

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

INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020**

		Bank Group		Bank	
		30-Sep-20 RM'000	31-Dec-19 RM'000	30-Sep-20 RM'000	31-Dec-19 RM'000
Assets					
Cash and short-term funds	7(a)	1,031,872	1,829,715	1,026,954	1,827,458
Deposits and placements with banks and other financial institutions	7(b)	908,766	873,515	-	-
Derivative financial assets	8	579	4,239	579	4,239
Financial investments at fair value through other comprehensive income ("FVOCI")	9	10,720,101	10,694,644	10,720,101	10,694,644
Financial investments at amortised cost	10	488,574	494,705	488,574	494,705
Financing and advances	11	33,336,205	32,807,317	33,336,205	32,807,317
Sukuk Commodity Murabahah		-	-	2,542,671	2,618,491
Other receivables	12	465,213	548,207	511,367	586,724
Investment in subsidiary	13	-	-	-	-
Investment in joint venture	14	-	-	-	-
Statutory deposits with Bank Negara Malaysia		620,000	1,090,000	620,000	1,090,000
Investment property		820	820	820	820
Property and equipment		24,740	25,444	24,740	25,444
Intangible assets		114,830	115,559	114,830	115,559
Right-of-use assets		16,712	16,821	16,712	16,821
Tax recoverable		137,020	65,978	136,366	66,156
Total assets		47,865,432	48,566,964	49,539,919	50,348,378
Liabilities					
Deposits from customers	15	26,071,796	25,271,951	26,071,796	25,271,951
Deposits and placements of banks and other financial institutions	16	8,971,263	10,621,769	8,971,263	10,621,769
Derivative financial liabilities	8	254	1	254	1
Other payables	17	679,266	571,744	2,909,235	2,846,531
Lease liabilities		17,069	17,130	17,069	17,130
Recourse obligation on financing sold		2,323,525	2,481,251	2,323,525	2,481,251
Sukuk-MBSB Structured Covered ("SC") Murabahah		1,591,451	1,664,973	1,591,451	1,664,973
Sukuk Wakalah		1,310,132	1,293,075	1,310,132	1,293,075
Deferred tax liabilities		145,496	94,739	145,496	94,739
Provision for zakat		8,266	8,192	8,266	8,192
Total liabilities		41,118,518	42,024,825	43,348,487	44,299,612
Equity					
Share capital		5,159,859	5,159,859	5,159,859	5,159,859
Reserves		1,587,055	1,382,280	1,031,573	888,907
Total equity		6,746,914	6,542,139	6,191,432	6,048,766
Total Liabilities and Equity		47,865,432	48,566,964	49,539,919	50,348,378
Commitments and contingencies	25	3,750,169	5,069,104	3,750,169	5,069,104
Capital Adequacy					
		Bank Group		Bank	
CET1 capital		15.022%	15.331%	13.845%	14.092%
Tier 1 capital		15.022%	15.331%	13.845%	14.092%
Total capital ratio		19.567%	19.863%	18.214%	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 THIRD QUARTER ENDED 30 SEPTEMBER 2020**

		Bank Group			
		3rd Quarter Ended		Nine Months Ended	
		30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	18	392,582	438,691	1,616,581	1,694,432
Income derived from investment of shareholders' funds	19	332,525	278,624	674,501	423,738
Net writeback/(allowance) for impairment on financing and advances and other financial assets	20	4,247	(95,980)	(204,199)	(324,827)
Modification loss		7,377	-	(503,420)	-
Total distributable income		<u>736,731</u>	<u>621,335</u>	<u>1,583,463</u>	<u>1,793,343</u>
Income attributable to depositors and others	21	(301,675)	(408,452)	(1,054,911)	(1,212,993)
Total net income		<u>435,056</u>	<u>212,883</u>	<u>528,552</u>	<u>580,350</u>
Personnel expenses	22	(73,050)	(41,695)	(213,656)	(166,540)
Other overhead expenses	23	(24,714)	(30,683)	(74,584)	(86,792)
Profit before taxation and zakat		<u>337,292</u>	<u>140,505</u>	<u>240,312</u>	<u>327,018</u>
Taxation		(45,863)	(61,335)	(50,393)	(99,602)
Zakat		1,000	(1,000)	(2,000)	(4,172)
Profit for the financial period		<u>292,429</u>	<u>78,170</u>	<u>187,919</u>	<u>223,244</u>
Profit attributable to:					
Owners of the Bank		<u>292,429</u>	<u>78,170</u>	<u>187,919</u>	<u>223,244</u>
		<u>292,429</u>	<u>78,170</u>	<u>187,919</u>	<u>223,244</u>
Profit for the financial period		<u>292,429</u>	<u>78,170</u>	<u>187,919</u>	<u>223,244</u>
Other comprehensive income, net of tax	24	<u>50,510</u>	<u>71,225</u>	<u>150,513</u>	<u>161,572</u>
		<u>50,510</u>	<u>71,225</u>	<u>150,513</u>	<u>161,572</u>
Total comprehensive income for the financial period		<u>342,939</u>	<u>149,395</u>	<u>338,432</u>	<u>384,816</u>
Total comprehensive income attributable to:					
Owners of the Bank Group		<u>342,939</u>	<u>149,395</u>	<u>338,432</u>	<u>384,816</u>
		<u>342,939</u>	<u>149,395</u>	<u>338,432</u>	<u>384,816</u>
Earnings per share (sen)		<u>22.67</u>	<u>6.76</u>	<u>4.86</u>	<u>6.43</u>

The interim financial statements should be read in conjunction with the audited financial statements of the Bank Group and the Bank for the financial year ended 31 December 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 THIRD QUARTER ENDED 30 SEPTEMBER 2020**

		Bank			
		3rd Quarter Ended		Nine Months Ended	
		30-Sep-20 RM'000	30-Sep-19 RM'000	30-Sep-20 RM'000	30-Sep-19 RM'000
Income derived from investment of depositors' funds	18	402,618	451,523	1,661,615	1,750,867
Income derived from investment of shareholders' funds	19	337,339	281,880	671,771	416,861
Net writeback/(allowance) for impairment on financing and advances and other financial assets	20	4,247	(95,980)	(204,199)	(324,827)
Modification loss		7,377	-	(503,420)	-
Total distributable income		<u>751,581</u>	<u>637,423</u>	<u>1,625,767</u>	<u>1,842,901</u>
Income attributable to depositors and others	21	<u>(338,396)</u>	<u>(447,482)</u>	<u>(1,165,251)</u>	<u>(1,329,959)</u>
Total net income		413,185	189,941	460,516	512,942
Personnel expenses	22	(73,050)	(41,695)	(213,656)	(166,540)
Other overhead expenses	23	(24,168)	(30,059)	(72,884)	(85,015)
Profit before taxation and zakat		<u>315,967</u>	<u>118,187</u>	<u>173,976</u>	<u>261,387</u>
Taxation		(44,333)	(59,759)	(46,166)	(95,031)
Zakat		1,000	(1,000)	(2,000)	(4,172)
Profit for the financial period		<u>272,634</u>	<u>57,428</u>	<u>125,810</u>	<u>162,184</u>
Profit attributable to:					
Owners of the Bank		<u>272,634</u>	<u>57,428</u>	<u>125,810</u>	<u>162,184</u>
		<u>272,634</u>	<u>57,428</u>	<u>125,810</u>	<u>162,184</u>
Profit for the financial period		272,634	57,428	125,810	162,184
Other comprehensive income, net of tax:	24	50,510	71,225	150,513	161,572
		<u>50,510</u>	<u>71,225</u>	<u>150,513</u>	<u>161,572</u>
Total comprehensive income for the financial period		<u>323,144</u>	<u>128,653</u>	<u>276,323</u>	<u>323,756</u>
Total comprehensive income attributable to:					
Owners of the Bank		<u>323,144</u>	<u>128,653</u>	<u>276,323</u>	<u>323,756</u>
		<u>323,144</u>	<u>128,653</u>	<u>276,323</u>	<u>323,756</u>

The interim financial statements should be read in conjunction with the audited financial statements of the Bank Group and the Bank for the financial year ended 31 December 2019.

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CHANGES IN EQUITY****FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020**

	← Non-distributable →		Fair value reserve	Distributable	Total
	Share Capital	Regulatory 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
Profit for the financial period	-	-	-	187,919	187,919
Other comprehensive income for the financial period	-	-	150,513	-	150,513
Total comprehensive income for the financial period	-	-	150,513	187,919	338,432
Dividends	-	-	-	(133,657)	(133,657)
Balance as at 30 September 2020	5,159,859	5,234	305,603	1,276,218	6,746,914
Balance as at 1 January 2019	4,625,859	5,234	10,708	671,110	5,312,911
Profit for the financial period	-	-	-	223,244	223,244
Other comprehensive income for the financial period	-	-	161,572	-	161,572
Total comprehensive income for the financial period	-	-	161,572	223,244	384,816
Balance as at 30 September 2019	4,625,859	5,234	172,280	894,354	5,697,727

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 THIRD QUARTER ENDED 30 SEPTEMBER 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
Profit for the financial period	-	-	-	125,810	125,810
Other comprehensive income for the financial period	-	-	150,513	-	150,513
Total comprehensive income for the financial period	-	-	150,513	125,810	276,323
Dividends	-	-	-	(133,657)	(133,657)
Balance as at 30 September 2020	5,159,859	5,234	305,603	720,736	6,191,432
Balance as at 1 January 2019	4,625,859	5,234	10,708	259,543	4,901,344
Profit for the financial period	-	-	-	162,184	162,184
Other comprehensive income for the financial period	-	-	161,572	-	161,572
Total comprehensive income for the financial period	-	-	161,572	162,184	323,756
Balance as at 30 September 2019	4,625,859	5,234	172,280	421,727	5,225,100

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 THIRD QUARTER ENDED 30 SEPTEMBER 2020**

	Bank Group		Bank	
	9 months ended		9 months ended	
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	240,312	327,018	173,976	261,387
Adjustments for non-cash items	(78,689)	94,873	(139,284)	24,085
Operating profit before working capital changes	161,623	421,891	34,692	285,472
Working capital changes:				
Net changes in operating assets	(252,670)	(2,177,793)	(225,055)	(1,970,007)
Net changes in operating liabilities	(778,891)	4,922,294	(823,709)	4,673,045
Income taxes and zakat paid	(77,194)	(131,106)	(72,136)	(127,336)
Net cash (used in)/generated from operating activities	(947,132)	3,035,286	(1,086,208)	2,861,174
Cash flows from investing activities				
Purchase of property and equipment	(5,040)	(6,781)	(5,040)	(6,781)
Purchase of intangible assets	(18,705)	(27,398)	(18,705)	(27,398)
Profit income from financial investments	310,972	220,783	310,972	220,783
Net disposal/(purchase) of financial investments	374,349	(4,874,879)	374,349	(4,874,879)
Profit income from Sukuk Commodity Murabahah	-	-	60,595	70,788
Proceeds from maturity of Sukuk Comodity Murabahah	-	-	75,820	72,312
Net cash generated from/(used in) investing activities	661,576	(4,688,275)	797,991	(4,545,175)
Cash flows from financing activities				
Proceeds on recourse obligation on financing sold	(156,748)	(72,248)	(156,748)	(72,248)
Profit expense paid - recourse obligation on financing sold	(78,048)	(57,487)	(78,048)	(57,487)
Profit expense paid - Sukuk MBSB-SC Murabahah	(41,414)	(36,582)	(41,414)	(36,582)
Proceeds of Sukuk - MBSB-SC Murabahah	(92,703)	(104,168)	(92,703)	(104,168)
Payment of lease liabilities	(9,717)	(9,431)	(9,717)	(9,431)
Dividend paid on ordinary shares	(133,657)	-	(133,657)	-
Net cash used in financing activities	(512,287)	(279,916)	(512,287)	(279,916)
Net decrease in cash and cash equivalents	(797,843)	(1,932,905)	(800,504)	(1,963,917)
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	1,031,872	1,309,323	1,026,954	1,273,359

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 30 SEPTEMBER 2020**

1. Basis of preparation

The unaudited condensed interim financial statements for the financial quarter ended 30 September 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 1 January 2022

- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current

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

There were no exceptional or unusual items in the current quarter.

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

No dividend was paid in the current quarter.

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

	Bank Group		Bank	
	30-Sep-20 RM'000	31-Dec-19 RM'000	30-Sep-20 RM'000	31-Dec-19 RM'000
(a) Cash and balances with banks and other financial institutions	90,827	135,579	85,909	133,322
Money at call and deposit placements maturing within one month	941,045	1,694,136	941,045	1,694,136
Total cash and short-term funds	1,031,872	1,829,715	1,026,954	1,827,458
(b) Deposits and placements with financial institutions with original maturity of more than one month				
- Licensed Islamic banks	908,766	873,515	-	-
Total cash and short-term funds and deposits and placements with financial institutions	1,940,638	2,703,230	1,026,954	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					
	30-Sep-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	52,958	579	(254)	228,295	4,239	(1)

9. Financial investments at FVOCI

	Bank Group and Bank	
	30-Sep-20	31-Dec-19
	RM'000	RM'000
At fair value		
Money Market Instruments		
Malaysian Government Investment Issues	7,684,717	7,530,627
Debt securities:		
<u>In Malaysia</u>		
Private and Islamic debt securities	1,074,597	1,109,787
Government Guaranteed corporate sukuk	1,960,787	2,054,230
	10,720,101	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:	(12)	-	-	(12)
Change in credit risk	(12)	-	-	(12)
At 30 September 2020	6	-	-	6
At 1 January 2019	-	-	-	-
Total charge to Income Statement:	18	-	-	18
Change in credit risk	18	-	-	18
At 31 December 2019	18	-	-	18

10. Financial investments at amortised cost

	Bank Group and Bank	
	30-Sep-20	31-Dec-19
	RM'000	RM'000
At amortised cost		
Quoted securities:		
<u>In Malaysia</u>		
Private and Islamic debt securities	488,699	494,857
Less: ECL stage 1	(125)	(152)
	488,574	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	(27)	-	-	(27)
ECL at 30 September 2020	125	-	-	125
ECL at 1 January 2019	6	-	-	6
New financial assets purchased	146	-	-	146
ECL at 31 December 2019	152	-	-	152

11. Financing and advances

	Bank Group and Bank	
	30-Sep-20	31-Dec-19
	RM'000	RM'000
(i) By type		
At amortised cost		
Term financing		
- Personal financing	20,123,476	19,994,419
- Property financing	5,901,889	5,169,539
- Hire purchase receivables	807,185	808,958
- Bridging financing	488,951	593,906
- Auto financing	141,212	160,479
- Other term financing	5,751,754	5,949,892
Revolving Credit	501,924	703,389
Staff financing	44,844	44,798
Cash line	27,081	3,663
Trade finance	924,079	560,978
Gross financing and advances	34,712,395	33,990,021
Less: ECL		
- Stage 1	(395,208)	(401,290)
- Stage 2	(389,464)	(368,934)
- Stage 3	(591,518)	(412,480)
Net financing and advances	33,336,205	32,807,317
(ii) By residual contractual maturity		
Within one year	1,981,140	2,053,877
More than one year to three years	1,309,136	1,650,919
More than three years to five years	1,677,704	2,115,247
More than five years	29,744,415	28,169,978
	34,712,395	33,990,021
(iii) By economic purpose		
Personal Use	20,216,173	20,090,204
Construction	3,995,008	4,396,763
Purchase of landed property:		
- Residential	5,530,374	4,803,998
- Non-Residential	804,128	636,282
Working Capital	2,451,072	2,392,671
Purchase of other fixed assets	991,911	949,334
Purchase of transport vehicles	142,186	161,243
Purchase of other securities	47,476	34,452
Purchase of consumer durables	113	5,738
Others	533,954	519,336
	34,712,395	33,990,021

11. Financing and advances (continued)

(iv) By type of customers

	Bank Group and Bank	
	30-Sep-20	31-Dec-19
	RM'000	RM'000
Domestic business enterprises		
- Small medium enterprise	2,328,673	1,799,360
- Government	57,035	141,302
- Non-bank financial institutions	775,111	710,454
- Others	5,355,736	6,049,729
Individuals	26,124,900	25,280,979
Foreign entities	70,940	8,197
	<u>34,712,395</u>	<u>33,990,021</u>

(v) By sector

	Bank Group and Bank	
	30-Sep-20	31-Dec-19
	RM'000	RM'000
Household sectors	26,124,900	25,280,979
Construction	3,580,220	4,370,789
Finance, insurance and business services	2,918,211	2,787,727
Wholesale & retail trade and restaurants & hotels	560,298	469,546
Manufacturing	466,555	282,468
Electricity, gas and water	388,535	262,076
Transport, storage and communication	237,975	204,687
Education, health and others	179,639	84,176
Mining and quarrying	165,034	117,287
Agriculture	91,028	130,286
	<u>34,712,395</u>	<u>33,990,021</u>

(vi) By profit rate sensitivity

	Bank Group and Bank	
	30-Sep-20	31-Dec-19
	RM'000	RM'000
Fixed rate:		
Personal financing	17,115,527	17,477,323
Bridging, structured and term financing	944,187	936,575
Property financing	458,761	468,914
Auto financing	143,701	163,085
Variable rate:		
Personal financing	3,022,357	2,533,258
Bridging, structured and term financing	7,557,212	7,684,211
Property financing	5,470,650	4,726,655
	<u>34,712,395</u>	<u>33,990,021</u>

(vii) By geographical distribution

	Bank Group and Bank	
	30-Sep-20	31-Dec-19
	RM'000	RM'000
Malaysia	<u>34,712,395</u>	<u>33,990,021</u>
	<u>34,712,395</u>	<u>33,990,021</u>

11. Financing and advances (continued)

(viii) Financing by types and Shariah contracts

**Bank Group and Bank
30-Sep-20**

Type	Tawarruq RM'000	Bai' RM'000	Ijarah RM'000	Istisna' RM'000	Total RM'000
Term Financing	29,421,817	2,130,708	1,661,944	-	33,214,469
Property financing	3,856,954	2,042,198	2,738	-	5,901,890
Bridging financing	488,951	-	-	-	488,951
Hire purchase receivables	-	-	807,185	-	807,185
Auto financing	-	-	141,212	-	141,212
Personal financing	20,123,285	191	-	-	20,123,476
Other term financing	4,952,627	88,319	710,809	-	5,751,755
Cash line	27,081	-	-	-	27,081
Staff financing	41,857	78	2,909	-	44,844
Revolving credit	501,924	-	-	-	501,924
Others	924,077	-	-	-	924,077
	30,916,756	2,130,786	1,664,853	-	34,712,395

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

Type	Tawarruq RM'000	Bai' RM'000	Ijarah RM'000	Istisna' 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

11. Financing and advances (continued)

(ix) Movement of gross financing and advances

30-Sep-20	Bank Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2020	29,065,287	4,106,709	818,025	33,990,021
Transfer to stage 1	1,144,495	(1,121,291)	(23,204)	-
Transfer to stage 2	(952,503)	1,071,581	(119,078)	-
Transfer to stage 3	(158,541)	(225,211)	383,752	-
New financing / disbursement during the year	4,021,803	158,973	52,849	4,233,625
Repayment during the year	(3,194,005)	(463,202)	(41,997)	(3,699,204)
Other movements	592,193	82,342	17,647	692,182
Modification loss	(470,661)	(32,760)	-	(503,421)
Write-offs	-	-	(808)	(808)
Gross carrying amount as at 30 September 2020	<u>30,048,068</u>	<u>3,577,141</u>	<u>1,087,186</u>	<u>34,712,395</u>

31-Dec-19	Bank Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 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

30-Sep-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
Charges to profit or loss, of which:	(6,082)	20,530	179,484	193,932
Changes in the impairment allowance:				
- Transfer to stage 1	74,138	(60,397)	(13,741)	-
- Transfer to stage 2	(20,869)	95,259	(74,390)	-
- Transfer to stage 3	(3,308)	(31,894)	35,202	-
New financing / disbursement during the year	62,032	25,924	13,334	101,290
Repayment during the year	(122,616)	(142,808)	(47,910)	(313,334)
Change in credit risk parameters	4,541	134,446	266,989	405,976
Write-offs	-	-	(446)	(446)
ECL as at 30 September 2020	<u>395,208</u>	<u>389,464</u>	<u>591,518</u>	<u>1,376,190</u>

11. 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	
	30-Sep-20 RM'000	31-Dec-19 RM'000
Balance as at 1 January	818,025	792,293
Classified as impaired during the period	436,601	455,067
Reclassified as non-impaired	(142,282)	(264,933)
Amount recovered	(41,997)	(61,227)
Amount written off	(808)	(221,892)
Other movements	17,647	118,717
Balance as at end of financial period	<u>1,087,186</u>	<u>818,025</u>
Gross impaired financing and advances as a % of gross financing and advances	<u>3.13%</u>	<u>2.41%</u>

11. Financing and advances (continued)

(xii) Impaired financing and advances by economic purpose

	Bank Group and Bank	
	30-Sep-20	31-Dec-19
	RM'000	RM'000
Personal use	193,151	140,300
Construction	549,170	290,868
Purchase of landed property:		
- Residential	174,744	215,393
- Non-residential	40,180	33,401
Working Capital	47,865	45,465
Purchase of other fixed assets	33,548	38,345
Purchase of transport vehicles	30,141	31,870
Purchase of other securities	2,844	-
Purchase of consumer durables	-	5,626
Others	15,543	16,757
	<u>1,087,186</u>	<u>818,025</u>

(xiii) Impaired financing and advances by sector

	Bank Group and Bank	
	30-Sep-20	31-Dec-19
	RM'000	RM'000
Household sector	409,800	398,545
Construction	316,782	207,267
Finance, insurance and business services	139,307	14,725
Education, health and others	85,854	72,535
Manufacturing	67,350	59,767
Mining and quarrying	38,474	38,691
Wholesale & retail trade and restaurants & hotels	25,412	22,572
Transport, storage and communication	4,037	3,754
Agriculture	170	169
	<u>1,087,186</u>	<u>818,025</u>

(xiii) Impaired financing by geographical distribution

Malaysia	<u>1,087,186</u>	<u>818,025</u>
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12. Other receivables

	Bank Group		Bank	
	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Amount due from subsidiary	-	-	50,367	41,691
Financing to related companies	572,840	661,555	572,840	661,555
Amount due from holding company	-	78,416	-	78,416
Prepayments and deposits	6,388	8,110	6,283	7,996
Deferred expenses	2,011	2,208	2,011	2,208
Sundry receivables	42,649	69,908	38,541	66,848
	<u>623,888</u>	<u>820,197</u>	<u>670,042</u>	<u>858,714</u>
Less: ECL at stage 3	<u>(158,675)</u>	<u>(271,990)</u>	<u>(158,675)</u>	<u>(271,990)</u>
	<u>465,213</u>	<u>548,207</u>	<u>511,367</u>	<u>586,724</u>

13. Investment in subsidiary

The Bank has a wholly owned subsidiary, Jana Kapital Sdn.Bhd. ("JKSB"), an investment holding company that was transferred from the holding company on 2 April 2018. The unquoted shares at cost in JKSB as at 31 March 2020 is RM 2 (31 December 2019: RM 2).

The subsidiary was incorporated in Malaysia.

14. Investment in joint venture

	Bank Group		Bank	
	30-Sep-20 RM'000	31-Dec-19 RM'000	30-Sep-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>

15. Deposits from customers

(i) By type of deposit:

	Bank Group and Bank	
	30-Sep-20 RM'000	31-Dec-19 RM'000
<u>Non-Mudharabah Funds:</u>		
Commodity Murabahah Term Deposit	25,506,754	24,738,093
Demand deposits	281,303	192,380
Savings deposits	283,739	341,478
	<u>26,071,796</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	
	30-Sep-20 RM'000	31-Dec-19 RM'000
Within six months	18,663,737	16,480,775
More than six months to one year	4,748,421	5,426,032
More than one year to three years	1,724,111	1,891,341
More than three years	370,485	939,945
	<u>25,506,754</u>	<u>24,738,093</u>

15. Deposits from customers (continued)

(iii) By type of customers:

	Bank Group and Bank	
	30-Sep-20	31-Dec-19
	RM'000	RM'000
Government and statutory bodies	12,596,526	12,696,568
Business enterprises	8,712,680	7,229,721
Individuals	4,762,590	5,345,662
	<u>26,071,796</u>	<u>25,271,951</u>

16. Deposits and placements of banks and other financial institutions

	Bank Group and Bank	
	30-Sep-20	31-Dec-19
	RM'000	RM'000
(i) By type of deposit:		
<u>Non-Mudharabah Funds:</u>		
Other financial institutions:		
-Licensed Investment Banks	234,589	152,390
-Licensed Islamic Banks	41,606	112,937
-Other Financial Institutions	8,695,068	10,356,442
	<u>8,971,263</u>	<u>10,621,769</u>
(ii) By type of contract:		
Tawarruq	8,971,263	10,621,769
	<u>8,971,263</u>	<u>10,621,769</u>

17. Other payables

	Bank Group		Bank	
	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Amount due to subsidiary	-	-	2,230,292	2,274,992
Amount due to related companies	33,676	33,668	33,676	33,668
Amount due to holding company	121,457	-	121,457	-
Al-Mudharabah security fund	143,575	137,309	143,575	137,309
Expected credit losses for commitments and contingencies (i)	67,231	65,239	67,231	65,239
Other provisions and accruals	68,743	70,260	68,420	70,054
Deferred income	28,730	34,838	28,730	34,838
Sundry creditors	215,854	230,430	215,854	230,431
	<u>679,266</u>	<u>571,744</u>	<u>2,909,235</u>	<u>2,846,531</u>

17. Other payables (continued)

(i) Movement of ECL for commitment and contingencies are as follows:

30-Sep-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:	(17,059)	4,116	14,935	1,992
Changes in the impairment allowance				
- Transfer to stage 1	648	(648)	-	-
- Transfer to stage 2	(2,650)	2,849	(199)	-
- Transfer to stage 3	-	(1,519)	1,519	-
New financing/ disbursement during the year	11,779	1,582	64	13,425
Repayment/drawdown to financing during the year	(17,567)	(3,660)	(378)	(21,605)
Changes in credit risk parameters	(9,269)	5,512	13,929	10,172
ECL as at 30 September 2020	<u>26,886</u>	<u>21,918</u>	<u>18,427</u>	<u>67,231</u>
31-Dec-19	Bank Group and Bank			
	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	<u>43,945</u>	<u>17,802</u>	<u>3,492</u>	<u>65,239</u>

[^] 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.

18. Income derived from investment of depositors' funds

Income derived from investment of other deposits

	Bank Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	289,073	328,854	1,270,415	1,370,744
Financial investments at FVOCI	91,589	90,168	292,725	215,348
Financial investments at FVTPL	20	(455)	168	186
Financial investments at amortised cost	4,326	(868)	10,618	(426)
Money at call and deposits with financial institutions	3,413	14,119	23,175	80,625
Profit on Sukuk commodity murabahah	-	-	-	-
Others	4,161	6,873	19,480	27,955
	<u>392,582</u>	<u>438,691</u>	<u>1,616,581</u>	<u>1,694,432</u>
of which financing income earned on impaired financing	<u>1,460</u>	<u>3,711</u>	<u>9,411</u>	<u>14,487</u>

	Bank			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	289,073	328,854	1,270,415	1,370,744
Financial investments at FVOCI	91,589	90,168	292,725	215,348
Financial investments at FVTPL	20	(455)	168	186
Financial investments at amortised cost	4,326	(868)	10,618	(426)
Money at call and deposits with financial institutions	3,413	14,119	23,175	80,625
Profit on Sukuk commodity murabahah	10,036	12,831	45,034	56,434
Others	4,161	6,874	19,480	27,956
	<u>402,618</u>	<u>451,523</u>	<u>1,661,615</u>	<u>1,750,867</u>
of which financing income earned on impaired financing	<u>1,460</u>	<u>3,711</u>	<u>9,411</u>	<u>14,487</u>

19. Income derived from investment of shareholders' funds

	Bank Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	271,650	250,142	434,561	342,840
Financial investments at FVTPL	-	(10)	2	5
Financial investments at FVOCI	1,691	2,640	4,017	5,870
Financial investments at amortised cost	2,460	(19)	3,444	(9)
Money at call and deposits with financial institutions	5,651	8,078	20,659	24,788
Others	3,489	4,604	4,681	5,412
	<u>284,941</u>	<u>265,435</u>	<u>467,364</u>	<u>378,906</u>
of which financing income earned on impaired financing	<u>1,920</u>	<u>2,715</u>	<u>3,252</u>	<u>3,685</u>
Other operating income/(expenses):				
Financing related fees	374	(1,789)	553	(5,143)
Commission	3,660	2,940	8,464	9,082
Gain from sale of FVOCI	56,805	7,998	192,957	37,066
Gain from sale of FVTPL	1,099	-	2,635	-
Sundry income	(14,354)	4,040	2,528	3,827
	<u>47,584</u>	<u>13,189</u>	<u>207,137</u>	<u>44,832</u>
	<u>332,525</u>	<u>278,624</u>	<u>674,501</u>	<u>423,738</u>

	Bank			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	271,650	250,142	434,561	342,840
Financial investments at FVTPL	-	(11)	2	4
Financial investments at FVOCI	1,691	2,640	4,017	5,870
Financial investments at amortised cost	2,460	(19)	3,444	(9)
Money at call and deposits with financial institutions	89	302	318	1,861
Profit on Sukuk commodity murabahah	9,698	10,426	15,561	14,353
Others	4,167	5,211	6,731	7,110
	<u>289,755</u>	<u>268,691</u>	<u>464,634</u>	<u>372,029</u>
of which financing income earned on impaired financing	<u>1,920</u>	<u>2,715</u>	<u>3,252</u>	<u>3,685</u>
Other operating income/(expenses):				
Financing related fees	374	(1,789)	553	(5,143)
Commission	3,660	2,940	8,464	9,082
Gain from sale of FVOCI	56,805	7,998	192,957	37,066
Gain from sale of FVTPL	1,099	-	2,635	-
Sundry income	(14,354)	4,040	2,528	3,827
	<u>47,584</u>	<u>13,189</u>	<u>207,137</u>	<u>44,832</u>
	<u>337,339</u>	<u>281,880</u>	<u>671,771</u>	<u>416,861</u>

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

30-September-20

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

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

30-September-19

	Bank Group and Bank Nine Months Ended			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
Financial investments at FVOCI	13	-	-	13
Financial assets at amortised cost	2	-	-	2
Financing and advances	98,486	8,060	197,544	304,090
Other receivables	-	-	15,118	15,118
Financing commitments and financial guarantee	3,110	(8,513)	14,827	9,424
	<u>101,611</u>	<u>(453)</u>	<u>227,489</u>	<u>328,647</u>
Impaired financing and advances:				
- Written off	-	-	4,470	4,470
- Recovered	-	-	(8,290)	(8,290)
	<u>101,611</u>	<u>(453)</u>	<u>223,669</u>	<u>324,827</u>

	Bank Group and Bank 3rd Quarter Ended			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
Financial investments at FVOCI	(5)	-	-	(5)
Financial investments at amortised cost	2	-	-	2
Financing and advances	28,667	(20,458)	85,906	94,115
Other receivables	-	-	5,108	5,108
Financing commitments and financial guarantee	2,133	(12,069)	8,199	(1,737)
	<u>30,797</u>	<u>(32,527)</u>	<u>99,213</u>	<u>97,483</u>
Impaired financing and advances:				
- Written off	-	-	594	594
- Recovered	-	-	(2,097)	(2,097)
	<u>30,797</u>	<u>(32,527)</u>	<u>97,710</u>	<u>95,980</u>

21. Income attributable to depositors and others

	Bank Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
	RM'000	RM'000	RM'000	RM'000
(a) Income attributable to depositors				
Deposits from customers:				
- Non-mudharabah funds	187,452	277,320	668,985	838,172
Deposits and placements of banks and other financial institutions:				
- Non-mudharabah funds	52,318	85,109	197,192	234,159
	<u>239,770</u>	<u>362,429</u>	<u>866,177</u>	<u>1,072,331</u>
(b) Income attributable to securitisation	25,172	22,765	77,070	69,874
(c) Income attributable to sukuk	36,733	23,258	111,664	70,788
	<u>301,675</u>	<u>408,452</u>	<u>1,054,911</u>	<u>1,212,993</u>
Bank				
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
	RM'000	RM'000	RM'000	RM'000
(a) Income attributable to depositors				
Deposits from customers:				
- Non-mudharabah funds	187,452	277,320	668,985	838,172
Deposits and placements of banks and other financial institutions:				
- Non-mudharabah funds	52,318	85,109	197,192	234,159
	<u>239,770</u>	<u>362,429</u>	<u>866,177</u>	<u>1,072,331</u>
(b) Income attributable to securitisation	25,172	22,765	77,070	69,874
(c) Income attributable to sukuk	36,733	23,258	111,664	70,788
d) Others	36,721	39,030	110,340	116,966
	<u>338,396</u>	<u>447,482</u>	<u>1,165,251</u>	<u>1,329,959</u>

22. Personnel expenses

	Bank Group/Bank			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	57,058	28,061	166,874	124,950
Contributions to Employee Provident Fund and SOCSO	9,965	5,079	28,842	22,657
Directors' remuneration	907	759	2,176	1,956
Shariah Advisory Committee members' remuneration	116	123	295	357
Other staff related expenses	5,004	7,673	15,469	16,620
	<u>73,050</u>	<u>41,695</u>	<u>213,656</u>	<u>166,540</u>

23. Other overhead expenses

	Bank Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
	RM'000	RM'000	RM'000	RM'000
<u>Establishment related expenses</u>				
Depreciation of property and equipment	1,916	1,546	5,744	4,614
Depreciation of right-of-use assets	3,170	3,685	9,765	9,756
Amortisation of intangible assets	6,758	5,813	19,434	16,086
Rental of premises	-	(279)	-	2,812
Software and hardware maintenance	8,287	6,773	24,521	11,642
Security expenses	914	516	1,969	1,269
Lease profit expense	205	834	560	834
Others	794	154	2,300	1,882
	<u>22,044</u>	<u>19,042</u>	<u>64,293</u>	<u>48,895</u>
<u>Promotion and marketing related expenses</u>				
Advertising and promotional activities	3,620	2,829	8,338	7,290
	<u>3,620</u>	<u>2,829</u>	<u>8,338</u>	<u>7,290</u>
<u>General administrative expenses</u>				
License and association fees and levies	202	39	277	115
Travelling, transport and accomodation expenses	510	1,000	1,689	2,573
Printing, stationery, postage and clearing charges	1,707	1,155	3,982	3,909
Electricity and water	1,187	969	2,859	2,687
Other professional fees	1,151	1,517	3,128	9,315
Auditors remuneration	376	(141)	1,127	584
Repair and maintenance of office equipment	93	-	152	-
Others	3,069	2,776	8,256	6,753
	<u>8,295</u>	<u>7,315</u>	<u>21,470</u>	<u>25,936</u>
<u>Commission fees</u>				
Commission fees	610	1,240	2,913	3,311
Angkasa charges	64	7,103	7,328	21,904
	<u>674</u>	<u>8,343</u>	<u>10,241</u>	<u>25,215</u>
Inter-company recharges	(9,919)	(6,846)	(29,758)	(20,544)
	<u>24,714</u>	<u>30,683</u>	<u>74,584</u>	<u>86,792</u>

23. Other overhead expenses (continued)

	Bank			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
	RM'000	RM'000	RM'000	RM'000
<u>Establishment related expenses</u>				
Depreciation of property and equipment	1,916	1,546	5,744	4,614
Depreciation of right use of assets	3,170	3,685	9,765	9,756
Amortisation of intangible assets	6,758	5,813	19,434	16,086
Rental of premises	-	(279)	-	2,812
Software and hardware maintenance	8,287	6,773	24,521	11,642
Security expenses	914	516	1,969	1,269
Lease profit expense	205	834	560	834
Others	794	154	2,300	1,882
	<u>22,044</u>	<u>19,042</u>	<u>64,293</u>	<u>48,895</u>
<u>Promotion and marketing related expenses</u>				
Advertising and promotional activities	3,620	2,829	8,338	7,290
	<u>3,620</u>	<u>2,829</u>	<u>8,338</u>	<u>7,290</u>
<u>General administrative expenses</u>				
License and association fees and levies	202	39	277	115
Travelling, transport and accomodation expenses	510	1,000	1,689	2,573
Printing, stationery, postage and clearing charges	1,707	1,155	3,982	3,909
Electricity and water	1,187	969	2,859	2,687
Other professional fees	1,144	1,435	3,041	9,233
Auditors remuneration	372	(150)	1,117	575
Repair and maintenance of office equipment	93	-	152	-
Others	2,944	2,678	7,882	6,369
	<u>8,159</u>	<u>7,126</u>	<u>20,999</u>	<u>25,461</u>
<u>Commission fees</u>				
Commission fees	610	1,240	2,913	3,311
Angkasa charges	64	7,103	7,328	21,904
	<u>674</u>	<u>8,343</u>	<u>10,241</u>	<u>25,215</u>
Inter-company recharges	(10,329)	(7,281)	(30,987)	(21,846)
	<u>24,168</u>	<u>30,059</u>	<u>72,884</u>	<u>85,015</u>

24. Other comprehensive income, net of tax

	Bank Group and Bank			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
	RM'000	RM'000	RM'000	RM'000
Changes in expected credit losses -FVOCI	(5)	(5)	6	13
Net gain from change in fair value of FVOCI	50,515	71,230	150,507	161,559
	<u>50,510</u>	<u>71,225</u>	<u>150,513</u>	<u>161,572</u>

25. 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.

	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Bank Group and Bank			
30-Sep-20			
Direct credit substitutes	123,478	113,958	113,958
Trade-related contingencies	123,892	61,946	61,946
Short Term Self Liquidating trade related contingencies	100,936	20,187	20,187
Irrevocable commitments to extend credit:			
- one year or less	863,339	202,270	202,270
- over one year to five years	2,160,234	1,073,409	996,005
- over five years	72,005	36,001	36,001
Foreign exchange related contracts			
- one year or less	306,285	5,171	3,254
	<u>3,750,169</u>	<u>1,512,942</u>	<u>1,433,621</u>

	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Bank Group and Bank			
31-Dec-19			
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>

26. Financial risk management

26.1 Credit quality

(i) Financing and advances

Financing and advances are summarised as follows:

30-Sep-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	2,256,362	46,431	-	2,302,793
Average	4,266,074	659,479	-	4,925,553
Below Average	146,989	226,809	-	373,798
Poor	721	132,754	-	133,475
Retail financing	23,377,279	1,924,141	-	25,301,420
	<u>30,048,068</u>	<u>2,989,614</u>	<u>-</u>	<u>33,037,682</u>
<i>Past due up to 3 months</i>				
Corporate financing				
Good	-	10,913	-	10,913
Average	-	82,193	-	82,193
Below Average	-	719	-	719
Poor	-	-	-	-
Retail financing	-	493,702	-	493,702
	<u>-</u>	<u>587,527</u>	<u>-</u>	<u>587,527</u>
<i>Impaired</i>	-	-	1,087,186	1,087,186
Gross financing and advances	<u>30,048,068</u>	<u>3,577,141</u>	<u>1,087,186</u>	<u>34,712,395</u>
Less: ECL	<u>(395,208)</u>	<u>(389,464)</u>	<u>(591,518)</u>	<u>(1,376,190)</u>
Net financing and advances	<u>29,652,860</u>	<u>3,187,677</u>	<u>495,668</u>	<u>33,336,205</u>

26. Financial risk management (continued)

26.1 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
	<u>29,065,287</u>	<u>2,938,278</u>	<u>-</u>	<u>32,003,565</u>
<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	<u>-</u>	<u>1,168,431</u>	<u>-</u>	<u>1,168,431</u>
<i>Impaired</i>	-	-	818,025	818,025
Gross financing and advances	<u>29,065,287</u>	<u>4,106,709</u>	<u>818,025</u>	<u>33,990,021</u>
Less: ECL	<u>(401,290)</u>	<u>(368,934)</u>	<u>(412,480)</u>	<u>(1,182,704)</u>
Net financing and advances	<u>28,663,997</u>	<u>3,737,775</u>	<u>405,545</u>	<u>32,807,317</u>

26. Financial risk management (continued)

26.1 Credit risk management (continued)

(ii) Other financial assets

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

Bank Group	Stage 1	Stage 2	Stage 3	Total
Neither past due nor impaired	RM'000	RM'000	RM'000	RM'000
30-Sep-20				
Cash and short-term funds				
AAA	883,225	-	-	883,225
AA and below	12,902	-	-	12,902
Unrated	135,745	-	-	135,745
	<u>1,031,872</u>	<u>-</u>	<u>-</u>	<u>1,031,872</u>
Deposits and placements with banks and other financial institutions				
AAA	908,734	-	-	908,734
AA and below	32	-	-	32
	<u>908,766</u>	<u>-</u>	<u>-</u>	<u>908,766</u>
Debt investments				
AAA	908,027	-	-	908,027
AA and below	166,570	-	-	166,570
Unrated *	10,134,078	-	-	10,134,078
	<u>11,208,675</u>	<u>-</u>	<u>-</u>	<u>11,208,675</u>
Other financial assets				
Unrated	42,649	-	572,840	615,489
	<u>42,649</u>	<u>-</u>	<u>572,840</u>	<u>615,489</u>

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 RM9,645,504 (2019: RM9,584,857,000)

26. Financial risk management (continued)

26.1 Credit risk management (continued)

(ii) Other financial assets (continued)

Bank

Neither past due nor impaired	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
30-Sep-20				
Cash and short-term funds				
AAA	883,225	-	-	883,225
AA and below	7,984	-	-	7,984
Unrated	135,745	-	-	135,745
	<u>1,026,954</u>	<u>-</u>	<u>-</u>	<u>1,026,954</u>
Deposits and placements with banks and other financial institutions				
AAA	-	-	-	-
AA and below	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt investments				
AAA	908,027	-	-	908,027
AA and below	166,570	-	-	166,570
Unrated *	10,134,078	-	-	10,134,078
	<u>11,208,675</u>	<u>-</u>	<u>-</u>	<u>11,208,675</u>
Other financial assets				
Unrated	88,908	-	572,840	661,748
	<u>88,908</u>	<u>-</u>	<u>572,840</u>	<u>661,748</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 RM9,645,504 (2019: RM9,584,857,000)

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26. Financial risk management (continued)**26.2 Market risk****(i) Profit Rate Risk**

Bank Group	----- Non-trading book -----						Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
30-Sep-20								
Assets								
Cash and short-term funds	941,045	-	-	-	-	90,827	1,031,872	2.39
Deposits and placements								
with financial institutions	183,851	724,915	-	-	-	-	908,766	2.49
Derivative financial assets	579	-	-	-	-	-	579	
Financial investments at FVOCI	40,706	101,784	347,025	3,296,924	6,933,662	-	10,720,101	3.65
Financial investments at amortised cost	-	-	-	30,211	458,363	-	488,574	5.59
Financing and advances								
- non-impaired	394,402	650,964	690,675	2,787,459	29,101,708	(784,672)	32,840,536	6.67
- impaired, net of allowances*	-	-	-	-	-	495,669	495,669	
Other receivables^	-	-	-	-	-	454,803	454,803	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	620,000	620,000	
Total financial assets	1,560,583	1,477,663	1,037,700	6,114,594	36,493,733	876,627	47,560,900	

* 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.

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26. Financial risk management (continued)**26.2 Market risk (continued)****(i) Profit Rate Risk (continued)**

Bank Group	----- Non-trading book -----						Total	Effective profit rate %
	Up to 1 months RM'000	1-3 months RM'000	3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000		
30-Sep-20								
Liabilities								
Deposits from customers	7,823,127	7,938,405	8,086,292	1,980,565	114,031	129,376	26,071,796	3.05
Deposits and placements of banks and other financial institutions	4,836,003	1,997,111	1,233,787	891,427	-	12,935	8,971,263	3.20
Derivative financial liabilities	254	-	-	-	-	-	254	-
Other payables #	-	-	-	-	-	581,793	581,793	-
Lease liabilities	-	30	2,763	14,276	-	-	17,069	4.33
Recourse obligation on financing sold	-	-	319,253	2,004,272	-	-	2,323,525	4.30
Sukuk-MBSB Structured Covered ("SC") Murabahah	76,151	131,169	101,067	995,884	287,180	-	1,591,451	4.98
Sukuk Wakalah	-	-	-	-	1,310,132	-	1,310,132	5.26
Total financial liabilities	12,735,535	10,066,715	9,743,162	5,886,424	1,711,343	724,104	40,867,283	
Total profit-sensitivity gap	(11,174,952)	(8,589,052)	(8,705,462)	228,170	34,782,390	152,523	6,693,617	

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

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26. Financial risk management (continued)**26.2 Market risk (continued)****(i) Profit Rate Risk (continued)**

Bank	----- Non-trading book -----						Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
30-Sep-20								
Assets								
Cash and short-term funds	941,045	-	-	-	-	85,909	1,026,954	2.39
Derivative financial assets	579	-	-	-	-	-	579	
Financial investments at FVOCI	40,706	101,784	347,025	3,296,924	6,933,662	-	10,720,101	3.65
Financial investments at amortised cost	-	-	-	30,211	458,363	-	488,574	5.59
Financing and advances								
- non-impaired	394,402	650,964	690,675	2,787,459	29,101,708	(784,672)	32,840,536	6.67
- impaired, net of allowances*	-	-	-	-	-	495,669	495,669	3.08
Sukuk Commodity Murabahah	130,875	132,661	103,501	1,215,445	960,189	-	2,542,671	
Other receivables^	50,367	-	-	-	-	450,695	501,062	5.50
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	620,000	620,000	
Total financial assets	1,557,974	885,409	1,141,201	7,330,039	37,453,922	867,601	49,236,146	

* 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.

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26. Financial risk management (continued)**26.2 Market risk (continued)****(i) Profit Rate Risk (continued)**

Bank	----- Non-trading book -----						Total	Effective profit rate %
	Up to 1 months RM'000	1-3 months RM'000	3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000		
30-Sep-20								
Liabilities								
Deposits from customers	7,823,127	7,938,405	8,086,292	1,980,565	114,031	129,376	26,071,796	3.05
Deposits and placements of banks and other financial institutions	4,836,003	1,997,111	1,233,787	891,427	-	12,935	8,971,263	3.20
Derivative financial liabilities	254	-	-	-	-	-	254	-
Other payables #	2,230,292	-	-	-	-	581,793	2,812,085	6.97
Lease liabilities	-	30	2,763	14,276	-	-	17,069	4.33
Recourse obligation on financing sold	-	-	319,253	2,004,272	-	-	2,323,525	4.30
Sukuk-MBSB Structured Covered ("SC") Murabahah	76,151	131,169	101,067	995,884	287,180	-	1,591,451	4.98
Sukuk Wakalah	-	-	-	-	1,310,132	-	1,310,132	5.26
Total financial liabilities	14,965,827	10,066,715	9,743,162	5,886,424	1,711,343	724,104	43,097,575	
Total profit-sensitivity gap	(13,407,853)	(9,181,306)	(8,601,961)	1,443,615	35,742,579	143,497	6,138,571	

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)

26. Financial risk management (continued)**26.2 Market risk (continued)****(i) Profit Rate Risk (continued)**

Bank Group	----- Non-trading book -----						Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive		
	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)

26. Financial risk management (continued)**26.2 Market risk (continued)****(i) Profit Rate Risk (continued)**

Bank Group	----- Non-trading book -----						Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive		
	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)

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26. Financial risk management (continued)**26.2 Market risk (continued)****(i) Profit Rate Risk (continued)**

Bank	----- Non-trading book -----						Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive		
	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)

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26. Financial risk management (continued)

26.2 Market risk (continued)

(i) Profit Rate Risk (continued)

Bank	----- Non-trading book -----						Total	Effective profit rate %
	Up to 1 months RM'000	1-3 months RM'000	3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000		
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 #	2,274,992	-	-	-	-	466,647	2,741,639	7.13
Lease liabilities	-	-	471	16,659	-	-	17,130	4.33
Recourse obligation on financing sold Sukuk-MBSB Structured Covered ("SC")	10,352	24,668	65,837	2,380,394	-	-	2,481,251	4.49
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.

27. 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	
	30-Sep-20 RM'000	31-Dec-19 RM'000	30-Sep-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	741,415	875,072	594,926	728,583
Other reserve	310,837	160,324	310,837	160,324
	<u>6,212,111</u>	<u>6,195,255</u>	<u>6,065,622</u>	<u>6,048,766</u>
Less : Regulatory adjustments				
Cumulative gains of financial investments at FVOCI	(232,791)	(114,082)	(232,791)	(114,082)
Regulatory reserve	(5,234)	(5,234)	(5,234)	(5,234)
Intangible assets	(114,830)	(115,559)	(114,830)	(115,559)
Total CET I Capital/Tier I Capital	<u>5,859,256</u>	<u>5,960,380</u>	<u>5,712,767</u>	<u>5,813,891</u>

Tier II Capital

Collective impairment allowance and regulatory reserve ^	462,718	468,898	492,798	499,927
Tier 2 capital instruments	1,310,132	1,293,075	1,310,132	1,293,075
	<u>1,772,850</u>	<u>1,761,973</u>	<u>1,802,930</u>	<u>1,793,002</u>
Total capital base	<u>7,632,106</u>	<u>7,722,353</u>	<u>7,515,697</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	
	30-Sep-20 RM'000	31-Dec-19 RM'000	30-Sep-20 RM'000	31-Dec-19 RM'000
<u>Total risk weighted assets ("RWA")</u>				
- Credit risk	37,017,458	37,511,800	39,423,878	39,994,106
- Market risk	44,610	33,759	44,610	33,759
- Operational risk	1,942,942	1,331,960	1,794,690	1,227,512
Total RWA	<u>39,005,010</u>	<u>38,877,519</u>	<u>41,263,178</u>	<u>41,255,377</u>

Capital adequacy ratios

CET I capital ratio	15.022%	15.331%	13.845%	14.092%
Tier I capital ratio	15.022%	15.331%	13.845%	14.092%
Total capital ratio	<u>19.567%</u>	<u>19.863%</u>	<u>18.214%</u>	<u>18.439%</u>

PERFORMANCE REVIEW FOR THE 2ND QUARTER ENDED 30 SEPTEMBER 2020

1. Performance Review

The Bank Group recorded profit before tax for 3Q20 of RM337.29 million mainly due to impairment writeback of RM4.25 million instead of impairment charges.

As at 30 September 2020, gross financing and advances for the Bank Group increased to RM34.71 billion, an increase of 2.1% from 31 December 2019. Financial investments increased by RM0.19 million or 0.2% to RM11.21 billion. Both gross financing and advances, and financial instruments are supported by our total deposits of RM35.04 billion and Sukuk and securitisation of RM5.23 billion.

(a) Gross financing

Variation of Results against Preceding Year Corresponding Quarter

	Current Year Quarter 30-Sep-20 (3Q20) RM'000	Preceding Year Corresponding Quarter 30-Sep-19 (3Q19) RM'000	Changes	
			RM'000	%
Personal financing	20,137,889	20,341,034	(203,145)	-1.0%
Corporate financing	8,502,111	9,060,094	(557,983)	-6.2%
Property financing	5,928,696	5,000,621	928,075	18.6%
Auto financing	143,699	177,250	(33,551)	-18.9%
Total gross financing and advances	34,712,395	34,578,999	133,396	0.4%

Variation of Results against Immediate Preceding Quarter

Financing

	Current Year Quarter 30-Sep-20 (3Q20) RM'000	Immediate Preceding Quarter 30-June-20 (2Q20) RM'000	Changes	
			RM'000	%
Personal financing	20,137,889	19,718,754	419,135	2.1%
Corporate financing	8,502,111	8,326,937	175,174	2.1%
Property financing	5,928,696	5,668,166	260,530	4.6%
Auto financing	143,699	147,146	(3,447)	-2.3%
Total gross financing and advances	34,712,395	33,861,003	851,392	2.5%

Bank Group gross financing and advances increased by 0.4% and increased by 2.5% for 3Q20 compared to 3Q19 and 2Q20 respectively. Comparing to both 3Q19 and 2Q20, 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 as compared to 3Q19 due to lower disbursements and decreasing portfolio base, however increased as compared to 2Q20 following the financing Program M-Prihatin.

PERFORMANCE REVIEW FOR THE 2ND QUARTER ENDED 30 SEPTEMBER 2020

1. Performance Review (continued)

(b) Income statement

Current Year Quarter vs Preceding Year Corresponding Quarter

	Current Year Quarter 30-Sep-20 (3Q20) RM'000	Preceding Year Corresponding Quarter 30-Sep-19 (3Q19) RM'000	Changes	
			RM'000	%
Income derived from investment of depositors' funds	392,582	438,691	(46,109)	-10.5%
Income derived from investment of shareholders' funds	332,525	278,624	53,901	19.3%
Total income derived from investment of depositors' and shareholders' funds	725,107	717,315	7,792	1.1%
Net writeback/(allowance) for impairment	4,247	(95,980)	100,227	>-100%
Modification loss	7,377	-	7,377	
Total net income	435,056	212,883	222,173	>100%
Total overhead expenses	(97,764)	(72,378)	(25,386)	35.1%
Profit before tax	337,292	140,505	196,787	>100%
Profit after tax	292,429	78,170	214,259	>100%
Profit attributable to owners of the Bank	292,429	78,170	214,259	>100%

Current Year Quarter vs Immediate Preceding Quarter

	Current Year Quarter 30-Sep-20 (3Q20) RM'000	Immediate Preceding Quarter 30-June-20 (2Q20) RM'000	Changes	
			RM'000	%
Income derived from investment of depositors' funds	392,582	593,549	(200,967)	-33.9%
Income derived from investment of shareholders' funds	332,525	243,835	88,690	36.4%
Total income derived from investment of depositors' and shareholders' funds	725,107	728,591	(3,484)	-0.5%
Net writeback for impairment	4,247	60,363	(56,116)	-93.0%
Modification loss	7,377	(510,797)	518,174	>-100%
Total net income	435,056	69,573	365,483	>100%
Total overhead expenses	(97,764)	(93,397)	(4,367)	4.7%
Profit/(loss) before tax	337,292	(69,474)	406,766	>-100%
Profit/(loss) after tax	292,429	(40,361)	332,790	>-100%
Profit/(loss) attributable to owners of the Bank	292,429	(40,361)	332,790	>-100%

The Bank Group's total income derived from investment of depositors' and shareholders' funds increased by 1.1% and decreased by 0.5% as compared to 3Q19 and 2Q20 respectively. The increase as compared to 3Q19 was mainly due to RM56.81 million gain from sale of investments in FVOCI during the quarter. The decrease as compared to 2Q20 was because the Bank realised lower gains from financial investments in FVOCI as compared to previous quarter.

Contribution from financing and advances towards the income derived from investment of depositors' funds for 3Q20 stood at 73.6% (3Q19: 74.7% 2Q20: 79.0%).

PERFORMANCE REVIEW FOR THE 2ND QUARTER ENDED 30 SEPTEMBER 2020

1. Performance Review (continued)

The Bank Group recorded net writeback from impairment for 3Q20 mainly due to improvements from delinquent accounts following collections received despite moratorium period. Additionally, the Bank Group recorded RM7.38 million reversal of modification losses as a result of reduction in number of accounts taking moratorium as there were customers who opted out of moratorium during the quarter.

The total overhead expenses for 3Q20 recorded higher than 3Q19 in line with the increase in number of staff. Overhead expenses were slightly higher than 2Q20 due to increase in maintenance of hardware and software costs.

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.