

MBSB BANK BERHAD (716122-P)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

MBSB BANK BERHAD (716122-P)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2019**

		Bank Group		Bank	
		31-Mar-19	31-Dec-18	31-Mar-19	31-Dec-18
		RM'000	RM'000	RM'000	RM'000
Assets					
Cash and short-term funds	7(a)	3,936,013	3,242,228	3,930,778	3,237,276
Deposits and placements with banks and other financial institutions	7(b)	899,763	776,739	-	1,842
Derivative financial assets	8	11	67	11	67
Financial investments at fair value through other comprehensive income ("FVOCI")	9	6,085,828	5,097,105	6,085,828	5,097,105
Financial investments at amortised cost	10	20,113	20,350	20,113	20,350
Financing and advances	11	31,989,907	31,806,617	31,989,907	31,806,617
Sukuk Commodity Murabahah		-	-	2,948,564	2,924,734
Other receivables	12	557,623	578,064	587,074	604,838
Investment in subsidiary	13	-	-	-	-
Investment in joint venture	14	-	-	-	-
Statutory deposits with Bank Negara Malaysia		1,047,000	1,053,000	1,047,000	1,053,000
Investment property		820	820	820	820
Property and equipment		22,461	20,923	22,461	20,923
Intangible assets		108,716	104,692	108,716	104,692
Tax recoverable		119,490	74,587	119,490	74,587
Total assets		44,787,745	42,775,192	46,860,762	44,946,851
Liabilities					
Deposits from customers	15	26,219,657	24,209,449	26,219,657	24,209,449
Deposits and placements of banks and other financial institutions	16	8,477,232	8,578,851	8,477,232	8,578,851
Derivative financial liabilities	8	59	2	59	2
Other payables	17	503,208	515,834	3,009,785	3,099,060
Recourse obligation on financing sold		2,112,803	2,135,518	2,112,803	2,135,518
Sukuk-MBSB Structured Covered ("SC") Murabahah		1,992,609	1,968,075	1,992,609	1,968,075
Provision for zakat		18,000	13,000	18,000	13,000
Deferred tax liabilities		51,393	41,552	51,393	41,552
Total liabilities		39,374,961	37,462,281	41,881,538	40,045,507
Equity					
Share capital		4,625,859	4,625,859	4,625,859	4,625,859
Reserves		786,925	687,052	353,365	275,485
Total equity		5,412,784	5,312,911	4,979,224	4,901,344
Total Liabilities and Equity		44,787,745	42,775,192	46,860,762	44,946,851
Commitments and contingencies	25	6,617,566	6,078,479	6,617,566	6,078,479
Capital Adequacy					
		Bank Group		Bank	
CET1 capital		12.965%	13.381%	11.922%	12.271%
Tier 1 capital		12.965%	13.381%	11.922%	12.271%
Total capital ratio		14.185%	14.610%	13.146%	13.503%

The interim financial statements should be read in conjunction with the audited financial statements of the Bank Group and the Bank for the financial year ended 31 December 2018.

MBSB BANK BERHAD (716122-P)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

		Bank Group / Economic Entity			
		1st Quarter Ended		Three Months Ended	
		31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	18	636,933	21,436	636,933	21,436
Income derived from investment of shareholders' funds	19	65,429	6,421	65,429	6,421
Net allowance for impairment on financing and advances and other financial assets	20	(134,278)	7,263	(134,278)	7,263
Total distributable income		568,084	35,120	568,084	35,120
Income attributable to depositors and others	21	(388,964)	(17,838)	(388,964)	(17,838)
Total net income		179,120	17,282	179,120	17,282
Personnel expenses	22	(60,986)	(5,856)	(60,986)	(5,856)
Other overhead expenses	23	(27,143)	(3,541)	(27,143)	(3,541)
Profit before taxation and zakat		90,991	7,885	90,991	7,885
Taxation		(16,350)	(1,892)	(16,350)	(1,892)
Zakat		(5,000)	-	(5,000)	-
Profit for the financial period		69,641	5,993	69,641	5,993
Profit attributable to:					
Owners of the Bank		69,641	5,993	69,641	5,993
		69,641	5,993	69,641	5,993
Profit for the financial period		69,641	5,993	69,641	5,993
Other comprehensive income :					
Other comprehensive income, net of tax:					
Movement in fair value reserve, which may be reclassified subsequently to profit or loss	24	30,232	98	30,232	98
		30,232	98	30,232	98
Total comprehensive income for the financial period		99,873	6,091	99,873	6,091
Total comprehensive income attributable to:					
Owners of the Bank Group		99,873	6,091	99,873	6,091
		99,873	6,091	99,873	6,091
Earnings per share (sen)		6.02	0.52	6.02	0.52

The interim financial statements should be read in conjunction with the audited financial statements of the Bank Group and the Bank for the financial year ended 31 December 2018.

MBSB BANK BERHAD (716122-P)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

		Bank			
		1st Quarter Ended		Three Months Ended	
		31-Mar-19 RM'000	31-Mar-18 RM'000	31-Mar-19 RM'000	31-Mar-18 RM'000
Income derived from investment of depositors' funds	18	652,828	21,436	652,828	21,436
Income derived from investment of shareholders' funds	19	66,552	6,421	66,552	6,421
Net (allowance)/writeback for impairment on financing and advances and other financial assets	20	(134,278)	7,263	(134,278)	7,263
Total distributable income		585,102	35,120	585,102	35,120
Income attributable to depositors and others	21	(430,302)	(17,838)	(430,302)	(17,838)
Total net income		154,800	17,282	154,800	17,282
Personnel expenses	22	(60,986)	(5,856)	(60,986)	(5,856)
Other overhead expenses	23	(26,578)	(3,541)	(26,578)	(3,541)
Profit before taxation and zakat		67,236	7,885	67,236	7,885
Zakat and taxation		(5,000)	-	(5,000)	-
Profit for the financial period		47,648	5,993	47,648	5,993
Profit attributable to:					
Owners of the Bank		47,648	5,993	47,648	5,993
		47,648	5,993	47,648	5,993
Profit for the financial period		47,648	5,993	47,648	5,993
Other comprehensive income :					
Other comprehensive income, net of tax:					
Movement in fair value reserve, which may be reclassified subsequently to profit or loss	24	30,232	98	30,232	98
		30,232	98	30,232	98
Total comprehensive income for the financial period		77,880	6,091	77,880	6,091
Total comprehensive income attributable to:					
Owners of the Bank		77,880	6,091	77,880	6,091
		77,880	6,091	77,880	6,091

The interim financial statements should be read in conjunction with the audited financial statements of the Bank Group and the Bank for the financial year ended 31 December 2018.

MBSB BANK BERHAD (716122-P)

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INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

Bank Group/Economic Entity	Share Capital RM'000	Regulatory Reserve RM'000	Available- for-sale Reserves/ FVOCI RM'000	Retained profit/ (Accumulated losses) RM'000	Total RM'000
Balance as at 1 January 2019	4,625,859	5,234	10,708	671,110	5,312,911
Profit for the financial period	-	-	-	69,641	69,641
Other comprehensive income for the financial period	-	-	30,232	-	30,232
Total comprehensive income for the financial period	-	-	30,232	69,641	99,873
Balance as at 31 March 2019	4,625,859	5,234	40,940	740,751	5,412,784
Balance as at 1 January 2018	532,530	5,234	41	(43,336)	494,469
Effects of adopting MFRS 9	-	-	-	(21,469)	(21,469)
	532,530	5,234	41	(64,805)	473,000
Profit for the financial period	-	-	-	5,993	5,993
Other comprehensive income for the financial period	-	-	98	-	98
Total comprehensive income for the financial period	-	-	98	5,993	6,091
Balance as at 31 March 2018	532,530	5,234	139	(58,812)	479,091

The interim financial statements should be read in conjunction with the Audited Financial Statements of the Bank Group and the Bank for the financial year ended 31 December 2018.

MBSB BANK BERHAD (716122-P)

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INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CHANGES IN EQUITY****FOR THE FIRST QUARTER ENDED 31 MARCH 2019 (CONTINUED)**

Bank	Share Capital RM'000	Regulatory Reserve RM'000	Available- for-sale Reserves/ FVOCI RM'000	Retained profit/ (Accumulated losses) RM'000	Total RM'000
Balance as at 1 January 2019	4,625,859	5,234	10,708	259,543	4,901,344
Profit for the financial period	-	-	-	47,648	47,648
Other comprehensive income for the financial period	-	-	30,232	-	30,232
Total comprehensive income for the financial period	-	-	30,232	47,648	77,880
Balance as at 31 March 2019	4,625,859	5,234	40,940	307,191	4,979,224
Balance as at 1 January 2018	532,530	5,234	41	(43,336)	494,469
Effects of adopting MFRS 9	-	-	-	(21,469)	(21,469)
	532,530	5,234	41	(64,805)	473,000
Profit for the financial period	-	-	-	5,993	5,993
Other comprehensive income for the financial period	-	-	98	-	98
Total comprehensive income for the financial period	-	-	98	5,993	6,091
Balance as at 31 March 2018	532,530	5,234	139	(58,812)	479,091

The interim financial statements should be read in conjunction with the Audited Financial Statements of the Bank Group and the Bank for the financial year ended 31 December 2018.

MBSB BANK BERHAD (716122-P)

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**INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

	Bank Group/Economic Entity		Bank	
	3 months ended		3 months ended	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	90,991	7,885	67,236	7,885
Adjustments for non-cash items	102,886	(3,481)	79,056	(3,481)
Operating profit before working capital changes	193,877	4,404	146,292	4,404
Working capital changes:				
Net changes in operating assets	(412,720)	122,176	(292,196)	122,176
Net changes in operating liabilities	1,896,724	122,079	1,798,367	122,079
Income taxes and zakat paid	(62,332)	(169)	(61,027)	(169)
Net cash generated from operating activities	1,615,549	248,490	1,591,436	248,490
Cash flows from investing activities				
Purchase of property and equipment	(3,094)	-	(3,094)	-
Purchase of intangible assets	(9,028)	-	(9,028)	-
Profit income from financial investments	63,728	-	63,728	-
Net purchase of financial investments	(926,854)	(301)	(926,854)	(301)
Profit income from Sukuk Commodity Murabahah	-	-	23,830	-
Net cash used in investing activities	(875,248)	(301)	(851,418)	(301)
Cash flows from financing activities				
Repayment on recourse obligation on financing sold	(46,516)	-	(46,516)	-
Net cash generated from financing activities	(46,516)	-	(46,516)	-
Net increase in cash and cash equivalents	693,785	248,189	693,502	248,189
Cash and cash equivalents at the beginning of financial period	3,242,228	478,674	3,237,276	478,674
Cash and cash equivalents at the end of financial period	3,936,013	726,863	3,930,778	726,863

The interim financial statements should be read in conjunction with the audited financial statements of the Bank Group and the Bank for the financial year ended 31 December 2018.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2019**

1. Basis of preparation

The unaudited condensed interim financial statements for the financial quarter ended 31 March 2019 have been prepared under the historical cost convention except for financial assets 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 profit method: financing, 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") and Financial Reporting for Islamic Banking Institutions policy issued by Bank Negara Malaysia ("BNM"), provisions of Companies Act 2016 and Shariah requirements. The unaudited interim financial statements should be read in conjunction with the audited annual financial statements of the Bank Group and the Bank for the financial year ended 31 December 2018. 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 Bank Group and the Bank since the financial year ended 31 December 2018.

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 2018.

On 1 January 2019, where applicable, the Bank Group and the Bank adopted the following MFRSs and Amendments to MFRSs mandatory for annual financial periods beginning on or after 1 January 2019:

Effective for annual periods commencing on or after 1 January 2019

- MFRS 16, Leases
- IC Interpretation 23, Uncertainty over Income Tax Treatments
- Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 9, Financial Instruments - Prepayment Features with Negative Compensation
- Amendments to MFRS 11, Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 119, Employee Benefits - Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 128, Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures

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1. Basis of preparation (continued)

Effective for annual periods beginning on or after 1 January 2020

- MFRS 3, Business Combinations - *Definition of a Business*
- MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors- Definition of Material*

Effective for annual periods beginning on or after 1 January 2021

- MFRS 17, Insurance Contracts

2. Audit Report of Preceding Financial Year Ended 31 December 2018

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

3. Seasonality and Cyclicity of Operation

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

4. Exceptional or Unusual Items

There are no exceptional or unusual items in the current quarter.

5. 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.

6. Dividend

No dividends were paid or proposed during the current financial quarter.

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

	Bank Group		Bank	
	31-Mar-19 RM'000	31-Dec-18 RM'000	31-Mar-19 RM'000	31-Dec-18 RM'000
(a) Cash and balances with banks and other financial institutions	165,648	179,508	160,413	174,556
Money at call and deposit placements maturing within one month	3,770,365	3,062,720	3,770,365	3,062,720
Total cash and short-term funds	3,936,013	3,242,228	3,930,778	3,237,276
(b) Deposits and placements with financial institutions with original maturity of more than one month				
- Licensed Islamic banks	899,763	776,739	-	1,842
Total cash and short-term funds and deposits and placements with financial institutions	4,835,776	4,018,967	3,930,778	3,239,118

8. 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.

	Bank Group and Bank					
	31-Mar-19			31-Dec-18		
	Contract/ Notional amount RM'000	Fair value		Contract/ Notional amount RM'000	Fair value	
	Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000	
Trading derivatives						
<u>Foreign exchange contracts:</u>						
Currency forward						
- Less than one year	23,181	11	(59)	5,842	67	(2)

9. Financial investments at FVOCI

	Bank Group and Bank	
	31-Mar-19 RM'000	31-Dec-18 RM'000
At fair value		
Money Market Instruments		
Malaysian Government Investment Issues	3,044,223	2,154,192
Debt securities:		
<u>In Malaysia</u>		
Corporate sukuk	1,174,902	1,060,628
Government Guaranteed corporate sukuk	1,866,703	1,882,285
	6,085,828	5,097,105

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10. Financial investments at amortised cost

	Bank Group and Bank	
	31-Mar-19	31-Dec-18
	RM'000	RM'000
At amortised cost		
Quoted securities:		
<u>In Malaysia</u>		
Islamic Medium Term Notes	20,120	20,356
Less: ECL at Stage 1	(7)	(6)
	<u>20,113</u>	<u>20,350</u>

11. Financing and advances

	Bank Group and Bank	
	31-Mar-19	31-Dec-18
	RM'000	RM'000
(i) By type		
At amortised cost		
Term financing		
- Property financing	4,503,762	4,340,081
- Bridging financing	687,952	716,015
- Hire purchase receivables	791,089	781,118
- Auto Financing	200,469	213,898
- Personal financing	20,464,814	20,562,117
- Other term financing	5,637,639	5,456,952
Trusts receipts	210	51,525
Staff financing	42,909	41,277
Revolving Credit	773,360	743,218
Trade finance	226,519	138,473
Gross financing and advances	<u>33,328,723</u>	<u>33,044,674</u>
Less: Expected credit losses ("ECL")		
- Stage 1	(369,426)	(346,537)
- Stage 2	(481,302)	(455,639)
- Stage 3	(488,088)	(435,881)
Net financing and advances	<u>31,989,907</u>	<u>31,806,617</u>

(ii) By residual contractual maturity

	Bank Group and Bank	
	31-Mar-19	31-Dec-18
	RM'000	RM'000
Within one year	1,535,390	1,480,942
More than one year to three years	1,696,301	1,770,112
More than three years to five years	1,997,933	1,939,750
More than five years	28,099,099	27,853,870
	<u>33,328,723</u>	<u>33,044,674</u>

11. Financing and advances (continued)

(iii) By economic purpose

	Bank Group and Bank	
	31-Mar-19	31-Dec-18
	RM'000	RM'000
Construction	4,422,708	4,122,973
Personal Use	20,575,621	20,674,102
Purchase of consumer durables	140	142
Purchase of landed property:		
- Residential	4,166,079	4,031,169
- Non-Residential	219,850	207,864
Working Capital	3,651,311	3,519,031
Purchase of other securities	491	498
Purchase of transport vehicles	200,536	213,635
Purchase of other fixed assets	54,505	56,097
Others	37,482	219,164
	<u>33,328,723</u>	<u>33,044,674</u>

(iv) By type of customers

	Bank Group and Bank	
	31-Mar-19	31-Dec-18
	RM'000	RM'000
Domestic business enterprises		
- Small medium enterprise	2,611,970	2,421,177
- Government	207,994	240,301
- Non-bank financial institutions	553,447	536,644
- Others	4,845,828	4,770,904
Individuals	25,109,484	25,069,610
Foreign entities	-	6,038
	<u>33,328,723</u>	<u>33,044,674</u>

(v) By sector

	Bank Group and Bank	
	31-Mar-19	31-Dec-18
	RM'000	RM'000
Household sectors	25,109,482	25,075,711
Agriculture	191,692	236,677
Mining and quarrying	62,762	60,008
Manufacturing	269,981	262,010
Electricity, gas and water	233,958	233,110
Construction	5,065,859	5,395,247
Wholesale & retail trade and restaurants & hotels	181,050	164,657
Transport, storage and communication	158,766	122,120
Finance, insurance and business services	1,371,370	1,075,960
Education, health and others	683,803	419,174
	<u>33,328,723</u>	<u>33,044,674</u>

11. Financing and advances (continued)

(vi) By profit rate sensitivity

	Bank Group and Bank	
	31-Mar-19	31-Dec-18
	RM'000	RM'000
Fixed rate:		
Personal financing	18,670,525	18,976,550
Property financing	480,674	564,967
Others	1,333,768	1,139,424
Variable rate:		
Personal financing	1,812,135	1,602,482
Property financing	4,045,133	3,796,380
Others	6,986,488	6,964,871
	<u>33,328,723</u>	<u>33,044,674</u>

(vi) By geographical distribution

	Bank Group and Bank	
	31-Mar-19	31-Dec-18
	RM'000	RM'000
Malaysia	33,328,723	33,044,540
United Kingdom	-	134
	<u>33,328,723</u>	<u>33,044,674</u>

(viii) Financing by types and Shariah contracts

Bank Group and Bank
31-Mar-19

Type	Tawarruq	Bai'	Ijarah	Istisna'	Murabahah	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Term Financing	28,413,629	2,234,101	1,634,985	-	-	32,282,715
Property financing	2,322,962	2,157,866	3,326	-	-	4,484,154
Bridging financing	687,952	-	-	-	-	687,952
Hire purchase receivables	-	-	791,089	-	-	791,089
Auto financing	-	-	200,469	-	-	200,469
Personal financing	20,464,546	265	-	-	-	20,464,811
Other term financing	4,938,169	75,970	640,101	-	-	5,654,240
Trust receipts	210	-	-	-	-	210
Staff financing	40,253	165	2,491	-	-	42,909
Revolving credit	776,370	-	-	-	-	776,370
Others	202,169	7,432	-	-	16,918	226,519
	<u>29,432,631</u>	<u>2,241,698</u>	<u>1,637,476</u>	<u>-</u>	<u>16,918</u>	<u>33,328,723</u>

Bank Group and Bank
31-Dec-18

Type	Tawarruq	Bai'	Ijarah	Istisna'	Murabahah	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Term Financing	28,074,836	2,265,091	1,652,362	78,417	-	32,070,706
Property financing	2,149,257	2,187,949	3,316	-	-	4,340,522
Bridging financing	716,015	-	-	-	-	716,015
Hire purchase receivables	-	-	781,118	-	-	781,118
Auto financing	-	84	213,898	-	-	213,982
Personal financing	20,561,843	285	-	-	-	20,562,128
Other term financing	4,647,721	76,773	654,030	78,417	-	5,456,941
Trust receipts	-	51,525	-	-	-	51,525
Staff financing	37,982	190	2,580	-	-	40,752
Revolving credit	743,218	-	-	-	-	743,218
Others	138,473	-	-	-	-	138,473
	<u>28,994,509</u>	<u>2,316,806</u>	<u>1,654,942</u>	<u>78,417</u>	<u>-</u>	<u>33,044,674</u>

11. Financing and advances (continued)

(ix) Movement in gross financing and advances

31-Mar-19

	Bank Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2019	28,314,877	3,937,504	792,293	33,044,674
Transfer to stage 1	455,969	(370,927)	(85,042)	-
Transfer to stage 2	(577,666)	741,545	(163,879)	-
Transfer to stage 3	(9,991)	(218,124)	228,115	-
New financing / disbursement during the year	1,668,884	158,655	4,471	1,832,010
Repayment during the year	(1,358,756)	(249,101)	(19,362)	(1,627,219)
Other changes to the carrying amount	66,307	8,066	4,885	79,258
Gross carrying amount as at 31 Mar 2019	<u>28,559,624</u>	<u>4,007,618</u>	<u>761,481</u>	<u>33,328,723</u>

31-Dec-18

	Bank Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2018	729,499	247,871	111,424	1,088,794
Vested from holding company on 2 April 2018	27,853,305	3,060,833	735,137	31,649,275
Transfer to stage 1	686,430	(671,870)	(14,560)	-
Transfer to stage 2	(1,411,984)	1,491,251	(79,267)	-
Transfer to stage 3	(204,425)	(229,280)	433,705	-
New financing / disbursement during the year	3,686,809	534,453	32,166	4,253,428
Repayment during the year	(3,134,981)	(427,040)	(117,630)	(3,679,651)
Other changes to the carrying amount	109,548	(69,114)	141,075	181,509
Write-offs	-	-	(566,310)	(566,310)
Transfer from asset held-for-sale	676	400	116,553	117,629
Gross carrying amount as at 31 December 2018	<u>28,314,877</u>	<u>3,937,504</u>	<u>792,293</u>	<u>33,044,674</u>

(x) Movement of ECL for financing and advances

Bank Group and Bank

31-Mar-19

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	31-Mar-19 RM'000
ECL as at 1 January 2019	346,537	455,639	435,881	1,238,057
Charged to profit or loss	22,889	25,663	52,207	100,759
Changes in the loss allowance:				
- Transfer to stage 1	7,248	(5,371)	(1,877)	-
- Transfer to stage 2	(78,197)	107,074	(28,877)	-
- Transfer to stage 3	(6,723)	(120,152)	126,875	-
New financing / disbursement during the year	31,054	7,294	-	38,348
Repayment during the year	(20,436)	(117,654)	(86,559)	(224,649)
Change in credit risk parameters	89,943	154,472	42,645	287,060
ECL as at 31 March 2019	<u>369,426</u>	<u>481,302</u>	<u>488,088</u>	<u>1,338,816</u>

11. Financing and advances (continued)

(x) Movement of ECL for financing and advances (continued)

Bank Group and Bank

31-Dec-18	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	31-Dec-18 RM'000
ECL as at 1 January 2018	16,691	6,665	45,716	69,072
Vested from holding company	492,316	444,705	538,420	1,475,441
- ECL as at 2 April 2018	454,139	432,125	538,420	1,424,684
- Subsequent transfer of ECL*	38,177	12,580	-	50,757
Charged to profit or loss	(163,136)	3,584	310,952	151,400
Changes in the loss allowance:				
- Transfer to stage 1	12,696	(12,468)	(228)	-
- Transfer to stage 2	(164,406)	176,183	(11,777)	-
- Transfer to stage 3	(81,168)	(137,706)	218,874	-
New financing / disbursement during the year	72,027	43,512	26,587	142,126
Repayment during the year	(180,772)	(179,663)	(98,714)	(459,149)
Change in credit risk parameters	178,487	113,726	176,210	468,423
Write-offs	-	-	(566,315)	(566,315)
Transfer from asset held-for-sale	666	685	107,108	108,459
ECL as at 31 December 2018	346,537	455,639	435,881	1,238,057

* The holding company has had a revision of ECL on the financing and advances vested to the Bank post the vesting of assets and liabilities. The adjustment of the ECL amounting to RM50,757,000 was borne by the holding company and subsequently recognised by the Bank.

(xi) Movement of impaired financing and advances

	Bank Group and Bank	
	31-Mar-19 RM'000	31-Dec-18 RM'000
Balance as at 1 January	792,293	111,424
Impaired financing vested from holding company	-	735,137
Classified as impaired during the period	232,586	465,871
Reclassified as non-impaired	(248,921)	(93,827)
Amount recovered	(19,362)	(117,630)
Amount written off	-	(566,310)
Transfer from assets held-for-sale	-	116,553
Other changes to the carrying amount	4,885	141,075
Balance as at end of financial period	761,481	792,293
Gross impaired financing and advances as a % of gross financing and advances	2.28%	2.40%

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11. Financing and advances (continued)

(xii) Impaired financing by sector

	Bank Group and Bank	
	31-Mar-19	31-Dec-18
	RM'000	RM'000
Household sector	481,867	417,768
Construction	60,540	213,827
Agriculture	58,987	154
Mining and quarrying	38,905	38,891
Manufacturing	550	317
Finance, insurance and business services	3,439	11,603
Wholesale & retail trade and restaurants & hotels	21,066	21,115
Education, health and others	96,020	88,331
Transport, storage and communication	107	287
	<u>761,481</u>	<u>792,293</u>

(xiii) Impaired financing by geographical distribution

Malaysia	<u>761,481</u>	<u>792,293</u>
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12. Other receivables

	Bank Group		Bank	
	31-Mar-19	31-Dec-18	31-Mar-19	31-Dec-18
	RM'000	RM'000	RM'000	RM'000
Financing to subsidiary	-	-	32,362	30,069
Financing to related companies	405,346	385,031	405,346	385,031
Amount due from holding company	98,165	98,666	98,165	98,666
Prepayments and deposits	7,727	6,235	7,603	6,107
Sundry receivables	46,385	88,132	43,598	84,965
	<u>557,623</u>	<u>578,064</u>	<u>587,074</u>	<u>604,838</u>

13. Investment in subsidiary

The Bank has a wholly owned subsidiary, Jana Kapital Sdn.Bhd. ("JKSB"), an investment holding company that was transferred from the holding company on 2 April 2018. The unquoted shares at cost in JKSB as at 31 March 2019 is RM 2 (31 December 2018: RM 2)

The subsidiary was incorporated in Malaysia.

14. Investment in joint venture

	Bank Group and Bank	
	31-Mar-19	31-Dec-18
	RM'000	RM'000
Unquoted shares at cost	16,222	16,222
Less:		
Share of loss	<u>(16,222)</u>	<u>(16,222)</u>
	<u>-</u>	<u>-</u>

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15. Deposits from customers

	Bank Group and Bank	
	31-Mar-19	31-Dec-18
	RM'000	RM'000
(i) By type of deposit:		
<u>Non-Mudharabah Funds:</u>		
Demand deposits	162,530	225,520
Savings deposits	87,842	76,558
Commodity Murabahah Term Deposit	25,969,285	23,907,371
	<u>26,219,657</u>	<u>24,209,449</u>
	<u>26,219,657</u>	<u>24,209,449</u>

The deposit above are under the Islamic contract 'Tawaruq'.

(ii) Maturity structure of term deposits are as follows:

	Bank Group and Bank	
	31-Mar-19	31-Dec-18
	RM'000	RM'000
Within six months	17,097,644	17,172,705
More than six months to one year	6,083,823	4,818,107
More than one year to three years	1,528,829	723,813
More than three years	1,258,989	1,192,746
	<u>25,969,285</u>	<u>23,907,371</u>

(iii) By type of customers:

	Bank Group and Bank	
	31-Mar-19	31-Dec-18
	RM'000	RM'000
Government and statutory bodies	16,811,904	14,746,960
Business enterprises	5,914,518	6,371,297
Individuals	3,493,235	3,091,192
	<u>26,219,657</u>	<u>24,209,449</u>

16. Deposits and placements of banks and other financial institutions

		Bank Group and Bank	
		31-Mar-19	31-Dec-18
		RM'000	RM'000
(i) By type of deposit:			
	<u>Non-Mudharabah Funds:</u>		
	Other financial institutions	8,477,232	8,578,851
		<u>8,477,232</u>	<u>8,578,851</u>
(ii) By type of contract:			
	Tawarruq	7,494,019	8,578,851
		<u>7,494,019</u>	<u>8,578,851</u>

17. Other payables

	Bank Group		Bank	
	31-Mar-19	31-Dec-18	31-Mar-19	31-Dec-18
	RM'000	RM'000	RM'000	RM'000
Amount due to subsidiary	-	-	2,508,035	2,584,124
Amount due to related companies	34,952	35,437	34,952	35,437
Al-Mudharabah security fund	122,088	123,401	122,088	123,401
Sundry creditors	165,943	168,112	165,943	168,112
Other provisions and accruals	38,987	82,292	37,529	81,394
ECL for commitment and contingencies	123,962	93,942	123,962	93,943
Deferred income	17,276	12,649	17,276	12,649
	<u>503,208</u>	<u>515,834</u>	<u>3,009,785</u>	<u>3,099,060</u>

Movement of ECL for commitment and contingencies are as follows:

31-Mar-19	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2019	52,717	36,630	4,596	93,943
Total charged to profit or loss	6,524	22,054	1,441	30,019
Changes in the impairment allowance				
- Transfer to stage 1	1,276	(1,276)	-	-
- Transfer to stage 2	(22,231)	22,441	(210)	-
- Transfer to stage 3	(92)	(552)	644	-
New financing/ disbursement during the year	16,396	388	1,471	18,255
Repayment/drawdown to financing during the year	(6,081)	(121)	(188)	(6,390)
Changes in credit risk parameters	17,256	1,174	(276)	18,154
ECL as at 31 March 2019	<u>59,241</u>	<u>58,684</u>	<u>6,037</u>	<u>123,962</u>

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17. Other payables (continued)

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

31-Dec-18

	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2018	4,659	863	-	5,522
Vested from holding company on 2 April 2018	69,751	35,157	1,515	106,423
- commitment from financing	69,751	35,157	1,498	106,406
- commitment from asset held-for-sale (AHS)	-	-	17	17
Total charged to profit or loss	(21,693)	610	3,081	(18,002)
Changes in the impairment allowance				
- Transfer to stage 1	217	(217)	-	-
- Transfer to stage 2	(28,677)	28,677	-	-
- Transfer to stage 3	(3,008)	(501)	3,509	-
New financing/ disbursement during the year	21,197	5,774	203	27,174
Repayment/drawdown to financing during the year	(22,531)	(20,795)	(619)	(43,945)
Changes in credit risk parameters	11,109	(12,328)	(12)	(1,231)
ECL as at 31 December 2018	52,717	36,630	4,596	93,943

18. Income derived from investment of depositors' funds

	Bank Group/Economic Entity			
	1st Quarter Ended		Three Months Ended	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
i) General investment deposits	-	81	-	81
ii) Other deposits	636,933	21,354	636,933	21,354
	636,933	21,435	636,933	21,435
i) Income derived from investment of general investment deposits				
<u>Finance income and hibah:</u>				
Financing and advances	-	41	-	41
Financial investments at FVOCI	-	-	-	-
Financial investments available-for-sale	-	7	-	7
Financial investments at amortised cost	-	-	-	-
Financial investments held-to-maturity	-	19	-	19
Money at call and deposits with financial institutions	-	14	-	14
Profit on Sukuk commodity murabahah	-	-	-	-
Others	-	-	-	-
	-	81	-	81
of which				
financing income earned on impaired financing	-	-	-	-

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18. Income derived from investment of depositors' funds (continued)

ii) Income derived from investment of other deposits

	Bank Group/Economic Entity			
	1st Quarter Ended		Three Months Ended	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	523,704	10,786	523,704	10,786
Financial investments at FVOCI	61,687	-	61,687	-
Financial investments available-for-sale	-	1,917	-	1,917
Financial investments at amortised cost	220	-	220	-
Financial investments held-to-maturity	-	4,965	-	4,965
Money at call and deposits with financial institutions	34,500	3,686	34,500	3,686
Profit on Sukuk commodity murabahah	-	-	-	-
Others	16,822	-	16,822	-
	<u>636,933</u>	<u>21,354</u>	<u>636,933</u>	<u>21,354</u>
of which				
financing income earned on impaired financing	<u>5,305</u>	<u>-</u>	<u>5,305</u>	<u>-</u>

	Bank			
	1st Quarter Ended		Three Months Ended	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
i) General investment deposits	-	81	-	81
ii) Other deposits	652,828	21,354	652,828	21,354
	<u>652,828</u>	<u>21,435</u>	<u>652,828</u>	<u>21,435</u>

i) Income derived from investment of general investment deposits

<u>Finance income and hibah:</u>				
Financing and advances	-	41	-	41
Financial investments at FVOCI	-	-	-	-
Financial investments available-for-sale	-	7	-	7
Financial investments at amortised cost	-	-	-	-
Financial investments held-to-maturity	-	19	-	19
Money at call and deposits with financial institutions	-	14	-	14
Profit on Sukuk Commodity Murabahah	-	-	-	-
Others	-	-	-	-
	<u>-</u>	<u>81</u>	<u>-</u>	<u>81</u>
of which				
financing income earned on impaired financing	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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18. Income derived from investment of depositors' funds (continued)

	Bank			
	1st Quarter Ended		Three Months Ended	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	RM'000	RM'000	RM'000	RM'000
ii) Income derived from investment of other deposits				
<u>Finance income and hibah:</u>				
Financing and advances	523,704	10,786	523,704	10,786
Financial investments at FVOCI	61,687	-	61,687	-
Financial investments available-for-sale	-	1,917	-	1,917
Financial investments at amortised cost	220	-	220	-
Financial investments held-to-maturity	-	4,965	-	4,965
Money at call and deposits with financial institutions	34,500	3,686	34,500	3,686
Profit on Sukuk Commodity Murabahah	22,257	-	22,257	-
Others	10,460	-	10,460	-
	<u>652,828</u>	<u>21,354</u>	<u>652,828</u>	<u>21,354</u>
of which				
financing income earned on impaired financing	5,305	-	5,305	-

19. Income derived from investment of shareholders' funds

	Bank Group/Economic Entity			
	1st Quarter Ended		Three Months Ended	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	36,615	2,634	36,615	2,634
Financial assets held-for-trading	7	-	7	-
Financial investments at FVOCI	1,815	-	1,815	-
Financial investments available-for-sale	-	468	-	468
Financial investments at amortised cost	6	-	6	-
Financial investments held-to-maturity	-	1,214	-	1,214
Money at call and deposits with financial institutions	1,366	900	1,366	900
Profit on Sukuk commodity murabahah	-	-	-	-
Others	705	-	705	-
	<u>40,514</u>	<u>5,216</u>	<u>40,514</u>	<u>5,216</u>
of which				
financing income earned on impaired financing	375	-	375	-
Other operating (expenses) / income :				
Financing related fees	(2,007)	-	(2,007)	-
Commission	1,968	166	1,968	166
Sundry income	24,954	887	24,954	887
Net gain on derivatives				
foreign exchange contracts	-	152	-	152
	<u>24,915</u>	<u>1,205</u>	<u>24,915</u>	<u>1,205</u>
	<u>65,429</u>	<u>6,421</u>	<u>65,429</u>	<u>6,421</u>

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19. Income derived from investment of shareholders' funds (continued)

	Bank			
	1st Quarter Ended		Three Months Ended	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	36,615	2,634	36,615	2,634
Financial assets held-for-trading	7	-	7	-
Financial investments at FVOCI	1,815	-	1,815	-
Financial investments available-for-sale	-	468	-	468
Financial investments at amortised cost	6	-	6	-
Financial investments held-to-maturity	-	1,214	-	1,214
Money at call and deposits with financial institutions	881	900	881	900
Profit on Sukuk commodity murabahah	1,573	-	1,573	-
Others	740	-	740	-
	<u>41,637</u>	<u>5,216</u>	<u>41,637</u>	<u>5,216</u>
of which				
financing income earned on impaired financing	<u>375</u>	<u>-</u>	<u>375</u>	<u>-</u>
Other operating (expenses) / income :				
Loan related fees	(2,007)	-	(2,007)	-
Insurance commission	1,968	166	1,968	166
Sundry income	24,954	887	24,954	887
Net gain on derivatives foreign exchange contracts	-	152	-	152
	<u>24,915</u>	<u>1,205</u>	<u>24,915</u>	<u>1,205</u>
	<u>66,552</u>	<u>6,421</u>	<u>66,552</u>	<u>6,421</u>

20. Net allowance for impairment on financing and advances and other financial assets**31-Mar-19**

	Bank Group/Economic Entity and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial assets at amortised cost	2	-	-	2
Financing and advances	22,889	25,663	52,207	100,759
Other receivables	-	-	4,988	4,988
Financing commitments and financial guarantee	6,524	22,054	1,441	30,019
	<u>29,415</u>	<u>47,717</u>	<u>58,636</u>	<u>135,768</u>
Impaired financing and advances:				
- Written off	-	-	375	375
- Recovered	-	-	(1,865)	(1,865)
	<u>29,415</u>	<u>47,717</u>	<u>57,146</u>	<u>134,278</u>

31-Mar-18

	Bank Group/Economic Entity and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Financing and advances	(6,157)	(1,089)	(17)	(7,263)
	<u>(6,157)</u>	<u>(1,089)</u>	<u>(17)</u>	<u>(7,263)</u>

21. Income attributable to depositors and others

	Bank Group/Economic Entity			
	1st Quarter Ended		Three Months Ended	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	RM'000	RM'000	RM'000	RM'000
(a) Income attributable to depositors				
Deposits from customers:				
- Mudharabah funds	-	38	-	38
- Non-mudharabah funds	276,324	11,007	276,324	11,007
Deposits and placements of banks and other financial institutions:				
- Non-mudharabah funds	65,008	6,793	65,008	6,793
	<u>341,332</u>	<u>17,838</u>	<u>341,332</u>	<u>17,838</u>
(b) Income attributable to securitisation	23,802	-	23,802	-
(c) Income attributable to sukuk	23,830	-	23,830	-
	<u>388,964</u>	<u>17,838</u>	<u>388,964</u>	<u>17,838</u>

	Bank			
	1st Quarter Ended		Three Months Ended	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	RM'000	RM'000	RM'000	RM'000
(a) Income attributable to depositors				
Deposits from customers:				
- Mudharabah funds	-	38	-	38
- Non-mudharabah funds	276,324	11,007	276,324	11,007
Deposits and placements of banks and other financial institutions:				
- Non-mudharabah funds	65,008	6,793	65,008	6,793
	<u>341,332</u>	<u>17,838</u>	<u>341,332</u>	<u>17,838</u>
(b) Income attributable to securitisation	23,802	-	23,802	-
(c) Income attributable to sukuk	23,830	-	23,830	-
d) Others	41,338	-	41,338	-
	<u>430,302</u>	<u>17,838</u>	<u>430,302</u>	<u>17,838</u>

22. Personnel expenses

	Bank Group/Economic Entity			
	1st Quarter Ended		Three Months Ended	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	47,363	4,611	47,363	4,611
Contributions to Employee Provident Fund and SOCSO	8,290	463	8,290	463
Directors' remuneration	644	555	644	555
Shariah Advisory Committee members' remuneration	114	17	114	17
Other staff related expenses	4,575	210	4,575	210
	<u>60,986</u>	<u>5,856</u>	<u>60,986</u>	<u>5,856</u>

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23. Other overhead expenses

	Bank Group/Economic Entity			
	1st Quarter Ended		Three Months Ended	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	RM'000	RM'000	RM'000	RM'000
<u>Establishment related expenses</u>				
Depreciation of property and equipment	1,554	70	1,554	70
Amortisation of intangible assets	5,004	154	5,004	154
Rental of premises	5,669	329	5,669	329
Software and hardware maintenance	1,930	1,593	1,930	1,593
Rental of equipment and network line	-	35	-	35
Security expenses	284	69	284	69
Others	463	278	463	278
	<u>14,904</u>	<u>2,528</u>	<u>14,904</u>	<u>2,528</u>
<u>Promotion and marketing related expenses</u>				
Advertising and promotional activities	1,660	-	1,660	-
Others	-	8	-	8
	<u>1,660</u>	<u>8</u>	<u>1,660</u>	<u>8</u>
<u>General administrative expenses</u>				
License and association fees and levies	50	147	50	147
Travelling, transport and accommodation expenses	695	39	695	39
Printing, stationery, postage and clearing charges	1,330	34	1,330	34
Electricity and water	831	47	831	47
Other professional fees	3,879	254	3,879	254
Auditors remuneration	364	100	364	100
Repair and maintenance of office equipment	123	-	123	-
Others	1,795	384	1,795	384
	<u>9,067</u>	<u>1,005</u>	<u>9,067</u>	<u>1,005</u>
<u>Commission fees</u>				
Commission fees	985	-	985	-
Angkasa charges	7,376	-	7,376	-
	<u>8,361</u>	<u>-</u>	<u>8,361</u>	<u>-</u>
Inter-company recharges	(6,849)	-	(6,849)	-
	<u>27,143</u>	<u>3,541</u>	<u>27,143</u>	<u>3,541</u>

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23. Other overhead expenses (continued)

	Bank			
	1st Quarter Ended		Three Months Ended	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	RM'000	RM'000	RM'000	RM'000
<u>Establishment related expenses</u>				
Depreciation of property, plant and equipment	1,554	70	1,554	70
Amortisation of intangible assets	5,004	154	5,004	154
Rental of premises	5,669	329	5,669	329
Software and hardware maintenance	1,930	1,593	1,930	1,593
Rental of equipment and network line	-	35	-	35
Security expenses	284	69	284	69
Others	463	278	463	278
	<u>14,904</u>	<u>2,528</u>	<u>14,904</u>	<u>2,528</u>
<u>Promotion and marketing related expenses</u>				
Advertising and promotional activities	1,660	-	1,660	-
Others	-	8	-	8
	<u>1,660</u>	<u>8</u>	<u>1,660</u>	<u>8</u>
<u>General administrative expenses</u>				
License and association fees and levies	50	147	50	147
Travelling, transport and accomodation expenses	695	39	695	39
Printing, stationery, postage and clearing charges	1,330	34	1,330	34
Electricity and water	831	47	831	47
Other professional fees	3,879	254	3,879	254
Auditors remuneration	363	100	363	100
Repair and maintenance of office equipment	123	-	123	-
Others	1,665	384	1,665	384
	<u>8,936</u>	<u>1,005</u>	<u>8,936</u>	<u>1,005</u>
<u>Collection fees</u>				
Commission fees	985	-	985	-
Angkasa charges	7,376	-	7,376	-
	<u>8,361</u>	<u>-</u>	<u>8,361</u>	<u>-</u>
Inter-company recharges	(7,283)	-	(7,283)	-
	<u>26,578</u>	<u>3,541</u>	<u>26,578</u>	<u>3,541</u>

24. Other comprehensive income, net of tax

	Bank Group/Economic Entity and Bank			
	1st Quarter Ended		Three Months Ended	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	RM'000	RM'000	RM'000	RM'000
Movement in fair value reserve, which may be reclassified subsequently to profit or loss	30,232	98	30,232	98
	<u>30,232</u>	<u>98</u>	<u>30,232</u>	<u>98</u>

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25. Commitments and contingencies

In the normal course of business, the Bank Group makes various commitments and incurs certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions, hence, they are not provided for in the financial statements.

	Gross Positive			
	Principal	Fair Value -	Credit	Risk
	amount	Derivative	equivalent	weighted
	RM'000	Contract	amount	amount
Bank Group and Bank		RM'000	RM'000	RM'000
31-Mar-19				
Direct credit substitutes	167,579	-	165,855	165,729
Trade-related contingencies	178,488	-	63,838	63,838
Short Term Self Liquidating trade related contingencies	27,765	-	5,553	5,553
Irrevocable commitments to extend credit:				
- one year or less	1,557,644	-	359,822	359,822
- over one year to five years	4,442,098	-	2,219,270	2,219,270
- over five years	220,811	-	110,406	110,406
Foreign exchange related contracts				
- one year or less	23,181	11	350	106
	<u>6,617,566</u>	<u>11</u>	<u>2,925,094</u>	<u>2,924,724</u>

	Gross Positive			
	Principal	Fair Value -	Credit	Risk
	amount	Derivative	equivalent	weighted
	RM'000	Contract	amount	amount
Bank Group and Bank		RM'000	RM'000	RM'000
31-Dec-18				
Direct credit substitutes	187,785	-	187,785	187,659
Trade-related contingencies	254,488	-	90,927	90,927
Irrevocable commitments to extend credit:				
- one year or less	1,248,705	-	350,206	350,206
- over one year to five years	4,160,842	-	2,078,256	2,053,871
- over five years	220,817	-	110,408	110,408
Foreign exchange related contracts				
- one year or less	5,842	67	151	151
	<u>6,078,479</u>	<u>67</u>	<u>2,817,733</u>	<u>2,793,222</u>

26. Financial risk management

26.1 Credit quality

(i) Financing and advances

Financing and advances are summarised as follows:

31-Mar-19	Bank Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>Neither past due nor impaired</u>				
Corporate financing				
Excellent	1,282	-	-	1,282
Good	3,429,694	106,412	-	3,536,106
Average	2,964,086	533,379	-	3,497,465
Below Average	292,575	35,526	-	328,101
Poor	1,768	3,147	-	4,915
Retail financing	21,862,055	1,615,489	-	23,477,544
	<u>28,551,460</u>	<u>2,293,953</u>	<u>-</u>	<u>30,845,413</u>
<u>Past due up to 3 months</u>				
Corporate financing				
Good	-	-	-	-
Average	-	67,710	-	67,710
Below Average	-	309,450	-	309,450
Poor	-	116,434	-	116,434
Retail financing	8,164	1,220,071	-	1,228,235
	<u>8,164</u>	<u>1,713,665</u>	<u>-</u>	<u>1,721,829</u>
			761,481	761,481
Gross financing and advances	<u>28,559,624</u>	<u>4,007,618</u>	<u>761,481</u>	<u>33,328,723</u>
Less ECL	(369,426)	(481,302)	(488,088)	(1,338,816)
Net financing and advances	<u>28,190,198</u>	<u>3,526,316</u>	<u>273,393</u>	<u>31,989,907</u>

26. Financial risk management (continued)

26.1 Credit quality (continued)

(i) Financing and advances (continued)

Financing and advances are summarised as follows (continued):

31-Dec-18	Bank Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<i>Neither past due nor impaired</i>				
Corporate financing				
Excellent	1,380	-	-	1,380
Good	3,484,483	273,974	-	3,758,457
Average	2,555,278	473,353	-	3,028,631
Below Average	225,842	7,862	-	233,704
Poor	31,389	3,864	-	35,253
Retail financing	22,016,505	1,393,970	-	23,410,475
	<u>28,314,877</u>	<u>2,153,023</u>	<u>-</u>	<u>30,467,900</u>
<i>Past due up to 3 months</i>				
Corporate financing				
Good	-	90,649	-	90,649
Average	-	199,213	-	199,213
Below Average	-	58,833	-	58,833
Poor	-	113,287	-	113,287
Retail financing	-	1,322,499	-	1,322,499
Total Past due up to 3 months	<u>-</u>	<u>1,784,481</u>	<u>-</u>	<u>1,784,481</u>
<i>Impaired</i>	-	-	792,293	792,293
Gross financing and advances	<u>28,314,877</u>	<u>3,937,504</u>	<u>792,293</u>	<u>33,044,674</u>
Less ECL	<u>(346,537)</u>	<u>(455,639)</u>	<u>(435,881)</u>	<u>(1,238,057)</u>
Net financing and advances	<u>27,968,340</u>	<u>3,481,865</u>	<u>356,412</u>	<u>31,806,617</u>

26. Financial risk management (continued)

26.1 Credit risk management (continued)

(ii) Other financial assets

Credit quality of other financial assets by external rating is as follows:

Bank Group	Stage 1 	Stage 2	Stage 3	Total
Neither past due nor impaired	RM'000	RM'000	RM'000	RM'000
31-Mar-19				
Cash and short-term funds				
AAA	3,777,933	-	-	3,777,933
AA and below	12,839	-	-	12,839
Unrated	417	-	-	417
	<u>3,791,189</u>	<u>-</u>	<u>-</u>	<u>3,791,189</u>
Debt investments				
AAA	872,932	-	-	872,932
AA and below	301,970	-	-	301,970
Unrated*	4,931,039	-	-	4,931,039
	<u>6,105,941</u>	<u>-</u>	<u>-</u>	<u>6,105,941</u>

*The unrated financial investments are all government guaranteed securities.

Other financial assets				
Unrated	155,187	-	405,346	560,533
	<u>155,187</u>	<u>-</u>	<u>405,346</u>	<u>560,533</u>

Bank Group	Stage 1 	Stage 2	Stage 3	Total
Neither past due nor impaired	RM'000	RM'000	RM'000	RM'000
31-Dec-18				
Cash and short-term funds				
AAA	3,119,394	-	-	3,119,394
AA and below	71,831	-	-	71,831
Unrated	51,003	-	-	51,003
	<u>3,242,228</u>	<u>-</u>	<u>-</u>	<u>3,242,228</u>
Debt investments				
AAA	969,308	-	-	969,308
AA and below	91,320	-	-	91,320
Unrated*	4,056,827	-	-	4,056,827
	<u>5,117,455</u>	<u>-</u>	<u>-</u>	<u>5,117,455</u>

*The unrated financial investments are all government guaranteed securities.

Other financial assets				
Unrated	186,798	-	385,031	571,829
	<u>186,798</u>	<u>-</u>	<u>385,031</u>	<u>571,829</u>

26. Financial risk management (continued)

26.1 Credit risk management (continued)

(ii) Other financial assets (continued)

Bank

Neither past due nor impaired	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
31-Mar-19				
Cash and short-term funds				
AAA	3,777,933	-	-	3,777,933
AA and below	7,604	-	-	7,604
Unrated	417	-	-	417
	<u>3,785,954</u>	<u>-</u>	<u>-</u>	<u>3,785,954</u>
Debt investments				
AAA	872,932	-	-	872,932
AA and below	301,970	-	-	301,970
Unrated*	4,931,039	-	-	4,931,039
	<u>6,105,941</u>	<u>-</u>	<u>-</u>	<u>6,105,941</u>

*The unrated financial investments are all government guaranteed securities.

Other financial assets

Unrated	184,762	-	405,346	590,108
	<u>184,762</u>	<u>-</u>	<u>405,346</u>	<u>590,108</u>

Bank

Neither past due nor impaired	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
31-Dec-18				
Cash and short-term funds				
AAA	3,119,394	-	-	3,119,394
AA and below	66,879	-	-	66,879
Unrated	51,003	-	-	51,003
	<u>3,237,276</u>	<u>-</u>	<u>-</u>	<u>3,237,276</u>
Debt investments				
AAA	969,308	-	-	969,308
AA and below	91,320	-	-	91,320
Unrated*	4,056,827	-	-	4,056,827
	<u>5,117,455</u>	<u>-</u>	<u>-</u>	<u>5,117,455</u>

*The unrated financial investments are all government guaranteed securities.

Other financial assets

Unrated	213,700	-	385,031	598,731
	<u>213,700</u>	<u>-</u>	<u>385,031</u>	<u>598,731</u>

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26. Financial risk management (continued)**26.2 Market risk****(i) Profit Rate Risk**

Bank Group	----- Non-trading book -----						Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
31-Mar-19										
Assets										
Cash and short-term funds	3,770,365	-	-	-	-	165,648	-	3,936,013	3.25	
Deposits and placements										
with financial institutions	167,544	732,219	-	-	-	-	-	899,763	3.63	
Derivative financial assets	11	-	-	-	-	-	-	11		
Financial investments at FVOCI	10,222	45,623	311,766	3,072,078	2,646,139	-	-	6,085,828	4.63	
Financial investments at amortised cost	-	-	20,113	-	-	-	-	20,113	4.50	
Financing and advances	-	-	-	-	-	-	-	-		
- non-impaired	927,818	163,660	455,519	3,461,030	27,559,216	(850,728)	-	31,716,515	6.62	
- impaired, net of allowances*	-	-	-	-	-	273,392	-	273,392		
Other receivables^	405,346	-	-	-	-	144,550	-	549,896	7.00	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	1,047,000	-	1,047,000		
Total financial assets	5,281,306	941,502	787,398	6,533,108	30,205,355	779,862	-	44,528,531		

* This is arrived after deducting impairments from gross impaired financing.

^ Other receivables exclude prepayments and deposits as these items are classified as non-financial assets.

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26. Financial risk management (continued)**26.2 Market risk (continued)****(i) Profit Rate Risk (continued)**

Bank Group	----- Non-trading book -----						Trading book	Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
31-Mar-19									
Liabilities									
Deposits from customers	5,753,903	5,661,469	11,766,095	2,684,150	103,668	250,372	-	26,219,657	4.03
Deposits and placements of banks and other financial institutions	1,982,874	2,886,190	2,710,024	868,128	-	30,017	-	8,477,233	3.98
Derivative financial liabilities	59	-	-	-	-	-	-	59	
Other payables #	34,952	-	-	-	-	411,993	-	446,945	7.00
Recourse obligation on financing sold Sukuk-MBSB Structured Covered ("SC") Murabahah	-	-	533,854	1,578,949	-	-	-	2,112,803	4.50
	-	95,950	211,979	1,079,723	604,957	-	-	1,992,609	4.82
Total financial liabilities	7,771,788	8,643,609	15,221,952	6,210,950	708,625	692,382	-	39,249,306	
Total profit-sensitivity gap	(2,490,482)	(7,702,107)	(14,434,554)	322,158	29,496,730	87,480	-	5,279,225	

Other payables exclude other provisions, accruals and deferred income as these items are classified as non-financial liabilities.

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26. Financial risk management (continued)**26.2 Market risk (continued)****(i) Profit Rate Risk (continued)**

Bank	----- Non-trading book -----						Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
31-Mar-19										
Assets										
Cash and short-term funds	3,770,365	-	-	-	-	160,414	-	3,930,779	3.25	
Deposits and placements										
with financial institutions	-	-	-	-	-	-	-	-		
Derivative financial assets	11	-	-	-	-	-	-	11		
Financial investments at FVOCI	10,222	45,623	311,766	3,072,078	2,646,139	-	-	6,085,828	4.63	
Financial investments at amortised cost	-	-	20,113	-	-	-	-	20,113	4.50	
Financing and advances										
- non-impaired	927,818	163,660	455,519	3,461,030	27,559,216	(850,728)	-	31,716,515	6.62	
- impaired, net of allowances*	-	-	-	-	-	273,392	-	273,392		
Sukuk Commodity Murabahah	19,729	97,906	229,715	1,282,400	1,318,814	-	-	2,948,564	3.31	
Other receivables^	437,708	-	-	-	-	141,763	-	579,471	7.00	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	1,047,000	-	1,047,000		
Total financial assets	5,165,853	307,189	1,017,113	7,815,508	31,524,169	771,841	-	46,601,673		

* This is arrived after deducting impairments from gross impaired financing.

^ Other receivables exclude prepayments and deposits as these items are classified as non-financial assets.

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26. Financial risk management (continued)**26.2 Market risk (continued)****(i) Profit Rate Risk (continued)**

Bank	----- Non-trading book -----						Trading book	Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
31-Mar-19									
Liabilities									
Deposits from customers	5,753,903	5,661,469	11,766,095	2,684,150	103,668	250,372	-	26,219,657	4.03
Deposits and placements of banks and other financial institutions	1,982,874	2,886,190	2,710,024	868,128	-	30,017	-	8,477,233	3.98
Derivative financial liabilities	59	-	-	-	-	-	-	59	
Other payables #	34,952	-	-	-	-	2,920,028	-	2,954,980	7.00
Recourse obligation on financing sold Sukuk-MBSB Structured Covered ("SC")	-	-	533,854	1,578,949	-	-	-	2,112,803	4.50
Murabahah	-	95,950	211,979	1,079,723	604,957	-	-	1,992,609	4.82
Total liabilities	7,771,788	8,643,609	15,221,952	6,210,950	708,625	3,200,417	-	41,757,341	
Total profit-sensitivity gap	(2,605,935)	(8,336,420)	(14,204,839)	1,604,558	30,815,544	(2,428,576)	-	4,844,332	

Other payables exclude other provisions, accruals and deferred income as these items are classified as non-financial liabilities.

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26. Financial risk management (continued)**26.2 Market risk (continued)****(i) Profit Rate Risk (continued)**

Bank Group	----- Non-trading book -----						Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
31-Dec-18										
Assets										
Cash and short-term funds	3,062,720	-	-	-	-	179,508	-	3,242,228	3.27	
Deposits and placements with financial institutions	1,874	-	774,865	-	-	-	-	776,739	3.65	
Derivative financial assets	-	67	-	-	-	-	-	67	-	
Financial investments at FVOCI	5,097	192,538	373,038	2,548,826	1,977,606	-	-	5,097,105	4.09	
Financial investments at amortised cost	-	-	-	20,350	-	-	-	20,350	4.22	
Financing and advances										
- non-impaired	462,803	510,837	400,419	3,599,151	27,279,171	(802,176)	-	31,450,205	6.73	
- impaired, net of allowances*	-	-	-	-	-	356,412	-	356,412	-	
Other receivables^	385,031	-	-	-	-	186,798	-	571,829	7.00	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	1,053,000	-	1,053,000		
Total financial assets	3,917,525	703,442	1,548,322	6,168,327	29,256,777	973,542	-	42,567,935		

* This is arrived after deducting impairments from gross impaired financing.

^ Other receivables exclude prepayments and deposits as these items are classified as non-financial assets.

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26. Financial risk management (continued)**26.2 Market risk (continued)****(i) Profit Rate Risk (continued)**

Bank Group	----- Non-trading book -----						Trading book	Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
31-Dec-18									
<u>Liabilities</u>									
Deposits from customers	6,789,658	7,171,717	8,154,246	1,863,692	52,867	177,269	-	24,209,449	4.08
Deposits and placements of banks and other financial institutions	2,102,970	2,783,187	2,812,625	871,613	-	8,456	-	8,578,851	4.05
Derivative financial liabilities	2	-	-	-	-	-	-	2	
Other payables #	-	-	-	-	-	420,893	-	420,893	
Recourse obligation on financing sold Sukuk-MBSB Structured Covered ("SC") Murabahah	7,597	20,511	565,745	1,541,665	-	-	-	2,135,518	4.51
	-	-	308,864	1,064,590	594,621	-	-	1,968,075	4.88
Total financial liabilities	8,900,227	9,975,415	11,841,480	5,341,560	647,488	606,618	-	37,312,788	
Total profit-sensitivity gap	(4,982,702)	(9,271,973)	(10,293,158)	826,767	28,609,289	366,924	-	5,255,147	

Other payables exclude other provisions, accruals and deferred income as these items are classified as non-financial liabilities.

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26. Financial risk management (continued)**26.2 Market risk (continued)****(i) Profit Rate Risk (continued)**

Bank	----- Non-trading book -----						Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
31-Dec-18										
Assets										
Cash and short-term funds	3,062,720	-	-	-	-	174,556	-	3,237,276	3.27	
Deposits and placements										
with financial institutions	1,842	-	-	-	-	-	-	1,842	3.30	
Derivative financial assets	-	67	-	-	-	-	-	67		
Financial investments at FVOCI	5,097	192,538	373,038	2,548,826	1,977,606	-	-	5,097,105	4.09	
Financial investments at amortised cost	-	-	-	20,350	-	-	-	20,350	4.22	
Financing and advances										
- non-impaired	462,803	510,837	400,419	3,599,151	27,279,171	(802,176)	-	31,450,205	6.73	
- impaired, net of allowances*	-	-	-	-	-	356,412	-	356,412		
Sukuk Commodity Murabahah	27,634	-	316,619	1,153,137	1,427,344	-	-	2,924,734	3.31	
Other receivables^	415,100	-	-	-	-	183,631	-	598,731	7.00	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	1,053,000	-	1,053,000		
Total financial assets	3,975,196	703,442	1,090,076	7,321,464	30,684,121	965,423	-	44,739,722		

* This is arrived after deducting impairments from gross impaired financing.

^ Other receivables exclude prepayments and deposits as these items are classified as non-financial assets.

MBSB BANK BERHAD (716122-P)

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26. Financial risk management (continued)**26.2 Market risk (continued)****(i) Profit Rate Risk (continued)**

Bank	----- Non-trading book -----						Trading book	Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
31-Dec-18									
Liabilities									
Deposits from customers	6,789,658	7,171,717	8,154,246	1,863,692	52,867	177,269	-	24,209,449	4.08
Deposits and placements of banks and other financial institutions	2,102,970	2,783,187	2,812,625	871,613	-	8,456	-	8,578,851	4.05
Derivative financial liabilities	2	-	-	-	-	-	-	2	
Other payables #	2,584,124	-	-	-	-	420,893	-	3,005,017	
Recourse obligation on financing sold Sukuk-MBSB Structured Covered ("SC")	7,597	20,511	565,745	1,541,665	-	-	-	2,135,518	4.51
Murabahah	-	-	308,864	1,064,590	594,621	-	-	1,968,075	4.88
Total liabilities	11,484,351	9,975,415	11,841,480	5,341,560	647,488	606,618	-	39,896,911	
Total profit-sensitivity gap	(7,509,155)	(9,271,973)	(10,751,404)	1,979,904	30,036,633	358,805	-	4,842,811	

Other payables exclude other provisions and accruals and deferred income as these items are classified as non-financial liabilities.

MBSB BANK BERHAD (716122-P)

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27. Capital adequacy

The capital adequacy ratios have been computed in accordance with BNM's Capital Adequacy Framework (Capital Components and Basel II – 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.

	Bank Group		Bank	
	31-Mar-19	31-Dec-18	31-Mar-19	31-Dec-18
	RM'000	RM'000	RM'000	RM'000
<u>Common Equity Tier I ("CET I") Capital/Tier I Capital</u>				
Ordinary share capital	4,625,859	4,625,859	4,625,859	4,625,859
Retained earnings	324,226	324,226	259,542	259,543
Other reserve	46,174	15,942	46,174	15,942
	<u>4,996,259</u>	<u>4,966,027</u>	<u>4,931,575</u>	<u>4,901,344</u>
Less : Regulatory adjustments				
Deferred tax assets	-	-	-	-
Cumulative gains of financial investments at				
FVOCI/available-for-sale	(25,810)	(8,152)	(25,810)	(8,152)
Regulatory reserve	(5,234)	(5,234)	(5,234)	(5,234)
Intangible assets	(108,715)	(104,692)	(108,715)	(104,692)
Total CET I Capital/Tier I Capital	<u>4,856,500</u>	<u>4,847,949</u>	<u>4,791,816</u>	<u>4,783,266</u>

Tier II Capital

Collective impairment allowance and regulatory reserve ^	456,916	445,089	491,892	480,046
	<u>456,916</u>	<u>445,089</u>	<u>491,892</u>	<u>480,046</u>
Total capital base	<u>5,313,416</u>	<u>5,293,038</u>	<u>5,283,708</u>	<u>5,263,312</u>

^ Collective impairment allowance on non-credit impaired exposure and regulatory reserves is subject to a maximum of 1.25% of total credit RWA.

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

	Bank Group		Bank	
	31-Mar-19	31-Dec-18	31-Mar-19	31-Dec-18
	RM'000	RM'000	RM'000	RM'000
<u>Total risk weighted assets ("RWA")</u>				
- Credit risk	36,553,293	35,607,133	39,351,355	38,403,661
- Market risk	5,582	2,136	5,582	2,136
- Operational risk	898,226	619,526	837,057	573,889
Total RWA	<u>37,457,101</u>	<u>36,228,795</u>	<u>40,193,994</u>	<u>38,979,686</u>

Capital adequacy ratios (before proposed dividend)

CET I capital ratio	12.965%	13.381%	11.922%	12.271%
Tier I capital ratio	12.965%	13.381%	11.922%	12.271%
Total capital ratio	<u>14.185%</u>	<u>14.610%</u>	<u>13.146%</u>	<u>13.503%</u>

PERFORMANCE REVIEW FOR THE 1ST QUARTER ENDED 31 MARCH 2019

1. Performance Review

The Bank Group registered a profit before taxation and zakat of RM90.99 million for the first quarter ended 31 March 2019. The gross financing and advances for the Bank Group stood at RM33.33 billion whilst total deposits at RM34.70 billion.

Variation of Results against Preceding Year Corresponding Quarter

Financing

	Current Year Quarter 31-Mar-19 RM'000	Preceding Year Corresponding Quarter 31-Mar-18 RM'000	Changes	
			RM'000	%
Personal financing	20,482,668	16	20,482,652	>100%
Corporate financing	8,136,379	950,953	7,185,426	>100%
Property financing	4,506,634	21,060	4,485,574	>100%
Auto financing	203,042	96	202,946	>100%
Total gross financing and advances	<u>33,328,723</u>	<u>972,125</u>	<u>32,356,598</u>	>100%

Variation of Results against Preceding Quarter

Financing

	Current Year Quarter 31-Mar-19 RM'000	Immediate Preceding Quarter 31-Dec-18 RM'000	Changes	
			RM'000	%
Personal financing	20,482,668	20,579,030	(96,362)	-0.5%
Corporate financing	8,136,379	7,887,292	249,087	3.2%
Property financing	4,506,634	4,361,789	144,845	3.3%
Auto financing	203,042	216,563	(13,521)	-6.2%
Total gross financing and advances	<u>33,328,723</u>	<u>33,044,674</u>	<u>284,049</u>	0.9%

Bank Group gross financing and advances for the 1st quarter 2019 ("1Q19") increased significantly against preceding corresponding quarter 2018 due to assets vested from holding company on 2nd April 2018. The 0.9% increase of gross financing and advances compared to immediate preceding quarter 2018 was mainly from Corporate and Property financing.

Current Year-to-Date vs Previous Year-to-Date

	Current Year Quarter 31-Mar-19 RM'000	Preceding Year Corresponding Quarter 31-Mar-18 RM'000	Changes	
			RM'000	%
Income derived from investment of depositors' funds	636,933	21,436	615,497	>100%
Income derived from investment of shareholders' funds	65,429	6,421	59,008	>100%
Impairment (allowance)/writeback	(134,278)	7,263	(141,541)	>-100%
Total net income	179,120	17,282	161,838	>100%
Total overhead expenses	<u>(88,129)</u>	<u>(9,397)</u>	<u>(78,732)</u>	>100%
Profit before tax	<u>90,991</u>	<u>7,885</u>	<u>83,106</u>	>100%
Profit after tax	<u>69,641</u>	<u>5,993</u>	<u>63,648</u>	>100%
Profit attributable to owners of the Bank	<u>69,641</u>	<u>5,993</u>	<u>63,648</u>	>100%
Return on equity	1.7%	1.6%		

PERFORMANCE REVIEW FOR THE 1ST QUARTER ENDED 31 MARCH 2019

1. Performance Review (continued)

Variation of Results against Preceding Quarter

	Current	Immediate	Changes	
	Year	Preceding	RM'000	%
	Quarter	Quarter		
	31-Mar-19	31-Dec-18		
	RM'000	RM'000		
Income derived from investment of depositors' funds	636,933	515,926	121,007	23.5%
Income derived from investment of shareholders' funds	65,429	73,921	(8,492)	-11.5%
Impairment allowance	(134,278)	(57,654)	(76,624)	>100%
Total net income	179,120	255,857	(76,737)	-30.0%
Total overhead expenses	(88,129)	(75,494)	(12,635)	16.7%
Profit before tax	<u>90,991</u>	<u>180,363</u>	(89,372)	-49.6%
Profit after tax	<u>69,641</u>	<u>125,893</u>	(56,252)	-44.7%
Profit attributable to owners of the Bank	<u>69,641</u>	<u>125,893</u>	(56,252)	-44.7%

The increase in income derived from investment of depositors' fund from 1Q19 compared to 1Q18 and 4Q18 were more than 100% and 23.5% respectively. Contribution from financing and advances towards the income derived from investment of depositors' funds stood at 82% (4Q18: 88% 1Q18: 51%).

The Bank Group profit before tax for 1Q19 decreased by 49.6% as compared to 4Q18. The decrease was mainly due to higher impairment allowance and total overhead expenses.

Significant increase in impairment allowance was contributed from both Retail and Corporate portfolio due to the following:

- (i) unfavourable forward looking ("FL") multiplier for House Price Index ("HPI") had increased the Retail Portfolio Stage 2
- (ii) increasing pattern of non-performing of Personal Financing portfolio resulted in increase of ECL for Retail Portfolio Stage 3
- (iii) deterioration of staging for Stage 1 and Stage 2 from Corporate portfolio

The higher total overhead expenses was due to higher personnel related expenses and amortisation of investments from system enhancements.

2. Authorisation for issue

The unaudited interim financial report was authorised for issue to Bank Negara Malaysia by the Board of Directors in accordance with a resolution of the Directors on 25 April 2019.