

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

**INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021**

		Bank Group		Bank	
		30-Sep-21 RM'000	31-Dec-20 RM'000	30-Sep-21 RM'000	31-Dec-20 RM'000
Assets					
Cash and short-term funds	7(a)	525,390	731,160	525,191	726,996
Deposits and placements with banks and other financial institutions	7(b)	924,435	781,682	-	-
Derivative financial assets	8	1,124	1,724	1,124	1,724
Financial investments at fair value through profit and loss ("FVTPL")	9	239,458	-	239,458	-
Financial investments at fair value through other comprehensive income ("FVOCI")	10	12,045,433	10,192,272	12,045,433	10,192,272
Financial investments at amortised cost	11	611,378	488,102	611,378	488,102
Financing and advances	12	33,567,306	32,863,504	33,567,306	32,863,504
Financing held-for-sale	13	1,586	-	1,586	-
Sukuk Commodity Murabahah		-	-	2,232,580	2,317,054
Other receivables	14	511,428	508,125	568,274	557,861
Investment in subsidiary	15	-	-	-	-
Statutory deposits with Bank Negara Malaysia		650,000	620,000	650,000	620,000
Investment property		820	820	820	820
Property and equipment		36,768	27,882	36,768	27,882
Intangible assets		103,157	111,449	103,157	111,449
Right-of-use assets		43,803	14,880	43,803	14,880
Deferred tax assets		14,438	-	14,438	-
Tax recoverable		730	85,620	-	84,966
Total assets		49,277,254	46,427,220	50,641,316	48,007,510
Liabilities					
Deposits from customers	16	33,850,414	33,781,496	33,850,414	33,781,496
Deposits and placements of banks	17	135,221	101,244	135,221	101,244
Investment accounts of customers	18	1,324,778	-	1,324,778	-
Derivative financial liabilities	8	1,059	1,614	1,059	1,614
Other payables	19	1,076,319	741,166	3,072,014	2,897,220
Lease liabilities		44,394	15,193	44,394	15,193
Recourse obligation on financing sold		3,232,612	2,262,531	3,232,612	2,262,531
Sukuk-MBSB Structured Covered ("SC") Murabahah		1,284,177	1,366,563	1,284,177	1,366,563
Sukuk Wakalah		1,310,569	1,293,335	1,310,569	1,293,335
Deferred tax liabilities		-	92,368	-	92,368
Provision for zakat and taxation		32,354	4,367	32,354	4,367
Total liabilities		42,291,897	39,659,877	44,287,592	41,815,931
Equity					
Share capital		5,427,972	5,159,859	5,427,972	5,159,859
Reserves		1,557,385	1,607,484	925,752	1,031,720
Total equity		6,985,357	6,767,343	6,353,724	6,191,579
Total Liabilities and Equity		49,277,254	46,427,220	50,641,316	48,007,510
Commitments and contingencies	28	3,698,131	2,724,749	3,698,131	2,724,749
Capital Adequacy					
		Bank Group		Bank	
CET1 capital		16.696%	16.263%	15.270%	14.879%
Tier 1 capital		16.696%	16.263%	15.270%	14.879%
Total capital ratio		21.423%	20.798%	19.829%	19.253%

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 2020

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021**

		Bank Group			
		3rd Quarter Ended		Nine Months Ended	
		30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	20	544,571	392,582	1,620,646	1,616,581
Income derived from investment of shareholders' funds	21	153,318	332,525	380,893	674,501
Income derived from investment of investment accounts' funds	22	20,356	-	38,329	-
Net (allowance)/writeback for impairment on financing and advances and other financial assets	23	(260,232)	4,247	(172,503)	(204,199)
Loss on modification of cash flows		(146,944)	7,377	(196,608)	(503,420)
Total distributable income		311,069	736,731	1,670,757	1,583,463
Income attributable to depositors and others	24	(271,272)	(301,675)	(799,822)	(1,054,911)
Total net income		39,797	435,056	870,935	528,552
Personnel expenses	25	(68,825)	(73,050)	(177,505)	(213,656)
Other overhead expenses	26	(74,102)	(24,714)	(162,817)	(74,584)
(Loss)/profit before taxation and zakat		(103,130)	337,292	530,613	240,312
Taxation		16,052	(45,863)	(155,109)	(50,393)
Zakat		641	1,000	(34)	(2,000)
(Loss)/profit for the financial period		<u>(86,437)</u>	<u>292,429</u>	<u>375,470</u>	<u>187,919</u>
(Loss)/profit attributable to:					
Owner of the Bank		(86,437)	292,429	375,470	187,919
		<u>(86,437)</u>	<u>292,429</u>	<u>375,470</u>	<u>187,919</u>
(Loss)/profit for the financial period		(86,437)	292,429	375,470	187,919
Other comprehensive (loss)/income, net of tax	27	(64,622)	50,510	(355,815)	150,513
		<u>(64,622)</u>	<u>50,510</u>	<u>(355,815)</u>	<u>150,513</u>
Total comprehensive (loss)/income for the financial period		<u>(151,059)</u>	<u>342,939</u>	<u>19,655</u>	<u>338,432</u>
Total comprehensive (loss)/income attributable to:					
Owner of the Bank Group		(151,059)	342,939	19,655	338,432
		<u>(151,059)</u>	<u>342,939</u>	<u>19,655</u>	<u>338,432</u>
Earnings per share (sen)		<u>(1.59)</u>	<u>5.67</u>	<u>7.02</u>	<u>3.64</u>

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 2020

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021 (CONTINUED)**

		Bank			
		3rd Quarter Ended		Nine Months Ended	
		30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	20	555,344	402,618	1,654,476	1,661,615
Income derived from investment of shareholders' funds	21	155,317	337,339	387,077	671,771
Income derived from investment of investment accounts' funds	22	20,356	-	38,329	-
Net (allowance)/writeback for impairment on financing and advances and other financial assets	23	(260,232)	4,247	(172,503)	(204,199)
Loss on modification of cash flows		(146,944)	7,377	(196,608)	(503,420)
Total distributable income		<u>323,841</u>	<u>751,581</u>	<u>1,710,771</u>	<u>1,625,767</u>
Income attributable to depositors and others	24	(305,522)	(338,396)	(901,459)	(1,165,251)
Total net income		18,319	413,185	809,312	460,516
Personnel expenses	25	(68,825)	(73,050)	(177,505)	(213,656)
Other overhead expenses	26	(73,510)	(24,168)	(160,964)	(72,884)
(Loss)/profit before taxation and zakat		(124,016)	315,967	470,843	173,976
Taxation		17,352	(44,333)	(151,208)	(46,166)
Zakat		641	1,000	(34)	(2,000)
(Loss)/profit for the financial period		<u>(106,023)</u>	<u>272,634</u>	<u>319,601</u>	<u>125,810</u>
(Loss)/profit attributable to:					
Owner of the Bank		(106,023)	272,634	319,601	125,810
		<u>(106,023)</u>	<u>272,634</u>	<u>319,601</u>	<u>125,810</u>
(Loss)/profit for the financial period		(106,023)	272,634	319,601	125,810
Other comprehensive (loss)/income, net of tax	27	(64,622)	50,510	(355,815)	150,513
		<u>(64,622)</u>	<u>50,510</u>	<u>(355,815)</u>	<u>150,513</u>
Total comprehensive (loss)/income for the financial period		<u>(170,645)</u>	<u>323,144</u>	<u>(36,214)</u>	<u>276,323</u>
Total comprehensive (loss)/income attributable to:					
Owner of the Bank Group		(170,645)	323,144	(36,214)	276,323
		<u>(170,645)</u>	<u>323,144</u>	<u>(36,214)</u>	<u>276,323</u>

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 2020.

MBSB BANK BERHAD (200501033981 / 716122-P)

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INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CHANGES IN EQUITY****FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021**

	← 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
Balance as at 1 January 2021	5,159,859	5,234	234,762	1,367,488	6,767,343
Profit for the financial period	-	-	-	375,470	375,470
Other comprehensive loss for the financial period	-	-	(355,815)	-	(355,815)
Total comprehensive (loss)/income for the financial period	-	-	(355,815)	375,470	19,655
Dividend	-	-	-	(69,754)	(69,754)
Issuance of ordinary shares	268,113	-	-	-	268,113
Balance as at 30 September 2021	5,427,972	5,234	(121,053)	1,673,204	6,985,357
Balance as at 1 January 2020	5,159,859	5,234	155,090	1,221,956	6,542,139
Profit for the financial period	-	-	-	187,919	187,919
Other comprehensive income for the financial period	-	-	150,513	-	150,513
Total comprehensive income for the financial period	-	-	150,513	187,919	338,432
Dividends	-	-	-	(133,657)	(133,657)
Balance as at 30 September 2020	5,159,859	5,234	305,603	1,276,218	6,746,914

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 2020.

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CHANGES IN EQUITY****FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021 (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
Balance as at 1 January 2021	5,159,859	5,234	234,762	791,724	6,191,579
Profit for the financial period	-	-	-	319,601	319,601
Other comprehensive loss for the financial period	-	-	(355,815)	-	(355,815)
Total comprehensive (loss)/income for the financial period	-	-	(355,815)	319,601	(36,214)
Dividend	-	-	-	(69,754)	(69,754)
Issuance of ordinary shares	268,113	-	-	-	268,113
Balance as at 30 September 2021	5,427,972	5,234	(121,053)	1,041,571	6,353,724
Balance as at 1 January 2020	5,159,859	5,234	155,090	728,583	6,048,766
Profit for the financial period	-	-	-	125,810	125,810
Other comprehensive income for the financial period	-	-	150,513	-	150,513
Total comprehensive income for the financial period	-	-	150,513	125,810	276,323
Issuance of ordinary shares	-	-	-	(133,657)	(133,657)
Balance as at 30 September 2020	5,159,859	5,234	305,603	720,736	6,191,432

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 2020.

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

	Bank Group		Bank	
	9 months ended		9 months ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	530,613	240,312	470,843	173,976
Adjustments for non-cash items	243,002	424,731	193,230	364,136
Operating profit before working capital changes	773,615	665,043	664,073	538,112
Working capital changes:				
Net changes in operating assets	(1,257,505)	(756,090)	(990,649)	(728,475)
Net changes in operating liabilities	1,770,820	(744,271)	1,479,246	(789,089)
Income taxes and zakat paid	(36,711)	(77,194)	(32,733)	(72,136)
Net cash generated from/(used in) operating activities	1,250,219	(912,512)	1,119,937	(1,051,588)
Cash flows from investing activities				
Purchase of property and equipment	(16,409)	(5,040)	(16,409)	(5,040)
Purchase of intangible assets	(17,424)	(18,705)	(17,424)	(18,705)
Profit income from financial investments	335,324	310,972	335,324	310,972
Net (purchase)/sale of financial investments	(2,679,101)	374,349	(2,679,101)	374,349
Profit income from Sukuk Commodity Murabahah	-	-	49,773	60,595
Proceeds from Sukuk Commodity Murabahah	-	-	84,474	75,820
Net cash (used in)/generated from investing activities	(2,377,610)	661,576	(2,243,363)	797,991
Cash flows from financing activities				
Repayment of recourse obligation on financing sold	971,545	(156,748)	971,545	(156,748)
Profit expense paid on recourse obligation on financing sold	(63,027)	(78,048)	(63,027)	(78,048)
Profit expense paid on Sukuk MBSB-SC Murabahah	(34,247)	(41,414)	(34,247)	(41,414)
Repayment of Sukuk MBSB-SC Murabahah	(97,911)	(92,703)	(97,911)	(92,703)
Profit expense paid on Sukuk Wakalah	(33,925)	(34,620)	(33,925)	(34,620)
Payment of lease liabilities	(19,173)	(9,717)	(19,173)	(9,717)
Dividend paid on ordinary shares	(69,754)	(133,657)	(69,754)	(133,657)
Issuance of ordinary shares	268,113	-	268,113	-
Net cash generated from/(used in) financing activities	921,621	(546,907)	921,621	(546,907)
Net decrease in cash and cash equivalents	(205,770)	(797,843)	(201,805)	(800,504)
Cash and cash equivalents at the beginning of financial period	731,160	1,829,715	726,996	1,827,458
Cash and cash equivalents at the end of financial period	525,390	1,031,872	525,191	1,026,954

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 2020

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2021**

1. Basis of preparation

The unaudited condensed interim financial statements for the financial quarter ended 30 September 2021 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, 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 2020. 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 2020.

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 2020.

On 1 January 2021, 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 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

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 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)*

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 2020

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. Changes in Estimates of Amounts Reported Previously

The following comparative amount has been reclassified to conform with the current year's presentation which more accurately reflect the nature of the relevant transactions. The Bank Group and the Bank's prior financial year's results were not affected by this reclassification.

Bank Group and Bank	As previously reported RM'000	Re- classification RM'000	As restated RM'000
<u>Statements of financial position</u>			
Deposits from customers	24,353,435	9,428,061	33,781,496
Deposits and placements of banks	9,529,305	(9,428,061)	101,244
	<u>33,882,740</u>	<u>-</u>	<u>33,882,740</u>

6. Dividend

On 27 July 2021, the Bank paid single-tier final dividend of RM69,753,885 in respect of financial year ended 31 December 2020 to the holding company, Malaysia Building Society Berhad.

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

	Bank Group		Bank	
	30-Sep-21 RM'000	31-Dec-20 RM'000	30-Sep-21 RM'000	31-Dec-20 RM'000
(a) Cash and balances with banks and other financial institutions	126,371	125,131	126,172	120,967
Money at call and deposit placements maturing within one month	399,019	606,029	399,019	606,029
Total cash and short-term funds	525,390	731,160	525,191	726,996
(b) Deposits and placements with financial institutions with original maturity of more than one month				
- Licensed Islamic banks	924,435	781,682	-	-
	1,449,825	1,512,842	525,191	726,996

The ECL for cash and short-term funds and deposits and placements with banks and other financial institutions above is nil (2020: nil).

8. 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					
	30-Sep-21			31-Dec-20		
	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	964,015	1,124	(1,059)	278,310	1,724	(1,614)

9. Financial investments at FVTPL

	Bank Group and Bank	
	30-Sep-21 RM'000	31-Dec-20 RM'000
At fair value		
Quoted securities:		
<u>In Malaysia</u>		
Malaysian Government Investment Issues	239,458	-
	239,458	-

10. Financial investments at FVOCI

	Bank Group and Bank	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
At fair value		
Money Market Instruments		
Malaysian Government Investment Issues	8,662,939	6,906,159
Debt securities:		
<u>In Malaysia</u>		
Private and Islamic debt securities	1,061,330	1,089,533
Government Guaranteed corporate sukuk	2,321,164	2,196,580
	<u>12,045,433</u>	<u>10,192,272</u>

ECL movement for financial investments at FVOCI:

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.

	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	12	-	-	12
Matured financial investments during the year	(5)	-	-	(5)
Change in credit risk	-	-	-	-
At 30 September 2021	<u>14</u>	<u>-</u>	<u>-</u>	<u>14</u>

	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	18	-	-	18
Total reversed to profit or loss:	(11)	-	-	(11)
Change in credit risk	(11)	-	-	(11)
At 31 December 2020	<u>7</u>	<u>-</u>	<u>-</u>	<u>7</u>

11. Financial investments at amortised cost

	Bank Group and Bank	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
At amortised cost		
Quoted securities:		
<u>In Malaysia</u>		
Private and Islamic debt securities	612,423	488,693
Less: ECL stage 1	(640)	(90)
ECL stage 2	(405)	(501)
	611,378	488,102

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 2021	90	501	-	591
Charged to profit or loss	550	(96)	-	454
Change in credit risk	(22)	(96)	-	(118)
New financial investments purchased during the year	572	-	-	572
ECL at 30 September 2021	640	405	-	1,045

	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
ECL at 1 January 2020	152	-	-	152
Charged to profit or loss	(62)	501	-	439
Transfer to stage 2	(45)	45	-	-
Change in credit risk	(17)	456	-	439
ECL at 31 December 2020	90	501	-	591

12. Financing and advances

	Bank Group and Bank	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
(i) By type		
At amortised cost		
Term financing		
- Personal financing	19,614,386	19,837,438
- Property financing	6,824,617	6,084,956
- Hire purchase receivables	663,889	761,732
- Bridging financing	449,787	483,948
- Auto financing	82,659	106,198
- Other term financing	5,752,070	5,642,010
Revolving Credit	244,543	190,840
Staff financing	43,808	46,071
Cash line	120,058	81,539
Trade finance	1,257,888	1,007,549
Gross financing and advances	<u>35,053,705</u>	<u>34,242,281</u>
Less: ECL		
- Stage 1	(286,528)	(365,538)
- Stage 2	(572,523)	(587,652)
- Stage 3	(627,348)	(425,587)
Net financing and advances	<u>33,567,306</u>	<u>32,863,504</u>
(ii) By residual contractual maturity		
Within one year	2,482,595	1,815,252
More than one year to three years	1,036,925	1,451,785
More than three years to five years	2,154,566	1,788,930
More than five years	29,379,619	29,186,314
	<u>35,053,705</u>	<u>34,242,281</u>
(iii) By economic purpose		
Personal Use	19,707,543	19,927,233
Construction	3,729,981	3,761,790
Purchase of landed property:		
- Residential	6,434,115	5,712,089
- Non-Residential	738,053	736,886
Working Capital	3,327,304	2,799,214
Purchase of other fixed assets	896,987	957,989
Purchase of transport vehicles	84,602	107,428
Purchase of other securities	441	466
Purchase of consumer durables	899	901
Others	133,780	238,285
	<u>35,053,705</u>	<u>34,242,281</u>

12. Financing and advances (continued)

(iv) By type of customers

	Bank Group and Bank	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
Individuals	26,489,088	25,996,300
Domestic business enterprises		
- Small medium enterprise	2,203,641	2,107,333
- Government	-	51,161
- Non-bank financial institutions	778,055	740,803
- Others	5,538,415	5,315,587
Foreign entities	44,506	31,097
	<u>35,053,705</u>	<u>34,242,281</u>

(v) By sector

	Bank Group and Bank	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
Household sectors	26,489,088	25,996,300
Construction	3,325,901	3,362,508
Finance, insurance and business services	2,740,226	2,839,973
Wholesale & retail trade and restaurants & hotels	863,184	713,945
Manufacturing	866,559	489,653
Transport, storage and communication	234,809	225,719
Mining and quarrying	123,644	216,711
Electricity, gas and water	174,860	169,087
Education, health and others	148,154	133,441
Agriculture	87,280	94,944
	<u>35,053,705</u>	<u>34,242,281</u>

(vi) By profit rate sensitivity

	Bank Group and Bank	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
Fixed rate:		
Personal financing	16,264,757	16,721,791
Auto financing	85,287	108,607
Property financing	423,235	439,418
Bridging, structured and term financing	939,137	956,420
Variable rate:		
Personal financing	3,360,598	3,129,748
Property financing	6,431,190	5,674,680
Bridging, structured and term financing	7,549,501	7,211,617
	<u>35,053,705</u>	<u>34,242,281</u>

(vii) By geographical distribution

	Bank Group and Bank	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
Malaysia	<u>35,053,705</u>	<u>34,242,281</u>

12. Financing and advances (continued)

(viii) Financing by types and Shariah contracts

**Bank Group and Bank
30-Sep-21**

Type	Tawarruq RM'000	Bai' RM'000	Ijarah RM'000	Total RM'000
Term Financing	30,003,293	1,988,373	1,395,742	33,387,408
Property financing	4,924,079	1,898,763	1,775	6,824,617
Bridging financing	449,787	-	-	449,787
Hire purchase receivables	-	-	663,889	663,889
Auto financing	-	-	82,659	82,659
Personal financing	19,614,237	149	-	19,614,386
Other term financing	5,015,190	89,461	647,419	5,752,070
Cash line	120,058	-	-	120,058
Staff financing	40,754	28	3,026	43,808
Revolving credit	244,543	-	-	244,543
Others	1,257,888	-	-	1,257,888
	31,666,536	1,988,401	1,398,768	35,053,705

**Bank Group and Bank
31-Dec-20**

Type	Tawarruq RM'000	Bai' RM'000	Ijarah RM'000	Total RM'000
Term Financing	29,275,341	2,077,415	1,563,526	32,916,282
Property financing	4,093,273	1,989,191	2,491	6,084,955
Bridging financing	483,947	-	-	483,947
Hire purchase receivables	-	-	761,732	761,732
Auto financing	-	-	106,198	106,198
Personal financing	19,837,278	161	-	19,837,439
Other term financing	4,860,843	88,063	693,105	5,642,011
Cash line	81,539	-	-	81,539
Staff financing	43,180	67	2,823	46,070
Revolving credit	190,840	-	-	190,840
Trade finance	1,007,550	-	-	1,007,550
	30,598,450	2,077,482	1,566,349	34,242,281

12. Financing and advances (continued)

**(ix) Movement of gross financing and advances
30-Sep-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	1,383,185	(1,350,346)	(32,839)	-
Transfer to stage 2	(1,350,124)	1,412,796	(62,672)	-
Transfer to stage 3	(58,659)	(318,999)	377,658	-
New financing / disbursement during the year	3,578,539	343,048	58,428	3,980,015
Repayment during the year	(2,951,599)	(365,608)	(58,137)	(3,375,344)
Other movements	375,980	81,722	(30,710)	426,992
Loss on modification of cash flows	(137,440)	(59,168)	-	(196,608)
Reclassification to assets held-for-sale	-	-	(23,631)	(23,631)
Gross carrying amount as at 30 September 2021	<u>29,551,024</u>	<u>4,287,353</u>	<u>1,215,328</u>	<u>35,053,705</u>

31-Dec-20

	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 2020	29,065,287	4,106,709	818,025	33,990,021
Transfer to stage 1	1,071,111	(1,028,981)	(42,130)	-
Transfer to stage 2	(1,486,173)	1,583,613	(97,440)	-
Transfer to stage 3	(205,368)	(199,343)	404,711	-
New financing / disbursement during the year	4,554,480	514,891	62,228	5,131,599
Repayment during the year	(4,313,511)	(452,737)	(57,997)	(4,824,245)
Other movements	489,287	60,461	95,486	645,234
Loss on modification of cash flows	(463,971)	(40,705)	-	(504,676)
Write-offs	-	-	(195,652)	(195,652)
Gross carrying amount as at 31 December 2020	<u>28,711,142</u>	<u>4,543,908</u>	<u>987,231</u>	<u>34,242,281</u>

(x) Movement of ECL for financing and advances

30-Sep-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
Charges to profit or loss, of which:	(79,010)	(15,129)	225,164	131,025
Changes in the impairment allowance:				
- Transfer to stage 1	173,266	(155,253)	(18,013)	-
- Transfer to stage 2	(24,474)	56,833	(32,359)	-
- Transfer to stage 3	(546)	(71,501)	72,047	-
New financing / disbursement during the year	32,120	47,063	36,383	115,566
Repayment during the year	(262,310)	(193,159)	(76,214)	(531,683)
Change in credit risk parameters #	2,934	300,888	243,320	547,142
Reclassification to assets held-for-sale	-	-	(23,403)	(23,403)
ECL as at 30 September 2021	<u>286,528</u>	<u>572,523</u>	<u>627,348</u>	<u>1,486,399</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.

12. Financing and advances (continued)

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

31-Dec-20	Bank Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL as at 1 January 2020	401,290	368,934	412,480	1,182,704
Charged to profit or loss, of which:	(35,752)	218,718	208,397	391,363
Changes in the impairment allowance:				
- Transfer to stage 1	96,261	(70,682)	(25,579)	-
- Transfer to stage 2	(31,598)	93,768	(62,170)	-
- Transfer to stage 3	(4,289)	(21,943)	26,232	-
New financing / disbursement during the year	66,724	58,879	19,092	144,695
Repayment during the year	(173,546)	(128,500)	(59,607)	(361,653)
Change in credit risk parameters #	10,696	287,196	310,429	608,321
Write-offs	-	-	(195,290)	(195,290)
ECL as at 31 December 2020	365,538	587,652	425,587	1,378,777

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	
	30-Sep-21 RM'000	31-Dec-20 RM'000
Balance as at 1 January	987,231	818,025
Classified as impaired during the period	436,086	466,939
Reclassified as non-impaired	(95,511)	(139,570)
Amount recovered	(58,137)	(57,997)
Amount written off	-	(195,652)
Other movements	(30,710)	95,486
Reclassification to assets held-for-sale	(23,631)	-
Balance as at end of financial period	1,215,328	987,231
Gross impaired financing and advances as a % of gross financing and advances	3.47%	2.88%

12. Financing and advances (continued)

(xii) Impaired financing and advances by economic purpose

	Bank Group and Bank	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
Personal use	189,351	80,584
Construction	618,967	563,518
Purchase of landed property:		
- Residential	184,217	188,424
- Non-residential	40,122	39,377
Working Capital	143,329	47,500
Purchase of other fixed assets	31,379	42,041
Purchase of transport vehicles	6,895	6,517
Purchase of other securities	-	2,890
Purchase of consumer durables	788	789
Others	280	15,591
	<u>1,215,328</u>	<u>987,231</u>

(xiii) Impaired financing and advances by sector

	Bank Group and Bank	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
Household sector	393,578	288,793
Construction	322,403	327,173
Finance, insurance and business services	149,814	146,704
Manufacturing	162,074	70,435
Education, health and others	87,458	85,667
Mining and quarrying	67,945	39,313
Wholesale & retail trade and restaurants & hotels	27,228	25,151
Transport, storage and communication	4,828	3,995
	<u>1,215,328</u>	<u>987,231</u>

(xiii) Impaired financing by geographical distribution

	Bank Group and Bank	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
Malaysia	<u>1,215,328</u>	<u>987,231</u>

13. Financing held- for-sale

	Bank Group and Bank 30-Sep-21 RM'000
Balance as at 1 January	-
Reclassification from financing	24,989
Gross assets held-for-sale	<u>24,989</u>
Less impairment allowance:	
Balance as at 1 January	-
Reclassification from financing	(23,403)
Total impairment allowance	<u>(23,403)</u>
Net assets held-for-sale	<u><u>1,586</u></u>
By economic purpose:	
Purchase of residential properties	23,820
Purchase of non-residential properties	813
Purchase of Other Fixed Assets	246
Purchase of transport vehicles	65
Others	45
	<u><u>24,989</u></u>

In the second quarter of 2021, the Bank entered into an agreement to dispose identified retail financing to an external party. The sale is expected to complete in fourth quarter 2021.

14. Other receivables

	Bank Group		Bank	
	30-Sep-21	31-Dec-20	30-Sep-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Amount due from subsidiary	-	-	61,673	53,618
Financing to related companies	533,016	571,042	533,016	571,042
Amount due from related companies	-	1,824	-	1,824
Prepayments and deposits	17,069	8,967	16,978	8,866
Deferred expenses	1,749	1,946	1,749	1,946
Sundry receivables	54,503	56,357	49,767	52,576
	<u>606,337</u>	<u>640,136</u>	<u>663,183</u>	<u>689,872</u>
Less: ECL at stage 3	(94,909)	(132,011)	(94,909)	(132,011)
	<u><u>511,428</u></u>	<u><u>508,125</u></u>	<u><u>568,274</u></u>	<u><u>557,861</u></u>

15. 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 30 September 2021 is RM 2 (31 December 2020: RM 2).

The subsidiary was incorporated in Malaysia.

16. Deposits from customers

(i) By type of deposit:

	Bank Group and Bank	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
<u>Non-Mudharabah Funds:</u>		
Commodity Murabahah Term Deposit	33,075,670	33,193,269
Demand deposits	513,799	305,042
Savings deposits	260,945	283,185
	<u>33,850,414</u>	<u>33,781,496</u>

The deposit above are under the Islamic contract of Tawarruq.

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

	Bank Group and Bank	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
Within six months	22,456,186	24,191,607
More than six months to one year	7,363,127	5,748,734
More than one year to three years	2,975,761	2,886,851
More than three years	280,596	366,077
	<u>33,075,670</u>	<u>33,193,269</u>

(iii) By type of customers:

	Bank Group and Bank	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
Government and statutory bodies	13,619,539	12,058,760
Business enterprises	8,554,352	7,568,566
Individuals	4,354,860	4,726,109
Other financial institutions	7,321,663	9,428,061
	<u>33,850,414</u>	<u>33,781,496</u>

17. Deposits and placements of banks

	Bank Group and Bank	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
(i) By type of deposit:		
<u>Non-Mudharabah Funds:</u>		
-Licensed Investment Banks	944	1,234
-Licensed Islamic Banks	134,277	100,010
	<u>135,221</u>	<u>101,244</u>
(ii) By type of contract:		
Tawarruq	<u>135,221</u>	<u>101,244</u>

18. Investment accounts of customers

	Bank Group and Bank 30-Sep-21 RM'000
Wakalah	<u>1,324,778</u>
	Bank Group and Bank 30-Sep-21 RM'000
Movement in investment accounts	
At beginning of the financial period	-
New placement during the financial period	1,490,999
Redemption	(151,961)
Finance expense	(14,260)
At end of financial period	<u>1,324,778</u>

MBSB Bank launched a new Wakalah investment account in the first quarter ended 31 March 2021.

19. Other payables

	Bank Group		Bank	
	30-Sep-21 RM'000	31-Dec-20 RM'000	30-Sep-21 RM'000	31-Dec-20 RM'000
Amount due to subsidiary	-	-	1,996,011	2,156,258
Amount due to related companies	17,475	7,727	17,475	7,727
Amount due to holding company	270,883	162,993	270,883	162,993
Al-Mudharabah security fund	146,392	144,168	146,392	144,168
Expected credit losses for commitments and contingencies	67,553	44,443	67,553	44,443
Other provisions and accruals	53,440	86,927	53,123	86,907
Deferred income	23,230	26,828	23,230	26,828
Sundry creditors	497,346	268,080	497,347	267,896
	<u>1,076,319</u>	<u>741,166</u>	<u>3,072,014</u>	<u>2,897,220</u>

Movement of ECL for commitment and contingencies are as follows:

30-Sep-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:	(3,081)	24,800	1,391	23,110
Changes in the impairment allowance				
- Transfer to stage 1	8,274	(6,412)	(1,862)	-
- Transfer to stage 2	(573)	573	-	-
- Transfer to stage 3	(3)	(466)	469	-
New financing/ disbursement during the year	5,578	26,748	6,220	38,546
Repayment/drawdown to financing during the year	(4,339)	(2,597)	(9,668)	(16,604)
Changes in credit risk parameters #	(12,018)	6,954	6,232	1,168
Write-off	-	-	-	-
ECL as at 30 September 2021	<u>15,797</u>	<u>38,074</u>	<u>13,682</u>	<u>67,553</u>
31-Dec-20	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2020	43,945	17,802	3,492	65,239
Total charged to profit or loss, of which:	(25,067)	(4,528)	9,408	(20,187)
Changes in the impairment allowance				
- Transfer to stage 1	762	(685)	(77)	-
- Transfer to stage 2	(2,937)	3,043	(106)	-
- Transfer to stage 3	(367)	(1,519)	1,886	-
New financing/ disbursement during the year	9,416	3,176	66	12,658
Repayment/drawdown to financing during the year	(18,535)	(8,462)	(2,092)	(29,089)
Changes in credit risk parameters #	(13,406)	(81)	9,731	(3,756)
Write-off	-	-	(609)	(609)
ECL as at 31 December 2020	<u>18,878</u>	<u>13,274</u>	<u>12,291</u>	<u>44,443</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.

20. Income derived from investment of depositors' funds

Income derived from investment of other deposits

	Bank Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	434,590	289,073	1,311,468	1,270,415
Financial investments at FVTPL	2,653	20	3,270	168
Financial investments at FVOCI	90,041	91,589	262,424	292,725
Financial investments at amortised cost	6,861	4,326	17,809	10,618
Money at call and deposits with financial institutions	5,829	3,413	17,369	23,175
Others	4,597	4,161	8,306	19,480
	<u>544,571</u>	<u>392,582</u>	<u>1,620,646</u>	<u>1,616,581</u>
of which financing income earned on impaired financing	<u>2,779</u>	<u>1,460</u>	<u>7,994</u>	<u>9,411</u>

	Bank			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	434,590	289,073	1,311,468	1,270,415
Financial investments at FVTPL	2,653	20	3,270	168
Financial investments at FVOCI	90,041	91,589	262,424	292,725
Financial investments at amortised cost	6,861	4,326	17,809	10,618
Money at call and deposits with financial institutions	2,303	3,413	7,129	23,175
Profit on Sukuk commodity murabahah	13,598	10,036	42,081	45,034
Others	5,298	4,161	10,295	19,480
	<u>555,344</u>	<u>402,618</u>	<u>1,654,476</u>	<u>1,661,615</u>
of which financing income earned on impaired financing	<u>2,779</u>	<u>1,460</u>	<u>7,994</u>	<u>9,411</u>

21. Income derived from investment of shareholders' funds

	Bank Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	84,372	271,650	246,728	434,561
Financial investments at FVTPL	486	-	598	2
Financial investments at FVOCI	16,692	1,691	47,968	4,017
Financial investments at amortised cost	1,269	2,460	3,255	3,444
Money at call and deposits with financial institutions	1,082	5,651	3,175	20,659
Others	845	3,489	1,518	4,681
	<u>104,746</u>	<u>284,941</u>	<u>303,242</u>	<u>467,364</u>
of which financing income earned on impaired financing	<u>515</u>	<u>1,920</u>	<u>1,461</u>	<u>3,252</u>
<u>Other operating income:</u>				
Financing related fees	14,216	374	8,758	553
Commission	4,120	3,660	9,596	8,464
Gain on disposal of property and equipment	2	-	2	-
Gain from sale of financial investments at FVOCI	1,351	56,805	11,662	192,957
(Loss)/gain on financial investments at FVTPL	(6,197)	1,099	(6,230)	2,635
Sundry income/(expense)	35,080	(14,354)	53,863	2,528
	<u>48,572</u>	<u>47,584</u>	<u>77,651</u>	<u>207,137</u>
	<u>153,318</u>	<u>332,525</u>	<u>380,893</u>	<u>674,501</u>
	Bank			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	84,372	271,650	246,728	434,561
Financial investments at FVTPL	486	-	598	2
Financial investments at FVOCI	16,692	1,691	47,968	4,017
Financial investments at amortised cost	1,269	2,460	3,255	3,444
Money at call and deposits with financial institutions	427	89	1,303	318
Profit on Sukuk commodity murabahah	2,524	9,698	7,692	15,561
Others	975	4,167	1,882	6,731
	<u>106,745</u>	<u>289,755</u>	<u>309,426</u>	<u>464,634</u>
of which financing income earned on impaired financing	<u>515</u>	<u>1,920</u>	<u>1,461</u>	<u>3,252</u>
<u>Other operating income:</u>				
Financing related fees	14,216	374	8,758	553
Commission	4,120	3,660	9,596	8,464
Gain on disposal of property and equipment	2	-	2	-
Gain from sale of financial investments at FVOCI	1,351	56,805	11,662	192,957
(Loss)/gain on financial investments at FVTPL	(6,197)	1,099	(6,230)	2,635
Sundry income	35,080	(14,354)	53,863	2,528
	<u>48,572</u>	<u>47,584</u>	<u>77,651</u>	<u>207,137</u>
	<u>155,317</u>	<u>337,339</u>	<u>387,077</u>	<u>671,771</u>

22. Income derived from investment of investment account funds

	Bank Group and Bank			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Financing and advances	20,356	-	38,329	-
	<u>20,356</u>	<u>-</u>	<u>38,329</u>	<u>-</u>

23. Net allowance for impairment on financing and advances and other financial assets

30-Sep-21

	Bank Group and Bank			
	3rd Quarter Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI	(5)	-	-	(5)
Financial investments at amortised cost	(204)	(33)	-	(237)
Financing and advances	5,388	106,028	88,338	199,754
Financing to related companies	-	-	30,938	30,938
Financing commitments and financial guarantee	(176)	25,444	6,383	31,651
Sundry receivables	-	-	142	142
	<u>5,003</u>	<u>131,439</u>	<u>125,801</u>	<u>262,243</u>
Impaired financing and advances:				
- Written off	-	-	2,398	2,398
- Recovered	-	-	(4,409)	(4,409)
	<u>5,003</u>	<u>131,439</u>	<u>123,790</u>	<u>260,232</u>

	Bank Group and Bank			
	Nine Months Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI	7	-	-	7
Financial investments at amortised cost	550	(96)	-	454
Financing and advances	(79,010)	(15,129)	225,164	131,025
Financing to related companies	-	-	23,485	23,485
Financing commitments and financial guarantee	(3,081)	24,800	1,391	23,110
Sundry receivables	-	-	140	140
	<u>(81,534)</u>	<u>9,575</u>	<u>250,180</u>	<u>178,221</u>
Impaired financing and advances:				
- Written off	-	-	3,177	3,177
- Recovered	-	-	(8,895)	(8,895)
	<u>(81,534)</u>	<u>9,575</u>	<u>244,462</u>	<u>172,503</u>

23. Net allowance for impairment on financing and advances and other financial assets (continued)

30-Sep-20

	Bank Group and Bank			Total
	3rd Quarter Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI	(5)	-	-	(5)
Financial assets at amortised cost	(3)	-	-	(3)
Financing and advances	55,027	(49,844)	(7,323)	(2,140)
Other receivables	-	-	3,977	3,977
Financing commitments and financial guarantee	(1,804)	(2,479)	(328)	(4,611)
	<u>53,215</u>	<u>(52,323)</u>	<u>(3,674)</u>	<u>(2,782)</u>
Impaired financing and advances:				
- Written off	-	-	311	311
- Recovered	-	-	(1,776)	(1,776)
	<u>53,215</u>	<u>(52,323)</u>	<u>(5,139)</u>	<u>(4,247)</u>

	Bank Group and Bank			Total
	Nine Months Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI	(12)	-	-	(12)
Financial assets at amortised cost	(27)	-	-	(27)
Financing and advances	(6,082)	20,530	179,484	193,932
Other receivables	-	-	12,390	12,390
Financing commitments and financial guarantee	(17,059)	4,116	14,935	1,992
	<u>(23,180)</u>	<u>24,646</u>	<u>206,809</u>	<u>208,275</u>
Impaired financing and advances:				
- Written off	-	-	2,276	2,276
- Recovered	-	-	(6,352)	(6,352)
	<u>(23,180)</u>	<u>24,646</u>	<u>202,733</u>	<u>204,199</u>

24. Income attributable to depositors and others

	Bank Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
(a) Income attributable to depositors				
Deposits from customers:				
- Non-mudharabah funds	210,146	238,132	619,348	860,257
Deposits and placements of banks				
- Non-mudharabah funds	1,446	1,638	4,262	5,920
	<u>211,592</u>	<u>239,770</u>	<u>623,610</u>	<u>866,177</u>
(b) Income attributable to securitisation	18,944	25,172	61,563	77,070
(c) Income attributable to sukuk	33,182	36,733	100,389	111,664
(d) Income attributable to wakalah unrestricted investment account	7,554	-	14,260	-
(e) Others	-	-	-	-
	<u>271,272</u>	<u>301,675</u>	<u>799,822</u>	<u>1,054,911</u>

	Bank			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
(a) Income attributable to depositors				
Deposits from customers:				
- Non-mudharabah funds	210,146	238,131	619,348	860,256
Deposits and placements of banks				
- Non-mudharabah funds	1,446	1,639	4,262	5,921
	<u>211,592</u>	<u>239,770</u>	<u>623,610</u>	<u>866,177</u>
(b) Income attributable to securitisation	18,944	25,172	61,563	77,070
(c) Income attributable to sukuk	33,182	36,733	100,389	111,664
(d) Income attributable to wakalah unrestricted investment account	7,554	-	14,260	-
(e) Others	34,250	36,721	101,637	110,340
	<u>305,522</u>	<u>338,396</u>	<u>901,459</u>	<u>1,165,251</u>

25. Personnel expenses

	Bank Group/Bank			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	54,571	57,058	136,736	166,874
Contributions to Employee				
Provident Fund and SOCSO	9,591	9,965	23,993	28,842
Directors' remuneration	586	907	2,100	2,176
Shariah Advisory Committee members' remuneration	140	116	360	295
Other staff related expenses	3,937	5,004	14,316	15,469
	<u>68,825</u>	<u>73,050</u>	<u>177,505</u>	<u>213,656</u>

26. Other overhead expenses

	Bank Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
<u>Establishment related expenses</u>				
Depreciation of property and equipment	2,749	1,916	7,523	5,744
Depreciation of right use of assets	12,712	3,170	19,456	9,765
Amortisation of intangible assets	8,878	6,758	25,716	19,434
Rental of premises	5,797	-	12,977	-
Software and hardware maintenance	15,536	8,287	30,782	24,521
Security expenses	(46)	914	1,387	1,969
Lease profit expense	989	205	1,249	560
Others	(3,245)	794	1,447	2,300
	<u>43,370</u>	<u>22,044</u>	<u>100,537</u>	<u>64,293</u>
<u>Promotion and marketing related expenses</u>				
Advertising and promotional activities	3,045	3,620	7,800	8,338
	<u>3,045</u>	<u>3,620</u>	<u>7,800</u>	<u>8,338</u>
<u>General administrative expenses</u>				
License and association fees and levies	544	202	1,018	277
Travelling, transport and accomodation expenses	304	510	1,207	1,689
Printing, stationery, postage and clearing charges	2,384	1,707	4,875	3,982
Electricity and water	814	1,187	2,579	2,859
Other professional fees	2,360	1,151	11,996	3,128
Auditors remuneration	451	376	1,102	1,127
Others	12,298	3,162	18,046	8,408
	<u>19,155</u>	<u>8,295</u>	<u>40,823</u>	<u>21,470</u>
<u>Commission fees</u>				
Commission fees	7,696	610	8,706	2,913
Angkasa charges	4,767	64	16,822	7,328
	<u>12,463</u>	<u>674</u>	<u>25,528</u>	<u>10,241</u>
Inter-company recharges	(3,931)	(9,919)	(11,871)	(29,758)
	<u>74,102</u>	<u>24,714</u>	<u>162,817</u>	<u>74,584</u>

26. Other overhead expenses (continued)

	Bank			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-21 RM'000	30-Sep-20 RM'000	30-Sep-21 RM'000	30-Sep-20 RM'000
<u>Establishment related expenses</u>				
Depreciation of property and equipment	2,749	1,916	7,523	5,744
Depreciation of right use of assets	12,712	3,170	19,456	9,765
Amortisation of intangible assets	8,878	6,758	25,716	19,434
Rental of premises	5,797	-	12,977	-
Software and hardware maintenance	15,536	8,287	30,782	24,521
Security expenses	(46)	914	1,387	1,969
Lease profit expense	989	205	1,249	560
Others	(3,245)	794	1,447	2,300
	<u>43,370</u>	<u>22,044</u>	<u>100,537</u>	<u>64,293</u>
<u>Promotion and marketing related expenses</u>				
Advertising and promotional activities	3,045	3,620	7,800	8,338
	<u>3,045</u>	<u>3,620</u>	<u>7,800</u>	<u>8,338</u>
<u>General administrative expenses</u>				
License and association fees and levies	544	202	1,018	277
Travelling, transport and accomodation expenses	304	510	1,207	1,689
Printing, stationery, postage and clearing charges	2,384	1,707	4,875	3,982
Electricity and water	814	1,187	2,579	2,859
Other professional fees	2,359	1,144	11,911	3,041
Auditors remuneration	448	372	1,093	1,117
Repair and maintenance of office equipment	-	93	-	152
Amortisation of facility fees- PFI	-	-	-	-
Others	12,170	2,944	17,665	7,882
	<u>19,023</u>	<u>8,159</u>	<u>40,348</u>	<u>20,999</u>
<u>Commission fees</u>				
Commission fees	7,696	610	8,706	2,913
Angkasa charges	4,767	64	16,822	7,328
	<u>12,463</u>	<u>674</u>	<u>25,528</u>	<u>10,241</u>
Inter-company recharges	(4,391)	(10,329)	(13,249)	(30,987)
	<u>73,510</u>	<u>24,168</u>	<u>160,964</u>	<u>72,884</u>

27. Other comprehensive (loss)/income, net of tax

	Bank Group and Bank			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Net (loss)/gain from change in fair value of financial investments at FVOCI	(64,617)	50,515	(355,822)	150,507
Changes in expected credit losses of financial investments at FVOCI	(5)	(5)	7	6
	<u>(64,622)</u>	<u>50,510</u>	<u>(355,815)</u>	<u>150,513</u>

28. 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, hence, they are not provided for in the financial statements.

Bank Group and Bank	Principal amount	Credit equivalent amount	Risk weighted amount
	RM'000	RM'000	RM'000
30-Sep-21			
Direct credit substitutes	27,150	20,545	20,545
Trade-related contingencies	92,830	40,533	40,533
Short Term Self Liquidating trade related contingencies	40,856	8,171	8,171
Irrevocable commitments to extend credit:			
- one year or less	1,063,823	221,661	221,661
- over one year to five years	1,507,155	752,486	666,321
- over five years	2,304	1,151	1,151
Foreign exchange related contracts			
- one year or less	964,015	15,581	6,668
	<u>3,698,131</u>	<u>1,060,128</u>	<u>965,050</u>

Bank Group and Bank	Principal amount	Credit equivalent amount	Risk weighted amount
	RM'000	RM'000	RM'000
31-Dec-20			
Direct credit substitutes	61,797	52,254	52,254
Trade-related contingencies	93,426	46,713	46,713
Short term Self Liquidating Trade-related contingencies	107,698	21,540	21,540
Irrevocable commitments to extend credit:			
- one year or less	612,780	155,399	155,399
- over one year to five years	1,562,430	778,569	701,984
- over five years	8,308	4,153	4,152
Foreign exchange related contracts			
- one year or less	278,310	5,896	3,345
	<u>2,724,749</u>	<u>1,064,524</u>	<u>985,387</u>

29. Financial risk management

29.1 Credit quality

(i) Financing and advances

Financing and advances are summarised as follows:

30-Sep-21	Bank Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>Neither past due nor impaired</u>				
Corporate financing				
Excellent	5,391	104	-	5,495
Good	3,162,268	294,568	-	3,456,836
Average	2,891,230	620,676	-	3,511,906
Below Average	101,177	147,913	-	249,090
Poor	1,243	-	-	1,243
Retail financing	23,389,715	1,859,003	-	25,248,718
	<u>29,551,024</u>	<u>2,922,264</u>	<u>-</u>	<u>32,473,288</u>
<u>Past due up to 3 months</u>				
Corporate financing				
Good	-	407,472	-	407,472
Average	-	35,593	-	35,593
Below Average	-	-	-	-
Poor	-	-	-	-
Retail financing	-	922,024	-	922,024
	<u>-</u>	<u>1,365,089</u>	<u>-</u>	<u>1,365,089</u>
			1,215,328	1,215,328
Gross financing and advances	<u>29,551,024</u>	<u>4,287,353</u>	<u>1,215,328</u>	<u>35,053,705</u>
Less ECL	<u>(286,528)</u>	<u>(572,523)</u>	<u>(627,348)</u>	<u>(1,486,399)</u>
Net financing and advances	<u>29,264,496</u>	<u>3,714,830</u>	<u>587,980</u>	<u>33,567,306</u>

29. Financial risk management (continued)

29.1 Credit quality (continued)

(i) Financing and advances (continued)

Financing and advances are summarised as follows (continued):

31-Dec-20	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	573	-	-	573
Good	2,033,957	192,991	-	2,226,948
Average	3,812,752	778,555	-	4,591,307
Below Average	135,071	201,557	-	336,628
Poor	6,800	139,532	-	146,332
Retail financing	22,721,990	2,029,118	-	24,751,108
	<u>28,711,143</u>	<u>3,341,753</u>	<u>-</u>	<u>32,052,896</u>
<i>Past due up to 3 months</i>				
Corporate financing				
Good	-	18,219	-	18,219
Average	-	150,819	-	150,819
Below Average	-	-	-	-
Poor	-	-	-	-
Retail financing	-	1,033,116	-	1,033,116
Total Past due up to 3 months	<u>-</u>	<u>1,202,154</u>	<u>-</u>	<u>1,202,154</u>
<i>Impaired</i>	-	-	987,231	987,231
Gross financing and advances	<u>28,711,143</u>	<u>4,543,907</u>	<u>987,231</u>	<u>34,242,281</u>
Less ECL	<u>(365,538)</u>	<u>(587,652)</u>	<u>(425,587)</u>	<u>(1,378,777)</u>
Net financing and advances	<u>28,345,605</u>	<u>3,956,255</u>	<u>561,644</u>	<u>32,863,504</u>

29. Financial risk management (continued)

29.1 Credit risk management (continued)

(ii) Other financial assets

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

Bank Group	Stage 1	Stage 2	Stage 3	Total
Neither past due nor impaired	RM'000	RM'000	RM'000	RM'000
30-Sep-21				
Cash and short-term funds				
AAA	424,080	-	-	424,080
AA and below	32,528	-	-	32,528
Unrated	68,782	-	-	68,782
	<u>525,390</u>	<u>-</u>	<u>-</u>	<u>525,390</u>
Deposits and placements with banks and other financial institutions				
AAA	924,403	-	-	924,403
AA and below	32	-	-	32
	<u>924,435</u>	<u>-</u>	<u>-</u>	<u>924,435</u>
Debt investments				
AAA	875,988	-	-	875,988
AA and below	185,342	-	-	185,342
Unrated *	11,633,205	201,735	-	11,834,940
	<u>12,694,535</u>	<u>201,735</u>	<u>-</u>	<u>12,896,270</u>
Other financial assets				
Unrated	54,348	-	-	54,348
	<u>54,348</u>	<u>-</u>	<u>-</u>	<u>54,348</u>

Bank Group

Bank Group	Stage 1	Stage 2	Stage 3	Total
Neither past due nor impaired	RM'000	RM'000	RM'000	RM'000
31-Dec-20				
Cash and short-term funds				
AAA	637,894	-	-	637,894
AA and below	34,704	-	-	34,704
Unrated	58,562	-	-	58,562
	<u>731,160</u>	<u>-</u>	<u>-</u>	<u>731,160</u>
Deposits and placements with banks and other financial institutions				
AAA	781,650	-	-	781,650
AA and below	32	-	-	32
	<u>781,682</u>	<u>-</u>	<u>-</u>	<u>781,682</u>
Debt investments				
AAA	955,534	-	-	955,534
AA and below	133,999	-	-	133,999
Unrated *	9,391,275	199,566	-	9,590,841
	<u>10,480,808</u>	<u>199,566</u>	<u>-</u>	<u>10,680,374</u>
Other financial assets				
Unrated	58,167	-	-	58,167
	<u>58,167</u>	<u>-</u>	<u>-</u>	<u>58,167</u>

* Unrated debt investments for Bank Group and Bank include government guaranteed securities of RM10,984,103,000 (2020: RM9,102,739,000)

29. Financial risk management (continued)

29.1 Credit risk management (continued)

(ii) Other financial assets (continued)

Bank

Neither past due nor impaired	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
30-Sep-21				
Cash and short-term funds				
AAA	424,080	-	-	424,080
AA and below	32,329	-	-	32,329
Unrated	68,782	-	-	68,782
	<u>525,191</u>	<u>-</u>	<u>-</u>	<u>525,191</u>
Deposits and placements with banks and other financial institutions				
AAA	-	-	-	-
AA and below	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt investments				
AAA	875,988	-	-	875,988
AA and below	185,342	-	-	185,342
Unrated *	11,633,205	201,735	-	11,834,940
	<u>12,694,535</u>	<u>201,735</u>	<u>-</u>	<u>12,896,270</u>
Other financial assets				
Unrated	111,285	-	-	111,285
	<u>111,285</u>	<u>-</u>	<u>-</u>	<u>111,285</u>

Bank

Neither past due nor impaired	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
31-Dec-20				
Cash and short-term funds				
AAA	637,894	-	-	637,894
AA and below	30,540	-	-	30,540
Unrated	58,562	-	-	58,562
	<u>726,996</u>	<u>-</u>	<u>-</u>	<u>726,996</u>
Debt investments				
AAA	955,534	-	-	955,534
AA and below	133,999	-	-	133,999
Unrated *	9,391,275	199,566	-	9,590,841
	<u>10,480,808</u>	<u>199,566</u>	<u>-</u>	<u>10,680,374</u>
Other financial assets				
Unrated	108,004	-	-	108,004
	<u>108,004</u>	<u>-</u>	<u>-</u>	<u>108,004</u>

* Unrated debt investments for Bank Group and Bank include government guaranteed securities of RM10,984,103,000 (2020: RM9,102,739,000)

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29. Financial risk management (continued)**29.2 Market risk****(i) Profit Rate Risk**

Bank Group	----- Non-trading book -----							Trading book	Total	Effective profit rate
	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	%	
30-Sep-21										
Assets										
Cash and short-term funds	399,019	-	-	-	-	126,371	-	525,390	1.67	
Deposits and placements										
with financial institutions	194,428	730,007	-	-	-	-	-	924,435	1.93	
Derivative financial assets	1,124	-	-	-	-	-	-	1,124		
Financial investments at FVTPL	-	-	-	-	-	-	239,458	239,458	2.58	
Financial investments at FVOCI	20,441	25,477	521,763	3,546,103	7,931,649	-	-	12,045,433	3.57	
Financial investments at amortised cost	-	-	20,068	305,624	285,686	-	-	611,378	5.52	
Financing and advances										
- non-impaired	393,081	830,628	857,240	3,040,771	28,716,658	(859,052)	-	32,979,326	5.07	
- impaired, net of allowances*	-	-	-	-	-	587,980	-	587,980		
Financial assets held for sale	-	-	-	-	-	1,586	-	1,586		
Other receivables^	-	-	-	-	-	492,610	-	492,610		
Statutory deposits with Bank Negara Malaysia**	-	-	-	110,000	540,000	-	-	650,000	4.27	
Total financial assets	1,008,093	1,586,112	1,399,071	7,002,498	37,473,993	349,495	239,458	49,058,720		

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

^ Other receivables exclude prepayments and deposits and deferred expenses as these items are classified as non-financial assets.

** 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)

29. Financial risk management (continued)**29.2 Market risk (continued)****(i) Profit Rate Risk (continued)**

Bank Group	----- Non-trading book -----							Total	Effective profit rate %
	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		
30-Sep-21									
<u>Liabilities</u>									
Deposits from customers	7,536,302	8,404,926	14,480,937	3,245,772	10,585	171,892	-	33,850,414	2.35
Deposits and placements of banks	135,221	-	-	-	-	-	-	135,221	0.76
Investment accounts of customers	59,524	47,962	1,217,292	-	-	-	-	1,324,778	2.65
Derivative financial liabilities	1,059	-	-	-	-	-	-	1,059	
Other payables #	-	-	-	-	-	999,651	-	999,651	
Lease liabilities	67	1,623	2,665	40,039	-	-	-	44,394	3.67
Recourse obligation on financing sold	16,890	46,382	162,557	3,006,783	-	-	-	3,232,612	3.99
Sukuk-MBSB Structured Covered ("SC")									
Murabahah	76,190	121,176	96,026	774,002	216,783	-	-	1,284,177	4.74
Sukuk Wakalah	-	-	18,709	-	1,291,860	-	-	1,310,569	5.24
Total financial liabilities	7,825,253	8,622,069	15,978,186	7,066,596	1,519,228	1,171,543	-	42,182,875	
Total profit-sensitivity gap	(6,817,160)	(7,035,957)	(14,579,115)	(64,098)	35,954,765	(822,048)	239,458	6,875,845	

Other payables exclude other provisions, accruals and deferred income as these items are classified as non-financial liabilities.

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

29. Financial risk management (continued)

29.2 Market risk (continued)

(i) Profit Rate Risk (continued)

Bank	----- Non-trading book -----							Trading book	Total	Effective profit rate
	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	%	
30-Sep-21										
Assets										
Cash and short-term funds	399,019	-	-	-	-	126,172	-	525,191	1.67	
Deposits and placements with financial institutions	-	-	-	-	-	-	-	-	-	
Derivative financial assets	1,124	-	-	-	-	-	-	1,124	-	
Financial investments at FVTPL	-	-	-	-	-	-	239,458	239,458	2.58	
Financial investments at FVOCI	20,441	25,477	521,763	3,546,103	7,931,649	-	-	12,045,433	3.57	
Financial investments at amortised cost	-	-	20,068	305,624	285,686	-	-	611,378	5.52	
Financing and advances - non-impaired	393,081	830,628	857,240	3,040,771	28,716,658	(859,052)	-	32,979,326	5.07	
- impaired, net of allowances*	-	-	-	-	-	587,980	-	587,980	-	
Financial assets held for sale	-	-	-	-	-	1,586	-	1,586	-	
Sukuk Commodity Murabahah	153,814	122,671	98,579	1,491,256	366,260	-	-	2,232,580	2.86	
Other receivables^	61,673	-	-	-	-	487,874	-	549,547	5.50	
Statutory deposits with Bank Negara Malaysia**	-	-	-	110,000	540,000	-	-	650,000	4.27	
Total financial assets	1,029,152	978,776	1,497,650	8,493,754	37,840,253	344,560	239,458	50,423,603		

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

^ Other receivables exclude prepayments and deposits and deferred expenses as these items are classified as non-financial assets.

** 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)

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29. Financial risk management (continued)**29.2 Market risk (continued)****(i) Profit Rate Risk (continued)**

Bank	----- Non-trading book -----							Total	Effective profit rate %
	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		
30-Sep-21									
<u>Liabilities</u>									
Deposits from customers	7,536,302	8,404,926	14,480,937	3,245,772	10,585	171,892	-	33,850,414	2.35
Deposits and placements of banks	135,221	-	-	-	-	-	-	135,221	0.76
Investment accounts of customers	59,524	47,962	1,217,292	-	-	-	-	1,324,778	2.65
Derivative financial liabilities	1,059	-	-	-	-	-	-	1,059	
Other payables #	1,996,011	-	-	-	-	999,651	-	2,995,662	7.19
Lease liabilities	67	1,623	2,665	40,039	-	-	-	44,394	3.67
Recourse obligation on financing sold	16,890	46,382	162,557	3,006,783	-	-	-	3,232,612	3.99
Sukuk-MBSB Structured Covered ("SC")									
Murabahah	76,190	121,176	96,026	774,002	216,783	-	-	1,284,177	4.74
Sukuk Wakalah	-	-	18,709	-	1,291,860	-	-	1,310,569	5.24
Total financial liabilities	9,821,264	8,622,069	15,978,186	7,066,596	1,519,228	1,171,543	-	44,178,886	
Total profit-sensitivity gap	(8,792,112)	(7,643,293)	(14,480,536)	1,427,158	36,321,025	(826,983)	239,458	6,244,717	

Other payables exclude other provisions, accruals and deferred income as these items are classified as non-financial liabilities.

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29. Financial risk management (continued)**29.2 Market risk (continued)****(i) Profit Rate Risk (continued)**

Bank Group	----- Non-trading book -----							Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive	Trading book		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
31-Dec-20									
Assets									
Cash and short-term funds	606,029	-	-	-	-	125,131	-	731,160	2.31
Deposits and placements with financial institutions	32	-	781,650	-	-	-	-	781,682	1.92
Derivative financial assets	1,724	-	-	-	-	-	-	1,724	
Financial investments at FVOCI	5,106	80,923	276,566	3,268,004	6,561,673	-	-	10,192,272	3.64
Financial investments at amortised cost	-	-	-	30,315	457,787	-	-	488,102	4.97
Financing and advances									
- non-impaired	437,488	643,313	428,831	3,119,285	28,626,133	(953,190)	-	32,301,860	6.52
- impaired, net of allowances*	-	-	-	-	-	561,644	-	561,644	
Other receivables^	-	-	-	-	-	497,212	-	497,212	4.25
Statutory deposits with Bank Negara Malaysia**	-	-	-	110,000	510,000	-	-	620,000	
Total financial assets	1,050,379	724,236	1,487,047	6,527,604	36,155,593	230,797	-	46,175,656	

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

^ Other receivables exclude prepayments and deposits and deferred expenses as these items are classified as non-financial assets.

** 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)

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29. Financial risk management (continued)**29.2 Market risk (continued)****(i) Profit Rate Risk (continued)**

Bank Group	----- Non-trading book -----							Total	Effective profit rate %
	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-20									
<u>Liabilities</u>									
Deposits from customers	9,679,251	8,046,312	12,637,729	3,191,832	61,097	165,276	-	33,781,496	2.87
Deposits and placements of banks	101,244	-	-	-	-	-	-	101,244	1.78
Derivative financial liabilities	1,614	-	-	-	-	-	-	1,614	
Other payables #	-	-	-	-	-	627,412	-	627,411	
Lease liabilities	13	50	5,460	9,670	-	-	-	15,193	3.67
Recourse obligation on financing sold	19,030	321,470	60,740	1,861,291	-	-	-	2,262,531	4.31
Sukuk-MBSB Structured Covered ("SC")									
Murabahah	-	-	294,388	858,635	213,540	-	-	1,366,563	5.00
Sukuk Wakalah	-	-	2,018	-	1,291,317	-	-	1,293,335	5.24
Total financial liabilities	9,801,152	8,367,832	13,000,335	5,921,428	1,565,954	792,688	-	39,449,387	
Total profit-sensitivity gap	(8,750,773)	(7,643,596)	(11,513,288)	606,176	34,589,639	(561,891)	-	6,726,269	

Other payables exclude other provisions, accruals and deferred income as these items are classified as non-financial liabilities.

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29. Financial risk management (continued)**29.2 Market risk (continued)****(i) Profit Rate Risk (continued)**

Bank	----- Non-trading book -----							Trading book	Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive	RM'000			
31-Dec-20										
Assets										
Cash and short-term funds	606,029	-	-	-	-	120,967	-	726,996	2.31	
Derivative financial assets	1,724	-	-	-	-	-	-	1,724		
Financial investments at FVOCI	5,106	80,923	276,566	3,268,004	6,561,673	-	-	10,192,272	3.64	
Financial investments at amortised cost	-	-	-	30,315	457,787	-	-	488,102	4.97	
Financing and advances										
- non-impaired	437,488	643,313	428,831	3,119,285	28,626,133	(953,190)	-	32,301,860	6.52	
- impaired, net of allowances*	-	-	-	-	-	561,644	-	561,644		
Sukuk Commodity Murabahah	53,538	-	322,926	1,227,424	713,166	-	-	2,317,054	2.94	
Other receivables^	53,618	-	-	-	-	493,431	-	547,049	5.50	
Statutory deposits with Bank Negara Malaysia	-	-	-	110,000	510,000	-	-	620,000	4.25	
Total financial assets	1,157,503	724,236	1,028,323	7,755,028	36,868,759	222,852	-	47,756,701		

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

^ Other receivables exclude prepayments and deposits and deferred expenses as these items are classified as non-financial assets.

** 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.

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29. Financial risk management (continued)**29.2 Market risk (continued)****(i) Profit Rate Risk (continued)**

Bank	----- Non-trading book -----							Total	Effective profit rate %
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive	Trading book		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
31-Dec-20									
Liabilities									
Deposits from customers	9,679,251	8,046,312	12,637,729	3,191,832	61,097	165,276	-	33,781,496	2.87
Deposits and placements of banks	101,244	-	-	-	-	-	-	101,244	1.78
Derivative financial liabilities	1,614	-	-	-	-	-	-	1,614	
Other payables #	2,156,258	-	-	-	-	627,228	-	2,783,485	7.10
Lease liabilities	13	50	5,460	9,670	-	-	-	15,193	3.67
Recourse obligation on financing sold	19,030	321,470	60,740	1,861,291	-	-	-	2,262,531	4.31
Sukuk-MBSB Structured Covered ("SC")									
Murabahah	-	-	294,388	858,635	213,540	-	-	1,366,563	5.00
Sukuk Wakalah	-	-	2,018	-	1,291,317	-	-	1,293,335	5.24
Total financial liabilities	11,957,410	8,367,832	13,000,335	5,921,428	1,565,954	792,504	-	41,605,461	
Total profit-sensitivity gap	(10,799,907)	(7,643,596)	(11,972,012)	1,833,600	35,302,805	(569,652)	-	6,151,240	

Other payables exclude other provisions and accruals and deferred income as these items are classified as non-financial liabilities.

30. 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'

30. 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
	30-Sep-21	30-Sep-21	31-Dec-20	31-Dec-20
	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	5,159,859	5,159,859
Retained profits exclude merger reserve	950,850	950,850	1,020,604	1,020,604
Other reserves	(115,819)	(115,819)	239,996	239,996
	<u>6,263,003</u>	<u>6,263,003</u>	<u>6,420,459</u>	<u>6,420,459</u>
Less : Regulatory adjustments				
Cumulative gains of financial investments at FVOCI	(81,712)	(81,712)	(191,046)	(191,046)
Regulatory reserve	(5,234)	(5,234)	(5,234)	(5,234)
Intangible assets	(103,157)	(103,157)	(111,449)	(111,449)
Deferred tax assets	(14,438)	(14,438)	-	-
Other CET 1 regulatory adjustments	73,663	-	153,372	-
Total CET 1 Capital	<u>6,132,125</u>	<u>6,058,462</u>	<u>6,266,102</u>	<u>6,112,730</u>
<u>Tier 1 Capital</u>				
Additional Tier 1 capital instruments	-	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-	-
Total Tier 1 capital	<u>6,132,125</u>	<u>6,058,462</u>	<u>6,266,102</u>	<u>6,112,730</u>
<u>Tier 2 Capital</u>				
Stage 1 & Stage 2 expected credit loss allowances [^]	425,637	425,637	453,807	453,807
Tier 2 capital instruments	1,310,569	1,310,569	1,293,335	1,293,335
Total Tier 2 capital	<u>1,736,206</u>	<u>1,736,206</u>	<u>1,747,142</u>	<u>1,747,142</u>
Total capital base	<u>7,868,331</u>	<u>7,794,668</u>	<u>8,013,244</u>	<u>7,859,872</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
	30-Sep-21	30-Sep-21	31-Dec-20	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
<u>Total risk weighted assets ("RWA")</u>				
- Credit risk	34,050,975	34,050,975	36,304,570	36,304,570
- Market risk	144,615	144,615	36,226	36,226
- Operational risk	2,532,238	2,532,238	2,188,152	2,188,152
Total RWA	<u>36,727,828</u>	<u>36,727,828</u>	<u>38,528,948</u>	<u>38,528,948</u>
<u>Capital adequacy ratios</u>				
CET 1 capital ratio	16.696%	16.496%	16.263%	15.865%
Tier 1 capital ratio	16.696%	16.496%	16.263%	15.865%
Total capital ratio	<u>21.423%</u>	<u>21.223%</u>	<u>20.798%</u>	<u>20.400%</u>

30. Capital adequacy (continued)

	Bank			
	with TA 30-Sep-21 RM'000	without TA 30-Sep-21 RM'000	with TA 31-Dec-20 RM'000	without TA 31-Dec-20 RM'000
<u>Common Equity Tier 1 ("CET 1") Capital</u>				
Ordinary share capital	5,427,972	5,427,972	5,159,859	5,159,859
Retained profits exclude merger reserve	721,970	721,970	791,724	791,724
Other reserves	(115,819)	(115,819)	239,996	239,996
	<u>6,034,123</u>	<u>6,034,123</u>	<u>6,191,579</u>	<u>6,191,579</u>
Less : Regulatory adjustments				
Cumulative gains of financial investments at FVOCI	(81,712)	(81,712)	(191,046)	(191,046)
Regulatory reserve	(5,234)	(5,234)	(5,234)	(5,234)
Intangible assets	(103,157)	(103,157)	(111,449)	(111,449)
Deferred tax assets	(14,438)	(14,438)	-	-
Other CET 1 regulatory adjustments	73,662	-	153,372	-
Total CET 1 Capital	<u>5,903,244</u>	<u>5,829,582</u>	<u>6,037,222</u>	<u>5,883,850</u>

Tier 1 Capital

Additional Tier 1 capital instruments	-	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-	-
Total Tier 1 capital	<u>5,903,244</u>	<u>5,829,582</u>	<u>6,037,222</u>	<u>5,883,850</u>

Tier 2 Capital

Stage 1 & Stage 2 expected credit loss allowances [^]	451,935	451,935	481,430	481,430
Tier 2 capital instruments	1,310,569	1,310,569	1,293,335	1,293,335
Total Tier 2 capital	<u>1,762,504</u>	<u>1,762,504</u>	<u>1,774,765</u>	<u>1,774,765</u>
Total capital base	<u>7,665,748</u>	<u>7,592,086</u>	<u>7,811,987</u>	<u>7,658,615</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 30-Sep-21 RM'000	without TA 30-Sep-21 RM'000	with TA 31-Dec-20 RM'000	without TA 31-Dec-20 RM'000
<u>Total risk weighted assets ("RWA")</u>				
- Credit risk	36,154,784	36,154,784	38,514,371	38,514,371
- Market risk	144,615	144,615	36,226	36,226
- Operational risk	2,359,751	2,359,751	2,025,263	2,025,263
Total RWA	<u>38,659,150</u>	<u>38,659,150</u>	<u>40,575,860</u>	<u>40,575,860</u>

Capital adequacy ratios

CET 1 capital ratio	15.270%	15.079%	14.879%	14.501%
Tier 1 capital ratio	15.270%	15.079%	14.879%	14.501%
Total capital ratio	<u>19.829%</u>	<u>19.639%</u>	<u>19.253%</u>	<u>18.875%</u>

PERFORMANCE REVIEW FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2021

1. Performance Review

The Bank Group recorded year to date profit before tax for of RM530.61 million (3Q20: RM240.31 million) mainly contributed by lower impairment on financial assets by RM31.70 million and lower modification loss by RM306.81 million as compared to 3Q20.

As at 30 September 2021, gross financing and advances for the Bank Group stood at RM35.05 billion, a slight increase by 2.3% from 31 December 2020. Financial investments grew by RM2.21 billion or 20.8% to RM12.90 billion with additions across investments at FVTPL, FVOCI and amortised cost. Both financing and financial investments are supported by our total deposits and investment account of RM35.31 billion, and sukuk and securitisation of RM5.83 billion.

(a) Financing

Variation of Results against Preceding Year Corresponding Quarter

	Current Year Quarter 30-Sep-21 (3Q21) RM'000	Preceding Year Corresponding Quarter 30-Sep-20 (3Q20) RM'000	Changes	
			RM'000	%
Personal financing	19,625,361	20,137,889	(512,528)	-2.5%
Corporate financing	8,488,627	8,502,111	(13,484)	-0.2%
Property financing	6,854,432	5,928,696	925,736	15.6%
Auto financing	85,285	143,699	(58,414)	-40.7%
Total gross financing and advances	<u>35,053,705</u>	<u>34,712,395</u>	<u>341,310</u>	1.0%

Variation of Results against Immediate Preceding Quarter

Financing

	Current Year Quarter 30-Sep-21 (3Q21) RM'000	Immediate Preceding Quarter 30-June-21 (2Q21) RM'000	Changes	
			RM'000	%
Personal financing	19,625,361	19,557,585	67,776	0.3%
Corporate financing	8,488,627	8,308,324	180,303	2.2%
Property financing	6,854,432	6,521,020	333,412	5.1%
Auto financing	85,285	92,845	(7,560)	-8.1%
Total gross financing and advances	<u>35,053,705</u>	<u>34,479,774</u>	<u>573,931</u>	1.7%

Bank Group gross financing and advances increased by 1.0% and 1.7% for 3Q21 compared to 3Q20 and 2Q21 respectively. Property financing for the quarter is seeing growth as compared to both snapshots contributed by new financing disbursed and additional financing following conversion of conventional mortgage from the holding company, Malaysia Building Society Berhad ("MBSB"). The gross amount for personal financing decreased by 2.5% and increased by 0.3% for 3Q21 compared to 3Q20 and 2Q21 respectively due to lower disbursements and decreasing portfolio base. Personal financing remains as the biggest financing portfolio for MBSB Bank.

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

1. Performance Review (continued)**(b) Income statement****Current Year Quarter vs Preceding Year Corresponding Quarter**

	Current Year Quarter 30-Sep-21 (3Q21) RM'000	Preceding Year Corresponding Quarter 30-Sep-20 (3Q20) RM'000	Changes	
			RM'000	%
Income derived from investment of depositors' funds	544,571	392,582	151,989	38.7%
Income derived from investment of shareholders' funds	153,318	332,525	(179,207)	-53.9%
Income derived from investment of investment accounts' funds	<u>20,356</u>	-	20,356	100.0%
Total income derived from investment of depositors, shareholders and investment account funds	718,245	725,107	(6,862)	-0.9%
Net (allowance)/writeback for impairment	(260,232)	4,247	(264,479)	>-100%
Loss on modification of cash flows	(146,944)	7,377	(154,321)	>-100%
Total net income	39,797	435,056	(395,259)	-90.9%
Total overhead expenses	<u>(142,927)</u>	<u>(97,764)</u>	(45,163)	46.2%
(Loss)/profit before tax	<u>(103,130)</u>	<u>337,292</u>	(440,422)	>-100%
(Loss)/profit after tax	<u>(86,437)</u>	<u>292,429</u>	(378,866)	>-100%
(Loss)/profit attributable to owners of the Bank	<u>(86,437)</u>	<u>292,429</u>	(378,866)	>-100%

Current Year Quarter vs Immediate Preceding Quarter

	Current Year Quarter 30-Sep-21 (3Q21) RM'000	Immediate Preceding Quarter 30-June-21 (2Q21) RM'000	Changes	
			RM'000	%
Income derived from investment of depositors' funds	544,571	530,878	13,693	2.6%
Income derived from investment of shareholders' funds	153,318	116,441	36,877	31.7%
Income derived from investment of investment accounts' funds	<u>20,356</u>	<u>16,284</u>	4,072	25.0%
Total income derived from investment of depositors, shareholders and investment account funds	718,245	663,603	54,642	8.2%
Net (allowance)/writeback for impairment	(260,232)	245,454	(505,686)	>-100%
Loss on modification of cash flows	(146,944)	(13,201)	(133,743)	>100%
Total net income	39,797	629,945	(590,148)	-93.7%
Total overhead expenses	<u>(142,927)</u>	<u>(101,837)</u>	(41,090)	40.3%
(Loss)/profit before tax	<u>(103,130)</u>	<u>528,108</u>	(631,238)	>-100%
(Loss)/profit after tax	<u>(86,437)</u>	<u>398,860</u>	(485,297)	>-100%
(Loss)/profit attributable to owners of the Bank	<u>(86,437)</u>	<u>398,860</u>	(485,297)	>-100%

The Bank Group's total income derived from investment of depositors', shareholders' and investment accounts' funds decreased by 0.9% and increased by 8.2% as compared to 3Q20 and 2Q21 respectively. The reduction of total income as compared to 3Q20 was due to lower financing income in the current quarter and lower gain from sale of financial investments at FVOCI while the improvement as compared to 2Q21 was contributed by higher financing income due to higher financing base, coupled with higher other income.

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1. Performance Review (continued)

The Bank recorded net impairment allowance of RM260.23 million in 3Q21 mainly due to higher net allowance for impairment charged on corporate portfolio. The Bank also recorded higher loss on modification of cash flows for 3Q21 following moratorium granted to retail customers under the PEMULIH package announced by the government.

The total overhead expenses for 3Q21 recorded higher than 3Q20 and 2Q21 mainly due to increase in establishment related expenses. The expenses increased as more staff of the Bank has occupied the new headquarter, Menara MBSB Bank at PJ Sentral.

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.