

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

INTERIM FINANCIAL STATEMENTS
OF THE GROUP AND OF THE COMPANY
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2023

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

	Note	Group		Company	
		30-Sep-23 RM'000	31-Dec-22 RM'000	30-Sep-23 RM'000	31-Dec-22 RM'000
Assets					
Cash and short-term funds	A7(a)	1,077,743	2,205,950	104,426	59,636
Deposits and placements with financial institutions	A7(b)	847,353	597,746	50,058	100,033
Derivative financial assets	A8	3,447	15,017	-	-
Financial investments at fair value through profit or loss	A9	1,203,672	240,357	-	-
Financial investments at fair value through other comprehensive income	A10	11,386,537	11,392,780	-	-
Financial investments at amortised cost	A11	2,141,535	1,625,792	-	-
Loans, financing and advances	A12	39,053,400	36,933,658	276,584	368,451
Tax recoverable		189,615	394,716	163,204	390,835
Non-current assets held for sale	A13	57,047	58,103	-	-
Other receivables	A14	233,596	125,435	135,375	42,648
Statutory deposits with Bank Negara Malaysia		720,000	610,000	-	-
Investments in subsidiaries		-	-	6,558,436	6,558,436
Property and equipment		324,340	321,226	22,628	22,975
Right-of-use assets		17,356	26,743	-	-
Intangible assets		135,617	144,694	-	-
Goodwill		148,031	148,031	-	-
Investment property		820	820	-	-
Deferred tax assets		92,416	107,237	-	-
Total assets		57,632,525	54,948,305	7,310,711	7,543,014

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2022.

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023 (cont'd)

	Note	Group		Company	
		30-Sep-23 RM'000	31-Dec-22 RM'000	30-Sep-23 RM'000	31-Dec-22 RM'000
Liabilities and shareholders' equity					
Deposits from customers	A15	33,784,682	28,957,135	-	-
Deposits and placements of banks and other financial institutions	A16	7,505,171	7,511,336	-	-
Investment accounts of customers	A17	-	2,080,767	-	-
Derivative financial liabilities	A8	4,881	23,470	-	-
Other payables	A18	577,436	519,439	7,197	50,624
Lease liabilities		17,776	27,334	-	-
Recourse obligation on financing sold		4,109,947	4,355,408	-	-
Sukuk - MBSB Structured Covered Murabahah		749,561	833,805	-	-
Sukuk Wakalah		1,617,653	1,596,912	-	-
Islamic repurchase agreement		581,732	-	-	-
Deferred tax liabilities		11,692	13,603	233	1,960
Provision for taxation		8,080	69,903	-	-
Total liabilities		48,968,611	45,989,112	7,430	52,584
Ordinary share capital		7,198,068	7,198,068	7,198,068	7,198,068
Regulatory reserve		69,320	-	-	-
Fair value reserves		(217,731)	(341,366)	-	-
Retained earnings		1,614,257	2,102,491	105,213	292,362
Total equity		8,663,914	8,959,193	7,303,281	7,490,430
Total liabilities and shareholders' equity		57,632,525	54,948,305	7,310,711	7,543,014
Total Islamic banking assets		56,668,248	53,678,299	-	-
Commitments and contingencies	A24	7,061,665	5,134,111	-	9,782
Net assets per share attributable to ordinary equity of the Company (RM)		1.21	1.25	1.02	1.04

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2022.

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 THIRD QUARTER ENDED 30 SEPTEMBER 2023**

	Note	Group			
		3rd Quarter Ended		Nine Months Ended	
		30-Sep-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000
Revenue		746,200	654,641	2,123,226	1,975,459
Income derived from investment of deposits and Islamic capital funds	A19	735,336	641,984	2,101,685	1,968,977
Income attributable to depositors		(385,017)	(221,021)	(1,057,637)	(622,129)
Income attributable to securitisation		(39,501)	(35,945)	(120,794)	(107,942)
Income attributable to sukuk and other borrowings		(37,275)	(33,117)	(98,773)	(96,252)
Income attributable to wakalah unrestricted investment account		(3,929)	(12,759)	(31,473)	(37,226)
Net income from Islamic operations		269,614	339,142	793,008	1,105,428
Interest income	A20	1	2,022	1,692	6,401
Expected credit losses on loans, financing and advances and other impairment	A21	(85,136)	(103,395)	(90,118)	(306,950)
Net loss on modification of cash flows		-	-	-	(8,961)
Operating income		184,479	237,769	704,582	795,918
Net other income	A22	9,180	16,306	36,895	29,855
Net income		193,659	254,075	741,477	825,773
Operating expenses	A23	(170,616)	(156,677)	(479,018)	(443,212)
Profit before taxation and zakat		23,043	97,398	262,459	382,561
Taxation		12,634	(35,260)	(68,960)	(119,923)
Zakat		(2,837)	(3,177)	(2,837)	(3,177)
Profit for the financial period		32,840	58,961	190,662	259,461
Other comprehensive income/(expense), net of tax :					
Items that may be reclassified to profit or loss:					
Revaluation reserve on financial investments at fair value through other comprehensive income					
- Net (loss)/profit from change in fair values		(49,017)	(43,243)	172,787	(460,523)
- Realised income/(expense) transferred to statements of income on disposal		2,669	(207)	(10,128)	(8,574)
- Transfer from/(to) deferred tax		11,126	10,427	(39,024)	112,582
Other comprehensive (expense)/income, net of tax		(35,222)	(33,023)	123,635	(356,515)
Total comprehensive (expense)/income for the financial period		(2,382)	25,938	314,297	(97,054)
Earnings per ordinary share (sen)					
Basic		0.46	0.82	2.66	3.62

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2022.

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023 (cont'd)

	Note	Company			
		3rd Quarter Ended		Nine Months Ended	
		30-Sep-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000
Revenue		1,036	8,282	448,081	185,156
Interest income	A20	894	8,178	6,407	21,015
Expected credit losses on loans, financing and advances and other impairment	A21	(6,479)	77,021	(23,849)	76,903
Operating (expense)/income		(5,585)	85,199	(17,442)	97,918
Net other income	A22	3,886	5,958	452,342	175,887
Net (expense)/income		(1,699)	91,157	434,900	273,805
Operating expenses	A23	(6,673)	(8,062)	(15,788)	(18,795)
(Loss)/Profit before taxation		(8,372)	83,095	419,112	255,010
Taxation		1,645	(23,229)	3,315	(29,072)
(Loss)/profit for the financial period		(6,727)	59,866	422,427	225,938
Other comprehensive expense, 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		(6,727)	59,866	422,427	225,938
Earnings per ordinary share (sen)					
Basic		(0.09)	0.83	5.89	3.15

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MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

Group	← Non-distributable →			Distributable	Total equity RM'000
	Share capital RM'000	Regulatory reserves RM'000	Fair Value reserves RM'000	Retained earnings RM'000	
At 1 January 2023	7,198,068	-	(341,366)	2,102,491	8,959,193
Profit for the period	-	-	-	190,662	190,662
Other comprehensive expense for the period:					
- net changes in fair value	-	-	172,787	-	172,787
- realised loss transferred to statements of income on disposal	-	-	(10,128)	-	(10,128)
- income tax relating to component of other comprehensive income	-	-	(39,024)	-	(39,024)
	-	-	123,635	-	123,635
Transfer from retained earnings	-	69,320	-	(69,320)	-
Dividends to owners of the Company	-	-	-	(609,576)	(609,576)
At 30 September 2023	7,198,068	69,320	(217,731)	1,614,257	8,663,914
At 1 January 2022	7,198,068	-	(161,046)	1,642,303	8,679,325
Profit for the period	-	-	-	259,461	259,461
Other comprehensive expense for the period:					
- net changes in fair value	-	-	(460,523)	-	(460,523)
- realised loss transferred to statements of income on disposal	-	-	(8,574)	-	(8,574)
- income tax relating to component of other comprehensive income	-	-	112,582	-	112,582
	-	-	(356,515)	-	(356,515)
At 30 September 2022	7,198,068	-	(517,561)	1,901,764	8,582,271

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023 (cont'd)

Company	Non- distributable Share capital RM'000	Distributable Retained earnings RM'000	Total RM'000
At 1 January 2023	7,198,068	292,362	7,490,430
Profit for the period	-	422,427	422,427
Dividends to owners of the Company	-	(609,576)	(609,576)
At 30 September 2023	<u>7,198,068</u>	<u>105,213</u>	<u>7,303,281</u>
At 1 January 2022	7,198,068	72,616	7,270,684
Profit for the period	-	225,938	225,938
At 30 September 2022	<u>7,198,068</u>	<u>298,554</u>	<u>7,496,622</u>

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2022.

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

	Group		Company	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	262,459	382,561	419,112	255,010
Adjustments for non-cash items	30,335	270,955	24,187	(76,496)
Operating profit before working capital changes	292,794	653,516	443,299	178,514
Working capital changes:				
Net changes in operating assets	(2,583,352)	(1,633,282)	(215,321)	668,755
Net changes in operating liabilities	2,674,274	679,587	(45,188)	(226,620)
Cash (used in)/generated from from operations	383,716	(300,179)	182,790	620,649
Income taxes and zakat refunded/(paid)	43,605	(98,684)	30,470	(5,581)
Net cash (used in)/generated from operating activities	427,321	(398,863)	213,260	615,068
Cash flows from investing activities				
Increase in investment in subsidiaries	-	-	-	(1,000,000)
Purchase of property and equipment	(32,540)	(15,343)	-	(342)
Purchase of intangible assets	(21,472)	(22,392)	-	-
Proceeds from disposal of non-current assets held for sale	2,000	-	-	-
Proceeds from disposal of foreclosed properties	278	131	278	-
Profit income from financial investments	412,963	401,976	-	-
Net purchase of financial investments	(1,360,991)	(2,251)	-	-
Dividend received	-	-	440,828	162,839
Net cash (used in)/generated from investing activities	(999,762)	362,121	441,106	(837,503)

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023 (cont'd.)

	Group		Company	
	30-Sep-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000
Cash flows from financing activities				
Net (repayment)/issuance of recourse obligation on financing sold	(244,072)	704,731	-	-
Profit expense paid on recourse obligation on financing sold	(122,184)	(103,212)	-	-
Repayment of Sukuk - MBSB SC Murabahah	(93,387)	(93,330)	-	-
Profit expense paid on Sukuk - MBSB SC Murabahah	(21,672)	(27,252)	-	-
Profit expense paid on Sukuk Wakalah	(40,785)	(34,017)	-	-
Net issuance of islamic repurchase agreement	595,037	-	-	-
Profit expense paid on islamic repurchase agreement	(124)	-	-	-
Payment of lease liabilities	(19,003)	(16,994)	-	-
Dividends paid on ordinary shares	(609,576)	-	(609,576)	-
Net cash generated from/(used in) financing activities	(555,766)	429,926	(609,576)	-
Net (decrease)/increase in cash and cash equivalents	(1,128,207)	393,184	44,790	(222,435)
Cash and cash equivalents at beginning of financial period	2,205,950	654,839	59,636	230,013
Cash and cash equivalents at end of financial period (Note A7(a))	1,077,743	1,048,023	104,426	7,578
Cash and cash equivalents is represented by:				
Cash and short-term funds	1,077,743	1,048,023	104,426	7,578

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2022.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023
PART A - EXPLANATORY NOTES PURSUANT TO MFRS134**

A1. Basis of preparation

The unaudited condensed interim financial statements for the financial quarter ended 30 September 2023 have been prepared under the historical cost convention except for financial investments which are recognised at fair value and 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.

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 2022. 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 2022.

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 2022.

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 2023 are as follows:

- 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.

A1. Basis of preparation (cont'd.)

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

- (i) 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 2022

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. However in 4Q23, the Group completed the acquisition of Malaysian Industrial Development Finance Berhad ("MIDF") on 2 October 2023.

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.

	30-Sep-23	31-Dec-22
Number of ordinary shares ('000)	7,171,484	7,171,484
Share Capital (RM'000)	7,198,068	7,198,068

However on 2 October 2023, the Company allotted 1,050,828,629 new shares to Permodalan Nasional Berhad ("PNB") following completion of acquisition of MIDF. The Company increased its issued and paid up ordinary share capital by RM1,014,295,048 from RM7,198,068,070 to RM8,212,363,118 accordingly following the allotment of the new shares.

A6. Dividend

No dividend was paid in the current quarter.

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

	Group		Company	
	30-Sep-23	31-Dec-22	30-Sep-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
(a) Cash and short-term funds:				
Cash at banks and on hand	577,811	367,480	1,937	13,132
Money at call and deposit placements maturing within one month	499,932	1,838,470	102,489	46,504
	<u>1,077,743</u>	<u>2,205,950</u>	<u>104,426</u>	<u>59,636</u>
(b) Deposits and placements with financial institutions with original maturity of more than one month:				
Licensed Banks	847,353	597,746	50,058	100,033
	<u>1,925,096</u>	<u>2,803,696</u>	<u>154,484</u>	<u>159,669</u>

The ECL for cash and short-term funds and deposits and placements above is nil (2022: 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 RM'000	Liabilities RM'000
At 30 September 2023			
<u>Trading derivatives</u>			
<u>Foreign exchange contracts:</u>			
Currency forward			
- Less than one year	2,852,727	3,447	(4,881)
At 31 December 2022			
<u>Trading derivatives</u>			
<u>Foreign exchange contracts:</u>			
Currency forward			
- Less than one year	1,976,886	15,017	(23,470)

A9. Financial investments at fair value through profit or loss ("FVTPL")

	Group	
	30-Sep-23 RM'000	31-Dec-22 RM'000
Money Market Instruments		
<u>In Malaysia</u>		
Private mandate investments	240,345	240,357
Malaysian Government Investment Issues	963,327	-
	1,203,672	240,357

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

	Group	
	30-Sep-23 RM'000	31-Dec-22 RM'000
Money Market Instruments		
Malaysian Government Investment Issues	8,064,710	8,479,600
Debt securities		
<u>In Malaysia</u>		
Private and Islamic debt securities	1,660,542	1,021,894
Government Guaranteed debt securities	1,661,285	1,891,286
	11,386,537	11,392,780

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.

Movement of allowance for credit losses recognised in FVOCI reserve:

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2023	10	-	-	10
Total charge to profit or loss:	59	-	-	59
New financial investments purchased during the period	62	-	-	62
Matured financial investments during the period	-	-	-	-
Change in credit risk	(3)	-	-	(3)
At 30 September 2023	69	-	-	69
	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2022	14	-	-	14
Total reversal to profit or loss:	(4)	-	-	(4)
New financial investments purchased during the period	-	-	-	-
Matured financial investments during the period	(4)	-	-	(4)
Change in credit risk	-	-	-	-
At 31 December 2022	10	-	-	10

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A11. Financial investments at amortised cost

	Group	
	30-Sep-23	31-Dec-22
	RM'000	RM'000
At amortised cost		
Money Market Instruments		
Malaysian Government Investment Issues	517,400	378,302
<u>In Malaysia</u>		
Private and Islamic debt securities	1,549,460	1,183,318
Government Guaranteed corporate sukuk	75,382	65,279
	<u>2,142,242</u>	<u>1,626,899</u>
Less: ECL		
- Stage 1	(707)	(868)
- Stage 2	-	(239)
	<u>2,141,535</u>	<u>1,625,792</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 2023	868	239	-	1,107
Total reversal to profit or loss:	(161)	(239)	-	(400)
Transfer to stage 1	239	(239)	-	-
Changes in credit risk	(411)	-	-	(411)
Matured financial investments during the period	-	-	-	-
New financial investments purchased during the period	11	-	-	11
At 30 September 2023	<u>707</u>	<u>-</u>	<u>-</u>	<u>707</u>
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>

A12. Loans, financing and advances

	Group		Company	
	30-Sep-23	31-Dec-22	30-Sep-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
(i) By type				
At amortised cost				
Term loans/financing				
- Personal financing	19,705,258	19,154,239	-	-
- Housing loans/financing	9,328,944	8,456,659	-	63,189
- Industrial hire purchase	769,913	718,549	-	-
- Bridging loans/financing	620,938	628,976	179,366	178,079
- Auto financing	27,287	45,128	-	-
- Other term loans/financing	6,601,773	5,932,894	349,453	387,798
Revolving credit	923,657	1,614,785	-	-
Trade finance	2,364,221	1,827,761	-	-
Cashline	171,946	141,846	-	-
Staff loans/financing	28,569	38,854	-	-
Gross loans, financing and advances	40,542,506	38,559,691	528,819	629,066
Less: ECL				
- Stage 1	(307,085)	(293,979)	-	(1,222)
- Stage 2	(124,780)	(337,893)	-	(3,493)
- Stage 3	(1,057,241)	(994,161)	(252,235)	(255,900)
Net loans, financing and advances	39,053,400	36,933,658	276,584	368,451
(ii) By residual contractual maturity				
	Group		Company	
	30-Sep-23	31-Dec-22	30-Sep-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	4,666,914	4,603,494	294,907	293,422
One year to three years	2,276,793	1,769,468	-	47,980
Three years to five years	2,480,862	2,147,521	-	2,809
Over five years	31,117,937	30,039,208	233,912	284,855
	40,542,506	38,559,691	528,819	629,066

A12. Loans, financing and advances (cont'd.)

(iii) By economic purpose

	Group		Company	
	30-Sep-23	31-Dec-22	30-Sep-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Personal use	19,769,795	19,238,349	-	-
Construction	3,726,493	3,814,915	260,501	257,998
Purchase of landed property:				
- Residential	9,094,494	8,244,951	233,912	273,325
- Non-residential	979,949	973,465	34,406	50,241
Working capital	5,830,278	5,226,617	-	46,430
Purchase of other fixed assets	1,092,376	1,004,160	-	1,072
Purchase of transport vehicles	45,877	53,642	-	-
Purchase of other securities	355	369	-	-
Purchase of consumer durables	105	107	-	-
Others	2,784	3,116	-	-
	40,542,506	38,559,691	528,819	629,066

(iv) By type of customers

	Group		Company	
	30-Sep-23	31-Dec-22	30-Sep-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Individuals:				
- Malaysian nationals	29,029,130	27,605,351	-	45,623
Foreign nationals	773,169	127,680	-	-
Domestic business enterprises:				
- Small medium enterprises	3,596,249	3,101,506	434,072	443,202
- Non-bank financial institutions	777,278	1,422,819	-	-
- Others	6,366,680	6,302,335	94,747	140,241
	40,542,506	38,559,691	528,819	629,066

(v) By sector

	Group		Company	
	30-Sep-23	31-Dec-22	30-Sep-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Household sectors	29,029,130	27,606,187	-	45,623
Construction	3,475,785	3,491,218	294,907	296,684
Finance, insurance, real estate and business services	2,621,443	3,398,089	-	3,425
Wholesale & retail trade and restaurants & hotels	1,302,001	1,087,502	-	3,033
Manufacturing	1,355,826	1,139,674	-	50,892
Education, health and others	1,121,526	473,462	233,912	228,202
Transport, storage and communications	368,187	339,613	-	1,207
Mining and quarrying	177,297	65,077	-	-
Electricity, gas and water	909,673	911,234	-	-
Agriculture	181,638	47,635	-	-
	40,542,506	38,559,691	528,819	629,066

A12. Loans, financing and advances (cont'd.)

(vi) By profit rate sensitivity

	Group		Company	
	30-Sep-23	31-Dec-22	30-Sep-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
<u>Fixed rate:</u>				
Personal financing	13,586,223	14,704,766	-	-
Bridging, structured and term loans and financing	790,520	771,881	-	-
Mortgage and property Islamic	352,802	379,062	-	121
Auto financing	29,231	47,105	-	-
<u>Variable rate:</u>				
Bridging, structured and term loans and financing	10,661,930	10,092,931	528,819	565,877
Mortgage and property Islamic	9,002,766	8,106,724	-	63,068
Personal financing	6,119,034	4,457,222	-	-
	40,542,506	38,559,691	528,819	629,066

(vii) By geographical distribution

	Group		Company	
	30-Sep-23	31-Dec-22	30-Sep-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Malaysia	40,542,506	38,559,691	528,819	629,066

(viii) Movement of gross loans, financing and advances

	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	33,407,228	2,545,238	2,607,225	38,559,691
Transfer to Stage 1	786,247	(722,684)	(63,563)	-
Transfer to Stage 2	(540,785)	604,957	(64,172)	-
Transfer to Stage 3	(181,556)	(348,244)	529,800	-
New financing/disbursement during the period	8,464,050	218,336	95,491	8,777,877
Repayment during the period	(6,120,948)	(234,777)	(249,769)	(6,605,494)
Other movements	11,318	(22,075)	104,912	94,155
Reclassification to non-current assets held for sale	-	-	1,403	1,403
Write-offs	(36,694)	(7,987)	(240,445)	(285,126)
At 30 September 2023	35,788,860	2,032,764	2,720,882	40,542,506

A12. Loans, financing and advances (cont'd.)

(viii) Movement of gross loans, financing and advances (cont'd)

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2022	29,172,078	5,342,428	1,666,104	36,180,610
Transfer to Stage 1	2,181,325	(2,162,852)	(18,473)	-
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	8,024,878	498,125	112,761	8,635,764
Repayment during the period	(4,893,626)	(1,059,852)	(146,750)	(6,100,228)
Other movements	66,196	(108,154)	188,413	146,455
Loss on modification of cash flows	(57,135)	(2,839)	-	(59,974)
Reclassification to non-current assets held for sale	-	-	12,214	12,214
Write-offs	(2,509)	(3,761)	(248,880)	(255,150)
At 31 December 2022	33,407,228	2,545,238	2,607,225	38,559,691
	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2023	36,972	54,471	537,623	629,066
Transfer to Stage 1	33	(33)	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
New financing/disbursement during the period	-	-	-	-
Repayment during the period	(269)	(46,451)	(297)	(47,017)
Other movements	-	-	9,379	9,379
Refinancing to MBSB Bank	(42)	-	(251)	(293)
Write-offs	(36,694)	(7,987)	(17,635)	(62,316)
At 30 September 2023	-	-	528,819	528,819
At 1 January 2022	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	-
New financing/disbursement during the period	88	123	-	211
Repayment during the period	(5,674)	(11,910)	(22,148)	(39,732)
Other movements	195	195	8,220	8,610
Refinancing to MBSB Bank	(376)	(47,810)	(130,239)	(178,425)
Write-offs	(26)	(139)	(27,150)	(27,315)
At 31 December 2022	36,972	54,471	537,623	629,066

A12. Loans, financing and advances (cont'd.)

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

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2023	293,979	337,893	994,161	1,626,033
Charged/(reversal) to profit or loss	14,179	(211,525)	300,117	102,771
Changes in the ECL due to transfer within stages:				
- Transfer to Stage 1	95,219	(51,901)	(43,318)	-
- Transfer to Stage 2	(4,971)	40,828	(35,857)	-
- Transfer to Stage 3	(2,532)	(81,713)	84,245	-
New financing/disbursement during the period	68,530	2,011	5,711	76,252
Repayment during the period	(167,756)	(110,881)	(44,391)	(323,028)
Changes in credit risk parameters #	25,689	(9,869)	333,727	349,547
Reclassification to non-current assets held for sale	-	-	1,417	1,417
Write-offs	(1,073)	(1,588)	(238,454)	(241,115)
At 30 September 2023	307,085	124,780	1,057,241	1,489,106
At 1 January 2022	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)
At 31 December 2022	293,979	337,893	994,161	1,626,033

The changes in credit risk parameters include impact of forward-looking on key macroeconomic variables ("MEVs") 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.

A12. Loans, financing and advances (cont'd.)

(ix) Movement of ECL for loans, financing and advances (cont'd.)

	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2023	1,222	3,493	255,900	260,615
(Reversal)/charged to profit or loss	(149)	(1,905)	12,036	9,982
Changes in the ECL due to transfer within stages:				
- Transfer to Stage 1	2	(2)	-	-
- Transfer to Stage 2	-	-	-	-
- Transfer to Stage 3	-	-	-	-
Repayment during the period	(150)	(1,903)	(343)	(2,396)
Changes in credit risk parameters #	-	-	12,522	12,522
Refinancing to MBSB Bank	(1)	-	(143)	(144)
Write-offs	(1,073)	(1,588)	(15,701)	(18,362)
At 30 September 2023	-	-	252,235	252,235
At 1 January 2022	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)
At 31 December 2022	1,222	3,493	255,900	260,615

The changes in credit risk parameters include impact of forward-looking on key macroeconomic variables ("MEVs") 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.

A12. Loans, financing and advances (cont'd.)

(x) Movements of impaired loans, financing and advances

	Group		Company	
	30-Sep-23	31-Dec-22	30-Sep-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January	2,607,225	1,666,104	537,623	702,575
Classified as impaired during the period	625,291	1,190,394	-	7,044
Reclassified as non-impaired	(127,735)	(54,270)	-	(679)
Amount recovered	(249,769)	(146,750)	(297)	(22,148)
Other movements	104,912	188,413	9,379	8,220
Refinancing to MBSB Bank	-	-	(251)	(130,239)
Reclassification to non-current assets held for sale	1,403	12,214	-	-
Amount written off	(240,445)	(248,880)	(17,635)	(27,150)
Balance as at end of financial period	2,720,882	2,607,225	528,819	537,623
Less: ECL stage 3	(1,057,241)	(994,161)	(252,235)	(255,900)
Net impaired loans, advances and financing	1,663,641	1,613,064	276,584	281,723
Net impaired as a percentage of net loans, financing and advances	4.26%	4.37%	100.00%	76.46%
Gross impaired as a percentage of gross loans, financing and advances	6.71%	6.76%	100.00%	85.46%

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

	Group		Company	
	30-Sep-23	31-Dec-22	30-Sep-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Personal use	229,993	212,962	-	-
Construction	1,352,004	1,237,733	260,502	257,999
Purchase of landed property:				
- Residential	564,357	498,801	233,912	243,451
- Non-residential	247,979	315,136	34,405	35,102
Working capital	300,358	311,709	-	-
Purchase of other fixed assets	23,460	25,816	-	1,072
Purchase of transport vehicles	2,731	4,866	-	-
Others	-	204	-	-
	2,720,882	2,607,227	528,819	537,624

A12. Loans, financing and advances (cont'd.)

(xii) Impaired loans, financing and advances by sector

	Group		Company	
	30-Sep-23	31-Dec-22	30-Sep-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Household sector	587,985	502,986		16,594
Construction	1,123,700	1,074,928	294,907	292,329
Education, health and others	317,506	312,717	233,912	227,817
Finance, insurance, real estate and business services	206,648	195,691	-	884
Manufacturing	200,178	233,941	-	-
Wholesale & retail trade and restaurants & hotels	284,393	286,095	-	-
Transport, storage and communication	472	358	-	-
Mining and quarrying	-	511	-	-
	2,720,882	2,607,227	528,819	537,624

A13. Non-current assets held for sale

	Group	
	30-Sep-23	31-Dec-22
	RM'000	RM'000
Non-current assets held for sale comprise:		
Financing held for sale (a)	-	564
Other assets held for sale (b)	57,047	57,539
	57,047	58,103

(a) Financing held for sale

	Group	
	30-Sep-23	31-Dec-22
	RM'000	RM'000
<u>Gross movement</u>		
Balance as at 1 January	11,457	23,671
Reclassification to financing	(11,457)	(12,214)
Gross financing held for sale	-	11,457

ECL movement

Less impairment allowance:

Balance as at 1 January	(10,893)	(21,549)
Reclassification to financing	10,893	10,656
Total impairment allowance	-	(10,893)
Net financing held for sale	-	564

Breakdown of gross financing held for sale

Purchase of residential properties	-	11,233
Purchase of other fixed assets	-	136
Purchase of transport vehicles	-	43
Others	-	45
	-	11,457

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A13. Non-current assets held for sale (cont'd.)

(b) Other assets held for sale

	Group	
	#REF! RM'000	#REF! RM'000
Inventories	56,846	56,846
Property and equipment	201	260
Right-of-use assets	-	433
	<u>57,047</u>	<u>57,539</u>
Inventories:		
Balance as at 1 January	56,846	-
Transfer from inventories	-	50,516
Writeback made during the financial period	-	6,330
	<u>56,846</u>	<u>56,846</u>
Property and equipment:		
Balance as at 1 January	260	260
Disposal during the period	(260)	-
Transfer from property and equipment	201	-
	<u>201</u>	<u>260</u>

A14. Other receivables

	Group		Company	
	30-Sep-23 RM'000	31-Dec-22 RM'000	30-Sep-23 RM'000	31-Dec-22 RM'000
Amount due from MBSB Bank	-	-	93,510	-
Amount due from other subsidiaries	-	-	-	53,863
Foreclosed properties	51,664	41,238	51,664	41,238
Prepayments and deposits	35,118	16,364	-	-
Sundry receivables	103,031	26,239	1,000	1,387
Public Low Cost Housing Programme ("PLCHP")	-	23	-	23
Deferred expenses	54,595	41,706	-	-
	<u>244,408</u>	<u>125,570</u>	<u>146,174</u>	<u>96,511</u>
Trade receivable	-	56	-	-
	<u>244,408</u>	<u>125,626</u>	<u>146,174</u>	<u>96,511</u>
Less:				
ECL				
- Non trade	(10,812)	(135)	(10,799)	(53,863)
- Trade	-	(56)	-	-
	<u>233,596</u>	<u>125,435</u>	<u>135,375</u>	<u>42,648</u>

A15. Deposits from customers

(i) By type of deposits:

	Group	
	30-Sep-23	31-Dec-22
	RM'000	RM'000
Commodity Murabahah Term Deposits	31,443,266	26,749,347
Demand deposits	1,520,959	1,473,237
Savings deposits	820,457	734,551
	<u>33,784,682</u>	<u>28,957,135</u>

(ii) Maturity of deposits from customers:

	Group	
	30-Sep-23	31-Dec-22
	RM'000	RM'000
Due within six months	23,716,602	19,627,347
More than six months to one year	5,685,759	4,421,626
More than one year to three years	769,918	1,266,438
More than three years	1,270,987	1,433,936
	<u>31,443,266</u>	<u>26,749,347</u>

(iii) By type of customers:

	Group	
	30-Sep-23	31-Dec-22
	RM'000	RM'000
Government and statutory bodies	16,171,522	15,232,596
Business enterprises	11,914,724	8,909,664
Individuals	5,698,436	4,814,875
	<u>33,784,682</u>	<u>28,957,135</u>

(iv) By type of contract:

	Group	
	30-Sep-23	31-Dec-22
	RM'000	RM'000
Tawarruq	33,784,682	28,957,135

A16. Deposits and placements of banks and other financial institutions

(i) By type of deposit:

	Group	
	30-Sep-23	31-Dec-22
	RM'000	RM'000
<u>Non-Mudharabah Funds:</u>		
Other financial institutions:		
- Licensed investment banks	111,014	779
- Licensed commercial banks	991	-
- Licensed islamic banks	940,412	1,121,734
- Other financial institutions	6,452,754	6,388,823
	<u>7,505,171</u>	<u>7,511,336</u>

(ii) By type of contract:

	Group	
	30-Sep-23	31-Dec-22
	RM'000	RM'000
Tawarruq	7,505,171	7,511,336

A17. Investment accounts of customers

	Group	
	30-Sep-23	31-Dec-22
	RM'000	RM'000
Wakalah unrestricted investment account	-	2,080,767

The investment account placements are used to fund personal financing.

(i) By type of customers:

	Group	
	30-Sep-23	31-Dec-22
	RM'000	RM'000
Government and statutory bodies	-	1,626,676
Other financial institutions	-	454,091
	<u>-</u>	<u>2,080,767</u>

(ii) Movement of investment accounts of customers:

	Group	
	30-Sep-23	31-Dec-22
	RM'000	RM'000
Balance as at 1 January	2,080,767	2,094,914
New placement during the period	2,526,299	5,795,123
Redemption	(4,592,219)	(5,809,189)
Finance expense	31,473	52,685
Profit distributed	(46,320)	(52,766)
At end of financial period	<u>-</u>	<u>2,080,767</u>

A17. Investment accounts of customers (cont'd.)

(iii) By maturity:

	Group	
	30-Sep-23	31-Dec-22
	RM'000	RM'000
Due within six months	-	1,926,610
More than six months to one year	-	154,157
	<u>-</u>	<u>2,080,767</u>

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

30-Sep-23	Investment Average ROR %	Group Performance incentive fee %
Unrestricted investment accounts:		
Due within six months	-	-
More than six months to one year	-	-
31-Dec-22	Investment Average ROR %	Group Performance incentive fee %
Unrestricted investment accounts:		
Due within six months	4.13	4.67
More than six months to one year	4.05	4.76

A18. Other payables

	Note	Group		Company	
		30-Sep-23	31-Dec-22	30-Sep-23	31-Dec-22
		RM'000	RM'000	RM'000	RM'000
Amount due to subsidiary		-	-	-	40,527
Sundry creditors		365,794	232,068	6,812	9,303
Al-Mudharabah security funds		119,629	132,944	-	-
Expected credit losses for commitments and contingencies	(i)	31,147	52,772	-	422
Deferred income		1,362	1,314	-	-
Other provisions and accruals		59,504	100,341	385	372
		<u>577,436</u>	<u>519,439</u>	<u>7,197</u>	<u>50,624</u>

A18. Other payables (cont'd.)

(i) Expected credit losses for commitments and contingencies

Movement of expected credit losses for commitments and contingencies are as follows:

	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	15,277	32,440	5,055	52,772
Total charged/(reversal) to profit or loss	5,501	(23,939)	(2,720)	(21,158)
Changes in ECL due to transfer within stages:				
- Transfer to Stage 1	1,944	(1,927)	(17)	-
- Transfer to Stage 2	(898)	958	(60)	-
- Transfer to Stage 3	(8)	(437)	445	-
New financing/disbursement during the period	8,825	210	46	9,081
Derecognised/converted to loans/financing during the period (other than write-offs)	(2,362)	(8,670)	(3,947)	(14,979)
Changes in credit risk parameters #	(2,000)	(14,073)	813	(15,260)
Reclassification (to)/from financing	(73)	(102)	(281)	(456)
Write-offs			(11)	(11)
At 30 September 2023	20,705	8,399	2,043	31,147

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

A18. Other payables (cont'd.)

(i) Expected credit losses for commitments and contingencies (cont'd.)

Movement of expected credit losses for commitments and contingencies are as follows: (cont'd.)

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2022	17,117	35,929	1,400	54,446
Total (reversal)/charged 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/converted 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-offs	-	-	(328)	(328)
At 31 December 2022	15,277	32,440	5,055	52,772

The changes in credit risk parameters includes the impact of forward-looking 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 MEV factors with more intuitive trends, revision to Probability of Default ("PD") and Loss Given Default ("LGD") modelling and management overlays.

A18. Other payables (cont'd.)

(i) Expected credit losses for commitments and contingencies (cont'd.)

Movement of expected credit losses for commitments and contingencies are as follows: (cont'd.)

	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2023	131	69	222	422
Total (reversal)/charged to profit or loss	(59)	33	59	33
Changes in ECL due to transfer within stages:				
- Transfer to Stage 1	2	(2)	-	-
- Transfer to Stage 2	(16)	31	(15)	-
- Transfer to Stage 3	-	(42)	42	-
Derecognised/converted to loans/financing during the period (other than write-offs)	(46)	-	-	(46)
Changes in credit risk parameters #	1	46	32	79
Write-offs	(72)	(102)	(281)	(455)
At 30 September 2023	-	-	-	-
At 1 January 2022	174	59	26	259
Total (reversal)/charged 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-offs	-	-	-	-
At 31 December 2022	131	69	222	422

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

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

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	RM'000	RM'000	RM'000	RM'000
Financing and advances	589,862	518,135	1,698,094	1,598,873
Income from financial investments at FVOCI	97,337	101,947	275,661	308,592
Income from financial investments at amortised cost	24,562	12,294	68,595	32,513
Income from financial investments at FVTPL	8,115	732	20,567	6,587
Deposits with financial institutions	15,460	8,874	38,768	22,410
Others	-	2	-	2
	735,336	641,984	2,101,685	1,968,977

A20. Interest income

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- Loans and advances	1	2,021	1,692	6,386
- Deposits and placements with banks and other financial institutions	-	1	-	15
	1	2,022	1,692	6,401

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- Loans and advances	-	2,809	3,473	8,567
- Deposits and placements with banks and other financial institutions	894	5,369	2,934	12,448
	894	8,178	6,407	21,015

A21. Expected credit losses on loans, financing and advances and other impairment

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	RM'000	RM'000	RM'000	RM'000
<u>Expected credit losses</u>				
<u>on loans, financing</u>				
<u>and advances made/(written back)</u>				
Loans, financing and advances				
- Stage 1	59,969	10,173	14,179	50,576
- Stage 2	(57,271)	(9,531)	(211,525)	(232,269)
- Stage 3	78,422	107,665	300,117	502,120
Financing held for sale				
- Stage 3	-	59	-	766
Credit impaired loans, financing and advances:				
- Write-off	5,767	6,523	24,274	17,659
- Recovered	(6,963)	(10,886)	(36,472)	(22,852)
Loss on sale of loans, financing and advances	1,622	-	20,954	-
	<u>81,546</u>	<u>104,003</u>	<u>111,527</u>	<u>316,000</u>
<u>Other expected credit losses</u>				
<u>and impairment</u>				
<u>allowances made/(written back):</u>				
Financial investments at FVOCI	10	(3)	59	(7)
Financial investments at amortised cost	(162)	(220)	(400)	(276)
Other receivables	110	(845)	90	(988)
Financing commitments and financial guarantees	3,632	460	(21,158)	(7,779)
	<u>3,590</u>	<u>(608)</u>	<u>(21,409)</u>	<u>(9,050)</u>
	<u>85,136</u>	<u>103,395</u>	<u>90,118</u>	<u>306,950</u>

A21. Expected credit losses on loans, financing and advances and other impairment (cont'd)

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	RM'000	RM'000	RM'000	RM'000
<u>Expected credit losses</u> <u>on loans, financing</u> <u>and advances made/(written back)</u>				
Loans, financing and advances				
- Stage 1	-	(278)	(149)	(76)
- Stage 2	-	4,627	(1,905)	(2,509)
- Stage 3	5,112	(82,629)	12,036	(78,910)
Credit impaired loans, financing and advances:				
- Write-off	(74)	579	569	3,923
- Recovered	(76)	(128)	(9,496)	(2,167)
Loss on sale of loans, financing and advances	1,622	-	20,954	-
	<u>6,584</u>	<u>(77,829)</u>	<u>22,009</u>	<u>(79,739)</u>
<u>Other expected credit losses</u> <u>and impairment</u> <u>allowances made/(written back):</u>				
Other receivables	110	-	110	-
Amount due from subsidiaries	(215)	849	1,697	2,751
Financing commitments and financial guarantees	-	(41)	33	85
	<u>(105)</u>	<u>808</u>	<u>1,840</u>	<u>2,836</u>
	<u>6,479</u>	<u>(77,021)</u>	<u>23,849</u>	<u>(76,903)</u>

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A22. Net other income

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	RM'000	RM'000	RM'000	RM'000
<u>Rental</u>				
Rental income	24	2	86	19
	<u>24</u>	<u>2</u>	<u>86</u>	<u>19</u>
<u>Fee income</u>				
Net Financing Processing Fees	176	127	501	369
Amortisation of facility fees	459	2,590	5,743	6,337
Other Facility Fees	610	(1,108)	2,263	2,591
	<u>1,245</u>	<u>1,609</u>	<u>8,507</u>	<u>9,297</u>
<u>Insurance and commission</u>				
Insurance commission	6,870	5,561	18,886	14,664
	<u>6,870</u>	<u>5,561</u>	<u>18,886</u>	<u>14,664</u>
<u>Investment income</u>				
Gain/(loss) from sale of financial investments at FVOCI	2,669	(207)	(10,128)	(8,574)
Gain/(loss) from sale of financial investments at FVTPL	243	2,621	6,780	(18,449)
(Loss)/gain on financial investments at FVTPL	(378)	1,058	293	3,141
	<u>2,534</u>	<u>3,472</u>	<u>(3,055)</u>	<u>(23,882)</u>
<u>Other income</u>				
Ta'widh/penalty	5,072	4,243	15,647	9,034
(Loss)/gain on foreign exchange transactions	(7,817)	2,017	(9,832)	8,881
Sundry income	984	(581)	4,777	11,068
(Loss)/gain from disposal of:				
- Property and equipment	-	-	(4)	-
- Foreclosed properties	(6)	-	10	(59)
- Non-current assets held for sale	-	(17)	1,331	833
Others	274	-	542	-
	<u>(1,493)</u>	<u>5,662</u>	<u>12,471</u>	<u>29,757</u>
	<u>9,180</u>	<u>16,306</u>	<u>36,895</u>	<u>29,855</u>

A22. Net other income (cont'd)

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	RM'000	RM'000	RM'000	RM'000
<u>Rental</u>				
Rental income	954	2,868	2,864	4,793
	<u>954</u>	<u>2,868</u>	<u>2,864</u>	<u>4,793</u>
<u>Fee income</u>				
Net Financing Processing Fees	-	(587)	-	-
Amortisation of facility fees	-	-	-	916
Other Facility Fees	136	687	837	360
	<u>136</u>	<u>100</u>	<u>837</u>	<u>1,276</u>
<u>Insurance and commission</u>				
Insurance commission	5	5	9	27
	<u>5</u>	<u>5</u>	<u>9</u>	<u>27</u>
<u>Gross dividend income</u>				
Dividend income	-	-	440,828	162,839
	<u>-</u>	<u>-</u>	<u>440,828</u>	<u>162,839</u>
<u>Other income</u>				
Late payment charges	2,806	2,036	7,818	4,215
Sundry (loss)/income	(9)	949	(24)	2,796
(Loss)/gain from disposal of:				
- Foreclosed properties	(6)	-	10	(59)
	<u>2,791</u>	<u>2,985</u>	<u>7,804</u>	<u>6,952</u>
	<u>3,886</u>	<u>5,958</u>	<u>452,342</u>	<u>175,887</u>

A23. Operating expenses

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	RM'000	RM'000	RM'000	RM'000
Personnel expenses *	94,673	86,661	272,995	238,412
Establishment related expenses	46,529	43,001	127,318	124,467
Promotion and marketing related expenses	947	3,310	9,995	8,130
General administrative expenses	28,467	23,705	68,710	72,203
	170,616	156,677	479,018	443,212

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	RM'000	RM'000	RM'000	RM'000
Personnel expenses *	1,905	489	2,865	1,545
Establishment related expenses	438	363	958	1,053
General administrative expenses	2,422	4,228	6,240	7,250
Intercompany charges ^	1,908	2,982	5,725	8,947
	6,673	8,062	15,788	18,795

^ The intercompany charges of the Company were charges by MBSB Bank for services provided to the Company. The charges are unsecured, interest free and repayable on demand.

Included in operating expenses are the following:

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	RM'000	RM'000	RM'000	RM'000
Depreciation:				
- property and equipment	10,088	9,690	29,422	27,850
- right-of-use asset	5,934	5,426	18,252	16,274
Amortisation of intangible assets	9,783	10,539	30,549	30,525

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	RM'000	RM'000	RM'000	RM'000
Depreciation of property and equipment	116	116	348	348

A23. Operating expenses (cont'd.)

Included in operating expenses are the following: (cont'd.)

* Personnel expenses

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	70,916	63,906	202,975	175,003
Contributions to Employees				
Provident Fund	10,236	10,915	30,362	29,296
Social security costs	671	529	1,963	1,481
Directors fees	892	1,092	2,803	3,530
Shariah Committee remuneration	199	151	559	407
Other staff related expenses	11,759	10,068	34,333	28,695
	94,673	86,661	272,995	238,412

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	1,251	-	1,251	-
Contributions to Employees				
Provident Fund	152	-	152	-
Social security costs	1	-	1	-
Directors fees	427	489	1,387	1,542
Other staff related expenses	74	-	74	3
	1,905	489	2,865	1,545

A24. Commitments and contingencies

In the normal course of business, the Group and the Company make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

Group

30-Sep-23

	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	13,260	13,260	13,260
Trade-related contingencies	68,001	34,001	34,001
Short term self liquidating trade related contingencies	69,152	13,830	13,830
Irrevocable commitments to extend credit:			
- one year or less	1,989,582	397,910	397,910
- over one year to five years	1,704,934	850,432	756,519
- over five years	364,009	182,004	182,004
Foreign exchange related contracts #			
- one year or less	2,852,727	46,235	13,982
	<u>7,061,665</u>	<u>1,537,672</u>	<u>1,411,506</u>

Company

30-Sep-23

	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Irrevocable commitments to extend credit:			
- over one year to five years	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

Foreign related contracts represents the notional amount of the derivative financial instruments recognised as derivative assets/liabilities.

A24. Commitments and contingencies (cont'd.)

Group

31-Dec-22	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
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>

Company

31-Dec-22	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
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>

Foreign related contracts represents the notional amount of the derivative financial instruments recognised as derivative assets/liabilities.

	Group	
	30-Sep-23 RM'000	31-Dec-22 RM'000
(i) Capital Commitments		
Property and equipment/intangible assets: Contracted but not provided for	<u>6,154</u>	<u>16,329</u>

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A25. Segmental information on revenue and results

3rd Quarter Ended

	Consumer Banking		Corporate Banking		Global Markets		Others		Inter-segment elimination		Total	
	30-Sep-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000
<u>External:</u>												
Fund based income	414,939	403,041	182,399	121,461	130,862	127,685	(7,374)	10,634	14,511	(18,818)	735,337	644,003
Non-fund based income	6,536	4,904	1,794	2,196	(2,474)	3,518	5,007	183,054	-	(183,034)	10,863	10,638
<u>Inter-segment</u>												
Fund based income	81,575	30,383	-	-	2,934	(7,079)	(54,818)	(247,384)	(29,691)	224,080	-	-
Total revenue	503,050	438,328	184,193	123,657	131,322	124,124	(57,185)	(53,696)	(15,180)	22,228	746,200	654,641
Profit before zakat and tax	(34,245)	18,593	30,604	38,405	(37,323)	38,108	1,078,605	(15,160)	(1,014,598)	17,452	23,043	97,398
Taxation											12,634	(35,260)
Zakat											(2,837)	(3,177)
Net profit for the period											32,840	58,961
Segment assets	28,668,195	26,659,028	10,918,205	9,695,607	15,331,363	13,527,135	795,923	52,056	-	-	55,713,686	49,933,826
Tax recoverable											189,615	408,450
Deferred tax assets											92,416	156,101
Unallocated assets											1,636,808	1,415,918
Total assets											57,632,525	51,914,295
Segment liabilities	14,604,030	27,299,042	4,832,830	6,160,232	24,692,849	8,974,779	4,223,918	281,870	-	-	48,353,627	42,715,923
Provision for taxation											8,080	3,034
Deferred tax liabilities											11,692	14,233
Unallocated liabilities											595,212	598,834
Total liabilities											48,968,611	43,335,058

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A25. Segmental information on revenue and results (cont'd.)

Nine Months Ended	Consumer Banking		Corporate Banking		Global Markets		Others		Inter-segment elimination		Total	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>External:</u>												
Fund based income	1,215,655	1,271,518	506,377	349,188	367,745	355,319	13,600	18,171	-	(18,818)	2,103,377	1,975,378
Non-fund based income	16,773	12,619	10,569	11,222	(8,060)	(23,790)	441,395	183,064	(440,828)	(183,034)	19,849	81
<u>Inter-segment</u>												
Fund based income	81,575	92,021	-	-	2,934	-	-	-	(84,509)	(92,021)	-	-
Total revenue	1,314,003	1,376,158	516,946	360,410	362,619	331,529	454,995	201,235	(525,337)	(293,873)	2,123,226	1,975,459
Profit before zakat and tax	98,981	189,041	105,981	107,486	(68,573)	80,721	1,600,410	159,278	(1,474,340)	(153,965)	262,459	382,561
Taxation											(68,960)	(119,923)
Zakat											(2,837)	(3,177)
Net profit for the period											190,662	259,461
Segment assets	28,668,195	26,659,028	10,918,205	9,695,607	15,331,363	13,527,135	795,923	52,056	-	-	55,713,686	49,933,826
Tax recoverable											189,615	408,450
Deferred tax assets											92,416	156,101
Unallocated assets											1,636,808	1,415,918
Total assets											57,632,525	51,914,295
Segment liabilities	14,604,030	27,299,042	4,832,830	6,160,232	24,692,849	8,974,779	4,223,918	281,870	-	-	48,353,627	42,715,923
Provision for taxation											8,080	3,034
Deferred tax liabilities											11,692	14,233
Unallocated liabilities											595,212	598,834
Total liabilities											48,968,611	43,332,024

A26. Acquisition of property and equipment

	Group	
	30-Sep-23	31-Dec-22
	RM'000	RM'000
Additions		
Building	-	5,785
Building renovation	16,786	2,316
Furniture & equipment	5,242	744
Motor vehicles	-	317
Data processing equipment	4,091	7,428
Work in progress	5,788	525
	31,907	17,115

A27. Significant related party transactions/balances

(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	
	30-Sep-23	30-Sep-22
	RM'000	RM'000
Expenses		
Income attributable to depositor and others:		
- Profit expense paid on sukuk to EPF	30,639	36,183
- Profit expense paid on fixed deposits to EPF	34,239	27,003
- Interest expense paid on time deposits to EPF	12	88
Other overhead expenses:		
- Rental paid	22	38

	Group	
	30-Sep-23	31-Dec-22
	RM'000	RM'000
Balances		
<u>Assets</u>		
Sukuk MBSB-SC Murabahah:		
- Principal balance of Sukuk	740,067	840,183
- Accrued profit on sukuk due to EPF	15,205	6,365
<u>Liabilities</u>		
Deposits from customers:		
- Term deposits from EPF	1,843,846	1,550,000
- Accrued profit on term deposits due to EPF	8,842	10,982
- Time deposits from EPF	41,050	-
- Accrued profit on time deposits due to EPF	12	-
- Current account	-	6
Rental deposit	-	17

A27. Significant related party transactions/balances (cont'd.)

(a) Transactions and balances with government-related entities are as follows (cont'd.):

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

	Group	
	30-Sep-23	30-Sep-22
	RM'000	RM'000
Income		
Income derived:		
- Profit income from deposit placements	1	-
Expenses		
Income attributable to depositors and others:		
- Profit expense to depositors	4,527	2,379

	Group	
	30-Sep-23	31-Dec-22
	RM'000	RM'000
Balances		
<u>Assets</u>		
Cash and short-term funds	51,172	113,963
Deposits and placements with banks and other financial institutions	32	32
<u>Liabilities</u>		
Deposits and placements of banks and other financial institutions	150,122	594,773

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

	Group	
	30-Sep-23	30-Sep-22
	RM'000	RM'000
Expenses		
Income attributable to depositors and others:		
- Profit expense to depositors	262	-

	Group	
	30-Sep-23	31-Dec-22
	RM'000	RM'000
Balances		
<u>Liabilities</u>		
Deposits from customers	-	109,034

A27. Significant related party transactions/balances (cont'd.)

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

	Group	
	30-Sep-23	30-Sep-22
	RM'000	RM'000
Expenses		
Income attributable to depositors and others:		
- Profit expense to depositors	5,738	2,423
Other overhead expenses:		
- Other expenses	2,733	6,787
	2,733	6,787
	Group	
	30-Sep-23	31-Dec-22
	RM'000	RM'000
Balances		
<u>Liabilities</u>		
Deposits from customers	244,150	170,396

A28. Capital adequacy

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

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

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A28. Capital adequacy (cont'd.)

	Group			
	with TA 30-Sep-23 RM'000	without TA 30-Sep-23 RM'000	with TA 31-Dec-22 RM'000	without TA 31-Dec-22 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	1,423,595	1,423,595	2,102,482	2,102,482
Other reserve	(148,411)	(148,411)	(341,366)	(341,366)
	<u>8,473,252</u>	<u>8,473,252</u>	<u>8,959,184</u>	<u>8,959,184</u>
Less : Regulatory adjustments				
Goodwill	(148,031)	(148,031)	(148,031)	(148,031)
Deferred tax assets	(92,416)	(92,416)	(107,238)	(107,238)
Cumulative gains of financial investments at FVOCI	(19,225)	(19,225)	(10,856)	(10,856)
Intangible assets	(135,617)	(135,617)	(144,694)	(144,694)
Regulatory reserve	(69,320)	(69,320)	-	-
Total CET1 Capital	<u>8,008,643</u>	<u>8,008,643</u>	<u>8,548,365</u>	<u>8,548,365</u>
<u>Tier 1 Capital</u>				
Additional Tier 1 capital instruments	-	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-	-
Total Tier 1 capital	<u>8,008,643</u>	<u>8,008,643</u>	<u>8,548,365</u>	<u>8,548,365</u>
<u>Tier 2 Capital</u>				
Stage 1 and Stage 2 ECL allowances	510,795	510,795	452,361	452,361
Tier 2 capital instruments	1,300,000	1,300,000	1,300,000	1,300,000
Total Tier 2 capital	<u>1,810,795</u>	<u>1,810,795</u>	<u>1,752,361</u>	<u>1,752,361</u>
Total capital base	<u>9,819,438</u>	<u>9,819,438</u>	<u>10,300,726</u>	<u>10,300,726</u>

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A28. Capital adequacy (cont'd.)

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

	Group			
	with TA 30-Sep-23 RM'000	without TA 30-Sep-23 RM'000	with TA 31-Dec-22 RM'000	without TA 31-Dec-22 RM'000
<u>Total risk weighted assets ("RWA")</u>				
- Credit risk	40,863,621	40,863,621	36,188,860	36,188,860
- Market risk	710,066	710,066	90,857	90,857
- Operational risk	2,691,662	2,691,662	2,862,186	2,862,186
Total RWA	<u>44,265,349</u>	<u>44,265,349</u>	<u>39,141,903</u>	<u>39,141,903</u>
<u>Capital adequacy ratios</u>				
CET1 capital ratio	18.092%	18.092%	21.839%	21.839%
Tier 1 capital ratio	18.092%	18.092%	21.839%	21.839%
Total capital ratio	<u>22.183%</u>	<u>22.183%</u>	<u>26.316%</u>	<u>26.316%</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 Bank. As at 30 September 2023, URIA risk weighted assets excluded from the Total Capital Ratio calculation amounted to RM Nil (31 December 2022: RM2.011.5 million).

PERFORMANCE REVIEW FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023

B1. Performance review of the Group

(a) Income statement

Current Year Quarter vs Preceding Year Corresponding Quarter

	Current Year	Preceding Year	Changes	
	Quarter 30-Sep-23 3Q23 RM'000	Corresponding Quarter 30-Sep-22 3Q22 RM'000	RM'000	%
Revenue	746,200	654,641	91,559	14.0%
Operating expenses	(170,616)	(156,677)	(13,939)	8.9%
Net income <i>(excluding ECL)</i>	278,795	357,470	(78,675)	-22.0%
Expected credit losses on loans, financing and advances and other impairment	(85,136)	(103,395)	18,259	-17.7%
Profit before tax	23,043	97,398	(74,355)	-76.3%
Profit after tax	32,840	58,961	(26,121)	-44.3%
Profit attributable to ordinary equity holders of the Parent	32,840	58,961	(26,121)	-44.3%
Cost to income ratio	61.2%	43.8%		

Current Year Quarter vs Immediate Preceding Quarter

	Current Year	Preceding	Changes	
	Quarter 30-Sep-23 3Q23 RM'000	Quarter 30-Jun-23 2Q23 RM'000	RM'000	%
Revenue	746,200	711,534	34,666	4.9%
Operating expenses	(170,616)	(181,397)	10,781	-5.9%
Net income <i>(excluding ECL)</i>	278,795	284,574	(5,779)	-2.0%
Expected credit losses on loans, financing and advances and other impairment	(85,136)	51,805	(136,941)	>-100%
Profit before tax	23,043	154,982	(131,939)	-85.1%
Profit after tax	32,840	83,695	(50,855)	-60.8%
Profit attributable to ordinary equity holders of the Parent	32,840	83,695	(50,855)	-60.8%
Cost to income ratio	61.2%	63.7%		

During the quarter, the Group reported a profit before tax ("PBT") of RM23.0 mil with revenue of RM746.2 mil, operating expenses ("OPEX") of RM170.6 mil and net impairment allowance of RM85.1 mil.

B1. Performance review of the Group (cont'd)

(a) Income statement (cont'd)

The Group recorded higher OPEX compared to 3Q22 following higher personnel costs and general administrative expenses. However as compared to 2Q23, OPEX decreases with reduction of commission expenses.

On impairment, the Group recorded additional impairment in the current quarter mainly from consumer segment. The additional impairment is in line with increase in gross impaired loans and financing.

(b) Contribution of major subsidiary of the Group

	Group Current Year Quarter 30-Sep-23 3Q23 RM'000	MBSB Bank Current Year Quarter 30-Sep-23 3Q23 RM'000	Contribution (without elimination) %
Total assets	57,632,525	58,418,760	>100%
Total equity	8,663,914	7,623,260	87.99%
Profit before tax	23,043	43,374	>100%
Profit after tax	32,840	49,457	>100%
Gross return on equity	1.05%	2.27%	
Gross return on assets	0.16%	0.30%	

	Group Preceding Year Corresponding Quarter 30-Sep-22 3Q22 RM'000	MBSB Bank Preceding Year Corresponding 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	84.03%
Profit before tax	97,398	26,445	27.15%
Profit after tax	58,961	2,635	4.47%
Gross return on equity	4.51%	1.54%	
Gross return on assets	0.76%	0.20%	

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B1. Performance review of the Group (cont'd)

(b) Contribution of major subsidiary of the Group (cont'd)

	Group Preceding Quarter 30-Jun-23 2Q23 RM'000	MBSB Bank Preceding Quarter 30-Jun-23 2Q23 RM'000	Contribution (without elimination) %
Total assets	56,597,508	57,319,191	>100%
Total equity	8,666,296	7,609,025	87.8%
Profit before tax	154,982	170,966	>100%
Profit after tax	83,695	146,686	>100%
Gross return on equity	7.03%	8.97%	
Gross return on assets	1.11%	1.21%	

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

B2. Prospects for the Group

Outlook for 2023

The International Monetary Fund forecast a global economic slowdown in 2023, with a predicted growth of 2.0% in its latest October 2023 forecast. In line with this trend, Malaysia's economy is expected to also moderate to 4.0% compared to 8.7% in 2022 according to the Ministry of Finance.

Bank Negara Malaysia (“BNM”) took measures to raise the Overnight Policy Rate (“OPR”) by a cumulative 125 basis points to 3.0%, the latest in May 2023. At the current OPR level, the monetary policy stance is slightly accommodative and remains supportive of the economy. According to BNM, they will remain vigilant to ongoing developments, and will continue to monitor incoming data to inform the assessment on the outlook of domestic inflation and growth. Given this outlook, our business strategy for the coming year will focus more on strengthening our core retail segment while targeting a wider group of commercial customers to facilitate financing growth.

The acquisition of Malaysian Industrial Development Finance Berhad (“MIDF”) by the Company completed on 2 October 2023. MIDF is now a wholly-owned subsidiary of the Company and Permodalan Nasional Berhad emerged as a substantial shareholder of MBSB with an equity stake of 12.78%. The Employees Provident Fund’s shareholding in the Company is reduced from 65.78% to 57.45%.

This acquisition is strategically compelling as the enlarged MBSB Group would emerge more financially resilient and as a major player in Islamic banking, with a strengthened capacity through a bigger balance sheet, a wider reach and a whole range of new offerings from Consumer Banking, Commercial & SME Banking to Corporate & Investment Banking businesses.

With its combined strengths, the Group is well-positioned to provide customers with better service, innovative products, personalised experiences, and greater sustainability.

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B3. Variance from profit forecast

Not applicable

B4. Taxation

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current income tax	21,017	54,083	69,775	147,409
Over provision in prior years	(12,562)	(6,822)	23,387	(6,822)
	<u>8,455</u>	<u>47,261</u>	<u>93,162</u>	<u>140,587</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	5,911	(12,001)	2,798	(20,664)
Over provision in prior years	(27,000)	-	(27,000)	-
	<u>(21,089)</u>	<u>(12,001)</u>	<u>(24,202)</u>	<u>(20,664)</u>
Total income tax expense	<u>(12,634)</u>	<u>35,260</u>	<u>68,960</u>	<u>119,923</u>

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current income tax	(55)	25,158	(65)	27,522
Over provision in prior years	(1,590)	(1,428)	(3,250)	(1,428)
	<u>(1,645)</u>	<u>23,730</u>	<u>(3,315)</u>	<u>26,094</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	-	(501)	-	2,978
	<u>-</u>	<u>(501)</u>	<u>-</u>	<u>2,978</u>
Total income tax expense	<u>(1,645)</u>	<u>23,229</u>	<u>(3,315)</u>	<u>29,072</u>

B5. Status of corporate proposals

(a) Acquisition of MIDF Group

On 14 April 2023, we have made an announcement to Bursa notifying on the approval granted by MoF and BNM on the proposed merger with MIDF (“proposed acquisition”). The proposed merger will result in a well-capitalised financial services group which is financially resilient to compete in the market with a stronger balance sheet. Further, it will create a banking group with end-to-end banking services comprising consumer banking, commercial & SME banking, development finance, corporate banking, investment banking and asset management, servicing a wider customer base.

Further on 9 June 2023, we have announced that the Company has entered into a conditional share purchase agreement with PNB to acquire the entire share capital of MIDF, comprising 480,355,627 ordinary shares currently held by PNB, for the purchase consideration of RM1,014,295,048.55 (“Final Purchase Consideration”) (“SPA”). The Final Purchase Consideration shall be satisfied through the issuance and allotment of 1,050,828,629 new ordinary shares in MBSB (“MBSB Shares”) (“Final Consideration Shares”) at the issue price of RM0.9652 per Final Consideration Share (“Final Issue Price”) to PNB.

On 12 July 2023, we have issued a circular to the shareholders of the Company in relation to the proposed acquisition, independent advice letter and notice of extraordinary general meeting (“EGM”) for the proposed acquisition. The EGM was then held on 27 July 2023 where the shareholders of the Company approved the proposed acquisition.

On 2 October 2023, the acquisition completed following allotment of 1,050,828,629 Final Consideration Shares to PNB.

(b) Proposed scheme of arrangement to transfer shareholding of Emerald Unity and disposal of residual A&L to Emerald Unity

On 18 September 2023, we have made an announcement to Bursa on the Company’s proposal to undertake a members’ scheme of arrangement pursuant to Sections 366 and 370 of the Companies Act 2016 (“Proposed Scheme”).

The Proposed Scheme is to transfer the Company’s entire shareholding in Emerald Unity Sdn Bhd (“Emerald Unity”) to a corporate share trustee, which shall hold the same for the benefit of a nominated charity to be identified for a consideration of RM1.00. After the proposed Emerald Unity Share transfer to the Share Trustee, the Company proposes to dispose of and transfer its Residual Assets and Liabilities (“A&L”) to Emerald Unity for the following consideration:

- i) For the shares of the non-financial subsidiaries, based on a nominal sum of RM2.00 or less for each of the subsidiaries; and
- ii) For all the subject loans which remain in the Company at the date of transfer (which is to be determined), at a consideration based on net book value at the end of the month prior to the transfer of the subject loans subject to a maximum of the amount owed as at a date to be determined by the Company.

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B5. Status of corporate proposals (cont'd)**(b) Proposed scheme of arrangement to transfer shareholding of Emerald Unity and disposal of residual A&L to Emerald Unity (cont'd)**

The rationale of the Proposed Scheme is to enable the Company to be a pure investment holding company with no loans and no direct interest in companies which are not involved in financial services.

Further on 11 October 2023, we announced that the solicitor had extracted the sealed court order dated 5 October 2023 to convene a Court Convene Meeting within 90 days from the date of the court order, for the purpose of considering and if thought fit, approving the Proposed Scheme. The Court Convene Meeting was held on 24 November 2023 where the shareholders approved the Proposed Scheme.

B6. Borrowings and debts

Borrowings of the Group were as follows:

	30-Sep-23		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
Recourse obligation on financing sold	3,854,540	255,407	4,109,947
Sukuk-MBSB Structured Covered ("SC") Murabahah	500,475	249,086	749,561
Non secured			
Sukuk Wakalah	1,592,607	25,046	1,617,653
	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 ("SC") Murabahah	587,935	245,870	833,805
Non secured			
Sukuk Wakalah	1,591,911	5,001	1,596,912

B7. Off balance sheet financial instruments

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

B8. 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			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to shareholders for the period (RM'000)	32,840	58,961	190,662	259,461
Weighted average number of ordinary shares in issue ('000)	7,171,484	7,171,484	7,171,484	7,171,484
Basic earnings per share (sen)	<u>0.46</u>	<u>0.82</u>	<u>2.66</u>	<u>3.62</u>

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit attributable to shareholders for the period (RM'000)	(6,727)	59,866	422,427	225,938
Weighted average number of ordinary shares in issue ('000)	7,171,484	7,171,484	7,171,484	7,171,484
Basic earnings per share (sen)	<u>(0.09)</u>	<u>0.83</u>	<u>5.89</u>	<u>3.15</u>

B9. 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.: 202308000225

Pauline Ng Peck Kun (MAICSA 7029550)
Practicing Certificate No.: 201908002573

Company Secretaries
Petaling Jaya

29 November 2023