

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

**INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

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

		Bank Group		Bank	
		30-June-20 RM'000	31-Dec-19 RM'000	30-June-20 RM'000	31-Dec-19 RM'000
Assets					
Cash and short-term funds	7(a)	928,546	1,829,715	920,537	1,827,458
Deposits and placements with banks and other financial institutions	7(b)	1,170,834	873,515	300,709	-
Derivative financial assets	8	658	4,239	658	4,239
Financial investments at fair value through profit and loss ("FVTPL")	9	11,073	-	11,073	-
Financial investments at fair value through other comprehensive income ("FVOCI")	10	9,963,334	10,694,644	9,963,334	10,694,644
Financial investments at amortised cost	11	488,443	494,705	488,443	494,705
Financing and advances	12	32,482,673	32,807,317	32,482,673	32,807,317
Sukuk Commodity Murabahah		-	-	2,522,938	2,618,491
Other receivables	13	438,477	548,207	484,547	586,724
Investment in subsidiary	14	-	-	-	-
Investment in joint venture	15	-	-	-	-
Statutory deposits with Bank Negara Malaysia		640,000	1,090,000	640,000	1,090,000
Investment property		820	820	820	820
Property and equipment		26,234	25,444	26,234	25,444
Intangible assets		114,309	115,559	114,309	115,559
Right-of-use assets		17,467	16,821	17,467	16,821
Tax recoverable		142,774	65,978	142,121	66,156
Total assets		46,425,642	48,566,964	48,115,863	50,348,378
Liabilities					
Deposits from customers	16	25,331,642	25,271,951	25,331,642	25,271,951
Deposits and placements of banks and other financial institutions	17	8,660,592	10,621,769	8,660,592	10,621,769
Derivative financial liabilities	8	53	1	53	1
Other payables	18	632,287	571,744	2,858,192	2,846,531
Lease liabilities		17,792	17,130	17,792	17,130
Recourse obligation on financing sold		2,377,133	2,481,251	2,377,133	2,481,251
Sukuk-MBSB Structured Covered ("SC") Murabahah		1,570,945	1,664,973	1,570,945	1,664,973
Sukuk Wakalah		1,293,133	1,293,075	1,293,133	1,293,075
Deferred tax liabilities		128,153	94,739	128,153	94,739
Provision for zakat		9,937	8,192	9,937	8,192
Total liabilities		40,021,667	42,024,825	42,247,572	44,299,612
Equity					
Share capital		5,159,859	5,159,859	5,159,859	5,159,859
Reserves		1,244,116	1,382,280	708,432	888,907
Total equity		6,403,975	6,542,139	5,868,291	6,048,766
Total Liabilities and Equity		46,425,642	48,566,964	48,115,863	50,348,378
Commitments and contingencies	26	4,041,666	5,069,104	4,041,666	5,069,104
Capital Adequacy					
		Bank Group		Bank	
CET1 capital		14.963%	15.331%	13.666%	14.092%
Tier 1 capital		14.963%	15.331%	13.666%	14.092%
Total capital ratio		19.523%	19.863%	18.047%	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.

INTERIM FINANCIAL STATEMENTS

**UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

		Bank Group			
		2nd Quarter Ended		Six Months Ended	
		30-June-20	30-June-19	30-June-20	30-June-19
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	19	593,549	618,807	1,223,999	1,255,740
Income derived from investment of shareholders' funds	20	243,835	79,685	341,976	145,114
Net writeback/(allowance) for impairment on financing and advances and other financial assets	21	60,363	(94,570)	(208,446)	(228,847)
Modification loss	4(ii)	(510,797)	-	(510,797)	-
Total distributable income		386,950	603,922	846,732	1,172,007
Income attributable to depositors and others	22	(363,027)	(415,577)	(753,236)	(804,541)
Total net income		23,923	188,345	93,496	367,466
Personnel expenses	23	(72,252)	(63,859)	(140,606)	(124,845)
Other overhead expenses	24	(21,145)	(28,966)	(49,870)	(56,109)
(Loss)/profit before taxation and zakat		(69,474)	95,520	(96,980)	186,512
Taxation		28,113	(21,917)	(4,530)	(38,267)
Zakat		1,000	1,828	(3,000)	(3,172)
(Loss)/profit for the financial period		(40,361)	75,431	(104,510)	145,073
(Loss)/profit attributable to:					
Owners of the Bank		(40,361)	75,431	(104,510)	145,073
		(40,361)	75,431	(104,510)	145,073
(Loss)/profit for the financial period		(40,361)	75,431	(104,510)	145,073
Other comprehensive income, net of tax	25	159,704	60,115	100,003	90,347
		159,704	60,115	100,003	90,347
Total comprehensive income/(loss) for the financial period		119,343	135,546	(4,507)	235,420
Total comprehensive income/(loss) attributable to:					
Owners of the Bank Group		119,343	135,546	(4,507)	235,420
		119,343	135,546	(4,507)	235,420
Earnings per share (sen)		(3.13)	6.52	(4.05)	6.27

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 SECOND QUARTER ENDED 30 JUNE 2020**

		Bank			
		2nd Quarter Ended		Six Months Ended	
		30-June-20 RM'000	30-June-19 RM'000	30-June-20 RM'000	30-June-19 RM'000
Income derived from investment of depositors' funds	19	609,482	646,515	1,258,997	1,299,343
Income derived from investment of shareholders' funds	20	241,663	68,429	334,432	134,981
Net writeback/(allowance) for impairment on financing and advances and other financial assets	21	60,363	(94,570)	(208,446)	(228,847)
Modification loss	4(ii)	(510,797)	-	(510,797)	-
Total distributable income		400,711	620,374	874,186	1,205,477
Income attributable to depositors and others	22	(399,181)	(452,175)	(826,855)	(882,477)
Total net income		1,530	168,199	47,331	323,000
Personnel expenses	23	(72,252)	(63,859)	(140,606)	(124,845)
Other overhead expenses	24	(20,551)	(28,378)	(48,713)	(54,956)
Profit before taxation and zakat		(91,273)	75,962	(141,988)	143,199
Taxation		29,279	(20,684)	(1,833)	(35,272)
Zakat		1,000	1,828	(3,000)	(3,172)
(Loss)/profit for the financial period		(60,994)	57,106	(146,821)	104,755
(Loss)/profit attributable to:					
Owners of the Bank		(60,994)	57,106	(146,821)	104,755
		(60,994)	57,106	(146,821)	104,755
(Loss)/profit for the financial period		(60,994)	57,106	(146,821)	104,755
Other comprehensive income, net of tax:	25	159,704	60,115	100,003	90,347
		159,704	60,115	100,003	90,347
Total comprehensive income/(loss) for the financial period		98,710	117,221	(46,818)	195,102
Total comprehensive income/(loss) attributable to:					
Owners of the Bank		98,710	117,221	(46,818)	195,102
		98,710	117,221	(46,818)	195,102

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)

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**INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 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	-	-	-	(104,510)	(104,510)
Other comprehensive income for the financial period	-	-	100,003	-	100,003
Total comprehensive loss for the financial period	-	-	100,003	(104,510)	(4,507)
Dividends	-	-	-	(133,657)	(133,657)
Balance as at 30 June 2020	5,159,859	5,234	255,093	983,789	6,403,975
Balance as at 1 January 2019	4,625,859	5,234	10,708	671,110	5,312,911
Profit for the financial period	-	-	-	145,073	145,073
Other comprehensive income for the financial period	-	-	90,347	-	90,347
Total comprehensive income for the financial period	-	-	90,347	145,073	235,420
Balance as at 30 June 2019	4,625,859	5,234	101,055	816,183	5,548,331

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.

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INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CHANGES IN EQUITY****FOR THE SECOND QUARTER ENDED 30 JUNE 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	-	-	-	(146,821)	(146,821)
Other comprehensive income for the financial period	-	-	100,003	-	100,003
Total comprehensive loss for the financial period	-	-	100,003	(146,821)	(46,818)
Dividends	-	-	-	(133,657)	(133,657)
Balance as at 30 June 2020	5,159,859	5,234	255,093	448,105	5,868,291
Balance as at 1 January 2019	4,625,859	5,234	10,708	259,543	4,901,344
Profit for the financial period	-	-	-	104,755	104,755
Other comprehensive income for the financial period	-	-	90,347	-	90,347
Total comprehensive income for the financial period	-	-	90,347	104,755	195,102
Balance as at 30 June 2019	4,625,859	5,234	101,055	364,298	5,096,446

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 SECOND QUARTER ENDED 30 JUNE 2020**

	Bank Group		Bank	
	6 months ended		6 months ended	
	30-June-20	30-June-19	30-June-20	30-June-19
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
(Loss)/profit before taxation	(96,980)	186,512	(141,988)	143,199
Adjustments for non-cash items	9,800	127,418	(31,061)	79,888
Operating (loss)/profit before working capital changes	(87,180)	313,930	(173,049)	223,087
Working capital changes:				
Net changes in operating assets	388,764	(1,808,209)	377,820	(1,696,946)
Net changes in operating liabilities	(1,881,507)	4,198,378	(1,930,389)	4,026,275
Income taxes and zakat paid	(80,749)	(115,235)	(77,220)	(112,698)
Net cash (used in)/generated from operating activities	(1,660,672)	2,588,864	(1,802,838)	2,439,718
Cash flows from investing activities				
Purchase of property and equipment	(4,618)	(4,773)	(4,618)	(4,773)
Purchase of intangible assets	(11,426)	(15,623)	(11,426)	(15,623)
Profit income from financial investments	210,886	128,864	210,886	128,864
Net disposal/(purchase) of financial investments	995,802	(3,454,840)	995,802	(3,454,840)
Profit income from Sukuk Commodity Murabahah	-	-	40,861	47,530
Proceeds from maturity of Sukuk Comodity Murabahah	-	-	95,553	95,570
Net cash generated from/(used in) investing activities	1,190,644	(3,346,372)	1,327,058	(3,203,272)
Cash flows from financing activities				
Proceeds on recourse obligation on financing sold	(103,426)	(54,089)	(103,426)	(54,089)
Profit expense paid - recourse obligation on financing sold	(52,590)	(34,475)	(52,590)	(34,475)
Profit expense paid - Sukuk MBSB-SC Murabahah	(41,414)	(12,033)	(41,414)	(12,033)
Proceeds of Sukuk - MBSB-SC Murabahah	(93,475)	(129,548)	(93,475)	(129,548)
Payment of lease liabilities	(6,579)	-	(6,579)	-
Dividend paid on ordinary shares	(133,657)	-	(133,657)	-
Net cash used in financing activities	(431,141)	(230,145)	(431,141)	(230,145)
Net decrease in cash and cash equivalents	(901,169)	(987,653)	(906,921)	(993,699)
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	928,546	2,254,575	920,537	2,243,577

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 JUNE 2020**

1. Basis of preparation

The unaudited condensed interim financial statements for the financial quarter ended 30 June 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*

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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

- (i) 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.
- (ii) For 2nd Quarter 2020 ("2Q20"), MBSB Bank Group and MBSB Bank recorded loss before tax of RM69.47 million and RM91.27 million respectively mainly due to recognition of RM510.80 million modification loss arising from moratorium granted. Modification loss amount is material following high exposure to fixed rate personal financing in the Bank.
- (iii) In relation to the forward-looking adjustments ("FLA") for the ECL assessment, MBSB Bank has adopted latest available forecast data as at the reporting date to reflect the economic condition and 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	
	30-June-20 RM'000	31-Dec-19 RM'000	30-June-20 RM'000	31-Dec-19 RM'000
(a) Cash and balances with banks and other financial institutions	112,501	135,579	104,492	133,322
Money at call and deposit placements maturing within one month	816,045	1,694,136	816,045	1,694,136
Total cash and short-term funds	928,546	1,829,715	920,537	1,827,458
(b) Deposits and placements with financial institutions with original maturity of more than one month				
- Licensed Islamic banks	870,125	873,515	-	-
- Financial institutions	300,709	-	300,709	-
Total cash and short-term funds and deposits and placements with financial institutions	2,099,380	2,703,230	1,221,246	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-June-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	54,527	658	(53)	228,295	4,239	(1)

9. Financial investments at FVTPL

	Bank Group and Bank	
	30-June-20 RM'000	31-Dec-19 RM'000
At fair value		
Quoted securities:		
<u>In Malaysia</u>		
Malaysian Government Investment Issues	11,073	-
	11,073	-

10. Financial investments at FVOCI

	Bank Group and Bank	
	30-June-20	31-Dec-19
	RM'000	RM'000
At fair value		
Money Market Instruments		
Malaysian Government Investment Issues	6,891,622	7,530,627
Debt securities:		
<u>In Malaysia</u>		
Private and Islamic debt securities	1,062,574	1,109,787
Government Guaranteed corporate sukuk	2,009,138	2,054,230
	9,963,334	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:	(7)	-	-	(7)
Change in credit risk	(7)	-	-	(7)
At 30 June 2020	11	-	-	11
At 1 January 2019	-	-	-	-
Total charge to Income Statement:	18	-	-	18
Change in credit risk	18	-	-	18
At 31 December 2019	18	-	-	18

11. Financial investments at amortised cost

	Bank Group and Bank	
	30-June-20	31-Dec-19
	RM'000	RM'000
At amortised cost		
Quoted securities:		
<u>In Malaysia</u>		
Private and Islamic debt securities	488,571	494,857
Less: ECL stage 1	(128)	(152)
	488,443	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	(24)	-	-	(24)
ECL at 30 June 2020	128	-	-	128
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	
			30-June-20	31-Dec-19
			RM'000	RM'000
(i) By type				
At amortised cost				
Term financing				
- Personal financing			19,704,030	19,994,419
- Property financing			5,642,439	5,169,539
- Hire purchase receivables			792,381	808,958
- Bridging financing			558,188	593,906
- Auto financing			144,769	160,479
- Other term financing			5,758,048	5,949,892
Revolving Credit			496,565	703,389
Staff financing			43,947	44,798
Cash line			14,136	3,663
Trade finance			706,500	560,978
Gross financing and advances			<u>33,861,003</u>	<u>33,990,021</u>
Less: ECL				
- Stage 1			(340,181)	(401,290)
- Stage 2			(439,308)	(368,934)
- Stage 3			(598,841)	(412,480)
Net financing and advances			<u>32,482,673</u>	<u>32,807,317</u>

(ii) By residual contractual maturity

			Bank Group and Bank	
			30-June-20	31-Dec-19
			RM'000	RM'000
Within one year			1,751,036	2,053,877
More than one year to three years			1,811,013	1,650,919
More than three years to five years			1,719,738	2,115,247
More than five years			28,579,216	28,169,978
			<u>33,861,003</u>	<u>33,990,021</u>

(iii) By economic purpose

			Bank Group and Bank	
			30-June-20	31-Dec-19
			RM'000	RM'000
Personal Use			19,797,171	20,090,204
Construction			4,032,974	4,396,763
Purchase of landed property:				
- Residential			5,274,250	4,803,998
- Non-Residential			647,763	636,282
Working Capital			2,425,794	2,392,671
Purchase of transport vehicles			145,627	161,243
Purchase of other fixed assets			969,390	949,334
Purchase of other securities			47,605	34,452
Purchase of consumer durables			111	5,738
Others			520,318	519,336
			<u>33,861,003</u>	<u>33,990,021</u>

12. Financing and advances (continued)

(iv) By type of customers

	Bank Group and Bank	
	30-June-20	31-Dec-19
	RM'000	RM'000
Domestic business enterprises		
- Small medium enterprise	2,187,142	1,799,360
- Government	51,225	141,302
- Non-bank financial institutions	676,584	710,454
- Others	5,462,186	6,049,729
Individuals	25,448,753	25,280,979
Foreign entities	35,113	8,197
	<u>33,861,003</u>	<u>33,990,021</u>

(v) By sector

	Bank Group and Bank	
	30-June-20	31-Dec-19
	RM'000	RM'000
Household sectors	25,448,754	25,280,979
Construction	3,953,745	4,370,789
Finance, insurance and business services	2,635,471	2,787,727
Wholesale & retail trade and restaurants & hotels	475,968	469,546
Manufacturing	399,856	282,468
Electricity, gas and water	387,099	262,076
Transport, storage and communication	181,156	204,687
Mining and quarrying	140,070	117,287
Education, health and others	149,802	84,176
Agriculture	89,082	130,286
	<u>33,861,003</u>	<u>33,990,021</u>

(vi) By profit rate sensitivity

	Bank Group and Bank	
	30-June-20	31-Dec-19
	RM'000	RM'000
Fixed rate:		
Personal financing	16,942,467	17,477,323
Auto financing	147,146	163,085
Property financing	459,200	468,914
Bridging, structured and term financing	917,110	936,575
Variable rate:		
Personal financing	2,776,282	2,533,258
Property financing	5,209,664	4,726,655
Bridging, structured and term financing	7,409,134	7,684,211
	<u>33,861,003</u>	<u>33,990,021</u>

(vii) By geographical distribution

	Bank Group and Bank	
	30-June-20	31-Dec-19
	RM'000	RM'000
Malaysia	<u>33,861,003</u>	<u>33,990,021</u>
	<u>33,861,003</u>	<u>33,990,021</u>

12. Financing and advances (continued)

(viii) Financing by types and Shariah contracts

**Bank Group and Bank
30-June-20**

Type	Tawarruq RM'000	Bai' RM'000	Ijarah RM'000	Istisna' RM'000	Total RM'000
Term Financing	28,807,719	2,132,367	1,572,596	87,173	32,599,855
Property financing	3,594,490	2,045,204	2,745	-	5,642,439
Bridging financing	558,188	-	-	-	558,188
Hire purchase receivables	-	-	792,381	-	792,381
Auto financing	-	-	144,769	-	144,769
Personal financing	19,703,820	210	-	-	19,704,030
Other term financing	4,951,221	86,953	632,701	87,173	5,758,048
Cash line	14,136	-	-	-	14,136
Staff financing	41,072	78	2,797	-	43,947
Revolving credit	496,565	-	-	-	496,565
Others	706,500	-	-	-	706,500
	30,065,992	2,132,445	1,575,393	87,173	33,861,003

**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

12. Financing and advances (continued)

(ix) Movement of gross financing and advances

30-Jun-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	929,530	(906,543)	(22,987)	-
Transfer to stage 2	(1,375,616)	1,471,144	(95,528)	-
Transfer to stage 3	(153,166)	(241,924)	395,090	-
New financing / disbursement during the year	2,647,825	148,428	49,854	2,846,107
Repayment during the year	(2,575,082)	(161,175)	(36,715)	(2,772,972)
Other movements	255,396	49,044	5,012	309,452
Modification loss	(475,970)	(34,827)	-	(510,797)
Write-offs	-	-	(808)	(808)
Gross carrying amount as at 30 June 2020	<u>28,318,204</u>	<u>4,430,856</u>	<u>1,111,943</u>	<u>33,861,003</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

30-Jun-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:	(61,109)	70,374	186,807	196,072
Changes in the impairment allowance:				
- Transfer to stage 1	58,587	(44,592)	(13,995)	-
- Transfer to stage 2	(30,356)	90,332	(59,976)	-
- Transfer to stage 3	(3,251)	(39,616)	42,867	-
New financing / disbursement during the year	40,763	26,724	8,435	75,922
Repayment during the year	(128,147)	(109,252)	(36,025)	(273,424)
Change in credit risk parameters	1,295	146,778	245,501	393,574
Write-offs	-	-	(446)	(446)
ECL as at 31 March 2020	<u>340,181</u>	<u>439,308</u>	<u>598,841</u>	<u>1,378,330</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	
	30-June-20 RM'000	31-Dec-19 RM'000
Balance as at 1 January	818,025	792,293
Classified as impaired during the period	444,944	455,067
Reclassified as non-impaired	(118,515)	(264,933)
Amount recovered	(36,715)	(61,227)
Amount written off	(808)	(221,892)
Other movements	5,012	118,717
Balance as at end of financial period	1,111,943	818,025
Gross impaired financing and advances as a % of gross financing and advances	3.28%	2.41%

12. Financing and advances (continued)

(xii) Impaired financing and advances by economic purpose

	Bank Group and Bank	
	30-June-20	31-Dec-19
	RM'000	RM'000
Personal use	201,949	140,300
Construction	532,516	290,868
Purchase of landed property:		
- Residential	205,603	215,393
- Non-residential	38,208	33,401
Working Capital	47,706	45,465
Purchase of other fixed assets	38,460	38,345
Purchase of transport vehicles	31,803	31,870
Purchase of consumer durables	-	5,626
Others	15,698	16,757
	<u>1,111,943</u>	<u>818,025</u>

(xiii) Impaired financing and advances by sector

	Bank Group and Bank	
	30-June-20	31-Dec-19
	RM'000	RM'000
Household sector	452,083	398,545
Construction	299,987	207,267
Education, health and others	84,540	72,535
Manufacturing	63,600	59,767
Mining and quarrying	38,474	38,691
Finance, insurance and business services	142,951	14,725
Wholesale & retail trade and restaurants & hotels	25,084	22,572
Transport, storage and communication	5,054	3,754
Agriculture	170	169
	<u>1,111,943</u>	<u>818,025</u>

(xiii) Impaired financing by geographical distribution

Malaysia	<u>1,111,943</u>	<u>818,025</u>
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13. Other receivables

	Bank Group		Bank	
	30-June-20	31-Dec-19	30-June-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Amount due from subsidiary	-	-	47,725	41,691
Financing to related companies	557,050	661,555	557,050	661,555
Amount due from holding company	-	78,416	-	78,416
Prepayments and deposits	9,131	8,110	9,024	7,996
Deferred expenses	2,077	2,208	2,077	2,208
Sundry receivables	24,918	69,908	23,370	66,848
	<u>593,176</u>	<u>820,197</u>	<u>639,246</u>	<u>858,714</u>
Less: ECL at stage 3	<u>(154,699)</u>	<u>(271,990)</u>	<u>(154,699)</u>	<u>(271,990)</u>
	<u>438,477</u>	<u>548,207</u>	<u>484,547</u>	<u>586,724</u>

14. Investment in subsidiary

The Bank has a wholly owned subsidiary, Jana Kapital Sdn.Bhd. ("JKSB"), an investment holding company that was transferred from the holding company on 2 April 2018. The unquoted shares at cost in JKSB as at 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	
	30-June-20 RM'000	31-Dec-19 RM'000	30-June-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	
	30-June-20 RM'000	31-Dec-19 RM'000
<u>Non-Mudharabah Funds:</u>		
Commodity Murabahah Term Deposit	24,631,703	24,738,093
Demand deposits	279,953	192,380
Savings deposits	419,986	341,478
	<u>25,331,642</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-June-20 RM'000	31-Dec-19 RM'000
Within six months	17,801,663	16,480,775
More than six months to one year	4,550,946	5,426,032
More than one year to three years	1,920,451	1,891,341
More than three years	358,643	939,945
	<u>24,631,703</u>	<u>24,738,093</u>

16. Deposits from customers (continued)

(iii) By type of customers:

	Bank Group and Bank	
	30-June-20	31-Dec-19
	RM'000	RM'000
Government and statutory bodies	11,453,750	12,696,568
Business enterprises	8,739,262	7,229,721
Individuals	5,138,630	5,345,662
	<u>25,331,642</u>	<u>25,271,951</u>

17. Deposits and placements of banks and other financial institutions

	Bank Group and Bank	
	30-June-20	31-Dec-19
	RM'000	RM'000
(i) By type of deposit:		
<u>Non-Mudharabah Funds:</u>		
Other financial institutions:		
-Licensed Investment Banks	1,342	152,390
-Licensed Islamic Banks	307,275	112,937
-Other Financial Institutions	8,351,975	10,356,442
	<u>8,660,592</u>	<u>10,621,769</u>
(ii) By type of contract:		
Tawarruq	8,660,592	10,621,769
	<u>8,660,592</u>	<u>10,621,769</u>

18. Other payables

	Bank Group		Bank	
	30-June-20	31-Dec-19	30-June-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Amount due to subsidiary	-	-	2,226,125	2,274,992
Amount due to related companies	34,008	33,668	34,008	33,668
Amount due to holding company	103,226	-	103,226	-
Al-Mudharabah security fund	140,547	137,309	140,547	137,309
Expected credit losses for commitments and contingencies (i)	71,842	65,239	71,842	65,239
Other provisions and accruals	46,669	70,260	46,449	70,054
Deferred income	31,610	34,838	31,610	34,838
Sundry creditors	204,385	230,430	204,385	230,431
	<u>632,287</u>	<u>571,744</u>	<u>2,858,192</u>	<u>2,846,531</u>

18. Other payables (continued)

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

30-June-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:	(15,255)	6,595	15,263	6,603
Changes in the impairment allowance				
- Transfer to stage 1	2,844	(2,794)	(50)	-
- Transfer to stage 2	(4,195)	4,345	(150)	-
- Transfer to stage 3	(66)	(1,526)	1,592	-
New financing/ disbursement during the year	6,103	3,065	1	9,169
Repayment/drawdown to financing during the year	(5,017)	(1,610)	(340)	(6,967)
Changes in credit risk parameters	(14,924)	5,115	14,210	4,401
ECL as at 30 June 2020	<u>28,690</u>	<u>24,397</u>	<u>18,755</u>	<u>71,842</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.

19. Income derived from investment of depositors' funds

Income derived from investment of other deposits

	Bank Group			
	2nd Quarter Ended		Six Months Ended	
	30-June-20	30-June-19	30-June-20	30-June-19
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	468,891	518,186	981,342	1,041,890
Financial investments at FVOCI	100,650	63,493	201,136	125,180
Financial investments at FVTPL	69	640	148	640
Financial investments at amortised cost	5,755	222	6,292	442
Money at call and deposits with financial institutions	11,378	32,006	19,762	66,506
Others	6,806	4,260	15,319	21,082
	<u>593,549</u>	<u>618,807</u>	<u>1,223,999</u>	<u>1,255,740</u>
of which financing income earned on impaired financing	<u>3,502</u>	<u>5,471</u>	<u>7,951</u>	<u>10,776</u>

	Bank			
	2nd Quarter Ended		Six Months Ended	
	30-June-20	30-June-19	30-June-20	30-June-19
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	468,891	518,186	981,342	1,041,890
Financial investments at FVOCI	100,650	63,493	201,136	125,180
Financial investments at FVTPL	69	640	148	640
Financial investments at amortised cost	5,755	222	6,292	442
Money at call and deposits with financial institutions	11,378	32,006	19,762	66,506
Profit on Sukuk commodity murabahah	15,933	21,346	34,998	43,603
Others	6,806	10,622	15,319	21,082
	<u>609,482</u>	<u>646,515</u>	<u>1,258,997</u>	<u>1,299,343</u>
of which financing income earned on impaired financing	<u>3,502</u>	<u>5,471</u>	<u>7,951</u>	<u>10,776</u>

20. Income derived from investment of shareholders' funds

	Bank Group			
	2nd Quarter Ended		Six Months Ended	
	30-June-20	30-June-19	30-June-20	30-June-19
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	121,166	56,083	162,911	92,698
Financial investments at FVTPL	1	8	2	15
Financial investments at FVOCI	1,164	1,415	2,326	3,230
Financial investments at amortised cost	956	4	984	10
Money at call and deposits with financial institutions	7,276	15,344	15,008	16,710
Others	1,188	103	1,192	808
	<u>131,751</u>	<u>72,957</u>	<u>182,423</u>	<u>113,471</u>
of which financing income earned on impaired financing	<u>966</u>	<u>595</u>	<u>1,332</u>	<u>970</u>
<u>Other operating income/(expenses):</u>				
Financing related fees	493	(1,347)	179	(3,354)
Commission	2,017	4,174	4,804	6,142
Gain from sale of FVOCI	107,490	14,543	136,152	29,067
Gain from sale of FVTPL	337	-	1,536	-
Sundry income	1,747	(10,642)	16,882	(212)
	<u>112,084</u>	<u>6,728</u>	<u>159,553</u>	<u>31,643</u>
	<u>243,835</u>	<u>79,685</u>	<u>341,976</u>	<u>145,114</u>

	Bank			
	2nd Quarter Ended		Six Months Ended	
	30-June-20	30-June-19	30-June-20	30-June-19
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	121,166	56,083	162,911	92,698
Financial investments at FVTPL	1	8	2	15
Financial investments at FVOCI	1,164	1,415	2,326	3,230
Financial investments at amortised cost	956	4	984	10
Money at call and deposits with financial institutions	132	678	229	1,559
Profit on Sukuk commodity murabahah	4,296	2,354	5,863	3,927
Others	1,864	1,159	2,564	1,899
	<u>129,579</u>	<u>61,701</u>	<u>174,879</u>	<u>103,338</u>
of which financing income earned on impaired financing	<u>966</u>	<u>595</u>	<u>1,332</u>	<u>970</u>
<u>Other operating income/(expenses):</u>				
Financing related fees	493	(1,347)	179	(3,354)
Commission	2,017	4,174	4,804	6,142
Gain from sale of FVOCI	107,490	14,543	136,152	29,067
Gain from sale of FVTPL	337	-	1,536	-
Sundry income	1,747	(10,642)	16,882	(212)
	<u>112,084</u>	<u>6,728</u>	<u>159,553</u>	<u>31,643</u>
	<u>241,663</u>	<u>68,429</u>	<u>334,432</u>	<u>134,981</u>

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

30-June-20

	Bank Group and Bank			
	Six Months Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI	(7)	-	-	(7)
Financial assets at amortised cost	(24)	-	-	(24)
Financing and advances	(61,109)	70,374	186,807	196,072
Other receivables	-	-	8,413	8,413
Financing commitments and financial guarantee	(15,255)	6,595	15,263	6,603
	<u>(76,395)</u>	<u>76,969</u>	<u>210,483</u>	<u>211,057</u>
Impaired financing and advances:				
- Written off	-	-	1,965	1,965
- Recovered	-	-	(4,576)	(4,576)
	<u>(76,395)</u>	<u>76,969</u>	<u>207,872</u>	<u>208,446</u>

	Bank Group and Bank			
	2nd Quarter Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI	(2)	-	-	(2)
Financial assets at amortised cost	(22)	-	-	(22)
Financing and advances	(51,696)	(100,475)	99,282	(52,889)
Other receivables	-	-	156	156
Financing commitments and financial guarantee	(13,368)	(8,254)	14,541	(7,081)
	<u>(65,088)</u>	<u>(108,729)</u>	<u>113,979</u>	<u>(59,838)</u>
Impaired financing and advances:				
- Written off	-	-	1,188	1,188
- Recovered	-	-	(1,713)	(1,713)
	<u>(65,088)</u>	<u>(108,729)</u>	<u>113,454</u>	<u>(60,363)</u>

30-June-19

	Bank Group and Bank			
	Six Months Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI	18	-	-	18
Financing and advances	69,819	28,518	111,638	209,975
Other receivables	-	-	10,010	10,010
Financing commitments and financial guarantee	977	3,556	6,628	11,161
	<u>70,814</u>	<u>32,074</u>	<u>128,276</u>	<u>231,164</u>
Impaired financing and advances:				
- Written off	-	-	3,876	3,876
- Recovered	-	-	(6,193)	(6,193)
	<u>70,814</u>	<u>32,074</u>	<u>125,959</u>	<u>228,847</u>

	Bank Group and Bank			
	2nd Quarter Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI	18	-	-	18
Financial investments at amortised cost	(1)	-	-	(1)
Financing and advances	46,930	2,855	59,431	109,216
Other receivables	-	-	5,022	5,022
Financing commitments and financial guarantee	(5,547)	(18,498)	5,187	(18,858)
	<u>41,400</u>	<u>(15,643)</u>	<u>69,640</u>	<u>95,397</u>
Impaired financing and advances:				
- Written off	-	-	3,501	3,501
- Recovered	-	-	(4,328)	(4,328)
	<u>41,400</u>	<u>(15,643)</u>	<u>68,813</u>	<u>94,570</u>

22. Income attributable to depositors and others

	Bank Group			
	2nd Quarter Ended		Six Months Ended	
	30-June-20	30-June-19	30-June-20	30-June-19
	RM'000	RM'000	RM'000	RM'000
(a) Income attributable to depositors				
Deposits from customers:				
- Non-mudharabah funds	235,564	284,528	481,533	560,852
Deposits and placements of banks and other financial institutions:				
- Non-mudharabah funds	64,311	84,042	144,874	149,050
	<u>299,875</u>	<u>368,570</u>	<u>626,407</u>	<u>709,902</u>
(b) Income attributable to securitisation	25,659	23,307	51,898	47,109
(c) Income attributable to sukuk	37,493	23,700	74,931	47,530
	<u>363,027</u>	<u>415,577</u>	<u>753,236</u>	<u>804,541</u>
	Bank			
	2nd Quarter Ended		Six Months Ended	
	30-June-20	30-June-19	30-June-20	30-June-19
	RM'000	RM'000	RM'000	RM'000
(a) Income attributable to depositors				
Deposits from customers:				
- Non-mudharabah funds	235,564	284,528	481,533	560,852
Deposits and placements of banks and other financial institutions:				
- Non-mudharabah funds	64,311	84,042	144,874	149,050
	<u>299,875</u>	<u>368,570</u>	<u>626,407</u>	<u>709,902</u>
(b) Income attributable to securitisation	25,659	23,307	51,898	47,109
(c) Income attributable to sukuk	37,493	23,700	74,931	47,530
d) Others	36,154	36,598	73,619	77,936
	<u>399,181</u>	<u>452,175</u>	<u>826,855</u>	<u>882,477</u>

23. Personnel expenses

	Bank Group/Bank			
	2nd Quarter Ended		Six Months Ended	
	30-June-20	30-June-19	30-June-20	30-June-19
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	56,966	49,526	109,816	96,889
Contributions to Employee Provident Fund and SOCSO	9,700	9,288	18,877	17,578
Directors' remuneration	733	553	1,269	1,197
Shariah Advisory Committee members' remuneration	89	120	179	234
Other staff related expenses	4,764	4,372	10,465	8,947
	<u>72,252</u>	<u>63,859</u>	<u>140,606</u>	<u>124,845</u>

24. Other overhead expenses

	Bank Group			
	2nd Quarter Ended		Six Months Ended	
	30-June-20	30-June-19	30-June-20	30-June-19
	RM'000	RM'000	RM'000	RM'000
<u>Establishment related expenses</u>				
Depreciation of property and equipment	1,927	1,514	3,828	3,068
Depreciation of right-of-use assets	3,294	6,071	6,595	6,071
Amortisation of intangible assets	6,454	5,269	12,676	10,273
Rental of premises	-	(2,578)	-	3,091
Software and hardware maintenance	7,776	2,939	16,234	4,869
Security expenses	765	469	1,055	753
Lease profit expense	172	-	355	-
Others	944	1,265	1,506	1,728
	<u>21,332</u>	<u>14,949</u>	<u>42,249</u>	<u>29,853</u>
<u>Promotion and marketing related expenses</u>				
Advertising and promotional activities	2,439	2,801	4,718	4,461
	<u>2,439</u>	<u>2,801</u>	<u>4,718</u>	<u>4,461</u>
<u>General administrative expenses</u>				
License and association fees and levies	37	26	75	76
Travelling, transport and accommodation expenses	406	878	1,179	1,573
Printing, stationery, postage and clearing charges	1,112	1,424	2,275	2,754
Electricity and water	727	887	1,672	1,718
Other professional fees	837	3,919	1,977	7,798
Auditors remuneration	425	361	751	725
Repair and maintenance of office equipment	30	-	59	-
Others	2,686	2,059	5,187	3,977
	<u>6,260</u>	<u>9,554</u>	<u>13,175</u>	<u>18,621</u>
<u>Commission fees</u>				
Commission fees	750	1,086	2,303	2,071
Angkasa charges	284	7,425	7,264	14,801
	<u>1,034</u>	<u>8,511</u>	<u>9,567</u>	<u>16,872</u>
Inter-company recharges	(9,920)	(6,849)	(19,839)	(13,698)
	<u>21,145</u>	<u>28,966</u>	<u>49,870</u>	<u>56,109</u>

24. Other overhead expenses (continued)

	Bank			
	2nd Quarter Ended		Six Months Ended	
	30-June-20 RM'000	30-June-19 RM'000	30-June-20 RM'000	30-June-19 RM'000
<u>Establishment related expenses</u>				
Depreciation of property and equipment	1,927	1,514	3,828	3,068
Depreciation of right use of assets	3,294	6,071	6,595	6,071
Amortisation of intangible assets	6,454	5,269	12,676	10,273
Rental of premises	-	(2,578)	-	3,091
Software and hardware maintenance	7,776	2,939	16,234	4,869
Rental of equipment and network line	-	-	-	-
Security expenses	765	469	1,055	753
Lease profit expense	172	-	355	-
Others	944	1,265	1,506	1,728
	<u>21,332</u>	<u>14,949</u>	<u>42,249</u>	<u>29,853</u>
<u>Promotion and marketing related expenses</u>				
Advertising and promotional activities	2,439	2,801	4,718	4,461
	<u>2,439</u>	<u>2,801</u>	<u>4,718</u>	<u>4,461</u>
<u>General administrative expenses</u>				
License and association fees and levies	37	26	75	76
Travelling, transport and accommodation expenses	406	878	1,179	1,573
Printing, stationery, postage and clearing charges	1,112	1,424	2,275	2,754
Electricity and water	727	887	1,672	1,718
Other professional fees	782	3,919	1,897	7,798
Auditors remuneration	422	362	745	725
Repair and maintenance of office equipment	30	-	59	-
Others	2,559	1,903	4,936	3,691
	<u>6,075</u>	<u>9,399</u>	<u>12,838</u>	<u>18,335</u>
<u>Commission fees</u>				
Commission fees	750	1,086	2,303	2,071
Angkasa charges	284	7,425	7,264	14,801
	<u>1,034</u>	<u>8,511</u>	<u>9,567</u>	<u>16,872</u>
Inter-company recharges	<u>(10,328)</u>	<u>(7,282)</u>	<u>(20,658)</u>	<u>(14,565)</u>
	<u>20,551</u>	<u>28,378</u>	<u>48,713</u>	<u>54,956</u>

25. Other comprehensive income, net of tax

	Bank Group and Bank			
	2nd Quarter Ended		Six Months Ended	
	30-June-20	30-June-19	30-June-20	30-June-19
	RM'000	RM'000	RM'000	RM'000
Changes in expected credit losses -FVOCI	(2)	18	11	18
Net gain from change in fair value of FVOCI	159,706	60,097	99,992	90,329
	<u>159,704</u>	<u>60,115</u>	<u>100,003</u>	<u>90,347</u>

26. Significant related party balances and transactions

Credit exposures arising from transactions with connected parties

Credit exposures with connected parties as per Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties ('Revised BNM/GP6') are as follows:

	Bank Group and Bank	
	30-June-20	31-Dec-19
	RM'000	RM'000
Outstanding credit exposures with connected parties	<u>1,403,687</u>	<u>1,561,078</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>3.65%</u>	<u>3.93%</u>
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	<u>0.41%</u>	<u>0.69%</u>

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

27. 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-June-20			
Direct credit substitutes	80,459	70,808	70,808
Trade-related contingencies	127,039	63,520	63,520
Short Term Self Liquidating trade related contingencies	65,074	13,015	13,015
Irrevocable commitments to extend credit:			
- one year or less	1,149,814	261,447	261,447
- over one year to five years	2,431,037	1,208,742	1,134,895
- over five years	72,005	36,000	36,000
Foreign exchange related contracts			
- one year or less	116,238	2,399	1,818
	<u>4,041,666</u>	<u>1,655,931</u>	<u>1,581,503</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>

28. Financial risk management

28.1 Credit quality

(i) Financing and advances

Financing and advances are summarised as follows:

30-June-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	634	-	-	634
Good	2,670,788	108,695	-	2,779,483
Average	2,980,297	1,222,142	-	4,202,439
Below Average	160,350	228,780	-	389,130
Poor	703	130,622	-	131,325
Retail financing	22,505,432	1,784,699	-	24,290,131
	<u>28,318,204</u>	<u>3,474,938</u>	<u>-</u>	<u>31,793,142</u>
<i>Past due up to 3 months</i>				
Corporate financing				
Good	-	42,849	-	42,849
Average	-	103,426	-	103,426
Below Average	-	23,365	-	23,365
Poor	-	-	-	-
Retail financing	-	786,278	-	786,278
	<u>-</u>	<u>955,918</u>	<u>-</u>	<u>955,918</u>
<i>Impaired</i>				
	-	-	1,111,943	1,111,943
Gross financing and advances	<u>28,318,204</u>	<u>4,430,856</u>	<u>1,111,943</u>	<u>33,861,003</u>
Less ECL	<u>(340,181)</u>	<u>(439,308)</u>	<u>(598,841)</u>	<u>(1,378,330)</u>
Net financing and advances	<u>27,978,023</u>	<u>3,991,548</u>	<u>513,102</u>	<u>32,482,673</u>

28. Financial risk management (continued)

28.1 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>

28. Financial risk management (continued)

28.1 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-June-20				
Cash and short-term funds				
AAA	848,817	-	-	848,817
AA and below	23,309	-	-	23,309
Unrated	56,420	-	-	56,420
	<u>928,546</u>	<u>-</u>	<u>-</u>	<u>928,546</u>
Deposits and placements with banks and other financial institutions				
AAA	1,020,488	-	-	1,020,488
AA and below	150,346	-	-	150,346
	<u>1,170,834</u>	<u>-</u>	<u>-</u>	<u>1,170,834</u>
Debt investments				
AAA	928,864	-	-	928,864
AA and below	133,682	-	-	133,682
Unrated *	9,400,304	-	-	9,400,304
	<u>10,462,850</u>	<u>-</u>	<u>-</u>	<u>10,462,850</u>
Other financial assets				
Unrated	24,918	-	557,050	581,968
	<u>24,918</u>	<u>-</u>	<u>557,050</u>	<u>581,968</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 RM8,911,861 (2019: RM9,584,857,000)

28. Financial risk management (continued)

28.1 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-June-20				
Cash and short-term funds				
AAA	848,817	-	-	848,817
AA and below	15,300	-	-	15,300
Unrated	56,420	-	-	56,420
	<u>920,537</u>	<u>-</u>	<u>-</u>	<u>920,537</u>
Deposits and placements with banks and other financial institutions				
AAA	150,394	-	-	150,394
AA and below	150,315	-	-	150,315
	<u>300,709</u>	<u>-</u>	<u>-</u>	<u>300,709</u>
Debt investments				
AAA	928,864	-	-	928,864
AA and below	133,682	-	-	133,682
Unrated *	9,400,304	-	-	9,400,304
	<u>10,462,850</u>	<u>-</u>	<u>-</u>	<u>10,462,850</u>
Other financial assets				
Unrated	71,095	-	557,050	628,145
	<u>71,095</u>	<u>-</u>	<u>557,050</u>	<u>628,145</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 RM8,911,861 (2019: RM9,584,857,000)

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28. Financial risk management (continued)**28.2 Market risk****(i) Profit Rate Risk**

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	%	
30-June-20										
Assets										
Cash and short-term funds	816,045	-	-	-	-	112,501	-	928,546	2.51	
Deposits and placements										
with financial institutions	32	300,709	870,093	-	-	-	-	1,170,834	2.52	
Derivative financial assets	658	-	-	-	-	-	-	658		
Financial investments at FVTPL	-	-	-	-	-	-	11,073	11,073	2.87	
Financial investments at FVOCI	5,107	187,766	334,545	3,249,005	6,186,911	-	-	9,963,334	3.65	
Financial investments at amortised cost	-	-	-	30,324	458,119	-	-	488,443	5.59	
Financing and advances										
- non-impaired	492,556	527,567	534,191	3,265,517	27,929,229	(779,488)	-	31,969,572	6.77	
- impaired, net of allowances*	-	-	-	-	-	513,101	-	513,101		
Other receivables^	-	-	-	-	-	427,269	-	427,269		
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	640,000	-	640,000		
Total financial assets	1,314,398	1,016,042	1,738,829	6,544,846	34,574,259	913,383	11,073	46,112,830		

* 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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28. Financial risk management (continued)**28.2 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	
30-June-20									
Liabilities									
Deposits from customers	8,133,932	4,252,321	10,538,566	2,166,150	112,943	127,730	-	25,331,642	3.40
Deposits and placements of banks and other financial institutions	3,088,293	2,498,445	2,191,495	868,738	-	13,621	-	8,660,592	3.48
Derivative financial liabilities	53	-	-	-	-	-	-	53	-
Other payables #	-	-	-	-	-	554,008	-	554,008	-
Lease liabilities	-	56	1,303	16,433	-	-	-	17,792	4.33
Recourse obligation on financing sold	-	-	327,815	2,049,318	-	-	-	2,377,133	4.30
Sukuk-MBSB Structured Covered ("SC")									
Murabahah	-	-	304,600	983,171	283,174	-	-	1,570,945	4.96
Sukuk Wakalah	-	-	-	-	1,293,133	-	-	1,293,133	5.28
Total financial liabilities	11,222,278	6,750,822	13,363,779	6,083,810	1,689,250	695,359	-	39,805,298	
Total profit-sensitivity gap	(9,907,880)	(5,734,780)	(11,624,950)	461,036	32,885,009	218,024	11,073	6,307,532	

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

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28. Financial risk management (continued)**28.2 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	%	
30-June-20										
Assets										
Cash and short-term funds	816,045	-	-	-	-	104,492	-	920,537	2.51	
Deposits and placements										
with financial institutions	-	300,709	-	-	-	-	-	300,709	-	
Derivative financial assets	658	-	-	-	-	-	-	658		
Financial investments at FVTPL	-	-	-	-	-	-	11,073	11,073	2.87	
Financial investments at FVOCI	5,107	187,766	334,545	3,249,005	6,186,911	-	-	9,963,334	3.65	
Financial investments at amortised cost	-	-	-	30,324	458,119	-	-	488,443	5.59	
Financing and advances										
- non-impaired	492,556	527,567	534,191	3,265,517	27,929,229	(779,488)	-	31,969,572	6.77	
- impaired, net of allowances*	-	-	-	-	-	513,101	-	513,101	3.08	
Sukuk Commodity Murabahah	34,716	-	328,710	1,203,167	956,345	-	-	2,522,938		
Other receivables^	47,725	-	-	-	-	425,721	-	473,446	5.75	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	640,000	-	640,000		
Total financial assets	1,396,807	1,016,042	1,197,446	7,748,013	35,530,604	903,826	11,073	47,803,811		

* 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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28. Financial risk management (continued)**28.2 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	
30-June-20									
Liabilities									
Deposits from customers	8,133,932	4,252,321	10,538,566	2,166,150	112,943	127,730	-	25,331,642	3.40
Deposits and placements of banks and other financial institutions	3,088,293	2,498,445	2,191,495	868,738	-	13,621	-	8,660,592	3.48
Derivative financial liabilities	53	-	-	-	-	-	-	53	-
Other payables #	2,226,125	-	-	-	-	554,008	-	2,780,133	6.97
Lease liabilities	-	56	1,303	16,433	-	-	-	17,792	4.33
Recourse obligation on financing sold	-	-	327,815	2,049,318	-	-	-	2,377,133	4.30
Sukuk-MBSB Structured Covered ("SC")									
Murabahah	-	-	304,600	983,171	283,174	-	-	1,570,945	4.96
Sukuk Wakalah	-	-	-	-	1,293,133	-	-	1,293,133	5.28
Total financial liabilities	13,448,403	6,750,822	13,363,779	6,083,810	1,689,250	695,359	-	42,031,423	
Total profit-sensitivity gap	(12,051,596)	(5,734,780)	(12,166,333)	1,664,203	33,841,354	208,467	11,073	5,772,388	

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

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28. Financial risk management (continued)**28.2 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	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.

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28. Financial risk management (continued)

28.2 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.

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28. Financial risk management (continued)**28.2 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.

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28. Financial risk management (continued)

28.2 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-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)

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29. 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-June-20 RM'000	31-Dec-19 RM'000	30-June-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	636,905	875,072	448,105	728,583
Other reserve	260,327	160,324	260,327	160,324
	<u>6,057,091</u>	<u>6,195,255</u>	<u>5,868,291</u>	<u>6,048,766</u>
Less : Regulatory adjustments				
Deferred tax assets	-	-	-	-
Cumulative gains of financial investments at FVOCI	(194,005)	(114,082)	(194,005)	(114,082)
Regulatory reserve	(5,234)	(5,234)	(5,234)	(5,234)
Intangible assets	(114,309)	(115,559)	(114,309)	(115,559)
Total CET I Capital/Tier I Capital	<u>5,743,543</u>	<u>5,960,380</u>	<u>5,554,743</u>	<u>5,813,891</u>

Tier II Capital

Collective impairment allowance and regulatory reserve ^	457,586	468,898	487,515	499,927
Tier 2 capital instruments	1,293,133	1,293,075	1,293,133	1,293,075
	<u>1,750,719</u>	<u>1,761,973</u>	<u>1,780,648</u>	<u>1,793,002</u>
Total capital base	<u>7,494,262</u>	<u>7,722,353</u>	<u>7,335,391</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-June-20 RM'000	31-Dec-19 RM'000	30-June-20 RM'000	31-Dec-19 RM'000
<u>Total risk weighted assets ("RWA")</u>				
- Credit risk	36,606,903	37,511,800	39,001,233	39,994,106
- Market risk	66,332	33,759	66,332	33,759
- Operational risk	1,712,669	1,331,960	1,578,510	1,227,512
Total RWA	<u>38,385,904</u>	<u>38,877,519</u>	<u>40,646,075</u>	<u>41,255,377</u>

Capital adequacy ratios

CET I capital ratio	14.963%	15.331%	13.666%	14.092%
Tier I capital ratio	14.963%	15.331%	13.666%	14.092%
Total capital ratio	<u>19.523%</u>	<u>19.863%</u>	<u>18.047%</u>	<u>18.439%</u>

PERFORMANCE REVIEW FOR THE 2ND QUARTER ENDED 30 JUNE 2020

1. Performance Review

The Bank Group recorded loss before tax for 2Q20 mainly due to recognition of RM510.80 million modification loss arising from moratorium granted.

As at 30 June 2020, gross financing and advances for the Bank Group reduced to RM33.86 billion, a decrease of 0.9% from 31 December 2019. Financial investments decreased by RM0.73 billion or 6.5% to RM10.46 billion. Both gross financing and advances, and financial instruments are supported by our total deposits of RM33.99 billion and Sukuk and securitisation of RM5.24 billion.

(a) Gross financing

Variation of Results against Preceding Year Corresponding Quarter

	Current	Preceding	Changes	
	Year	Year		
	Quarter	Corresponding		
	30-June-20	Quarter		
	(2Q20)	30-June-19		
	RM'000	(2Q19)	RM'000	%
Personal financing	19,718,754	20,372,495	(653,741)	-3.2%
Corporate financing	8,326,937	8,906,271	(579,334)	-6.5%
Property financing	5,668,166	4,710,550	957,616	20.3%
Auto financing	147,146	190,796	(43,650)	-22.9%
Total gross financing and advances	<u>33,861,003</u>	<u>34,180,112</u>	<u>(319,109)</u>	-0.9%

Variation of Results against Immediate Preceding Quarter

Financing

	Current	Immediate	Changes	
	Year	Preceding		
	Quarter	Quarter		
	30-June-20	31-Mar-20		
	(2Q20)	(1Q20)		
	RM'000	RM'000	RM'000	%
Personal financing	19,718,754	19,825,153	(106,399)	-0.5%
Corporate financing	8,326,937	8,203,517	123,420	1.5%
Property financing	5,668,166	5,398,004	270,162	5.0%
Auto financing	147,146	151,461	(4,315)	-2.8%
Total gross financing and advances	<u>33,861,003</u>	<u>33,578,135</u>	<u>282,868</u>	0.8%

Bank Group gross financing and advances decreased by 0.9% and increased by 0.8% for 2Q20 compared to 2Q19 and 1Q20 respectively. Comparing to both 2Q19 and 1Q20, 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.

For 2Q20, gross financing was also affected by recognition of RM510.80 million modification loss, which reduced financing value.

PERFORMANCE REVIEW FOR THE 2ND QUARTER ENDED 30 JUNE 2020

1. Performance Review (continued)

(b) Income statement

Current Year Quarter vs Preceding Year Corresponding Quarter

	Current Year Quarter 30-June-20 (2Q20) RM'000	Preceding Year Corresponding Quarter 30-June-19 (2Q19) RM'000	Changes	
			RM'000	%
Income derived from investment of depositors' funds	593,549	618,807	(25,258)	-4.1%
Income derived from investment of shareholders' funds	243,835	79,685	164,150	206.0%
Total income derived from investment of depositors' and shareholders' funds	837,384	698,492	138,892	19.9%
Net writeback/(allowance) for impairment	60,363	(94,570)	154,933	>-100%
Modification loss	(510,797)	-	(510,797)	-
Total net income	23,923	188,345	(164,422)	-87.3%
Total overhead expenses	(93,397)	(92,825)	(572)	0.6%
(Loss)/profit before tax	(69,474)	95,520	(164,994)	>-100%
(Loss)/profit after tax	(40,361)	75,431	(115,792)	>-100%
(Loss)/profit attributable to owners of the Bank	(40,361)	75,431	(115,792)	>-100%

Current Year Quarter vs Immediate Preceding Quarter

	Current Year Quarter 30-June-20 (2Q20) RM'000	Immediate Preceding Quarter 31-Mar-20 (1Q20) RM'000	Changes	
			RM'000	%
Income derived from investment of depositors' funds	593,549	630,450	(36,901)	-5.9%
Income derived from investment of shareholders' funds	243,835	98,141	145,694	>100%
Total income derived from investment of depositors' and shareholders' funds	837,384	728,591	108,793	14.9%
Net writeback/(allowance) for impairment	60,363	(268,809)	329,172	>-100%
Modification loss	(510,797)	-	(510,797)	-
Total net income	23,923	69,573	(45,650)	-65.6%
Total overhead expenses	(93,397)	(97,079)	3,682	-3.8%
(Loss)/profit before tax	(69,474)	(27,506)	(41,968)	>100%
(Loss)/profit after tax	(40,361)	(64,149)	23,788	-37.1%
(Loss)/profit attributable to owners of the Bank	(40,361)	(64,149)	23,788	-37.1%

The total income derived from investment of depositors' and shareholders' funds increased by 19.9% and increased by 14.9% as compared to 2Q19 and 1Q20 respectively. The increase was mainly due to RM107.49 million gain from sale of investments in FVOCI during the quarter.

Contribution from financing and advances towards the income derived from investment of depositors' funds for 2Q20 stood at 79.0% (2Q19: 83.7% 1Q20: 81.3%).

PERFORMANCE REVIEW FOR THE 2ND QUARTER ENDED 30 JUNE 2020

1. Performance Review (continued)

The Bank Group recorded net writeback from impairment for 2Q20 due to improvement on delinquency of accounts and improvement of the forward looking factor to the ECL. Additionally, the Bank Group recognised RM510.80 million modification loss arising from moratorium granted to eligible financing customers during the quarter.

In relation to the forward-looking adjustments for the ECL assessment, the Bank has adopted latest available forecast data as at the reporting date to reflect the economic condition and prevailing circumstances.

The total overhead expenses for 2Q20 recorded higher than 2Q19 in line with increase number of staff. However, the current quarter overhead expenses was slightly lower than 1Q20 due to lesser business operations following the movement control order.

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.