

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

INTERIM FINANCIAL STATEMENTS
OF THE GROUP AND OF THE COMPANY
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2022

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

	Note	Group		Company	
		30-Sep-22 RM'000	31-Dec-21 RM'000	30-Sep-22 RM'000	31-Dec-21 RM'000
Assets					
Cash and short-term funds	A7(a)	1,048,023	654,839	7,578	230,013
Deposits and placements with financial institutions	A7(b)	849,733	843,856	100,025	574,580
Derivative financial assets	A8	33,499	637	-	-
Financial investments at fair value through profit or loss	A9	240,345	240,209	-	-
Financial investments at fair value through other comprehensive income	A10	10,689,496	11,811,115	-	-
Financial investments at amortised cost	A11	1,207,086	630,334	-	-
Loans, financing and advances	A12	35,812,078	34,503,102	364,563	477,089
Trade and other receivables	A13	113,080	129,367	68,653	190,902
Statutory deposits with Bank Negara Malaysia		650,000	650,000	-	-
Investments in subsidiaries		-	-	6,558,435	5,558,435
Inventories		-	50,516	-	-
Property and equipment		334,779	347,286	23,433	23,439
Right-of-use assets		26,581	38,846	-	-
Intangible assets		142,627	150,760	-	-
Goodwill		148,031	148,031	-	-
Investment property		820	820	-	-
Deferred tax assets		156,101	24,176	479	3,458
Tax recoverable		408,450	454,794	386,899	452,746
Assets held for sale	A14	53,566	2,600	-	-
Total assets		51,914,295	50,681,288	7,510,065	7,510,662
Liabilities					
Deposits from customers	A15	28,223,174	24,601,750	-	-
Deposits and placements of banks and other financial institutions	A16	5,995,176	8,649,581	-	-
Investment accounts of customers	A17	2,026,447	2,094,914	-	-
Derivative financial liabilities	A8	11,848	2,363	-	-
Trade and other payables	A18	571,569	1,086,213	13,443	239,978
Lease liabilities		27,265	38,998	-	-
Recourse obligation on financing sold		3,850,770	3,141,309	-	-
Sukuk-MBSB Structured Covered Murabahah		991,706	1,072,972	-	-
Sukuk Wakalah		1,616,802	1,294,247	-	-
Deferred tax liabilities		14,233	15,481	-	-
Provision for taxation		3,034	4,135	-	-
Total liabilities		43,332,024	42,001,963	13,443	239,978
Equity					
Ordinary share capital		7,198,068	7,198,068	7,198,068	7,198,068
Reserves		(517,561)	(161,046)	-	-
Retained earnings		1,901,764	1,642,303	298,554	72,616
Total equity		8,582,271	8,679,325	7,496,622	7,270,684
Total liabilities and equity		51,914,295	50,681,288	7,510,065	7,510,662
Total Islamic banking assets		50,595,415	49,135,301	-	-
Commitments and contingencies	A24	6,891,975	3,265,007	10,862	11,668
Net assets per share attributable to ordinary equity of the Company (RM)		1.20	1.21	1.05	1.01

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

	Note	Group			
		3rd Quarter Ended		Nine Months Ended	
		30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
		RM'000	RM'000	RM'000	RM'000
Revenue		654,641	681,050	1,975,459	2,026,969
Income derived from investment of deposits and Islamic capital funds	A19	641,984	657,694	1,968,977	1,945,856
Income attributable to depositors		(221,021)	(210,157)	(622,129)	(621,643)
Income attributable to securitisation		(35,945)	(18,942)	(107,942)	(61,562)
Income attributable to sukuk		(33,117)	(33,182)	(96,252)	(100,389)
Income attributable to wakalah unrestricted investment account		(12,759)	(7,554)	(37,226)	(14,260)
Net income from Islamic operations		339,142	387,859	1,105,428	1,148,002
Interest income	A20	2,022	7,993	6,401	53,586
Expected credit losses on loans, financing and advances and other impairment	A21	(103,395)	(248,996)	(306,950)	(194,527)
Net loss on modification of cash flows		-	(146,965)	(8,961)	(196,629)
Operating income/(expense)		237,769	(109)	795,918	810,432
Net other income	A22	16,306	58,561	29,855	94,061
Net income		254,075	58,452	825,773	904,493
Other operating expenses	A23	(156,677)	(152,795)	(443,212)	(354,800)
Profit/(loss) before taxation and zakat		97,398	(94,343)	382,561	549,693
Taxation		(35,260)	(10,873)	(119,923)	(187,338)
Zakat		(3,177)	641	(3,177)	(34)
Profit/(loss) from continuing operations		58,961	(104,575)	259,461	362,321
Loss from discontinued operation		-	-	-	(72)
Profit/(loss) for the financial period		58,961	(104,575)	259,461	362,249
Earnings per share (sen)					
Basic		0.82	(1.49)	3.62	5.17
Profit/(loss) for the financial period		58,961	(104,575)	259,461	362,249
Other comprehensive expense, net of tax :					
Movement in fair value reserve, which may be reclassified subsequently to profit or loss		(33,023)	(64,622)	(356,515)	(355,815)
		(33,023)	(64,622)	(356,515)	(355,815)
Total comprehensive income/(expense) for the financial period		25,938	(169,197)	(97,054)	6,434

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022 (CONTINUED)

	Note	Company			
		3rd Quarter Ended		Nine Months Ended	
		30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
		RM'000	RM'000	RM'000	RM'000
Revenue		8,282	12,428	185,156	36,179
Interest income	A20	8,178	10,105	21,015	32,439
Expected credit losses on loans, financing and advances and other impairment	A21	77,021	(19,492)	76,903	(15,687)
Net loss on modification of cash flows		-	(21)	-	(21)
Operating income/(expense)		85,199	(9,408)	97,918	16,731
Net other income	A22	5,958	80,692	175,887	89,107
Net income		91,157	71,284	273,805	105,838
Other operating expenses	A23	(8,062)	(5,665)	(18,795)	(16,279)
Profit before taxation		83,095	65,619	255,010	89,559
Taxation		(23,229)	(27,096)	(29,072)	(32,494)
Profit for the financial period		59,866	38,523	225,938	57,065
Earnings per share (sen)					
Basic		0.83	0.55	3.15	0.81
Profit for the financial period		59,866	38,523	225,938	57,065
Other comprehensive income, net of tax :					
Movement in fair value reserve, which may be reclassified subsequently to profit or loss		-	-	-	-
Total comprehensive income for the financial period		59,866	38,523	225,938	57,065

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

Group	Non-distributable		Distributable	
	Share Capital RM'000	Fair Value Reserves RM'000	Retained Profits RM'000	Total RM'000
At 1 January 2022	7,198,068	(161,046)	1,642,303	8,679,325
Profit for the period	-	-	259,461	259,461
Other comprehensive expense for the financial period	-	(356,515)	-	(356,515)
At 30 September 2022	<u>7,198,068</u>	<u>(517,561)</u>	<u>1,901,764</u>	<u>8,582,271</u>
At 1 January 2021	7,088,255	234,666	1,558,251	8,881,172
Profit for the period	-	-	362,249	362,249
Other comprehensive expense for the financial period	-	(355,815)	-	(355,815)
Dividends	-	-	(139,508)	(139,508)
Issuance of ordinary shares pursuant to exercise of DRP	109,813	-	-	109,813
At 30 September 2021	<u>7,198,068</u>	<u>(121,149)</u>	<u>1,780,992</u>	<u>8,857,911</u>

Company	Distributable		
	Share Capital RM'000	Retained Profits RM'000	Total RM'000
At 1 January 2022	7,198,068	72,616	7,270,684
Profit for the period	-	225,938	225,938
At 30 September 2022	<u>7,198,068</u>	<u>298,554</u>	<u>7,496,622</u>
At 1 January 2021	7,088,255	157,684	7,245,939
Profit for the period	-	57,065	57,065
Dividends	-	(139,508)	(139,508)
Issuance of ordinary shares pursuant to exercise of DRP	109,813	-	109,813
At 30 September 2021	<u>7,198,068</u>	<u>75,241</u>	<u>7,273,309</u>

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

	Group		Company	
	30-Sep-22 RM'000	30-Sep-21 RM'000	30-Sep-22 RM'000	30-Sep-21 RM'000
Cash flows from operating activities				
Profit before taxation	382,561	549,693	255,010	89,559
Adjustments for non-cash items	270,955	243,152	(76,496)	18,571
Operating profit before working capital changes	653,516	792,845	178,514	108,130
Working capital changes:				
Net changes in operating assets	(1,633,282)	(941,390)	668,755	116,773
Net changes in operating liabilities	679,587	1,328,898	(226,620)	(9,568)
Cash (used in)/generated from operations	(300,179)	1,180,353	620,649	215,335
Income taxes and zakat paid	(98,684)	(40,945)	(5,581)	(4,233)
Net cash (used in)/generated from operating activities	(398,863)	1,139,408	615,068	211,102
Cash flows from investing activities				
Increase in investment in subsidiaries	-	-	(1,000,000)	(268,113)
Purchase of property and equipment	(15,343)	(29,547)	(342)	-
Purchase of intangible assets	(22,392)	(17,424)	-	-
Proceeds from disposal of foreclosed properties	131	2,950	-	2,950
Net purchase of financial investments	399,725	(2,343,777)	-	-
Dividends received	-	-	162,839	69,754
Net cash generated from/(used in) investing activities	362,121	(2,387,798)	(837,503)	(195,409)

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MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022 (CONTINUED)

	Group		Company	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Issuance of recourse obligation on financing sold	704,731	971,545	-	-
Profit expense paid - recourse obligation on financing sold	(103,212)	(63,027)	-	-
Profit expense paid - Sukuk MBSB SC Murabahah	(27,252)	(34,247)	-	-
Repayment of Sukuk - MBSB SC Murabahah	(93,330)	(97,911)	-	-
Profit expense paid - Sukuk Wakalah	(34,017)	(33,925)	-	-
Payment of lease liabilities	(16,994)	(15,917)	-	-
Dividends paid on ordinary shares	-	(139,508)	-	(139,508)
Net proceeds from issuance of ordinary shares	-	109,813	-	109,813
Net cash generated from/(used in) financing activities	<u>429,926</u>	<u>696,823</u>	<u>-</u>	<u>(29,695)</u>
Net increase/(decrease) in cash and cash equivalents	393,184	(551,567)	(222,435)	(14,002)
Cash and cash equivalents at beginning of financial period	654,839	1,082,712	230,013	342,898
Cash and cash equivalents at end of financial period (Note A7(a))	<u>1,048,023</u>	<u>531,145</u>	<u>7,578</u>	<u>328,896</u>
Cash and cash equivalents is represented by:				
Cash and short-term funds	<u>1,048,023</u>	<u>531,145</u>	<u>7,578</u>	<u>328,896</u>
Cash and cash equivalents at end of financial period (Note A7(a))	<u>1,048,023</u>	<u>531,145</u>	<u>7,578</u>	<u>328,896</u>

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022
PART A - EXPLANATORY NOTES PURSUANT TO MFRS134

A1. Basis of preparation

The unaudited condensed interim financial statements for the financial quarter ended 30 September 2022 have been prepared under the historical cost convention except for financial investments which are recognised at fair value and the following financial assets and financial liabilities which are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest/profit method: loans, financing and advances, trade and other payables, bank borrowings and recourse obligations on financing sold.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad and Financial Reporting for Islamic Banking Institutions policy issued by Bank Negara Malaysia ("BNM"). The unaudited interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2021. 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 2021.

The unaudited interim financial statements of the Group consolidated financial performance including Banking group which comprises of MBSB Bank Berhad ("the Bank") and the Bank's subsidiary, Jana Kapital Sdn Bhd ("JKSB"). The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 December 2021.

On 1 January 2022, where applicable, the Group and the Company adopted the following MFRSs and Amendments to MFRSs mandatory for annual financial periods beginning on or after 1 January 2022:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

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

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The initial application of the abovementioned accounting standards, amendments and interpretations is not expected to have material financial impact to the current period and prior period financial statements of the Group and the Company.

A2. Audit report of preceding financial year ended 31 December 2021

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

A3. Seasonality and cyclicity of operations

The business operations of the Group and the Company have not been affected by any seasonal or cyclical factors.

A4. Exceptional or unusual items

There were no exception or unusual items during the quarter.

A5. Issue of shares and debentures

There were no other issuance and repayment of debt and equity securities, share buy backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial quarter.

	30-Sep-22	31-Dec-21
Number of ordinary shares ('000)	7,171,484	7,171,484
Share Capital (RM'000)	7,198,068	7,198,068

A6. Dividend

No dividend was paid in the current quarter.

MALAYSIA BUILDING SOCIETY BERHAD (197001000172 / 9417-K)
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A7. Cash and short-term funds and deposits and placements with financial institutions

	Group		Company	
	30-Sep-22	31-Dec-21	30-Sep-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
(a) Cash and short-term funds:				
Cash at banks and on hand	444,982	133,008	2,480	5,118
Money at call and deposit placements maturing within one month	603,041	521,831	5,098	224,895
	<u>1,048,023</u>	<u>654,839</u>	<u>7,578</u>	<u>230,013</u>
(b) Deposits and placements with financial institutions with original maturity of more than one month				
- Licensed Islamic banks	849,733	843,856	100,025	574,580
	<u>1,897,756</u>	<u>1,498,695</u>	<u>107,603</u>	<u>804,593</u>

The expected credit losses ("ECL") for cash and short-term funds and deposits and placements above is nil (2021: nil).

A8. Derivative financial assets/(liabilities)

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

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

	Group		
	Notional amount	Fair value	
	RM'000	Assets	Liabilities
		RM'000	RM'000
2022			
<u>Trading derivatives</u>			
<u>Foreign exchange contracts:</u>			
Currency forward			
- Less than one year	4,195,009	33,499	(11,848)
2021			
<u>Trading derivatives</u>			
<u>Foreign exchange contracts:</u>			
Currency forward			
- Less than one year	419,278	637	(2,363)

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

	Group	
	30-Sep-22	31-Dec-21
	RM'000	RM'000
At fair value		
<u>In Malaysia</u>		
Investment with fund manager - Money Market Securities	240,345	240,209
	<u>240,345</u>	<u>240,209</u>

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

	Group	
	30-Sep-22	31-Dec-21
	RM'000	RM'000
At fair value		
Money Market Instruments		
Malaysian Government Investment Issues	7,790,137	8,317,698
Debt securities:		
<u>In Malaysia</u>		
Private and Islamic debt securities	1,015,109	1,139,722
Government Guaranteed debt securities	1,884,250	2,353,695
	<u>10,689,496</u>	<u>11,811,115</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:

	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	14	-	-	14
Charged to profit or loss:	(7)	-	-	(7)
New financial investments purchased during the period	-	-	-	-
Matured financial investments during the year	(4)	-	-	(4)
Change in credit risk	(3)	-	-	(3)
At 30 September 2022	<u>7</u>	<u>-</u>	<u>-</u>	<u>7</u>

	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	7	-	-	7
Charged to profit or loss:	7	-	-	7
New financial investments purchased during the year	13	-	-	13
Matured financial investments during the year	(5)	-	-	(5)
Change in credit risk	(1)	-	-	(1)
At 31 December 2021	<u>14</u>	<u>-</u>	<u>-</u>	<u>14</u>

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

	Group	
	30-Sep-22	31-Dec-21
	RM'000	RM'000
At amortised cost		
Money Market Instruments		
Malaysian Government Investment Issues	298,958	20,666
<u>In Malaysia</u>		
Private and Islamic debt securities	858,273	610,880
Government Guaranteed corporate sukuk	50,791	-
	<u>1,208,022</u>	<u>631,546</u>
Less: ECL		
- Stage 1	(670)	(841)
- Stage 2	(266)	(371)
	<u>1,207,086</u>	<u>630,334</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
ECL at 1 January 2022	841	371	-	1,212
Charged to profit or loss	(171)	(105)	-	(276)
Change in credit risk	(202)	(105)	-	(307)
Matured financial investments during the period	(2)	-	-	(2)
New financial investments purchased during the period	33	-	-	33
ECL at 30 September 2022	<u>670</u>	<u>266</u>	<u>-</u>	<u>936</u>

	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
ECL at 1 January 2021	90	501	-	591
Charged to profit or loss	751	(130)	-	621
Change in credit risk	(3)	(130)	-	(133)
Matured financial investments during the period	-	-	-	-
New financial investments purchased during the year	754	-	-	754
ECL at 31 December 2021	<u>841</u>	<u>371</u>	<u>-</u>	<u>1,212</u>

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

	Group		Company	
	30-Sep-22	31-Dec-21	30-Sep-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
(i) By type				
At amortised cost				
<i>Islamic:</i>				
Term financing:				
Personal financing	19,379,617	19,613,339	-	-
Property financing	8,072,269	7,266,303	-	-
Hire purchase receivables	713,697	679,199	-	-
Bridging financing	444,681	411,617	-	-
Auto financing	53,294	75,121	-	-
Other term financing	5,515,924	5,584,420	-	-
Revolving Credit	905,958	175,464	-	-
Staff financing	39,079	42,371	-	-
Cash line	128,060	125,147	-	-
Trade finance	1,876,882	1,341,912	-	-
<i>Conventional:</i>				
End finance:				
Normal housing programme	69,953	79,895	69,953	79,895
Low cost housing programme	403	423	403	423
Other term financing	396,811	588,564	396,811	588,564
Bridging financing	177,568	196,835	177,568	196,835
Gross loans, financing and advances	37,774,196	36,180,610	644,735	865,717
Less: ECL				
- Stage 1	(397,580)	(347,004)	(1,451)	(1,527)
- Stage 2	(365,609)	(597,878)	(6,475)	(8,984)
- Stage 3	(1,198,929)	(732,626)	(272,246)	(378,117)
Net loans, financing and advances	35,812,078	34,503,102	364,563	477,089
(ii) By maturity structure				
	Group		Company	
	30-Sep-22	31-Dec-21	30-Sep-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Within one year	4,032,423	2,948,874	292,510	522,545
More than one year to three years	1,558,121	1,357,135	58,747	1,483
More than three years to five years	1,715,892	1,832,713	3,312	17,631
More than five years	30,467,760	30,041,888	290,166	324,058
	37,774,196	36,180,610	644,735	865,717

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A12. Loans, financing and advances (continued)

(iii) By economic purpose

	Group		Company	
	30-Sep-22	31-Dec-21	30-Sep-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Personal Use	19,466,855	19,697,222	-	-
Construction	3,863,805	3,978,526	257,258	458,817
Purchase of landed property:				
- Residential	7,935,360	7,154,826	276,869	279,121
- Non-Residential	968,833	912,562	51,777	69,971
Working Capital	4,481,019	3,300,141	57,500	56,500
Purchase of other fixed assets	992,374	929,586	1,331	1,308
Purchase of transport vehicles	61,280	77,009	-	-
Purchase of other securities	374	432	-	-
Purchase of consumer durables	853	901	-	-
Others	3,443	129,405	-	-
	37,774,196	36,180,610	644,735	865,717

(iv) By type of customers

	Group		Company	
	30-Sep-22	31-Dec-21	30-Sep-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Individuals	27,522,473	26,969,997	51,010	53,182
Domestic business enterprises				
- Small medium enterprises	3,144,515	2,887,059	442,828	588,349
- Non-bank financial institutions	1,410,881	739,048	-	-
- Others	5,564,839	5,553,169	150,897	224,186
Foreign entities	131,488	31,337	-	-
	37,774,196	36,180,610	644,735	865,717

(v) By sector

	Group		Company	
	30-Sep-22	31-Dec-21	30-Sep-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Household sectors	27,524,432	26,969,997	51,010	53,182
Construction	3,554,155	3,870,020	296,977	513,189
Finance, insurance and business services	3,288,483	2,509,032	3,436	7,285
Wholesale & retail trade and restaurants & hotels	1,076,207	860,418	3,081	3,179
Manufacturing	1,195,011	968,893	62,406	61,422
Education, health and others	464,291	358,193	226,557	222,512
Transport, storage and communications	329,483	243,861	1,268	1,462
Mining and quarrying	112,083	185,408	-	-
Electricity, gas and water	184,896	174,723	-	-
Agriculture	45,155	40,065	-	3,486
	37,774,196	36,180,610	644,735	865,717

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A12. Loans, financing and advances (continued)

(vi) By profit/interest rate sensitivity

	Group		Company	
	30-Sep-22	31-Dec-21	30-Sep-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Fixed rate:				
Personal financing	15,542,642	16,092,439	-	-
Bridging, structured and term financing	744,276	920,954	-	52,077
Mortgage and property Islamic	388,130	417,399	147	650
Auto finance	55,387	77,622	-	-
Variable rate:				
Personal financing	3,845,633	3,531,299	-	-
Bridging, structured and term financing	9,415,305	8,182,608	574,380	733,322
Mortgage and property Islamic	7,782,823	6,958,289	70,208	79,668
	37,774,196	36,180,610	644,735	865,717

(vii) By geographical distribution

	Group		Company	
	30-Sep-22	31-Dec-21	30-Sep-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Malaysia	37,774,196	36,180,610	644,735	865,717
	37,774,196	36,180,610	644,735	865,717

(viii) Movement of gross loans, financing and advances

	Group			
	30-Sep-22	Stage 1	Stage 2	Stage 3
	RM'000	RM'000	RM'000	Total
		RM'000	RM'000	RM'000
Gross carrying amount				
as at 1 January 2022	29,172,078	5,342,428	1,666,104	36,180,610
Transfer to stage 1	2,732,088	(2,714,914)	(17,174)	-
Transfer to stage 2	(734,465)	774,965	(40,500)	-
Transfer to stage 3	(282,888)	(870,008)	1,152,896	-
New financing / disbursement				
during the period	5,753,686	147,136	251,822	6,152,644
Repayment during the period	(4,262,346)	(238,632)	(93,120)	(4,594,098)
Other movements	260,668	(93,845)	(87,021)	79,802
Loss on modification of cash flows	(8,281)	(680)	-	(8,961)
Write-offs	-	-	(35,801)	(35,801)
Gross carrying amount				
as at 30 September 2022	32,630,540	2,346,450	2,797,206	37,774,196

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A12. Loans, financing and advances (continued)

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

30-Sep-22	Company			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Gross carrying amount				
as at 1 January 2022	42,791	120,351	702,575	865,717
Transfer to stage 1	31,430	(28,021)	(3,409)	-
Transfer to stage 2	(5,214)	6,936	(1,722)	-
Transfer to stage 3	(402)	(25,427)	25,829	-
Repayment during the period	(27,438)	(1,698)	(18,781)	(47,917)
Other movements	303	1,273	(147,696)	(146,120)
Loss on modification of cash flows	-	-	-	-
Write-offs	-	-	(26,945)	(26,945)
Gross carrying amount				
as at 30 September 2022	41,470	73,414	529,851	644,735
31-Dec-21	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Gross carrying amount				
as at 1 January 2021	28,856,494	4,976,739	1,894,985	35,728,218
Transfer to stage 1	1,639,149	(1,487,288)	(151,861)	-
Transfer to stage 2	(2,113,365)	2,202,567	(89,202)	-
Transfer to stage 3	(159,679)	(132,981)	292,660	-
New financing / disbursement				
during the year	4,314,854	1,282,980	31,537	5,629,371
Repayment during the year	(3,319,804)	(1,414,574)	(88,703)	(4,823,081)
Other movements	194,420	(12,382)	113,085	295,123
Loans, financing and advances sold	(179)	(759)	(89,575)	(90,513)
Loss on modification of cash flows	(239,812)	(71,874)	-	(311,686)
Reclassification to assets held-for-sale	-	-	(23,671)	(23,671)
Write-offs	-	-	(223,151)	(223,151)
Gross carrying amount				
as at 31 December 2021	29,172,078	5,342,428	1,666,104	36,180,610
31-Dec-21	Company			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Gross carrying amount				
as at 1 January 2021	145,352	432,831	907,754	1,485,937
Transfer to stage 1	35,229	(10,526)	(24,703)	-
Transfer to stage 2	(23,328)	25,066	(1,738)	-
Transfer to stage 3	(861)	(2,644)	3,505	-
Repayment during the year	(113,809)	(324,688)	(22,174)	(460,671)
Other movements	388	1,091	15,299	16,778
Loans, financing and advances sold	(179)	(759)	(89,575)	(90,513)
Loss on modification of cash flows	(1)	(20)	-	(21)
Write-offs	-	-	(85,793)	(85,793)
Gross carrying amount				
as at 31 December 2021	42,791	120,351	702,575	865,717

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A12. Loans, financing and advances (continued)

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

30-Sep-22	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL as at 1 January 2022	347,004	597,878	732,626	1,677,508
Charged to profit or loss, of which:	50,576	(232,269)	502,120	320,427
Changes in ECL				
- Transfer to stage 1	209,809	(201,231)	(8,578)	-
- Transfer to stage 2	(11,625)	38,936	(27,311)	-
- Transfer to stage 3	(6,082)	(138,352)	144,434	-
New financing / disbursement during the period	74,703	20,489	97,433	192,625
Repayment during the period	(227,048)	(110,440)	(122,254)	(459,742)
Changes in credit risk parameters #	10,819	158,329	418,396	587,544
Write-offs	-	-	(35,817)	(35,817)
ECL as at 30 September 2022	397,580	365,609	1,198,929	1,962,118
30-Sep-22	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL as at 1 January 2022	1,527	8,984	378,117	388,628
Charged to profit or loss, of which:	(76)	(2,509)	(78,910)	(81,495)
Changes in ECL				
- Transfer to stage 1	5,098	(4,249)	(849)	-
- Transfer to stage 2	(179)	1,769	(1,590)	-
- Transfer to stage 3	(13)	(2,831)	2,844	-
Repayment during the period	(5,001)	(1,977)	(90,755)	(97,733)
Changes in credit risk parameters #	19	4,779	11,440	16,238
Write-offs	-	-	(26,961)	(26,961)
ECL as at 30 September 2022	1,451	6,475	272,246	280,172

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

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A12. Loans, financing and advances (continued)

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

31-Dec-21	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL as at 1 January 2021	370,236	648,474	947,050	1,965,760
Charged to profit or loss, of which:	(23,226)	(50,486)	83,901	10,189
Changes in ECL				
- Transfer to stage 1	240,357	(192,086)	(48,271)	-
- Transfer to stage 2	(30,742)	80,071	(49,329)	-
- Transfer to stage 3	(2,799)	(30,337)	33,136	-
New financing / disbursement during the year	58,927	122,807	17,576	199,310
Repayment during the year	(315,249)	(268,006)	(263,176)	(846,431)
Changes in credit risk parameters #	26,280	237,065	393,965	657,310
Reclassification to assets held-for-sale	-	-	(21,549)	(21,549)
Other movements	(6)	(110)	(50,905)	(51,021)
Write-offs	-	-	(225,871)	(225,871)
ECL as at 31 December 2021	347,004	597,878	732,626	1,677,508

31-Dec-21	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL as at 1 January 2021	4,698	60,822	521,463	586,983
Charged to profit or loss, of which:	(3,165)	(51,728)	(3,928)	(58,821)
Changes in ECL				
- Transfer to stage 1	8,870	(2,194)	(6,676)	-
- Transfer to stage 2	(512)	1,706	(1,194)	-
- Transfer to stage 3	(21)	(427)	448	-
Repayment during the year	(11,632)	(56,564)	(153,185)	(221,381)
Changes in credit risk parameters #	130	5,751	156,679	162,560
Other movements	(6)	(110)	(50,905)	(51,021)
Write-offs	-	-	(88,513)	(88,513)
ECL as at 31 December 2021	1,527	8,984	378,117	388,628

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

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A12. Loans, financing and advances (continued)

(x) Movements of impaired loans, financing and advances

	Group		Company	
	30-Sep-22	31-Dec-21	30-Sep-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January	1,666,104	1,894,985	702,575	907,754
Classified as impaired during the period	1,404,718	324,197	25,829	3,505
Reclassified as non-impaired	(57,674)	(241,063)	(5,131)	(26,441)
Amount recovered	(93,120)	(88,703)	(18,781)	(22,174)
Other movements	(87,021)	113,085	(147,696)	15,299
Loans, financing and advances sold	-	(89,575)	-	(89,575)
Amount written off	(35,801)	(223,151)	(26,945)	(85,793)
Reclassification to assets held-for-sale	-	(23,671)	-	-
Balance as at end of financial period	<u>2,797,206</u>	<u>1,666,104</u>	<u>529,851</u>	<u>702,575</u>
Less: ECL stage 3	<u>(1,198,929)</u>	<u>(732,626)</u>	<u>(272,246)</u>	<u>(378,117)</u>
Net impaired loans, financing and advances	<u>1,598,277</u>	<u>933,478</u>	<u>257,605</u>	<u>324,458</u>
Net impaired as a percentage of net loans, financing and advances	<u>4.46%</u>	<u>2.71%</u>	<u>70.66%</u>	<u>68.01%</u>
Gross impaired as a percentage of gross loans, financing and advances	<u>7.41%</u>	<u>4.60%</u>	<u>82.18%</u>	<u>81.16%</u>

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

	Group		Company	
	30-Sep-22	31-Dec-21	30-Sep-22	31-Dec-21
Personal use	346,104	75,824	-	-
Construction	1,383,200	939,584	257,259	416,040
Purchase of landed property:				
- Residential	441,328	346,694	237,475	233,740
- Non-Residential	247,188	198,536	34,424	52,197
Working capital	345,282	73,606	-	-
Purchase of other fixed assets	26,695	27,298	693	598
Purchase of transport vehicles	6,547	3,585	-	-
Purchase of consumer durables	745	792	-	-
Others	117	185	-	-
	<u>2,797,206</u>	<u>1,666,104</u>	<u>529,851</u>	<u>702,575</u>

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A12. Loans, financing and advances (continued)

(xii) Impaired loans, financing and advances by sector

	Group		Company	
	30-Sep-22	31-Dec-21	30-Sep-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Household sector	586,867	213,546	12,283	12,344
Construction	1,153,816	769,548	291,402	464,478
Education, health and others	310,862	310,262	226,166	222,100
Finance, insurance and business services	205,981	210,920	-	-
Manufacturing	255,114	101,637	-	167
Mining and quarrying	1,089	26,425	-	-
Wholesale & retail trade and restaurants & hotels	283,476	26,248	-	-
Transport, storage and communications	-	4,032	-	-
Agriculture	-	3,486	-	3,486
	2,797,206	1,666,104	529,851	702,575

A13. Trade and other receivables

	Group		Company	
	30-Sep-22	31-Dec-21	30-Sep-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
<u>Non trade:</u>				
Advances in respect of certain projects	571,378	596,628	-	-
Amount due from MBSB Bank	-	-	25,035	138,410
Amount due from other subsidiaries	-	-	52,923	50,172
Foreclosed properties	42,228	42,418	42,228	42,418
Prepayments and deposits	18,631	14,038	-	3,654
Sundry receivables	12,451	35,841	1,390	5,624
Public Low Cost Housing Programme ("PLCHP")	-	796	-	796
Deferred expenses	39,769	36,550	-	-
	684,457	726,271	121,576	241,074
<u>Trade:</u>				
Trade receivable	24,835	24,835	-	-
	709,292	751,106	121,576	241,074
Less: ECL at stage 3				
- Non trade	(571,378)	(596,905)	(52,923)	(50,172)
- Trade	(24,834)	(24,834)	-	-
	113,080	129,367	68,653	190,902

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A14. Assets held for sale

	Group	
	30-Sep-22	31-Dec-21
	RM'000	RM'000
Assets held for sale comprises of:		
Financing held for sale (a)	1,511	2,122
Other assets held for sale (b)	52,055	478
	<u>53,566</u>	<u>2,600</u>

(a) Financing held for sale

	Group	
	30-Sep-22	31-Dec-21
	RM'000	RM'000
Balance as at 1 January	23,671	-
Reclassification from financing	-	23,671
Other movement	155	-
Gross financing held for sale	<u>23,826</u>	<u>23,671</u>
Less impairment allowance:		
Balance as at 1 January	(21,549)	-
Reclassification from financing	-	(21,549)
Charged to profit or loss (stage 3)	(766)	-
Total impairment allowance	<u>(22,315)</u>	<u>(21,549)</u>
Net financing held for sale	<u>1,511</u>	<u>2,122</u>

By economic purpose:

Purchase of residential properties	22,636	22,481
Purchase of non-residential properties	960	960
Purchase of other fixed assets	138	138
Purchase of transport vehicles	47	47
Others	45	45
	<u>23,826</u>	<u>23,671</u>

In the 2nd quarter ended 30 June 2021, the banking subsidiary, MBSB Bank entered into an agreement to dispose identified retail financing to an external party.

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A14. Assets held for sale (continued)

(b) Other assets held for sale

	Group	
	30-Sep-22	31-Dec-21
	RM'000	RM'000
Inventories	51,362	-
Property and equipment	693	478
	<u>52,055</u>	<u>478</u>

A15. Deposits from customers

(i) By type of deposits:

	Group	
	30-Sep-22	31-Dec-21
	RM'000	RM'000
Commodity Murabahah Term Deposits	26,486,663	23,623,561
Demand deposits	1,057,395	592,593
Savings deposits	679,116	385,596
	<u>28,223,174</u>	<u>24,601,750</u>

(ii) Maturity of term deposits from customers:

	Group	
	30-Sep-22	31-Dec-21
	RM'000	RM'000
Within six months	21,004,719	15,402,982
More than six months to one year	3,194,423	6,347,608
More than one year to three years	1,164,557	1,638,915
More than three years	1,122,964	234,056
	<u>26,486,663</u>	<u>23,623,561</u>

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A15. Deposits from customers (continued)

(iii) By type of customers:

	Group	
	30-Sep-22	31-Dec-21
	RM'000	RM'000
Government and statutory bodies	15,030,155	12,283,703
Business enterprises	9,022,014	7,976,943
Individuals	4,171,005	4,341,104
	<u>28,223,174</u>	<u>24,601,750</u>

(iv) By type of contract:

	Group	
	30-Sep-22	31-Dec-21
	RM'000	RM'000
Tawarruq	28,223,174	24,601,750
	<u>28,223,174</u>	<u>24,601,750</u>

A16. Deposits and placements of banks and other financial institutions

(i) By type of deposits:

	Group	
	30-Sep-22	31-Dec-21
	RM'000	RM'000
<u>Non-Mudharabah Funds:</u>		
-Licensed Investment Banks	6,096	948
-Licensed Islamic Banks	530,849	534,051
-Other financial institutions	5,458,231	8,114,582
	<u>5,995,176</u>	<u>8,649,581</u>

(ii) By type of contract:

	Group	
	30-Sep-22	31-Dec-21
	RM'000	RM'000
Tawarruq	5,995,176	8,649,581
	<u>5,995,176</u>	<u>8,649,581</u>

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A17. Investment accounts of customers

	Group	
	30-Sep-22	31-Dec-21
	RM'000	RM'000
Wakalah unrestricted investment account	2,026,447	2,094,914

The investment account placements are used to fund personal financing.

(i) By type of customers:

	Group	
	30-Sep-22	31-Dec-21
	RM'000	RM'000
Government and statutory bodies	1,811,072	2,014,773
Other financial institutions	215,375	80,141
	<u>2,026,447</u>	<u>2,094,914</u>

(ii) Movement of investment accounts of customers:

	Group	
	30-Sep-22	31-Dec-21
	RM'000	RM'000
At beginning of the financial period	2,094,914	-
New placement during the financial period	3,466,373	2,506,314
Redemption during the financial period	(3,533,068)	(426,328)
Finance expense	37,226	23,456
Profit distributed	(38,998)	(8,528)
At end of financial period	<u>2,026,447</u>	<u>2,094,914</u>

(iii) By Maturity:

	Group	
	30-Sep-22	31-Dec-21
	RM'000	RM'000
Due within six months	1,919,545	1,006,242
More than six months to one year	101,282	1,083,050
More than one year to three years	5,620	5,622
	<u>2,026,447</u>	<u>2,094,914</u>

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A17. Investment accounts of customers (continued)

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

30-Sep-22

	Investment Account Holder Average ROR %	Group Performance incentive fee %
Unrestricted investment accounts:		
Due within six months	2.98	1.32
More than six months to one year	3.00	1.30
More than one year to three years	2.95	1.35

31-Dec-21

	Investment Account Holder Average ROR %	Group Performance incentive fee %
Unrestricted investment accounts:		
Due within six months	2.58	5.32
More than six months to one year	2.75	5.14
More than one year to three years	2.95	4.95

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A18. Trade and other payables

	Group		Company	
	30-Sep-22	31-Dec-21	30-Sep-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Dividend payable	-	215,145	-	215,145
Sundry creditors	257,267	530,452	12,889	23,377
Al-Mudharabah security fund	138,576	147,604	-	-
ECL for commitments and contingencies (i)	46,667	54,446	344	259
Deferred income	17,060	22,574	-	917
Other provisions and accruals	111,999	115,992	210	280
	571,569	1,086,213	13,443	239,978

(i) ECL for commitments and contingencies

Movement of ECL for commitments and contingencies are as follows:

30-Sep-22	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
ECL as at 1 January 2022	17,117	35,929	1,400	54,446
Charged to profit or loss	2,258	(14,866)	4,829	(7,779)
Changes in the impairment allowance				
- Transfer to stage 1	4,044	(4,037)	(7)	-
- Transfer to stage 2	(559)	593	(34)	-
- Transfer to stage 3	(25)	(878)	903	-
New financing /disbursement during the period	10,183	1,722	158	12,063
Derecognised to loans/financing during the period (other than write-offs)	(5,557)	(19,369)	(630)	(25,556)
Changes in credit risk parameters #	(5,828)	7,103	4,439	5,714
Write off	-	-	-	-
ECL as at 30 September 2022	19,375	21,063	6,229	46,667

31-Dec-21	Group			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
ECL as at 1 January 2021	19,073	13,481	13,964	46,518
Charged to profit or loss	(1,956)	22,448	(11,946)	8,546
Changes in the impairment allowance				
- Transfer to stage 1	2,916	(1,054)	(1,862)	-
- Transfer to stage 2	(768)	806	(38)	-
- Transfer to stage 3	(4)	(45)	49	-
New financing /disbursement during the year	8,719	26,614	590	35,923
Derecognised to loans/financing during the period (other than write-offs)	(5,834)	(8,513)	(11,340)	(25,687)
Changes in credit risk parameters #	(6,985)	4,640	655	(1,690)
Write off	-	-	(618)	(618)
ECL as at 31 December 2021	17,117	35,929	1,400	54,446

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A18. Trade and other payables (continued)

(i) ECL for commitments and contingencies (continued)

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

30-Sep-22	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL as at 1 January 2022	174	59	26	259
Charged to profit or loss	(17)	61	41	85
Changes in the impairment allowance				
- Transfer to stage 1	27	(20)	(7)	-
- Transfer to stage 2	(15)	17	(2)	-
- Transfer to stage 3	-	(15)	15	-
Derecognised/converted to loans/financing during the period (other than write-offs)	(12)	(5)	(7)	(24)
Changes in credit risk parameters #	(17)	84	42	109
Write off	-	-	-	-
ECL as at 30 September 2022	157	120	67	344

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

31-Dec-21	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL as at 1 January 2021	195	207	1,673	2,075
Charged to profit or loss	(21)	(148)	(1,029)	(1,198)
Changes in the impairment allowance				
- Transfer to stage 1	55	(55)	-	-
- Transfer to stage 2	(4)	4	-	-
- Transfer to stage 3	(1)	(2)	3	-
Derecognised/converted to loans/financing during the year (other than write-offs)	(16)	(38)	(1,672)	(1,726)
Changes in credit risk parameters #	(55)	(57)	640	528
Write off	-	-	(618)	(618)
ECL as at 31 December 2021	174	59	26	259

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

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

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
Financing	518,135	532,781	1,598,873	1,589,988
Income from financial investments at FVOCI	101,947	106,733	308,592	310,392
Income from financial investments at amortised cost	12,294	8,130	32,513	21,064
Income from financial investments at FVTPL	732	3,139	6,587	3,868
Deposits with financial institutions	8,874	6,911	22,410	20,544
Income from CAKNA scheme	2	-	2	-
	641,984	657,694	1,968,977	1,945,856

A20. Interest income

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- Loans and advances	2,021	7,915	6,386	52,146
- Deposits and placements with banks and other financial institutions	1	78	15	1,440
	2,022	7,993	6,401	53,586

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- Loans and advances	2,809	8,592	8,567	29,032
- Deposits and placements with banks and other financial institutions	5,369	1,513	12,448	3,407
	8,178	10,105	21,015	32,439

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A21. ECL on loans, financing and advances and other impairment

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
<u>ECL on loans, financing and advances made/(written back)</u>				
Loans, financing and advances				
- Stage 1	10,173	3,102	50,576	(80,730)
- Stage 2	(9,531)	93,805	(232,269)	(49,339)
- Stage 3	107,665	102,755	502,120	266,024
Financing held for sale				
- Stage 3	59	-	766	-
Credit impaired loans, financing and advances:				
- Write - off	6,523	31,495	17,659	32,423
- Recovered	(10,886)	(13,688)	(22,852)	(21,657)
	<u>104,003</u>	<u>217,469</u>	<u>316,000</u>	<u>146,721</u>
<u>Other ECL and impairment allowances made/(written back):</u>				
Financial investments at FVOCI	(3)	(5)	(7)	7
Financial investments at amortised cost	(220)	(237)	(276)	454
Other receivables	(845)	140	(988)	25,390
Financing commitments and financial guarantees	460	31,629	(7,779)	21,955
	<u>(608)</u>	<u>31,527</u>	<u>(9,050)</u>	<u>47,806</u>
	<u>103,395</u>	<u>248,996</u>	<u>306,950</u>	<u>194,527</u>

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A21. ECL on loans, financing and advances and other impairment (continued)

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
<u>ECL on loans, financing and advances made/(written back)</u>				
Loans, financing and advances				
- Stage 1	(278)	(2,287)	(76)	(1,720)
- Stage 2	4,627	(12,224)	(2,509)	(34,210)
- Stage 3	(82,629)	14,417	(78,910)	40,860
Credit impaired loans, financing and advances:				
- Write - off	579	29,099	3,923	29,247
- Recovered	(128)	(10,423)	(2,167)	(13,907)
	<u>(77,829)</u>	<u>18,582</u>	<u>(79,739)</u>	<u>20,270</u>
<u>Other ECL and impairment allowances made/(written back):</u>				
Amount due from subsidiaries	849	933	2,751	(3,427)
Financing commitments and financial guarantees	(41)	(23)	85	(1,156)
	<u>808</u>	<u>910</u>	<u>2,836</u>	<u>(4,583)</u>
	<u>(77,021)</u>	<u>19,492</u>	<u>(76,903)</u>	<u>15,687</u>

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A22. Net other income

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
Rental income	2	-	19	4
Loans/financing related fees	1,609	16,453	9,297	12,412
Insurance commission	5,561	4,206	14,664	9,682
Ta'widh/late payment charges	4,243	3,731	9,034	9,710
(Loss)/gain from sale of financial investments at FVOCI	(207)	1,351	(8,574)	11,662
Gain/(loss) from sale of financial investments at FVTPL	2,621	(6,197)	(18,449)	(6,230)
Gain on financial investments at FVTPL	1,058	-	3,141	-
Gain on foreign exchange transactions	2,017	30,337	8,881	48,288
Sundry (expense)/income	(581)	8,680	11,068	11,069
(Loss)/gain from disposal of:				
Foreclosed properties	-	-	(59)	(2,536)
Assets held for sale	(17)	-	833	-
	16,306	58,561	29,855	94,061

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
Rental income	2,868	949	4,793	2,853
Loan related fees	100	2,237	1,276	3,654
Insurance commission	5	85	27	85
Late payment charges	2,036	2,491	4,215	6,374
Loss from disposal of foreclosed properties	-	-	(59)	(2,536)
Sundry income	949	5,176	2,796	8,923
Dividend income	-	69,754	162,839	69,754
	5,958	80,692	175,887	89,107

A23. Other operating expenses

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
Personnel expenses *	86,661	69,141	238,412	178,627
Establishment related expenses	43,001	47,389	124,467	98,168
General administrative expenses	9,992	20,674	39,784	44,564
Promotion and marketing related expenses	3,310	3,045	8,130	7,800
Commission fees	13,713	12,546	32,419	25,641
	156,677	152,795	443,212	354,800

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A23. Other operating expenses (continued)

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
Personnel expenses *	489	317	1,545	1,122
Establishment related expenses	363	371	1,053	1,129
General administrative expenses	4,219	1,423	7,226	3,498
Intercompany charges	2,982	3,472	8,947	10,417
Commission fees	9	82	24	113
	8,062	5,665	18,795	16,279

Included in the other operating expenses:

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
Depreciation of property and equipment	9,690	7,318	27,850	12,574
Amortisation of intangible assets	10,539	9,136	30,525	26,491
Depreciation of right-of-use assets	5,426	11,811	16,274	16,646

Included in the other operating expenses:

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
Depreciation of property and equipment	116	116	348	348

* Personnel expenses

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	63,906	55,182	175,003	136,736
Pension costs - Employees Provident Fund	10,915	9,157	29,296	22,714
Social security costs	529	433	1,481	1,279
Directors fees	1,092	903	3,530	3,218
Shariah Committee remuneration	151	140	407	360
Other staff related expenses	10,068	3,326	28,695	14,320
	86,661	69,141	238,412	178,627

* Personnel expenses

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
Directors fees	489	317	1,542	1,118
Other staff related expenses	-	-	3	4
	489	317	1,545	1,122

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A24. Commitments and contingencies

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

	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Group			
30-Sep-22			
Direct credit substitutes	21,123	21,123	21,123
Trade-related contingencies	85,250	38,598	38,598
Short term self liquidating trade related contingencies	22,245	4,449	4,449
Irrevocable commitments to extend credit:			
- one year or less	603,779	120,427	120,427
- over one year to five years	1,941,370	968,813	876,008
- over five years	23,199	11,600	11,600
Foreign exchange related contracts			
- one year or less	4,195,009	96,421	36,056
	<u>6,891,975</u>	<u>1,261,431</u>	<u>1,108,261</u>
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Company			
30-Sep-22			
Irrevocable commitments to extend credit:			
- over one year to five years	10,862	5,365	4,012
	<u>10,862</u>	<u>5,365</u>	<u>4,012</u>

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A24. Commitments and contingencies (continued)

Group	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
31-Dec-21			
Direct credit substitutes	22,786	22,786	22,786
Trade-related contingencies	81,815	40,908	40,908
Short term self liquidating trade related contingencies	82,062	16,412	16,412
Irrevocable commitments to extend credit:			
- one year or less	906,430	190,286	190,286
- over one year to five years	1,750,332	873,769	777,541
- over five years	2,304	1,150	1,150
Foreign exchange related contracts			
- one year or less	419,278	6,924	5,241
	<u>3,265,007</u>	<u>1,152,235</u>	<u>1,054,324</u>

Company	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
31-Dec-21			
Irrevocable commitments to extend credit:			
- over one year to five years	11,668	5,808	4,352
	<u>11,668</u>	<u>5,808</u>	<u>4,352</u>

(i) Capital Commitments

	Group	
	30-Sep-22 RM'000	31-Dec-21 RM'000
Property and equipment/Intangible assets:		
- Approved and contracted for	76,215	11,766

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A25. Unsecured contingent liabilities

KCSB Konsortium Sdn Bhd and Kausar Corporation Sdn Bhd (collectively referred to as “the Plaintiffs/the Appellant”) have instituted a civil suit against the Company and its subsidiary, Definite Pure Sdn Bhd for an alleged breach of facility agreement.

The High Court dismissed the Plaintiffs’ claim with costs and allowed the Company’s counterclaim. The Plaintiffs appealed to the Court of Appeal who on 1 November 2016, allowed the appeal with no order as to costs and sent the case back to the High Court for retrial before a different Judge on the Ground that the Judgment were wholly inadequate as they could not be certain as to the basis on which the decision was reached.

The High Court fixed the matter for full trial on 11, 12 and 15 September 2017. The parties filed Striking-Out Applications on 18 July 2017. On 8 September 2017, the Court found that both claims were time barred and struck out both the claims. Both parties have appealed to the Court of Appeal and the matter was subsequently heard on 28 August 2018. The Court of Appeal dismissed both appeals and directed the matter to be fixed for trial before a different judge.

On 27 January 2021, the High Court has decided in favour of part of the Plaintiffs’ claims including a monetary claim of RM35.31mil with interest at 5% to be calculated thereon. Both the Company and KCSB have appealed against the decision. The parties’ appeals to the Court of Appeal were heard on 6 July 2022.

In October 2022, the parties settled the matter out of Court and the case is deemed closed.

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A26. Segmental information on revenue and results

Group	Consumer banking RM'000	Corporate banking RM'000	Global Markets RM'000	Others RM'000	Inter-segment elimination RM'000	Consolidated RM'000
3rd quarter ended 30 September 2022						
<u>External:</u>						
Fund based income	403,041	121,461	127,685	10,634	(18,818)	644,003
Non-fund based income	4,904	2,196	3,518	183,054	(183,034)	10,638
	<u>407,945</u>	<u>123,657</u>	<u>131,203</u>	<u>193,688</u>	<u>(201,852)</u>	<u>654,641</u>
<u>Inter-segment:</u>						
Fund based income	30,383	-	(7,079)	(247,384)	224,080	-
Total revenue	<u>438,328</u>	<u>123,657</u>	<u>124,124</u>	<u>(53,696)</u>	<u>22,228</u>	<u>654,641</u>
Profit before zakat and tax	18,593	38,405	38,108	(15,160)	17,452	97,398
Taxation						(35,260)
Zakat						(3,177)
Net loss for the period						<u>58,961</u>
Segment assets	26,659,028	9,695,607	13,527,135	52,056	-	49,933,826
Tax recoverable						408,450
Deferred tax assets						156,101
Unallocated assets						<u>1,415,918</u>
Total assets						<u>51,914,295</u>
Segment liabilities	27,299,042	6,160,232	8,974,779	281,870	-	42,715,923
Provision for taxation						3,034
Deferred tax liabilities						14,233
Unallocated liabilities						<u>598,834</u>
Total liabilities						<u>43,332,024</u>

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A26. Segmental information on revenue and results (continued)

Group	Consumer banking RM'000	Corporate banking RM'000	Global Markets RM'000	Others RM'000	Inter-segment elimination RM'000	Consolidated RM'000
Nine months ended 30 September 2022						
<u>External:</u>						
Fund based income	1,271,518	349,188	355,319	18,171	(18,818)	1,975,378
Non-fund based income	12,619	11,222	(23,790)	183,064	(183,034)	81
	<u>1,284,137</u>	<u>360,410</u>	<u>331,529</u>	<u>201,235</u>	<u>(201,852)</u>	<u>1,975,459</u>
<u>Inter-segment:</u>						
Fund based income	92,021	-	-	-	(92,021)	-
Total revenue	<u>1,376,158</u>	<u>360,410</u>	<u>331,529</u>	<u>201,235</u>	<u>(293,873)</u>	<u>1,975,459</u>
Profit before zakat and tax	189,041	107,486	80,721	159,278	(153,965)	382,561
Taxation						(119,923)
Zakat						(3,177)
Net profit for the period						<u>259,461</u>
Segment assets	26,659,028	9,695,607	13,527,135	52,056	-	49,933,826
Tax recoverable						408,450
Deferred tax assets						156,101
Unallocated assets						1,415,918
Total assets						<u>51,914,295</u>
Segment liabilities	27,299,042	6,160,232	8,974,779	281,870	-	42,715,923
Provision for taxation						3,034
Deferred tax liabilities						14,233
Unallocated liabilities						598,834
Total liabilities						<u>43,332,024</u>

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A26. Segmental information on revenue and results (continued)

Group	Consumer banking RM'000	Corporate banking RM'000	Global Markets RM'000	Others RM'000	Inter-segment elimination RM'000	Consolidated RM'000
3rd quarter ended 30 September 2021						
<u>External:</u>						
Fund based income	432,858	48,220	115,490	114,317	(19,930)	690,955
Non-fund based income	11,608	3,382	(4,748)	(20,147)	-	(9,905)
	<u>444,466</u>	<u>51,602</u>	<u>110,742</u>	<u>94,170</u>	<u>(19,930)</u>	<u>681,050</u>
<u>Inter-segment:</u>						
Fund based income	16,121	-	-	-	(16,121)	-
Total revenue	<u>460,587</u>	<u>51,602</u>	<u>110,742</u>	<u>94,170</u>	<u>(36,051)</u>	<u>681,050</u>
Profit before zakat and tax	50,467	(151,310)	1,922	81,113	(76,535)	(94,343)
Taxation						(10,873)
Zakat						641
Net loss for the period						<u>(104,575)</u>
Segment assets	25,941,692	8,763,192	13,811,963	69,536	-	48,586,383
Tax recoverable						475,422
Deferred tax assets						21,286
Unallocated assets						1,514,199
Total assets						<u>50,597,290</u>
Segment liabilities	25,743,036	5,733,736	9,017,601	318,576	-	40,812,949
Provision for taxation and zakat						35,937
Deferred tax liabilities						14,538
Unallocated liabilities						875,956
Total liabilities						<u>41,739,380</u>

A26. Segmental information on revenue and results (continued)

Group	Consumer banking RM'000	Corporate banking RM'000	Global Markets RM'000	Others RM'000	Inter-segment elimination RM'000	Consolidated RM'000
Nine months ended 30 September 2021						
<u>External:</u>						
Fund based income	1,283,634	285,327	328,696	122,249	(20,461)	1,999,445
Non-fund based income	2,095	11,269	5,725	8,435	-	27,524
	<u>1,285,729</u>	<u>296,596</u>	<u>334,421</u>	<u>130,684</u>	<u>(20,461)</u>	<u>2,026,969</u>
<u>Inter-segment:</u>						
Fund based income	49,772	-	-	-	(49,772)	-
Total revenue	<u>1,335,501</u>	<u>296,596</u>	<u>334,421</u>	<u>130,684</u>	<u>(70,233)</u>	<u>2,026,969</u>
Profit before zakat and tax	460,198	(69,414)	89,465	185,056	(115,612)	549,693
Taxation						(187,338)
Zakat						(34)
Profit from continuing operations						<u>362,321</u>
Loss from discontinued operation						(72)
Net profit for the period						<u>362,249</u>
Segment assets	25,941,692	8,763,192	13,811,963	69,536	-	48,586,383
Tax recoverable						475,422
Deferred tax assets						21,286
Unallocated assets						<u>1,514,199</u>
Total assets						<u>50,597,290</u>
Segment liabilities	25,743,036	5,733,736	9,017,601	318,576	-	40,812,949
Provision for taxation and zakat						35,937
Deferred tax liabilities						14,538
Unallocated liabilities						<u>875,956</u>
Total liabilities						<u>41,739,380</u>

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A27. Acquisition of property and equipment

	Group
	As at
	30-Sep-22
	RM'000
Additions	
Building	14,367
Building renovation	37,784
Furniture & equipment	284
Motor vehicles	317
Data processing equipment	7,245
	<u>59,997</u>

A28. Significant related party transactions

(a) Transactions and balances with government-related entities are as follows:

(i) Transactions and balances with Employees Provident Fund ("EPF"), the ultimate holding body:

	Group	
	30-Sep-22	30-Sep-21
	RM'000	RM'000
Expenses		
Profit expense paid on Sukuk	36,183	39,438
Profit expense paid on Fixed deposit	27,003	20,240
Interest expense paid on Time deposit	88	331
Rental paid	38	38
	<u>63,312</u>	<u>60,347</u>
Balances		
Sukuk - MBSB SC Murabahah	903,219	973,365
Accrued profit on Sukuk	18,547	19,482
Fixed deposit by EPF	1,390,230	1,350,000
Accrued profit on Fixed deposit	8,599	1,253
Time deposit by EPF	-	11,772
Accrued interest on Time deposit	-	18
Rental deposit	17	17
	<u>2,320,612</u>	<u>2,367,937</u>

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

	Group	
	30-Sep-22	30-Sep-21
	RM'000	RM'000
Expenses		
Profit to depositors	2,379	2,315
	<u>2,379</u>	<u>2,315</u>
Balances		
Cash and short-term funds	341,421	48,731
Deposits and placements with banks and other financial institutions	32	32
	<u>341,453</u>	<u>48,763</u>

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A28. Significant related party transactions (continued)

(a) Transactions and balances with government-related entities are as follows (continued):

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

	Group	
	30-Sep-22	30-Sep-21
	RM'000	RM'000
Income/(expense)		
Profit from financing	-	2,745
Profit to depositors	(90)	(220)
	<hr/>	<hr/>
Balances		
Financing	-	79,011
Deposit from customers	75	12,903
	<hr/>	<hr/>

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

	Group	
	30-Sep-22	30-Sep-21
	RM'000	RM'000
Expenses		
Other expenses	6,787	2,762
Profit to depositors	2,423	2,741
	<hr/>	<hr/>
Balances		
Deposits from customer	181,442	197,675
	<hr/>	<hr/>

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A29. Capital adequacy

The Group has complied and computed the capital adequacy ratios in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (Capital Components 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 has elected to apply this transitional arrangement ("TA") for four financial years from the financial year beginning 1 January 2020 to 31 December 2023.

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

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A29. Capital adequacy (continued)

	Group			
	with TA	without TA	with TA	without TA
	30-Sep-22	30-Sep-22	31-Dec-21	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
<u>Common Equity Tier 1 ("CET1") Capital</u>				
Ordinary share capital	7,198,068	7,198,068	7,198,068	7,198,068
Retained earnings exclude merger reserve	1,642,309	1,642,309	1,642,303	1,642,303
Other reserves	(517,563)	(517,563)	(161,048)	(161,048)
	<u>8,322,814</u>	<u>8,322,814</u>	<u>8,679,323</u>	<u>8,679,323</u>
Less: Regulatory adjustments				
Goodwill	(148,031)	(148,031)	(148,031)	(148,031)
Deferred tax assets	(156,101)	(156,101)	(24,176)	(24,176)
55% cumulative gains on FVOCI instruments	(7,510)	(7,510)	(57,882)	(57,882)
Intangible assets	(142,627)	(142,627)	(150,760)	(150,760)
Other CET1 regulatory adjustments	-	-	79,645	-
Total CET1 Capital	<u>7,868,545</u>	<u>7,868,545</u>	<u>8,378,119</u>	<u>8,298,474</u>
<u>Tier 1 Capital</u>				
Additional Tier 1 capital instruments	-	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-	-
Total Tier 1 capital	<u>7,868,545</u>	<u>7,868,545</u>	<u>8,378,119</u>	<u>8,298,474</u>
<u>Tier 2 Capital</u>				
Stage 1 and Stage 2 ECL	443,807	443,807	452,174	452,174
Tier 2 capital instruments	1,300,000	1,300,000	1,294,247	1,294,247
Total Tier II capital	<u>1,743,807</u>	<u>1,743,807</u>	<u>1,746,421</u>	<u>1,746,421</u>
Total capital base	<u>9,612,352</u>	<u>9,612,352</u>	<u>10,124,540</u>	<u>10,044,895</u>

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A29. Capital adequacy (continued)

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

	Group			
	with TA	without TA	with TA	without TA
	30-Sep-22	30-Sep-22	31-Dec-21	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
<u>Total risk weighted assets ("RWA")</u>				
- Credit risk	35,504,591	35,504,591	36,173,916	36,173,916
- Market risk	126,146	126,146	62,619	62,619
- Operational risk	2,828,806	2,828,806	2,735,512	2,735,512
Total RWA	<u>38,459,543</u>	<u>38,459,543</u>	<u>38,972,047</u>	<u>38,972,047</u>
<u>Capital adequacy ratios</u>				
CET 1 capital ratio	20.459%	20.459%	21.498%	21.293%
Tier 1 capital ratio	20.459%	20.459%	21.498%	21.293%
Total capital ratio	<u>24.993%</u>	<u>24.993%</u>	<u>25.979%</u>	<u>25.775%</u>

In accordance with BNM's Guidelines on Investment Account paragraph 31.1, the credit and market risk weighted assets funded by Unrestricted Investment Accounts ("URIA") shall be recognised as risk absorbent and excluded from the calculation of capital adequacy ratio of the Group. As at 30 September 2022, URIA risk weighted assets excluded from the Total Capital Ratio calculation amounted to RM1,955.3 mil (31 December 2021: RM2,080.8 mil).

PERFORMANCE REVIEW FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

B1. Performance review of the Group

(a) Balance Sheet

(i) Loans, financing and advances

Variation of Results against Preceding Year Corresponding Quarter

	Current Year Quarter 30-Sep-22, 3Q22 RM'000	Preceding Year Corresponding Quarter 30-Sep-21, 3Q21 RM'000	Changes	
			RM'000	%
Personal financing	19,388,274	19,625,362	(237,088)	-1.2%
Corporate loans and financing	10,159,582	9,351,354	808,228	8.6%
Property financing and mortgage	8,170,953	7,117,317	1,053,636	14.8%
Auto financing	55,387	85,285	(29,898)	-35.1%
Total gross loans, financing and advances	<u>37,774,196</u>	<u>36,179,318</u>	<u>1,594,878</u>	4.4%

Variation of Results against Immediate Preceding Quarter

	Current Year Quarter 30-Sep-22, 3Q22 RM'000	Preceding Quarter 30-June-22, 2Q22 RM'000	Changes	
			RM'000	%
Personal financing	19,388,274	19,730,869	(342,595)	-1.7%
Corporate loans and financing	10,159,582	9,155,363	1,004,219	11.0%
Property financing and mortgage	8,170,953	7,886,715	284,238	3.6%
Auto financing	55,387	65,170	(9,783)	-15.0%
Total gross loans, financing and advances	<u>37,774,196</u>	<u>36,838,117</u>	<u>936,079</u>	2.5%

The Group gross loans, financing and advances grew by 4.4% and 2.5% in 3Q22 compared to 3Q21 and 2Q22 respectively. Overall, growth of loans, financing and advances is contributed mainly from corporate financing and house financing. Personal financing remains as the biggest financing portfolio while auto financing is at a decreasing base as the Group focuses on growing asset base of other portfolios.

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B1. Performance review of the Group (continued)

(a) Balance Sheet

(ii) Financial investments

Variation of Results against Preceding Year Corresponding Quarter

	Current Year Quarter 30-Sep-22, 3Q22 RM'000	Preceding Year Corresponding Quarter 30-Sep-21, 3Q21 RM'000	Changes	
			RM'000	%
Financial investments at FVTPL	240,345	239,458	887	0.4%
Financial investments at FVOCI	10,689,496	12,045,433	(1,355,937)	-11.3%
Financial investments at amortised cost	<u>1,207,086</u>	<u>611,378</u>	<u>595,708</u>	<u>97.4%</u>
Total financial investments	<u>12,136,927</u>	<u>12,896,269</u>	<u>(759,342)</u>	<u>-5.9%</u>

Variation of Results against Preceding Quarter

	Current Year Quarter 30-Sep-22, 3Q22 RM'000	Preceding Quarter 30-June-22, 2Q22 RM'000	Changes	
			RM'000	%
Financial investments at FVTPL	240,345	458,721	(218,376)	-47.6%
Financial investments at FVOCI	10,689,496	11,050,665	(361,169)	-3.3%
Financial investments at amortised cost	<u>1,207,086</u>	<u>970,199</u>	<u>236,887</u>	<u>24.4%</u>
Total financial investments	<u>12,136,927</u>	<u>12,479,585</u>	<u>(342,658)</u>	<u>-2.7%</u>

The Group financial investments decreased by 5.9% and by 2.7% for 3Q22 compared to 3Q21 and 2Q22 respectively. Financial investments at FVOCI remains mainly consists of government investment issues and government guaranteed debt securities.

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B1. Performance review of the Group (continued)

(b) Income statement

Current Year Quarter vs Preceding Year Corresponding Quarter

	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	
	30-Sep-22, 3Q22 RM'000	30-Sep-21, 3Q21 RM'000	RM'000	%
Revenue	654,641	681,050	(26,409)	-3.9%
Other operating expenses	(156,677)	(152,795)	(3,882)	2.5%
Net income <i>(excluding ECL and loss on modification of cash flows)</i>	357,470	454,413	(96,943)	-21.3%
Expected credit losses on loans, financing and advances and other impairment	(103,395)	(248,996)	145,601	-58.5%
Loss on modification of cash flows	-	(146,965)	146,965	-100.0%
Profit/(loss) before tax	<u>97,398</u>	<u>(94,343)</u>	191,741	>-100%
Profit/(loss) after tax	<u>58,961</u>	<u>(104,575)</u>	163,536	>-100%
Profit/(loss) attributable to ordinary equity holders of the Parent	<u>58,961</u>	<u>(104,575)</u>	163,536	>-100%
Cost to income ratio	43.8%	33.6%		

Current Year Quarter vs Immediate Preceding Quarter

	Current Year Quarter	Preceding Quarter	Changes	
	30-Sep-22, 3Q22 RM'000	30-June-22, 2Q22 RM'000	RM'000	%
Revenue	654,641	656,270	(1,629)	-0.2%
Other operating expenses	(156,677)	(136,537)	(20,140)	14.8%
Net income <i>(excluding ECL and loss on modification of cash flows)</i>	357,470	387,753	(30,283)	-7.8%
Expected credit losses on loans, financing and advances and other impairment	(103,395)	(45,259)	(58,136)	>100%
Profit before tax	<u>97,398</u>	<u>205,957</u>	(108,559)	-52.7%
Profit after tax	<u>58,961</u>	<u>142,295</u>	(83,334)	-58.6%
Profit attributable to ordinary equity holders of the Parent	<u>58,961</u>	<u>142,295</u>	(83,334)	-58.6%
Cost to income ratio	43.8%	35.2%		

During the quarter, the Group reported a profit before tax ("PBT") of RM97.4 mil with revenue of RM654.6 mil, operating expenses ("OPEX") of RM156.7 mil and net impairment allowance of RM103.4 mil.

The Group recorded higher OPEX compared to 3Q21 and 2Q22 mainly because of the increase in personnel expenses and establishment costs such as depreciation of the new headquarters and higher software/hardware maintenances.

On the other hand, the Group incurred net impairment allowance during the quarter mainly due to deterioration in staging of financing customers.

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B1. Performance review of the Group (continued)

(c) Contribution of major subsidiary of the Group

	Group Current Year Quarter 30-Sep-22, 3Q22 RM'000	MBSB Bank Current Year Quarter 30-Sep-22, 3Q22 RM'000	Contribution (without elimination) %
Total assets	51,914,295	52,523,464	>100%
Total equity	8,582,271	7,211,489	84.0%
Profit before tax	97,398	26,445	27.2%
Profit after tax	58,961	2,635	4.5%
Gross return on equity	4.51%	1.54%	
Gross return on assets	0.76%	0.20%	

	Group Preceding Year Corresponding Quarter 30-Sep-21, 3Q21 RM'000	MBSB Bank Preceding Year Corresponding Quarter 30-Sep-21, 3Q21 RM'000	Contribution (without elimination) %
Total assets	50,597,291	50,641,316	>100%
Total equity	8,857,911	6,353,724	71.7%
Loss before tax	(94,343)	(124,016)	>100%
Loss after tax	(104,575)	(106,023)	>100%
Gross return on equity	-4.25%	-7.91%	
Gross return on assets	-0.76%	-1.01%	

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

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

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B2. Prospects for the Group

Outlook for 2022

Malaysia's economy is expected to register a stronger growth within the range of 6.5% – 7% for 2022, having recorded a 14.2% growth in third quarter of 2022. For 2023, the increasingly challenging global economic environment has prompted the International Monetary Fund to revise its global economic growth forecast to a lower rate of 3.2% for 2022 and 2.7% next year. In tandem with this global slowdown, Malaysia's economy is forecast to decelerate to between 4% – 5% in 2023. The pace of economic recovery in 2023 is also dependent on successful containment of the pandemic, and efforts in mitigating risks such as geopolitics, rising inflation as well as tightening financial conditions. (Ministry of Finance: Economic Outlook 2023).

The Overnight Policy Rate (“OPR”) increased four times between May and November 2022 as monetary accommodation was reduced following strong domestic growth prospects and inflationary pressures. The higher OPR would have an impact on customers' affordability next year, amid rising cost of living. In this respect, our business strategy will be centred on enhancing our strength in our core business in retail segment, and targeting large, quality corporates to provide the Group with new source of financing growth. The Group is also formulating collection strategies to tackle specific needs of different groups of customers to improve its asset quality.

B3. Variance from profit forecast

Not applicable

B4. Taxation

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current income tax	54,083	(18,873)	147,409	126,236
(Over)/under provision in prior years	(6,822)	27,844	(6,822)	46,887
	<u>47,261</u>	<u>8,971</u>	<u>140,587</u>	<u>173,123</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	(12,001)	1,902	(20,664)	14,215
	<u>(12,001)</u>	<u>1,902</u>	<u>(20,664)</u>	<u>14,215</u>
Total income tax expense	<u>35,260</u>	<u>10,873</u>	<u>119,923</u>	<u>187,338</u>

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B4. Taxation (continued)

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current income tax	25,158	(844)	27,522	4,239
(Over)/under provision in prior years	(1,428)	27,844	(1,428)	27,844
	<u>23,730</u>	<u>27,000</u>	<u>26,094</u>	<u>32,083</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	(501)	96	2,978	411
	<u>(501)</u>	<u>96</u>	<u>2,978</u>	<u>411</u>
Total income tax expense	<u>23,229</u>	<u>27,096</u>	<u>29,072</u>	<u>32,494</u>

B5. Status of corporate proposals

On 6 April 2022, Bank Negara Malaysia ("BNM") had vide its letter stated that it has no objection for MBSB to enter into discussions with Permodalan Nasional Berhad ("PNB") to explore the possibility of undertaking an acquisition of the 100% shareholding in Malaysian Industrial Development Finance Berhad ("MIDF") which is held by PNB ("Proposed Transaction"). BNM's approval is valid for a period of 6 months from the date of its letter.

Subsequently, MBSB and PNB ("the Parties") entered into an exclusivity agreement ("Exclusivity Agreement") granting the Parties exclusive right to enter into negotiations with each other to finalise the structure, pricing, and terms and conditions of the Proposed Transaction for a period commencing on the date of Exclusivity Agreement until 5.00 pm of the last day of the 6th month from the date of the letter of approval from BNM to commence negotiations (i.e. 5 October 2022) or such other further period as may be agreed in writing by the Parties and approved by BNM ("Exclusivity Period"). On 29 September 2022, BNM had vide its letter granted MBSB an extension of time to 5 January 2023 to conclude the negotiations for the Proposed Transaction and the Parties had agreed in writing to extend the Exclusivity Period to the extended date.

Under the terms of the Exclusivity Agreement, the Parties have agreed not to take any action to solicit, negotiate, or otherwise facilitate any offer or inquiry from any other party (other than the Parties themselves) relating to any transaction or proposed transaction involving the share capital, assets, businesses or undertakings of MBSB and MIDF (including their subsidiaries) during the Exclusivity Period.

On 21 October 2022, the Company had submitted an application to BNM, to seek the approvals of BNM and/or the Ministry of Finance, Malaysia ("MOF") for the Proposed Transaction to form a universal Islamic banking group. The Company had also on even date entered into an Implementation Agreement with PNB to set up the agreement in respect of the share purchase agreement for the Proposed Transaction to be entered into by MBSB and PNB upon obtaining the approvals of BNM and/or the MOF. The approval of other regulators and shareholders will be sought thereafter.

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B6. Borrowings and debts

Borrowings of the Group were as follows:

	30-Sep-22		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
Recourse obligation on financing sold	2,838,347	1,012,423	3,850,770
Sukuk-MBSB Structured Covered Murabahah	733,440	258,266	991,706
Non secured			
Sukuk Wakalah	1,591,682	25,120	1,616,802
	31-Dec-21		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
Recourse obligation on financing sold	2,066,656	1,074,653	3,141,309
Sukuk-MBSB Structured Covered Murabahah	826,980	245,992	1,072,972
Non secured			
Sukuk Wakalah	1,292,046	2,201	1,294,247

B7. Off balance sheet financial instruments

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

B8. Material litigation

The details of the pending material litigation is as per note A25.

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B9. Earnings per share

Basic

Basic earnings per share are calculated by dividing the net profit attributable to shareholders for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit attributable to shareholders for the period (RM'000)	58,961	(104,575)	259,461	362,249
Weighted average number of ordinary shares in issue ('000)	7,171,484	7,024,680	7,171,484	7,009,143
Basic earnings per share (sen)	0.82	(1.49)	3.62	5.17

	Company			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to shareholders for the period (RM'000)	59,866	38,523	225,938	57,065
Weighted average number of ordinary shares in issue ('000)	7,171,484	7,024,680	7,171,484	7,009,143
Basic earnings per share (sen)	0.83	0.55	3.15	0.81

Diluted

There are no dilutive effects on earnings per share as the Company has no ESOS.

B10. 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.: 201908003748

Company Secretary
 Kuala Lumpur

24 November 2022