

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

INTERIM FINANCIAL STATEMENTS
OF THE GROUP AND OF THE COMPANY
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2022

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	Group		Company	
		31-Dec-22 RM'000	31-Dec-21 RM'000	31-Dec-22 RM'000	31-Dec-21 RM'000
Assets					
Cash and short-term funds	A7(a)	2,205,950	654,839	59,636	230,013
Deposits and placements with financial institutions	A7(b)	597,746	843,856	100,033	574,580
Derivative financial assets	A8	15,017	637	-	-
Financial investments at fair value through profit or loss	A9	240,357	240,209	-	-
Financial investments at fair value through other comprehensive income	A10	11,392,780	11,811,115	-	-
Financial investments at amortised cost	A11	1,625,792	630,334	-	-
Loans, financing and advances	A12	36,933,658	34,503,102	368,451	477,089
Tax recoverable		394,716	454,794	390,835	452,746
Non-current assets held for sale	A13	58,103	2,600	-	-
Trade and other receivables	A14	125,435	129,367	42,648	190,902
Statutory deposits with Bank Negara Malaysia		610,000	650,000	-	-
Investments in subsidiaries		-	-	6,558,436	5,558,435
Inventories		-	50,516	-	-
Property and equipment		321,226	347,286	22,975	23,439
Right-of-use assets		26,743	38,846	-	-
Intangible assets		144,694	150,760	-	-
Goodwill		148,031	148,031	-	-
Investment property		820	820	-	-
Deferred tax assets		107,237	24,176	-	3,458
Total assets		54,948,305	50,681,288	7,543,014	7,510,662
Liabilities					
Deposits from customers	A15	28,957,135	24,601,750	-	-
Deposits and placements of banks and other financial institutions	A16	7,511,336	8,649,581	-	-
Investment accounts of customers	A17	2,080,767	2,094,914	-	-
Derivative financial liabilities	A8	23,470	2,363	-	-
Trade and other payables	A18	519,439	1,086,213	50,624	239,978
Lease liabilities		27,334	38,998	-	-
Recourse obligation on financing sold		4,355,408	3,141,309	-	-
Sukuk-MBSB Structured Covered Murabahah		833,805	1,072,972	-	-
Sukuk Wakalah		1,596,912	1,294,247	-	-
Deferred tax liabilities		13,603	15,481	1,960	-
Provision for taxation		69,903	4,135	-	-
Total liabilities		45,989,112	42,001,963	52,584	239,978
Equity					
Ordinary share capital		7,198,068	7,198,068	7,198,068	7,198,068
Reserves		(341,366)	(161,046)	-	-
Retained earnings		2,102,491	1,642,303	292,362	72,616
Total equity		8,959,193	8,679,325	7,490,430	7,270,684
Total liabilities and equity		54,948,305	50,681,288	7,543,014	7,510,662
Total Islamic banking assets		53,678,299	49,135,301	-	-
Commitments and contingencies	A24	5,134,111	3,265,007	9,782	11,668
Net assets per share attributable to ordinary equity of the Company (RM)		1.25	1.21	1.04	1.01

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

	Note	Group			
		4th Quarter Ended		Twelve Months Ended	
		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
		RM'000	RM'000	RM'000	RM'000
Revenue		668,022	597,734	2,643,481	2,624,703
Income derived from investment of deposits and Islamic capital funds	A19	654,773	607,008	2,623,750	2,552,864
Income attributable to depositors		(270,193)	(200,881)	(892,322)	(822,524)
Income attributable to securitisation		(34,372)	(29,668)	(142,314)	(91,230)
Income attributable to sukuk		(32,180)	(32,214)	(128,432)	(132,603)
Income attributable to wakalah unrestricted investment account		(15,459)	(9,196)	(52,685)	(23,456)
Net income from Islamic operations		302,569	335,049	1,407,997	1,483,051
Interest income	A20	1,594	4,335	7,995	57,921
Expected credit losses on loans, financing and advances and other impairment	A21	188,453	108,524	(118,496)	(86,003)
Net loss on modification of cash flows		-	(115,057)	(8,961)	(311,686)
Operating income		492,616	332,851	1,288,535	1,143,283
Net other income	A22	23,405	19,186	53,260	113,247
Net income		516,021	352,037	1,341,795	1,256,530
Other operating expenses	A23	(207,247)	(187,616)	(650,459)	(542,416)
Profit before taxation and zakat		308,774	164,421	691,336	714,114
Taxation		(108,048)	(88,141)	(227,971)	(275,479)
Zakat		-	176	(3,177)	142
Profit from continuing operations		200,726	76,456	460,188	438,777
Loss from discontinued operation		-	-	-	(72)
Profit for the financial period		200,726	76,456	460,188	438,705
Earnings per share (sen)					
Basic		2.80	1.07	6.42	6.22
Profit for the financial period		200,726	76,456	460,188	438,705
Other comprehensive income/(expense), net of tax :					
Movement in fair value reserve, which may be reclassified subsequently to profit or loss		176,195	(39,897)	(180,320)	(395,712)
		176,195	(39,897)	(180,320)	(395,712)
Total comprehensive income for the financial period		376,921	36,559	279,868	42,993

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022 (CONTINUED)

	Note	Company			
		4th Quarter Ended		Twelve Months Ended	
		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
		RM'000	RM'000	RM'000	RM'000
Revenue		3,411	240,439	188,567	276,618
Interest income	A20	3,369	6,788	24,384	39,227
Expected credit losses on loans, financing and advances and other impairment	A21	18,728	52,946	95,631	37,259
Net loss on modification of cash flows		-	-	-	(21)
Operating income		22,097	59,734	120,015	76,465
Net other income	A22	6,143	179,891	182,030	268,998
Net income		28,240	239,625	302,045	345,463
Other operating expenses	A23	(35,993)	(2,924)	(54,788)	(19,203)
(Loss)/Profit before taxation		(7,753)	236,701	247,257	326,260
Taxation		1,561	(24,182)	(27,511)	(56,675)
(Loss)/Profit for the financial period		(6,192)	212,519	219,746	269,585
Earnings per share (sen)					
Basic		(0.09)	2.96	3.06	3.82
(Loss)/profit for the financial period		(6,192)	212,519	219,746	269,585
Other comprehensive income, net of tax :					
Movement in fair value reserve, which may be reclassified subsequently to profit or loss		-	-	-	-
Total comprehensive (expense)/income for the financial period		(6,192)	212,519	219,746	269,585

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

Group	Non-distributable		Distributable	Total RM'000
	Share Capital RM'000	Fair Value Reserves RM'000	Retained Profits RM'000	
At 1 January 2022	7,198,068	(161,046)	1,642,303	8,679,325
Profit for the period	-	-	460,188	460,188
Other comprehensive expense for the financial period	-	(180,320)	-	(180,320)
At 31 December 2022	<u>7,198,068</u>	<u>(341,366)</u>	<u>2,102,491</u>	<u>8,959,193</u>
At 1 January 2021	7,088,255	234,666	1,558,251	8,881,172
Profit for the period	-	-	438,705	438,705
Other comprehensive expense for the financial period	-	(395,712)	-	(395,712)
Dividends	-	-	(354,653)	(354,653)
Issuance of ordinary shares pursuant to exercise of DRP	109,813	-	-	109,813
At 31 December 2021	<u>7,198,068</u>	<u>(161,046)</u>	<u>1,642,303</u>	<u>8,679,325</u>

Company	Distributable		
	Share Capital RM'000	Retained Profits RM'000	Total RM'000
At 1 January 2022	7,198,068	72,616	7,270,684
Profit for the period	-	219,746	219,746
At 31 December 2022	<u>7,198,068</u>	<u>292,362</u>	<u>7,490,430</u>
At 1 January 2021	7,088,255	157,684	7,245,939
Profit for the period	-	269,585	269,585
Dividends	-	(354,653)	(354,653)
Issuance of ordinary shares pursuant to exercise of DRP	109,813	-	109,813
At 31 December 2021	<u>7,198,068</u>	<u>72,616</u>	<u>7,270,684</u>

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

	Group		Company	
	31-Dec-22 RM'000	31-Dec-21 RM'000	31-Dec-22 RM'000	31-Dec-21 RM'000
Cash flows from operating activities				
Profit before taxation	691,336	714,114	247,257	326,260
Adjustments for non-cash items	51,097	276,370	(97,747)	(41,437)
Operating profit before working capital changes	742,433	990,484	149,510	284,823
Working capital changes:				
Net changes in operating assets	(2,316,903)	(1,178,056)	728,864	(320,075)
Net changes in operating liabilities	2,696,875	1,718,865	(187,557)	(22,937)
Cash generated from from operations	1,122,405	1,531,293	690,817	(58,189)
Income taxes and zakat paid	(133,466)	(126,610)	(28,181)	(4,233)
Net cash generated from/(used in) operating activities	988,939	1,404,683	662,636	(62,422)
Cash flows from investing activities				
Increase in investment in subsidiaries	-	-	(1,000,000)	(268,113)
Purchase of property and equipment	(17,115)	(55,555)	(17)	-
Purchase of intangible assets	(35,408)	(24,930)	-	-
Proceeds from disposal of right-of-use assets	-	254	-	-
Proceeds from disposal of non-current assets held for sale	1,328	13,000	-	-
Proceeds from disposal of foreclosed properties	4,165	6,364	4,165	6,364
Proceeds from disposal of property and equipment	11	98	-	-
Proceeds from liquidation of subsidiary	-	8,388	-	8,388
Profit income from financial investment	541,054	550,246	-	-
Net purchase of financial investments	(915,392)	(2,636,138)	-	-
Dividends received	-	-	162,839	232,593
Net cash used in investing activities	(421,357)	(2,138,273)	(833,013)	(20,768)

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022 (CONTINUED)

	Group		Company	
	31-Dec-22 RM'000	31-Dec-21 RM'000	31-Dec-22 RM'000	31-Dec-21 RM'000
Cash flows from financing activities				
Net issuance of recourse obligation on financing sold	1,210,324	880,460	-	-
Profit expense paid - recourse obligation on financing sold	(138,539)	(92,912)	-	-
Profit expense paid - Sukuk MBSB SC Murabahah	(52,381)	(66,263)	-	-
Repayment of Sukuk - MBSB SC Murabahah	(237,786)	(292,253)	-	-
Profit expense paid - Sukuk Wakalah	(73,767)	(66,766)	-	-
Issuance of Sukuk Wakalah	299,000	-	-	-
Payment of lease liabilities	(23,322)	(26,854)	-	-
Dividends paid on ordinary shares	-	(29,695)	-	(29,695)
Net cash generated from/(used in) financing activities	983,529	305,717	-	(29,695)
Net Increase/(Decrease) in cash and cash equivalents	1,551,111	(427,873)	(170,377)	(112,885)
Cash and cash equivalents at beginning of financial period	654,839	1,082,712	230,013	342,898
Cash and cash equivalents at end of financial period (Note A7(a))	2,205,950	654,839	59,636	230,013
Cash and cash equivalents is represented by:				
Cash and short-term funds	2,205,950	654,839	59,636	230,013

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022
PART A - EXPLANATORY NOTES PURSUANT TO MFRS134

A1. Basis of preparation

The unaudited condensed interim financial statements for the financial quarter ended 31 December 2022 have been prepared under the historical cost convention except for financial investments which are recognised at fair value and the following financial assets and financial liabilities which are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest/profit method: loans, financing and advances, trade and other payables, bank borrowings and recourse obligations on financing sold.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad and Financial Reporting for Islamic Banking Institutions policy issued by Bank Negara Malaysia ("BNM"). The unaudited interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2021. 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 2021.

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 2021.

The new accounting standards, amendments to published standards and interpretation that are effective and applicable to the Group and the Company for the financial year beginning 1 January 2022 are as follows:

- Amendment to MFRS 16 '*COVID-19-Related Rent Concessions beyond 30 June 2021*'
- Amendments to MFRS 116 '*Proceeds before intended use*'
- Amendments to MFRS 3 '*Reference to Conceptual Framework*'
- Amendment to MFRS 16 '*COVID-19-Related Rent Concessions beyond 30 June 2021*'
- Amendments to MFRS 137 '*Onerous Contracts – Cost of Fulfilling a Contract*'
- Annual improvements to MFRS 9 '*Fees in the 10% test for derecognition of financial liabilities*'

- Annual Improvements to MFRS 1 '*Subsidiary as First-time Adopter*'
- Annual Improvements to Illustrative Example accompanying MFRS 16 '*Leases: Lease Incentives*'

- Annual Improvements to MFRS 141 '*Taxation in Fair Value Measurements*'

The adoption of the above amendments to published standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

The Group and the Company will apply these standards and amendments to published standards from:

- (i) Financial year beginning on/after 1 January 2023
 - Amendments to MFRS 112 '*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*'
 - Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates

The adoption of the above new accounting standards, amendments to published standards and interpretations are not expected to give rise to any material financial impact to the Group and the Company.

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

The Group and the Company will apply these standards and amendments to published standards from (continued):

(ii) Financial year beginning on/after 1 January 2024

- Amendments to MFRS 101 '*Classification of liabilities as current or non-current*'
- Amendments to MFRS 16 '*Lease Liability*' in a Sale and Leaseback

The adoption of the above new accounting standards, amendments to published standards and interpretations are not expected to give rise to material financial impact to the Group and the Company.

A2. Audit report of preceding financial year ended 31 December 2021

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

A3. Seasonality and cyclicity of operations

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

A4. Exceptional or unusual items

There were no exception or unusual items during the quarter.

A5. Issue of shares and debentures

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

	31-Dec-22	31-Dec-21
Number of ordinary shares ('000)	7,171,484	7,171,484
Share Capital (RM'000)	7,198,068	7,198,068

A6. Dividend

No dividend was paid in the current quarter.

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
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A7. Cash and short-term funds and deposits and placements with financial institutions

	Group		Company	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
(a) Cash and short-term funds:				
Cash at banks and on hand	367,480	133,008	13,132	5,118
Money at call and deposit placements maturing within one month	1,838,470	521,831	46,504	224,895
	<u>2,205,950</u>	<u>654,839</u>	<u>59,636</u>	<u>230,013</u>
(b) Deposits and placements with financial institutions with original maturity of more than one month				
- Licensed Islamic banks	597,746	843,856	100,033	574,580
	<u>2,803,696</u>	<u>1,498,695</u>	<u>159,669</u>	<u>804,593</u>

The expected credit losses ("ECL") for cash and short-term funds and deposits and placements above is nil (2021: nil).

A8. Derivative financial assets/(liabilities)

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

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

	Group		
	Notional amount	Fair value	
	RM'000	Assets	Liabilities
		RM'000	RM'000
2022			
<u>Trading derivatives</u>			
<u>Foreign exchange contracts:</u>			
Currency forward			
- Less than one year	1,976,886	15,017	(23,470)
2021			
<u>Trading derivatives</u>			
<u>Foreign exchange contracts:</u>			
Currency forward			
- Less than one year	419,278	637	(2,363)

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
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A9. Financial investments at fair value through profit or loss ("FVTPL")

	Group	
	31-Dec-22	31-Dec-21
	RM'000	RM'000
Money Market Instruments		
<u>In Malaysia</u>		
Private mandate investments	240,357	240,209

A10. Financial investments at fair value through other comprehensive income ("FVOCI")

	Group	
	31-Dec-22	31-Dec-21
	RM'000	RM'000
Money Market Instruments		
Malaysian Government Investment Issues	8,479,600	8,317,698
Debt securities:		
<u>In Malaysia</u>		
Private and Islamic debt securities	1,021,894	1,139,722
Government Guaranteed debt securities	1,891,286	2,353,695
	11,392,780	11,811,115

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 2022	14	-	-	14
Total reversal to profit or loss:	(4)	-	-	(4)
Matured financial investments during the year	(4)	-	-	(4)
At 31 December 2022	10	-	-	10

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

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A11. Financial investments at amortised cost

	Group	
	31-Dec-22	31-Dec-21
	RM'000	RM'000
At amortised cost		
Money Market Instruments		
Malaysian Government Investment Issues	378,302	20,666
<u>In Malaysia</u>		
Private and Islamic debt securities	1,183,318	610,880
Government Guaranteed corporate sukuk	65,279	-
	<u>1,626,899</u>	<u>631,546</u>
Less: ECL		
- Stage 1	(868)	(841)
- Stage 2	(239)	(371)
	<u>1,625,792</u>	<u>630,334</u>

ECL movement for financial investments at amortised cost:

	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	841	371	-	1,212
Total charge/(reversal) to profit or loss	27	(132)	-	(105)
Changes in credit risk	(1)	(132)	-	(133)
Matured financial investments during the period	(2)	-	-	(2)
New financial investments purchased during the period	30	-	-	30
At 31 December 2022	<u>868</u>	<u>239</u>	<u>-</u>	<u>1,107</u>

	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	90	501	-	591
Total charge/(reversal) to profit or loss	751	(130)	-	621
Change in credit risk	(3)	(130)	-	(133)
New financial investments purchased during the year	754	-	-	754
At 31 December 2022	<u>841</u>	<u>371</u>	<u>-</u>	<u>1,212</u>

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

	Group		Company	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
(i) By type				
At amortised cost				
<i>Islamic:</i>				
Term financing:				
Personal financing	19,154,239	19,613,339	-	-
Property financing	8,393,470	7,266,303	-	-
Hire purchase receivables	718,549	679,199	-	-
Bridging financing	450,897	411,617	-	-
Auto financing	45,128	75,121	-	-
Other term financing	5,545,096	5,584,420	-	-
Revolving Credit	1,614,785	175,464	-	-
Trade finance	1,827,761	1,341,912	-	-
Cash line	141,846	125,147	-	-
Staff financing	38,854	42,371	-	-
<i>Conventional:</i>				
End finance:				
Normal housing programme	62,799	79,895	62,799	79,895
Low cost housing programme	390	423	390	423
Other term financing	387,798	588,564	387,798	588,564
Bridging financing	178,079	196,835	178,079	196,835
Gross loans, financing and advances	38,559,691	36,180,610	629,066	865,717
Less: ECL				
- Stage 1	(293,979)	(347,004)	(1,222)	(1,527)
- Stage 2	(337,893)	(597,878)	(3,493)	(8,984)
- Stage 3	(994,161)	(732,626)	(255,900)	(378,117)
Net loans, financing and advances	36,933,658	34,503,102	368,451	477,089
(ii) By maturity structure				
	Group		Company	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Within one year	4,603,494	2,948,874	293,422	522,545
More than one year to three years	1,769,468	1,357,135	47,980	1,483
More than three years to five years	2,147,521	1,832,713	2,809	17,631
More than five years	30,039,208	30,041,888	284,855	324,058
	38,559,691	36,180,610	629,066	865,717

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A12. Loans, financing and advances (continued)

(iii) By economic purpose

	Group		Company	
	31-Dec-22 RM'000	31-Dec-21 RM'000	31-Dec-22 RM'000	31-Dec-21 RM'000
Personal Use	19,238,349	19,697,222	-	-
Construction	3,814,915	3,978,526	257,998	458,817
Purchase of landed property:				
- Residential	8,244,951	7,154,826	273,325	279,121
- Non-Residential	973,465	912,562	50,241	69,971
Working Capital	5,226,617	3,300,141	46,430	56,500
Purchase of other fixed assets	1,004,160	929,586	1,072	1,308
Purchase of transport vehicles	53,642	77,009	-	-
Purchase of other securities	369	432	-	-
Purchase of consumer durables	107	901	-	-
Others	3,116	129,405	-	-
	38,559,691	36,180,610	629,066	865,717

(iv) By type of customers

	Group		Company	
	31-Dec-22 RM'000	31-Dec-21 RM'000	31-Dec-22 RM'000	31-Dec-21 RM'000
Individuals:				
- Malaysian nationals	27,605,351	26,969,997	45,623	53,182
- Foreign nationals	127,680	31,337	-	-
Domestic business enterprises				
- Small medium enterprises	3,101,506	2,887,059	443,202	588,349
- Non-bank financial institutions	1,422,819	739,048	-	-
- Others	6,302,335	5,553,169	140,241	224,186
	38,559,691	36,180,610	629,066	865,717

(v) By sector

	Group		Company	
	31-Dec-22 RM'000	31-Dec-21 RM'000	31-Dec-22 RM'000	31-Dec-21 RM'000
Household sectors	27,606,187	26,969,997	45,623	53,182
Construction	3,491,218	3,870,020	296,684	513,189
Finance, insurance and business services	3,398,089	2,509,032	3,425	7,285
Wholesale & retail trade and restaurants & hotels	1,087,502	860,418	3,033	3,179
Manufacturing	1,139,674	968,893	50,892	61,422
Education, health and others	473,462	358,193	228,202	222,512
Transport, storage and communications	339,613	243,861	1,207	1,462
Mining and quarrying	65,077	185,408	-	-
Electricity, gas and water	911,234	174,723	-	-
Agriculture	47,635	40,065	-	3,486
	38,559,691	36,180,610	629,066	865,717

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A12. Loans, financing and advances (continued)

(vi) By profit/interest rate sensitivity

	Group		Company	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Fixed rate:				
Personal financing	14,704,766	16,092,439	-	-
Bridging, structured and term financing	771,881	920,954	-	52,077
Mortgage and property Islamic	379,062	417,399	121	650
Auto finance	47,105	77,622	-	-
Variable rate:				
Personal financing	4,457,222	3,531,299	-	-
Bridging, structured and term financing	10,092,931	8,182,608	565,877	733,322
Mortgage and property Islamic	8,106,724	6,958,289	63,068	79,668
	38,559,691	36,180,610	629,066	865,717

(vii) By geographical distribution

	Group		Company	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Malaysia	38,559,691	36,180,610	629,066	865,717
	38,559,691	36,180,610	629,066	865,717

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A12. Loans, financing and advances (continued)

(viii) Movement of gross loans, financing and advances

31-Dec-22	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	29,172,078	5,342,428	1,666,104	36,180,610
Transfer to Stage 1	2,181,324	(2,162,852)	(18,472)	-
Transfer to Stage 2	(865,713)	901,510	(35,797)	-
Transfer to Stage 3	(218,266)	(859,367)	1,077,633	-
New financing/disbursement during the period	7,292,700	406,502	112,569	7,811,771
Repayment during the period	(4,418,212)	(989,212)	(146,750)	(5,554,174)
Other movements	271,687	(93,182)	176,803	355,308
Loss on modification of cash flows	(8,371)	(590)	-	(8,961)
Reclassification to non-current assets held for sale	-	-	12,214	12,214
Write-offs	-	-	(237,077)	(237,077)
As at 31 December	33,407,227	2,545,237	2,607,227	38,559,691

31-Dec-22	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	42,791	120,351	702,575	865,717
Transfer to Stage 1	6,440	(6,067)	(373)	-
Transfer to Stage 2	(4,767)	5,073	(306)	-
Transfer to Stage 3	(1,699)	(5,345)	7,044	-
Repayment during the period	(5,671)	(11,910)	(22,148)	(39,729)
Other movements	253	179	8,032	8,464
Refinancing to MBSB Bank	(376)	(47,810)	(130,239)	(178,425)
Write-offs	-	-	(26,961)	(26,961)
As at 31 December	36,971	54,471	537,624	629,066

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A12. Loans, financing and advances (continued)

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

31-Dec-21	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	28,856,494	4,976,739	1,894,985	35,728,218
Transfer to Stage 1	1,639,149	(1,487,288)	(151,861)	-
Transfer to Stage 2	(2,113,365)	2,202,567	(89,202)	-
Transfer to Stage 3	(159,679)	(132,981)	292,660	-
New financing/disbursement during the year	4,314,854	1,282,980	31,537	5,629,371
Repayment during the year	(3,319,804)	(1,414,574)	(88,703)	(4,823,081)
Other movements	197,959	(8,391)	121,975	311,543
Loans, financing and advances sold	(179)	(759)	(89,575)	(90,513)
Loss on modification of cash flows	(239,812)	(71,874)	-	(311,686)
Reclassification to non-current assets held for sale	-	-	(23,671)	(23,671)
Write-offs	(3,539)	(3,991)	(232,041)	(239,571)
As at 31 December	29,172,078	5,342,428	1,666,104	36,180,610

31-Dec-21	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	145,352	432,831	907,754	1,485,937
Transfer to Stage 1	35,229	(10,526)	(24,703)	-
Transfer to Stage 2	(23,328)	25,066	(1,738)	-
Transfer to Stage 3	(861)	(2,644)	3,505	-
Repayment during the year	(113,809)	(324,688)	(22,174)	(460,671)
Other movements	3,927	5,082	24,189	33,198
Loans, financing and advances sold	(179)	(759)	(89,575)	(90,513)
Loss on modification of cash flows	(1)	(20)	-	(21)
Write-offs	(3,539)	(3,991)	(94,683)	(102,213)
As at 31 December	42,791	120,351	702,575	865,717

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A12. Loans, financing and advances (continued)

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

31-Dec-22	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	347,004	597,878	732,626	1,677,508
(Reversal)/charged to profit or loss	(53,025)	(259,985)	487,956	174,946
Changes in the ECL due to transfer within stages:				
- Transfer to Stage 1	231,081	(220,164)	(10,917)	-
- Transfer to Stage 2	(13,883)	37,172	(23,289)	-
- Transfer to Stage 3	(2,729)	(126,049)	128,778	-
New financing/disbursement during the period	85,738	27,214	14,897	127,849
Repayment during the period	(242,969)	(44,178)	(50,534)	(337,681)
Changes in credit risk parameters #	(8,839)	66,896	476,168	534,225
Change to model assumptions and methodologies ^	(101,424)	(876)	(47,147)	(149,447)
Reclassification to non-current assets held for sale	-	-	10,656	10,656
Write-offs	-	-	(237,077)	(237,077)
As at 31 December	293,979	337,893	994,161	1,626,033
31-Dec-22	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	1,527	8,984	378,117	388,628
Reversal to profit or loss	(305)	(5,491)	(95,256)	(101,052)
Changes in the ECL due to transfer within stages:				
- Transfer to Stage 1	726	(439)	(287)	-
- Transfer to Stage 2	(163)	419	(256)	-
- Transfer to Stage 3	(59)	(709)	768	-
Repayment during the period	(860)	(442)	(23,914)	(25,216)
Changes in credit risk parameters #	66	1,394	17,713	19,173
Change to model assumptions and methodologies ^	-	1,006	-	1,006
Refinancing to MBSB Bank	(15)	(6,720)	(89,280)	(96,015)
Write-offs	-	-	(26,961)	(26,961)
As at 31 December	1,222	3,493	255,900	260,615

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

^ The changes to model assumptions and methodologies were in relation to incorporation of Macro Economic Variables ("MEV") factors with more intuitive trends, revision to Probability of Default ("PD") and Loss Given Default ("LGD") modelling and management overlays.

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A12. Loans, financing and advances (continued)

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

31-Dec-21	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	370,236	648,474	947,050	1,965,760
(Reversal)/charged to profit or loss	(23,226)	(50,486)	83,901	10,189
Changes in the ECL due to transfer within stages:				
- Transfer to Stage 1	240,357	(192,086)	(48,271)	-
- Transfer to Stage 2	(30,742)	80,071	(49,329)	-
- Transfer to Stage 3	(2,799)	(30,337)	33,136	-
New financing/disbursement during the year	58,927	122,807	17,576	199,310
Repayment during the year	(315,249)	(268,006)	(263,176)	(846,431)
Changes in credit risk parameters #	26,280	237,065	393,965	657,310
Reclassification to non-current assets held for sale	-	-	(21,549)	(21,549)
Loans, financing and advances sold	(6)	(110)	(50,905)	(51,021)
Write-offs	-	-	(225,871)	(225,871)
As at 31 December	347,004	597,878	732,626	1,677,508
31-Dec-21	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	4,698	60,822	521,463	586,983
Reversal to profit or loss	(3,165)	(51,728)	(3,928)	(58,821)
Changes in the ECL due to transfer within stages:				
- Transfer to Stage 1	8,870	(2,194)	(6,676)	-
- Transfer to Stage 2	(512)	1,706	(1,194)	-
- Transfer to Stage 3	(21)	(427)	448	-
Repayment during the year	(11,632)	(56,564)	(153,185)	(221,381)
Changes in credit risk parameters #	130	5,751	156,679	162,560
Loans, financing and advances sold	(6)	(110)	(50,905)	(51,021)
Write-offs	-	-	(88,513)	(88,513)
As at 31 December	1,527	8,984	378,117	388,628

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

^ The changes to model assumptions and methodologies were in relation to incorporation of MEV factors with more intuitive trends, revision to Probability of Default ("PD") and Loss Given Default ("LGD") modelling and management overlays.

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A12. Loans, financing and advances (continued)

(x) Movements of impaired loans, financing and advances

	Group		Company	
	31-Dec-22 RM'000	31-Dec-21 RM'000	31-Dec-22 RM'000	31-Dec-21 RM'000
Balance as at 1 January	1,666,104	1,894,985	702,575	907,754
Classified as impaired during the period	1,190,202	324,197	7,044	3,505
Reclassified as non-impaired	(54,269)	(241,063)	(679)	(26,441)
Amount recovered	(146,750)	(88,703)	(22,148)	(22,174)
Other movements	176,803	113,085	8,032	15,299
Refinancing to MBSB Bank	-	-	(130,239)	-
Loans, financing and advances sold	-	(89,575)	-	(89,575)
Reclassification to non-current assets held for sale	12,214	(23,671)	-	-
Amount written off	(237,077)	(223,151)	(26,961)	(85,793)
Balance as at end of financial period	2,607,227	1,666,104	537,624	702,575
Less: ECL stage 3	(994,161)	(732,626)	(255,900)	(378,117)
Net impaired loans, financing and advances	1,613,066	933,478	281,724	324,458
Net impaired as a percentage of net loans, financing and advances	4.37%	2.71%	76.46%	68.01%
Gross impaired as a percentage of gross loans, financing and advances	6.76%	4.60%	85.46%	81.16%

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

	Group		Company	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Personal use	212,962	75,824	-	-
Construction	1,237,733	939,584	257,999	416,040
Purchase of landed property:				
- Residential	498,801	346,694	243,451	233,740
- Non-Residential	315,136	198,536	35,102	52,197
Working capital	311,709	73,606	-	-
Purchase of other fixed assets	25,816	27,298	1,072	598
Purchase of transport vehicles	4,866	3,585	-	-
Purchase of consumer durables	-	792	-	-
Others	204	185	-	-
	2,607,227	1,666,104	537,624	702,575

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A12. Loans, financing and advances (continued)

(xii) Impaired loans, financing and advances by sector

	Group		Company	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Household sector	502,986	213,546	16,594	12,344
Construction	1,074,928	769,548	292,329	464,478
Education, health and others	312,717	310,262	227,817	222,100
Finance, insurance and business services	195,691	210,920	884	-
Manufacturing	233,941	101,637	-	167
Mining and quarrying	511	26,425	-	-
Wholesale & retail trade and restaurants & hotels	286,095	26,248	-	-
Transport, storage and communications	358	4,032	-	-
Agriculture	-	3,486	-	3,486
	2,607,227	1,666,104	537,624	702,575

A13. Non-current assets held for sale

	Group	
	31-Dec-22	31-Dec-21
	RM'000	RM'000
Non-current assets held for sale comprise:		
Financing held for sale (a)	564	2,122
Other assets held for sale (b)	57,539	478
	58,103	2,600

(a) Financing held for sale

	Group	
	31-Dec-22	31-Dec-21
	RM'000	RM'000
Balance as at 1 January	23,671	-
Reclassification (to)/from financing	(12,214)	23,671
Gross financing held for sale	11,457	23,671
Less impairment allowance:		
Balance as at 1 January	(21,549)	-
Reclassification to/(from) financing	10,656	(21,549)
Total impairment allowance	(10,893)	(21,549)
Net financing held for sale	564	2,122
By economic purpose:		
Purchase of residential properties	11,233	22,481
Purchase of non-residential properties	-	960
Purchase of other fixed assets	136	138
Purchase of transport vehicles	43	47
Others	45	45
	11,457	23,671

The financing held for sale is in relation to the agreement which the banking subsidiary, MBSB Bank entered with an external party to dispose of its retail financing. The exercise is expected to complete in the first quarter of year 2023.

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A13. Non-current assets held for sale

(b) Other assets held for sale

	Group	
	31-Dec-22	31-Dec-21
	RM'000	RM'000
Inventories	56,846	-
Property and equipment	260	478
Right-of-use assets	433	-
	57,539	478
Inventories:		
Balance as at 1 January	50,516	-
Writeback made during the financial year	6,330	-
	56,846	-

A14. Trade and other receivables

	Group		Company	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
<u>Non trade:</u>				
Advances in respect of certain projects	-	596,628	-	-
Amount due from MBSB Bank	-	-	-	138,410
Amount due from other subsidiaries	-	-	53,863	50,172
Foreclosed properties	41,238	42,418	41,238	42,418
Prepayments and deposits	16,364	14,038	-	3,654
Sundry receivables	26,239	35,841	1,387	5,624
Public Low Cost Housing Programme ("PLCHP")	23	796	23	796
Deferred expenses	41,706	36,550	-	-
	125,570	726,271	96,511	241,074
<u>Trade:</u>				
Trade receivable	56	24,835	-	-
	125,626	751,106	96,511	241,074
Less: ECL				
- Non trade	(135)	(596,905)	(53,863)	(50,172)
- Trade	(56)	(24,834)	-	-
	125,435	129,367	42,648	190,902

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A15. Deposits from customers

(i) By type of deposits:

	Group	
	31-Dec-22	31-Dec-21
	RM'000	RM'000
Commodity Murabahah Term Deposits	26,749,347	23,623,561
Demand deposits	1,473,237	592,593
Savings deposits	734,551	385,596
	<u>28,957,135</u>	<u>24,601,750</u>

(ii) Maturity of term deposits from customers:

	Group	
	31-Dec-22	31-Dec-21
	RM'000	RM'000
Within six months	19,627,347	15,402,982
More than six months to one year	4,421,626	6,347,608
More than one year to three years	1,266,438	1,638,915
More than three years	1,433,936	234,056
	<u>26,749,347</u>	<u>23,623,561</u>

(iii) By type of customers:

	Group	
	31-Dec-22	31-Dec-21
	RM'000	RM'000
Government and statutory bodies	15,232,596	12,283,703
Business enterprises	8,909,664	7,976,943
Individuals	4,814,875	4,341,104
	<u>28,957,135</u>	<u>24,601,750</u>

(iv) By type of contract:

	Group	
	31-Dec-22	31-Dec-21
	RM'000	RM'000
Tawarruq	28,957,135	24,601,750
	<u>28,957,135</u>	<u>24,601,750</u>

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A16. Deposits and placements of banks and other financial institutions

(i) By type of deposits:

	Group	
	31-Dec-22	31-Dec-21
	RM'000	RM'000
<u>Non-Mudharabah Funds:</u>		
-Licensed Investment Banks	779	948
-Licensed Islamic Banks	1,121,734	534,051
-Other financial institutions	6,388,823	8,114,582
	7,511,336	8,649,581

(ii) By type of contract:

	Group	
	31-Dec-22	31-Dec-21
	RM'000	RM'000
Tawarruq	7,511,336	8,649,581
	7,511,336	8,649,581

A17. Investment accounts of customers

	Group	
	31-Dec-22	31-Dec-21
	RM'000	RM'000
Wakalah unrestricted investment account	2,080,767	2,094,914

The investment account placements are used to fund personal financing.

(i) By type of customers:

	Group	
	31-Dec-22	31-Dec-21
	RM'000	RM'000
Government and statutory bodies	1,626,676	2,014,773
Other financial institutions	454,091	80,141
	2,080,767	2,094,914

(ii) Movement of investment accounts of customers:

	Group	
	31-Dec-22	31-Dec-21
	RM'000	RM'000
Balance as at 1 January	2,094,914	-
New placement during the financial period	5,795,123	2,506,314
Redemption during the financial period	(5,809,189)	(426,328)
Finance expense	52,685	23,456
Profit distributed	(52,766)	(8,528)
Balance as at 31 December	2,080,767	2,094,914

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A17. Investment accounts of customers (continued)

(iii) By Maturity:

	Group	
	31-Dec-22	31-Dec-21
	RM'000	RM'000
Due within six months	1,926,610	1,006,242
More than six months to one year	154,157	1,083,050
More than one year to three years	-	5,622
	2,080,767	2,094,914

(iv) Rate of Return ("ROR") and Performance Incentive Fee based on residual maturity

31-Dec-22	Investment Account Holder	Group Performance incentive fee
	Average ROR	%
	%	%
Unrestricted investment accounts:		
Due within six months	4.13	4.67
More than six months to one year	4.05	4.76
31-Dec-21	Investment Account Holder	Group Performance incentive fee
	Average ROR	%
	%	%
Unrestricted investment accounts:		
Due within six months	2.58	5.32
More than six months to one year	2.75	5.14
More than one year to three years	2.95	4.95

A18. Trade and other payables

	Group		Company	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Amount due to MBSB Bank Berhad	-	-	40,527	-
Dividend payable	-	215,145	-	215,145
Sundry creditors	232,068	530,452	9,303	23,377
Al-Mudharabah security fund	132,944	147,604	-	-
ECL for commitments and contingencies (i)	52,772	54,446	422	259
Deferred income	1,314	22,574	-	917
Other provisions and accruals	100,341	115,992	372	280
	519,439	1,086,213	50,624	239,978

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A18. Trade and other payables (continued)

(i) ECL for commitments and contingencies

Movement of ECL for commitments and contingencies are as follows:

31-Dec-22	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	17,117	35,929	1,400	54,446
Total (reversal)/charge to profit or loss	(1,840)	(3,489)	3,983	(1,346)
Changes in ECL due to transfer within stages:				
- Transfer to Stage 1	24,754	(24,753)	(1)	-
- Transfer to Stage 2	(306)	386	(80)	-
- Transfer to Stage 3	(25)	(873)	898	-
New financing /disbursement during the period	12,333	1,395	95	13,823
Derecognised to loans/financing during the period (other than write-offs)	(6,688)	(8,098)	(547)	(15,333)
Changes in credit risk parameters #	(24,285)	2,618	4,334	(17,333)
Change to model assumptions and methodologies ^	(7,623)	25,836	(716)	17,497
Write off	-	-	(328)	(328)
As at 31 December	15,277	32,440	5,055	52,772

31-Dec-22	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	174	59	26	259
Total (reversal)/charge to profit or loss	(43)	10	196	163
Changes in ECL due to transfer within stages:				
- Transfer to Stage 1	16	(16)	-	-
- Transfer to Stage 2	(8)	15	(7)	-
- Transfer to Stage 3	(3)	(32)	35	-
Derecognised/converted to loans/financing during the period (other than write-offs)	(16)	(5)	(7)	(28)
Changes in credit risk parameters #	(32)	48	175	191
Write off	-	-	-	-
As at 31 December	131	69	222	422

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

^ The changes to model assumptions and methodologies were in relation to incorporation of MEV factors with more intuitive trends, revision to Probability of Default ("PD") and Loss Given Default ("LGD") modelling and management overlays.

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A18. Trade and other payables (continued)

(i) ECL for commitments and contingencies (continued)

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

31-Dec-21	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	19,073	13,481	13,964	46,518
Total (reversal)/charge to profit or loss	(1,956)	22,448	(11,946)	8,546
Changes in ECL due to transfer within stages:				
- Transfer to Stage 1	2,916	(1,054)	(1,862)	-
- Transfer to Stage 2	(768)	806	(38)	-
- Transfer to Stage 3	(4)	(45)	49	-
New financing /disbursement during the year	8,719	26,614	590	35,923
Derecognised to loans/financing during the period (other than write-offs)	(5,834)	(8,513)	(11,340)	(25,687)
Changes in credit risk parameters #	(6,985)	4,640	655	(1,690)
Write off	-	-	(618)	(618)
As at 31 December	17,117	35,929	1,400	54,446
31-Dec-21	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	195	207	1,673	2,075
Total (reversal)/charge to profit or loss	(21)	(148)	(1,029)	(1,198)
Changes in ECL due to transfer within stages:				
- Transfer to Stage 1	55	(55)	-	-
- Transfer to Stage 2	(4)	4	-	-
- Transfer to Stage 3	(1)	(2)	3	-
Derecognised/converted to loans/financing during the year (other than write-offs)	(16)	(38)	(1,672)	(1,726)
Changes in credit risk parameters #	(55)	(57)	640	528
Write off	-	-	(618)	(618)
As at 31 December	174	59	26	259

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

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

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Financing	524,965	483,693	2,123,838	2,073,681
Income from financial investments at FVOCI	101,028	108,333	409,620	418,725
Income from financial investments at amortised cost	18,429	8,055	50,942	29,119
Income from financial investments at FVTPL	-	613	6,587	4,481
Deposits with financial institutions	10,351	6,314	32,763	26,858
	654,773	607,008	2,623,750	2,552,864

A20. Interest income

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- Loans and advances	1,594	4,329	7,980	56,546
- Deposits and placements with banks and other financial institutions	-	6	15	1,375
	1,594	4,335	7,995	57,921

	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- Loans and advances	2,455	5,088	11,022	34,120
- Deposits and placements with banks and other financial institutions	914	1,700	13,362	5,107
	3,369	6,788	24,384	39,227

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A21. ECL on loans, financing and advances and other impairment

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
<u>ECL on loans, financing and advances made/(written back)</u>				
Loans, financing and advances				
- Stage 1	(103,601)	57,504	(53,025)	(23,226)
- Stage 2	(27,716)	(1,147)	(259,985)	(50,486)
- Stage 3	(14,929)	(182,123)	487,956	83,901
Credit impaired loans, financing and advances:				
- Write - off	9,011	11,817	26,670	44,240
- Recovered	(52,256)	(2,632)	(75,108)	(24,289)
	<u>(189,491)</u>	<u>(116,581)</u>	<u>126,508</u>	<u>30,140</u>
<u>Other ECL and impairment allowances made/(written back):</u>				
Financial investments at FVOCI	3	-	(4)	7
Financial investments at amortised cost	171	167	(105)	621
Other receivables	929	2,441	(59)	25,513
Foreclosed properties	(168)	-	(168)	2,318
Assets held for sale	(6,330)	-	(6,330)	-
Inventories	-	18,858	-	18,858
Financing commitments and financial guarantees	6,433	(13,409)	(1,346)	8,546
	<u>1,038</u>	<u>8,057</u>	<u>(8,012)</u>	<u>55,863</u>
	<u>(188,453)</u>	<u>(108,524)</u>	<u>118,496</u>	<u>86,003</u>

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A21. ECL on loans, financing and advances and other impairment (continued)

	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
<u>ECL on loans, financing and advances made/(written back)</u>				
Loans, financing and advances				
- Stage 1	(229)	(1,445)	(305)	(3,165)
- Stage 2	(2,982)	(17,518)	(5,491)	(51,728)
- Stage 3	(16,346)	(44,788)	(95,256)	(3,928)
Credit impaired loans, financing and advances:				
- Write - off	162	9,317	4,085	38,566
- Recovered	(183)	(1,520)	(2,350)	(15,427)
	<u>(19,578)</u>	<u>(55,954)</u>	<u>(99,317)</u>	<u>(35,682)</u>
<u>Other ECL and impairment allowances made/(written back):</u>				
Foreclosed properties	(168)	2,318	(168)	2,318
Amount due from subsidiaries	940	732	3,691	(2,697)
Financing commitments and financial guarantees	78	(42)	163	(1,198)
	<u>850</u>	<u>3,008</u>	<u>3,686</u>	<u>(1,577)</u>
	<u>(18,728)</u>	<u>(52,946)</u>	<u>(95,631)</u>	<u>(37,259)</u>

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A22. Net other income

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Rental income	90	4	109	8
Loans/financing related fees	18,239	3,796	27,536	16,208
Insurance commission	(3,537)	3,660	11,127	13,342
Ta'widh/late payment charges	7,943	3,808	16,977	13,518
Loss from sale of financial investments at FVOCI	(4,492)	(19,691)	(13,066)	(8,029)
Gain/(loss) from sale of financial investments at FVTPL	254	(1,595)	(18,195)	(7,825)
Gain on financial investments at FVTPL	1,059	221	4,200	221
Gain/(loss) on foreign exchange transactions	3,509	(6,162)	12,390	42,126
Sundry income	(2,137)	36,514	8,931	47,583
Gain/(loss) from disposal of:				
Property and equipment	(8)	5	(8)	5
Foreclosed properties	2,656	(1,189)	2,597	(3,725)
Assets held for sale	(833)	185	-	185
CAKNA scheme	133	-	133	-
Others	529	(370)	529	(370)
	23,405	19,186	53,260	113,247

	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Rental income	968	954	5,761	3,807
Loan related fees	38	1,031	1,314	4,685
Insurance commission	3	28	30	113
Late payment charges	2,306	2,570	6,521	8,944
Gain/(loss) from disposal of foreclosed properties	2,656	(1,189)	2,597	(3,725)
Sundry income	172	13,658	2,968	22,581
Dividend income	-	162,839	162,839	232,593
	6,143	179,891	182,030	268,998

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A23. Other operating expenses

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Personnel expenses *	72,301	80,355	310,713	258,978
Establishment related expenses	54,131	54,722	178,598	152,890
General administrative expenses	59,205	40,294	98,989	84,865
Promotion and marketing related expenses	7,774	6,253	15,904	14,053
Commission fees	13,836	5,992	46,255	31,630
	207,247	187,616	650,459	542,416

	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Personnel expenses *	526	542	2,071	1,664
Establishment related expenses	141	135	1,194	1,264
General administrative expenses	36,530	700	43,756	4,198
Intercompany charges	(1,212)	1,513	7,735	11,930
Commission fees	8	34	32	147
	35,993	2,924	54,788	19,203

Included in the other operating expenses:

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Depreciation of property and equipment	15,306	5,252	43,156	17,940
Amortisation of intangible assets	10,949	9,851	41,474	36,228
Depreciation of right-of-use assets	6,034	9,535	22,308	26,181

Included in the other operating expenses:

	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Depreciation of property and equipment	133	116	481	464

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A23. Other operating expenses (ontinued)

* Personnel expenses

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	55,072	57,203	230,075	194,013
Pension costs - Employees Provident Fund	2,953	9,589	32,249	32,238
Social security costs	610	462	2,091	1,734
Directors fees	689	927	4,219	4,145
Shariah Committee remuneration	148	130	555	490
Other staff related expenses	12,829	12,044	41,524	26,358
	<u>72,301</u>	<u>80,355</u>	<u>310,713</u>	<u>258,978</u>

* Personnel expenses

	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Directors fees	407	542	1,949	1,660
Other staff related expenses	119	-	122	4
	<u>526</u>	<u>542</u>	<u>2,071</u>	<u>1,664</u>

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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
Group	RM'000	RM'000	RM'000
31-Dec-22			
Direct credit substitutes	19,359	19,359	19,359
Trade-related contingencies	81,715	37,169	37,169
Short term self liquidating trade related contingencies	29,069	5,814	5,814
Irrevocable commitments to extend credit:			
- one year or less	793,601	158,218	158,218
- over one year to five years	1,885,883	942,078	840,673
- over five years	347,598	173,799	173,799
Foreign exchange related contracts			
- one year or less	1,976,886	44,668	17,499
	<u>5,134,111</u>	<u>1,381,105</u>	<u>1,252,531</u>

	Principal amount	Credit equivalent amount	Risk weighted amount
Company	RM'000	RM'000	RM'000
31-Dec-22			
Irrevocable commitments to extend credit:			
- over one year to five years	9,782	4,671	3,460
	<u>9,782</u>	<u>4,671</u>	<u>3,460</u>

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

	Principal amount	Credit equivalent amount	Risk weighted amount
Company	RM'000	RM'000	RM'000
31-Dec-21			
Irrevocable commitments to extend credit:			
- over one year to five years	11,668	5,808	4,352
	<u>11,668</u>	<u>5,808</u>	<u>4,352</u>

(i) Capital Commitments

	Group	
	31-Dec-22	31-Dec-21
	RM'000	RM'000
Property and equipment/Intangible assets:		
- Approved and contracted for	296,088	11,766

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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, Definite Pure Sdn Bhd for an alleged breach of facility agreement.

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

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

On 27 January 2021, the High Court has decided in favour of part of the Plaintiffs’ claims including a monetary claim of RM35.3 million. Both the Company and KCSB have appealed against the decision. The parties’ appeals to the Court of Appeal were heard on 6 July 2022.

In October 2022 the parties have settled the claims out of court and the matter was then closed. Arising from the settlement in November 2022 the Company made a payment sum of RM35.3 million to the plaintiffs.

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A26. Segmental information on revenue and results

Group	Consumer banking RM'000	Corporate banking RM'000	Global Markets RM'000	Others RM'000	Inter-segment elimination RM'000	Consolidated RM'000
3 month ended 31 December 2022						
<u>External:</u>						
Fund based income	387,115	140,763	111,335	(1,664)	18,817	656,366
Non-fund based income	(7,605)	18,892	(3,168)	(16,657)	20,194	11,656
	379,510	159,655	108,167	(18,321)	39,011	668,022
<u>Inter-segment:</u>						
Fund based income	29,330	-	13,346	-	(42,676)	-
Total revenue	408,840	159,655	121,513	(18,321)	(3,665)	668,022
Profit before zakat and tax	323,064	(53,158)	21,350	24,071	(6,553)	308,774
Taxation						(108,048)
Zakat						-
Net loss for the period						200,726
Segment assets	27,095,142	10,427,248	15,489,475	-	-	53,011,865
Tax recoverable						394,716
Deferred tax assets						107,237
Unallocated assets						1,434,487
Total assets						54,948,305
Segment liabilities	28,788,815	6,814,497	9,460,879	294,642	-	45,358,833
Provision for taxation						69,903
Deferred tax liabilities						13,603
Unallocated liabilities						546,773
Total liabilities						45,989,112
Group	Consumer banking RM'000	Corporate banking RM'000	Global Markets RM'000	Others RM'000	Inter-segment elimination RM'000	Consolidated RM'000
12 months ended 31 December 2022						
<u>External:</u>						
Fund based income	1,658,633	489,951	466,653	16,508	-	2,631,745
Non-fund based income	5,014	30,114	(26,958)	166,405	(162,839)	11,736
	1,663,647	520,065	439,695	182,913	(162,839)	2,643,481
<u>Inter-segment:</u>						
Fund based income	121,350	-	13,346	-	(134,696)	-
Total revenue	1,784,997	520,065	453,041	182,913	(297,535)	2,643,481
Profit before zakat and tax	506,385	54,329	102,071	189,072	(160,521)	691,336
Taxation						(227,971)
Zakat						(3,177)
Net profit for the period						460,188
Segment assets	27,095,142	10,427,248	15,489,475	-	-	53,011,865
Tax recoverable						394,716
Deferred tax assets						107,237
Unallocated assets						1,434,487
Total assets						54,948,305
Segment liabilities	28,788,815	6,814,497	9,460,879	294,642	-	45,358,833
Provision for taxation						69,903
Deferred tax liabilities						13,603
Unallocated liabilities						546,773
Total liabilities						45,989,112

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A26. Segmental information on revenue and results (continued)

Group	Consumer banking RM'000	Corporate banking RM'000	Global Markets RM'000	Others RM'000	Inter-segment elimination RM'000	Consolidated RM'000
3 month ended 31 December 2021						
<u>External:</u>						
Fund based income	428,875	192,863	110,405	(141,265)	20,461	611,339
Non-fund based income	8,460	7,651	(21,355)	(8,361)	-	(13,605)
	<u>437,335</u>	<u>200,514</u>	<u>89,050</u>	<u>(149,626)</u>	<u>20,461</u>	<u>597,734</u>
<u>Inter-segment:</u>						
Fund based income	81,974	-	3,731	221,877	(307,582)	-
Non-fund based income	-	-	-	251,706	(251,706)	-
Total revenue	<u>519,309</u>	<u>200,514</u>	<u>92,781</u>	<u>323,957</u>	<u>(538,827)</u>	<u>597,734</u>
Profit before zakat and tax	126,161	110,751	(4,366)	254,923	(323,048)	164,421
Taxation						(88,141)
Zakat						176
Profit from continuing operations						<u>76,456</u>
Loss from discontinued operation						-
Net profit for the period						<u>76,456</u>
Segment assets	26,368,989	8,824,191	13,641,065	-	-	48,834,245
Tax recoverable						454,794
Deferred tax assets						24,176
Unallocated assets						<u>1,368,073</u>
Total assets						<u>50,681,288</u>
Segment liabilities	25,968,762	5,664,163	8,909,500	314,711	-	40,857,136
Provision for taxation and zakat						4,135
Deferred tax liabilities						15,481
Unallocated liabilities						<u>1,125,211</u>
Total liabilities						<u>42,001,963</u>
Group	Consumer banking RM'000	Corporate banking RM'000	Global Markets RM'000	Others RM'000	Inter-segment elimination RM'000	Consolidated RM'000
12 months ended 31 December 2021						
<u>External:</u>						
Fund based income	1,712,509	478,190	439,101	(19,016)	-	2,610,784
Non-fund based income	10,555	18,920	(15,630)	74	-	13,919
	<u>1,723,064</u>	<u>497,110</u>	<u>423,471</u>	<u>(18,942)</u>	<u>-</u>	<u>2,624,703</u>
<u>Inter-segment:</u>						
Fund based income	131,746	-	3,731	221,877	(357,354)	-
Non-fund based income	-	-	-	251,706	(251,706)	-
Total revenue	<u>1,854,810</u>	<u>497,110</u>	<u>427,202</u>	<u>454,641</u>	<u>(609,060)</u>	<u>2,624,703</u>
Profit before zakat and tax	586,359	41,337	85,099	439,979	(438,660)	714,114
Taxation						(275,479)
Zakat						142
Profit from continuing operations						<u>438,777</u>
Loss from discontinued operation						(72)
Net profit for the period						<u>438,705</u>
Segment assets	26,368,989	8,824,191	13,641,065	-	-	48,834,245
Tax recoverable						454,794
Deferred tax assets						24,176
Unallocated assets						<u>1,368,073</u>
Total assets						<u>50,681,288</u>
Segment liabilities	25,968,762	5,664,163	8,909,500	314,711	-	40,857,136
Provision for taxation and zakat						4,135
Deferred tax liabilities						15,481
Unallocated liabilities						<u>1,125,211</u>
Total liabilities						<u>42,001,963</u>

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A27. Acquisition of property and equipment

	Group	
	31-Dec-22	31-Dec-21
	RM'000	RM'000
Additions		
Building	5,785	-
Building renovation	2,316	1,062
Furniture & equipment	744	2,711
Motor vehicles	317	377
Data processing equipment	7,428	34,629
Work in progress	525	16,776
	<u>17,115</u>	<u>55,555</u>
Disposals		
Furniture & equipment		(72)
Data processing equipment		(73)
		<u>(145)</u>

A28. Significant related party transactions

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

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

	Group	
	31-Dec-22	31-Dec-21
	RM'000	RM'000
Expenses		
Income attributable to depositor and others:		
- Profit expense paid on sukuk to EPF	47,619	52,001
- Profit expense paid on fixed deposits to EPF	35,556	26,843
Other overhead expenses:		
- Rental paid	50	50
	<u>50</u>	<u>50</u>
Balances		
Sukuk MBSB-SC Murabahah:		
- Principal balance of Sukuk	840,183	968,331
- Accrued profit on sukuk due to EPF	6,365	7,090
Deposits from customers:		
- Term deposits from EPF	1,550,000	1,424,557
- Accrued profit on term deposits due to EPF	10,982	1,639
- Current account	6	-
Rental deposit	17	17
	<u>17</u>	<u>17</u>

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A28. Significant related party transactions (continued)

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

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

	Group	
	31-Dec-22	31-Dec-21
	RM'000	RM'000
Income/(Expenses)		
Income derived:		
- Profit income from deposit placements	1	1
Income attributable to depositors and others:		
- Profit expense to depositors	(5,759)	(2,418)
	<u>594,773</u>	<u>(2,418)</u>
Balances		
Assets		
Cash and short-term funds	113,963	21,700
Deposits and placements with banks and other financial institutions	32	32
Liabilities		
Deposits and placements of banks and other financial institutions	594,773	382,604
	<u>594,773</u>	<u>382,604</u>

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

	Group	
	31-Dec-22	31-Dec-21
	RM'000	RM'000
Income/(expense)		
Income derived:		
- Profit income from financing	-	3,065
Income attributable to depositors and others:		
- Profit expense to depositors	(416)	(170)
	<u>(416)</u>	<u>(170)</u>
Balances		
Deposit from customers	109,034	6,499
	<u>109,034</u>	<u>6,499</u>

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

	Group	
	31-Dec-22	31-Dec-21
	RM'000	RM'000
Expenses		
Income attributable to depositors and others:		
- Profit expense to depositors	3,677	3,461
Other overhead expenses:		
- Other expenses	6,615	3,097
	<u>6,615</u>	<u>3,097</u>
Balances		
Deposits from customer	170,396	281,708
	<u>170,396</u>	<u>281,708</u>

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A29. Capital adequacy

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

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

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

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

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

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A29. Capital adequacy (continued)

	Group			
	with TA	without TA	with TA	without TA
	31-Dec-22	31-Dec-22	31-Dec-21	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
<u>Common Equity Tier 1 ("CET1") Capital</u>				
Ordinary share capital	7,198,068	7,198,068	7,198,068	7,198,068
Retained earnings exclude merger reserve	2,102,482	2,102,482	1,642,303	1,642,303
Other reserves	(341,366)	(341,366)	(161,046)	(161,046)
	<u>8,959,184</u>	<u>8,959,184</u>	<u>8,679,325</u>	<u>8,679,325</u>
Less: Regulatory adjustments				
Goodwill	(148,031)	(148,031)	(148,031)	(148,031)
Deferred tax assets	(107,238)	(107,238)	(24,176)	(24,176)
55% cumulative gains on FVOCI instruments	(10,856)	(10,856)	(57,882)	(57,882)
Intangible assets	(144,694)	(144,694)	(150,760)	(150,760)
Other CET1 regulatory adjustments	-	-	79,645	-
Total CET1 Capital	<u>8,548,365</u>	<u>8,548,365</u>	<u>8,378,121</u>	<u>8,298,476</u>
<u>Tier 1 Capital</u>				
Additional Tier 1 capital instruments	-	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-	-
Total Tier 1 capital	<u>8,548,365</u>	<u>8,548,365</u>	<u>8,378,121</u>	<u>8,298,476</u>
<u>Tier 2 Capital</u>				
Stage 1 and Stage 2 ECL	452,361	452,361	452,174	452,174
Tier 2 capital instruments	1,300,000	1,300,000	1,294,247	1,294,247
Total Tier II capital	<u>1,752,361</u>	<u>1,752,361</u>	<u>1,746,421</u>	<u>1,746,421</u>
Total capital base	<u>10,300,726</u>	<u>10,300,726</u>	<u>10,124,542</u>	<u>10,044,897</u>

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

	Group			
	with TA	without TA	with TA	without TA
	31-Dec-22	31-Dec-22	31-Dec-21	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
<u>Total risk weighted assets ("RWA")</u>				
- Credit risk	36,188,860	36,188,860	36,173,916	36,173,916
- Market risk	90,857	90,857	62,619	62,619
- Operational risk	2,828,552	2,828,552	2,735,512	2,735,512
Total RWA	<u>39,108,269</u>	<u>39,108,269</u>	<u>38,972,047</u>	<u>38,972,047</u>
<u>Capital adequacy ratios</u>				
CET 1 capital ratio	21.858%	21.858%	21.498%	21.293%
Tier 1 capital ratio	21.858%	21.858%	21.498%	21.293%
Total capital ratio	<u>26.339%</u>	<u>26.339%</u>	<u>25.979%</u>	<u>25.775%</u>

In accordance with BNM's Guidelines on Investment Account paragraph 31.1, the credit and market risk weighted assets funded by Unrestricted Investment Accounts ("URIA") shall be recognised as risk absorbent and excluded from the calculation of capital adequacy ratio of the Group. As at 31 December 2022, URIA risk weighted assets excluded from the Total Capital Ratio calculation amounted to RM2,011.5 mil (31 December 2021: RM2,080.8 mil).

PERFORMANCE REVIEW FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

B1. Performance review of the Group

(a) Balance Sheet

(i) Loans, financing and advances

Variation of Results against Preceding Year Corresponding Quarter

	Current Year Quarter 31-Dec-22, 4Q22 RM'000	Preceding Year Corresponding Quarter 31-Dec-21, 4Q21 RM'000	Changes	
			RM'000	%
Personal financing	19,161,988	19,623,745	(461,757)	-2.4%
Corporate loans and financing	10,864,812	9,103,355	1,761,457	19.3%
Property financing and mortgage	8,485,786	7,375,890	1,109,896	15.0%
Auto financing	47,105	77,620	(30,515)	-39.3%
Total gross loans, financing and advances	<u>38,559,691</u>	<u>36,180,610</u>	<u>2,379,081</u>	6.6%

Variation of Results against Immediate Preceding Quarter

	Current Year Quarter 31-Dec-22, 4Q22 RM'000	Preceding Quarter 30-Sep-22, 3Q22 RM'000	Changes	
			RM'000	%
Personal financing	19,161,988	19,388,274	(226,286)	-1.2%
Corporate loans and financing	10,864,812	10,159,582	705,230	6.9%
Property financing and mortgage	8,485,786	8,170,953	314,833	3.9%
Auto financing	47,105	55,387	(8,282)	-15.0%
Total gross loans, financing and advances	<u>38,559,691</u>	<u>37,774,196</u>	<u>785,495</u>	2.1%

The Group gross loans, financing and advances grew by 6.6% and 2.1% in 4Q22 compared to 4Q21 and 3Q22 respectively. Overall, growth of loans, financing and advances is contributed mainly from corporate financing and house financing. Personal financing remains as the biggest financing portfolio while auto financing is at a decreasing base as the Group focuses on growing asset base of other portfolios.

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B1. Performance review of the Group (continued)

(a) Balance Sheet

(ii) Financial investments

Variation of Results against Preceding Year Corresponding Quarter

	Current Year Quarter 31-Dec-22, 4Q22 RM'000	Preceding Year Corresponding Quarter 31-Dec-21, 4Q21 RM'000	Changes	
			RM'000	%
Financial investments at FVTPL	240,357	240,209	148	0.1%
Financial investments at FVOCI	11,392,780	11,811,115	(418,335)	-3.5%
Financial investments at amortised cost	<u>1,625,791</u>	<u>630,334</u>	<u>995,457</u>	157.9%
Total financial investments	<u>13,258,928</u>	<u>12,681,658</u>	<u>577,270</u>	4.6%

Variation of Results against Preceding Quarter

	Current Year Quarter 31-Dec-22, 4Q22 RM'000	Preceding Quarter 30-Sep-22, 3Q22 RM'000	Changes	
			RM'000	%
Financial investments at FVTPL	240,357	240,345	12	0.0%
Financial investments at FVOCI	11,392,780	10,689,496	703,284	6.6%
Financial investments at amortised cost	<u>1,625,791</u>	<u>1,207,086</u>	<u>418,705</u>	34.7%
Total financial investments	<u>13,258,928</u>	<u>12,136,927</u>	<u>1,122,001</u>	9.2%

The Group financial investments decreased by 4.6% and by 9.2% for 4Q22 compared to 4Q21 and 3Q22 respectively. Financial investments at FVOCI remains mainly consists of government investment issues and government guaranteed debt securities.

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B1. Performance review of the Group (continued)

(b) Income statement

Current Year Quarter vs Preceding Year Corresponding Quarter

	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	
	31-Dec-22, 4Q22 RM'000	31-Dec-21, 4Q21 RM'000	RM'000	%
Revenue	668,022	597,734	70,288	11.8%
Other operating expenses	(207,247)	(187,616)	(19,631)	10.5%
Net income <i>(excluding ECL and loss on modification of cash flows)</i>	327,568	358,570	(31,002)	-8.6%
Expected credit losses on loans, financing and advances and other impairment	188,453	108,524	79,929	73.7%
Loss on modification of cash flows	-	(115,057)	115,057	-100.0%
Profit before tax	<u>308,774</u>	<u>164,421</u>	144,353	87.8%
Profit after tax	<u>200,726</u>	<u>76,456</u>	124,270	>100%
Profit attributable to ordinary equity holders of the Parent	<u>200,726</u>	<u>76,456</u>	124,270	>100%
Cost to income ratio	63.3%	52.3%		

Current Year Quarter vs Immediate Preceding Quarter

	Current Year Quarter	Preceding Quarter	Changes	
	31-Dec-22, 4Q22 RM'000	30-Sep-22, 3Q22 RM'000	RM'000	%
Revenue	668,022	654,641	13,381	2.0%
Other operating expenses	(207,247)	(156,677)	(50,570)	32.3%
Net income <i>(excluding ECL and loss on modification of cash flows)</i>	327,568	357,470	(29,902)	-8.4%
Expected credit losses on loans, financing and advances and other impairment	188,453	(103,395)	291,848	>-100%
Profit before tax	<u>308,774</u>	<u>97,398</u>	211,376	>100%
Profit after tax	<u>200,726</u>	<u>58,961</u>	141,765	>100%
Profit attributable to ordinary equity holders of the Parent	<u>200,726</u>	<u>58,961</u>	141,765	>100%
Cost to income ratio	63.3%	43.8%		

During the quarter, the Group reported a profit before tax ("PBT") of RM308.8 mil with revenue of RM668.0 mil, operating expenses ("OPEX") of RM207.2 mil and net write back on impairment allowance of RM188.5 mil.

The Group recorded higher OPEX compared to 4Q21 and 3Q22 mainly due to the higher general administration expenses following the settlement on KCSB and Kausar case (note A25).

On the other hand, the Group incurred net writeback on allowance of impairment mainly due to the changes to ECL model assumptions and methodologies.

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B1. Performance review of the Group (continued)

(c) Contribution of major subsidiary of the Group

	Group Current Year Quarter 30-Dec-22, 4Q22 RM'000	MBSB Bank Current Year Quarter 30-Dec-22, 4Q22 RM'000	Contribution (without elimination) %
Total assets	54,948,305	55,537,647	101.1%
Total equity	8,959,193	7,641,976	85.3%
Profit before tax	308,774	337,873	>100%
Profit after tax	200,726	254,388	>100%
Gross return on equity	14.00%	19.09%	
Gross return on assets	2.34%	2.53%	

	Group Preceding Year Corresponding Quarter 31-Dec-21, 4Q21 RM'000	MBSB Bank Preceding Year Corresponding Quarter 31-Dec-21, 4Q21 RM'000	Contribution (without elimination) %
Total assets	50,681,288	51,259,661	>100%
Total equity	8,679,325	6,514,472	75.1%
Profit before tax	164,421	184,204	>100%
Profit after tax	76,456	122,491	>100%
Gross return on equity	7.49%	11.60%	
Gross return on assets	1.33%	1.48%	

	Group Preceding Quarter 30-Sep-22, 3Q22 RM'000	MBSB Bank Preceding Quarter 30-Sep-22, 3Q22 RM'000	Contribution (without elimination) %
Total assets	51,914,295	52,523,464	>100%
Total equity	8,582,271	7,211,489	84.0%
Profit before tax	97,398	26,445	27.2%
Profit after tax	58,961	2,635	4.5%
Gross return on equity	4.51%	1.54%	
Gross return on assets	0.76%	0.20%	

MBSB Bank is the biggest subsidiary and component of the Group.

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B2. Prospects for the Group

Outlook for 2023

Global growth is slowing sharply, with worldwide economic output projected to be just 1.70% in 2023, according to the latest forecast from the World Bank Group. In tandem with this global slowdown, Malaysia's economy is forecast to grow by 4.30% in 2023.

In 2022, Bank Negara Malaysia ("BNM") raised the OPR by a total of 100 basis points to 2.75%. Moving into 2023, headline and core inflation are expected to moderate but remain elevated amid lingering demand and cost pressures, as well as any changes to domestic policy measures, according to BNM. In this respect, our business strategy will be centred on enhancing our strength in our core business in retail segment, and targeting large, premium corporates to provide the Group with financing growth. We are undertaking various initiatives to improve funding cost, particularly to raise our CASA ratio. The Group has also formulated collection strategies to tackle specific needs of different groups of customers beside hastening the recovery resolution on some of the chunky impaired loans and financing to improve its asset quality.

The small, medium enterprise ("SME") segment has been identified as one of our core pillars to raise exposure to business banking. The Group will continue to drive business share growth in SME by offering relationship-based partnerships and providing innovative and personalised services on banking products.

B3. Variance from profit forecast

Not applicable

B4. Taxation

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current income tax	80,626	84,737	228,035	210,973
(Over)/under provision in prior years	34,725	1,244	27,903	48,131
	<u>115,351</u>	<u>85,981</u>	<u>255,938</u>	<u>259,104</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	25,287	(15,418)	4,623	(15,418)
(Over)/under provision in prior years	(32,590)	17,578	(32,590)	31,793
	<u>(7,303)</u>	<u>2,160</u>	<u>(27,967)</u>	<u>16,375</u>
Total income tax expense	<u>108,048</u>	<u>88,141</u>	<u>227,971</u>	<u>275,479</u>

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B4. Taxation (continued)

	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current income tax	(4,001)	18,070	23,521	22,309
(Over)/under provision in prior years	-	6,145	(1,428)	33,989
	<u>(4,001)</u>	<u>24,215</u>	<u>22,093</u>	<u>56,298</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	(4,214)	(244)	(1,236)	(244)
Under provision in prior years	6,654	211	6,654	621
	<u>2,440</u>	<u>(33)</u>	<u>5,418</u>	<u>377</u>
Total income tax expense	<u>(1,561)</u>	<u>24,182</u>	<u>27,511</u>	<u>56,675</u>

B5. Status of corporate proposals

On 6 April 2022, Bank Negara Malaysia ("BNM") had vide its letter stated that it has no objection for MBSB to enter into discussions with Permodalan Nasional Berhad ("PNB") to explore the possibility of undertaking an acquisition of the 100% shareholding in Malaysian Industrial Development Finance Berhad ("MIDF") which is held by PNB ("Proposed Transaction"). BNM's approval is valid for a period of 6 months from the date of its letter.

Subsequently, MBSB and PNB ("the Parties") entered into an exclusivity agreement ("Exclusivity Agreement") granting the Parties exclusive right to enter into negotiations with each other to finalise the structure, pricing, and terms and conditions of the Proposed Transaction for a period commencing on the date of Exclusivity Agreement until 5.00 pm of the last day of the 6th month from the date of the letter of approval from BNM to commence negotiations (i.e. 5 October 2022) or such other further period as may be agreed in writing by the Parties and approved by BNM ("Exclusivity Period"). On 29 September 2022, BNM had vide its letter granted MBSB an extension of time to 5 January 2023 to conclude the negotiations for the Proposed Transaction and the Parties had agreed in writing to extend the Exclusivity Period to the extended date.

Under the terms of the Exclusivity Agreement, the Parties have agreed not to take any action to solicit, negotiate, or otherwise facilitate any offer or inquiry from any other party (other than the Parties themselves) relating to any transaction or proposed transaction involving the share capital, assets, businesses or undertakings of MBSB and MIDF (including their subsidiaries) during the Exclusivity Period.

On 21 October 2022, the Company had submitted an application to BNM, to seek the approvals of BNM and/or the Ministry of Finance, Malaysia ("MOF") for the Proposed Transaction to form a universal Islamic banking group. The Company had also on even date entered into an Implementation Agreement with PNB to set up the agreement in respect of the share purchase agreement for the Proposed Transaction to be entered into by MBSB and PNB upon obtaining the approvals of BNM and/or the MOF. The approval of other regulators and shareholders will be sought thereafter.

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B6. Borrowings and debts

Borrowings of the Group were as follows:

	31-Dec-22		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
Recourse obligation on financing sold	4,088,219	267,189	4,355,408
Sukuk-MBSB Structured Covered Murabahah	587,935	245,870	833,805
Non secured			
Sukuk Wakalah	1,591,911	5,001	1,596,912
	31-Dec-21		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
Recourse obligation on financing sold	2,066,656	1,074,653	3,141,309
Sukuk-MBSB Structured Covered Murabahah	826,980	245,992	1,072,972
Non secured			
Sukuk Wakalah	1,292,046	2,201	1,294,247

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 material litigation is as per note A25.

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B9. Earnings per share

Basic

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

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to shareholders for the period (RM'000)	200,726	76,456	460,188	438,705
Weighted average number of ordinary shares in issue ('000)	7,171,484	7,171,484	7,171,484	7,058,434
Basic earnings per share (sen)	2.80	1.07	6.42	6.22

	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit attributable to shareholders for the period (RM'000)	(6,192)	212,519	219,746	269,585
Weighted average number of ordinary shares in issue ('000)	7,171,484	7,171,484	7,171,484	7,058,434
Basic earnings per share (sen)	(0.09)	2.96	3.06	3.82

Diluted

There are no dilutive effects on earnings per share as the Company has no ESOS.

B10. Authorisation for issue

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

BY ORDER OF THE BOARD

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

Company Secretary
 Kuala Lumpur

23 February 2023