

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
OF THE GROUP AND OF THE COMPANY
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2021

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	Note	Group		Company	
		30-Sep-21 RM'000	31-Dec-20 RM'000	30-Sep-21 RM'000	31-Dec-20 RM'000
Assets					
Cash and short-term funds	A8(a)	531,145	1,082,712	328,896	342,898
Deposits and placements with financial institutions	A8(b)	924,435	781,682	-	-
Derivative financial assets	A9	1,124	1,724	-	-
Financial investments at fair value through profit or loss ("FVTPL")	A10	239,458	-	-	-
Financial investments at fair value through other comprehensive income ("FVOCI")	A11	12,045,433	10,192,272	-	-
Financial investments at amortised cost	A12	611,378	488,102	-	-
Loans, financing and advances	A13	34,162,160	33,762,458	594,854	898,954
Assets held-for-sale	A14	1,876	12,612	128	-
Trade and other receivables	A15	134,744	141,899	327,570	231,460
Statutory deposits with Bank Negara Malaysia		650,000	620,000	-	-
Investments in subsidiaries		-	-	5,558,435	5,290,323
Inventories		69,374	69,374	-	-
Property and equipment		383,731	366,850	23,554	23,903
Right-of-use assets		43,882	11,485	-	-
Intangible assets		152,991	162,058	-	-
Goodwill		148,031	148,031	-	-
Investment property		820	820	-	-
Deferred tax assets		21,286	7,261	3,422	3,835
Tax recoverable		475,423	589,154	474,693	503,534
Total assets		50,597,291	48,438,494	7,311,552	7,294,907
Liabilities					
Deposits from customers	A16	33,524,534	33,781,496	-	-
Deposits and placements of banks	A17	135,221	101,244	-	-
Investment accounts of customers	A18	1,324,778	-	-	-
Derivative financial liabilities	A9	1,059	1,614	-	-
Trade and other payables	A19	831,959	624,286	37,705	48,430
Lease liabilities		43,997	11,148	-	-
Recourse obligation on financing sold		3,232,612	2,262,531	-	-
Sukuk-MBSB Structured Covered ("SC") Murabahah		1,284,177	1,366,563	-	-
Sukuk Wakalah		1,310,569	1,293,335	-	-
Deferred tax liabilities		14,538	107,155	-	-
Provision for taxation and zakat		35,936	7,950	538	538
Total liabilities		41,739,380	39,557,322	38,243	48,968
Equity					
Ordinary share capital		7,198,068	7,088,255	7,198,068	7,088,255
Reserves		(121,149)	234,666	-	-
Retained earnings		1,780,992	1,558,251	75,241	157,684
Total equity		8,857,911	8,881,172	7,273,309	7,245,939
Total liabilities and equity		50,597,291	48,438,494	7,311,552	7,294,907
Commitments and contingencies	A26	3,710,749	2,743,268	12,618	18,519
Net assets per share attributable to ordinary equity of the Company (RM)		1.24	1.27	1.01	1.04

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

	Note	Group			
		3rd Quarter Ended		Nine Months Ended	
		30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
		RM'000	RM'000	RM'000	RM'000
Revenue		681,050	765,572	2,026,969	2,393,328
Income derived from investment of deposits and Islamic capital funds	A20	657,694	673,987	1,945,856	2,072,703
Income attributable to depositors		(210,157)	(239,770)	(621,643)	(866,177)
Income attributable to securitisation		(18,942)	(25,171)	(61,562)	(77,069)
Income attributable to sukuk		(33,182)	(36,733)	(100,389)	(111,664)
Income attributable to wakalah unrestricted investment account		(7,554)	-	(14,260)	-
Net income from Islamic operations		387,859	372,313	1,148,002	1,017,793
Interest income	A21	7,993	27,736	53,586	112,408
Interest expense	A22	-	(1)	-	(11)
Net interest income		7,993	27,735	53,586	112,397
Net allowance for impairment on loans, financing and advances and other financial assets	A23	(248,996)	(52,073)	(194,527)	(289,981)
Loss on modification of cash flows		(146,965)	7,497	(196,629)	(505,114)
Operating income		(109)	355,472	810,432	335,095
Net other income	A24	58,561	51,117	94,061	213,220
Net income		58,452	406,589	904,493	548,315
Other operating expenses	A25	(152,795)	(112,625)	(354,800)	(326,838)
(Loss)/profit before taxation and zakat		(94,343)	293,964	549,693	221,477
Taxation		(10,873)	(36,728)	(187,338)	(47,000)
Zakat		641	1,000	(34)	(2,000)
(Loss)/profit from continuing operations		(104,575)	258,236	362,321	172,477
Loss from discontinued operation		-	-	(72)	-
(loss)/profit for the financial period		(104,575)	258,236	362,249	172,477
(Loss)/profit attributable to:					
Owners of the Company		(104,575)	258,236	362,249	172,477
		(104,575)	258,236	362,249	172,477
Earnings per share (sen)					
Basic		(1.49)	3.81	5.17	2.56
(Loss)/profit for the financial period		(104,575)	258,236	362,249	172,477
Other comprehensive (loss)/profit, net of tax :					
Movement in fair value reserve, which may be reclassified subsequently to profit or loss		(64,622)	50,510	(355,815)	150,513
		(64,622)	50,510	(355,815)	150,513
Total comprehensive (loss)/income for the financial period		(169,197)	308,746	6,434	322,990
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(169,197)	308,746	6,434	322,990
		(169,197)	308,746	6,434	322,990

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021 (CONTINUED)

	Note	Company			
		3rd Quarter Ended		Nine Months Ended	
		30-Sep-21 RM'000	30-Sep-20 RM'000	30-Sep-21 RM'000	30-Sep-20 RM'000
Revenue		12,428	15,924	36,179	76,608
Interest income	A21	10,105	14,047	32,439	73,064
Interest expense	A22	-	(1)	-	(11)
Net interest income		10,105	14,046	32,439	73,053
Net allowance for impairment on loans, advances and other financial assets	A23	(19,492)	(46,667)	(15,687)	(59,846)
Loss on modification of cash flows		(21)	120	(21)	(1,694)
Operating income		(9,408)	(32,501)	16,731	11,513
Net other income	A24	80,692	4,854	89,107	149,710
Net income		71,284	(27,647)	105,838	161,223
Other operating expenses	A25	(5,665)	(11,384)	(16,279)	(34,182)
Profit/(loss) before taxation		65,619	(39,031)	89,559	127,041
Taxation		(27,096)	8,508	(32,494)	2,734
Profit/(loss) for the financial period		38,523	(30,523)	57,065	129,775
Profit/(loss) attributable to:					
Owners of the Company		38,523	(30,523)	57,065	129,775
		38,523	(30,523)	57,065	129,775
Earnings per share (sen)					
Basic		0.55	(0.45)	0.81	1.92
Profit/(loss) for the financial period		38,523	(30,523)	57,065	129,775
Total comprehensive income/(loss) for the financial period		38,523	(30,523)	57,065	129,775
Total comprehensive income/(loss) attributable to:					
Owners of the Company		38,523	(30,523)	57,065	129,775
		38,523	(30,523)	57,065	129,775

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

Group	← Non-distributable →		Distributable		Total RM'000
	Share Capital RM'000	Share Option Reserve RM'000	Fair Value Reserves RM'000	Retained Profits RM'000	
At 1 January 2021	7,088,255	-	234,666	1,558,251	8,881,172
Profit for the period	-	-	-	362,249	362,249
Other comprehensive loss for the financial period	-	-	(355,815)	-	(355,815)
Dividends	-	-	-	(139,508)	(139,508)
Issuance of ordinary shares pursuant to exercise of DRP	109,813	-	-	-	109,813
At 30 September 2021	7,198,068	-	(121,149)	1,780,992	8,857,911
At 1 January 2020	6,941,542	5,843	154,994	1,484,492	8,586,871
Profit for the period	-	-	-	172,477	172,477
Other comprehensive income for the financial period	-	-	150,513	-	150,513
Dividends	-	-	-	(201,402)	(201,402)
Issuance of ordinary shares pursuant to exercise of DRP	146,713	-	-	-	146,713
Transfer of share option reserve to retained profits upon expiry of share options	-	(262)	-	262	-
At 30 September 2020	7,088,255	5,581	305,507	1,455,829	8,855,172

Company	← Non-distributable →		Distributable		Total RM'000
	Share Capital RM'000	Share Option Reserve RM'000	Fair Value Reserves RM'000	Retained Profits RM'000	
At 1 January 2021	7,088,255	-	-	157,684	7,245,939
Profit for the period	-	-	-	57,065	57,065
Dividends	-	-	-	(139,508)	(139,508)
Issuance of ordinary shares pursuant to exercise of DRP	109,813	-	-	-	109,813
At 30 September 2021	7,198,068	-	-	75,241	7,273,309
At 1 January 2020	6,941,542	5,843	-	202,431	7,149,816
Profit for the period	-	-	-	129,775	129,775
Dividends	-	-	-	(201,402)	(201,402)
Issuance of ordinary shares pursuant to exercise of DRP	146,713	-	-	-	146,713
Transfer of share option reserve to retained profits upon expiry of share options	-	(262)	-	262	-
At 30 September 2020	7,088,255	5,581	-	131,066	7,224,902

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

	Group		Company	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	549,693	221,477	89,559	127,041
Adjustments for non-cash items	243,152	514,129	18,571	60,141
Operating profit before working capital changes	792,845	735,606	108,130	187,182
Working capital changes:				
Net changes in operating assets	(941,390)	(614,678)	116,773	(46,384)
Net changes in operating liabilities	1,328,898	(889,404)	(9,568)	(99,710)
Income taxes and zakat paid	(40,945)	(93,561)	(4,233)	(16,367)
Net cash generated from/(used in) operating activities	1,139,408	(862,037)	211,102	24,721
Cash flows from investing activities				
Increase in investment in subsidiaries	-	-	(268,113)	-
Purchase of property and equipment	(29,547)	(39,994)	-	-
Purchase of intangible assets	(17,424)	(18,708)	-	-
Proceeds from disposal of foreclosed properties	2,950	53	2,950	53
Profit income from financial investment	335,324	310,972	-	-
Net (purchase)/sale of financial investments	(2,679,101)	374,349	-	-
Dividends received	-	-	69,754	133,657
Net cash (used in)/generated from investing activities	(2,387,798)	626,672	(195,409)	133,710

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021 (CONTINUED)

	Group		Company	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Repayment on recourse obligation on loans/financing sold	971,545	(156,748)	-	-
Profit expense paid - recourse obligation on financing sold	(63,027)	(78,048)	-	-
Profit expense paid - Sukuk MBSB SC Murabahah	(34,247)	(41,414)	-	-
Repayment of Sukuk - MBSB SC Murabahah	(97,911)	(92,703)	-	-
Profit expense paid - Sukuk Wakalah	(33,925)	(34,620)	-	-
Payment of lease liabilities	(15,917)	(6,599)	-	-
Dividends paid on ordinary shares	(139,508)	(201,402)	(139,508)	(201,402)
Net proceeds from issuance of ordinary shares	109,813	146,713	109,813	146,713
Net cash used in financing activities	696,823	(464,821)	(29,695)	(54,689)
Net (decrease)/increase in cash and cash equivalents	(551,567)	(700,186)	(14,002)	103,742
Cash and cash equivalents at beginning of financial period	1,082,712	2,034,889	342,898	189,526
Cash and cash equivalents at end of financial period (Note A8(a))	531,145	1,334,703	328,896	293,268
Cash and cash equivalents is represented by:				
Cash and short-term funds	531,145	1,334,703	328,896	293,268
Cash and cash equivalents at end of financial period (Note A8(a))	531,145	1,334,703	328,896	293,268

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021
PART A - EXPLANATORY NOTES PURSUANT TO MFRS134

A1. Basis of preparation

The unaudited condensed interim financial statements for the financial quarter ended 30 September 2021 have been prepared under the historical cost convention except for financial investments 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 interest/profit method: loans, financing and advances, trade and other payables, bank borrowings and recourse obligations on financing sold.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad and Financial Reporting for Islamic Banking Institutions policy issued by Bank Negara Malaysia ("BNM"). The unaudited interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2020. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2020.

The unaudited interim financial statements of the Group consolidated financial performance including Banking group which comprises of MBSB Bank Berhad ("the Bank") and the Bank's subsidiary, Jana Kapital Sdn Bhd ("JKSB"). The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 December 2020.

On 1 January 2021, where applicable, the Group and the Company adopted the following MFRSs and Amendments to MFRSs mandatory for annual financial periods beginning on or after 1 January 2021:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

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A1. Basis of preparation (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The initial application of the abovementioned accounting standards, amendments and interpretations is not expected to have material financial impact to the current period and prior period financial statements of the Group and the Company.

A2. Audit report of preceding financial year ended 31 December 2020

The audit report on the financial statements of the preceding year was not qualified.

A3. Seasonality and cyclicity of operations

The business operations of the Group and the Company have not been affected by any seasonal or cyclical factors.

A4. Exceptional or unusual items

There were no exception or unusual items during the quarter.

A5. Changes in estimates of amounts reported previously

The following comparative amount has been reclassified to conform with the current year's presentation which more accurately reflect the nature of the relevant transactions. The Group's prior financial year's results were not affected by this reclassification.

Group	As previously reported RM'000	Re- classification RM'000	As restated RM'000
<u>Statements of financial position</u>			
Deposits from customers	24,353,435	9,428,062	33,781,497
Deposits and placement of banks	9,529,305	(9,428,062)	101,243
	<u>33,882,740</u>	<u>-</u>	<u>33,882,740</u>

A6. Issue of shares and debentures

There were no issuance and repayment of debt and equity securities, share buy backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial quarter.

	30-Sep-21	31-Dec-20
Number of ordinary shares ('000)	7,171,484	6,975,389
Share Capital (RM'000)	7,198,068	7,088,255

A7. Dividend

Pursuant to the option to reinvest via the DRP which was approved during the Annual General Meeting held on 17 June 2021, a total of 196,095,257 shares at RM0.56 per share amounting to RM109,813,344 in cash were reinvested.

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
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A8. Cash and short-term funds and deposits and placements with banks and other financial institutions

	Group		Company	
	30-Sep-21 RM'000	31-Dec-20 RM'000	30-Sep-21 RM'000	31-Dec-20 RM'000
(a) Cash and short-term funds:				
Cash at banks and on hand	130,320	196,800	1,543	63,015
Money at call and deposit placements maturing within one month	400,825	885,912	327,353	279,883
	531,145	1,082,712	328,896	342,898
(b) Deposits and placements with financial institutions with original maturity of more than one month				
- Licensed Islamic banks	924,435	781,682	-	-
	1,455,580	1,864,394	328,896	342,898

The ECL for cash and short-term funds and deposits and placements above is nil (2020: nil).

A9. 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.

	Group		
	Notional amount RM'000	Fair value Assets RM'000	Liabilities RM'000
2021			
<u>Trading derivatives</u>			
<u>Foreign exchange contracts:</u>			
Currency forward			
- Less than one year	964,015	1,124	(1,059)
2020			
<u>Trading derivatives</u>			
<u>Foreign exchange contracts:</u>			
Currency forward			
- Less than one year	278,310	1,724	(1,614)

A10. Financial investments at FVTPL

	Group	
	30-Sep-21 RM'000	31-Dec-20 RM'000
At fair value		
Quoted securities:		
<u>In Malaysia</u>		
Malaysian Government Investment Issues	239,458	-
	239,458	-

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A11. Financial investments at FVOCI

	Group	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
At fair value		
Money Market Instruments		
Malaysian Government Investment Issues	8,662,939	6,906,159
Debt securities:		
<u>In Malaysia</u>		
Private and Islamic debt securities	1,061,330	1,089,533
Government Guaranteed debt securities	2,321,164	2,196,580
	<u>12,045,433</u>	<u>10,192,272</u>

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.

ECL movement for financial investments at FVOCI:

	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	7	-	-	7
Total charge to profit or loss:	7	-	-	7
New financial investments purchased during the year	12	-	-	12
Matured financial investments during the year	(5)	-	-	(5)
Change in credit risk	-	-	-	-
At 30 September 2021	<u>14</u>	<u>-</u>	<u>-</u>	<u>14</u>

	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	18	-	-	18
Total charge to profit or loss:	(11)	-	-	(11)
Change in credit risk	(11)	-	-	(11)
At 31 December 2020	<u>7</u>	<u>-</u>	<u>-</u>	<u>7</u>

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
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A12. Financial investments at amortised cost

	Group	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
At amortised cost		
Quoted securities:		
<u>In Malaysia</u>		
Private and Islamic debt securities	612,423	488,693
Less: ECL		
- Stage 1	(640)	(90)
- Stage 2	(405)	(501)
	611,378	488,102

ECL movement for financial investments at amortised cost:

	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
ECL at 1 January 2021	90	501	-	591
Charged to profit or loss	550	(96)	-	454
Change in credit risk	(22)	(96)	-	(118)
New financial investments purchased during the year	572	-	-	572
ECL at 30 September 2021	640	405	-	1,045

	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
ECL at 1 January 2020	152	-	-	152
Charged to profit or loss	(62)	501	-	439
Transfer to stage 2	(45)	45	-	-
Change in credit risk	(17)	456	-	439
ECL at 31 December 2020	90	501	-	591

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A13. Loans, financing and advances

	Group		Company	
	30-Sep-21	31-Dec-20	30-Sep-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
(i) By type				
At amortised cost				
<i>Islamic:</i>				
Term financing:				
Personal financing	19,614,386	19,837,438	-	-
Property financing	6,824,617	6,084,956	-	-
Industrial hire purchase	663,889	761,732	-	-
Bridging financing	449,787	483,947	-	-
Auto financing	82,659	106,198	-	-
Other term financing	5,752,070	5,642,011	-	-
Revolving Credit	244,543	190,840	-	-
Staff financing	43,808	46,071	-	-
Cash line	120,058	81,539	-	-
Trade finance	1,257,888	1,007,549	-	-
<i>Conventional:</i>				
End finance:				
Normal housing programme	262,453	485,087	262,453	485,087
Low cost housing programme	432	534	432	534
Other term financing	649,715	750,866	649,715	750,866
Bridging financing	213,013	248,104	213,013	248,104
Auto financing	-	1,177	-	1,177
Staff financing	-	169	-	169
Gross loans, financing and advances	36,179,318	35,728,218	1,125,613	1,485,937
Less: ECL				
- Stage 1	(289,500)	(370,236)	(2,972)	(4,698)
- Stage 2	(599,025)	(648,474)	(26,502)	(60,822)
- Stage 3	(1,128,633)	(947,050)	(501,285)	(521,463)
Net loans, financing and advances	34,162,160	33,762,458	594,854	898,954
(ii) By maturity structure				
	Group		Company	
	30-Sep-21	31-Dec-20	30-Sep-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Within one year	3,026,141	2,382,792	543,546	567,540
More than one year to three years	1,096,803	1,528,467	59,878	76,682
More than three years to five years	2,171,944	1,899,493	17,378	110,563
More than five years	29,884,430	29,917,466	504,811	731,152
	36,179,318	35,728,218	1,125,613	1,485,937

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A13. Loans, financing and advances (continued)

(iii) By economic purpose

	Group		Company	
	30-Sep-21	31-Dec-20	30-Sep-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Personal Use	19,707,736	19,927,512	193	279
Construction	4,069,161	4,225,409	339,180	463,621
Purchase of landed property:				
- Residential	6,668,714	6,162,098	234,599	450,009
- Non-Residential	812,139	813,571	74,086	76,686
Working Capital	3,384,781	2,855,726	57,477	56,512
Purchase of other fixed assets	899,497	962,169	2,510	4,180
Purchase of transport vehicles	84,602	108,605	-	1,177
Purchase of other securities	441	466	-	-
Purchase of consumer durables	899	901	-	-
Others	551,348	671,761	417,568	433,473
	36,179,318	35,728,218	1,125,613	1,485,937

(iv) By type of customers

	Group		Company	
	30-Sep-21	31-Dec-20	30-Sep-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Individuals	26,718,201	26,443,178	229,113	446,878
Domestic business enterprises				
- Small medium enterprise	2,875,132	2,924,451	671,491	817,118
- Government	-	51,161	-	-
- Non-bank financial institutions	778,055	740,803	-	-
- Others	5,763,424	5,537,528	225,009	221,941
Foreign entities	44,506	31,097	-	-
	36,179,318	35,728,218	1,125,613	1,485,937

(v) By sector

	Group		Company	
	30-Sep-21	31-Dec-20	30-Sep-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Household sectors	26,718,201	26,443,178	229,113	446,878
Construction	3,908,410	3,983,687	582,509	621,179
Finance, insurance and business services	2,749,727	2,849,817	9,501	9,844
Wholesale & retail trade and restaurants & hotels	866,618	820,373	3,434	106,428
Manufacturing	929,515	552,283	62,956	62,631
Education, health and others	381,339	367,355	233,185	233,914
Transport, storage and communication	236,282	227,486	1,473	1,767
Mining and quarrying	123,644	216,712	-	-
Electricity, gas and water	174,860	169,087	-	-
Agriculture	90,722	98,240	3,442	3,296
	36,179,318	35,728,218	1,125,613	1,485,937

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A13. Loans, financing and advances (continued)

(vi) By profit/interest rate sensitivity

	Group		Company	
	30-Sep-21	31-Dec-20	30-Sep-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Fixed rate:				
Personal financing	16,264,757	16,721,791	-	-
Bridging, structured and term financing	1,069,727	1,084,687	130,590	128,267
Mortgage and property Islamic	424,256	440,750	1,021	1,332
Auto finance	85,287	109,784	-	1,177
Variable rate:				
Personal financing	3,360,598	3,129,748	-	-
Bridging, structured and term financing	8,281,639	8,082,320	732,138	870,703
Mortgage and property Islamic	6,693,054	6,159,138	261,864	484,458
	36,179,318	35,728,218	1,125,613	1,485,937

(vii) By geographical distribution

	Group		Company	
	30-Sep-21	31-Dec-20	30-Sep-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Malaysia	36,179,318	35,728,218	1,125,613	1,485,937
	36,179,318	35,728,218	1,125,613	1,485,937

(viii) Movement of gross loans, advances and financing

30-Sep-21	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Gross carrying amount as at 1 January 2021	28,856,494	4,976,739	1,894,985	35,728,218
Transfer to stage 1	1,419,984	(1,382,593)	(37,391)	-
Transfer to stage 2	(1,377,653)	1,450,232	(72,579)	-
Transfer to stage 3	(60,733)	(329,999)	390,732	-
New financing / disbursement during the year	3,578,539	343,048	58,428	3,980,015
Repayment during the year	(3,007,926)	(573,210)	(164,435)	(3,745,571)
Other movements	377,108	85,485	(18,140)	444,453
Loss on modification of cash flows	(137,443)	(59,186)	-	(196,629)
Reclassification to assets held-for-sale	-	-	(23,912)	(23,912)
Write-offs	-	-	(7,256)	(7,256)
Gross carrying amount as at 30 September 2021	29,648,370	4,510,516	2,020,432	36,179,318
30-Sep-21	Company			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Gross carrying amount as at 1 January 2021	145,352	432,831	907,754	1,485,937
Transfer to stage 1	36,799	(32,247)	(4,552)	-
Transfer to stage 2	(27,529)	37,436	(9,907)	-
Transfer to stage 3	(2,074)	(11,000)	13,074	-
Repayment during the year	(56,327)	(207,602)	(106,298)	(370,227)
Other movements	1,128	3,763	12,570	17,461
Loss on modification of cash flows	(3)	(18)	-	(21)
Reclassification to assets held-for-sale	-	-	(281)	(281)
Write-offs	-	-	(7,256)	(7,256)
Gross carrying amount as at 30 September 2021	97,346	223,163	805,104	1,125,613

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A13. Loans, financing and advances (continued)

(viii) Movement of gross loans, advances and financing (continued)

31-Dec-20	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2020	29,415,952	4,586,996	1,861,542	35,864,490
Transfer to stage 1	1,109,643	(1,064,223)	(45,420)	-
Transfer to stage 2	(1,600,302)	1,736,739	(136,437)	-
Transfer to stage 3	(205,397)	(229,602)	434,999	-
New financing / disbursement during the year	4,554,480	514,891	62,228	5,131,599
Repayment during the year	(4,447,482)	(606,982)	(84,955)	(5,139,419)
Other movements	493,600	79,670	152,483	725,753
Loss on modification of cash flows	(464,000)	(40,750)	-	(504,750)
Write-offs	-	-	(349,455)	(349,455)
Gross carrying amount as at 31 December 2020	28,856,494	4,976,739	1,894,985	35,728,218

31-Dec-20	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2020	350,665	480,287	1,043,517	1,874,469
Transfer to stage 1	38,532	(35,242)	(3,290)	-
Transfer to stage 2	(114,129)	153,126	(38,997)	-
Transfer to stage 3	(29)	(30,259)	30,288	-
Repayment during the year	(133,971)	(154,245)	(26,958)	(315,174)
Other movements	4,313	19,208	56,997	80,518
Loss on modification of cash flows	(29)	(44)	-	(73)
Write-offs	-	-	(153,803)	(153,803)
Gross carrying amount as at 31 December 2020	145,352	432,831	907,754	1,485,937

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A13. Loans, financing and advances (continued)

(ix) Movement of ECL for loans, advances and financing

30-Sep-21	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL as at 1 January 2021	370,236	648,474	947,050	1,965,760
Charged to profit or loss, of which:	(80,730)	(49,339)	266,024	135,955
Changes in ECL				
- Transfer to stage 1	183,223	(162,021)	(21,202)	-
- Transfer to stage 2	(25,142)	63,568	(38,426)	-
- Transfer to stage 3	(609)	(74,169)	74,778	-
New financing / disbursement during the year	32,120	47,063	36,383	115,566
Repayment during the year	(273,276)	(234,618)	(146,002)	(653,896)
Changes in credit risk parameters #	2,954	310,838	360,493	674,285
Reclassification to assets held-for-sale	-	-	(23,556)	(23,556)
Other movements	(6)	(110)	(50,905)	(51,021)
Write-offs	-	-	(9,980)	(9,980)
ECL as at 30 September 2021	289,500	599,025	1,128,633	2,017,158
30-Sep-21	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL as at 1 January 2021	4,698	60,822	521,463	586,983
Charged to profit or loss, of which:	(1,720)	(34,210)	40,860	4,930
Changes in ECL				
- Transfer to stage 1	9,957	(6,768)	(3,189)	-
- Transfer to stage 2	(668)	6,735	(6,067)	-
- Transfer to stage 3	(63)	(2,668)	2,731	-
New financing / disbursement during the year	-	-	-	-
Repayment during the year	(10,966)	(41,459)	(69,788)	(122,213)
Changes in credit risk parameters #	20	9,950	117,173	127,143
Reclassification to assets held-for-sale	-	-	(153)	(153)
Other movements	(6)	(110)	(50,905)	(51,021)
Write-offs	-	-	(9,980)	(9,980)
ECL as at 30 September 2021	2,972	26,502	501,285	530,759

The changes in credit risk parameters include impact of forward-looking factors on key macroeconomic variables ("MEV") and changes to loss rate for the ECL model.

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A13. Loans, financing and advances (continued)

(ix) Movement of ECL for loans, advances and financing

31-Dec-20	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL as at 1 January 2020	411,822	433,194	1,065,652	1,910,668
Charged to profit or loss, of which:	(41,586)	215,280	230,491	404,185
Changes in ECL				
- Transfer to stage 1	102,573	(74,847)	(27,726)	-
- Transfer to stage 2	(34,679)	115,462	(80,783)	-
- Transfer to stage 3	(4,290)	(28,630)	32,920	-
New financing / disbursement during the year	66,724	58,879	19,092	144,695
Repayment during the year	(182,798)	(164,075)	(133,447)	(480,320)
Changes in credit risk parameters #	10,884	308,491	420,435	739,810
Write-offs	-	-	(349,093)	(349,093)
ECL as at 31 December 2020	370,236	648,474	947,050	1,965,760

31-Dec-20	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL as at 1 January 2020	10,532	64,260	653,172	727,964
Charged to profit or loss, of which:	(5,834)	(3,438)	22,094	12,822
Changes in ECL				
- Transfer to stage 1	6,312	(4,165)	(2,147)	-
- Transfer to stage 2	(3,081)	21,694	(18,613)	-
- Transfer to stage 3	(1)	(6,687)	6,688	-
New financing / disbursement during the year	-	-	-	-
Repayment during the year	(9,252)	(35,575)	(73,840)	(118,667)
Changes in credit risk parameters #	188	21,295	110,006	131,489
Write-offs	-	-	(153,803)	(153,803)
ECL as at 31 December 2020	4,698	60,822	521,463	586,983

The changes in credit risk parameters include impact of forward-looking factors on key macroeconomic variables ("MEV") and changes to loss rate for the ECL model.

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A13. Loans, financing and advances (continued)

(x) **Movements of impaired loans, financing and advances are as follows:**

	Group		Company	
	30-Sep-21	31-Dec-20	30-Sep-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January	1,894,985	1,861,542	907,754	1,043,517
Classified as impaired during the period	449,160	497,227	13,074	30,288
Reclassified as non-impaired	(109,970)	(181,857)	(14,459)	(42,287)
Amount recovered	(164,435)	(84,955)	(106,298)	(26,958)
Other movements	(18,140)	152,483	12,570	56,997
Amount written off	(7,256)	(349,455)	(7,256)	(153,803)
Reclassification to assets held-for-sale	(23,912)	-	(281)	-
Balance as at end of financial period	2,020,432	1,894,985	805,104	907,754
Less: ECL stage 3	(1,128,633)	(947,050)	(501,285)	(521,463)
Net impaired financing and advances	891,799	947,935	303,819	386,291
Net impaired loans as a percentage of net financing and advances	2.61%	2.81%	51.07%	42.97%
Gross impaired loans as a percentage of gross financing and advances	5.58%	5.30%	71.53%	61.09%

(xi) **Impaired loans, financing and advances by economic purpose**

	Group		Company	
	30-Sep-21	31-Dec-20	30-Sep-21	31-Dec-20
Personal use	189,351	80,585	-	-
Construction	958,148	924,439	339,181	360,921
Purchase of landed property:				
- Residential	220,087	291,103	35,870	102,679
- Non-Residential	95,334	92,904	55,212	53,528
Working capital	143,329	47,500	-	-
Purchase of other fixed assets	32,135	43,096	756	1,055
Purchase of transport vehicles	6,895	6,650	-	133
Purchase of other securities	-	2,890	-	-
Purchase of consumer durables	788	789	-	-
Others	374,365	405,029	374,085	389,438
	2,020,432	1,894,985	805,104	907,754

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A13. Loans, financing and advances (continued)

(xii) Impaired loans, financing and advances by sector

	Group		Company	
	30-Sep-21	31-Dec-20	30-Sep-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Household sector	430,995	395,683	37,417	106,889
Construction	856,802	897,235	534,399	570,064
Education, health and others	316,654	311,894	229,196	226,226
Finance, insurance and business services	149,814	146,704	-	-
Manufacturing	162,542	71,577	468	1,142
Mining and quarrying	67,945	39,313	-	-
Wholesale & retail trade and restaurants & hotels	27,228	25,288	-	137
Transport, storage and communication	5,010	3,995	182	-
Agriculture	3,442	3,296	3,442	3,296
	2,020,432	1,894,985	805,104	907,754

A14. Assets held- for-sale

	Group		Company	
	30-Sep-21	31-Dec-20	30-Sep-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Assets held-for-sale comprises of:				
Financing held-for-sale (a)	1,714	-	128	-
Other assets held-for-sale (b)	162	12,612	-	-
	1,876	12,612	128	-

(a) Financing held-for-sale

	Group	Company
	30-Sep-21	30-Sep-21
	RM'000	RM'000
Balance as at 1 January	-	-
Reclassification from financing	25,270	281
Gross financing held-for-sale	25,270	281
Less impairment allowance:		
Balance as at 1 January	-	-
Reclassification from financing	(23,556)	(153)
Total impairment allowance	(23,556)	(153)
Net financing held-for-sale	1,714	128
By economic purpose:		
Purchase of residential properties	24,101	281
Purchase of non-residential properties	813	-
Purchase of Other Fixed Assets	246	-
Purchase of transport vehicles	65	-
Others	45	-
	25,270	281

In the second quarter of 2021, MBSB Bank and MBSB entered into an agreement to dispose identified retail financing to an external party. The sale is expected to complete in fourth quarter 2021.

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A14. Assets held-for-sale (continued)

(b) Other assets held-for-sale

	Group	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
Inventories	-	10
Property and equipment	162	12,599
Intangible assets	-	3
	162	12,612

A15. Trade and other receivables

	Group		Company	
	30-Sep-21	31-Dec-20	30-Sep-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
<u>Non trade:</u>				
Advances in respect of certain projects	596,628	571,263	-	-
Amount due from MBSB Bank	-	-	270,883	162,993
Amount due from other subsidiaries	-	-	49,440	54,729
Foreclosed properties	62,163	70,162	62,163	70,162
Prepayments and deposits	21,038	19,074	3,654	8,399
Sundry receivables	61,994	65,205	3,008	4,482
Public Low Cost Housing Programme ("PLCHP")	689	765	689	765
Deferred expenses	1,840	2,047	-	-
	744,352	728,516	389,837	301,530
<u>Trade:</u>				
Trade receivable	24,835	24,835	-	-
	769,187	753,351	389,837	301,530
Less: ECL at stage 3				
- Non trade	(609,608)	(586,618)	(62,267)	(70,070)
- Trade	(24,835)	(24,834)	-	-
	134,744	141,899	327,570	231,460

A16. Deposits from customers

(i) By type of deposit:

	Group	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
Commodity Murabahah Term Deposit	32,750,123	33,193,269
Demand deposits	513,466	305,042
Savings deposits	260,945	283,185
	33,524,534	33,781,496

(ii) Maturity of deposits from customers:

	Group	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
Within six months	22,130,639	24,191,607
More than six months to one year	7,363,127	5,748,734
More than one year to three years	2,975,761	2,886,851
More than three years	280,596	366,077
	32,750,123	33,193,269

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A16. Deposits from customers (continued)

(iii) By type of customers:

	Group	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
Government and statutory bodies	13,619,539	12,058,760
Business enterprises	7,321,663	7,568,566
Individuals	8,228,472	4,726,109
Other Financial Institutions	4,354,860	9,428,061
	<u>33,524,534</u>	<u>33,781,496</u>

(iv) By type of contract:

	Group	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
Tawarruq	33,524,534	33,781,496
	<u>33,524,534</u>	<u>33,781,496</u>

A17. Deposits and placements of banks

(i) By type of deposit:

	Group	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
<u>Non-Mudharabah Funds:</u>		
-Licensed Investment Banks	944	1,233
-Licensed Islamic Banks	134,277	100,011
	<u>135,221</u>	<u>101,244</u>

(ii) By type of contract:

	Group	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
Tawarruq	135,221	101,244
	<u>135,221</u>	<u>101,244</u>

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A18. Investment accounts of customers

	Group
	30-Sep-21
	RM'000
Wakalah	1,324,778
	<u>1,324,778</u>
	Group
	30-Sep-21
	RM'000
Movement in investment accounts	
At beginning of the financial period	-
New placement during the financial period	1,490,999
Redemption	(151,961)
Finance expense	(14,260)
At end of financial period	<u>1,324,778</u>

The banking subsidiary, MBSB Bank Berhad launched a new Wakalah investment account in the first quarter ended 31 March 2021.

A19. Trade and other payables

	Group		Company	
	30-Sep-21	31-Dec-20	30-Sep-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Non trade:				
Sundry creditors	537,772	312,405	34,242	38,999
Al-Mudharabah security fund	146,392	144,168	-	-
Expected credit loss ("ECL") for commitments and contingencies (i)	67,855	46,518	301	2,075
Deferred income	24,294	28,382	1,064	1,554
Other provisions and accruals	55,646	92,811	2,098	5,802
	<u>831,959</u>	<u>624,284</u>	<u>37,705</u>	<u>48,430</u>
Trade:				
Trade payables	-	2	-	-
	<u>831,959</u>	<u>624,286</u>	<u>37,705</u>	<u>48,430</u>

(i) ECL for commitments and contingencies

Movement of ECL for commitments and contingencies are as follows:

	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
30-September-21				
ECL as at 1 January 2021	19,073	13,481	13,964	46,518
Charge to profit or loss	(3,114)	24,677	392	21,955
Changes in the impairment allowance				
- Transfer to stage 1	8,305	(6,436)	(1,869)	-
- Transfer to stage 2	(577)	578	(1)	-
- Transfer to stage 3	(4)	(480)	484	-
New financing /disbursement during the year	5,578	26,748	6,220	38,546
Derecognised to loans/financing during the period (other than write-offs)	(4,344)	(2,613)	(11,326)	(18,283)
Changes in credit risk parameters #	(12,072)	6,880	6,884	1,692
Other movement	-	-	(618)	(618)
ECL as at 30 September 2021	<u>15,959</u>	<u>38,158</u>	<u>13,738</u>	<u>67,855</u>

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A19. Trade and other payables (continued)

(i) ECL for commitments and contingencies (continued)

Movement of ECL for commitments and contingencies are as follows (continued):

30-September-21	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL as at 1 January 2021	195	207	1,673	2,075
Charge to profit or loss	(34)	(123)	(999)	(1,156)
Changes in the impairment allowance				
- Transfer to stage 1	31	(24)	(7)	-
- Transfer to stage 2	(4)	5	(1)	-
- Transfer to stage 3	(1)	(14)	15	-
Derecognised/converted to loans/financing during the period (other than write-offs)	(5)	(16)	(1,658)	(1,679)
Changes in credit risk parameters #	(55)	(74)	652	523
Other movement	-	-	(618)	(618)
ECL as at 30 September 2021	161	84	56	301

The changes in credit risk parameters include impact of forward-looking factors on key macroeconomic variables ("MEV") and changes to loss rate for the ECL model.

31-Dec-20	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL as at 1 January 2020	44,196	17,978	8,506	70,680
Charge to profit or loss	(25,123)	(4,497)	8,272	(21,348)
Changes in the impairment allowance				
- Transfer to stage 1	791	(714)	(77)	-
- Transfer to stage 2	(2,951)	3,119	(168)	-
- Transfer to stage 3	(367)	(1,522)	1,889	-
New financing /disbursement during the year	9,416	3,176	66	12,658
Derecognised to loans/financing during the period (other than write-offs)	(18,566)	(8,479)	(2,414)	(29,459)
Changes in credit risk parameters #	(13,446)	(77)	8,976	(4,547)
Write off	-	-	(2,814)	(2,814)
ECL as at 31 December 2020	19,073	13,481	13,964	46,518

31-Dec-20	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL as at 1 January 2020	251	176	5,014	5,441
Charge to profit or loss	(56)	31	(1,136)	(1,161)
Changes in the impairment allowance				
- Transfer to stage 1	29	(29)	-	-
- Transfer to stage 2	(14)	76	(62)	-
- Transfer to stage 3	-	(3)	3	-
Derecognised/converted to loans/financing during the period (other than write-offs)	(31)	(17)	(322)	(370)
Changes in credit risk parameters #	(40)	4	(755)	(791)
Write off	-	-	(2,205)	(2,205)
ECL as at 31 December 2020	195	207	1,673	2,075

The changes in credit risk parameters include impact of forward-looking factors on key macroeconomic variables ("MEV") and changes to loss rate for the ECL model.

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A20. Income derived from investment of deposits and Islamic capital funds

	Group		Group	
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Income from financial investments at FVOCI				
Financing	532,781	564,838	1,589,988	1,717,895
Income from financial investments at FVTPL	3,139	21	3,868	170
Income from financial investments at FVOCI	106,733	93,628	310,392	297,765
Income from financial investments at amortised cost	8,130	6,439	21,064	13,040
Deposits with financial institutions	6,911	9,061	20,544	43,833
	657,694	673,987	1,945,856	2,072,703

A21. Interest income

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- Loans, advances and financing	7,915	26,687	52,146	108,952
- Deposits and placements with banks and other financial institutions	78	1,049	1,440	3,456
	7,993	27,736	53,586	112,408

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- Loans, advances and financing	8,592	12,998	29,032	69,608
- Deposits and placements with banks and other financial institutions	1,513	1,049	3,407	3,456
	10,105	14,047	32,439	73,064

A22. Interest expense

	Group and Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Others	-	1	-	11
	-	1	-	11

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A23. Net allowance for impairment on loans, financing and advances and other financial assets

30-September-21

	Group			
	3rd Quarter Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI	(5)	-	-	(5)
Financial investments at amortised cost	(204)	(33)	-	(237)
Loans, financing and advances	3,102	93,805	102,755	199,662
Other receivables	-	-	140	140
Financing commitments and financial guarantee	(177)	25,384	6,422	31,629
	<u>2,716</u>	<u>119,156</u>	<u>109,317</u>	<u>231,189</u>
Impaired loans, financing and advances:				
- Write off	-	-	31,495	31,495
- Recovered	-	-	(13,688)	(13,688)
	-	-	<u>17,807</u>	<u>17,807</u>
	<u>2,716</u>	<u>119,156</u>	<u>127,124</u>	<u>248,996</u>

	Group			
	Nine Months Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI	7	-	-	7
Financial investments at amortised cost	550	(96)	-	454
Loans, financing and advances	(80,730)	(49,339)	266,024	135,955
Other receivables	-	-	25,390	25,390
Financing commitments and financial guarantee	(3,114)	24,677	392	21,955
	<u>(83,287)</u>	<u>(24,758)</u>	<u>291,806</u>	<u>183,761</u>
Impaired loans, financing and advances:				
- Write off	-	-	32,423	32,423
- Recovered	-	-	(21,657)	(21,657)
	-	-	<u>10,766</u>	<u>10,766</u>
	<u>(83,287)</u>	<u>(24,758)</u>	<u>302,572</u>	<u>194,527</u>

30-September-21

	Company			
	3rd Quarter Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Loans, financing and advances	(2,287)	(12,224)	14,417	(94)
Amount due from subsidiaries	-	-	933	933
Financing commitments and financial guarantee	(3)	(60)	40	(23)
	<u>(2,290)</u>	<u>(12,284)</u>	<u>15,390</u>	<u>816</u>
Impaired loans and advances:				
- Write off	-	-	29,099	29,099
- Recovered	-	-	(10,423)	(10,423)
	-	-	<u>18,676</u>	<u>18,676</u>
	<u>(2,290)</u>	<u>(12,284)</u>	<u>34,066</u>	<u>19,492</u>

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A23. Net allowance for impairment on loans, financing and advances and other financial assets (continued)

30-September-21

	Company			
	Nine Months Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Loans, financing and advances	(1,720)	(34,210)	40,860	4,930
Assets held-for-sale				
Amount due from subsidiaries	-	-	(3,427)	(3,427)
Financing commitments and financial guarantee	(34)	(123)	(999)	(1,156)
	<u>(1,754)</u>	<u>(34,333)</u>	<u>36,434</u>	<u>347</u>
Impaired loans and advances:				
- Write off	-	-	29,247	29,247
- Recovered	-	-	(13,907)	(13,907)
	<u>-</u>	<u>-</u>	<u>15,340</u>	<u>15,340</u>
	<u>(1,754)</u>	<u>(34,333)</u>	<u>51,774</u>	<u>15,687</u>

30-September-20

	Group			
	3rd Quarter Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI	(5)	-	-	(5)
Financial investments at amortised cost	(3)	-	-	(3)
Loans, financing and advances	54,809	(42,089)	31,823	44,543
Other receivables	-	-	14,444	14,444
Financing commitments and financial guarantee	(1,744)	(2,576)	(1,423)	(5,743)
	<u>53,057</u>	<u>(44,665)</u>	<u>44,844</u>	<u>53,236</u>
Impaired financing and advances:				
- Write off	-	-	693	693
- Recovered	-	-	(1,856)	(1,856)
	<u>-</u>	<u>-</u>	<u>(1,163)</u>	<u>(1,163)</u>
	<u>53,057</u>	<u>(44,665)</u>	<u>43,681</u>	<u>52,073</u>

	Group			
	Nine Months Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI	(12)	-	-	(12)
Financial investments at amortised cost	(27)	-	-	(27)
Loans, financing and advances	(11,071)	25,218	248,688	262,835
Other receivables	-	-	29,890	29,890
Financing commitments and financial guarantee	(17,088)	4,052	13,959	923
	<u>(28,198)</u>	<u>29,270</u>	<u>292,537</u>	<u>293,609</u>
Impaired loans, financing and advances:				
- Write off	-	-	2,913	2,913
- Recovered	-	-	(6,541)	(6,541)
	<u>-</u>	<u>-</u>	<u>(3,628)</u>	<u>(3,628)</u>
	<u>(28,198)</u>	<u>29,270</u>	<u>288,909</u>	<u>289,981</u>

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A23. Net allowance for impairment on loans, financing and advances and other financial assets (continued)

30-September-20

	Company			
	3rd Quarter Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Loans and advances	(219)	7,755	39,146	46,682
Amount due from subsidiaries	-	-	814	814
Financing commitments and financial guarantee	60	(97)	(1,095)	(1,132)
	<u>(159)</u>	<u>7,658</u>	<u>38,865</u>	<u>46,364</u>
Impaired loans and advances:				
- Write off	-	-	382	382
- Recovered	-	-	(79)	(79)
	<u>-</u>	<u>-</u>	<u>303</u>	<u>303</u>
	<u>(159)</u>	<u>7,658</u>	<u>39,168</u>	<u>46,667</u>
	Company			
	Nine Months Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Loans and advances	(4,990)	4,688	69,204	68,902
Amount due from subsidiaries	-	-	3,564	3,564
Other receivables	-	-	(12,000)	(12,000)
Financing commitments and financial guarantee	(29)	(64)	(976)	(1,069)
	<u>(5,019)</u>	<u>4,624</u>	<u>59,792</u>	<u>59,397</u>
Impaired loans and advances:				
- Write off	-	-	637	637
- Recovered	-	-	(188)	(188)
	<u>-</u>	<u>-</u>	<u>449</u>	<u>449</u>
	<u>(5,019)</u>	<u>4,624</u>	<u>60,241</u>	<u>59,846</u>

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A24. Net other income

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Rental income	-	41	4	123
Revenue from hotel operations	-	33	-	62
Loan related fees	16,453	2,251	12,412	4,097
Insurance commission	4,206	3,660	9,682	8,464
Ta'widh/Penalty	3,731	4,215	9,710	12,687
Gain from sale of financial investments at FVOCI	1,351	56,805	11,662	192,957
(Loss)/gain on financial investments at FVTPL	(6,197)	1,099	(6,230)	2,635
Gain/(loss) from disposal of foreclosed properties	-	53	(2,536)	53
Sundry income/(expense)	39,017	(17,040)	59,357	(7,858)
	58,561	51,117	94,061	213,220

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Rental income	949	949	2,853	2,848
Loan related fees	2,237	1,877	3,654	3,544
Insurance commission	85	-	85	-
Ta'widh/Penalty	2,491	3,458	6,374	11,950
Gain/(loss) from disposal of foreclosed properties	-	53	(2,536)	53
Sundry income/(expense)	5,176	(1,483)	8,923	(2,342)
Dividend income	69,754	-	69,754	133,657
	80,692	4,854	89,107	149,710

A25. Other operating expenses

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Personnel expenses *	69,141	73,630	178,627	214,892
Establishment related expenses	47,389	26,008	98,168	67,688
General administrative expenses	20,674	8,529	44,564	25,031
Promotion and marketing related expenses	3,045	3,622	7,800	8,345
Commission fees	12,546	836	25,641	10,882
	152,795	112,625	354,800	326,838

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Personnel expenses *	317	511	1,122	1,146
Establishment related expenses	371	559	1,129	1,379
General administrative expenses	1,423	847	3,498	3,101
Intercompany charges	3,472	9,305	10,417	27,915
Commission fees	82	162	113	641
	5,665	11,384	16,279	34,182

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A25. Other operating expenses (continued)

Included in the other operating expenses:

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Depreciation of property and equipment	7,318	2,280	12,574	6,835
Amortisation of intangible assets	9,136	6,762	26,491	19,449
Depreciation of right-of-use assets	11,811	2,126	16,646	6,633

Included in the other operating expenses:

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Depreciation of property and equipment	116	116	348	348

*** Personnel expenses**

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	55,182	57,111	136,736	167,037
Pension costs - Employees Provident Fund	9,157	9,472	22,714	27,362
Social security costs	433	501	1,279	1,503
Directors fees	903	1,417	3,218	3,314
Shariah Committee remuneration	140	116	360	295
Other staff related expenses	3,326	5,013	14,320	15,381
	69,141	73,630	178,627	214,892

*** Personnel expenses**

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Directors fees	317	511	1,118	1,138
Other staff related expenses	-	-	4	8
	317	511	1,122	1,146

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A26. Commitments and contingencies

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to the customers.

	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Group			
30-Sep-21			
Direct credit substitutes	27,150	20,545	20,545
Trade-related contingencies	92,830	40,533	40,533
Short Term Self Liquidating trade related contingencies	40,856	8,171	8,171
Irrevocable commitments to extend credit:			
- one year or less	1,063,822	221,661	221,661
- over one year to five years	1,519,772	758,740	670,999
- over five years	2,304	1,151	1,150
Foreign exchange related contracts			
- one year or less	964,015	15,581	6,668
	<u>3,710,749</u>	<u>1,066,382</u>	<u>969,727</u>
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Company			
30-Sep-21			
Irrevocable commitments to extend credit:			
- over one year to five years	12,618	6,253	4,678
	<u>12,618</u>	<u>6,253</u>	<u>4,678</u>

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A26. Commitments and contingencies (continued)

Group	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
31-Dec-20			
Direct credit substitutes	61,797	52,254	52,254
Trade-related contingencies	96,956	47,416	47,416
Short Term Self Liquidating trade related contingencies	107,698	21,540	21,540
Irrevocable commitments to extend credit:			
- one year or less	612,780	155,399	155,399
- over one year to five years	1,577,419	785,452	707,057
- over five years	8,308	4,153	4,152
Foreign exchange related contracts			
- one year or less	278,310	5,896	3,344
	<u>2,743,268</u>	<u>1,072,110</u>	<u>991,162</u>

Company	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
31-Dec-20			
Trade-related contingencies	3,530	703	703
Irrevocable commitments to extend credit:			
- over one year to five years	14,989	6,883	5,073
	<u>18,519</u>	<u>7,586</u>	<u>5,776</u>

(i) Capital Commitments

	Group	
	30-Sep-21 RM'000	31-Dec-20 RM'000
Property and equipment/Intangible assets:		
- Approved and contracted for	<u>44,565</u>	<u>52,872</u>

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A27. Unsecured contingent liabilities

KCSB Konsortium Sdn Bhd and Kausar Corporation Sdn Bhd (collectively referred to as “the Plaintiffs/the Appellant”) have instituted a civil suit against the Company and its subsidiary for an alleged breach of facility agreement.

The High Court dismissed the Plaintiffs’ claim with costs and allowed the Company’s counterclaim. The Plaintiffs appealed to the Court of Appeal who on 1 November 2016, allowed the appeal with no order as to costs and sent the case back to the High Court for retrial before a different Judge on the Ground that the Judgment were wholly inadequate as they could not be certain as to the basis on which the decision was reached.

The High Court fixed the matter for full trial on 11, 12 and 15 September 2017. The parties filed Striking-Out Applications on 18 July 2017. On 8 September 2017, the Court found that both claims were time barred and struck out both the claims. Both parties have appealed to the Court of Appeal and the matter was subsequently heard on 28 August 2018. The Court of Appeal dismissed both appeals and directed the matter to be fixed for trial before a different judge.

On 27 January 2021, the High Court has decided in favour of the Plaintiffs’ claims including a monetary claim of RM35.31mil with interest at 5% to be calculated thereon. The Company has then decided to appeal to the Court of Appeal against the decision of the High Court in allowing the Plaintiff’s claims in part and in dismissing the Company’s counterclaim and to apply for a stay of execution of the High Court judgement pending disposal of the appeal. The parties’ appeals to the Court of Appeal are fixed for hearing on 3 March 2022.

The Directors after obtaining advice from the Company’s solicitors are of the opinion that the Company has a reasonably fair chance in respect of the stay application and appeal.

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A28. Segmental information on revenue and results

Group	Banking and investment holding RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
3 months ended 30 September 2021				
External	675,501	5,549	-	681,050
Intersegment transactions	71,125	165	(71,290)	-
Total revenue	<u>746,626</u>	<u>5,714</u>	<u>(71,290)</u>	<u>681,050</u>
Segment results	(37,509)	(24,365)	(32,469)	<u>(94,343)</u>
Loss before taxation and zakat from operations				<u>(94,343)</u>
Segment assets	58,244,535	419,488	(8,066,732)	<u>50,597,291</u>
Consolidated total assets				<u>50,597,291</u>
Segment liabilities	44,148,746	1,391,584	(3,800,950)	<u>41,739,380</u>
Consolidated total liabilities				<u>41,739,380</u>
Group	Banking and investment holding RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
9 months ended 30 September 2021				
External	1,988,662	38,307	-	2,026,969
Intersegment transactions	179,609	7,673	(187,282)	-
Total revenue	<u>2,168,271</u>	<u>45,980</u>	<u>(187,282)</u>	<u>2,026,969</u>
Segment results	620,174	1,067	(71,548)	<u>549,693</u>
Loss before taxation and zakat from operations				<u>549,693</u>
Segment assets	58,244,535	419,488	(8,066,732)	<u>50,597,291</u>
Consolidated total assets				<u>50,597,291</u>
Segment liabilities	44,148,746	1,391,584	(3,800,950)	<u>41,739,380</u>
Consolidated total liabilities				<u>41,739,380</u>

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A28. Segmental information on revenue and results (continued)

Group	Banking and investment holding	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000
3 months ended 30 September 2020				
External	765,539	33	-	765,572
Intersegment transactions	61,572	-	(61,572)	-
Total revenue	<u>827,111</u>	<u>33</u>	<u>(61,572)</u>	<u>765,572</u>
Segment results	264,903	5,133	23,928	<u>293,964</u>
Profit before taxation and zakat from operations				<u>293,964</u>
Segment assets	58,997,549	14,905	(9,087,114)	<u>49,925,340</u>
Consolidated total assets				<u>49,925,340</u>
Segment liabilities	46,251,677	63,477	(5,244,986)	<u>41,070,168</u>
Consolidated total liabilities				<u>41,070,168</u>
Banking and investment holding				
	RM'000	RM'000	RM'000	RM'000
9 months ended 30 september 2020				
External	2,393,266	62	-	2,393,328
Intersegment transactions	187,255	-	(187,255)	-
Total revenue	<u>2,580,521</u>	<u>62</u>	<u>(187,255)</u>	<u>2,393,328</u>
Segment results	291,370	128,614	(198,507)	<u>221,477</u>
Profit before taxation and zakat from operations				<u>221,477</u>
Segment assets	58,997,549	14,905	(9,087,114)	<u>49,925,340</u>
Consolidated total assets				<u>49,925,340</u>
Segment liabilities	46,251,677	63,477	(5,244,986)	<u>41,070,168</u>
Consolidated total liabilities				<u>41,070,168</u>

A29. Subsequent events

There were no material subsequent events up to the date of this report.

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A30. Acquisition of property and equipment

	Group
	As at
	30-Sep-21
	RM'000
Additions	
Building in progress	13,137
Building renovation	1,062
Furniture & equipment	353
Motor vehicles	377
Data processing equipment	14,618
	<u>29,547</u>

A31. Significant related party transactions

(a) Transactions and balances with government-related entities are as follows:

(i) Transactions and balances with Employees Provident Fund ("EPF"), the ultimate holding body:

	Group	
	30-Sep-21	30-Sep-20
	RM'000	RM'000
Expenses		
Profit expense paid on Sukuk	39,438	43,352
Profit expense paid on Fixed deposit	20,240	28,692
Interest expense paid on Time deposit	331	-
Rental paid	38	38
	<u>38</u>	<u>38</u>
Balances		
Sukuk - MBSB SC Murabahah	973,365	1,085,778
Accrued profit on Sukuk	19,482	21,415
Fixed deposit by EPF	1,350,000	1,300,000
Accrued profit on Fixed deposit	1,253	1,338
Time deposit by EPF	11,772	-
Accrued interest on Time deposit	18	-
Rental deposit	17	17
	<u>17</u>	<u>17</u>

(ii) Transactions and balances with RHB Banking Group of companies, being companies directly controlled by EPF:

	Group	
	30-Sep-21	30-Sep-20
	RM'000	RM'000
Expenses		
Profit income from deposit placements	-	1
Profit to depositors	(2,315)	(1,946)
	<u>(2,315)</u>	<u>(1,946)</u>
Balances		
Cash and short-term funds	48,731	130,025
Deposits and placements with banks and other financial institutions	32	32
	<u>32</u>	<u>32</u>

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A31. Significant related party transactions (continued)

(iii) Collectively, but not individually, significant transactions and balances with EPF's related parties:

	Group	
	30-Sep-21	30-Sep-20
	RM'000	RM'000
Income/(expense)		
Profit from financing	2,745	14,078
Profit to depositors	(220)	(3,371)
	<hr/>	<hr/>
Balances		
Financing	79,011	-
Deposit from customers	12,903	150,364
	<hr/>	<hr/>

(b) Transactions and balances with other related entities of the Group are as follows:

	Group	
	30-Sep-21	30-Sep-20
	RM'000	RM'000
Expenses		
Other expenses	(2,762)	(6,680)
Profit to depositors	(2,741)	-
	<hr/>	<hr/>
Balances		
Deposits from customer	197,675	100,671
	<hr/>	<hr/>

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A32. Capital adequacy

The capital adequacy ratios have been computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (Capital Components and Risk-Weighted Assets). The total risk-weighted assets are computed based on Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk.

In December 2020, Bank Negara Malaysia issued a revised Policy Document on the Capital Adequacy Framework for Islamic Banks (Capital Components) ("CAFIB") and with immediate effect, superseding the version previously issued in February 2020. The revised CAFIB has provided for an optional transitional arrangement for regulatory capital treatment of expected credit losses ("ECL") provisions.

This new optional transitional arrangement allows financial institutions to add back the amount of loss allowance measured at an amount equal to 12-month and lifetime ECL to the extent they are ascribed to non-credit impaired exposures (hereinafter referred to as Stage 1 and Stage 2 provisions) to CET1 capital on a gradual phase-out basis either over a four-year period from the financial year beginning 2020, or over a three-year period from the financial year beginning 2021.

The Group, Bank Group and the Bank have elected to apply this transitional arrangement ("TA") for four financial years from the financial year beginning 1 January 2020 to 31 December 2023.

For the purpose of disclosures, the capital adequacy of the Group, Bank Group and the Bank are disclosed 'with TA' and 'without TA'.

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A32. Capital adequacy (continued)

	Group			
	with TA 30-Sep-21 RM'000	without TA 30-Sep-21 RM'000	with TA 31-Dec-20 RM'000	without TA 31-Dec-20 RM'000
<u>Common Equity Tier 1 ("CET1") Capital</u>				
Ordinary share capital	7,198,068	7,198,068	7,088,255	7,088,255
Retained earnings exclude merger reserve	1,418,748	1,418,748	1,558,251	1,558,251
Other reserves	(121,151)	(121,151)	234,666	234,666
	<u>8,495,665</u>	<u>8,495,665</u>	<u>8,881,172</u>	<u>8,881,172</u>
Less: Regulatory adjustments				
Goodwill	(148,031)	(148,031)	(148,031)	(148,031)
Deferred tax assets	(21,286)	(21,286)	(7,261)	(7,261)
Cumulative gains on financial investments at FVOCI	(81,712)	(81,712)	(191,046)	(191,046)
Intangible assets	(152,991)	(152,991)	(162,058)	(162,058)
Regulatory reserve	-	-	-	-
Other CET1 regulatory adjustments	28,163	-	144,075	-
Total CET1 Capital	<u>8,119,808</u>	<u>8,091,645</u>	<u>8,516,851</u>	<u>8,372,776</u>
<u>Tier 1 Capital</u>				
Additional Tier 1 capital instruments	-	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-	-
Total Tier 1 capital	<u>8,119,808</u>	<u>8,091,645</u>	<u>8,516,851</u>	<u>8,372,776</u>
<u>Tier 2 Capital</u>				
Stage 1 and Stage 2 ECL allowances	446,625	446,625	479,868	479,868
Tier 2 capital instruments	1,310,569	1,310,569	1,293,335	1,293,335
Total Tier II capital	<u>1,757,194</u>	<u>1,757,194</u>	<u>1,773,203</u>	<u>1,773,203</u>
Total capital base	<u>9,877,002</u>	<u>9,848,839</u>	<u>10,290,054</u>	<u>10,145,979</u>
Breakdown of risk weighted assets in various categories of risk weights are as follows:				
	Group			
	with TA 30-Sep-21 RM'000	without TA 30-Sep-21 RM'000	with TA 31-Dec-20 RM'000	without TA 31-Dec-20 RM'000
<u>Total risk weighted assets ("RWA")</u>				
- Credit risk	35,730,036	35,730,036	38,389,455	38,389,455
- Market risk	144,615	144,615	36,226	36,226
- Operational risk	2,737,091	2,737,091	2,581,744	2,581,744
Total RWA	<u>38,611,742</u>	<u>38,611,742</u>	<u>41,007,425</u>	<u>41,007,425</u>
<u>Capital adequacy ratios</u>				
CET 1 capital ratio	21.029%	20.956%	20.769%	20.418%
Tier 1 capital ratio	21.029%	20.956%	20.769%	20.418%
Total capital ratio	<u>25.580%</u>	<u>25.507%</u>	<u>25.093%</u>	<u>24.742%</u>

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A32. Capital adequacy (continued)

	Bank Group			
	with TA 30-Sep-21 RM'000	without TA 30-Sep-21 RM'000	with TA 31-Dec-20 RM'000	without TA 31-Dec-20 RM'000
<u>Common Equity Tier 1 ("CET1") Capital</u>				
Ordinary share capital	5,427,972	5,427,972	5,159,859	5,159,859
Retained earnings exclude merger reserve	950,850	950,850	1,020,604	1,020,604
Other reserves	(115,819)	(115,819)	239,996	239,996
	<u>6,263,003</u>	<u>6,263,003</u>	<u>6,420,459</u>	<u>6,420,459</u>
Less: Regulatory adjustments				
Goodwill	-	-	-	-
Cumulative gains on financial investments at FVOCI	(81,712)	(81,712)	(191,046)	(191,046)
Regulatory reserve	(5,234)	(5,234)	(5,234)	(5,234)
Intangible assets	(103,157)	(103,157)	(111,449)	(111,449)
Deferred tax assets	(14,438)	(14,438)	-	-
Other CET1 regulatory adjustments	73,663	-	153,372	-
Total CET1 Capital	<u>6,132,125</u>	<u>6,058,462</u>	<u>6,266,102</u>	<u>6,112,730</u>
<u>Tier 1 Capital</u>				
Additional Tier 1 capital instruments	-	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-	-
Total Tier 1 capital	<u>6,132,125</u>	<u>6,058,462</u>	<u>6,266,102</u>	<u>6,112,730</u>
<u>Tier 2 Capital</u>				
Stage 1 and Stage 2 ECL allowances	425,637	425,637	453,807	453,807
Tier 2 capital instruments	1,310,569	1,310,569	1,293,335	1,293,335
Total Tier II capital	<u>1,736,206</u>	<u>1,736,206</u>	<u>1,747,142</u>	<u>1,747,142</u>
Total capital base	<u>7,868,331</u>	<u>7,794,668</u>	<u>8,013,244</u>	<u>7,859,872</u>
Breakdown of risk weighted assets in various categories of risk weights are as follows:				
	Bank Group			
	with TA 30-Sep-21 RM'000	without TA 30-Sep-21 RM'000	with TA 31-Dec-20 RM'000	without TA 31-Dec-20 RM'000
<u>Total risk weighted assets ("RWA")</u>				
- Credit risk	34,050,975	34,050,975	36,304,570	36,304,570
- Market risk	144,615	144,615	36,226	36,226
- Operational risk	2,532,238	2,532,238	2,188,152	2,188,152
Total RWA	<u>36,727,828</u>	<u>36,727,828</u>	<u>38,528,948</u>	<u>38,528,948</u>
<u>Capital adequacy ratios</u>				
CET 1 capital ratio	16.696%	16.496%	16.263%	15.865%
Tier 1 capital ratio	16.696%	16.496%	16.263%	15.865%
Total capital ratio	<u>21.423%</u>	<u>21.223%</u>	<u>20.798%</u>	<u>20.400%</u>

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A32. Capital adequacy (continued)

	Bank			
	with TA 30-Sep-21 RM'000	without TA 30-Sep-21 RM'000	with TA 31-Dec-20 RM'000	without TA 31-Dec-20 RM'000
<u>Common Equity Tier 1 ("CET1") Capital</u>				
Ordinary share capital	5,427,972	5,427,972	5,159,859	5,159,859
Retained earnings exclude merger reserve	721,970	721,970	791,724	791,724
Other reserves	(115,819)	(115,819)	239,996	239,996
	<u>6,034,123</u>	<u>6,034,123</u>	<u>6,191,579</u>	<u>6,191,579</u>
Less: Regulatory adjustments				
Goodwill	-	-	-	-
Cumulative gains on financial investments at FVOCI	(81,712)	(81,712)	(191,046)	(191,046)
Regulatory reserve	(5,234)	(5,234)	(5,234)	(5,234)
Intangible assets	(103,157)	(103,157)	(111,449)	(111,449)
Deferred tax assets	(14,438)	(14,438)	-	-
Other CET1 regulatory adjustments	73,662	-	153,372	-
Total CET1 Capital	<u>5,903,244</u>	<u>5,829,582</u>	<u>6,037,222</u>	<u>5,883,850</u>
<u>Tier 1 Capital</u>				
Additional Tier 1 capital instruments	-	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-	-
Total Tier 1 capital	<u>5,903,244</u>	<u>5,829,582</u>	<u>6,037,222</u>	<u>5,883,850</u>
<u>Tier 2 Capital</u>				
Stage 1 and Stage 2 ECL allowances	451,935	451,935	481,430	481,430
Tier 2 capital instruments	1,310,569	1,310,569	1,293,335	1,293,335
Total Tier II capital	<u>1,762,504</u>	<u>1,762,504</u>	<u>1,774,765</u>	<u>1,774,765</u>
Total capital base	<u>7,665,748</u>	<u>7,592,086</u>	<u>7,811,987</u>	<u>7,658,615</u>
Breakdown of risk weighted assets in various categories of risk weights are as follows:				
	Bank			
	with TA 30-Sep-21 RM'000	without TA 30-Sep-21 RM'000	with TA 31-Dec-20 RM'000	without TA 31-Dec-20 RM'000
<u>Total risk weighted assets ("RWA")</u>				
- Credit risk	36,154,784	36,154,784	38,514,371	38,514,371
- Market risk	144,615	144,615	36,226	36,226
- Operational risk	2,359,751	2,359,751	2,025,263	2,025,263
Total RWA	<u>38,659,150</u>	<u>38,659,150</u>	<u>40,575,860</u>	<u>40,575,860</u>
<u>Capital adequacy ratios</u>				
CET 1 capital ratio	15.270%	15.079%	14.879%	14.501%
Tier 1 capital ratio	15.270%	15.079%	14.879%	14.501%
Total capital ratio	<u>19.829%</u>	<u>19.639%</u>	<u>19.253%</u>	<u>18.875%</u>

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PERFORMANCE REVIEW FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

B1. Performance review of the Group

(a) Balance Sheet

(i) Loans, financing and advances

Variation of Results against Preceding Year Corresponding Quarter

	Current Year Quarter 30-Sep-21, 3Q21 RM'000	Preceding Year Corresponding Quarter 30-Sep-20, 3Q20 RM'000	Changes	
			RM'000	%
Personal financing	19,625,362	20,137,889	(512,527)	-2.5%
Corporate loans and financing	9,351,354	9,526,387	(175,033)	-1.8%
Property financing and mortgage	7,117,317	6,560,942	556,375	8.5%
Auto financing	85,285	160,698	(75,413)	-46.9%
Total gross loans, financing and advances	36,179,318	36,385,916	(206,598)	-0.6%

Variation of Results against Immediate Preceding Quarter

	Current Year Quarter 30-Sep-21, 3Q21 RM'000	Preceding Quarter 30-June-21, 2Q21 RM'000	Changes	
			RM'000	%
Personal financing	19,625,362	19,557,585	67,777	0.3%
Corporate loans and financing	9,351,354	9,270,203	81,151	0.9%
Property financing and mortgage	7,117,317	6,904,539	212,778	3.1%
Auto financing	85,285	93,956	(8,671)	-9.2%
Total gross loans, financing and advances	36,179,318	35,826,283	353,035	1.0%

The Group gross loans, financing and advances decreased by 0.6% and increased by 1.0% in 3Q21 compared to 3Q20 and 2Q21 respectively. Overall, the Covid-19 pandemic affected performance of loans and financing and resulted in slower disbursements.

- (i) Personal financing – The gross balance decreased as repayment outpaced disbursement in the current quarter as compared to 3Q20 and slightly increased by 0.3% as compared to 2Q21. The portfolio remains as the biggest financing portfolio of the Group.
- (ii) Corporate loans and financing – The gross balance decreased as repayment outpaced disbursement in the current quarter as compared to 3Q20. There's growth of 0.9% as compared to 2Q21 mainly due to higher exposures in trade finance.

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B1. Performance review of the Group (continued)

(a) Balance Sheet

(i) Loans, financing and advances (continued)

- (iii) Property financing and mortgage loans – The Group converted a portion of conventional mortgage to Islamic property financing in 2021. The Group also actively disbursed property financing resulting in growth of the asset base.
- (iv) Auto financing – The gross balance continued to decrease as the Group focus on asset base of other portfolios.

(ii) Financial investments

Variation of Results against Preceding Year Corresponding Quarter

	Current Year Quarter 30-Sep-21, 3Q21 RM'000	Preceding Year Corresponding Quarter 30-Sep-20, 3Q20 RM'000	Changes	
			RM'000	%
Financial investments at FVTPL	239,458	-	239,458	100.0%
Financial investments at FVOCI	12,045,433	10,720,101	1,325,332	12.4%
Financial investments at amortised cost	611,378	488,574	122,804	25.1%
Total financial investments	12,896,269	11,208,675	1,687,594	15.1%

Variation of Results against Preceding Quarter

	Current Year Quarter 30-Sep-21, 3Q21 RM'000	Preceding Quarter 30-June-21, 2Q21 RM'000	Changes	
			RM'000	%
Financial investments at FVTPL	239,458	390,110	(150,652)	-38.6%
Financial investments at FVOCI	12,045,433	12,095,190	(49,757)	-0.4%
Financial investments at amortised cost	611,378	609,388	1,990	0.3%
Total financial investments	12,896,269	13,094,688	(198,419)	-1.5%

The Group financial investments increased by 15.1% and decreased by 1.5% for 3Q21 compared to 3Q20 and 2Q21 respectively. Financial investments at FVOCI remains as the biggest investment portfolio and mainly consists of government investment issues and government guaranteed debt securities.

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B1. Performance review of the Group (continued)

(b) Income statement

Current Year Quarter vs Preceding Year Corresponding Quarter

	Current Year Quarter 30-Sep-21, 3Q21 RM'000	Preceding Year Corresponding Quarter 30-Sep-20, 3Q20 RM'000	Changes	
			RM'000	%
Revenue	681,050	765,572	(84,522)	-11.0%
Other operating expenses	(152,795)	(112,625)	(40,170)	-35.7%
Net income (excluding impairment and loss on modification of cash flows)	454,413	451,165	3,248	0.7%
Allowance for impairment	(248,996)	(52,073)	(196,923)	>100%
Loss on modification of cash flows	(146,965)	7,497	(154,462)	>-100%
(Loss)/profit before tax	(94,343)	293,964	(388,307)	>-100%
(Loss)/profit after tax	(104,575)	258,236	(362,811)	>-100%
(Loss)/profit attributable to ordinary equity holders of the Parent	(104,575)	258,236	(362,811)	>-100%
Cost to income ratio	33.6%	25.0%		

Current Year Quarter vs Immediate Preceding Quarter

	Current Year Quarter 30-Sep-21, 3Q21 RM'000	Preceding Quarter 30-June-21, 2Q21 RM'000	Changes	
			RM'000	%
Revenue	681,050	664,937	16,113	2.4%
Other operating expenses	(152,795)	(99,905)	(52,890)	-52.9%
Net income (excluding impairment and loss on modification of cash flows)	454,413	416,400	38,013	9.1%
(Allowance)/writeback for impairment	(248,996)	229,462	(478,458)	>-100%
Loss on modification of cash flows	(146,965)	(13,202)	(133,763)	>100%
(Loss)/profit before tax	(94,343)	532,755	(627,098)	>-100%
(Loss)/profit after tax	(104,575)	403,413	(507,988)	>-100%
(Loss)/profit attributable to ordinary equity holders of the Parent	(104,575)	403,413	(507,988)	>-100%
Cost to income ratio	33.6%	24.0%		

The Group recorded loss for the current quarter as compared to 3Q20 mainly due to higher net allowance for impairment charged on corporate portfolio. The Group also recorded higher loss on modification of cash flows for 3Q21 following moratorium granted to retail customers under the PEMULIH package announced by the government.

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B1. Performance review of the Group (continued)

Contribution of major subsidiary of the Group

	Group Current Year Quarter 30-Sep-21, 3Q21 RM'000	MBSB Bank Current Year Quarter 30-Sep-21, 3Q21 RM'000	Contribution
Total assets	50,597,291	50,641,316	100.1%
Total equity	8,857,911	6,353,724	71.7%
Profit before tax	(94,343)	(124,016)	131.5%
Profit after tax	(104,575)	(106,023)	101.4%
Gross return on equity	-4.25%	-7.91%	
Gross return on assets	-0.76%	-1.01%	

	Group Preceding Year Corresponding Quarter 30-Sep-20, 3Q20 RM'000	MBSB Bank Preceding Year Corresponding Quarter 30-Sep-20, 3Q20 RM'000	Contribution
Total assets	49,925,340	49,539,919	99.2%
Total equity	8,855,172	6,191,432	69.9%
Profit before tax	293,964	315,967	107.5%
Profit after tax	258,236	272,634	105.6%
Gross return on equity	4.49%	6.88%	
Gross return on assets	0.78%	0.84%	

	Group Preceding Quarter 30-June-21, 2Q21 RM'000	MBSB Bank Preceding Quarter 30-June-21, 2Q21 RM'000	Contribution
Total assets	50,840,111	50,657,172	99.6%
Total equity	9,056,804	6,594,123	72.8%
Profit before tax	532,755	508,671	95.5%
Profit after tax	403,413	380,724	94.4%
Gross return on equity	23.76%	31.83%	
Gross return on assets	4.29%	4.12%	

MBSB Bank Berhad ("MBSB Bank") remains as the biggest subsidiary and component of the Group.

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B2. Prospects for the year 2021

The 3Q21 continued to show improvements with customer spending gradually picking up as restrictions ease. The continued reopening of the economy as all states are under phase 3 and phase 4 is expected to increase exports and further lift the Gross Domestic Product (“GDP”). This positive growth is anticipated to continue as Malaysia has currently achieved 95.7% vaccination rate for adults.

MBSB Group will continue to focus its businesses in selected sustainable sectors and drive greater growth and adoption of emerging technologies amid the need to remain cautious. Various new measures and extended moratorium following the prolonged Covid-19 pandemic are expected to impact profitability for the year. Constant monitoring of customer collections and risks are imperative to ensure sustained profits.

B3. Variance from profit forecast

Not applicable

B4. Taxation

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current income tax	(18,873)	35,322	126,236	47,172
Under provision in prior years	27,844	-	46,887	-
	<u>8,971</u>	<u>35,322</u>	<u>173,123</u>	<u>47,172</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	1,902	1,406	14,215	(172)
	<u>1,902</u>	<u>1,406</u>	<u>14,215</u>	<u>(172)</u>
Total income tax expense	<u>10,873</u>	<u>36,728</u>	<u>187,338</u>	<u>47,000</u>

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B4. Taxation (continued)

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current income tax	(844)	(7,314)	4,239	1
Under provision in prior years	27,844	-	27,844	-
	<u>27,000</u>	<u>(7,314)</u>	<u>32,083</u>	<u>1</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	96	(1,194)	411	(2,735)
	<u>96</u>	<u>(1,194)</u>	<u>411</u>	<u>(2,735)</u>
Total income tax expense	<u>27,096</u>	<u>(8,508)</u>	<u>32,494</u>	<u>(2,734)</u>

B5. Status of corporate proposals

There are no pending corporate proposals.

B6. Borrowings and debts

Borrowings of the Group were as follows:

	30-Sep-21		
	Long term	Short term	Total
	RM'000	RM'000	borrowings
			RM'000
Secured			
Recourse obligation on financing sold	3,006,783	225,829	3,232,612
Sukuk-MBSB Structured Covered ("SC") Murabahah	990,785	293,392	1,284,177
Non secured			
Sukuk Wakalah	1,291,860	18,709	1,310,569
	<u>1,291,860</u>	<u>18,709</u>	<u>1,310,569</u>
	31-Dec-20		
	Long term	Short term	Total
	RM'000	RM'000	borrowings
			RM'000
Secured			
Recourse obligation on financing sold	1,861,291	401,240	2,262,531
Sukuk-MBSB Structured Covered ("SC") Murabahah	1,072,175	294,388	1,366,563
Non secured			
Sukuk Wakalah	1,291,317	2,018	1,293,335
	<u>1,291,317</u>	<u>2,018</u>	<u>1,293,335</u>

B7. Off balance sheet financial instruments

The details of the off balance sheet financial instruments are as per note A26.

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B8. Material litigation

The details of the pending material litigation is as per note A27.

B9. Earnings per share

Basic

Basic earnings per share are calculated by dividing the net profit attributable to shareholders for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit attributable to shareholders for the period (RM'000)	(104,575)	258,236	362,249	172,477
Weighted average number of ordinary shares in issue ('000)	7,024,680	6,779,256	7,009,143	6,748,476
Basic earnings per share (sen)	(1.49)	3.81	5.17	2.56

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to shareholders for the period (RM'000)	38,523	(30,523)	57,065	129,775
Weighted average number of ordinary shares in issue ('000)	7,024,680	6,779,256	7,009,143	6,748,476
Basic earnings per share (sen)	0.55	(0.45)	0.81	1.92

Diluted

All ESOS have lapsed in August 2020, hence there is no dilutive effects on earnings per share for financial period ended 30 November 2021.

B10. 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.

BY ORDER OF THE BOARD

Koh Ai Hoon (MAICSA 7006997)
 Practising Certificate No.: 201908003748

Tong Lee Mee (MAICSA 7053445)
 Practising Certificate No.: 201908001316

Joint Company Secretaries
 Kuala Lumpur

29 November 2021