

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

INTERIM FINANCIAL STATEMENTS
OF THE GROUP AND OF THE COMPANY
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2023

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	Group		Company	
		31-Dec-23 RM'000	31-Dec-22 RM'000	31-Dec-23 RM'000	31-Dec-22 RM'000
Assets					
Cash and short-term funds	A7(a)	5,607,314	2,205,950	9,642	59,636
Deposits and placements with financial institutions	A7(b)	749,812	597,746	65,078	100,033
Financial assets at fair value through profit or loss	A8	283,054	240,357	-	-
Financial investments at fair value through other comprehensive income	A9	12,637,634	11,392,780	-	-
Financial investments at amortised cost	A10	4,608,470	1,625,792	-	-
Derivative financial assets	A11	40,080	15,017	-	-
Loans, financing and advances	A12	40,491,527	36,933,658	272,225	368,451
Other receivables	A13	344,217	125,435	37,194	42,648
Tax recoverable		259,283	394,716	149,468	390,835
Deferred tax assets		95,220	107,237	-	-
Statutory deposits with Bank Negara Malaysia		822,661	610,000	-	-
Investments in subsidiaries		-	-	7,530,795	6,558,436
Property and equipment		324,833	321,226	22,524	22,975
Right-of-use assets		29,885	26,743	-	-
Investment properties		3,092	820	-	-
Goodwill		148,031	148,031	-	-
Intangible assets		161,126	144,694	2	-
Non-current assets held for sale	A14	57,047	58,103	-	-
Total assets		66,663,286	54,948,305	8,086,928	7,543,014

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

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (cont'd)

	Note	Group		Company	
		31-Dec-23 RM'000	31-Dec-22 RM'000	31-Dec-23 RM'000	31-Dec-22 RM'000
Liabilities and shareholders' equity					
Deposits from customers	A15	38,800,067	28,957,135	-	-
Deposits and placements of banks and other financial institutions	A16	8,823,566	7,511,336	-	-
Investment accounts of customers	A17	-	2,080,767	-	-
Islamic repurchase agreement		2,005,199	-	-	-
Derivative financial liabilities	A11	5,158	23,470	-	-
Other payables	A18	680,544	519,439	5,951	50,624
Lease liabilities		29,964	27,334	-	-
Recourse obligation on financing sold		4,031,732	4,355,408	-	-
Provision for taxation and zakat		35,945	69,903	-	-
Deferred tax liabilities		11,571	13,603	174	1,960
Sukuk		2,197,432	2,430,717	-	-
Borrowings and government grant	A19	203,842	-	-	-
Total liabilities		56,825,020	45,989,112	6,125	52,584
Ordinary share capital		7,970,427	7,198,068	7,970,427	7,198,068
Regulatory reserve		106,644	-	-	-
Fair value reserves		(115,908)	(341,366)	-	-
Retained earnings		1,876,865	2,102,491	110,376	292,362
		9,838,028	8,959,193	8,080,803	7,490,430
Non-controlling interests		238	-	-	-
Total equity		9,838,266	8,959,193	8,080,803	7,490,430
Total liabilities and shareholders' equity		66,663,286	54,948,305	8,086,928	7,543,014
Commitments and contingencies	A26	7,316,685	5,134,111	-	9,782
Net assets per share attributable to ordinary equity of the Company (RM)		1.20	1.25	0.98	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 FOURTH QUARTER ENDED 31 DECEMBER 2023**

	Note	Group			
		4th Quarter Ended		Twelve Months Ended	
		31-Dec-23 RM'000	31-Dec-22 RM'000	31-Dec-23 RM'000	31-Dec-22 RM'000
Revenue		698,054	668,022	2,821,280	2,694,494
Income derived from investment of deposits and Islamic capital funds	A20	681,467	654,773	2,783,152	2,674,762
Income attributable to depositors		(408,142)	(270,193)	(1,465,779)	(892,322)
Income attributable to securitisation		(39,167)	(34,372)	(159,961)	(142,314)
Income attributable to sukuk and other borrowings		(43,604)	(32,180)	(142,377)	(128,432)
Income attributable to wakalah unrestricted investment account		-	(15,459)	(31,473)	(52,685)
Net income from Islamic operations		190,554	302,569	983,562	1,459,009
Interest income	A21	29,288	1,594	30,980	7,995
Interest expense	A22	(16,470)	-	(16,470)	-
Net interest income		12,818	1,594	14,510	7,995
Expected credit losses on loans, financing and advances and other impairment	A23	(29,967)	188,453	(120,085)	(118,496)
Net loss on modification of cash flows		-	-	-	(59,973)
Operating income		173,405	492,616	877,987	1,288,535
Net other income	A24	356,536	23,405	393,431	53,260
Net income		529,941	516,021	1,271,418	1,341,795
Operating expenses	A25	(232,677)	(207,247)	(711,695)	(650,459)
Profit before taxation and zakat		297,264	308,774	559,723	691,336
Taxation		9,438	(108,048)	(59,522)	(227,971)
Zakat		(5,555)	-	(8,392)	(3,177)
Profit for the financial period		301,147	200,726	491,809	460,188
Other comprehensive income/(expense) for the financial period, net of tax		100,608	176,195	224,243	(180,320)
Total comprehensive income for the financial period		401,755	376,921	716,052	279,868
Attributable to:					
Shareholders of the Company		401,755	376,921	716,052	279,868
Non-controlling interests		-	-	-	-
		401,755	376,921	716,052	279,868
Earnings per ordinary share (sen)					
Basic		3.67	2.80	6.62	6.42

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 FOURTH QUARTER ENDED 31 DECEMBER 2023 (cont'd)**

	Note	Company			
		4th Quarter Ended		Twelve Months Ended	
		31-Dec-23 RM'000	31-Dec-22 RM'000	31-Dec-23 RM'000	31-Dec-22 RM'000
Revenue		1,508	3,411	449,589	188,567
Interest income	A21	1,330	3,369	7,737	24,384
Expected credit losses on loans and advances and other impairment	A23	(7,425)	18,728	(31,274)	95,631
Operating (expense)/income		(6,095)	22,097	(23,537)	120,015
Net other income	A24	17,679	6,143	470,021	182,030
Net income		11,584	28,240	446,484	302,045
Operating expenses	A25	(6,480)	(35,993)	(22,268)	(54,788)
Profit/(Loss) before taxation		5,104	(7,753)	424,216	247,257
Taxation		59	1,561	3,374	(27,511)
Profit/(Loss) for the financial period		5,163	(6,192)	427,590	219,746
Total comprehensive income/ (expense) for the financial period		5,163	(6,192)	427,590	219,746
Earnings per ordinary share (sen)					
Basic		0.06	(0.09)	5.75	3.06

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 FOURTH QUARTER ENDED 31 DECEMBER 2023

	← Non-distributable →			Distributable	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Regulatory reserves RM'000	Fair Value reserves RM'000	Retained earnings RM'000			
Group							
At 1 January 2023	7,198,068	-	(341,366)	2,102,491	8,959,193	-	8,959,193
Profit for the period	-	-	-	491,809	491,809	-	491,809
Other comprehensive income/(expense) for the financial period	-	-	225,458	(1,215)	224,243	-	224,243
Transfer of retained earnings to regulatory reserve	-	106,644	-	(106,644)	-	-	-
Dividends to owners of the Company	-	-	-	(609,576)	(609,576)	-	(609,576)
Acquired from acquisition of MIDF	-	-	-	-	-	238	238
Issuance of shares for acquisition of MIDF	772,359	-	-	-	772,359	-	772,359
At 31 December 2023	7,970,427	106,644	(115,908)	1,876,865	9,838,028	238	9,838,266
At 1 January 2022	7,198,068	5,234	(161,046)	1,637,069	8,679,325	-	8,679,325
Profit for the period	-	-	-	460,188	460,188	-	460,188
Other comprehensive expense for the financial period	-	-	(180,320)	-	(180,320)	-	(180,320)
Transfer of regulatory reserve to retained profits	-	(5,234)	-	5,234	-	-	-
At 31 December 2022	7,198,068	-	(341,366)	2,102,491	8,959,193	-	8,959,193

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 FOURTH QUARTER ENDED 31 DECEMBER 2023 (cont'd)

Company	Non- distributable Share capital RM'000	Distributable Retained earnings RM'000	Total RM'000
At 1 January 2023	7,198,068	292,362	7,490,430
Profit for the period	-	427,590	427,590
Dividends to owners of the Company	-	(609,576)	(609,576)
Issuance of shares for acquisition of MIDF	772,359	-	772,359
At 31 December 2023	<u>7,970,427</u>	<u>110,376</u>	<u>8,080,803</u>
At 1 January 2022	7,198,068	72,616	7,270,684
Profit for the period	-	219,746	219,746
At 31 December 2022	<u>7,198,068</u>	<u>292,362</u>	<u>7,490,430</u>

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 FOURTH QUARTER ENDED 31 DECEMBER 2023**

	Group		Company	
	31-Dec-23 RM'000	31-Dec-22 RM'000	31-Dec-23 RM'000	31-Dec-22 RM'000
Cash flows from operating activities				
Profit before taxation	559,723	691,336	424,216	247,257
Adjustments for non-cash items	(290,203)	101,259	27,759	(97,747)
Operating profit before working capital changes	269,520	792,595	451,975	149,510
Working capital changes:				
Net changes in operating assets	(1,993,514)	(2,321,194)	(118,768)	728,865
Net changes in operating liabilities	3,213,346	2,651,035	(46,493)	(187,557)
Cash generated from from operations	1,489,352	1,122,436	286,714	690,818
Income taxes and zakat refunded/(paid)	23,158	(133,466)	15,306	(28,182)
Net cash generated from operating activities	1,512,510	988,970	302,020	662,636
Cash flows from investing activities				
Acquisition of MIDF	722,725	-	-	-
Increase in investment in subsidiaries	-	-	(200,000)	(1,000,000)
Purchase of property and equipment	(39,840)	(17,115)	(14)	(17)
Purchase of intangible assets	(43,253)	(35,408)	(2)	-
Proceeds on sale of loans, financing and advances	22,175	-	22,175	-
Proceeds from disposal of non-current assets held for sale	2,024	1,328	-	-
Proceeds from disposal of foreclosed properties	9,591	4,165	9,591	4,165
Proceeds from disposal of property and equipment	170	11	-	-
Profit income from financial assets at FVTPL	26,579	7,290	-	-
Net sale/(purchase) of financial assets at FVTPL	121,103	(14,846)	-	-
Profit income from:				
- financial investments at FVOCI	446,154	472,243	-	-
- financial investments at amortised cost	127,514	61,522	-	-
Net sale/(purchase) of:				
- financial investments at FVOCI	755,452	105,387	-	-
- financial investments at amortised cost	(656,034)	(1,005,933)	-	-
Dividend received	-	-	440,828	162,839
Net cash generated from/(used in) investing activities	1,494,360	(421,356)	272,578	(833,013)

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 FOURTH QUARTER ENDED 31 DECEMBER 2023 (cont'd.)**

	Group		Company	
	31-Dec-23 RM'000	31-Dec-22 RM'000	31-Dec-23 RM'000	31-Dec-22 RM'000
Cash flows from financing activities				
Net issuance of islamic repurchase agreement	1,999,658	-	-	-
Net (repayment)/issuance of recourse obligation on financing sold	(322,255)	1,210,324	-	-
Repayment of:				
- Sukuk	(232,871)	(237,786)	-	-
- Borrowings and government grant	(22,000)	-	-	-
Issuance of sukuk	-	299,000	-	-
Profit expense paid on:				
- Islamic repurchase agreement	(16,191)	-	-	-
- Recourse obligation on financing sold	(161,382)	(138,539)	-	-
- Sukuk	(121,059)	(126,148)	-	-
Payment of lease liabilities	(27,290)	(23,322)	-	-
Dividends paid on ordinary shares	(609,576)	-	(609,576)	-
Net cash generated from/(used in) financing activities	487,034	983,529	(609,576)	-
Net increase/(decrease) increase in cash and cash equivalents	3,493,904	1,551,143	(34,978)	(170,377)
Cash and cash equivalents at beginning of financial period	2,205,982	654,839	59,636	230,013
Cash and cash equivalents at end of financial period	5,699,886	2,205,982	24,658	59,636
Cash and cash equivalents is represented by:				
Cash and short-term funds (Note 7(a))	5,607,314	2,205,950	9,642	59,636
Deposits and placements with banks and other financial institutions (Note 7(b))	749,812	597,746	65,078	100,033
Less:	6,357,126	2,803,696	74,720	159,669
Deposits and placements with banks and other financial institutions with original maturity of more than three months	(657,240)	(597,714)	(50,062)	(100,033)
Cash and cash equivalents end of financial period	5,699,886	2,205,982	24,658	59,636

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023
PART A - EXPLANATORY NOTES PURSUANT TO MFRS134**

A1. Basis of preparation

The unaudited condensed interim financial statements for the financial quarter ended 31 December 2023 have been prepared under the historical cost convention except for financial investments which are recognised at fair value and financial assets and financial liabilities which are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest/profit method.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad and Financial Reporting for Islamic Banking Institutions policy issued by Bank Negara Malaysia ("BNM"). The unaudited interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2022. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2022.

The unaudited interim financial statements of the Group consolidated financial performance of MBSB Bank Group and Malaysian Industrial Finance Berhad Group, which the Company completed its acquisition on 2 October 2023. The material 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 amendments to published standards did not have any impact on the current period or any period and is not likely to affect future periods.

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

- (i) Financial year beginning on/after 1 January 2024
 - Amendments to MFRS 101 'Classification of liabilities as current or non-current' and 'Non-current liabilities with covenants'
 - Amendments to MFRS 16 'Lease Liability' in a Sale and Leaseback

A1. Basis of preparation (cont'd.)

(ii) Financial year beginning on/after 1 January 2025

- Amendments to MFRS 121 'Lack of Exchangeability'

The adoption of the amendments to published standards 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

(i) Acquisition of Malaysian Industrial Development Finance Berhad ("MIDF") Group

The Company completed the acquisition of MIDF on 2 October 2023 following allotment of 1,050,828,629 Final Consideration Shares to Permodalan Nasional Berhad ("PNB").

(ii) Additional of investment in MBSB Bank by RM200 million

During the year, MBSB Bank Berhad increased its issued and paid-up capital from RM6,427,971,970 to RM6,627,971,969 via the issuance of 165,289,256 new ordinary shares which was subscribed by the Company.

A5. Issue of shares and debentures

During the quarter, the Company increased its issued and paid up ordinary share capital by RM772,359,042 from RM7,198,068,070 to RM7,970,427,112 as follows:

	Number of ordinary shares Units'000	Share Capital RM'000	Issue/ exercise price RM
Issued on 2 October 2023 pursuant to the acquisition of the entire equity interest in MIDF	1,050,829	772,359	0.74

A6. Dividend

No dividend was paid in the current quarter.

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

	Group		Company	
	31-Dec-23 RM'000	31-Dec-22 RM'000	31-Dec-23 RM'000	31-Dec-22 RM'000
(a) Cash and short-term funds:				
Cash and balances with banks and other financial institutions	589,749	367,480	3,833	13,132
Money at call and deposit placements maturing within 1 month	5,017,565	1,838,470	5,809	46,504
	5,607,314	2,205,950	9,642	59,636
(b) Deposits and placements with banks and other financial institutions with original maturity of more than 1 month	749,812	597,746	65,078	100,033
	6,357,126	2,803,696	74,720	159,669

The ECL for cash and short-term funds and deposits and placements above is nil (2022: nil).

As at reporting date, the dealer's representatives' and clients' monies held in trust by the Group amounted to approximately RM16,994,000 (2022: nil). These amounts are excluded from the cash and short-term funds of the Group.

A8. Financial assets at fair value through profit or loss ("FVTPL")

	Group	
	31-Dec-23 RM'000	31-Dec-22 RM'000
Money Market Instruments in Malaysia:		
<u>In Malaysia</u>		
Private mandate investments	240,357	240,357
Malaysian Government Investment Issues	10,368	-
	250,725	240,357
Unit trusts	32,329	-
	283,054	240,357

A9. Financial investments at fair value through other comprehensive income ("FVOCI")

	Group	
	31-Dec-23	31-Dec-22
	RM'000	RM'000
Money Market Instruments		
Malaysian Government Investment Issues	8,326,803	8,479,600
	<u>8,326,803</u>	<u>8,479,600</u>
Debt securities		
<u>In Malaysia</u>		
Private and Islamic debt securities	2,597,651	1,021,894
Government Guaranteed debt securities	1,637,112	1,891,286
Corporate bonds	74,661	-
	<u>4,309,424</u>	<u>2,913,180</u>
Equity instruments		
Unquoted securities in Malaysia:		
Shares - Malaysian Rating Corporation Berhad	1,407	-
	<u>1,407</u>	<u>-</u>
	<u>12,637,634</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 of allowance for credit loss 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
Acquisition of MIDF	358	-	20,960	21,318
Total charge to profit or loss:	209	-	-	209
New financial investments purchased during the period	176	-	-	176
Matured financial investments during the period	(14)	-	-	(14)
Change in credit risk	47	-	-	47
At 31 December 2023	<u>577</u>	<u>-</u>	<u>20,960</u>	<u>21,537</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)
New financial investments purchased during the period	-	-	-	-
Matured financial investments during the period	(4)	-	-	(4)
Change in credit risk	-	-	-	-
At 31 December 2022	<u>10</u>	<u>-</u>	<u>-</u>	<u>10</u>

A10. Financial investments at amortised cost

	Group	
	31-Dec-23	31-Dec-22
	RM'000	RM'000
Money Market Instruments		
Malaysian Government Investment Issues	1,262,183	378,302
Debt securities		
<u>In Malaysia</u>		
Private and Islamic debt securities	3,097,186	1,183,318
Government Guaranteed corporate sukuk	75,684	65,279
Corporate bond/sukuk	175,269	-
	<u>4,610,322</u>	<u>1,626,899</u>
Less: ECL		
- Stage 1	(1,705)	(868)
- Stage 2	(147)	(239)
	<u>4,608,470</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
Acquisition of MIDF	1,011	-	-	1,011
Total charge/(reversal) to profit or loss:	(174)	(92)	-	(266)
Matured financial investments during the period	(32)	-	-	(32)
Changes in credit risk	(226)	(92)	-	(318)
New financial investments purchased during the period	84	-	-	84
At 31 December 2023	<u>1,705</u>	<u>147</u>	<u>-</u>	<u>1,852</u>

	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	841	371	-	1,212
Total charge/(reversal) to profit or loss:	27	(132)	-	(105)
Matured financial investments during the period	(2)	-	-	(2)
Changes in credit risk	(1)	(132)	-	(133)
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>

A11. Derivative financial assets/(liabilities)

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

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

	Group		
	Notional	Fair value	
	amount	Assets	Liabilities
	RM'000	RM'000	RM'000
At 31 December 2023			
<u>Derivatives</u>			
<u>Foreign exchange contracts:</u>			
Currency forward			
- Less than one year	2,820,048	32,805	(5,158)
<u>Interest rate related derivatives:</u>			
Interest rate swaps			
- Less than one year	300,000	7,275	-
	3,120,048	40,080	(5,158)

	Group		
	Notional	Fair value	
	amount	Assets	Liabilities
	RM'000	RM'000	RM'000
At 31 December 2022			
<u>Derivatives</u>			
<u>Foreign exchange contracts:</u>			
Currency forward			
- Less than one year	1,976,886	15,017	(23,470)

A12. Loans, financing and advances

	Group		Company	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
(i) By type				
At amortised cost				
Term loans/financing				
- Personal financing	19,467,482	19,154,239	-	-
- Housing loans/financing	9,636,637	8,456,659	-	63,189
- Industrial hire purchase	764,085	718,549	-	-
- Bridging loans/financing	652,400	628,976	179,819	178,079
- Auto financing	22,667	45,128	-	-
- Other term loans/financing	5,505,197	4,664,864	352,342	387,798
- Syndicated term loans/financing	2,018,478	1,268,030	-	-
Revolving credit	113,356	1,614,785	-	-
Trade finance	2,637,621	1,827,761	-	-
Margin accounts	1,003,996	-	-	-
Cashline	193,585	141,846	-	-
Staff loans/financing	28,807	38,854	-	-
Gross loans, financing and advances	42,044,311	38,559,691	532,161	629,066
Less: ECL				
- Stage 1	(344,317)	(293,979)	-	(1,222)
- Stage 2	(80,059)	(337,893)	-	(3,493)
- Stage 3	(1,128,408)	(994,161)	(259,936)	(255,900)
Net loans, financing and advances	40,491,527	36,933,658	272,225	368,451
(ii) By residual contractual maturity				
	Group		Company	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	5,938,507	4,603,494	295,922	293,422
One year to three years	1,978,062	1,769,468	-	47,980
Three years to five years	2,591,709	2,147,521	-	2,809
Over five years	31,536,033	30,039,208	236,239	284,855
	42,044,311	38,559,691	532,161	629,066

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

(iii) By type of customers

	Group		Company	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Individuals:				
- Malaysian nationals	29,902,325	27,605,351	-	45,623
Foreign nationals	774,843	127,680	-	-
Domestic business enterprises:				
- Small medium enterprises	4,552,390	3,101,506	437,066	443,202
- Non-bank financial institutions	718,567	1,422,819	-	-
- Others	6,096,186	6,302,335	95,095	140,241
	42,044,311	38,559,691	532,161	629,066

(iv) By sector

	Group		Company	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Household sectors	29,901,885	27,606,187	-	45,623
Construction	3,628,043	3,491,218	295,922	296,684
Finance, insurance, real estate and business services	3,104,470	3,398,089	-	3,425
Wholesale & retail trade and restaurants & hotels	1,584,976	1,087,502	-	3,033
Manufacturing	1,668,415	1,139,674	-	50,892
Education, health and others	1,134,669	473,462	236,239	228,202
Transport, storage and communications	505,549	339,613	-	1,207
Mining and quarrying	97,801	65,077	-	-
Electricity, gas and water	215,901	911,234	-	-
Agriculture	202,602	47,635	-	-
	42,044,311	38,559,691	532,161	629,066

(v) By profit rate sensitivity

	Group		Company	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
<u>Fixed rate:</u>				
Personal financing	13,109,750	14,704,766	-	-
Bridging, structured and term loans and financing	1,939,089	771,881	-	-
Mortgage and property Islamic	345,749	379,062	-	121
Auto financing	24,427	47,105	-	-
<u>Variable rate:</u>				
Personal financing	6,358,297	4,457,222	-	-
Bridging, structured and term loans and financing	10,949,629	10,092,931	532,161	565,877
Mortgage and property Islamic	9,317,370	8,106,724	-	63,068
	42,044,311	38,559,691	532,161	629,066

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

(vi) By geographical distribution

	Group		Company	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Malaysia	42,044,311	38,559,691	532,161	629,066

(vii) Movement of gross loans, financing and advances

	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	33,407,228	2,545,236	2,607,227	38,559,691
Acquisition of MIDF	1,646,040	74,285	288,598	2,008,923
Transfer to Stage 1	1,108,840	(1,032,060)	(76,780)	-
Transfer to Stage 2	(541,536)	621,277	(79,741)	-
Transfer to Stage 3	(168,120)	(376,845)	544,965	-
New financing/disbursement during the period	10,122,453	535,537	406,125	11,064,115
Repayment during the period	(8,388,509)	(568,370)	(412,152)	(9,369,031)
Other movements	95,344	(45,829)	166,537	216,052
Derecognition of credit impaired financial asset	-	-	(44,200)	(44,200)
Reclassification from non-current assets held for sale	-	-	1,403	1,403
Write-offs	(791)	(903)	(328,633)	(330,327)
Derecognition due to debt sale	(36,694)	(7,986)	(17,635)	(62,315)
At 31 December 2023	37,244,255	1,744,342	3,055,714	42,044,311

	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	29,172,078	5,342,428	1,666,104	36,180,610
Transfer to Stage 1	2,181,325	(2,162,852)	(18,473)	-
Transfer to Stage 2	(865,713)	901,510	(35,797)	-
Transfer to Stage 3	(218,266)	(859,367)	1,077,633	-
New financing/disbursement during the period	8,024,878	498,125	112,761	8,635,764
Repayment during the period	(4,893,626)	(1,059,852)	(146,750)	(6,100,228)
Other movements	66,196	(108,156)	188,415	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)
At 31 December 2022	33,407,228	2,545,236	2,607,227	38,559,691

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

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

	Company			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	36,972	54,471	537,623	629,066
Transfer to Stage 1	33	(33)	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
New financing/disbursement during the period	-	-	-	-
Repayment during the period	(269)	(46,452)	(49)	(46,770)
Other movements	-	-	12,722	12,722
Refinancing to MBSB Bank	(42)	-	(251)	(293)
Write-offs	-	-	(249)	(249)
Derecognition due to debt sale	(36,694)	(7,986)	(17,635)	(62,315)
At 31 December 2023	-	-	532,161	532,161

	Company			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	42,791	120,351	702,575	865,717
Transfer to Stage 1	6,440	(6,067)	(373)	-
Transfer to Stage 2	(4,767)	5,073	(306)	-
Transfer to Stage 3	(1,699)	(5,345)	7,044	-
New financing/disbursement during the period	88	123	-	211
Repayment during the period	(5,674)	(11,910)	(22,148)	(39,732)
Other movements	195	195	8,220	8,610
Refinancing to MBSB Bank	(376)	(47,810)	(130,239)	(178,425)
Write-offs	(26)	(139)	(27,150)	(27,315)
At 31 December 2022	36,972	54,471	537,623	629,066

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

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

	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	293,979	337,893	994,161	1,626,033
Acquisition of MIDF	4,857	2,284	155,692	162,833
Charged/(reversal) to profit or loss	46,554	(258,530)	319,493	107,517
Changes in the ECL due to transfer within stages:				
- Transfer to Stage 1	145,683	(91,777)	(53,906)	-
- Transfer to Stage 2	(4,752)	34,332	(29,580)	-
- Transfer to Stage 3	(2,418)	(80,799)	83,217	-
New financing/disbursement during the period	107,226	10,519	10,536	128,281
Repayment during the period	(206,744)	(104,370)	(49,756)	(360,870)
Changes in credit risk parameters #	17,313	(26,310)	378,202	369,205
Change to model assumptions and methodologies ^	(9,754)	(125)	25	(9,854)
Derecognition of credit impaired financial asset	-	-	(19,245)	(19,245)
Reclassification from non-current assets held for sale	-	-	1,417	1,417
Write-offs	-	-	(326,371)	(326,371)
Derecognition due to debt sale	(1,073)	(1,588)	(15,701)	(18,362)
Others	-	-	(283)	(283)
At 31 December 2023	344,317	80,059	1,128,408	1,552,784

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

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

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

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

	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	347,004	597,878	732,626	1,677,508
(Reversal)/charged to profit or loss	(53,025)	(259,985)	487,956	174,946
Changes in the ECL due to transfer within stages:				
- Transfer to Stage 1	231,081	(220,164)	(10,917)	-
- Transfer to Stage 2	(13,883)	37,172	(23,289)	-
- Transfer to Stage 3	(2,729)	(126,049)	128,778	-
New financing/disbursement during the period	85,738	27,214	14,897	127,849
Repayment during the period	(242,969)	(44,178)	(50,534)	(337,681)
Changes in credit risk parameters #	(8,839)	66,896	476,168	534,225
Change to model assumptions and methodologies ^	(101,424)	(876)	(47,147)	(149,447)
Reclassification from non-current assets held for sale	-	-	10,656	10,656
Write-offs	-	-	(237,077)	(237,077)
At 31 December 2022	293,979	337,893	994,161	1,626,033

The changes in credit risk parameters include impact of forward-looking on key macroeconomic variables ("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 revisions to management overlay assumptions.

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

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

	Company			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	1,222	3,493	255,900	260,615
(Reversal)/charged to profit or loss	(149)	(1,905)	19,737	17,683
Changes in the ECL due to transfer within stages:				
- Transfer to Stage 1	2	(2)	-	-
- Transfer to Stage 2	-	-	-	-
- Transfer to Stage 3	-	-	-	-
Repayment during the period	(150)	(1,903)	(344)	(2,397)
Changes in credit risk parameters #	-	-	20,224	20,224
Refinancing to MBSB Bank	(1)	-	(143)	(144)
Write-offs	(1,073)	(1,588)	(15,701)	(18,362)
At 31 December 2023	-	-	259,936	259,936

	Company			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	1,527	8,984	378,117	388,628
Reversal to profit or loss	(305)	(5,491)	(95,256)	(101,052)
Changes in the ECL due to transfer within stages:				
- Transfer to Stage 1	726	(439)	(287)	-
- Transfer to Stage 2	(163)	419	(256)	-
- Transfer to Stage 3	(59)	(709)	768	-
Repayment during the period	(860)	(442)	(23,914)	(25,216)
Changes in credit risk parameters #	66	1,394	17,713	19,173
Change to model assumptions and methodologies ^	-	1,006	-	1,006
Refinancing to MBSB Bank	(15)	(6,720)	(89,280)	(96,015)
Write-offs	-	-	(26,961)	(26,961)
At 31 December 2022	1,222	3,493	255,900	260,615

The changes in credit risk parameters include impact of forward-looking on key 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 PD and LGD modelling and revisions to management overlay assumptions.

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

(ix) Movements of impaired loans, financing and advances

	Group		Company	
	31-Dec-23 RM'000	31-Dec-22 RM'000	31-Dec-23 RM'000	31-Dec-22 RM'000
Balance as at 1 January	2,607,227	1,666,104	537,623	702,575
Acquisition of MIDF	288,598	-	-	-
Classified as impaired during the period	951,090	1,190,394	-	7,044
Reclassified as non-impaired	(156,521)	(54,270)	-	(679)
Amount recovered	(412,152)	(146,750)	(49)	(22,148)
Other movements	166,537	188,415	12,722	8,220
Derecognition of credit impaired financial asset	(44,200)	-	-	-
Refinancing to MBSB Bank	-	-	(251)	(130,239)
Reclassification from non-current assets held for sale	1,403	12,214	-	-
Amount written off	(328,633)	(248,880)	(249)	(27,150)
Derecognition due to debt sale	(17,635)	-	(17,635)	-
Balance as at end of financial period	3,055,714	2,607,227	532,161	537,623
Less: ECL stage 3	(1,128,408)	(994,161)	(259,936)	(255,900)
Net impaired loans, advances and financing	1,927,306	1,613,066	272,225	281,723
Net impaired as a percentage of net loans, financing and advances	4.76%	4.37%	100.00%	76.46%
Gross impaired as a percentage of gross loans, financing and advances	7.27%	6.76%	100.00%	85.46%

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

(x) Impaired loans, financing and advances by sector

	Group		Company	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Household sector	691,906	502,986	-	16,594
Construction	1,096,024	1,074,928	295,922	292,328
Education, health and others	380,141	312,717	236,239	227,817
Finance, insurance, real estate and business services	344,635	195,691	-	884
Manufacturing	183,692	233,941	-	-
Wholesale & retail trade and restaurants & hotels	306,563	286,095	-	-
Transport, storage and communication	4,253	358	-	-
Mining and quarrying	48,500	511	-	-
	3,055,714	2,607,227	532,161	537,623

(xi) Impaired loans, financing and advances by geographical distribution

	Group		Company	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Malaysia	3,055,714	2,607,227	532,161	537,623

A13. Other receivables

	Group		Company	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Amount due from MBSB Bank	-	-	35,619	-
Amount due from other subsidiaries	-	-	-	53,863
Foreclosed properties	36,580	41,238	309	41,238
Prepayments and deposits	32,530	16,364	-	-
Fee receivables	63,800	-	-	-
Sundry receivables	153,685	26,239	1,266	1,387
Public Low Cost Housing Programme ("PLCHP")	-	23	-	23
Deferred expenses	60,849	41,706	-	-
Amount due from brokers and clients	20,249	-	-	-
Trade receivable	-	56	-	-
	367,693	125,626	37,194	96,511
Less:				
ECL				
- Non trade	(23,476)	(135)	-	(53,863)
- Trade	-	(56)	-	-
	344,217	125,435	37,194	42,648

A14. Non-current assets held for sale

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

(a) Financing held for sale

	Group	
	31-Dec-23	31-Dec-22
	RM'000	RM'000
<u>Gross movement</u>		
Balance as at 1 January	11,457	23,671
Reclassification to loans, financing and advances	(1,403)	(12,214)
Derecognition during the year	(10,054)	-
Gross financing held for sale	<u>-</u>	<u>11,457</u>

ECL

Balance as at 1 January	(10,893)	(21,549)
Reclassification to loans, financing and advances	1,417	10,656
Derecognition during the year	9,476	-
Total impairment allowance	<u>-</u>	<u>(10,893)</u>
Net financing held for sale	<u>-</u>	<u>564</u>

By economic purpose:

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>

(b) Other assets held for sale

	Group	
	31-Dec-23	31-Dec-22
	RM'000	RM'000
Lands and office units	56,846	56,846
Property and equipment	201	260
Right-of-use assets	-	433
	<u>57,047</u>	<u>57,539</u>
Property and equipment:		
Balance as at 1 January	260	260
Disposal during the period	(260)	-
Transfer from property and equipment	201	-
	<u>201</u>	<u>260</u>
Right-of-use assets:		
Balance as at 1 January	433	433
Disposal during the period	(433)	-
	<u>-</u>	<u>433</u>

A15. Deposits from customers

(i) By type of deposits:

	Group	
	31-Dec-23	31-Dec-22
	RM'000	RM'000
Term Deposits	36,025,662	26,749,347
Demand deposits	2,021,453	1,473,237
Savings deposits	752,952	734,551
	<u>38,800,067</u>	<u>28,957,135</u>

(ii) Maturity of term deposits:

	Group	
	31-Dec-23	31-Dec-22
	RM'000	RM'000
Due within six months	27,151,261	19,627,347
More than six months to one year	6,199,332	4,421,626
More than one year to three years	482,298	1,266,438
More than three years	2,192,771	1,433,936
	<u>36,025,662</u>	<u>26,749,347</u>

(iii) By type of customers:

	Group	
	31-Dec-23	31-Dec-22
	RM'000	RM'000
Government and statutory bodies	19,306,461	15,232,596
Business enterprises	14,186,512	8,909,664
Individuals	5,307,094	4,814,875
	<u>38,800,067</u>	<u>28,957,135</u>

A16. Deposits and placements of banks and other financial institutions

(i) By type of deposit:

	Group	
	31-Dec-23	31-Dec-22
	RM'000	RM'000
Other financial institutions:		
- Licensed investment banks	29,271	779
- Licensed commercial banks	921	-
- Licensed islamic banks	1,201,820	1,121,734
- Other financial institutions	7,591,554	6,388,823
	<u>8,823,566</u>	<u>7,511,336</u>

A17. Investment accounts of customers

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

The investment account placements were used to fund personal financing.

(i) By type of customers:

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

(ii) Movement of investment accounts of customers:

	Group	
	31-Dec-23	31-Dec-22
	RM'000	RM'000
Balance as at 1 January	2,080,767	2,094,914
New placement during the period	2,526,300	5,795,123
Redemption	(4,592,220)	(5,809,189)
Finance expense	31,473	52,685
Profit distributed	(46,320)	(52,766)
At end of financial period	-	2,080,767

(iii) By maturity:

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

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

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

31-Dec-23	Investment Average ROR %	Group Performance incentive fee %
Unrestricted investment accounts:		
Due within six months	-	-
More than six months to one year	-	-

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

A18. Other payables

	Note	Group		Company	
		31-Dec-23 RM'000	31-Dec-22 RM'000	31-Dec-23 RM'000	31-Dec-22 RM'000
Amount due to subsidiary		-	-	-	40,527
Amount due to brokers and clients	(i)	20,156	-	-	-
Amount due to Government					
Scheme Funds ("GSF")		83,019	-	-	-
Sundry creditors		267,056	232,068	5,432	9,303
Al-Mudharabah security funds		117,885	132,944	-	-
Expected credit losses for					
commitments and contingencies	(ii)	35,250	52,772	-	422
Employee benefits		13,970	-	-	-
Deferred income		5,243	1,314	-	-
Other provisions and accruals		137,965	100,341	519	372
		<u>680,544</u>	<u>519,439</u>	<u>5,951</u>	<u>50,624</u>

(i) Amount due to brokers and clients

	Group 31-Dec-23 RM'000
Brokers	10,237
Clients	9,919
	<u>20,156</u>

A18. Other payables (cont'd.)

(ii) Expected credit losses for commitments and contingencies

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

	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	15,277	32,440	5,055	52,772
Acquisition of MIDF	1,307	-	-	1,307
Total charged/(reversal) to profit or loss	11,709	(27,160)	(2,910)	(18,361)
Changes in ECL due to transfer within stages:				
- Transfer to Stage 1	1,948	(1,935)	(13)	-
- Transfer to Stage 2	(913)	950	(37)	-
- Transfer to Stage 3	(8)	(356)	364	-
New financing/disbursement during the period	12,223	255	68	12,546
Derecognised/converted to loans/financing during the period (other than write-offs)	(3,743)	(8,937)	(3,963)	(16,643)
Changes in credit risk parameters #	2,202	(17,137)	671	(14,264)
Reclassification to financing	(72)	(101)	(283)	(456)
Write-offs	-	-	(12)	(12)
At 31 December 2023	28,221	5,179	1,850	35,250

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

A18. Other payables (cont'd.)

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

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

	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	17,117	35,929	1,400	54,446
Total (reversal)/charged to profit or loss	(1,840)	(3,489)	3,983	(1,346)
Changes in ECL due to transfer within stages:				
- Transfer to Stage 1	24,754	(24,753)	(1)	-
- Transfer to Stage 2	(306)	386	(80)	-
- Transfer to Stage 3	(25)	(873)	898	-
New financing/disbursement during the period	12,333	1,395	95	13,823
Derecognised/converted to loans/financing during the period (other than write-offs)	(6,688)	(8,098)	(547)	(15,333)
Changes in credit risk parameters #	(24,285)	2,618	4,334	(17,333)
Change to model assumptions and methodologies ^	(7,623)	25,836	(716)	17,497
Write-offs	-	-	(328)	(328)
At 31 December 2022	15,277	32,440	5,055	52,772

The changes in credit risk parameters includes the impact of forward-looking on key 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 PD and LGD modelling and revisions to management overlay assumptions.

A18. Other payables (cont'd.)

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

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

	Company			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	131	69	222	422
Total (reversal)/charged to profit or loss	(59)	32	61	34
Changes in ECL due to transfer within stages:				
- Transfer to Stage 1	2	(2)	-	-
- Transfer to Stage 2	(17)	31	(14)	-
- Transfer to Stage 3	-	(42)	42	-
Derecognised/drawdown to loans/financing during the period	(46)	-	-	(46)
Changes in credit risk parameters #	2	45	33	80
Reclassification to non-current assets held for sale	(72)	(101)	(283)	(456)
At 31 December 2023	-	-	-	-

	Company			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	174	59	26	259
Total (reversal)/charged to profit or loss	(43)	10	196	163
Changes in ECL due to transfer within stages:				
- Transfer to Stage 1	16	(16)	-	-
- Transfer to Stage 2	(8)	15	(7)	-
- Transfer to Stage 3	(3)	(32)	35	-
Derecognised/drawdown to loans/financing during the period	(16)	(5)	(7)	(28)
Changes in credit risk parameters #	(32)	48	175	191
Write-offs	-	-	-	-
At 31 December 2022	131	69	222	422

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

A19. Borrowings and government grant

		Group
		31-Dec-23
		RM'000
	Note	
Borrowings		
Loan from JBIC-FSMI	(a)	109,092
Loan from MITI	(b)	77,191
		<u>186,283</u>
Government grant		
Loan from MITI	(b)	17,559
Total borrowing and government grant		<u>203,842</u>

- (a) Loan from Japan Bank of International Cooperation Fund for Small and Medium Industries ("JBIC-FSMI")

		Group
		31-Dec-23
		RM'000
At 1 January		-
Addition from acquisition of MIDF		108,342
Interest expense		750
At 31 December		<u>109,092</u>

- (b) Loan from Soft Loan Scheme for Services Sector ("SLSSS") provided by Ministry of International Trade and Industry ("MITI")

		Group
		31-Dec-23
		RM'000
Borrowings		
At 1 January		-
Addition from acquisition of MIDF		97,998
Repayment		(22,000)
Profit expense *		1,193
At 31 December		<u>77,191</u>
Government grant		
At 1 January		-
Addition from acquisition of MIDF		18,752
Amortisation		(1,193)
At 31 December		<u>17,559</u>
		<u>94,750</u>

* Grant income is deducted against the profit expense in profit or loss.

A20. Income derived from investment of deposits and Islamic capital funds

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Income derived from:				
Financing and advances	502,821	524,965	2,200,915	2,174,850
Financial investments at FVOCI	110,694	101,028	386,355	409,620
Financial investments at amortised cost	48,275	18,429	116,870	50,942
Financial assets at FVTPL	4,208	-	24,775	6,587
Deposits and placements with banks and other financial institutions	15,469	10,351	54,237	32,763
	681,467	654,773	2,783,152	2,674,762

A21. Interest income

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
Loans and advances	22,805	1,594	24,497	7,980
Deposits and placements with banks and other financial institutions	2,174	-	2,174	15
Financial investments at FVOCI	2,182	-	2,182	-
Financial investments at amortised cost	2,127	-	2,127	-
	29,288	1,594	30,980	7,995

	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
Loans and advances	-	2,455	3,473	11,022
Deposits and placements with banks and other financial institutions	1,330	914	4,264	13,362
	1,330	3,369	7,737	24,384

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

A22. Interest expense

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	15,651	-	15,651	-
Deposits and placements with banks and other financial institutions	69	-	69	-
Borrowings	750	-	750	-
	<u>16,470</u>	<u>-</u>	<u>16,470</u>	<u>-</u>

A23. Expected credit losses on loans, financing and advances and other impairment

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
<u>Expected credit losses on loans, financing and advances made/(written back)</u>				
Loans, financing and advances				
- Stage 1	32,375	(103,601)	46,554	(53,025)
- Stage 2	(47,005)	(27,716)	(258,530)	(259,985)
- Stage 3	19,376	(14,929)	319,493	487,956
Credit impaired loans, financing and advances:				
- Write-off	(20,318)	9,011	3,956	26,670
- Recovered	22,673	(52,256)	(13,799)	(75,108)
Loss on sale of loans, financing and advances	368	-	21,322	-
	<u>7,469</u>	<u>(189,491)</u>	<u>118,996</u>	<u>126,508</u>
<u>Expected credit losses on financial investments made/(written back):</u>				
Financial investments at FVOCI	150	3	209	(4)
Financial investments at amortised cost	134	171	(266)	(105)
	<u>284</u>	<u>174</u>	<u>(57)</u>	<u>(109)</u>
<u>Other expected credit losses and impairment allowances made/(written back):</u>				
Other receivables	19,215	929	19,305	(59)
Foreclosed properties	202	(168)	202	(168)
Non-current assets held for sale	-	(6,330)	-	(6,330)
Financing commitments and financial guarantees	2,797	6,433	(18,361)	(1,346)
	<u>22,214</u>	<u>864</u>	<u>1,146</u>	<u>(7,903)</u>
	<u>29,967</u>	<u>(188,453)</u>	<u>120,085</u>	<u>118,496</u>

A23. Expected credit losses on loans, financing and advances and other impairment (cont'd)

	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
<u>Expected credit losses on loans, financing and advances made/(written back)</u>				
Loans, financing and advances				
- Stage 1	-	(229)	(149)	(305)
- Stage 2	-	(2,982)	(1,905)	(5,491)
- Stage 3	7,701	(16,346)	19,737	(95,256)
Credit impaired loans, financing and advances:				
- Write-off	(320)	162	249	4,085
- Recovered	(281)	(183)	(9,777)	(2,350)
Loss on sale of loans, financing and advances	368	-	21,322	-
	<u>7,468</u>	<u>(19,578)</u>	<u>29,477</u>	<u>(99,317)</u>
<u>Expected credit losses on financial investments made/(written back):</u>				
Foreclosed properties	(1)	(168)	109	(168)
Amount due from subsidiaries	(43)	940	1,654	3,691
Financing commitments and financial guarantees	1	78	34	163
	<u>(43)</u>	<u>850</u>	<u>1,797</u>	<u>3,686</u>
	<u>7,425</u>	<u>(18,728)</u>	<u>31,274</u>	<u>(95,631)</u>

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

A24. Net other income

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
<u>Gain on acquisition</u>				
Acquisition of MIDF	354,383	-	354,383	-
	<u>354,383</u>	<u>-</u>	<u>354,383</u>	<u>-</u>
<u>Rental</u>				
Rental income	89	90	175	109
	<u>89</u>	<u>90</u>	<u>175</u>	<u>109</u>
<u>Fee income</u>				
Net financing processing fees	230	16,428	731	16,797
Amortisation of facility fees	(2,370)	1,399	3,373	7,736
Other facility fees	607	412	2,870	3,003
Underwriting fees	195	-	195	-
Corporate advisory fees	6,006	-	6,006	-
Income from Government Scheme Funds	15,701	-	15,701	-
Brokerage fees	1,780	-	1,780	-
Others	5,596	133	6,431	133
	<u>27,745</u>	<u>18,372</u>	<u>37,087</u>	<u>27,669</u>
<u>Insurance and commission</u>				
Insurance commission	8,371	(3,537)	27,257	11,127
	<u>8,371</u>	<u>(3,537)</u>	<u>27,257</u>	<u>11,127</u>
<u>Investment income</u>				
Net (loss)/gain on sale of:				
- financial assets at FVTPL	(16,647)	254	(9,867)	(18,195)
- financial investments at FVOCI	(39,983)	(4,492)	(50,111)	(13,066)
- financial investments at amortised cost	16	-	16	-
Net unrealised gain/(loss) on revaluation of:				
- financial assets at FVTPL	4,217	1,059	4,217	4,200
- derivatives instruments	(980)	-	(980)	-
	<u>(53,377)</u>	<u>(3,179)</u>	<u>(56,725)</u>	<u>(27,061)</u>
<u>Other income</u>				
Ta'widh/penalty	5,294	7,943	20,941	16,977
(Loss)/gain on foreign exchange transactions	(3,445)	3,509	(13,277)	12,390
Sundry income	13,665	(2,137)	18,442	8,931
(Loss)/gain from disposal of:				
- Property and equipment	(159)	(8)	(163)	(8)
- Non-current assets held for sale	-	(304)	1,331	529
- Foreclosed properties	3,970	2,656	3,980	2,597
	<u>19,325</u>	<u>11,659</u>	<u>31,254</u>	<u>41,416</u>
	<u>356,536</u>	<u>23,405</u>	<u>393,431</u>	<u>53,260</u>

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

A24. Net other income (cont'd)

	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
<u>Rental</u>				
Rental income	953	968	3,817	5,761
	<u>953</u>	<u>968</u>	<u>3,817</u>	<u>5,761</u>
<u>Fee income</u>				
Amortisation of facility fees	-	-	-	916
Other facility fees	178	38	1,015	398
	<u>178</u>	<u>38</u>	<u>1,015</u>	<u>1,314</u>
<u>Insurance and commission</u>				
Insurance commission	-	3	9	30
	<u>-</u>	<u>3</u>	<u>9</u>	<u>30</u>
<u>Gross dividend income</u>				
Dividend income	-	-	440,828	162,839
	<u>-</u>	<u>-</u>	<u>440,828</u>	<u>162,839</u>
<u>Other income</u>				
Ta'widh/penalty	2,965	2,306	10,783	6,521
Sundry income	9,613	172	9,589	2,968
Gain from disposal of foreclosed properties	3,970	2,656	3,980	2,597
	<u>16,548</u>	<u>5,134</u>	<u>24,352</u>	<u>12,086</u>
	<u>17,679</u>	<u>6,143</u>	<u>470,021</u>	<u>182,030</u>

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

A25. Operating expenses

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Personnel expenses *	122,728	72,301	395,723	310,713
Establishment related expenses	61,653	54,131	188,971	178,598
Promotion and marketing related expenses	4,636	7,774	14,631	15,904
General administrative expenses	43,660	73,041	112,370	145,244
	<u>232,677</u>	<u>207,247</u>	<u>711,695</u>	<u>650,459</u>

	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Personnel expenses *	1,429	526	4,294	2,071
Establishment related expenses	143	141	1,101	1,194
General administrative expenses	4,908	35,326	16,873	51,523
	<u>6,480</u>	<u>35,993</u>	<u>22,268</u>	<u>54,788</u>

Included in operating expenses are the following:

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Depreciation:				
- property and equipment	10,309	15,306	39,731	43,156
- right-of-use asset	7,872	6,034	26,124	22,308
Amortisation of intangible assets	11,120	10,949	41,669	41,474

	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Depreciation of property and equipment	117	133	465	481

A25. Operating expenses (cont'd.)

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

* Personnel expenses

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	83,669	55,072	286,644	230,075
Contributions to Employees Provident Fund and Social security costs	14,035	3,563	46,360	34,340
Directors fees	1,203	689	4,006	4,219
Employees' benefits	365	-	365	-
Shariah Committee remuneration	87	148	646	555
Other staff related expenses	23,369	12,829	57,702	41,524
	122,728	72,301	395,723	310,713

	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	657	-	1,908	-
Contributions to Employees Provident Fund	82	-	234	-
Directors fees	329	407	1,716	1,949
Other staff related expenses	361	119	436	122
	1,429	526	4,294	2,071

A26. Commitments and contingencies

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

Group

31-Dec-23	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	80,589	80,589	80,589
Trade-related contingencies	69,139	34,569	34,569
Short term self liquidating trade related contingencies	56,657	11,331	11,331
Irrevocable commitments to extend credit:			
- one year or less	1,789,696	357,929	357,929
- over one year to five years	1,839,478	917,899	826,677
- over five years	361,078	180,539	180,539
Foreign exchange related contracts #			
- one year or less	2,820,048	75,103	20,251
Profit/Interest rate related contracts with an original maturity of:			
- over one year to five years	300,000	10,275	2,055
	<u>7,316,685</u>	<u>1,668,234</u>	<u>1,513,940</u>

Company

31-Dec-23	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Irrevocable commitments to extend credit:			
- over one year to five years	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

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

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

A26. Commitments and contingencies (cont'd.)

Group

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

Company

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

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

A27. Capital commitments

	Group	
	31-Dec-23 RM'000	31-Dec-22 RM'000
Property and equipment/intangible assets: Contracted but not provided for	<u>58,673</u>	<u>296,088</u>

A28. Contingent liabilities

Megah Berkat Sdn Bhd & 2 Ors ("Plaintiffs") vs MBSB Bank Berhad

The Plaintiffs commenced an action against MBSB Bank for breach of contract and fiduciary duty and negligence for failure to issue the Performance Guarantee as per their request. The Plaintiffs' claim, amongst others, is for a return of all money received from the 1st Plaintiff, special damages and other claims amounting to a total amount of approximately RM40.4 million.

MBSB Bank filed an application to strike out the Plaintiffs' Writ and Statement of Claim on 2 December 2021. The striking out application was allowed by the KL High Court on 13 June 2022.

The Plaintiffs filed an appeal against the Court's decision on 7 July 2022. On 5 May 2023, the Court of Appeal allowed the appeal. Accordingly, the matter is returned to the Court for full trial. The court has fixed this matter for full trial on 6 May 2024 to 10 May 2024.

The solicitor is of the view that MBSB Bank has a probable chance of success in its defence of the action.

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

A29. Segmental information on revenue and results

4th Quarter Ended	Consumer Banking		Corporate Banking		Global Markets		Investment banking		Others		Inter-segment elimination		Total	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>External:</u>														
Fund based income	328,159	387,115	171,368	140,763	128,101	111,335	78,028	-	5,099	(1,664)	-	18,817	710,755	656,366
Non-fund based income	7,075	(7,605)	83	18,892	(41,001)	(3,168)	21,746	-	(567)	(16,657)	(37)	20,194	(12,701)	11,656
<u>Inter-segment</u>														
Fund based income	(81,575)	29,330	-	-	1,330	13,346	-	-	-	-	80,245	(42,676)	-	-
Total revenue	<u>253,659</u>	<u>408,840</u>	<u>171,451</u>	<u>159,655</u>	<u>88,430</u>	<u>121,513</u>	<u>99,774</u>	<u>-</u>	<u>4,532</u>	<u>(18,321)</u>	<u>80,208</u>	<u>(3,665)</u>	<u>698,054</u>	<u>668,022</u>
Profit before zakat and tax	515,568	323,064	247,828	(53,158)	(537,038)	21,350	3,601	-	(1,277,154)	24,071	1,344,459	(6,553)	297,264	308,774
Taxation													9,438	(108,048)
Zakat													(5,555)	-
Net profit for the period													<u>301,147</u>	<u>200,726</u>
Segment assets	28,817,761	27,094,578	10,456,346	10,372,080	17,562,485	14,879,835	6,900,420	-	680,879	664,807	-	-	64,417,891	53,011,300
Tax recoverable													259,283	394,716
Deferred tax assets													95,220	107,237
Unallocated assets													<u>1,890,892</u>	<u>1,435,052</u>
Total assets													<u>66,663,286</u>	<u>54,948,305</u>
Segment liabilities	25,175,669	23,556,098	9,750,482	9,274,862	15,033,724	12,263,993	6,048,058	-	59,063	263,880	-	-	56,066,996	45,358,833
Provision for taxation													35,945	69,903
Deferred tax liabilities													11,571	13,603
Unallocated liabilities													<u>710,508</u>	<u>546,773</u>
Total liabilities													<u>56,825,020</u>	<u>45,989,112</u>

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

A29. Segmental information on revenue and results (cont'd.)

Twelve Months Ended	Consumer Banking		Corporate Banking		Global Markets		Investment banking		Others		Inter-segment elimination		Total	
	31-Dec-23 RM'000	31-Dec-22 RM'000	31-Dec-23 RM'000	31-Dec-22 RM'000	31-Dec-23 RM'000	31-Dec-22 RM'000	31-Dec-23 RM'000	31-Dec-22 RM'000	31-Dec-23 RM'000	31-Dec-22 RM'000	31-Dec-23 RM'000	31-Dec-22 RM'000	31-Dec-23 RM'000	31-Dec-22 RM'000
<u>External:</u>														
Fund based income	1,543,814	1,709,646	677,745	489,951	495,846	466,653	78,028	-	18,699	16,508	-	-	2,814,132	2,682,758
Non-fund based income	23,848	13,127	10,652	30,114	(49,061)	(26,958)	21,746	-	440,828	158,292	(440,865)	(162,839)	7,148	11,736
<u>Inter-segment</u>														
Fund based income	-	121,350	-	-	4,264	13,346	-	-	-	-	(4,264)	(134,696)	-	-
Total revenue	<u>1,567,662</u>	<u>1,844,123</u>	<u>688,397</u>	<u>520,065</u>	<u>451,049</u>	<u>453,041</u>	<u>99,774</u>	<u>-</u>	<u>459,527</u>	<u>174,800</u>	<u>(445,129)</u>	<u>(297,535)</u>	<u>2,821,280</u>	<u>2,694,494</u>
Profit before zakat and tax	614,549	673,020	353,809	(994)	(605,611)	(258)	3,601	-	323,256	180,089	(129,881)	(160,521)	559,723	691,336
Taxation													(59,522)	(227,971)
Zakat													(8,392)	(3,177)
Net profit for the period													<u>491,809</u>	<u>460,188</u>
Segment assets	28,817,761	27,094,578	10,456,346	10,372,080	17,562,485	14,879,835	6,900,420	-	680,879	664,807	-	-	64,417,891	53,011,300
Tax recoverable													259,283	394,716
Deferred tax assets													95,220	107,237
Unallocated assets													<u>1,890,892</u>	<u>1,435,052</u>
Total assets													<u>66,663,286</u>	<u>54,948,305</u>
Segment liabilities	25,175,669	23,556,098	9,750,482	9,274,862	15,033,724	12,263,993	6,048,058	-	59,063	263,880	-	-	56,066,996	45,358,833
Provision for taxation													35,945	69,903
Deferred tax liabilities													11,571	13,603
Unallocated liabilities													<u>710,508</u>	<u>546,773</u>
Total liabilities													<u>56,825,020</u>	<u>45,989,112</u>

A30. Acquisition of property and equipment

	Group		Company	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Additions				
Building	-	6,045	-	-
Building renovation	21,036	2,316	-	-
Furniture & equipment	5,400	744	7	-
Motor vehicles	-	317	-	-
Data processing equipment	4,407	7,428	7	-
Work in progress	8,339	525	-	-
	39,182	17,375	14	-

A31. Significant related party transactions/balances

(a) The related parties of, and their relationship with the Company, are as follows:

No.	Related parties	Relationship
(i)	Employees Provident Fund ("EPF")	Ultimate holding company
(ii)	Other companies	Other companies consists of: - Associate companies of EPF - Joint venture companies with EPF - Companies in which directors of the Company and subsidiaries of the Company hold directorship.

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)

(Incorporated in Malaysia)

A31. Significant related party transactions/balances (cont'd.)

(b) Related party transactions

In addition to the related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related parties transactions. These transactions were carried out at terms not less favourable to other parties.

	EPF		Other companies	
	31-Dec-23 RM'000	31-Dec-22 RM'000	31-Dec-23 RM'000	31-Dec-22 RM'000
Related party transactions				
Group				
Income earned				
Profit/interest on deposits and placements with banks and other financial institutions	-	-	1	1
Profit/interest on loans, financing and advances	-	-	197	-
Profit/interest on financial investment at:				
- FVOCI	-	-	3,642	-
- Amortised cost	-	-	1,008	-
Brokerage fee	492	-	219	-
Expenditure incurred				
Profit on sukuk	39,521	47,619	-	-
Profit on deposits from customers	52,845	37,893	17,737	9,852
Rental expenses	22	50	-	-
Other expenses ^	-	-	3,235	6,615

^ Other expenses include transactions for services provided by related entities such as takaful expenses.

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)

(Incorporated in Malaysia)

A31. Significant related party transactions/balances (cont'd.)

(c) Related party balances

	EPF		Other companies	
	31-Dec-23 RM'000	31-Dec-22 RM'000	31-Dec-23 RM'000	31-Dec-22 RM'000
Related party balances				
Group				
<u>Amount due from</u>				
Cash and short-term funds	-	-	24,456	113,963
Deposits and placements with banks and other financial institutions	-	-	32	32
Loans, financing and advances	-	-	7,449	-
Financial investments at:				
- FVOCI	-	-	523,494	-
- Amortised cost	-	-	345,912	-
<u>Amount due to</u>				
Sukuk	665,063	846,548	-	-
Deposits from customers	2,370,709	1,560,988	275,515	279,430
Deposits and placements of banks and other financial institutions	-	-	801,352	594,773
Rental deposit	-	17	-	-

A32. Capital adequacy

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

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

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

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

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

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)

(Incorporated in Malaysia)

A32. Capital adequacy (cont'd.)

	Group			
	with TA 31-Dec-23 RM'000	without TA 31-Dec-23 RM'000	with TA 31-Dec-22 RM'000	without TA 31-Dec-22 RM'000
<u>Common Equity Tier 1 ("CET1") Capital</u>				
Ordinary share capital	7,970,427	7,970,427	7,198,068	7,198,068
Retained earnings exclude merger reserve	1,876,865	1,876,865	2,102,482	2,102,482
Other reserves	(9,264)	(9,264)	(341,366)	(341,366)
	<u>9,838,028</u>	<u>9,838,028</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	(95,220)	(95,220)	(107,238)	(107,238)
Cumulative gains of financial investments at FVOCI	(22,274)	(22,274)	(10,856)	(10,856)
Intangible assets	(161,126)	(161,126)	(144,694)	(144,694)
Regulatory reserve attributable to financing	(106,644)	(106,644)	-	-
Total CET1 Capital	<u>9,304,733</u>	<u>9,304,733</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>9,304,733</u>	<u>9,304,733</u>	<u>8,548,365</u>	<u>8,548,365</u>
<u>Tier 2 Capital</u>				
Stage 1 and Stage 2 ECL allowances	545,294	545,294	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>1,845,294</u>	<u>1,845,294</u>	<u>1,752,361</u>	<u>1,752,361</u>
Total capital base	<u>11,150,027</u>	<u>11,150,027</u>	<u>10,300,726</u>	<u>10,300,726</u>

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)

(Incorporated in Malaysia)

A32. Capital adequacy (cont'd.)

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

	Group			
	with TA 31-Dec-23 RM'000	without TA 31-Dec-23 RM'000	with TA 31-Dec-22 RM'000	without TA 31-Dec-22 RM'000
<u>Total risk weighted assets ("RWA")</u>				
- Credit risk	43,623,502	43,623,502	36,188,860	36,188,860
- Market risk	323,809	323,809	90,857	90,857
- Operational risk	2,795,170	2,795,170	2,862,186	2,862,186
Total RWA	<u>46,742,481</u>	<u>46,742,481</u>	<u>39,141,903</u>	<u>39,141,903</u>
<u>Capital adequacy ratios</u>				
CET1 capital ratio	19.906%	19.906%	21.839%	21.839%
Tier 1 capital ratio	19.906%	19.906%	21.839%	21.839%
Total capital ratio	<u>23.854%</u>	<u>23.854%</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. As at 31 Decemer 2023, URIA risk weighted assets excluded from the Total Capital Ratio calculation amounted to Nil (31 December 2022: RM2,011.5 million).

PERFORMANCE REVIEW FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

B1. Performance review of the Group

(a) Income statement

Current Year Quarter vs Preceding Year Corresponding Quarter

	Current Year Quarter 31-Dec-23 4Q23 RM'000	Preceding Year Corresponding Quarter 31-Dec-22 4Q22 RM'000	Changes	
			RM'000	%
Revenue	698,054	668,022	30,032	4.5%
Net income	559,908	327,568	232,340	70.9%
Operating expenses	(232,677)	(207,247)	(25,430)	12.3%
Expected credit losses on loans, financing and advances and other impairment	(29,967)	188,453	(218,420)	>-100%
Profit before tax	<u>297,264</u>	<u>308,774</u>	(11,510)	-3.7%
Profit after tax	<u>301,147</u>	<u>200,726</u>	100,421	50.0%
Profit attributable to ordinary equity holders of the Parent	<u>301,147</u>	<u>200,726</u>	100,421	50.0%
Cost to income ratio	41.6%	63.3%		

Current Year Quarter vs Immediate Preceding Quarter

	Current Year Quarter 31-Dec-23 4Q23 RM'000	Preceding Quarter 30-Sep-23 3Q23 RM'000	Changes	
			RM'000	%
Revenue	698,054	746,200	(48,146)	-6.5%
Net income	559,908	278,795	281,113	>100%
Operating expenses	(232,677)	(170,616)	(62,061)	36.4%
Expected credit losses on loans, financing and advances and other impairment	(29,967)	(85,136)	55,169	-64.8%
Profit before tax	<u>297,264</u>	<u>23,043</u>	274,221	>100%
Profit after tax	<u>301,147</u>	<u>32,840</u>	268,307	>100%
Profit attributable to ordinary equity holders of the Parent	<u>301,147</u>	<u>32,840</u>	268,307	>100%
Cost to income ratio	41.6%	61.2%		

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)

(Incorporated in Malaysia)

B1. Performance review of the Group (cont'd)**(a) Income statement (cont'd)**

During the quarter, the Group posted a profit before tax (“PBT”) of RM297 mil, a decrease compared to 4Q22 as the Group recorded ECL writeback in 4Q22, but surpassing the preceding quarter (3Q23) due to a higher net income.

Following the completion of acquisition of MIDF Group on 2 October 2023, the Group consolidated MIDF Group’s results in 4Q23, and recording a one-off gain from the acquisition amounting to RM354 mil. This gain significantly contributed to the quarter’s net income of RM560 mil. Besides the gain on acquisition, the Group’s net income remained predominantly from loans, financing, and financial investments.

The Group’s operating expenses (“OPEX”) for 4Q23 was RM233 mil, marking an increase from the previous quarter mainly to account for expenses related to MIDF Group. Personnel expenses continued to be the predominant component of the Group’s overall expenses.

The Group incurred an ECL charge of RM30 mil primarily attributed to the consumer portfolio due to deteriorating ECL staging and an increase in non-performing financing.

(b) Contribution of major subsidiary of the Group

	Group Current Year Quarter 31-Dec-23 4Q23 RM'000	MBSB Bank Current Year Quarter 31-Dec-23 4Q23 RM'000	Contribution (without elimination) %
Total assets	66,663,286	60,285,237	90.43%
Total equity	9,838,266	7,897,806	80.28%
Profit before tax	297,264	249,070	83.79%
Profit after tax	301,147	217,209	72.13%
Gross return on equity	12.65%	12.82%	
Gross return on assets	1.96%	1.72%	

	Group Preceding Year Corresponding Quarter 31-Dec-22 4Q22 RM'000	MBSB Bank Preceding Year Corresponding Quarter 31-Dec-22 4Q22 RM'000	Contribution (without elimination) %
Total assets	54,948,305	55,537,647	>100%
Total equity	8,959,193	7,641,976	85.30%
Profit before tax	308,774	388,886	>100%
Profit after tax	200,726	305,401	>100%
Gross return on equity	14.00%	21.98%	
Gross return on assets	2.34%	2.91%	

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

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

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

	Group Preceding Quarter 30-Sep-23 3Q23 RM'000	MBSB Bank Preceding Quarter 30-Sep-23 3Q23 RM'000	Contribution (without elimination) %
Total assets	57,632,525	58,418,760	>100%
Total equity	8,663,914	7,623,260	88.0%
Profit before tax	23,043	43,374	>100%
Profit after tax	32,840	49,457	>100%
Gross return on equity	1.05%	2.27%	
Gross return on assets	0.16%	0.30%	

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

B2. Prospects for the Group

Outlook for 2024

The global economy is projected to grow moderately in 2024 for both advanced and emerging economies. The International Monetary Fund forecasts global gross domestic product growth to be 2.9%, a slight decrease from 3.0% in 2023, with inflation subsiding and labor markets showing resilience. According to the Ministry of Finance, Malaysia's economy is expected to grow by approximately 4.0% in 2024, driven by sustained domestic consumption and improved export activities. Meanwhile, Bank Negara Malaysia raised the Overnight Policy Rate ("OPR") once in 2023 by 25 basis points to 3.0%. At the current OPR level, the monetary policy stance is supportive of the economy and aligns with the current assessment of inflation and growth prospects.

MBSB's key strategy for 2024 is to continue raising Current Accounts and Savings Accounts ("CASA") level and improve its funding costs. MBSB will also aim to realize synergies between MBSB and MIDF to provide customers with better service, innovative products, and personalized solutions, especially for SMEs and retail customers in the mass affluent segment. This strategy will be anchored in our continuous improvement in digitalization, making it easier for our customers to conduct banking and manage their operations.

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

B3. Variance from profit forecast

Not applicable

B4. Taxation

	Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current income tax	(14,846)	80,626	54,929	228,035
Over provision in prior years	28,101	34,725	51,488	27,903
	<u>13,255</u>	<u>115,351</u>	<u>106,417</u>	<u>255,938</u>
Deferred tax	<u>(22,693)</u>	<u>(7,303)</u>	<u>(46,895)</u>	<u>(27,967)</u>
Total income tax expense	<u>(9,438)</u>	<u>108,048</u>	<u>59,522</u>	<u>227,971</u>

	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current income tax	65	(3,999)	-	23,521
Under/(over) provision in prior years	1,662	-	(1,588)	(1,428)
	<u>1,727</u>	<u>(3,999)</u>	<u>(1,588)</u>	<u>22,093</u>
Deferred tax	<u>(1,786)</u>	<u>2,438</u>	<u>(1,786)</u>	<u>5,418</u>
Total income tax expense	<u>(59)</u>	<u>(1,561)</u>	<u>(3,374)</u>	<u>27,511</u>

B5. Status of corporate proposals

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

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

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

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

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

The Court Convened Meeting was held on 24 November 2023 where the shareholders approved the Proposed Scheme. The Proposed Scheme completed on 31 January 2024.

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

B6. Borrowings and debts

Borrowings of the Group were as follows:

	31-Dec-23		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
<u>Secured</u>			
Recourse obligation on financing sold	1,952,478	2,079,254	4,031,732
<u>Sukuk</u>			
- Sukuk-MBSB Structured Covered ("SC") Murabahah	228,350	371,156	599,506
<u>Non secured</u>			
<u>Sukuk</u>			
- Sukuk Wakalah	-	1,597,926	1,597,926
Borrowings and government grant	29,038	174,804	203,842
	31-Dec-22		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
<u>Secured</u>			
Recourse obligation on financing sold	4,088,219	267,189	4,355,408
<u>Sukuk</u>			
- Sukuk-MBSB Structured Covered ("SC") Murabahah	587,935	245,870	833,805
<u>Non secured</u>			
<u>Sukuk</u>			
- Sukuk Wakalah	1,591,911	5,001	1,596,912

B7. Off balance sheet financial instruments

The details of the off balance sheet financial instruments are as per note A26.

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			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to shareholders for the period (RM'000)	301,147	200,726	491,809	460,188
Weighted average number of ordinary shares in issue ('000)	8,210,890	7,171,484	7,433,471	7,171,484
Basic earnings per share (sen)	<u>3.67</u>	<u>2.80</u>	<u>6.62</u>	<u>6.42</u>

	Company			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit attributable to shareholders for the period (RM'000)	5,163	(6,192)	427,590	219,746
Weighted average number of ordinary shares in issue ('000)	8,210,890	7,171,484	7,433,471	7,171,484
Basic earnings per share (sen)	<u>0.06</u>	<u>(0.09)</u>	<u>5.75</u>	<u>3.06</u>

B9. Authorisation for issue

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

BY ORDER OF THE BOARD

Koh Ai Hoon (MAICSA 7006997)
Practicing Certificate No.: 202308000225

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

Company Secretaries
Petaling Jaya

27 February 2024