

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

INTERIM FINANCIAL STATEMENTS  
OF THE GROUP AND OF THE COMPANY  
FOR THE 1ST QUARTER ENDED 31 MARCH 2020

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

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

	Note	Group		Company	
		31-Mar-20 RM'000	31-Dec-19 RM'000	31-Mar-20 RM'000	31-Dec-19 RM'000
<b>Assets</b>					
Cash and short-term funds	A8(a)	2,009,787	2,034,889	188,880	189,526
Deposits and placements with financial institutions	A8(b)	1,055,015	873,515	-	-
Derivative financial assets	A9	1,511	4,239	-	-
Financial investments at FVTPL	A10	10,495	-	-	-
Financial investments at fair value through other comprehensive income ("FVOCI")	A11	11,742,066	10,694,644	-	-
Financial investments at amortised cost	A12	488,558	494,705	-	-
Loans, financing and advances	A13	33,228,616	33,953,822	1,081,700	1,146,505
Trade receivables		-	1	-	-
Other receivables	A14	145,565	188,342	105,327	104,906
Statutory deposits with Bank Negara Malaysia		715,000	1,090,000	-	-
Investments in subsidiaries		-	-	5,290,328	5,290,328
Inventories		102,173	102,175	-	-
Property and equipment		323,951	313,964	24,251	24,367
Right-of-use assets		6,843	8,784	-	-
Intangible assets		161,794	167,209	-	-
Goodwill		148,031	148,031	-	-
Investment properties		820	820	-	-
Land use rights		516	521	-	-
Deferred tax assets		16,243	28,218	12,817	9,585
Tax recoverable		651,335	605,778	546,111	539,621
<b>Total assets</b>		<b>50,808,319</b>	<b>50,709,657</b>	<b>7,249,414</b>	<b>7,304,838</b>
<b>Liabilities</b>					
Deposits from customers	A15	26,790,103	25,271,951	-	-
Deposits and placements of banks and other financial institutions	A16	9,435,418	10,621,769	-	-
Derivative financial liabilities		2,655	1	-	-
Trade payables		40	22	-	-
Other payables	A17	553,141	642,278	103,900	154,484
Lease liabilities		6,977	8,919	-	-
Recourse obligation on financing sold		2,430,625	2,481,251	-	-
Sukuk-MBSB Structured Covered ("SC") Murabahah		1,686,365	1,664,973	-	-
Sukuk Wakalah		1,309,802	1,293,075	-	-
Deferred tax liabilities		123,643	126,607	-	-
Provision for taxation and zakat		15,634	11,940	538	538
<b>Total liabilities</b>		<b>42,354,403</b>	<b>42,122,786</b>	<b>104,438</b>	<b>155,022</b>
<b>Equity</b>					
Ordinary share capital		6,941,542	6,941,542	6,941,542	6,941,542
Reserves		101,136	160,837	5,843	5,843
Retained earnings		1,411,238	1,484,492	197,591	202,431
<b>Total equity</b>		<b>8,453,916</b>	<b>8,586,871</b>	<b>7,144,976</b>	<b>7,149,816</b>
<b>Total liabilities and equity</b>		<b>50,808,319</b>	<b>50,709,657</b>	<b>7,249,414</b>	<b>7,304,838</b>
<b>Commitments and contingencies</b>	A24	<b>4,870,653</b>	<b>5,098,853</b>	<b>26,334</b>	<b>29,749</b>
<b>Net assets per share attributable to ordinary equity of the Company (RM)</b>		<b>1.26</b>	<b>1.31</b>	<b>1.06</b>	<b>1.09</b>

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

**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 FIRST QUARTER ENDED 31 MARCH 2020**

	Note	Group		Company	
		1st Quarter Ended		1st Quarter Ended	
		31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
		RM'000	RM'000	RM'000	RM'000
Revenue		741,406	727,220	19,285	34,593
Income derived from investment of general investment deposits and Islamic capital funds	A18	677,135	670,794	-	-
Income attributable to depositors		(326,532)	(341,331)	-	-
Income attributable to securitisation		(26,239)	(23,802)	-	-
Income attributable to sukuk		(37,438)	(23,830)	-	-
Net income from Islamic operations		286,926	281,831	-	-
Interest income	A19	30,973	41,190	18,347	30,117
Interest expense	A20	(5)	(5)	(5)	(5)
Net interest income		30,968	41,185	18,342	30,112
Operating income		317,894	323,016	18,342	30,112
Net other income	A21	44,680	42,018	5,837	19,644
Net income		362,574	365,034	24,179	49,756
Other operating expenses	A22	(109,773)	(96,155)	(11,913)	(8,043)
Operating profit		252,801	268,879	12,266	41,713
Net allowance for impairment on loans, financing and advances and other financial assets	A23	(291,783)	(153,021)	(19,462)	(13,463)
(Loss)/profit before taxation and zakat		(38,982)	115,858	(7,196)	28,250
Taxation		(30,272)	(27,028)	2,356	(10,534)
Zakat		(4,000)	(5,000)	-	-
(Loss)/profit for the financial period		(73,254)	83,830	(4,840)	17,716
(Loss)/profit attributable to:					
Owners of the Company		(73,254)	83,830	(4,840)	17,716
Earnings per share (sen)					
Basic		(1.09)	1.31	(0.07)	0.28
Diluted		(1.09)	1.31	(0.07)	0.28
<b>(Loss)/profit for the financial period</b>		<b>(73,254)</b>	<b>83,830</b>	<b>(4,840)</b>	<b>17,716</b>
<b>Other comprehensive (loss)/income, net of tax :</b>					
Movement in fair value reserve, which may be reclassified subsequently to profit or loss		(59,701)	30,232	-	-
		(59,701)	30,232	-	-
<b>Total comprehensive (loss)/income for the financial period</b>		<b>(132,955)</b>	<b>114,062</b>	<b>(4,840)</b>	<b>17,716</b>
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(132,955)	114,062	(4,840)	17,716
		(132,955)	114,062	(4,840)	17,716

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

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

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

← Non-distributable → Distributable

<b>Group</b>	<b>Share Capital RM'000</b>	<b>Share Option Reserve RM'000</b>	<b>Fair Value Reserves RM'000</b>	<b>Retained Profits RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2020</b>	6,941,542	5,843	154,994	1,484,492	8,586,871
Loss for the financial period	-	-	-	(73,254)	(73,254)
Other comprehensive loss for the financial period	-	-	(59,701)	-	(59,701)
<b>At 31 March 2020</b>	<b>6,941,542</b>	<b>5,843</b>	<b>95,293</b>	<b>1,411,238</b>	<b>8,453,916</b>
<b>At 1 January 2019</b>	6,682,102	6,261	10,612	1,086,629	7,785,604
Profit for the financial period	-	-	-	83,830	83,830
Other comprehensive income for the financial period	-	-	30,232	-	30,232
<b>At 31 March 2019</b>	<b>6,682,102</b>	<b>6,261</b>	<b>40,844</b>	<b>1,170,459</b>	<b>7,899,666</b>

← Non-distributable → Distributable

<b>Company</b>	<b>Share Capital RM'000</b>	<b>Share Option Reserve RM'000</b>	<b>Fair Value Reserves RM'000</b>	<b>Retained Profits RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2020</b>	6,941,542	5,843	-	202,431	7,149,816
Loss for the financial period	-	-	-	(4,840)	(4,840)
<b>At 31 March 2020</b>	<b>6,941,542</b>	<b>5,843</b>	<b>-</b>	<b>197,591</b>	<b>7,144,976</b>
<b>At 1 January 2019</b>	6,682,102	6,261	-	359,235	7,047,598
Profit for the financial period	-	-	-	17,716	17,716
<b>At 31 March 2019</b>	<b>6,682,102</b>	<b>6,261</b>	<b>-</b>	<b>376,951</b>	<b>7,065,314</b>

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

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

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

	Group		Company	
	31-Mar-20 RM'000	31-Mar-19 RM'000	31-Mar-20 RM'000	31-Mar-19 RM'000
<b>Cash flows from operating activities</b>				
(Loss)/profit before taxation	(38,982)	115,858	(7,196)	28,250
Adjustments for non-cash items	234,058	244,611	19,668	13,804
Operating profit before working capital changes	195,076	360,469	12,472	42,054
Working capital changes:				
Net changes in operating assets	669,991	(386,616)	44,833	13,201
Net changes in operating liabilities	248,462	1,879,034	(50,494)	(23,770)
Cash generated from operations	1,113,529	1,852,887	6,811	31,485
Income taxes and zakat paid	(48,282)	(124,034)	(7,367)	(63,524)
Net cash generated from/(used in) operating activities	1,065,247	1,728,853	(556)	(32,039)
<b>Cash flows from investing activities</b>				
Purchase of property and equipment	(12,251)	(21,220)	-	-
Purchase of intangible assets	(808)	(9,028)	-	-
Purchase of financial investments	(998,164)	(990,262)	-	-
Net cash used in investing activities	(1,011,223)	(1,020,510)	-	-

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

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

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

	<b>Group</b>		<b>Company</b>	
	<b>31-Mar-20</b>	<b>31-Mar-19</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from financing activities</b>				
Proceeds from recourse obligation on loans/financing sold	(50,299)	-	-	-
Profit expense paid - recourse obligation on loans/financing sold	(26,566)	(46,516)	-	-
Payment of lease liabilities	(2,258)	-	-	-
Net cash used in financing activities	(79,123)	(46,516)	-	-
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(25,099)</b>	<b>661,827</b>	<b>(556)</b>	<b>(32,039)</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>2,034,889</b>	<b>3,411,986</b>	<b>189,526</b>	<b>155,077</b>
<b>Cash and cash equivalents at end of financial period (Note A8(a))</b>	<b>2,009,790</b>	<b>4,073,813</b>	<b>188,970</b>	<b>123,038</b>
<b>Cash and cash equivalents is represented by:</b>				
Cash and short-term funds	2,009,787	4,073,813	188,880	123,038
Cash and cash equivalents at end of financial period (Note A8(a))	2,009,787	4,073,813	188,880	123,038

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED 31 MARCH 2020  
PART A - EXPLANATORY NOTES PURSUANT TO MFRS134**

**A1. Basis of preparation**

The unaudited condensed interim financial statements for the financial quarter ended 31 March 2020 have been prepared under the historical cost convention except for financial 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, Financial Reporting for Islamic Banking Institutions policy issued by Bank Negara Malaysia ("BNM") and provisions of Companies Act 2016. 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 2019. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2019.

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 2019.

On 1 January 2020, where applicable, the Group adopted the following MFRSs and Amendments to MFRSs mandatory for annual financial periods beginning on or after 1 January 2020:

Effective for annual periods commencing on or after 1 January 2020

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

**MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)**  
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**A1. Basis of preparation (continued)**

Effective for annual periods beginning on or after 1 January 2021

- MFRS 17, Insurance Contracts

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

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

**A2. Audit report of preceding financial year ended 31 December 2019**

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

**A3. Seasonality and cyclical of operation**

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

**A4. Exceptional or unusual items**

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

For 1st Quarter 2020 ("1Q20"), MBSB Group and the Company recorded loss before tax of RM38.98 million and RM7.20 million respectively mainly due to higher impairment charges. The higher impairment charges were caused by the increase in delinquent accounts comprising financing under Stages 2 and 3, which resulted in a higher expected credit loss ("ECL"). In relation to the forward-looking adjustments ("FLA"), the Company and MBSB Bank decided to adopt the 4th quarter 2019 FLA in the ECL assessment for 1Q20 instead of FLA as at 31 March 2020 as the 4th 2019 quarter FLA better reflects the improving conditions as of the date of our announcement. For future quarters, further enhancements will be made to the existing FLA model to reflect the prevailing circumstances.

**A5. Changes in estimates of amounts reported previously**

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

**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.

	<b>31-Mar-20</b>	<b>31-Dec-19</b>
Number of ordinary shares ('000)	6,533,037	6,533,037
Share Capital (RM'000)	6,941,542	6,941,542

**A7. Dividend**

No dividend was paid in the current quarter.

On 6 May 2020, the Company received single-tier final dividend of RM133,657,081 in respect of financial year ended 31 December 2019 from the banking subsidiary, MBSB Bank.



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**A8. Cash and short-term funds and deposits and placements with banks and other financial institutions**

	Group		Company	
	31-Mar-20 RM'000	31-Dec-19 RM'000	31-Mar-20 RM'000	31-Dec-19 RM'000
(a) Cash and short-term funds:				
Cash at banks and on hand	175,254	196,865	10,860	45,637
Money at call and deposit placements maturing within one month	1,834,533	1,838,024	178,020	143,889
	2,009,787	2,034,889	188,880	189,526
(b) Deposits and placements with financial institutions with original maturity of more than one month				
- Licensed Islamic banks	954,749	873,515	-	-
- Financial institutions	100,266	-	-	-
	3,064,802	2,908,404	188,880	189,526

The ECL for cash and short-term funds and deposits and placements above is nil (2019: 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	Assets RM'000	Fair value Liabilities RM'000
<b>2020</b>			
<b>Trading derivatives</b>			
<u>Foreign exchange contracts:</u>			
Currency forward			
- Less than one year	111,290	1,511	(2,655)
<b>2019</b>			
<b>Trading derivatives</b>			
<u>Foreign exchange contracts:</u>			
Currency forward			
- Less than one year	228,295	4,239	(1)

**A10. Financial investments at FVTPL**

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

**MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)**  
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**A11. Financial investments at FVOCI**

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

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:

	<b>Group</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2020	18	-	-	18
Total charge to profit or loss:	(5)	-	-	(5)
Change in credit risk	(5)	-	-	(5)
At 31 March 2020	13	-	-	13

	<b>Group</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2019	-	-	-	-
Total charge to profit or loss:	18	-	-	18
Change in credit risk	18	-	-	18
At 31 December 2019	18	-	-	18

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

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

ECL movement for financial investments at amortised cost:

	<b>Group</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
ECL at 1 January 2020	152	-	-	152
Total charge to profit or loss -				
Change in credit risk (Note A23)	(3)	-	-	(3)
ECL at 31 March 2020	<u>149</u>	<u>-</u>	<u>-</u>	<u>149</u>
	<b>Group</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
ECL at 1 January 2019	6	-	-	6
Total charge to profit or loss -				
Change in credit risk (Note A23)	146	-	-	146
ECL at 31 December 2019	<u>152</u>	<u>-</u>	<u>-</u>	<u>152</u>

**MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)**  
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**A13. Loans, financing and advances**

	<b>Group</b>		<b>Company</b>	
	<b>31-Mar-20</b>	<b>31-Dec-19</b>	<b>31-Mar-20</b>	<b>31-Dec-19</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(i) By type</b>				
<b>At amortised cost</b>				
<i>Islamic:</i>				
Term financing:				
Personal financing	19,810,293	19,994,419	-	-
Property financing	5,373,189	5,169,539	-	-
Industrial hire purchase	807,034	808,958	-	-
Bridging financing	571,253	593,906	-	-
Auto financing	149,161	160,479	-	-
Other term financing	5,660,978	5,949,892	-	-
Revolving Credit	535,714	703,389	-	-
Trade finance	615,361	560,978	-	-
Cash line	12,074	3,663	-	-
Staff financing	43,078	44,798	-	-
<i>Conventional:</i>				
End finance:				
Normal housing programme	814,741	864,289	814,741	864,289
Low cost housing programme	3,449	3,252	3,449	3,252
Other term financing	765,838	761,218	765,838	761,218
Bridging financing	237,970	228,310	237,970	228,310
Auto financing	17,099	17,080	17,099	17,080
Staff financing	167	320	167	320
Gross loans, financing and advances	<u>35,417,399</u>	<u>35,864,490</u>	<u>1,839,264</u>	<u>1,874,469</u>
Less: ECL				
- Stage 1	(400,590)	(411,822)	(8,712)	(10,532)
- Stage 2	(609,922)	(433,194)	(70,139)	(64,260)
- Stage 3	(1,178,271)	(1,065,652)	(678,713)	(653,172)
Net loans, advances and financing	<u>33,228,616</u>	<u>33,953,822</u>	<u>1,081,700</u>	<u>1,146,505</u>
<b>(ii) By maturity structure</b>				
	<b>Group</b>		<b>Company</b>	
	<b>31-Mar-20</b>	<b>31-Dec-19</b>	<b>31-Mar-20</b>	<b>31-Dec-19</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Within one year	2,134,888	2,632,716	596,292	578,839
More than one year to three years	1,739,085	1,778,969	125,536	128,050
More than three years to five years	2,126,057	2,239,227	123,764	123,980
More than five years	29,417,369	29,213,578	993,672	1,043,600
	<u>35,417,399</u>	<u>35,864,490</u>	<u>1,839,264</u>	<u>1,874,469</u>

**MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)**  
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**A13. Loans, financing and advances (continued)**

**(iii) By economic purpose**

	<b>Group</b>		<b>Company</b>	
	<b>31-Mar-20</b>	<b>31-Dec-19</b>	<b>31-Mar-20</b>	<b>31-Dec-19</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Personal Use	19,903,284	20,090,515	310	311
Construction	4,414,971	4,833,569	452,410	436,805
Purchase of landed property:				
- Residential	5,755,432	5,604,901	751,990	800,903
- Non-Residential	743,887	740,556	104,283	104,275
Working Capital	2,476,257	2,477,796	87,094	85,125
Purchase of other fixed assets	960,530	955,086	5,569	5,752
Purchase of transport vehicles	164,574	175,924	14,690	14,681
Purchase of other securities	55,987	34,452	-	-
Purchase of consumer durables	110	5,738	-	-
Others	942,367	945,953	422,918	426,617
	<b>35,417,399</b>	<b>35,864,490</b>	<b>1,839,264</b>	<b>1,874,469</b>

**(iv) By type of customers**

	<b>Group</b>		<b>Company</b>	
	<b>31-Mar-20</b>	<b>31-Dec-19</b>	<b>31-Mar-20</b>	<b>31-Dec-19</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Individuals	26,079,889	26,120,060	790,056	839,081
Domestic business enterprises				
- Small medium enterprise	2,542,191	2,500,266	701,765	700,906
- Non-bank financial institutions	700,407	710,454	-	-
- Government	53,373	141,302	-	-
- Others	6,041,539	6,384,211	347,443	334,482
Foreign entities	-	8,197	-	-
	<b>35,417,399</b>	<b>35,864,490</b>	<b>1,839,264</b>	<b>1,874,469</b>

**(v) By sector**

	<b>Group</b>		<b>Company</b>	
	<b>31-Mar-20</b>	<b>31-Dec-19</b>	<b>31-Mar-20</b>	<b>31-Dec-19</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Household sectors	26,079,389	26,120,060	790,056	839,081
Construction	4,609,110	5,061,309	702,090	690,520
Finance, insurance and business services	2,665,167	2,798,729	10,836	11,002
Wholesale & retail trade and restaurants & hotels	482,374	472,966	3,357	3,420
Manufacturing	433,994	374,515	93,965	92,047
Education, health and others	338,128	317,522	233,931	233,346
Electricity, gas and water	375,005	262,076	-	-
Transport, storage and communication	208,789	206,583	1,855	1,896
Agriculture	95,640	133,443	3,174	3,157
Mining and quarrying	129,803	117,287	-	-
	<b>35,417,399</b>	<b>35,864,490</b>	<b>1,839,264</b>	<b>1,874,469</b>

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**A13. Loans, financing and advances (continued)**

**(vi) By profit/interest rate sensitivity**

	<b>Group</b>		<b>Company</b>	
	<b>31-Mar-20</b>	<b>31-Dec-19</b>	<b>31-Mar-20</b>	<b>31-Dec-19</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fixed rate:				
Personal financing	17,173,600	17,477,316	-	-
Bridging, structured and term financing	1,069,249	1,063,641	127,104	127,066
Mortgage and property Islamic	461,461	471,125	2,009	2,211
Auto finance	168,560	180,167	17,099	17,080
Variable rate:				
Bridging, structured and term financing	8,137,395	8,547,101	876,703	862,462
Mortgage and property Islamic	5,755,586	5,591,882	816,349	865,650
Personal financing	2,651,548	2,533,258	-	-
	<b>35,417,399</b>	<b>35,864,490</b>	<b>1,839,264</b>	<b>1,874,469</b>

**(vii) By geographical distribution**

	<b>Group</b>		<b>Company</b>	
	<b>31-Mar-20</b>	<b>31-Dec-19</b>	<b>31-Mar-20</b>	<b>31-Dec-19</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysia	35,417,399	35,864,490	1,839,264	1,874,469
	<b>35,417,399</b>	<b>35,864,490</b>	<b>1,839,264</b>	<b>1,874,469</b>

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

**31-Mar-20**

	<b>Group</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Gross carrying amount as at 1 January 2020	29,415,952	4,586,996	1,861,542	35,864,490
Transfer to stage 1	395,502	(376,642)	(18,860)	-
Transfer to stage 2	(669,566)	777,078	(107,512)	-
Transfer to stage 3	(14,515)	(185,347)	199,862	-
New financing / disbursement during the year	1,656,808	286,381	9,545	1,952,734
Repayment during the year	(2,160,780)	(369,045)	(26,216)	(2,556,041)
Other movements	101,739	22,511	32,774	157,024
Write-offs	-	-	(808)	(808)
Gross carrying amount as at 31 March 2020	<b>28,725,140</b>	<b>4,741,932</b>	<b>1,950,327</b>	<b>35,417,399</b>

**31-Mar-20**

	<b>Company</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Gross carrying amount as at 1 January 2020	350,665	480,287	1,043,517	1,874,469
Transfer to stage 1	18,668	(18,668)	-	-
Transfer to stage 2	(25,714)	50,665	(24,951)	-
Transfer to stage 3	(127)	(20,647)	20,774	-
Disbursement during the year	-	-	-	-
Repayment during the year	(20,916)	(39,198)	(2,619)	(62,733)
Other movements	2,882	3,393	21,253	27,528
Gross carrying amount as at 31 March 2020	<b>325,458</b>	<b>455,832</b>	<b>1,057,974</b>	<b>1,839,264</b>

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**A13. Loans, financing and advances (continued)**

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

31-Dec-19	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2019	28,721,082	4,528,051	1,923,471	35,172,604
Transfer to stage 1	963,825	(869,735)	(94,090)	-
Transfer to stage 2	(1,163,094)	1,405,858	(242,764)	-
Transfer to stage 3	(137,451)	(285,312)	422,763	-
New financing / disbursement during the year	5,007,227	461,038	66,694	5,534,959
Repayment during the year	(4,033,508)	(658,155)	(155,110)	(4,846,773)
Other movements	57,871	5,251	162,470	225,592
Write-offs	-	-	(221,892)	(221,892)
Gross carrying amount as at 31 December 2019	29,415,952	4,586,996	1,861,542	35,864,490

  

31-Dec-19	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2019	406,208	590,545	1,131,177	2,127,930
Transfer to stage 1	55,468	(49,302)	(6,166)	-
Transfer to stage 2	(29,468)	95,223	(65,755)	-
Transfer to stage 3	(2,184)	(32,206)	34,390	-
New financing / disbursement during the year	-	95	-	95
Repayment during the year	(83,245)	(136,678)	(93,883)	(313,806)
Other movements	3,886	12,610	43,754	60,250
Gross carrying amount as at 31 December 2019	350,665	480,287	1,043,517	1,874,469

**MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)**  
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**A13. Loans, financing and advances (continued)**

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

<b>31-Mar-20</b>	<b>Group</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
ECL as at 1 January 2020	411,822	433,194	1,065,652	1,910,668
Charged to profit or loss, of which (Note A23):	(11,232)	176,728	113,065	278,561
Changes in ECL				
- Transfer to stage 1	37,037	(25,852)	(11,185)	-
- Transfer to stage 2	(13,775)	81,566	(67,791)	-
- Transfer to stage 3	(178)	(50,943)	51,121	-
New financing / disbursement during the year	27,909	7,644	6,008	41,561
Repayment during the year	(82,971)	(111,983)	(31,786)	(226,740)
Changes in credit risk parameters	20,746	276,296	166,698	463,740
Write-offs	-	-	(446)	(446)
ECL as at 31 March 2020	400,590	609,922	1,178,271	2,188,783
<b>31-Mar-20</b>	<b>Company</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
ECL as at 1 January 2020	10,532	64,260	653,172	727,964
Charged to profit or loss, of which (Note A23):	(1,820)	5,879	25,541	29,600
Changes in ECL				
- Transfer to stage 1	1,413	(1,413)	-	-
- Transfer to stage 2	(849)	16,856	(16,007)	-
- Transfer to stage 3	(4)	(6,074)	6,078	-
New financing / disbursement during the year	-	-	-	-
Repayment during the year	(2,385)	(24,574)	(11,694)	(38,653)
Changes in credit risk parameters	5	21,084	47,164	68,253
ECL as at 31 March 2020	8,712	70,139	678,713	757,564



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**A13. Loans, financing and advances (continued)**

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

**31-Dec-19**

	<b>Group</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
ECL as at 1 January 2019	358,907	550,621	1,129,957	2,039,485
Charged to profit or loss, of which (Note A23):	52,915	(117,427)	157,589	93,077
Changes in ECL				
- Transfer to stage 1	142,567	(96,973)	(45,594)	-
- Transfer to stage 2	(20,096)	162,154	(142,058)	-
- Transfer to stage 3	(1,885)	(67,373)	69,258	-
New financing / disbursement during the year	110,426	39,036	38,274	187,736
Repayment during the year	(178,959)	(249,340)	(85,700)	(513,999)
Changes in credit risk parameters	48,045	183,422	396,017	627,484
Change to model assumptions and methodologies ^	(47,183)	(88,353)	(72,608)	(208,144)
Write-offs	-	-	(221,894)	(221,894)
ECL as at 31 December 2019	<u>411,822</u>	<u>433,194</u>	<u>1,065,652</u>	<u>1,910,668</u>

**31-Dec-19**

	<b>Company</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
ECL as at 1 January 2019	12,370	94,982	694,076	801,428
Charged to profit or loss, of which (Note A23):	(1,838)	(30,722)	(40,904)	(73,464)
Changes in ECL				
- Transfer to stage 1	10,486	(6,012)	(4,474)	-
- Transfer to stage 2	(1,023)	49,235	(48,212)	-
- Transfer to stage 3	(73)	(6,448)	6,521	-
New financing / disbursement during the year	-	8	-	8
Repayment during the year	(9,951)	(78,636)	(33,852)	(122,439)
Changes in credit risk parameters	1,147	25,813	68,598	95,558
Change to model assumptions and methodologies ^	(2,424)	(14,682)	(29,485)	(46,591)
ECL as at 31 December 2019	<u>10,532</u>	<u>64,260</u>	<u>653,172</u>	<u>727,964</u>

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

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**A13. Loans, financing and advances (continued)**

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

	<b>Group</b>		<b>Company</b>	
	<b>31-Mar-20</b>	<b>31-Dec-19</b>	<b>31-Mar-20</b>	<b>31-Dec-19</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January	1,861,542	1,923,471	1,043,517	1,131,177
Classified as impaired during the period	209,407	489,457	20,774	34,390
Reclassified as non-impaired	(126,372)	(336,854)	(24,951)	(71,921)
Amount recovered	(26,216)	(155,110)	(2,619)	(93,883)
Other movements	32,774	162,470	21,253	43,754
Amount written off	(808)	(221,892)	-	-
Balance as at end of financial period	<u>1,950,327</u>	<u>1,861,542</u>	<u>1,057,974</u>	<u>1,043,517</u>
Less: ECL stage 3	<u>(1,178,271)</u>	<u>(1,065,652)</u>	<u>(678,713)</u>	<u>(653,172)</u>
Net impaired financing and advances	<u>772,056</u>	<u>795,890</u>	<u>379,261</u>	<u>390,345</u>
Net impaired loans as a percentage of net financing and advances	<u>2.32%</u>	<u>2.34%</u>	<u>35.06%</u>	<u>34.05%</u>
Gross impaired loans as a percentage of gross financing and advances	<u>5.51%</u>	<u>5.19%</u>	<u>57.52%</u>	<u>55.67%</u>

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

	<b>Group</b>		<b>Company</b>	
	<b>31-Mar-20</b>	<b>31-Dec-19</b>	<b>31-Mar-20</b>	<b>31-Dec-19</b>
Personal use	217,567	140,300	41	-
Construction	631,256	630,722	354,548	339,853
Purchase of landed property:				
- Residential	459,088	447,465	230,363	232,072
- Non-Residential	107,441	105,258	72,165	71,857
Working capital	46,931	45,465	-	-
Purchase of transport vehicles	47,868	45,818	13,804	13,948
Purchase of other fixed assets	38,818	39,745	1,288	1,400
Purchase of consumer durables	-	5,626	-	-
Others	401,358	401,143	385,765	384,387
	<u>1,950,327</u>	<u>1,861,542</u>	<u>1,057,974</u>	<u>1,043,517</u>

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**A13. Loans, financing and advances (continued)**

**(xii) Impaired loans, financing and advances by sector**

	<b>Group</b>		<b>Company</b>	
	<b>31-Mar-20</b>	<b>31-Dec-19</b>	<b>31-Mar-20</b>	<b>31-Dec-19</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Household sector	762,167	669,634	268,664	271,089
Construction	744,177	751,711	560,410	544,444
Finance, insurance and business services	21,356	15,737	1,015	1,012
Wholesale & retail trade and restaurants & hotels	21,904	22,744	173	172
Manufacturing	59,236	60,863	1,411	1,096
Education, health and others	298,806	298,183	226,245	225,648
Transport, storage and communication	3,821	3,810	56	56
Mining and quarrying	38,691	38,691	-	-
Agriculture	169	169	-	-
	<b>1,950,327</b>	<b>1,861,542</b>	<b>1,057,974</b>	<b>1,043,517</b>

**A14. Other receivables**

	<b>Group</b>		<b>Company</b>	
	<b>31-Mar-20</b>	<b>31-Dec-19</b>	<b>31-Mar-20</b>	<b>31-Dec-19</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Advances in respect of certain projects	527,900	514,318	-	-
Amount due from subsidiaries	-	-	66,849	65,041
Foreclosed properties	113,264	113,262	113,264	113,262
Prepayments and deposits	18,146	17,297	8,765	8,633
Sundry receivables	35,402	90,961	6,780	18,490
Deferred expenses	2,253	2,322	-	-
	<b>696,965</b>	<b>738,160</b>	<b>195,658</b>	<b>205,426</b>
Less: Allowance for impairment	<b>(551,400)</b>	<b>(549,818)</b>	<b>(90,331)</b>	<b>(100,520)</b>
	<b>145,565</b>	<b>188,342</b>	<b>105,327</b>	<b>104,906</b>

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**A15. Deposits from customers**

**(i) By type of deposit:**

	<b>Group</b>	
	<b>31-Mar-20</b>	<b>31-Dec-19</b>
	<b>RM'000</b>	<b>RM'000</b>
Commodity Murabahah Term Deposit	25,918,307	24,738,093
Demand deposits	344,595	192,381
Savings deposits	527,201	341,477
	<u>26,790,103</u>	<u>25,271,951</u>

**(ii) Maturity of deposits from customers:**

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

**(iii) By type of customers:**

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

**MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)**  
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**A15. Deposits from customers (continued)**

**(iv) By type of contract:**

	<b>Group</b>	
	<b>31-Mar-20</b>	<b>31-Dec-19</b>
	<b>RM'000</b>	<b>RM'000</b>
Tawarruq	26,790,103	25,271,951
	<u>26,790,103</u>	<u>25,271,951</u>

**A16. Deposits and placements of banks and other financial institutions**

**(i) By type of deposit:**

	<b>Group</b>	
	<b>31-Mar-20</b>	<b>31-Dec-19</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Non-Mudharabah Funds:</u>		
Other financial institutions:		
-Licensed Investment Banks	1,305	152,390
-Licensed Islamic Banks	-	112,937
-Other Financial Institutions	9,434,113	10,356,442
	<u>9,435,418</u>	<u>10,621,769</u>

**(ii) By type of contract:**

	<b>Group</b>	
	<b>31-Mar-20</b>	<b>31-Dec-19</b>
	<b>RM'000</b>	<b>RM'000</b>
Tawarruq	9,435,418	10,621,769
	<u>9,435,418</u>	<u>10,621,769</u>

**A17. Other payables**

	<b>Group</b>		<b>Company</b>	
	<b>31-Mar-20</b>	<b>31-Dec-19</b>	<b>31-Mar-20</b>	<b>31-Dec-19</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amount due to MBSB Bank Berhad	-	-	23,325	78,416
Sundry creditors	259,012	319,544	65,495	60,920
AI-Mudharabah security fund	138,797	137,309	-	-
Expected credit loss ("ECL") for commitments and contingencies (i)	84,274	70,680	5,351	5,441
Deferred income	36,848	38,362	3,289	3,524
Other provisions and accruals	34,210	76,383	6,440	6,183
	<u>553,141</u>	<u>642,278</u>	<u>103,900</u>	<u>154,484</u>

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**A17. Other payables (continued)**

**(i) ECL for commitments and contingencies**

Movement of ECL for commitments and contingencies are as follows:

**31-Mar-20**

	<b>Group</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
ECL as at 1 January 2020	44,196	17,978	8,506	70,680
Charge to profit or loss (Note A23)	(1,941)	14,844	691	13,594
Changes in the impairment allowance				
- Transfer to stage 1	4,052	(4,052)	-	-
- Transfer to stage 2	(1,007)	1,290	(283)	-
- Transfer to stage 3	-	(55)	55	-
New financing /disbursement during the year	7,020	270	189	7,479
Derecognised/converted to loans/financing during the period (other than write-offs)	(3,738)	(86)	(299)	(4,123)
Changes in credit risk parameters	(8,268)	17,477	1,029	10,238
ECL as at 31 March 2020	<b>42,255</b>	<b>32,822</b>	<b>9,197</b>	<b>84,274</b>

**31-Mar-20**

	<b>Company</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loss allowance as at 1 January 2019	251	176	5,014	5,441
Charge to profit or loss (Note A23)	(54)	(5)	(31)	(90)
Changes in the impairment allowance				
- Transfer to stage 1	4	(4)	-	-
- Transfer to stage 2	(2)	86	(84)	-
- Transfer to stage 3	-	(5)	5	-
Derecognised/converted to loans/financing during the period (other than write-offs)	(7)	(4)	(33)	(44)
Changes in credit risk parameters	(49)	(78)	81	(46)
ECL as at 31 December 2019	<b>197</b>	<b>171</b>	<b>4,983</b>	<b>5,351</b>

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**A17. Other payables (continued)**

**(i) ECL for commitments and contingencies (continued)**

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

31-Dec-19	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL as at 1 January 2019	53,130	36,829	10,453	100,412
Charge to profit or loss (Note A23)	(8,934)	(18,851)	(1,947)	(29,732)
Changes in the impairment allowance				
- Transfer to stage 1	4,940	(2,357)	(2,583)	-
- Transfer to stage 2	(4,914)	5,263	(349)	-
- Transfer to stage 3	(798)	(4,814)	5,612	-
New financing /disbursement during the year	25,153	1,791	426	27,370
Derecognised/converted to loans/financing during the period (other than write-offs)	(12,511)	(6,126)	(815)	(19,452)
Changes in credit risk parameters	(14,394)	(4,718)	(3,203)	(22,315)
Changes to model assumptions and methodologies <sup>^</sup>	(6,410)	(7,890)	(1,035)	(15,335)
ECL as at 31 December 2019	44,196	17,978	8,506	70,680

31-Dec-19	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL as at 1 January 2019	413	198	5,858	6,469
Charge to profit or loss (Note A23)	(162)	(22)	(844)	(1,028)
Changes in the impairment allowance				
- Transfer to stage 1	86	(7)	(79)	-
- Transfer to stage 2	(24)	73	(49)	-
- Transfer to stage 3	(7)	(12)	19	-
Derecognised/converted to loans/financing during the period (other than write-offs)	(51)	(63)	(194)	(308)
Changes in credit risk parameters	(114)	29	23	(62)
Changes to model assumptions and methodologies <sup>^</sup>	(52)	(42)	(564)	(658)
ECL as at 31 December 2019	251	176	5,014	5,441

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

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**A18. Income derived from investment of general investment deposits and Islamic capital funds**

	<b>Group</b>	
	<b>1st Quarter Ended</b>	
	<b>31-Mar-20</b>	<b>31-Mar-19</b>
	<b>RM'000</b>	<b>RM'000</b>
Financing	558,726	564,336
Income from financial investments at FVTPL	80	275
Income from financial investments at FVOCI	101,982	63,555
Income from financial investments at amortised cost	231	(96)
Deposits with financial institutions	16,116	42,724
	<u>677,135</u>	<u>670,794</u>

**A19. Interest income**

	<b>Group</b>		<b>Company</b>	
	<b>1st Quarter Ended</b>		<b>1st Quarter Ended</b>	
	<b>31-Mar-20</b>	<b>31-Mar-19</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income from:				
- Loans, advances and financing	29,782	39,120	17,156	28,047
- Deposits and placements with banks and other financial institutions	1,191	2,070	1,191	2,070
	<u>30,973</u>	<u>41,190</u>	<u>18,347</u>	<u>30,117</u>

**A20. Interest expense**

	<b>Group and Company</b>	
	<b>1st Quarter Ended</b>	
	<b>31-Mar-20</b>	<b>31-Mar-19</b>
	<b>RM'000</b>	<b>RM'000</b>
Others	5	5
	<u>5</u>	<u>5</u>

**A21. Net other income**

	<b>Group</b>		<b>Company</b>	
	<b>1st Quarter Ended</b>		<b>1st Quarter Ended</b>	
	<b>31-Mar-20</b>	<b>31-Mar-19</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Rental income	41	44	950	3,803
Revenue from hotel operations	26	1,204	-	-
Loan related fees	623	2,499	937	4,429
Insurance commission	2,787	2,011	-	47
Ta'awidh/Penalty	3,839	10,578	4,333	10,461
Gain from sale of FVTPL	1,199	-	-	-
Gain from sale of FVOCI	28,662	14,524	-	-
Sundry income/(expense)	15,264	11,158	(383)	904
Others	(7,761)	-	-	-
	<u>44,680</u>	<u>42,018</u>	<u>5,837</u>	<u>19,644</u>



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**A22. Other operating expenses**

	<b>Group</b>		<b>Company</b>	
	<b>1st Quarter Ended</b>		<b>1st Quarter Ended</b>	
	<b>31-Mar-20</b>	<b>31-Mar-19</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Personnel expenses *	68,603	62,316	295	310
Establishment related expenses	21,006	12,671	695	608
General administrative expenses	8,949	10,990	1,219	1,019
Promotion and marketing related expenses	2,283	1,692	-	-
Commission fees	8,932	8,486	9,704	6,106
	<b>109,773</b>	<b>96,155</b>	<b>11,913</b>	<b>8,043</b>

Included in the other operating expenses:

	<b>Group</b>		<b>Company</b>	
	<b>1st Quarter Ended</b>		<b>1st Quarter Ended</b>	
	<b>31-Mar-20</b>	<b>31-Mar-19</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Depreciation of property and equipment	2,264	2,354	116	116
Amortisation of intangible assets	6,228	5,049	-	-
Depreciation of right-of-use assets	2,257	-	-	-

**\* Personnel expenses**

	<b>Group</b>		<b>Company</b>	
	<b>1st Quarter Ended</b>		<b>1st Quarter Ended</b>	
	<b>31-Mar-20</b>	<b>31-Mar-19</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Wages and salaries	52,904	48,224	-	-
Pension costs - Employees Provident Fund	8,698	8,004	-	-
Social security costs	487	374	-	-
Directors fees	823	951	287	307
Shariah Committee remuneration	90	114	-	-
Other staff related expenses	5,601	4,649	8	3
	<b>68,603</b>	<b>62,316</b>	<b>295</b>	<b>310</b>

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

**31-Mar-20**

	<b>Group</b>			
	<b>1st Quarter Ended</b>			<b>Total</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Financial investments at FVOCI	(5)	-	-	(5)
Financial investments at amortised cost	(3)	-	-	(3)
Loans, financing and advances (Note A13(ix))	(11,232)	176,728	113,065	278,561
Other receivables	-	-	1,580	1,580
Financing commitments and financial guarantee (Note A17)	(1,941)	14,844	691	13,594
	<b>(13,181)</b>	<b>191,572</b>	<b>115,336</b>	<b>293,727</b>
Impaired financing and advances:				
- Write off	-	-	1,016	1,016
- Recovered	-	-	(2,960)	(2,960)
	-	-	(1,944)	(1,944)
	<b>(13,181)</b>	<b>191,572</b>	<b>113,392</b>	<b>291,783</b>

**31-Mar-20**

	<b>Company</b>			
	<b>1st Quarter Ended</b>			<b>Total</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans, financing and advances (Note A13(ix))	(1,820)	5,879	25,541	29,600
Amount due from subsidiaries	-	-	1,810	1,810
Other receivables	-	-	(12,000)	(12,000)
Financing commitments and financial guarantee (Note A17)	(54)	(5)	(31)	(90)
	<b>(1,874)</b>	<b>5,874</b>	<b>15,320</b>	<b>19,320</b>
Impaired financing and advances:				
- Write off	-	-	239	239
- Recovered	-	-	(97)	(97)
	-	-	142	142
	<b>(1,874)</b>	<b>5,874</b>	<b>15,462</b>	<b>19,462</b>

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

**31-Mar-19**

	<b>Group</b>			
	<b>Stage 1</b>	<b>1st Quarter Ended</b>		
	<b>RM'000</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>RM'000</b>
Financial investments at amortised cost	2	-	-	2
Loans, financing and advances (Note A13(ix))	24,021	40,266	48,381	112,668
Other receivables	-	-	12,090	12,090
Financing commitments and financial guarantee (Note A17)	6,437	22,178	1,180	29,795
	<b>30,460</b>	<b>62,444</b>	<b>61,651</b>	<b>154,555</b>
Impaired financing and advances:				
- Write off	-	-	580	580
- Recovered	-	-	(2,114)	(2,114)
	-	-	(1,534)	(1,534)
	<b>30,460</b>	<b>62,444</b>	<b>60,117</b>	<b>153,021</b>

**31-Mar-19**

	<b>Company</b>			
	<b>Stage 1</b>	<b>1st Quarter Ended</b>		
	<b>RM'000</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>RM'000</b>
Loans, financing and advances (Note A13(ix))	1,131	14,604	(3,826)	11,909
Amount due from subsidiaries	-	-	1,824	1,824
Financing commitments and financial guarantee (Note A17)	(87)	124	(262)	(225)
	<b>1,044</b>	<b>14,728</b>	<b>(2,264)</b>	<b>13,508</b>
Impaired financing and advances:				
- Write off	-	-	204	204
- Recovered	-	-	(249)	(249)
	-	-	(45)	(45)
	<b>1,044</b>	<b>14,728</b>	<b>(2,309)</b>	<b>13,463</b>

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**A24. 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.

	<b>Principal amount RM'000</b>	<b>Credit equivalent amount RM'000</b>	<b>Risk weighted amount RM'000</b>
<b>Group</b>			
<b>31-Mar-20</b>			
Direct credit substitutes	170,555	168,160	168,160
Trade-related contingencies	93,805	46,903	46,903
Short Term Self Liquidating trade related contingencies	63,832	12,766	12,766
Irrevocable commitments to extend credit:			
- one year or less	1,380,968	321,159	321,159
- over one year to five years	2,913,354	1,452,266	1,387,694
- over five years	72,005	36,001	36,001
Foreign exchange related contracts			
- one year or less	176,134	4,150	2,458
	<u>4,870,653</u>	<u>2,041,405</u>	<u>1,975,141</u>
	<b>Principal amount RM'000</b>	<b>Credit equivalent amount RM'000</b>	<b>Risk weighted amount RM'000</b>
<b>Company</b>			
<b>31-Mar-20</b>			
Direct credit substitutes	4,136	1,929	1,929
Trade-related contingencies	-	-	-
Irrevocable commitments to extend credit:			
- over one year to five years	22,198	8,323	6,115
	<u>26,334</u>	<u>10,252</u>	<u>8,044</u>

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**A24. Commitments and contingencies (continued)**

<b>Group</b>	<b>Principal amount RM'000</b>	<b>Credit equivalent amount RM'000</b>	<b>Risk weighted amount RM'000</b>
<b>31-Dec-19</b>			
Direct credit substitutes	179,476	177,186	177,186
Trade-related contingencies	96,744	48,372	48,372
Short Term Self Liquidating trade related contingencies	83,691	16,738	16,738
Irrevocable commitments to extend credit:			
- one year or less	1,338,351	307,921	307,921
- over one year to five years	3,100,296	1,545,476	1,488,381
- over five years	72,000	36,000	36,000
Foreign exchange related contracts			
- one year or less	228,295	7,277	1,536
	<b>5,098,853</b>	<b>2,138,970</b>	<b>2,076,134</b>

<b>Company</b>	<b>Principal amount RM'000</b>	<b>Credit equivalent amount RM'000</b>	<b>Risk weighted amount RM'000</b>
<b>31-Dec-19</b>			
Direct credit substitutes	4,141	2,031	2,031
Trade-related contingencies	2,939	1,469	1,469
Irrevocable commitments to extend credit:			
- over one year to five years	22,669	8,431	6,185
	<b>29,749</b>	<b>11,931</b>	<b>9,685</b>

**(i) Capital Commitments**

	<b>Group</b>	
	<b>31-Mar-20 RM'000</b>	<b>31-Dec-19 RM'000</b>
Property and equipment/Intangible assets:		
- Approved and contracted for	47,760	50,342
	<b>47,760</b>	<b>50,342</b>

**A25. Unsecured contingent liabilities**

- (i) 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.

The matter has been fixed for case management and the court has fixed the trial to 27 August 2020.

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 civil suit against the Company and its subsidiary.

- (ii) 88 Legacy Sdn Bhd (represented by Malaysia Building Society Berhad) v Pentadbir Tanah Daerah Klang.

State Authority had acquired three (3) pieces of land held under Lot 31632 PM 416, Lot 31633 PM 417 and Lot 31634 PM 418 owned by 88 Legacy Sdn Bhd (represented by) Malaysia Building Society Berhad. This matter has been referred to the court on the basis that the compensation amount awarded by Jabatan Ketua Pengarah Tanah dan Galian (“JKPTG”) which was insufficient in comparison to the valuation report provided by panel valuer.

Pentadbir Tanah Klang referred the matter to High Court of Shah Alam and based on trial held on 29 January 2020, the Court allowed the appeal on the compensation amount payable to 88 Legacy. The compensation amount for appeal is currently being assessed.

The directors are of the opinion that the additional amount to be compensated is not material to the Company.

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**A26. Segmental information on revenue and results**

<b>Group</b>	<b>Hotel</b>			<b>Consolidated RM'000</b>
	<b>Banking RM'000</b>	<b>Operations RM'000</b>	<b>Eliminations RM'000</b>	
<b>3 months ended 31 March 2020</b>				
External sales	741,380	26	-	741,406
Intersegment transactions	63,898	-	(63,898)	-
Total revenue	<u>805,278</u>	<u>26</u>	<u>(63,898)</u>	<u>741,406</u>
Segment results	(64,911)	(2,129)	28,057	<u>(38,983)</u>
Profit before taxation and zakat from operations				<u>(38,983)</u>
Segment assets	59,395,198	18,975	(8,605,854)	<u>50,808,319</u>
Consolidated total assets				<u>50,808,319</u>
Segment liabilities	46,306,718	198,896	(4,151,211)	<u>42,354,403</u>
Consolidated total liabilities				<u>42,354,403</u>
	<b>Hotel</b>			<b>Consolidated RM'000</b>
	<b>Banking RM'000</b>	<b>Operations RM'000</b>	<b>Eliminations RM'000</b>	
<b>3 months ended 31 March 2019</b>				
External sales	717,665	1,204	-	718,869
Intersegment transactions	73,596	935	(74,531)	-
Total revenue	<u>791,261</u>	<u>2,139</u>	<u>(74,531)</u>	<u>718,869</u>
Segment results	98,952	(5,947)	22,853	<u>115,858</u>
Profit before taxation and zakat from operations				<u>115,858</u>
Segment assets	55,839,927	63,701	(8,474,414)	<u>47,429,214</u>
Consolidated total assets				<u>47,429,214</u>
Segment liabilities	43,791,931	215,157	(4,477,540)	<u>39,529,548</u>
Consolidated total liabilities				<u>39,529,548</u>

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**A27. Subsequent events**

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

**A28. Acquisition/disposal of property and equipment**

	<b>Group As at 31-Mar-20 RM'000</b>
<b>Additions</b>	
Building in progress	8,200
Building renovation	2,086
Furniture & equipment	191
Data processing equipment	1,774
	<u>12,251</u>

**A29. 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:

	<b>Group</b>	
	<b>31-Mar-20 RM'000</b>	<b>31-Mar-19 RM'000</b>
<b>Expenses</b>		
Profit expense paid on Sukuk	14,886	13,923
Profit expense paid on Fixed deposit	12,874	16,924
Rental paid	21	72
	<u>27,781</u>	<u>31,819</u>
<b>Balances</b>		
Sukuk - MBSB SC Murabahah	1,178,787	1,121,478
Accrued profit on Sukuk	22,869	21,801
Fixed deposit by EPF	1,300,000	1,800,000
Accrued profit on fixed deposit	26,090	11,520
Rental deposit	97	97
	<u>2,627,843</u>	<u>2,985,796</u>

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

	<b>Group</b>	
	<b>31-Mar-20 RM'000</b>	<b>31-Mar-19 RM'000</b>
<b>Expense</b>		
Profit expenses to depositors	416	288
	<u>416</u>	<u>288</u>
<b>Balances</b>		
Cash and short-term funds	109,214	45,365
Deposits and placements with banks and other financial institutions	32	28,237
	<u>109,246</u>	<u>73,602</u>



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**A29. Significant related party transactions (continued)**

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

	<b>Group</b>	
	<b>31-Mar-20</b>	<b>31-Mar-19</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Income/(expense)</b>		
Profit from financing	4,913	5,069
Profit to depositors	<u>(1,984)</u>	<u>(1,102)</u>
<b>Balances</b>		
Financing	303,613	303,693
Deposit from customers	<u>211,286</u>	<u>131,838</u>

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

	<b>Group</b>	
	<b>31-Mar-20</b>	<b>31-Mar-19</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Expenses</b>		
Other expenses	<u>1,574</u>	<u>87</u>
<b>Balances</b>		
Deposits from customer	<u>146,484</u>	<u>-</u>

**MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)**  
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**A30. Capital adequacy**

The capital adequacy ratios of the Group are computed based on the Bank Negara Malaysia ("BNM") Capital Adequacy Framework (Capital Components) issued on 2 February 2018.

	Group		Bank Group		Bank	
	31-Mar-20 RM'000	31-Dec-19 RM'000	31-Mar-20 RM'000	31-Dec-19 RM'000	31-Mar-20 RM'000	31-Dec-19 RM'000
<b><u>Common Equity Tier 1 Capital</u></b>						
Ordinary share capital	6,941,542	6,941,542	5,159,859	5,159,859	5,159,859	5,159,859
Retained earnings	1,411,238	1,484,492	810,923	875,072	642,756	728,583
Other reserve	101,136	160,837	100,623	160,324	100,623	160,324
	<u>8,453,916</u>	<u>8,586,871</u>	<u>6,071,405</u>	<u>6,195,255</u>	<u>5,903,238</u>	<u>6,048,766</u>
Less : Common Equity Tier 1 regulatory adjustments						
Goodwill	(148,031)	(148,031)	-	-	-	-
Deferred tax assets	(16,243)	(28,218)	-	-	-	-
Cumulative gains of financial investments at FVOCI	(119,292)	(114,082)	(119,292)	(114,082)	(119,292)	(114,082)
Regulatory reserve	-	-	(5,234)	(5,234)	(5,234)	(5,234)
Other intangibles	(161,793)	(167,209)	(110,144)	(115,559)	(110,144)	(115,559)
Total Common Equity Tier 1 Capital	<u>8,008,557</u>	<u>8,129,331</u>	<u>5,836,735</u>	<u>5,960,380</u>	<u>5,668,568</u>	<u>5,813,891</u>
<b><u>Tier 1 Capital</u></b>						
Additional Tier 1 capital instruments	-	-	-	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-	-	-	-
Total Tier 1 capital	<u>8,008,557</u>	<u>8,129,331</u>	<u>5,836,735</u>	<u>5,960,380</u>	<u>5,668,568</u>	<u>5,813,891</u>
<b><u>Tier II Capital</u></b>						
Collective impairment allowance and regulatory reserve	488,532	497,961	459,830	468,898	490,966	499,927
Tier 2 capital instruments	1,309,802	1,293,075	1,309,802	1,293,075	1,309,802	1,293,075
Total Tier II capital	<u>1,798,334</u>	<u>1,791,036</u>	<u>1,769,632</u>	<u>1,761,973</u>	<u>1,800,768</u>	<u>1,793,002</u>
Total capital base	<u>9,806,891</u>	<u>9,920,367</u>	<u>7,606,367</u>	<u>7,722,353</u>	<u>7,469,336</u>	<u>7,606,893</u>

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

	Group		Bank Group		Bank	
	31-Mar-20 RM'000	31-Dec-19 RM'000	31-Mar-20 RM'000	31-Dec-19 RM'000	31-Mar-20 RM'000	31-Dec-19 RM'000
<b><u>Total risk weighted assets ("RWA")</u></b>						
- Credit risk	39,082,580	39,836,868	36,786,399	37,511,800	39,277,278	39,994,106
- Market risk	55,692	33,759	55,692	33,759	55,692	33,759
- Operational risk	2,379,401	2,380,936	1,496,379	1,331,960	1,376,640	1,227,512
Total RWA	<u>41,517,673</u>	<u>42,251,563</u>	<u>38,338,470</u>	<u>38,877,519</u>	<u>40,709,610</u>	<u>41,255,377</u>
<b><u>Capital ratios</u></b>						
Common equity tier 1 capital	19.290%	19.240%	15.224%	15.331%	13.924%	14.092%
Tier 1 capital	19.290%	19.240%	15.224%	15.331%	13.924%	14.092%
Total capital ratio	<u>23.621%</u>	<u>23.479%</u>	<u>19.840%</u>	<u>19.863%</u>	<u>18.348%</u>	<u>18.439%</u>

On 6 May 2020, the Company received single-tier final dividend of RM133,657,081 in respect of financial year ended 31 December 2019 from MBSB Bank. The capital ratios with the dividend are as follows:

**Capital ratios (with dividend from the Bank)**

CET I capital	19.290%	19.240%	14.876%	14.987%	13.596%	13.768%
Tier I capital	19.290%	19.240%	14.876%	14.987%	13.596%	13.768%
Total capital ratio	<u>23.621%</u>	<u>23.479%</u>	<u>19.491%</u>	<u>19.519%</u>	<u>18.020%</u>	<u>18.115%</u>

The capital ratios with the single-tier final dividend from MBSB Bank to the Company on 6 May 2020, and the Company's proposed single-tier final dividend of 3.0 sen per ordinary share in respect of financial year ended 31 December 2019 are as follows:

**Capital ratios (with dividend from the Bank, and after the Company's proposed final dividend of 3.0 sen per ordinary share)**

CET I capital	18.804%	18.764%	14.876%	14.987%	13.596%	13.768%
Tier I capital	18.804%	18.764%	14.876%	14.987%	13.596%	13.768%
Total capital ratio	<u>23.136%</u>	<u>23.003%</u>	<u>19.491%</u>	<u>19.519%</u>	<u>18.020%</u>	<u>18.115%</u>

**PERFORMANCE REVIEW FOR THE THIRD QUARTER ENDED 31 MARCH 2020**

**B1. Performance review of the Group**

**(a) Balance Sheet**

**(i) Financing**

**Variation of Results against Preceding Year Corresponding Quarter**

	<b>Current Year Quarter 31-Mar-20, 1Q20 RM'000</b>	<b>Preceding Year Corresponding Quarter 31-Mar-19, 1Q19 RM'000</b>	<b>Changes</b>	
			<b>RM'000</b>	<b>%</b>
Personal financing	19,825,153	20,482,668	(657,515)	-3.2%
Corporate loans and financing	9,207,325	9,185,325	22,000	0.2%
Property financing and mortgage loans	6,216,361	5,554,515	661,846	11.9%
Auto financing	168,560	220,271	(51,711)	-23.5%
Total gross loans, financing and advances	<u>35,417,399</u>	<u>35,442,779</u>	<u>(25,380)</u>	-0.1%

**Variation of Results against Immediate Preceding Quarter**

	<b>Current Year Quarter 31-Mar-20, 1Q20 RM'000</b>	<b>Preceding Quarter 31-Dec-19, 4Q19 RM'000</b>	<b>Changes</b>	
			<b>RM'000</b>	<b>%</b>
Personal financing	19,825,153	20,010,580	(185,427)	-0.9%
Corporate loans and financing	9,207,325	9,611,588	(404,263)	-4.2%
Property financing and mortgage loans	6,216,361	6,062,156	154,205	2.5%
Auto financing	168,560	180,166	(11,606)	-6.4%
Total gross loans, financing and advances	<u>35,417,399</u>	<u>35,864,490</u>	<u>(447,091)</u>	-1.2%

The Group gross loans, financing and advances decreased by 0.1% and 1.2% for 1Q20 compared to 1Q19 and 4Q19 respectively. The performance of the respective portfolio for current year quarter as compared to the previous year corresponding quarter, 1Q19 and previous quarter, 4Q19 are as follows:

- (i) Personal financing – Gross balance of the portfolio in the current quarter was lower due to lower disbursements and decreasing portfolio base. This portfolio remains the biggest portfolio in the Group.
- (ii) Corporate loans and financing – the portfolio grew as compared to 1Q19 as the Group put more focus on Corporate portfolio. However as compared to 4Q19, gross balance decreased as repayment outpaced disbursement in the current quarter.

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**B1. Performance review of the Group (continued)**

**(a) Balance Sheet**

**(i) Financing (continued)**

- (iii) Property financing and mortgage loans – The Group is actively converting conventional mortgage to Islamic property financing during the quarter. In aggregate, the asset base has grown over the year and over the quarter.
- (iv) Auto financing – The gross balance continued to decrease as the Group focuses to grow asset base of other portfolios.

**(ii) Financial investments**

**Variation of Results against Preceding Year Corresponding Quarter**

	Current Year Quarter 31-Mar-20, 1Q20 RM'000	Preceding Year Corresponding Quarter 31-Mar-19, 1Q19 RM'000	Changes	
			RM'000	%
Financial investments at FVTPL	10,495	-	10,495	-
Financial investments at FVOCI	11,742,066	6,085,828	5,656,238	92.9%
Financial investments at amortised cost	488,558	20,113	468,445	>100%
Total financial investments	<u>12,241,119</u>	<u>6,105,941</u>	<u>6,135,178</u>	>100%

**Variation of Results against Preceding Quarter**

	Current Year Quarter 31-Mar-20, 1Q20 RM'000	Preceding Quarter 31-Dec-19, 4Q19 RM'000	Changes	
			RM'000	%
Financial investments at FVTPL	10,495	-	10,495	-
Financial investments at FVOCI	11,742,066	10,694,644	1,047,422	9.8%
Financial investments at amortised cost	488,558	494,705	(6,147)	-1.2%
Total financial investments	<u>12,241,119</u>	<u>11,189,349</u>	<u>1,051,770</u>	9.4%

The Group financial investments increased by more than 100% and 9.4% for 1Q20 compared to 1Q19 and 4Q19 respectively. The significant increase is in line with the Group's strategy to grow treasury portfolios.

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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 31/03/2020, 1Q20 RM'000	Preceding Year Corresponding Quarter 31/03/2019, 1Q19 RM'000	Changes	
			RM'000	%
Revenue	741,406	727,220	14,186	2.0%
Other operating expenses	(109,773)	(96,155)	(13,618)	-14.2%
Operating profit	252,801	268,879	(16,078)	-6.0%
ECL	<u>(291,783)</u>	<u>(153,021)</u>	(138,762)	90.7%
(Loss)/profit before tax	<u>(38,982)</u>	<u>115,858</u>	(154,840)	>-100%
(Loss)/profit after tax	<u>(73,254)</u>	<u>83,830</u>	(157,084)	>-100%
(Loss)/profit attributable to ordinary equity holders of the Parent	<u>(73,254)</u>	<u>83,830</u>	(157,084)	>-100%
Cost to income ratio	30.3%	26.3%		

**Current Year Quarter vs Immediate Preceding Quarter**

	Current Year Quarter 31/03/2020, 1Q20 RM'000	Preceding Quarter 31/12/2019, 4Q19 RM'000	Changes	
			RM'000	%
Revenue	741,406	784,144	(42,738)	-5.5%
Other operating expenses	(109,773)	(121,963)	12,190	10.0%
Operating profit	252,801	246,315	6,486	2.6%
ECL	<u>(291,783)</u>	<u>211,667</u>	(503,450)	>-100%
(Loss)/profit before tax	<u>(38,982)</u>	<u>457,982</u>	(496,964)	>-100%
(Loss)/profit after tax	<u>(73,254)</u>	<u>356,686</u>	(429,940)	>-100%
(Loss)/profit attributable to ordinary equity holders of the Parent	<u>(73,254)</u>	<u>356,686</u>	(429,940)	>-100%
Cost to income ratio	30.3%	33.1%		

The Group recorded a loss before tax for 1Q20 of RM38.98 million mainly due to the increase in delinquent accounts comprising financing under Stages 2 and 3, which resulted in a higher ECL.

The Group cost to income ratio for 1Q20 of 30.3% increased compared to 26.3% for 1Q19 and decreased compared to 33.1% for 4Q19 respectively. Current quarter ratio is higher compared to 1Q19 as the Group recorded higher personnel costs in line with increase number of staff. On the other hand, current quarter ratio is lower compared to 4Q19 due to lower staff expenses.

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**B1. Performance review of the Group (continued)**

Contribution of major subsidiary of the Group

	<b>Group Current Year Quarter 31-Mar-20, 1Q20 RM'000</b>	<b>MBSB Bank Current Year Quarter 31-Mar-20, 1Q20 RM'000</b>	<b>Contribution</b>
Total assets	50,808,319	50,370,501	99.1%
Total equity	8,453,916	5,903,238	69.8%
Profit before tax	(38,982)	(50,715)	130.1%
Profit after tax	(73,254)	(85,827)	117.2%
Gross return on equity	-1.83%	-3.39%	
Gross return on assets	-0.31%	-0.40%	

	<b>Group Current Year Quarter 31-Mar-20, 1Q20 RM'000</b>	<b>MBSB Bank Current Year Quarter 31-Mar-19, 1Q19 RM'000</b>	<b>Contribution</b>
Total assets	50,808,319	46,860,762	92.2%
Total equity	8,453,916	4,979,224	58.9%
Profit before tax	(38,982)	67,236	-172.5%
Profit after tax	(73,254)	47,648	-65.0%
Gross return on equity	-1.83%	5.44%	
Gross return on assets	-0.31%	0.59%	

	<b>Group Current Year Quarter 31-Mar-20, 1Q20 RM'000</b>	<b>MBSB Bank Current Year Quarter 31-Dec-19, 4Q19 RM'000</b>	<b>Contribution</b>
Total assets	50,808,319	50,348,378	99.1%
Total equity	8,453,916	6,048,766	71.5%
Profit before tax	(38,982)	402,304	-1032.0%
Profit after tax	(73,254)	306,856	-418.9%
Gross return on equity	-1.83%	7.35%	
Gross return on assets	-0.31%	0.84%	

MBSB Bank Berhad ("MBSB Bank") is the biggest subsidiary in the Group. As at 1Q20 total assets of MBSB Bank of RM50.37bil account for 99.1% of total assets of the Group while the equity accounts for 69.8% of total Group equity.

## **B2. Prospects**

### **Brief overview and outlook of the Malaysian economy - lower growth for first quarter of 2020**

At 0.7%, this was the lowest growth since 3Q 2009 (-1.1%), reflecting the early impact of measures taken both globally and domestically to contain the spread of the COVID-19 pandemic, including the introduction of the Movement Control Order (MCO) in Malaysia. On the supply side, the services and manufacturing sectors moderated, while the other sectors contracted. From the expenditure side, domestic demand moderated, while exports of goods and services recorded a sharper decline. On a quarter-on-quarter seasonally-adjusted basis, the economy declined by 2.0% (4Q 2019: 0.6%).

Following two months of steady expansion, economic activity experienced a sharp downshift in March as a result of MCO (18 – 31 March). This was evidenced by the decline in the Industrial Production Index and Index of Wholesale and Retail Trade which recorded an average growth of 3.4% and 5.5%, respectively, in January-February before contracting to -4.9% and -6.1% in March (1Q 2020: 0.4% and 1.5% respectively). The MCO comprised government closure of schools, universities and non-essential services, border closures and restrictions on public movement, work and operating hours, as well as mandatory social distancing and personal protection measures. Essential services include telecommunications, finance, production and the provision of food supplies, healthcare, utilities, E&E, as well as selected industries in the primary and consumer clusters in the manufacturing sector.

Sectors which were more labour intensive and require face-to-face interaction were more impacted by the MCO. In particular, construction activity was completely prohibited during the MCO phase. In contrast, the production capacity in industries which were more capital intensive, such as mining and the E&E manufacturing sub-sector, were affected to a lesser extent. The MCO also led to weaker private sector activity given mobility restrictions, closures of non-essential services, such as retail sub-sectors, and a temporary halt in ongoing investments.

*(Source: Extracted from BNM Quarterly Bulletin - Developments in the Malaysian Economy, First Quarter 2020)*

**B2. Prospects (continued)**

**Overnight Policy Rate ("OPR") reduced to 2.00 percent**

At its meeting today, the Monetary Policy Committee (MPC) of Bank Negara Malaysia decided to reduce the Overnight Policy Rate (OPR) by 50 basis points to 2.00 percent. The ceiling and floor rates of the corridor of the OPR are correspondingly reduced to 2.25 percent and 1.75 percent, respectively.

Global economic conditions have weakened significantly. Measures to contain the COVID-19 pandemic have disrupted economic activity across most economies. Recent indicators show that the global economy is already contracting, with global growth projected to be negative for the year. Financial conditions have also tightened amid elevated risk aversion and uncertainty. Substantial policy stimuli introduced by many economies, coupled with the gradual easing of containment measures globally, would partially mitigate the economic impact of COVID-19. Growth prospects should improve in 2021 with the expected containment of the pandemic.

For Malaysia, domestic economic conditions have similarly been affected by the pandemic. Widespread containment measures globally, international border closures and the consequent weak external demand environment will exert a larger drag on domestic economic activity. The Movement Control Order, while necessary to contain the spread of the virus, has also constrained production capacity and spending. Labour market conditions are also expected to weaken considerably. Economic conditions would be particularly challenging in the first half of the year. The fiscal stimulus measures, alongside monetary and financial measures will, however, offer some support to the economy. With more businesses allowed to operate under the Conditional Movement Control Order, economic activity is projected to gradually improve. The outlook for growth continues to be subject to a high degree of uncertainty, particularly with respect to developments surrounding the pandemic.

Inflationary pressures are expected to be muted in 2020, with average headline inflation likely to be negative this year, due mainly to projections for substantially lower global oil prices. Nevertheless, the outlook remains significantly affected by global oil and commodity prices, as well as evolving demand conditions. Underlying inflation is expected to be subdued given the projections of weaker domestic growth prospects and labour market conditions.

The financial sector is sound, with financial institutions operating with strong capital and liquidity buffers. Liquidity remains ample, augmented by liquidity injections by Bank Negara Malaysia. Since March 2020, Bank Negara Malaysia has provided additional liquidity of approximately RM42 billion into the domestic financial markets, via various tools including outright purchase of government securities, reverse repos and the reduction in Statutory Reserve Requirement. Bank Negara Malaysia stands ready to provide liquidity in the interbank market to ensure orderly market conditions, conducive to support financial intermediation activity.

With the decision today, the OPR has been reduced by a total of 100 basis points, complementing other monetary and financial measures by Bank Negara Malaysia as well as fiscal measures this year. Together, these measures will cushion the economic impact on businesses and households and support the improvement in economic activity. The MPC will continue to monitor the outlook for domestic growth and inflation. The Bank will utilise its policy levers as appropriate to create enabling conditions for a sustainable economic recovery.

*(Source: Extracted from BNM 'Monetary Policy Statement' press release, 5 May 2020)*



**B2. Prospects (continued)**

**Monetary and financial developments**

Performance of domestic financial markets

Performance of domestic financial markets trended downwards during the quarter following substantial non-resident portfolio outflows amid heightened global risk aversion. The global risk aversion was driven mainly by uncertainties surrounding the duration and severity of COVID-19 pandemic, and its impact on the global economy.

While investor sentiments were supported by the Phase One trade deal between the US and PR China in early January, it deteriorated rapidly as concerns over the potential economic impact of COVID-19 pandemic intensified, particularly towards the end of January. Additionally, the substantial decline in global oil prices also exacerbated the already weak investor sentiment.

These factors amplified risk aversion in global financial markets, leading to increased demand for highly liquid assets such as cash, and safe haven assets such as US Treasury securities.

As a result, the domestic equity and bond market registered non-resident outflows for the quarter, in line with regional economies. The FBM KLCI declined by 15% to close at 1,350.9 points as at end-March (end-December: 1,588.8 points). While domestic bond yields at the longer-end of the yield curve increased marginally, shorter-term bond yields declined amid sustained demand from domestic institutional investors and expectations for a reduction in the overnight policy rate. During the quarter, the 3-year and 5-year MGS yields declined by 25.2 and 7.8 basis points respectively, while the 10-year MGS yield increased marginally by 4.4 basis points.

Consequently, the ringgit depreciated by 4.9% against the US dollar during the quarter, in line with regional currencies. The depreciation of ringgit against the US dollar was also driven by the strengthening US dollar amid increased demand for US dollar-denominated assets.

Banking system liquidity

The level of surplus liquidity placed with the Bank declined, reflecting the net outflows during the quarter. Nevertheless, banking system liquidity remained sufficient to facilitate financial intermediation and this would continue to be supported by the Bank's liquidity-injecting operations. At the institutional level, most banks continued to maintain surplus liquidity positions with the Bank.

The Statutory Reserve Requirement (SRR) ratio was reduced from 3.00% to 2.00% in March, with additional flexibility provided to Principal Dealers (PDs) to recognise MGS and MGII as part of the SRR compliance. These combined SRR measures have released approximately RM30 billion worth of liquidity into the banking system. The higher liquidity available to banks has provided greater flexibility for banks in their liquidity management, and was reflected in the higher level of money market placements with the Bank by the end of the first quarter. In addition, the flexibility provided to the PDs has also supported the continued smooth functioning of the domestic bond market.

*(Source: Extracted from BNM Quarterly Bulletin - Monetary and Financial Developments, First Quarter 2020)*

**B2. Prospects (continued)**

**Development of the Islamic finance industry**

Global financial vulnerabilities remained elevated in the second half of 2019 amid heightened uncertainties from trade and geopolitical tensions. During this period, prospects of weaker growth prompted several economies including those in Asia to reduce policy rates.

Towards the end of 2019 and heading into 2020, improvements in the outlook for global growth which followed the Phase 1 trade deal between the United States and the People's Republic of China have since given way to widespread concerns over public health and the economic impact of the COVID-19 pandemic. The global economy is now projected to register negative growth in 2020. A reassessment of risk factors by investors and global policy responses to contain the pandemic and the consequent economic impact have renewed volatility in the financial markets. Since early March 2020, prospects of lower oil prices have also risen sharply after the collapse of an expected agreement on oil production cuts, further adding to market volatility. These headwinds are expected to weigh on the domestic economy and financial markets in 2020.

Amid these developments, domestic financial stability in Malaysia continues to be preserved. Financial market conditions have remained orderly despite portfolio outflows from both the bond and equity markets, supported by the presence of strong domestic institutional investors. The Financial Stability Committee of the Bank remains vigilant over elevated levels of private sector debt and imbalances in the property market which have continued to persist. While recent developments surrounding COVID-19 have increased risks to financial stability, the financial system is also more resilient to these risks. Crucially, financial institutions in Malaysia are well-positioned to support households and businesses through these exceptional circumstances. This will enhance prospects for a stronger recovery when the virus is contained and reduce longer-term risks to financial stability.

Banks, insurers and takaful operators remained profitable in 2019 despite the more challenging operating environment. Prudent risk-taking has cushioned the impact of cuts in the overnight policy rate since May 2019 on bank margins, with higher non-interest income, sustained lending activity and lower debt-servicing burdens of borrowers continuing to lend support to profitability. In the insurance and takaful sectors, overall performance has been supported by sustained business growth as ongoing reforms continued to contribute to improvements in pricing and persistency. Sustaining the momentum of insurance reforms, including in the motor insurance sector, will remain critical to preserve affordable access to insurance and takaful protection.

Looking ahead, a prolonged and severe impact from the COVID-19 pandemic remains a key downside risk to the economy and financial stability. A significant weakening of economic conditions could increase household, business and financial market stress, and test the resilience of the financial system. As noted earlier, the financial system is on a strong footing to withstand such stress. Nevertheless, the Financial Stability Committee will continue to closely monitor developments to ensure continued support for the credit intermediation and risk protection needs of households and businesses.

*(Source: Financial Stability Review - Second Half 2019, BNM)*

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**B2. Prospects (continued)**

**The Group's prospects**

Outlook for 2020

The Group registered loss before taxation and zakat of RM38.98 million for 1Q20 mainly due to higher impairment charges. The higher impairment charges were caused by the increase in delinquent accounts comprising financing under Stages 2 and 3, which resulted in a higher ECL. In relation to the FLA, the Company and MBSB Bank decided to adopt the 4th quarter 2019 FLA in the ECL assessment for 1Q20 instead of FLA as at 31 March 2020 as the 4th 2019 quarter FLA better reflects the improving conditions as of the date of our announcement. For future quarters, further enhancements will be made to the existing FLA model to reflect the prevailing circumstances.

As at 31 March 2020, gross financing and advances for the Group stood at RM35.42 billion, a slight reduction by 1.2% from 31 December 2019, due to lower disbursements. Financial investments, however, grew by RM1.05 billion or 9.4% to RM12.24 billion. Both gross financing and advances, and financial instruments are supported by our total deposits of RM36.23 billion and Sukuk and securitisation of RM5.43 billion.

For the year 2020, the Group's performance would be affected by the COVID-19 outbreak in the country.

**B3. Variance from profit forecast**

Not applicable

**B4. Taxation**

	Group		Company	
	1st Quarter Ended		1st Quarter Ended	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current income tax	1,534	26,174	-	10,090
	<u>1,534</u>	<u>26,174</u>	<u>-</u>	<u>10,090</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	28,737	854	(2,356)	444
	<u>28,737</u>	<u>854</u>	<u>(2,356)</u>	<u>444</u>
Total income tax expense/(income)	<u>30,271</u>	<u>27,028</u>	<u>(2,356)</u>	<u>10,534</u>

**B5. Status of corporate proposals**

There are no pending corporate proposals.

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**B6. Borrowings and debts**

Borrowings of the Group were as follows:

	<b>Current Year Quarter 31 March 2020</b>		
	<b>Long term</b>	<b>Short term</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>borrowings</b>
			<b>RM'000</b>
<b>Secured</b>			
Recourse obligation on financing sold	2,093,525	337,100	2,430,625
Sukuk-MBSB Structured Covered ("SC") Murabahah	1,383,319	303,046	1,686,365
<b>Non secured</b>			
Sukuk Wakalah	1,309,802	-	1,309,802
	<u>1,309,802</u>	<u>-</u>	<u>1,309,802</u>
	<b>Preceding Year Corresponding Quarter</b>		
	<b>Long term</b>	<b>Short term</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>borrowings</b>
			<b>RM'000</b>
<b>Secured</b>			
Recourse obligation on financing sold	2,380,394	100,857	2,481,251
Sukuk-MBSB Structured Covered ("SC") Murabahah	1,370,000	294,973	1,664,973
<b>Non secured</b>			
Sukuk Wakalah	1,290,874	2,201	1,293,075
	<u>1,290,874</u>	<u>2,201</u>	<u>1,293,075</u>

**B7. Off balance sheet financial instruments**

The details of the off balance sheet financial instruments are as per note A24.

**B8. Material litigation**

The details of the pending material litigation are as per note A25.

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**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.

	<b>Group</b>		<b>Company</b>	
	<b>1st Quarter Ended</b>		<b>1st Quarter Ended</b>	
	<b>31-Mar-20</b>	<b>31-Mar-19</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net (loss)/profit attributable to shareholders for the period (RM'000)	(73,254)	83,830	(4,840)	17,716
Weighted average number of ordinary shares in issue ('000)	6,713,402	6,389,101	6,713,402	6,389,101
Basic earnings per share (sen)	<u>(1.09)</u>	<u>1.31</u>	<u>(0.07)</u>	<u>0.28</u>

**Diluted**

For the purpose of calculating diluted earnings per share, the net profit for the year and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares, i.e. Employee Share Option Scheme ("ESOS").

	<b>Group</b>		<b>Company</b>	
	<b>1st Quarter Ended</b>		<b>1st Quarter Ended</b>	
	<b>31-Mar-20</b>	<b>31-Mar-19</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net (loss)/profit attributable to shareholders for the period (RM'000)	(73,254)	83,830	(4,840)	17,716
Weighted average number of ordinary shares in issue ('000)	6,713,402	6,389,101	6,713,402	6,389,101
Adjusted weighted average number of ordinary shares in issue ('000)	6,713,402	6,389,101	6,713,402	6,389,101
Basic earnings per share (sen)	<u>(1.09)</u>	<u>1.31</u>	<u>(0.07)</u>	<u>0.28</u>

**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)  
Tong Lee Mee  
(MAICSA 7053445)  
Joint Company Secretaries  
Kuala Lumpur

25 June 2020