

MBSB BANK BERHAD (200501033981 / 716122-P)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

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

		Bank Group		Bank	
		31-Mar-23	31-Dec-22	31-Mar-23	31-Dec-22
		RM'000	RM'000	RM'000	RM'000
Assets					
Cash and short-term funds	6(a)	1,578,512	2,192,818	1,526,143	2,079,255
Deposits and placements with banks and other financial institutions	6(b)	656,326	597,746	-	-
Derivative financial assets	7	10,482	15,017	10,482	15,017
Financial investments at fair value through profit or loss	8	1,280,931	240,357	1,280,931	240,357
Financial investments at fair value through other comprehensive income	9	10,345,625	11,392,780	10,345,625	11,392,780
Financial investments at amortised cost	10	1,946,014	1,625,792	1,946,014	1,625,792
Financing and advances	11	37,260,060	36,565,207	37,260,060	36,565,207
Sukuk Commodity Murabahah		-	-	2,131,845	2,104,499
Other receivables	12	479,495	514,926	475,218	583,692
Statutory deposits with Bank Negara Malaysia		610,000	610,000	610,000	610,000
Investment property		820	820	820	820
Property and equipment		96,587	87,491	96,587	87,491
Intangible assets		93,821	96,157	93,821	96,157
Right-of-use assets		42,733	28,778	42,733	28,778
Tax recoverable		250	209	-	-
Deferred tax assets		65,439	107,238	65,439	107,238
Non-current assets held for sale	14	-	564	-	564
Total assets		54,467,095	54,075,900	55,885,718	55,537,647
Liabilities					
Deposits from customers	15	30,365,911	29,112,699	30,365,911	29,112,699
Deposits and placements of banks and other financial institutions	16	7,745,287	7,511,336	7,745,287	7,511,336
Investment accounts of customers	17	956,219	2,080,767	956,219	2,080,767
Derivative financial liabilities	7	3,644	23,470	3,644	23,470
Other payables	18	830,602	508,679	2,516,731	2,245,002
Lease liabilities		43,305	29,370	43,305	29,370
Recourse obligation on financing sold		4,271,157	4,355,408	4,271,157	4,355,408
Sukuk-MBSB Structured Covered Murabahah		844,950	833,805	844,950	833,805
Sukuk Wakalah		1,616,963	1,596,912	1,616,963	1,596,912
Provision for taxation		94,799	106,902	94,799	106,902
Total liabilities		46,772,837	46,159,348	48,458,966	47,895,671
Equity					
Share capital		6,427,972	6,427,972	6,427,972	6,427,972
Reserves		1,266,286	1,488,580	998,780	1,214,004
Total equity		7,694,258	7,916,552	7,426,752	7,641,976
Total Liabilities and Equity		54,467,095	54,075,900	55,885,718	55,537,647
Commitments and contingencies	27	5,023,786	5,124,328	5,023,786	5,124,328
Capital Adequacy					
	30	Bank Group		Bank	
CET1 capital		17.335%	19.186%	16.704%	18.408%
Tier 1 capital		17.335%	19.186%	16.704%	18.408%
Total capital ratio		21.666%	23.735%	20.893%	22.794%

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2023

		Bank Group		Bank	
		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
Income derived from investment of depositors' funds	19	528,438	531,270	548,470	554,800
Income derived from investment of shareholders' funds	20	119,810	109,548	124,128	114,087
Income derived from investment of investment accounts' funds	21	28,693	33,489	28,693	33,489
Expected credit losses on financing and advances and other impairment	22	(35,559)	(166,644)	(35,559)	(166,644)
Net loss on modification of cash flows		-	(8,961)	-	(8,961)
Total distributable income		641,382	498,702	665,732	526,771
Income attributable to depositors and others	23	(410,128)	(279,189)	(428,356)	(314,234)
Total net income		231,254	219,513	237,376	212,537
Personnel expenses	24	(79,802)	(83,726)	(79,802)	(83,726)
Other overhead expenses	25	(44,349)	(62,731)	(43,865)	(62,342)
Profit before taxation and zakat		107,103	73,056	113,709	66,469
Taxation		(11,839)	(18,360)	(11,375)	(17,539)
Zakat		-	(75)	-	(75)
Profit for the financial period		95,264	54,621	102,334	48,855
Profit attributable to:					
Owner of the Bank Group		95,264	54,621	102,334	48,855
		95,264	54,621	102,334	48,855
Profit for the financial period		95,264	54,621	102,334	48,855
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)	123,270	(147,411)
- Net profit/(loss) from change in fair values		176,482	(185,469)	176,482	(185,469)
- Realised loss transferred to statements of income on disposal		(14,291)	(8,491)	(14,291)	(8,491)
- Transfer (to)/from deferred tax		(38,921)	46,549	(38,921)	46,549
Other comprehensive income/(expense), net of tax	26	123,270	(147,411)	123,270	(147,411)
Total comprehensive income/(expense) for the financial period		218,534	(92,790)	225,604	(98,556)
Earnings per share (sen)		1.51	1.46	1.62	8.39

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

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2023**

	← Non-distributable →		Distributable		Total
	Share Capital	Regulatory Reserve	Fair value reserve	Retained profits	
Bank Group	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	6,427,972	-	(341,367)	1,829,947	7,916,552
Profit for the financial period	-	-	-	95,264	95,264
Other comprehensive expense 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 to owner of the Bank	-	-	-	(440,828)	(440,828)
At 31 March 2023	6,427,972	-	(218,097)	1,484,383	7,694,258
At 1 January 2022	5,427,972	5,234	(160,950)	1,513,503	6,785,759
Profit for the financial period	-	-	-	54,621	54,621
Other comprehensive expense 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)
At 31 March 2022	5,427,972	5,234	(308,361)	1,568,124	6,692,969

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

MBSB BANK BERHAD (200501033981 / 716122-P)

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INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CHANGES IN EQUITY****FOR THE FIRST QUARTER ENDED 31 MARCH 2023 (CONTINUED)**

	← Non-distributable →			Distributable	
	Share Capital	Regulatory Reserve	Fair value reserve	Retained profits	Total
Bank	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	6,427,972	-	(341,367)	1,555,371	7,641,976
Profit for the financial period	-	-	-	102,334	102,334
Other comprehensive expense 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 to owner of the Bank	-	-	-	(440,828)	(440,828)
At 31 March 2023	6,427,972	-	(218,097)	1,216,877	7,426,752
At 1 January 2022	5,427,972	5,234	(160,950)	1,242,215	6,514,471
Profit for the financial period	-	-	-	48,855	48,855
Other comprehensive expense 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)
At 31 March 2022	5,427,972	5,234	(308,361)	1,291,070	6,415,915

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

MBSB BANK BERHAD (200501033981 / 716122-P)
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**INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2023**

	Bank Group		Bank	
	3 months ended		3 months ended	
	31-March-23	31-March-22	31-March-23	31-March-22
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	107,103	73,056	113,709	66,469
Adjustments for non-cash items	31,861	270,627	4,514	239,756
Operating profit before working capital changes	138,964	343,683	118,223	306,225
Working capital changes:				
Net changes in operating assets	(793,316)	(172,983)	(661,652)	(197,074)
Net changes in operating liabilities	295,504	(24,201)	245,775	28,084
Income taxes and zakat refunded/(paid)	9,494	(11,951)	9,494	(11,306)
Net cash generated from operating activities	(349,354)	134,548	(288,160)	125,929
Cash flows from investing activities				
Purchase of property and equipment	(15,784)	(2,239)	(15,784)	(2,239)
Purchase of intangible assets	(7,935)	(10,022)	(7,935)	(10,022)
Profit income from financial investments	132,877	131,789	132,877	131,789
Net purchase of financial investments	(237,304)	(1,068,860)	(237,304)	(1,068,860)
Net cash used in investing activities	(128,146)	(949,332)	(128,146)	(949,332)
Cash flows from financing activities				
Repayment of recourse obligation on financing sold	(83,936)	953,634	(83,936)	953,634
Profit expense paid on recourse obligation on financing sold	(41,516)	(29,006)	(41,516)	(29,006)
Profit expense paid on Sukuk Wakalah	(225)	(186)	(225)	(186)
Repayment of Sukuk MBSB-SC Murabahah	532	534	532	534
Payment of lease liabilities	(11,661)	(12,135)	(11,661)	(12,135)
Net cash (used in)/generated from financing activities	(136,806)	912,841	(136,806)	912,841
Net (decrease)/increase in cash and cash equivalents	(614,306)	98,057	(553,112)	89,438
Cash and cash equivalents at the beginning of financial period	2,192,818	645,205	2,079,255	624,629
Cash and cash equivalents at the end of financial period	1,578,512	743,262	1,526,143	714,067

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2023**

1. 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 assets 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 profit method: 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") 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 MBSB Bank Group and MBSB Bank 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 MBSB Bank Group and MBSB Bank since the financial year ended 31 December 2022.

The unaudited interim financial statement of MBSB Bank Group ("the Bank Group") comprises of MBSB Bank Berhad ("MBSB Bank" or "the bank") and its 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 Bank Group and the Bank 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 Bank Group and Bank.

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.

2. Audit Report of Preceding Financial Year Ended 31 December 2022

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

3. Seasonality and Cyclicity of Operation and Unusual Items

The business operations of MBSB Bank Group and MBSB Bank have not been affected by any seasonal, cyclical factors or unusual items during the quarter.

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4. Exceptional on Unusual items

There were no exceptional or unusual items during the quarter.

5. Dividend

On 26 January 2023, the Directors approved single-tier interim dividend of 7.0 per ordinary share in respect of the financial year ended 31 December 2022. Based on the number of shares in issue of 6,297,537,187 as at 31 December 2022, the dividend payable would be RM440,827,603.

The dividend was paid on 12 April 2023.

6. Cash and short-term funds and deposits and placements with banks and other financial institutions

	Bank Group		Bank	
	31-Mar-23 RM'000	31-Dec-22 RM'000	31-Mar-23 RM'000	31-Dec-22 RM'000
(a) Cash and balances with banks and other financial institutions	393,423	354,349	341,054	240,786
Money at call and deposit placements				
	<u>1,185,089</u>	<u>1,838,469</u>	<u>1,185,089</u>	<u>1,838,469</u>
	<u>1,578,512</u>	<u>2,192,818</u>	<u>1,526,143</u>	<u>2,079,255</u>
(b) Deposits and placements with financial institutions with original maturity of more than one month				
- Licensed Islamic banks	656,326	597,746	-	-
	<u>2,234,838</u>	<u>2,790,564</u>	<u>1,526,143</u>	<u>2,079,255</u>

The ECL for cash and short-term funds and deposits and placements with banks and other financial institutions above is nil (2022: nil).

7. Derivative financial assets/(liabilities)

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

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

	Bank Group and Bank					
	31-Mar-23			31-Dec-22		
	Contract/ Notional amount RM'000	Fair value		Contract/ Notional amount RM'000	Fair value	
	Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000	
Trading derivatives						
Foreign exchange contracts:						
Currency forward						
- Less than one year	<u>1,455,451</u>	<u>10,482</u>	<u>(3,644)</u>	<u>1,976,886</u>	<u>15,017</u>	<u>(23,470)</u>

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

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

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

	Bank Group and Bank	
	31-Mar-23	31-Dec-22
	RM'000	RM'000
Money market instruments		
Malaysian Government Investment Issues	7,350,366	8,479,600
Debt securities		
<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.

ECL movement for financial investments at FVOCI:

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

	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	14	-	-	14
Total reversal to profit or loss:	(4)	-	-	(4)
Matured financial investments during the year	(4)	-	-	(4)
At 31 December 2022	<u>10</u>	<u>-</u>	<u>-</u>	<u>10</u>

10. Financial investments at amortised cost

	Bank Group and Bank	
	31-Mar-23	31-Dec-22
	RM'000	RM'000
Money market instruments		
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:

	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
ECL at 1 January 2023	868	239	-	1,107
Reversal to profit or loss	(196)	(24)	-	(220)
New financial investments purchased during the period	(196)	(24)	-	(220)
ECL at 31 March 2023	<u>672</u>	<u>215</u>	<u>-</u>	<u>887</u>

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

11. Financing and advances

(i) By type and Shariah contract
At amortised cost

Bank Group and Bank 31-Mar-23				Total
	Tawarruq RM'000	Bai' RM'000	Ijarah RM'000	financing and advances RM'000
Term Financing	31,538,595	1,807,347	1,259,054	34,604,996
Property financing	6,925,455	1,722,242	-	8,647,697
Bridging financing	484,782	-	-	484,782
Hire purchase receivables	-	-	746,619	746,619
Auto financing	-	-	38,365	38,365
Personal financing	18,993,996	98	-	18,994,094
Other term financing	5,134,362	85,007	474,070	5,693,439
Cash line	151,335	-	-	151,335
Staff financing	35,674	9	2,132	37,815
Revolving credit	1,599,037	-	-	1,599,037
Trade finance	2,173,694	-	-	2,173,694
Gross financing and advances	35,498,335	1,807,356	1,261,186	38,566,877
Less: ECL				
- Stage 1				(245,069)
- Stage 2				(251,220)
- Stage 3				(810,528)
Net financing and advances				<u>37,260,060</u>

Bank Group and Bank 31-Dec-22				Total
	Tawarruq RM'000	Bai' RM'000	Ijarah RM'000	financing and advances RM'000
Term Financing	31,126,428	1,851,629	1,329,322	34,307,379
Property financing	6,628,198	1,765,272	-	8,393,470
Bridging financing	450,897	-	-	450,897
Hire purchase receivables	-	-	718,549	718,549
Auto financing	-	-	45,128	45,128
Personal financing	19,154,137	102	-	19,154,239
Other term financing	4,893,196	86,255	565,645	5,545,096
Cash line	141,846	-	-	141,846
Staff financing	36,868	9	1,977	38,854
Revolving credit	1,614,785	-	-	1,614,785
Trade finance	1,827,761	-	-	1,827,761
Gross financing and advances	34,747,688	1,851,638	1,331,299	37,930,625
Less: ECL				
- Stage 1				(292,757)
- Stage 2				(334,400)
- Stage 3				(738,261)
Net financing and advances				<u>36,565,207</u>

(ii) By residual contractual maturity

	Bank Group and Bank	
	31-Mar-23 RM'000	31-Dec-22 RM'000
Maturity within one year	4,633,754	4,310,073
More than one year to three years	1,835,820	1,721,488
More than three years to five years	2,088,622	2,144,712
More than five years	30,008,681	29,754,352
	<u>38,566,877</u>	<u>37,930,625</u>

11. Financing and advances (continued)

(iii) By economic purpose

	Bank Group and Bank	
	31-Mar-23	31-Dec-22
	RM'000	RM'000
Personal use	19,075,783	19,238,348
Construction	3,517,654	3,556,917
Purchase of landed property:		
- Residential	8,213,206	7,971,626
- Non-residential	1,001,399	923,224
Working capital	5,655,572	5,180,187
Purchase of transport vehicles	49,628	53,642
Purchase of other fixed assets	1,050,060	1,003,088
Purchase of other securities	364	369
Purchase of consumer durables	106	107
Others	3,105	3,117
	<u>38,566,877</u>	<u>37,930,625</u>

(iv) By type of customers

	Bank Group and Bank	
	31-Mar-23	31-Dec-22
	RM'000	RM'000
Domestic business enterprises		
- Small medium enterprise	2,960,184	2,658,304
- Non-bank financial institutions	1,467,188	1,422,819
- Others	6,357,338	6,162,095
Individuals		
- Malaysian nationals	27,646,531	27,559,728
- Foreign nationals	135,636	127,679
	<u>38,566,877</u>	<u>37,930,625</u>

(v) By sector

	Bank Group and Bank	
	31-Mar-23	31-Dec-22
	RM'000	RM'000
Household sectors	27,647,349	27,560,564
Construction	3,255,256	3,194,534
Finance, insurance, real estate and business services	3,436,998	3,394,664
Wholesale & retail trade and restaurants & hotels	1,244,512	1,084,469
Manufacturing	1,198,513	1,088,782
Electricity, gas and water	910,540	911,234
Transport, storage and communication	327,089	338,405
Agriculture	114,242	47,636
Mining and quarrying	176,534	65,077
Education, health and others	255,844	245,260
	<u>38,566,877</u>	<u>37,930,625</u>

(vi) By profit rate sensitivity

	Bank Group and Bank	
	31-Mar-23	31-Dec-22
	RM'000	RM'000
Fixed rate:		
Personal financing	14,309,511	14,704,765
Bridging, structured and term financing	770,142	771,882
Property financing	370,036	378,941
Auto financing	40,497	47,105
	<u>15,490,186</u>	<u>15,902,693</u>
Variable rate:		
Personal financing	4,692,273	4,457,223
Bridging, structured and term financing	10,078,766	9,527,053
Property financing	8,305,652	8,043,656
	<u>23,076,691</u>	<u>22,027,932</u>
	<u>38,566,877</u>	<u>37,930,625</u>

11. Financing and advances (continued)

(vii) By geographical distribution

	Bank Group and Bank	
	31-Mar-23	31-Dec-22
	RM'000	RM'000
Malaysia	38,566,877	37,930,625

(viii) Movement of gross financing and advances

31-Mar-23

	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January	33,370,254	2,490,767	2,069,604	37,930,625
Transfer to stage 1	257,994	(249,637)	(8,357)	-
Transfer to stage 2	(361,988)	436,811	(74,823)	-
Transfer to stage 3	(31,583)	(307,170)	338,753	-
New financing/disbursement during the year	3,604,869	46,094	802	3,651,765
Repayment during the year	(2,803,146)	(89,979)	(37,696)	(2,930,821)
Other movements	8,992	4,706	26,596	40,294
Reclassification from non-current asset held for sale	-	-	11,457	11,457
Write-offs	-	(54)	(136,389)	(136,443)
As at 31 March	34,045,392	2,331,538	2,189,947	38,566,877

31-Dec-22

	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January	29,129,287	5,222,077	963,529	35,314,893
Transfer to stage 1	2,174,885	(2,156,785)	(18,100)	-
Transfer to stage 2	(860,946)	896,437	(35,491)	-
Transfer to stage 3	(216,567)	(854,022)	1,070,589	-
New financing/disbursement during the year	7,292,700	406,502	112,570	7,811,772
Repayment during the year	(4,412,541)	(977,302)	(124,602)	(5,514,445)
Other movements	271,431	(93,360)	168,772	346,843
Loss on modification of cash flows	(8,371)	(590)	-	(8,961)
Refinancing from MBSB Holding	376	47,810	130,239	178,425
Reclassification from non-current asset held for sale	-	-	12,214	12,214
Write-offs	-	-	(210,116)	(210,116)
As at 31 December	33,370,254	2,490,767	2,069,604	37,930,625

(ix) Movement of ECL for financing and advances

31-Mar-23

	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January	292,757	334,400	738,261	1,365,418
(Reversal)/Charge to profit or loss	(47,688)	(83,170)	197,184	66,326
Changes in ECL due to transfer within stages:				
- Transfer to stage 1	20,601	(17,694)	(2,907)	-
- Transfer to stage 2	(3,432)	56,223	(52,791)	-
- Transfer to stage 3	(131)	(81,959)	82,090	-
New financing/disbursement during the year	18,522	2,619	295	21,436
Repayment during the year	(92,133)	(104,732)	(18,344)	(215,209)
Changes in credit risk parameters #	8,885	62,373	188,841	260,099
Reclassification from non-current asset held for sale	-	-	10,893	10,893
Write-offs	-	(10)	(135,810)	(135,820)
As at 31 March	245,069	251,220	810,528	1,306,817

11. Financing and advances (continued)

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

31-Dec-22	Bank Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	345,477	588,894	354,509	1,288,880
(Reversal)/charge to profit or loss	(52,720)	(254,494)	583,212	275,998
Changes in ECL due to transfer within stages:				
- Transfer to stage 1	230,355	(219,725)	(10,630)	-
- Transfer to stage 2	(13,720)	36,753	(23,033)	-
- Transfer to stage 3	(2,670)	(125,340)	128,010	-
New financing/disbursement during the year	85,737	27,214	14,897	127,848
Repayment during the year	(242,109)	(43,736)	(26,619)	(312,464)
Changes in credit risk parameters #	(8,904)	65,502	458,454	515,052
Changes to model assumptions and methodologies ^	(101,424)	(1,882)	(47,147)	(150,453)
Refinancing from MBSB Holding	15	6,720	89,280	96,015
Reclassification from non-current asset held for sale	-	-	10,656	10,656
Write-offs	-	-	(210,116)	(210,116)
As at 31 December	292,757	334,400	738,261	1,365,418

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

(x) Movement of impaired financing and advances

	Bank Group and Bank	
	31-Mar-23 RM'000	31-Dec-22 RM'000
Balance as at 1 January	2,069,604	963,529
Classified as impaired during the period	339,555	1,183,350
Reclassified as non-impaired	(83,180)	(53,591)
Amount recovered	(37,696)	(124,602)
Amount written off	(136,389)	(221,730)
Other movements	26,596	180,195
Refinancing from MBSB	-	130,239
Reclassification from assets held-for-sale	11,457	12,214
Balance as at end of financial period	2,189,947	2,069,604
Net impaired as a percentage of net financing and advances	3.70%	3.64%
Gross impaired financing and advances as a % of gross financing and advances	5.68%	5.46%

(xi) Impaired financing and advances by economic purpose

	Bank Group and Bank	
	31-Mar-23 RM'000	31-Dec-22 RM'000
Personal use	166,780	212,962
Construction	1,124,844	979,735
Purchase of landed property:		
- Residential	267,532	255,350
- Non-residential	283,062	280,034
Working Capital	321,638	311,709
Purchase of other fixed assets	22,073	24,744
Purchase of transport vehicles	3,979	4,866
Others	39	204
	2,189,947	2,069,604

11. Financing and advances (continued)

(xii) Impaired financing and advances by sector

	Bank Group and Bank	
	31-Mar-23	31-Dec-22
	RM'000	RM'000
Household sector	448,449	486,393
Construction	926,423	782,599
Finance, insurance, real estate and business services	202,145	194,807
Manufacturing	237,964	233,941
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	83,798	84,900
	<u>2,189,947</u>	<u>2,069,604</u>

(xiii) Impaired financing by geographical distribution

	Bank Group and Bank	
	31-Mar-23	31-Dec-22
	RM'000	RM'000
Malaysia	<u>2,189,947</u>	<u>2,069,604</u>

12. Other receivables

	Bank Group		Bank	
	31-Mar-23	31-Dec-22	31-Mar-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Amount due from subsidiary	-	-	-	71,825
Financing to related companies	424,730	494,820	424,730	494,820
Amount due from holding company	-	40,527	-	40,527
Amount due from related companies	69	335	69	335
Prepayments and deposits	12,009	15,845	12,009	15,846
Deferred expenses	43,678	41,706	43,678	41,706
Sundry receivables	29,598	20,959	25,321	17,899
	<u>510,084</u>	<u>614,192</u>	<u>505,807</u>	<u>682,958</u>
Less: ECL at stage 1	(3,161)	(4,414)	(3,161)	(4,414)
Less: ECL at stage 3	(27,428)	(94,852)	(27,428)	(94,852)
	<u>479,495</u>	<u>514,926</u>	<u>475,218</u>	<u>583,692</u>

13. Investment in subsidiary

The Bank has a wholly owned subsidiary, Jana Kapital Sdn.Bhd. ("JKSB"), an investment holding company incorporated in Malaysia. The unquoted shares at cost in JKSB as at 31 March 2023 is RM 2 (31 December 2022: RM 2).

14. Non-current assets held for sale

	Bank Group and Bank	
	31-Mar-23	31-Dec-22
	RM'000	RM'000
Balance as at 1 January	11,457	23,671
Reclassification to financing	(11,457)	(12,214)
Gross non-current assets held for sale	<u>-</u>	<u>11,457</u>
Less impairment allowance:		
Balance as at 1 January	(10,893)	(21,549)
Reclassification to financing	10,893	10,656
Total impairment allowance	<u>-</u>	<u>(10,893)</u>
Net non-current assets 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>

15. Deposits from customers

(i) By type of deposits:

	Bank Group and Bank	
	31-Mar-23	31-Dec-22
	RM'000	RM'000
<u>Non-Mudharabah Funds:</u>		
Commodity Murabahah Term Deposits	28,026,879	26,895,884
Demand deposits	1,593,589	1,482,264
Savings deposits	745,443	734,551
	<u>30,365,911</u>	<u>29,112,699</u>

(ii) Maturity structure of term deposits are as follows:

	Bank Group and Bank	
	31-Mar-23	31-Dec-22
	RM'000	RM'000
Within six months	20,716,083	19,673,851
More than six months to one year	4,435,157	4,421,626
More than one year to three years	1,501,355	1,366,471
More than three years	1,374,284	1,433,936
	<u>28,026,879</u>	<u>26,895,884</u>

(iii) By type of customers:

	Bank Group and Bank	
	31-Mar-23	31-Dec-22
	RM'000	RM'000
Government and statutory bodies	14,865,993	15,232,596
Business enterprises	10,231,659	9,065,228
Individuals	5,268,259	4,814,875
	<u>30,365,911</u>	<u>29,112,699</u>

16. Deposits and placements of banks and other financial institutions

	Bank Group and Bank	
	31-Mar-23 RM'000	31-Dec-22 RM'000
(i) By type of deposits:		
<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:		
Tawarruq	<u>7,745,287</u>	<u>7,511,336</u>

17. Investment accounts of customers

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

The investment account placements are used to fund personal financing.

	Bank Group and Bank	
	31-Mar-23 RM'000	31-Dec-22 RM'000
(i) By type of customers:		
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>

	Bank Group and Bank	
	31-Mar-23 RM'000	31-Dec-22 RM'000
(ii) Movement of investment accounts of customers:		
At beginning of the financial period	2,080,767	2,094,914
New placement during the financial period	2,196,754	5,795,123
Redemption during the financial year	(3,315,541)	(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>

17. Investment accounts of customers (continued)

		Bank Group and Bank	
		31-Mar-23	31-Dec-22
		RM'000	RM'000
(iii)	By Maturity:		
	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-Mar-23	Investment Account Holder Average ROR %	Bank Group Performance incentive fee %
	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	Investment Account Holder Average ROR %	Bank 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

18. Other payables

	Bank Group		Bank	
	31-Mar-23 RM'000	31-Dec-22 RM'000	31-Mar-23 RM'000	31-Dec-22 RM'000
Amount due to subsidiary	-	-	1,686,251	1,736,343
Amount due to holding company	413,752	-	413,752	-
Al-Mudharabah security fund	127,293	132,944	127,293	132,944
ECL for commitments and contingencies (i)	25,232	52,351	25,232	52,351
Other provisions and accruals	63,856	99,837	63,832	99,817
Deferred income	1,413	1,314	1,413	1,314
Sundry creditors	199,056	222,233	198,958	222,233
	<u>830,602</u>	<u>508,679</u>	<u>2,516,731</u>	<u>2,245,002</u>

(i) Movement of ECL for commitment and contingencies are as follows:

31-Mar-23	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	15,146	32,369	4,836	52,351
Total reversal to profit or loss	(6,319)	(17,915)	(2,883)	(27,117)
Changes in ECL due to transfer within stages:				
- Transfer to stage 1	1,825	(1,810)	(15)	-
- Transfer to stage 2	(758)	781	(23)	-
- Transfer to stage 3	(1)	(347)	348	-
New financing/ disbursement during the period	1,691	5	-	1,696
Repayment/drawdown to financing during the period	(776)	(410)	(3,553)	(4,739)
Changes in credit risk parameters #	(8,300)	(16,134)	360	(24,074)
Change to model assumptions and methodologies ^	-	-	-	-
Write-off	-	-	(2)	(2)
As at 31 March	<u>8,827</u>	<u>14,454</u>	<u>1,951</u>	<u>25,232</u>
31-Dec-22	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	16,943	35,869	1,372	54,184
Total (reversal)/charge to profit or loss	(1,797)	(3,500)	3,792	(1,505)
Changes in ECL due to transfer within stages:				
- Transfer to stage 1	24,738	(24,737)	(1)	-
- Transfer to stage 2	(298)	371	(73)	-
- Transfer to stage 3	(22)	(841)	863	-
New financing/ disbursement during the year	12,333	1,395	95	13,823
Repayment/drawdown to financing during the year	(6,672)	(8,093)	(540)	(15,305)
Changes in credit risk parameters #	(24,253)	2,569	4,163	(17,521)
Change to model assumptions and methodologies ^	(7,623)	25,836	(715)	17,498
Write-off	-	-	(328)	(328)
ECL as at 31 December	<u>15,146</u>	<u>32,369</u>	<u>4,836</u>	<u>52,351</u>

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

19. Income derived from investment of depositors' funds

	Bank Group		Bank	
	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
<u>Finance income and hibah:</u>				
Financing and advances	418,599	424,378	418,599	424,378
Financial investments at FVOCI	74,843	86,219	74,843	86,219
Financial investments at amortised cost	17,205	7,052	17,205	7,052
Financial investments at FVTPL	4,095	1,987	4,095	1,987
Money at call and deposits with financial institutions	8,997	6,360	5,556	3,292
Profit on Sukuk commodity murabahah	-	-	22,514	25,879
Others	4,699	5,274	5,658	5,993
	<u>528,438</u>	<u>531,270</u>	<u>548,470</u>	<u>554,800</u>
of which financing income earned on impaired financing	<u>3,802</u>	<u>1,558</u>	<u>3,802</u>	<u>1,558</u>

20. Income derived from investment of shareholders' funds

	Bank Group		Bank	
	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
<u>Finance income and hibah:</u>				
Financing and advances	96,006	88,315	96,006	88,315
Financial investments at FVOCI	16,064	16,630	16,064	16,630
Financial investments at amortised cost	3,693	1,360	3,693	1,360
Financial investments at FVTPL	879	383	879	383
Money at call and deposits with financial institutions	1,931	1,227	1,193	635
Profit on Sukuk commodity murabahah	-	-	4,832	4,992
Others	1,009	1,017	1,214	1,156
	<u>119,582</u>	<u>108,932</u>	<u>123,881</u>	<u>113,471</u>
of which financing income earned on impaired financing	<u>816</u>	<u>300</u>	<u>816</u>	<u>300</u>
<u>Other operating income:</u>				
Financing related fees	2,229	3,631	2,229	3,631
Loss from sale of financial investments at FVOCI	(14,291)	(8,491)	(14,291)	(8,491)
Gain/(loss) from sale of financial investments at FVTPL	2,122	(6,997)	2,122	(6,997)
(Loss)/gain on financial investments at FVTPL	(818)	1,036	(818)	1,036
Commission	5,952	4,311	5,952	4,311
Gain on foreign exchange transactions	2,988	4,312	2,988	4,312
Ta'widh	2,678	1,152	2,678	1,152
Sundry income	(632)	1,662	(613)	1,662
	<u>228</u>	<u>616</u>	<u>247</u>	<u>616</u>
	<u>119,810</u>	<u>109,548</u>	<u>124,128</u>	<u>114,087</u>

21. Income derived from investment of investment accounts' funds

	Bank Group and Bank			
	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
Financing and advances	28,693	33,489	28,693	33,489
	<u>28,693</u>	<u>33,489</u>	<u>28,693</u>	<u>33,489</u>

22. Expected credit losses on financing and advances and other impairment

	Bank Group and Bank			
	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
<u>ECL on financing and advances made/(written back)</u>				
Financing and advances				
- Stage 1	(47,688)	17,621	(47,688)	17,621
- Stage 2	(83,170)	(4,886)	(83,170)	(4,886)
- Stage 3	197,184	151,488	197,184	151,488
Credit impaired financing and advances:				
- Write - off	7,321	5,415	7,321	5,415
- Recovered	(10,234)	(5,220)	(10,234)	(5,220)
	<u>63,413</u>	<u>164,418</u>	<u>63,413</u>	<u>164,418</u>
<u>Other ECL and impairment allowances made/(written back):</u>				
Financial investments at FVOCI	22	(5)	22	(5)
Financial investments at amortised cost	(220)	(201)	(220)	(201)
Financing to related companies	(539)	3,361	(539)	3,361
Financing commitments and financial guarantees	(27,117)	(929)	(27,117)	(929)
	<u>(27,854)</u>	<u>2,226</u>	<u>(27,854)</u>	<u>2,226</u>
	<u>35,559</u>	<u>166,644</u>	<u>35,559</u>	<u>166,644</u>

23. Income attributable to depositors and others

	Bank Group 1st Quarter Ended		Bank 1st Quarter Ended	
	31-Mar-23 RM'000	31-Mar-22 RM'000	31-Mar-23 RM'000	31-Mar-22 RM'000
(a) Income attributable to depositors				
Deposits from customers:				
- Non-mudharabah funds	318,665	199,266	318,665	199,266
Deposits and placements of banks				
- Non-mudharabah funds	2,193	1,372	2,193	1,372
	<u>320,858</u>	<u>200,638</u>	<u>320,858</u>	<u>200,638</u>
(b) Income attributable to securitisation	41,201	35,002	41,201	35,002
(c) Income attributable to sukuk	30,662	30,190	30,662	30,190
(d) Income attributable to wakalah unrestricted investment account	17,407	13,359	17,407	13,359
(e) Others	-	-	18,228	35,045
	<u>410,128</u>	<u>279,189</u>	<u>428,356</u>	<u>314,234</u>

24. Personnel expenses

	Bank Group 1st Quarter Ended		Bank 1st Quarter Ended	
	31-Mar-23 RM'000	31-Mar-22 RM'000	31-Mar-23 RM'000	31-Mar-22 RM'000
Salaries, allowances and bonuses	58,283	60,641	58,283	60,641
Contributions to EPF and SOCSO	9,359	10,597	9,359	10,597
Directors' remuneration	460	664	460	664
Shariah Advisory Committee members' remuneration	137	131	137	131
Other staff related expenses	11,563	11,693	11,563	11,693
	<u>79,802</u>	<u>83,726</u>	<u>79,802</u>	<u>83,726</u>

25. Other overhead expenses

	Bank Group		Bank	
	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
<u>Establishment related expenses</u>				
Depreciation of property and equipment	6,688	4,064	6,688	4,064
Depreciation of right of use assets	11,399	11,773	11,399	11,773
Amortisation of intangible assets	10,271	9,568	10,271	9,568
Software and hardware maintenance	10,772	12,494	10,772	12,494
Security expenses	594	720	594	720
Lease profit expense	334	375	334	375
Others	1,516	1,096	1,516	1,096
	<u>41,574</u>	<u>40,090</u>	<u>41,574</u>	<u>40,090</u>
<u>Promotion and marketing related expenses</u>				
Advertising and promotional activities	3,666	3,274	3,666	3,274
	<u>3,666</u>	<u>3,274</u>	<u>3,666</u>	<u>3,274</u>
<u>General administrative expenses</u>				
License and association fees and levies	120	470	120	470
Travelling, transport and accommodation expenses	885	357	885	357
Printing, stationery, postage and clearing charges	1,738	1,162	1,738	1,162
Electricity and water	1,362	901	1,362	901
Other professional fees	172	5,224	167	5,218
Auditors remuneration	301	301	297	297
Repair and maintenance of office equipment	276	79	276	79
Others	(15,959)	6,945	(16,054)	6,831
	<u>(11,105)</u>	<u>15,439</u>	<u>(11,209)</u>	<u>15,315</u>
<u>Commission fees</u>				
Angkasa charges	6,121	3,209	6,121	3,209
Commission fees	6,381	3,967	6,381	3,967
	<u>12,502</u>	<u>7,176</u>	<u>12,502</u>	<u>7,176</u>
Inter-company recharges [^]	<u>(2,288)</u>	<u>(3,248)</u>	<u>(2,668)</u>	<u>(3,513)</u>
	<u>44,349</u>	<u>62,731</u>	<u>43,865</u>	<u>62,342</u>

[^] The intercompany charges by the Bank were for services provided to related entities in Malaysia. The charges are unsecured, profit free and repayable on demand.

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

26. Other comprehensive income/(expense), net of tax

	Bank Group and Bank			
	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
Net gain/(loss) from change in fair value of financial investments at FVOCI	123,248	(147,406)	123,248	(147,406)
Changes in ECL of financial investments at FVOCI	22	(5)	22	(5)
	<u>123,270</u>	<u>(147,411)</u>	<u>123,270</u>	<u>(147,411)</u>

27. Commitments and contingencies

In the normal course of business, the Bank Group and the Bank 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.

	Principal amount	Credit equivalent amount	Risk weighted amount
	RM'000	RM'000	RM'000
Bank Group and Bank			
31-Mar-23			
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	1,194,610	238,864	238,864
- over one year to five years	1,827,137	911,832	811,220
- over five years	377,528	188,764	188,764
Foreign exchange related contracts			
- one year or less	1,455,451	32,311	12,007
	<u>5,023,786</u>	<u>1,438,780</u>	<u>1,317,864</u>

	Principal amount	Credit equivalent amount	Risk weighted amount
	RM'000	RM'000	RM'000
Bank Group and Bank			
31-Dec-22			
Direct credit substitutes	19,359	19,359	19,359
Trade-related contingencies	81,715	37,169	37,169
Short term self liquidating trade related contingencies	29,069	5,814	5,814
Irrevocable commitments to extend credit:			
- one year or less	793,601	158,218	158,218
- over one year to five years	1,876,101	937,407	837,213
- over five years	347,597	173,799	173,799
Foreign exchange related contracts			
- one year or less	1,976,886	44,668	17,499
	<u>5,124,328</u>	<u>1,376,434</u>	<u>1,249,071</u>

28. Segmental information on revenue and results

Bank Group	Consumer banking RM'000	Corporate banking RM'000	Global Markets RM'000	Others RM'000	Inter-segment RM'000	Consolidated RM'000
Three months ended 31 March 2023						
<u>External:</u>						
Fund based income	394,803	154,218	117,803	9,888	-	676,712
Non-fund based income	4,938	2,819	(11,951)	(3,938)	-	(8,132)
	<u>399,741</u>	<u>157,037</u>	<u>105,852</u>	<u>5,950</u>	<u>-</u>	<u>668,580</u>
<u>Inter-segment</u>						
Fund based income	27,347	-	-	-	(27,347)	-
Total revenue	<u>427,088</u>	<u>157,037</u>	<u>105,852</u>	<u>5,950</u>	<u>(27,347)</u>	<u>668,580</u>
Profit before tax and zakat	94,302	33,761	(28,565)	7,605	-	107,103
Taxation						(11,839)
Zakat						-
Net profit for the period						<u>95,264</u>
Segment assets	27,238,598	10,554,461	14,576,195	1,102,919	-	53,472,173
Tax recoverable						250
Deferred tax assets						65,439
Unallocated assets						<u>929,233</u>
Total assets						<u>54,467,095</u>
Segment liabilities	22,883,132	10,178,135	12,449,458	293,406	-	45,804,131
Provision for taxation and zakat						94,799
Unallocated liabilities						<u>873,907</u>
Total liabilities						<u>46,772,837</u>
Bank Group	Consumer banking RM'000	Corporate banking RM'000	Global Markets RM'000	Others RM'000	Inter-segment RM'000	Consolidated RM'000
Three months ended 31 March 2022						
<u>External:</u>						
Fund based income	440,229	111,576	111,934	9,952	-	673,691
Non-fund based income	3,508	4,434	(14,452)	-	-	(6,510)
	<u>443,737</u>	<u>116,010</u>	<u>97,482</u>	<u>9,952</u>	<u>-</u>	<u>667,181</u>
<u>Inter-segment</u>						
Fund based income	30,871	-	-	-	(30,871)	-
Total revenue	<u>474,608</u>	<u>116,010</u>	<u>97,482</u>	<u>9,952</u>	<u>(30,871)</u>	<u>667,181</u>
Profit before tax and zakat	50,815	1,845	10,788	9,608	-	73,056
Taxation						(18,360)
Zakat						(75)
Net profit for the period						<u>54,621</u>
Segment assets	26,567,677	8,269,098	14,283,588	-	-	49,120,363
Tax recoverable						874
Deferred tax assets						65,150
Unallocated assets						<u>1,324,317</u>
Total assets						<u>50,510,704</u>
Segment liabilities	27,001,211	6,066,198	9,338,056	286,040	-	42,691,505
Provision for taxation and zakat						50,916
Unallocated liabilities						<u>1,075,314</u>
Total liabilities						<u>43,817,735</u>

29. Financial risk management

29.1 Credit quality

(i) Financing and advances

Financing and advances are summarised as follows:

31-Mar-23	Bank Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>Neither past due nor impaired</u>				
Corporate financing				
Excellent	87,027	970	-	87,997
Good	3,660,292	26,497	-	3,686,789
Average	4,472,003	352,637	-	4,824,640
Below Average	329,271	97,300	-	426,571
Poor	17,668	11,946	-	29,614
Retail financing	25,479,131	686,001	-	26,165,132
Total neither past due not impaired	34,045,392	1,175,351	-	35,220,743
<u>Past due but not impaired</u>				
Corporate financing				
Excellent	-	-	-	-
Good	-	8,310	-	8,310
Average	-	49,300	-	49,300
Below Average	-	2,229	-	2,229
Retail financing	-	1,096,348	-	1,096,348
Total past due but not impaired	-	1,156,187	-	1,156,187
<u>Impaired</u>				
Corporate financing	-	-	456,489	456,489
Retail financing	-	-	1,733,458	1,733,458
Gross financing and advances	34,045,392	2,331,538	2,189,947	38,566,877
Less: ECL	(245,069)	(251,220)	(810,528)	(1,306,817)
Net financing and advances	33,800,323	2,080,318	1,379,419	37,260,060

29. Financial risk management (continued)

29.1 Credit quality (continued)

(i) Financing and advances (continued)

Financing and advances are summarised as follows (continued):

31-Dec-22	Bank Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<i>Neither past due nor impaired</i>				
Corporate financing				
Excellent	142,128	547	-	142,675
Good	3,492,094	153,757	-	3,645,851
Average	4,097,812	367,266	-	4,465,078
Below Average	258,242	115,813	-	374,055
Poor	19,230	39,836	-	59,066
Retail financing	25,360,748	680,533	-	26,041,281
Total neither past due nor impaired	33,370,254	1,357,752	-	34,728,006
<i>Past due but not impaired</i>				
Corporate financing				
Excellent	-	1,074	-	1,074
Good	-	19,278	-	19,278
Average	-	15,021	-	15,021
Below Average	-	1,626	-	1,626
Retail financing	-	1,096,016	-	1,096,016
Total past due but not impaired	-	1,133,015	-	1,133,015
<i>Impaired</i>				
Corporate financing	-	-	494,393	494,393
Retail financing	-	-	1,575,211	1,575,211
Gross financing and advances	33,370,254	2,490,767	2,069,604	37,930,625
Less: ECL	(292,757)	(334,400)	(738,261)	(1,365,418)
Net financing and advances	33,077,497	2,156,367	1,331,343	36,565,207

29. Financial risk management (continued)

29.1 Credit quality (continued)

(ii) Other financial assets

Credit quality of other financial assets by external rating is as follows:

<u>Bank Group</u>	Stage 1	Stage 2	Stage 3	Total
31-Mar-23	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds				
AAA	1,185,089	-	-	1,185,089
	<u>1,185,089</u>	<u>-</u>	<u>-</u>	<u>1,185,089</u>
Deposits and placements with banks and other financial institutions				
AAA	656,294	-	-	656,294
AA and below	32	-	-	32
	<u>656,326</u>	<u>-</u>	<u>-</u>	<u>656,326</u>
Debt investments				
AAA	1,020,256	-	-	1,020,256
AA and below	201,164	-	-	201,164
Unrated *	12,146,167	204,983	-	12,351,150
	<u>13,367,587</u>	<u>204,983</u>	<u>-</u>	<u>13,572,570</u>
Other financial assets				
Unrated	373,140	-	55,933	429,073
	<u>373,140</u>	<u>-</u>	<u>55,933</u>	<u>429,073</u>
<u>Bank Group</u>				
31-Dec-22	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds				
AAA	1,838,469	-	-	1,838,469
	<u>1,838,469</u>	<u>-</u>	<u>-</u>	<u>1,838,469</u>
Deposits and placements with banks and other financial institutions				
AAA	597,714	-	-	597,714
AA and below	32	-	-	32
	<u>597,746</u>	<u>-</u>	<u>-</u>	<u>597,746</u>
Debt investments				
AAA	932,750	-	-	932,750
AA and below	89,144	-	-	89,144
Unrated *	12,032,076	204,959	-	12,237,035
	<u>13,053,970</u>	<u>204,959</u>	<u>-</u>	<u>13,258,929</u>
Other financial assets				
Unrated	400,693	-	60,567	461,260
	<u>400,693</u>	<u>-</u>	<u>60,567</u>	<u>461,260</u>

* Unrated debt investments for Bank Group and Bank include government guaranteed securities of RM9,712,057,000 (2022: RM10,814,467,000)

29. Financial risk management (continued)

29.1 Credit quality (continued)

(ii) Other financial assets (continued)

Bank				
	Stage 1	Stage 2	Stage 3	Total
31-Mar-23	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds				
AAA	1,185,089	-	-	1,185,089
	<u>1,185,089</u>	<u>-</u>	<u>-</u>	<u>1,185,089</u>
Debt investments				
AAA	1,020,256	-	-	1,020,256
AA and below	201,164	-	-	201,164
Unrated *	12,146,167	204,983	-	12,351,150
	<u>13,367,587</u>	<u>204,983</u>	<u>-</u>	<u>13,572,570</u>
Other financial assets				
Unrated	368,863	-	55,933	424,796
	<u>368,863</u>	<u>-</u>	<u>55,933</u>	<u>424,796</u>
Bank				
	Stage 1	Stage 2	Stage 3	Total
31-Dec-22	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds				
AAA	1,838,469	-	-	1,838,469
	<u>1,838,469</u>	<u>-</u>	<u>-</u>	<u>1,838,469</u>
Debt investments				
AAA	932,750	-	-	932,750
AA and below	89,144	-	-	89,144
Unrated *	12,032,076	204,959	-	12,237,035
	<u>13,053,970</u>	<u>204,959</u>	<u>-</u>	<u>13,258,929</u>
Other financial assets				
Unrated	469,458	-	60,567	530,025
	<u>469,458</u>	<u>-</u>	<u>60,567</u>	<u>530,025</u>

* Unrated debt investments for Bank Group and Bank include government guaranteed securities of RM9,712,057,000 (2022: RM10,814,467,000)

29. Financial risk management (continued)

29.2 Market risk

Profit Rate Risk

The tables below summarise the Bank Group and the Bank's exposure to profit rate risk. As profit rates and yield curves change over time, the Group and the Bank may be exposed to loss in earnings due to the effects of profit rates on the structure of the statement of financial position. Sensitivity to profit rate arises from mismatches in the repricing dates, cash flows and other characteristics of the financial assets and their corresponding financial liabilities funding.

Bank Group	←----- Non-trading book ----->							Trading book	Total
	Up to 1	1-3	3-12	1-5	Over 5	Non-profit			
	months	months	months	years	years	sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
31-Mar-23									
<u>Financial Assets</u>									
Cash and short-term funds	1,185,089	-	-	-	-	393,423	-	1,578,512	
Deposits and placements									
with financial institutions	154,541	501,785	-	-	-	-	-	656,326	
Derivative financial assets	6,719	3,692	71	-	-	-	-	10,482	
Financial investments at FVTPL	-	-	-	-	-	-	1,280,931	1,280,931	
Financial investments at FVOCI	75,043	80,134	376,855	3,821,287	5,903,854	88,452	-	10,345,625	
Financial investments at amortised cost	-	-	2,999	872,562	1,046,184	24,269	-	1,946,014	
Financing and advances *	17,005,257	16,038	3,731,475	1,324,143	13,803,731	1,379,416	-	37,260,060	
Non-current assets held for sale	-	-	-	-	-	-	-	-	
Other financial assets	-	-	-	-	-	429,073	-	429,073	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	610,000	-	610,000	
Total financial assets	18,426,649	601,649	4,111,400	6,017,992	20,753,769	2,924,633	1,280,931	54,117,023	

* This is arrived after deducting impairment allowances from gross impaired financing.

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29. Financial risk management (continued)

29.2 Market risk (continued)

Profit Rate Risk (continued)

Bank Group	←----- Non-trading book ----->						Trading book	Total
	Up to 1	1-3	3-12	1-5	Over 5	Non-profit		
	months	months	months	years	years	sensitive		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
31-Mar-23								
<u>Financial Liabilities</u>								
Deposits from customers	11,861,485	7,464,247	7,938,682	2,865,786	9,853	225,858	-	30,365,911
Deposits and placements of banks	5,155,802	564,948	1,668,574	304,698	-	51,265	-	7,745,287
Investment accounts of customers	362,922	78,338	505,874	-	-	9,085	-	956,219
Derivative financial liabilities	2,291	1,336	17	-	-	-	-	3,644
Other financial liabilities	-	-	-	-	-	830,602	-	830,602
Lease liabilities	3,611	7,104	26,792	5,798	-	-	-	43,305
Recourse obligation on financing sold	15,678	49,391	202,957	3,988,823	-	14,308	-	4,271,157
Sukuk-MBSB SC Murabahah	-	94,577	139,097	520,677	73,867	16,732	-	844,950
Sukuk Wakalah	-	-	-	200,000	1,392,137	24,826	-	1,616,963
Total financial liabilities	17,401,789	8,259,941	10,481,993	7,885,782	1,475,857	1,172,676	-	46,678,038
Total profit-sensitivity gap	1,024,860	(7,658,292)	(6,370,593)	(1,867,790)	19,277,912	1,751,957	1,280,931	7,438,985

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29. Financial risk management (continued)

29.2 Market risk (continued)

Profit Rate Risk (continued)

Bank	←----- Non-trading book ----->					Non-profit sensitive	Trading book	Total
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years			
	RM'000	RM'000	RM'000	RM'000	RM'000			
31-Mar-23								
Financial Assets								
Cash and short-term funds	1,185,089	-	-	-	-	341,054	-	1,526,143
Derivative financial assets	6,719	3,692	71	-	-	-	-	10,482
Financial investments at FVTPL	-	-	-	-	-	-	1,280,931	1,280,931
Financial investments at FVOCI	75,043	80,134	376,855	3,821,287	5,903,856	88,450	-	10,345,625
Financial investments at amortised cost	-	-	2,999	872,562	1,046,184	24,269	-	1,946,014
Financing and advances *	17,005,257	16,038	3,731,475	1,324,143	13,803,731	1,379,416	-	37,260,060
Non-current assets held for sale	-	-	-	-	-	-	-	-
Sukuk Commodity Murabahah	404,705	98,917	145,144	1,033,626	429,023	20,430	-	2,131,845
Other financial assets	-	-	-	-	-	424,796	-	424,796
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	610,000	-	610,000
Total financial assets	18,676,813	198,781	4,256,544	7,051,618	21,182,794	2,888,415	1,280,931	55,535,896

* This is arrived after deducting impairment allowances from gross impaired financing.

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29. Financial risk management (continued)

29.2 Market risk (continued)

Profit Rate Risk (continued)

Bank	←----- Non-trading book ----->					Non-profit sensitive	Trading book	Total
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31-Mar-23								
<u>Financial Liabilities</u>								
Deposits from customers	11,861,485	7,464,247	7,938,682	2,865,786	9,853	225,858	-	30,365,911
Deposits and placements of banks	5,155,802	564,948	1,668,574	304,698	-	51,265	-	7,745,287
Investment accounts of customers	362,922	78,338	505,874	-	-	9,085	-	956,219
Derivative financial liabilities	2,291	1,336	17	-	-	-	-	3,644
Other financial liabilities #	1,686,251	-	-	-	-	829,067	-	2,515,318
Lease liabilities	3,611	7,104	26,792	5,798	-	-	-	43,305
Recourse obligation on financing sold	15,678	49,391	202,957	3,988,823	-	14,308	-	4,271,157
Sukuk-MBSB SC Murabahah	-	94,577	139,097	520,677	73,867	16,732	-	844,950
Sukuk Wakalah	-	-	-	200,000	1,392,137	24,826	-	1,616,963
Total financial liabilities	19,088,040	8,259,941	10,481,993	7,885,782	1,475,857	1,171,141	-	48,362,754
Total profit-sensitivity gap	(411,227)	(8,061,160)	(6,225,449)	(834,164)	19,706,937	1,717,274	1,280,931	7,173,142

Other financial liabilities exclude deferred income.

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29. Financial risk management (continued)

29.2 Market risk (continued)

Profit Rate Risk (continued)

Bank Group	←----- Non-trading book ----->					Non-profit sensitive	Trading book	Total
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31-Dec-22								
<u>Financial Assets</u>								
Cash and short-term funds	1,838,469	-	-	-	-	354,349	-	2,192,818
Deposits and placements with financial institutions	32	-	597,714	-	-	-	-	597,746
Derivative financial assets	7,970	6,917	130	-	-	-	-	15,017
Financial investments at FVTPL	-	-	-	-	-	-	240,357	240,357
Financial investments at FVOCI	-	90,095	652,070	4,347,246	6,182,245	121,124	-	11,392,780
Financial investments at amortised cost	-	-	3,000	683,003	924,089	15,700	-	1,625,792
Financing and advances *	16,443,898	36,940	3,362,151	1,290,475	14,100,401	1,331,342	-	36,565,207
Assets held for sale	-	-	-	-	-	564	-	564
Other financial assets	-	-	-	-	-	461,260	-	461,260
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	610,000	-	610,000
Total financial assets	18,290,369	133,952	4,615,065	6,320,724	21,206,735	2,894,339	240,357	53,701,541

* This is arrived after deducting impairment allowances from gross impaired financing.

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29. Financial risk management (continued)

29.2 Market risk (continued)

Profit Rate Risk (continued)

Bank Group	Non-trading book					Non-profit sensitive	Trading book	Total
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31-Dec-22								
Financial Liabilities								
Deposits from customers	10,072,822	7,169,044	8,812,105	2,790,338	10,070	258,320	-	29,112,699
Deposits and placements of banks	3,743,120	1,901,516	779,994	1,064,278	-	22,428	-	7,511,336
Investment accounts of customers	849,359	936,100	280,461	-	-	14,847	-	2,080,767
Derivative financial liabilities	15,118	8,352	-	-	-	-	-	23,470
Other financial liabilities	-	-	-	-	-	507,365	-	507,365
Lease liabilities	3,237	4,989	14,317	6,827	-	-	-	29,370
Recourse obligation on financing sold	5,434	55,852	191,280	4,088,219	-	14,623	-	4,355,408
Sukuk-MBSB SC Murabahah	-	-	233,514	520,404	73,768	6,119	-	833,805
Sukuk Wakalah	-	-	-	200,000	1,391,911	5,001	-	1,596,912
Total financial liabilities	14,689,090	10,075,853	10,311,671	8,670,066	1,475,749	828,703	-	46,051,132
Total profit-sensitivity gap	3,601,279	(9,941,901)	(5,696,606)	(2,349,342)	19,730,986	2,065,636	240,357	7,650,409

29. Financial risk management (continued)

29.2 Market risk (continued)

Profit Rate Risk (continued)

Bank	←----- Non-trading book ----->					Non-profit sensitive	Trading book	Total
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31-Dec-22								
<u>Financial Assets</u>								
Cash and short-term funds	1,838,469	-	-	-	-	240,786	-	2,079,255
Deposits and placements with financial institutions	-	-	-	-	-	-	-	-
Derivative financial assets	7,970	6,917	130	-	-	-	-	15,017
Financial investments at FVTPL	-	-	-	-	-	-	240,357	240,357
Financial investments at FVOCI	-	90,095	652,070	4,347,246	6,182,245	121,124	-	11,392,780
Financial investments at amortised cost	-	-	3,000	683,003	924,089	15,700	-	1,625,792
Financing and advances *	16,443,898	36,940	3,362,151	1,290,475	14,100,401	1,331,342	-	36,565,207
Assets held for sale	-	-	-	-	-	564	-	564
Sukuk Commodity Murabahah	387,859	-	241,180	1,026,912	428,005	20,543	-	2,104,499
Other financial assets	-	-	-	-	-	530,025	-	530,025
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	610,000	-	610,000
Total financial assets	18,678,196	133,952	4,258,531	7,347,636	21,634,740	2,870,084	240,357	55,163,496

* This is arrived after deducting impairment allowances from gross impaired financing.

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29. Financial risk management (continued)

29.2 Market risk (continued)

Profit Rate Risk (continued)

Bank	Non-trading book					Non-profit sensitive	Trading book	Total
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31-Dec-22								
Financial Liabilities								
Deposits from customers	10,072,822	7,169,044	8,812,105	2,790,338	10,070	258,320	-	29,112,699
Deposits and placements of banks	3,743,120	1,901,516	779,994	1,064,278	-	22,428	-	7,511,336
Investment accounts of customers	849,359	936,100	280,461	-	-	14,847	-	2,080,767
Derivative financial liabilities	15,118	8,352	-	-	-	-	-	23,470
Other financial liabilities	1,736,343	-	-	-	-	507,345	-	2,243,688
Lease liabilities	3,237	4,989	14,317	6,827	-	-	-	29,370
Recourse obligation on financing sold	5,434	55,852	191,280	4,088,219	-	14,623	-	4,355,408
Sukuk-MBSB SC Murabahah	-	-	233,514	520,404	73,768	6,119	-	833,805
Sukuk Wakalah	-	-	-	200,000	1,391,911	5,001	-	1,596,912
Total financial liabilities	16,425,433	10,075,853	10,311,671	8,670,066	1,475,749	828,683	-	47,787,455
Total profit-sensitivity gap	2,252,763	(9,941,901)	(6,053,140)	(1,322,430)	20,158,991	2,041,401	240,357	7,376,041

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

30. Capital adequacy

The capital adequacy ratios have been computed 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 Islamic 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 Bank Group and the Bank 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 Bank Group and the Bank are disclosed 'with TA' and 'without TA'.

30. Capital adequacy (continued)

The capital adequacy ratios have been computed in accordance with BNM's Capital Adequacy Framework (Capital Components and Basel II – 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.

	Bank Group			
	with TA	without TA	with TA	without TA
	31-Mar-23	31-Mar-23	31-Dec-22	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
<u>Common Equity Tier 1 ("CET 1") Capital</u>				
Ordinary share capital	6,427,972	6,427,972	6,427,972	6,427,972
Retained profits exclude merger reserve	1,483,063	1,483,063	1,483,063	1,483,063
Other reserves	(658,924)	(658,924)	(341,367)	(341,367)
	<u>7,252,111</u>	<u>7,252,111</u>	<u>7,569,668</u>	<u>7,569,668</u>
Less : Regulatory adjustments				
Deferred tax assets	(65,439)	(65,439)	(107,238)	(107,238)
55% cumulative gains on FVOCI instruments	(17,404)	(17,404)	(10,856)	(10,856)
Intangible assets	(93,821)	(93,821)	(96,157)	(96,157)
Other CET 1 regulatory adjustments	-	-	-	-
Total CET 1 Capital	<u>7,075,447</u>	<u>7,075,447</u>	<u>7,355,417</u>	<u>7,355,417</u>
<u>Tier 1 Capital</u>				
Additional Tier 1 capital instruments	-	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-	-
Total Tier 1 capital	<u>7,075,447</u>	<u>7,075,447</u>	<u>7,355,417</u>	<u>7,355,417</u>
<u>Tier 2 Capital</u>				
Stage 1 & Stage 2 ECL [^]	467,457	467,457	443,911	443,911
Tier 2 capital instruments	1,300,000	1,300,000	1,300,000	1,300,000
Total Tier 2 capital	<u>1,767,457</u>	<u>1,767,457</u>	<u>1,743,911</u>	<u>1,743,911</u>
Total capital base	<u>8,842,904</u>	<u>8,842,904</u>	<u>9,099,328</u>	<u>9,099,328</u>

[^] Expected credit loss allowance on non-credit impaired exposure and regulatory reserves is subject to a maximum of 1.25% of total credit risk-weighted assets.

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

	Bank Group			
	with TA	without TA	with TA	without TA
	31-Mar-23	31-Mar-23	31-Dec-22	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
<u>Total risk weighted assets ("RWA")</u>				
- Credit risk	37,396,552	37,396,552	35,512,865	35,512,865
- Market risk	688,188	688,188	90,857	90,857
- Operational risk	2,730,211	2,730,211	2,733,427	2,733,427
Total RWA	<u>40,814,951</u>	<u>40,814,951</u>	<u>38,337,149</u>	<u>38,337,149</u>
<u>Capital adequacy ratios</u>				
CET 1 capital ratio	17.335%	17.335%	19.186%	19.186%
Tier 1 capital ratio	17.335%	17.335%	19.186%	19.186%
Total capital ratio	<u>21.666%</u>	<u>21.666%</u>	<u>23.735%</u>	<u>23.735%</u>

30. Capital adequacy (continued)

	Bank			
	with TA	without TA	with TA	without TA
	31-Mar-23	31-Mar-23	31-Dec-22	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
<u>Common Equity Tier 1 ("CET 1") Capital</u>				
Ordinary share capital	6,427,972	6,427,972	6,427,972	6,427,972
Retained profits exclude merger reserve	1,555,367	1,555,367	1,555,371	1,555,371
Other reserves	(658,924)	(658,924)	(341,367)	(341,367)
	<u>7,324,415</u>	<u>7,324,415</u>	<u>7,641,976</u>	<u>7,641,976</u>
Less : Regulatory adjustments				
Deferred tax assets	(65,439)	(65,439)	(107,238)	(107,238)
55% cumulative gains on FVOCI instruments	(17,404)	(17,404)	(10,860)	(10,860)
Intangible assets	(93,821)	(93,821)	(96,157)	(96,157)
Other CET 1 regulatory adjustments	-	-	-	-
Total CET 1 Capital	<u>7,147,751</u>	<u>7,147,751</u>	<u>7,427,721</u>	<u>7,427,721</u>
<u>Tier 1 Capital</u>				
Additional Tier 1 capital instruments	-	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-	-
Total Tier 1 capital	<u>7,147,751</u>	<u>7,147,751</u>	<u>7,427,721</u>	<u>7,427,721</u>
<u>Tier 2 Capital</u>				
Stage 1 & Stage 2 ECL ^	492,408	492,408	469,580	469,580
Tier 2 capital instruments	1,300,000	1,300,000	1,300,000	1,300,000
Total Tier 2 capital	<u>1,792,408</u>	<u>1,792,408</u>	<u>1,769,580</u>	<u>1,769,580</u>
Total capital base	<u>8,940,159</u>	<u>8,940,159</u>	<u>9,197,301</u>	<u>9,197,301</u>

^ ECL allowance on non-credit impaired exposure and regulatory reserves is subject to a maximum of 1.25% of total credit risk-weighted assets.

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

	Bank			
	with TA	without TA	with TA	without TA
	31-Mar-23	31-Mar-23	31-Dec-22	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
<u>Total risk weighted assets ("RWA")</u>				
- Credit risk	39,392,606	39,392,606	37,566,371	37,566,371
- Market risk	688,188	688,188	90,857	90,857
- Operational risk	2,709,041	2,709,041	2,693,139	2,693,139
Total RWA	<u>42,789,835</u>	<u>42,789,835</u>	<u>40,350,367</u>	<u>40,350,367</u>
<u>Capital adequacy ratios</u>				
CET 1 capital ratio	16.704%	16.704%	18.408%	18.408%
Tier 1 capital ratio	16.704%	16.704%	18.408%	18.408%
Total capital ratio	<u>20.893%</u>	<u>20.893%</u>	<u>22.794%</u>	<u>22.794%</u>

In accordance with BNM's Guidelines on Investment Account paragraph 31.1, the credit and market risk weighted assets funded by Unrestricted Investment Accounts ("URIA") shall be recognised as risk absorbent and excluded from the calculation of capital adequacy ratio of the Bank Group and the Bank. As at 31 March 2023, URIA risk weighted assets excluded from the Total Capital Ratio calculation amounted to RM919.5 mil (31 December 2022: RM2,011.5 mil).

PERFORMANCE REVIEW FOR THE 1ST QUARTER ENDED 31 MARCH 2023

1. Performance Review

During the quarter, the Bank Group reported a PBT of RM107.1 mil, net income of RM231.3 mil (after net impairment allowance of RM35.6 mil) and OPEX of RM124.2 mil. The additional impairment allowance is mainly due to the increase in impaired financing for both retail and corporate portfolios. OPEX for the quarter is contributed by personnel expenses of RM79.8 mil and other expenses such as rental of the headquarters and software/hardware maintenance. There were also reversal of certain provisions for expenses which resulted in negative general administrative expenses for the current quarter.

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") by our holding company (Malaysia Building Society Berhad) 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.

1. Performance Review (continued)

Financing

Variation of Results against Preceding Year Corresponding Quarter

	Current	Preceding	Changes	
	Year	Year		
	Quarter	Corresponding		
	31-Mar-23	Quarter		
	(1Q23)	31-Mar-22	(1Q22)	
	RM'000	RM'000	RM'000	%
Personal financing	19,001,783	19,755,844	(754,061)	(3.8)%
Corporate financing	10,848,908	8,219,823	2,629,085	32.0%
Property financing	8,675,689	7,544,574	1,131,115	15.0%
Auto financing	40,497	72,057	(31,560)	(43.8)%
Total gross financing and advances	38,566,877	35,592,298	2,974,579	8.4%

Variation of Results against Immediate Preceding Quarter

Financing

	Current	Immediate	Changes	
	Year	Preceding		
	Quarter	Quarter		
	31-Mar-23	31-Dec-22		
	(1Q23)	(4Q22)		
	RM'000	RM'000	RM'000	%
Personal financing	19,001,783	19,161,987	(160,204)	(0.8)%
Corporate financing	10,848,908	10,298,936	549,972	5.3%
Property financing	8,675,689	8,422,597	253,092	3.0%
Auto financing	40,497	47,105	(6,608)	(14.0)%
Total gross financing and advances	38,566,877	37,930,625	636,252	1.7%

Bank Group gross financing and advances grew by 8.4% and 1.7% for 1Q23 compared to 1Q22 and 4Q22 respectively. Overall, growth of financing and advances is contributed mainly from corporate financing following conversion of conventional loans to islamic financing and active disbursements. Personal financing remains as the biggest financing portfolio while auto financing is at a decreasing base as the Bank Group focuses on growing asset base of other portfolios.

1. Performance Review (continued)

(b) Income statement

Current Year Quarter vs Preceding Year Corresponding Quarter

	Current Year Quarter 31-Mar-23 (1Q23)	Preceding Year Corresponding Quarter 31-Mar-22 (1Q22)	Changes	
	RM'000	RM'000	RM'000	%
Income derived from investment of depositors' funds	528,438	531,270	(2,832)	(0.5)%
Income derived from investment of shareholders' funds	119,810	109,548	10,262	9.4%
Income derived from investment of investment accounts' funds	28,693	33,489	(4,796)	(14.3)%
Total income derived from investment of depositors, shareholders and investment account funds	676,941	674,307	2,634	0.4%
Expected credit losses on financing and advances and other impairment	(35,559)	(166,644)	131,085	(78.7)%
Loss on modification of cash flows	-	(8,961)	8,961	>-100%
Total net income	231,254	219,513	11,741	5.3%
Total overhead expenses	(124,151)	(146,457)	22,306	(15.2)%
Profit before tax	107,103	73,056	34,047	46.6%
Profit after tax	95,264	54,621	40,643	74.4%
Profit attributable to owner of the Bank	95,264	54,621	40,643	74.4%

Current Year Quarter vs Immediate Preceding Quarter

	Current Year Quarter 31-Mar-23 (1Q23)	Immediate Preceding Quarter 31-Dec-22 (4Q22)	Changes	
	RM'000	RM'000	RM'000	%
Income derived from investment of depositors' funds	528,438	468,126	60,312	12.9%
Income derived from investment of shareholders' funds	119,810	179,034	(59,224)	(33.1)%
Income derived from investment of investment accounts' funds	28,693	34,550	(5,857)	(17.0)%
Total income derived from investment of depositors, shareholders and investment account funds	676,941	681,710	(4,769)	(0.7)%
Expected credit losses on financing and advances and other impairment	(35,559)	166,985	(202,544)	>-100%
Total net income	231,254	495,535	(264,281)	(53.3)%
Total overhead expenses	(124,151)	(164,673)	40,522	(24.6)%
Profit before tax	107,103	330,862	(223,759)	(67.6)%
Profit after tax	95,264	245,603	(150,339)	(61.2)%
Profit attributable to owner of the Bank	95,264	245,603	(150,339)	(61.2)%

The Bank Group's total income derived from investment of depositors', shareholders' and investment accounts' funds recorded at RM 676.9 mil, an increase of 0.4% as compared to 1Q22 mainly due to higher profit income from financial investments. However as compared to 4Q22, total income derived recorded a decrease of 0.7% mainly due to loss from financial investments, including loss from sale of financial investments at FVOCI.

1. Performance Review (continued)

During the quarter, the Bank Group reported a PBT of RM107.1 mil, net income of RM231.3 mil (after net impairment allowance of RM35.6 mil) and OPEX of RM124.2 mil. The additional impairment allowance is mainly due to the increase in impaired financing for both retail and corporate portfolios. OPEX for the quarter is contributed by personnel expenses of RM79.8 mil and other expenses such as rental of the headquarters and software/hardware maintenance. There were also reversal of certain provisions for expenses which resulted in negative general administrative expenses for the current quarter.

2. Authorisation for issue

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