

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

INTERIM FINANCIAL STATEMENTS
OF THE GROUP AND OF THE COMPANY
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2020

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	Group		Company	
		31-Dec-20 RM'000	31-Dec-19 RM'000	31-Dec-20 RM'000	31-Dec-19 RM'000
Assets					
Cash and short-term funds	A8(a)	1,082,712	2,034,889	342,898	189,526
Deposits and placements with financial institutions	A8(b)	781,682	873,515	-	-
Derivative financial assets	A9	1,724	4,239	-	-
Financial investments at fair value through other comprehensive income ("FVOCI")	A10	10,192,272	10,694,644	-	-
Financial investments at amortised cost	A11	488,102	494,705	-	-
Loans, financing and advances	A12	33,762,458	33,953,822	898,954	1,146,505
Trade and other receivables	A13	141,899	188,343	231,460	104,906
Statutory deposits with Bank Negara Malaysia		620,000	1,090,000	-	-
Assets held for sale	A14	12,612	-	-	-
Investments in subsidiaries		-	-	5,290,323	5,290,328
Inventories		69,374	102,175	-	-
Property and equipment		366,850	313,964	23,903	24,367
Right-of-use assets		11,485	8,784	-	-
Intangible assets		162,058	167,209	-	-
Goodwill		148,031	148,031	-	-
Investment property		820	820	-	-
Land use rights		-	521	-	-
Deferred tax assets		7,261	28,218	3,835	9,585
Tax recoverable		589,154	605,778	503,534	539,621
Total assets		48,438,494	50,709,657	7,294,907	7,304,838
Liabilities					
Deposits from customers	A15	24,353,435	25,271,951	-	-
Deposits and placements of banks and other financial institutions	A16	9,529,305	10,621,769	-	-
Derivative financial liabilities		1,614	1	-	-
Trade and other payables	A17	624,286	642,300	48,430	154,484
Lease liabilities		11,148	8,919	-	-
Recourse obligation on financing sold		2,262,531	2,481,251	-	-
Sukuk-MBSB Structured Covered ("SC") Murabahah		1,366,563	1,664,973	-	-
Sukuk Wakalah		1,293,335	1,293,075	-	-
Deferred tax liabilities		107,155	126,607	-	-
Provision for taxation and zakat		7,950	11,940	538	538
Total liabilities		39,557,322	42,122,786	48,968	155,022
Equity					
Ordinary share capital		7,088,255	6,941,542	7,088,255	6,941,542
Reserves		234,666	160,837	-	5,843
Retained earnings		1,558,251	1,484,492	157,684	202,431
Total equity		8,881,172	8,586,871	7,245,939	7,149,816
Total liabilities and equity		48,438,494	50,709,657	7,294,907	7,304,838
Commitments and contingencies	A25	2,743,268	5,098,853	18,519	29,749
Net assets per share attributable to ordinary equity of the Company (RM)		1.27	1.28	1.04	1.07

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 FOURTH QUARTER ENDED 31 DECEMBER 2020

	Note	Group			
		4th Quarter Ended		Twelve Months Ended	
		31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
		RM'000	RM'000	RM'000	RM'000
Revenue		752,174	784,144	3,145,502	3,012,003
Income derived from investment of deposits and Islamic capital funds	A18	665,695	722,183	2,738,398	2,774,929
Income attributable to depositors		(211,719)	(356,078)	(1,077,896)	(1,428,408)
Income attributable to securitisation		(24,607)	(23,947)	(101,676)	(93,821)
Income attributable to sukuk		(35,352)	(24,524)	(147,016)	(95,312)
Net income from Islamic operations		394,017	317,634	1,411,810	1,157,388
Interest income	A19	28,682	35,108	141,090	151,955
Interest expense	A20	-	(5)	(11)	(20)
Net interest income		28,682	35,103	141,079	151,935
Net (allowance)/writeback for impairment on loans, financing and advances and other financial assets	A21	(130,949)	211,667	(420,930)	(114,457)
Loss on modification of cash flows	A22	364	-	(504,750)	-
Operating income		292,114	564,404	627,209	1,194,866
Net other income	A23	25,075	15,541	238,295	103,394
Net income		317,189	579,945	865,504	1,298,260
Other operating expenses	A24	(111,026)	(121,963)	(437,864)	(400,831)
Profit before taxation and zakat		206,163	457,982	427,640	897,429
Taxation		(110,804)	(105,835)	(157,804)	(181,067)
Zakat		2,363	5,000	363	899
Profit from continuing operations		97,722	357,147	270,199	717,261
Loss from discontinued operation		(881)	(461)	(881)	(361)
Profit for the financial period		96,841	356,686	269,318	716,900
Profit attributable to:					
Owners of the Company		96,841	356,686	269,318	716,900
Earnings per share (sen)					
Basic		1.42	5.44	3.95	10.97
Diluted		-	5.44	-	10.93
Profit for the financial period		96,841	356,686	269,318	716,900
Other comprehensive (loss)/income, net of tax :					
Movement in fair value reserve, which may be reclassified subsequently to profit or loss		(70,841)	(17,190)	79,672	144,382
		(70,841)	(17,190)	79,672	144,382
Total comprehensive income for the financial period		26,000	339,496	348,990	861,282
Total comprehensive income attributable to:					
Owners of the Company		26,000	339,496	348,990	861,282
		26,000	339,496	348,990	861,282

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 FOURTH QUARTER ENDED 31 DECEMBER 2020

	Note	Company			
		4th Quarter Ended		Twelve Months Ended	
		31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
		RM'000	RM'000	RM'000	RM'000
Revenue		16,515	17,982	93,123	113,233
Interest income	A19	14,652	22,969	87,716	105,107
Interest expense	A20	-	(5)	(11)	(20)
Net interest income		14,652	22,964	87,705	105,087
Net writeback/(allowance) for impairment on loans, financing and advances and other financial assets	A21	56,671	22,230	(3,175)	39,190
Loss on modification of cash flows	A22	1,621	-	(73)	-
Operating income		72,944	45,194	84,457	144,277
Net other income	A23	(2,006)	(21,541)	147,704	37,517
Net income		70,938	23,653	232,161	181,794
Other operating expenses	A24	12,262	(20,923)	(21,920)	(42,172)
Profit before taxation		83,200	2,730	210,241	139,622
Taxation		(62,163)	(1,925)	(59,429)	22,540
Zakat		-	-	-	71
Profit for the financial period		21,037	805	150,812	162,233
Profit attributable to:					
Owners of the Company		21,037	805	150,812	162,233
		21,037	805	150,812	162,233
Earnings per share (sen)					
Basic		0.31	0.01	2.21	2.48
Diluted		-	0.01	-	2.47
Profit for the financial period		21,037	805	150,812	162,233
Total comprehensive income for the financial period		21,037	805	150,812	162,233
Total comprehensive income attributable to:					
Owners of the Company		21,037	805	150,812	162,233
		21,037	805	150,812	162,233

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 FOURTH QUARTER ENDED 31 DECEMBER 2020

← Non-distributable → Distributable

Group	Share Capital RM'000	Share Option Reserve RM'000	Fair Value Reserves RM'000	Retained Profits RM'000	Total RM'000
At 1 January 2020	6,941,542	5,843	154,994	1,484,492	8,586,871
Profit for the year	-	-	-	269,318	269,318
Other comprehensive income for the year	-	-	79,672	-	79,672
<i>Contributions by and distributions to owners of the Company</i>					
Dividends to owners of the Company	-	-	-	(201,402)	(201,402)
Issuance of ordinary shares pursuant to exercise of DRP	146,713	-	-	-	146,713
Transfer of share option reserve to retained profits upon expiry of share options	-	(5,843)	-	5,843	-
Total transactions with owners of the Company	146,713	(5,843)	-	(195,559)	(54,689)
At 31 December 2020	7,088,255	-	234,666	1,558,251	8,881,172
At 1 January 2019	6,682,102	6,261	10,612	1,086,629	7,785,604
Profit for the year	-	-	-	716,900	716,900
Other comprehensive income for the financial period	-	-	144,382	-	144,382
<i>Contributions by and distributions to owners of the Company</i>					
Dividends to owners of the Company	-	-	-	(319,455)	(319,455)
Issuance of ordinary shares pursuant to exercise of DRP	259,440	-	-	-	259,440
Transfer of share option reserve to retained profits upon expiry of share options	-	(418)	-	418	-
Total transactions with owners of the Company	259,440	(418)	-	(319,037)	(60,015)
At 31 December 2019	6,941,542	5,843	154,994	1,484,492	8,586,871

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 FOURTH QUARTER ENDED 31 DECEMBER 2020

← Non-distributable → Distributable

Company	Share Capital RM'000	Share Option Reserve RM'000	Fair Value Reserves RM'000	Retained Profits RM'000	Total RM'000
At 1 January 2020	6,941,542	5,843	-	202,431	7,149,816
Profit for the year	-	-	-	150,812	150,812
<i>Contributions by and distributions to owners of the Company</i>					
Dividends to owners of the Company	-	-	-	(201,402)	(201,402)
Issuance of ordinary shares pursuant to exercise of DRP	146,713	-	-	-	146,713
Transfer of share option reserve to retained profits upon expiry of share options	-	(5,843)	-	5,843	-
Total transactions with owners of the Company	146,713	(5,843)	-	(195,559)	(54,689)
At 31 December 2020	7,088,255	-	-	157,684	7,245,939
At 1 January 2019	6,682,102	6,261	-	359,235	7,047,598
Profit for the year	-	-	-	162,233	162,233
<i>Contributions by and distributions to owners of the Company</i>					
Dividends to owners of the Company	-	-	-	(319,455)	(319,455)
Issuance of ordinary shares pursuant to exercise of DRP	259,440	-	-	-	259,440
Transfer of share option reserve to retained profits upon expiry of share options	-	(418)	-	418	-
Total transactions with owners of the Company	259,440	(418)	-	(319,037)	(60,015)
At 31 December 2019	6,941,542	5,843	-	202,431	7,149,816

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 FOURTH QUARTER ENDED 31 DECEMBER 2020

	Group		Company	
	31-Dec-20 RM'000	31-Dec-19 RM'000	31-Dec-20 RM'000	31-Dec-19 RM'000
Cash flows from operating activities				
Profit before taxation	427,640	897,429	210,241	139,622
Adjustments for non-cash items	561,117	(65,774)	12,809	(45,835)
Operating profit before working capital changes	988,757	831,655	223,050	93,787
Working capital changes:				
Net changes in operating assets	(129,162)	(904,278)	(52,014)	405,160
Net changes in operating liabilities	(2,057,108)	3,126,019	(104,892)	(84,157)
Cash (used in)/generated from operations	(1,197,513)	3,053,396	66,144	414,790
Income taxes and zakat (paid)/refunded	(168,483)	4,946	(17,592)	195,453
Net cash (used in)/generated from operating activities	(1,365,996)	3,058,342	48,552	610,243
Cash flows from investing activities				
Increase in investment in subsidiaries	-	-	-	(534,000)
Purchase of property and equipment	(62,360)	(60,968)	-	-
Purchase of intangible assets	(27,435)	(33,080)	-	-
Proceeds from disposal of inventories	31,040	-	-	-
Proceeds from disposal of foreclosed properties	25,852	18,221	25,852	18,221
Proceeds from disposal of property and equipment and land use rights	1,302	36,678	-	-
Profit income from financial investment	411,694	347,897	-	-
Net purchase of financial investments	862,981	(5,822,066)	-	-
Dividends received	-	-	133,657	-
Net cash generated from/(used in) investing activities	1,243,074	(5,513,318)	159,509	(515,779)

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 FOURTH QUARTER ENDED 31 DECEMBER 2020 (CONTINUED)

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
(Repayment)/Issuance on recourse obligation on loans/financing sold	(217,464)	345,231	-	-
Profit expense paid - recourse obligation on loans/financing sold	(102,932)	(93,319)	-	-
Repayment of Sukuk - MBSB SC Murabahah	(296,973)	(301,859)	-	-
Profit expense paid - Sukuk MBSB SC Murabahah	(80,797)	(94,339)	-	-
Payment of lease liabilities	(9,004)	(8,679)	-	-
Issuance of Sukuk Wakalah	-	1,290,859	-	-
Profit expense paid - Sukuk Wakalah	(67,396)	-	-	-
Dividends paid on ordinary shares	(201,402)	(319,455)	(201,402)	(319,455)
Net proceeds from issuance of ordinary shares	146,713	259,440	146,713	259,440
Net cash (used in)/generated from financing activities	(829,255)	1,077,879	(54,689)	(60,015)
Net (decrease)/increase in cash and cash equivalents	(952,177)	(1,377,097)	153,372	34,449
Cash and cash equivalents at beginning of financial period	2,034,889	3,411,986	189,526	155,077
Cash and cash equivalents at end of financial period (Note A8(a))	1,082,712	2,034,889	342,898	189,526
Cash and cash equivalents is represented by:				
Cash and short-term funds	1,082,712	2,034,889	342,898	189,526
Cash and cash equivalents at end of financial period (Note A8(a))	1,082,712	2,034,889	342,898	189,526

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 FOURTH QUARTER ENDED 31 DECEMBER 2020
PART A - EXPLANATORY NOTES PURSUANT TO MFRS134

A1. Basis of preparation

The unaudited condensed interim financial statements for the financial quarter ended 31 December 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 and the Company adopted the following MFRSs and Amendments to MFRSs mandatory for annual financial periods beginning on or after 1 January 2020:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

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 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*

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*

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

A1. Basis of preparation (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022 (cont'd.)

- 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)*

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*

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 2019

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

A3. Seasonality and cyclical nature of operations

The business operations of the Group have not been affected by any seasonal or cyclical factors, except for the loss on modification of cash flows arising from moratorium during the year.

A4. Exceptional or unusual items

The Company entered into a sale purchase agreement and sale share agreement on 18 November 2020 to dispose its subsidiary with principal activity of hotel operations, Ombak Pesaka Sdn Bhd.

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.

	31-Dec-20	31-Dec-19
Number of ordinary shares ('000)	6,975,389	6,713,402
Share Capital (RM'000)	7,088,255	6,941,542

A7. Dividend

No dividend was paid in the current quarter.

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

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

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
(a) Cash and short-term funds:				
Cash at banks and on hand	196,800	196,865	63,015	45,637
Money at call and deposit placements maturing within one month	885,912	1,838,024	279,883	143,889
	<u>1,082,712</u>	<u>2,034,889</u>	<u>342,898</u>	<u>189,526</u>
(b) Deposits and placements with financial institutions with original maturity of more than one month				
- Licensed Islamic banks	781,682	873,515	-	-
	<u>1,864,394</u>	<u>2,908,404</u>	<u>342,898</u>	<u>189,526</u>

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	Fair value	
	RM'000	Assets	Liabilities
	RM'000	RM'000	RM'000
2020			
<u>Trading derivatives</u>			
<u>Foreign exchange contracts:</u>			
Currency forward			
- Less than one year	278,310	1,724	(1,614)
	<u>278,310</u>	<u>1,724</u>	<u>(1,614)</u>
2019			
<u>Trading derivatives</u>			
<u>Foreign exchange contracts:</u>			
Currency forward			
- Less than one year	228,295	4,239	(1)
	<u>228,295</u>	<u>4,239</u>	<u>(1)</u>

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

A10. Financial investments at FVOCI

	Group	
	31-Dec-20	31-Dec-19
	RM'000	RM'000
At fair value		
Money Market Instruments		
Malaysian Government Investment Issues	6,906,159	7,530,627
Debt securities:		
<u>In Malaysia</u>		
Private and Islamic debt securities	1,089,533	1,109,787
Government Guaranteed debt securities	2,196,580	2,054,230
	<u>10,192,272</u>	<u>10,694,644</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 2020	18	-	-	18
Total charge to profit or loss:	(11)	-	-	(11)
Change in credit risk (Note A23)	(11)	-	-	(11)
At 31 December 2020	<u>7</u>	<u>-</u>	<u>-</u>	<u>7</u>

	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	-	-	-	-
Total charge to profit or loss:	18	-	-	18
Change in credit risk (Note A23)	18	-	-	18
At 31 December 2019	<u>18</u>	<u>-</u>	<u>-</u>	<u>18</u>

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

A11. Financial investments at amortised cost

	Group	
	31-Dec-20	31-Dec-19
	RM'000	RM'000
At amortised cost		
Quoted securities:		
<u>In Malaysia</u>		
Private and Islamic debt securities	488,693	494,857
Less: ECL		
- Stage 1	(90)	(152)
- Stage 2	(501)	-
	488,102	494,705

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 2020	152	-	-	152
Charged to profit or loss (Note A23)	(62)	501	-	439
Changes in the ECL				
Transfer to stage 2	(45)	45	-	-
Change in credit risk	(17)	456	-	439
ECL at 31 December 2020	90	501	-	591
	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
ECL at 1 January 2019	6	-	-	6
Charge to profit or loss - New financial assets purchased (Note A23)	146	-	-	146
ECL at 31 December 2019	152	-	-	152

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

A12. Loans, financing and advances

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
(i) By type				
At amortised cost				
<i>Islamic:</i>				
Term financing:				
Personal financing	19,837,438	19,994,419	-	-
Property financing	6,084,956	5,169,539	-	-
Industrial hire purchase	761,732	808,958	-	-
Bridging financing	483,947	593,906	-	-
Auto financing	106,198	160,479	-	-
Other term financing	5,642,011	5,949,892	-	-
Revolving Credit	190,840	703,389	-	-
Staff financing	46,071	44,798	-	-
Cash line	81,539	3,663	-	-
Trade finance	1,007,549	560,978	-	-
<i>Conventional:</i>				
End finance:				
Normal housing programme	485,087	864,289	485,087	864,289
Low cost housing programme	534	3,252	534	3,252
Other term financing	750,866	761,218	750,866	761,218
Bridging financing	248,104	228,310	248,104	228,310
Auto financing	1,177	17,080	1,177	17,080
Staff financing	169	320	169	320
Gross loans, financing and advances	35,728,218	35,864,490	1,485,937	1,874,469
Less: ECL				
- Stage 1	(370,236)	(411,822)	(4,698)	(10,532)
- Stage 2	(648,474)	(433,194)	(60,822)	(64,260)
- Stage 3	(947,050)	(1,065,652)	(521,463)	(653,172)
Net loans, financing and advances	33,762,458	33,953,822	898,954	1,146,505
(ii) By maturity structure				
	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Within one year	2,382,792	2,632,716	567,540	578,839
More than one year to three years	1,528,467	1,778,969	76,682	128,050
More than three years to five years	1,899,493	2,239,227	110,563	123,980
More than five years	29,917,466	29,213,578	731,152	1,043,600
	35,728,218	35,864,490	1,485,937	1,874,469

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

A12. Loans, financing and advances (continued)

(iii) By economic purpose

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Personal Use	19,927,512	20,090,515	279	311
Construction	4,203,367	4,833,569	463,621	436,805
Purchase of landed property:				
- Residential	6,162,098	5,604,901	450,009	800,903
- Non-Residential	813,571	740,556	76,686	104,275
Working Capital	2,842,457	2,477,796	56,512	85,125
Purchase of other fixed assets	962,169	955,086	4,180	5,752
Purchase of transport vehicles	108,605	175,924	1,177	14,681
Purchase of other securities	35,779	34,452	-	-
Purchase of consumer durables	900	5,738	-	-
Others	671,760	945,953	433,473	426,617
	35,728,218	35,864,490	1,485,937	1,874,469

(iv) By type of customers

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Individuals	26,443,178	26,120,060	446,878	839,081
Domestic business enterprises				
- Small medium enterprise	2,924,451	2,500,266	817,118	700,906
- Government	51,161	141,302	-	-
- Non-bank financial institutions	740,803	710,454	-	-
- Others	5,537,528	6,384,211	221,941	334,482
Foreign entities	31,097	8,197	-	-
	35,728,218	35,864,490	1,485,937	1,874,469

(v) By sector

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Household sectors	26,443,178	26,120,060	446,878	839,081
Construction	4,203,639	5,061,309	723,878	690,520
Finance, insurance and business services	2,849,817	2,798,729	9,844	11,002
Wholesale & retail trade and restaurants & hotels	600,421	472,966	3,729	3,420
Manufacturing	552,283	374,515	62,631	92,047
Education, health and others	367,355	317,522	233,914	233,346
Transport, storage and communication	227,486	206,583	1,767	1,896
Mining and quarrying	216,712	117,287	-	-
Electricity, gas and water	169,087	262,076	-	-
Agriculture	98,240	133,443	3,296	3,157
	35,728,218	35,864,490	1,485,937	1,874,469

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

A12. Loans, financing and advances (continued)

(vi) By profit/interest rate sensitivity

	Group		Company	
	31-Dec-20 RM'000	31-Dec-19 RM'000	31-Dec-20 RM'000	31-Dec-19 RM'000
Fixed rate:				
Personal financing	16,721,791	17,477,316	-	-
Bridging, structured and term financing	1,084,687	1,063,641	128,267	127,066
Mortgage and property Islamic	440,750	471,125	1,332	2,211
Auto finance	109,784	180,167	1,177	17,080
Variable rate:				
Personal financing	3,129,748	2,533,258	-	-
Bridging, structured and term financing	8,082,320	8,547,101	870,703	862,462
Mortgage and property Islamic	6,159,138	5,591,882	484,458	865,650
	35,728,218	35,864,490	1,485,937	1,874,469

(vii) By geographical distribution

	Group		Company	
	31-Dec-20 RM'000	31-Dec-19 RM'000	31-Dec-20 RM'000	31-Dec-19 RM'000
Malaysia	35,728,218	35,864,490	1,485,937	1,874,469
	35,728,218	35,864,490	1,485,937	1,874,469

(viii) Movement of gross loans, advances and financing

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 (Note A24)	(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 (Note A24)	(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

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

A12. 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)
(Incorporated in Malaysia)

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 (Note A23):	(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 (Note A23):	(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.

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

A12. Loans, financing and advances (continued)

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

31-Dec-19

	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
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

	Company			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
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 in credit risk parameters include impact of forward-looking factors on key macroeconomic variables ("MEV") and changes to loss rate for the ECL model.

^ 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.

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

A12. Loans, financing and advances (continued)

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

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January	1,861,542	1,923,471	1,043,517	1,131,177
Classified as impaired during the period	497,227	489,457	30,288	34,390
Reclassified as non-impaired	(181,857)	(336,854)	(42,287)	(71,921)
Amount recovered	(84,955)	(155,110)	(26,958)	(93,883)
Other movements	152,483	162,470	56,997	43,754
Amount written off	(349,455)	(221,892)	(153,803)	-
Balance as at end of financial period	1,894,985	1,861,542	907,754	1,043,517
Less: ECL stage 3	(947,050)	(1,065,652)	(521,463)	(653,172)
Net impaired financing and advances	947,935	795,890	386,291	390,345
Net impaired loans as a percentage of net financing and advances	2.81%	2.34%	42.97%	34.05%
Gross impaired loans as a percentage of gross financing and advances	5.30%	5.19%	61.09%	55.67%

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

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Personal use	80,585	140,300	-	-
Construction	924,439	630,722	360,921	339,853
Purchase of landed property:				
- Residential	291,103	447,465	102,679	232,072
- Non-Residential	92,904	105,258	53,528	71,857
Working capital	47,500	45,465	-	-
Purchase of other fixed assets	43,096	39,745	1,055	1,400
Purchase of transport vehicles	6,650	45,818	133	13,948
Purchase of other securities	2,890	-	-	-
Purchase of consumer durables	789	5,626	-	-
Others	405,029	401,143	389,438	384,387
	1,894,985	1,861,542	907,754	1,043,517

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

A12. Loans, financing and advances (continued)

(xii) Impaired loans, financing and advances by sector

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Household sector	395,683	669,634	106,889	271,089
Construction	897,235	751,711	570,064	544,444
Education, health and others	311,894	298,183	226,226	225,648
Finance, insurance and business services	146,704	15,737	-	1,012
Manufacturing	71,577	60,863	1,142	1,096
Mining and quarrying	39,313	38,691	-	-
Wholesale & retail trade and restaurants & hotels	25,288	22,744	137	172
Transport, storage and communication	3,995	3,810	-	56
Agriculture	3,296	169	3,296	-
	1,894,985	1,861,542	907,754	1,043,517

A13. Trade and other receivables

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
<u>Non trade:</u>				
Advances in respect of certain projects	571,263	514,318	-	-
Amount due from MBSB Bank	-	-	162,993	-
Amount due from other subsidiaries	-	-	54,729	65,041
Foreclosed properties	70,162	113,262	70,162	113,262
Prepayments and deposits	19,074	17,297	8,399	8,633
Sundry receivables	65,205	90,961	4,482	18,490
Public Low Cost Housing Programme ("PLCHP")	765	-	765	-
Deferred expenses	2,047	2,322	-	-
	728,516	738,160	301,530	205,426
<u>Trade:</u>				
Trade receivable	24,835	24,835	-	-
	753,351	762,995	301,530	205,426
Less: ECL at stage 3				
- Non trade	(586,618)	(549,818)	(70,070)	(100,520)
- Trade	(24,834)	(24,834)	-	-
	141,899	188,343	231,460	104,906

A14. Assets held for sale

	Group
	31-Dec-20
	RM'000
Assets held for sale	12,612

Part of property and equipment, intangible assets and inventories from the Group's hotel operation segment are presented as assets held for sale following execution of Sales and Purchase Agreement ("SPA") between the Company and a purchaser on 18 November 2020 to dispose hotel operation for the hotel subsidiary, Ombak Pesaka Sdn Bhd. The sale was completed on 2 February 2021.

The carrying value of property and equipment of the disposal group is the same as its carrying value before it was being reclassified to assets held for sale.

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

A15. Deposits from customers

(i) By type of deposit:

	Group	
	31-Dec-20	31-Dec-19
	RM'000	RM'000
Commodity Murabahah Term Deposit	23,781,938	24,738,093
Demand deposits	288,418	192,381
Savings deposits	283,079	341,477
	<u>24,353,435</u>	<u>25,271,951</u>

(ii) Maturity of deposits from customers:

	Group	
	31-Dec-20	31-Dec-19
	RM'000	RM'000
Within six months	16,316,307	16,480,775
More than six months to one year	5,079,445	5,426,032
More than one year to three years	2,020,109	1,891,341
More than three years	366,077	939,945
	<u>23,781,938</u>	<u>24,738,093</u>

(iii) By type of customers:

	Group	
	31-Dec-20	31-Dec-19
	RM'000	RM'000
Government and statutory bodies	12,058,760	12,696,568
Business enterprises	7,568,566	7,229,721
Individuals	4,726,109	5,345,662
	<u>24,353,435</u>	<u>25,271,951</u>

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

A15. Deposits from customers (continued)

(iv) By type of contract:

	Group	
	31-Dec-20	31-Dec-19
	RM'000	RM'000
Tawarruq	24,353,435	25,271,951
	<u>24,353,435</u>	<u>25,271,951</u>

A16. Deposits and placements of banks and other financial institutions

(i) By type of deposit:

	Group	
	31-Dec-20	31-Dec-19
	RM'000	RM'000
<u>Non-Mudharabah Funds:</u>		
Other financial institutions:		
-Licensed Investment Banks	1,233	152,390
-Licensed Islamic Banks	100,010	112,937
-Others	9,428,062	10,356,442
	<u>9,529,305</u>	<u>10,621,769</u>

(ii) By type of contract:

	Group	
	31-Dec-20	31-Dec-19
	RM'000	RM'000
Tawarruq	9,529,305	10,621,769
	<u>9,529,305</u>	<u>10,621,769</u>

A17. Trade and other payables

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Non trade:				
Amount due to MBSB Bank Berhad	-	-	-	78,416
Sundry creditors	312,405	319,544	38,999	60,920
Al-Mudharabah security fund	144,168	137,309	-	-
Expected credit loss ("ECL") for commitments and contingencies (i)	46,518	70,680	2,075	5,441
Deferred income	28,382	38,362	1,554	3,524
Other provisions and accruals	92,811	76,383	5,802	6,183
	<u>624,284</u>	<u>642,278</u>	<u>48,430</u>	<u>154,484</u>
Trade:				
Trade payables	2	22	-	-
	<u>624,286</u>	<u>642,300</u>	<u>48,430</u>	<u>154,484</u>

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

A17. Trade and other payables (continued)

(i) ECL for commitments and contingencies

Movement of ECL for commitments and contingencies are as follows:

31-Dec-20

	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
ECL as at 1 January 2020	44,196	17,978	8,506	70,680
Charge to profit or loss (Note A23)	(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	<u>19,073</u>	<u>13,481</u>	<u>13,964</u>	<u>46,518</u>

31-Dec-20

	Company			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Loss allowance as at 1 January 2020	251	176	5,014	5,441
Charge to profit or loss (Note A23)	(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	<u>195</u>	<u>207</u>	<u>1,673</u>	<u>2,075</u>

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.

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

A17. Trade and 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	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	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 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^	(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	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	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^	(52)	(42)	(564)	(658)
ECL as at 31 December 2019	251	176	5,014	5,441

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.

^ 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.

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

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

	Group		Group	
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Financing	557,909	578,800	2,275,804	2,305,160
Income from financial investments at FVOCI	94,150	100,927	391,915	322,145
Income from financial investments at amortised cost	6,549	25,914	19,589	25,479
Income from financial investments at FVTPL	20	82	190	272
Deposits with financial institutions	7,067	16,460	50,900	121,873
	<u>665,695</u>	<u>722,183</u>	<u>2,738,398</u>	<u>2,774,929</u>

A19. Interest income

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- Loans, advances and financing	27,611	31,561	136,563	142,694
- Deposits and placements with banks and other financial institutions	1,071	3,547	4,527	9,261
	<u>28,682</u>	<u>35,108</u>	<u>141,090</u>	<u>151,955</u>

	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- Loans, advances and financing	13,581	19,422	83,189	95,846
- Deposits and placements with banks and other financial institutions	1,071	3,547	4,527	9,261
	<u>14,652</u>	<u>22,969</u>	<u>87,716</u>	<u>105,107</u>

A20. Interest expense

	Group and Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Others	-	5	11	20
	<u>-</u>	<u>5</u>	<u>11</u>	<u>20</u>

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

A21. Net (writeback)/allowance for impairment on loans, financing and advances and other financial assets

31-Dec-20

	Group			
	4th Quarter Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI	1	-	-	1
Financial investments at amortised cost	(35)	501	-	466
Loans, financing and advances (Note A12(ix))	(30,515)	190,062	(18,197)	141,350
Other receivables	-	-	14,814	14,814
Financing commitments and financial guarantee (Note A17)	(8,035)	(8,549)	(5,687)	(22,271)
	(38,584)	182,014	(9,070)	134,360
Impaired loans, financing and advances:				
- Write off	-	-	1,827	1,827
- Recovered	-	-	(5,238)	(5,238)
	-	-	(3,411)	(3,411)
	(38,584)	182,014	(12,481)	130,949

	Group			
	Twelve Months Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI	(11)	-	-	(11)
Financial investments at amortised cost	(62)	501	-	439
Loans, financing and advances (Note A12(ix))	(41,586)	215,280	230,491	404,185
Other receivables	-	-	44,704	44,704
Financing commitments and financial guarantee (Note A17)	(25,123)	(4,497)	8,272	(21,348)
	(66,782)	211,284	283,467	427,969
Impaired loans, financing and advances:				
- Write off	-	-	4,740	4,740
- Recovered	-	-	(11,779)	(11,779)
	-	-	(7,039)	(7,039)
	(66,782)	211,284	276,428	420,930

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

A21. Net (writeback)/allowance for impairment on loans, financing and advances and other financial assets
(continued)

31-Dec-20

	Company			
	4th Quarter Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Loans, financing and advances (Note A12(ix))	(844)	(8,126)	(47,110)	(56,080)
Amount due from subsidiaries	-	-	891	891
Investment in subsidiaries	-	-	5	5
Financing commitments and financial guarantee (Note A17)	(27)	95	(160)	(92)
	(871)	(8,031)	(46,374)	(55,276)
Impaired loans and advances:				
- Write off	-	-	1,311	1,311
- Recovered	-	-	(2,706)	(2,706)
	-	-	(1,395)	(1,395)
	(871)	(8,031)	(47,769)	(56,671)

31-Dec-20

	Company			
	Twelve Months Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Loans and advances (Note A12(ix))	(5,834)	(3,438)	22,094	12,822
Amount due from subsidiaries	-	-	4,455	4,455
Investment in subsidiaries	-	-	5	5
Other receivables	-	-	(12,000)	(12,000)
Financing commitments and financial guarantee (Note A17)	(56)	31	(1,136)	(1,161)
	(5,890)	(3,407)	13,418	4,121
Impaired loans and advances:				
- Write off	-	-	1,948	1,948
- Recovered	-	-	(2,894)	(2,894)
	-	-	(946)	(946)
	(5,890)	(3,407)	12,472	3,175

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

A21. Net (writeback)/allowance for impairment on loans, financing and advances and other financial assets
(continued)

31-Dec-19

	Group			
	4th Quarter Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI	5	-	-	5
Financial investments at amortised cost	144	-	-	144
Loans, financing and advances (Note A12(ix))	(46,182)	(106,665)	(23,838)	(176,685)
Other receivables	-	-	15,680	15,680
Financing commitments and financial guarantee (Note A17)	(11,934)	(10,409)	(16,432)	(38,775)
	(57,967)	(117,074)	(24,590)	(199,631)
Impaired loans, financing and advances:				
- Write off	-	-	9,811	9,811
- Recovered	-	-	(21,847)	(21,847)
	-	-	(12,036)	(12,036)
	(57,967)	(117,074)	(36,626)	(211,667)

31-Dec-19

	Group			
	Twelve Months Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI	18	-	-	18
Financial investments at amortised cost	146	-	-	146
Loans, financing and advances (Note A12(ix))	52,915	(117,427)	157,589	93,077
Other receivables	-	-	65,538	65,538
Financing commitments and financial guarantee (Note A17)	(8,934)	(18,851)	(1,947)	(29,732)
	44,145	(136,278)	221,180	129,047
Impaired loans, financing and advances:				
- Write off	-	-	17,735	17,735
- Recovered	-	-	(32,325)	(32,325)
	-	-	(14,590)	(14,590)
	44,145	(136,278)	206,590	114,457

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

A21. Net (writeback)/allowance for impairment on loans, financing and advances and other financial assets
(continued)

31-Dec-19

	Company			
	4th Quarter Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Loans and advances (Note A12(ix))	(2,449)	(11,900)	(24,787)	(39,136)
Amount due from subsidiaries	-	-	7,859	7,859
Other receivables	-	-	2,482	2,482
Financing commitments and financial guarantee (Note A17)	(53)	(92)	(501)	(646)
	(2,502)	(11,992)	(14,947)	(29,441)
Impaired loans and advances:				
- Write off	-	-	23,276	23,276
- Recovered	-	-	(16,065)	(16,065)
	-	-	7,211	7,211
	(2,502)	(11,992)	(7,736)	(22,230)

31-Dec-19

	Company			
	Twelve Months Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Loans and advances (Note A12(ix))	(1,838)	(30,722)	(40,904)	(73,464)
Amount due from subsidiaries	-	-	12,342	12,342
Other receivables	-	-	14,482	14,482
Financing commitments and financial guarantee (Note A17)	(162)	(22)	(844)	(1,028)
	(2,000)	(30,744)	(14,924)	(47,668)
Impaired loans and advances:				
- Write off	-	-	26,731	26,731
- Recovered	-	-	(18,253)	(18,253)
	-	-	8,478	8,478
	(2,000)	(30,744)	(6,446)	(39,190)

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

A22. Loss on modification of cash flows

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loss on modification of cash flows (Note A12(viii))	504,750	-	73	-

During the financial year, the Group and the Company granted loans, financing and advances moratorium to eligible individuals, SMEs and Corporates following BNM announcements to ease the cash flow of those affected by Covid-19 pandemic. This offer is applicable to performing loans and financing, denominated in Malaysian Ringgit, and have not been in arrears for more than 90 days upon granting the loans, financing and advances moratorium.

As a results of the loans, financing and advances moratorium, the Group and the Company recognised loss on modification of cash flows arising from difference of the gross carrying amount recalculated at the present value of the modified contractual cash flows. The Group's loss on modification of cash flows is material following the high exposure to fixed rate personal financing mainly at the banking subsidiary, MBSB Bank.

The loans, financing and advances moratorium does not automatically result in stage transfer under MFRS 9.

A23. Net other income

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-20 RM'000	31-Dec-19 RM'000	31-Dec-20 RM'000	31-Dec-19 RM'000
Rental income	41	57	164	180
Revenue from hotel operations	-	-	-	2,449
Loan related fees	274	1,044	4,371	9,024
Insurance commission	3,577	4,539	12,041	13,629
Ta'widh/Penalty	3,353	(14,797)	16,040	20,011
Gain from sale of FVOCI	53,825	21,526	246,782	58,592
Gain from sale of FVTPL	182	270	2,817	1,424
Sundry expense	(25,675)	8,007	(26,207)	(5,086)
Gain/(loss) from disposal of:				
Property and equipment	859	(3,938)	859	(3,938)
Foreclosed properties	(9,150)	(640)	(9,097)	7,109
Inventories	(1,749)	-	(1,749)	-
Others	(462)	(527)	(7,726)	-
	25,075	15,541	238,295	103,394

	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-20 RM'000	31-Dec-19 RM'000	31-Dec-20 RM'000	31-Dec-19 RM'000
Rental income	949	950	3,797	6,655
Loan related fees	1,863	(4,988)	5,407	8,118
Insurance commission	-	-	-	8
Ta'widh/Penalty	2,507	(15,208)	14,457	18,257
Sundry income/(expense)	1,825	(1,655)	(517)	(2,630)
Dividend income	-	-	133,657	-
(Loss)/gain from disposal of foreclosed properties	(9,150)	(640)	(9,097)	7,109
	(2,006)	(21,541)	147,704	37,517

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

A24. Other operating expenses

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Personnel expenses *	73,359	74,788	288,251	240,308
Establishment related expenses	12,723	20,463	80,411	67,147
General administrative expenses	12,851	11,519	37,882	45,298
Promotion and marketing related expenses	4,601	5,973	12,946	13,319
Commission fees	7,492	9,220	18,374	34,759
	<u>111,026</u>	<u>121,963</u>	<u>437,864</u>	<u>400,831</u>

	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Personnel expenses *	507	311	1,653	(3,850)
Establishment related expenses	162	136	1,541	1,479
General administrative expenses	973	768	4,074	6,569
Intercompany charges	(14,025)	19,278	13,890	37,220
Commission fees	121	430	762	754
	<u>(12,262)</u>	<u>20,923</u>	<u>21,920</u>	<u>42,172</u>

Included in the other operating expenses:

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Depreciation of property and equipment	19,837	2,026	26,672	8,605
Amortisation of intangible assets	13,134	8,026	32,583	24,210
Depreciation of right-of-use assets	2,403	2,311	9,036	8,814

Included in the other operating expenses:

	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Depreciation of property and equipment	116	116	464	464

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

A24. Other operating expenses (continued)

*** Personnel expenses**

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	55,745	50,219	222,782	177,846
Pension costs - Employees Provident Fund	9,422	9,362	36,784	31,042
Social security costs	415	424	1,918	1,660
Directors fees	987	-	4,301	3,442
Shariah Committee remuneration	120	109	415	466
Other staff related expenses	6,670	14,674	22,051	25,852
	73,359	74,788	288,251	240,308

*** Personnel expenses**

	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	-	-	-	(5,700)
Directors fees	310	-	1,448	1,185
Other staff related expenses	197	311	205	665
	507	311	1,653	(3,850)

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	Credit equivalent amount	Risk weighted amount
	RM'000	RM'000	RM'000
Group			
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
	2,743,268	1,072,110	991,162
	Principal amount	Credit equivalent amount	Risk weighted amount
	RM'000	RM'000	RM'000
Company			
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
	18,519	7,586	5,776

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

A25. Commitments and contingencies (continued)

Group	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
31-Dec-19			
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
	5,098,853	2,138,970	2,076,134

Company	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
31-Dec-19			
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
	29,749	11,931	9,685

(i) Capital Commitments

	Group	
	31-Dec-20 RM'000	31-Dec-19 RM'000
Property and equipment/Intangible assets:		
- Approved and contracted for	52,872	50,342

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

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 certain 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 Plaintiffs’ claims in part and in dismissing the Company’s counterclaim and to apply for a stay of execution of the High Court judgment pending disposal of the appeal.

The High Court has granted an ad interim stay of the matter until disposal of the stay hearing which is fixed on 26 March 2021.

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.

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

A27. Segmental information on revenue and results

Group	Banking and conventional business RM'000	Hotel Operations RM'000	Eliminations RM'000	Consolidated RM'000
3 months ended 31 December 2020				
External	752,236	(62)	-	752,174
Intersegment transactions	61,362	-	(61,362)	-
Total revenue	<u>813,598</u>	<u>(62)</u>	<u>(61,362)</u>	<u>752,174</u>
Segment results	201,384	(622)	5,401	<u>206,163</u>
Loss before taxation and zakat from operations				<u>206,163</u>
Segment assets	58,663,287	14,339	(10,239,132)	<u>48,438,494</u>
Consolidated total assets				<u>48,438,494</u>
Segment liabilities	45,573,415	64,414	(6,080,507)	<u>39,557,322</u>
Consolidated total liabilities				<u>39,557,322</u>

	Banking and conventional business RM'000	Hotel Operations RM'000	Eliminations RM'000	Consolidated RM'000
3 months ended 31 December 2019				
External	784,671	(527)	-	784,144
Intersegment transactions	70,786	944	(71,730)	-
Total revenue	<u>855,457</u>	<u>417</u>	<u>(71,730)</u>	<u>784,144</u>
Segment results	398,552	26,598	32,834	<u>457,984</u>
Profit before taxation and zakat from operations				<u>457,984</u>
Segment assets	61,234,347	19,097	(10,543,787)	<u>50,709,657</u>
Consolidated total assets				<u>50,709,657</u>
Segment liabilities	48,368,381	196,890	(6,442,485)	<u>42,122,786</u>
Consolidated total liabilities				<u>42,122,786</u>

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

A27. Segmental information on revenue and results (continued)

Group	Banking and conventional business RM'000	Hotel Operations RM'000	Eliminations RM'000	Consolidated RM'000
12 months ended 31 December 2020				
External	3,145,502	-	-	3,145,502
Intersegment transactions	248,617	-	(248,617)	-
Total revenue	<u>3,394,119</u>	<u>-</u>	<u>(248,617)</u>	<u>3,145,502</u>
Segment results	492,755	127,991	(193,106)	<u>427,640</u>
Loss before taxation and zakat from operations				<u>427,640</u>
Segment assets	58,663,287	14,339	(10,239,132)	<u>48,438,494</u>
Consolidated total assets				<u>48,438,494</u>
Segment liabilities	45,573,415	64,414	(6,080,507)	<u>39,557,322</u>
Consolidated total liabilities				<u>39,557,322</u>

	Banking and conventional business RM'000	Hotel Operations RM'000	Eliminations RM'000	Consolidated RM'000
12 months ended 31 December 2019				
External	3,009,554	2,449	-	-
Intersegment transactions	284,633	3,844	(288,477)	3,012,003
Total revenue	<u>3,294,187</u>	<u>6,293</u>	<u>(288,477)</u>	<u>3,012,003</u>
Segment results	826,756	(32,057)	102,730	<u>897,429</u>
Profit before taxation and zakat from operations				<u>897,429</u>
Segment assets	61,234,347	19,097	(10,543,787)	<u>50,709,657</u>
Consolidated total assets				<u>50,709,657</u>
Segment liabilities	48,368,381	196,890	(6,442,485)	<u>42,122,786</u>
Consolidated total liabilities				<u>42,122,786</u>

A28. Subsequent events

The Company completed sale of its subsidiary with principal activity of hotel operations, Ombak Pesaka Sdn Bhd on 2 February 2021.

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

A29. Acquisition of property and equipment

	Group As at 31-Dec-20 RM'000
Additions	
Building in progress	52,209
Work in progress	3,804
Building renovation	2,972
Furniture & equipment	255
Data processing equipment	3,120
	<u>62,360</u>
Disposals	
Freehold land	(284)
Building	(451)
Building renovation	(432)
Furniture & equipment	(34)
	<u>(1,201)</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	
	31-Dec-20 RM'000	31-Dec-19 RM'000
Expenses		
Profit expense paid on Sukuk	57,283	56,966
Profit expense paid on Fixed deposit	35,018	71,235
Interest expense paid on Time deposit	7	-
Rental paid	50	249
	<u>50</u>	<u>249</u>
Balances		
Sukuk - MBSB SC Murabahah	1,077,654	1,178,793
Accrued profit on Sukuk	7,484	7,983
Fixed deposit by EPF	1,300,000	1,800,000
Accrued profit on Fixed deposit	1,618	47,071
Time deposit by EPF	14,089	-
Accrued interest on Time deposit	7	-
Rental deposit	17	97
	<u>17</u>	<u>97</u>

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

	Group	
	31-Dec-20 RM'000	31-Dec-19 RM'000
Income/(expense)		
Profit income from deposit placements	1	1
Profit to depositors	(2,501)	(2,419)
	<u>(2,501)</u>	<u>(2,419)</u>
Balances		
Cash and short-term funds	84,863	71,412
Deposits and placements with banks and other financial institutions	32	32
	<u>32</u>	<u>32</u>

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

A30. Significant related party transactions (continued)

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

	Group	
	31-Dec-20	31-Dec-19
	RM'000	RM'000
Income/(expense)		
Profit from financing	18,379	20,253
Profit to depositors	<u>(3,398)</u>	<u>(5,579)</u>
Balances		
Financing	81,943	303,627
Deposit from customers	<u>210,879</u>	<u>191,076</u>

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

	Group	
	31-Dec-20	31-Dec-19
	RM'000	RM'000
Expenses		
Other expenses	(6,975)	(2,844)
Profit to depositors	<u>(4,949)</u>	<u>-</u>
Balances		
Deposits from customer	<u>185,642</u>	<u>139,859</u>

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 Islamic financial institutions an election, 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 and the Company have elected to apply the 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 ratios as at 31 December 2020 are disclosed 'with TA' and 'without TA'.

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

A31. Capital adequacy (continued)

	with TA	Group	
	31-Dec-20	without TA	31-Dec-19
	RM'000	RM'000	RM'000
<u>Common Equity Tier 1 ("CET1") Capital</u>			
Ordinary share capital	7,088,255	7,088,255	6,941,542
Retained earnings	1,558,251	1,558,251	1,484,492
Fair value reserve	234,666	234,666	154,994
Share option reserve	-	-	5,843
	<u>8,881,172</u>	<u>8,881,172</u>	<u>8,586,871</u>
Less :			
Regulatory adjustments			
Goodwill	(148,031)	(148,031)	(148,031)
Deferred tax assets	(7,261)	(7,261)	(28,218)
Cumulative gains of financial investments at FVOCI	(191,046)	(191,046)	(114,082)
Intangible assets	(162,058)	(162,058)	(167,209)
Other CET1 regulatory adjustments	144,075	-	-
Total CET1	<u>8,516,851</u>	<u>8,372,776</u>	<u>8,129,331</u>
<u>Tier 1 Capital</u>			
Additional Tier 1 capital instruments	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-
Total Tier 1 capital	<u>8,516,851</u>	<u>8,372,776</u>	<u>8,129,331</u>
<u>Tier 2 Capital</u>			
Stage 1 and Stage 2 allowance	479,868	479,868	497,961
Tier 2 capital instruments	1,293,335	1,293,335	1,293,075
Total Tier 2 capital	<u>1,773,203</u>	<u>1,773,203</u>	<u>1,791,036</u>
Total capital base	<u>10,290,054</u>	<u>10,145,979</u>	<u>9,920,367</u>

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

	with TA	Group	
	31-Dec-20	without TA	31-Dec-19
	RM'000	RM'000	RM'000
<u>Total risk weighted assets ("RWA")</u>			
- Credit risk	38,389,455	38,389,455	39,836,868
- Market risk	36,226	36,226	33,759
- Operational risk	2,581,744	2,581,744	2,380,936
Total RWA	<u>41,007,425</u>	<u>41,007,425</u>	<u>42,251,563</u>
<u>Capital adequacy ratios</u>			
CET 1 capital ratio	20.769%	20.418%	19.240%
Tier 1 capital ratio	20.769%	20.418%	19.240%
Total capital ratio	<u>25.093%</u>	<u>24.742%</u>	<u>23.479%</u>

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

A31. Capital adequacy (continued)

	MBSB Bank Group			MBSB Bank		
	with TA 31-Dec-20 RM'000	without TA 31-Dec-20 RM'000	31-Dec-19 RM'000	with TA 31-Dec-20 RM'000	without TA 31-Dec-20 RM'000	31-Dec-19 RM'000
<u>Common Equity Tier 1 ("CET1") Capital</u>						
Ordinary share capital	5,159,859	5,159,859	5,159,859	5,159,859	5,159,859	5,159,859
Retained earnings exclude merger reserve	1,020,604	1,020,604	875,072	791,724	791,724	728,583
Other reserve	239,996	239,996	160,324	239,996	239,996	160,324
	<u>6,420,459</u>	<u>6,420,459</u>	<u>6,195,255</u>	<u>6,191,579</u>	<u>6,191,579</u>	<u>6,048,766</u>
Less :						
Regulatory adjustments						
Cumulative gains						
of financial investments at FVOCI	(191,046)	(191,046)	(114,082)	(191,046)	(191,046)	(114,082)
Regulatory reserve	(5,234)	(5,234)	(5,234)	(5,234)	(5,234)	(5,234)
Intangible assets	(111,449)	(111,449)	(115,559)	(111,449)	(111,449)	(115,559)
Other CET1 regulatory adjustments	153,372	-	-	153,372	-	-
Total CET1	<u>6,266,102</u>	<u>6,112,730</u>	<u>5,960,380</u>	<u>6,037,222</u>	<u>5,883,850</u>	<u>5,813,891</u>
<u>Tier 1 Capital</u>						
Additional Tier 1 capital instruments	-	-	-	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-	-	-	-
Total Tier 1 capital	<u>6,266,102</u>	<u>6,112,730</u>	<u>5,960,380</u>	<u>6,037,222</u>	<u>5,883,850</u>	<u>5,813,891</u>
<u>Tier 2 Capital</u>						
Stage 1 and Stage 2 allowance ^	453,807	453,807	468,898	481,430	481,430	499,927
Tier 2 capital instruments	1,293,335	1,293,335	1,293,075	1,293,335	1,293,335	1,293,075
Total Tier 2 capital	<u>1,747,142</u>	<u>1,747,142</u>	<u>1,761,973</u>	<u>1,774,765</u>	<u>1,774,765</u>	<u>1,793,002</u>
Total capital base	<u>8,013,244</u>	<u>7,859,872</u>	<u>7,722,353</u>	<u>7,811,987</u>	<u>7,658,615</u>	<u>7,606,893</u>

^ Expected credit loss allowances on non-credit impaired exposure and regulatory reserves is subject to a maximum of 1.25% of total credit risk-weighted assets.

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

	MBSB Bank Group			MBSB Bank		
	with TA 31-Dec-20 RM'000	without TA 31-Dec-20 RM'000	31-Dec-19 RM'000	with TA 31-Dec-20 RM'000	without TA 31-Dec-20 RM'000	31-Dec-19 RM'000
<u>Total risk weighted assets ("RWA")</u>						
- Credit risk	36,304,570	36,304,570	37,511,800	38,514,371	38,514,371	39,994,106
- Market risk	36,226	36,226	33,759	36,226	36,226	33,759
- Operational risk	2,188,152	2,188,152	1,331,960	2,025,263	2,025,263	1,227,512
Total RWA	<u>38,528,948</u>	<u>38,528,948</u>	<u>38,877,519</u>	<u>40,575,860</u>	<u>40,575,860</u>	<u>41,255,377</u>
<u>Capital adequacy ratios</u>						
CET 1 capital ratio	16.263%	15.865%	15.331%	14.879%	14.501%	14.092%
Tier 1 capital ratio	16.263%	15.865%	15.331%	14.879%	14.501%	14.092%
Total capital ratio	<u>20.798%</u>	<u>20.400%</u>	<u>19.863%</u>	<u>19.253%</u>	<u>18.875%</u>	<u>18.439%</u>

PERFORMANCE REVIEW FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

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	Preceding Year Corresponding Quarter	Changes	
	31-Dec-20, 4Q20	31-Dec-19, 4Q19	RM'000	%
	RM'000	RM'000	RM'000	%
Personal financing	19,851,546	20,010,580	(159,034)	-0.8%
Corporate loans and financing	9,167,542	9,611,588	(444,046)	-4.6%
Property financing and mortgage loans	6,599,347	6,062,156	537,191	8.9%
Auto financing	109,783	180,166	(70,383)	-39.1%
Total gross loans, financing and advances	<u>35,728,218</u>	<u>35,864,490</u>	<u>(136,272)</u>	-0.4%

Variation of Results against Immediate Preceding Quarter

	Current Year Quarter	Preceding Quarter	Changes	
	31-Dec-20, 4Q20	30-Sep-20, 3Q20	RM'000	%
	RM'000	RM'000	RM'000	%
Personal financing	19,851,546	20,137,889	(286,343)	-1.4%
Corporate loans and financing	9,167,542	9,526,387	(358,845)	-3.8%
Property financing and mortgage loans	6,599,347	6,560,942	38,405	0.6%
Auto financing	109,783	160,698	(50,915)	-31.7%
Total gross loans, financing and advances	<u>35,728,218</u>	<u>36,385,916</u>	<u>(657,698)</u>	-1.8%

The Group gross loans, financing and advances decreased by 0.4% and 1.8% for 4Q20 compared to 4Q19 and 3Q20 respectively. The decrease was mainly due to write off on non-performing retail loans and financing during the quarter.

- (i) Personal financing – The gross amount for personal financing decreased as compared to 4Q19 and 3Q20 respectively mainly due to write off on non-performing accounts during the quarter.
- (ii) Corporate loans and financing – the gross balance decreased as repayment outpaced disbursement in the current quarter as compared to 4Q19 and 3Q20.

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

B1. Performance review of the Group (continued)

(a) Balance Sheet

(i) Loans, financing and advances (continued)

- (iii) Property financing and mortgage loans – The Group has been actively converting conventional mortgage to Islamic property financing during the year. 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 focused on growing asset base of other portfolios.

(ii) Financial investments

Variation of Results against Preceding Year Corresponding Quarter

	Current Year Quarter 31-Dec-20, 4Q20 RM'000	Preceding Year Corresponding Quarter 31-Dec-19, 4Q19 RM'000	Changes	
			RM'000	%
Financial investments at FVOCI	10,192,272	10,694,644	(502,372)	-4.7%
Financial investments at amortised cost	488,102	494,705	(6,603)	-1.3%
Total financial investments	10,680,374	11,189,349	(508,975)	-4.5%

Variation of Results against Preceding Quarter

	Current Year Quarter 31-Dec-20, 4Q20 RM'000	Preceding Quarter 30-Sep-20, 3Q20 RM'000	Changes	
			RM'000	%
Financial investments at FVOCI	10,192,272	10,720,101	(527,829)	-4.9%
Financial investments at amortised cost	488,102	488,574	(472)	-0.1%
Total financial investments	10,680,374	11,208,675	(528,301)	-4.7%

The Group financial investments decreased by 4.5 % and 4.7% for 4Q20 compared to 4Q19 and 3Q20 respectively following sale of financial investments.

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

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	
	31/12/2020, 4Q20 RM'000	31/12/2019, 4Q19 RM'000	RM'000	%
Revenue	752,174	784,144	(31,970)	-4.1%
Other operating expenses	(111,026)	(121,963)	10,937	9.0%
Net income (excluding impairment and loss on modification of cash flows)	447,774	368,278		
(Allowance for impairment)/writeback	(130,949)	211,667	(342,616)	>-100%
Loss on modification of cash flows	364	-	364	-
Profit before tax	<u>206,163</u>	<u>457,982</u>	(251,819)	-55.0%
Profit after tax	<u>97,722</u>	<u>357,147</u>	(259,425)	-72.6%
Profit attributable to ordinary equity holders of the Parent	<u>96,841</u>	<u>356,686</u>	(259,845)	-72.8%
Cost to income ratio	24.8%	33.1%		

Current Year Quarter vs Immediate Preceding Quarter

	Current Year Quarter	Preceding Quarter	Changes	
	31/12/2020, 4Q20 RM'000	30/09/2020, 3Q20 RM'000	RM'000	%
Revenue	752,174	765,572	(13,398)	-1.8%
Other operating expenses	(111,026)	(112,625)	1,599	1.4%
Net income (excluding impairment and loss on modification of cash flows)	447,774	451,165	(3,391)	-0.8%
Allowance for impairment	(130,949)	(52,073)	(78,876)	>100%
Loss on modification of cash flows	364	7,497	(7,133)	-95.1%
Profit before tax	<u>206,163</u>	<u>293,964</u>	(87,801)	-29.9%
Profit after tax	<u>97,722</u>	<u>258,236</u>	(160,514)	-62.2%
Profit attributable to ordinary equity holders of the Parent	<u>96,841</u>	<u>258,236</u>	(161,395)	-62.5%
Cost to income ratio	24.8%	25.0%		

The Group recorded lower profit before tax for current quarter compared to 4Q19 and 3Q20 mainly due to higher allowance for impairment provided in the quarter. The higher impairment allowance is seen mainly from ECL on retail portfolio as delinquencies increased following end of the 6 months auto moratorium on 30 September 2020. As at 31 December 2020, in view of the unprecedented and ongoing pandemic, overlays amounting to approximately 7% of total ECL for loans, financing and advances have been applied.

The cost to income ratio of the Group was lower as some expenditure were scaled down including commission charges.

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

B1. Performance review of the Group (continued)

Contribution of major subsidiary of the Group

	Group Current Year Quarter 31-Dec-20, 4Q20 RM'000	MBSB Bank Current Year Quarter 31-Dec-20, 4Q20 RM'000	Contribution
Total assets	48,438,494	48,007,510	99.1%
Total equity	8,881,172	6,191,579	69.7%
Profit before tax	206,163	116,805	56.7%
Profit after tax	96,841	70,988	73.3%
Gross return on equity	9.44%	7.63%	
Gross return on assets	1.66%	0.95%	

	Group Current Year Quarter 31-Dec-20, 4Q20 RM'000	MBSB Bank Current Year Quarter 31-Dec-19, 4Q19 RM'000	Contribution
Total assets	48,438,494	50,348,378	103.9%
Total equity	8,881,172	6,048,766	68.1%
Profit before tax	206,163	402,304	195.1%
Profit after tax	96,841	306,856	316.9%
Gross return on equity	9.44%	29.39%	
Gross return on assets	1.66%	3.38%	

	Group Current Year Quarter 31-Dec-20, 4Q20 RM'000	MBSB Bank Current Year Quarter 30-Sep-20, 3Q20 RM'000	Contribution
Total assets	48,438,494	49,539,919	102.3%
Total equity	8,881,172	6,191,432	69.7%
Profit before tax	206,163	315,967	153.3%
Profit after tax	96,841	272,634	281.5%
Gross return on equity	9.44%	6.88%	
Gross return on assets	1.66%	0.84%	

MBSB Bank Berhad ("MBSB Bank") is the biggest subsidiary in the Group. As at 4Q20 total assets of MBSB Bank of RM48.0bil account for 99.0% of total assets of the Group while the equity accounts for 69.4% of total Group equity.

B2. Prospects

Brief overview and outlook of the Malaysian economy - lower growth for third quarter of 2020

The Malaysian economy recorded a negative growth of 3.4% in the fourth quarter (3Q 2020: -2.6%), largely attributable to the imposition of the Conditional Movement Control Order (CMCO) on a number of states since mid-October. The restrictions on mobility, especially on inter-district and inter-state travel, weighed on economic activity. Nevertheless, the continued improvement in external demand provided support to growth. Consequently, except for manufacturing, all economic sectors continued to record negative growth. On the expenditure side, moderating private consumption and public investment activities weighed on domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 0.3% (3Q 2020: +18.2%).

In terms of sectoral performance, all economic sectors, except manufacturing, registered negative growth in the fourth quarter.

Domestic demand recorded a decline of 4.4% in the fourth quarter of 2020 (3Q 2020: -3.3%), mainly due to the subdued private consumption and public investment activities. Net exports grew by 12.4% (3Q 2020: 21.9%), with continued expansion in manufactured exports.

Private consumption contracted by 3.4% (3Q 2020:-2.1%). Household spending was subdued amid continued weaknesses in income and employment conditions during the quarter. Spending was also affected by tighter movement restrictions in selected states. Nevertheless, the decline in physical spending was partly mitigated by the continued acceleration in online spending. During the quarter, consumer expenditure also remained supported by various stimulus measures including the EPF i-Lestari withdrawals, the continued support to affected borrowers under the Targeted Repayment Assistance (TRA) and lower passenger car sales tax.

Meanwhile, public consumption continued to expand, albeit at a more moderate pace of 2.7% in the fourth quarter of 2020 (3Q 2020: 6.9%), supported by spending in emoluments.

Headline inflation, as measured by the annual percentage change in the Consumer Price Index (CPI), was slightly lower at -1.5% during the quarter (3Q 2020: -1.4%). This was mainly due to lower inflation for rental and communication services respectively as well as the larger annual decline in retail fuel prices. These were partly offset by higher inflation in other categories, in particular, transport services and food.

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

B2. Prospects (continued)

Overnight Policy Rate ("OPR") maintained at 1.75 percent

At its meeting today, the Monetary Policy Committee (MPC) of Bank Negara Malaysia decided to maintain the Overnight Policy Rate (OPR) at 1.75 percent.

The global economy continues to recover, led by improvements in manufacturing and export activity. However, the recent resurgences of COVID-19 cases and the subsequent containment measures have affected economic activity in several major economies. The expedited roll-out of mass vaccination programmes, together with ongoing policy support, are expected to lift global growth prospects going forward. Financial conditions also remain supportive. The overall outlook remains subject to downside risks, primarily if there is further resurgence of COVID-19 infections and delays in mass inoculation against COVID-19.

For Malaysia, the resurgence in COVID-19 cases and the introduction of targeted containment measures has affected the recovery momentum in the fourth quarter of 2020. As a result, growth for 2020 is expected to be near the lower end of the earlier forecasted range. For 2021, while near-term growth will be affected by the re-introduction of stricter containment measures, the impact will be less severe than that experienced in 2020. The growth trajectory is projected to improve from the second quarter onwards. The improvement will be driven by the recovery in global demand, turnaround in public and private sector expenditure amid continued support from policy measures, and higher production from existing and new manufacturing and mining facilities. The roll-out of vaccines in the coming months will also lift sentiments. Downside risks to the outlook remain, stemming mainly from ongoing uncertainties surrounding the dynamics of the pandemic and potential challenges that might affect the roll-out of vaccines both globally and domestically.

In line with earlier assessments, the average headline inflation is expected to be negative in 2020 due mainly to the substantially lower global oil prices. For 2021, headline inflation is projected to average higher, primarily due to higher global oil prices. Underlying inflation is expected to remain subdued amid continued spare capacity in the economy. The outlook, however, is subject to global oil and commodity price developments.

The MPC considers the stance of monetary policy to be appropriate and accommodative. Given the uncertainties surrounding the pandemic, the stance of monetary policy going forward will be determined by new data and information, and their implications on the overall outlook for inflation and domestic growth. The Bank remains committed to utilise its policy levers as appropriate to create enabling conditions for a sustainable economic recovery.

(Source: Extracted from BNM 'Monetary Policy Statement' press release, 20 January 2021)

B2. Prospects (continued)

Monetary and financial developments

Improvement in domestic financial market conditions amid rising global risk appetite

Conditions in the domestic financial markets improved in the fourth quarter of 2020, as positive global developments buoyed investor sentiments. Of significance, investor risk appetite improved during the quarter amid positive developments on the approval and deployment of COVID-19 vaccines and greater clarity on US policy direction following the outcome of the US presidential election. As a result, the domestic financial markets experienced broad-based improvements across asset markets, in line with the regional trend. In the fourth quarter of 2020, domestic financial markets experienced continued nonresident portfolio inflows, which led to an appreciation of the ringgit against the US dollar by 3.6% amid broad US dollar weakening. These inflows were mainly into the domestic bond market, which contributed to the decline of the 3-year, 5-year and 10-year MGS yields by 11.0, 13.4 and 1.0 basis points, respectively. While Fitch Ratings downgraded Malaysia's sovereign rating to BBB+ in December 2020, the impact to the domestic bond market from this downgrade was muted.

Interest rates remained stable during the quarter

Nominal interest rates in the wholesale and retail markets were broadly stable throughout the quarter. The benchmark 3-month KLIBOR declined marginally by 3 basis points to 1.94% (3Q 2020: 1.97%). In the retail market, the weighted average base rate (BR) was unchanged at 2.43% (3Q 2020: 2.43%) while the weighted average lending rate (ALR) on outstanding loans decreased marginally to 3.99% (3Q 2020: 4.03%).

Real fixed deposit (FD) rates were also stable in the fourth quarter, given the steady headline inflation in December. In particular, the real 3-month and 12-month FD rates remained broadly unchanged at 3.00% (3Q 2020: 3.00%) and 3.20% (3Q 2020: 3.20%), respectively.

Banking system liquidity remained sufficient to facilitate financial intermediation

Banking system liquidity remained sufficient at both the institutional and system-wide levels to facilitate financial intermediation activity. Reflecting the net inflows during the quarter, the level of surplus liquidity placed with the Bank increased marginally by RM1.3 billion. At the institutional level, all banks maintained surplus liquidity positions with the Bank as at end-December 2020.

Credit continued to expand to meet the financing needs of the economy

In fourth quarter of 2020, net financing expanded by 4.4% on an annual basis (3Q 2020: 4.6%), supported by the continued expansion of outstanding corporate bonds and loans. Outstanding corporate bond growth increased during the quarter (6.5%; 3Q 2020: 4.3%) due mainly to issuances from Government-related entities and financial institutions.

(Source: Extracted from BNM Quarterly Bulletin 'Monetary and Financial Developments' Fourth Quarter 2020)

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

B2. Prospects (continued)

The Group's prospects

The Group registered a profit before taxation and zakat of RM428 million for 2020 as compared to profit before taxation and zakat of RM897 million in prior year. Gross loans, financing and advances for the Group as at 31 December 2020 had reduced to RM35,728 million (2019: RM35,864 million) whilst total deposits from customers and placements of banks and other financial institutions had reduced to RM33,883 million (2019: RM35,894 million).

For year 2020, the Group's performance is affected by the COVID-19 outbreak in the country and the impact of automatic financing moratorium granted to eligible customers. The Group recognised RM505 million modification loss arising from the financing moratorium.

The Group will continue to focus its businesses in selected sustainable sectors and drive greater growth and adoption of emerging technologies. 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

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

B4. Taxation

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current income tax	79,830	75,795	127,002	203,999
Over provision in prior years	54,460	326	54,460	(37,058)
	<u>134,290</u>	<u>76,121</u>	<u>181,462</u>	<u>166,941</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	(30,254)	24,075	(30,426)	8,487
Under provision in prior years	6,768	5,639	6,768	5,639
	<u>(23,486)</u>	<u>29,714</u>	<u>(23,658)</u>	<u>14,126</u>
Total income tax expense	<u>110,804</u>	<u>105,835</u>	<u>157,804</u>	<u>181,067</u>

	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current income tax	20,469	(930)	20,470	33,784
Over provision in prior years	33,209	(1)	33,209	(62,426)
	<u>53,678</u>	<u>(931)</u>	<u>53,679</u>	<u>(28,642)</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	2,249	(323)	(486)	2,923
Under provision in prior years	6,236	3,179	6,236	3,179
	<u>8,485</u>	<u>2,856</u>	<u>5,750</u>	<u>6,102</u>
Total income tax expense	<u>62,163</u>	<u>1,925</u>	<u>59,429</u>	<u>(22,540)</u>

B5. Status of corporate proposals

There are no pending corporate proposals.

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

B6. Borrowings and debts

Borrowings of the Group were as follows:

	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>
	31-Dec-19		
	Long term	Short term	Total
	RM'000	RM'000	borrowings
			RM'000
Secured			
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
Non secured			
Sukuk Wakalah	<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 A25.

B8. Material litigation

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

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

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			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to shareholders for the period (RM'000)	96,841	356,686	269,318	716,900
Weighted average number of ordinary shares in issue ('000)	6,814,331	6,552,584	6,814,331	6,533,037
Basic earnings per share (sen)	<u>1.42</u>	<u>5.44</u>	<u>3.95</u>	<u>10.97</u>

	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit attributable to shareholders for the period (RM'000)	21,037	805	150,812	162,233
Weighted average number of ordinary shares in issue ('000)	6,814,331	6,552,584	6,814,331	6,533,037
Basic earnings per share (sen)	<u>0.31</u>	<u>0.01</u>	<u>2.21</u>	<u>2.48</u>

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

B9. Earnings per share (continued)

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”). All ESOS have lapsed in August 2020, hence there is no dilutive effects on earnings per share for financial year ended 31 December 2020.

	Group	
	4th Quarter Ended 31-Dec-19 RM'000	Twelve Months Ended 31-Dec-19 RM'000
Net profit attributable to shareholders for the period (RM'000)	356,686	716,900
Weighted average number of ordinary shares in issue ('000)	6,552,584	6,533,037
Adjusted weighted average number of ordinary shares in issue ('000)	6,552,584	6,557,232
Basic earnings per share (sen)	5.44	10.93
	Company	
	4th Quarter Ended 31-Dec-19 RM'000	Twelve Months Ended 31-Dec-19 RM'000
Net profit attributable to shareholders for the period (RM'000)	805	162,233
Weighted average number of ordinary shares in issue ('000)	6,552,584	6,533,037
Adjusted weighted average number of ordinary shares in issue ('000)	6,552,584	6,557,232
Basic earnings per share (sen)	0.01	2.47

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 February 2021