

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

INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

		Bank Group		
		31.12.2021	Restated 31.12.2020	Restated 01.01.2020
		RM'000	RM'000	RM'000
Assets				
Cash and short-term funds	7(a)	645,205	731,160	1,829,715
Deposits and placements with banks and other financial institutions	7(b)	843,856	781,682	873,515
Derivative financial assets	8	637	1,724	4,239
Financial investments at fair value through profit or loss ("FVTPL")	9	240,209	-	-
Financial investments at fair value through other comprehensive income ("FVOCI")	10	11,811,115	10,192,272	10,694,644
Financial investments at amortised cost	11	630,334	488,102	494,705
Financing and advances	12	34,026,013	32,863,504	32,807,317
Other receivables	13	498,867	508,125	548,207
Statutory deposits with Bank Negara Malaysia		650,000	620,000	1,090,000
Investment property		820	820	820
Property and equipment		54,355	27,882	25,444
Intangible assets		101,184	111,449	115,559
Right-of-use assets		41,354	14,880	16,821
Tax recoverable		1,049	9,517	5,123
Deferred tax assets		17,292	-	-
Assets held-for-sale	15	2,122	-	-
Total assets		49,564,412	46,351,117	48,506,109
Liabilities				
Deposits from customers	16	25,418,212	24,353,435	25,271,951
Deposits and placements of banks and other financial institutions	17	8,649,581	9,529,305	10,621,769
Investment accounts of customers	18	2,094,914	-	-
Derivative financial liabilities	8	2,363	1,614	1
Other payables	19	985,880	741,166	571,744
Lease liabilities		41,973	15,193	17,130
Recourse obligation on financing sold		3,141,309	2,262,531	2,481,251
Sukuk-MBSB Structured Covered ("SC") Murabahah		1,072,972	1,366,563	1,664,973
Sukuk Wakalah		1,294,247	1,293,335	1,293,075
Deferred tax liabilities		-	92,368	94,739
Provision for taxation		77,142	-	-
Provision for zakat		60	4,367	8,192
Total liabilities		42,778,653	39,659,877	42,024,825
Equity				
Share capital		5,427,972	5,159,859	5,159,859
Reserves		1,357,787	1,531,381	1,321,425
Total equity		6,785,759	6,691,240	6,481,284
Total Liabilities and Equity		49,564,412	46,351,117	48,506,109
Commitments and contingencies	28	3,253,338	2,724,749	5,069,104
Capital Adequacy		Bank Group		
CET1 capital		17.162%	16.098%	15.198%
Tier 1 capital		17.162%	16.098%	15.198%
Total capital ratio		21.794%	20.639%	19.736%

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 FINANCIAL POSITION AS AT 31 DECEMBER 2021 (CONTINUED)

		Bank		
		31.12.2021	Restated 31.12.2020	Restated 01.01.2020
		RM'000	RM'000	RM'000
Assets				
Cash and short-term funds	7(a)	624,629	726,996	1,827,458
Deposits and placements with banks and other financial institutions	7(b)	100,093	-	-
Derivative financial assets	8	637	1,724	4,239
Financial investments at fair value through profit or loss ("FVTPL")	9	240,209	-	-
Financial investments at fair value through other comprehensive income ("FVOCI")	10	11,811,115	10,192,272	10,694,644
Financial investments at amortised cost	11	630,334	488,102	494,705
Financing and advances	12	34,026,013	32,863,504	32,807,317
Sukuk Commodity Murabahah		2,404,630	2,634,147	2,872,056
Other receivables	13	554,872	557,861	586,724
Statutory deposits with Bank Negara Malaysia		650,000	620,000	1,090,000
Investment property		820	820	820
Property and equipment		54,355	27,882	25,444
Intangible assets		101,184	111,449	115,559
Right-of-use assets		41,354	14,880	16,821
Tax recoverable		-	8,864	5,302
Deferred tax assets		17,292	-	-
Assets held for sale	15	2,122	-	-
Total assets		51,259,659	48,248,501	50,541,089
Liabilities				
Deposits from customers	16	25,418,212	24,353,435	25,271,951
Deposits and placements of banks and other financial institutions	17	8,649,581	9,529,305	10,621,769
Investment accounts of customers	18	2,094,914	-	-
Derivative financial liabilities	8	2,363	1,614	1
Other payables	19	2,952,415	2,897,220	2,846,531
Lease liabilities		41,973	15,193	17,130
Recourse obligation on financing sold		3,141,309	2,262,531	2,481,251
Sukuk-MBSB Structured Covered ("SC") Murabahah		1,072,972	1,366,563	1,664,973
Sukuk Wakalah		1,294,247	1,293,335	1,293,075
Deferred tax liabilities		-	92,368	94,739
Provision for taxation		77,142	-	-
Provision for zakat		60	4,367	8,192
Total liabilities		44,745,188	41,815,931	44,299,612
Equity				
Share capital		5,427,972	5,159,859	5,159,859
Reserves		1,086,499	1,272,711	1,081,618
Total equity		6,514,471	6,432,570	6,241,477
Total Liabilities and Equity		51,259,659	48,248,501	50,541,089
Commitments and contingencies	28	3,253,338	2,724,749	5,069,104
Capital Adequacy				
		Bank		
CET1 capital		16.324%	15.307%	14.437%
Tier 1 capital		16.324%	15.307%	14.437%
Total capital ratio		20.751%	19.642%	18.752%

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 YEAR ENDED 31 DECEMBER 2021

		Bank Group			
		4th Quarter Ended		Twelve Months Ended	
		31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	20	528,442	512,529	2,149,088	2,129,110
Income derived from investment of shareholders' funds	21	121,636	185,934	502,527	860,435
Income derived from investment of investment accounts' funds	22	22,638	-	60,967	-
Net writeback/(allowance) for impairment on financing and advances and other financial assets	23	48,048	(149,016)	(124,455)	(353,215)
Loss on modification of cash flows		(115,057)	(1,256)	(311,665)	(504,676)
Total distributable income		605,707	548,191	2,276,462	2,131,654
Income attributable to depositors and others	24	(273,723)	(271,677)	(1,073,545)	(1,326,588)
Total net income		331,984	276,514	1,202,917	805,066
Personnel expenses	25	(79,861)	(73,064)	(257,366)	(286,720)
Other overhead expenses	26	(111,191)	(64,684)	(274,008)	(139,268)
Profit before taxation and zakat		140,932	138,766	671,543	379,078
Taxation		(61,864)	(65,107)	(216,973)	(115,500)
Zakat		175	2,363	141	363
Profit for the financial period		79,243	76,022	454,711	263,941
Profit attributable to:					
Owner of the Bank		79,243	76,022	454,711	263,941
		79,243	76,022	454,711	263,941
Profit for the financial period		79,243	76,022	454,711	263,941
Other comprehensive (loss)/income, net of tax	27	(39,897)	(70,841)	(395,712)	79,672
		(39,897)	(70,841)	(395,712)	79,672
Total comprehensive income for the financial period		39,346	5,181	58,999	343,613
Total comprehensive income attributable to:					
Owner of the Bank Group		39,346	5,181	58,999	343,613
		39,346	5,181	58,999	343,613
Earnings per share (sen)		1.46	1.47	8.39	5.12

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 YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

		Bank			
		4th Quarter Ended		Twelve Months Ended	
		31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	20	594,385	573,212	2,248,861	2,234,827
Income derived from investment of shareholders' funds	21	134,491	203,582	521,566	875,353
Income derived from investment of investment accounts' funds	22	22,638	-	60,967	-
Net writeback/(allowance) for impairment on financing and advances and other financial assets	23	48,048	(149,016)	(124,455)	(353,215)
Loss on modification of cash flows		(115,057)	(1,256)	(311,665)	(504,676)
Total distributable income		684,505	626,522	2,395,274	2,252,289
Income attributable to depositors and others	24	(309,023)	(309,189)	(1,210,482)	(1,474,440)
Total net income		375,482	317,333	1,184,792	777,849
Personnel expenses	25	(79,861)	(73,064)	(257,366)	(286,720)
Other overhead expenses	26	(111,414)	(63,936)	(272,378)	(136,820)
Profit before taxation and zakat		184,207	180,333	655,048	354,309
Taxation		(61,888)	(63,428)	(213,096)	(109,594)
Zakat		175	2,363	141	363
Profit for the financial period		122,494	119,268	442,093	245,078
Profit attributable to:					
Owner of the Bank		122,494	119,268	442,093	245,078
		122,494	119,268	442,093	245,078
Profit for the financial period		122,494	119,268	442,093	245,078
Other comprehensive (loss)/income, net of tax	27	(39,897)	(70,841)	(395,712)	79,672
		(39,897)	(70,841)	(395,712)	79,672
Total comprehensive income for the financial period		82,597	48,427	46,381	324,750
Total comprehensive income attributable to:					
Owner of the Bank Group		82,597	48,427	46,381	324,750
		82,597	48,427	46,381	324,750

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 YEAR ENDED 31 DECEMBER 2021**

Bank Group	← Non-distributable →			Distributable	Total
	Share Capital	Regulatory Reserve	Fair value reserve	Retained profits	
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021					
- As previously reported	5,159,859	5,234	234,762	1,367,488	6,767,343
- Prior year adjustments	-	-	-	(76,103)	(76,103)
- As restated	5,159,859	5,234	234,762	1,291,385	6,691,240
Profit for the financial period	-	-	-	454,711	454,711
Other comprehensive loss for the financial period	-	-	(395,712)	-	(395,712)
Total comprehensive (loss)/income for the financial period	-	-	(395,712)	454,711	58,999
Dividend	-	-	-	(232,593)	(232,593)
Issuance of ordinary shares	268,113	-	-	-	268,113
At 31 December 2021	5,427,972	5,234	(160,950)	1,513,503	6,785,759
At 1 January 2020					
- As previously reported	5,159,859	5,234	155,090	1,221,956	6,542,139
- Prior year adjustments	-	-	-	(60,855)	(60,855)
- As restated	5,159,859	5,234	155,090	1,161,101	6,481,284
Profit for the financial period	-	-	-	263,941	263,941
Other comprehensive income for the financial period	-	-	79,672	-	79,672
Total comprehensive income for the financial period	-	-	79,672	263,941	343,613
Dividends	-	-	-	(133,657)	(133,657)
At 31 December 2020	5,159,859	5,234	234,762	1,291,385	6,691,240

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 YEAR ENDED 31 DECEMBER 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
At 1 January 2021					
- As previously reported	5,159,859	5,234	234,762	791,724	6,191,579
- Prior year adjustments	-	-	-	240,991	240,991
- As restated	5,159,859	5,234	234,762	1,032,715	6,432,570
Profit for the financial period	-	-	-	442,093	442,093
Other comprehensive loss for the financial period	-	-	(395,712)	-	(395,712)
Total comprehensive (loss)/income for the financial period	-	-	(395,712)	442,093	46,381
Dividend	-	-	-	(232,593)	(232,593)
Issuance of ordinary shares	268,113	-	-	-	268,113
At 31 December 2021	5,427,972	5,234	(160,950)	1,242,215	6,514,471
At 1 January 2020					
- As previously reported	5,159,859	5,234	155,090	728,583	6,048,766
- Prior year adjustments	-	-	-	192,711	192,711
- As restated	5,159,859	5,234	155,090	921,294	6,241,477
Profit for the financial period	-	-	-	245,078	245,078
Other comprehensive income for the financial period	-	-	79,672	-	79,672
Total comprehensive income for the financial period	-	-	79,672	245,078	324,750
Issuance of ordinary shares	-	-	-	(133,657)	(133,657)
At 31 December 2020	5,159,859	5,234	234,762	1,032,715	6,432,570

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 YEAR ENDED 31 DECEMBER 2021**

	Bank Group		Bank	
	12 months ended		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	Restated RM'000
Cash flows from operating activities				
Profit before taxation	671,543	379,078	655,048	354,309
Adjustments for non-cash items	10,355	(6,352)	(121,392)	(149,240)
Operating profit before working capital changes	681,898	372,726	533,656	205,069
Working capital changes:				
Net changes in operating assets	(1,454,979)	175,270	(1,499,167)	72,218
Net changes in operating liabilities	2,609,632	(1,819,766)	2,420,116	(1,938,499)
Income taxes and zakat paid	(120,225)	(150,891)	(115,953)	(144,153)
Net cash generated from/(used in) operating activities	1,716,326	(1,422,661)	1,338,652	(1,805,365)
Cash flows from investing activities				
Purchase of property and equipment	(38,779)	(10,143)	(38,779)	(10,143)
Purchase of intangible assets	(24,930)	(27,435)	(24,930)	(27,435)
Proceeds from disposal of property and equipment	2	2	2	2
Profit income from financial investments	452,324	411,694	452,324	411,694
Net (purchase)/sale of financial investments	(2,538,221)	862,981	(2,538,221)	862,981
Profit income from Sukuk Commodity Murabahah	-	-	131,746	142,888
Proceeds from Sukuk Commodity Murabahah	-	-	229,517	237,909
Net cash (used in)/generated from investing activities	(2,149,604)	1,237,099	(1,788,341)	1,617,896
Cash flows from financing activities				
Issuance/(repayment) of recourse obligation on financing sold	880,460	(217,464)	880,460	(217,464)
Profit expense paid on recourse obligation on financing sold	(92,912)	(102,932)	(92,912)	(102,932)
Profit expense paid on Sukuk MBSB-SC Murabahah	(66,263)	(80,798)	(66,263)	(80,798)
Profit expense paid on Sukuk Wakalah	(66,766)	(67,396)	(66,766)	(67,396)
Repayment of Sukuk MBSB-SC Murabahah	(292,253)	(296,972)	(292,253)	(296,972)
Payment of lease liabilities	(50,464)	(13,774)	(50,464)	(13,774)
Dividend paid on ordinary shares	(232,593)	(133,657)	(232,593)	(133,657)
Issuance of ordinary shares	268,113	-	268,113	-
Net cash generated from/(used in) financing activities	347,322	(912,993)	347,322	(912,993)
Net decrease in cash and cash equivalents	(85,955)	(1,098,555)	(102,367)	(1,100,462)
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	645,205	731,160	624,629	726,996

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 DECEMBER 2021**

1. Basis of preparation

The unaudited condensed interim financial statements for the financial quarter ended 31 December 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 and advances, trade and other payables, bank borrowings and recourse obligations on financing sold.

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

During the financial year, the Bank identified profit income on Sukuk Commodity Murabahah which required adjustments in accordance to MFRS 108 '*Accounting Policies, Changes in Accounting Estimates and Errors*'. Arising from the adjustments, the affected sukuk balances and corresponding tax recoverable have been restated.

The following are restatements of comparatives that have been made to each line item in the Bank Group and the Bank's Statements of Financial Position and Statement of Changes in Equity as at 31 December 2020 and 1 January 2020, and Statements of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020.

As at 1 January 2020

	As previously reported RM'000	Re- classification RM'000	As restated RM'000
Bank Group			
<u>Statements of financial position</u>			
Tax recoverable	65,978	(60,856)	5,122
Reserves	1,382,280	(60,855)	1,321,425
<u>Statements of changes in equity</u>			
Retained profits	1,221,956	(60,855)	1,161,101
Bank			
<u>Statements of financial position</u>			
Sukuk Commodity Murabahah	2,618,491	253,565	2,872,056
Tax recoverable	66,156	(60,855)	5,301
Reserves	888,907	192,710	1,081,617
<u>Statements of changes in equity</u>			
Retained profits	728,583	192,711	921,294

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

5. Prior year adjustments (continued)

As at 31 December 2020

	As previously reported RM'000	Re- classification RM'000	As restated RM'000
Bank Group			
<u>Statements of financial position</u>			
Tax recoverable	85,620	(76,103)	9,517
Reserves	1,607,484	(76,103)	1,531,381
<u>Statements of changes in equity</u>			
Retained profits	1,367,488	(76,103)	1,291,385
<u>Statements of profit or loss and other comprehensive income</u>			
Income derived from investment of depositors' funds	2,129,110	-	2,129,110
Income derived from investment of shareholders' funds	860,435	-	860,435
Profit before taxation and zakat	379,078	-	379,078
Taxation	(100,252)	(15,248)	(115,500)
Profit for the year	279,189	(15,248)	263,941
Bank			
<u>Statements of financial position</u>			
Sukuk Commodity Murabahah	2,317,054	317,093	2,634,147
Tax recoverable	84,966	(76,103)	8,863
Reserves	1,031,720	240,990	1,272,710
<u>Statements of changes in equity</u>			
Retained profits	791,724	240,991	1,032,715
<u>Statements of profit or loss and other comprehensive income</u>			
Income derived from investment of depositors' funds	2,187,825	47,002	2,234,827
Income derived from investment of shareholders' funds	858,827	16,526	875,353
Profit before taxation and zakat	290,781	63,528	354,309
Taxation	(94,346)	(15,248)	(109,594)
Profit for the year	196,798	48,280	245,078

6. Dividend

On 28 December 2021, the Bank paid single-tier interim dividend of RM162,839,159 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	
	31-Dec-21 RM'000	31-Dec-20 RM'000	31-Dec-21 RM'000	31-Dec-20 RM'000
(a) Cash and balances with banks and other financial institutions	125,180	125,131	104,604	120,967
Money at call and deposit placements maturing within one month	520,025	606,029	520,025	606,029
Total cash and short-term funds	645,205	731,160	624,629	726,996
(b) Deposits and placements with financial institutions with original maturity of more than one month				
- Licensed Islamic banks	843,856	781,682	100,093	-
	<u>1,489,061</u>	<u>1,512,842</u>	<u>724,722</u>	<u>726,996</u>

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-Dec-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	419,278	637	(2,363)	278,310	1,724	(1,614)

9. Financial investments at FVTPL

	Bank Group and Bank	
	31-Dec-21 RM'000	31-Dec-20 RM'000
At fair value		
<u>In Malaysia</u>		
Investment with fund manager	240,209	-
	<u>240,209</u>	<u>-</u>

10. Financial investments at FVOCI

	Bank Group and Bank	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
At fair value		
Money Market Instruments		
Malaysian Government Investment Issues	8,317,698	6,906,159
Debt securities:		
<u>In Malaysia</u>		
Private and Islamic debt securities	1,139,722	1,089,533
Government Guaranteed corporate sukuk	2,353,695	2,196,580
	<u>11,811,115</u>	<u>10,192,272</u>

During the year, total loss amounting to RM528,703,000 were recognised in other comprehensive income (2020: gain amounting to RM351,628,000). Upon sale of the financial investments, the Bank Group and the Bank recognised loss of RM8,029,000 (2020: gain of RM246,782,000) to the profit and loss.

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

ECL movement for financial investments at FVOCI:

	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	7	-	-	7
Total charge to profit or loss:	7	-	-	7
New financial investments purchased during the year	13	-	-	13
Matured financial investments during the year	(5)	-	-	(5)
Change in credit risk	(1)	-	-	(1)
At 31 December 2021	<u>14</u>	<u>-</u>	<u>-</u>	<u>14</u>
	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 31-Dec-21 RM'000	31-Dec-20 RM'000
At amortised cost		
Money Market Instruments		
Malaysian Government Investment Issues	20,666	-
<u>In Malaysia</u>		
Private and Islamic debt securities	610,880	488,693
	<u>631,546</u>	<u>488,693</u>
Less: ECL stage 1	(841)	(90)
ECL stage 2	(371)	(501)
	<u>630,334</u>	<u>488,102</u>

ECL movement for financial investments at amortised cost:

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

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

12. Financing and advances

	Bank Group and Bank	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
(i) By type		
At amortised cost		
Term financing		
- Personal financing	19,613,339	19,837,438
- Property financing	7,266,303	6,084,956
- Hire purchase receivables	679,199	761,732
- Bridging financing	411,617	483,948
- Auto financing	75,121	106,198
- Other term financing	5,584,420	5,642,010
Revolving Credit	175,464	190,840
Staff financing	42,371	46,071
Cash line	125,147	81,539
Trade finance	1,341,912	1,007,549
Gross financing and advances	35,314,893	34,242,281
Less: ECL		
- Stage 1	(345,477)	(365,538)
- Stage 2	(588,894)	(587,652)
- Stage 3	(354,509)	(425,587)
Net financing and advances	34,026,013	32,863,504
(ii) By residual contractual maturity		
Within one year	2,435,782	1,815,252
More than one year to three years	1,379,713	1,451,785
More than three years to five years	1,807,956	1,788,930
More than five years	29,691,442	29,186,314
	35,314,893	34,242,281
(iii) By economic purpose		
Personal Use	19,697,222	19,927,233
Construction	3,519,709	3,761,790
Purchase of landed property:		
- Residential	6,875,705	5,712,089
- Non-Residential	842,591	736,886
Working Capital	3,243,641	2,799,214
Purchase of other fixed assets	928,278	957,989
Purchase of transport vehicles	77,009	107,428
Purchase of other securities	432	466
Purchase of consumer durables	901	901
Others	129,405	238,285
	35,314,893	34,242,281

12. Financing and advances (continued)

(iv) By type of customers

	Bank Group and Bank	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
Individuals	26,916,815	25,996,300
Domestic business enterprises		
- Small medium enterprise	2,298,710	2,107,333
- Government	-	51,161
- Non-bank financial institutions	739,048	740,803
- Others	5,328,983	5,315,587
Foreign entities	31,337	31,097
	<u>35,314,893</u>	<u>34,242,281</u>

(v) By sector

	Bank Group and Bank	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
Household sectors	26,916,816	25,996,300
Construction	3,356,831	3,362,508
Finance, insurance and business services	2,501,746	2,839,973
Wholesale & retail trade and restaurants & hotels	857,239	713,945
Manufacturing	907,471	489,653
Transport, storage and communication	242,399	225,719
Mining and quarrying	185,409	216,711
Electricity, gas and water	174,723	169,087
Education, health and others	135,680	133,441
Agriculture	36,579	94,944
	<u>35,314,893</u>	<u>34,242,281</u>

(vi) By profit rate sensitivity

	Bank Group and Bank	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
Fixed rate:		
Personal financing	16,092,440	16,721,791
Auto financing	77,622	108,607
Property financing	416,749	439,418
Bridging, structured and term financing	868,877	956,420
Variable rate:		
Personal financing	3,531,299	3,129,748
Property financing	6,878,621	5,674,680
Bridging, structured and term financing	7,449,285	7,211,617
	<u>35,314,893</u>	<u>34,242,281</u>

(vii) By geographical distribution

	Bank Group and Bank	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
Malaysia	<u>35,314,893</u>	<u>34,242,281</u>

12. Financing and advances (continued)

(viii) Financing by types and Shariah contracts

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

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

**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

31-Dec-21

	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Gross carrying amount as at 1 January 2021	28,711,142	4,543,908	987,231	34,242,281
Transfer to stage 1	1,603,920	(1,476,762)	(127,158)	-
Transfer to stage 2	(2,090,037)	2,177,501	(87,464)	-
Transfer to stage 3	(158,818)	(130,337)	289,155	-
New financing / disbursement during the year	3,913,408	1,197,407	25,898	5,136,713
Repayment during the year	(3,205,995)	(1,089,886)	(66,529)	(4,362,410)
Other movements	595,478	72,100	103,425	771,003
Loss on modification of cash flows	(239,811)	(71,854)	-	(311,665)
Reclassification to assets held-for-sale	-	-	(23,671)	(23,671)
Write-offs	-	-	(137,358)	(137,358)
Gross carrying amount as at 31 December 2021	<u>29,129,287</u>	<u>5,222,077</u>	<u>963,529</u>	<u>35,314,893</u>

31-Dec-20

	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	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

31-Dec-21

	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
ECL as at 1 January 2021	365,538	587,652	425,587	1,378,777
Charges to profit or loss, of which:	(20,061)	1,242	87,829	69,010
Changes in the impairment allowance:				
- Transfer to stage 1	231,487	(189,892)	(41,595)	-
- Transfer to stage 2	(30,230)	78,365	(48,135)	-
- Transfer to stage 3	(2,778)	(29,910)	32,688	-
New financing / disbursement during the year	58,927	122,807	17,576	199,310
Repayment during the year	(303,617)	(211,442)	(109,991)	(625,050)
Change in credit risk parameters #	26,150	231,314	237,286	494,750
Reclassification to assets held-for-sale	-	-	(21,549)	(21,549)
Write-offs	-	-	(137,358)	(137,358)
ECL as at 31 December 2021	<u>345,477</u>	<u>588,894</u>	<u>354,509</u>	<u>1,288,880</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	
	31-Dec-21 RM'000	31-Dec-20 RM'000
Balance as at 1 January	987,231	818,025
Classified as impaired during the period	315,053	466,939
Reclassified as non-impaired	(214,622)	(139,570)
Amount recovered	(66,529)	(57,997)
Amount written off	(137,358)	(195,652)
Other movements	103,426	95,486
Reclassification to assets held-for-sale	(23,671)	-
Balance as at end of financial period	963,530	987,231
Gross impaired financing and advances as a % of gross financing and advances	2.73%	2.88%

12. Financing and advances (continued)

(xii) Impaired financing and advances by economic purpose

	Bank Group and Bank	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
Personal use	75,824	80,584
Construction	523,545	563,518
Purchase of landed property:		
- Residential	112,955	188,424
- Non-residential	146,339	39,377
Working Capital	73,606	47,500
Purchase of other fixed assets	26,700	42,041
Purchase of transport vehicles	3,585	6,517
Purchase of other securities	-	2,890
Purchase of consumer durables	792	789
Others	184	15,591
	<u>963,530</u>	<u>987,231</u>

(xiii) Impaired financing and advances by sector

	Bank Group and Bank	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
Household sector	201,203	288,793
Construction	305,070	327,173
Finance, insurance and business services	210,920	146,704
Manufacturing	101,470	70,435
Education, health and others	88,162	85,667
Mining and quarrying	26,425	39,313
Wholesale & retail trade and restaurants & hotels	26,248	25,151
Transport, storage and communication	4,032	3,995
	<u>963,530</u>	<u>987,231</u>

(xiii) Impaired financing by geographical distribution

	Bank Group and Bank	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
Malaysia	<u>963,530</u>	<u>987,231</u>

13. Other receivables

	Bank Group		Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Amount due from subsidiary	-	-	62,715	53,618
Financing to related companies	546,039	571,042	546,039	571,042
Amount due from related companies	-	1,824	-	1,824
Prepayments and deposits	10,237	8,967	10,150	8,866
Deferred expenses	1,683	1,946	1,683	1,946
Sundry receivables	60,499	56,357	53,876	52,576
	<u>618,458</u>	<u>640,136</u>	<u>674,463</u>	<u>689,872</u>
Less: ECL at stage 1	(4,989)	-	(4,989)	-
Less: ECL at stage 3	(114,602)	(132,011)	(114,602)	(132,011)
	<u>498,867</u>	<u>508,125</u>	<u>554,872</u>	<u>557,861</u>

14. 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.

15. Assets held- for-sale

	Bank Group and Bank	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
Balance as at 1 January	-	-
Reclassification from financing	23,671	-
Gross assets held-for-sale	<u>23,671</u>	-
Less impairment allowance:		
Balance as at 1 January	-	-
Reclassification from financing	(21,549)	-
Total impairment allowance	<u>(21,549)</u>	-
Net assets held-for-sale	<u><u>2,122</u></u>	<u><u>-</u></u>
By economic purpose:		
Purchase of residential properties	22,481	-
Purchase of non-residential properties	960	-
Purchase of Other Fixed Assets	138	-
Purchase of transport vehicles	47	-
Others	45	-
	<u><u>23,671</u></u>	<u><u>-</u></u>

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

16. Deposits from customers

(i) By type of deposit:

	Bank Group and Bank	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
<u>Non-Mudharabah Funds:</u>		
Commodity Murabahah Term Deposit	24,421,230	23,781,938
Demand deposits	611,386	288,418
Savings deposits	385,596	283,079
	<u>25,418,212</u>	<u>24,353,435</u>

The deposit above are under the Islamic contract of Tawarruq.

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

	Bank Group and Bank	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
Within six months	15,626,072	16,316,307
More than six months to one year	6,347,608	5,079,445
More than one year to three years	2,213,495	2,020,109
More than three years	234,055	366,077
	<u>24,421,230</u>	<u>23,781,938</u>

(iii) By type of customers:

	Bank Group and Bank	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
Government and statutory bodies	12,283,703	12,058,760
Business enterprises	8,793,405	7,568,566
Individuals	4,341,104	4,726,109
	<u>25,418,212</u>	<u>24,353,435</u>

17. Deposits and placements of banks and other financial institutions

	Bank Group and Bank	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
(i) By type of deposit:		
<u>Non-Mudharabah Funds:</u>		
-Licensed Investment Banks	948	1,233
-Licensed Islamic Banks	534,051	100,010
-Other financial institutions	8,114,582	9,428,062
	<u>8,649,581</u>	<u>9,529,305</u>
(ii) By type of contract:		
Tawarruq	<u>8,649,581</u>	<u>9,529,305</u>

18. Investment accounts of customers

	Bank Group and Bank	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
Wakalah unrestricted investment accounts	<u>2,094,914</u>	<u>-</u>
	Bank Group and Bank	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
Movement in investment accounts		
At beginning of the financial period	-	-
New placement during the financial period	2,506,314	-
Redemption	(426,328)	-
Finance expense	23,456	-
Profit distributed	(8,528)	-
At end of financial period	<u>2,094,914</u>	<u>-</u>

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

19. Other payables

	Bank Group		Bank	
	31-Dec-21 RM'000	31-Dec-20 RM'000	31-Dec-21 RM'000	31-Dec-20 RM'000
Amount due to subsidiary	-	-	1,966,742	2,156,258
Amount due to related companies	7,679	7,727	7,679	7,727
Amount due to holding company	138,410	162,993	138,410	162,993
Al-Mudharabah security fund	147,604	144,168	147,604	144,168
Expected credit losses for commitments and contingencies	54,184	44,443	54,184	44,443
Other provisions and accruals	115,621	86,927	115,599	86,907
Deferred income	21,658	26,828	21,658	26,828
Sundry creditors	500,724	268,080	500,539	267,896
	<u>985,880</u>	<u>741,166</u>	<u>2,952,415</u>	<u>2,897,220</u>

Movement of ECL for commitment and contingencies are as follows:

31-Dec-21	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2021	18,878	13,274	12,291	44,443
Total charged to profit or loss, of which:	(1,935)	22,595	(10,918)	9,742
Changes in the impairment allowance				
- Transfer to stage 1	2,861	(999)	(1,862)	-
- Transfer to stage 2	(764)	802	(38)	-
- Transfer to stage 3	(3)	(43)	46	-
New financing/ disbursement during the year	8,719	26,614	590	35,923
Repayment/drawdown to financing during the year	(5,818)	(8,475)	(9,668)	(23,961)
Changes in credit risk parameters #	(6,930)	4,696	14	(2,220)
Write-off	-	-	(1)	(1)
ECL as at 31 December 2021	<u>16,943</u>	<u>35,869</u>	<u>1,372</u>	<u>54,184</u>
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

	Bank Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	419,714	404,700	1,731,182	1,675,115
Financial investments at FVOCI	89,205	95,427	351,629	388,152
Financial investments at amortised cost	6,644	3,807	24,453	14,425
Financial investments at FVTPL	493	20	3,763	188
Money at call and deposits with financial institutions	5,185	2,462	22,554	25,637
Profit on Sukuk commodity murabahah	-	-	-	-
Others	7,201	6,113	15,507	25,593
	<u>528,442</u>	<u>512,529</u>	<u>2,149,088</u>	<u>2,129,110</u>
of which financing income/loss earned on impaired financing	<u>468</u>	<u>2,391</u>	<u>7,941</u>	<u>11,802</u>

	Bank			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	419,714	404,700	1,731,182	1,675,115
Financial investments at FVOCI	89,205	95,427	351,629	388,152
Financial investments at amortised cost	6,644	3,807	24,453	14,425
Financial investments at FVTPL	493	20	3,763	188
Money at call and deposits with financial institutions	1,861	2,462	8,990	25,637
Profit on Sukuk commodity murabahah	68,555	60,683	110,636	105,717
Others	7,913	6,113	18,208	25,593
	<u>594,385</u>	<u>573,212</u>	<u>2,248,861</u>	<u>2,234,827</u>
of which financing income/loss earned on impaired financing	<u>89</u>	<u>2,391</u>	<u>7,941</u>	<u>11,802</u>

21. Income derived from investment of shareholders' funds

	Bank Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	95,238	148,965	341,966	583,526
Financial investments at FVOCI	19,127	(254)	67,095	3,763
Financial investments at amortised cost	1,411	1,719	4,666	5,163
Financial investments at FVTPL	120	-	718	2
Money at call and deposits with financial institutions	1,129	4,604	4,304	25,263
Others	1,441	1,558	2,959	6,239
	<u>118,466</u>	<u>156,592</u>	<u>421,708</u>	<u>623,956</u>
of which financing income earned on impaired financing	<u>468</u>	<u>1,920</u>	<u>1,515</u>	<u>4,149</u>
<u>Other operating income:</u>				
Financing related fees	2,765	(1,589)	11,523	(1,036)
(Loss)/gain from sale of FVOCI	(19,691)	53,825	(8,029)	246,782
(Loss)/gain from sale of FVTPL	(1,595)	182	(7,825)	2,817
Gain on financial investments at FVTPL	221	-	221	-
Commission	3,633	3,577	13,229	12,041
(Loss)/gain on foreign exchange transactions	(6,162)	(29,613)	42,126	(20,053)
Sundry income/(expense)	23,999	2,960	29,574	(4,072)
	<u>3,170</u>	<u>29,342</u>	<u>80,819</u>	<u>236,479</u>
	<u>121,636</u>	<u>185,934</u>	<u>502,527</u>	<u>860,435</u>

	Bank			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	95,238	148,965	341,966	583,526
Financial investments at FVOCI	19,127	(254)	67,095	3,763
Financial investments at amortised cost	1,411	1,719	4,666	5,163
Financial investments at FVTPL	120	-	718	2
Money at call and deposits with financial institutions	412	(69)	1,715	249
Profit on Sukuk commodity murabahah	13,419	21,610	21,111	37,171
Others	1,594	2,269	3,476	9,000
	<u>131,321</u>	<u>174,240</u>	<u>440,747</u>	<u>638,874</u>
of which financing income earned on impaired financing	<u>89</u>	<u>897</u>	<u>1,515</u>	<u>4,149</u>
<u>Other operating income:</u>				
Financing related fees	2,765	(1,589)	11,523	(1,036)
(Loss)/gain from sale of FVOCI	(19,691)	53,825	(8,029)	246,782
(Loss)/gain from sale of FVTPL	(1,595)	182	(7,825)	2,817
Gain on financial investments at FVTPL	221	-	221	-
Commission	3,633	3,577	13,229	12,041
(Loss)/gain on foreign exchange transactions	(6,162)	(29,613)	42,126	(20,053)
Sundry income/(expense)	23,999	2,960	29,574	(4,072)
	<u>3,170</u>	<u>29,342</u>	<u>80,819</u>	<u>236,479</u>
	<u>134,491</u>	<u>203,582</u>	<u>521,566</u>	<u>875,353</u>

22. Income derived from investment of investment account funds

	Bank Group and Bank			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Financing and advances	22,638	-	60,967	-
	<u>22,638</u>	<u>-</u>	<u>60,967</u>	<u>-</u>

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

31-Dec-21	Bank Group and Bank			
	4th Quarter Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial investments at amortised cost	201	(34)	-	167
Financing and advances	58,949	16,371	(137,335)	(62,015)
Financing to related companies	4,989	-	21,405	26,394
Financing commitments and financial guarantee	1,146	(2,205)	(12,309)	(13,368)
Sundry receivables	-	-	-	-
	<u>65,285</u>	<u>14,132</u>	<u>(128,239)</u>	<u>(48,822)</u>
Impaired financing and advances:				
- Written off	-	-	2,499	2,499
- Recovered	-	-	(1,725)	(1,725)
	<u>65,285</u>	<u>14,132</u>	<u>(127,465)</u>	<u>(48,048)</u>

	Bank Group and Bank			
	Twelve 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	751	(130)	-	621
Financing and advances	(20,061)	1,242	87,829	69,010
Financing to related companies	4,989	-	44,890	49,879
Financing commitments and financial guarantee	(1,935)	22,595	(10,918)	9,742
Sundry receivables	-	-	140	140
	<u>(16,249)</u>	<u>23,707</u>	<u>121,941</u>	<u>129,399</u>
Impaired financing and advances:				
- Written off	-	-	5,676	5,676
- Recovered	-	-	(10,620)	(10,620)
	<u>(16,249)</u>	<u>23,707</u>	<u>116,997</u>	<u>124,455</u>

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

31-Dec-20

	Bank Group and Bank			
	4th Quarter Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI	1	-	-	1
Financial assets at amortised cost	(35)	501	-	466
Financing and advances	(29,670)	198,188	28,913	197,431
Other receivables	-	-	(24,686)	(24,686)
Financing commitments and financial guarantee	(8,008)	(8,644)	(5,527)	(22,179)
	<u>(37,712)</u>	<u>190,045</u>	<u>(1,300)</u>	<u>151,033</u>
Impaired financing and advances:				
- Written off	-	-	516	516
- Recovered	-	-	(2,533)	(2,533)
	<u>(37,712)</u>	<u>190,045</u>	<u>(3,317)</u>	<u>149,016</u>

	Bank Group and Bank			
	Twelve Months Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI	(11)	-	-	(11)
Financial assets at amortised cost	(62)	501	-	439
Financing and advances	(35,752)	218,718	208,397	391,363
Other receivables	-	-	(12,296)	(12,296)
Financing commitments and financial guarantee	(25,067)	(4,528)	9,408	(20,187)
	<u>(60,892)</u>	<u>214,691</u>	<u>205,509</u>	<u>359,308</u>
Impaired financing and advances:				
- Written off	-	-	2,792	2,792
- Recovered	-	-	(8,885)	(8,885)
	<u>(60,892)</u>	<u>214,691</u>	<u>199,416</u>	<u>353,215</u>

24. Income attributable to depositors and others

	Bank Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
(a) Income attributable to depositors				
Deposits from customers:				
- Non-mudharabah funds	199,156	168,810	629,226	836,624
Deposits and placements of banks				
- Non-mudharabah funds	3,490	42,909	197,030	241,272
	<u>202,646</u>	<u>211,719</u>	<u>826,256</u>	<u>1,077,896</u>
(b) Income attributable to securitisation	29,667	24,606	91,230	101,676
(c) Income attributable to sukuk	32,214	35,352	132,603	147,016
(d) Income attributable to wakalah unrestricted investment account	9,196	-	23,456	-
	<u>273,723</u>	<u>271,677</u>	<u>1,073,545</u>	<u>1,326,588</u>

	Bank			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
(a) Income attributable to depositors				
Deposits from customers:				
- Non-mudharabah funds	199,156	(22,461)	629,226	1,070,529
Deposits and placements of banks				
- Non-mudharabah funds	3,490	234,180	197,030	7,368
	<u>202,646</u>	<u>211,719</u>	<u>826,256</u>	<u>1,077,897</u>
(b) Income attributable to securitisation	29,667	24,606	91,230	101,676
(c) Income attributable to sukuk	32,214	35,352	132,603	147,016
(d) Income attributable to wakalah unrestricted investment account	9,196	-	23,456	-
(e) Others	35,300	37,512	136,937	147,851
	<u>309,023</u>	<u>309,189</u>	<u>1,210,482</u>	<u>1,474,440</u>

25. Personnel expenses

	Bank Group/Bank			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	57,203	55,908	193,939	222,782
Contributions to Employee Provident Fund and SOCSO	10,050	9,860	34,043	38,702
Directors' remuneration	632	677	2,732	2,853
Shariah Advisory Committee members' remuneration	165	73	525	368
Other staff related expenses	11,811	6,546	26,127	22,015
	<u>79,861</u>	<u>73,064</u>	<u>257,366</u>	<u>286,720</u>

26. Other overhead expenses

	Bank Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
<u>Establishment related expenses</u>				
Depreciation of property and equipment	4,783	1,961	12,306	7,705
Depreciation of right use of assets	29,693	3,472	49,149	13,237
Amortisation of intangible assets	9,479	12,111	35,195	31,545
Rental of premises, equipment and network line	(11,058)	-	1,919	-
Software and hardware maintenance	24,472	7,452	55,254	31,973
Security expenses	881	1,315	2,268	3,284
Lease profit expense	861	(11)	2,110	549
Others	1,507	1,199	2,954	3,499
	<u>60,618</u>	<u>27,499</u>	<u>161,155</u>	<u>91,792</u>
<u>Promotion and marketing related expenses</u>				
Advertising and promotional activities	6,253	4,608	14,053	12,946
	<u>6,253</u>	<u>4,608</u>	<u>14,053</u>	<u>12,946</u>
<u>General administrative expenses</u>				
License and association fees and levies	-	127	1,018	404
Travelling, transport and accomodation expenses	82	500	1,289	2,189
Printing, stationery, postage and clearing charges	1,255	2,287	6,130	6,269
Electricity and water	1,568	947	4,147	3,806
Other professional fees	2,361	4,028	14,357	7,156
Auditors remuneration	355	326	1,457	1,453
Others	33,908	3,878	51,954	12,286
	<u>39,529</u>	<u>12,093</u>	<u>80,352</u>	<u>33,563</u>
<u>Commission fees</u>				
Angkasa charges	2,347	6,689	19,169	14,017
Commission fees	3,608	682	12,314	3,595
	<u>5,955</u>	<u>7,371</u>	<u>31,483</u>	<u>17,612</u>
Inter-company recharges [^]	(1,164)	13,113	(13,035)	(16,645)
	<u>111,191</u>	<u>64,684</u>	<u>274,008</u>	<u>139,268</u>

Rental of premises, equipment and network line is at credit for 4Q21 due to reclassification of certain expenses to depreciation of right use of assets.

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

26. Other overhead expenses (continued)

	Bank			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-21 RM'000	31-Dec-20 RM'000	31-Dec-21 RM'000	31-Dec-20 RM'000
<u>Establishment related expenses</u>				
Depreciation of property and equipment	4,783	1,961	12,306	7,705
Depreciation of right use of assets	29,693	3,472	49,149	13,237
Amortisation of intangible assets	9,479	12,111	35,195	31,545
Rental of premises, equipment and network line	(11,058)	-	1,919	-
Software and hardware maintenance	24,472	7,452	55,254	31,973
Security expenses	881	1,315	2,268	3,284
Lease profit expense	861	(11)	2,110	549
Others	1,507	1,199	2,954	3,499
	<u>60,618</u>	<u>27,499</u>	<u>161,155</u>	<u>91,792</u>
<u>Promotion and marketing related expenses</u>				
Advertising and promotional activities	6,253	4,608	14,053	12,946
	<u>6,253</u>	<u>4,608</u>	<u>14,053</u>	<u>12,946</u>
<u>General administrative expenses</u>				
License and association fees and levies	-	127	1,018	404
Travelling, transport and accomodation expenses	82	500	1,289	2,189
Printing, stationery, postage and clearing charges	1,255	2,287	6,130	6,269
Electricity and water	1,568	947	4,147	3,806
Other professional fees	2,357	4,020	14,268	7,061
Auditors remuneration	351	323	1,444	1,440
Others	33,821	3,748	51,486	11,782
	<u>39,434</u>	<u>11,952</u>	<u>79,782</u>	<u>32,951</u>
<u>Commission fees</u>				
Angkasa charges	2,347	6,689	19,169	14,017
Commission fees	3,608	682	12,314	3,595
	<u>5,955</u>	<u>7,371</u>	<u>31,483</u>	<u>17,612</u>
Inter-company recharges [^]	(846)	12,506	(14,095)	(18,481)
	<u>111,414</u>	<u>63,936</u>	<u>272,378</u>	<u>136,820</u>

Rental of premises, equipment and network line is at credit for 4Q21 due to reclassification of certain expenses to depreciation of right use of assets.

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

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

	Bank Group and Bank			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Net (loss)/gain from change in fair value of financial investments at FVOCI	(39,897)	(70,823)	(395,719)	79,683
Changes in expected credit losses of financial investments at FVOCI	-	(18)	7	(11)
	<u>(39,897)</u>	<u>(70,841)</u>	<u>(395,712)</u>	<u>79,672</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.

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

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:

31-Dec-21	Bank Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<i>Neither past due nor impaired</i>				
Corporate financing				
Excellent	111,667	-	-	111,667
Good	2,450,734	271,536	-	2,722,270
Average	2,558,625	1,530,769	-	4,089,394
Below Average	49,568	388,663	-	438,231
Poor	1,048	63,095	-	64,143
Retail financing	23,957,642	2,056,648	-	26,014,290
	<u>29,129,284</u>	<u>4,310,711</u>	<u>-</u>	<u>33,439,995</u>
<i>Past due up to 3 months</i>				
Corporate financing				
Good	-	13,397	-	13,397
Average	-	116,508	-	116,508
Below Average	-	-	-	-
Poor	-	686	-	686
Retail financing	-	780,777	-	780,777
	<u>-</u>	<u>911,368</u>	<u>-</u>	<u>911,368</u>
<i>Impaired</i>				
	-	-	963,530	963,530
Gross financing and advances	<u>29,129,284</u>	<u>5,222,079</u>	<u>963,530</u>	<u>35,314,893</u>
Less ECL	<u>(345,477)</u>	<u>(588,894)</u>	<u>(354,509)</u>	<u>(1,288,880)</u>
Net financing and advances	<u>28,783,807</u>	<u>4,633,185</u>	<u>609,021</u>	<u>34,026,013</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 quality (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
31-Dec-21				
Cash and short-term funds				
AAA	543,933	-	-	543,933
AA and below	36,271	-	-	36,271
Unrated	65,001	-	-	65,001
	<u>645,205</u>	<u>-</u>	<u>-</u>	<u>645,205</u>
Deposits and placements with banks and other financial institutions				
AAA	743,731	-	-	743,731
AA and below	100,125	-	-	100,125
	<u>843,856</u>	<u>-</u>	<u>-</u>	<u>843,856</u>
Debt investments				
AAA	977,336	-	-	977,336
AA and below	162,386	-	-	162,386
Unrated *	11,337,042	204,894	-	11,541,936
	<u>12,476,764</u>	<u>204,894</u>	<u>-</u>	<u>12,681,658</u>
Other financial assets				
Unrated	60,344	-	426,603	486,947
	<u>60,344</u>	<u>-</u>	<u>426,603</u>	<u>486,947</u>
Bank Group				
Neither past due nor impaired	Stage 1	Stage 2	Stage 3	Total
	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	(81,807)	-	579,019	497,212
	<u>(81,807)</u>	<u>-</u>	<u>579,019</u>	<u>497,212</u>

* Unrated debt investments for Bank Group and Bank include government guaranteed securities of RM10,671,393,000 (2020: RM9,102,739,000)

29. Financial risk management (continued)

29.1 Credit quality (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
31-Dec-21				
Cash and short-term funds				
AAA	543,933	-	-	543,933
AA and below	15,695	-	-	15,695
Unrated	65,001	-	-	65,001
	<u>624,629</u>	<u>-</u>	<u>-</u>	<u>624,629</u>
Deposits and placements with banks and other financial institutions				
AAA	-	-	-	-
AA and below	100,093	-	-	100,093
	<u>100,093</u>	<u>-</u>	<u>-</u>	<u>100,093</u>
Debt investments				
AAA	977,336	-	-	977,336
AA and below	162,386	-	-	162,386
Unrated *	11,337,042	204,894	-	11,541,936
	<u>12,476,764</u>	<u>204,894</u>	<u>-</u>	<u>12,681,658</u>
Other financial assets				
Unrated	116,436	-	426,603	543,039
	<u>116,436</u>	<u>-</u>	<u>426,603</u>	<u>543,039</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	(31,990)	-	579,019	547,029
	<u>(31,990)</u>	<u>-</u>	<u>579,019</u>	<u>547,029</u>

* Unrated debt investments for Bank Group and Bank include government guaranteed securities of RM10,671,393,000 (2020: RM9,102,739,000)

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

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

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

Bank Group	----- Non-trading book -----						Trading book	Total
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31-Dec-21								
Financial Assets								
Cash and short-term funds	520,025	-	-	-	-	125,180	-	645,205
Deposits and placements with financial institutions	32	100,093	743,731	-	-	-	-	843,856
Derivative financial assets	637	-	-	-	-	-	-	637
Financial investments at FVTPL	-	-	-	-	-	-	240,209	240,209
Financial investments at FVOCI	66,349	61,093	632,007	3,629,111	7,422,555	-	-	11,811,115
Financial investments at amortised cost	-	20,298	-	307,344	302,692	-	-	630,334
Financing and advances								
- non-impaired	405,197	771,216	891,190	3,143,945	29,139,816	(934,371)	-	33,416,993
- impaired, net of allowances*	-	-	-	-	-	609,020	-	609,020
Assets held for sale	-	-	-	-	-	2,122	-	2,122
Other receivables^	-	-	-	-	-	486,947	-	486,947
Statutory deposits with Bank Negara Malaysia**	-	-	-	180,000	470,000	-	-	650,000
Total financial assets	992,240	952,700	2,266,928	7,260,400	37,335,063	288,898	240,209	49,336,438

* 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
	Up to 1	1-3	3-12	1-5	Over 5	Non-profit	Trading	
	months	months	months	years	years	sensitive	book	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31-Dec-21								
Financial Liabilities								
Deposits from customers	4,505,507	6,846,433	11,428,759	2,436,934	10,616	189,963	-	25,418,212
Deposits and placements of banks	3,377,956	1,098,057	3,647,683	503,837	-	22,048	-	8,649,581
Investment accounts of customers	10,113	753,613	1,325,566	5,622	-	-	-	2,094,914
Derivative financial liabilities	2,363	-	-	-	-	-	-	2,363
Other payables #	-	-	-	-	-	848,602	-	848,602
Lease liabilities	12	3,948	1,934	36,079	-	-	-	41,973
Recourse obligation on financing sold	16,560	47,031	1,011,062	2,066,656	-	-	-	3,141,309
Sukuk-MBSB Structured Covered ("SC")								
Murabahah	24	-	239,794	689,050	144,104	-	-	1,072,972
Sukuk Wakalah	-	-	2,201	-	1,292,046	-	-	1,294,247
Total financial liabilities	7,912,535	8,749,082	17,656,999	5,738,178	1,446,766	1,060,613	-	42,564,173
Total profit-sensitivity gap	(6,920,295)	(7,796,382)	(15,390,071)	1,522,222	35,888,297	(771,715)	240,209	6,772,265

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
	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
31-Dec-21								
Financial Assets								
Cash and short-term funds	520,025	-	-	-	-	104,604	-	624,629
Deposits and placements with financial institutions	-	100,093	-	-	-	-	-	100,093
Derivative financial assets	637	-	-	-	-	-	-	637
Financial investments at FVTPL	-	-	-	-	-	-	240,209	240,209
Financial investments at FVOCI	66,349	61,093	632,007	3,629,111	7,422,555	-	-	11,811,115
Financial investments at amortised cost	-	20,298	-	307,344	302,692	-	-	630,334
Financing and advances								
- non-impaired	405,197	771,216	891,190	3,143,945	29,139,816	(934,371)	-	33,416,993
- impaired, net of allowances*	-	-	-	-	-	609,020	-	609,020
Financial assets held for sale	-	-	-	-	-	2,122	-	2,122
Sukuk Commodity Murabahah	460,250	-	355,646	1,338,678	250,056	-	-	2,404,630
Other receivables^	62,715	-	-	-	-	480,324	-	543,039
Statutory deposits with Bank Negara Malaysia**	-	-	-	180,000	470,000	-	-	650,000
Total financial assets	1,515,173	952,700	1,878,843	8,599,078	37,585,119	261,699	240,209	51,032,821

* 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	----- Non-trading book -----							Total
	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-21								
Financial Liabilities								
Deposits from customers	4,505,507	6,846,433	11,428,759	2,436,934	10,616	189,963	-	25,418,212
Deposits and placements of banks	3,377,956	1,098,057	3,647,683	503,837	-	22,048	-	8,649,581
Investment accounts of customers	10,113	753,613	1,325,566	5,622	-	-	-	2,094,914
Derivative financial liabilities	2,363	-	-	-	-	-	-	2,363
Other payables #	1,966,741	-	-	-	-	848,417	-	2,815,158
Lease liabilities	12	3,948	1,934	36,079	-	-	-	41,973
Recourse obligation on financing sold	16,560	47,031	1,011,062	2,066,656	-	-	-	3,141,309
Sukuk-MBSB Structured Covered ("SC")								
Murabahah	24	-	239,794	689,050	144,104	-	-	1,072,972
Sukuk Wakalah	-	-	2,201	-	1,292,046	-	-	1,294,247
Total financial liabilities	9,879,276	8,749,082	17,656,999	5,738,178	1,446,766	1,060,428	-	44,530,729
Total profit-sensitivity gap	(8,364,103)	(7,796,382)	(15,778,156)	2,860,900	36,138,353	(798,729)	240,209	6,502,092

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 Group	----- Non-trading book -----							Total
	Up to 1	1-3	3-12	1-5	Over 5	Non-profit	Trading	
	months	months	months	years	years	sensitive	book	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31-Dec-20								
Financial Assets								
Cash and short-term funds	606,029	-	-	-	-	125,131	-	731,160
Deposits and placements with financial institutions	32	-	781,650	-	-	-	-	781,682
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
Financial investments at amortised cost	-	-	-	30,315	457,787	-	-	488,102
Financing and advances								
- non-impaired	437,488	643,313	428,831	3,119,285	28,626,133	(953,190)	-	32,301,860
- impaired, net of allowances*	-	-	-	-	-	561,644	-	561,644
Other receivables^	-	-	-	-	-	497,212	-	497,212
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)

(Incorporated in Malaysia)

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

Bank Group	----- Non-trading book -----							Total
	Up to 1	1-3	3-12	1-5	Over 5	Non-profit	Trading	
	months	months	months	years	years	sensitive	book	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31-Dec-20								
Financial Liabilities								
Deposits from customers	4,989,066	5,993,254	10,832,533	2,325,089	61,097	152,396	-	24,353,435
Deposits and placements of banks	4,791,427	2,053,058	1,805,196	866,743	-	12,881	-	9,529,305
Derivative financial liabilities	1,614	-	-	-	-	-	-	1,614
Other payables #	-	-	-	-	-	627,412	-	627,412
Lease liabilities	13	50	5,460	9,670	-	-	-	15,193
Recourse obligation on financing sold	19,030	321,470	60,740	1,861,291	-	-	-	2,262,531
Sukuk-MBSB Structured Covered ("SC")								
Murabahah	-	-	294,388	858,635	213,540	-	-	1,366,563
Sukuk Wakalah	-	-	2,018	-	1,291,317	-	-	1,293,335
Total financial liabilities	9,801,150	8,367,832	13,000,335	5,921,428	1,565,954	792,689	-	39,449,388
Total profit-sensitivity gap	(8,750,771)	(7,643,596)	(11,513,288)	606,176	34,589,639	(561,892)	-	6,726,268

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)**

Restated Bank	----- Non-trading book -----						Non-profit sensitive	Trading book	Total
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
31-Dec-20									
Financial Assets									
Cash and short-term funds	606,029	-	-	-	-	120,967	-	726,996	
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	
Financial investments at amortised cost	-	-	-	30,315	457,787	-	-	488,102	
Financing and advances									
- non-impaired	437,488	643,313	428,831	3,119,285	28,626,133	(953,190)	-	32,301,860	
- impaired, net of allowances*	-	-	-	-	-	561,644	-	561,644	
Sukuk Commodity Murabahah	370,631	-	322,926	1,227,424	713,166	-	-	2,634,147	
Other receivables^	53,618	-	-	-	-	493,431	-	547,049	
Statutory deposits with Bank Negara Malaysia	-	-	-	110,000	510,000	-	-	620,000	
Total financial assets	1,474,596	724,236	1,028,323	7,755,028	36,868,759	222,852	-	48,073,794	

* 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)**

Restated Bank	----- Non-trading book -----							Total
	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								
Financial Liabilities								
Deposits from customers	4,989,066	5,993,254	10,832,533	2,325,089	61,097	152,396	-	24,353,435
Deposits and placements of banks	4,791,427	2,053,058	1,805,196	866,743	-	12,881	-	9,529,305
Derivative financial liabilities	1,614	-	-	-	-	-	-	1,614
Other payables #	2,156,258	-	-	-	-	627,228	-	2,783,486
Lease liabilities	13	50	5,460	9,670	-	-	-	15,193
Recourse obligation on financing sold	19,030	321,470	60,740	1,861,291	-	-	-	2,262,531
Sukuk-MBSB Structured Covered ("SC")								
Murabahah	-	-	294,388	858,635	213,540	-	-	1,366,563
Sukuk Wakalah	-	-	2,018	-	1,291,317	-	-	1,293,335
Total financial liabilities	11,957,408	8,367,832	13,000,335	5,921,428	1,565,954	792,505	-	41,605,462
Total profit-sensitivity gap	(10,482,812)	(7,643,596)	(11,972,012)	1,833,600	35,302,805	(569,653)	-	6,468,332

Other payables exclude other provisions and 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)**

Restated Bank	----- Non-trading book -----							Trading book	Total
	Up to 1 months	> 1-3 months	> 3-12 months	> 1-5 years	Over 5 years	Non-profit sensitive	RM'000		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
01.01.2020									
Financial Assets									
Cash and short-term funds	1,694,136	-	-	-	-	133,322	-	1,827,458	
Deposits and placements with financial institutions	-	-	-	-	-	-	-	-	
Derivative financial assets	4,239	-	-	-	-	-	-	4,239	
Financial investments at FVOCI	25,504	131,442	446,837	4,141,654	5,949,207	-	-	10,694,644	
Financial investments at amortised cost	-	-	-	30,332	464,373	-	-	494,705	
Financing and advances									
- non-impaired	540,458	452,157	932,384	3,566,224	27,680,772	(770,223)	-	32,401,772	
- impaired, net of loss allowances*	-	-	-	-	-	405,545	-	405,545	
Sukuk Commodity Murabahah	288,282	-	323,432	1,212,699	1,047,644	-	-	2,872,056	
Other receivables^	41,691	-	-	-	-	534,829	-	576,520	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	1,090,000	-	1,090,000	
Total financial assets	2,594,310	583,599	1,702,653	8,950,909	35,141,996	1,393,473	-	50,366,939	

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

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

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

29. Financial risk management (continued)

29.2 Market risk (continued)

(i) Profit Rate Risk (continued)

Restated Bank	----- Non-trading book -----							Total RM'000
	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	
Sukuk Wakalah								
Financial Liabilities								
Deposits from customers	5,208,620	5,403,930	11,730,675	2,726,297	104,989	97,440	-	25,271,951
Deposits and placements of banks and other financial institutions	2,601,258	3,502,116	3,582,828	924,240	-	11,327	-	10,621,769
Derivative financial liabilities	1	-	-	-	-	-	-	1
Other payables #	2,274,992	-	-	-	-	466,647	-	2,741,639
Lease liabilities	-	-	471	16,659	-	-	-	17,130
Recourse obligation on financing sold	10,352	24,668	65,837	2,380,394	-	-	-	2,481,251
Sukuk-MBSB SC Murabahah	-	-	294,973	995,000	375,000	-	-	1,664,973
Sukuk Wakalah	-	-	2,201	-	1,290,874	-	-	1,293,075
Total financial liabilities	10,095,223	8,930,714	15,676,985	7,042,590	1,770,863	575,414	-	44,091,789
Total profit-sensitivity gap	(7,500,913)	(8,347,115)	(13,974,332)	1,908,319	33,371,133	818,059	-	6,275,150

Other payables exclude other provisions and accruals as well as 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	Restated with TA	Restated without TA	Restated
	31.12.2021	31.12.2021	31.12.2020	31.12.2020	01.01.2020
	RM'000	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	5,159,859
Retained profits exclude merger reserve	1,166,619	1,166,619	944,501	944,501	814,217
Other reserves	(155,716)	(155,716)	239,996	239,996	160,324
	<u>6,438,875</u>	<u>6,438,875</u>	<u>6,344,356</u>	<u>6,344,356</u>	<u>6,134,400</u>
Less : Regulatory adjustments					
Deferred tax assets	(17,292)	(17,292)	-	-	-
Cumulative gains of financial investments at FVOCI	(57,882)	(57,882)	(191,046)	(191,046)	(114,082)
Regulatory reserve	(5,234)	(5,234)	(5,234)	(5,234)	(5,234)
Intangible assets	(101,184)	(101,184)	(111,449)	(111,449)	(115,559)
Other CET 1 regulatory adjustments	144,121	-	153,372	-	-
Total CET 1 Capital	<u>6,401,404</u>	<u>6,257,283</u>	<u>6,189,999</u>	<u>6,036,627</u>	<u>5,899,525</u>
<u>Tier 1 Capital</u>					
Additional Tier 1 capital instruments	-	-	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-	-	-
Total Tier 1 capital	<u>6,401,404</u>	<u>6,257,283</u>	<u>6,189,999</u>	<u>6,036,627</u>	<u>5,899,525</u>
<u>Tier 2 Capital</u>					
Stage 1 & Stage 2 expected credit loss allowances [^]	433,618	433,618	452,856	452,856	468,137
Tier 2 capital instruments	1,294,247	1,294,247	1,293,335	1,293,335	1,293,075
Total Tier 2 capital	<u>1,727,865</u>	<u>1,727,865</u>	<u>1,746,191</u>	<u>1,746,191</u>	<u>1,761,212</u>
Total capital base	<u>8,129,269</u>	<u>7,985,148</u>	<u>7,936,190</u>	<u>7,782,818</u>	<u>7,660,737</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	Restated with TA	Restated without TA	Restated
	31.12.2021	31.12.2021	31.12.2020	31.12.2020	01.01.2020
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Total risk weighted assets ("RWA")</u>					
- Credit risk	34,689,443	34,689,443	36,228,467	36,228,467	37,450,945
- Market risk	62,619	62,619	36,226	36,226	33,759
- Operational risk	2,547,591	2,547,591	2,188,152	2,188,152	1,331,960
Total RWA	<u>37,299,653</u>	<u>37,299,653</u>	<u>38,452,845</u>	<u>38,452,845</u>	<u>38,816,664</u>
<u>Capital adequacy ratios</u>					
CET 1 capital ratio	17.162%	16.776%	16.098%	15.699%	15.198%
Tier 1 capital ratio	17.162%	16.776%	16.098%	15.699%	15.198%
Total capital ratio	<u>21.794%</u>	<u>21.408%</u>	<u>20.639%</u>	<u>20.240%</u>	<u>19.736%</u>

30. Capital adequacy (continued)

	Bank				
	with TA	without TA	Restated with TA	Restated without TA	Restated
	31.12.2021	31.12.2021	31.12.2020	31.12.2020	01.01.2020
	RM'000	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	5,159,859
Retained profits exclude merger reserve	1,242,215	1,242,215	1,032,715	1,032,715	921,294
Other reserves	(155,716)	(155,716)	239,996	239,996	160,324
	<u>6,514,471</u>	<u>6,514,471</u>	<u>6,432,570</u>	<u>6,432,570</u>	<u>6,241,477</u>
Less : Regulatory adjustments					
Deferred tax assets	(17,292)	(17,292)	-	-	-
Cumulative gains of financial investments at FVOCI	(57,882)	(57,882)	(191,046)	(191,046)	(114,082)
Regulatory reserve	(5,234)	(5,234)	(5,234)	(5,234)	(5,234)
Intangible assets	(101,184)	(101,184)	(111,449)	(111,449)	(115,559)
Other CET 1 regulatory adjustments	144,121	-	153,372	-	-
Total CET 1 Capital	<u>6,477,000</u>	<u>6,332,879</u>	<u>6,278,213</u>	<u>6,124,841</u>	<u>6,006,602</u>
<u>Tier 1 Capital</u>					
Additional Tier 1 capital instruments	-	-	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-	-	-
Total Tier 1 capital	<u>6,477,000</u>	<u>6,332,879</u>	<u>6,278,213</u>	<u>6,124,841</u>	<u>6,006,602</u>
<u>Tier 2 Capital</u>					
Stage 1 & Stage 2 expected credit loss allowances [^]	462,503	462,503	484,442	484,442	502,335
Tier 2 capital instruments	1,294,247	1,294,247	1,293,335	1,293,335	1,293,075
Total Tier 2 capital	<u>1,756,750</u>	<u>1,756,750</u>	<u>1,777,777</u>	<u>1,777,777</u>	<u>1,795,410</u>
Total capital base	<u>8,233,750</u>	<u>8,089,629</u>	<u>8,055,990</u>	<u>7,902,618</u>	<u>7,802,012</u>

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

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

	Bank				
	with TA	without TA	Restated with TA	Restated without TA	Restated
	31.12.2021	31.12.2021	31.12.2020	31.12.2020	01.01.2020
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Total risk weighted assets ("RWA")</u>					
- Credit risk	37,000,275	37,000,275	38,755,362	38,755,362	40,186,817
- Market risk	62,619	62,619	36,226	36,226	33,759
- Operational risk	2,615,184	2,615,184	2,223,447	2,223,447	1,385,991
Total RWA	<u>39,678,078</u>	<u>39,678,078</u>	<u>41,015,035</u>	<u>41,015,035</u>	<u>41,606,567</u>
<u>Capital adequacy ratios</u>					
CET 1 capital ratio	16.324%	15.961%	15.307%	14.933%	14.437%
Tier 1 capital ratio	16.324%	15.961%	15.307%	14.933%	14.437%
Total capital ratio	<u>20.751%</u>	<u>20.388%</u>	<u>19.642%</u>	<u>19.268%</u>	<u>18.752%</u>

PERFORMANCE REVIEW FOR THE 4TH QUARTER ENDED 31 DECEMBER 2021

1. Performance Review

The 4Q21 continued to show improvements with customer spending gradually picking up as restrictions ease. The Group reported profit before tax ("PBT") of RM140.9 million contributed by write back for impairment on loans, financing and advances and other financial assets by RM48.0 million following improvement of customer staging. The continuous moratorium from PEMULIH initiative however resulted in recognition of modification loss amounting to RM115.1 million during the quarter.

Overall, the moratorium granted to eligible customers throughout the year had repercussions on performance, resulting in RM311.7 million modification loss in 2021 (2020: RM504.7 million). Nevertheless, the Bank Group's Current Account and Savings Account ("CASA") ratio grew from 2.35% in 2020 to 3.92% 2021, following capability enhancements and attractive product offerings, leading to new corporate and retail customer acquisitions. The Bank Group also made significant investments in technology, mainly to strengthen cyber-security, improve operational efficiency and enable new business capabilities.

Outlook for 2022

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

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

The economy's growth is expected to gain further momentum in 2022, following a rebound in economic activity in the fourth quarter, in line with the relaxation of containment measures (BNM's Monetary Policy Statement, 20 January 2022). Our strategic initiatives, executed amidst the projected improved economic environment, are expected to improve financing growth in 2022 and enhance value for all our stakeholders.

1. Performance Review (continued)

(a) Financing

Variation of Results against Preceding Year Corresponding Quarter

	Current Year Quarter 31-Dec-21 (4Q21)	Preceding Year Corresponding Quarter 31-Dec-20 (4Q20)	Changes	
	RM'000	RM'000	RM'000	%
Personal financing	19,623,746	19,851,546	(227,800)	(1.15)%
Corporate financing	8,317,955	8,168,573	149,382	1.83%
Property financing	7,295,572	6,113,557	1,182,015	19.33%
Auto financing	77,620	108,606	(30,986)	(28.53)%
Total gross financing and advances	<u>35,314,893</u>	<u>34,242,281</u>	<u>1,072,612</u>	3.13%

Variation of Results against Immediate Preceding Quarter

Financing

	Current Year Quarter 31-Dec-21 (4Q21)	Immediate Preceding Quarter 31-Sep-21 (3Q21)	Changes	
	RM'000	RM'000	RM'000	%
Personal financing	19,623,746	19,625,361	(1,615)	(0.01)%
Corporate financing	8,317,955	8,488,627	(170,672)	(2.01)%
Property financing	7,295,572	6,854,432	441,140	6.44%
Auto financing	77,620	85,285	(7,665)	(8.99)%
Total gross financing and advances	<u>35,314,893</u>	<u>35,053,705</u>	<u>261,188</u>	0.75%

Bank Group gross financing and advances increased by 3.1% and 0.7% for 4Q21 compared to 4Q20 and 3Q21 respectively. Property financing for the quarter is seeing growth as compared to both snapshots contributed by new financing disbursed and continuous conversion of conventional mortgage from the holding company, Malaysia Building Society Berhad ("MBSB"). Personal financing remains as the biggest financing portfolio for MBSB Bank.

1. Performance Review (continued)

(b) Income statement

Current Year Quarter vs Preceding Year Corresponding Quarter

	Current Year Quarter 31-Dec-21 (4Q21)	Preceding Year Corresponding Quarter 31-Dec-20 (4Q20)	Changes	
	RM'000	RM'000	RM'000	%
Income derived from investment of depositors' funds	528,442	512,529	15,913	3.10%
Income derived from investment of shareholders' funds	121,636	185,934	(64,298)	(34.58)%
Income derived from investment of investment accounts' funds	22,638	-	22,638	0.00%
Total income derived from investment of depositors, shareholders and investment account funds	672,716	698,463	(25,747)	(3.69)%
Net writeback/(allowance) for impairment	48,048	(149,016)	197,064	>(100)%
Loss on modification of cash flows	(115,057)	(1,256)	(113,801)	>100%
Total net income	331,984	276,514	55,470	20.06%
Total overhead expenses	(191,052)	(137,748)	(53,304)	38.70%
Profit before tax	<u>140,932</u>	<u>138,766</u>	2,166	1.56%
Profit after tax	<u>79,243</u>	<u>76,022</u>	3,221	4.24%
Profit attributable to owners of the Bank	<u>79,243</u>	<u>76,022</u>	3,221	4.24%

Current Year Quarter vs Immediate Preceding Quarter

	Current Year Quarter 31-Dec-21 (4Q21)	Immediate Preceding Quarter 30-Sep-21 (3Q21)	Changes	
	RM'000	RM'000	RM'000	%
Income derived from investment of depositors' funds	528,442	544,571	(16,129)	(2.96)%
Income derived from investment of shareholders' funds	121,636	153,318	(31,682)	(20.66)%
Income derived from investment of investment accounts' funds	22,638	20,356	2,282	11.21%
Total income derived from investment of depositors, shareholders and investment account funds	672,716	718,245	(45,529)	(6.34)%
Net writeback/(allowance) for impairment	48,048	(260,232)	308,280	>(100)%
Loss on modification of cash flows	(115,057)	(146,944)	31,887	(21.70)%
Total net income	331,984	39,797	292,187	>100%
Total overhead expenses	(191,052)	(142,927)	(48,125)	33.67%
Profit/(loss) before tax	<u>140,932</u>	<u>(103,130)</u>	244,062	>(100)%
Profit/(loss) after tax	<u>79,243</u>	<u>(86,437)</u>	165,680	>(100)%
Profit/(loss) attributable to owners of the Bank	<u>79,243</u>	<u>(86,437)</u>	165,680	>(100)%

The Bank Group's total income derived from investment of depositors', shareholders' and investment accounts' funds decreased by 3.7% and by 6.3% as compared to 4Q20 and 3Q21 respectively. The reduction of total income as compared to 4Q20 was due to lower financing income in the current quarter and loss from sale of financial investments at FVOCI, while the reduction as compared to 3Q21 was contributed by loss from sale of financial investments at FVOCI.

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

1. Performance Review (continued)

The Bank recorded net writeback on impairment allowance of RM48.05 million in 4Q21 with the improvement of customers staging. The Bank also continued recognising modification loss in the quarter due to ongoing moratorium from PEMULIH package announced by the government.

The total overhead expenses for 4Q21 recorded higher than 4Q20 and 3Q21 due to the increase in investments in technology and human resources to improve operational efficiency and enable new business capabilities.

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.