

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

INTERIM FINANCIAL STATEMENTS  
OF THE GROUP AND OF THE COMPANY  
FOR THE 1ST QUARTER ENDED 31 MARCH 2023

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023**

	Note	Group		Company	
		31-Mar-23 RM'000	31-Dec-22 RM'000	31-Mar-23 RM'000	31-Dec-22 RM'000
<b>Assets</b>					
Cash and short-term funds	A7(a)	1,580,051	2,205,950	259,127	59,636
Deposits and placements with financial institutions	A7(b)	656,326	597,746	-	100,033
Derivative financial assets	A8	10,482	15,017	-	-
Financial investments at fair value through profit or loss	A9	1,280,931	240,357	-	-
Financial investments at fair value through other comprehensive income	A10	10,345,625	11,392,780	-	-
Financial investments at amortised cost	A11	1,946,014	1,625,792	-	-
Loans, financing and advances	A12	37,582,989	36,933,658	322,929	368,451
Tax recoverable		361,945	394,716	358,130	390,835
Non-current assets held for sale	A13	56,846	58,103	-	-
Trade and other receivables	A14	128,030	125,435	455,990	42,648
Statutory deposits with Bank Negara Malaysia		610,000	610,000	-	-
Investments in subsidiaries		-	-	6,558,436	6,558,436
Property and equipment		327,704	321,226	22,857	22,975
Right-of-use assets		25,504	26,743	-	-
Intangible assets		142,099	144,694	-	-
Goodwill		148,031	148,031	-	-
Investment property		820	820	-	-
Deferred tax assets		65,439	107,237	-	-
<b>Total assets</b>		<b>55,268,836</b>	<b>54,948,305</b>	<b>7,977,469</b>	<b>7,543,014</b>
<b>Liabilities</b>					
Deposits from customers	A15	30,106,952	28,957,135	-	-
Deposits and placements of banks and other financial institutions	A16	7,745,287	7,511,336	-	-
Investment accounts of customers	A17	956,219	2,080,767	-	-
Derivative financial liabilities	A8	3,644	23,470	-	-
Other payables	A18	1,080,938	519,439	662,323	50,624
Lease liabilities		26,057	27,334	-	-
Recourse obligation on financing sold		4,271,157	4,355,408	-	-
Sukuk-MBSB Structured Covered Murabahah		844,950	833,805	-	-
Sukuk Wakalah		1,616,963	1,596,912	-	-
Deferred tax liabilities		11,856	13,603	273	1,960
Provision for taxation		57,799	69,903	-	-
<b>Total liabilities</b>		<b>46,721,822</b>	<b>45,989,112</b>	<b>662,596</b>	<b>52,584</b>
<b>Equity</b>					
Ordinary share capital		7,198,068	7,198,068	7,198,068	7,198,068
Reserves		(218,096)	(341,366)	-	-
Retained earnings		1,567,042	2,102,491	116,805	292,362
<b>Total equity</b>		<b>8,547,014</b>	<b>8,959,193</b>	<b>7,314,873</b>	<b>7,490,430</b>
<b>Total liabilities and equity</b>		<b>55,268,836</b>	<b>54,948,305</b>	<b>7,977,469</b>	<b>7,543,014</b>
<b>Total Islamic banking assets</b>		<b>54,055,713</b>	<b>53,678,299</b>	<b>-</b>	<b>-</b>
<b>Commitments and contingencies</b>	A24	<b>5,030,699</b>	<b>5,134,111</b>	<b>6,912</b>	<b>9,782</b>
<b>Net assets per share attributable to ordinary equity of the Company (RM)</b>		<b>1.19</b>	<b>1.25</b>	<b>1.02</b>	<b>1.04</b>

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 FIRST QUARTER ENDED 31 MARCH 2023**

	Note	Group		Company	
		1st Quarter Ended		1st Quarter Ended	
		31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
		RM'000	RM'000	RM'000	RM'000
Revenue		665,492	664,548	445,567	7,108
Income derived from investment of deposits and Islamic capital funds	A19	671,005	668,070	-	-
Income attributable to depositors		(319,572)	(197,202)	-	-
Income attributable to securitisation		(41,201)	(35,002)	-	-
Income attributable to sukuk		(30,662)	(30,189)	-	-
Income attributable to wakalah unrestricted investment account		(17,407)	(13,359)	-	-
Net income from Islamic operations		262,163	392,318	-	-
Interest income	A20	1,759	2,277	3,877	6,396
Expected credit losses on loans, financing and advances and other impairment	A21	(56,787)	(158,296)	(12,736)	4,193
Net loss on modification of cash flows		-	(8,961)	-	-
Operating income/(expense)		207,135	227,338	(8,859)	10,589
Net other income	A22	4,304	1,866	444,597	1,337
Net income		211,439	229,204	435,738	11,926
Other operating expenses	A23	(127,005)	(149,998)	(3,405)	(4,688)
Profit before taxation and zakat		84,434	79,206	432,333	7,238
Taxation		(10,307)	(20,926)	1,686	(2,037)
Zakat		-	(75)	-	-
Profit for the financial period		74,127	58,205	434,019	5,201
Earnings per share (sen)					
Basic		1.03	0.81	6.05	0.07
Profit for the financial period		74,127	58,205	434,019	5,201
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		123,270	(147,411)	-	-
- Net profit/(loss) from change in fair values		176,482	(185,469)	-	-
- Realised loss transferred to statements of income on disposal		(14,291)	(8,491)	-	-
- Transfer (to)/from deferred tax		(38,921)	46,549	-	-
Other comprehensive income/(expense), net of tax:		123,270	(147,411)	-	-
<b>Total comprehensive income/(expense) for the financial period</b>		197,397	(89,206)	434,019	5,201

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 FIRST QUARTER ENDED 31 MARCH 2023**

Group	← Non-distributable →		Distributable	Total RM'000
	Share Capital RM'000	Fair Value Reserves RM'000	Retained Profits RM'000	
<b>At 1 January 2023</b>	7,198,068	(341,366)	2,102,491	8,959,193
Profit for the period	-	-	74,127	74,127
Other comprehensive loss for the financial period				
- net changes in fair value	-	176,482	-	176,482
- realised loss transferred to statements of income on disposal	-	(14,291)	-	(14,291)
- income tax relating to component of other comprehensive income	-	(38,921)	-	(38,921)
	-	123,270	-	123,270
Dividends	-	-	(609,576)	(609,576)
<b>At 31 March 2023</b>	<b>7,198,068</b>	<b>(218,096)</b>	<b>1,567,042</b>	<b>8,547,014</b>
<b>At 1 January 2022</b>	7,198,068	(161,046)	1,642,303	8,679,325
Profit for the period	-	-	58,205	58,205
Other comprehensive loss for the financial period				
- net changes in fair value	-	(185,469)	-	(185,469)
- realised loss transferred to statements of income on disposal	-	(8,491)	-	(8,491)
- income tax relating to component of other comprehensive income	-	46,549	-	46,549
	-	(147,411)	-	(147,411)
<b>At 31 March 2022</b>	<b>7,198,068</b>	<b>(308,457)</b>	<b>1,700,508</b>	<b>8,590,119</b>

Company	Non-distributable	Distributable	Total RM'000
	Share Capital RM'000	Retained Profits RM'000	
<b>At 1 January 2022</b>	7,198,068	292,362	7,490,430
Profit for the period	-	434,019	434,019
Dividends	-	(609,576)	(609,576)
<b>At 31 March 2023</b>	<b>7,198,068</b>	<b>116,805</b>	<b>7,314,873</b>
<b>At 1 January 2022</b>	7,198,068	72,616	7,270,684
Profit for the period	-	5,201	5,201
<b>At 31 March 2022</b>	<b>7,198,068</b>	<b>77,817</b>	<b>7,275,885</b>

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 CASH FLOWS**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2023**

	<b>Group</b>		<b>Company</b>	
	<b>31-Mar-23</b>	<b>31-Mar-22</b>	<b>31-Mar-23</b>	<b>31-Mar-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>				
Profit before taxation	84,434	79,206	432,333	7,238
Adjustments for non-cash items	47,430	134,349	12,852	(4,077)
Operating profit before working capital changes	131,864	213,555	445,185	3,161
Working capital changes:				
Net changes in operating assets	(774,851)	(236,839)	(246,096)	36,440
Net changes in operating liabilities	207,445	48,116	402	(216,514)
Cash generated from/(used in) operations	(435,542)	24,832	199,491	(176,913)
Income taxes and zakat refunded/(paid)	11,468	(12,561)	-	-
Net cash generated from/(used in) operating activities	(424,074)	12,271	199,491	(176,913)
<b>Cash flows from investing activities</b>				
Purchase of property and equipment	(15,788)	(7,794)	-	-
Purchase of intangible assets	(7,935)	(3,550)	-	-
Net purchase of financial investments	(46,420)	(825,808)	-	-
Net cash used in investing activities	(70,143)	(837,152)	-	-

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 CASH FLOWS**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2023 (CONTINUED)**

	<b>Group</b>		<b>Company</b>	
	<b>31-Mar-23</b>	<b>31-Mar-22</b>	<b>31-Mar-23</b>	<b>31-Mar-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from financing activities</b>				
Net issuance of recourse obligation on financing sold	(83,936)	953,634	-	-
Profit expense paid - recourse obligation on financing sold	(41,516)	(29,006)	-	-
Proceeds of Sukuk - MBSB SC Murabahah	532	535	-	-
Profit expense paid - Sukuk Wakalah	(225)	(186)	-	-
Payment of lease liabilities	(6,537)	(5,722)	-	-
Net cash (used in)/generated from financing activities	(131,682)	919,255	-	-
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(625,899)</b>	<b>94,374</b>	<b>199,491</b>	<b>(176,913)</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>2,205,950</b>	<b>654,839</b>	<b>59,636</b>	<b>230,013</b>
<b>Cash and cash equivalents at end of financial period (Note A7(a))</b>	<b>1,580,051</b>	<b>749,213</b>	<b>259,127</b>	<b>53,100</b>
<b>Cash and cash equivalents is represented by:</b>				
Cash and short-term funds	1,580,051	749,213	259,127	53,100

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 FIRST QUARTER ENDED 31 MARCH 2023**  
**PART A - EXPLANATORY NOTES PURSUANT TO MFRS134**

**A1. Basis of preparation**

The unaudited condensed interim financial statements for the financial quarter ended 31 March 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.

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

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

- (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 cyclical 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.

	<b>31-Mar-23</b>	<b>31-Dec-22</b>
Number of ordinary shares ('000)	7,171,484	7,171,484
Share Capital (RM'000)	7,198,068	7,198,068

**A6. Dividend**

On 20 March 2023, the Company announced 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 shares in issue of 7,171,483,803 ordinary shares as at 31 December 2022, the dividend payable would be RM609,576,123.

The dividend was paid on 17 April 2023.





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

	<b>Group</b>	
	<b>31-Mar-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Money Market Instruments</b>		
<u>In Malaysia</u>		
Private mandate investments	240,357	240,357
Malaysian Government Investment Issues	1,040,574	-
	<u>1,280,931</u>	<u>240,357</u>

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

	<b>Group</b>	
	<b>31-Mar-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Money Market Instruments</b>		
Malaysian Government Investment Issues	<u>7,350,366</u>	<u>8,479,600</u>
<b>Debt securities:</b>		
<u>In Malaysia</u>		
Private and Islamic debt securities	1,221,420	1,021,894
Government Guaranteed debt securities	1,773,839	1,891,286
	<u>10,345,625</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:

	<b>Group</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2023	10	-	-	10
Total charge to profit or loss:	22	-	-	22
New financial investments purchased during the period	25	-	-	25
Change in credit risk	(3)	-	-	(3)
At 31 March 2023	<u>32</u>	<u>-</u>	<u>-</u>	<u>32</u>

	<b>Group</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2022	14	-	-	14
Total reversal to profit or loss:	(4)	-	-	(4)
Matured financial investments during the year	(4)	-	-	(4)
At 31 December 2022	<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**

	<b>Group</b>	
	<b>31-Mar-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
<b>Money Market Instruments</b>		
Malaysian Government Investment Issues	512,532	378,302
<u>In Malaysia</u>		
Private and Islamic debt securities	1,359,049	1,183,318
Government Guaranteed corporate sukuk	75,320	65,279
	<u>1,946,901</u>	<u>1,626,899</u>
Less: ECL		
- Stage 1	(672)	(868)
- Stage 2	(215)	(239)
	<u>1,946,014</u>	<u>1,625,792</u>

ECL movement for financial investments at amortised cost:

	<b>Group</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2023	868	239	-	1,107
Total reversal to profit or loss	(196)	(24)	-	(220)
Changes in credit risk	(196)	(24)	-	(220)
At 31 March 2023	<u>672</u>	<u>215</u>	<u>-</u>	<u>887</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 year	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**

	<b>Group</b>		<b>Company</b>	
	<b>31-Mar-23</b>	<b>31-Dec-22</b>	<b>31-Mar-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(i) By type</b>				
<b>At amortised cost</b>				
<i>Islamic:</i>				
Term financing:				
Personal financing	18,994,093	19,154,239	-	-
Property financing	8,647,697	8,393,470	-	-
Industrial hire purchase	746,619	718,549	-	-
Bridging financing	484,781	450,897	-	-
Auto financing	38,365	45,128	-	-
Other term financing	5,693,441	5,545,096	-	-
Revolving credit	1,599,037	1,614,785	-	-
Trade finance	2,173,694	1,827,761	-	-
Cashline	151,335	141,846	-	-
Staff financing	37,815	38,854	-	-
<i>Conventional:</i>				
End finance:				
Normal housing programme	61,937	62,799	61,937	62,799
Low cost housing programme	379	390	379	390
Other term financing	344,025	387,798	344,025	387,798
Bridging financing	178,487	178,079	178,487	178,079
Gross loans, financing and advances	39,151,705	38,559,691	584,828	629,066
Less: ECL				
- Stage 1	(246,144)	(293,979)	(1,075)	(1,222)
- Stage 2	(252,808)	(337,893)	(1,588)	(3,493)
- Stage 3	(1,069,764)	(994,161)	(259,236)	(255,900)
Net loans, financing and advances	37,582,989	36,933,658	322,929	368,451
<b>(ii) By maturity structure</b>				
	<b>Group</b>		<b>Company</b>	
	<b>31-Mar-23</b>	<b>31-Dec-22</b>	<b>31-Mar-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Within one year	4,928,389	4,603,494	294,635	293,422
More than one year to three years	1,837,042	1,769,468	1,222	47,980
More than three years to five years	2,091,600	2,147,521	2,978	2,809
More than five years	30,294,674	30,039,208	285,993	284,855
	39,151,705	38,559,691	584,828	629,066

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

**(iii) By economic purpose**

	<b>Group</b>		<b>Company</b>	
	<b>31-Mar-23</b>	<b>31-Dec-22</b>	<b>31-Mar-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Personal Use	19,075,783	19,238,349	-	-
Construction	3,776,603	3,814,915	258,950	257,998
Purchase of landed property:				
- Residential	8,487,533	8,244,951	274,327	273,325
- Non-Residential	1,051,864	973,465	50,465	50,241
Working Capital	5,655,571	5,226,617	-	46,430
Purchase of other fixed assets	1,051,146	1,004,160	1,086	1,072
Purchase of transport vehicles	49,628	53,642	-	-
Purchase of other securities	364	369	-	-
Purchase of consumer durables	106	107	-	-
Others	3,107	3,116	-	-
	<b>39,151,705</b>	<b>38,559,691</b>	<b>584,828</b>	<b>629,066</b>

**(iv) By type of customers**

	<b>Group</b>		<b>Company</b>	
	<b>31-Mar-23</b>	<b>31-Dec-22</b>	<b>31-Mar-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Domestic business enterprises				
- Small medium enterprises	3,405,782	3,101,506	445,597	443,202
- Non-bank financial institutions	1,467,188	1,422,819	-	-
- Others	6,451,460	6,302,335	94,123	140,241
Individuals:				
- Malaysian nationals	27,691,639	27,605,351	45,108	45,623
- Foreign nationals	135,636	127,680	-	-
	<b>39,151,705</b>	<b>38,559,691</b>	<b>584,828</b>	<b>629,066</b>

**(v) By sector**

	<b>Group</b>		<b>Company</b>	
	<b>31-Mar-23</b>	<b>31-Dec-22</b>	<b>31-Mar-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Household sectors	27,692,455	27,606,187	45,108	45,623
Construction	3,552,968	3,491,218	297,712	296,684
Finance, insurance and business services	3,440,413	3,398,089	3,415	3,425
Wholesale & retail trade and restaurants & hotels	1,247,494	1,087,502	2,983	3,033
Manufacturing	1,202,985	1,139,674	4,472	50,892
Electricity, gas and water	910,540	911,234	-	-
Transport, storage and communications	328,234	339,613	1,145	1,207
Agriculture	114,242	47,635	-	-
Mining and quarrying	176,534	65,077	-	-
Education, health and others	485,840	473,462	229,993	228,202
	<b>39,151,705</b>	<b>38,559,691</b>	<b>584,828</b>	<b>629,066</b>

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**A12. Loans, financing and advances (continued)**

**(vi) By profit/interest rate sensitivity**

	<b>Group</b>		<b>Company</b>	
	<b>31-Mar-23</b>	<b>31-Dec-22</b>	<b>31-Mar-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fixed rate:				
Personal financing	14,309,512	14,704,766	-	-
Bridging, structured and term financing	770,141	771,881	-	-
Mortgage and property Islamic	370,159	379,062	123	121
Auto finance	40,497	47,105	-	-
Variable rate:				
Personal financing	4,692,273	4,457,222	-	-
Bridging, structured and term financing	10,601,277	10,092,931	522,511	565,877
Mortgage and property Islamic	8,367,846	8,106,724	62,194	63,068
	<b>39,151,705</b>	<b>38,559,691</b>	<b>584,828</b>	<b>629,066</b>

**(vii) By geographical distribution**

	<b>Group</b>		<b>Company</b>	
	<b>31-Mar-23</b>	<b>31-Dec-22</b>	<b>31-Mar-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysia	39,151,705	38,559,691	584,828	629,066
	<b>39,151,705</b>	<b>38,559,691</b>	<b>584,828</b>	<b>629,066</b>

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

<b>31-Mar-23</b>	<b>Group</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January	33,407,228	2,545,238	2,607,225	38,559,691
Transfer to Stage 1	258,133	(249,776)	(8,357)	-
Transfer to Stage 2	(364,380)	439,578	(75,198)	-
Transfer to Stage 3	(32,242)	(309,018)	341,260	-
New financing/disbursement during the period	3,604,887	46,094	802	3,651,783
Repayment during the period	(2,803,538)	(136,617)	(38,215)	(2,978,370)
Other movements	9,078	4,720	29,788	43,586
Reclassification from non-current assets held for sale	-	-	11,457	11,457
Write-offs	-	(54)	(136,388)	(136,442)
As at 31 March	<b>34,079,166</b>	<b>2,340,165</b>	<b>2,732,374</b>	<b>39,151,705</b>

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**A12. Loans, financing and advances (continued)**

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

**31-Mar-23**

	<b>Company</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January	36,972	54,471	537,623	629,066
Transfer to Stage 1	139	(139)	-	-
Transfer to Stage 2	(2,392)	2,767	(375)	-
Transfer to Stage 3	(659)	(1,848)	2,507	-
New financing / disbursement during the year	18	-	-	18
Repayment during the period	(392)	(46,638)	(520)	(47,550)
Other movements	86	16	3,192	3,294
As at 31 March	<b>33,772</b>	<b>8,629</b>	<b>542,427</b>	<b>584,828</b>

**31-Dec-22**

	<b>Group</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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	<b>33,407,228</b>	<b>2,545,238</b>	<b>2,607,225</b>	<b>38,559,691</b>

**31-Dec-22**

	<b>Company</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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	<b>36,972</b>	<b>54,471</b>	<b>537,623</b>	<b>629,066</b>

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**A12. Loans, financing and advances (continued)**

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

31-Mar-23	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	293,979	337,893	994,161	1,626,033
(Reversal)/charged to profit or loss	(47,835)	(85,075)	200,520	67,610
Changes in the ECL due to transfer within stages:				
- Transfer to Stage 1	20,618	(17,711)	(2,907)	-
- Transfer to Stage 2	(3,509)	56,553	(53,044)	-
- Transfer to Stage 3	(154)	(82,471)	82,625	-
New financing/disbursement during the period	18,522	2,619	295	21,436
Repayment during the period	(92,225)	(107,174)	(18,845)	(218,244)
Changes in credit risk parameters #	8,913	63,109	192,396	264,418
Reclassification to non-current assets held for sale	-	-	10,893	10,893
Write-offs	-	(10)	(135,810)	(135,820)
As at 31 March	246,144	252,808	1,069,764	1,568,716
31-Mar-23	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	1,222	3,493	255,900	260,615
Reversal to profit or loss	(147)	(1,905)	3,336	1,284
Changes in the ECL due to transfer within stages:				
- Transfer to Stage 1	17	(17)	-	-
- Transfer to Stage 2	(77)	330	(253)	-
- Transfer to Stage 3	(23)	(512)	535	-
Repayment during the year	(92)	(2,442)	(501)	(3,035)
Changes in credit risk parameters #	28	736	3,555	4,319
Write-offs	-	-	-	-
As at 31 March	1,075	1,588	259,236	261,899



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

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

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.

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**A12. Loans, financing and advances (continued)**

**(x) Movements of impaired loans, financing and advances**

	<b>Group</b>		<b>Company</b>	
	<b>31-Mar-23</b>	<b>31-Dec-22</b>	<b>31-Mar-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January	2,607,225	1,666,104	537,623	702,575
Classified as impaired during the period	342,062	1,190,394	2,507	7,044
Reclassified as non-impaired	(83,555)	(54,270)	(375)	(679)
Amount recovered	(38,215)	(146,750)	(520)	(22,148)
Other movements	29,788	188,413	3,192	8,220
Refinancing to MBSB Bank	-	-	-	(130,239)
Reclassification from non-current assets held for sale	11,457	12,214	-	-
Amount written off	(136,388)	(248,880)	-	(27,150)
Balance as at end of financial period	<u>2,732,374</u>	<u>2,607,225</u>	<u>542,427</u>	<u>537,623</u>
Less: ECL stage 3	<u>(1,069,764)</u>	<u>(994,161)</u>	<u>(259,236)</u>	<u>(255,900)</u>
Net impaired loans, financing and advances	<u>1,662,610</u>	<u>1,613,064</u>	<u>283,191</u>	<u>281,723</u>
Net impaired loans as a percentage of net financing and advances	<u>4.42%</u>	<u>4.37%</u>	<u>87.69%</u>	<u>76.46%</u>
Gross impaired loans as a percentage of gross financing and advances	<u>6.98%</u>	<u>6.76%</u>	<u>92.75%</u>	<u>85.46%</u>

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

	<b>Group</b>		<b>Company</b>	
	<b>31-Mar-23</b>	<b>31-Dec-22</b>	<b>31-Mar-23</b>	<b>31-Dec-22</b>
Personal use	166,780	212,962	-	-
Construction	1,383,792	1,237,733	258,950	257,998
Purchase of landed property:				
- Residential	513,816	498,801	246,284	243,451
- Non-Residential	319,170	315,136	36,107	35,102
Working capital	321,639	311,709	-	-
Purchase of other fixed assets	23,159	25,816	1,086	1,072
Purchase of transport vehicles	3,979	4,866	-	-
Others	39	202	-	-
	<u>2,732,374</u>	<u>2,607,225</u>	<u>542,427</u>	<u>537,623</u>

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

**(xii) Impaired loans, financing and advances by sector**

	Group		Company	
	31-Mar-23 RM'000	31-Dec-22 RM'000	31-Mar-23 RM'000	31-Dec-22 RM'000
Household sector	466,519	502,986	18,070	16,594
Construction	1,219,837	1,074,926	293,414	292,328
Finance, insurance and business services	203,182	195,691	1,037	884
Manufacturing	238,256	233,941	292	-
Mining and quarrying	494	511	-	-
Wholesale & retail trade and restaurants & hotels	290,339	286,095	-	-
Transport, storage and communications	335	358	-	-
Education, health and others	313,412	312,717	229,614	227,817
	<u>2,732,374</u>	<u>2,607,225</u>	<u>542,427</u>	<u>537,623</u>

**A13. Non-current assets held for sale**

	Group	
	31-Mar-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	
	31-Mar-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
<b>By economic purpose:</b>		
Purchase of residential properties	-	11,233
Purchase of other fixed assets	-	136
Purchase of transport vehicles	-	43
Others	-	45
	<u>-</u>	<u>11,457</u>

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

(b) Other assets held for sale

	<b>Group</b>	
	<b>31-Mar-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
Inventories	56,846	56,846
Property and equipment	-	260
Right-of-use assets	-	433
	<b>56,846</b>	<b>57,539</b>

**A14. Trade and other receivables**

	<b>Group</b>		<b>Company</b>	
	<b>31-Mar-23</b>	<b>31-Dec-22</b>	<b>31-Mar-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Non trade:</u>				
Amount due from MBSB Bank	-	-	413,752	-
Amount due from other subsidiaries	-	-	54,912	53,863
Foreclosed properties	41,238	41,238	41,238	41,238
Prepayments and deposits	12,528	16,364	-	-
Public Low Cost Housing Programme ("PLCHP")	-	23	-	23
Deferred expenses	43,678	41,706	-	-
Sundry receivables	30,598	26,239	1,000	1,387
	<b>128,042</b>	<b>125,570</b>	<b>510,902</b>	<b>96,511</b>
<u>Trade:</u>				
Trade receivable	56	56	-	-
	<b>128,098</b>	<b>125,626</b>	<b>510,902</b>	<b>96,511</b>
Less: ECL				
- Non trade	(12)	(135)	(54,912)	(53,863)
- Trade	(56)	(56)	-	-
	<b>128,030</b>	<b>125,435</b>	<b>455,990</b>	<b>42,648</b>

**MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)**  
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**A15. Deposits from customers**

**(i) By type of deposits:**

	<b>Group</b>	
	<b>31-Mar-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
Commodity Murabahah Term Deposits	27,769,291	26,749,347
Demand deposits	1,592,218	1,473,237
Savings deposits	745,443	734,551
	<u>30,106,952</u>	<u>28,957,135</u>

**(ii) Maturity of term deposits from customers:**

	<b>Group</b>	
	<b>31-Mar-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
Within six months	20,458,495	19,627,347
More than six months to one year	4,435,157	4,421,626
More than one year to three years	1,501,355	1,266,438
More than three years	1,374,284	1,433,936
	<u>27,769,291</u>	<u>26,749,347</u>

**(iii) By type of customers:**

	<b>Group</b>	
	<b>31-Mar-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
Government and statutory bodies	14,865,993	15,232,596
Business enterprises	9,972,700	8,909,664
Individuals	5,268,259	4,814,875
	<u>30,106,952</u>	<u>28,957,135</u>

**(iv) By type of contract:**

	<b>Group</b>	
	<b>31-Mar-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
Tawarruq	30,106,952	28,957,135
	<u>30,106,952</u>	<u>28,957,135</u>

**MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)**  
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**A16. Deposits and placements of banks and other financial institutions**

**(i) By type of deposits:**

	<b>Group</b>	
	<b>31-Mar-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Non-Mudharabah Funds:</u>		
-Licensed Investment Banks	129,575	779
-Licensed Commercial Banks	1,012	-
-Licensed Islamic Banks	1,091,034	1,121,734
-Other financial institutions	6,523,666	6,388,823
	<u>7,745,287</u>	<u>7,511,336</u>

**(ii) By type of contract:**

	<b>Group</b>	
	<b>31-Mar-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
Tawarruq	<u>7,745,287</u>	<u>7,511,336</u>
	<u>7,745,287</u>	<u>7,511,336</u>

**A17. Investment accounts of customers**

	<b>Group</b>	
	<b>31-Mar-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
Wakalah unrestricted investment account	<u>956,219</u>	<u>2,080,767</u>

The investment account placements are used to fund personal financing.

**(i) By type of customers:**

	<b>Group</b>	
	<b>31-Mar-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
Government and statutory bodies	805,461	1,626,676
Other financial institutions	150,758	454,091
	<u>956,219</u>	<u>2,080,767</u>

**(ii) Movement of investment accounts of customers:**

	<b>Group</b>	
	<b>31-Mar-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of the financial period	2,080,767	2,094,914
New placement during the financial period	2,196,755	5,795,123
Redemption during the financial period	(3,315,542)	(5,809,189)
Finance expense	17,407	52,685
Profit distributed	(23,168)	(52,766)
At end of financial period	<u>956,219</u>	<u>2,080,767</u>

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**A17. Investment accounts of customers (continued)**

**(iii) By Maturity:**

	<b>Group</b>	
	<b>31-Mar-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
Due within six months	950,598	1,926,610
More than six months to one year	5,621	154,157
	<u>956,219</u>	<u>2,080,767</u>

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

**31-March-23**

	<b>Investment</b>	<b>Group</b>
	<b>Account</b>	
	<b>Holder</b>	<b>Performance</b>
	<b>Average</b>	<b>incentive fee</b>
	<b>ROR</b>	<b>%</b>
	<b>%</b>	<b>%</b>
Unrestricted investment accounts:		
Due within six months	2.54	4.84
More than six months to one year	2.76	4.62

**31-Dec-22**

	<b>Investment</b>	<b>Group</b>
	<b>Account</b>	
	<b>Holder</b>	<b>Performance</b>
	<b>Average</b>	<b>incentive fee</b>
	<b>ROR</b>	<b>%</b>
	<b>%</b>	<b>%</b>
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**

	<b>Group</b>		<b>Company</b>	
	<b>31-Mar-23</b>	<b>31-Dec-22</b>	<b>31-Mar-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amount due to MBSB Bank	-	-	-	40,527
Sundry creditors	862,125	232,068	661,417	9,303
Al-Mudharabah security fund	127,293	132,944	-	-
ECL for commitments and contingencies (i)	25,688	52,772	457	422
Deferred income	1,413	1,314	-	-
Other provisions and accruals	64,419	100,341	449	372
	<u>1,080,938</u>	<u>519,439</u>	<u>662,323</u>	<u>50,624</u>

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**A18. Other payables (continued)**

**(i) ECL for commitments and contingencies**

Movement of ECL for commitments and contingencies are as follows:

<b>31-Mar-23</b>	<b>Group</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 January	15,277	32,440	5,055	52,772
Total reversal to profit or loss	(6,378)	(17,883)	(2,821)	(27,082)
Changes in ECL due to transfer within stages:				
- Transfer to Stage 1	1,827	(1,812)	(15)	-
- Transfer to Stage 2	(774)	812	(38)	-
- Transfer to Stage 3	(1)	(389)	390	-
New financing /disbursement during the period	1,691	5	-	1,696
Derecognised to loans/financing during the period (other than write-offs)	(822)	(410)	(3,553)	(4,785)
Changes in credit risk parameters #	(8,299)	(16,089)	395	(23,993)
Write off	-	-	(2)	(2)
As at 31 March	8,899	14,557	2,232	25,688
<b>31-Dec-22</b>				
	<b>Group</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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.



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**A18. Other payables (continued)**

**(i) ECL for commitments and contingencies (continued)**

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

31-Mar-23	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	131	69	222	422
Total (reversal)/charge to profit or loss	(58)	32	61	35
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 #	2	45	34	81
Write off	-	-	-	-
As at 31 March	73	101	283	457
31-Dec-22	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	174	59	26	259
Total (reversal)/charge to profit or loss	(43)	10	196	163
Changes in ECL due to transfer within stages:				
- Transfer to Stage 1	16	(16)	-	-
- Transfer to Stage 2	(8)	15	(7)	-
- Transfer to Stage 3	(3)	(32)	35	-
Derecognised/converted to loans/financing during the period (other than write-offs)	(16)	(5)	(7)	(28)
Changes in credit risk parameters #	(32)	48	175	191
Write off	-	-	-	-
As at 31 December	131	69	222	422

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

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

	<b>Group</b>	
	<b>1st Quarter Ended</b>	
	<b>31-Mar-23</b>	<b>31-Mar-22</b>
	<b>RM'000</b>	<b>RM'000</b>
Financing	543,298	546,851
Income from financial investments at FVOCI	90,907	102,849
Income from financial investments at amortised cost	20,898	8,413
Income from financial investments at FVTPL	4,974	2,370
Deposits with financial institutions	10,928	7,587
	<u>671,005</u>	<u>668,070</u>

**A20. Interest income**

	<b>Group</b>		<b>Company</b>	
	<b>1st Quarter Ended</b>		<b>1st Quarter Ended</b>	
	<b>31-Mar-23</b>	<b>31-Mar-22</b>	<b>31-Mar-23</b>	<b>31-Mar-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income from:				
- Loans and advances	1,759	2,270	2,627	2,954
- Deposits and placements with banks and other financial institutions	-	7	1,250	3,442
	<u>1,759</u>	<u>2,277</u>	<u>3,877</u>	<u>6,396</u>

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

	<b>Group</b>		<b>Company</b>	
	<b>1st Quarter Ended</b>		<b>1st Quarter Ended</b>	
	<b>31-Mar-23</b>	<b>31-Mar-22</b>	<b>31-Mar-23</b>	<b>31-Mar-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Expected credit losses</u>				
<u>on loans, advances</u>				
<u>and financing made/(written back)</u>				
Loans, financing and advances				
- Stage 1	(47,835)	17,700	(147)	79
- Stage 2	(85,075)	(11,056)	(1,905)	(6,170)
- Stage 3	200,520	150,869	3,336	(242)
Financing held for sale				
- Stage 3	-	377	-	-
Credit impaired loans, financing and advances:				
- Write-off	7,536	8,614	216	3,200
- Recovered	(10,411)	(7,192)	(9,177)	(1,972)
Loss on sale of loans	19,332	-	19,332	-
	<b>84,067</b>	<b>159,312</b>	<b>11,655</b>	<b>(5,105)</b>
<u>Other expected credit losses</u>				
<u>and impairment</u>				
<u>allowances made/(written back):</u>				
Financial investments at FVOCI	22	(5)	-	-
Financial investments at amortised cost	(220)	(201)	-	-
Amount due from subsidiaries	-	-	1,046	792
Financing commitments and financial guarantees	(27,082)	(810)	35	120
	<b>(27,280)</b>	<b>(1,016)</b>	<b>1,081</b>	<b>912</b>
	<b>56,787</b>	<b>158,296</b>	<b>12,736</b>	<b>(4,193)</b>

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**A22. Net other income**

	<b>Group</b>		<b>Company</b>	
	<b>1st Quarter Ended</b>		<b>1st Quarter Ended</b>	
	<b>31-Mar-23</b>	<b>31-Mar-22</b>	<b>31-Mar-23</b>	<b>31-Mar-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Rental income	44	-	956	951
Loan and financing related fees	3,089	4,335	860	704
Insurance commission	5,955	4,320	2	9
Ta'widh/penalty	5,089	1,303	2,411	151
Loss from sale of financial investments at FVOCI	(14,291)	(8,491)	-	-
Gain/(loss) from sale of financial investments at FVTPL	1,304	(6,997)	-	-
Gain on financial investments at FVTPL	1,036	1,036	-	-
Gain on foreign exchange transactions	2,988	4,312	-	-
Loss on proprietary trading	(4,540)	-	-	-
Sundry income/(expense)	2,126	1,198	(460)	(478)
Dividend income	-	-	440,828	-
Loss from disposal of:				
Property and equipment	(4)	-	-	-
Non-current assets held for sale	1,331	850	-	-
CAKNA scheme	177	-	-	-
	<b>4,304</b>	<b>1,866</b>	<b>444,597</b>	<b>1,337</b>

**A23. Other operating expenses**

	<b>Group</b>		<b>Company</b>	
	<b>1st Quarter Ended</b>		<b>1st Quarter Ended</b>	
	<b>31-Mar-23</b>	<b>31-Mar-22</b>	<b>31-Mar-23</b>	<b>31-Mar-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Personnel expenses *	80,229	84,219	427	493
Establishment related expenses	40,374	39,004	330	360
Promotion and marketing related expenses	3,667	3,274	-	-
General administrative expenses	(9,767)	16,317	740	844
Intercompany charges	-	-	1,908	2,982
Commission fees	12,502	7,184	-	9
	<b>127,005</b>	<b>149,998</b>	<b>3,405</b>	<b>4,688</b>

There were reversal of certain provisions for expenses in the current quarter which resulted in negative general administrative expenses.

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**A23. Other operating expenses (continued)**

Included in the other operating expenses:

	<b>Group</b>		<b>Company</b>	
	<b>1st Quarter Ended</b>		<b>1st Quarter Ended</b>	
	<b>31-Mar-23</b>	<b>31-Mar-22</b>	<b>31-Mar-23</b>	<b>31-Mar-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Depreciation of property and equipment	9,306	4,515	116	116
Amortisation of intangible assets	10,530	3,353	-	-
Depreciation of right-of-use assets	6,505	1,868	-	-

\* Personnel expenses

	<b>Group</b>		<b>Company</b>	
	<b>1st Quarter Ended</b>		<b>1st Quarter Ended</b>	
	<b>31-Mar-23</b>	<b>31-Mar-22</b>	<b>31-Mar-23</b>	<b>31-Mar-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Wages and salaries	58,283	60,641	-	-
Pension costs - Employees Provident Fund	9,359	10,133	-	-
Social security costs	628	465	-	-
Directors fees	886	1,157	427	493
Shariah Committee remuneration	137	131	-	-
Other staff related expenses	10,936	11,692	-	-
	<b>80,229</b>	<b>84,219</b>	<b>427</b>	<b>493</b>

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**A24. Commitments and contingencies**

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

<b>Group</b>	<b>Principal amount</b>	<b>Credit equivalent amount</b>	<b>Risk weighted amount</b>
<b>31-Mar-23</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Direct credit substitutes	17,793	17,793	17,793
Trade-related contingencies	63,729	31,708	31,708
Short term self liquidating trade related contingencies	87,538	17,508	17,508
Irrevocable commitments to extend credit:			
- one year or less	1,194,611	238,864	238,864
- over one year to five years	1,834,049	915,007	813,545
- over five years	377,528	188,764	188,764
Foreign exchange related contracts			
- one year or less	1,455,451	32,312	12,007
	<u>5,030,699</u>	<u>1,441,956</u>	<u>1,320,189</u>
<b>Company</b>	<b>Principal amount</b>	<b>Credit equivalent amount</b>	<b>Risk weighted amount</b>
<b>31-Mar-23</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Irrevocable commitments to extend credit:			
- over one year to five years	6,912	3,175	2,325
	<u>6,912</u>	<u>3,175</u>	<u>2,325</u>

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**A24. Commitments and contingencies (continued)**

<b>Group</b>	<b>Principal amount RM'000</b>	<b>Credit equivalent amount RM'000</b>	<b>Risk weighted amount RM'000</b>
<b>31-Dec-22</b>			
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>
	<b>Principal amount RM'000</b>	<b>Credit equivalent amount RM'000</b>	<b>Risk weighted amount RM'000</b>
<b>Company</b>			
<b>31-Dec-22</b>			
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>
<b>(i) Capital Commitments</b>		<b>Group</b>	
		<b>31-Mar-23 RM'000</b>	<b>31-Dec-22 RM'000</b>
Property and equipment /intangible assets: Contracted but not provided for		<u>8,176</u>	<u>16,329</u>

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**A25. Segmental information on revenue and results**

<b>Group</b>	<b>Consumer banking RM'000</b>	<b>Corporate banking RM'000</b>	<b>Global Markets RM'000</b>	<b>Others RM'000</b>	<b>Inter-segment elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>3 months ended 31 March 2023</b>						
<u>External:</u>						
Fund based income	395,539	155,241	117,803	4,180	-	672,763
Non-fund based income	4,941	3,679	(11,951)	436,888	(440,828)	(7,271)
	<u>400,480</u>	<u>158,920</u>	<u>105,852</u>	<u>441,068</u>	<u>(440,828)</u>	<u>665,492</u>
<u>Inter-segment:</u>						
Fund based income	27,347	-	1,250	-	(28,597)	-
Total revenue	<u>427,827</u>	<u>158,920</u>	<u>107,102</u>	<u>441,068</u>	<u>(469,425)</u>	<u>665,492</u>
Profit before zakat and tax	73,966	44,126	(27,901)	449,247	(455,004)	84,434
Taxation						(10,307)
Zakat						-
Net profit for the year						<u>74,127</u>
Segment assets	27,282,551	10,833,438	14,835,322	451,107	-	53,402,418
Tax recoverable						361,945
Deferred tax assets						65,439
Unallocated assets						1,439,034
Total assets						<u>55,268,836</u>
Segment liabilities	22,883,132	10,178,135	12,449,458	34,447	-	45,545,172
Deferred tax liabilities						11,856
Unallocated liabilities						1,164,794
Total liabilities						<u>46,721,822</u>



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**A25. Segmental information on revenue and results (continued)**

<b>Group</b>	<b>Consumer banking RM'000</b>	<b>Corporate banking RM'000</b>	<b>Global Markets RM'000</b>	<b>Others RM'000</b>	<b>Inter-segment elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>3 months ended 31 March 2022</b>						
<u>External:</u>						
Fund based income	441,042	113,034	111,941	3,661	-	669,678
Non-fund based income	3,517	5,137	(14,452)	668	-	(5,130)
	<u>444,559</u>	<u>118,171</u>	<u>97,489</u>	<u>4,329</u>	<u>-</u>	<u>664,548</u>
<u>Inter-segment:</u>						
Fund based income	30,871	-	3,442	42,878	(77,191)	-
Total revenue	<u>475,430</u>	<u>118,171</u>	<u>100,931</u>	<u>47,207</u>	<u>(77,191)</u>	<u>664,548</u>
Profit before zakat and tax	48,738	6,918	13,959	11,799	(2,208)	79,206
Taxation						(20,926)
Zakat						(75)
Net profit for the year						<u>58,205</u>
Segment assets	26,627,602	8,673,260	14,291,345	-	-	49,592,207
Tax recoverable						474,771
Deferred tax assets						71,996
Unallocated assets						<u>1,482,810</u>
Total assets						<u>51,621,784</u>
Segment liabilities	26,656,683	5,954,979	9,166,866	280,796	-	42,059,324
Deferred tax liabilities						15,694
Unallocated liabilities						<u>956,647</u>
Total liabilities						<u>43,031,665</u>

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**A26. Acquisition of property and equipment**

	<b>Group</b>	
	<b>31-Mar-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Additions</b>		
Building	-	5,785
Building renovation	13,940	2,316
Furniture & equipment	739	744
Motor vehicles	-	317
Data processing equipment	1,105	7,428
Work in progress	-	525
	<b>15,784</b>	<b>17,115</b>

**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:

	<b>Group</b>	
	<b>31-Mar-23</b>	<b>31-Mar-22</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Expenses</b>		
Income attributable to depositor and others:		
- Profit expense paid on sukuk to EPF	10,649	12,246
- Profit expense paid on fixed deposits to EPF	10,218	10,215
Other overhead expenses:		
- Rental paid	13	13
<b>Balances</b>		
Sukuk MBSB-SC Murabahah:		
- Principal balance of Sukuk	837,644	968,293
- Accrued profit on sukuk due to EPF	16,979	19,335
Deposits from customers:		
- Term deposits from EPF	1,300,000	1,450,000
- Accrued profit on term deposits due to EPF	8,420	7,600
Rental deposit	17	17

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**A27. Significant related party transactions (continued)**

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

	<b>Group</b>	
	<b>31-Mar-23</b>	<b>31-Mar-22</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Expenses</b>		
Income attributable to depositors and others:		
- Profit expense to depositors	2,455	993
<b>Balances</b>		
<b>Assets</b>		
Cash and short-term funds	52,682	32,131
Deposits and placements with banks and other financial institutions	32	32
<b>Liabilities</b>		
Deposits and placements of banks and other financial institutions	260,874	52,279

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

	<b>Group</b>	
	<b>31-Mar-23</b>	<b>31-Mar-22</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Expense</b>		
Income attributable to depositors and others:		
- Profit expense to depositors	262	-
<b>Balances</b>		
Deposit from customers	71	74

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

	<b>Group</b>	
	<b>31-Mar-23</b>	<b>31-Mar-22</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Expenses</b>		
Income attributable to depositors and others:		
- Profit expense to depositors	114	756
Other overhead expenses:		
- Other expenses	1,570	626
<b>Balances</b>		
Deposits from customers	227,599	191,483

**MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)**  
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**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, the capital adequacy of the Group, Bank Group and the Bank are disclosed 'with TA' and 'without TA'.

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**A28. Capital adequacy (continued)**

	<b>Group</b>			
	<b>with TA</b>	without TA	<b>with TA</b>	without TA
	<b>31-Mar-23</b>	31-Mar-23	<b>31-Dec-22</b>	31-Dec-22
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b><u>Common Equity Tier 1 ("CET1") Capital</u></b>				
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	(218,096)	(218,096)	(341,366)	(341,366)
	<u>8,472,885</u>	<u>8,472,885</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	(65,439)	(65,439)	(107,238)	(107,238)
Cumulative gains on financial investments at FVOCI	(17,404)	(17,404)	(10,856)	(10,856)
Intangible assets	(142,099)	(142,099)	(144,694)	(144,694)
Total CET1 Capital	<u>8,099,912</u>	<u>8,099,912</u>	<u>8,548,365</u>	<u>8,548,365</u>
<b><u>Tier 1 Capital</u></b>				
Additional Tier 1 capital instruments	-	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-	-
Total Tier 1 capital	<u>8,099,912</u>	<u>8,099,912</u>	<u>8,548,365</u>	<u>8,548,365</u>
<b><u>Tier 2 Capital</u></b>				
Stage 1 and Stage 2 ECL allowances	475,140	475,140	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>1,775,140</u>	<u>1,775,140</u>	<u>1,752,361</u>	<u>1,752,361</u>
Total capital base	<u>9,875,052</u>	<u>9,875,052</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:				
	<b>Group</b>			
	<b>with TA</b>	without TA	<b>with TA</b>	without TA
	<b>31-Mar-23</b>	31-Mar-23	<b>31-Dec-22</b>	31-Dec-22
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b><u>Total risk weighted assets ("RWA")</u></b>				
- Credit risk	38,011,195	38,011,195	36,188,860	36,188,860
- Market risk	688,188	688,188	90,857	90,857
- Operational risk	2,848,544	2,848,544	2,862,186	2,862,186
Total RWA	<u>41,547,927</u>	<u>41,547,927</u>	<u>39,141,903</u>	<u>39,141,903</u>
<b><u>Capital adequacy ratios</u></b>				
CET 1 capital ratio	19.495%	19.495%	21.839%	21.839%
Tier 1 capital ratio	19.495%	19.495%	21.839%	21.839%
Total capital ratio	<u>23.768%</u>	<u>23.768%</u>	<u>26.316%</u>	<u>26.316%</u>

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**PERFORMANCE REVIEW FOR THE FIRST QUARTER ENDED 31 MARCH 2023**

**B1. Performance review of the Group**

**(a) Balance Sheet**

**(i) Loans, financing and advances**

**Variation of Results against Preceding Year Corresponding Quarter**

	Current	Preceding	Changes	
	Year	Year	RM'000	%
	Quarter	Corresponding		
	31-Mar-23, 1Q23	Quarter		
	RM'000	31-Mar-22, 1Q22	RM'000	
Personal financing	19,001,785	19,755,844	(754,059)	-3.8%
Corporate loans and financing	11,371,419	8,987,097	2,384,322	26.5%
Property financing and mortgage	8,738,004	7,623,683	1,114,321	14.6%
Auto financing	40,497	72,057	(31,560)	-43.8%
<b>Total gross loans, financing and advances</b>	<b>39,151,705</b>	<b>36,438,681</b>	<b>2,713,024</b>	<b>7.4%</b>

**Variation of Results against Immediate Preceding Quarter**

	Current	Preceding	Changes	
	Year	Quarter	RM'000	%
	Quarter	Quarter		
	31-Mar-23, 1Q23	31-Dec-22, 4Q22		
	RM'000	RM'000	RM'000	
Personal financing	19,001,785	19,161,988	(160,203)	-0.8%
Corporate loans and financing	11,371,419	10,864,812	506,607	4.7%
Property financing and mortgage	8,738,004	8,485,786	252,218	3.0%
Auto financing	40,497	47,105	(6,608)	-14.0%
<b>Total gross loans, financing and advances</b>	<b>39,151,705</b>	<b>38,559,691</b>	<b>592,014</b>	<b>1.5%</b>

The Group gross loans, financing and advances grew by 7.4% and 1.5% in 1Q23 compared to 1Q22 and 4Q22 respectively. Overall, growth of loans, financing and advances is contributed mainly from corporate financing and house financing. Personal financing remains as the biggest financing portfolio while auto financing is at a decreasing base as the Group focuses on growing asset base of other portfolios.

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

**(a) Balance Sheet**

**(ii) Financial investments**

**Variation of Results against Preceding Year Corresponding Quarter**

	<b>Current Year Quarter 31-Mar-23, 1Q23 RM'000</b>	<b>Preceding Year Corresponding Quarter 31-Mar-22, 1Q22 RM'000</b>	<b>Changes</b>	
			<b>RM'000</b>	<b>%</b>
Financial investments at FVTPL	1,280,931	953,025	327,906	34.4%
Financial investments at FVOCI	10,345,625	11,488,618	(1,142,993)	-9.9%
Financial investments at amortised cost	1,946,014	971,247	974,767	>100%
<b>Total financial investments</b>	<b>13,572,570</b>	<b>13,412,890</b>	<b>159,680</b>	<b>1.2%</b>

**Variation of Results against Preceding Quarter**

	<b>Current Year Quarter 31-Mar-23, 1Q23 RM'000</b>	<b>Preceding Quarter 31-Dec-22, 4Q22 RM'000</b>	<b>Changes</b>	
			<b>RM'000</b>	<b>%</b>
Financial investments at FVTPL	1,280,931	240,357	1,040,574	>100%
Financial investments at FVOCI	10,345,625	11,392,780	(1,047,155)	-9.2%
Financial investments at amortised cost	1,946,014	1,625,792	320,222	19.7%
<b>Total financial investments</b>	<b>13,572,570</b>	<b>13,258,929</b>	<b>313,641</b>	<b>2.4%</b>

The Group financial investments increased by 1.2% and by 2.4% for 1Q23 compared to 1Q22 and 4Q22 respectively. Financial investments at FVOCI remains mainly consists of government investment issuances and government guaranteed debt securities.

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

**(b) Income statement**

**Current Year Quarter vs Preceding Year Corresponding Quarter**

	Current	Preceding	Changes	
	Year	Year	RM'000	%
	Quarter	Corresponding		
	31-Mar-23, 1Q23	31-Mar-22, 1Q22		
	RM'000	RM'000		
Revenue	665,492	664,548	944	0.1%
Other operating expenses	(127,005)	(149,998)	22,993	15.3%
Net income (excluding ECL and loss on modification of cash flows)	268,226	396,461	(128,235)	-32.3%
Expected credit losses on loans, financing and advances and other impairment	(56,787)	(158,296)	101,509	-64.1%
Loss on modification of cash flows	-	(8,961)	8,961	-100.0%
Profit before tax	84,434	79,206	5,228	-6.6%
Profit after tax	74,127	58,205	15,922	-27.4%
Profit attributable to ordinary equity holders of the Parent	74,127	58,205	15,922	-27.4%
Cost to income ratio	47.4%	37.8%		

**Current Year Quarter vs Immediate Preceding Quarter**

	Current	Preceding	Changes	
	Year	Quarter	RM'000	%
	Quarter	Quarter		
	31-Mar-23, 1Q23	31-Dec-22, 4Q22		
	RM'000	RM'000		
Revenue	665,492	668,022	(2,530)	-0.4%
Other operating expenses	(127,005)	(207,247)	80,242	38.7%
Net income (excluding ECL and loss on modification of cash flows)	268,226	327,568	(59,342)	-18.1%
Expected credit losses on loans, financing and advances and other impairment	(56,787)	188,453	(245,240)	>-100%
Profit before tax	84,434	308,774	(224,340)	-72.7%
Profit after tax	74,127	200,726	(126,599)	-63.1%
Profit attributable to ordinary equity holders of the Parent	74,127	200,726	(126,599)	-63.1%
Cost to income ratio	47.4%	63.3%		

During the quarter, the Group reported a profit before tax ("PBT") of RM84.4 mil with revenue of RM665.5 mil, operating expenses ("OPEX") of RM127.0 mil and net impairment allowance of RM56.8 mil.

The Group recorded lower OPEX compared to 1Q22 and 4Q22 mainly due to the lower general administration expenses as there were reversal of certain provisions for expenses in the current quarter.



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**B1. Performance review of the Group (continued)**

**(c) Contribution of major subsidiary of the Group**

	<b>Group Current Year Quarter 31-Mar-23, 1Q23 RM'000</b>	<b>MBSB Bank Current Year Quarter 31-Mar-23, 1Q23 RM'000</b>	<b>Contribution (without elimination)</b>
Total assets	55,268,836	55,885,718	>100%
Total equity	8,547,014	7,426,752	86.9%
Profit before tax	84,434	113,712	>100%
Profit after tax	74,127	102,337	>100%
Gross return on equity	3.86%	6.04%	
Gross return on assets	0.61%	0.82%	

	<b>Group Preceding Year Corresponding Quarter 31-Mar-22, 1Q22 RM'000</b>	<b>MBSB Bank Preceding Year Corresponding Quarter 31-Mar-22, 1Q22 RM'000</b>	<b>Contribution (without elimination)</b>
Total assets	51,621,784	52,163,605	>100%
Total equity	8,590,119	6,415,910	74.7%
Profit before tax	79,206	66,469	83.9%
Profit after tax	58,205	48,855	83.9%
Gross return on equity	3.67%	4.11%	
Gross return on assets	0.62%	0.51%	

	<b>Group Preceding Quarter 31-Dec-22, 4Q22 RM'000</b>	<b>MBSB Bank Preceding Quarter 31-Dec-22, 4Q22 RM'000</b>	<b>Contribution (without elimination)</b>
Total assets	54,948,305	55,537,647	>100%
Total equity	8,959,193	7,641,976	85.3%
Profit before tax	308,774	337,873	>100%
Profit after tax	200,726	254,388	>100%
Gross return on equity	14.00%	17.69%	
Gross return on assets	2.34%	2.43%	

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

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**B2. Prospects for the Group**

**Outlook for 2023**

The World Bank Group forecast a global economic slowdown in 2023, with a predicted growth of just 1.7%. In line with this trend, Malaysia's economy is expected to also moderate to 4.3% compared to 8.7% in 2022.

Since May 2022 Bank Negara Malaysia (“BNM”) took measures to raise the Overnight Policy Rate (“OPR”) by 125 basis points to 3.0%. As we move further into 2023, BNM predicts that both headline and core inflation will ease slightly but remain high due to persistent demand and cost pressures, as well as changes to domestic policy measures. 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”) which has been approved by The Minister of Finance (“MoF”) is expected to create a banking group with end-to-end banking services and provides better access to new and wider customer segments through tailored financing, structuring, and advisory solutions. With the expansion of the customer base, we are confident that we can synergize our business opportunities going forward and create more value for our stakeholders.

**B3. Variance from profit forecast**

Not applicable

**B4. Taxation**

	<b>Group</b>		<b>Company</b>	
	<b>1st Quarter Ended</b>		<b>1st Quarter Ended</b>	
	<b>31-Mar-23</b>	<b>31-Mar-22</b>	<b>31-Mar-23</b>	<b>31-Mar-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian income tax:				
Current income tax	9,152	22,276	(25)	2,000
Over provision in prior years	(11,723)	-	(1,661)	-
	<u>(2,571)</u>	<u>22,276</u>	<u>(1,686)</u>	<u>2,000</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	12,878	(1,350)	-	37
	<u>12,878</u>	<u>(1,350)</u>	<u>-</u>	<u>37</u>
Total income tax expense	<u>10,307</u>	<u>20,926</u>	<u>(1,686)</u>	<u>2,037</u>

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**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. 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 details will be announced upon execution of the share purchase agreement.

**B6. Borrowings and debts**

Borrowings of the Group were as follows:

	<b>31-Mar-23</b>		
	<b>Long term</b>	<b>Short term</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>borrowings</b>
			<b>RM'000</b>
<b>Secured</b>			
Recourse obligation on financing sold	3,988,823	282,334	4,271,157
Sukuk-MBSB Structured Covered ("SC") Murabahah	594,544	250,406	844,950
<b>Non secured</b>			
Sukuk Wakalah	1,592,137	24,826	1,616,963
	<b>31-Dec-22</b>		
	<b>Long term</b>	<b>Short term</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>borrowings</b>
			<b>RM'000</b>
<b>Secured</b>			
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
<b>Non secured</b>			
Sukuk Wakalah	1,591,911	5,001	1,596,912

**MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)**  
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**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.

	<b>Group</b>		<b>Company</b>	
	<b>1st Quarter Ended</b>		<b>1st Quarter Ended</b>	
	<b>31-Mar-23</b>	<b>31-Mar-22</b>	<b>31-Mar-23</b>	<b>31-Mar-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net profit attributable to shareholders for the period (RM'000)	74,127	58,205	434,019	5,201
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)	1.03	0.81	6.05	0.07

**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

25 May 2023