adequacy ratios</u>				
CET 1 capital ratio	16.459%	16.146%	17.162%	16.776%
Tier 1 capital ratio	16.459%	16.146%	17.162%	16.776%
Total capital ratio	<u>21.086%</u>	<u>20.773%</u>	<u>21.794%</u>	<u>21.408%</u>

28. Capital adequacy (continued)

	Bank			
	with TA	without TA	with TA	without TA
	31-March-22	31-March-22	31-Dec-21	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
<u>Common Equity Tier 1 ("CET 1") Capital</u>				
Ordinary share capital	5,427,972	5,427,972	5,427,972	5,427,972
Retained profits exclude merger reserve	1,242,212	1,242,212	1,242,215	1,242,215
Other reserves	(303,127)	(303,127)	(155,716)	(155,716)
	<u>6,367,057</u>	<u>6,367,057</u>	<u>6,514,471</u>	<u>6,514,471</u>
Less : Regulatory adjustments				
Deferred tax assets	(65,150)	(65,150)	(17,292)	(17,292)
Cumulative gains of financial investments at FVOCI	(32,795)	(32,795)	(57,882)	(57,882)
Regulatory reserve	(5,234)	(5,234)	(5,234)	(5,234)
Intangible assets	(101,638)	(101,638)	(101,184)	(101,184)
Other CET 1 regulatory adjustments	117,899	-	144,121	-
Total CET 1 Capital	<u>6,280,139</u>	<u>6,162,240</u>	<u>6,477,000</u>	<u>6,332,879</u>
<u>Tier 1 Capital</u>				
Additional Tier 1 capital instruments	-	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-	-
Total Tier 1 capital	<u>6,280,139</u>	<u>6,162,240</u>	<u>6,477,000</u>	<u>6,332,879</u>
<u>Tier 2 Capital</u>				
Stage 1 & Stage 2 expected credit loss allowances [^]	462,529	462,529	462,503	462,503
Tier 2 capital instruments	1,310,941	1,310,941	1,294,247	1,294,247
Total Tier 2 capital	<u>1,773,470</u>	<u>1,773,470</u>	<u>1,756,750</u>	<u>1,756,750</u>
Total capital base	<u>8,053,609</u>	<u>7,935,710</u>	<u>8,233,750</u>	<u>8,089,629</u>

[^] Expected credit loss allowance on non-credit impaired exposure and regulatory reserves is subject to a maximum of 1.25% of total credit risk-weighted assets.

Breakdown of risk weighted assets in various categories of risk weights are as follows:

	Bank			
	with TA	without TA	with TA	without TA
	31-March-22	31-March-22	31-Dec-21	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
<u>Total risk weighted assets ("RWA")</u>				
- Credit risk	37,002,343	37,002,343	37,000,275	37,000,275
- Market risk	399,698	399,698	62,619	62,619
- Operational risk	2,705,295	2,705,295	2,615,184	2,615,184
Total RWA	<u>40,107,336</u>	<u>40,107,336</u>	<u>39,678,078</u>	<u>39,678,078</u>
<u>Capital adequacy ratios</u>				
CET 1 capital ratio	15.658%	15.364%	16.324%	15.961%
Tier 1 capital ratio	15.658%	15.364%	16.324%	15.961%
Total capital ratio	<u>20.080%</u>	<u>19.786%</u>	<u>20.751%</u>	<u>20.388%</u>

PERFORMANCE REVIEW FOR THE 1ST QUARTER ENDED 31 MARCH 2022

1. Performance Review

During the quarter, the Bank Group reported a profit before tax (“PBT”) of RM73.1 mil with net funded income of RM394.5 mil, net impairment allowance of RM166.6mil and operating expenses (“OPEX”) of RM146.5mil. The net impairment allowance is mainly because of deterioration in staging of financing customers as moratorium ended, while OPEX is contributed by personnel expenses of RM83.7 mil and other expenses such as rental of the headquarters and software/hardware maintenance. The Bank Group incurred minimal modification loss during the quarter with some moratorium under URUS programme.

Outlook for 2022

The Bank Group had developed its 2022 – 2023 Strategic Roadmap, which sets out a two-pronged strategy to enhance return on equity and stakeholder value: creating new businesses to expand revenue streams and accelerate growth; and enhancing existing businesses to improve competitiveness and meet evolving market expectations. The strategic initiatives planned will focus on business sectors with high growth potential and less vulnerability to pandemic risks.

To penetrate niche market segments and meet customers’ demands, the pursuit of this strategy is guided by the principles of Differentiation, Demand-led and Sustainability. Thus, our products and services should provide a unique value proposition to differentiate them from others in the market, they must match customers’ needs, and they should integrate ESG considerations and reflect our values as an Islamic bank. Our strategic initiatives are supported by our business enablers comprising our branch network, technology, marketing and branding and most importantly, people. We will also improve non-performing financing by enhancing our credit onboarding and hastening the resolution of our impaired financing.

We expect the economy’s growth to gain further momentum in 2022, following a rebound in economic activity in the fourth quarter, in line with the relaxation of containment measures (BNM’s Monetary Policy Statement, 20 January 2022) and spur the financing growth in 2022.

1. Performance Review (continued)

(a) Financing

Variation of Results against Preceding Year Corresponding Quarter

	Current Year Quarter 31-Mar-22 (1Q22) RM'000	Preceding Year Corresponding Quarter 31-Mar-21 (1Q21) RM'000	Changes	
			RM'000	%
Personal financing	19,755,844	19,626,378	129,466	0.7%
Corporate financing	8,219,823	8,098,310	121,513	1.5%
Property financing	7,544,574	6,320,859	1,223,715	19.4%
Auto financing	72,057	100,824	(28,767)	(28.5)%
Total gross financing and advances	35,592,298	34,146,371	1,445,927	4.2%

Variation of Results against Immediate Preceding Quarter

Financing

	Current Year Quarter 31-Mar-22 (1Q22) RM'000	Immediate Preceding Quarter 31-Dec-21 (4Q21) RM'000	Changes	
			RM'000	%
Personal financing	19,755,844	19,623,746	132,098	0.7%
Corporate financing	8,219,823	8,317,955	(98,132)	(1.2)%
Property financing	7,544,574	7,295,572	249,002	3.4%
Auto financing	72,057	77,620	(5,563)	(7.2)%
Total gross financing and advances	35,592,298	35,314,893	277,405	0.8%

Bank Group gross financing and advances grew by 4.2% and 0.8% for 1Q22 compared to 1Q21 and 4Q21 respectively. Overall, growth of financing and advances is contributed mainly from property financing. Personal financing remains as the biggest financing portfolio while auto financing is at a decreasing base as the Bank Group focuses on growing asset base of other portfolios.

1. Performance Review (continued)

(b) Income statement

Current Year Quarter vs Preceding Year Corresponding Quarter

	Current Year Quarter 31-Mar-22 (1Q22)	Preceding Year Corresponding Quarter 31-Mar-21 (1Q21)	Changes	
	RM'000	RM'000	RM'000	%
Income derived from investment of depositors' funds	531,270	545,197	(13,927)	(2.6)%
Income derived from investment of shareholders' funds	109,548	111,134	(1,586)	(1.4)%
Income derived from investment of investment accounts' funds	33,489	1,689	31,800	>100%
Total income derived from investment of depositors, shareholders and investment account funds	674,307	658,020	16,287	2.5%
Expected credit losses on financing and advances and other impairment	(166,644)	(157,725)	(8,919)	5.7%
Loss on modification of cash flows	(8,961)	(36,463)	27,502	(75.4)%
Total net income	219,513	201,193	18,320	9.1%
Total overhead expenses	<u>(146,457)</u>	<u>(95,558)</u>	(50,899)	53.3%
Profit before tax	<u>73,056</u>	<u>105,635</u>	(32,579)	(30.8)%
Profit after tax	<u>54,621</u>	<u>63,047</u>	(8,426)	(13.4)%
Profit attributable to owners of the Bank	<u>54,621</u>	<u>63,047</u>	(8,426)	(13.4)%

Current Year Quarter vs Immediate Preceding Quarter

	Current Year Quarter 31-Mar-22 (1Q22)	Immediate Preceding Quarter 31-Dec-21 (4Q21)	Changes	
	RM'000	RM'000	RM'000	%
Income derived from investment of depositors' funds	531,270	528,442	2,828	0.5%
Income derived from investment of shareholders' funds	109,548	121,636	(12,088)	-9.9%
Income derived from investment of investment accounts' funds	<u>33,489</u>	<u>22,638</u>	10,851	47.9%
Total income derived from investment of depositors, shareholders and investment account funds	674,307	672,716	1,591	0.2%
Expected credit losses on financing and advances and other impairment	(166,644)	48,048	(214,692)	>(100)%
Loss on modification of cash flows	(8,961)	(115,057)	106,096	-92.2%
Total net income	219,513	331,984	(112,471)	-33.9%
Total overhead expenses	<u>(146,457)</u>	<u>(191,052)</u>	44,595	-23.3%
Profit before tax	<u>73,056</u>	<u>140,932</u>	(67,876)	-48.2%
Profit after tax	<u>54,621</u>	<u>79,243</u>	(24,622)	-31.1%
Profit attributable to owners of the Bank	<u>54,621</u>	<u>79,243</u>	(24,622)	-31.1%

The Bank Group's total income derived from investment of depositors', shareholders' and investment accounts' funds recorded at RM674.3 mil, an increase of 2.5% as compared to 1Q21 contributed by higher financing income and higher fee based income. The increase as compared to 4Q21 is at 0.2% mainly attributable to the lower loss on financial investments at FVTPL and FVOCI during the quarter as compared to 4Q21.

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

1. Performance Review (continued)

The Bank recorded net impairment allowance of RM146.5 mill in 1Q22 due to the deterioration in staging of financing customers at both retail and corporate portfolios as moratorium ended. There were no significant ECL arising from the forward looking components during the quarter.

The total overhead expenses for 1Q22 recorded higher compared to 1Q21 because of increase in personnel expenses and other expenses such as rental of the headquarters and software/hardware maintenances.

2. Authorisation for issue

The unaudited interim financial report was authorised for issuance by the Board of Directors in accordance with a resolution of the Directors.