

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

INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2021**

		Bank Group		Bank	
		31-March-21 RM'000	31-Dec-20 RM'000	31-March-21 RM'000	31-Dec-20 RM'000
<b>Assets</b>					
Cash and short-term funds	7(a)	1,266,305	731,160	1,261,459	726,996
Deposits and placements with banks and other financial institutions	7(b)	851,246	781,682	-	-
Derivative financial assets	8	4,313	1,724	4,313	1,724
Financial investments at fair value through profit and loss ("FVTPL")		31,659	-	31,659	-
Financial investments at fair value through other comprehensive income ("FVOCI")	9	11,415,581	10,192,272	11,415,581	10,192,272
Financial investments at amortised cost	10	488,002	488,102	488,002	488,102
Financing and advances	11	32,591,713	32,863,504	32,591,713	32,863,504
Sukuk Commodity Murabahah		-	-	2,334,009	2,317,054
Other receivables	12	564,362	508,125	588,464	557,861
Investment in subsidiary	13	-	-	-	-
Statutory deposits with Bank Negara Malaysia		630,000	620,000	630,000	620,000
Investment property		820	820	820	820
Property and equipment		28,096	27,882	28,096	27,882
Intangible assets		105,640	111,449	105,640	111,449
Right-of-use assets		13,049	14,880	13,049	14,880
Deferred tax assets		33,803	-	33,803	-
Tax recoverable		42,444	85,620	41,716	84,966
<b>Total assets</b>		<b>48,067,033</b>	<b>46,427,220</b>	<b>49,568,324</b>	<b>48,007,510</b>
<b>Liabilities</b>					
Deposits from customers	14	35,144,215	33,781,496	35,144,215	33,781,496
Deposits and placements of banks	15	472,657	101,244	472,657	101,244
Investment accounts of customers	16	534,533	-	534,533	-
Derivative financial liabilities	8	2,242	1,614	2,242	1,614
Other payables	17	604,711	741,166	2,699,914	2,897,220
Lease liabilities		13,350	15,193	13,350	15,193
Recourse obligation on financing sold		1,868,019	2,262,531	1,868,019	2,262,531
Sukuk-MBSB Structured Covered ("SC") Murabahah		1,384,206	1,366,563	1,384,206	1,366,563
Sukuk Wakalah		1,310,020	1,293,335	1,310,020	1,293,335
Deferred tax liabilities		-	92,368	-	92,368
Provision for zakat		4,376	4,367	4,376	4,367
<b>Total liabilities</b>		<b>41,338,329</b>	<b>39,659,877</b>	<b>43,433,532</b>	<b>41,815,931</b>
<b>Equity</b>					
Share capital		5,427,972	5,159,859	5,427,972	5,159,859
Reserves		1,300,732	1,607,484	706,820	1,031,720
<b>Total equity</b>		<b>6,728,704</b>	<b>6,767,343</b>	<b>6,134,792</b>	<b>6,191,579</b>
<b>Total Liabilities and Equity</b>		<b>48,067,033</b>	<b>46,427,220</b>	<b>49,568,324</b>	<b>48,007,510</b>
<b>Commitments and contingencies</b>	26	<b>3,628,490</b>	<b>2,724,749</b>	<b>3,628,490</b>	<b>2,724,749</b>
<b>Capital Adequacy</b>		<b>Bank Group</b>		<b>Bank</b>	
CET1 capital		17.146%	16.263%	15.668%	14.879%
Tier 1 capital		17.146%	16.263%	15.668%	14.879%
Total capital ratio		21.868%	20.798%	20.216%	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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

		Bank Group		Bank	
		1st Quarter Ended 31-March-21 RM'000	31-March-20 RM'000	1st Quarter Ended 31-March-21 RM'000	31-March-20 RM'000
Income derived from investment of depositors' funds	18	542,550	630,450	556,908	649,515
Income derived from investment of shareholders' funds	19	113,780	98,141	113,252	92,769
Income derived from investment of investment accounts' funds	20	1,689	-	1,689	-
Net allowance for impairment on financing and advances and other financial assets	21	(157,725)	(268,809)	(157,725)	(268,809)
Loss on modification of cash flows		(36,463)	-	(36,463)	-
Total distributable income		463,832	459,782	477,661	473,475
Income attributable to depositors and others	22	(262,639)	(390,209)	(296,568)	(427,674)
Total net income		201,193	69,573	181,093	45,801
Personnel expenses	23	(67,121)	(68,354)	(67,121)	(68,354)
Other overhead expenses	24	(28,437)	(28,725)	(27,785)	(28,162)
Profit/(loss) before taxation and zakat		105,635	(27,506)	86,187	(50,715)
Taxation		(41,913)	(32,643)	(40,613)	(31,112)
Zakat		(675)	(4,000)	(675)	(4,000)
Profit/(loss) for the financial period		63,047	(64,149)	44,899	(85,827)
Profit/(loss) attributable to:					
Owners of the Bank		63,047	(64,149)	44,899	(85,827)
		63,047	(64,149)	44,899	(85,827)
<b>Profit/(loss) for the financial period</b>		63,047	(64,149)	44,899	(85,827)
Other comprehensive loss, net of tax	25	(369,799)	(59,701)	(369,799)	(59,701)
		(369,799)	(59,701)	(369,799)	(59,701)
<b>Total comprehensive loss for the financial period</b>		(306,752)	(123,850)	(324,900)	(145,528)
Total comprehensive loss attributable to:					
Owners of the Bank Group		(306,752)	(123,850)	(324,900)	(145,528)
		(306,752)	(123,850)	(324,900)	(145,528)
Earnings per share (sen)		4.65	(4.97)	3.31	(6.65)

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 FIRST QUARTER ENDED 31 MARCH 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
<b>Balance as at 1 January 2021</b>	5,159,859	5,234	234,762	1,367,488	6,767,343
Profit for the financial period	-	-	-	63,047	63,047
Other comprehensive loss for the financial period	-	-	(369,799)	-	(369,799)
Total comprehensive (loss)/income for the financial period	-	-	(369,799)	63,047	(306,752)
Issuance of ordinary shares	268,113	-	-	-	268,113
<b>Balance as at 31 March 2021</b>	<b>5,427,972</b>	<b>5,234</b>	<b>(135,037)</b>	<b>1,430,535</b>	<b>6,728,704</b>
<b>Balance as at 1 January 2020</b>	5,159,859	5,234	155,090	1,221,956	6,542,139
Loss for the financial period	-	-	-	(64,149)	(64,149)
Other comprehensive loss for the financial period	-	-	(59,701)	-	(59,701)
Total comprehensive loss for the financial period	-	-	(59,701)	(64,149)	(123,850)
<b>Balance as at 31 March 2020</b>	<b>5,159,859</b>	<b>5,234</b>	<b>95,389</b>	<b>1,157,807</b>	<b>6,418,289</b>

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 FIRST QUARTER ENDED 31 MARCH 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
<b>Balance as at 1 January 2021</b>	5,159,859	5,234	234,762	791,724	6,191,579
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
<b>Balance as at 31 March 2021</b>	<b>5,427,972</b>	<b>5,234</b>	<b>(135,037)</b>	<b>836,623</b>	<b>6,134,792</b>
<b>Balance as at 1 January 2020</b>	5,159,859	5,234	155,090	728,583	6,048,766
Loss for the financial period	-	-	-	(85,827)	(85,827)
Other comprehensive loss for the financial period	-	-	(59,701)	-	(59,701)
Total comprehensive loss for the financial period	-	-	(59,701)	(85,827)	(145,528)
<b>Balance as at 31 March 2020</b>	<b>5,159,859</b>	<b>5,234</b>	<b>95,389</b>	<b>642,756</b>	<b>5,903,238</b>

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 FIRST QUARTER ENDED 31 MARCH 2021**

	<b>Bank Group</b>		<b>Bank</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>31-March-21</b>	<b>31-March-20</b>	<b>31-March-21</b>	<b>31-March-20</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>				
Profit/(loss) before taxation	105,635	(27,506)	86,187	(50,715)
Adjustments for non-cash items	139,191	211,756	122,236	191,124
Operating profit before working capital changes	244,826	184,250	208,423	140,409
Working capital changes:				
Net changes in operating assets	(50,029)	692,848	61,368	769,605
Net changes in operating liabilities	2,132,416	227,788	2,055,364	154,008
Income taxes and zakat paid	(8,796)	(40,915)	(7,420)	(38,917)
Net cash generated from operating activities	2,318,417	1,063,971	2,317,735	1,025,105
<b>Cash flows from investing activities</b>				
Purchase of property and equipment	(2,263)	(4,050)	(2,263)	(4,050)
Purchase of intangible assets	(2,464)	(807)	(2,464)	(807)
Profit income from financial investments	104,659	102,292	104,659	102,292
Net purchase of financial investments	(1,731,312)	(1,100,456)	(1,731,312)	(1,100,456)
Net cash used in investing activities	(1,631,380)	(1,003,021)	(1,631,380)	(1,003,021)
<b>Cash flows from financing activities</b>				
Proceeds on recourse obligation on financing sold	(393,507)	(50,299)	(393,507)	(50,299)
Profit expense paid - recourse obligation on financing sold	(24,218)	(26,566)	(24,218)	(26,566)
Payment of lease liabilities	(2,282)	(3,287)	(2,282)	(3,287)
Issuance of ordinary shares	268,113	-	268,113	-
Net cash used in financing activities	(151,894)	(80,152)	(151,894)	(80,152)
<b>Net increase/(decrease) in cash and cash equivalents</b>	535,143	(19,202)	534,461	(58,068)
<b>Cash and cash equivalents at the beginning of financial period</b>	731,160	1,829,715	726,996	1,827,458
<b>Cash and cash equivalents at the end of financial period</b>	1,266,303	1,810,513	1,261,457	1,769,390

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 31 MARCH 2021**

**1. Basis of preparation**

The unaudited condensed interim financial statements for the financial quarter ended 31 March 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"), provisions of Companies Act 2016 and Shariah requirements. 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

- 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.

<b>Bank Group and Bank</b>	<b>As previously reported RM'000</b>	<b>Re- classification RM'000</b>	<b>As restated RM'000</b>
<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**

No dividend were paid during the current financial quarter.



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

	Bank Group		Bank	
	31-March-21 RM'000	31-Dec-20 RM'000	31-March-21 RM'000	31-Dec-20 RM'000
(a) Cash and balances with banks and other financial institutions	173,256	125,131	168,410	120,967
Money at call and deposit placements maturing within one month	1,093,049	606,029	1,093,049	606,029
Total cash and short-term funds	1,266,305	731,160	1,261,459	726,996
(b) Deposits and placements with financial institutions with original maturity of more than one month				
- Licensed Islamic banks	851,246	781,682	-	-
	2,117,551	1,512,842	1,261,459	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					
	31-March-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	
<b>Trading derivatives</b>						
<u>Foreign exchange contracts:</u>						
Currency forward						
- Less than one year	471,473	4,313	(2,242)	278,310	1,724	(1,614)

**9. Financial investments at FVOCI**

	<b>Bank Group and Bank</b>	
	<b>31-March-21</b>	<b>31-Dec-20</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
<b>Money Market Instruments</b>		
Malaysian Government Investment Issues	7,921,022	6,906,159
<b>Debt securities:</b>		
<u>In Malaysia</u>		
Private and Islamic debt securities	1,043,607	1,089,533
Government Guaranteed corporate sukuk	2,450,952	2,196,580
	<u>11,415,581</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.

	<b>Bank Group and Bank</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2021	7	-	-	7
Total charge to profit or loss:	4	-	-	4
Change in credit risk	4	-	-	4
At 31 March 2021	<u>11</u>	<u>-</u>	<u>-</u>	<u>11</u>

	<b>Bank Group and Bank</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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>

**10. Financial investments at amortised cost**

	<b>Bank Group and Bank</b>	
	<b>31-March-21</b>	<b>31-Dec-20</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
<b>Quoted securities:</b>		
<u>In Malaysia</u>		
Private and Islamic debt securities	488,539	488,693
Less: ECL stage 1	(70)	(90)
ECL stage 2	(467)	(501)
	<u>488,002</u>	<u>488,102</u>

ECL movement for financial investments at amortised cost:

	<b>Bank Group and Bank</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
ECL at 1 January 2021	90	501	-	591
Charged to profit or loss	(20)	(34)	-	(54)
Change in credit risk	(20)	(34)	-	(54)
	<u>70</u>	<u>467</u>	<u>-</u>	<u>537</u>

	<b>Bank Group and Bank</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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
	<u>90</u>	<u>501</u>	<u>-</u>	<u>591</u>

11. Financing and advances

		<b>Bank Group and Bank</b>	
		<b>31-March-21</b>	<b>31-Dec-20</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>(i) By type</b>			
	<b>At amortised cost</b>		
	Term financing		
	- Personal financing	19,612,934	19,837,438
	- Property financing	6,291,621	6,084,956
	- Hire purchase receivables	732,198	761,732
	- Bridging financing	480,850	483,948
	- Auto financing	98,301	106,198
	- Other term financing	5,642,521	5,642,010
	Revolving Credit	190,480	190,840
	Staff financing	45,940	46,071
	Cash line	107,810	81,539
	Trade finance	943,716	1,007,549
	Gross financing and advances	<u>34,146,371</u>	<u>34,242,281</u>
	Less: ECL		
	- Stage 1	(257,769)	(365,538)
	- Stage 2	(772,513)	(587,652)
	- Stage 3	(524,376)	(425,587)
	Net financing and advances	<u>32,591,713</u>	<u>32,863,504</u>
<b>(ii) By residual contractual maturity</b>			
	Within one year	1,761,437	1,815,252
	More than one year to three years	1,470,301	1,451,785
	More than three years to five years	1,860,902	1,788,930
	More than five years	29,053,731	29,186,314
		<u>34,146,371</u>	<u>34,242,281</u>
<b>(iii) By economic purpose</b>			
	Personal Use	19,710,677	19,927,233
	Construction	3,725,068	3,739,748
	Purchase of landed property:		
	- Residential	5,917,324	5,712,089
	- Non-Residential	730,390	736,886
	Working Capital	2,880,263	2,785,944
	Purchase of transport vehicles	99,868	107,428
	Purchase of other fixed assets	949,279	957,989
	Purchase of other securities	460	35,778
	Purchase of consumer durables	904	901
	Others	132,138	238,285
		<u>34,146,371</u>	<u>34,242,281</u>

**11. Financing and advances (continued)**

**(iv) By type of customers**

	<b>Bank Group and Bank</b>	
	<b>31-March-21</b>	<b>31-Dec-20</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic business enterprises		
- Small medium enterprise	2,016,202	2,107,333
- Government	10,987	51,161
- Non-bank financial institutions	740,352	740,803
- Others	5,390,805	5,315,587
Individuals	25,977,637	25,996,300
Foreign entities	10,388	31,097
	<u>34,146,371</u>	<u>34,242,281</u>

**(v) By sector**

	<b>Bank Group and Bank</b>	
	<b>31-March-21</b>	<b>31-Dec-20</b>
	<b>RM'000</b>	<b>RM'000</b>
Household sectors	25,977,637	25,996,300
Construction	3,383,600	3,479,761
Finance, insurance and business services	2,801,979	2,839,973
Wholesale & retail trade and restaurants & hotels	735,541	596,692
Manufacturing	475,943	489,653
Transport, storage and communication	215,194	225,719
Mining and quarrying	177,028	216,711
Electricity, gas and water	171,240	169,087
Education, health and others	112,423	133,441
Agriculture	95,786	94,944
	<u>34,146,371</u>	<u>34,242,281</u>

**(vi) By profit rate sensitivity**

	<b>Bank Group and Bank</b>	
	<b>31-March-21</b>	<b>31-Dec-20</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate:		
Personal financing	16,483,335	16,721,791
Auto financing	100,826	108,607
Property financing	434,390	439,418
Bridging, structured and term financing	969,880	956,420
Variable rate:		
Personal financing	3,143,035	3,129,748
Property financing	5,886,795	5,674,680
Bridging, structured and term financing	7,128,110	7,211,617
	<u>34,146,371</u>	<u>34,242,281</u>

**(vii) By geographical distribution**

	<b>Bank Group and Bank</b>	
	<b>31-March-21</b>	<b>31-Dec-20</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysia	34,146,371	34,242,281
	<u>34,146,371</u>	<u>34,242,281</u>

11. Financing and advances (continued)

(viii) Financing by types and Shariah contracts

**Bank Group and Bank  
31-March-21**

Type	Tawarruq RM'000	Bai' RM'000	Ijarah RM'000	Total RM'000
Term Financing	29,302,151	2,045,736	1,510,538	32,858,425
Property financing	4,332,022	1,957,375	2,224	6,291,621
Bridging financing	480,850	-	-	480,850
Hire purchase receivables	-	-	732,198	732,198
Auto financing	-	-	98,301	98,301
Personal financing	19,612,778	156	-	19,612,934
Other term financing	4,876,501	88,205	677,815	5,642,521
Cash line	107,810	-	-	107,810
Staff financing	42,932	74	2,934	45,940
Revolving credit	190,480	-	-	190,480
Others	943,716	-	-	943,716
	<u>30,587,089</u>	<u>2,045,810</u>	<u>1,513,472</u>	<u>34,146,371</u>

**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
	<u>30,598,450</u>	<u>2,077,482</u>	<u>1,566,349</u>	<u>34,242,281</u>

**11. Financing and advances (continued)**

**(ix) Movement of gross financing and advances**

**31-Mar-21**

	<b>Bank Group and Bank</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
Gross carrying amount as at 1 January 2021	28,711,142	4,543,908	987,231	34,242,281
Transfer to stage 1	455,978	(448,566)	(7,412)	-
Transfer to stage 2	(1,856,661)	1,911,688	(55,027)	-
Transfer to stage 3	(7,574)	(214,218)	221,792	-
New financing / disbursement during the year	1,459,981	79,167	5,093	1,544,241
Repayment during the year	(1,606,203)	(160,804)	(22,415)	(1,789,422)
Other movements	139,424	36,056	10,254	185,734
Loss on modification of cash flows	(29,172)	(7,291)	-	(36,463)
Write-offs	-	-	-	-
Gross carrying amount as at 31 March 2021	<u>27,266,915</u>	<u>5,739,940</u>	<u>1,139,516</u>	<u>34,146,371</u>

**31-Dec-20**

	<b>Bank Group and Bank</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
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**

**31-Mar-21**

	<b>Bank Group and Bank</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
ECL as at 1 January 2021	365,538	587,652	425,587	1,378,777
Charges to profit or loss, of which:	(107,769)	184,861	98,789	175,881
Changes in the impairment allowance:				
- Transfer to stage 1	50,285	(45,811)	(4,474)	-
- Transfer to stage 2	(35,976)	64,034	(28,058)	-
- Transfer to stage 3	(100)	(59,483)	59,583	-
New financing / disbursement during the year	10,239	9,562	2,694	22,495
Repayment during the year	(133,550)	(180,639)	(21,719)	(335,908)
Change in credit risk parameters #	1,333	397,198	90,763	489,294
Write-offs	-	-	-	-
ECL as at 31 March 2021	<u>257,769</u>	<u>772,513</u>	<u>524,376</u>	<u>1,554,658</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.

**11. 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	
	31-March-21 RM'000	31-Dec-20 RM'000
Balance as at 1 January	987,231	818,025
Classified as impaired during the period	226,885	466,939
Reclassified as non-impaired	(62,439)	(139,570)
Amount recovered	(22,415)	(57,997)
Amount written off	-	(195,652)
Other movements	10,254	95,486
Balance as at end of financial period	1,139,516	987,231
Gross impaired financing and advances as a % of gross financing and advances	3.34%	2.88%



**11. Financing and advances (continued)**

**(xii) Impaired financing and advances by economic purpose**

	<b>Bank Group and Bank</b>	
	<b>31-March-21</b>	<b>31-Dec-20</b>
	<b>RM'000</b>	<b>RM'000</b>
Personal use	139,668	80,584
Construction	576,604	563,518
Purchase of landed property:		
- Residential	226,464	188,424
- Non-residential	44,404	39,377
Working Capital	100,090	47,500
Purchase of other fixed assets	43,283	42,041
Purchase of transport vehicles	8,005	6,517
Purchase of other securities	-	2,890
Purchase of consumer durables	792	789
Others	206	15,591
	<u>1,139,516</u>	<u>987,231</u>

**(xiii) Impaired financing and advances by sector**

	<b>Bank Group and Bank</b>	
	<b>31-March-21</b>	<b>31-Dec-20</b>
	<b>RM'000</b>	<b>RM'000</b>
Household sector	389,096	288,793
Construction	334,768	327,173
Education, health and others	85,907	85,667
Manufacturing	113,128	70,435
Mining and quarrying	39,115	39,313
Finance, insurance and business services	146,603	146,704
Wholesale & retail trade and restaurants & hotels	25,343	25,151
Transport, storage and communication	5,556	3,995
	<u>1,139,516</u>	<u>987,231</u>

**(xiii) Impaired financing by geographical distribution**

Malaysia	<u>1,139,516</u>	<u>987,231</u>
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**12. Other receivables**

	<b>Bank Group</b>		<b>Bank</b>	
	<b>31-March-21</b>	<b>31-Dec-20</b>	<b>31-March-21</b>	<b>31-Dec-20</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amount due from subsidiary	-	-	56,278	53,618
Financing to related companies	515,840	571,042	515,840	571,042
Amount due from related companies	2,065	1,824	2,065	1,824
Prepayments and deposits	8,080	8,967	7,982	8,866
Deferred expenses	1,902	1,946	1,902	1,946
Sundry receivables	98,188	56,357	66,110	52,576
	<u>626,075</u>	<u>640,136</u>	<u>650,177</u>	<u>689,872</u>
Less: ECL at stage 3	<u>(61,713)</u>	<u>(132,011)</u>	<u>(61,713)</u>	<u>(132,011)</u>
	<u>564,362</u>	<u>508,125</u>	<u>588,464</u>	<u>557,861</u>

**13. 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 2021 is RM 2 (31 December 2020: RM 2).

The subsidiary was incorporated in Malaysia.

**14. Deposits from customers**

**(i) By type of deposit:**

	<b>Bank Group and Bank</b>	
	<b>31-March-21</b>	<b>31-Dec-20</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Non-Mudharabah Funds:</u>		
Commodity Murabahah Term Deposit	34,564,526	33,193,269
Demand deposits	334,834	305,042
Savings deposits	244,855	283,185
	<u>35,144,215</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:**

	<b>Bank Group and Bank</b>	
	<b>31-March-21</b>	<b>31-Dec-20</b>
	<b>RM'000</b>	<b>RM'000</b>
Within six months	25,895,413	24,191,607
More than six months to one year	5,366,296	5,748,734
More than one year to three years	2,950,586	2,886,851
More than three years	352,231	366,077
	<u>34,564,526</u>	<u>33,193,269</u>

**(iii) By type of customers:**

	<b>Bank Group and Bank</b>	
	<b>31-March-21</b>	<b>31-Dec-20</b>
	<b>RM'000</b>	<b>RM'000</b>
Government and statutory bodies	13,179,677	12,058,760
Business enterprises	7,689,600	7,568,566
Individuals	4,738,534	4,726,109
Other Financial Institutions	9,536,404	9,428,061
	<u>35,144,215</u>	<u>33,781,496</u>

**15. Deposits and placements of banks**

	<b>Bank Group and Bank</b>	
	<b>31-March-21</b>	<b>31-Dec-20</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(i) By type of deposit:</b>		
<u>Non-Mudharabah Funds:</u>		
-Licensed Investment Banks	938	1,234
-Licensed Islamic Banks	471,719	100,010
	<u>472,657</u>	<u>101,244</u>
<b>(ii) By type of contract:</b>		
Tawarruq	472,657	101,244
	<u>472,657</u>	<u>101,244</u>

**16. Investment accounts of customers**

	<b>Bank Group and Bank 31-March-21 RM'000</b>
Wakalah	534,533
	<u>534,533</u>
	<b>Bank Group and Bank 31-March-21 RM'000</b>
Movement in investment accounts	
At beginning of the financial period	-
New placement during the financial period	533,894
Finance expense	639
At end of financial period	<u>534,533</u>

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

**17. Other payables**

	Bank Group		Bank	
	31-March-21 RM'000	31-Dec-20 RM'000	31-March-21 RM'000	31-Dec-20 RM'000
Amount due to subsidiary	-	-	2,095,509	2,156,258
Amount due to related companies	7,580	7,727	7,580	7,727
Amount due to holding company	30,924	162,993	30,924	162,993
Al-Mudharabah security fund	144,146	144,168	144,146	144,168
Expected credit losses for commitments and contingencies	37,928	44,443	37,928	44,443
Other provisions and accruals	63,237	86,927	62,931	86,907
Deferred income	25,177	26,828	25,177	26,828
Sundry creditors	295,719	268,080	295,719	267,896
	<u>604,711</u>	<u>741,166</u>	<u>2,699,914</u>	<u>2,897,220</u>

Movement of ECL for commitment and contingencies are as follows:

31-March-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:	(1,583)	6,348	(11,280)	(6,515)
Changes in the impairment allowance				
- Transfer to stage 1	5,632	(5,632)	-	-
- Transfer to stage 2	(885)	2,748	(1,863)	-
- Transfer to stage 3	-	(106)	106	-
New financing/ disbursement during the year	3,690	1,052	-	4,742
Repayment/drawdown to financing during the year	(493)	(33)	(9,549)	(10,075)
Changes in credit risk parameters #	(9,527)	8,319	26	(1,182)
Write-off	-	-	-	-
ECL as at 31 March 2021	<u>17,295</u>	<u>19,622</u>	<u>1,011</u>	<u>37,928</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.

**18. Income derived from investment of depositors' funds**

Income derived from investment of other deposits

	Bank Group		Bank	
	1st Quarter Ended		1st Quarter Ended	
	31-March-21	31-March-20	31-March-21	31-March-20
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	449,553	512,451	449,553	512,451
Financial investments at FVOCI	83,222	100,486	83,222	100,486
Financial investments at FVTPL	108	79	108	79
Financial investments at amortised cost	5,298	537	5,298	537
Money at call and deposits with financial institutions	1,913	8,384	1,913	8,384
Profit on Sukuk commodity murabahah	-	-	14,358	19,065
Others	2,457	8,513	2,457	8,513
	<u>542,550</u>	<u>630,450</u>	<u>556,908</u>	<u>649,515</u>
of which financing income earned on impaired financing	1,446	4,449	2,406	4,449

**19. Income derived from investment of shareholders' funds**

	Bank Group		Bank	
	1st Quarter Ended		1st Quarter Ended	
	31-March-21	31-March-20	31-March-21	31-March-20
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	81,614	41,745	81,614	41,745
Financial investments at FVTPL	20	1	20	1
Financial investments at FVOCI	15,052	1,162	15,052	1,162
Financial investments at amortised cost	958	28	958	28
Money at call and deposits with financial institutions	4,210	7,732	346	97
Profit on Sukuk commodity murabahah	-	-	2,597	1,567
Others	(295)	4	444	700
	<u>101,559</u>	<u>50,672</u>	<u>101,031</u>	<u>45,300</u>
of which financing income earned on impaired financing	435	366	435	366
Other operating (expenses)/income:				
Financing related fees	(2,113)	(314)	(2,113)	(314)
Commission	2,260	2,787	2,260	2,787
Gain from sale of financial investments at FVOCI	10,281	28,662	10,281	28,662
(Loss)/gain on financial investments at FVTPL	(197)	1,199	(197)	1,199
Sundry income	1,990	15,135	1,990	15,135
	<u>12,221</u>	<u>47,469</u>	<u>12,221</u>	<u>47,469</u>
	<u>113,780</u>	<u>98,141</u>	<u>113,252</u>	<u>92,769</u>

**20. Income derived from investment of investment account funds**

	Bank Group		Bank	
	1st Quarter Ended		1st Quarter Ended	
	31-March-21	31-March-20	31-March-21	31-March-20
	RM'000	RM'000	RM'000	RM'000
Financing and advances	1,689	-	1,689	-
	<u>1,689</u>	<u>-</u>	<u>1,689</u>	<u>-</u>

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

<b>31-March-21</b>	<b>Bank Group and Bank Three Months Ended</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
Financial investments at FVOCI	4	-	-	4
Financial investments at amortised cost	(20)	(34)	-	(54)
Financing and advances	(107,769)	184,861	98,789	175,881
Financing to related companies	-	-	(9,568)	(9,568)
Financing commitments and financial guarantee	(1,583)	6,348	(11,280)	(6,515)
Sundry receivables	-	-	(2)	(2)
	<u>(109,368)</u>	<u>191,175</u>	<u>77,939</u>	<u>159,746</u>
Impaired financing and advances:				
- Written off	-	-	132	132
- Recovered	-	-	(2,153)	(2,153)
	<u>(109,368)</u>	<u>191,175</u>	<u>75,918</u>	<u>157,725</u>
<b>31-March-20</b>	<b>Bank Group and Bank Three Months Ended</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
Financial investments at FVOCI	(5)	-	-	(5)
Financial assets at amortised cost	(2)	-	-	(2)
Financing and advances	(9,413)	170,849	87,525	248,961
Financing to related companies	-	-	8,257	8,257
Financing commitments and financial guarantee	(1,887)	14,849	722	13,684
	<u>(11,307)</u>	<u>185,698</u>	<u>96,504</u>	<u>270,895</u>
Impaired financing and advances:				
- Written off	-	-	777	777
- Recovered	-	-	(2,863)	(2,863)
	<u>(11,307)</u>	<u>185,698</u>	<u>94,418</u>	<u>268,809</u>

**22. Income attributable to depositors and others**

	Bank Group		Bank	
	1st Quarter Ended		1st Quarter Ended	
	31-March-21	31-March-20	31-March-21	31-March-20
	RM'000	RM'000	RM'000	RM'000
<b>(a) Income attributable to depositors</b>				
Deposits from customers:				
- Non-mudharabah funds	203,745	245,969	203,745	245,969
Deposits and placements of banks				
- Non-mudharabah funds	1,402	80,563	1,402	80,563
	<u>205,147</u>	<u>326,532</u>	<u>205,147</u>	<u>326,532</u>
<b>(b) Income attributable to securitisation</b>	23,213	26,239	23,213	26,239
<b>(c) Income attributable to sukuk</b>	33,640	37,438	33,640	37,438
<b>(d) Income attributable to wakalah unrestricted investment account</b>	639	-	639	-
<b>(e) Others</b>	-	-	33,929	37,465
	<u>262,639</u>	<u>390,209</u>	<u>296,568</u>	<u>427,674</u>

**23. Personnel expenses**

	Bank Group/Bank			
	1st Quarter Ended		1st Quarter Ended	
	31-March-21	31-March-20	31-March-21	31-March-20
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	51,896	52,850	51,896	52,850
Contributions to Employee				
Provident Fund and SOCSO	9,449	9,177	9,449	9,177
Directors' remuneration	884	536	884	536
Shariah Advisory Committee members' remuneration	76	90	76	90
Other staff related expenses	4,816	5,701	4,816	5,701
	<u>67,121</u>	<u>68,354</u>	<u>67,121</u>	<u>68,354</u>

**24. Other overhead expenses**

	<b>Bank Group</b>		<b>Bank</b>	
	<b>1st Quarter Ended</b>		<b>1st Quarter Ended</b>	
	<b>31-March-21</b>	<b>31-March-20</b>	<b>31-March-21</b>	<b>31-March-20</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Establishment related expenses</u>				
Depreciation of property and equipment	2,050	1,901	2,050	1,901
Depreciation of right use of assets	3,379	3,301	3,379	3,301
Amortisation of intangible assets	8,274	6,222	8,274	6,222
Software and hardware maintenance	2,588	8,458	2,588	8,458
Security expenses	645	290	645	290
Lease profit expense	142	183	142	183
Others	2,001	563	2,001	563
	<u>19,079</u>	<u>20,918</u>	<u>19,079</u>	<u>20,918</u>
<u>Promotion and marketing related expenses</u>				
Advertising and promotional activities	1,468	2,279	1,468	2,279
	<u>1,468</u>	<u>2,279</u>	<u>1,468</u>	<u>2,279</u>
<u>General administrative expenses</u>				
License and association fees and levies	163	38	163	38
Travelling, transport and accomodation expenses	424	773	424	773
Printing, stationery, postage and clearing charges	938	1,163	938	1,163
Electricity and water	866	945	866	945
Other professional fees	1,724	1,140	1,662	1,115
Auditors remuneration	326	326	323	323
Repair and maintenance of office equipment	133	29	133	29
Others	2,041	2,501	1,913	2,376
	<u>6,615</u>	<u>6,915</u>	<u>6,422</u>	<u>6,762</u>
<u>Commission fees</u>				
Commission fees	481	1,553	481	1,553
Angkasa charges	4,802	6,980	4,802	6,980
	<u>5,283</u>	<u>8,533</u>	<u>5,283</u>	<u>8,533</u>
Inter-company recharges	(4,008)	(9,920)	(4,467)	(10,330)
	<u>28,437</u>	<u>28,725</u>	<u>27,785</u>	<u>28,162</u>



**25. Other comprehensive loss, net of tax**

	<b>Bank Group and Bank</b>			
	<b>1st Quarter Ended</b>		<b>1st Quarter Ended</b>	
	<b>31-March-21</b>	<b>31-March-20</b>	<b>31-March-21</b>	<b>31-March-20</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net loss from change in fair value of financial investments at FVOCI	(369,803)	(59,696)	(369,803)	(59,696)
Changes in expected credit losses financial investments at FVOCI	4	(5)	4	(5)
	<u>(369,799)</u>	<u>(59,701)</u>	<u>(369,799)</u>	<u>(59,701)</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, hence, they are not provided for in the financial statements.

<b>Bank Group and Bank</b>	<b>Principal amount</b>	<b>Credit equivalent amount</b>	<b>Risk weighted amount</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31-March-21</b>			
Direct credit substitutes	44,973	44,973	44,973
Trade-related contingencies	81,069	40,535	40,535
Short Term Self Liquidating trade related contingencies	99,907	19,981	19,981
Irrevocable commitments to extend credit:			
- one year or less	713,747	172,864	172,845
- over one year to five years	1,850,872	924,556	845,954
- over five years	4,299	2,148	2,148
Foreign exchange related contracts			
- one year or less	833,623	16,815	9,483
	<u>3,628,490</u>	<u>1,221,872</u>	<u>1,135,919</u>

<b>Bank Group and Bank</b>	<b>Principal amount</b>	<b>Credit equivalent amount</b>	<b>Risk weighted amount</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31-Dec-20</b>			
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>

**27. Financial risk management**

**27.1 Credit quality**

**(i) Financing and advances**

Financing and advances are summarised as follows:

31-March-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	501	-	-	501
Good	2,130,335	154,850	-	2,285,185
Average	2,719,392	1,721,336	-	4,440,728
Below Average	164,550	35,088	-	199,638
Poor	3,913	157,143	-	161,056
Retail financing	22,189,213	1,857,520	-	24,046,733
	<u>27,207,904</u>	<u>3,925,937</u>	<u>-</u>	<u>31,133,841</u>
<i>Past due up to 3 months</i>				
Corporate financing				
Good	-	15,645	-	15,645
Average	-	121,105	-	121,105
Below Average	-	124,610	-	124,610
Poor	-	269	-	269
Retail financing	59,011	1,552,374	-	1,611,385
	<u>59,011</u>	<u>1,814,003</u>	<u>-</u>	<u>1,873,014</u>
<i>Impaired</i>				
	-	-	1,139,516	1,139,516
Gross financing and advances	<u>27,266,915</u>	<u>5,739,940</u>	<u>1,139,516</u>	<u>34,146,371</u>
Less ECL	<u>(257,769)</u>	<u>(772,513)</u>	<u>(524,376)</u>	<u>(1,554,658)</u>
Net financing and advances	<u>27,009,146</u>	<u>4,967,427</u>	<u>615,140</u>	<u>32,591,713</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-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>				
	<u>-</u>	<u>-</u>	<u>987,231</u>	<u>987,231</u>
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>

**27. Financial risk management (continued)**

**27.1 Credit risk management (continued)**

**(ii) Other financial assets**

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

<b><u>Bank Group</u></b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Neither past due nor impaired</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31-March-21</b>				
<b>Cash and short-term funds</b>				
AAA	1,159,552	-	-	1,159,552
AA and below	25,605	-	-	25,605
Unrated	81,145	-	-	81,145
	<u>1,266,302</u>	<u>-</u>	<u>-</u>	<u>1,266,302</u>
<b>Deposits and placements with banks and other financial institutions</b>				
AAA	851,214	-	-	851,214
AA and below	32	-	-	32
	<u>851,246</u>	<u>-</u>	<u>-</u>	<u>851,246</u>
<b>Debt investments</b>				
AAA	890,117	-	-	890,117
AA and below	154,684	-	-	154,684
Unrated *	10,688,938	201,503	-	10,890,441
	<u>11,733,739</u>	<u>201,503</u>	<u>-</u>	<u>11,935,242</u>
<b>Other financial assets</b>				
Unrated	100,241	-	454,139	554,380
	<u>100,241</u>	<u>-</u>	<u>454,139</u>	<u>554,380</u>

<b><u>Bank Group</u></b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Neither past due nor impaired</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31-Dec-20</b>				
<b>Cash and short-term funds</b>				
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>
<b>Deposits and placements with banks and other financial institutions</b>				
AAA	781,650	-	-	781,650
AA and below	32	-	-	32
	<u>781,682</u>	<u>-</u>	<u>-</u>	<u>781,682</u>
<b>Debt investments</b>				
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>
<b>Other financial assets</b>				
Unrated	58,167	-	439,045	497,212
	<u>58,167</u>	<u>-</u>	<u>439,045</u>	<u>497,212</u>

\* Unrated debt investments for Bank Group and Bank include government guaranteed securities of RM10,371,974,000 (2020: RM9,102,739,000)

27. Financial risk management (continued)

27.1 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
<b>31-March-21</b>				
<b>Cash and short-term funds</b>				
AAA	1,159,552	-	-	1,159,552
AA and below	20,760	-	-	20,760
Unrated	81,145	-	-	81,145
	<u>1,261,457</u>	<u>-</u>	<u>-</u>	<u>1,261,457</u>
<b>Deposits and placements with banks and other financial institutions</b>				
AAA	-	-	-	-
AA and below	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Debt investments</b>				
AAA	890,117	-	-	890,117
AA and below	154,684	-	-	154,684
Unrated *	10,688,938	201,503	-	10,890,441
	<u>11,733,739</u>	<u>201,503</u>	<u>-</u>	<u>11,935,242</u>
<b>Other financial assets</b>				
Unrated	124,442	-	454,139	578,581
	<u>124,442</u>	<u>-</u>	<u>454,139</u>	<u>578,581</u>

**Bank**

Neither past due nor impaired	Stage 1   RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>31-Dec-20</b>				
<b>Cash and short-term funds</b>				
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>
<b>Debt investments</b>				
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>
<b>Other financial assets</b>				
Unrated	108,004	-	439,045	547,049
	<u>108,004</u>	<u>-</u>	<u>439,045</u>	<u>547,049</u>

\* Unrated debt investments for Bank Group and Bank include government guaranteed securities of RM10,371,974,000 (2020: RM9,102,739,000)

**MBSB BANK BERHAD (200501033981 / 716122-P)**

(Incorporated in Malaysia)

**27. Financial risk management (continued)**

**27.2 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	
<b>31-March-21</b>									
<b>Assets</b>									
Cash and short-term funds	1,093,049	-	-	-	-	173,256	-	1,266,305	1.61
Deposits and placements with financial institutions	146,980	704,266	-	-	-	-	-	851,246	1.91
Derivative financial assets	4,313	-	-	-	-	-	-	4,313	
Financial investments at FVTPL	-	-	-	-	-	-	31,659	31,659	2.30
Financial investments at FVOCI	-	71,227	319,976	3,020,411	8,003,967	-	-	11,415,581	3.54
Financial investments at amortised cost	-	-	20,354	222,240	245,408	-	-	488,002	5.40
Financing and advances									
- non-impaired	3,509,820	720,076	304,293	3,082,205	25,390,460	(1,030,281)	-	31,976,573	6.48
- impaired, net of allowances*	-	-	-	-	-	615,140	-	615,140	
Other receivables^	-	-	-	-	-	554,380	-	554,380	
Statutory deposits with Bank Negara Malaysia**	-	-	-	90,000	540,000	-	-	630,000	4.26
<b>Total financial assets</b>	<b>4,754,162</b>	<b>1,495,569</b>	<b>644,623</b>	<b>6,414,856</b>	<b>34,179,835</b>	<b>312,495</b>	<b>31,659</b>	<b>47,833,199</b>	

\* 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 May 2021.

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**27. Financial risk management (continued)****27.2 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	%
<b>31-March-21</b>									
<b>Liabilities</b>									
Deposits from customers	12,251,599	8,539,129	10,895,940	3,292,657	10,161	154,728	-	35,144,214	2.39
Deposits and placements of banks	222,557	250,102	-	-	-	-	-	472,658	1.59
Investment accounts of customers	44,006	67,540	388,844	34,143	-	-	-	534,533	2.51
Derivative financial liabilities	2,242	-	-	-	-	-	-	2,242	
Other payables #	-	-	-	-	-	516,296	-	516,296	
Lease liabilities	-	21	1,481	11,848	-	-	-	13,350	3.67
Recourse obligation on financing sold	17,729	13,436	60,841	1,776,013	-	-	-	1,868,019	3.56
Sukuk-MBSB Structured Covered ("SC")									
Murabahah	-	101,005	196,973	869,634	216,594	-	-	1,384,206	4.14
Sukuk Wakalah	-	-	18,526	-	1,291,494	-	-	1,310,020	5.24
<b>Total financial liabilities</b>	<b>12,538,132</b>	<b>8,971,233</b>	<b>11,562,605</b>	<b>5,984,295</b>	<b>1,518,249</b>	<b>671,024</b>	<b>-</b>	<b>41,245,538</b>	
<b>Total profit-sensitivity gap</b>	<b>(7,783,970)</b>	<b>(7,475,664)</b>	<b>(10,917,982)</b>	<b>430,561</b>	<b>32,661,586</b>	<b>(358,529)</b>	<b>31,659</b>	<b>6,587,661</b>	

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

**MBSB BANK BERHAD (200501033981 / 716122-P)**

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**27. Financial risk management (continued)**

**27.2 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	%
<b>31-March-21</b>									
<b>Assets</b>									
Cash and short-term funds	1,093,049	-	-	-	-	168,410	-	1,261,459	1.61
Deposits and placements with financial institutions	-	-	-	-	-	-	-	-	-
Derivative financial assets	4,313	-	-	-	-	-	-	4,313	-
Financial investments at FVTPL	-	-	-	-	-	-	31,659	31,659	2.30
Financial investments at FVOCI	-	71,227	319,976	3,020,411	8,003,967	-	-	11,415,581	3.54
Financial investments at amortised cost	-	-	20,354	222,240	245,408	-	-	488,002	5.40
Financing and advances									
- non-impaired	3,509,820	720,076	304,293	3,082,205	25,390,460	(1,030,281)	-	31,976,573	6.48
- impaired, net of allowances*	-	-	-	-	-	615,140	-	615,140	-
Sukuk Commodity Murabahah	53,538	103,462	222,923	1,238,056	716,030	-	-	2,334,009	2.94
Other receivables^	56,278	-	-	-	-	522,303	-	578,581	5.50
Statutory deposits with Bank Negara Malaysia**	-	-	-	90,000	540,000	-	-	630,000	4.26
<b>Total financial assets</b>	<b>4,716,998</b>	<b>894,765</b>	<b>867,546</b>	<b>7,652,912</b>	<b>34,895,865</b>	<b>275,572</b>	<b>31,659</b>	<b>49,335,317</b>	

\* 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 May 2021.



**MBSB BANK BERHAD (200501033981 / 716122-P)**

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**27. Financial risk management (continued)**

**27.2 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	%
<b>31-March-21</b>									
<b>Liabilities</b>									
Deposits from customers	12,251,599	8,539,129	10,895,940	3,292,657	10,161	154,728	-	35,144,214	2.39
Deposits and placements of banks	222,557	250,102	-	-	-	-	-	472,658	1.59
Investment accounts of customers	44,006	67,540	388,844	34,143	-	-	-	534,533	2.51
Derivative financial liabilities	2,242	-	-	-	-	-	-	2,242	-
Other payables #	2,095,509	-	-	-	-	516,297	-	2,611,806	7.09
Lease liabilities	-	21	1,481	11,848	-	-	-	13,350	3.67
Recourse obligation on financing sold	17,729	13,436	60,841	1,776,013	-	-	-	1,868,019	3.56
Sukuk-MBSB Structured Covered ("SC")									
Murabahah	-	101,005	196,973	869,634	216,594	-	-	1,384,206	4.14
Sukuk Wakalah	-	-	18,526	-	1,291,494	-	-	1,310,020	5.24
<b>Total financial liabilities</b>	<b>14,633,641</b>	<b>8,971,233</b>	<b>11,562,605</b>	<b>5,984,295</b>	<b>1,518,249</b>	<b>671,025</b>	<b>-</b>	<b>43,341,048</b>	
<b>Total profit-sensitivity gap</b>	<b>(9,916,643)</b>	<b>(8,076,468)</b>	<b>(10,695,059)</b>	<b>1,668,617</b>	<b>33,377,616</b>	<b>(395,454)</b>	<b>31,659</b>	<b>5,994,268</b>	

# 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)

**27. Financial risk management (continued)**

**27.2 Market risk (continued)**

**(i) Profit Rate Risk (continued)**

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	
<b>31-Dec-20</b>									
<b>Assets</b>									
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	
<b>Total financial assets</b>	<b>1,050,379</b>	<b>724,236</b>	<b>1,487,047</b>	<b>6,527,604</b>	<b>36,155,593</b>	<b>230,797</b>	<b>-</b>	<b>46,175,656</b>	

\* 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 May 2021.

**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	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	
<b>31-Dec-20</b>									
<b>Liabilities</b>									
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
<b>Total financial liabilities</b>	<b>9,801,152</b>	<b>8,367,832</b>	<b>13,000,335</b>	<b>5,921,428</b>	<b>1,565,954</b>	<b>792,688</b>	<b>-</b>	<b>39,449,387</b>	
<b>Total profit-sensitivity gap</b>	<b>(8,750,773)</b>	<b>(7,643,596)</b>	<b>(11,513,288)</b>	<b>606,176</b>	<b>34,589,639</b>	<b>(561,891)</b>	<b>-</b>	<b>6,726,269</b>	

# 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)

**27. Financial risk management (continued)****27.2 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			
<b>31-Dec-20</b>									
<b>Assets</b>									
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
<b>Total financial assets</b>	<b>1,157,503</b>	<b>724,236</b>	<b>1,028,323</b>	<b>7,755,028</b>	<b>36,868,759</b>	<b>222,852</b>	<b>-</b>	<b>47,756,701</b>	

\* 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 May 2021.

**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	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	%
<b>31-Dec-20</b>									
<b>Liabilities</b>									
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
<b>Total financial liabilities</b>	<b>11,957,410</b>	<b>8,367,832</b>	<b>13,000,335</b>	<b>5,921,428</b>	<b>1,565,954</b>	<b>792,504</b>	<b>-</b>	<b>41,605,461</b>	
<b>Total profit-sensitivity gap</b>	<b>(10,799,907)</b>	<b>(7,643,596)</b>	<b>(11,972,012)</b>	<b>1,833,600</b>	<b>35,302,805</b>	<b>(569,652)</b>	<b>-</b>	<b>6,151,240</b>	

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

## 28. Capital adequacy

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		Bank	
	31-Mar-21 RM'000	31-Dec-20 RM'000	31-Mar-21 RM'000	31-Dec-20 RM'000
<b><u>Common Equity Tier 1 ("CET 1") Capital</u></b>				
Ordinary share capital	5,427,972	5,159,859	5,427,972	5,159,859
Retained profits exclude merger reserve	1,020,604	1,020,604	791,724	791,724
Other reserves	(129,803)	239,996	(129,803)	239,996
	<u>6,318,773</u>	<u>6,420,459</u>	<u>6,089,893</u>	<u>6,191,579</u>
Less : Regulatory adjustments				
Cumulative gains of financial investments at FVOCI	(96,178)	(191,046)	(96,178)	(191,046)
Regulatory reserve	(5,234)	(5,234)	(5,234)	(5,234)
Intangible assets	(105,640)	(111,449)	(105,640)	(111,449)
Deferred tax assets	(33,804)	-	(33,804)	-
Other CET 1 regulatory adjustments	232,427	153,372	232,427	153,372
Total CET 1 Capital	<u>6,310,344</u>	<u>6,266,102</u>	<u>6,081,464</u>	<u>6,037,222</u>
<b><u>Tier 1 Capital</u></b>				
Additional Tier 1 capital instruments	-	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-	-
Total Tier 1 capital	<u>6,310,344</u>	<u>6,266,102</u>	<u>6,081,464</u>	<u>6,037,222</u>
<b><u>Tier 2 Capital</u></b>				
Stage 1 & Stage 2 expected credit loss allowances <sup>^</sup>	427,761	453,807	455,100	481,430
Tier 2 capital instruments	1,310,020	1,293,335	1,310,020	1,293,335
Total Tier 2 capital	<u>1,737,781</u>	<u>1,747,142</u>	<u>1,765,120</u>	<u>1,774,765</u>
Total capital base	<u>8,048,125</u>	<u>8,013,244</u>	<u>7,846,584</u>	<u>7,811,987</u>

<sup>^</sup> 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		Bank	
	31-Mar-21 RM'000	31-Dec-20 RM'000	31-Mar-21 RM'000	31-Dec-20 RM'000
<b><u>Total risk weighted assets ("RWA")</u></b>				
- Credit risk	34,220,854	36,304,570	36,407,987	38,514,371
- Market risk	167,560	36,226	167,560	36,226
- Operational risk	2,414,735	2,188,152	2,238,822	2,025,263
Total RWA	<u>36,803,149</u>	<u>38,528,948</u>	<u>38,814,369</u>	<u>40,575,860</u>
<b><u>Capital adequacy ratios</u></b>				
CET 1 capital ratio	17.146%	16.263%	15.668%	14.879%
Tier 1 capital ratio	17.146%	16.263%	15.668%	14.879%
Total capital ratio	<u>21.868%</u>	<u>20.798%</u>	<u>20.216%</u>	<u>19.253%</u>

**PERFORMANCE REVIEW FOR THE 1ST QUARTER ENDED 31 MARCH 2021**

**1. Performance Review**

The Bank Group recorded profit before tax for 1Q21 of RM105.64 million (1Q20: loss of RM27.51 million) mainly contributed by lower funding costs and lower net allowance for impairment as compared to 1Q20.

As at 31 March 2021, gross financing and advances for the Bank Group stood at RM34.15 billion, a slight decrease by 0.3% from 31 December 2020. Financial investments grew by RM1.25 billion or 11.7% to RM11.94 billion mainly from financial investments at FVOCI. Both gross financing and advances, and financial investments are supported by our total deposits and investment account of RM36.15 billion, and sukuk and securitisation of RM4.56 billion.

**(a) Financing**

**Variation of Results against Preceding Year Corresponding Quarter**

	Current	Preceding	Changes	
	Year	Year		
	Quarter	Corresponding		
	31-March-21	31-March-20	RM'000	%
	(1Q21)	(1Q20)		
	RM'000	RM'000		
Personal financing	19,626,377	19,825,153	(198,776)	-1.0%
Corporate financing	8,098,310	8,203,517	(105,207)	-1.3%
Property financing	6,320,859	5,398,004	922,855	17.1%
Auto financing	100,824	151,461	(50,637)	-33.4%
Total gross financing and advances	<u>34,146,370</u>	<u>33,578,135</u>	<u>568,235</u>	<u>1.7%</u>

**Variation of Results against Immediate Preceding Quarter**

**Financing**

	Current	Immediate	Changes	
	Year	Preceding		
	Quarter	Quarter		
	31-March-21	31-Dec-20	RM'000	%
	(1Q21)	(4Q20)		
	RM'000	RM'000		
Personal financing	19,626,377	19,851,546	(225,169)	-1.1%
Corporate financing	8,098,310	8,168,572	(70,262)	-0.9%
Property financing	6,320,859	6,113,557	207,302	3.4%
Auto financing	100,824	108,606	(7,782)	-7.2%
Total gross financing and advances	<u>34,146,370</u>	<u>34,242,281</u>	<u>(95,911)</u>	<u>-0.3%</u>

Bank Group gross financing and advances increased by 1.7% and decreased by 0.3% for 1Q21 compared to 1Q20 and 4Q20 respectively. Property financing for the quarter is seeing growth as compared to both snapshots contributed by the exercise of loan conversion from conventional mortgage at the holding company and new financing disbursed. The gross amount for personal financing decreased by about 1% due to lower disbursements and decreasing portfolio base. Personal financing remains as the biggest financing portfolio for MBSB Bank.

**PERFORMANCE REVIEW FOR THE 1ST QUARTER ENDED 31 MARCH 2021**

**1. Performance Review (continued)**

**(b) Income statement**

**Current Year Quarter vs Preceding Year Corresponding Quarter**

	<b>Current Year Quarter 31-March-21 (1Q21) RM'000</b>	<b>Preceding Year Corresponding Quarter 31-March-20 (1Q20) RM'000</b>	<b>Changes</b>	
			<b>RM'000</b>	<b>%</b>
Income derived from investment of depositors' funds	542,550	630,450	(87,900)	-13.9%
Income derived from investment of shareholders' funds	113,780	98,141	15,639	15.9%
Income derived from investment of investment accounts' funds	<u>1,689</u>	<u>-</u>		
Total income derived from investment of depositors, shareholders and investment account funds	658,020	728,591	(70,571)	-9.7%
Net allowance for impairment	(157,725)	(268,809)	111,084	-41.3%
Loss on modification of cash flows	(36,463)	-	(36,463)	0.0%
Total net income	201,193	69,573	131,620	>100%
Total overhead expenses	<u>(95,558)</u>	<u>(97,079)</u>	1,521	-1.6%
Profit/(loss) before tax	<u>105,635</u>	<u>(27,506)</u>	133,141	>-100%
Profit/(loss) after tax	<u>63,047</u>	<u>(64,149)</u>	127,196	>-100%
Profit/(loss) attributable to owners of the Bank	<u>63,047</u>	<u>(64,149)</u>	127,196	>-100%

**Current Year Quarter vs Immediate Preceding Quarter**

	<b>Current Year Quarter 31-March-21 (1Q21) RM'000</b>	<b>Immediate Preceding Quarter 31-Dec-20 (4Q20) RM'000</b>	<b>Changes</b>	
			<b>RM'000</b>	<b>%</b>
Income derived from investment of depositors' funds	542,550	512,529	30,021	5.9%
Income derived from investment of shareholders' funds	113,780	185,934	(72,154)	-38.8%
Income derived from investment of investment accounts' funds	<u>1,689</u>	<u>-</u>		
Total income derived from investment of depositors, shareholders and investment account funds	658,020	698,463	(40,443)	-5.8%
Net allowance for impairment	(157,725)	(149,016)	(8,709)	5.8%
Loss on modification of cash flows	(36,463)	(1,256)	(35,207)	>100%
Total net income	201,193	276,514	(75,321)	-27.2%
Total overhead expenses	<u>(95,558)</u>	<u>(137,748)</u>	42,190	-30.6%
Profit before tax	<u>105,635</u>	<u>138,766</u>	(33,131)	-23.9%
Profit after tax	<u>63,047</u>	<u>91,270</u>	(28,223)	-30.9%
Profit attributable to owners of the Bank	<u>63,047</u>	<u>91,270</u>	(28,223)	-30.9%

The Bank Group's total income derived from investment of depositors', shareholders' and investment accounts' funds decreased by 9.7% and 5.8% as compared to 1Q20 and 4Q20 respectively. The income derived in 1Q20 and 4Q20 were higher than 1Q21 contributed by higher gain generated from sale of financial investments at FVOCI. Income from financing and advances remains as key contributor of income for the Bank Group.



**PERFORMANCE REVIEW FOR THE 1ST QUARTER ENDED 31 MARCH 2021**

**1. Performance Review (continued)**

Net allowance for impairment recorded lower than 1Q20 but slightly higher than 4Q20. The allowance for impairment for the quarter was mainly contributed by increase in delinquency status for corporate portfolio. In 1Q20, MBSB Bank recorded higher impairment charges caused by overall increase in delinquency status as the country started seeing impact of Covid-19 pandemic.

The total overhead expenses for 1Q21 recorded lower than 1Q20 and 4Q20 mainly due to lower software and hardware costs under establishment related expenses. Personnel costs remains as main contributor for overhead expenses.

**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.