

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

INTERIM FINANCIAL STATEMENTS
OF THE GROUP AND OF THE COMPANY
FOR THE 2ND QUARTER ENDED 30 JUNE 2021

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

INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	Group		Company	
		30-June-21 RM'000	31-Dec-20 RM'000	30-June-21 RM'000	31-Dec-20 RM'000
Assets					
Cash and short-term funds	A8(a)	815,068	1,082,712	275,511	342,898
Deposits and placements with financial institutions	A8(b)	817,820	781,682	-	-
Derivative financial assets	A9	907	1,724	-	-
Financial investments at fair value through profit or loss ("FVTPL")		390,110	-	-	-
Financial investments at fair value through other comprehensive income ("FVOCI")	A10	12,095,190	10,192,272	-	-
Financial investments at amortised cost	A11	609,388	488,102	-	-
Loans, financing and advances	A12	33,998,701	33,762,458	815,884	898,954
Assets held-for-sale	A13	50,308	12,612	39,649	-
Trade and other receivables	A14	145,338	141,899	104,130	231,460
Statutory deposits with Bank Negara Malaysia		630,000	620,000	-	-
Investments in subsidiaries		-	-	5,558,435	5,290,323
Inventories		69,374	69,374	-	-
Property and equipment		392,978	366,850	23,670	23,903
Right-of-use assets		10,444	11,485	-	-
Intangible assets		153,998	162,058	-	-
Goodwill		148,031	148,031	-	-
Investment property		820	820	-	-
Deferred tax assets		6,946	7,261	3,520	3,835
Tax recoverable		504,690	589,154	503,960	503,534
Total assets		50,840,111	48,438,494	7,324,759	7,294,907
Liabilities					
Deposits from customers	A15	35,682,355	33,781,496	-	-
Deposits and placements of banks	A16	1,460	101,244	-	-
Investment accounts of customers	A17	1,011,458	-	-	-
Derivative financial liabilities	A9	1,049	1,614	-	-
Trade and other payables	A18	646,818	624,286	59,740	48,430
Lease liabilities		10,190	11,148	-	-
Recourse obligation on financing sold		1,796,290	2,262,531	-	-
Sukuk-MBSB Structured Covered ("SC") Murabahah		1,267,353	1,366,563	-	-
Sukuk Wakalah		1,293,508	1,293,335	-	-
Deferred tax liabilities		27,194	107,155	-	-
Provision for taxation and zakat		45,632	7,950	538	538
Total liabilities		41,783,307	39,557,322	60,278	48,968
Equity					
Ordinary share capital		7,088,255	7,088,255	7,088,255	7,088,255
Reserves		(56,527)	234,666	-	-
Retained earnings		2,025,076	1,558,251	176,226	157,684
Total equity		9,056,804	8,881,172	7,264,481	7,245,939
Total liabilities and equity		50,840,111	48,438,494	7,324,759	7,294,907
Commitments and contingencies	A25	3,465,143	2,743,268	18,188	18,519
Net assets per share attributable to ordinary equity of the Company (RM)		1.30	1.27	1.04	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 SECOND QUARTER ENDED 30 JUNE 2021

	Note	Group			
		2nd Quarter Ended		Six Months Ended	
		30-June-21	30-June-20	30-June-21	30-June-20
		RM'000	RM'000	RM'000	RM'000
Revenue		664,937	886,350	1,345,919	1,627,756
Income derived from investment of deposits and Islamic capital funds	A19	644,525	721,581	1,288,162	1,398,716
Income attributable to depositors		(206,789)	(299,875)	(411,936)	(626,407)
Income attributable to securitisation		(19,407)	(25,659)	(42,620)	(51,898)
Income attributable to sukuk		(33,567)	(37,493)	(67,207)	(74,931)
Income attributable to wakalah unrestricted investment account		(6,067)	-	(6,706)	-
Net income from Islamic operations		378,695	358,554	759,693	645,480
Interest income	A20	19,628	53,699	46,044	84,672
Interest expense	A21	-	(5)	-	(10)
Net interest income		19,628	53,694	46,044	84,662
Net writeback/(allowance) for impairment on loans, financing and advances and other financial assets	A22	229,462	53,874	54,469	(237,910)
Loss on modification of cash flows		(13,202)	(512,611)	(49,664)	(512,611)
Operating income		614,583	(46,489)	810,542	(20,379)
Net other income	A23	18,077	117,423	35,500	162,103
Net income		632,660	70,934	846,042	141,724
Other operating expenses	A24	(99,905)	(104,440)	(202,005)	(214,213)
Profit/(loss) before taxation and zakat		532,755	(33,506)	644,037	(72,489)
Taxation		(129,342)	20,000	(176,465)	(10,272)
Zakat		-	1,000	(675)	(3,000)
Profit/(loss) from continuing operations		403,413	(12,506)	466,897	(85,761)
Loss from discontinued operation		-	-	(72)	-
Profit/(loss) for the financial period		403,413	(12,506)	466,825	(85,761)
Profit/(loss) attributable to: Owners of the Company		403,413	(12,506)	466,825	(85,761)
		403,413	(12,506)	466,825	(85,761)
Earnings per share (sen)					
Basic		5.78	(0.19)	6.69	(1.28)
Diluted		-	(0.19)	-	(1.28)
Profit/(loss) for the financial period		403,413	(12,506)	466,825	(85,761)
Other comprehensive income/(loss), net of tax :					
Movement in fair value reserve, which may be reclassified subsequently to profit or loss		78,606	159,704	(291,193)	100,003
		78,606	159,704	(291,193)	100,003
Total comprehensive income for the financial period		482,019	147,198	175,632	14,242
Total comprehensive income attributable to: Owners of the Company		482,019	147,198	175,632	14,242
		482,019	147,198	175,632	14,242

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 SECOND QUARTER ENDED 30 JUNE 2021

	Note	Company			
		2nd Quarter Ended		Six Months Ended	
		30-June-21	30-June-20	30-June-21	30-June-20
		RM'000	RM'000	RM'000	RM'000
Revenue		10,834	41,399	23,751	60,684
Interest income	A20	10,113	40,670	22,334	59,017
Interest expense	A21	-	(5)	-	(10)
Net interest income		10,113	40,665	22,334	59,007
Net (allowance)/writeback for impairment on loans, financing and advances and other financial assets	A22	(2,674)	6,283	3,805	(13,179)
Loss on modification of cash flows		-	(1,814)	-	(1,814)
Operating income		7,439	45,134	26,139	44,014
Net other income	A23	2,837	139,019	8,415	144,856
Net income		10,276	184,153	34,554	188,870
Other operating expenses	A24	(4,848)	(10,885)	(10,614)	(22,798)
Profit before taxation		5,428	173,268	23,940	166,072
Taxation		(116)	(8,130)	(5,398)	(5,774)
Profit for the financial period		5,312	165,138	18,542	160,298
Profit attributable to:					
Owners of the Company		5,312	165,138	18,542	160,298
Earnings per share (sen)					
Basic		0.08	2.46	0.27	2.39
Diluted		-	2.46	-	2.39
Profit for the financial period		5,312	165,138	18,542	160,298
Total comprehensive income for the financial period		5,312	165,138	18,542	160,298
Total comprehensive income attributable to:					
Owners of the Company		5,312	165,138	18,542	160,298
		5,312	165,138	18,542	160,298

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 SECOND QUARTER ENDED 30 JUNE 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	-	-	-	466,825	466,825
Other comprehensive loss for the financial period	-	-	(291,193)	-	(291,193)
At 30 June 2021	7,088,255	-	(56,527)	2,025,076	9,056,804
At 1 January 2020	6,941,542	5,843	154,994	1,484,492	8,586,871
Loss for the period	-	-	-	(85,761)	(85,761)
Other comprehensive income for the financial period	-	-	100,003	-	100,003
At 30 June 2020	6,941,542	5,843	254,997	1,398,731	8,601,113

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	-	-	-	18,542	18,542
At 30 June 2021	7,088,255	-	-	176,226	7,264,481
At 1 January 2020	6,941,542	5,843	-	202,431	7,149,816
Profit for the period	-	-	-	160,298	160,298
At 30 June 2020	6,941,542	5,843	-	362,729	7,310,114

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 SECOND QUARTER ENDED 30 JUNE 2021

	Group		Company	
	30-June-21	30-June-20	30-June-21	30-June-20
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit/(loss) before taxation	644,037	(72,489)	23,940	166,072
Adjustments for non-cash items	(203,378)	37,914	(1,037)	13,411
Operating profit/(loss) before working capital changes	440,659	(34,575)	22,903	179,483
Working capital changes:				
Net changes in operating assets	(285,760)	368,295	166,661	(191,453)
Net changes in operating liabilities	2,898,177	(1,981,581)	12,445	(95,757)
Cash generated from/(used in) operations	3,053,076	(1,647,861)	202,009	(107,727)
Dividends received	-	-	-	133,657
Income taxes and zakat paid	(41,351)	(95,890)	(4,233)	(15,142)
Net cash generated from/(used in) operating activities	3,011,725	(1,743,751)	197,776	10,788
Cash flows from investing activities				
Increase in investment in subsidiaries	-	-	(268,113)	-
Purchase of property and equipment	(31,476)	(17,158)	-	-
Purchase of intangible assets	-	(11,426)	-	-
Proceeds from disposal of foreclosed properties	2,950	1	2,950	-
Net (purchase)/sale of financial investments	(2,570,566)	1,206,687	-	-
Net cash (used in)/generated from investing activities	(2,599,092)	1,178,104	(265,163)	-

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 SECOND QUARTER ENDED 30 JUNE 2021 (CONTINUED)

	Group		Company	
	30-June-21	30-June-20	30-June-21	30-June-20
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Repayment on recourse obligation on loans/financing sold	(464,858)	(103,426)	-	-
Profit expense paid - recourse obligation on financing sold	(44,002)	(52,590)	-	-
Repayment of Sukuk - MBSB SC Murabahah	(98,614)	(93,475)	-	-
Profit expense paid - Sukuk MBSB SC Murabahah	(34,247)	(41,414)	-	-
Profit expense paid - Sukuk Wakalah	(33,740)	(34,620)	-	-
Payment of lease liabilities	(4,816)	(4,511)	-	-
Net cash used in financing activities	(680,277)	(330,036)	-	-
Net (decrease)/increase in cash and cash equivalents	(267,644)	(895,683)	(67,387)	10,788
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))	815,068	1,139,206	275,511	200,314
Cash and cash equivalents is represented by:				
Cash and short-term funds	815,068	1,139,206	275,511	200,314
Cash and cash equivalents at end of financial period (Note A8(a))	815,068	1,139,206	275,511	200,314

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

A1. Basis of preparation

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

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
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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-Jun-21	31-Dec-20
Number of ordinary shares ('000)	6,975,389	6,975,389
Share Capital (RM'000)	7,088,255	7,088,255

A7. Dividend

No dividend was paid in the current quarter.

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-June-21 RM'000	31-Dec-20 RM'000	30-June-21 RM'000	31-Dec-20 RM'000
(a) Cash and short-term funds:				
Cash at banks and on hand	176,151	196,800	2,923	63,015
Money at call and deposit placements maturing within one month	638,917	885,912	272,588	279,883
	815,068	1,082,712	275,511	342,898
(b) Deposits and placements with financial institutions with original maturity of more than one month				
- Licensed Islamic banks	817,820	781,682	-	-
	1,632,888	1,864,394	275,511	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 Liabilities RM'000	
2021			
<u>Trading derivatives</u>			
<u>Foreign exchange contracts:</u>			
Currency forward			
- Less than one year	689,378	907	(1,049)
2020			
<u>Trading derivatives</u>			
<u>Foreign exchange contracts:</u>			
Currency forward			
- Less than one year	278,310	1,724	(1,614)

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
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A10. Financial investments at FVOCI

	Group	
	30-June-21	31-Dec-20
	RM'000	RM'000
At fair value		
Money Market Instruments		
Malaysian Government Investment Issues	8,488,808	6,906,159
Debt securities:		
<u>In Malaysia</u>		
Private and Islamic debt securities	1,125,670	1,089,533
Government Guaranteed debt securities	2,480,712	2,196,580
	<u>12,095,190</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:	12	-	-	12
New financial investments purchased during the year	17	-	-	17
Matured financial investments during the year	(5)	-	-	(5)
At 30 June 2021	19	-	-	19

	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	7	-	-	7

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A11. Financial investments at amortised cost

	Group	
	30-June-21	31-Dec-20
	RM'000	RM'000
At amortised cost		
Quoted securities:		
<u>In Malaysia</u>		
Private and Islamic debt securities	610,670	488,693
Less: ECL		
- Stage 1	(844)	(90)
- Stage 2	(438)	(501)
	609,388	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	754	(63)	-	691
Change in credit risk	-	(63)	-	(63)
New financial investments purchased during the year	754	-	-	754
ECL at 30 June 2021	844	438	-	1,282

	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

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
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A12. Loans, financing and advances

	Group		Company	
	30-June-21	31-Dec-20	30-June-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	19,545,553	19,837,438	-	-
Property financing	6,491,142	6,084,956	-	-
Industrial hire purchase	690,537	761,732	-	-
Bridging financing	458,083	483,947	-	-
Auto financing	90,002	106,198	-	-
Other term financing	5,650,601	5,642,011	-	-
Revolving Credit	194,845	190,840	-	-
Staff financing	45,336	46,071	-	-
Cash line	114,439	81,539	-	-
Trade finance	1,199,236	1,007,549	-	-
<i>Conventional:</i>				
End finance:				
Normal housing programme	383,069	485,087	383,069	485,087
Low cost housing programme	450	534	450	534
Other term financing	749,420	750,866	749,420	750,866
Bridging financing	212,459	248,104	212,459	248,104
Auto financing	1,111	1,177	1,111	1,177
Staff financing	-	169	-	169
Gross loans, financing and advances	35,826,283	35,728,218	1,346,509	1,485,937
Less: ECL				
- Stage 1	(286,397)	(370,236)	(5,260)	(4,698)
- Stage 2	(505,211)	(648,474)	(38,718)	(60,822)
- Stage 3	(1,035,974)	(947,050)	(486,647)	(521,463)
Net loans, financing and advances	33,998,701	33,762,458	815,884	898,954
(ii) By maturity structure				
	Group		Company	
	30-June-21	31-Dec-20	30-June-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Within one year	2,731,146	2,382,792	540,961	567,540
More than one year to three years	1,250,088	1,528,467	60,364	76,682
More than three years to five years	1,987,206	1,899,493	109,775	110,563
More than five years	29,857,843	29,917,466	635,409	731,152
	35,826,283	35,728,218	1,346,509	1,485,937

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A12. Loans, financing and advances (continued)

(iii) By economic purpose

	Group		Company	
	30-June-21	31-Dec-20	30-June-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Personal Use	19,641,972	19,927,512	189	279
Construction	4,108,833	4,225,409	442,233	463,621
Purchase of landed property:				
- Residential	6,463,356	6,162,098	351,719	450,009
- Non-Residential	802,221	813,571	74,518	76,686
Working Capital	3,241,206	2,855,726	56,488	56,512
Purchase of other fixed assets	925,637	962,169	3,697	4,180
Purchase of transport vehicles	93,106	108,605	1,111	1,177
Purchase of other securities	450	468	-	-
Purchase of consumer durables	896	900	-	-
Others	548,606	671,760	416,554	433,473
	35,826,283	35,728,218	1,346,509	1,485,937

(iv) By type of customers

	Group		Company	
	30-June-21	31-Dec-20	30-June-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Individuals	26,448,612	26,443,178	346,697	446,878
Domestic business enterprises				
- Small medium enterprise	2,817,772	2,924,451	776,568	817,118
- Government	-	51,161	-	-
- Non-bank financial institutions	715,764	740,803	-	-
- Others	5,799,976	5,537,528	223,244	221,941
Foreign entities	44,159	31,097	-	-
	35,826,283	35,728,218	1,346,509	1,485,937

(v) By sector

	Group		Company	
	30-June-21	31-Dec-20	30-June-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Household sectors	26,448,613	26,443,178	346,698	446,878
Construction	3,920,364	3,983,687	579,177	621,179
Finance, insurance and business services	2,782,627	2,849,817	9,593	9,844
Wholesale & retail trade and restaurants & hotels	865,654	820,373	107,955	106,428
Manufacturing	738,988	552,283	62,459	62,631
Education, health and others	381,351	367,355	235,562	233,914
Transport, storage and communication	235,864	227,486	1,683	1,767
Mining and quarrying	188,629	216,712	-	-
Electricity, gas and water	173,429	169,087	-	-
Agriculture	90,764	98,240	3,382	3,296
	35,826,283	35,728,218	1,346,509	1,485,937

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A12. Loans, financing and advances (continued)

(vi) By profit/interest rate sensitivity

	Group		Company	
	30-June-21 RM'000	31-Dec-20 RM'000	30-June-21 RM'000	31-Dec-20 RM'000
Fixed rate:				
Personal financing	16,281,351	16,721,791	-	-
Bridging, structured and term financing	1,063,132	1,084,687	130,512	128,267
Mortgage and property Islamic	434,653	440,750	1,284	1,332
Auto finance	93,958	109,784	1,111	1,177
Variable rate:				
Personal financing	3,276,228	3,129,748	-	-
Bridging, structured and term financing	8,206,894	8,082,320	831,367	870,703
Mortgage and property Islamic	6,470,067	6,159,138	382,235	484,458
	35,826,283	35,728,218	1,346,509	1,485,937

(vii) By geographical distribution

	Group		Company	
	30-June-21 RM'000	31-Dec-20 RM'000	30-June-21 RM'000	31-Dec-20 RM'000
Malaysia	35,826,283	35,728,218	1,346,509	1,485,937
	35,826,283	35,728,218	1,346,509	1,485,937

(viii) Movement of gross loans, advances and financing

30-June-21	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total 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	1,372,556	(1,343,626)	(28,930)	-
Transfer to stage 2	(755,398)	836,452	(81,054)	-
Transfer to stage 3	(34,846)	(258,724)	293,570	-
New financing / disbursement during the year	2,738,822	245,923	8,871	2,993,616
Repayment during the year	(2,590,897)	(363,131)	(52,642)	(3,006,670)
Other movements	209,445	45,603	27,627	282,675
Loss on modification of cash flows	(26,454)	(23,210)	-	(49,664)
Reclassification to assets held-for-sale	(252)	(862)	(113,523)	(114,637)
Write-offs	-	-	(7,255)	(7,255)
Gross carrying amount as at 30 June 2021	29,769,470	4,115,164	1,941,649	35,826,283
30-June-21	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2021	145,352	432,831	907,754	1,485,937
Transfer to stage 1	68,800	(66,194)	(2,606)	-
Transfer to stage 2	(11,010)	24,719	(13,709)	-
Transfer to stage 3	(51)	(12,523)	12,574	-
Repayment during the year	(14,649)	(24,396)	(15,375)	(54,420)
Other movements	623	3,594	9,081	13,298
Reclassification to assets held-for-sale	(179)	(849)	(90,023)	(91,051)
Write-offs	-	-	(7,255)	(7,255)
Gross carrying amount as at 30 June 2021	188,886	357,182	800,441	1,346,509

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A12. 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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A12. Loans, financing and advances (continued)

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

30-June-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:	(83,832)	(143,144)	163,269	(63,707)
Changes in ECL				
- Transfer to stage 1	171,920	(153,977)	(17,943)	-
- Transfer to stage 2	(12,772)	56,305	(43,533)	-
- Transfer to stage 3	(374)	(72,701)	73,075	-
New financing / disbursement during the year	20,992	21,179	5,850	48,021
Repayment during the year	(265,207)	(187,893)	(105,798)	(558,898)
Changes in credit risk parameters #	1,609	193,943	251,618	447,170
Reclassification to assets held-for-sale	(7)	(119)	(64,365)	(64,491)
Write-offs	-	-	(9,980)	(9,980)
ECL as at 30 June 2021	286,397	505,211	1,035,974	1,827,582
30-June-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:	567	(21,986)	26,443	5,024
Changes in ECL				
- Transfer to stage 1	13,467	(11,707)	(1,760)	-
- Transfer to stage 2	(383)	9,030	(8,647)	-
- Transfer to stage 3	(2)	(3,545)	3,547	-
New financing / disbursement during the year	-	-	-	-
Repayment during the year	(12,526)	(25,541)	(45,395)	(83,462)
Changes in credit risk parameters #	11	9,777	78,698	88,486
Reclassification to assets held-for-sale	(5)	(118)	(51,279)	(51,402)
Write-offs	-	-	(9,980)	(9,980)
ECL as at 30 June 2021	5,260	38,718	486,647	530,625

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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A12. 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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A12. Loans, financing and advances (continued)

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

	Group		Company	
	30-June-21	31-Dec-20	30-June-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	302,441	497,227	12,574	30,288
Reclassified as non-impaired	(109,984)	(181,857)	(16,315)	(42,287)
Amount recovered	(52,642)	(84,955)	(15,375)	(26,958)
Other movements	27,627	152,483	9,081	56,997
Amount written off	(7,255)	(349,455)	(7,255)	(153,803)
Reclassification to assets held-for-sale	(113,523)	-	(90,023)	-
Balance as at end of financial period	1,941,649	1,894,985	800,441	907,754
Less: ECL stage 3	(1,035,974)	(947,050)	(486,647)	(521,463)
Net impaired financing and advances	905,675	947,935	313,794	386,291
Net impaired loans as a percentage of net financing and advances	2.66%	2.81%	38.46%	42.97%
Gross impaired loans as a percentage of gross financing and advances	5.42%	5.30%	59.45%	61.09%

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

	Group		Company	
	30-June-21	31-Dec-20	30-June-21	31-Dec-20
Personal use	171,837	80,585	-	-
Construction	915,948	924,439	337,676	360,921
Purchase of landed property:				
- Residential	234,432	291,103	36,382	102,679
- Non-Residential	94,102	92,904	52,550	53,528
Working capital	97,360	47,500	-	-
Purchase of other fixed assets	46,328	43,096	748	1,055
Purchase of transport vehicles	7,829	6,650	217	133
Purchase of other securities	-	2,890	-	-
Purchase of consumer durables	785	789	-	-
Others	373,028	405,029	372,868	389,438
	1,941,649	1,894,985	800,441	907,754

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A12. Loans, financing and advances (continued)

(xii) Impaired loans, financing and advances by sector

	Group		Company	
	30-June-21	31-Dec-20	30-June-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Household sector	428,863	395,683	38,862	106,889
Construction	861,892	897,235	529,675	570,064
Education, health and others	314,247	311,894	228,058	226,226
Finance, insurance and business services	149,436	146,704	-	-
Manufacturing	113,076	71,577	464	1,142
Mining and quarrying	39,017	39,313	-	-
Wholesale & retail trade and restaurants & hotels	25,463	25,288	-	137
Transport, storage and communication	6,273	3,995	-	-
Agriculture	3,382	3,296	3,382	3,296
	1,941,649	1,894,985	800,441	907,754

A13. Assets held- for-sale

	Group		Company	
	30-June-21	31-Dec-20	30-June-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Assets held-for-sale comprises of:				
Financing held-for-sale (a)	50,146	-	39,649	-
Other assets held-for-sale (b)	162	12,612	-	-
	50,308	12,612	39,649	-

(a) Financing held-for-sale

	Group		Company	
	30-June-21	30-June-21	30-June-21	30-June-21
	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January	-	-	-	-
Reclassification from financing	114,637	91,051	114,637	91,051
Gross financing held-for-sale	114,637	91,051	114,637	91,051
Less impairment allowance:				
Balance as at 1 January	-	-	-	-
Reclassification from financing	(64,491)	(51,402)	(64,491)	(51,402)
Total impairment allowance	(64,491)	(51,402)	(64,491)	(51,402)
Net financing held-for-sale	50,146	39,649	50,146	39,649
By economic purpose:				
Construction	24,631	24,631	24,631	24,631
Purchase of residential properties	86,361	63,978	86,361	63,978
Purchase of non-residential properties	3,056	2,096	3,056	2,096
Purchase of Other Fixed Assets	451	313	451	313
Purchase of transport vehicles	93	33	93	33
Others	45	-	45	-
	114,637	91,051	114,637	91,051

During the quarter, the Group entered into an agreement to dispose identified retail and corporate loans and financing to an external party. The sale is expected to complete in third quarter 2021.

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A13. Assets held-for-sale (continued)

(b) Other assets held-for-sale

	Group	
	30-June-21	31-Dec-20
	RM'000	RM'000
Inventories	-	10
Property and equipment	162	12,599
Intangible assets	-	3
	<u>162</u>	<u>12,612</u>

A14. Trade and other receivables

	Group		Company	
	30-June-21	31-Dec-20	30-June-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	-	-	43,637	162,993
Amount due from other subsidiaries	-	-	48,506	54,729
Foreclosed properties	62,163	70,162	62,163	70,162
Prepayments and deposits	16,226	19,074	8,399	8,399
Sundry receivables	77,174	65,205	2,056	4,482
Public Low Cost Housing Programme ("PLCHP")	703	765	703	765
Deferred expenses	1,909	2,047	-	-
	<u>754,803</u>	<u>728,516</u>	<u>165,464</u>	<u>301,530</u>
<u>Trade:</u>				
Trade receivable	24,835	24,835	-	-
	<u>779,638</u>	<u>753,351</u>	<u>165,464</u>	<u>301,530</u>
Less: ECL at stage 3				
- Non trade	(609,465)	(586,618)	(61,334)	(70,070)
- Trade	(24,835)	(24,834)	-	-
	<u>145,338</u>	<u>141,899</u>	<u>104,130</u>	<u>231,460</u>

A15. Deposits from customers

(i) By type of deposit:

	Group	
	30-June-21	31-Dec-20
	RM'000	RM'000
Commodity Murabahah Term Deposit	35,059,312	33,193,269
Demand deposits	371,861	305,042
Savings deposits	251,182	283,185
	<u>35,682,355</u>	<u>33,781,496</u>

(ii) Maturity of deposits from customers:

	Group	
	30-June-21	31-Dec-20
	RM'000	RM'000
Within six months	26,223,245	24,191,607
More than six months to one year	5,297,710	5,748,734
More than one year to three years	3,227,328	2,886,851
More than three years	311,029	366,077
	<u>35,059,312</u>	<u>33,193,269</u>

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A15. Deposits from customers (continued)

(iii) By type of customers:

	Group	
	30-June-21	31-Dec-20
	RM'000	RM'000
Government and statutory bodies	13,307,068	12,058,760
Business enterprises	9,018,725	7,568,566
Individuals	4,550,691	4,726,109
Other Financial Institutions	8,805,871	9,428,061
	<u>35,682,355</u>	<u>33,781,496</u>

(iv) By type of contract:

	Group	
	30-June-21	31-Dec-20
	RM'000	RM'000
Tawarruq	35,682,355	33,781,496
	<u>35,682,355</u>	<u>33,781,496</u>

A16. Deposits and placements of banks

(i) By type of deposit:

	Group	
	30-June-21	31-Dec-20
	RM'000	RM'000
<u>Non-Mudharabah Funds:</u>		
-Licensed Investment Banks	943	1,233
-Licensed Islamic Banks	517	100,011
	<u>1,460</u>	<u>101,244</u>

(ii) By type of contract:

	Group	
	30-June-21	31-Dec-20
	RM'000	RM'000
Tawarruq	1,460	101,244
	<u>1,460</u>	<u>101,244</u>

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A17. Investment accounts of customers

	Group
	30-June-21
	RM'000
Wakalah	1,011,458
	<u>1,011,458</u>
	Group
	30-June-21
	RM'000
Movement in investment accounts	
At beginning of the financial period	-
New placement during the financial period	1,005,353
Finance expense	6,105
At end of financial period	<u>1,011,458</u>

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

A18. Trade and other payables

	Group		Company	
	30-June-21	31-Dec-20	30-June-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Non trade:				
Sundry creditors	393,978	312,405	52,752	38,999
Al-Mudharabah security fund	145,702	144,168	-	-
Expected credit loss ("ECL") for commitments and contingencies (i)	36,844	46,518	942	2,075
Deferred income	25,105	28,382	1,224	1,554
Other provisions and accruals	45,189	92,811	4,822	5,802
	<u>646,818</u>	<u>624,284</u>	<u>59,740</u>	<u>48,430</u>
Trade:				
Trade payables	-	2	-	-
	<u>646,818</u>	<u>624,286</u>	<u>59,740</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-June-21				
ECL as at 1 January 2021	19,073	13,481	13,964	46,518
Charge to profit or loss	(2,937)	(707)	(6,030)	(9,674)
Changes in the impairment allowance				
- Transfer to stage 1	8,616	(6,749)	(1,867)	-
- Transfer to stage 2	(533)	537	(4)	-
- Transfer to stage 3	(5)	(152)	157	-
New financing /disbursement during the year	5,132	1,445	-	6,577
Derecognised to loans/financing during the period (other than write-offs)	(3,474)	(1,594)	(9,567)	(14,635)
Changes in credit risk parameters #	(12,673)	5,806	5,251	(1,616)
Write off	-	-	-	-
ECL as at 30 June 2021	<u>16,136</u>	<u>12,774</u>	<u>7,934</u>	<u>36,844</u>

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A18. Trade and other payables (continued)

(i) ECL for commitments and contingencies (continued)

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

30-June-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	(31)	(63)	(1,039)	(1,133)
Changes in the impairment allowance				
- Transfer to stage 1	32	(28)	(4)	-
- Transfer to stage 2	(4)	8	(4)	-
- Transfer to stage 3	-	(5)	5	-
Reclass from financing	-	-	618	618
Derecognised/converted to loans/financing during the period (other than write-offs)	(3)	(11)	-	(14)
Changes in credit risk parameters #	(56)	(27)	(1,654)	(1,737)
Write off	-	-	-	-
ECL as at 30 June 2021	164	144	634	942

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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A19. Income derived from investment of deposits and Islamic capital funds

	Group		Group	
	2nd Quarter Ended		Six Months Ended	
	30-June-21	30-June-20	30-June-21	30-June-20
	RM'000	RM'000	RM'000	RM'000
Financing	524,351	594,331	1,057,207	1,153,057
Income from financial investments at FVOCI	105,385	69	203,659	149
Income from financial investments at amortised cost	6,678	102,155	12,934	204,137
Income from financial investments at FVTPL	602	6,370	729	6,601
Deposits with financial institutions	7,509	18,656	13,633	34,772
	644,525	721,581	1,288,162	1,398,716

A20. Interest income

	Group			
	2nd Quarter Ended		Six Months Ended	
	30-June-21	30-June-20	30-June-21	30-June-20
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- Loans, advances and financing	18,650	52,483	44,231	82,265
- Deposits and placements with banks and other financial institutions	978	1,216	1,813	2,407
	19,628	53,699	46,044	84,672

	Company			
	2nd Quarter Ended		Six Months Ended	
	30-June-21	30-June-20	30-June-21	30-June-20
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- Loans, advances and financing	9,054	39,454	20,440	56,610
- Deposits and placements with banks and other financial institutions	1,059	1,216	1,894	2,407
	10,113	40,670	22,334	59,017

A21. Interest expense

	Group and Company			
	2nd Quarter Ended		Six Months Ended	
	30-June-21	30-June-20	30-June-21	30-June-20
	RM'000	RM'000	RM'000	RM'000
Others	-	5	-	10
	-	5	-	10

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A22. Net (writeback)/allowance for impairment on loans, financing and advances and other financial assets

30-June-21

	Group			
	2nd Quarter Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI	8	-	-	8
Financial investments at amortised cost	774	(29)	-	745
Loans, financing and advances	24,721	(320,797)	63,616	(232,460)
Other receivables	-	-	10,334	10,334
Financing commitments and financial guarantee	(1,307)	(7,126)	5,244	(3,189)
	<u>24,196</u>	<u>(327,952)</u>	<u>79,194</u>	<u>(224,562)</u>
Impaired loans, financing and advances:				
- Write off	-	-	792	792
- Recovered	-	-	(5,692)	(5,692)
	<u>-</u>	<u>-</u>	<u>(4,900)</u>	<u>(4,900)</u>
	<u>24,196</u>	<u>(327,952)</u>	<u>74,294</u>	<u>(229,462)</u>

	Group			
	Six 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	754	(63)	-	691
Loans, financing and advances	(83,832)	(143,144)	163,269	(63,707)
Other receivables	-	-	25,250	25,250
Financing commitments and financial guarantee	(2,937)	(707)	(6,030)	(9,674)
	<u>(86,003)</u>	<u>(143,914)</u>	<u>182,489</u>	<u>(47,428)</u>
Impaired loans, financing and advances:				
- Write off	-	-	928	928
- Recovered	-	-	(7,969)	(7,969)
	<u>-</u>	<u>-</u>	<u>(7,041)</u>	<u>(7,041)</u>
	<u>(86,003)</u>	<u>(143,914)</u>	<u>175,448</u>	<u>(54,469)</u>

30-June-21

	Company			
	2nd Quarter Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Loans, financing and advances	1,351	(14,778)	25,579	12,152
Amount due from subsidiaries	-	-	(5,100)	(5,100)
Financing commitments and financial guarantee	16	(134)	(1,045)	(1,163)
	<u>1,367</u>	<u>(14,912)</u>	<u>19,434</u>	<u>5,889</u>
Impaired loans and advances:				
- Write off	-	-	145	145
- Recovered	-	-	(3,360)	(3,360)
	<u>-</u>	<u>-</u>	<u>(3,215)</u>	<u>(3,215)</u>
	<u>1,367</u>	<u>(14,912)</u>	<u>16,219</u>	<u>2,674</u>

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A22. Net (writeback)/allowance for impairment on loans, financing and advances and other financial assets (continued)

30-June-21	Company			
	Six Months Ended			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Loans, financing and advances	567	(21,986)	26,443	5,024
Amount due from subsidiaries	-	-	(4,360)	(4,360)
Financing commitments and financial guarantee	(31)	(63)	(1,039)	(1,133)
	536	(22,049)	21,044	(469)
Impaired loans and advances:				
- Write off	-	-	148	148
- Recovered	-	-	(3,484)	(3,484)
	-	-	(3,336)	(3,336)
	536	(22,049)	17,708	(3,805)
30-June-20	Group			
	2nd Quarter Ended			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Financial investments at FVOCI	(2)	-	-	(2)
Financial investments at amortised cost	(21)	-	-	(21)
Loans, financing and advances	(54,648)	(109,421)	103,800	(60,269)
Other receivables	-	-	13,867	13,867
Financing commitments and financial guarantee	(13,403)	(8,216)	14,691	(6,928)
	(68,074)	(117,637)	132,358	(53,353)
Impaired financing and advances:				
- Write off	-	-	1,204	1,204
- Recovered	-	-	(1,725)	(1,725)
	-	-	(521)	(521)
	(68,074)	(117,637)	131,837	(53,874)
	Group			
	Six Months Ended			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Financial investments at FVOCI	(7)	-	-	(7)
Financial investments at amortised cost	(24)	-	-	(24)
Loans, financing and advances	(65,880)	67,307	216,865	218,292
Other receivables	-	-	15,448	15,448
Financing commitments and financial guarantee	(15,344)	6,628	15,382	6,666
	(81,255)	73,935	247,695	240,375
Impaired loans, financing and advances:				
- Write off	-	-	2,220	2,220
- Recovered	-	-	(4,685)	(4,685)
	-	-	(2,465)	(2,465)
	(81,255)	73,935	245,230	237,910

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A22. Net (writeback)/allowance for impairment on loans, financing and advances and other financial assets (continued)

30-June-20

	Company			
	2nd Quarter Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Loans and advances	(2,951)	(8,946)	4,517	(7,380)
Amount due from subsidiaries	-	-	940	940
Financing commitments and financial guarantee	(35)	38	150	153
	(2,986)	(8,908)	5,607	(6,287)
Impaired loans and advances:				
- Write off	-	-	16	16
- Recovered	-	-	(12)	(12)
	-	-	4	4
	(2,986)	(8,908)	5,611	(6,283)

	Company			
	Six Months Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Loans and advances	(4,771)	(3,067)	30,058	22,220
Amount due from subsidiaries	-	-	2,750	2,750
Other receivables	-	-	(12,000)	(12,000)
Financing commitments and financial guarantee	(89)	33	119	63
	(4,860)	(3,034)	20,927	13,033
Impaired loans and advances:				
- Write off	-	-	255	255
- Recovered	-	-	(109)	(109)
	-	-	146	146
	(4,860)	(3,034)	21,073	13,179

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A23. Net other income

	Group			
	2nd Quarter Ended		Six Months Ended	
	30-June-21	30-June-20	30-June-21	30-June-20
	RM'000	RM'000	RM'000	RM'000
Rental income	(633)	41	5	82
Revenue from hotel operations	-	3	-	29
Loan related fees	(2,624)	1,223	(4,041)	1,846
Insurance commission	3,216	2,017	5,476	4,804
Ta'widh/Penalty	3,362	4,633	5,979	8,472
Gain from sale of financial investments at FVOCI	30	107,490	10,311	136,152
Gain/(loss) on financial investments at FVTPL	164	337	(33)	1,536
Loss from disposal of foreclosed properties	-	-	(2,536)	-
Sundry income	14,597	796	20,434	16,060
Others	(35)	883	(95)	(6,878)
	18,077	117,423	35,500	162,103

	Company			
	2nd Quarter Ended		Six Months Ended	
	30-June-21	30-June-20	30-June-21	30-June-20
	RM'000	RM'000	RM'000	RM'000
Rental income	949	949	1,904	1,899
Loan related fees	721	730	1,417	1,667
Insurance commission	-	-	-	-
Ta'widh/Penalty	2,233	4,159	3,883	8,492
Loss from disposal of foreclosed properties	-	-	(2,536)	-
Sundry (expense)/income	(1,066)	(476)	3,747	(859)
Dividend income	-	133,657	-	133,657
	2,837	139,019	8,415	144,856

A24. Other operating expenses

	Group			
	2nd Quarter Ended		Six Months Ended	
	30-June-21	30-June-20	30-June-21	30-June-20
	RM'000	RM'000	RM'000	RM'000
Personnel expenses *	41,925	72,659	109,486	141,262
Establishment related expenses	31,130	20,674	50,779	41,680
General administrative expenses	15,757	7,553	23,890	16,502
Promotion and marketing related expenses	3,287	2,440	4,755	4,723
Commission fees	7,806	1,114	13,095	10,046
	99,905	104,440	202,005	214,213

	Company			
	2nd Quarter Ended		Six Months Ended	
	30-June-21	30-June-20	30-June-21	30-June-20
	RM'000	RM'000	RM'000	RM'000
Personnel expenses *	365	340	805	635
Establishment related expenses	374	125	758	820
General administrative expenses	612	1,035	2,075	2,254
Intercompany charges	3,472	9,305	6,945	18,610
Commission fees	25	80	31	479
	4,848	10,885	10,614	22,798

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A24. Other operating expenses (continued)

Included in the other operating expenses:

	Group			
	2nd Quarter Ended		Six Months Ended	
	30-June-21	30-June-20	30-June-21	30-June-20
	RM'000	RM'000	RM'000	RM'000
Depreciation of property and equipment	5,256	2,291	5,256	4,555
Amortisation of intangible assets	8,822	6,459	17,355	12,687
Depreciation of right-of-use assets	1,915	2,250	4,835	4,507

Included in the other operating expenses:

	Company			
	2nd Quarter Ended		Six Months Ended	
	30-June-21	30-June-20	30-June-21	30-June-20
	RM'000	RM'000	RM'000	RM'000
Depreciation of property and equipment	116	116	232	232

*** Personnel expenses**

	Group			
	2nd Quarter Ended		Six Months Ended	
	30-June-21	30-June-20	30-June-21	30-June-20
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	29,657	57,022	81,554	109,926
Pension costs - Employees Provident Fund	4,526	9,192	13,557	17,890
Social security costs	428	515	846	1,002
Directors fees	995	1,074	2,315	1,897
Shariah Committee remuneration	144	89	220	179
Other staff related expenses	6,175	4,767	10,994	10,368
	41,925	72,659	109,486	141,262

*** Personnel expenses**

	Company			
	2nd Quarter Ended		Six Months Ended	
	30-June-21	30-June-20	30-June-21	30-June-20
	RM'000	RM'000	RM'000	RM'000
Directors fees	365	340	801	627
Other staff related expenses	-	-	4	8
	365	340	805	635

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A25. 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-June-21			
Direct credit substitutes	45,783	45,783	45,783
Trade-related contingencies	88,439	37,928	37,928
Short Term Self Liquidating trade related contingencies	46,493	9,299	9,299
Irrevocable commitments to extend credit:			
- one year or less	1,138,056	236,611	236,611
- over one year to five years	1,454,646	725,682	641,654
- over five years	2,304	1,150	1,150
Foreign exchange related contracts			
- one year or less	689,422	11,246	4,920
	<u>3,465,143</u>	<u>1,067,699</u>	<u>977,345</u>
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Company			
30-June-21			
Trade-related contingencies	3,530	1,765	1,765
Irrevocable commitments to extend credit:			
- over one year to five years	14,658	6,694	4,935
	<u>18,188</u>	<u>8,459</u>	<u>6,700</u>

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A25. 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-June-21 RM'000	31-Dec-20 RM'000
Property and equipment/Intangible assets:		
- Approved and contracted for	<u>44,136</u>	<u>52,872</u>

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A26. 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. Court of Appeal fixed hearing of all appeals 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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A27. Segmental information on revenue and results

Group	Banking and investment holding	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000
3 months ended 30 June 2021				
External	647,260	17,677	-	664,937
Intersegment transactions	53,976	7,345	(61,321)	-
Total revenue	<u>701,236</u>	<u>25,022</u>	<u>(61,321)</u>	<u>664,937</u>
Segment results	533,537	(13,211)	12,429	<u>532,755</u>
Loss before taxation and zakat from operations				<u>532,755</u>
Segment assets	58,219,313	427,583	(7,806,785)	<u>50,840,111</u>
Consolidated total assets				<u>50,840,111</u>
Segment liabilities	44,151,936	1,375,369	(3,743,998)	<u>41,783,307</u>
Consolidated total liabilities				<u>41,783,307</u>
Banking and investment holding				
	RM'000	RM'000	RM'000	RM'000
6 months ended 30 June 2021				
External	1,313,161	32,758	-	1,345,919
Intersegment transactions	108,484	7,508	(115,992)	-
Total revenue	<u>1,421,645</u>	<u>40,266</u>	<u>(115,992)</u>	<u>1,345,919</u>
Segment results	657,683	25,433	(39,079)	<u>644,037</u>
Loss before taxation and zakat from operations				<u>644,037</u>
Segment assets	58,219,313	427,583	(7,806,785)	<u>50,840,111</u>
Consolidated total assets				<u>50,840,111</u>
Segment liabilities	44,151,936	1,375,369	(3,743,998)	<u>41,783,307</u>
Consolidated total liabilities				<u>41,783,307</u>

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A27. Segmental information on revenue and results (continued)

Group	Banking and investment			Consolidated
	holding	Others	Eliminations	
3 months ended 30 June 2020	RM'000	RM'000	RM'000	RM'000
External	872,314	14,036	-	886,350
Intersegment transactions	61,619	165	(61,784)	-
Total revenue	<u>933,933</u>	<u>14,201</u>	<u>(61,784)</u>	<u>886,350</u>
Segment results	103,795	113,191	(250,492)	<u>(33,506)</u>
Profit before taxation and zakat from operations				<u>(33,506)</u>
Segment assets	58,591,203	450,714	(10,455,574)	<u>48,586,343</u>
Consolidated total assets				<u>48,586,343</u>
Segment liabilities	44,877,769	1,373,817	(6,266,357)	<u>39,985,229</u>
Consolidated total liabilities				<u>39,985,229</u>
Group	Banking and investment			Consolidated
	holding	Others	Eliminations	
6 months ended 30 June 2020	RM'000	RM'000	RM'000	RM'000
External	1,599,948	27,808	-	1,627,756
Intersegment transactions	125,354	329	(125,683)	-
Total revenue	<u>1,725,302</u>	<u>28,137</u>	<u>(125,683)</u>	<u>1,627,756</u>
Segment results	69,091	80,855	(222,435)	<u>(72,489)</u>
Profit before taxation and zakat from operations				<u>(72,489)</u>
Segment assets	58,591,203	450,714	(10,455,574)	<u>48,586,343</u>
Consolidated total assets				<u>48,586,343</u>
Segment liabilities	44,877,769	1,373,817	(6,266,357)	<u>39,985,229</u>
Consolidated total liabilities				<u>39,985,229</u>

A28. Subsequent events

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

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A29. Acquisition of property and equipment

	Group
	As at
	30-June-21
	RM'000
Additions	
Building in progress	15,637
Building renovation	1,059
Furniture & equipment	258
Motor vehicles	377
Data processing equipment	14,145
	<u>31,476</u>

A30. 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-June-21	30-June-20
	RM'000	RM'000
Expenses		
Profit expense paid on Sukuk	26,786	29,414
Profit expense paid on Fixed deposit	14,677	22,049
Interest expense paid on Time deposit	225	-
Rental paid	25	33
	<u>41,713</u>	<u>51,506</u>
Balances		
Sukuk - MBSB SC Murabahah	983,403	1,092,073
Accrued profit on Sukuk	6,933	7,484
Fixed deposit by EPF	1,000,000	1,300,000
Accrued profit on Fixed deposit	589	3,366
Time deposit by EPF	26,278	-
Accrued interest on Time deposit	54	-
Rental deposit	17	97
	<u>2,023,674</u>	<u>2,403,020</u>

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

	Group	
	30-June-21	30-June-20
	RM'000	RM'000
Expenses		
Profit to depositors	(1,524)	(918)
	<u>(1,524)</u>	<u>(918)</u>
Balances		
Cash and short-term funds	58,493	74,714
Deposits and placements with banks and other financial institutions	32	32
	<u>58,525</u>	<u>74,746</u>

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A30. Significant related party transactions (continued)

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

	Group	
	30-June-21	30-June-20
	RM'000	RM'000
Income/(expense)		
Profit from financing	1,838	9,697
Profit to depositors	(323)	(1,686)
	<hr/>	<hr/>
Balances		
Financing	81,317	303,532
Deposit from customers	27,852	167,633
	<hr/>	<hr/>

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

	Group	
	30-June-21	30-June-20
	RM'000	RM'000
Expenses		
Other expenses	(831)	(4,668)
Profit to depositors	(1,705)	-
	<hr/>	<hr/>
Balances		
Deposits from customer	155,527	137,157
	<hr/>	<hr/>

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A31. 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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A31. Capital adequacy (continued)

	Group			
	with TA 30-June-21 RM'000	without TA 30-June-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	7,088,255	7,088,255	7,088,255	7,088,255
Retained earnings exclude merger reserve	1,558,251	1,558,251	1,558,251	1,558,251
Other reserves	(56,527)	(56,527)	234,666	234,666
	<u>8,589,979</u>	<u>8,589,979</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	(6,943)	(6,943)	(7,261)	(7,261)
Cumulative gains on financial investments at FVOCI	(106,628)	(106,628)	(191,046)	(191,046)
Intangible assets	(153,998)	(153,998)	(162,058)	(162,058)
Regulatory reserve	-	-	-	-
Other CET1 regulatory adjustments	-	-	144,075	-
Total CET1 Capital	<u>8,174,379</u>	<u>8,174,379</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>8,174,379</u>	<u>8,174,379</u>	<u>8,516,851</u>	<u>8,372,776</u>
<u>Tier 2 Capital</u>				
Stage 1 and Stage 2 ECL allowances	449,262	449,262	479,868	479,868
Tier 2 capital instruments	1,293,508	1,293,508	1,293,335	1,293,335
Total Tier II capital	<u>1,742,770</u>	<u>1,742,770</u>	<u>1,773,203</u>	<u>1,773,203</u>
Total capital base	<u>9,917,149</u>	<u>9,917,149</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-June-21 RM'000	without TA 30-June-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	35,941,002	35,941,002	38,389,455	38,389,455
- Market risk	190,692	190,692	36,226	36,226
- Operational risk	2,685,161	2,685,161	2,581,744	2,581,744
Total RWA	<u>38,816,855</u>	<u>38,816,855</u>	<u>41,007,425</u>	<u>41,007,425</u>
<u>Capital adequacy ratios</u>				
CET 1 capital ratio	21.059%	21.059%	20.769%	20.418%
Tier 1 capital ratio	21.059%	21.059%	20.769%	20.418%
Total capital ratio	<u>25.549%</u>	<u>25.549%</u>	<u>25.093%</u>	<u>24.742%</u>

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A31. Capital adequacy (continued)

	Bank Group			
	with TA 30-June-21 RM'000	without TA 30-June-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	1,020,604	1,020,604	1,020,604	1,020,604
Other reserves	(51,197)	(51,197)	239,996	239,996
	<u>6,397,379</u>	<u>6,397,379</u>	<u>6,420,459</u>	<u>6,420,459</u>
Less: Regulatory adjustments				
Goodwill	-	-	-	-
Deferred tax assets	-	-	-	-
Cumulative gains on financial investments at FVOCI	(106,628)	(106,628)	(191,046)	(191,046)
Regulatory reserve	(5,234)	(5,234)	(5,234)	(5,234)
Intangible assets	(103,905)	(103,905)	(111,449)	(111,449)
Other CET1 regulatory adjustments	-	-	153,372	-
Total CET1 Capital	<u>6,181,612</u>	<u>6,181,612</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>6,181,612</u>	<u>6,181,612</u>	<u>6,266,102</u>	<u>6,112,730</u>
<u>Tier 2 Capital</u>				
Stage 1 and Stage 2 ECL allowances	424,818	424,818	453,807	453,807
Tier 2 capital instruments	1,293,508	1,293,508	1,293,335	1,293,335
Total Tier II capital	<u>1,718,326</u>	<u>1,718,326</u>	<u>1,747,142</u>	<u>1,747,142</u>
Total capital base	<u>7,899,938</u>	<u>7,899,938</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-June-21 RM'000	without TA 30-June-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	33,985,457	33,985,457	36,304,570	36,304,570
- Market risk	190,692	190,692	36,226	36,226
- Operational risk	2,463,738	2,463,738	2,188,152	2,188,152
Total RWA	<u>36,639,887</u>	<u>36,639,887</u>	<u>38,528,948</u>	<u>38,528,948</u>
<u>Capital adequacy ratios</u>				
CET 1 capital ratio	16.871%	16.871%	16.263%	15.865%
Tier 1 capital ratio	16.871%	16.871%	16.263%	15.865%
Total capital ratio	<u>21.561%</u>	<u>21.561%</u>	<u>20.798%</u>	<u>20.400%</u>

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A31. Capital adequacy (continued)

	Bank			
	with TA 30-June-21 RM'000	without TA 30-June-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	791,724	791,724	791,724	791,724
Other reserves	(51,197)	(51,197)	239,996	239,996
	<u>6,168,499</u>	<u>6,168,499</u>	<u>6,191,579</u>	<u>6,191,579</u>
Less: Regulatory adjustments				
Goodwill	-	-	-	-
Deferred tax assets	-	-	-	-
Cumulative gains on financial investments at FVOCI	(106,628)	(106,628)	(191,046)	(191,046)
Regulatory reserve	(5,234)	(5,234)	(5,234)	(5,234)
Intangible assets	(103,905)	(103,905)	(111,449)	(111,449)
Other CET1 regulatory adjustments	-	-	153,372	-
Total CET1 Capital	<u>5,952,732</u>	<u>5,952,732</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>5,952,732</u>	<u>5,952,732</u>	<u>6,037,222</u>	<u>5,883,850</u>
<u>Tier 2 Capital</u>				
Stage 1 and Stage 2 ECL allowances	451,158	451,158	481,430	481,430
Tier 2 capital instruments	1,293,508	1,293,508	1,293,335	1,293,335
Total Tier II capital	<u>1,744,666</u>	<u>1,744,666</u>	<u>1,774,765</u>	<u>1,774,765</u>
Total capital base	<u>7,697,398</u>	<u>7,697,398</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-June-21 RM'000	without TA 30-June-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	36,092,625	36,092,625	38,514,371	38,514,371
- Market risk	190,692	190,692	36,226	36,226
- Operational risk	2,290,357	2,290,357	2,025,263	2,025,263
Total RWA	<u>38,573,674</u>	<u>38,573,674</u>	<u>40,575,860</u>	<u>40,575,860</u>
<u>Capital adequacy ratios</u>				
CET 1 capital ratio	15.432%	15.432%	14.879%	14.501%
Tier 1 capital ratio	15.432%	15.432%	14.879%	14.501%
Total capital ratio	<u>19.955%</u>	<u>19.955%</u>	<u>19.253%</u>	<u>18.875%</u>

PERFORMANCE REVIEW FOR THE FIRST QUARTER ENDED 30 JUNE 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-June-21, 2Q21 RM'000	Preceding Year Corresponding Quarter 30-June-20, 2Q20 RM'000	Changes	
			RM'000	%
Personal financing	19,557,585	19,718,754	(161,169)	-0.8%
Corporate loans and financing	9,270,203	9,359,982	(89,779)	-1.0%
Property financing and mortgage	6,904,539	6,327,833	576,706	9.1%
Auto financing	93,956	164,150	(70,194)	-42.8%
Total gross loans, financing and advances	35,826,283	35,570,719	255,564	0.7%

Variation of Results against Immediate Preceding Quarter

	Current Year Quarter 30-June-21, 2Q21 RM'000	Preceding Quarter 31-Mar-21, 1Q21 RM'000	Changes	
			RM'000	%
Personal financing	19,557,585	19,626,377	(68,792)	-0.4%
Corporate loans and financing	9,270,203	9,103,032	167,171	1.8%
Property financing and mortgage	6,904,539	6,775,596	128,943	1.9%
Auto financing	93,956	102,001	(8,045)	-7.9%
Total gross loans, financing and advances	35,826,283	35,607,006	219,277	0.6%

The Group gross loans, financing and advances increased by 0.7% and 0.6% in 2Q21 compared to 2Q20 and 1Q21 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 2Q20 and 1Q21. The portfolio remains as the biggest financing portfolio the Group.
- (ii) Corporate loans and financing – the gross balance decreased as repayment outpaced disbursement in the current quarter as compared to 2Q20. There's growth of 1.8% as compared to 1Q21 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 the first quarter of 2021. In aggregate, the Group actively disbursed house financing resulting in growth of asset base.
- (iv) Auto financing – The gross balance continued to decrease as the Group focuses on asset base of other portfolios.

(ii) Financial investments

Variation of Results against Preceding Year Corresponding Quarter

	Current Year Quarter 30-June-21, 2Q21 RM'000	Preceding Year Corresponding Quarter 30-June-20, 2Q20 RM'000	Changes	
			RM'000	%
Financial investments at FVTPL	390,110	11,073	379,037	>100%
Financial investments at FVOCI	12,095,190	9,963,334	2,131,856	21.4%
Financial investments at amortised cost	609,388	488,443	120,945	24.8%
Total financial investments	13,094,688	10,462,850	2,631,838	25.2%

Variation of Results against Preceding Quarter

	Current Year Quarter 30-June-21, 2Q21 RM'000	Preceding Quarter 31-Mar-21, 1Q21 RM'000	Changes	
			RM'000	%
Financial investments at FVTPL	390,110	31,659	358,451	>100%
Financial investments at FVOCI	12,095,190	11,415,581	679,609	6.0%
Financial investments at amortised cost	609,388	488,002	121,386	24.9%
Total financial investments	13,094,688	11,935,242	1,159,446	9.7%

The Group financial investments increased by 25.2% and 9.7% for 2Q21 compared to 2Q20 and 1Q21 respectively. Financial investments at FVOCI remains as the biggest investments 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	Preceding Year Corresponding Quarter	Changes	
	30-June-21, 2Q21 RM'000	30-June-20, 2Q20 RM'000	RM'000	%
Revenue	664,937	886,350	(221,413)	-25.0%
Other operating expenses	(99,905)	(104,440)	4,535	4.3%
Net income (excluding impairment and loss on modification of cash flows)	416,400	529,671	(113,271)	-21.4%
Writeback for impairment	229,462	53,874	175,588	>100%
Loss on modification of cash flows	(13,202)	(512,611)	499,409	-97.4%
Profit/(loss) before tax	532,755	(33,506)	566,261	>-100%
Profit/(loss) after tax	403,413	(12,506)	415,919	>-100%
Profit/(loss) attributable to ordinary equity holders of the Parent	403,413	(12,506)	415,919	>-100%
Cost to income ratio	24.0%	19.7%		

Current Year Quarter vs Immediate Preceding Quarter

	Current Year Quarter	Preceding Quarter	Changes	
	30-June-21, 2Q21 RM'000	31-Mar-21, 1Q21 RM'000	RM'000	%
Revenue	664,937	680,982	(16,045)	-2.4%
Other operating expenses	(99,905)	(102,100)	2,195	2.1%
Net income (excluding impairment and loss on modification of cash flows)	416,400	424,837	(8,437)	-2.0%
Writeback/(allowance) for impairment	229,462	(174,992)	404,454	>-100%
Loss on modification of cash flows	(13,202)	(36,462)	23,260	-63.8%
Profit before tax	532,755	111,283	421,472	>100%
Profit after tax	403,413	63,413	340,000	>100%
Profit attributable to ordinary equity holders of the Parent	403,413	63,413	340,000	>100%
Cost to income ratio	24.0%	24.0%		

The Group recorded profit for the current quarter as opposed to loss for 2Q20 mainly due to the writeback on net allowance for impairment. This is mainly due to improvement of stage 2 and stage 3 corporate customers as well as favourable forward looking factor to ECL model. The Group also recorded lower loss on modification of cash flows for 2Q21 as there were lesser financing that were granted moratorium in the current quarter. The loss on modification of cash flows was significant in 2Q20 due to auto moratorium to customer and SME in prior year.

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B1. Performance review of the Group (continued)

Contribution of major subsidiary of the Group

	Group Current Year Quarter 30-June-21, 2Q21 RM'000	MBSB Bank Current Year 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%	

	Group Preceding Year Corresponding Quarter 30-June-20, 2Q20 RM'000	MBSB Bank Preceding Year Corresponding Quarter 30-June-20, 2Q20 RM'000	Contribution
Total assets	48,586,345	48,115,863	99.0%
Total equity	8,601,113	5,868,291	68.2%
Profit before tax	(33,506)	(91,273)	272.4%
Profit after tax	(12,506)	(60,994)	487.7%
Gross return on equity	-0.78%	-3.06%	
Gross return on assets	-0.13%	-0.37%	

	Group Preceding Quarter 31-Mar-21, 1Q21 RM'000	MBSB Bank Preceding Quarter 31-Mar-21, 1Q21 RM'000	Contribution
Total assets	49,942,809	49,568,325	99.3%
Total equity	8,574,786	6,134,793	71.5%
Profit before tax	111,283	86,189	77.5%
Profit after tax	63,413	44,900	70.8%
Gross return on equity	5.10%	5.59%	
Gross return on assets	0.90%	0.71%	

MBSB Bank Berhad ("MBSB Bank") is the biggest subsidiary in the Group. As at 2Q21 total assets of MBSB Bank of RM50.7bil accounts for 99.6% of total assets of the Group while the equity accounts for 72.8% of total Group equity.

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B2. Prospects for the year 2021

The 2Q21 continues to show a moderate increase in the inflation and exports despite a third movement control order (“MCO 3.0”). With gradual opening of economic sector announced in August 2021 especially for states that are in phase 2 and 3 of Pelan Pemulihan Negara (PPN), it is expected for domestic demand and export performance to continue with its uptrend movement. This will be further supported with the expectation to achieve herd immunity by 4Q 2021.

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 is 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			
	2nd Quarter Ended		Six Months Ended	
	30-June-21	30-June-20	30-June-21	30-June-20
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current income tax	108,062	10,316	145,110	11,850
Under provision in prior years	-	-	19,042	-
	<u>108,062</u>	<u>10,316</u>	<u>164,152</u>	<u>11,850</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	21,280	(30,316)	12,313	(1,578)
	<u>21,280</u>	<u>(30,316)</u>	<u>12,313</u>	<u>(1,578)</u>
Total income tax expense	<u>129,342</u>	<u>(20,000)</u>	<u>176,465</u>	<u>10,272</u>

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B4. Taxation (continued)

	Company			
	2nd Quarter Ended		Six Months Ended	
	30-June-21	30-June-20	30-June-21	30-June-20
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current income tax	299	7,315	5,083	7,315
	<u>299</u>	<u>7,315</u>	<u>5,083</u>	<u>7,315</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	(183)	815	315	(1,541)
	<u>(183)</u>	<u>815</u>	<u>315</u>	<u>(1,541)</u>
Total income tax expense	<u>116</u>	<u>8,130</u>	<u>5,398</u>	<u>5,774</u>

B5. Status of corporate proposals

There are no pending corporate proposals.

B6. Borrowings and debts

Borrowings of the Group were as follows:

	Long term	Short term	Total
	RM'000	RM'000	borrowings
			RM'000
Secured			
Recourse obligation on financing sold	1,704,427	91,863	1,796,290
Sukuk-MBSB Structured Covered ("SC") Murabahah	977,685	289,668	1,267,353
Non secured			
Sukuk Wakalah	<u>1,291,674</u>	<u>1,834</u>	<u>1,293,508</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	<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 A25.

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B8. Material litigation

The details of the pending material litigation is as per note A26.

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			
	2nd Quarter Ended		Six Months Ended	
	30-June-21	30-June-20	30-June-21	30-June-20
	RM'000	RM'000	RM'000	RM'000
Net profit/(loss) attributable to shareholders for the period (RM'000)	403,413	(12,506)	466,825	(85,761)
Weighted average number of ordinary shares in issue ('000)	6,975,389	6,713,402	6,975,389	6,713,402
Basic earnings per share (sen)	<u>5.78</u>	<u>(0.19)</u>	<u>6.69</u>	<u>(1.28)</u>
	Company			
	2nd Quarter Ended		Six Months Ended	
	30-June-21	30-June-20	30-June-21	30-June-20
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to shareholders for the period (RM'000)	5,312	165,138	18,542	160,298
Weighted average number of ordinary shares in issue ('000)	6,975,389	6,713,402	6,975,389	6,713,402
Basic earnings per share (sen)	<u>0.08</u>	<u>2.46</u>	<u>0.27</u>	<u>2.39</u>

Diluted

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

25 August 2021