

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

INTERIM FINANCIAL STATEMENTS
OF THE GROUP AND OF THE COMPANY
FOR THE 1ST QUARTER ENDED 31 MARCH 2021

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

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

| | Note | Group | | Company | |
|--|-------|---------------------|---------------------|---------------------|---------------------|
| | | 31-Mar-21 RM'000 | 31-Dec-20 RM'000 | 31-Mar-21 RM'000 | 31-Dec-20 RM'000 |
| Assets | | | | | |
| Cash and short-term funds | A8(a) | 1,519,785 | 1,082,712 | 244,812 | 342,898 |
| Deposits and placements with financial institutions | A8(b) | 851,246 | 781,682 | - | - |
| Derivative financial assets | A9 | 4,313 | 1,724 | - | - |
| Financial investments at fair value through profit or loss ("FVTPL") | | 31,659 | - | - | - |
| Financial investments at fair value through other comprehensive income ("FVOCI") | A10 | 11,415,581 | 10,192,272 | - | - |
| Financial investments at amortised cost | A11 | 488,002 | 488,102 | - | - |
| Loans, financing and advances | A12 | 33,472,493 | 33,762,458 | 880,780 | 898,954 |
| Trade and other receivables | A13 | 177,611 | 141,899 | 94,338 | 231,460 |
| Statutory deposits with Bank Negara Malaysia | | 630,000 | 620,000 | - | - |
| Assets held for sale | | 417 | 12,612 | - | - |
| Investments in subsidiaries | | - | - | 5,558,435 | 5,290,323 |
| Inventories | | 69,374 | 69,374 | - | - |
| Property and equipment | | 381,029 | 366,850 | 23,786 | 23,903 |
| Right-of-use assets | | 11,737 | 11,485 | - | - |
| Intangible assets | | 155,990 | 162,058 | - | - |
| Goodwill | | 148,031 | 148,031 | - | - |
| Investment property | | 820 | 820 | - | - |
| Deferred tax assets | | 40,565 | 7,261 | 3,337 | 3,835 |
| Tax recoverable | | 544,157 | 589,154 | 501,710 | 503,534 |
| Total assets | | 49,942,809 | 48,438,494 | 7,307,198 | 7,294,907 |
| Liabilities | | | | | |
| Deposits from customers | A14 | 35,144,215 | 33,781,496 | - | - |
| Deposits and placements of banks | A15 | 472,657 | 101,244 | - | - |
| Investment accounts of customers | A16 | 534,533 | - | - | - |
| Derivative financial liabilities | A9 | 2,242 | 1,614 | - | - |
| Trade and other payables | A17 | 617,999 | 624,286 | 47,481 | 48,430 |
| Lease liabilities | | 11,459 | 11,148 | - | - |
| Recourse obligation on financing sold | | 1,868,019 | 2,262,531 | - | - |
| Sukuk-MBSB Structured Covered ("SC") Murabahah | | 1,384,206 | 1,366,563 | - | - |
| Sukuk Wakalah | | 1,310,020 | 1,293,335 | - | - |
| Deferred tax liabilities | | 14,714 | 107,155 | - | - |
| Provision for taxation and zakat | | 7,959 | 7,950 | 548 | 538 |
| Total liabilities | | 41,368,023 | 39,557,322 | 48,029 | 48,968 |
| Equity | | | | | |
| Ordinary share capital | | 7,088,255 | 7,088,255 | 7,088,255 | 7,088,255 |
| Reserves | | (135,133) | 234,666 | - | - |
| Retained earnings | | 1,621,664 | 1,558,251 | 170,914 | 157,684 |
| Total equity | | 8,574,786 | 8,881,172 | 7,259,169 | 7,245,939 |
| Total liabilities and equity | | 49,942,809 | 48,438,494 | 7,307,198 | 7,294,907 |
| Commitments and contingencies | A24 | 3,646,852 | 2,743,268 | 18,362 | 18,519 |
| Net assets per share attributable to ordinary equity of the Company (RM) | | 1.23 | 1.27 | 1.04 | 1.04 |

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

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

| | Note | Group | | Company | |
|--|------|-----------|-----------|-----------|-----------|
| | | 31-Mar-21 | 31-Mar-20 | 31-Mar-21 | 31-Mar-20 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | 680,982 | 741,406 | 12,917 | 19,285 |
| Income derived from investment of deposits and Islamic capital funds | A18 | 643,637 | 677,135 | - | - |
| Income attributable to depositors | | (205,147) | (326,532) | - | - |
| Income attributable to securitisation | | (23,213) | (26,239) | - | - |
| Income attributable to sukuk | | (33,640) | (37,438) | - | - |
| Income attributable to wakalah unrestricted investment account | | (639) | - | - | - |
| Net income from Islamic operations | | 380,998 | 286,926 | - | - |
| Interest income | A19 | 26,416 | 30,973 | 12,221 | 18,347 |
| Interest expense | A20 | - | (5) | - | (5) |
| Net interest income | | 26,416 | 30,968 | 12,221 | 18,342 |
| Net (allowance)/writeback for impairment on loans, financing and advances and other financial assets | A21 | (174,992) | (291,783) | 6,479 | (19,462) |
| Loss on modification of cash flows | | (36,462) | - | - | - |
| Operating income | | 195,960 | 26,111 | 18,700 | (1,120) |
| Net other income | A22 | 17,423 | 44,680 | 5,578 | 5,837 |
| Net income | | 213,383 | 70,791 | 24,278 | 4,717 |
| Other operating expenses | A23 | (102,100) | (109,773) | (5,766) | (11,913) |
| Profit/(loss) before taxation and zakat | | 111,283 | (38,982) | 18,512 | (7,196) |
| Taxation | | (47,123) | (30,272) | (5,282) | 2,356 |
| Zakat | | (675) | (4,000) | - | - |
| Profit/(loss) from continuing operations | | 63,485 | (73,254) | 13,230 | (4,840) |
| Loss from discontinued operation | | (72) | - | - | - |
| Profit for the financial period | | 63,413 | (73,254) | 13,230 | (4,840) |
| Profit attributable to: | | | | | |
| Owners of the Company | | 63,413 | (73,254) | 13,230 | (4,840) |
| | | 63,413 | (73,254) | 13,230 | (4,840) |
| Earnings per share (sen) | | | | | |
| Basic | | 0.94 | (1.09) | 0.20 | (0.07) |
| Diluted | | - | (1.09) | - | (0.07) |
| Profit/(loss) for the financial period | | 63,413 | (73,254) | 13,230 | (4,840) |
| Other comprehensive loss, net of tax : | | | | | |
| Movement in fair value reserve, which may be reclassified subsequently to profit or loss | | (369,799) | (59,701) | - | - |
| | | (369,799) | (59,701) | - | - |
| Total comprehensive loss for the financial period | | (306,386) | (132,955) | 13,230 | (4,840) |
| Total comprehensive loss attributable to: | | | | | |
| Owners of the Company | | (306,386) | (132,955) | 13,230 | (4,840) |
| | | (306,386) | (132,955) | 13,230 | (4,840) |

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

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

| Group | ← Non-distributable → | | Distributable | | Total RM'000 |
|--|----------------------------|--------------------------------------|----------------------------------|-------------------------------|------------------|
| | Share Capital RM'000 | Share Option Reserve RM'000 | Fair Value Reserves RM'000 | Retained Profits RM'000 | |
| At 1 January 2021 | 7,088,255 | - | 234,666 | 1,558,251 | 8,881,172 |
| Profit for the period | - | - | - | 63,413 | 63,413 |
| Other comprehensive loss for the financial period | - | - | (369,799) | - | (369,799) |
| At 31 March 2021 | 7,088,255 | - | (135,133) | 1,621,664 | 8,574,786 |
| At 1 January 2020 | 6,941,542 | 5,843 | 154,994 | 1,484,492 | 8,586,871 |
| Loss for the period | - | - | - | (73,254) | (73,254) |
| Other comprehensive loss for the financial period | - | - | (59,701) | - | (59,701) |
| At 31 March 2020 | 6,941,542 | 5,843 | 95,293 | 1,411,238 | 8,453,916 |

| Company | ← Non-distributable → | | Distributable | | Total RM'000 |
|--------------------------|----------------------------|--------------------------------------|----------------------------------|-------------------------------|------------------|
| | Share Capital RM'000 | Share Option Reserve RM'000 | Fair Value Reserves RM'000 | Retained Profits RM'000 | |
| At 1 January 2021 | 7,088,255 | - | - | 157,684 | 7,245,939 |
| Profit for the period | - | - | - | 13,230 | 13,230 |
| At 31 March 2021 | 7,088,255 | - | - | 170,914 | 7,259,169 |
| At 1 January 2020 | 6,941,542 | 5,843 | - | 202,431 | 7,149,816 |
| Loss for the period | - | - | - | (4,840) | (4,840) |
| At 31 March 2020 | 6,941,542 | 5,843 | - | 197,591 | 7,144,976 |

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

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

| | Group | | Company | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 31-Mar-21 RM'000 | 31-Mar-20 RM'000 | 31-Mar-21 RM'000 | 31-Mar-20 RM'000 |
| Cash flows from operating activities | | | | |
| Profit before taxation | 111,283 | (38,982) | 18,512 | (7,196) |
| Adjustments for non-cash items | (447,932) | 234,058 | 2,652 | 19,668 |
| Operating profit before working capital changes | (336,649) | 195,076 | 21,164 | 12,472 |
| Working capital changes: | | | | |
| Net changes in operating assets | 227,951 | 669,991 | 155,708 | 44,833 |
| Net changes in operating liabilities | 2,136,858 | 248,459 | (937) | (50,584) |
| Cash generated from operations | 2,028,160 | 1,113,526 | 175,935 | 6,721 |
| Income taxes and zakat paid | (11,754) | (48,282) | (2,958) | (7,367) |
| Net cash generated from/(used in) operating activities | 2,016,406 | 1,065,244 | 172,977 | (646) |
| Cash flows from investing activities | | | | |
| Increase in investment in subsidiaries | - | - | (268,113) | - |
| Purchase of property and equipment | (16,760) | (12,251) | - | - |
| Purchase of intangible assets | - | (808) | - | - |
| Proceeds from disposal of foreclosed properties | (2,950) | - | (2,950) | - |
| Net purchase of financial investments | (1,140,127) | (998,164) | - | - |
| Net cash used in investing activities | (1,159,837) | (1,011,223) | (271,063) | - |

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

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

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 31-Mar-21 | 31-Mar-20 | 31-Mar-21 | 31-Mar-20 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash flows from financing activities | | | | |
| Repayment on recourse obligation on loans/financing sold | (393,507) | (50,299) | - | - |
| Profit expense paid - recourse obligation on financing sold | (24,218) | (26,566) | - | - |
| Repayment of Sukuk - MBSB SC Murabahah | 688 | - | - | - |
| Payment of lease liabilities | (2,282) | (2,258) | - | - |
| Profit expense paid - Sukuk Wakalah | (177) | - | - | - |
| Net cash used in financing activities | (419,496) | (79,123) | - | - |
| Net increase/(decrease) in cash and cash equivalents | 437,073 | (25,102) | (98,086) | (646) |
| Cash and cash equivalents at beginning of financial period | 1,082,712 | 2,034,889 | 342,898 | 189,526 |
| Cash and cash equivalents at end of financial period (Note A8(a)) | 1,519,785 | 2,009,787 | 244,812 | 188,880 |
| Cash and cash equivalents is represented by: | | | | |
| Cash and short-term funds | 1,519,785 | 2,009,787 | 244,812 | 188,880 |
| Cash and cash equivalents at end of financial period (Note A8(a)) | 1,519,785 | 2,009,787 | 244,812 | 188,880 |

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

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

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

A1. Basis of preparation

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

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad, Financial Reporting for Islamic Banking Institutions policy issued by Bank Negara Malaysia ("BNM") and provisions of Companies Act 2016. The unaudited interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2020. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2020.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A3. Seasonality and cyclicity of operations

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

A4. Exceptional or unusual items

There were no exception or unusual items during the quarter.

A5. Changes in estimates of amounts reported previously

The following comparative amount has been reclassified to conform with the current year's presentation which more accurately reflect the nature of the relevant transactions. The Group's prior financial year's results were not affected by this reclassification.

| Group | As previously reported RM'000 | Re- classification RM'000 | As restated RM'000 |
|---|--|--|-------------------------------|
| <u>Statements of financial position</u> | | | |
| Deposits from customers | 24,353,435 | 9,428,062 | 33,781,497 |
| Deposits and placement of banks | 9,529,305 | (9,428,062) | 101,243 |
| | <u>33,882,740</u> | <u>-</u> | <u>33,882,740</u> |

A6. Issue of shares and debentures

There were no issuance and repayment of debt and equity securities, share buy backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial quarter.

| | | |
|----------------------------------|------------------|------------------|
| | 31-Mar-21 | 31-Dec-20 |
| Number of ordinary shares ('000) | 6,975,389 | 6,975,389 |
| Share Capital (RM'000) | 7,088,255 | 7,088,255 |

A7. Dividend

No dividend was paid in the current quarter.

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

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

| | Group | | Company | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 31-Mar-21 RM'000 | 31-Dec-20 RM'000 | 31-Mar-21 RM'000 | 31-Dec-20 RM'000 |
| (a) Cash and short-term funds: | | | | |
| Cash at banks and on hand | 203,757 | 196,800 | 21,833 | 63,015 |
| Money at call and deposit placements maturing within one month | 1,316,028 | 885,912 | 222,979 | 279,883 |
| | 1,519,785 | 1,082,712 | 244,812 | 342,898 |
| (b) Deposits and placements with financial institutions with original maturity of more than one month | | | | |
| - Licensed Islamic banks | 851,246 | 781,682 | - | - |
| | 2,371,031 | 1,864,394 | 244,812 | 342,898 |

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

A9. Derivative financial assets/(liabilities)

The following table summarises the contractual or underlying principal amounts of derivative financial instruments held at fair value through profit or loss. The principal or contractual amount of these instruments reflects the volume of transactions outstanding at financial position date, and do not represent amounts at risk.

Trading derivative financial instruments are revalued on a gross position and the unrealised gains or losses are reflected as derivative financial assets and liabilities respectively.

| | Group | | |
|------------------------------------|---------------------------|--------------------------------|-----------------------|
| | Notional amount RM'000 | Fair value Assets RM'000 | Liabilities RM'000 |
| 2021 | | | |
| <u>Trading derivatives</u> | | | |
| <u>Foreign exchange contracts:</u> | | | |
| Currency forward | | | |
| - Less than one year | 471,473 | 4,313 | (2,242) |
| 2020 | | | |
| <u>Trading derivatives</u> | | | |
| <u>Foreign exchange contracts:</u> | | | |
| Currency forward | | | |
| - Less than one year | 278,310 | 1,724 | (1,614) |

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

| | Group | |
|--|-------------------|-------------------|
| | 31-Mar-21 | 31-Dec-20 |
| | RM'000 | RM'000 |
| At fair value | | |
| Money Market Instruments | | |
| Malaysian Government Investment Issues | 7,921,022 | 6,906,159 |
| Debt securities: | | |
| <u>In Malaysia</u> | | |
| Private and Islamic debt securities | 1,043,607 | 1,089,533 |
| Government Guaranteed debt securities | 2,450,952 | 2,196,580 |
| | 11,415,581 | 10,192,272 |

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

ECL movement for financial investments at FVOCI:

| | Group | | | |
|---------------------------------|----------------|----------------|----------------|---------------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2021 | 7 | - | - | 7 |
| Total charge to profit or loss: | 4 | - | - | 4 |
| Change in credit risk | 4 | - | - | 4 |
| At 31 March 2021 | 11 | - | - | 11 |

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

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

| | Group | |
|-------------------------------------|------------------|------------------|
| | 31-Mar-21 | 31-Dec-20 |
| | RM'000 | RM'000 |
| At amortised cost | | |
| Quoted securities: | | |
| <u>In Malaysia</u> | | |
| Private and Islamic debt securities | 488,539 | 488,693 |
| Less: ECL | | |
| - Stage 1 | (70) | (90) |
| - Stage 2 | (467) | (501) |
| | 488,002 | 488,102 |

ECL movement for financial investments at amortised cost:

| | Group | | | |
|---------------------------|----------------|----------------|----------------|---------------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| ECL at 1 January 2021 | 90 | 501 | - | 591 |
| Charged to profit or loss | (20) | (34) | - | (54) |
| Change in credit risk | (20) | (34) | - | (54) |
| ECL at 31 March 2021 | 70 | 467 | - | 537 |

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

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

| | Group | | Company | |
|-------------------------------------|------------------|------------------|------------------|------------------|
| | 31-Mar-21 | 31-Dec-20 | 31-Mar-21 | 31-Dec-20 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| (i) By type | | | | |
| At amortised cost | | | | |
| <i>Islamic:</i> | | | | |
| Term financing: | | | | |
| Personal financing | 19,612,934 | 19,837,438 | - | - |
| Property financing | 6,291,621 | 6,084,956 | - | - |
| Industrial hire purchase | 732,198 | 761,732 | - | - |
| Bridging financing | 480,850 | 483,947 | - | - |
| Auto financing | 98,301 | 106,198 | - | - |
| Other term financing | 5,642,521 | 5,642,011 | - | - |
| Revolving Credit | 190,480 | 190,840 | - | - |
| Staff financing | 45,940 | 46,071 | - | - |
| Cash line | 107,810 | 81,539 | - | - |
| Trade finance | 943,716 | 1,007,549 | - | - |
| <i>Conventional:</i> | | | | |
| End finance: | | | | |
| Normal housing programme | 454,208 | 485,087 | 454,208 | 485,087 |
| Low cost housing programme | 529 | 534 | 529 | 534 |
| Other term financing | 753,776 | 750,866 | 753,776 | 750,866 |
| Bridging financing | 250,947 | 248,104 | 250,947 | 248,104 |
| Auto financing | 1,175 | 1,177 | 1,175 | 1,177 |
| Staff financing | - | 169 | - | 169 |
| Gross loans, financing and advances | 35,607,006 | 35,728,218 | 1,460,635 | 1,485,937 |
| Less: ECL | | | | |
| - Stage 1 | (261,683) | (370,236) | (3,914) | (4,698) |
| - Stage 2 | (826,127) | (648,474) | (53,614) | (60,822) |
| - Stage 3 | (1,046,703) | (947,050) | (522,327) | (521,463) |
| Net loans, financing and advances | 33,472,493 | 33,762,458 | 880,780 | 898,954 |
| (ii) By maturity structure | | | | |
| | Group | | Company | |
| | 31-Mar-21 | 31-Dec-20 | 31-Mar-21 | 31-Dec-20 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Within one year | 2,331,875 | 2,382,792 | 570,438 | 567,540 |
| More than one year to three years | 1,548,189 | 1,528,467 | 77,888 | 76,682 |
| More than three years to five years | 1,971,224 | 1,899,493 | 110,322 | 110,563 |
| More than five years | 29,755,718 | 29,917,466 | 701,987 | 731,152 |
| | 35,607,006 | 35,728,218 | 1,460,635 | 1,485,937 |

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A12. Loans, financing and advances (continued)

(iii) By economic purpose

| | Group | | Company | |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 31-Mar-21 RM'000 | 31-Dec-20 RM'000 | 31-Mar-21 RM'000 | 31-Dec-20 RM'000 |
| Personal Use | 19,710,864 | 19,927,512 | 187 | 279 |
| Construction | 4,189,362 | 4,203,367 | 464,294 | 463,621 |
| Purchase of landed property: | | | | |
| - Residential | 6,337,722 | 6,162,098 | 420,398 | 450,009 |
| - Non-Residential | 806,607 | 813,571 | 76,217 | 76,686 |
| Working Capital | 2,937,871 | 2,842,457 | 57,608 | 56,512 |
| Purchase of other fixed assets | 953,293 | 962,169 | 4,014 | 4,180 |
| Purchase of transport vehicles | 101,043 | 108,605 | 1,175 | 1,177 |
| Purchase of other securities | 460 | 35,779 | - | - |
| Purchase of consumer durables | 904 | 900 | - | - |
| Others | 568,880 | 671,760 | 436,742 | 433,473 |
| | 35,607,006 | 35,728,218 | 1,460,635 | 1,485,937 |

(iv) By type of customers

| | Group | | Company | |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 31-Mar-21 RM'000 | 31-Dec-20 RM'000 | 31-Mar-21 RM'000 | 31-Dec-20 RM'000 |
| Individuals | 26,395,018 | 26,443,178 | 417,381 | 446,878 |
| Domestic business enterprises | | | | |
| - Small medium enterprise | 2,835,543 | 2,924,451 | 819,341 | 817,118 |
| - Government | 10,987 | 51,161 | - | - |
| - Non-bank financial institutions | 740,352 | 740,803 | - | - |
| - Others | 5,614,718 | 5,537,528 | 223,913 | 221,941 |
| Foreign entities | 10,388 | 31,097 | - | - |
| | 35,607,006 | 35,728,218 | 1,460,635 | 1,485,937 |

(v) By sector

| | Group | | Company | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 31-Mar-21 RM'000 | 31-Dec-20 RM'000 | 31-Mar-21 RM'000 | 31-Dec-20 RM'000 |
| Household sectors | 26,395,021 | 26,443,178 | 417,384 | 446,878 |
| Construction | 4,006,712 | 4,203,639 | 623,112 | 723,878 |
| Finance, insurance and business services | 2,811,703 | 2,849,817 | 9,724 | 9,844 |
| Wholesale & retail trade and restaurants & hotels | 842,451 | 600,421 | 106,910 | 3,729 |
| Manufacturing | 539,621 | 552,283 | 63,678 | 62,631 |
| Education, health and others | 347,180 | 367,355 | 234,757 | 233,914 |
| Transport, storage and communication | 216,926 | 227,486 | 1,732 | 1,767 |
| Mining and quarrying | 177,028 | 216,712 | - | - |
| Electricity, gas and water | 171,240 | 169,087 | - | - |
| Agriculture | 99,124 | 98,240 | 3,338 | 3,296 |
| | 35,607,006 | 35,728,218 | 1,460,635 | 1,485,937 |

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A12. Loans, financing and advances (continued)

(vi) By profit/interest rate sensitivity

| | Group | | Company | |
|---|-------------------|-------------------|------------------|------------------|
| | 31-Mar-21 | 31-Dec-20 | 31-Mar-21 | 31-Dec-20 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Fixed rate: | | | | |
| Personal financing | 16,483,335 | 16,721,791 | - | - |
| Bridging, structured and term financing | 1,100,187 | 1,084,687 | 130,307 | 128,267 |
| Mortgage and property Islamic | 435,679 | 440,750 | 1,289 | 1,332 |
| Auto finance | 102,001 | 109,784 | 1,175 | 1,177 |
| Variable rate: | | | | |
| Personal financing | 3,143,035 | 3,129,748 | - | - |
| Bridging, structured and term financing | 8,002,527 | 8,082,320 | 874,417 | 870,703 |
| Mortgage and property Islamic | 6,340,242 | 6,159,138 | 453,447 | 484,458 |
| | 35,607,006 | 35,728,218 | 1,460,635 | 1,485,937 |

(vii) By geographical distribution

| | Group | | Company | |
|----------|-------------------|-------------------|------------------|------------------|
| | 31-Mar-21 | 31-Dec-20 | 31-Mar-21 | 31-Dec-20 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysia | 35,607,006 | 35,728,218 | 1,460,635 | 1,485,937 |
| | 35,607,006 | 35,728,218 | 1,460,635 | 1,485,937 |

(viii) Movement of gross loans, advances and financing

| 31-Mar-21 | Group | | | |
|--|-------------------|------------------|------------------|-------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Gross carrying amount as at 1 January 2021 | 28,856,494 | 4,976,739 | 1,894,985 | 35,728,218 |
| Transfer to stage 1 | 479,241 | (471,491) | (7,750) | - |
| Transfer to stage 2 | (1,870,492) | 1,938,751 | (68,259) | - |
| Transfer to stage 3 | (7,706) | (225,641) | 233,347 | - |
| New financing / disbursement during the year | 1,459,981 | 79,167 | 5,093 | 1,544,241 |
| Repayment during the year | (1,617,625) | (182,491) | (22,966) | (1,823,082) |
| Other movements | 139,748 | 38,999 | 15,345 | 194,092 |
| Loss on modification of cash flows | (29,172) | (7,291) | - | (36,463) |
| Write-offs | - | - | - | - |
| Gross carrying amount as at 31 March 2021 | 27,410,469 | 6,146,742 | 2,049,795 | 35,607,006 |
| 31-Mar-21 | Company | | | |
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Gross carrying amount as at 1 January 2021 | 145,352 | 432,831 | 907,754 | 1,485,937 |
| Transfer to stage 1 | 23,263 | (22,925) | (338) | - |
| Transfer to stage 2 | (13,831) | 27,063 | (13,232) | - |
| Transfer to stage 3 | (132) | (11,423) | 11,555 | - |
| Repayment during the year | (11,422) | (21,687) | (551) | (33,660) |
| Other movements | 324 | 2,943 | 5,091 | 8,358 |
| Loss on modification of cash flows | - | - | - | - |
| Write-offs | - | - | - | - |
| Gross carrying amount as at 31 March 2021 | 143,554 | 406,802 | 910,279 | 1,460,635 |

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A12. Loans, financing and advances (continued)

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

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

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

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A12. Loans, financing and advances (continued)

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

| 31-Mar-21 | Group | | | |
|--|-------------------|-------------------|-------------------|-----------------|
| | Stage 1 RM'000 | Stage 2 RM'000 | Stage 3 RM'000 | Total RM'000 |
| ECL as at 1 January 2021 | 370,236 | 648,474 | 947,050 | 1,965,760 |
| Charged to profit or loss, of which: | (108,553) | 177,653 | 99,653 | 168,753 |
| Changes in ECL | | | | |
| - Transfer to stage 1 | 54,116 | (49,424) | (4,692) | - |
| - Transfer to stage 2 | (36,451) | 72,566 | (36,115) | - |
| - Transfer to stage 3 | (105) | (62,951) | 63,056 | - |
| New financing / disbursement during the year | 10,239 | 9,562 | 2,694 | 22,495 |
| Repayment during the year | (137,689) | (207,422) | (24,539) | (369,650) |
| Changes in credit risk parameters # | 1,337 | 415,322 | 99,249 | 515,908 |
| Write-offs | - | - | - | - |
| ECL as at 31 March 2021 | 261,683 | 826,127 | 1,046,703 | 2,134,513 |
| | | | | |
| 31-Mar-21 | Company | | | |
| | Stage 1 RM'000 | Stage 2 RM'000 | Stage 3 RM'000 | Total RM'000 |
| ECL as at 1 January 2021 | 4,698 | 60,822 | 521,463 | 586,983 |
| Charged to profit or loss, of which: | (784) | (7,208) | 864 | (7,128) |
| Changes in ECL | | | | |
| - Transfer to stage 1 | 3,831 | (3,613) | (218) | - |
| - Transfer to stage 2 | (475) | 8,532 | (8,057) | - |
| - Transfer to stage 3 | (5) | (3,468) | 3,473 | - |
| New financing / disbursement during the year | - | - | - | - |
| Repayment during the year | (4,139) | (26,783) | (2,820) | (33,742) |
| Changes in credit risk parameters # | 4 | 18,124 | 8,486 | 26,614 |
| Write-offs | - | - | - | - |
| ECL as at 31 March 2021 | 3,914 | 53,614 | 522,327 | 579,855 |

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

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A12. Loans, financing and advances (continued)

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

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

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

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

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A12. Loans, financing and advances (continued)

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

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 31-Mar-21 | 31-Dec-20 | 31-Mar-21 | 31-Dec-20 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance as at 1 January | 1,894,985 | 1,861,542 | 907,754 | 1,043,517 |
| Classified as impaired during the period | 238,440 | 497,227 | 11,555 | 30,288 |
| Reclassified as non-impaired | (76,009) | (181,857) | (13,570) | (42,287) |
| Amount recovered | (22,966) | (84,955) | (551) | (26,958) |
| Other movements | 15,345 | 152,483 | 5,091 | 56,997 |
| Amount written off | - | (349,455) | - | (153,803) |
| Balance as at end of financial period | 2,049,795 | 1,894,985 | 910,279 | 907,754 |
| Less: ECL stage 3 | (1,046,703) | (947,050) | (522,327) | (521,463) |
| Net impaired financing and advances | 1,003,092 | 947,935 | 387,952 | 386,291 |
| Net impaired loans as a percentage of net financing and advances | 3.00% | 2.81% | 44.05% | 42.97% |
| Gross impaired loans as a percentage of gross financing and advances | 5.76% | 5.30% | 62.32% | 61.09% |

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

| | Group | | Company | |
|--------------------------------|------------------|------------------|------------------|------------------|
| | 31-Mar-21 | 31-Dec-20 | 31-Mar-21 | 31-Dec-20 |
| Personal use | 139,668 | 80,585 | - | - |
| Construction | 937,553 | 924,439 | 360,949 | 360,921 |
| Purchase of landed property: | | | | |
| - Residential | 326,621 | 291,103 | 100,157 | 102,679 |
| - Non-Residential | 99,562 | 92,904 | 55,158 | 53,528 |
| Working capital | 100,090 | 47,500 | - | - |
| Purchase of other fixed assets | 44,344 | 43,096 | 1,061 | 1,055 |
| Purchase of transport vehicles | 8,281 | 6,650 | 276 | 133 |
| Purchase of other securities | - | 2,890 | - | - |
| Purchase of consumer durables | 792 | 789 | - | - |
| Others | 392,884 | 405,029 | 392,678 | 389,438 |
| | 2,049,795 | 1,894,985 | 910,279 | 907,754 |

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A12. Loans, financing and advances (continued)

(xii) Impaired loans, financing and advances by sector

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 31-Mar-21 | 31-Dec-20 | 31-Mar-21 | 31-Dec-20 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Household sector | 493,790 | 395,683 | 104,694 | 106,889 |
| Construction | 907,964 | 897,235 | 573,196 | 570,064 |
| Education, health and others | 312,991 | 311,894 | 227,084 | 226,226 |
| Finance, insurance and business services | 146,981 | 146,704 | 378 | - |
| Manufacturing | 114,319 | 71,577 | 1,191 | 1,142 |
| Mining and quarrying | 39,115 | 39,313 | - | - |
| Wholesale & retail trade and restaurants & hotels | 25,741 | 25,288 | 398 | 137 |
| Transport, storage and communication | 5,556 | 3,995 | - | - |
| Agriculture | 3,338 | 3,296 | 3,338 | 3,296 |
| | 2,049,795 | 1,894,985 | 910,279 | 907,754 |

A13. Trade and other receivables

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 31-Mar-21 | 31-Dec-20 | 31-Mar-21 | 31-Dec-20 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Non trade:</u> | | | | |
| Advances in respect of certain projects | 586,184 | 571,263 | - | - |
| Amount due from MBSB Bank | - | - | 30,924 | 162,993 |
| Amount due from other subsidiaries | - | - | 53,609 | 54,729 |
| Foreclosed properties | 62,164 | 70,162 | 62,164 | 70,162 |
| Prepayments and deposits | 17,877 | 19,074 | 8,399 | 8,399 |
| Sundry receivables | 107,652 | 65,205 | 4,925 | 4,482 |
| Public Low Cost Housing Programme ("PLCHP") | 752 | 765 | 752 | 765 |
| Deferred expenses | 2,000 | 2,047 | - | - |
| | 776,629 | 728,516 | 160,773 | 301,530 |
| <u>Trade:</u> | | | | |
| Trade receivable | 24,835 | 24,835 | - | - |
| | 801,464 | 753,351 | 160,773 | 301,530 |
| Less: ECL at stage 3 | | | | |
| - Non trade | (599,019) | (586,618) | (66,435) | (70,070) |
| - Trade | (24,834) | (24,834) | - | - |
| | 177,611 | 141,899 | 94,338 | 231,460 |

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A14. Deposits from customers

(i) By type of deposit:

| | Group | |
|----------------------------------|-------------------|-------------------|
| | 31-Mar-21 | 31-Dec-20 |
| | RM'000 | RM'000 |
| Commodity Murabahah Term Deposit | 34,564,526 | 33,193,269 |
| Demand deposits | 334,834 | 305,042 |
| Savings deposits | 244,855 | 283,185 |
| | <u>35,144,215</u> | <u>33,781,496</u> |

(ii) Maturity of deposits from customers:

| | Group | |
|-----------------------------------|-------------------|-------------------|
| | 31-Mar-21 | 31-Dec-20 |
| | RM'000 | RM'000 |
| Within six months | 25,895,413 | 24,191,607 |
| More than six months to one year | 5,366,296 | 5,748,734 |
| More than one year to three years | 2,950,586 | 2,886,851 |
| More than three years | 352,231 | 366,077 |
| | <u>34,564,526</u> | <u>33,193,269</u> |

(iii) By type of customers:

| | Group | |
|---------------------------------|-------------------|-------------------|
| | 31-Mar-21 | 31-Dec-20 |
| | RM'000 | RM'000 |
| Government and statutory bodies | 13,179,677 | 12,058,760 |
| Business enterprises | 7,689,600 | 7,568,566 |
| Individuals | 4,738,534 | 4,726,109 |
| Other Financial Institutions | 9,536,404 | 9,428,061 |
| | <u>35,144,215</u> | <u>33,781,496</u> |

(iv) By type of contract:

| | Group | |
|----------|-------------------|-------------------|
| | 31-Mar-21 | 31-Dec-20 |
| | RM'000 | RM'000 |
| Tawarruq | 35,144,215 | 33,781,496 |
| | <u>35,144,215</u> | <u>33,781,496</u> |

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A15. Deposits and placements of banks

(i) By type of deposit:

| | Group | |
|------------------------------|------------------|------------------|
| | 31-Mar-21 | 31-Dec-20 |
| | RM'000 | RM'000 |
| <u>Non-Mudharabah Funds:</u> | | |
| -Licensed Investment Banks | 938 | 1,233 |
| -Licensed Islamic Banks | 471,719 | 100,011 |
| | <u>472,657</u> | <u>101,244</u> |

(ii) By type of contract:

| | Group | |
|----------|------------------|------------------|
| | 31-Mar-21 | 31-Dec-20 |
| | RM'000 | RM'000 |
| Tawarruq | 472,657 | 101,244 |
| | <u>472,657</u> | <u>101,244</u> |

A16. Investment accounts of customers

| | Group |
|---|------------------|
| | 31-Mar-21 |
| | RM'000 |
| Wakalah | <u>534,533</u> |
| | <u>534,533</u> |
| | Group |
| | 31-Mar-21 |
| | RM'000 |
| Movement in investment accounts | |
| At beginning of the financial period | - |
| New placement during the financial period | 533,894 |
| Finance expense | 639 |
| At end of financial period | <u>534,533</u> |

The banking subsidiary, MBSB Bank Berhad launched a new Wakalah investment account during the quarter ended 31 March 2021.

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A17. Trade and other payables

| | Group | | Company | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 31-Mar-21 RM'000 | 31-Dec-20 RM'000 | 31-Mar-21 RM'000 | 31-Dec-20 RM'000 |
| Non trade: | | | | |
| Sundry creditors | 334,180 | 312,405 | 38,462 | 38,999 |
| Al-Mudharabah security fund | 144,146 | 144,168 | - | - |
| Expected credit loss ("ECL") for commitments and contingencies (i) | 40,033 | 46,518 | 2,105 | 2,075 |
| Deferred income | 26,563 | 28,382 | 1,386 | 1,554 |
| Other provisions and accruals | 73,075 | 92,811 | 5,528 | 5,802 |
| | <u>617,997</u> | <u>624,284</u> | <u>47,481</u> | <u>48,430</u> |
| Trade: | | | | |
| Trade payables | 2 | 2 | - | - |
| | <u>617,999</u> | <u>624,286</u> | <u>47,481</u> | <u>48,430</u> |

(i) ECL for commitments and contingencies

Movement of ECL for commitments and contingencies are as follows:

| 31-Mar-21 | Group | | | |
|---|-------------------|-------------------|-------------------|-----------------|
| | Stage 1 RM'000 | Stage 2 RM'000 | Stage 3 RM'000 | Total RM'000 |
| ECL as at 1 January 2021 | 19,073 | 13,481 | 13,964 | 46,518 |
| Charge to profit or loss | (1,630) | 6,419 | (11,274) | (6,485) |
| Changes in the impairment allowance | | | | |
| - Transfer to stage 1 | 5,650 | (5,650) | - | - |
| - Transfer to stage 2 | (908) | 2,779 | (1,871) | - |
| - Transfer to stage 3 | - | (109) | 109 | - |
| New financing /disbursement during the year | 3,690 | 1,052 | - | 4,742 |
| Derecognised to loans/financing during the period (other than write-offs) | (494) | (36) | (9,549) | (10,079) |
| Changes in credit risk parameters # | (9,568) | 8,383 | 37 | (1,148) |
| Write off | - | - | - | - |
| ECL as at 31 March 2021 | <u>17,443</u> | <u>19,900</u> | <u>2,690</u> | <u>40,033</u> |

| 31-Mar-21 | Company | | | |
|---|-------------------|-------------------|-------------------|-----------------|
| | Stage 1 RM'000 | Stage 2 RM'000 | Stage 3 RM'000 | Total RM'000 |
| ECL as at 1 January 2021 | 195 | 207 | 1,673 | 2,075 |
| Charge to profit or loss | (47) | 71 | 6 | 30 |
| Changes in the impairment allowance | | | | |
| - Transfer to stage 1 | 18 | (18) | - | - |
| - Transfer to stage 2 | (23) | 31 | (8) | - |
| - Transfer to stage 3 | - | (3) | 3 | - |
| Derecognised/converted to loans/financing during the period (other than write-offs) | (1) | (3) | - | (4) |
| Changes in credit risk parameters # | (41) | 64 | 11 | 34 |
| Write off | - | - | - | - |
| ECL as at 31 March 2021 | <u>148</u> | <u>278</u> | <u>1,679</u> | <u>2,105</u> |

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

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A17. Trade and other payables (continued)

(i) ECL for commitments and contingencies (continued)

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

| 31-Dec-20 | Group | | | |
|--|-------------------|-------------------|-------------------|-----------------|
| | Stage 1 RM'000 | Stage 2 RM'000 | Stage 3 RM'000 | Total RM'000 |
| ECL as at 1 January 2020 | 44,196 | 17,978 | 8,506 | 70,680 |
| Charge to profit or loss | (25,123) | (4,497) | 8,272 | (21,348) |
| Changes in the impairment allowance | | | | |
| - Transfer to stage 1 | 791 | (714) | (77) | - |
| - Transfer to stage 2 | (2,951) | 3,119 | (168) | - |
| - Transfer to stage 3 | (367) | (1,522) | 1,889 | - |
| New financing /disbursement during the year | 9,416 | 3,176 | 66 | 12,658 |
| Derecognised to loans/financing during the period (other than write-offs) | (18,566) | (8,479) | (2,414) | (29,459) |
| Changes in credit risk parameters # | (13,446) | (77) | 8,976 | (4,547) |
| Write off | - | - | (2,814) | (2,814) |
| ECL as at 31 December 2020 | 19,073 | 13,481 | 13,964 | 46,518 |
| | | | | |
| 31-Dec-20 | Company | | | |
| | Stage 1 RM'000 | Stage 2 RM'000 | Stage 3 RM'000 | Total RM'000 |
| ECL as at 1 January 2020 | 251 | 176 | 5,014 | 5,441 |
| Charge to profit or loss | (56) | 31 | (1,136) | (1,161) |
| Changes in the impairment allowance | | | | |
| - Transfer to stage 1 | 29 | (29) | - | - |
| - Transfer to stage 2 | (14) | 76 | (62) | - |
| - Transfer to stage 3 | - | (3) | 3 | - |
| Derecognised/converted to loans/financing during the period (other than write-offs) | (31) | (17) | (322) | (370) |
| Changes in credit risk parameters # | (40) | 4 | (755) | (791) |
| Write off | - | - | (2,205) | (2,205) |
| ECL as at 31 December 2020 | 195 | 207 | 1,673 | 2,075 |

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

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

| | Group | |
|---|--------------------------|------------------|
| | 1st Quarter Ended | |
| | 31-Mar-21 | 31-Mar-20 |
| | RM'000 | RM'000 |
| Financing | 532,856 | 558,726 |
| Income from financial investments at FVOCI | 98,274 | 101,982 |
| Income from financial investments at amortised cost | 6,256 | 231 |
| Income from financial investments at FVTPL | 127 | 80 |
| Deposits with financial institutions | 6,124 | 16,116 |
| | <u>643,637</u> | <u>677,135</u> |

A19. Interest income

| | Group | | Company | |
|--|--------------------------|------------------|--------------------------|------------------|
| | 1st Quarter Ended | | 1st Quarter Ended | |
| | 31-Mar-21 | 31-Mar-20 | 31-Mar-21 | 31-Mar-20 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest income from: | | | | |
| - Loans, advances and financing | 25,581 | 29,782 | 11,386 | 17,156 |
| - Deposits and placements with banks and other financial institutions | 835 | 1,191 | 835 | 1,191 |
| | <u>26,416</u> | <u>30,973</u> | <u>12,221</u> | <u>18,347</u> |

A20. Interest expense

| | Group and Company | |
|--------|--------------------------|------------------|
| | 1st Quarter Ended | |
| | 31-Mar-21 | 31-Mar-20 |
| | RM'000 | RM'000 |
| Others | - | 5 |
| | <u>-</u> | <u>5</u> |

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

31-Mar-21

| | Group | | | |
|---|--------------------------|----------------|----------------|----------------|
| | 1st Quarter Ended | | | |
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Financial investments at FVOCI | 5 | - | - | 5 |
| Financial investments at amortised cost | (20) | (34) | - | (54) |
| Loans, financing and advances | (108,553) | 177,653 | 99,653 | 168,753 |
| Other receivables | - | - | 14,916 | 14,916 |
| Financing commitments and financial guarantee | (1,630) | 6,419 | (11,274) | (6,485) |
| | (110,198) | 184,038 | 103,295 | 177,135 |
| Impaired loans, financing and advances: | | | | |
| - Write off | - | - | 134 | 134 |
| - Recovered | - | - | (2,277) | (2,277) |
| | - | - | (2,143) | (2,143) |
| | (110,198) | 184,038 | 101,152 | 174,992 |

31-Mar-21

| | Company | | | |
|---|--------------------------|----------------|----------------|----------------|
| | 1st Quarter Ended | | | |
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Loans, financing and advances | (784) | (7,208) | 864 | (7,128) |
| Amount due from subsidiaries | - | - | 740 | 740 |
| Financing commitments and financial guarantee | (47) | 71 | 6 | 30 |
| | (831) | (7,137) | 1,610 | (6,358) |
| Impaired loans and advances: | | | | |
| - Write off | - | - | 3 | 3 |
| - Recovered | - | - | (124) | (124) |
| | - | - | (121) | (121) |
| | (831) | (7,137) | 1,489 | (6,479) |

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

31-Mar-20

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

31-Mar-20

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

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A22. Net other income

| | Group | | Company | |
|--|--------------------------|------------------|--------------------------|------------------|
| | 1st Quarter Ended | | 1st Quarter Ended | |
| | 31-Mar-21 | 31-Mar-20 | 31-Mar-21 | 31-Mar-20 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Rental income | 638 | 41 | 955 | 950 |
| Revenue from hotel operations | - | 26 | - | - |
| Loan related fees | (1,417) | 623 | 696 | 937 |
| Insurance commission | 2,260 | 2,787 | - | - |
| Ta'widh/Penalty | 2,617 | 3,839 | 1,650 | 4,333 |
| Gain from sale of financial investments at FVOCI | 10,281 | 28,662 | - | - |
| (Loss)/gain on financial investmets at FVTPL | (197) | 1,199 | - | - |
| Sundry income/(expense) | 5,837 | 15,264 | 4,813 | (383) |
| Loss from disposal of foreclosed properties | (2,536) | - | (2,536) | - |
| Others | (60) | (7,761) | - | - |
| | 17,423 | 44,680 | 5,578 | 5,837 |

A23. Other operating expenses

| | Group | | Company | |
|--|--------------------------|------------------|--------------------------|------------------|
| | 1st Quarter Ended | | 1st Quarter Ended | |
| | 31-Mar-21 | 31-Mar-20 | 31-Mar-21 | 31-Mar-20 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Personnel expenses * | 67,561 | 68,603 | 440 | 295 |
| Establishment related expenses | 19,649 | 21,006 | 384 | 695 |
| General administrative expenses | 8,133 | 8,949 | 1,463 | 1,219 |
| Promotion and marketing related expenses | 1,468 | 2,283 | - | - |
| Commission fees | 5,289 | 8,932 | 3,479 | 9,704 |
| | 102,100 | 109,773 | 5,766 | 11,913 |

Included in the other operating expenses:

| | Group | | Company | |
|--|--------------------------|------------------|--------------------------|------------------|
| | 1st Quarter Ended | | 1st Quarter Ended | |
| | 31-Mar-21 | 31-Mar-20 | 31-Mar-21 | 31-Mar-20 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Depreciation of property and equipment | 2,228 | 2,264 | 116 | 116 |
| Amortisation of intangible assets | 8,533 | 6,228 | - | - |
| Depreciation of right-of-use assets | 2,920 | 2,257 | - | - |

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A23. Other operating expenses (continued)

| | Group | | Company | |
|--|--------------------------|------------------|--------------------------|------------------|
| | 1st Quarter Ended | | 1st Quarter Ended | |
| | 31-Mar-21 | 31-Mar-20 | 31-Mar-21 | 31-Mar-20 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Wages and salaries | 51,897 | 52,904 | - | - |
| Pension costs - Employees Provident Fund | 9,031 | 8,698 | - | - |
| Social security costs | 418 | 487 | - | - |
| Directors fees | 1,320 | 823 | 436 | 287 |
| Shariah Committee remuneration | 76 | 90 | - | - |
| Other staff related expenses | 4,819 | 5,601 | 4 | 8 |
| | 67,561 | 68,603 | 440 | 295 |

A24. Commitments and contingencies

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

| | Principal amount | Credit equivalent amount | Risk weighted amount |
|---|-------------------------|---------------------------------|-----------------------------|
| | RM'000 | RM'000 | RM'000 |
| Group | | | |
| 31-Mar-21 | | | |
| Direct credit substitutes | 44,973 | 44,973 | 44,973 |
| Trade-related contingencies | 84,599 | 41,250 | 41,250 |
| Short Term Self Liquidating trade related contingencies | 99,907 | 19,981 | 19,981 |
| Irrevocable commitments to extend credit: | | | |
| - one year or less | 713,747 | 172,864 | 172,845 |
| - over one year to five years | 1,865,704 | 931,342 | 850,960 |
| - over five years | 4,299 | 2,148 | 2,148 |
| Foreign exchange related contracts | | | |
| - one year or less | 833,623 | 16,815 | 9,483 |
| | 3,646,852 | 1,229,373 | 1,141,640 |
| | | | |
| | Principal amount | Credit equivalent amount | Risk weighted amount |
| | RM'000 | RM'000 | RM'000 |
| Company | | | |
| 31-Mar-21 | | | |
| Trade-related contingencies | 3,530 | 715 | 715 |
| Irrevocable commitments to extend credit: | | | |
| - over one year to five years | 14,832 | 6,787 | 5,005 |
| | 18,362 | 7,502 | 5,720 |

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A24. Commitments and contingencies (continued)

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

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

(i) Capital Commitments

| | Group | |
|---|-----------------------------|-----------------------------|
| | 31-Mar-21 RM'000 | 31-Dec-20 RM'000 |
| Property and equipment/Intangible assets: | | |
| - Approved and contracted for | <u>50,166</u> | <u>52,872</u> |

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A25. Unsecured contingent liabilities

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

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

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

On 27 January 2021, the High Court has decided in favour of the Plaintiffs’ claims including a monetary claim of RM35.31mil with interest at 5% to be calculated thereon. The Company has then decided to appeal to the Court of Appeal against the decision of the High Court in allowing the Plaintiff’s claims in part and in dismissing the Company’s counterclaim and to apply for a stay of execution of the High Court judgement pending disposal of the appeal.

The High Court has granted an ad interim stay of the matter pending disposal of the appeal to the Court of Appeal. The Court has fixed case management on 22 June 2021 together with Plaintiff’s appeal.

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

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A26. Segmental information on revenue and results

| Group | Banking and conventional business | Hotel Operations | Eliminations | Consolidated |
|--|--|-----------------------------|---------------------|---------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| 3 months ended 31 March 2021 | | | | |
| External | 680,982 | - | - | 680,982 |
| Intersegment transactions | 54,671 | - | (54,671) | - |
| Total revenue | <u>735,653</u> | <u>-</u> | <u>(54,671)</u> | <u>680,982</u> |
| Segment results | 111,540 | 51,253 | (51,510) | <u>111,283</u> |
| Loss before taxation and zakat from operations | | | | <u>111,283</u> |
| Segment assets | 58,729,827 | 1,412 | (8,788,430) | <u>49,942,809</u> |
| Consolidated total assets | | | | <u>49,942,809</u> |
| Segment liabilities | 45,621,265 | 309 | (4,253,551) | <u>41,368,023</u> |
| Consolidated total liabilities | | | | <u>41,368,023</u> |
| | | | | |
| | Banking and conventional business | Hotel Operations | Eliminations | Consolidated |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| 3 months ended 31 March 2020 | | | | |
| External | 741,380 | 26 | - | 741,406 |
| Intersegment transactions | 63,898 | - | (63,898) | - |
| Total revenue | <u>805,278</u> | <u>26</u> | <u>(63,898)</u> | <u>741,406</u> |
| Segment results | (64,911) | (2,129) | 28,057 | <u>(38,983)</u> |
| Profit before taxation and zakat from operations | | | | <u>(38,983)</u> |
| Segment assets | 59,395,198 | 18,975 | (8,605,854) | <u>50,808,319</u> |
| Consolidated total assets | | | | <u>50,808,319</u> |
| Segment liabilities | 46,306,718 | 198,896 | (4,151,211) | <u>42,354,403</u> |
| Consolidated total liabilities | | | | <u>42,354,403</u> |

A27. Subsequent events

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

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A28. Acquisition of property and equipment

| | Group As at 31-Mar-21 RM'000 |
|---------------------------|---|
| Additions | |
| Building in progress | 14,497 |
| Building renovation | 786 |
| Furniture & equipment | 59 |
| Motor vehicles | 377 |
| Data processing equipment | 1,041 |
| | <u>16,760</u> |

A29. Significant related party transactions

(a) Transactions and balances with government-related entities are as follows:

(i) Transactions and balances with Employees Provident Fund ("EPF"), the ultimate holding body:

| | Group | |
|---------------------------------------|------------------|------------------|
| | 31-Mar-21 | 31-Mar-20 |
| | RM'000 | RM'000 |
| Expenses | | |
| Profit expense paid on Sukuk | 13,541 | 14,886 |
| Profit expense paid on Fixed deposit | 7,255 | 12,874 |
| Interest expense paid on Time deposit | 64 | - |
| Rental paid | 13 | 21 |
| | <u>13</u> | <u>21</u> |
| Balances | | |
| Sukuk - MBSB SC Murabahah | 1,077,634 | 1,178,787 |
| Accrued profit on Sukuk | 21,024 | 22,869 |
| Fixed deposit by EPF | 1,550,000 | 1,300,000 |
| Accrued profit on Fixed deposit | 573 | 26,090 |
| Time deposit by EPF | 30,368 | - |
| Accrued interest on Time deposit | 10 | - |
| Rental deposit | 17 | 97 |
| | <u>17</u> | <u>97</u> |

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

| | Group | |
|---|------------------|------------------|
| | 31-Mar-21 | 31-Mar-20 |
| | RM'000 | RM'000 |
| Income/(expense) | | |
| Profit to depositors | (795) | 416 |
| | <u>(795)</u> | <u>416</u> |
| Balances | | |
| Cash and short-term funds | 336,254 | 109,214 |
| Deposits and placements with banks and other financial institutions | 32 | 32 |
| | <u>32</u> | <u>32</u> |

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A29. Significant related party transactions (continued)

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

| | Group | |
|-------------------------|------------------|------------------|
| | 31-Mar-21 | 31-Mar-20 |
| | RM'000 | RM'000 |
| Income/(expense) | | |
| Profit from financing | 926 | 4,913 |
| Profit to depositors | (625) | (1,984) |
| | <hr/> | <hr/> |
| Balances | | |
| Financing | 81,641 | 303,613 |
| Deposit from customers | 40,873 | 211,286 |
| | <hr/> | <hr/> |

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

| | Group | |
|------------------------|------------------|------------------|
| | 31-Mar-21 | 31-Mar-20 |
| | RM'000 | RM'000 |
| Expenses | | |
| Other expenses | (292) | (1,574) |
| Profit to depositors | (1,620) | - |
| | <hr/> | <hr/> |
| Balances | | |
| Deposits from customer | 193,022 | 146,484 |
| | <hr/> | <hr/> |

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A30. Capital adequacy

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

| | Group | | MBSB Bank Group | | MBSB Bank | |
|---|-------------------|-------------------|------------------------|-------------------|-------------------|-------------------|
| | 31-Mar-21 | 31-Dec-20 | 31-Mar-21 | 31-Dec-20 | 31-Mar-21 | 31-Dec-20 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Common Equity Tier 1 ("CET1") Capital</u> | | | | | | |
| Ordinary share capital | 7,088,255 | 7,088,255 | 5,427,972 | 5,159,859 | 5,427,972 | 5,159,859 |
| Retained earnings exclude merger reserve | 1,558,256 | 1,558,251 | 1,020,604 | 1,020,604 | 791,724 | 791,724 |
| Other reserves | (135,135) | 234,666 | (129,803) | 239,996 | (129,803) | 239,996 |
| | <u>8,511,376</u> | <u>8,881,172</u> | <u>6,318,773</u> | <u>6,420,459</u> | <u>6,089,893</u> | <u>6,191,579</u> |
| Less : Regulatory adjustments | | | | | | |
| Goodwill | (148,031) | (148,031) | - | - | - | - |
| Deferred tax assets | (40,565) | (7,261) | (33,804) | - | (33,804) | - |
| Cumulative gains on financial investments at FVOCI | (96,178) | (191,046) | (96,178) | (191,046) | (96,178) | (191,046) |
| Intangible assets | (155,990) | (162,058) | (105,640) | (111,449) | (105,640) | (111,449) |
| Regulatory reserve | - | - | (5,234) | (5,234) | (5,234) | (5,234) |
| Other CET1 regulatory adjustments | 215,162 | 144,075 | 232,427 | 153,372 | 232,427 | 153,372 |
| Total CET1 Capital | <u>8,285,774</u> | <u>8,516,851</u> | <u>6,310,344</u> | <u>6,266,102</u> | <u>6,081,464</u> | <u>6,037,222</u> |
| <u>Tier 1 Capital</u> | | | | | | |
| Additional Tier 1 capital instruments | - | - | - | - | - | - |
| Less: Tier 1 regulatory adjustments | - | - | - | - | - | - |
| Total Tier 1 capital | <u>8,285,774</u> | <u>8,516,851</u> | <u>6,310,344</u> | <u>6,266,102</u> | <u>6,081,464</u> | <u>6,037,222</u> |
| <u>Tier 2 Capital</u> | | | | | | |
| Stage 1 and Stage 2 ECL allowances | 453,388 | 479,868 | 427,761 | 453,807 | 455,100 | 481,430 |
| Tier 2 capital instruments | 1,310,020 | 1,293,335 | 1,310,020 | 1,293,335 | 1,310,020 | 1,293,335 |
| Total Tier II capital | <u>1,763,408</u> | <u>1,773,203</u> | <u>1,737,781</u> | <u>1,747,142</u> | <u>1,765,120</u> | <u>1,774,765</u> |
| Total capital base | <u>10,049,182</u> | <u>10,290,054</u> | <u>8,048,125</u> | <u>8,013,244</u> | <u>7,846,584</u> | <u>7,811,987</u> |
| Breakdown of risk weighted assets in various categories of risk weights are as follows: | | | | | | |
| | Group | | Bank Group | | Bank | |
| | 31-Mar-21 | 31-Dec-20 | 31-Mar-21 | 31-Dec-20 | 31-Mar-21 | 31-Dec-20 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Total risk weighted assets ("RWA")</u> | | | | | | |
| - Credit risk | 36,271,078 | 38,389,455 | 34,220,854 | 36,304,570 | 36,407,987 | 38,514,371 |
| - Market risk | 167,560 | 36,226 | 167,560 | 36,226 | 167,560 | 36,226 |
| - Operational risk | 2,654,993 | 2,581,744 | 2,414,735 | 2,188,152 | 2,238,822 | 2,025,263 |
| Total RWA | <u>39,093,631</u> | <u>41,007,425</u> | <u>36,803,149</u> | <u>38,528,948</u> | <u>38,814,369</u> | <u>40,575,860</u> |
| <u>Capital adequacy ratios</u> | | | | | | |
| CET 1 capital ratio | 21.195% | 20.769% | 17.146% | 16.263% | 15.668% | 14.879% |
| Tier 1 capital ratio | 21.195% | 20.769% | 17.146% | 16.263% | 15.668% | 14.879% |
| Total capital ratio | <u>25.705%</u> | <u>25.093%</u> | <u>21.868%</u> | <u>20.798%</u> | <u>20.216%</u> | <u>19.253%</u> |

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PERFORMANCE REVIEW FOR THE FIRST QUARTER ENDED 31 MARCH 2021

B1. Performance review of the Group

(a) Balance Sheet

(i) Loans, financing and advances

Variation of Results against Preceding Year Corresponding Quarter

| | Current Year Quarter 31-Mar-21, 1Q21 RM'000 | Preceding Year Corresponding Quarter 31-Mar-20, 1Q20 RM'000 | Changes | |
|--|--|--|----------------|-------------|
| | | | RM'000 | % |
| Personal financing | 19,626,377 | 19,825,153 | (198,776) | -1.0% |
| Corporate loans and financing | 9,103,032 | 9,207,325 | (104,293) | -1.1% |
| Property financing and mortgage | 6,775,596 | 6,216,361 | 559,235 | 9.0% |
| Auto financing | 102,001 | 168,560 | (66,559) | -39.5% |
| Total gross loans, financing and advances | 35,607,006 | 35,417,399 | 189,607 | 0.5% |

Variation of Results against Immediate Preceding Quarter

| | Current Year Quarter 31-Mar-21, 1Q21 RM'000 | Preceding Quarter 31-Dec-20, 4Q20 RM'000 | Changes | |
|--|--|---|------------------|--------------|
| | | | RM'000 | % |
| Personal financing | 19,626,377 | 19,851,546 | (225,169) | -1.1% |
| Corporate loans and financing | 9,103,032 | 9,167,542 | (64,510) | -0.7% |
| Property financing and mortgage | 6,775,596 | 6,599,347 | 176,249 | 2.7% |
| Auto financing | 102,001 | 109,783 | (7,782) | -7.1% |
| Total gross loans, financing and advances | 35,607,006 | 35,728,218 | (121,212) | -0.3% |

The Group gross loans, financing and advances increased by 0.5% and decreased by 0.3% for 1Q21 compared to 1Q20 and 4Q20 respectively. Overall, the Covid-19 pandemic affected performance of loans and financing resulted in slower disbursements.

- (i) Personal financing – The gross balance decreased as repayment outpaced disbursement in the current quarter as compared to 1Q20 and 4Q20. The portfolio remains as the biggest financing portfolio the Group.
- (ii) Corporate loans and financing – the gross balance decreased as repayment outpaced disbursement in the current quarter as compared to 1Q20 and 4Q20.

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
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B1. Performance review of the Group (continued)

(a) Balance Sheet

(i) Loans, financing and advances (continued)

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

(ii) Financial investments

Variation of Results against Preceding Year Corresponding Quarter

| | Current | Preceding | Changes | |
|---|-----------------|-----------------|-----------|-------|
| | Year | Year | RM'000 | % |
| | Quarter | Corresponding | | |
| | 31-Mar-21, 1Q21 | Quarter | | |
| | RM'000 | 31-Mar-20, 1Q20 | RM'000 | |
| Financial investments at FVTPL | 31,659 | 10,495 | 21,164 | >100% |
| Financial investments at FVOCI | 11,415,581 | 11,742,066 | (326,485) | -2.8% |
| Financial investments at amortised cost | 488,002 | 488,558 | (556) | -1.3% |
| Total financial investments | 11,935,242 | 12,241,119 | (327,041) | -2.5% |

Variation of Results against Preceding Quarter

| | Current | Preceding | Changes | |
|---|-----------------|-----------------|-----------|-------|
| | Year | Quarter | RM'000 | % |
| | Quarter | Quarter | | |
| | 31-Mar-21, 1Q21 | 31-Dec-20, 4Q20 | | |
| | RM'000 | RM'000 | RM'000 | |
| Financial investments at FVTPL | 31,659 | - | 31,659 | N/A |
| Financial investments at FVOCI | 11,415,581 | 10,192,272 | 1,223,309 | 12.0% |
| Financial investments at amortised cost | 488,002 | 488,102 | (100) | -0.1% |
| Total financial investments | 11,903,583 | 10,680,374 | 1,223,209 | 11.5% |

The Group financial investments decreased by 2.5% and increased by 11.5% for 1Q21 compared to 1Q20 and 4Q20 respectively. Financial investments at FVOCI remains as the biggest investments portfolio and the Group continued generating gain from sale of the securities.

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B1. Performance review of the Group (continued)

(b) Income statement

Current Year Quarter vs Preceding Year Corresponding Quarter

| | Current Year Quarter | Preceding Year Corresponding Quarter | Changes | |
|---|-------------------------------------|---|----------------|----------|
| | 31-Mar-21, 1Q21 RM'000 | 31-Mar-20, 1Q20 RM'000 | RM'000 | % |
| Revenue | 680,982 | 741,406 | (60,424) | -8.1% |
| Other operating expenses | (102,100) | (109,773) | 7,673 | 7.0% |
| Net income <i>(excluding impairment and loss on modification of cash flows)</i> | 424,837 | 362,574 | 62,263 | 17.2% |
| Allowance for impairment | (174,992) | (291,783) | 116,791 | -40.0% |
| Loss on modification of cash flows | (36,462) | - | (36,462) | N/A |
| Profit before tax | <u>111,283</u> | <u>(38,982)</u> | 150,265 | >-100% |
| Profit after tax | <u>63,413</u> | <u>(73,254)</u> | 136,667 | >-100% |
| Profit attributable to ordinary equity holders of the Parent | <u>63,413</u> | <u>(73,254)</u> | 136,667 | >-100% |
| Cost to income ratio | 24.0% | 30.3% | | |

Current Year Quarter vs Immediate Preceding Quarter

| | Current Year Quarter | Preceding Quarter | Changes | |
|--|-------------------------------------|-----------------------------------|----------------|----------|
| | 31-Mar-21, 1Q21 RM'000 | 31-Dec-20, 4Q20 RM'000 | RM'000 | % |
| Revenue | 680,982 | 752,174 | (71,192) | -9.5% |
| Other operating expenses | (102,100) | (111,026) | 8,926 | 8.0% |
| Net income (excluding impairment and loss on modification of cash flows) | 424,837 | 447,774 | (22,937) | -5.1% |
| Allowance for impairment | (174,992) | (130,949) | (44,043) | 33.6% |
| Loss on modification of cash flows | (36,462) | 364 | (36,826) | -95.1% |
| Profit before tax | <u>111,283</u> | <u>206,163</u> | (94,880) | -29.9% |
| Profit after tax | <u>63,413</u> | <u>97,722</u> | (34,309) | -35.1% |
| Profit attributable to ordinary equity holders of the Parent | <u>63,413</u> | <u>96,841</u> | (33,428) | -34.5% |
| Cost to income ratio | 24.0% | 24.8% | | |

The Group recorded profit for the current quarter as opposed to loss for 1Q20 mainly due to lower funding costs and lower net allowance for impairment. As compared to 4Q20, the Group recorded lower profit for the current quarter due to higher allowance for impairment and lower other operating income (mainly contributed by gain from sale of financial investments) for the current quarter. The Group also recorded loss on modification of cash flows following moratorium granted to eligible B40 and M40 group.

The cost to income ratio of the Group remained low compared to the industry.

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B1. Performance review of the Group (continued)

Contribution of major subsidiary of the Group

| | Group Current Year Quarter 31-Mar-21, 1Q21 RM'000 | MBSB Bank Current Year Quarter 31-Mar-21, 1Q21 RM'000 | Contribution |
|------------------------|--|--|---------------------|
| Total assets | 49,942,809 | 49,568,325 | 99.3% |
| Total equity | 8,574,786 | 6,134,793 | 71.5% |
| Profit before tax | 111,283 | 86,189 | 77.5% |
| Profit after tax | 63,413 | 44,900 | 70.8% |
| Gross return on equity | 5.10% | 5.59% | |
| Gross return on assets | 0.90% | 0.71% | |

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

| | Group Preceding Quarter 31-Dec-20, 4Q20 RM'000 | MBSB Bank Preceding Quarter 31-Dec-20, 4Q20 RM'000 | Contribution |
|------------------------|---|---|---------------------|
| Total assets | 48,438,494 | 48,007,510 | 99.1% |
| Total equity | 8,881,172 | 6,191,579 | 69.7% |
| Profit before tax | 206,163 | 116,805 | 56.7% |
| Profit after tax | 96,841 | 70,988 | 73.3% |
| Gross return on equity | 9.30% | 7.55% | |
| Gross return on assets | 1.68% | 0.96% | |

MBSB Bank Berhad ("MBSB Bank") is the biggest subsidiary in the Group. As at 1Q21 total assets of MBSB Bank of RM49.6bil accounts for 99.3% of total assets of the Group while the equity accounts for 71.5% of total Group equity.

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B2. Prospects for 2021

The Malaysian economy recorded a negative growth of 3.4% in 4Q 2020 largely attributable to the imposition of the Conditional Movement Control Order (CMCO) on a number of states since mid-October. The restrictions on mobility, especially on inter-district and inter-state travel, weighed on economic activity. Higher job losses were seen in the Services and Manufacturing sectors. Sentiments remain weak with downside risks as Covid-19 cases continue to be elevated. Herd immunity is expected to be achieved in 1Q 2022 from vaccine rollouts. In BNM Annual Report 2020, GDP growth for 2021 was projected to be within the range of 6.0% - 7.5% with optimism towards both domestic demand and external demand stemming from gradual relaxation of CMCO restrictions, uplift from policy support measures and more infrastructure projects.

Headline inflation for 2021 is projected to average higher, primarily due to higher global oil prices. In terms of trajectory, headline inflation is anticipated to temporarily spike in the second quarter of 2021 due to lower base from the low domestic retail fuel prices in the corresponding quarter of 2020, before moderating thereafter. Underlying inflation is expected to remain subdued amid continued spare capacity in the economy. However, the outlook is subject to global oil and commodity price developments.

MBSB Group will continue to focus its businesses in selected sustainable sectors and drive greater growth and adoption of emerging technologies. Various new measures and extended moratorium following the prolonged Covid-19 pandemic is expected to impact profitability for the year. Constant monitoring of customer collections and risks are imperative to ensure sustained profits.

B3. Variance from profit forecast

Not applicable

B4. Taxation

| | Group | | Company | |
|---|-------------------|---------------|-------------------|----------------|
| | 1st Quarter Ended | | 1st Quarter Ended | |
| | 31-Mar-21 | 31-Mar-20 | 31-Mar-21 | 31-Mar-20 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysian income tax: | | | | |
| Current income tax | 37,048 | 1,534 | 4,784 | - |
| Under provision in prior years | 19,042 | - | - | - |
| | <u>56,090</u> | <u>1,534</u> | <u>4,784</u> | <u>-</u> |
| Deferred tax: | | | | |
| Relating to origination and reversal of temporary differences | (8,967) | 28,738 | 498 | (2,356) |
| | <u>(8,967)</u> | <u>28,738</u> | <u>498</u> | <u>(2,356)</u> |
| Total income tax expense | <u>47,123</u> | <u>30,272</u> | <u>5,282</u> | <u>(2,356)</u> |

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B5. Status of corporate proposals

There are no pending corporate proposals.

B6. Borrowings and debts

Borrowings of the Group were as follows:

| | 31-Mar-21 | | Total |
|--|------------------|-------------------|-------------------|
| | Long term | Short term | borrowings |
| | RM'000 | RM'000 | RM'000 |
| Secured | | | |
| Recourse obligation on financing sold | 1,776,013 | 92,006 | 1,868,019 |
| Sukuk-MBSB Structured Covered ("SC") Murabahah | 1,086,228 | 297,978 | 1,384,206 |
| Non secured | | | |
| Sukuk Wakalah | 1,291,494 | 18,526 | 1,310,020 |
| | <hr/> | <hr/> | <hr/> |
| | 31-Dec-20 | | Total |
| | Long term | Short term | borrowings |
| | RM'000 | RM'000 | RM'000 |
| Secured | | | |
| Recourse obligation on financing sold | 1,861,291 | 401,240 | 2,262,531 |
| Sukuk-MBSB Structured Covered ("SC") Murabahah | 1,072,175 | 294,388 | 1,366,563 |
| Non secured | | | |
| Sukuk Wakalah | 1,291,317 | 2,018 | 1,293,335 |
| | <hr/> | <hr/> | <hr/> |

B7. Off balance sheet financial instruments

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

B8. Material litigation

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

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
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B9. Earnings per share

Basic

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

| | Group | | Company | |
|---|--------------------------|------------------|--------------------------|------------------|
| | 1st Quarter Ended | | 1st Quarter Ended | |
| | 31-Mar-21 | 31-Mar-20 | 31-Mar-21 | 31-Mar-20 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Net profit attributable to shareholders for the period (RM'000) | 63,413 | (73,254) | 13,230 | (4,840) |
| Weighted average number of ordinary shares in issue ('000) | 6,713,402 | 6,713,402 | 6,713,402 | 6,713,402 |
| Basic earnings per share (sen) | <u>0.94</u> | <u>(1.09)</u> | <u>0.20</u> | <u>(0.07)</u> |

Diluted

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

B10. Authorisation for issue

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

BY ORDER OF THE BOARD

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

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

Joint Company Secretaries
Kuala Lumpur

27 May 2021