

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

INTERIM FINANCIAL STATEMENTS
OF THE GROUP AND OF THE COMPANY
FOR THE 2ND QUARTER ENDED 30 JUNE 2023

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

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

	Note	Group		Company	
		30-June-23 RM'000	31-Dec-22 RM'000	30-June-23 RM'000	31-Dec-22 RM'000
Assets					
Cash and short-term funds	A7(a)	1,097,934	2,205,950	47,787	59,636
Deposits and placements with financial institutions	A7(b)	860,367	597,746	50,058	100,033
Derivative financial assets	A8	6,931	15,017	-	-
Financial investments at fair value through profit or loss	A9	1,330,491	240,357	-	-
Financial investments at fair value through other comprehensive income	A10	10,566,060	11,392,780	-	-
Financial investments at amortised cost	A11	2,063,546	1,625,792	-	-
Loans, financing and advances	A12	38,859,494	36,933,658	278,521	368,451
Tax recoverable		256,915	394,716	253,128	390,835
Non-current assets held for sale	A13	56,846	58,103	-	-
Trade and other receivables	A14	131,690	125,435	108,558	42,648
Statutory deposits with Bank Negara Malaysia		663,000	610,000	-	-
Investments in subsidiaries		-	-	6,558,436	6,558,436
Property and equipment		323,410	321,226	22,741	22,975
Right-of-use assets		22,469	26,743	-	-
Intangible assets		139,303	144,694	-	-
Goodwill		148,031	148,031	-	-
Investment property		820	820	-	-
Deferred tax assets		70,201	107,237	-	-
Total assets		56,597,508	54,948,305	7,319,229	7,543,014
Liabilities					
Deposits from customers	A15	32,062,114	28,957,135	-	-
Deposits and placements of banks and other financial institutions	A16	7,968,002	7,511,336	-	-
Investment accounts of customers	A17	848,278	2,080,767	-	-
Derivative financial liabilities	A8	5,901	23,470	-	-
Other payables	A18	446,654	519,439	8,932	50,624
Lease liabilities		22,996	27,334	-	-
Recourse obligation on financing sold		4,188,826	4,355,408	-	-
Sukuk-MBSB Structured Covered Murabahah		739,368	833,805	-	-
Sukuk Wakalah		1,597,157	1,596,912	-	-
Deferred tax liabilities		11,810	13,603	289	1,960
Provision for taxation		40,106	69,903	-	-
Total liabilities		47,931,212	45,989,112	9,221	52,584
Equity					
Ordinary share capital		7,198,068	7,198,068	7,198,068	7,198,068
Reserves		(113,189)	(341,366)	-	-
Retained earnings		1,581,417	2,102,491	111,940	292,362
Total equity		8,666,296	8,959,193	7,310,008	7,490,430
Total liabilities and equity		56,597,508	54,948,305	7,319,229	7,543,014
Total Islamic banking assets		55,535,963	53,678,299	-	-
Commitments and contingencies	A24	6,127,628	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 SECOND QUARTER ENDED 30 JUNE 2023

	Note	Group			
		2nd Quarter Ended		Six Months Ended	
		30-June-23	30-June-22	30-June-23	30-June-22
		RM'000	RM'000	RM'000	RM'000
Revenue		711,534	656,270	1,377,026	1,320,818
Income derived from investment of deposits and Islamic capital funds	A19	695,344	658,923	1,366,349	1,326,993
Income attributable to depositors		(353,048)	(203,906)	(672,620)	(401,108)
Income attributable to securitisation		(40,092)	(36,995)	(81,293)	(71,997)
Income attributable to sukuk		(30,836)	(32,946)	(61,498)	(63,135)
Income attributable to wakalah unrestricted investment account		(10,137)	(11,108)	(27,544)	(24,467)
Net income from Islamic operations		261,231	373,968	523,394	766,286
Interest income	A20	(68)	2,102	1,691	4,379
Expected credit losses on loans, financing and advances and other impairment	A21	51,805	(45,259)	(4,982)	(203,555)
Net loss on modification of cash flows		-	-	-	(8,961)
Operating income		312,968	330,811	520,103	558,149
Net other income	A22	23,411	11,683	27,715	13,549
Net income		336,379	342,494	547,818	571,698
Other operating expenses	A23	(181,397)	(136,537)	(308,402)	(286,535)
Profit before taxation and zakat		154,982	205,957	239,416	285,163
Taxation		(71,287)	(63,737)	(81,594)	(84,663)
Zakat		-	75	-	-
Profit for the financial period		83,695	142,295	157,822	200,500
Earnings per share (sen)					
Basic		1.17	1.98	2.20	2.80
Profit for the financial period		83,695	142,295	157,822	200,500
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		35,587	(176,081)	158,857	(323,492)
- Net profit/(loss) from change in fair values		45,322	(231,810)	221,804	(417,279)
- Realised profit/(loss) transferred to statements of income on disposal		1,494	124	(12,797)	(8,367)
- Transfer (to)/from deferred tax		(11,229)	55,605	(50,150)	102,154
Other comprehensive income/(expense), net of tax:		35,587	(176,081)	158,857	(323,492)
Total comprehensive income/(expense) for the financial period		119,282	(33,786)	316,679	(122,992)

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 SECOND QUARTER ENDED 30 JUNE 2023 (CONTINUED)

	Note	Company			
		2nd Quarter Ended		Six Months Ended	
		30-June-23	30-June-22	30-June-23	30-June-22
		RM'000	RM'000	RM'000	RM'000
Revenue		1,478	169,766	447,045	176,874
Interest income	A20	1,636	6,441	5,513	12,837
Expected credit losses on loans, financing and advances and other impairment	A21	(4,634)	(4,311)	(17,370)	(118)
Operating (expense)/income		(2,998)	2,130	(11,857)	12,719
Net other income	A22	3,859	168,592	448,456	169,929
Net income		861	170,722	436,599	182,648
Other operating expenses	A23	(5,710)	(6,045)	(9,115)	(10,733)
Profit before taxation		(4,849)	164,677	427,484	171,915
Taxation		(16)	(3,806)	1,670	(5,843)
(Loss)/profit for the financial period		(4,865)	160,871	429,154	166,072
Earnings per share (sen)					
Basic		(0.07)	2.24	6.05	2.32
Profit for the financial period		(4,865)	160,871	429,154	166,072
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the financial period		(4,865)	160,871	429,154	166,072

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 CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2023

Group	← Non-distributable →			Distributable	
	Share Capital RM'000	Regulatory Reserves RM'000	Fair Value Reserves RM'000	Retained Profits RM'000	Total RM'000
At 1 January 2023	7,198,068	-	(341,366)	2,102,491	8,959,193
Profit for the period	-	-	-	157,822	157,822
Other comprehensive loss for the financial period:					
- transfer from retained earnings	-	69,320	-	(69,320)	-
- net changes in fair value	-	-	221,804	-	221,804
- realised loss transferred to statements of income on disposal	-	-	(12,797)	-	(12,797)
- income tax relating to component of other comprehensive income	-	-	(50,150)	-	(50,150)
Dividends	-	69,320	158,857	(69,320)	158,857
At 30 June 2023	7,198,068	69,320	(182,509)	1,581,417	8,666,296
At 1 January 2022	7,198,068	-	(161,046)	1,642,303	8,679,325
Profit for the period	-	-	-	200,500	200,500
Other comprehensive loss for the financial period:					
- net changes in fair value	-	-	(417,279)	-	(417,279)
- realised loss transferred to statements of income on disposal	-	-	(8,367)	-	(8,367)
- income tax relating to component of other comprehensive income	-	-	102,154	-	102,154
	-	-	(323,492)	-	(323,492)
At 30 June 2022	7,198,068	-	(484,538)	1,842,803	8,556,333
Company					
At 1 January 2022			7,198,068	292,362	7,490,430
Profit for the period			-	429,154	429,154
Dividends			-	(609,576)	(609,576)
At 30 June 2023			7,198,068	111,940	7,310,008
At 1 January 2022			7,198,068	72,616	7,270,684
Profit for the period			-	166,072	166,072
At 30 June 2022			7,198,068	238,688	7,436,756

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MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2023

	Group		Company	
	30-June-23	30-June-22	30-June-23	30-June-22
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	239,416	285,163	427,484	171,915
Adjustments for non-cash items	(30,122)	191,057	5,407	409
Operating profit before working capital changes	209,294	476,220	432,891	172,324
Working capital changes:				
Net changes in operating assets	(2,194,960)	(563,959)	183,364	(129,844)
Net changes in operating liabilities	1,582,599	(437,394)	(628,149)	(228,430)
Cash used in operations	(403,067)	(525,133)	(11,894)	(185,950)
Income taxes and zakat refunded/(paid)	11,463	(70,918)	-	-
Net cash used in operating activities	(391,604)	(596,051)	(11,894)	(185,950)
Cash flows from investing activities				
Purchase of property and equipment	(21,522)	(12,003)	-	(342)
Purchase of intangible assets	(15,375)	(16,278)	-	-
Proceeds from disposal of foreclosed properties	45	131	45	-
Net purchase of financial investments	(262,737)	(18,149)	-	-
Net cash (used in)/generated from investing activities	(299,589)	(46,299)	45	(342)

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 SECOND QUARTER ENDED 30 JUNE 2023 (CONTINUED)

	Group		Company	
	30-June-23	30-June-22	30-June-23	30-June-22
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Net issuance of recourse obligation on financing sold	(165,635)	825,348	-	-
Profit expense paid - recourse obligation on financing sold	(82,240)	(66,726)	-	-
Profit expense paid - Sukuk MBSB SC Murabahah	(21,672)	(27,252)	-	-
Proceeds of Sukuk - MBSB SC Murabahah	(93,929)	(93,899)	-	-
Profit expense paid - Sukuk Wakalah	(40,555)	(33,787)	-	-
Payment of lease liabilities	(12,792)	(11,382)	-	-
Net cash (used in)/generated from financing activities	<u>(416,823)</u>	<u>592,302</u>	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	(1,108,016)	(50,048)	(11,849)	(186,292)
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))	<u>1,097,934</u>	<u>604,791</u>	<u>47,787</u>	<u>43,721</u>
Cash and cash equivalents is represented by:				
Cash and short-term funds	<u>1,097,934</u>	<u>604,791</u>	<u>47,787</u>	<u>43,721</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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NOTES TO THE FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2023
PART A - EXPLANATORY NOTES PURSUANT TO MFRS134

A1. Basis of preparation

The unaudited condensed interim financial statements for the financial quarter ended 30 June 2023 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 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.

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A1. Basis of preparation (continued)

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.

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-June-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

A6. Dividend

On 17 April 2023, the Company paid a single-tier interim dividend of 8.50 sen net per ordinary share in respect of the financial year ended 31 December 2022. Based on the number of share in issue of 7,171,483,803 ordinary shares as at 31 December 2022, the dividend paid amounted to RM609,576,123.

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

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

	Group		Company	
	30-June-23	31-Dec-22	30-June-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
(a) Cash and short-term funds:				
Cash at banks and on hand	310,251	367,480	2,592	13,132
Money at call and deposit placements maturing within one month	787,683	1,838,470	45,195	46,504
	<u>1,097,934</u>	<u>2,205,950</u>	<u>47,787</u>	<u>59,636</u>
(b) Deposits and placements with financial institutions with original maturity of more than one month				
- Licensed Islamic banks	860,367	597,746	50,058	100,033
	<u>1,958,301</u>	<u>2,803,696</u>	<u>97,845</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 principal amounts of derivative financial instruments held at fair value through profit or loss. The principal or contractual amount of these instruments reflects the volume of transactions outstanding at financial position date, and do not represent amounts at risk.

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

	Group		
	Contract/ Notional amount	Fair value	
		Assets	Liabilities
	RM'000	RM'000	RM'000
At 30 June 2023			
<u>Trading derivatives</u>			
<u>Foreign exchange contracts:</u>			
Currency forward			
- Less than one year	2,642,470	6,931	(5,901)
	<u>2,642,470</u>	<u>6,931</u>	<u>(5,901)</u>
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)
	<u>1,976,886</u>	<u>15,017</u>	<u>(23,470)</u>

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

	Group	
	30-June-23	31-Dec-22
	RM'000	RM'000
Money Market Instruments		
<u>In Malaysia</u>		
Private mandate investments	240,345	240,357
Malaysian Government Investment Issues	1,090,146	-
	<u>1,330,491</u>	<u>240,357</u>

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

	Group	
	30-June-23	31-Dec-22
	RM'000	RM'000
Money Market Instruments		
Malaysian Government Investment Issues	7,295,680	8,479,600
Debt securities:		
<u>In Malaysia</u>		
Private and Islamic debt securities	1,513,054	1,021,894
Government Guaranteed debt securities	1,757,326	1,891,286
	<u>10,566,060</u>	<u>11,392,780</u>

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 in allowance for credit losses recognised in FVOCI reserve:

	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	10	-	-	10
Total charge to profit or loss:	49	-	-	49
New financial investments purchased during the period	49	-	-	49
At 30 June 2023	<u>59</u>	<u>-</u>	<u>-</u>	<u>59</u>

	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 period	(4)	-	-	(4)
At 31 December 2022	<u>10</u>	<u>-</u>	<u>-</u>	<u>10</u>

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

	Group	
	30-June-23	31-Dec-22
	RM'000	RM'000
At amortised cost		
Money Market Instruments		
Malaysian Government Investment Issues	511,745	378,302
<u>In Malaysia</u>		
Private and Islamic debt securities	1,477,050	1,183,318
Government Guaranteed corporate sukuk	75,620	65,279
	<u>2,064,415</u>	<u>1,626,899</u>
Less: ECL		
- Stage 1	(869)	(868)
- Stage 2	-	(239)
	<u>2,063,546</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 charge/(reversal) to profit or loss:	1	(239)	-	(238)
Transfer to stage 1	239	(239)	-	-
Changes in credit risk	(240)	-	-	(240)
New financial investments purchased during the period	2	-	-	2
At 30 June 2023	<u>869</u>	<u>-</u>	<u>-</u>	<u>869</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>

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

	Group		Company	
	30-June-23	31-Dec-22	30-June-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
(i) By type				
At amortised cost				
<i>Islamic:</i>				
Term financing:				
Personal financing	19,713,772	19,154,239	-	-
Property financing	8,957,395	8,393,470	-	-
Industrial hire purchase	740,220	718,549	-	-
Bridging financing	440,893	450,897	-	-
Auto financing	32,282	45,128	-	-
Other term financing	5,684,976	5,545,096	-	-
Revolving credit	1,631,617	1,614,785	-	-
Trade finance	2,367,917	1,827,761	-	-
Cashline	163,198	141,846	-	-
Staff financing	36,792	38,854	-	-
<i>Conventional:</i>				
End finance:				
Normal housing programme	30	62,799	30	62,799
Low cost housing programme	-	390	-	390
Other term financing	346,720	387,798	346,720	387,798
Bridging financing	178,894	178,079	178,894	178,079
Gross loans, financing and advances	40,294,706	38,559,691	525,644	629,066
Less: ECL				
- Stage 1	(247,116)	(293,979)	-	(1,222)
- Stage 2	(182,051)	(337,893)	-	(3,493)
- Stage 3	(1,006,045)	(994,161)	(247,123)	(255,900)
Net loans, financing and advances	38,859,494	36,933,658	278,521	368,451
(ii) By maturity structure				
	Group		Company	
	30-June-23	31-Dec-22	30-June-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Within one year	5,320,815	4,603,494	293,909	293,422
More than one year to three years	1,541,833	1,769,468	-	47,980
More than three years to five years	2,307,129	2,147,521	-	2,809
More than five years	31,124,929	30,039,208	231,735	284,855
	40,294,706	38,559,691	525,644	629,066

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

A12. Loans, financing and advances (continued)

(iii) By economic purpose

	Group		Company	
	30-June-23	31-Dec-22	30-June-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Personal Use	19,794,171	19,238,349	-	-
Construction	3,772,819	3,814,915	259,684	257,998
Purchase of landed property:				
- Residential	8,728,377	8,244,951	231,735	273,325
- Non-Residential	1,043,722	973,465	34,225	50,241
Working Capital	5,852,560	5,226,617	-	46,430
Purchase of other fixed assets	1,056,579	1,004,160	-	1,072
Purchase of transport vehicles	43,001	53,642	-	-
Purchase of other securities	359	369	-	-
Purchase of consumer durables	106	107	-	-
Others	3,012	3,116	-	-
	40,294,706	38,559,691	525,644	629,066

(iv) By type of customers

	Group		Company	
	30-June-23	31-Dec-22	30-June-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Domestic business enterprises				
- Small medium enterprises	3,516,436	3,101,506	431,184	443,202
- Non-bank financial institutions	1,502,554	1,422,819	-	-
- Others	6,407,940	6,302,335	94,430	140,241
Individuals:				
- Malaysian nationals	28,668,401	27,605,351	30	45,623
- Foreign nationals	199,375	127,680	-	-
	40,294,706	38,559,691	525,644	629,066

(v) By sector

	Group		Company	
	30-June-23	31-Dec-22	30-June-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Household sectors	28,670,328	27,606,187	30	45,623
Construction	3,557,242	3,491,218	293,909	296,684
Finance, insurance and business services	3,401,624	3,398,089	-	3,425
Wholesale & retail trade and restaurants & hotels	1,303,110	1,087,502	-	3,033
Manufacturing	1,230,390	1,139,674	-	50,892
Electricity, gas and water	909,734	911,234	-	-
Transport, storage and communications	371,783	339,613	-	1,207
Agriculture	120,311	47,635	-	-
Mining and quarrying	183,018	65,077	-	-
Education, health and others	547,166	473,462	231,705	228,202
	40,294,706	38,559,691	525,644	629,066

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

A12. Loans, financing and advances (continued)

(vi) By profit/interest rate sensitivity

	Group		Company	
	30-June-23	31-Dec-22	30-June-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Fixed rate:				
Personal financing	13,950,209	14,704,766	-	-
Bridging, structured and term financing	755,174	771,881	-	-
Mortgage and property Islamic	363,015	379,062	30	121
Auto finance	34,318	47,105	-	-
Variable rate:				
Personal financing	5,771,083	4,457,222	-	-
Bridging, structured and term financing	10,799,260	10,092,931	525,614	565,877
Mortgage and property Islamic	8,621,647	8,106,724	-	63,068
	40,294,706	38,559,691	525,644	629,066

(vii) By geographical distribution

	Group		Company	
	30-June-23	31-Dec-22	30-June-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Malaysia	40,294,706	38,559,691	525,644	629,066
	40,294,706	38,559,691	525,644	629,066

(viii) Movement of gross loans, financing and advances

30-June-23	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January	33,407,228	2,545,238	2,607,225	38,559,691
Transfer to Stage 1	418,580	(387,402)	(31,178)	-
Transfer to Stage 2	(376,385)	467,217	(90,832)	-
Transfer to Stage 3	(114,732)	(319,826)	434,558	-
New financing/disbursement during the period	6,309,778	90,165	2,950	6,402,893
Repayment during the period	(4,134,668)	(215,180)	(134,537)	(4,484,385)
Other movements	12,346	(6,909)	67,523	72,960
Reclassification from non-current assets held for sale	-	-	1,403	1,403
Write-offs	(36,664)	(7,987)	(213,205)	(257,856)
As at 30 June	35,485,483	2,165,316	2,643,907	40,294,706

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

A12. Loans, financing and advances (continued)

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

30-June-23	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	36,972	54,471	537,623	629,066
Transfer to Stage 1	33	(33)	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	(30)	-	30	-
New financing / disbursement during the year	-	-	-	-
Repayment during the period	(268)	(46,452)	(298)	(47,018)
Other movements	-	-	6,175	6,175
Refinancing to MBSB Bank	(42)	-	(251)	(293)
Write-offs	(36,665)	(7,986)	(17,635)	(62,286)
As at 30 June	-	-	525,644	525,644

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	2,181,325	(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 from non-current assets held for sale	-	-	12,214	12,214
Write-offs	(2,509)	(3,761)	(248,880)	(255,150)
As at 31 December	33,407,228	2,545,238	2,607,225	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	-
New financing / disbursement during the year	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)
As at 31 December	36,972	54,471	537,623	629,066

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

A12. Loans, financing and advances (continued)

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

30-June-23

	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January	293,979	337,893	994,161	1,626,033
(Reversal)/charged to profit or loss	(45,790)	(154,254)	221,695	21,651
Changes in the ECL due to transfer within stages:				
- Transfer to Stage 1	45,268	(23,897)	(21,371)	-
- Transfer to Stage 2	(4,558)	58,604	(54,046)	-
- Transfer to Stage 3	(673)	(81,011)	81,684	-
New financing/disbursement during the period	32,109	2,889	2,409	37,407
Repayment during the period	(124,350)	(126,881)	(33,713)	(284,944)
Changes in credit risk parameters #	6,414	16,042	246,732	269,188
Reclassification to non-current assets held for sale	-	-	1,417	1,417
Write-offs	(1,073)	(1,588)	(211,228)	(213,889)
As at 30 June	247,116	182,051	1,006,045	1,435,212

30-June-23

	Company			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January	1,222	3,493	255,900	260,615
Reversal to profit or loss	(149)	(1,905)	6,924	4,870
Changes in the ECL due to transfer within stages:				
- Transfer to Stage 1	2	(2)	-	-
- Transfer to Stage 2	-	-	-	-
- Transfer to Stage 3	29	-	(29)	-
Repayment during the year	(179)	(1,903)	(1,118)	(3,200)
Changes in credit risk parameters #	-	-	8,214	8,214
Refinancing to MBSB Bank	(1)	-	(143)	(144)
Write-offs	(1,073)	(1,588)	(15,701)	(18,362)
As at 30 June	-	-	247,123	247,123

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

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 from 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 year	(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.

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

A12. Loans, financing and advances (continued)

(x) Movements of impaired loans, financing and advances

	Group		Company	
	30-June-23	31-Dec-22	30-June-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	437,508	1,190,394	30	7,044
Reclassified as non-impaired	(122,010)	(54,270)	-	(679)
Amount recovered	(134,537)	(146,750)	(298)	(22,148)
Other movements	67,523	188,413	6,175	8,220
Refinancing to MBSB Bank	-	-	(251)	(130,239)
Reclassification from non-current assets held for sale	1,403	12,214	-	-
Amount written off	(213,205)	(248,880)	(17,635)	(27,150)
Balance as at end of financial period	<u>2,643,907</u>	<u>2,607,225</u>	<u>525,644</u>	<u>537,623</u>
Less: ECL stage 3	<u>(1,006,045)</u>	<u>(994,161)</u>	<u>(247,123)</u>	<u>(255,900)</u>
Net impaired loans, financing and advances	<u>1,637,862</u>	<u>1,613,064</u>	<u>278,521</u>	<u>281,723</u>
Net impaired loans as a percentage of net financing and advances	<u>4.21%</u>	<u>4.37%</u>	<u>100.00%</u>	<u>76.46%</u>
Gross impaired loans as a percentage of gross financing and advances	<u>6.56%</u>	<u>6.76%</u>	<u>100.00%</u>	<u>85.46%</u>

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

	Group		Company	
	30-June-23	31-Dec-22	30-June-23	31-Dec-22
Personal use	137,494	212,962	-	-
Construction	1,311,966	1,237,733	259,685	257,998
Purchase of landed property:				
- Residential	540,433	498,801	231,734	243,451
- Non-Residential	332,372	315,136	34,225	35,102
Working capital	296,555	311,709	-	-
Purchase of other fixed assets	22,349	25,816	-	1,072
Purchase of transport vehicles	2,703	4,866	-	-
Others	35	202	-	-
	<u>2,643,907</u>	<u>2,607,225</u>	<u>525,644</u>	<u>537,623</u>

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

A12. Loans, financing and advances (continued)

(xii) Impaired loans, financing and advances by sector

	Group		Company	
	30-June-23 RM'000	31-Dec-22 RM'000	30-June-23 RM'000	31-Dec-22 RM'000
Household sector	472,275	502,986	30	16,594
Construction	1,147,445	1,074,926	293,909	292,328
Finance, insurance and business services	217,583	195,691	-	884
Manufacturing	197,551	233,941	-	-
Mining and quarrying	475	511	-	-
Wholesale & retail trade and restaurants & hotels	293,110	286,095	-	-
Transport, storage and communications	212	358	-	-
Education, health and others	315,256	312,717	231,705	227,817
	<u>2,643,907</u>	<u>2,607,225</u>	<u>525,644</u>	<u>537,623</u>

A13. Non-current assets held for sale

	Group	
	30-June-23 RM'000	31-Dec-22 RM'000
Non-current assets held for sale comprise:		
Financing held for sale (a)	-	564
Other assets held for sale (b)	56,846	57,539
	<u>56,846</u>	<u>58,103</u>

(a) Financing held for sale

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

By economic purpose:

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

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

A13. Non-current assets held for sale (continued)

(b) Other assets held for sale

	Group	
	30-June-23	31-Dec-22
	RM'000	RM'000
Inventories	56,846	56,846
Property and equipment	-	260
Right-of-use assets	-	433
	56,846	57,539

A14. Trade and other receivables

	Group		Company	
	30-June-23	31-Dec-22	30-June-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
<u>Non trade:</u>				
Amount due from MBSB Bank	-	-	66,349	-
Amount due from other subsidiaries	-	-	55,775	53,863
Foreclosed properties	41,209	41,238	41,209	41,238
Prepayments and deposits	25,675	16,364	-	-
Public Low Cost Housing Programme ("PLCHP")	-	23	-	23
Deferred expenses	46,304	41,706	-	-
Sundry receivables	18,514	26,239	1,000	1,387
	131,702	125,570	164,333	96,511
<u>Trade:</u>				
Trade receivable	56	56	-	-
	131,758	125,626	164,333	96,511
Less: ECL				
- Non trade	(12)	(135)	(55,775)	(53,863)
- Trade	(56)	(56)	-	-
	131,690	125,435	108,558	42,648

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

A15. Deposits from customers

(i) By type of deposits:

	Group	
	30-June-23	31-Dec-22
	RM'000	RM'000
Commodity Murabahah Term Deposits	29,858,786	26,749,347
Demand deposits	1,405,552	1,473,237
Savings deposits	797,776	734,551
	<u>32,062,114</u>	<u>28,957,135</u>

(ii) Maturity of term deposits from customers:

	Group	
	30-June-23	31-Dec-22
	RM'000	RM'000
Within six months	22,824,755	19,627,347
More than six months to one year	4,823,212	4,421,626
More than one year to three years	949,595	1,266,438
More than three years	1,261,224	1,433,936
	<u>29,858,786</u>	<u>26,749,347</u>

(iii) By type of customers:

	Group	
	30-June-23	31-Dec-22
	RM'000	RM'000
Government and statutory bodies	15,325,138	15,232,596
Business enterprises	11,141,016	8,909,664
Individuals	5,595,960	4,814,875
	<u>32,062,114</u>	<u>28,957,135</u>

(iv) By type of contract:

	Group	
	30-June-23	31-Dec-22
	RM'000	RM'000
Tawarruq	32,062,114	28,957,135
	<u>32,062,114</u>	<u>28,957,135</u>

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

A16. Deposits and placements of banks and other financial institutions

(i) By type of deposits:

	Group	
	30-June-23	31-Dec-22
	RM'000	RM'000
<u>Non-Mudharabah Funds:</u>		
-Licensed Investment Banks	38,213	779
-Licensed Commercial Banks	1,012	-
-Licensed Islamic Banks	350,147	1,121,734
-Other financial institutions	7,578,630	6,388,823
	<u>7,968,002</u>	<u>7,511,336</u>

(ii) By type of contract:

	Group	
	30-June-23	31-Dec-22
	RM'000	RM'000
Tawarruq	7,968,002	7,511,336
	<u>7,968,002</u>	<u>7,511,336</u>

A17. Investment accounts of customers

	Group	
	30-June-23	31-Dec-22
	RM'000	RM'000
Wakalah unrestricted investment account	848,278	2,080,767

The investment account placements are used to fund personal financing.

(i) By type of customers:

	Group	
	30-June-23	31-Dec-22
	RM'000	RM'000
Government and statutory bodies	781,238	1,626,676
Other financial institutions	67,040	454,091
	<u>848,278</u>	<u>2,080,767</u>

(ii) Movement of investment accounts of customers:

	Group	
	30-June-23	31-Dec-22
	RM'000	RM'000
At beginning of the financial period	2,080,767	2,094,914
New placement during the financial period	2,526,299	5,795,123
Redemption during the financial period	(3,756,801)	(5,809,189)
Finance expense	27,544	52,685
Profit distributed	(29,531)	(52,766)
At end of financial period	<u>848,278</u>	<u>2,080,767</u>

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

A17. Investment accounts of customers (continued)

(iii) By Maturity:

	Group	
	30-June-23	31-Dec-22
	RM'000	RM'000
Due within six months	848,278	1,926,610
More than six months to one year	-	154,157
	848,278	2,080,767

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

30-June-23	Investment	Group
	Account	
	Holder	Performance
	Average	incentive fee
	ROR	%
	%	%
Unrestricted investment accounts:		
Due within six months	4.29	2.48
31-Dec-22	Investment	Group
	Account	
	Holder	Performance
	Average	incentive fee
	ROR	%
	%	%
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

	Group		Company	
	30-June-23	31-Dec-22	30-June-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Amount due to MBSB Bank	-	-	-	40,527
Sundry creditors	250,155	232,068	8,663	9,303
Al-Mudharabah security fund	123,418	132,944	-	-
ECL for commitments and contingencies (i)	27,515	52,772	-	422
Deferred income	1,327	1,314	-	-
Other provisions and accruals	44,239	100,341	269	372
	446,654	519,439	8,932	50,624

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

A18. Other payables (continued)

(i) ECL for commitments and contingencies

Movement of ECL for commitments and contingencies are as follows:

30-June-23	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	15,277	32,440	5,055	52,772
Total reversal to profit or loss	(5,297)	(19,035)	(458)	(24,790)
Changes in ECL due to transfer within stages:				
- Transfer to Stage 1	1,774	(1,758)	(16)	-
- Transfer to Stage 2	(821)	877	(56)	-
- Transfer to Stage 3	(4)	(1,946)	1,950	-
New financing /disbursement during the period	2,512	39	-	2,551
Derecognised to loans/financing during the period (other than write-offs)	(1,434)	(627)	(3,701)	(5,762)
Changes in credit risk parameters #	(7,324)	(15,620)	1,365	(21,579)
Reclassification (to)/from financing	(73)	(102)	(281)	(456)
Write off	-	-	(11)	(11)
As at 30 June	9,907	13,303	4,305	27,515

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

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 MEV factors with more intuitive trends, revision to Probability of Default ("PD") and Loss Given Default ("LGD") modelling and management overlays.

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

A18. Other payables (continued)

(i) ECL for commitments and contingencies (continued)

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

30-June-23

	Company			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January	131	69	222	422
Total (reversal)/charge 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
Reclassification (to)/from financing	(72)	(102)	(281)	(455)
Write off	-	-	-	-
As at 30 June	-	-	-	-

31-Dec-22

	Company			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	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 macroeconomic variables ("MEV") and changes to loss rate for the ECL model.

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

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

	Group			
	2nd Quarter Ended		Six Months Ended	
	30-June-23	30-June-22	30-June-23	30-June-22
	RM'000	RM'000	RM'000	RM'000
Financing	564,934	533,887	1,108,232	1,080,738
Income from financial investments at FVOCI	87,417	103,796	178,324	206,645
Income from financial investments at amortised cost	23,135	11,806	44,033	20,219
Income from financial investments at FVTPL	7,478	3,485	12,452	5,855
Deposits with financial institutions	12,380	5,949	23,308	13,536
	695,344	658,923	1,366,349	1,326,993

A20. Interest income

	Group			
	2nd Quarter Ended		Six Months Ended	
	30-June-23	30-June-22	30-June-23	30-June-22
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- Loans, advances and amount due from subsidiaries	(68)	2,095	1,691	4,365
- Deposits and placements with banks and other financial institutions	-	7	-	14
	(68)	2,102	1,691	4,379

	Company			
	2nd Quarter Ended		Six Months Ended	
	30-June-23	30-June-22	30-June-23	30-June-22
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- Loans and advances	846	2,804	3,473	5,758
- Deposits and placements with banks and other financial institutions	790	3,637	2,040	7,079
	1,636	6,441	5,513	12,837

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

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

	Group			
	2nd Quarter Ended		Six Months Ended	
	30-June-23	30-June-22	30-June-23	30-June-22
	RM'000	RM'000	RM'000	RM'000
<u>Expected credit losses</u>				
<u>on loans, advances</u>				
<u>and financing made/(written back)</u>				
Loans, financing and advances				
- Stage 1	2,045	22,703	(45,790)	40,403
- Stage 2	(69,179)	(211,682)	(154,254)	(222,738)
- Stage 3	21,175	243,586	221,695	394,455
Financing held for sale				
- Stage 3	-	330	-	707
Credit impaired loans, financing and advances:				
- Write-off	10,971	2,522	18,507	11,136
- Recovered	(19,098)	(4,774)	(29,509)	(11,966)
Loss on sale of loans	-	-	19,332	-
	<u>(54,086)</u>	<u>52,685</u>	<u>29,981</u>	<u>211,997</u>
<u>Other expected credit losses</u>				
<u>and impairment</u>				
<u>allowances made/(written back):</u>				
Financial investments at FVOCI	27	1	49	(4)
Financial investments at amortised cost	(18)	145	(238)	(56)
Other receivables	(20)	(143)	(20)	(143)
Financing commitments and financial guarantees	2,292	(7,429)	(24,790)	(8,239)
	<u>2,281</u>	<u>(7,426)</u>	<u>(24,999)</u>	<u>(8,442)</u>
	<u>(51,805)</u>	<u>45,259</u>	<u>4,982</u>	<u>203,555</u>

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

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

	Company			
	2nd Quarter Ended		Six Months Ended	
	30-June-23	30-June-22	30-June-23	30-June-22
	RM'000	RM'000	RM'000	RM'000
<u>Expected credit losses</u>				
<u>on loans, advances</u>				
<u>and financing made/(written back)</u>				
Loans, financing and advances				
- Stage 1	(2)	123	(149)	202
- Stage 2	-	(966)	(1,905)	(7,136)
- Stage 3	3,588	3,961	6,924	3,719
Credit impaired loans, financing and advances:				
- Write-off	427	144	643	3,344
- Recovered	(243)	(67)	(9,420)	(2,039)
Loss on sale of loans	-	-	19,332	-
	<u>3,770</u>	<u>3,195</u>	<u>15,425</u>	<u>(1,910)</u>
<u>Other expected credit losses</u>				
<u>and impairment</u>				
<u>allowances made/(written back):</u>				
Amount due from subsidiaries	866	1,110	1,912	1,902
Financing commitments and financial guarantees	(2)	6	33	126
	<u>864</u>	<u>1,116</u>	<u>1,945</u>	<u>2,028</u>
	<u>4,634</u>	<u>4,311</u>	<u>17,370</u>	<u>118</u>

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

A22. Net other income

	Group			
	2nd Quarter Ended		Six Months Ended	
	30-June-23	30-June-22	30-June-23	30-June-22
	RM'000	RM'000	RM'000	RM'000
Rental income	18	17	62	17
Loan and financing related fees	4,173	3,353	7,262	7,688
Insurance commission	6,061	4,783	12,016	9,103
Ta'widh/penalty	5,486	3,488	10,575	4,791
Gain/(loss) from sale of financial investments at FVOCI	1,494	124	(12,797)	(8,367)
Gain/(loss) from sale of financial investments at FVTPL	5,233	(14,073)	6,537	(21,070)
(Loss)/gain on financial investments at FVTPL	(365)	1,047	671	2,083
(Loss)/gain on foreign exchange transactions	(463)	2,552	(2,015)	6,864
CAKNA scheme	91	-	268	-
Sundry income	1,667	10,451	3,793	11,649
(Loss)/gain from disposal of:				
Property and equipment	-	-	(4)	-
Foreclosed properties	16	(59)	16	(59)
Non-current assets held for sale	-	-	1,331	850
	23,411	11,683	27,715	13,549

	Company			
	2nd Quarter Ended		Six Months Ended	
	30-June-23	30-June-22	30-June-23	30-June-22
	RM'000	RM'000	RM'000	RM'000
Rental income	954	974	1,910	1,925
Loan related fees	(159)	472	701	1,176
Insurance commission	2	13	4	22
Penalty	2,601	2,028	5,012	2,179
Gain/(loss) from disposal of foreclosed properties	16	(59)	16	(59)
Sundry income	445	2,325	(15)	1,847
Dividend income	-	162,839	440,828	162,839
	3,859	168,592	448,456	169,929

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

A23. Other operating expenses

	Group			
	2nd Quarter Ended		Six Months Ended	
	30-June-23	30-June-22	30-June-23	30-June-22
	RM'000	RM'000	RM'000	RM'000
Personnel expenses *	98,093	67,532	178,322	151,751
Establishment related expenses	40,415	42,462	80,789	81,466
General administrative expenses	23,728	13,475	13,961	29,792
Promotion and marketing related expenses	5,381	1,546	9,048	4,820
Commission fees	13,780	11,522	26,282	18,706
	181,397	136,537	308,402	286,535

	Company			
	2nd Quarter Ended		Six Months Ended	
	30-June-23	30-June-22	30-June-23	30-June-22
	RM'000	RM'000	RM'000	RM'000
Personnel expenses *	533	563	960	1,056
Establishment related expenses	190	330	520	690
General administrative expenses	3,078	2,163	3,818	3,007
Intercompany charges	1,909	2,983	3,817	5,965
Commission fees	-	6	-	15
	5,710	6,045	9,115	10,733

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

A23. Other operating expenses (continued)

Included in the other operating expenses:

	Group			
	2nd Quarter Ended		Six Months Ended	
	30-June-23	30-June-22	30-June-23	30-June-22
	RM'000	RM'000	RM'000	RM'000
Depreciation of property and equipment	10,028	10,020	19,334	18,160
Amortisation of intangible assets	10,236	10,160	20,766	19,986
Depreciation of right-of-use assets	5,813	5,391	12,318	10,848

Included in the other operating expenses:

	Company			
	2nd Quarter Ended		Six Months Ended	
	30-June-23	30-June-22	30-June-23	30-June-22
	RM'000	RM'000	RM'000	RM'000
Depreciation of property and equipment	116	116	232	232

* Personnel expenses

	Group			
	2nd Quarter Ended		Six Months Ended	
	30-June-23	30-June-22	30-June-23	30-June-22
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	73,776	50,456	132,059	111,097
Pension costs - Employees Provident Fund	10,767	8,248	20,126	18,381
Social security costs	664	487	1,292	952
Directors fees	1,025	1,281	1,911	2,438
Shariah Committee remuneration	223	125	360	256
Other staff related expenses	11,638	6,935	22,574	18,627
	98,093	67,532	178,322	151,751

* Personnel expenses

	Company			
	2nd Quarter Ended		Six Months Ended	
	30-June-23	30-June-22	30-June-23	30-June-22
	RM'000	RM'000	RM'000	RM'000
Directors fees	533	560	960	1,053
Other staff related expenses	-	3	-	3
	533	563	960	1,056

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

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.

Group	Principal	Credit	Risk
30-June-23	amount	equivalent	weighted
	RM'000	amount	amount
		RM'000	RM'000
Direct credit substitutes	17,014	17,014	17,014
Trade-related contingencies	61,267	30,634	30,634
Short term self liquidating trade related contingencies	57,706	11,541	11,541
Irrevocable commitments to extend credit:			
- one year or less	1,117,417	221,454	221,176
- over one year to five years	1,766,545	880,996	785,068
- over five years	465,209	232,604	232,604
Foreign exchange related contracts			
- one year or less	2,642,470	46,565	18,070
	<u>6,127,628</u>	<u>1,440,808</u>	<u>1,316,107</u>
Company	Principal	Credit	Risk
30-June-23	amount	equivalent	weighted
	RM'000	amount	amount
		RM'000	RM'000
Irrevocable commitments to extend credit:			
- over one year to five years	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

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

A24. Commitments and contingencies (continued)

Group	Principal amount	Credit equivalent amount	Risk weighted amount
31-Dec-22	RM'000	RM'000	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>
	Principal amount	Credit equivalent amount	Risk weighted amount
	RM'000	RM'000	RM'000
Company			
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>
(i) Capital Commitments		Group	
		30-June-23	31-Dec-22
		RM'000	RM'000
Property and equipment /intangible assets:			
Contracted but not provided for		11,471	16,329

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

A25. 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 months ended 30 June 2023						
<u>External:</u>						
Fund based income	405,177	168,737	119,080	16,794	(14,511)	695,277
Non-fund based income	5,296	5,096	6,365	(500)	-	16,257
	<u>410,473</u>	<u>173,833</u>	<u>125,445</u>	<u>16,294</u>	<u>(14,511)</u>	<u>711,534</u>
<u>Inter-segment:</u>						
Fund based income	(27,347)	-	(1,250)	54,818	(26,221)	-
Total revenue	<u>383,126</u>	<u>173,833</u>	<u>124,195</u>	<u>71,112</u>	<u>(40,732)</u>	<u>711,534</u>
Profit before zakat and tax	59,260	31,251	(3,349)	72,558	(4,738)	154,982
Taxation						(71,287)
Zakat						-
Net profit for the year						<u>83,695</u>
Segment assets	28,369,607	11,024,887	14,761,265	629,064	-	54,784,823
Tax recoverable						256,915
Deferred tax assets						70,201
Unallocated assets						<u>1,485,569</u>
Total assets						<u>56,597,508</u>
Segment liabilities	14,539,289	4,402,751	24,325,856	4,141,750	-	47,409,646
Provision for taxation and zakat						-
Deferred tax liabilities						11,810
Unallocated liabilities						<u>509,756</u>
Total liabilities						<u>47,931,212</u>

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)

(Incorporated in Malaysia)

A25. 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
Six months ended 30 June 2023						
<u>External:</u>						
Fund based income	800,716	323,978	236,883	20,974	(14,511)	1,368,040
Non-fund based income	10,237	8,775	(5,586)	436,388	(440,828)	8,986
	810,953	332,753	231,297	457,362	(455,339)	1,377,026
<u>Inter-segment:</u>						
Fund based income	-	-	-	54,818	(54,818)	-
Total revenue	810,953	332,753	231,297	512,180	(510,157)	1,377,026
Profit before zakat and tax	133,226	75,377	(31,250)	521,805	(459,742)	239,416
Taxation						(81,594)
Net profit for the year						157,822
Segment assets	28,369,607	11,024,887	14,761,265	629,064	-	54,784,823
Tax recoverable						256,915
Deferred tax assets						70,201
Unallocated assets						1,485,569
Total assets						56,597,508
Segment liabilities	14,539,289	4,402,751	24,325,856	4,141,750	-	47,409,646
Provision for taxation and zakat						40,106
Deferred tax liabilities						11,810
Unallocated liabilities						469,650
Total liabilities						47,931,212

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)

(Incorporated in Malaysia)

A25. 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 months ended 30 June 2022						
<u>External:</u>						
Fund based income	427,435	114,694	115,693	3,875	-	661,697
Non-fund based income	4,199	3,888	(12,855)	(659)	-	(5,427)
	<u>431,634</u>	<u>118,582</u>	<u>102,838</u>	<u>3,216</u>	<u>-</u>	<u>656,270</u>
<u>Inter-segment:</u>						
Fund based income	30,767	-	3,637	204,506	(238,910)	-
Total revenue	<u>462,401</u>	<u>118,582</u>	<u>106,475</u>	<u>207,722</u>	<u>(238,910)</u>	<u>656,270</u>
Profit before zakat and tax	121,710	62,163	28,653	162,640	(169,209)	205,957
Taxation						(63,737)
Zakat						75
Net profit for the year						<u>142,295</u>
Segment assets	26,815,539	8,700,008	13,299,422	50,516	-	48,865,485
Tax recoverable						428,133
Deferred tax assets						134,852
Unallocated assets						<u>1,425,079</u>
Total assets						<u>50,853,549</u>
Segment liabilities	26,450,061	5,848,162	8,786,640	277,285	-	41,362,148
Deferred tax liabilities						15,635
Unallocated liabilities						<u>919,433</u>
Total liabilities						<u>42,297,216</u>

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)

(Incorporated in Malaysia)

A25. 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
Six months ended 30 June 2022						
<u>External:</u>						
Fund based income	868,477	227,727	227,634	7,537	-	1,331,375
Non-fund based income	7,715	9,026	(27,308)	10	-	(10,557)
	<u>876,192</u>	<u>236,753</u>	<u>200,326</u>	<u>7,547</u>	<u>-</u>	<u>1,320,818</u>
<u>Inter-segment:</u>						
Fund based income	61,638	-	7,079	247,384	(316,101)	-
Total revenue	<u>937,830</u>	<u>236,753</u>	<u>207,405</u>	<u>254,931</u>	<u>(316,101)</u>	<u>1,320,818</u>
Profit before zakat and tax	170,448	69,081	42,613	174,438	(171,417)	285,163
Taxation						<u>(84,663)</u>
Net profit for the year						<u>200,500</u>
Segment assets	26,815,539	8,700,008	13,299,422	50,516	-	48,865,485
Tax recoverable						428,133
Deferred tax assets						134,852
Unallocated assets						<u>1,425,079</u>
Total assets						<u>50,853,549</u>
Segment liabilities	26,450,061	5,848,162	8,786,640	277,285	-	41,362,148
Deferred tax liabilities						15,635
Unallocated liabilities						<u>919,433</u>
Total liabilities						<u>42,297,216</u>

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

A26. Acquisition of property and equipment

	Group	
	30-June-23	31-Dec-22
	RM'000	RM'000
Additions		
Building	-	5,785
Building renovation	17,117	2,316
Furniture & equipment	1,812	744
Motor vehicles	-	317
Data processing equipment	2,589	7,428
Work in progress	-	525
	21,518	17,115

A27. 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	
	30-June-23	30-June-22
	RM'000	RM'000
Expenses		
Income attributable to depositor and others:		
- Profit expense paid on sukuk to EPF	20,956	13,277
- Profit expense paid on fixed deposits to EPF	22,180	18,226
Other overhead expenses:		88
- Rental paid	26	25

	Group	
	30-June-23	31-Dec-22
	RM'000	RM'000
Balances		
Sukuk MBSB-SC Murabahah:		
- Principal balance of Sukuk	742,608	840,183
- Accrued profit on sukuk due to EPF	5,832	6,365
Deposits from customers:		
- Term deposits from EPF	1,650,000	1,550,000
- Accrued profit on term deposits due to EPF	10,809	10,982
- Current account	-	6
Rental deposit	17	17

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

A27. Significant related party transactions (continued)

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

	Group	
	30-June-23	30-June-22
	RM'000	RM'000
Expenses		
Income attributable to depositors and others:		
- Profit expense to depositors	4,038	1,794
	<u>4,038</u>	<u>1,794</u>
	Group	
	30-June-23	31-Dec-22
	RM'000	RM'000
Balances		
Assets		
Cash and short-term funds	24,540	113,963
Deposits and placements with banks and other financial institutions	32	32
Liabilities		
Deposits and placements of banks and other financial institutions	13,255	594,773
	<u>13,255</u>	<u>594,773</u>

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

	Group	
	30-June-23	30-June-22
	RM'000	RM'000
Expense		
Income attributable to depositors and others:		
- Profit expense to depositors	262	-
	<u>262</u>	<u>-</u>
	Group	
	30-June-23	31-Dec-22
	RM'000	RM'000
Balances		
Deposit from customers	-	109,034
	<u>-</u>	<u>109,034</u>

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

A27. Significant related party transactions (continued)

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

	Group	
	30-June-23	30-June-22
	RM'000	RM'000
Expenses		
Income attributable to depositors and others:		
- Profit expense to depositors	2,102	1,400
Other overhead expenses:		
- Other expenses	3,601	4,306
	<hr/>	<hr/>
	Group	
	30-June-23	31-Dec-22
	RM'000	RM'000
Balances		
Deposits from customers	278,017	170,396
	<hr/>	<hr/>

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

A28. 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) dated 9 December 2020. The total risk-weighted assets are computed based on Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk.

The Capital Adequacy Framework for Islamic Banks (Capital Components) has provided for an optional transitional arrangement for regulatory capital treatment of expected credit losses ("ECL") provisions.

This 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'.

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

A28. Capital adequacy (continued)

	Group			
	with TA	without TA	with TA	without TA
	30-June-23	30-June-23	31-Dec-22	31-Dec-22
	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	1,492,913	1,492,913	2,102,482	2,102,482
Other reserves	(182,509)	(182,509)	(341,366)	(341,366)
	<u>8,508,472</u>	<u>8,508,472</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	(70,201)	(70,201)	(107,238)	(107,238)
Cumulative gains on financial investments at FVOCI	(18,395)	(18,395)	(10,856)	(10,856)
Intangible assets	(139,303)	(139,303)	(144,694)	(144,694)
Regulatory reserve	(69,320)	(69,320)	-	-
Total CET1 Capital	<u>8,063,222</u>	<u>8,063,222</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>8,063,222</u>	<u>8,063,222</u>	<u>8,548,365</u>	<u>8,548,365</u>
<u>Tier 2 Capital</u>				
Stage 1 and Stage 2 ECL allowances	490,223	490,223	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>1,790,223</u>	<u>1,790,223</u>	<u>1,752,361</u>	<u>1,752,361</u>
Total capital base	<u>9,853,445</u>	<u>9,853,445</u>	<u>10,300,726</u>	<u>10,300,726</u>
Breakdown of risk weighted assets in various categories of risk weights are as follows:				
	Group			
	with TA	without TA	with TA	without TA
	30-June-23	30-June-23	31-Dec-22	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
<u>Total risk weighted assets ("RWA")</u>				
- Credit risk	39,217,843	39,217,843	36,188,860	36,188,860
- Market risk	631,437	631,437	90,857	90,857
- Operational risk	2,765,614	2,765,614	2,862,186	2,862,186
Total RWA	<u>42,614,894</u>	<u>42,614,894</u>	<u>39,141,903</u>	<u>39,141,903</u>
<u>Capital adequacy ratios</u>				
CET 1 capital ratio	18.921%	18.921%	21.839%	21.839%
Tier 1 capital ratio	18.921%	18.921%	21.839%	21.839%
Total capital ratio	<u>23.122%</u>	<u>23.122%</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 Group. As at 30 June 2023, URIA risk weighted assets excluded from the Total Capital Ratio calculation amounted to RM814.0 mil (31 December 2022: RM2,011.5 mil).

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

PERFORMANCE REVIEW FOR THE FIRST QUARTER ENDED 30 JUNE 2023

B1. Performance review of the Group

(a) Income statement

Current Year Quarter vs Preceding Year Corresponding Quarter

	Current	Preceding	Changes	
	Year	Year		
	Quarter	Corresponding		
	30-June-23, 2Q23	30-June-22, 2Q22	RM'000	%
	RM'000	RM'000		
Revenue	711,534	656,270	55,264	8.4%
Other operating expenses	(181,397)	(136,537)	(44,860)	-32.9%
Net income (<i>excluding ECL</i>)	284,574	387,753	(103,179)	-26.6%
Expected credit losses on loans, financing and advances and other impairment	51,805	(45,259)	97,064	>-100%
Profit before tax	154,982	205,957	(50,975)	24.8%
Profit after tax	83,695	142,295	(58,600)	41.2%
Profit attributable to ordinary equity holders of the Parent	83,695	142,295	(58,600)	41.2%
Cost to income ratio	63.7%	35.2%		

Current Year Quarter vs Immediate Preceding Quarter

	Current	Preceding	Changes	
	Year	Quarter		
	Quarter	Quarter		
	30-June-23, 2Q23	31-Mar-23, 1Q23	RM'000	%
	RM'000	RM'000	RM'000	
Revenue	711,534	665,492	46,042	6.9%
Other operating expenses	(181,397)	(127,005)	(54,392)	-42.8%
Net income (<i>excluding ECL</i>)	284,574	268,226	16,348	6.1%
Expected credit losses on loans, financing and advances and other impairment	51,805	(56,787)	108,592	>-100%
Profit before tax	154,982	84,434	70,548	83.6%
Profit after tax	83,695	74,127	9,568	12.9%
Profit attributable to ordinary equity holders of the Parent	83,695	74,127	9,568	12.9%
Cost to income ratio	63.7%	47.4%		

During the quarter, the Group reported a profit before tax ("PBT") of RM155.0 mil with revenue of RM711.5 mil, operating expenses ("OPEX") of RM181.4 mil and net writeback on impairment allowance of RM51.8 mil.

The Group recorded higher OPEX compared to 2Q22 and 1Q23 mainly due to a higher personnel expenses. The Group recorded net writeback on impairment allowance due to overall improvement to the staging of customers.

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

B1. Performance review of the Group (continued)

(b) Contribution of major subsidiary of the Group

	Group Current Year Quarter 30-June-23, 2Q23 RM'000	MBSB Bank Current Year Quarter 30-June-23, 2Q23 RM'000	Contribution (without elimination)
Total assets	56,597,508	57,319,190	>100%
Total equity	8,666,296	7,609,026	87.8%
Profit before tax	154,982	170,967	>100%
Profit after tax	83,695	146,687	>100%
Gross return on equity	7.03%	8.97%	
Gross return on assets	1.11%	1.21%	

	Group Preceding Year Corresponding Quarter 30-June-22, 2Q22 RM'000	MBSB Bank Preceding Year Corresponding Quarter 30-June-22, 2Q22 RM'000	Contribution (without elimination)
Total assets	50,853,549	51,419,767	>100%
Total equity	8,556,333	6,241,877	73.0%
Profit before tax	205,957	205,266	99.7%
Profit after tax	142,295	164,882	>100%
Gross return on equity	9.56%	12.87%	
Gross return on assets	1.62%	1.60%	

	Group Preceding Quarter 31-Mar-23, 1Q23 RM'000	MBSB Bank Preceding Quarter 31-Mar-23, 1Q23 RM'000	Contribution (without elimination)
Total assets	55,268,836	55,885,718	>100%
Total equity	8,547,014	7,426,752	86.9%
Profit before tax	27,280	113,712	>100%
Profit after tax	16,973	102,337	>100%
Gross return on equity	1.25%	6.04%	
Gross return on assets	0.20%	0.82%	

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

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

B2. Prospects for the Group

Outlook for 2023

The World Bank Group forecast a global economic slowdown in 2023, with a predicted growth of 2.1% in its latest June 2023 forecast. In line with this trend, Malaysia's economy is expected to also moderate to 4.3% compared to 8.7% in 2022.

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 premium corporates to facilitate financing growth.

In achieving our goals, we are taking various initiatives which include improving our cost of funds via increasing of CASA deposits to remain competitive in terms of pricing. We will continue to drive the growth in financing through relationship-based partnership and providing innovative and personalised services.

The impending proposed merger with Malaysian Industrial Development Finance Bhd (“MIDF”) 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 that extends beyond MBSB Bank and MIDF’s pool of existing customers.

B3. Variance from profit forecast

Not applicable

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

B4. Taxation

	Group			
	2nd Quarter Ended		Six Months Ended	
	30-June-23	30-June-22	30-June-23	30-June-22
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current income tax	39,606	71,050	48,758	93,326
Over provision in prior years	47,672	-	35,949	-
	<u>87,278</u>	<u>71,050</u>	<u>84,707</u>	<u>93,326</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	(15,991)	(7,313)	(3,113)	(8,663)
	<u>(15,991)</u>	<u>(7,313)</u>	<u>(3,113)</u>	<u>(8,663)</u>
Total income tax expense	<u>71,287</u>	<u>63,737</u>	<u>81,594</u>	<u>84,663</u>
	Company			
	2nd Quarter Ended		Six Months Ended	
	30-June-23	30-June-22	30-June-23	30-June-22
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current income tax	15	364	(10)	2,364
Over provision in prior years	1	-	(1,660)	-
	<u>16</u>	<u>364</u>	<u>(1,670)</u>	<u>2,364</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	-	3,442	-	3,479
	<u>-</u>	<u>3,442</u>	<u>-</u>	<u>3,479</u>
Total income tax expense	<u>16</u>	<u>3,806</u>	<u>(1,670)</u>	<u>5,843</u>

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

B5. Status of corporate proposals

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 Permodalan Nasional Berhad (“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.

B6. Borrowings and debts

Borrowings of the Group were as follows:

	30-June-23		
	Long term	Short term	Total
	RM'000	RM'000	borrowings
			RM'000
Secured			
Recourse obligation on financing sold	3,907,377	281,449	4,188,826
Sukuk-MBSB Structured Covered ("SC") Murabahah	500,122	239,246	739,368
Non secured			
Sukuk Wakalah	1,592,376	4,781	1,597,157
	31-Dec-22		
	Long term	Short term	Total
	RM'000	RM'000	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

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

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			
	2nd Quarter Ended		Six Months Ended	
	30-June-23	30-June-22	30-June-23	30-June-22
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to shareholders for the period (RM'000)	83,695	142,295	157,822	200,500
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)	1.17	1.98	2.20	2.80
	Company			
	2nd Quarter Ended		Six Months Ended	
	30-June-23	30-June-22	30-June-23	30-June-22
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to shareholders for the period (RM'000)	(4,865)	160,871	429,154	166,072
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)	(0.07)	2.24	5.98	2.32

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)
Practising Certificate No.: 202308000225

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

Company Secretaries
 Petaling Jaya

30 August 2023