

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 2021

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	Group		Company	
		31-Dec-21 RM'000	31-Dec-20 RM'000	31-Dec-21 RM'000	31-Dec-20 RM'000
Assets					
Cash and short-term funds	A7(a)	654,839	1,082,712	230,013	342,898
Deposits and placements with financial institutions	A7(b)	843,856	781,682	574,580	-
Derivative financial assets	A8	637	1,724	-	-
Financial investments at fair value through profit or loss ("FVTPL")	A9	240,209	-	-	-
Financial investments at fair value through other comprehensive income ("FVOCI")	A10	11,811,115	10,192,272	-	-
Financial investments at amortised cost	A11	630,334	488,102	-	-
Loans, financing and advances	A12	34,503,102	33,762,458	477,089	898,954
Trade and other receivables	A13	129,367	141,899	190,902	231,460
Statutory deposits with Bank Negara Malaysia		650,000	620,000	-	-
Investments in subsidiaries		-	-	5,558,435	5,290,323
Inventories		50,516	69,374	-	-
Property and equipment		347,286	366,850	23,439	23,903
Right-of-use assets		38,846	11,485	-	-
Intangible assets		150,760	162,058	-	-
Goodwill		148,031	148,031	-	-
Investment property		820	820	-	-
Deferred tax assets		24,176	7,261	3,458	3,835
Tax recoverable		454,794	589,154	452,746	503,534
Assets held-for-sale	A14	2,600	12,612	-	-
Total assets		50,681,288	48,438,494	7,510,662	7,294,907
Liabilities					
Deposits from customers	A15	24,601,750	24,353,435	-	-
Deposits and placements of banks and other financial institutions	A16	8,649,581	9,529,305	-	-
Investment accounts of customers	A17	2,094,914	-	-	-
Derivative financial liabilities	A8	2,363	1,614	-	-
Trade and other payables	A18	1,086,213	624,286	239,978	48,430
Lease liabilities		38,998	11,148	-	-
Recourse obligation on financing sold		3,141,309	2,262,531	-	-
Sukuk-MBSB Structured Covered ("SC") Murabahah		1,072,972	1,366,563	-	-
Sukuk Wakalah		1,294,247	1,293,335	-	-
Deferred tax liabilities		15,481	107,155	-	-
Provision for taxation and zakat		4,135	7,950	-	538
Total liabilities		42,001,963	39,557,322	239,978	48,968
Equity					
Ordinary share capital		7,198,068	7,088,255	7,198,068	7,088,255
Reserves		(161,046)	234,666	-	-
Retained earnings		1,642,303	1,558,251	72,616	157,684
Total equity		8,679,325	8,881,172	7,270,684	7,245,939
Total liabilities and equity		50,681,288	48,438,494	7,510,662	7,294,907
Total Islamic banking assets		49,135,301	45,984,780	-	-
Commitments and contingencies	A25	3,265,007	2,743,268	11,668	18,519
Net assets per share attributable to ordinary equity of the Company (RM)		1.21	1.27	1.01	1.04

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

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Group			
		4th Quarter Ended		Twelve Months Ended	
		31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
		RM'000	RM'000	RM'000	RM'000
Revenue		597,734	752,174	2,624,703	3,145,502
Income derived from investment of deposits and Islamic capital funds	A19	607,008	665,695	2,552,864	2,738,398
Income attributable to depositors		(200,881)	(211,719)	(822,524)	(1,077,896)
Income attributable to securitisation		(29,668)	(24,607)	(91,230)	(101,676)
Income attributable to sukuk		(32,214)	(35,352)	(132,603)	(147,016)
Income attributable to wakalah unrestricted investment account		(9,196)	-	(23,456)	-
Net income from Islamic operations		335,049	394,017	1,483,051	1,411,810
Interest income	A20	4,335	28,682	57,921	141,090
Interest expense	A21	-	-	-	(11)
Net interest income		4,335	28,682	57,921	141,079
Net writeback/(allowance) for impairment on loans, financing and advances and other financial assets	A22	108,524	(130,949)	(86,003)	(420,930)
Net loss or profit on modification of cash flows		(115,057)	364	(311,686)	(504,750)
Operating income		332,851	292,114	1,143,283	627,209
Net other income	A23	19,186	25,075	113,247	238,295
Net income		352,037	317,189	1,256,530	865,504
Other operating expenses	A24	(187,616)	(111,026)	(542,416)	(437,864)
Profit before taxation and zakat		164,421	206,163	714,114	427,640
Taxation		(88,141)	(127,485)	(275,479)	(157,804)
Zakat		176	2,363	142	363
Profit from continuing operations		76,456	81,041	438,777	270,199
Loss from discontinued operation		-	(881)	(72)	(881)
Profit for the financial period		76,456	80,160	438,705	269,318
Earnings per share (sen)					
Basic		1.07	1.42	6.22	3.95
Profit for the financial period		76,456	80,160	438,705	269,318
Other comprehensive (loss)/profit, net of tax :					
Movement in fair value reserve, which may be reclassified subsequently to profit or loss		(39,897)	(70,841)	(395,712)	79,672
		(39,897)	(70,841)	(395,712)	79,672
Total comprehensive income for the financial period		36,559	9,319	42,993	348,990

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

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	Note	Company			
		4th Quarter Ended		Twelve Months Ended	
		31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
		RM'000	RM'000	RM'000	RM'000
Revenue		240,439	16,515	276,618	93,123
Interest income	A20	6,788	14,652	39,227	87,716
Interest expense	A21	-	-	-	(11)
Net interest income		6,788	14,652	39,227	87,705
Net allowance for impairment on loans, advances and other financial assets	A22	52,946	56,671	37,259	(3,175)
Loss on modification of cash flows		-	1,621	(21)	(73)
Operating income		59,734	72,944	76,465	84,457
Net other income/(expenses)	A23	179,891	(2,006)	268,998	147,704
Net income		239,625	70,938	345,463	232,161
Other operating expenses	A24	(2,924)	12,262	(19,203)	(21,920)
Profit before taxation		236,701	83,200	326,260	210,241
Taxation		(24,182)	(62,163)	(56,675)	(59,429)
Profit for the financial period		212,519	21,037	269,585	150,812
Earnings per share (sen)					
Basic		2.96	0.31	3.82	2.21
Profit for the financial period		212,519	21,037	269,585	150,812
Total comprehensive income for the financial period		212,519	21,037	269,585	150,812

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

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

Group	← Non-distributable →		Distributable		Total RM'000
	Share Capital RM'000	Share Option Reserve RM'000	Fair Value Reserves RM'000	Retained Profits RM'000	
At 1 January 2021	7,088,255	-	234,666	1,558,251	8,881,172
Profit for the period	-	-	-	438,705	438,705
Other comprehensive loss for the financial period	-	-	(395,712)	-	(395,712)
Dividends	-	-	-	(354,653)	(354,653)
Issuance of shares pursuant to Dividend Reinvestment Plan ("DRP")	109,813	-	-	-	109,813
Total transactions with owners of the Company	109,813	-	-	(354,653)	(244,840)
At 31 December 2021	7,198,068	-	(161,046)	1,642,303	8,679,325
At 1 January 2020	6,941,542	5,843	154,994	1,484,492	8,586,871
Profit for the period	-	-	-	269,318	269,318
Other comprehensive income for the financial period	-	-	79,672	-	79,672
Dividends	-	-	-	(201,402)	(201,402)
Issuance of shares pursuant to 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

Company	← Non-distributable →		Distributable		Total RM'000
	Share Capital RM'000	Share Option Reserve RM'000	Fair Value Reserves RM'000	Retained Profits RM'000	
At 1 January 2021	7,088,255	-	-	157,684	7,245,939
Profit for the period	-	-	-	269,585	269,585
Dividends	-	-	-	(354,653)	(354,653)
Issuance of shares pursuant to DRP	109,813	-	-	-	109,813
Total transactions with owners of the Company	109,813	-	-	(354,653)	(244,840)
At 31 December 2021	7,198,068	-	-	72,616	7,270,684
At 1 January 2020	6,941,542	5,843	-	202,431	7,149,816
Profit for the period	-	-	-	150,812	150,812
Dividends	-	-	-	(201,402)	(201,402)
Issuance of shares pursuant to 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

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

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	714,114	427,640	326,260	210,241
Adjustments for non-cash items	327,150	561,433	(33,049)	12,809
Operating profit before working capital changes	1,041,264	989,073	293,211	223,050
Working capital changes:				
Net changes in operating assets	(1,207,448)	(129,162)	(320,076)	(52,014)
Net changes in operating liabilities	1,934,014	(2,057,108)	192,208	(104,892)
Cash generated from/(used in) operations	1,767,829	(1,197,197)	165,343	66,144
Income taxes and zakat paid	(126,610)	(168,483)	(4,233)	(17,592)
Net cash generated from/(used in) operating activities	1,641,219	(1,365,680)	161,110	48,552
Cash flows from investing activities				
Increase in investment in subsidiaries	-	-	(268,112)	-
Purchase of property and equipment	(55,555)	(62,360)	-	-
Purchase of intangible assets	(24,929)	(27,435)	-	-
Proceeds from disposal of inventories	-	31,040	-	-
Proceeds from disposal of right-of-use assets	254	-	-	-
Proceeds from disposal of foreclosed properties	6,364	25,852	6,364	25,852
Proceeds from disposal of property and equipment	98	1,302	-	-
Profit income from financial investment	452,325	411,694	-	-
Net (purchase)/sale of financial investments	(2,538,221)	862,981	-	-
Dividends received	-	-	232,593	133,657
Net cash (used in)/generated from investing activities	(2,159,664)	1,243,074	(29,155)	159,509

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

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Repayment on recourse obligation on loans/financing sold	880,460	(217,464)	-	-
Profit expense paid - recourse obligation on financing sold	(92,912)	(102,932)	-	-
Profit expense paid - Sukuk MBSB SC Murabahah	(292,253)	(296,973)	-	-
Repayment of Sukuk - MBSB SC Murabahah	(66,263)	(80,797)	-	-
Profit expense paid - Sukuk Wakalah	(66,766)	(67,396)	-	-
Payment of lease liabilities	(26,854)	(9,320)	-	-
Dividends paid on ordinary shares	(354,653)	(201,402)	(354,653)	(201,402)
Net proceeds from issuance of ordinary shares	109,813	146,713	109,813	146,713
Net cash generated from/(used in) financing activities	90,572	(829,571)	(244,840)	(54,689)
Net (decrease)/increase in cash and cash equivalents	(427,873)	(952,177)	(112,885)	153,372
Cash and cash equivalents at beginning of financial period	1,082,712	2,034,889	342,898	189,526
Cash and cash equivalents at end of financial period (Note A7(a))	654,839	1,082,712	230,013	342,898
Cash and cash equivalents is represented by:				
Cash and short-term funds	654,839	1,082,712	230,013	342,898
Cash and cash equivalents at end of financial period (Note A7(a))	654,839	1,082,712	230,013	342,898

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021
PART A - EXPLANATORY NOTES PURSUANT TO MFRS134

A1. Basis of preparation

The unaudited condensed interim financial statements for the financial quarter ended 31 December 2021 have been prepared under the historical cost convention except for financial investments which are recognised at fair value and the following financial assets and financial liabilities which are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest/profit method: loans, financing and advances, trade and other payables, bank borrowings and recourse obligations on financing sold.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A3. Seasonality and cyclicity of operations

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

A4. Exceptional or unusual items

There were no exception or unusual items during the quarter.

A5. Issue of shares and debentures

There were no other 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, other than issuance of 196,095,257 shares at RM0.56 sen per share amounting to RM109,813,344 from the exercise of DRP in quarter 3 of 2021.

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

A6. Dividend

The Company declared interim dividend of RM215,144,514 on 17 December 2021 at 3.0 sen per share. The dividend was paid on 12 January 2022.

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

A7. Cash and short-term funds and deposits and placements with banks and other financial institutions

	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
(a) Cash and short-term funds:				
Cash at banks and on hand	133,008	196,800	5,118	63,015
Money at call and deposit placements maturing within one month	521,831	885,912	224,895	279,883
	<u>654,839</u>	<u>1,082,712</u>	<u>230,013</u>	<u>342,898</u>
(b) Deposits and placements with financial institutions with original maturity of more than one month				
- Licensed Islamic banks	843,856	781,682	574,580	-
	<u>1,498,695</u>	<u>1,864,394</u>	<u>804,593</u>	<u>342,898</u>

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

A8. 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
2021			
<u>Trading derivatives</u>			
<u>Foreign exchange contracts:</u>			
Currency forward			
- Less than one year	419,278	637	(2,363)
	<u>419,278</u>	<u>637</u>	<u>(2,363)</u>
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>

A9. Financial investments at FVTPL

	Group	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
At fair value		
<u>In Malaysia</u>		
Financial investments at FVTPL	240,209	-
	<u>240,209</u>	<u>-</u>

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

	Group	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
At fair value		
Money Market Instruments		
Malaysian Government Investment Issues	8,317,698	6,906,159
Debt securities:		
<u>In Malaysia</u>		
Private and Islamic debt securities	1,139,722	1,089,533
Government Guaranteed debt securities	2,353,695	2,196,580
	<u>11,811,115</u>	<u>10,192,272</u>

The carrying amount of financial investments measured at FVOCI is its fair value. Accordingly, the recognition of an impairment loss does not affect the carrying amount of those assets, but is reflected as a debit to profit or loss or retained earnings, and credit to other comprehensive income.

ECL movement for financial investments at FVOCI:

	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	7	-	-	7
Total charge to profit or loss:	7	-	-	7
New financial investments purchased during the year	13	-	-	13
Matured financial investments during the year	(5)	-	-	(5)
Change in credit risk	(1)	-	-	(1)
At 31 December 2021	<u>14</u>	<u>-</u>	<u>-</u>	<u>14</u>

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

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

	Group	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
At amortised cost		
<u>In Malaysia</u>		
Malaysian Government Investment Issues	20,666	-
Private and Islamic debt securities	610,880	488,693
	<u>631,546</u>	<u>488,693</u>
Less: ECL		
- Stage 1	(841)	(90)
- Stage 2	(371)	(501)
	<u>630,334</u>	<u>488,102</u>

ECL movement for financial investments at amortised cost:

	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
ECL at 1 January 2021	90	501	-	591
Charged to profit or loss	751	(130)	-	621
Change in credit risk	(3)	(130)	-	(133)
New financial investments purchased during the year	754	-	-	754
ECL at 31 December 2021	<u>841</u>	<u>371</u>	<u>-</u>	<u>1,212</u>

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

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

	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
(i) By type				
At amortised cost				
<i>Islamic:</i>				
Term financing:				
Personal financing	19,613,340	19,837,438	-	-
Property financing	7,266,303	6,084,956	-	-
Hire purchase receivables	679,199	761,732	-	-
Bridging financing	411,617	483,947	-	-
Auto financing	75,121	106,198	-	-
Other term financing	5,584,420	5,642,011	-	-
Revolving Credit	175,464	190,840	-	-
Staff financing	42,371	46,071	-	-
Cash line	125,147	81,539	-	-
Trade finance	1,341,911	1,007,549	-	-
<i>Conventional:</i>				
End finance:				
Normal housing programme	79,895	485,087	79,895	485,087
Low cost housing programme	423	534	423	534
Other term financing	588,564	750,866	588,564	750,866
Bridging financing	196,835	248,104	196,835	248,104
Auto financing	-	1,177	-	1,177
Staff financing	-	169	-	169
Gross loans, financing and advances	36,180,610	35,728,218	865,717	1,485,937
Less: ECL				
- Stage 1	(347,004)	(370,236)	(1,527)	(4,698)
- Stage 2	(597,878)	(648,474)	(8,984)	(60,822)
- Stage 3	(732,626)	(947,050)	(378,117)	(521,463)
Net loans, financing and advances	34,503,102	33,762,458	477,089	898,954
(ii) By maturity structure				
	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Within one year	2,958,457	2,382,792	522,675	567,540
More than one year to three years	1,381,309	1,528,467	1,596	76,682
More than three years to five years	1,825,510	1,899,493	17,554	110,563
More than five years	30,015,334	29,917,466	323,892	731,152
	36,180,610	35,728,218	865,717	1,485,937

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A12. Loans, financing and advances (continued)

(iii) By economic purpose

	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Personal Use	19,697,222	19,927,512	-	279
Construction	3,978,525	4,225,409	458,817	463,621
Purchase of landed property:				
- Residential	7,154,826	6,162,098	279,121	450,009
- Non-Residential	912,562	813,571	69,971	76,686
Working Capital	3,300,141	2,855,726	56,500	56,512
Purchase of other fixed assets	929,586	962,169	1,308	4,180
Purchase of transport vehicles	77,009	108,605	-	1,177
Purchase of other securities	432	466	-	-
Purchase of consumer durables	901	901	-	-
Others	129,406	671,761	-	433,473
	36,180,610	35,728,218	865,717	1,485,937

(iv) By type of customers

	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Individuals	26,969,997	26,443,178	53,182	446,878
Domestic business enterprises				
- Small medium enterprise	2,887,059	2,924,451	588,349	817,118
- Government	-	51,161	-	-
- Non-bank financial institutions	739,048	740,803	-	-
- Others	5,553,169	5,537,528	224,186	221,941
Foreign entities	31,337	31,097	-	-
	36,180,610	35,728,218	865,717	1,485,937

(v) By sector

	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Household sectors	26,969,997	26,443,178	53,182	446,878
Construction	3,870,020	3,983,687	513,189	621,179
Finance, insurance and business services	2,509,031	2,849,817	7,285	9,844
Wholesale & retail trade and restaurants & hotels	860,418	820,373	3,179	106,428
Manufacturing	968,893	552,283	61,422	62,631
Education, health and others	358,193	367,355	222,512	233,914
Transport, storage and communication	243,861	227,486	1,462	1,767
Mining and quarrying	185,409	216,712	-	-
Electricity, gas and water	174,723	169,087	-	-
Agriculture	40,065	98,240	3,486	3,296
	36,180,610	35,728,218	865,717	1,485,937

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A12. Loans, financing and advances (continued)

(vi) By profit/interest rate sensitivity

	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Fixed rate:				
Personal financing	16,092,439	16,721,791	-	-
Bridging, structured and term financing	920,954	1,084,687	52,077	128,267
Mortgage and property Islamic	417,399	440,750	650	1,332
Auto finance	77,622	109,784	-	1,177
Variable rate:				
Personal financing	3,531,299	3,129,748	-	-
Bridging, structured and term financing	8,182,608	8,082,320	733,322	870,703
Mortgage and property Islamic	6,958,289	6,159,138	79,668	484,458
	36,180,610	35,728,218	865,717	1,485,937

(vii) By geographical distribution

	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Malaysia	36,180,610	35,728,218	865,717	1,485,937
	36,180,610	35,728,218	865,717	1,485,937

(viii) Movement of gross loans, advances and financing

31-Dec-21	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Gross carrying amount				
as at 1 January 2021	28,856,494	4,976,739	1,894,985	35,728,218
Transfer to stage 1	1,639,149	(1,487,288)	(151,861)	-
Transfer to stage 2	(2,113,365)	2,202,567	(89,202)	-
Transfer to stage 3	(159,679)	(132,981)	292,660	-
New financing / disbursement				
during the year	3,913,408	1,197,407	25,898	5,136,713
Repayment during the year	(3,319,983)	(1,415,333)	(178,278)	(4,913,594)
Other movements	595,866	73,191	118,724	787,781
Loss on modification of cash flows	(239,812)	(71,874)	-	(311,686)
Reclassification to assets held-for-sale	-	-	(23,671)	(23,671)
Write-offs	-	-	(223,151)	(223,151)
Gross carrying amount				
as at 31 December 2021	29,172,078	5,342,428	1,666,104	36,180,610

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A12. Loans, financing and advances (continued)

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

31-Dec-21	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2021	145,352	432,831	907,754	1,485,937
Transfer to stage 1	35,229	(10,526)	(24,703)	-
Transfer to stage 2	(23,328)	25,066	(1,738)	-
Transfer to stage 3	(861)	(2,644)	3,505	-
Repayment during the year	(113,988)	(325,447)	(111,749)	(551,184)
Other movements	388	1,091	15,299	16,778
Loss on modification of cash flows	(1)	(20)	-	(21)
Write-offs	-	-	(85,793)	(85,793)
Gross carrying amount as at 31 December 2021	42,791	120,351	702,575	865,717

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

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

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A12. Loans, financing and advances (continued)

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

31-Dec-21	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL as at 1 January 2021	370,236	648,474	947,050	1,965,760
Charged to profit or loss, of which:	(23,226)	(50,486)	83,901	10,189
Changes in ECL				
- Transfer to stage 1	240,357	(192,086)	(48,271)	-
- Transfer to stage 2	(30,742)	80,071	(49,329)	-
- Transfer to stage 3	(2,799)	(30,337)	33,136	-
New financing / disbursement during the year	58,927	122,807	17,576	199,310
Repayment during the year	(315,255)	(268,116)	(314,081)	(897,452)
Changes in credit risk parameters #	26,286	237,175	444,870	708,331
Reclassification to assets held-for-sale	-	-	(21,549)	(21,549)
Other movements	(6)	(110)	(50,905)	(51,021)
Write-offs	-	-	(225,871)	(225,871)
ECL as at 31 December 2021	347,004	597,878	732,626	1,677,508
31-Dec-21	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL as at 1 January 2021	4,698	60,822	521,463	586,983
Charged to profit or loss, of which:	(3,165)	(51,728)	(3,928)	(58,821)
Changes in ECL				
- Transfer to stage 1	8,870	(2,194)	(6,676)	-
- Transfer to stage 2	(512)	1,706	(1,194)	-
- Transfer to stage 3	(21)	(427)	448	-
Repayment during the year	(11,638)	(56,674)	(204,090)	(272,402)
Changes in credit risk parameters #	136	5,861	207,584	213,581
Other movements	(6)	(110)	(50,905)	(51,021)
Write-offs	-	-	(88,513)	(88,513)
ECL as at 31 December 2021	1,527	8,984	378,117	388,628

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

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A12. Loans, financing and advances (continued)

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

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

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

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

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A12. Loans, financing and advances (continued)

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

	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January	1,894,985	1,861,542	907,754	1,043,517
Classified as impaired during the period	318,558	497,227	3,505	30,288
Reclassified as non-impaired	(241,063)	(181,857)	(26,441)	(42,287)
Amount recovered	(178,278)	(84,955)	(111,749)	(26,958)
Other movements	118,724	152,483	15,299	56,997
Amount written off	(223,151)	(349,455)	(85,793)	(153,803)
Reclassification to assets held-for-sale	(23,671)	-	-	-
Balance as at end of financial period	1,666,104	1,894,985	702,575	907,754
Less: ECL stage 3	(732,626)	(947,050)	(378,117)	(521,463)
Net impaired financing and advances	933,478	947,935	324,458	386,291
Net impaired loans as a percentage of net financing and advances	2.71%	2.81%	68.01%	42.97%
Gross impaired loans as a percentage of gross financing and advances	4.60%	5.30%	81.16%	61.09%

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

	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Personal use	75,824	80,585	-	-
Construction	939,584	924,439	416,040	360,921
Purchase of landed property:				
- Residential	346,694	291,103	233,740	102,679
- Non-Residential	198,536	92,904	52,197	53,528
Working capital	73,606	47,500	-	-
Purchase of other fixed assets	27,298	43,096	598	1,055
Purchase of transport vehicles	3,585	6,650	-	133
Purchase of other securities	-	2,890	-	-
Purchase of consumer durables	792	789	-	-
Others	185	405,029	-	389,438
	1,666,104	1,894,985	702,575	907,754

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A12. Loans, financing and advances (continued)

(xii) Impaired loans, financing and advances by sector

	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Household sector	213,546	395,683	12,344	106,889
Construction	769,548	897,235	464,478	570,064
Education, health and others	310,262	311,894	222,100	226,226
Finance, insurance and business services	210,920	146,704	-	-
Manufacturing	101,637	71,577	167	1,142
Mining and quarrying	26,425	39,313	-	-
Wholesale & retail trade and restaurants & hotels	26,248	25,288	-	137
Transport, storage and communication	4,032	3,995	-	-
Agriculture	3,486	3,296	3,486	3,296
	1,666,104	1,894,985	702,575	907,754

A13. Trade and other receivables

	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
<u>Non trade:</u>				
Advances in respect of certain projects	596,628	571,263	-	-
Amount due from MBSB Bank	-	-	138,410	162,993
Amount due from other subsidiaries	-	-	50,172	54,729
Foreclosed properties	55,477	70,162	55,477	70,162
Prepayments and deposits	14,038	19,074	3,654	8,399
Sundry receivables	70,621	65,205	5,624	4,482
Public Low Cost Housing Programme ("PLCHP")	796	765	796	765
Deferred expenses	1,770	2,047	-	-
	739,330	728,516	254,133	301,530
<u>Trade:</u>				
Trade receivable	24,835	24,835	-	-
	764,165	753,351	254,133	301,530
Less: ECL at stage 3				
- Non trade	(609,964)	(586,618)	(63,231)	(70,070)
- Trade	(24,834)	(24,834)	-	-
	129,367	141,899	190,902	231,460

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A14. Assets held- for-sale

	Group		Company	
	31-Dec-21 RM'000	31-Dec-20 RM'000	31-Dec-21 RM'000	31-Dec-20 RM'000
Assets held-for-sale comprises of:				
Financing held-for-sale (a)	2,122	-	-	-
Other assets held-for-sale (b)	478	12,612	-	-
	<u>2,600</u>	<u>12,612</u>	<u>-</u>	<u>-</u>

(a) Financing held-for-sale

	Group	Company
	31-Dec-21 RM'000	31-Dec-21 RM'000
Balance as at 1 January	-	-
Reclassification from financing	23,671	-
Gross financing held-for-sale	<u>23,671</u>	<u>-</u>
Less impairment allowance:		
Balance as at 1 January	-	-
Reclassification from financing	(21,549)	-
Total impairment allowance	<u>(21,549)</u>	<u>-</u>
Net financing held-for-sale	<u>2,122</u>	<u>-</u>
By economic purpose:		
Purchase of residential properties	22,481	-
Purchase of non-residential properties	960	-
Purchase of other fixed assets	138	-
Purchase of transport vehicles	47	-
Others	45	-
	<u>23,671</u>	<u>-</u>

During the year, MBSB Bank entered into an agreement to dispose identified retail financing to an external party. The sale is expected to complete in 2022.

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A14. Assets held- for-sale (continued)

(b) Other assets held-for-sale

	Group	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
Inventories	-	10
Property and equipment	478	12,599
Intangible assets	-	3
	<u>478</u>	<u>12,612</u>

A15. Deposits from customers

(i) By type of deposit:

	Group	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
Commodity Murabahah Term Deposit	23,623,561	23,781,938
Demand deposits	592,593	288,418
Savings deposits	385,596	283,079
	<u>24,601,750</u>	<u>24,353,435</u>

(ii) Maturity of term deposits from customers:

	Group	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
Within six months	15,402,982	16,316,307
More than six months to one year	6,347,608	5,079,445
More than one year to three years	1,638,915	2,020,109
More than three years	234,056	366,077
	<u>23,623,561</u>	<u>23,781,938</u>

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A15. Deposits from customers (continued)

(iii) By type of customers:

	Group	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
Government and statutory bodies	12,283,703	12,058,760
Business enterprises	7,976,943	7,568,566
Individuals	4,341,104	4,726,109
	<u>24,601,750</u>	<u>24,353,435</u>

(iv) By type of contract:

	Group	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
Tawarruq	24,601,750	24,353,435
	<u>24,601,750</u>	<u>24,353,435</u>

A16. Deposits and placements of banks and other financial institutions

(i) By type of deposit:

	Group	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
<u>Non-Mudharabah Funds:</u>		
-Licensed Investment Banks	948	1,233
-Licensed Islamic Banks	534,051	100,010
-Other financial institutions	8,114,582	9,428,062
	<u>8,649,581</u>	<u>9,529,305</u>

(ii) By type of contract:

	Group	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
Tawarruq	8,649,581	9,529,305
	<u>8,649,581</u>	<u>9,529,305</u>

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A17. Investment accounts of customers

	Group	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
Wakalah unrestricted investment account	2,094,914	-

The banking subsidiary, MBSB Bank launched a new Wakalah unrestricted investment account during the year.

(i) By type of customers:

	Group	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
Government and statutory bodies	2,014,773	-
Other financial institutions	80,141	-
	<u>2,094,914</u>	<u>-</u>

(ii) Movement of investment accounts of customers:

	Group	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
At beginning of the financial period	-	-
New placement during the financial period	2,506,314	-
Redemption during the financial period	(426,328)	-
Finance expense	23,456	-
Profit distributed	(8,528)	-
At end of financial period	<u>2,094,914</u>	<u>-</u>

A18. Trade and other payables

	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Non trade:				
Sundry creditors	745,597	312,405	238,522	38,999
Al-Mudharabah security fund	147,604	144,168	-	-
Expected credit loss ("ECL") for commitments and contingencies (i)	54,446	46,518	259	2,075
Deferred income	22,574	28,382	917	1,554
Other provisions and accruals	115,992	92,811	280	5,802
	<u>1,086,213</u>	<u>624,284</u>	<u>239,978</u>	<u>48,430</u>
Trade:				
Trade payables	-	2	-	-
	<u>1,086,213</u>	<u>624,286</u>	<u>239,978</u>	<u>48,430</u>

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A18. Trade and other payables (continued)

(i) ECL for commitments and contingencies

Movement of ECL for commitments and contingencies are as follows:

31-Dec-21	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL as at 1 January 2021	19,073	13,481	13,964	46,518
Charge to profit or loss	(1,956)	22,448	(11,946)	8,546
Changes in the impairment allowance				
- Transfer to stage 1	2,916	(1,054)	(1,862)	-
- Transfer to stage 2	(768)	806	(38)	-
- Transfer to stage 3	(4)	(45)	49	-
New financing /disbursement during the year	8,719	26,614	590	35,923
Derecognised to loans/financing during the period (other than write-offs)	(5,834)	(8,513)	(11,340)	(25,687)
Changes in credit risk parameters #	(6,985)	4,640	655	(1,690)
Write off	-	-	(618)	(618)
ECL as at 31 December 2021	17,117	35,929	1,400	54,446
31-Dec-20	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL as at 1 January 2020	44,196	17,978	8,506	70,680
Charge to profit or loss	(25,123)	(4,497)	8,272	(21,348)
Changes in the impairment allowance				
- Transfer to stage 1	791	(714)	(77)	-
- Transfer to stage 2	(2,951)	3,119	(168)	-
- Transfer to stage 3	(367)	(1,522)	1,889	-
New financing /disbursement during the year	9,416	3,176	66	12,658
Derecognised to loans/financing during the period (other than write-offs)	(18,566)	(8,479)	(2,414)	(29,459)
Changes in credit risk parameters #	(13,446)	(77)	8,976	(4,547)
Write off	-	-	(2,814)	(2,814)
ECL as at 31 December 2020	19,073	13,481	13,964	46,518

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A18. Trade and other payables (continued)

(i) ECL for commitments and contingencies (continued)

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

31-Dec-21	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL as at 1 January 2021	195	207	1,673	2,075
Charge to profit or loss	(21)	(148)	(1,029)	(1,198)
Changes in the impairment allowance				
- Transfer to stage 1	55	(55)	-	-
- Transfer to stage 2	(4)	4	-	-
- Transfer to stage 3	(1)	(2)	3	-
Derecognised/converted to loans/financing during the period (other than write-offs)	(16)	(38)	(1,672)	(1,726)
Changes in credit risk parameters #	(55)	(57)	640	528
Write off	-	-	(618)	(618)
ECL as at 31 December 2021	174	59	26	259

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

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

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

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

	Group		Group	
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Financing	483,693	557,909	2,073,681	2,275,804
Income from financial investments at FVOCI	108,333	94,150	418,725	391,915
Income from financial investments at amortised cost	8,055	6,549	29,119	19,589
Income from financial investments at FVTPL	613	20	4,481	190
Deposits with financial institutions	6,314	7,067	26,858	50,900
	607,008	665,695	2,552,864	2,738,398

A20. Interest income

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- Loans, advances and financing	4,329	27,611	56,546	136,563
- Deposits and placements with banks and other financial institutions	6	1,071	1,375	4,527
	4,335	28,682	57,921	141,090

	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- Loans, advances and financing	5,088	13,581	34,120	83,189
- Deposits and placements with banks and other financial institutions	1,700	1,071	5,107	4,527
	6,788	14,652	39,227	87,716

A21. Interest expense

	Group and Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Others	-	-	-	11
	-	-	-	11

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

31-December-21

	Group			
	4th Quarter Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI	-	-	-	-
Financial investments at amortised cost	201	(34)	-	167
Loans, financing and advances	57,504	(1,147)	(182,123)	(125,766)
Other receivables	-	-	2,441	2,441
Inventories	-	-	18,858	18,858
Financing commitments and financial guarantee	1,158	(2,229)	(12,338)	(13,409)
	<u>58,863</u>	<u>(3,410)</u>	<u>(173,162)</u>	<u>(117,709)</u>
Impaired loans, financing and advances:				
- Write off	-	-	11,817	11,817
- Recovered	-	-	(2,632)	(2,632)
	<u>-</u>	<u>-</u>	<u>9,185</u>	<u>9,185</u>
	<u>58,863</u>	<u>(3,410)</u>	<u>(163,977)</u>	<u>(108,524)</u>

	Group			
	Twelve Months Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI	7	-	-	7
Financial investments at amortised cost	751	(130)	-	621
Loans, financing and advances	(23,226)	(50,486)	83,901	10,189
Other receivables	-	-	27,831	27,831
Inventories	-	-	18,858	18,858
Financing commitments and financial guarantee	(1,956)	22,448	(11,946)	8,546
	<u>(24,424)</u>	<u>(28,168)</u>	<u>118,644</u>	<u>66,052</u>
Impaired loans, financing and advances:				
- Write off	-	-	44,240	44,240
- Recovered	-	-	(24,289)	(24,289)
	<u>-</u>	<u>-</u>	<u>19,951</u>	<u>19,951</u>
	<u>(24,424)</u>	<u>(28,168)</u>	<u>138,595</u>	<u>86,003</u>

31-December-21

	Company			
	4th Quarter Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Loans, financing and advances	(1,445)	(17,518)	(44,788)	(63,751)
Other receivables	-	-	2,318	2,318
Amount due from subsidiaries	-	-	732	732
Financing commitments and financial guarantee	13	(25)	(30)	(42)
	<u>(1,432)</u>	<u>(17,543)</u>	<u>(41,768)</u>	<u>(60,743)</u>
Impaired loans and advances:				
- Write off	-	-	9,317	9,317
- Recovered	-	-	(1,520)	(1,520)
	<u>-</u>	<u>-</u>	<u>7,797</u>	<u>7,797</u>
	<u>(1,432)</u>	<u>(17,543)</u>	<u>(33,971)</u>	<u>(52,946)</u>

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

31-December-21

	Company			
	Twelve Months Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Loans, financing and advances	(3,165)	(51,728)	(3,928)	(58,821)
Other receivables	-	-	2,318	2,318
Amount due from subsidiaries	-	-	(2,695)	(2,695)
Financing commitments and financial guarantee	(21)	(148)	(1,029)	(1,198)
	<u>(3,186)</u>	<u>(51,876)</u>	<u>(5,334)</u>	<u>(60,396)</u>
Impaired loans and advances:				
- Write off	-	-	38,564	38,564
- Recovered	-	-	(15,427)	(15,427)
	-	-	23,137	23,137
	<u>(3,186)</u>	<u>(51,876)</u>	<u>17,803</u>	<u>(37,259)</u>

31-December-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	(30,515)	190,062	(18,197)	141,350
Other receivables	-	-	14,814	14,814
Financing commitments and financial guarantee	(8,035)	(8,549)	(5,687)	(22,271)
	<u>(38,584)</u>	<u>182,014</u>	<u>(9,070)</u>	<u>134,360</u>
Impaired financing and advances:				
- Write off	-	-	1,827	1,827
- Recovered	-	-	(5,238)	(5,238)
	-	-	(3,411)	(3,411)
	<u>(38,584)</u>	<u>182,014</u>	<u>(12,481)</u>	<u>130,949</u>

	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	(41,586)	215,280	230,491	404,185
Other receivables	-	-	44,704	44,704
Financing commitments and financial guarantee	(25,123)	(4,497)	8,272	(21,348)
	<u>-66,782</u>	<u>211,284</u>	<u>283,467</u>	<u>427,969</u>
Impaired loans, financing and advances:				
- Write off	-	-	4,740	4,740
- Recovered	-	-	(11,779)	(11,779)
	-	-	(7,039)	(7,039)
	<u>(66,782)</u>	<u>211,284</u>	<u>276,428</u>	<u>420,930</u>

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

31-December-20

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

	Company			
	Twelve Months Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Loans and advances	(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	(56)	31	(1,136)	(1,161)
	<u>(5,890)</u>	<u>(3,407)</u>	<u>13,418</u>	<u>4,121</u>
Impaired loans and advances:				
- Write off	-	-	1,948	1,948
- Recovered	-	-	(2,894)	(2,894)
	<u>-</u>	<u>-</u>	<u>(946)</u>	<u>(946)</u>
	<u>(5,890)</u>	<u>(3,407)</u>	<u>12,472</u>	<u>3,175</u>

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A23. Net other income

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Rental income	4	41	8	164
Loan related fees	3,796	274	16,208	4,371
Insurance commission	3,660	3,577	13,342	12,041
Ta'widh/late payment charges	3,808	3,353	13,518	16,040
(Loss)/gain from sale of FVOCI	(19,691)	53,825	(8,029)	246,782
(Loss)/gain from sale of FVTPL	(1,595)	182	(7,825)	2,817
Gain on financial investments at FVTPL	221	-	221	-
Gain/(loss) from disposal of:				
Property and equipment	2	859	2	859
Foreclosed properties	(1,189)	(9,150)	(3,725)	(9,097)
Inventories	-	(1,749)	-	(1,749)
Assets held for sale	188	-	188	-
Sundry income/(expense)	30,352	(25,675)	89,709	(26,207)
Others	(370)	(462)	(370)	(7,726)
	19,186	25,075	113,247	238,295

	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Rental income	954	949	3,807	3,797
Loan related fees	1,031	1,863	4,685	5,407
Insurance commission	28	-	113	-
Ta'widh/late payment charges	2,570	2,507	8,944	14,457
Loss from disposal of foreclosed properties	(1,189)	(9,150)	(3,725)	(9,097)
Sundry income/(expense)	13,658	1,825	22,581	(517)
Dividend income	162,839	-	232,593	133,657
	179,891	(2,006)	268,998	147,704

A24. Other operating expenses

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Personnel expenses *	80,358	73,359	258,985	288,251
Establishment related expenses	54,722	12,723	152,890	80,411
General administrative expenses	40,294	12,851	84,858	37,882
Promotion and marketing related expenses	6,253	4,601	14,053	12,946
Commission fees	5,989	7,492	31,630	18,374
	187,616	111,026	542,416	437,864

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A24. Other operating expenses (continued)

	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Personnel expenses *	542	507	1,664	1,653
Establishment related expenses	135	162	1,264	1,541
General administrative expenses	700	973	4,198	4,074
Intercompany charges	1,513	(14,025)	11,930	13,890
Commission fees	34	121	147	762
	2,924	(12,262)	19,203	21,920

Included in the other operating expenses:

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Depreciation of property and equipment	5,252	19,837	17,826	26,672
Amortisation of intangible assets	9,851	13,134	36,342	32,583
Depreciation of right-of-use assets	9,535	2,403	26,181	9,036

Included in the other operating expenses:

	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Depreciation of property and equipment	116	116	464	464

*** Personnel expenses**

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	57,203	55,745	193,939	222,782
Pension costs - Employees Provident Fund	9,589	9,422	32,303	36,784
Social security costs	462	415	1,741	1,918
Directors fees	927	987	4,145	4,301
Shariah Committee remuneration	130	120	490	415
Other staff related expenses	12,044	6,670	26,364	22,051
	80,355	73,359	258,982	288,251

*** Personnel expenses**

	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Directors fees	542	310	1,660	1,448
Other staff related expenses	-	197	4	205
	542	507	1,664	1,653

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A25. Commitments and contingencies

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

	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Group			
31-Dec-21			
Direct credit substitutes	22,786	22,786	22,786
Trade-related contingencies	81,815	40,908	40,908
Short Term Self Liquidating trade related contingencies	82,062	16,412	16,412
Irrevocable commitments to extend credit:			
- one year or less	906,430	190,286	190,286
- over one year to five years	1,750,332	873,769	777,541
- over five years	2,304	1,150	1,150
Foreign exchange related contracts			
- one year or less	419,278	6,924	5,241
	<u>3,265,007</u>	<u>1,152,235</u>	<u>1,054,324</u>
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Company			
31-Dec-21			
Irrevocable commitments to extend credit:			
- over one year to five years	11,668	5,808	4,352
	<u>11,668</u>	<u>5,808</u>	<u>4,352</u>

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A25. Commitments and contingencies (continued)

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

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

(i) Capital Commitments

	Group	
	31-Dec-21 RM'000	31-Dec-20 RM'000
Property and equipment/Intangible assets:		
- Approved and contracted for	<u>11,766</u>	<u>52,872</u>

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A26. Unsecured contingent liabilities

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

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

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

On 27 January 2021, the High Court has decided in favour of part of the Plaintiffs’ claims including a monetary claim of RM35.31mil with interest at 5% to be calculated thereon. Both the Company and KCSB have appealed against the decision.

The parties’ appeals to the Court of Appeal are fixed for hearing on 3 March 2022.

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

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A27. Segmental information on revenue and results

Group	Banking and investment holding RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
3 months ended 31 December 2021				
External	597,734	-	-	597,734
Intersegment transactions	422,390	6,056	(428,446)	-
Total revenue	<u>1,020,124</u>	<u>6,056</u>	<u>(428,446)</u>	<u>597,734</u>
Segment results	377,629	17,260	(230,173)	<u>164,716</u>
Loss before taxation and zakat from operations				<u>164,716</u>
Segment assets	61,508,110	421,964	(11,248,786)	<u>50,681,288</u>
Consolidated total assets				<u>50,681,288</u>
Segment liabilities	47,452,721	1,422,071	(6,872,829)	<u>42,001,963</u>
Consolidated total liabilities				<u>42,001,963</u>

Group	Banking and investment holding RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
12 months ended 31 December 2021				
External	2,599,453	25,250	-	2,624,703
Intersegment transactions	596,616	19,113	(615,729)	-
Total revenue	<u>3,196,069</u>	<u>44,363</u>	<u>(615,729)</u>	<u>2,624,703</u>
Segment results	997,801	18,328	(301,722)	<u>714,407</u>
Loss before taxation and zakat from operations				<u>714,407</u>
Segment assets	61,508,110	421,964	(11,248,786)	<u>50,681,288</u>
Consolidated total assets				<u>50,681,288</u>
Segment liabilities	47,452,721	1,422,071	(6,872,829)	<u>42,001,963</u>
Consolidated total liabilities				<u>42,001,963</u>

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A27. Segmental information on revenue and results (continued)

Group	Banking and investment holding RM'000	Others 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>
Profit 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>

Group	Banking and investment holding RM'000	Others 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>
Profit 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>

A28. Subsequent events

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

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A29. Acquisition of property and equipment

	Group
	As at
	31-Dec-21
	RM'000
Additions	
Building in progress	16,776
Building renovation	1,062
Furniture & equipment	2,711
Motor vehicles	377
Data processing equipment	34,629
	<u>55,555</u>
Disposals	
Building	(247)
Furniture & equipment	(27)
	<u>(274)</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-21	31-Dec-20
	RM'000	RM'000
Expenses		
Profit expense paid on Sukuk	52,001	57,283
Profit expense paid on Fixed deposit	26,458	35,018
Interest expense paid on Time deposit	385	7
Rental paid	50	50
	<u>78,894</u>	<u>92,358</u>
Balances		
Sukuk - MBSB SC Murabahah	968,331	1,077,654
Accrued profit on Sukuk	7,090	7,484
Fixed deposit by EPF	1,400,000	1,300,000
Accrued profit on Fixed deposit	1,634	1,618
Time deposit by EPF	24,557	14,089
Accrued interest on Time deposit	5	7
Rental deposit	17	17
	<u>1,403,624</u>	<u>1,417,919</u>

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

	Group	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
Expenses		
Profit income from deposit placements	1	1
Profit to depositors	(2,418)	(2,501)
	<u>(2,417)</u>	<u>(2,499)</u>
Balances		
Cash and short-term funds	404,304	84,863
Deposits and placements with banks and other financial institutions	32	32
	<u>404,336</u>	<u>85,195</u>

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A30. Significant related party transactions (continued)

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

	Group	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
Income/(expense)		
Profit from financing	3,065	18,379
Profit to depositors	<u>(170)</u>	<u>(3,398)</u>
Balances		
Financing	-	81,943
Deposit from customers	<u>6,499</u>	<u>210,879</u>

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

	Group	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
Expenses		
Other expenses	(3,097)	(6,975)
Profit to depositors	<u>(3,461)</u>	<u>(4,949)</u>
Balances		
Deposits from customer	<u>281,708</u>	<u>185,642</u>

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A31. Capital adequacy

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

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

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

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

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

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A31. Capital adequacy (continued)

	Group			
	with TA	without TA	with TA	without TA
	31-Dec-21	31-Dec-21	31-Dec-20	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
<u>Common Equity Tier 1 ("CET1") Capital</u>				
Ordinary share capital	7,198,068	7,198,068	7,088,255	7,088,255
Retained earnings exclude merger reserve	1,642,303	1,642,303	1,558,251	1,558,251
Other reserves	(161,046)	(161,046)	234,666	234,666
	<u>8,679,325</u>	<u>8,679,325</u>	<u>8,881,172</u>	<u>8,881,172</u>
Less: Regulatory adjustments				
Goodwill	(148,031)	(148,031)	(148,031)	(148,031)
Deferred tax assets	(24,176)	(24,176)	(7,261)	(7,261)
Cumulative gains on financial investments at FVOCI	(57,882)	(57,882)	(191,046)	(191,046)
Intangible assets	(150,760)	(150,760)	(162,058)	(162,058)
Regulatory reserve	-	-	-	-
Other CET1 regulatory adjustments	79,645	-	144,075	-
Total CET1 Capital	<u>8,378,121</u>	<u>8,298,476</u>	<u>8,516,851</u>	<u>8,372,776</u>

Tier 1 Capital

Additional Tier 1 capital instruments	-	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-	-
Total Tier 1 capital	<u>8,378,121</u>	<u>8,298,476</u>	<u>8,516,851</u>	<u>8,372,776</u>

Tier 2 Capital

Stage 1 and Stage 2 ECL allowances	452,174	452,174	479,868	479,868
Tier 2 capital instruments	1,294,247	1,294,247	1,293,335	1,293,335
Total Tier II capital	<u>1,746,421</u>	<u>1,746,421</u>	<u>1,773,203</u>	<u>1,773,203</u>

Total capital base	<u>10,124,542</u>	<u>10,044,897</u>	<u>10,290,054</u>	<u>10,145,979</u>
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Breakdown of risk weighted assets in various categories of risk weights are as follows:

	Group			
	with TA	without TA	with TA	without TA
	31-Dec-21	31-Dec-21	31-Dec-20	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
<u>Total risk weighted assets ("RWA")</u>				
- Credit risk	36,173,916	36,173,916	38,389,455	38,389,455
- Market risk	62,619	62,619	36,226	36,226
- Operational risk	2,735,512	2,735,512	2,581,745	2,581,745
Total RWA	<u>38,972,047</u>	<u>38,972,047</u>	<u>41,007,426</u>	<u>41,007,426</u>

Capital adequacy ratios

CET 1 capital ratio	21.498%	21.293%	20.769%	20.418%
Tier 1 capital ratio	21.498%	21.293%	20.769%	20.418%
Total capital ratio	<u>25.979%</u>	<u>25.775%</u>	<u>25.093%</u>	<u>24.742%</u>

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A31. Capital adequacy (continued)

	Company			
	with TA	without TA	with TA	without TA
	31-Dec-21	31-Dec-21	31-Dec-20	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
<u>Common Equity Tier 1 ("CET1") Capital</u>				
Ordinary share capital	7,198,068	7,198,068	7,088,255	7,088,255
Retained earnings	72,616	72,616	157,684	157,684
	<u>7,270,684</u>	<u>7,270,684</u>	<u>7,245,939</u>	<u>7,245,939</u>
Less : Regulatory adjustments				
Deferred tax assets	(3,458)	(3,458)	(3,835)	(3,835)
Total CET1 Capital	<u>7,267,226</u>	<u>7,267,226</u>	<u>7,242,104</u>	<u>7,242,104</u>
<u>Tier 1 Capital</u>				
Additional Tier 1 capital instruments	-	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-	-
Total Tier 1 capital	<u>7,267,226</u>	<u>7,267,226</u>	<u>7,242,104</u>	<u>7,242,104</u>
<u>Tier 2 Capital</u>				
Stage 1 and Stage 2 ECL allowances	10,744	10,744	65,922	65,922
Total Tier 2 capital	<u>10,744</u>	<u>10,744</u>	<u>65,922</u>	<u>65,922</u>
Total capital base	<u>7,277,970</u>	<u>7,277,970</u>	<u>7,308,026</u>	<u>7,308,026</u>

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

	Company			
	with TA	without TA	with TA	without TA
	31-Dec-21	31-Dec-21	31-Dec-20	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
<u>Total risk weighted assets ("RWA")</u>				
- Credit risk	6,828,086	6,828,086	6,948,160	6,948,160
- Market risk	-	-	-	-
- Operational risk	187,921	187,921	393,593	393,593
Total RWA	<u>7,016,007</u>	<u>7,016,007</u>	<u>7,341,753</u>	<u>7,341,753</u>
<u>Capital adequacy ratios</u>				
CET1 capital ratio	103.581%	103.581%	98.643%	98.643%
Tier 1 capital ratio	103.581%	103.581%	98.643%	98.643%
Total capital ratio	<u>103.734%</u>	<u>103.734%</u>	<u>99.541%</u>	<u>99.541%</u>

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PERFORMANCE REVIEW FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

B1. Performance review of the Group

(a) Balance Sheet

(i) Loans, financing and advances

Variation of Results against Preceding Year Corresponding Quarter

	Current Year Quarter 31-Dec-21, 4Q21 RM'000	Preceding Year Corresponding Quarter 31-Dec-20, 4Q20 RM'000	Changes	
			RM'000	%
Personal financing	19,623,745	19,851,546	(227,801)	-1.1%
Corporate loans and financing	9,103,355	9,167,542	(64,187)	-0.7%
Property financing and mortgage	7,375,890	6,599,347	776,543	11.8%
Auto financing	77,620	109,783	(32,163)	-29.3%
Total gross loans, financing and advances	36,180,610	35,728,218	452,392	1.3%

Variation of Results against Immediate Preceding Quarter

	Current Year Quarter 31-Dec-21, 4Q21 RM'000	Preceding Quarter 30-Sep-21, 3Q21 RM'000	Changes	
			RM'000	%
Personal financing	19,623,745	19,625,362	(1,617)	0.0%
Corporate loans and financing	9,103,355	9,351,354	(247,999)	-2.7%
Property financing and mortgage	7,375,890	7,117,317	258,573	3.6%
Auto financing	77,620	85,285	(7,665)	-9.0%
Total gross loans, financing and advances	36,180,610	36,179,318	1,292	0.0%

The Group gross loans, financing and advances increased by 1.3% in 4Q21 compared to 4Q20. Overall, the Covid-19 pandemic affected performance of loans and financing and resulted in slower disbursements.

- (i) Personal financing – The gross balance decreased as repayment outpaced disbursement in the current quarter as compared to 4Q20. The portfolio remains as the biggest financing portfolio of the Group.
- (ii) Corporate loans and financing – The gross balance decreased as repayments outpaced disbursement.

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B1. Performance review of the Group (continued)

(a) Balance Sheet

(i) Loans, financing and advances (continued)

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

(ii) Financial investments

Variation of Results against Preceding Year Corresponding Quarter

	Current Year Quarter 31-Dec-21, 4Q21 RM'000	Preceding Year Corresponding Quarter 31-Dec-20, 4Q20 RM'000	Changes	
			RM'000	%
Financial investments at FVTPL	240,209	-	240,209	100.0%
Financial investments at FVOCI	11,811,115	10,192,272	1,618,843	15.9%
Financial investments at amortised cost	630,334	488,102	142,232	29.1%
Total financial investments	<u>12,681,658</u>	<u>10,680,374</u>	<u>2,001,284</u>	18.7%

Variation of Results against Preceding Quarter

	Current Year Quarter 31-Dec-21, 4Q21 RM'000	Preceding Quarter 30-Sep-21, 3Q21 RM'000	Changes	
			RM'000	%
Financial investments at FVTPL	240,209	239,458	751	0.3%
Financial investments at FVOCI	11,811,115	12,045,433	(234,318)	-1.9%
Financial investments at amortised cost	630,334	611,378	18,956	3.1%
Total financial investments	<u>12,681,658</u>	<u>12,896,269</u>	<u>(214,611)</u>	-1.7%

The Group financial investments increased by 18.7% and decreased by 1.7% for 4Q21 compared to 4Q20 and 3Q21 respectively. Financial investments at FVOCI remains as the biggest investment portfolio and mainly consists of government investment issues and government guaranteed debt securities.

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B1. Performance review of the Group (continued)

(b) Income statement

Current Year Quarter vs Preceding Year Corresponding Quarter

	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	
	31-Dec-21, 4Q21 RM'000	31-Dec-20, 4Q20 RM'000	RM'000	%
Revenue	597,734	752,174	(154,440)	-20.5%
Other operating expenses	(187,616)	(111,026)	(76,590)	-69.0%
Net income <i>(excluding impairment and loss on modification of cash flows)</i>	358,570	447,774	(89,204)	-19.9%
Writeback for impairment/(allowance)	108,524	(130,949)	239,473	>-100%
Loss on modification of cash flows	(115,057)	364	(115,421)	>-100%
Profit before tax	<u>164,421</u>	<u>206,163</u>	(41,742)	20.2%
Profit after tax	<u>76,456</u>	<u>80,160</u>	(3,704)	4.6%
Profit attributable to ordinary equity holders of the Parent	<u>76,456</u>	<u>80,160</u>	(3,704)	4.6%
Cost to income ratio	52.3%	24.8%		

Current Year Quarter vs Immediate Preceding Quarter

	Current Year Quarter	Preceding Quarter	Changes	
	31-Dec-21, 4Q21 RM'000	30-Sep-21, 3Q21 RM'000	RM'000	%
Revenue	597,734	681,050	(83,316)	-12.2%
Other operating expenses	(187,616)	(152,795)	(34,821)	-22.8%
Net income <i>(excluding impairment and loss on modification of cash flows)</i>	358,570	454,413	(95,843)	-21.1%
Writeback for impairment/(allowance)	108,524	(248,996)	357,520	>-100%
Loss on modification of cash flows	(115,057)	(146,965)	31,908	-21.7%
Profit/(loss) before tax	<u>164,421</u>	<u>(94,343)</u>	258,764	>-100%
Profit/(loss) after tax	<u>76,456</u>	<u>(104,575)</u>	181,031	>-100%
Profit/(loss) attributable to ordinary equity holders of the Parent	<u>76,456</u>	<u>(104,575)</u>	181,031	>-100%
Cost to income ratio	52.3%	33.6%		

The Group recorded profit for the quarter contributed by writeback of impairment following improvement of customer staging. The Group continued recognising modification loss arising from continuous moratorium from government initiatives such as PEMULIH program.

Operating expenses increased in 4Q21 mainly due to the increase in investments in technology and human resources to improve operational efficiency and enable new business capabilities.

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B1. Performance review of the Group (continued)

Contribution of major subsidiary of the Group

	Group Current Year Quarter 31-Dec-21, 4Q21 RM'000	MBSB Bank Current Year Quarter 31-Dec-21, 4Q21 RM'000	Contribution
Total assets	50,681,288	51,259,661	101.1%
Total equity	8,679,325	6,514,472	75.1%
Profit before tax	164,421	184,204	112.0%
Profit after tax	76,456	122,491	160.2%
Gross return on equity	7.49%	11.60%	
Gross return on assets	1.33%	1.48%	

	Group Preceding Year Corresponding Quarter 31-Dec-20, 4Q20 RM'000	MBSB Bank Preceding Year Corresponding Quarter 31-Dec-20, 4Q20 RM'000	Contribution
Total assets	48,438,494	48,248,500	99.6%
Total equity	8,881,172	6,432,569	72.4%
Profit before tax	206,163	116,805	56.7%
Profit after tax	80,160	70,988	88.6%
Gross return on equity	9.44%	7.49%	
Gross return on assets	1.66%	0.95%	

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

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

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B2. Prospects for the Group

The 4Q21 continued to show improvements with customer spending gradually picking up as restrictions ease. The Group reported profit before tax ("PBT") of RM164.4 million contributed by write back for impairment on loans, financing and advances and other financial assets by RM108.5 million following improvement of customer staging. The continuous moratorium from PEMULIH initiative however resulted in recognition of modification loss amounting to RM115.1 million during the quarter.

Overall, the moratorium granted to eligible customers throughout the year had repercussions on performance, resulting in RM311.7 million in losses on modification of cash flows in 2021 (2020: RM504.8 million). Nevertheless, the Group's Current Account and Savings Account ("CASA") ratio grew from 2.35% in 2020 to 3.98% 2021, following capability enhancements and attractive product offerings, leading to new corporate and retail customer acquisitions. The Group also made significant investments in technology, mainly to strengthen cyber-security, improve operational efficiency and enable new business capabilities.

Outlook for 2022

The Group had developed a 2022 – 2023 Strategic Roadmap, which sets out a two-pronged strategy to enhance return on equity and stakeholder value: creating new businesses to expand revenue streams and accelerate growth; and enhancing existing businesses to improve competitiveness and meet evolving market expectations. The strategic initiatives planned will focus on business sectors with high growth potential and less vulnerability to pandemic risks.

To penetrate niche market segments and meet customers' demands, the pursuit of this strategy is guided by the principles of Differentiation, Demand-led and Sustainability. Thus, our products and services should provide a unique value proposition to differentiate them from others in the market, they must match customers' needs, and they should integrate ESG considerations and reflect our values as an Islamic bank. Our strategic initiatives are supported by our business enablers comprising our branch network, technology, marketing and branding and most importantly, people. We will also improve non-performing financing by enhancing our credit onboarding and hastening the resolution of our impaired financing.

The economy's growth is expected to gain further momentum in 2022, following a rebound in economic activity in the fourth quarter, in line with the relaxation of containment measures (BNM's Monetary Policy Statement, 20 January 2022). Our strategic initiatives, executed amidst the projected improved economic environment, are expected to improve financing growth in 2022 and enhance value for all our stakeholders.

B3. Variance from profit forecast

Not applicable

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B4. Taxation

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current income tax	84,737	79,830	210,973	127,002
Under provision in prior years	1,244	54,460	48,131	54,460
	<u>85,981</u>	<u>134,290</u>	<u>259,104</u>	<u>181,462</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	(15,418)	(30,254)	(15,418)	(30,426)
Under provision in prior years	17,578	6,768	31,793	6,768
	<u>2,160</u>	<u>(23,486)</u>	<u>16,375</u>	<u>(23,658)</u>
Total income tax expense	<u>88,141</u>	<u>110,804</u>	<u>275,479</u>	<u>157,804</u>

	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current income tax	18,070	20,469	22,309	20,470
Under provision in prior years	6,145	33,209	33,989	33,209
	<u>24,215</u>	<u>53,678</u>	<u>56,298</u>	<u>53,679</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	(244)	2,249	(244)	(486)
Under provision in prior years	211	6,236	621	6,236
	<u>(33)</u>	<u>8,485</u>	<u>377</u>	<u>5,750</u>
Total income tax expense	<u>24,182</u>	<u>62,163</u>	<u>56,675</u>	<u>59,429</u>

B5. Status of corporate proposals

There are no pending corporate proposals.

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(Incorporated in Malaysia)

B6. Borrowings and debts

Borrowings of the Group were as follows:

	31-Dec-21		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
Recourse obligation on financing sold	2,066,656	1,074,653	3,141,309
Sukuk-MBSB Structured Covered ("SC") Murabahah	838,061	234,911	1,072,972
Non secured			
Sukuk Wakalah	<u>1,292,046</u>	<u>2,201</u>	<u>1,294,247</u>
	31-Dec-21		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
Recourse obligation on financing sold	1,861,291	401,240	2,262,531
Sukuk-MBSB Structured Covered ("SC") Murabahah	1,072,175	294,388	1,366,563
Non secured			
Sukuk Wakalah	<u>1,291,317</u>	<u>2,018</u>	<u>1,293,335</u>

B7. Off balance sheet financial instruments

The details of the off balance sheet financial instruments are as per note A25.

B8. Material litigation

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

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B9. Earnings per share

Basic

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

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to shareholders for the period (RM'000)	76,456	96,841	438,705	269,318
Weighted average number of ordinary shares in issue ('000)	7,171,484	6,814,331	7,058,434	6,814,331
Basic earnings per share (sen)	1.07	1.42	6.22	3.95
	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to shareholders for the period (RM'000)	212,519	21,037	269,585	150,812
Weighted average number of ordinary shares in issue ('000)	7,171,484	6,814,331	7,058,434	6,814,331
Basic earnings per share (sen)	2.96	0.31	3.82	2.21

Diluted

All ESOS have lapsed in August 2020, hence there is no dilutive effects on earnings per share for financial period ended 31 December 2021.

B10. Authorisation for issue

The unaudited interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors.

BY ORDER OF THE BOARD

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

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

Joint Company Secretaries
 Kuala Lumpur

24 February 2022