

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

**INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

MBSB BANK BERHAD (716122-P)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2019**

		Bank Group		Bank	
		30-June-19 RM'000	31-Dec-18 RM'000	30-June-19 RM'000	31-Dec-18 RM'000
Assets					
Cash and short-term funds	7(a)	2,254,575	3,242,228	2,243,577	3,237,276
Deposits and placements with banks and other financial institutions	7(b)	1,294,619	776,739	420,000	1,842
Derivative financial assets	8	1,815	67	1,815	67
Financial investments at fair value through profit or loss ("FVTPL")	9	10,156	-	10,156	-
Financial investments at fair value through other comprehensive income ("FVOCI")	10	8,689,006	5,097,105	8,689,006	5,097,105
Financial investments at amortised cost	11	20,341	20,350	20,341	20,350
Financing and advances	12	32,732,080	31,806,617	32,732,080	31,806,617
Sukuk Commodity Murabahah		-	-	2,829,164	2,924,734
Other receivables	13	576,053	578,064	608,512	604,838
Investment in subsidiary	14	-	-	-	-
Investment in joint venture	15	-	-	-	-
Statutory deposits with Bank Negara Malaysia		1,168,000	1,053,000	1,168,000	1,053,000
Investment property		820	820	820	820
Property and equipment		22,628	20,923	22,628	20,923
Right use of assets		25,946	-	25,946	-
Intangible assets		110,042	104,692	110,042	104,692
Tax recoverable		135,228	74,587	135,228	74,587
Total assets		47,041,309	42,775,192	49,017,315	44,946,851
Liabilities					
Deposits from customers	16	26,265,122	24,209,449	26,265,122	24,209,449
Deposits and placements of banks and other financial institutions	17	10,732,029	8,578,851	10,732,029	8,578,851
Derivative financial liabilities	8	-	2	-	2
Other payables	18	479,175	515,834	2,907,066	3,099,060
Lease liabilities		26,186	-	26,186	-
Recourse obligation on financing sold		2,046,954	2,135,518	2,046,954	2,135,518
Sukuk-MBSB Structured Covered ("SC") Murabahah		1,874,024	1,968,075	1,874,024	1,968,075
Provision for zakat		16,196	13,000	16,196	13,000
Deferred tax liabilities		53,292	41,552	53,292	41,552
Total liabilities		41,492,978	37,462,281	43,920,869	40,045,507
Equity					
Share capital		4,625,859	4,625,859	4,625,859	4,625,859
Reserves		922,472	687,052	470,587	275,485
Total equity		5,548,331	5,312,911	5,096,446	4,901,344
Total Liabilities and Equity		47,041,309	42,775,192	49,017,315	44,946,851
Commitments and contingencies	27	5,934,447	6,078,479	5,934,447	6,078,479
Capital Adequacy					
		Bank Group		Bank	
CET1 capital		12.493%	13.381%	11.553%	12.271%
Tier 1 capital		12.493%	13.381%	11.553%	12.271%
Total capital ratio		13.712%	14.610%	12.776%	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 SECOND QUARTER ENDED 30 JUNE 2019**

		Bank Group			
		2nd Quarter Ended		Six Months Ended	
		30-June-19	30-June-18	30-June-19	30-June-18
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	19	618,807	574,503	1,255,740	595,938
Income derived from investment of shareholders' funds	20	79,685	104,723	145,114	111,144
Net allowance for impairment on financing and advances and other financial assets	21	(94,570)	(33,200)	(228,847)	(25,937)
Total distributable income		603,922	646,026	1,172,007	681,145
Income attributable to depositors and others	22	(415,577)	(365,882)	(804,541)	(383,720)
Total net income		188,345	280,144	367,466	297,425
Personnel expenses	23	(63,859)	(54,579)	(124,845)	(60,435)
Other overhead expenses	24	(28,966)	(37,050)	(56,109)	(40,591)
Profit before taxation and zakat		95,520	188,515	186,512	196,399
Taxation		(21,917)	(45,168)	(38,267)	(47,059)
Zakat		1,828	(3,976)	(3,172)	(3,976)
Profit for the financial period		75,431	139,371	145,073	145,364
Profit attributable to:					
Owners of the Bank		75,431	139,371	145,073	145,364
		75,431	139,371	145,073	145,364
Profit for the financial period		75,431	139,371	145,073	145,364
Other comprehensive income, net of tax	25	60,115	(15,632)	90,347	(15,534)
		60,115	(15,632)	90,347	(15,534)
Total comprehensive income for the financial period		135,546	123,739	235,420	129,830
Total comprehensive income attributable to:					
Owners of the Bank Group		135,546	123,739	235,420	129,830
		135,546	123,739	235,420	129,830
Earnings per share (sen)		6.52	12.05	6.27	6.28

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 SECOND QUARTER ENDED 30 JUNE 2019**

		Bank			
		2nd Quarter Ended		Six Months Ended	
		30-June-19	30-June-18	30-June-19	30-June-18
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	19	646,515	592,786	1,299,343	614,221
Income derived from investment of shareholders' funds	20	68,429	107,479	134,981	113,900
Net allowance for impairment on financing and advances and other financial assets	21	(94,570)	(33,200)	(228,847)	(25,937)
Total distributable income		620,374	667,065	1,205,477	702,184
Income attributable to depositors and others	22	(452,175)	(411,198)	(882,477)	(429,036)
Total net income		168,199	255,867	323,000	273,148
Personnel expenses	23	(63,859)	(54,579)	(124,845)	(60,435)
Other overhead expenses	24	(28,378)	(36,037)	(54,956)	(39,576)
Profit before taxation and zakat		75,962	165,251	143,199	173,137
Taxation		(20,684)	(43,718)	(35,272)	(45,609)
Zakat		1,828	(3,976)	(3,172)	(3,976)
Profit for the financial period		57,106	117,557	104,755	123,552
Profit attributable to:					
Owners of the Bank		57,106	117,557	104,755	123,552
		57,106	117,557	104,755	123,552
Profit for the financial period		57,106	117,557	104,755	123,552
Other comprehensive income, net of tax:	25	60,115	(15,632)	90,347	(15,534)
		60,115	(15,632)	90,347	(15,534)
Total comprehensive income for the financial period		117,221	101,925	195,102	108,018
Total comprehensive income attributable to:					
Owners of the Bank		117,221	101,925	195,102	108,018
		117,221	101,925	195,102	108,018

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 CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

Bank Group	Share Capital RM'000	Regulatory Reserve RM'000	Fair value reserve- 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	-	-	-	145,073	145,073
Other comprehensive income for the financial period	-	-	90,347	-	90,347
Total comprehensive income for the financial period	-	-	90,347	145,073	235,420
Balance as at 30 June 2019	4,625,859	5,234	101,055	816,183	5,548,331
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	-	-	-	145,364	145,364
Other comprehensive loss for the financial period	-	-	(15,534)	-	(15,534)
Total comprehensive income for the financial period	-	-	(15,534)	145,364	129,830
Adjustment arising from merger exercise	-	-	-	346,884	346,884
Issuance of ordinary shares	4,093,329	-	-	-	4,093,329
Balance as at 30 June 2018	4,625,859	5,234	(15,493)	427,443	5,043,043

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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INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CHANGES IN EQUITY****FOR THE SECOND QUARTER ENDED 30 JUNE 2019 (CONTINUED)**

Bank	Share Capital RM'000	Regulatory Reserve RM'000	Fair value reserve- 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	-	-	-	104,755	104,755
Other comprehensive income for the financial period	-	-	90,347	-	90,347
Total comprehensive income for the financial period	-	-	90,347	104,755	195,102
Balance as at 30 June 2019	4,625,859	5,234	101,055	364,298	5,096,446
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	-	-	-	123,552	123,552
Other comprehensive income/(loss) for the financial period	-	-	(15,534)	-	(15,534)
Total comprehensive income for the financial period	-	-	(15,534)	123,552	108,018
Issuance of ordinary shares	4,093,329	-	-	-	4,093,329
Balance as at 30 June 2018	4,625,859	5,234	(15,493)	58,747	4,674,347

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 CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

	Bank Group		Bank	
	6 months ended		6 months ended	
	30-June-19	30-June-18	30-June-19	30-June-18
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	186,512	196,399	143,199	173,137
Adjustments for non-cash items	127,418	(6,978)	79,888	(34,300)
Operating profit before working capital changes	313,930	189,421	223,087	138,837
Working capital changes:				
Net changes in operating assets	(1,808,209)	1,096,815	(1,696,946)	(1,772,925)
Net changes in operating liabilities	4,198,378	(5,409,010)	4,026,275	(2,648,469)
Income taxes and zakat paid	(115,235)	(3,311)	(112,698)	(280)
Net cash generated from/(used in) operating activities	2,588,864	(4,126,085)	2,439,718	(4,282,837)
Cash flows from investing activities				
Purchase of property and equipment	(4,773)	(5,107)	(4,773)	(5,107)
Purchase of intangible assets	(15,623)	(67,454)	(15,623)	(67,454)
Arising from vesting of assets and liabilities from holding company	-	6,270,568	-	6,269,184
Proceeds from disposal of property and equipment	-	26	-	26
Net purchase of financial investments	(3,444,684)	(286,537)	(3,444,684)	(286,573)
Proceeds from purchase of FVTPL	(10,156)	-	(10,156)	-
Profit income from financial investments	128,864	45,139	128,864	45,139
Profit income from Sukuk Commodity Murabahah	-	-	47,530	27,322
Proceeds from maturity of Sukuk Commodity Murabahah	-	-	95,570	128,028
Net cash (used in)/generated from investing activities	(3,346,372)	5,956,635	(3,203,272)	6,110,565
Cash flows from financing activities				
Repayment/(proceeds) on recourse obligation on financing	(54,089)	9,922	(54,089)	9,922
Profit expense paid - recourse obligation on financing sold	(34,475)	(20,387)	(34,475)	(20,387)
Profit expense paid - Sukuk MBSB-SC Murabahah	(12,033)	(55,277)	(12,033)	(55,277)
Proceeds of Sukuk - MBSB-SC Murabahah	(129,548)	(101,235)	(129,548)	(101,235)
Net cash used in financing activities	(230,145)	(166,977)	(230,145)	(166,977)
Net (decrease)/increase in cash and cash equivalents	(987,653)	1,663,573	(993,699)	1,660,751
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	2,254,575	2,142,247	2,243,577	2,139,425

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 30 JUNE 2019

1. Basis of preparation

The unaudited condensed interim financial statements for the financial quarter ended 30 June 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 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	
	30-June-19 RM'000	31-Dec-18 RM'000	30-June-19 RM'000	31-Dec-18 RM'000
(a) Cash and balances with banks and other financial institutions	189,709	179,508	178,711	174,556
Money at call and deposit placements maturing within one month	2,064,866	3,062,720	2,064,866	3,062,720
Total cash and short-term funds	2,254,575	3,242,228	2,243,577	3,237,276
(b) Deposits and placements with financial institutions with original maturity of more than one month				
- Licensed Islamic banks	1,274,619	776,739	400,000	1,842
- Financial institutions	20,000	-	20,000	-
Total cash and short-term funds and deposits and placements with financial institutions	3,549,194	4,018,967	2,663,577	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					
	30-June-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	228,907	1,815	-	5,842	67	(2)

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9. Financial investments at FVTPL

	Bank Group and Bank	
	30-June-19	31-Dec-18
	RM'000	RM'000
At fair value		
Quoted securities:		
<u>In Malaysia</u>		
Malaysian Government Investment Issues	10,156	-
	10,156	-
	10,156	-

10. Financial investments at FVOCI

	Bank Group and Bank	
	30-June-19	31-Dec-18
	RM'000	RM'000
At fair value		
Money Market Instruments		
Malaysian Government Investment Issues	5,443,735	2,154,192
Debt securities:		
<u>In Malaysia</u>		
Corporate sukuk	1,225,788	1,060,628
Government Guaranteed corporate sukuk	2,019,483	1,882,285
	8,689,006	5,097,105
	8,689,006	5,097,105

Expected credit losses ("ECL") movement for debt instruments at fair value through other comprehensive income:

The following expected credit losses is not recognised in the statement of financial position as the carrying amount of debt instruments at fair value through other comprehensive income is equivalent to their fair value.

	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	-	-	-	-
Total charge to Income Statement:	18	-	-	18
Change in credit risk	18	-	-	18
At 30 June 2019	18	-	-	18
	18	-	-	18

There was no ECL for financial investments at FVOCI during the year 2018.

11. Financial investments at amortised cost

	Bank Group and Bank	
	30-June-19	31-Dec-18
	RM'000	RM'000
At amortised cost		
Quoted securities:		
<u>In Malaysia</u>		
Private and Islamic debt securities	20,347	20,356
Less: ECL at Stage 1	(6)	(6)
	20,341	20,350
	20,341	20,350

12. Financing and advances

	Bank Group and Bank	
	30-June-19	31-Dec-18
	RM'000	RM'000
(i) By type		
At amortised cost		
Term financing		
- Personal financing	20,355,682	20,562,117
- Other term financing	6,133,292	5,456,952
- Property financing	4,688,220	4,340,081
- Industrial hire purchase	798,851	781,118
- Bridging financing	656,989	716,015
- Auto Financing	188,008	213,898
Revolving Credit	855,367	743,218
Trade finance	460,165	138,473
Trusts receipts	-	51,525
Staff financing	43,538	41,277
Gross financing and advances	<u>34,180,112</u>	<u>33,044,674</u>
Less: Expected credit losses ("ECL")		
- Stage 1	(416,356)	(346,537)
- Stage 2	(484,157)	(455,639)
- Stage 3	(547,519)	(435,881)
Net financing and advances	<u>32,732,080</u>	<u>31,806,617</u>

(ii) By residual contractual maturity

	Bank Group and Bank	
	30-June-19	31-Dec-18
	RM'000	RM'000
Within one year	2,279,095	1,480,942
More than one year to three years	1,380,984	1,770,112
More than three years to five years	2,135,024	1,939,750
More than five years	28,385,009	27,853,870
	<u>34,180,112</u>	<u>33,044,674</u>

12. Financing and advances (continued)

(iii) By economic purpose

	Bank Group and Bank	
	30-June-19	31-Dec-18
	RM'000	RM'000
Personal Use	20,455,786	20,674,102
Construction	4,825,693	4,122,973
Purchase of landed property:		
- Residential	4,341,816	4,031,169
- Non-Residential	249,094	207,864
Working Capital	4,033,685	3,519,031
Purchase of transport vehicles	188,639	213,635
Purchase of other fixed assets	38,552	56,097
Purchase of other securities	442	498
Purchase of consumer durables	139	142
Others	46,266	219,164
	<u>34,180,112</u>	<u>33,044,674</u>

(iv) By type of customers

	Bank Group and Bank	
	30-June-19	31-Dec-18
	RM'000	RM'000
Individuals	25,185,558	25,069,610
Domestic business enterprises		
- Small medium enterprise	2,554,265	2,421,177
- Non-bank financial institutions	571,204	536,644
- Government	196,340	240,301
- Others	5,672,745	4,770,904
Foreign entities	-	6,038
	<u>34,180,112</u>	<u>33,044,674</u>

(v) By sector

	Bank Group and Bank	
	30-June-19	31-Dec-18
	RM'000	RM'000
Household	25,185,558	25,075,711
Construction	5,804,174	5,395,247
Finance, insurance and business services	1,061,413	1,075,960
Education, health and others	694,688	419,174
Manufacturing	504,989	262,010
Agriculture	280,018	236,677
Electricity, gas and water	233,916	233,110
Wholesale & retail trade and restaurants & hotels	181,958	164,657
Transport, storage and communication	166,060	122,120
Mining and quarrying	67,338	60,008
	<u>34,180,112</u>	<u>33,044,674</u>

12. Financing and advances (continued)

(vi) By profit rate sensitivity

	Bank Group and Bank	
	30-June-19	31-Dec-18
	RM'000	RM'000
Fixed rate:		
Personal financing	18,344,868	18,976,550
Property financing	472,411	564,967
Others	1,382,747	1,139,424
Variable rate:		
Personal financing	2,027,618	1,602,482
Property financing	4,239,313	3,796,380
Others	7,713,155	6,964,871
	34,180,112	33,044,674

(vi) By geographical distribution

	Bank Group and Bank	
	30-June-19	31-Dec-18
	RM'000	RM'000
Malaysia	34,180,112	33,044,540
United Kingdom	-	134
	34,180,112	33,044,674

(viii) Financing by types and Shariah contracts

Bank Group and Bank
30-June-19

Type	Tawarruq	Bai'	Ijarah	Istisna'	Murabahah	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Term Financing	28,834,708	2,207,112	1,694,266	84,956	-	32,821,042
Property financing	2,553,189	2,131,665	3,366	-	-	4,688,220
Bridging financing	656,989	-	-	-	-	656,989
Hire purchase receivables	-	-	798,851	-	-	798,851
Auto financing	-	-	188,008	-	-	188,008
Personal financing	20,355,416	266	-	-	-	20,355,682
Other term financing	5,269,114	75,181	704,041	84,956	-	6,133,292
Trust receipts	-	-	-	-	-	-
Staff financing	40,170	225	3,143	-	-	43,538
Revolving credit	855,367	-	-	-	-	855,367
Others	455,205	4,960	-	-	-	460,165
	30,185,450	2,212,297	1,697,409	84,956	-	34,180,112

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
	28,994,509	2,316,806	1,654,942	78,417	-	33,044,674

12. Financing and advances (continued)

(ix) Movement in gross financing and advances

30-Jun-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	357,288	(286,302)	(70,986)	-
Transfer to stage 2	(861,858)	1,021,229	(159,371)	-
Transfer to stage 3	(77,144)	(329,544)	406,688	-
New financing / disbursement during the year	3,232,910	372,562	11,412	3,616,884
Repayment during the year	(2,191,765)	(341,055)	(52,382)	(2,585,202)
Other changes to the carrying amount	84,908	11,002	7,846	103,756
Gross carrying amount as at 30 June 2019	28,859,216	4,385,396	935,500	34,180,112

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	28,314,877	3,937,504	792,293	33,044,674

(x) Movement of ECL for financing and advances

30-Jun-19

	Bank Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL as at 1 January 2019	346,537	455,639	435,881	1,238,057
Charges to profit or loss, of which:	69,819	28,518	111,638	209,975
Changes in the loss allowance:				
- Transfer to stage 1	6,846	(5,494)	(1,352)	-
- Transfer to stage 2	(96,973)	125,738	(28,765)	-
- Transfer to stage 3	(53,528)	(178,487)	232,015	-
New financing / disbursement during the year	63,832	24,492	1,424	89,748
Repayment during the year	(23,537)	(152,460)	(134,873)	(310,870)
Change in credit risk parameters	173,179	214,729	43,189	431,097
ECL as at 30 June 2019	416,356	484,157	547,519	1,448,032

12. Financing and advances (continued)

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

31-Dec-18	Bank Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total 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, of which:	(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	
	30-June-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	418,100	465,871
Reclassified as non-impaired	(230,357)	(93,827)
Amount recovered	(52,382)	(117,630)
Amount written off	-	(566,310)
Transfer from assets held-for-sale	-	116,553
Other changes to the carrying amount	7,846	141,075
Balance as at end of financial period	935,500	792,293
Gross impaired financing and advances as a % of gross financing and advances	2.74%	2.40%

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12. Financing and advances (continued)

(xii) Impaired financing by sector

	Bank Group and Bank	
	30-June-19	31-Dec-18
	RM'000	RM'000
Household sector	546,390	417,768
Construction	140,871	213,827
Education, health and others	80,834	88,331
Agriculture	59,128	154
Finance, insurance and business services	47,486	11,603
Mining and quarrying	38,891	38,891
Wholesale & retail trade and restaurants & hotels	21,078	21,115
Manufacturing	559	317
Transport, storage and communication	263	287
	<u>935,500</u>	<u>792,293</u>

(xiii) Impaired financing by geographical distribution

Malaysia	<u>935,500</u>	<u>792,293</u>
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13. Other receivables

	Bank Group		Bank	
	30-June-19	31-Dec-18	30-June-19	31-Dec-18
	RM'000	RM'000	RM'000	RM'000
Financing to subsidiary	-	-	34,830	30,069
Financing to related companies	682,016	635,993	682,016	635,993
Amount due from holding company	86,897	98,666	86,897	98,666
Prepayments and deposits	8,855	6,235	8,734	6,107
Sundry receivables	59,256	88,132	57,006	84,965
	<u>837,024</u>	<u>829,026</u>	<u>869,483</u>	<u>855,800</u>
Less: ECL at Stage 3	<u>(260,971)</u>	<u>(250,962)</u>	<u>(260,971)</u>	<u>(250,962)</u>
	<u>576,053</u>	<u>578,064</u>	<u>608,512</u>	<u>604,838</u>

14. 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 30 June 2019 is RM 2 (31 December 2018: RM 2).

The subsidiary was incorporated in Malaysia.

15. Investment in joint venture

	Bank Group and Bank	
	30-June-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>

16. Deposits from customers

	Bank Group and Bank	
	30-June-19	31-Dec-18
	RM'000	RM'000
(i) By type of deposit:		
<u>Non-Mudharabah Funds:</u>		
Commodity Murabahah Term Deposit	25,983,558	23,907,371
Demand deposits	184,130	225,520
Savings deposits	97,434	76,558
	<u>26,265,122</u>	<u>24,209,449</u>

The deposit above are under the Islamic contract of Tawarruq.

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

	Bank Group and Bank	
	30-June-19	31-Dec-18
	RM'000	RM'000
Within six months	17,256,216	17,172,705
More than six months to one year	7,151,498	4,818,107
More than one year to three years	1,231,489	723,813
More than three years	344,355	1,192,746
	<u>25,983,558</u>	<u>23,907,371</u>

(iii) By type of customers:

	Bank Group and Bank	
	30-June-19	31-Dec-18
	RM'000	RM'000
Government and statutory bodies	17,287,300	14,746,960
Business enterprises	4,958,012	6,371,297
Individuals	4,019,810	3,091,192
	<u>26,265,122</u>	<u>24,209,449</u>

17. Deposits and placements of banks and other financial institutions

	Bank Group and Bank	
	30-June-19	31-Dec-18
	RM'000	RM'000
(i) By type of deposit:		
<u>Non-Mudharabah Funds:</u>		
Other financial institutions	10,732,029	8,578,851
	<u>10,732,029</u>	<u>8,578,851</u>
(ii) By type of contract:		
Tawarruq	10,732,029	8,578,851
	<u>10,732,029</u>	<u>8,578,851</u>

18. Other payables

	Bank Group		Bank	
	30-June-19 RM'000	31-Dec-18 RM'000	30-June-19 RM'000	31-Dec-18 RM'000
Amount due to subsidiary	-	-	2,429,256	2,584,124
Amount due to related companies	34,478	35,437	34,478	35,437
Al-Mudharabah security fund	126,826	123,401	126,826	123,401
Sundry creditors	145,455	168,112	145,455	168,112
Other provisions and accruals	50,058	82,292	48,693	81,394
ECL for commitment and contingencies	105,104	93,943	105,104	93,943
Deferred income	17,254	12,649	17,254	12,649
	<u>479,175</u>	<u>515,834</u>	<u>2,907,066</u>	<u>3,099,060</u>

Movement of ECL for commitment and contingencies are as follows:

30-June-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, of which:	977	3,556	6,628	11,161
Changes in the impairment allowance				
- Transfer to stage 1	435	(435)	-	-
- Transfer to stage 2	(15,992)	16,045	(53)	-
- Transfer to stage 3	(4,498)	(812)	5,310	-
New financing/ disbursement during the year	14,330	4,069	1,504	19,903
Repayment/drawdown to financing during the year	(7,985)	(3,206)	(403)	(11,594)
Changes in credit risk parameters	14,687	(12,105)	270	2,852
ECL as at 30 June 2019	<u>53,694</u>	<u>40,186</u>	<u>11,224</u>	<u>105,104</u>
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	-	-	17	17
Total charged to profit or loss, of which:	(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	<u>52,717</u>	<u>36,630</u>	<u>4,596</u>	<u>93,943</u>

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19. Income derived from investment of depositors' funds

	Bank Group			
	2nd Quarter Ended		Six Months Ended	
	30-June-19	30-June-18	30-June-19	30-June-18
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
i) General investment deposits	-	7,672	-	7,753
ii) Other deposits	618,807	566,831	1,255,740	588,185
	<u>618,807</u>	<u>574,503</u>	<u>1,255,740</u>	<u>595,938</u>
i) Income derived from investment of general investment deposits				
<u>Finance income and hibah:</u>				
Financing and advances	-	6,871	-	6,912
Financial investments at FVOCI	-	497	-	504
Financial investments at amortised cost	-	22	-	41
Money at call and deposits with financial institutions	-	178	-	192
Profit on Sukuk commodity murabahah	-	-	-	-
Others	-	104	-	104
	<u>-</u>	<u>7,672</u>	<u>-</u>	<u>7,753</u>
of which financing income earned on impaired financing	-	223	-	223
ii) Income derived from investment of other deposits				

	Bank Group			
	2nd Quarter Ended		Six Months Ended	
	30-June-19	30-June-18	30-June-19	30-June-18
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	518,186	494,237	1,041,890	505,023
Financial investments at FVTPL	640	-	640	-
Financial investments at FVOCI	63,493	36,413	125,180	38,330
Financial investments at amortised cost	222	4,807	442	9,772
Money at call and deposits with financial institutions	32,006	23,926	66,506	27,612
Profit on Sukuk commodity murabahah	-	-	-	-
Others	4,260	7,448	21,082	7,448
	<u>618,807</u>	<u>566,831</u>	<u>1,255,740</u>	<u>588,185</u>
of which financing income earned on impaired financing	5,471	15,802	10,776	15,802

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

	Bank			
	2nd Quarter Ended		Six Months Ended	
	30-June-19 RM'000	30-June-18 RM'000	30-June-19 RM'000	30-June-18 RM'000
Income derived from investment of:				
i) General investment deposits	-	7,927	-	8,008
ii) Other deposits	646,515	584,859	1,299,343	606,213
	<u>646,515</u>	<u>592,786</u>	<u>1,299,343</u>	<u>614,221</u>
i) Income derived from investment of general investment deposits				
<u>Finance income and hibah:</u>				
Financing and advances	-	6,871	-	6,912
Financial investments at FVOCI	-	497	-	504
Financial investments at amortised cost	-	22	-	41
Money at call and deposits with financial institutions	-	98	-	112
Profit on Sukuk Commodity Murabahah	-	330	-	330
Others	-	109	-	109
	<u>-</u>	<u>7,927</u>	<u>-</u>	<u>8,008</u>
of which financing income earned on impaired financing	-	223	-	223

	Bank			
	2nd Quarter Ended		Six Months Ended	
	30-June-19 RM'000	30-June-18 RM'000	30-June-19 RM'000	30-June-18 RM'000
ii) Income derived from investment of other deposits				
<u>Finance income and hibah:</u>				
Financing and advances	518,186	494,237	1,041,890	505,023
Financial investments at FVTPL	640	-	640	-
Financial investments at FVOCI	63,493	36,413	125,180	38,330
Financial investments at amortised cost	222	4,807	442	9,772
Money at call and deposits with financial institutions	32,006	18,284	66,506	21,970
Profit on Sukuk Commodity Murabahah	21,346	23,412	43,603	23,412
Others	10,622	7,706	21,082	7,706
	<u>646,515</u>	<u>584,859</u>	<u>1,299,343</u>	<u>606,213</u>
of which financing income earned on impaired financing	5,471	15,802	10,776	15,802

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20. Income derived from investment of shareholders' funds

	Bank Group			
	2nd Quarter Ended		Six Months Ended	
	30-June-19	30-June-18	30-June-19	30-June-18
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	56,083	77,135	92,698	79,769
Financial investments at FVTPL	8	-	15	-
Financial investments at FVOCI	1,415	5,837	3,230	6,305
Financial investments at amortised cost	4	1,436	10	2,650
Money at call and deposits with financial institutions	15,344	6,138	16,710	7,038
Profit on Sukuk commodity murabahah	-	-	-	-
Others	103	1,139	808	1,139
	<u>72,957</u>	<u>91,685</u>	<u>113,471</u>	<u>96,901</u>
of which financing income earned on impaired financing	<u>595</u>	<u>3,457</u>	<u>970</u>	<u>3,457</u>
Other operating (expenses) / income :				
Financing related fees	(1,347)	5,456	(3,354)	5,456
Commission	4,174	3,743	6,142	3,909
Sundry income	3,901	3,991	28,855	4,878
Net gain on derivatives foreign exchange contracts	-	(152)	-	-
	<u>6,728</u>	<u>13,038</u>	<u>31,643</u>	<u>14,243</u>
	<u>79,685</u>	<u>104,723</u>	<u>145,114</u>	<u>111,144</u>

	Bank			
	2nd Quarter Ended		Six Months Ended	
	30-June-19	30-June-18	30-June-19	30-June-18
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	56,083	77,135	92,698	79,769
Financial investments at FVTPL	8	-	15	-
Financial investments at FVOCI	1,415	5,837	3,230	6,305
Financial investments at amortised cost	4	1,436	10	2,650
Money at call and deposits with financial institutions	678	5,275	1,559	6,175
Profit on Sukuk commodity murabahah	2,354	3,580	3,927	3,580
Others	1,159	1,178	1,899	1,178
	<u>61,701</u>	<u>94,441</u>	<u>103,338</u>	<u>99,657</u>
of which financing income earned on impaired financing	<u>595</u>	<u>3,457</u>	<u>970</u>	<u>3,457</u>
Other operating (expenses) / income :				
Loan related fees	(1,347)	5,456	(3,354)	5,456
Insurance commission	4,174	3,743	6,142	3,909
Sundry income	3,901	3,991	28,855	4,878
Net gain on derivatives foreign exchange contracts	-	(152)	-	-
	<u>6,728</u>	<u>13,038</u>	<u>31,643</u>	<u>14,243</u>
	<u>68,429</u>	<u>107,479</u>	<u>134,981</u>	<u>113,900</u>

21. Net allowance for impairment on financing and advances and other financial assets

30-June-19

	Bank Group and Bank			
	Six Months Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI	18	-	-	18
Financing and advances	69,819	28,518	111,638	209,975
Other receivables	-	-	10,010	10,010
Financing commitments and financial guarantee	977	3,556	6,628	11,161
	<u>70,814</u>	<u>32,074</u>	<u>128,276</u>	<u>231,164</u>
Impaired financing and advances:				
- Written off	-	-	3,876	3,876
- Recovered	-	-	(6,193)	(6,193)
	<u>70,814</u>	<u>32,074</u>	<u>125,959</u>	<u>228,847</u>

	Bank Group and Bank			
	2nd Quarter Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI	18	-	-	18
Financial investments at amortised cost	(1)	-	-	(1)
Financing and advances	46,930	2,855	59,431	109,216
Other receivables	-	-	5,022	5,022
Financing commitments and financial guarantee	(5,547)	(18,498)	5,187	(18,858)
	<u>41,400</u>	<u>(15,643)</u>	<u>69,640</u>	<u>95,397</u>
Impaired financing and advances:				
- Written off	-	-	3,501	3,501
- Recovered	-	-	(4,328)	(4,328)
	<u>41,400</u>	<u>(15,643)</u>	<u>68,813</u>	<u>94,570</u>

30-June-18

	Bank Group and Bank			
	Six Months Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Financing and advances	(118,212)	(3,032)	139,962	18,718
Financial asset held-for-sale	(6)	(1,146)	20,847	19,695
	<u>(118,218)</u>	<u>(4,178)</u>	<u>160,809</u>	<u>38,413</u>
Impaired financing and advances:				
- Written off	-	-	1,521	1,521
- Recovered	-	-	(13,997)	(13,997)
	<u>(118,218)</u>	<u>(4,178)</u>	<u>148,333</u>	<u>25,937</u>

	Bank Group and Bank			
	2nd Quarter Ended			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Financing and advances	(112,055)	(1,943)	139,979	25,981
Financial asset held-for-sale	(6)	(1,146)	20,847	19,695
	<u>(112,061)</u>	<u>(3,089)</u>	<u>160,826</u>	<u>45,676</u>
Impaired financing and advances:				
- Written off	-	-	1,521	1,521
- Recovered	-	-	(13,997)	(13,997)
	<u>(112,061)</u>	<u>(3,089)</u>	<u>148,350</u>	<u>33,200</u>

22. Income attributable to depositors and others

	Bank Group			
	2nd Quarter Ended		Six Months Ended	
	30-June-19	30-June-18	30-June-19	30-June-18
	RM'000	RM'000	RM'000	RM'000
(a) Income attributable to depositors				
Deposits from customers:				
- Mudharabah funds	-	302,726	-	302,764
- Non-mudharabah funds	284,528	7,366	560,852	18,372
Deposits and placements of banks and other financial institutions:				
- Non-mudharabah funds	84,042	3,739	149,050	10,533
	<u>368,570</u>	<u>313,831</u>	<u>709,902</u>	<u>331,669</u>
(b) Income attributable to securitisation	23,307	24,422	47,109	24,422
(c) Income attributable to sukuk	23,700	27,629	47,530	27,629
	<u>415,577</u>	<u>365,882</u>	<u>804,541</u>	<u>383,720</u>

	Bank			
	2nd Quarter Ended		Six Months Ended	
	30-June-19	30-June-18	30-June-19	30-June-18
	RM'000	RM'000	RM'000	RM'000
(a) Income attributable to depositors				
Deposits from customers:				
- Mudharabah funds	-	302,726	-	302,764
- Non-mudharabah funds	284,528	7,366	560,852	18,372
Deposits and placements of banks and other financial institutions:				
- Non-mudharabah funds	84,042	3,739	149,050	10,533
	<u>368,570</u>	<u>313,831</u>	<u>709,902</u>	<u>331,669</u>
(b) Income attributable to securitisation	23,307	24,422	47,109	24,422
(c) Income attributable to sukuk	23,700	27,322	47,530	27,322
d) Others	36,598	45,623	77,936	45,623
	<u>452,175</u>	<u>411,198</u>	<u>882,477</u>	<u>429,036</u>

23. Personnel expenses

	Bank Group/Bank			
	2nd Quarter Ended		Six Months Ended	
	30-June-19	30-June-18	30-June-19	30-June-18
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	49,526	43,373	96,889	47,984
Contributions to Employee Provident Fund and SOCSO	9,288	7,545	17,578	8,008
Directors' remuneration	553	620	1,197	1,175
Shariah Advisory Committee members' remuneration	120	-	234	17
Other staff related expenses	4,372	3,041	8,947	3,251
	<u>63,859</u>	<u>54,579</u>	<u>124,845</u>	<u>60,435</u>

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24. Other overhead expenses

	Bank Group			
	2nd Quarter Ended		Six Months Ended	
	30-June-19	30-June-18	30-June-19	30-June-18
	RM'000	RM'000	RM'000	RM'000
<u>Establishment related expenses</u>				
Depreciation of property and equipment	1,514	2,720	3,068	2,790
Depreciation of right use of assets	6,071	-	6,071	-
Amortisation of intangible assets	5,269	4,586	10,273	4,740
Rental of premises	(2,578)	1,677	3,091	2,006
Software and hardware maintenance	2,939	810	4,869	2,403
Rental of equipment and network line	-	20	-	55
Security expenses	469	22	753	91
Others	1,265	1,351	1,728	1,629
	<u>14,949</u>	<u>11,186</u>	<u>29,853</u>	<u>13,714</u>
<u>Promotion and marketing related expenses</u>				
Advertising and promotional activities	2,801	2,565	4,461	2,565
Others	-	1	-	9
	<u>2,801</u>	<u>2,566</u>	<u>4,461</u>	<u>2,574</u>
<u>General administrative expenses</u>				
License and association fees and levies	26	198	76	345
Travelling, transport and accomodation expenses	878	473	1,573	512
Printing, stationery, postage and clearing charges	1,424	2,173	2,754	2,207
Electricity and water	887	461	1,718	508
Other professional fees	3,919	4,375	7,798	4,629
Auditors remuneration	361	246	725	346
Others	2,059	7,799	3,977	8,183
	<u>9,554</u>	<u>15,725</u>	<u>18,621</u>	<u>16,730</u>
<u>Commission fees</u>				
Commission fees	1,086	-	2,071	-
Angkasa charges	7,425	7,573	14,801	7,573
	<u>8,511</u>	<u>7,573</u>	<u>16,872</u>	<u>7,573</u>
Inter-company recharges	(6,849)	-	(13,698)	-
	<u>28,966</u>	<u>37,050</u>	<u>56,109</u>	<u>40,591</u>

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24. Other overhead expenses (continued)

	Bank			
	2nd Quarter Ended		Six Months Ended	
	30-June-19 RM'000	30-June-18 RM'000	30-June-19 RM'000	30-June-18 RM'000
<u>Establishment related expenses</u>				
Depreciation of property, plant and equipment	1,514	2,721	3,068	2,790
Depreciation of right use of assets	6,071	-	6,071	-
Amortisation of intangible assets	5,269	4,586	10,273	4,740
Rental of premises	(2,578)	1,677	3,091	2,006
Software and hardware maintenance	2,939	811	4,869	2,403
Rental of equipment and network line	-	20	-	55
Security expenses	469	22	753	91
Others	1,265	1,351	1,728	1,629
	<u>14,949</u>	<u>11,188</u>	<u>29,853</u>	<u>13,714</u>
<u>Promotion and marketing related expenses</u>				
Advertising and promotional activities	2,801	2,565	4,461	2,565
Others	-	1	-	9
	<u>2,801</u>	<u>2,566</u>	<u>4,461</u>	<u>2,574</u>
<u>General administrative expenses</u>				
License and association fees and levies	26	198	76	345
Travelling, transport and accomodation expenses	878	473	1,573	512
Printing, stationery, postage and clearing charges	1,424	2,173	2,754	2,207
Electricity and water	887	461	1,718	508
Other professional fees	3,919	4,375	7,798	4,629
Auditors remuneration	362	246	725	346
Others	1,903	6,784	3,691	7,168
	<u>9,399</u>	<u>14,710</u>	<u>18,335</u>	<u>15,715</u>
<u>Collection fees</u>				
Commission fees	1,086	-	2,071	-
Angkasa charges	7,425	7,573	14,801	7,573
	<u>8,511</u>	<u>7,573</u>	<u>16,872</u>	<u>7,573</u>
Inter-company recharges	(7,282)	-	(14,565)	-
	<u>28,378</u>	<u>36,037</u>	<u>54,956</u>	<u>39,576</u>

25. Other comprehensive income, net of tax

	Bank Group and Bank			
	2nd Quarter Ended		Six Months Ended	
	30-June-19 RM'000	30-June-18 RM'000	30-June-19 RM'000	30-June-18 RM'000
Net gain/(loss) from change in fair value of FVOCI	60,097	(15,632)	90,329	(15,534)
Changes in expected credit losses -FVOCI	18	-	18	-
	<u>60,115</u>	<u>(15,632)</u>	<u>90,347</u>	<u>(15,534)</u>

26. Significant related party balances and transactions

Credit exposures arising from transactions with connected parties

Credit exposures with connected parties as per Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties ('Revised BNM/GP6') are as follows:

	Bank Group and Bank	
	30-June-19	31-Dec-18
	RM'000	RM'000
Outstanding credit exposures with connected parties	<u>1,013,377</u>	<u>823,376</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>2.48%</u>	<u>2.07%</u>
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	<u>1.03%</u>	<u>0.68%</u>

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

27. 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
30-June-19				
Direct credit substitutes	162,629	-	160,924	160,924
Trade-related contingencies	93,805	-	46,902	46,902
Short Term Self Liquidating trade related contingencies	95,264	-	19,053	19,053
Irrevocable commitments to extend credit:				
- one year or less	1,214,278	-	255,866	255,866
- over one year to five years	3,993,753	-	1,991,874	1,991,874
- over five years	145,811	-	72,906	72,906
Foreign exchange related contracts				
- one year or less	228,907	1,815	5,246	1,195
	<u>5,934,447</u>	<u>1,815</u>	<u>2,552,771</u>	<u>2,548,720</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>

28. Financial risk management

28.1 Credit quality

(i) Financing and advances

Financing and advances are summarised as follows:

30-June-19	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	1,184	-	-	1,184
Good	3,538,993	116,050	-	3,655,043
Average	3,269,860	872,903	-	4,142,763
Below Average	237,862	27,302	-	265,164
Poor	1,606	108,796	-	110,402
Retail financing	21,809,711	1,643,089	-	23,452,800
	<u>28,859,216</u>	<u>2,768,140</u>	<u>-</u>	<u>31,627,356</u>
<i>Past due up to 3 months</i>				
Corporate financing				
Good	-	69,162	-	69,162
Average	-	264,059	-	264,059
Below Average	-	15,369	-	15,369
Poor	-	-	-	-
Retail financing	-	1,268,666	-	1,268,666
	<u>-</u>	<u>1,617,256</u>	<u>-</u>	<u>1,617,256</u>
			935,500	935,500
Gross financing and advances	<u>28,859,216</u>	<u>4,385,396</u>	<u>935,500</u>	<u>34,180,112</u>
Less ECL	(416,356)	(484,157)	(547,519)	(1,448,032)
Net financing and advances	<u>28,442,860</u>	<u>3,901,239</u>	<u>387,981</u>	<u>32,732,080</u>

28. Financial risk management (continued)

28.1 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>

28. Financial risk management (continued)

28.1 Credit risk management (continued)

(ii) Other financial assets

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

Bank Group

Neither past due nor impaired	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
30-June-19				
Cash and short-term funds				
AAA	2,044,182	-	-	2,044,182
AA and below	80,251	-	-	80,251
Unrated	130,142	-	-	130,142
	<u>2,254,575</u>	<u>-</u>	<u>-</u>	<u>2,254,575</u>
Financial investments				
AAA	6,601,697	-	-	6,601,697
AA and below	133,461	-	-	133,461
Unrated	1,984,345	-	-	1,984,345
	<u>8,719,503</u>	<u>-</u>	<u>-</u>	<u>8,719,503</u>
Other financial assets				
Unrated	146,153	-	682,016	828,170
	<u>146,153</u>	<u>-</u>	<u>682,016</u>	<u>828,170</u>

Bank Group

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	71,831	-	-	71,831
Unrated	51,003	-	-	51,003
	<u>3,242,228</u>	<u>-</u>	<u>-</u>	<u>3,242,228</u>
Financial 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>
Other financial assets				
Unrated	186,798	-	385,031	571,829
	<u>186,798</u>	<u>-</u>	<u>385,031</u>	<u>571,829</u>

28. Financial risk management (continued)

28.1 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
30-June-19				
Cash and short-term funds				
AAA	2,044,182	-	-	2,044,182
AA and below	69,253	-	-	69,253
Unrated	130,142	-	-	130,142
	<u>2,243,577</u>	<u>-</u>	<u>-</u>	<u>2,243,577</u>
Financial investments				
AAA	6,601,697	-	-	6,601,697
AA and below	133,461	-	-	133,461
Unrated	1,984,345	-	-	1,984,345
	<u>8,719,503</u>	<u>-</u>	<u>-</u>	<u>8,719,503</u>
Other financial assets				
Unrated	178,733	-	682,016	860,749
	<u>178,733</u>	<u>-</u>	<u>682,016</u>	<u>860,749</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>
Financial 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>
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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28. Financial risk management (continued)**28.2 Market risk****(i) Profit Rate Risk**

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	
30-June-19									
Assets									
Cash and short-term funds	2,064,866	-	-	-	-	189,709	-	2,254,575	3.20
Deposits and placements									
with financial institutions	32	200,000	1,094,587	-	-	-	-	1,294,619	3.34
Derivative financial assets	1,815	-	-	-	-	-	-	1,815	
Financial investments at FVTPL	-	-	-	-	-	-	10,156	10,156	3.98
Financial investments at FVOCI	20,341	213,104	217,643	3,637,925	4,599,993	-	-	8,689,006	3.96
Financial investments at amortised cost	-	-	-	20,341	-	-	-	20,341	4.51
Financing and advances	-	-	-	-	-	-	-	-	
- non-impaired	2,490,792	583,839	1,109,464	3,266,399	25,794,118	(900,513)	-	32,344,099	6.56
- impaired, net of allowances*	-	-	-	-	-	387,981	-	387,981	
Other receivables^	421,065	-	-	-	-	146,134	-	567,199	6.75
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	1,168,000	-	1,168,000	
Total financial assets	4,998,911	996,943	2,421,694	6,924,665	30,394,111	991,311	10,156	46,737,791	

* 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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28. Financial risk management (continued)**28.2 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	
30-June-19									
Liabilities									
Deposits from customers	5,967,351	6,707,115	10,846,131	2,359,343	103,617	281,565	-	26,265,122	4.01
Deposits and placements of banks and other financial institutions	2,412,718	2,457,981	4,742,637	1,089,486	-	29,207	-	10,732,029	3.99
Derivative financial liabilities	-	-	-	-	-	-	-	-	-
Other payables #	-	-	-	-	-	411,863	-	411,863	-
Recourse obligation on financing sold Sukuk-MBSB Structured Covered ("SC") Murabahah	-	-	513,041	1,533,913	-	-	-	2,046,954	4.54
	-	-	304,553	1,067,126	502,345	-	-	1,874,024	5.01
Total financial liabilities	8,380,069	9,165,096	16,406,362	6,049,868	605,962	722,635	-	41,329,992	
Total profit-sensitivity gap	(3,381,158)	(8,168,153)	(13,984,668)	874,797	29,788,149	268,676	10,156	5,407,799	

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

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28. Financial risk management (continued)**28.2 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	%	
30-June-19										
Assets										
Cash and short-term funds	2,064,866	-	-	-	-	178,711	-	2,243,577	3.20	
Deposits and placements										
with financial institutions	-	200,000	220,000	-	-	-	-	420,000	3.20	
Derivative financial assets	1,815	-	-	-	-	-	-	1,815		
Financial investments at FVTPL	-	-	-	-	-	-	10,156	10,156	3.98	
Financial investments at FVOCI	20,341	213,104	217,643	3,637,925	4,599,993	-	-	8,689,006	3.96	
Financial investments at amortised cost	-	-	-	20,341	-	-	-	20,341	4.51	
Financing and advances										
- non-impaired	2,490,792	583,839	1,109,464	3,266,399	25,794,118	(900,513)	-	32,344,099	6.56	
- impaired, net of allowances*	-	-	-	-	-	387,981	-	387,981		
Sukuk Commodity Murabahah	19,729	-	324,326	1,270,277	1,214,832	-	-	2,829,164	3.24	
Other receivables^	455,895	-	-	-	-	143,883	-	599,778	6.75	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	1,168,000	-	1,168,000		
Total financial assets	5,053,438	996,943	1,871,433	8,194,942	31,608,943	978,062	10,156	48,713,917		

* 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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28. Financial risk management (continued)**28.2 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	
30-June-19									
<u>Liabilities</u>									
Deposits from customers	5,967,351	6,707,115	10,846,131	2,359,343	103,617	281,565	-	26,265,122	4.01
Deposits and placements of banks and other financial institutions	2,412,718	2,457,981	4,742,637	1,089,486	-	29,207	-	10,732,029	3.99
Derivative financial liabilities	-	-	-	-	-	-	-	-	-
Other payables #	2,429,255	-	-	-	-	2,841,119	-	5,270,374	4.25
Recourse obligation on financing sold Sukuk-MBSB Structured Covered ("SC") Murabahah	-	-	513,041	1,533,913	-	-	-	2,046,954	4.54
	-	-	304,553	1,067,126	502,345	-	-	1,874,024	5.01
Total financial liabilities	10,809,324	9,165,096	16,406,362	6,049,868	605,962	3,151,891	-	46,188,503	
Total profit-sensitivity gap	(5,755,886)	(8,168,153)	(14,534,929)	2,145,074	31,002,981	(2,173,829)	10,156	2,525,414	

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

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28. Financial risk management (continued)**28.2 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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28. Financial risk management (continued)**28.2 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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28. Financial risk management (continued)**28.2 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.

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28. Financial risk management (continued)**28.2 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") 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	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.

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29. 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	
	30-June-19	31-Dec-18	30-June-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	259,543	259,543
Other reserve	106,289	15,942	106,289	15,942
	<u>5,056,374</u>	<u>4,966,027</u>	<u>4,991,691</u>	<u>4,901,344</u>
Less : Regulatory adjustments				
Deferred tax assets	-	-	-	-
Cumulative gains of financial investments at FVOCI	(67,026)	(8,152)	(67,026)	(8,152)
Regulatory reserve	(5,234)	(5,234)	(5,234)	(5,234)
Intangible assets	(110,042)	(104,692)	(110,042)	(104,692)
Total CET I Capital/Tier I Capital	<u>4,874,072</u>	<u>4,847,949</u>	<u>4,809,389</u>	<u>4,783,266</u>

Tier II Capital

Collective impairment allowance and regulatory reserve ^	475,545	445,089	509,128	480,046
	<u>475,545</u>	<u>445,089</u>	<u>509,128</u>	<u>480,046</u>
Total capital base	<u>5,349,617</u>	<u>5,293,038</u>	<u>5,318,517</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	
	30-June-19	31-Dec-18	30-June-19	31-Dec-18
	RM'000	RM'000	RM'000	RM'000
<u>Total risk weighted assets ("RWA")</u>				
- Credit risk	38,043,603	35,607,133	40,730,303	38,403,661
- Market risk	26,355	2,136	26,355	2,136
- Operational risk	945,135	619,526	871,025	573,889
Total RWA	<u>39,015,093</u>	<u>36,228,795</u>	<u>41,627,683</u>	<u>38,979,686</u>

Capital adequacy ratios

CET I capital ratio	12.493%	13.381%	11.553%	12.271%
Tier I capital ratio	12.493%	13.381%	11.553%	12.271%
Total capital ratio	<u>13.712%</u>	<u>14.610%</u>	<u>12.776%</u>	<u>13.503%</u>

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PERFORMANCE REVIEW FOR THE 2ND QUARTER ENDED 30 JUNE 2019**1. Performance Review**

The Bank Group registered a profit before taxation and zakat of RM95.52 million for the second quarter ended 30 June 2019. Gross financing and advances for the Bank Group stood at RM34.18 billion whilst total deposits at RM37.00 billion.

(a) Financing**Variation of Results against Preceding Year Corresponding Quarter**

	Current Year Quarter 30-June-19 (2Q19) RM'000	Preceding Year Corresponding Quarter 30-June-18 (2Q18) RM'000	Changes	
			RM'000	%
Personal financing	20,372,495	21,195,245	(822,750)	-3.9%
Corporate financing	8,906,271	7,748,581	1,157,690	14.9%
Property financing	4,710,550	4,120,814	589,736	14.3%
Auto financing	190,796	242,434	(51,638)	-21.3%
Total gross financing and advances	<u>34,180,112</u>	<u>33,307,074</u>	<u>873,038</u>	<u>2.6%</u>

Variation of Results against Immediate Preceding Quarter**Financing**

	Current Year Quarter 30-June-19 (2Q19) RM'000	Immediate Preceding Quarter 31-Mar-19 (1Q19) RM'000	Changes	
			RM'000	%
Personal financing	20,372,495	20,482,668	(110,173)	-0.5%
Corporate financing	8,906,271	8,136,379	769,892	9.5%
Property financing	4,710,550	4,506,634	203,916	4.5%
Auto financing	190,796	203,042	(12,246)	-6.0%
Total gross financing and advances	<u>34,180,112</u>	<u>33,328,723</u>	<u>851,389</u>	<u>2.6%</u>

Bank Group gross financing and advances increased by 2.6% for 2Q19 compared to 2Q18 and 1Q19 respectively. The increase was mainly contributed by growth in Corporate financing in line with the Bank Group's strategy to grow Corporate base customers.

PERFORMANCE REVIEW FOR THE 2ND QUARTER ENDED 30 JUNE 2019

1. Performance Review (continued)

(b) Income statement

Current Year Quarter vs Preceding Year Corresponding Quarter

	Current Year Quarter 30-June-19 (2Q19) RM'000	Preceding Year Corresponding Quarter 30-June-18 (2Q18) RM'000	Changes	
			RM'000	%
Income derived from investment of depositors' funds	618,807	574,503	44,304	7.7%
Income derived from investment of shareholders' funds	79,685	104,723	(25,038)	-23.9%
ECL	(94,570)	(33,200)	(61,370)	>100%
Total net income	188,345	280,144	(91,799)	-32.8%
Total overhead expenses	<u>(92,825)</u>	<u>(91,629)</u>	(1,196)	1.3%
Profit before tax	<u>95,520</u>	<u>188,515</u>	(92,995)	-49.3%
Profit after tax	<u>75,431</u>	<u>139,371</u>	(63,940)	-45.9%
Profit attributable to owners of the Bank	<u>75,431</u>	<u>139,371</u>	(63,940)	-45.9%

Current Year Quarter vs Immediate Preceding Quarter

	Current Year Quarter 30-June-19 (2Q19) RM'000	Immediate Preceding Quarter 31-Mar-19 (1Q19) RM'000	Changes	
			RM'000	%
Income derived from investment of depositors' funds	618,807	636,933	(18,126)	-2.8%
Income derived from investment of shareholders' funds	79,685	65,429	14,257	21.8%
ECL	(94,570)	(134,278)	39,708	-29.6%
Total net income	188,345	179,120	9,225	5.1%
Total overhead expenses	<u>(92,825)</u>	<u>(88,129)</u>	(4,696)	5.3%
Profit before tax	<u>95,520</u>	<u>90,991</u>	4,529	5.0%
Profit after tax	<u>75,431</u>	<u>69,641</u>	5,790	8.3%
Profit attributable to owners of the Bank	<u>75,431</u>	<u>69,641</u>	5,790	8.3%

The income derived from investment of depositors' fund from 2Q19 increased by 7.7% and decreased by 2.8% as compared to 2Q18 and 1Q19 respectively. Contribution from financing and advances towards the income derived from investment of depositors' funds for 2Q19 stood at 84% (2Q18: 82% 1Q19: 82%).

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PERFORMANCE REVIEW FOR THE 2ND QUARTER ENDED 30 JUNE 2019

1. Performance Review (continued)

Bank Group profit before tax for 2Q19 decreased by 49.3%, and increased by 5.0% as compared to 2Q18 and 1Q19 respectively. The decrease and increase were contributed by the result of ECL.

Comparing with 2Q18, the higher ECL for 2Q19 was due to unfavourable macroeconomic forecast impact to the lifetime ECL for retail portfolios despite improvement in stage 3 retail portfolios and stage 2 Corporate portfolio .

Comparing with 1Q19, the lower ECL for 2Q19 was due to improvement from stage 1 and stage 2 of Corporate portfolio.

The total overhead expenses for 2Q19 recorded higher than 2Q18 and 1Q19 due to higher personnel related expenses.

2. Authorisation for issue

The unaudited interim financial report was authorised for issuance to Bank Negara Malaysia by the Board of Directors in accordance with a resolution of the Directors on 23 August 2019.