

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

INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020**

		Bank Group		Bank	
		31-Mar-20 RM'000	31-Dec-19 RM'000	31-Mar-20 RM'000	31-Dec-19 RM'000
Assets					
Cash and short-term funds	7(a)	1,810,512	1,829,715	1,769,390	1,827,458
Deposits and placements with banks and other financial institutions	7(b)	1,055,015	873,515	100,266	-
Derivative financial assets	8	1,511	4,239	1,511	4,239
Financial investments at FVTPL	9	10,495	-	10,495	-
Financial investments at fair value through other comprehensive income ("FVOCI")	10	11,742,066	10,694,644	11,742,066	10,694,644
Financial investments at amortised cost	11	488,558	494,705	488,558	494,705
Financing and advances	12	32,146,916	32,807,317	32,146,916	32,807,317
Sukuk Commodity Murabahah		-	-	2,639,123	2,618,491
Other receivables	13	456,856	548,207	499,850	586,724
Investment in subsidiary	14	-	-	-	-
Investment in joint venture	15	-	-	-	-
Statutory deposits with Bank Negara Malaysia		715,000	1,090,000	715,000	1,090,000
Investment property		820	820	820	820
Property and equipment		27,593	25,444	27,593	25,444
Intangible assets		110,144	115,559	110,144	115,559
Right-of-use assets		13,836	16,821	13,836	16,821
Tax recoverable		105,224	65,978	104,933	66,156
Total assets		48,684,546	48,566,964	50,370,501	50,348,378
Liabilities					
Deposits from customers	16	26,790,103	25,271,951	26,790,103	25,271,951
Deposits and placements of banks and other financial institutions	17	9,435,418	10,621,769	9,435,418	10,621,769
Derivative financial liabilities	8	2,655	1	2,655	1
Other payables	18	478,078	571,744	2,679,084	2,846,531
Lease liabilities		14,160	17,130	14,160	17,130
Recourse obligation on financing sold		2,430,625	2,481,251	2,430,625	2,481,251
Sukuk-MBSB Structured Covered ("SC") Murabahah		1,686,365	1,664,973	1,686,365	1,664,973
Sukuk Wakalah		1,309,802	1,293,075	1,309,802	1,293,075
Deferred tax liabilities		106,999	94,739	106,999	94,739
Provision for zakat		12,052	8,192	12,052	8,192
Total liabilities		42,266,257	42,024,825	44,467,263	44,299,612
Equity					
Share capital		5,159,859	5,159,859	5,159,859	5,159,859
Reserves		1,258,430	1,382,280	743,379	888,907
Total equity		6,418,289	6,542,139	5,903,238	6,048,766
Total Liabilities and Equity		48,684,546	48,566,964	50,370,501	50,348,378
Commitments and contingencies	26	4,844,319	5,069,104	4,844,319	5,069,104
Capital Adequacy					
		Bank Group		Bank	
CET1 capital		15.224%	15.331%	13.924%	14.092%
Tier 1 capital		15.224%	15.331%	13.924%	14.092%
Total capital ratio		19.840%	19.863%	18.348%	18.439%

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 2019.

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

		Bank Group		Bank	
		1st Quarter Ended 31-Mar-20 RM'000	31-Mar-19 RM'000	1st Quarter Ended 31-Mar-20 RM'000	31-Mar-19 RM'000
Income derived from investment of depositors' funds	19	630,450	636,933	649,515	652,828
Income derived from investment of shareholders' funds	20	98,141	65,429	92,769	66,552
Net allowance for impairment on financing and advances and other financial assets	21	(268,809)	(134,278)	(268,809)	(134,278)
Total distributable income		459,782	568,084	473,475	585,102
Income attributable to depositors and others	22	(390,209)	(388,964)	(427,674)	(430,302)
Total net income/(expense)		69,573	179,120	45,801	154,800
Personnel expenses	23	(68,354)	(60,986)	(68,354)	(60,986)
Other overhead expenses	24	(28,725)	(27,143)	(28,162)	(26,578)
(Loss)/profit before taxation and zakat		(27,506)	90,991	(50,715)	67,236
Taxation		(32,643)	(16,350)	(31,112)	(14,588)
Zakat		(4,000)	(5,000)	(4,000)	(5,000)
(Loss)/profit for the financial period		(64,149)	69,641	(85,827)	47,648
(Loss)/profit attributable to:					
Owners of the Bank		(64,149)	69,641	(85,827)	47,648
		(64,149)	69,641	(85,827)	47,648
(Loss)/profit for the financial period		(64,149)	69,641	(85,827)	47,648
Other comprehensive (loss)/income, net of tax	25	(59,701)	30,232	(59,701)	30,232
		(59,701)	30,232	(59,701)	30,232
Total comprehensive (loss)/income for the financial period		(123,850)	99,873	(145,528)	77,880
Total comprehensive (loss)/income attributable to:					
Owners of the Bank Group		(123,850)	99,873	(145,528)	77,880
		(123,850)	99,873	(145,528)	77,880
Earnings per share (sen)		(4.97)	6.02	(6.65)	4.12

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 2019.

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

	← Non-distributable →		Distributable		Total
	Share Capital	Regulatory Reserve	Fair value reserve	Retained profits	
Bank Group	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2020	5,159,859	5,234	155,090	1,221,956	6,542,139
Loss for the financial period	-	-	-	(64,149)	(64,149)
Other comprehensive loss for the financial period	-	-	(59,701)	-	(59,701)
Total comprehensive expense for the financial period	-	-	(59,701)	(64,149)	(123,850)
Balance as at 31 March 2020	5,159,859	5,234	95,389	1,157,807	6,418,289
Balance as at 1 January 2019	4,625,859	5,234	10,708	671,110	5,312,911
Profit for the financial period	-	-	-	69,641	69,641
Other comprehensive income for the financial period	-	-	30,232	-	30,232
Total comprehensive income for the financial period	-	-	30,232	69,641	99,873
Balance as at 31 March 2019	4,625,859	5,234	40,940	740,751	5,412,784

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 2019.

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CHANGES IN EQUITY****FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (CONTINUED)**

	← Non-distributable →		Distributable		Total
	Share Capital	Regulatory Reserve	Fair value reserve	Retained profits	
Bank	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2020	5,159,859	5,234	155,090	728,583	6,048,766
Loss for the financial period	-	-	-	(85,827)	(85,827)
Other comprehensive loss for the financial period	-	-	(59,701)	-	(59,701)
Total comprehensive expense for the financial period	-	-	(59,701)	(85,827)	(145,528)
Balance as at 31 March 2020	5,159,859	5,234	95,389	642,756	5,903,238
Balance as at 1 January 2019	4,625,859	5,234	10,708	259,543	4,901,344
Profit for the financial period	-	-	-	47,648	47,648
Other comprehensive income for the financial period	-	-	30,232	-	30,232
Total comprehensive income for the financial period	-	-	30,232	47,648	77,880
Balance as at 31 March 2019	4,625,859	5,234	40,940	307,191	4,979,224

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 2019.

**INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

	Bank Group		Bank	
	3 months ended		3 months ended	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
(Loss)/profit before taxation	(27,506)	90,991	(50,715)	67,236
Adjustments for non-cash items	211,756	102,886	191,124	79,056
Operating profit before working capital changes	184,250	193,877	140,409	146,292
Working capital changes:				
Net changes in operating assets	692,848	(412,720)	769,605	(268,366)
Net changes in operating liabilities	227,788	1,896,724	154,008	1,798,367
Income taxes and zakat paid	(40,915)	(62,332)	(38,917)	(61,027)
Net cash generated from operating activities	1,063,971	1,615,549	1,025,105	1,615,266
Cash flows from investing activities				
Purchase of property and equipment	(4,050)	(3,094)	(4,050)	(3,094)
Purchase of intangible assets	(807)	(9,028)	(807)	(9,028)
Profit income from financial investments	102,292	63,728	102,292	63,728
Net purchase of financial investments	(1,100,456)	(926,854)	(1,100,456)	(926,854)
Net cash used in investing activities	(1,003,021)	(875,248)	(1,003,021)	(875,248)
Cash flows from financing activities				
Proceeds on recourse obligation on financing sold	(50,299)	-	(50,299)	-
Profit expense paid - recourse obligation on financing sold	(26,566)	(46,516)	(26,566)	(46,516)
Payment of lease liabilities	(3,287)	-	(3,287)	-
Net cash used in financing activities	(80,152)	(46,516)	(80,152)	(46,516)
Net (decrease)/increase in cash and cash equivalents	(19,202)	693,785	(58,068)	693,502
Cash and cash equivalents at the beginning of financial period	1,829,715	3,242,228	1,827,458	3,237,276
Cash and cash equivalents at the end of financial period	1,810,513	3,936,013	1,769,390	3,930,778

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 2019.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020**

1. Basis of preparation

The unaudited condensed interim financial statements for the financial quarter ended 31 March 2020 have been prepared under the historical cost convention except for financial assets which are recognised at fair value and the following financial assets and financial liabilities which are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective profit method: financing, trade and other payables, bank borrowings and recourse obligations on financing sold.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Financial Reporting for Islamic Banking Institutions policy issued by Bank Negara Malaysia ("BNM"), provisions of Companies Act 2016 and Shariah requirements. The unaudited interim financial statements should be read in conjunction with the audited annual financial statements of MBSB Bank Group and MBSB Bank for the financial year ended 31 December 2019. 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 2019.

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 2019.

On 1 January 2020, 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 2020:

Effective for annual periods commencing on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations - Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

1. Basis of preparation (continued)

Effective for annual periods beginning on or after 1 January 2021

- MFRS 17, Insurance Contracts

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 2019

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

On 25 March 2020, BNM announced that to ease the cash flow of individuals and SMEs that are likely to be the most affected by Covid-19, banking institutions will offer a deferment of all loan/financing repayments for a period of 6 months, with effect from 1 April 2020. This offer is applicable to performing loans, denominated in Malaysian Ringgit, that have not been in arrears for more than 90 days as at 1 April 2020. Following the announcement, MBSB Bank had granted six-month moratorium to eligible individuals and SMEs effective 1 April 2020.

For 1st Quarter 2020 ("1Q20"), MBSB Bank Group and MBSB Bank recorded loss before tax of RM27.51 million and RM50.72 million respectively mainly due to higher impairment charges. The higher impairment charges were caused by the increase in delinquent accounts comprising financing under Stages 2 and 3, which resulted in a higher expected credit loss ("ECL"). In relation to the forward-looking adjustments ("FLA"), MBSB Bank decided to adopt the 4th quarter 2019 FLA in the ECL assessment for 1Q20 instead of FLA as at 31 March 2020 as the 4th 2019 quarter FLA better reflects the improving conditions as of the date of our announcement. For future quarters, further enhancements will be made to the existing FLA model to reflect the prevailing circumstances.

5. Changes in Estimates of Amounts Reported Previously

There were no changes in estimates of amounts reported in prior financial years that may have a material effect in the current quarter.

6. Dividend

On 6 May 2020, the Bank paid single-tier final dividend of RM133,657,081 in respect of financial year ended 31 December 2019 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-Mar-20 RM'000	31-Dec-19 RM'000	31-Mar-20 RM'000	31-Dec-19 RM'000
(a) Cash and balances with banks and other financial institutions	154,000	135,579	112,878	133,322
Money at call and deposit placements maturing within one month	1,656,512	1,694,136	1,656,512	1,694,136
Total cash and short-term funds	1,810,512	1,829,715	1,769,390	1,827,458
(b) Deposits and placements with financial institutions with original maturity of more than one month				
- Licensed Islamic banks	954,749	873,515	-	-
- Financial institutions	100,266	-	100,266	-
Total cash and short-term funds and deposits and placements with financial institutions	2,865,527	2,703,230	1,869,656	1,827,458

The ECL for cash and short-term funds and deposits and placements with banks and other financial institutions above is nil (2019: 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-Mar-20			31-Dec-19		
	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	111,290	1,511	(2,655)	228,295	4,239	(1)

9. Financial investments at FVTPL

	Bank Group and Bank	
	31-Mar-20 RM'000	31-Dec-19 RM'000
At fair value		
Quoted securities:		
<u>In Malaysia</u>		
Malaysian Government Investment Issues	10,495	-
	10,495	-

10. Financial investments at FVOCI

	Bank Group and Bank	
	31-Mar-20	31-Dec-19
	RM'000	RM'000
At fair value		
Money Market Instruments		
Malaysian Government Investment Issues	8,628,820	7,530,627
Debt securities:		
<u>In Malaysia</u>		
Private and Islamic debt securities	1,104,648	1,109,787
Government Guaranteed corporate sukuk	2,008,598	2,054,230
	11,742,066	10,694,644

ECL movement for financial investments at FVOCI:

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

	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	18	-	-	18
Total charge to Income Statement:	(5)	-	-	(5)
Change in credit risk	(5)	-	-	(5)
At 31 March 2020	13	-	-	13

11. Financial investments at amortised cost

	Bank Group and Bank	
	31-Mar-20	31-Dec-19
	RM'000	RM'000
At amortised cost		
Quoted securities:		
<u>In Malaysia</u>		
Private and Islamic debt securities	488,707	494,857
Less: ECL stage 1	(149)	(152)
	488,558	494,705

ECL movement for financial investments at amortised cost:

	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
ECL at 1 January 2020	152	-	-	152
Change in credit risk	(3)	-	-	(3)
ECL at 31 March 2020	149	-	-	149

	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
ECL at 1 January 2019	6	-	-	6
New financial assets purchased	146	-	-	146
ECL at 31 December 2019	152	-	-	152

12. Financing and advances

	Bank Group and Bank	
	31-Mar-20	31-Dec-19
	RM'000	RM'000
(i) By type		
At amortised cost		
Term financing		
- Personal financing	19,810,293	19,994,419
- Property financing	5,373,189	5,169,539
- Hire purchase receivables	807,034	808,958
- Bridging financing	571,253	593,906
- Auto financing	149,161	160,479
- Other term financing	5,660,978	5,949,892
Revolving Credit	535,714	703,389
Staff financing	43,078	44,798
Cash line	12,074	3,663
Trade finance	615,361	560,978
Gross financing and advances	<u>33,578,135</u>	<u>33,990,021</u>
Less: ECL		
- Stage 1	(391,877)	(401,290)
- Stage 2	(539,783)	(368,934)
- Stage 3	(499,559)	(412,480)
Net financing and advances	<u>32,146,916</u>	<u>32,807,317</u>
(ii) By residual contractual maturity		
Within one year	1,538,596	2,053,877
More than one year to three years	1,613,549	1,650,919
More than three years to five years	2,002,293	2,115,247
More than five years	28,423,697	28,169,978
	<u>33,578,135</u>	<u>33,990,021</u>
(iii) By economic purpose		
Personal Use	19,902,974	20,090,204
Construction	3,962,561	4,396,763
Purchase of landed property:		
- Residential	5,003,442	4,803,998
- Non-Residential	639,604	636,282
Working Capital	2,389,163	2,392,671
Purchase of transport vehicles	149,884	161,243
Purchase of other fixed assets	954,961	949,334
Purchase of other securities	55,987	34,452
Purchase of consumer durables	110	5,738
Others	519,449	519,336
	<u>33,578,135</u>	<u>33,990,021</u>

12. Financing and advances (continued)

(iv) By type of customers

	Bank Group and Bank	
	31-Mar-20	31-Dec-19
	RM'000	RM'000
Domestic business enterprises		
- Small medium enterprise	1,840,426	1,799,360
- Government	53,373	141,302
- Non-bank financial institutions	700,407	710,454
- Others	5,694,096	6,049,729
Individuals	25,289,833	25,280,979
Foreign entities	-	8,197
	<u>33,578,135</u>	<u>33,990,021</u>

(v) By sector

	Bank Group and Bank	
	31-Mar-20	31-Dec-19
	RM'000	RM'000
Household sectors	25,289,333	25,280,979
Construction	3,907,020	4,370,789
Finance, insurance and business services	2,654,331	2,787,727
Wholesale & retail trade and restaurants & hotels	479,017	469,546
Manufacturing	340,029	282,468
Electricity, gas and water	375,005	262,076
Transport, storage and communication	206,934	204,687
Mining and quarrying	129,803	117,287
Education, health and others	104,197	84,176
Agriculture	92,466	130,286
	<u>33,578,135</u>	<u>33,990,021</u>

(vi) By profit rate sensitivity

	Bank Group and Bank	
	31-Mar-20	31-Dec-19
	RM'000	RM'000
Fixed rate:		
Personal financing	17,173,600	17,477,323
Auto financing	151,461	163,085
Property financing	459,452	468,914
Bridging, structured and term financing	942,145	936,575
Variable rate:		
Personal financing	2,651,548	2,533,258
Property financing	4,939,237	4,726,655
Bridging, structured and term financing	7,260,692	7,684,211
	<u>33,578,135</u>	<u>33,990,021</u>

(vii) By geographical distribution

	Bank Group and Bank	
	31-Mar-20	31-Dec-19
	RM'000	RM'000
Malaysia	33,578,135	33,990,021
	<u>33,578,135</u>	<u>33,990,021</u>

12. Financing and advances (continued)

(viii) Financing by types and Shariah contracts

**Bank Group and Bank
31-Mar-20**

Type	Tawarruq RM'000	Bai' RM'000	Ijarah RM'000	Istisna' RM'000	Murabahah RM'000	Total RM'000
Term Financing	28,519,531	2,121,423	1,644,255	86,698	-	32,371,907
Property financing	3,324,076	2,046,298	2,814	-	-	5,373,189
Bridging financing	571,253	-	-	-	-	571,253
Hire purchase receivables	-	-	807,034	-	-	807,034
Auto financing	-	-	149,161	-	-	149,161
Personal financing	19,810,090	203	-	-	-	19,810,293
Other term financing	4,814,112	74,922	685,246	86,698	-	5,660,978
Cash line	12,074	-	-	-	-	12,074
Staff financing	40,282	79	2,717	-	-	43,078
Revolving credit	535,714	-	-	-	-	535,714
Others	615,362	-	-	-	-	615,362
	29,722,963	2,121,502	1,646,972	86,698	-	33,578,135

**Bank Group and Bank
31-Dec-19**

Type	Tawarruq RM'000	Bai' RM'000	Ijarah RM'000	Istisna' RM'000	Murabahah RM'000	Total RM'000
Term Financing	28,760,637	2,151,027	1,678,799	86,730	-	32,677,193
Property financing	3,090,721	2,075,810	3,008	-	-	5,169,539
Bridging financing	593,906	-	-	-	-	593,906
Hire purchase receivables	-	-	808,958	-	-	808,958
Auto financing	-	-	160,479	-	-	160,479
Personal financing	19,994,210	209	-	-	-	19,994,419
Other term financing	5,081,800	75,008	706,354	86,730	-	5,949,892
Cash line	3,663	-	-	-	-	3,663
Staff financing	41,671	99	3,028	-	-	44,798
Revolving credit	703,389	-	-	-	-	703,389
Others	560,978	-	-	-	-	560,978
	30,070,338	2,151,126	1,681,827	86,730	-	33,990,021

12. Financing and advances (continued)

(ix) Movement of gross financing and advances

31-Mar-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	376,834	(357,974)	(18,860)	-
Transfer to stage 2	(643,852)	726,413	(82,561)	-
Transfer to stage 3	(14,388)	(164,700)	179,088	-
New financing / disbursement during the year	1,656,808	286,381	9,545	1,952,734
Repayment during the year	(2,139,864)	(329,847)	(23,597)	(2,493,308)
Other movements	98,857	19,118	11,521	129,496
Write-offs	-	-	(808)	(808)
Gross carrying amount as at 31 March 2020	<u>28,399,682</u>	<u>4,286,100</u>	<u>892,353</u>	<u>33,578,135</u>

31-Dec-19

	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 2019	28,314,877	3,937,504	792,293	33,044,674
Transfer to stage 1	908,357	(820,433)	(87,924)	-
Transfer to stage 2	(1,133,626)	1,310,635	(177,009)	-
Transfer to stage 3	(135,267)	(253,106)	388,373	-
New financing / disbursement during the year	5,007,227	460,943	66,694	5,534,864
Repayment during the year	(3,950,263)	(521,477)	(61,227)	(4,532,967)
Other movements	53,982	(7,357)	118,717	165,342
Write-offs	-	-	(221,892)	(221,892)
Gross carrying amount as at 31 December 2019	<u>29,065,287</u>	<u>4,106,709</u>	<u>818,025</u>	<u>33,990,021</u>

(x) Movement of ECL for financing and advances

31-Mar-20

	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
ECL as at 1 January 2020	401,290	368,934	412,480	1,182,704
Charges to profit or loss, of which:	(9,413)	170,849	87,525	248,961
Changes in the impairment allowance:				
- Transfer to stage 1	35,624	(24,439)	(11,185)	-
- Transfer to stage 2	(12,926)	64,710	(51,784)	-
- Transfer to stage 3	(174)	(44,869)	45,043	-
New financing / disbursement during the year	27,909	7,644	6,008	41,561
Repayment during the year	(80,586)	(87,409)	(20,092)	(188,087)
Change in credit risk parameters	20,740	255,212	119,535	395,487
Write-offs	-	-	(446)	(446)
ECL as at 31 March 2020	<u>391,877</u>	<u>539,783</u>	<u>499,559</u>	<u>1,431,219</u>

12. Financing and advances (continued)

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

31-Dec-19	Bank Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL as at 1 January 2019	346,537	455,639	435,881	1,238,057
Charged to profit or loss, of which:	54,753	(86,705)	198,493	166,541
Changes in the impairment allowance:				
- Transfer to stage 1	132,081	(90,961)	(41,120)	-
- Transfer to stage 2	(19,073)	112,919	(93,846)	-
- Transfer to stage 3	(1,812)	(60,925)	62,737	-
New financing / disbursement during the year	110,426	39,028	38,274	187,728
Repayment during the year	(169,008)	(170,704)	(51,848)	(391,560)
Change in credit risk parameters	46,898	157,609	327,419	531,926
Changes to model assumptions and methodologies [^]	(44,759)	(73,671)	(43,123)	(161,553)
Write-offs	-	-	(221,894)	(221,894)
ECL as at 31 December 2019	401,290	368,934	412,480	1,182,704

[^] The changes to model assumptions and methodologies were in relation to incorporation of additional macroeconomic variables ("MEV") to account for potential impact from various external factors and incorporation of cure rates to the loss given default ("LGD") model.

(xi) Movement for impaired financing and advances

	Bank Group and Bank	
	31-Mar-20 RM'000	31-Dec-19 RM'000
Balance as at 1 January	818,025	792,293
Classified as impaired during the period	188,633	455,067
Reclassified as non-impaired	(101,421)	(264,933)
Amount recovered	(23,597)	(61,227)
Amount written off	(808)	(221,892)
Other movements	11,521	118,717
Balance as at end of financial period	892,353	818,025
Gross impaired financing and advances as a % of gross financing and advances	2.66%	2.41%

12. Financing and advances (continued)

(xii) Impaired financing and advances by economic purpose

	Bank Group and Bank	
	31-Mar-20	31-Dec-19
	RM'000	RM'000
Personal use	217,526	140,300
Construction	276,708	290,868
Purchase of landed property:		
- Residential	228,725	215,393
- Non-residential	35,276	33,401
Working Capital	46,931	45,465
Purchase of other fixed assets	37,530	38,345
Purchase of transport vehicles	34,064	31,870
Purchase of consumer durables	-	5,626
Others	15,593	16,757
	<u>892,353</u>	<u>818,025</u>

(xiii) Impaired financing and advances by sector

	Bank Group and Bank	
	31-Mar-20	31-Dec-19
	RM'000	RM'000
Household sector	493,503	398,545
Construction	183,767	207,267
Education, health and others	72,561	72,535
Manufacturing	57,825	59,767
Mining and quarrying	38,691	38,691
Finance, insurance and business services	20,341	14,725
Wholesale & retail trade and restaurants & hotels	21,731	22,572
Transport, storage and communication	3,765	3,754
Agriculture	169	169
	<u>892,353</u>	<u>818,025</u>

(xiii) Impaired financing by geographical distribution

Malaysia	<u>892,353</u>	<u>818,025</u>
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13. Other receivables

	Bank Group		Bank	
	31-Mar-20	31-Dec-19	31-Mar-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Amount due from subsidiary	-	-	44,839	41,691
Financing to related companies	674,316	661,555	674,316	661,555
Amount due from holding company	23,325	78,416	23,325	78,416
Prepayments and deposits	8,819	8,110	8,708	7,996
Deferred expenses	2,142	2,208	2,142	2,208
Sundry receivables	28,501	69,908	26,767	66,848
	<u>737,103</u>	<u>820,197</u>	<u>780,097</u>	<u>858,714</u>
Less: ECL at stage 3	(280,247)	(271,990)	(280,247)	(271,990)
	<u>456,856</u>	<u>548,207</u>	<u>499,850</u>	<u>586,724</u>

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

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 31 March 2020 is RM 2 (31 December 2019: RM 2).

The subsidiary was incorporated in Malaysia.

15. Investment in joint venture

	Bank Group		Bank	
	31-Mar-20 RM'000	31-Dec-19 RM'000	31-Mar-20 RM'000	31-Dec-19 RM'000
Unquoted shares at cost	16,222	16,222	16,222	16,222
Less:				
Share of loss	(16,222)	(16,222)	-	-
Impairment	-	-	(16,222)	(16,222)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

16. Deposits from customers**(i) By type of deposit:**

	Bank Group and Bank	
	31-Mar-20 RM'000	31-Dec-19 RM'000
<u>Non-Mudharabah Funds:</u>		
Commodity Murabahah Term Deposit	25,918,307	24,738,093
Demand deposits	344,595	192,380
Savings deposits	527,201	341,478
	<u>26,790,103</u>	<u>25,271,951</u>

The deposit above are under the Islamic contract of Tawarruq.

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

	Bank Group and Bank	
	31-Mar-20 RM'000	31-Dec-19 RM'000
Within six months	18,970,815	16,480,775
More than six months to one year	4,799,712	5,426,032
More than one year to three years	1,512,180	1,891,341
More than three years	635,600	939,945
	<u>25,918,307</u>	<u>24,738,093</u>

16. Deposits from customers (continued)

(iii) By type of customers:

	Bank Group and Bank	
	31-Mar-20	31-Dec-19
	RM'000	RM'000
Government and statutory bodies	12,877,568	12,696,568
Business enterprises	8,405,612	7,229,721
Individuals	5,506,923	5,345,662
	<u>26,790,103</u>	<u>25,271,951</u>

17. Deposits and placements of banks and other financial institutions

	Bank Group and Bank	
	31-Mar-20	31-Dec-19
	RM'000	RM'000
(i) By type of deposit:		
<u>Non-Mudharabah Funds:</u>		
Other financial institutions:		
-Licensed Investment Banks	1,305	152,390
-Licensed Islamic Banks	-	112,937
-Other Financial Institutions	9,434,113	10,356,442
	<u>9,435,418</u>	<u>10,621,769</u>
(ii) By type of contract:		
Tawarruq	9,435,418	10,621,769
	<u>9,435,418</u>	<u>10,621,769</u>

18. Other payables

	Bank Group		Bank	
	31-Mar-20	31-Dec-19	31-Mar-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Amount due to subsidiary	-	-	2,201,316	2,274,992
Amount due to related companies	33,379	33,668	33,379	33,668
Al-Mudharabah security fund	138,798	137,309	138,798	137,309
Expected credit losses for commitments and contingencies	78,923	65,239	78,923	65,239
Other provisions and accruals	27,642	70,260	27,332	70,054
Deferred income	33,559	34,838	33,559	34,838
Sundry creditors	165,777	230,430	165,777	230,431
	<u>478,078</u>	<u>571,744</u>	<u>2,679,084</u>	<u>2,846,531</u>

18. Other payables (continued)

Movement of ECL for commitment and contingencies are as follows:

31-Mar-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:	(1,887)	14,849	722	13,684
Changes in the impairment allowance				
- Transfer to stage 1	4,048	(4,048)	-	-
- Transfer to stage 2	(1,005)	1,204	(199)	-
- Transfer to stage 3	-	(50)	50	-
New financing/ disbursement during the year	7,020	270	189	7,479
Repayment/drawdown to financing during the year	(3,731)	(82)	(266)	(4,079)
Changes in credit risk parameters	(8,219)	17,555	948	10,284
ECL as at 31 March 2020	42,058	32,651	4,214	78,923
31-Dec-19				
	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2019	52,717	36,630	4,596	93,943
Total charged to profit or loss, of which:	(8,772)	(18,828)	(1,104)	(28,704)
Changes in the impairment allowance				
- Transfer to stage 1	4,854	(2,350)	(2,504)	-
- Transfer to stage 2	(4,890)	5,190	(300)	-
- Transfer to stage 3	(791)	(4,802)	5,593	-
New financing/ disbursement during the year	25,153	1,791	426	27,370
Repayment/drawdown to financing during the year	(12,460)	(6,063)	(621)	(19,144)
Changes in credit risk parameters	(14,280)	(4,746)	(3,227)	(22,253)
Changes to model assumptions and methodologies [^]	(6,358)	(7,848)	(471)	(14,677)
ECL as at 31 December 2019	43,945	17,802	3,492	65,239

[^] The changes to model assumptions and methodologies were in relation to incorporation of additional macroeconomic variables ("MEV") to account for potential impact from various external factors and incorporation of cure rates to the loss given default ("LGD") model.

19. Income derived from investment of depositors' funds

Income derived from investment of other deposits

	Bank Group		Bank	
	1st Quarter Ended		1st Quarter Ended	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	512,451	523,704	512,451	523,704
Financial investments at FVOCI	100,486	61,687	100,486	61,687
Financial investments at FVTPL	79	-	79	-
Financial investments at amortised cost	537	220	537	220
Money at call and deposits with financial institutions	- 8,384	- 34,500	- 8,384	- 34,500
Profit on Sukuk commodity murabahah	-	-	19,065	22,257
Others	8,513	16,822	8,513	10,460
	<u>630,450</u>	<u>636,933</u>	<u>649,515</u>	<u>652,828</u>
of which financing income earned on impaired financing	<u>4,449</u>	<u>5,305</u>	<u>4,449</u>	<u>5,305</u>

20. Income derived from investment of shareholders' funds

	Bank Group		Bank	
	1st Quarter Ended		1st Quarter Ended	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	41,745	36,615	41,745	36,615
Financial investments at FVTPL	1	7	1	7
Financial investments at FVOCI	1,162	1,815	1,162	1,815
Financial investments at amortised cost	28	6	28	6
Money at call and deposits with financial institutions	- 7,732	- 1,366	- 97	- 881
Profit on Sukuk commodity murabahah	-	-	1,567	1,573
Others	4	705	700	740
	<u>50,672</u>	<u>40,514</u>	<u>45,300</u>	<u>41,637</u>
of which financing income earned on impaired financing	<u>366</u>	<u>375</u>	<u>366</u>	<u>375</u>
<u>Other operating (expenses) / income :</u>				
Financing related fees	(314)	(2,007)	(314)	(2,007)
Commission	2,787	1,968	2,787	1,968
Gain from sale of FVOCI	28,662	14,524	28,662	14,524
Gain from sale of FVTPL	1,199	-	1,199	-
Sundry income	15,135	10,430	15,135	10,430
	<u>47,469</u>	<u>24,915</u>	<u>47,469</u>	<u>24,915</u>
	<u>98,141</u>	<u>65,429</u>	<u>92,769</u>	<u>66,552</u>

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

31-Mar-20

	Bank Group and Bank			Total
	Three Months Ended			
	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI	(5)	-	-	(5)
Financial assets at amortised cost	(2)	-	-	(2)
Financing and advances	(9,413)	170,849	87,525	248,961
Other receivables	-	-	8,257	8,257
Financing commitments and financial guarantee	(1,887)	14,849	722	13,684
	<u>(11,307)</u>	<u>185,698</u>	<u>96,504</u>	<u>270,895</u>
Impaired financing and advances:				
- Written off	-	-	777	777
- Recovered	-	-	(2,863)	(2,863)
	<u>(11,307)</u>	<u>185,698</u>	<u>94,418</u>	<u>268,809</u>

31-Mar-19

	Bank Group and Bank			Total
	Three Months Ended			
	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
Financial investments at amortised cost	2	-	-	2
Financing and advances	22,889	25,663	52,207	100,759
Other receivables	-	-	4,988	4,988
Financing commitments and financial guarantee	6,524	22,054	1,441	30,019
	<u>29,415</u>	<u>47,717</u>	<u>58,636</u>	<u>135,768</u>
Impaired financing and advances:				
- Written off	-	-	375	375
- Recovered	-	-	(1,865)	(1,865)
	<u>29,415</u>	<u>47,717</u>	<u>57,146</u>	<u>134,278</u>

22. Income attributable to depositors and others

	Bank Group		Bank	
	1st Quarter Ended		1st Quarter Ended	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
	RM'000	RM'000	RM'000	RM'000
(a) Income attributable to depositors				
Deposits from customers:				
- Non-mudharabah funds	245,969	276,324	245,969	276,324
Deposits and placements of banks and other financial institutions:				
- Non-mudharabah funds	80,563	65,008	80,563	65,008
	<u>326,532</u>	<u>341,332</u>	<u>326,532</u>	<u>341,332</u>
(b) Income attributable to securitisation	26,239	23,802	26,239	23,802
(c) Income attributable to sukuk	37,438	23,830	37,438	23,830
(d) Others	-	-	37,465	41,338
	<u>390,209</u>	<u>388,964</u>	<u>427,674</u>	<u>430,302</u>

23. Personnel expenses

	Bank Group/Bank			
	1st Quarter Ended		1st Quarter Ended	
	31-Mar-20 RM'000	31-Mar-19 RM'000	31-Mar-20 RM'000	31-Mar-19 RM'000
Salaries, allowances and bonuses	52,850	47,363	52,850	47,363
Contributions to Employee Provident Fund and SOCSO	9,177	8,290	9,177	8,290
Directors' remuneration	536	644	536	644
Shariah Advisory Committee members' remuneration	90	114	90	114
Other staff related expenses	5,701	4,575	5,701	4,575
	<u>68,354</u>	<u>60,986</u>	<u>68,354</u>	<u>60,986</u>

24. Other overhead expenses

	Bank Group		Bank	
	1st Quarter Ended		1st Quarter Ended	
	31-Mar-20 RM'000	31-Mar-19 RM'000	31-Mar-20 RM'000	31-Mar-19 RM'000
<u>Establishment related expenses</u>				
Depreciation of property and equipment	1,901	1,554	1,901	1,554
Depreciation of right use of assets	3,301	-	3,301	-
Amortisation of intangible assets	6,222	5,004	6,222	5,004
Rental of premises	-	5,669	-	5,669
Software and hardware maintenance	8,458	1,930	8,458	1,930
Security expenses	290	284	290	284
Lease profit expense	183	-	183	-
Others	563	463	563	463
	<u>20,918</u>	<u>14,904</u>	<u>20,918</u>	<u>14,904</u>
<u>Promotion and marketing related expenses</u>				
Advertising and promotional activities	2,279	1,660	2,279	1,660
	<u>2,279</u>	<u>1,660</u>	<u>2,279</u>	<u>1,660</u>
<u>General administrative expenses</u>				
License and association fees and levies	38	50	38	50
Travelling, transport and accomodation expenses	773	695	773	695
Printing, stationery, postage and clearing charges	1,163	1,330	1,163	1,330
Electricity and water	945	831	945	831
Other professional fees	1,140	3,879	1,115	3,879
Auditors remuneration	326	364	323	363
Repair and maintenance of office equipment	29	123	29	123
Others	2,501	1,795	2,376	1,665
	<u>6,915</u>	<u>9,067</u>	<u>6,762</u>	<u>8,936</u>
<u>Commission fees</u>				
Commission fees	6,980	985	6,980	985
Angkasa charges	1,553	7,376	1,553	7,376
	<u>8,533</u>	<u>8,361</u>	<u>8,533</u>	<u>8,361</u>
Inter-company recharges	(9,920)	(6,849)	(10,330)	(7,283)
	<u>28,725</u>	<u>27,143</u>	<u>28,162</u>	<u>26,578</u>

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

25. Other comprehensive (expense)/income, net of tax

	Bank Group and Bank			
	1st Quarter Ended		1st Quarter Ended	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
	RM'000	RM'000	RM'000	RM'000
Net (loss)/gain from change in fair value of FVOCI	(59,701)	30,232	(59,701)	30,232
	<u>(59,701)</u>	<u>30,232</u>	<u>(59,701)</u>	<u>30,232</u>

26. Commitments and contingencies

In the normal course of business, the Bank Group makes various commitments and incurs certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions, hence, they are not provided for in the financial statements.

Bank Group and Bank	Principal amount	Credit equivalent amount	Risk weighted amount
31-Mar-20	RM'000	RM'000	RM'000
Direct credit substitutes	166,419	166,231	166,231
Trade-related contingencies	93,805	46,903	46,903
Short Term Self Liquidating trade related contingencies	63,832	12,766	12,766
Irrevocable commitments to extend credit:			
- one year or less	1,380,968	321,159	321,159
- over one year to five years	2,891,155	1,443,943	1,381,579
- over five years	72,005	36,001	36,000
Foreign exchange related contracts			
- one year or less	176,135	4,150	2,458
	<u>4,844,319</u>	<u>2,031,153</u>	<u>1,967,096</u>

Bank Group and Bank	Principal amount	Credit equivalent amount	Risk weighted amount
31-Dec-19	RM'000	RM'000	RM'000
Direct credit substitutes	175,335	175,156	175,156
Trade-related contingencies	93,805	46,903	46,903
Short term Self Liquidating Trade-related contingencies	83,691	16,738	16,738
Irrevocable commitments to extend credit:			
- one year or less	1,338,351	307,921	307,921
- over one year to five years	3,077,627	1,537,045	1,482,196
- over five years	72,000	36,000	36,000
Foreign exchange related contracts			
- one year or less	228,295	7,277	1,536
	<u>5,069,104</u>	<u>2,127,040</u>	<u>2,066,450</u>

27. Financial risk management

27.1 Credit quality

(i) Financing and advances

Financing and advances are summarised as follows:

31-Mar-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	643	-	-	643
Good	3,047,231	23,045	-	3,070,276
Average	3,222,286	717,416	-	3,939,702
Below Average	152,764	165,099	-	317,863
Poor	686	126,197	-	126,883
Retail financing	21,976,072	1,541,881	-	23,517,953
	<u>28,399,682</u>	<u>2,573,638</u>	<u>-</u>	<u>30,973,320</u>
<i>Past due up to 3 months</i>				
Corporate financing				
Good	-	118,132	-	118,132
Average	-	204,670	-	204,670
Below Average	-	-	-	-
Poor	-	32,579	-	32,579
Retail financing	-	1,357,081	-	1,357,081
	<u>-</u>	<u>1,712,462</u>	<u>-</u>	<u>1,712,462</u>
			892,353	892,353
<i>Impaired</i>	-	-	892,353	892,353
Gross financing and advances	<u>28,399,682</u>	<u>4,286,100</u>	<u>892,353</u>	<u>33,578,135</u>
Less ECL	<u>(391,877)</u>	<u>(539,783)</u>	<u>(499,559)</u>	<u>(1,431,219)</u>
Net financing and advances	<u>28,007,805</u>	<u>3,746,317</u>	<u>392,794</u>	<u>32,146,916</u>

27. Financial risk management (continued)

27.1 Credit quality (continued)

(i) Financing and advances (continued)

Financing and advances are summarised as follows (continued):

31-Dec-19	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	712	-	-	712
Good	3,038,429	148,410	-	3,186,839
Average	3,717,795	794,863	-	4,512,658
Below Average	171,898	123,787	-	295,685
Poor	858	139,816	-	140,674
Retail financing	22,135,595	1,731,402	-	23,866,997
	29,065,287	2,938,278	-	32,003,565
<i>Past due up to 3 months</i>				
Corporate financing				
Good	-	10,116	-	10,116
Average	-	60,770	-	60,770
Below Average	-	-	-	-
Poor	-	-	-	-
Retail financing	-	1,097,545	-	1,097,545
Total Past due up to 3 months	-	1,168,431	-	1,168,431
	-	-	818,025	818,025
<i>Impaired</i>				
Gross financing and advances	29,065,287	4,106,709	818,025	33,990,021
Less ECL	(401,290)	(368,934)	(412,480)	(1,182,704)
Net financing and advances	28,663,997	3,737,775	405,545	32,807,317

27. Financial risk management (continued)

27.1 Credit risk management (continued)

(ii) Other financial assets

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

Bank Group	Stage 1	Stage 2	Stage 3	Total
Neither past due nor impaired	RM'000	RM'000	RM'000	RM'000
31-Mar-20				
Cash and short-term funds				
AAA	1,678,406	-	-	1,678,406
AA and below	69,632	-	-	69,632
Unrated	62,474	-	-	62,474
	<u>1,810,512</u>	<u>-</u>	<u>-</u>	<u>1,810,512</u>
Deposits and placements with banks and other financial institutions				
AAA	1,004,924	-	-	1,004,924
AA and below	50,091	-	-	50,091
	<u>1,055,015</u>	<u>-</u>	<u>-</u>	<u>1,055,015</u>
Debt investments				
AAA	968,947	-	-	968,947
AA and below	135,701	-	-	135,701
Unrated *	11,136,471	-	-	11,136,471
	<u>12,241,119</u>	<u>-</u>	<u>-</u>	<u>12,241,119</u>
Other financial assets				
Unrated	51,826	-	674,316	726,142
	<u>51,826</u>	<u>-</u>	<u>674,316</u>	<u>726,142</u>

Bank Group

Bank Group	Stage 1	Stage 2	Stage 3	Total
Neither past due nor impaired	RM'000	RM'000	RM'000	RM'000
31-Dec-19				
Cash and short-term funds				
AAA	1,732,413	-	-	1,732,413
AA and below	12,269	-	-	12,269
Unrated	85,033	-	-	85,033
	<u>1,829,715</u>	<u>-</u>	<u>-</u>	<u>1,829,715</u>
Deposits and placements with banks and other financial institutions				
AAA	873,483	-	-	873,483
AA and below	32	-	-	32
	<u>873,515</u>	<u>-</u>	<u>-</u>	<u>873,515</u>
Debt investments				
AAA	975,286	-	-	975,286
AA and below	134,501	-	-	134,501
Unrated *	10,079,562	-	-	10,079,562
	<u>11,189,349</u>	<u>-</u>	<u>-</u>	<u>11,189,349</u>
Other financial assets				
Unrated	148,305	-	389,584	537,889
	<u>148,305</u>	<u>-</u>	<u>389,584</u>	<u>537,889</u>

* Unrated debt investments for Bank Group and Bank include government guaranteed securities of RM10,647,905 (2019: RM9,584,857,000)

27. Financial risk management (continued)

27.1 Credit risk management (continued)

(ii) Other financial assets (continued)

Bank

Neither past due nor impaired	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
31-Mar-20				
Cash and short-term funds				
AAA	1,678,406	-	-	1,678,406
AA and below	28,510	-	-	28,510
Unrated	62,474	-	-	62,474
	<u>1,769,390</u>	<u>-</u>	<u>-</u>	<u>1,769,390</u>
Deposits and placements with banks and other financial institutions				
AAA	50,206	-	-	50,206
AA and below	50,060	-	-	50,060
	<u>100,266</u>	<u>-</u>	<u>-</u>	<u>100,266</u>
Debt investments				
AAA	968,947	-	-	968,947
AA and below	135,701	-	-	135,701
Unrated *	11,136,471	-	-	11,136,471
	<u>12,241,119</u>	<u>-</u>	<u>-</u>	<u>12,241,119</u>
Other financial assets				
Unrated	94,931	-	674,316	769,247
	<u>94,931</u>	<u>-</u>	<u>674,316</u>	<u>769,247</u>

Bank

Neither past due nor impaired	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
31-Dec-19				
Cash and short-term funds				
AAA	1,732,413	-	-	1,732,413
AA and below	10,012	-	-	10,012
Unrated	85,033	-	-	85,033
	<u>1,827,458</u>	<u>-</u>	<u>-</u>	<u>1,827,458</u>
Debt investments				
AAA	975,286	-	-	975,286
AA and below	134,501	-	-	134,501
Unrated *	10,079,562	-	-	10,079,562
	<u>11,189,349</u>	<u>-</u>	<u>-</u>	<u>11,189,349</u>
Other financial assets				
Unrated	186,936	-	389,584	576,520
	<u>186,936</u>	<u>-</u>	<u>389,584</u>	<u>576,520</u>

* Unrated debt investments for Bank Group and Bank include government guaranteed securities of RM10,647,905 (2019: RM9,584,857,000)

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

27. Financial risk management (continued)

27.2 Market risk

(i) Profit Rate Risk

Bank Group	----- Non-trading book -----						Trading book	Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
31-Mar-20									
Assets									
Cash and short-term funds	1,656,512	-	-	-	-	154,000	-	1,810,512	3.06
Deposits and placements									
with financial institutions	157,160	824,036	73,819	-	-	-	-	1,055,015	3.39
Derivative financial assets	1,511	-	-	-	-	-	-	1,511	
Financial investments at FVTPL	-	-	-	-	-	-	10,495	10,495	2.85
Financial investments at FVOCI	107,086	-	522,320	3,871,328	7,241,332	-	-	11,742,066	3.65
Financial investments at amortised cost	-	-	-	30,225	458,333	-	-	488,558	5.59
Financing and advances									
- non-impaired	170,945	581,289	661,123	3,429,584	27,842,841	(931,660)	-	31,754,122	6.82
- impaired, net of allowances*	-	-	-	-	-	392,794	-	392,794	
Other receivables^	-	-	-	-	-	445,895	-	445,895	6.25
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	715,000	-	715,000	
Total financial assets	2,093,214	1,405,325	1,257,262	7,331,137	35,542,506	776,029	10,495	48,415,968	

* 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.

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

27. Financial risk management (continued)

27.2 Market risk (continued)

(i) Profit Rate Risk (continued)

Bank Group	----- Non-trading book -----						Non-profit sensitive	Trading book	Total	Effective profit rate
	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-Mar-20										
Liabilities										
Deposits from customers	7,678,756	7,040,704	9,726,695	2,039,184	108,598	196,166	-	26,790,103	3.73	
Deposits and placements of banks and other financial institutions	4,858,260	1,410,739	2,278,104	875,647	-	12,668	-	9,435,418	3.69	
Derivative financial liabilities	2,655	-	-	-	-	-	-	2,655	-	
Other payables #	-	-	-	-	-	416,877	-	416,877	-	
Lease liabilities	-	-	234	13,926	-	-	-	14,160	4.33	
Recourse obligation on financing sold	-	-	337,100	2,093,525	-	-	-	2,430,625	4.31	
Sukuk-MBSB Structured Covered ("SC")										
Murabahah	-	96,517	206,529	1,005,331	377,988	-	-	1,686,365	4.96	
Sukuk Wakalah	-	-	-	-	1,309,802	-	-	1,309,802	5.21	
Total financial liabilities	12,539,671	8,547,960	12,548,662	6,027,613	1,796,388	625,711	-	42,086,005		
Total profit-sensitivity gap	(10,446,457)	(7,142,635)	(11,291,400)	1,303,524	33,746,118	150,318	10,495	6,329,963		

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

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

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

Bank	----- Non-trading book -----						Non-profit sensitive	Trading book	Total	Effective profit rate
	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-Mar-20										
Assets										
Cash and short-term funds	1,656,512	-	-	-	-	112,878	-	1,769,390	3.06	
Deposits and placements										
with financial institutions	-	100,266	-	-	-	-	-	100,266	-	
Derivative financial assets	1,511	-	-	-	-	-	-	1,511		
Financial investments at FVTPL	-	-	-	-	-	-	10,495	10,495	2.85	
Financial investments at FVOCI	107,086	-	522,320	3,871,328	7,241,332	-	-	11,742,066	3.65	
Financial investments at amortised cost	-	-	-	30,225	458,333	-	-	488,558	5.59	
Financing and advances										
- non-impaired	170,945	581,289	661,123	3,429,584	27,842,841	(931,660)	-	31,754,122	6.82	
- impaired, net of allowances*	-	-	-	-	-	392,794	-	392,794		
Sukuk Commodity Murabahah	34,716	98,098	228,822	1,224,873	1,052,614	-	-	2,639,123	3.13	
Other receivables^	44,839	-	-	-	-	444,161	-	489,000	6.25	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	715,000	-	715,000		
Total financial assets	2,015,609	779,653	1,412,265	8,556,010	36,595,120	733,173	10,495	50,102,325		

* 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.

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

27. Financial risk management (continued)

27.2 Market risk (continued)

(i) Profit Rate Risk (continued)

Bank	----- Non-trading book -----						Trading book	Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
31-Mar-20									
Liabilities									
Deposits from customers	7,678,756	7,040,704	9,726,695	2,039,184	108,598	196,166	-	26,790,103	3.73
Deposits and placements of banks and other financial institutions	4,858,260	1,410,739	2,278,104	875,647	-	12,668	-	9,435,418	3.69
Derivative financial liabilities	2,655	-	-	-	-	-	-	2,655	
Other payables #	2,201,316	-	-	-	-	416,877	-	2,618,193	6.96
Lease liabilities	-	-	234	13,926	-	-	-	14,160	4.33
Recourse obligation on financing sold	-	-	337,100	2,093,525	-	-	-	2,430,625	4.31
Sukuk-MBSB Structured Covered ("SC")									
Murabahah	-	96,517	206,529	1,005,331	377,988	-	-	1,686,365	4.96
Sukuk Wakalah	-	-	-	-	1,309,802	-	-	1,309,802	5.21
Total financial liabilities	14,740,987	8,547,960	12,548,662	6,027,613	1,796,388	625,711	-	44,287,321	
Total profit-sensitivity gap	(12,725,378)	(7,768,307)	(11,136,397)	2,528,397	34,798,732	107,462	10,495	5,815,004	

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

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

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

Bank Group	----- Non-trading book -----						Non-profit sensitive	Trading book	Total	Effective profit rate
	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-19										
Assets										
Cash and short-term funds	1,694,136	-	-	-	-	135,579	-	1,829,715	3.16	
Deposits and placements										
with financial institutions	32	-	873,483	-	-	-	-	873,515	3.42	
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	3.86	
Financial investments at amortised cost	-	-	-	30,332	464,373	-	-	494,705	5.59	
Financing and advances										
- non-impaired	540,458	452,157	932,384	3,566,224	27,680,773	(770,224)	-	32,401,772	6.96	
- impaired, net of allowances*	-	-	-	-	-	405,545	-	405,545		
Other receivables^	-	-	-	-	-	537,889	-	537,889	6.75	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	1,090,000	-	1,090,000		
Total financial assets	2,264,369	583,599	2,252,704	7,738,210	34,094,353	1,398,789	-	48,332,024		

* 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.

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

27. Financial risk management (continued)

27.2 Market risk (continued)

(i) Profit Rate Risk (continued)

Bank Group	----- Non-trading book -----						Trading book	Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
31-Dec-19									
<u>Liabilities</u>									
Deposits from customers	5,208,620	5,403,930	11,730,675	2,726,297	104,989	97,440	-	25,271,951	3.92
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	3.91
Derivative financial liabilities	1	-	-	-	-	-	-	1	
Other payables #	-	-	-	-	-	466,646	-	466,646	
Lease liabilities	-	-	471	16,659	-	-	-	17,130	4.33
Recourse obligation on financing sold	10,352	24,668	65,837	2,380,394	-	-	-	2,481,251	4.49
Sukuk-MBSB Structured Covered ("SC")									
Murabahah	-	-	294,973	995,000	375,000	-	-	1,664,973	4.92
Sukuk Wakalah	-	-	2,201	-	1,290,874	-	-	1,293,075	5.29
Total financial liabilities	7,820,231	8,930,714	15,676,985	7,042,590	1,770,863	575,413	-	41,816,796	
Total profit-sensitivity gap	(5,555,862)	(8,347,115)	(13,424,281)	695,620	32,323,490	823,376	-	6,515,228	

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

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

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

Bank	----- Non-trading book -----						Non-profit sensitive	Trading book	Total	Effective profit rate
	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-19										
Assets										
Cash and short-term funds	1,694,136	-	-	-	-	133,322	-	1,827,458	3.16	
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	3.86	
Financial investments at amortised cost	-	-	-	30,332	464,373	-	-	494,705	5.59	
Financing and advances										
- non-impaired	540,458	452,157	932,384	3,566,224	27,680,772	(770,223)	-	32,401,772	6.96	
- impaired, net of allowances*	-	-	-	-	-	405,545	-	405,545		
Sukuk Commodity Murabahah	-	-	332,344	1,207,220	1,078,927	-	-	2,618,491	3.13	
Other receivables^	41,691	-	-	-	-	534,829	-	576,520	6.75	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	1,090,000	-	1,090,000		
Total financial assets	2,306,028	583,599	1,711,565	8,945,430	35,173,279	1,393,473	-	50,113,374		

* 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.

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

27. Financial risk management (continued)

27.2 Market risk (continued)

(i) Profit Rate Risk (continued)

Bank	----- Non-trading book -----						Non-profit sensitive	Trading book	Total	Effective profit rate
	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	RM'000		
31-Dec-19										
Liabilities										
Deposits from customers	5,208,620	5,403,930	11,730,675	2,726,297	104,989	97,440	-	25,271,951	3.92	
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	3.91	
Derivative financial liabilities	1	-	-	-	-	-	-	1		
Other payables #	2,274,992	-	-	-	-	466,647	-	2,741,639	7.13	
Lease liabilities	-	-	471	16,659	-	-	-	17,130	4.33	
Recourse obligation on financing sold	10,352	24,668	65,837	2,380,394	-	-	-	2,481,251	4.49	
Sukuk-MBSB Structured Covered ("SC")										
Murabahah	-	-	294,973	995,000	375,000	-	-	1,664,973	4.92	
Sukuk Wakalah	-	-	2,201	-	1,290,874	-	-	1,293,075	5.29	
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	(7,789,195)	(8,347,115)	(13,965,420)	1,902,840	33,402,416	818,059	-	6,021,585		

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)

28. Capital adequacy

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

	Bank Group		Bank	
	31-Mar-20 RM'000	31-Dec-19 RM'000	31-Mar-20 RM'000	31-Dec-19 RM'000
<u>Common Equity Tier I ("CET I") Capital/Tier I Capital</u>				
Ordinary share capital	5,159,859	5,159,859	5,159,859	5,159,859
Retained earnings	810,923	875,072	642,756	728,583
Other reserve	100,623	160,324	100,623	160,324
	<u>6,071,405</u>	<u>6,195,255</u>	<u>5,903,238</u>	<u>6,048,766</u>
Less : Regulatory adjustments				
Deferred tax assets	-	-	-	-
Cumulative gains of financial investments at FVOCI	(119,292)	(114,082)	(119,292)	(114,082)
Regulatory reserve	(5,234)	(5,234)	(5,234)	(5,234)
Intangible assets	(110,144)	(115,559)	(110,144)	(115,559)
Total CET I Capital/Tier I Capital	<u>5,836,735</u>	<u>5,960,380</u>	<u>5,668,568</u>	<u>5,813,891</u>

Tier II Capital

Collective impairment allowance and regulatory reserve ^	459,830	468,898	490,966	499,927
Tier 2 capital instruments	1,309,802	1,293,075	1,309,802	1,293,075
	<u>1,769,632</u>	<u>1,761,973</u>	<u>1,800,768</u>	<u>1,793,002</u>
Total capital base	<u>7,606,367</u>	<u>7,722,353</u>	<u>7,469,336</u>	<u>7,606,893</u>

^ Collective impairment allowance on non-credit impaired exposure and regulatory reserves is subject to a maximum of 1.25% of total credit RWA.

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

	Bank Group		Bank	
	31-Mar-20 RM'000	31-Dec-19 RM'000	31-Mar-20 RM'000	31-Dec-19 RM'000
<u>Total risk weighted assets ("RWA")</u>				
- Credit risk	36,786,399	37,511,800	39,277,278	39,994,106
- Market risk	55,692	33,759	55,692	33,759
- Operational risk	1,496,379	1,331,960	1,376,640	1,227,512
Total RWA	<u>38,338,470</u>	<u>38,877,519</u>	<u>40,709,610</u>	<u>41,255,377</u>

Capital adequacy ratios

CET I capital ratio	15.224%	15.331%	13.924%	14.092%
Tier I capital ratio	15.224%	15.331%	13.924%	14.092%
Total capital ratio	<u>19.840%</u>	<u>19.863%</u>	<u>18.348%</u>	<u>18.439%</u>

On 6 May 2020, the Bank paid single-tier final dividend of RM133,657,081 in respect of financial year ended 31 December 2019 to the holding company, Malaysia Building Society Berhad. The capital ratios with the payment of the dividend are as follows:

Capital adequacy ratios (after dividend year 2019)

CET I capital ratio	14.876%	14.987%	13.596%	13.768%
Tier I capital ratio	14.876%	14.987%	13.596%	13.768%
Total capital ratio	<u>19.491%</u>	<u>19.519%</u>	<u>18.020%</u>	<u>18.115%</u>

PERFORMANCE REVIEW FOR THE 1ST QUARTER ENDED 31 MARCH 2020

1. Performance Review

The Bank Group recorded a loss before tax for 1Q20 of RM27.51 million mainly due to the increase in delinquent accounts comprising financing under Stages 2 and 3, which resulted in a higher ECL.

As at 31 March 2020, gross financing and advances for the Bank Group stood at RM33.58 billion, a slight increase by 0.7% from 31 December 2019. Financial investments, grew by RM1.05 billion or 9.4% to RM12.24 billion. Both gross financing and advances, and financial instruments are supported by our total deposits of RM36.23 billion and Sukuk and securitisation of RM5.43 billion.

(a) Financing

Variation of Results against Preceding Year Corresponding Quarter

	Current Year Quarter 31-Mar-20 (1Q20) RM'000	Preceding Year Corresponding Quarter 31-Mar-19 (1Q19) RM'000	Changes	
			RM'000	%
Personal financing	19,825,153	20,482,668	(657,515)	-3.2%
Corporate financing	8,203,517	8,136,379	67,138	0.8%
Property financing	5,398,004	4,506,634	891,370	19.8%
Auto financing	151,461	203,042	(51,581)	-25.4%
Total gross financing and advances	33,578,135	33,328,723	249,412	0.7%

Variation of Results against Immediate Preceding Quarter

Financing

	Current Year Quarter 31-Mar-20 (1Q20) RM'000	Immediate Preceding Quarter 31-Dec-19 (4Q19) RM'000	Changes	
			RM'000	%
Personal financing	19,825,153	20,010,579	(185,426)	-0.9%
Corporate financing	8,203,517	8,622,060	(418,543)	-4.9%
Property financing	5,398,004	5,194,295	203,709	3.9%
Auto financing	151,461	163,087	(11,626)	-7.1%
Total gross financing and advances	33,578,135	33,990,021	(411,886)	-1.2%

Bank Group gross financing and advances increased by 0.7% and decreased by 1.2% for 1Q20 compared to 1Q19 and 4Q19 respectively. Comparing to both 1Q19 and 4Q19, there were growth in property financing contributed by the exercise of loan conversion from conventional mortgage at the holding company. The gross amount for personal financing decreased due to lower disbursements and decreasing portfolio base. However, personal financing remains as the biggest portfolio for MBSB Bank.

PERFORMANCE REVIEW FOR THE 1ST QUARTER ENDED 31 MARCH 2020

1. Performance Review (continued)

(b) Income statement

Current Year Quarter vs Preceding Year Corresponding Quarter

	Current Year Quarter 31-Mar-20 (1Q20) RM'000	Preceding Year Corresponding Quarter 31-Mar-19 (1Q19) RM'000	Changes	
			RM'000	%
Income derived from investment of depositors' funds	630,450	636,933	(6,483)	-1.0%
Income derived from investment of shareholders' funds	98,141	65,429	32,712	50.0%
Total income derived from investment of depositors' and shareholders' funds	728,591	702,362	26,229	3.7%
ECL	(268,809)	(134,278)	(134,531)	>100%
Total net income	69,573	179,120	(109,547)	-61.2%
Total overhead expenses	(97,079)	(88,129)	(8,950)	10.2%
(Loss)/profit before tax	(27,506)	90,991	(118,497)	>-100%
(Loss)/profit after tax	(64,149)	69,641	(133,790)	>-100%
(Loss)/profit attributable to owners of the Bank	(64,149)	69,641	(133,790)	>-100%

Current Year Quarter vs Immediate Preceding Quarter

	Current Year Quarter 31-Mar-20 (1Q20) RM'000	Immediate Preceding Quarter 31-Dec-19 (4Q19) RM'000	Changes	
			RM'000	%
Income derived from investment of depositors' funds	630,450	494,872	135,578	27.4%
Income derived from investment of shareholders' funds	98,141	265,811	(167,670)	-63.1%
Total income derived from investment of depositors' and shareholders' funds	728,591	760,683	(32,092)	-4.2%
ECL	(268,809)	168,784	(437,593)	>-100%
Total net income	69,573	524,919	(455,346)	-86.7%
Total overhead expenses	(97,079)	(98,747)	1,668	-1.7%
(Loss)/profit before tax	(27,506)	426,172	(453,678)	>-100%
(Loss)/profit after tax	(64,149)	327,602	(391,751)	>-100%
(Loss)/profit attributable to owners of the Bank	(64,149)	327,602	(391,751)	>-100%

The total income derived from investment of depositors' and shareholders' funds increased by 3.7% and decreased by 4.2% as compared to 1Q19 and 4Q19 respectively. Contribution from financing and advances towards the income derived from investment of depositors' funds for 1Q20 stood at 81.3% (1Q19: 82.2% 4Q19: 72.8%).

PERFORMANCE REVIEW FOR THE 1ST QUARTER ENDED 31 MARCH 2020

1. Performance Review (continued)

The Bank Group recorded loss before tax for 1Q20 mainly due to higher impairment charges. The higher impairment charges were caused by the increase in delinquent accounts comprising financing under Stages 2 and 3, which resulted in a higher ECL. In relation to the FLA, MBSB Bank decided to adopt the 4th quarter 2019 FLA in the ECL assessment for 1Q20 instead of FLA as at 31 March 2020 as the 4th 2019 quarter FLA better reflects the improving conditions as of the date of our announcement. For future quarters, further enhancements will be made to the existing FLA model to reflect the prevailing circumstances.

The total overhead expenses for 1Q20 recorded higher than 1Q19 in line with increase number of staff. However, the current quarter overhead expenses was slightly lower than 4Q19 due to lower staff expenses.

2. Authorisation for issue

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