

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

INTERIM FINANCIAL STATEMENTS
OF THE BANK GROUP AND OF THE BANK
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

		Bank Group		Bank	
		31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
		RM'000	RM'000	RM'000	RM'000
Assets					
Cash and short-term funds	6(a)	4,572,309	2,192,818	4,548,164	2,079,255
Deposits and placements with banks and other financial institutions	6(b)	749,812	597,746	92,540	-
Financial assets at fair value through profit or loss	7	250,725	240,357	250,725	240,357
Financial investments at fair value through other comprehensive income	8	10,869,679	11,392,780	10,869,679	11,392,780
Financial investments at amortised cost	9	2,316,393	1,625,792	2,316,393	1,625,792
Sukuk Commodity Murabahah		-	-	1,935,936	2,104,499
Derivative financial assets	10	32,805	15,017	32,805	15,017
Financing and advances	11	38,471,883	36,565,207	38,471,883	36,565,207
Other receivables	12	648,780	514,926	644,523	583,692
Tax recoverable		69,727	209	69,727	-
Deferred tax assets		83,529	107,238	83,529	107,238
Statutory deposits with Bank Negara Malaysia		720,000	610,000	720,000	610,000
Property and equipment		96,635	87,491	96,635	87,491
Right-of-use assets		63,711	28,778	63,711	28,778
Investment property		820	820	820	820
Intangible assets		88,167	96,157	88,167	96,157
Non-current assets held for sale	13	-	564	-	564
Total assets		59,034,975	54,075,900	60,285,237	55,537,647
Liabilities					
Deposits from customers	15	34,702,106	29,112,699	34,702,106	29,112,699
Deposits and placements of banks and other financial institutions	16	7,359,472	7,511,336	7,359,472	7,511,336
Investment accounts of customers	17	-	2,080,767	-	2,080,767
Islamic repurchase agreement		2,005,199	-	2,005,199	-
Derivative financial liabilities	10	5,158	23,470	5,158	23,470
Other payables	18	521,110	508,679	2,021,772	2,245,002
Lease liabilities		64,560	29,370	64,560	29,370
Recourse obligation on financing sold		4,031,732	4,355,408	4,031,732	4,355,408
Provision for taxation		34,580	106,902	-	106,902
Sukuk		2,197,432	2,430,717	2,197,432	2,430,717
Total liabilities		50,921,349	46,159,348	52,387,431	47,895,671
Equity					
Ordinary share capital		6,627,972	6,427,972	6,627,972	6,427,972
Reserves		1,485,654	1,488,580	1,269,834	1,214,004
Total equity		8,113,626	7,916,552	7,897,806	7,641,976
Total Liabilities and Equity		59,034,975	54,075,900	60,285,237	55,537,647
Commitments and contingencies	28	6,300,734	5,124,328	6,300,734	5,124,328
Capital Adequacy					
	32	Bank Group		Bank	
CET1 capital		17.427%	19.186%	17.032%	18.408%
Tier 1 capital		17.427%	19.186%	17.032%	18.408%
Total capital ratio		21.618%	23.735%	21.091%	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 YEAR ENDED 31 DECEMBER 2023

		Bank Group			
		4th Quarter Ended		Twelve Months Ended	
		31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	19	549,943	510,133	2,255,119	2,097,597
Income derived from investment of shareholders' funds	20	52,596	188,040	444,014	515,906
Income derived from investment of investment accounts' funds	21	-	34,550	47,999	113,587
Expected credit losses on financing and advances and other impairment	22	(21,518)	166,985	(81,046)	(205,842)
Net loss on modification of cash flows		-	-	-	(59,973)
Total distributable income		581,021	899,708	2,666,086	2,461,275
Income attributable to depositors and others	23	(458,041)	(353,160)	(1,769,711)	(1,229,244)
Total net income		122,980	546,548	896,375	1,232,031
Personnel expenses	24	(92,921)	(71,775)	(363,051)	(308,642)
Other overhead expenses	25	(90,158)	(92,898)	(284,254)	(280,085)
(Loss)/profit before taxation and zakat		(60,099)	381,875	249,070	643,304
Taxation		38,275	(85,259)	(23,755)	(166,078)
Zakat		(5,269)	-	(8,106)	(3,177)
(Loss)/profit for the financial period		(27,093)	296,616	217,209	474,049
Profit attributable to:					
Owner of the Bank Group		(27,093)	296,616	217,209	474,049
		(27,093)	296,616	217,209	474,049
(Loss)/profit for the financial period		(27,093)	296,616	217,209	474,049
Other comprehensive income/(expense), net of tax:					
Items that may be reclassified to profit or loss:					
Other comprehensive income/(expense), net of tax	26	97,058	176,098	220,693	(180,417)
Total comprehensive income for the financial period		69,965	472,714	437,902	293,632
Earnings per share (sen)		(0.43)	5.25	3.45	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.

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

		Bank			
		4th Quarter Ended		Twelve Months Ended	
		31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	19	567,323	529,573	2,329,744	2,187,144
Income derived from investment of shareholders' funds	20	55,348	194,368	458,717	535,177
Income derived from investment of investment accounts' funds	21	-	34,550	47,999	113,587
Expected credit losses on financing and advances and other impairment	22	(21,518)	166,985	(81,046)	(205,842)
Net loss on modification of cash flows		-	-	-	(59,973)
Total distributable income		601,153	925,476	2,755,414	2,570,093
Income attributable to depositors and others	23	(473,411)	(372,748)	(1,836,809)	(1,347,228)
Total net income		127,742	552,728	918,605	1,222,865
Personnel expenses	24	(92,921)	(71,775)	(363,051)	(308,642)
Other overhead expenses	25	(90,339)	(92,067)	(283,023)	(278,169)
(Loss)/profit before taxation and zakat		(55,518)	388,886	272,531	636,054
Taxation		38,275	(83,485)	11,540	(162,116)
Zakat		(5,269)	-	(8,106)	(3,177)
(Loss)/profit for the financial period		(22,512)	305,401	275,965	470,761
Profit attributable to:					
Owner of the Bank		(22,512)	305,401	275,965	470,761
		(22,512)	305,401	275,965	470,761
(Loss)/profit for the financial period		(22,512)	305,401	275,965	470,761
Other comprehensive income/(expense), net of tax:					
Items that may be reclassified to profit or loss:					
Other comprehensive income/(expense), net of tax	26	97,058	176,098	220,693	(180,417)
Total comprehensive income for the financial period		74,546	481,499	496,658	290,344
Earnings per share (sen)		(0.36)	5.41	4.38	8.33

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 YEAR ENDED 31 DECEMBER 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	-	-	-	217,209	217,209
Other comprehensive expense for the financial period	-	-	220,693	-	220,693
Total comprehensive income for the financial period	-	-	220,693	217,209	437,902
Transfer from retained earnings	-	69,320	-	(69,320)	-
Issuance of ordinary shares	200,000	-	-	-	200,000
Dividends to owner of the Bank	-	-	-	(440,828)	(440,828)
At 31 December 2023	6,627,972	69,320	(120,674)	1,537,008	8,113,626
At 1 January 2022	5,427,972	5,234	(160,950)	1,513,503	6,785,759
Profit for the financial period	-	-	-	474,049	474,049
Other comprehensive expense for the financial period	-	-	(180,417)	-	(180,417)
Total comprehensive income for the financial period	-	-	(180,417)	474,049	293,632
Transfer of regulatory reserve to retained profits	-	(5,234)	-	5,234	-
Issuance of ordinary shares	1,000,000	-	-	-	1,000,000
Dividends to owner of the Bank	-	-	-	(162,839)	(162,839)
At 31 December 2022	6,427,972	-	(341,367)	1,829,947	7,916,552

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 YEAR ENDED 31 DECEMBER 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	-	-	-	275,965	275,965
Other comprehensive expense for the financial period	-	-	220,693	-	220,693
Total comprehensive income for the financial period	-	-	220,693	275,965	496,658
Transfer from retained earnings	-	69,320	-	(69,320)	-
Issuance of ordinary shares	200,000	-	-	-	200,000
Dividends to owner of the Bank	-	-	-	(440,828)	(440,828)
At 31 December 2023	6,627,972	69,320	(120,674)	1,321,188	7,897,806
At 1 January 2022	5,427,972	5,234	(160,950)	1,242,215	6,514,471
Profit for the financial period	-	-	-	470,761	470,761
Other comprehensive expense for the financial period	-	-	(180,417)	-	(180,417)
Total comprehensive income for the financial period	-	-	(180,417)	470,761	290,344
Transfer of regulatory reserve to retained profits	-	(5,234)	-	5,234	-
Issuance of ordinary shares	1,000,000	-	-	-	1,000,000
Dividends to owner of the Bank	-	-	-	(162,839)	(162,839)
At 31 December 2022	6,427,972	-	(341,367)	1,555,371	7,641,976

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 CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Bank Group 12 months ended		Bank 12 months ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	249,070	643,304	272,531	636,054
Adjustments for non-cash items	65,067	131,224	(42,068)	9,873
Operating profit before working capital changes	314,137	774,528	230,463	645,927
Working capital changes:				
Net changes in operating assets	(2,532,726)	(2,635,293)	(2,365,597)	(2,794,102)
Net changes in operating liabilities	3,333,699	2,177,737	3,063,458	1,947,525
Income taxes and zakat refunded/(paid)	8,002	(103,628)	8,508	(100,507)
Net cash generated from/(used in) operating activities	1,123,112	213,344	936,832	(301,157)
Cash flows from investing activities				
Purchase of property and equipment	(36,949)	(53,713)	(36,949)	(53,713)
Purchase of intangible assets	(31,557)	(35,408)	(31,557)	(35,408)
Proceeds from disposal of property and equipment	-	11	-	11
Profit income from financial investments	556,742	541,055	556,742	541,055
Net sales/(purchase) of financial investments	772	(915,520)	772	(915,520)
Profit income from Sukuk Commodity Murabahah	-	-	107,135	121,351
Proceeds from Sukuk Commodity Murabahah	-	-	168,563	300,131
Net cash generated from/(used in) investing activities	489,008	(463,575)	764,706	(42,093)
Cash flows from financing activities				
Net issuance on Islamic repurchase agreement	1,999,658	-	1,999,658	-
Net issuance of recourse obligation on financing sold	(322,255)	1,210,324	(322,255)	1,210,324
Repayment of Sukuk	(232,871)	(237,786)	(232,871)	(237,786)
Issuance of sukuk wakalah	-	299,000	-	299,000
Profit expense paid on:				
- Islamic repurchase agreement	(16,191)	-	(16,191)	-
- Recourse obligation on financing sold	(161,382)	(138,539)	(161,382)	(138,539)
- Sukuk	(121,059)	(126,148)	(121,059)	(126,148)
Payment of lease liabilities	(45,161)	(46,136)	(45,161)	(46,136)
Dividend paid on ordinary shares	(440,828)	(162,839)	(440,828)	(162,839)
Proceeds from issuance of ordinary shares	200,000	1,000,000	200,000	1,000,000
Net cash generated from financing activities	859,911	1,797,876	859,911	1,797,876
Net increase in cash and cash equivalents	2,472,031	1,547,645	2,561,449	1,454,626
Cash and cash equivalents at the beginning of financial period	2,192,850	645,205	2,079,255	624,629
Cash and cash equivalents at the end of financial period	4,664,881	2,192,850	4,640,704	2,079,255

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

	Bank Group		Bank	
	12 months ended		12 months ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Cash and cash equivalents				
is represented by:				
Cash and short-term funds (Note 6(a))	4,572,309	2,192,818	4,548,164	2,079,255
Deposits and placements with banks				
and other financial institutions (Note 6(b))	749,812	597,746	92,540	-
Less:	5,322,121	2,790,564	4,640,704	2,079,255
Deposits and placements with banks				
and other financial institutions with				
original maturity of more than three months	(657,240)	(597,714)	-	-
Cash and cash equivalents				
at 31 December	4,664,881	2,192,850	4,640,704	2,079,255

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.

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

1. Basis of preparation

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

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") 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 amendments to published standards did not have any impact on the current period or any period and is not likely to affect future periods.

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

- (i) Financial year beginning on/after 1 January 2024
 - Amendments to MFRS 101 'Classification of liabilities as current or non-current' and 'Non-current liabilities with covenants'
 - Amendments to MFRS 16 'Lease Liability' in a Sale and Leaseback
- (ii) Financial year beginning on/after 1 January 2025
 - Amendments to MFRS 121 'Lack of Exchangeability'

The adoption of the amendments to published standards are not expected to give rise to material financial impact to the Bank Group and the Bank.

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.

4. Exceptional on Unusual items

There were no exceptional or unusual items during the quarter.

5. Dividend

No dividend was paid in the current quarter.

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

	Bank Group		Bank	
	31-Dec-23 RM'000	31-Dec-22 RM'000	31-Dec-23 RM'000	31-Dec-22 RM'000
(a) Cash and balances with banks and other financial institutions	542,377	354,349	518,232	240,786
Money at call and deposit placements maturing within one month	4,029,932	1,838,469	4,029,932	1,838,469
	<u>4,572,309</u>	<u>2,192,818</u>	<u>4,548,164</u>	<u>2,079,255</u>
(b) Deposits and placements with financial institutions with original maturity of more than one month				
- Licensed Islamic banks	749,812	597,746	92,540	-
	<u>5,322,121</u>	<u>2,790,564</u>	<u>4,640,704</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. Financial assets at fair value through profit or loss ("FVTPL")

	Bank Group and Bank	
	31-Dec-23 RM'000	31-Dec-22 RM'000
Money market instruments		
<u>In Malaysia</u>		
Private mandate investments	240,357	240,357
Malaysian Government Investment Issues	10,368	-
	<u>250,725</u>	<u>240,357</u>

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

	Bank Group and Bank	
	31-Dec-23 RM'000	31-Dec-22 RM'000
Money market instruments		
Malaysian Government Investment Issues	7,485,032	8,479,600
Debt securities		
<u>In Malaysia</u>		
Private and Islamic debt securities	1,747,535	1,021,894
Government Guaranteed debt securities	1,637,112	1,891,286
	<u>10,869,679</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 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2023	10	-	-	10
Total reversal to profit or loss:	114	-	-	114
New financial investments purchased during the year	114	-	-	114
Matured financial investments during the year	-	-	-	-
At 31 December 2023	<u>124</u>	<u>-</u>	<u>-</u>	<u>124</u>
	Bank Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2022	14	-	-	14
Total charge/(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>

9. Financial investments at amortised cost

	Bank Group and Bank	Bank
	31-Dec-23	31-Dec-22
	RM'000	RM'000
Money market instruments		
Malaysian Government Investment Issues	604,298	378,302
Debt securities		
<u>In Malaysia</u>		
Private and Islamic debt securities	1,637,076	1,183,318
Government Guaranteed corporate sukuk	75,684	65,279
	<u>2,317,058</u>	<u>1,626,899</u>
Less: ECL		
- Stage 1	(518)	(868)
- Stage 2	(147)	(239)
	<u>2,316,393</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
Charge/(Reversal) to profit or loss	(350)	(92)	-	(442)
Change in credit risk	(378)	(92)	-	(470)
Matured financial investments during the period	(1)	-	-	(1)
New financial investments purchased during the year	29	-	-	29
ECL at 31 December 2023	<u>518</u>	<u>147</u>	<u>-</u>	<u>665</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>

10. 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.

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-Dec-23			31-Dec-22		
	Contract/	Fair value		Contract/	Fair value	
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
	amount	RM'000	RM'000	amount	RM'000	RM'000
	RM'000			RM'000		
Derivatives						
<u>Foreign exchange contracts:</u>						
Currency forward						
- Less than one year	2,820,048	32,805	(5,158)	1,976,886	15,017	(23,470)

11. Financing and advances

**(i) By type and Shariah contract
At amortised cost**

**Bank Group and Bank
31-Dec-23**

	Tawarruq RM'000	Bai' RM'000	Ijarah RM'000	Total financing and advances RM'000
Term Financing	33,094,530	2,325,831	1,209,916	36,630,277
Property financing	7,396,217	2,240,420	-	9,636,637
Bridging financing	472,581	-	-	472,581
Hire purchase receivables	-	-	759,261	759,261
Auto financing	-	-	22,667	22,667
Personal financing	19,467,390	92	-	19,467,482
Syndicated term financing	1,515,761	-	-	1,515,761
Other term financing	4,242,581	85,319	427,988	4,755,888
Cash line	193,585	-	-	193,585
Staff financing	26,481	-	1,760	28,241
Revolving credit	113,356	-	-	113,356
Trade finance	2,637,621	-	-	2,637,621
Gross financing and advances	36,065,573	2,325,831	1,211,676	39,603,080
Less: ECL				
- Stage 1				(340,378)
- Stage 2				(77,774)
- Stage 3				(713,045)
Net financing and advances				<u>38,471,883</u>

**Bank Group and Bank
31-Dec-22**

	Tawarruq RM'000	Bai' RM'000	Ijarah RM'000	Total 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-Dec-23 RM'000	31-Dec-22 RM'000
Maturity within one year	4,294,853	4,310,073
More than one year to three years	1,773,566	1,721,488
More than three years to five years	2,454,274	2,144,712
More than five years	31,080,387	29,754,352
	<u>39,603,080</u>	<u>37,930,625</u>

11. Financing and advances (continued)

(iii) By type of customers

	Bank Group and Bank	
	31-Dec-23	31-Dec-22
	RM'000	RM'000
Domestic business enterprises		
- Small medium enterprise	3,121,688	2,658,304
- Non-bank financial institutions	718,567	1,422,819
- Others	5,889,364	6,162,095
Individuals		
- Malaysian nationals	29,098,618	27,559,728
Foreign nationals	774,843	127,679
	<u>39,603,080</u>	<u>37,930,625</u>

(iv) By sector

	Bank Group and Bank	
	31-Dec-23	31-Dec-22
	RM'000	RM'000
Household sectors	29,098,618	27,560,564
Construction	3,231,727	3,194,534
Finance, insurance, real estate and business services	2,473,292	3,394,664
Wholesale & retail trade and restaurants & hotels	1,495,675	1,084,469
Manufacturing	1,587,943	1,088,782
Electricity, gas and water	182,148	911,234
Transport, storage and communication	386,459	338,405
Agriculture	202,602	47,636
Mining and quarrying	49,301	65,077
Education, health and others	895,315	245,260
	<u>39,603,080</u>	<u>37,930,625</u>

(v) By profit rate sensitivity

	Bank Group and Bank	
	31-Dec-23	31-Dec-22
	RM'000	RM'000
Fixed rate:		
Personal financing	13,109,185	14,704,765
Auto financing	24,427	47,105
Property financing	345,748	378,941
Bridging, structured and term financing	797,980	771,882
	<u>14,277,340</u>	<u>15,902,693</u>
Variable rate:		
Personal financing	6,358,297	4,457,223
Property financing	9,317,370	8,043,656
Bridging, structured and term financing	9,650,073	9,527,053
	<u>25,325,740</u>	<u>22,027,932</u>
	<u>39,603,080</u>	<u>37,930,625</u>

(vi) By geographical distribution

	Bank Group and Bank	
	31-Dec-23	31-Dec-22
	RM'000	RM'000
Malaysia	<u>39,603,080</u>	<u>37,930,625</u>

11. Financing and advances (continued)

(vii) Movement of gross financing and advances

31-Dec-23

	Bank Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	33,370,254	2,490,767	2,069,604	37,930,625
Transfer to stage 1	1,104,457	(1,027,677)	(76,780)	-
Transfer to stage 2	(541,147)	620,888	(79,741)	-
Transfer to stage 3	(168,120)	(376,846)	544,966	-
New financing/disbursement during the year	10,063,089	534,763	327,902	10,925,754
Repayment during the year	(8,235,564)	(519,503)	(331,054)	(9,086,121)
Other movements	95,343	(45,829)	153,814	203,328
Derecognition of credit impaired financial asset	-	-	(44,200)	(44,200)
Refinancing from MBSB	42	-	251	293
Reclassification from non-current asset held for sale	-	-	1,403	1,403
Write-offs	(790)	(903)	(326,309)	(328,002)
As at 31 December	35,687,564	1,675,660	2,239,856	39,603,080

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	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	8,024,790	498,002	112,761	8,635,553
Repayment during the year	(4,887,952)	(1,047,942)	(124,602)	(6,060,496)
Other movements	65,999	(108,349)	180,195	137,845
Loss on modification of cash flows	(57,135)	(2,839)	-	(59,974)
Refinancing from MBSB	376	47,810	130,239	178,425
Reclassification from non-current asset held for sale	-	-	12,214	12,214
Write-offs	(2,483)	(3,622)	(221,730)	(227,835)
As at 31 December	33,370,254	2,490,767	2,069,604	37,930,625

(viii) Movement of ECL for financing and advances

31-Dec-23

	Bank Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	292,757	334,400	738,261	1,365,418
Charge/(Reversal) to profit or loss	47,621	(256,626)	297,460	88,455
Changes in ECL due to transfer within stages:				
- Transfer to stage 1	145,681	(91,775)	(53,906)	-
- Transfer to stage 2	(4,752)	34,332	(29,580)	-
- Transfer to stage 3	(2,418)	(80,799)	83,217	-
New financing/disbursement during the year	106,008	10,519	10,463	126,990
Repayment during the year	(205,583)	(102,467)	(49,083)	(357,133)
Changes in credit risk parameters #	18,438	(26,311)	355,426	347,553
Changes to model assumptions and methodologies^	(9,754)	(125)	25	(9,854)
Derecognition of credit impaired financial asset	-	-	(19,245)	(19,245)
Refinancing from MBSB	1	-	143	144
Reclassification from non-current asset held for sale	-	-	1,417	1,417
Write-offs	-	-	(324,093)	(324,093)
As at 31 December	340,378	77,774	713,045	1,131,197

11. Financing and advances (continued)

(viii) 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	15	6,720	89,280	96,015
Reclassification to assets 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.

(ix) Movement of impaired financing and advances

	Bank Group and Bank	
	31-Dec-23 RM'000	31-Dec-22 RM'000
Balance as at 1 January	2,069,604	963,529
Classified as impaired during the period	872,868	1,183,350
Reclassified as non-impaired	(156,521)	(53,591)
Amount recovered	(331,054)	(124,602)
Amount written off	(326,309)	(221,730)
Other movements	153,814	180,195
Derecognition of credit impaired financial asset	(44,200)	-
Refinancing from MBSB	251	130,239
Reclassification to assets held-for-sale	1,403	12,214
Balance as at end of financial period	2,239,856	2,069,604
Net impaired as a percentage of net financing and advances	3.97%	3.64%
Gross impaired financing and advances as a % of gross financing and advances	5.66%	5.46%

(x) Impaired financing and advances by sector

	Bank Group and Bank	
	31-Dec-23 RM'000	31-Dec-22 RM'000
Household sector	691,907	486,393
Construction	800,101	782,599
Finance, insurance, real estate and business services	205,023	194,807
Manufacturing	169,588	233,941
Education, health and others	84,558	84,900
Mining and quarrying	-	511
Wholesale & retail trade and restaurants & hotels	288,490	286,095
Transport, storage and communications	189	358
	2,239,856	2,069,604

11. Financing and advances (continued)

(xi) Impaired financing by geographical distribution

	Bank Group and Bank	
	31-Dec-23	31-Dec-22
	RM'000	RM'000
Malaysia	2,239,856	2,069,604

12. Other receivables

	Bank Group		Bank	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Amount due from subsidiary	-	-	-	71,825
Financing to related companies	403,211	494,820	403,211	494,820
Amount due from holding company	-	40,527	-	40,527
Amount due from related companies	-	335	-	335
Foreclosed properties	36,271	-	36,271	-
Prepayments and deposits	28,140	15,845	28,140	15,846
Deferred expenses	60,849	41,706	60,849	41,706
Sundry receivables	144,277	20,959	140,020	17,899
	672,748	614,192	668,491	682,958
Less: ECL at stage 1	(4,037)	(4,414)	(4,037)	(4,414)
Less: ECL at stage 3	(19,931)	(94,852)	(19,931)	(94,852)
	648,780	514,926	644,523	583,692

13. Non-current assets held for sale

	Bank Group and Bank	
	31-Dec-23	31-Dec-22
	RM'000	RM'000
Balance as at 1 January	11,457	23,671
Reclassification to financing	(1,403)	(12,214)
Disposal during the year	(10,054)	-
Gross non-current assets held for sale	-	11,457
Less impairment allowance:		
Balance as at 1 January	(10,893)	(21,549)
Reclassification to financing	1,417	10,656
Disposal during the year	9,476	-
Total impairment allowance	-	(10,893)
Net non-current assets held for sale	-	564
By economic purpose:		
Purchase of residential properties	-	11,233
Purchase of other fixed assets	-	136
Purchase of transport vehicles	-	43
Others	-	45
	-	11,457

The non-current assets held for sale is in relation to the agreement which the Bank entered with an external party to dispose of its retail financing. The exercise completed in February 2023.

14. 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 December 2023 is RM 2 (31 December 2022: RM 2).

15. Deposits from customers

(i) By type of deposits:

	Bank Group and Bank	
	31-Dec-23	31-Dec-22
	RM'000	RM'000
<u>Non-Mudharabah Funds:</u>		
Commodity Murabahah Term Deposits	31,927,134	26,895,884
Demand deposits	2,022,020	1,482,264
Savings deposits	752,952	734,551
	<u>34,702,106</u>	<u>29,112,699</u>

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

	Bank Group and Bank	
	31-Dec-23	31-Dec-22
	RM'000	RM'000
Within six months	23,074,182	19,673,851
More than six months to one year	6,128,343	4,421,626
More than one year to three years	531,838	1,366,471
More than three years	2,192,771	1,433,936
	<u>31,927,134</u>	<u>26,895,884</u>

(iii) By type of customers:

	Bank Group and Bank	
	31-Dec-23	31-Dec-22
	RM'000	RM'000
Government and statutory bodies	17,270,124	15,232,596
Business enterprises	12,127,782	9,065,228
Individuals	5,304,200	4,814,875
	<u>34,702,106</u>	<u>29,112,699</u>

16. Deposits and placements of banks and other financial institutions

	Bank Group and Bank	
	31-Dec-23	31-Dec-22
	RM'000	RM'000
(i) By type of deposits:		
<u>Non-Mudharabah Funds:</u>		
- Licensed Investment Banks	29,271	779
- Licensed Commercial Banks	921	-
- Licensed Islamic Banks	1,201,820	1,121,734
- Other financial institutions	6,127,460	6,388,823
	<u>7,359,472</u>	<u>7,511,336</u>
(ii) By type of contract:		
Tawarruq	<u>7,359,472</u>	<u>7,511,336</u>

17. Investment accounts of customers

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

The investment account placements were used to fund personal financing.

	Bank Group and Bank	
	31-Dec-23	31-Dec-22
	RM'000	RM'000
(i) By type of customers:		
Government and statutory bodies	-	1,626,676
Other financial institutions	-	454,091
	-	2,080,767

	Bank Group and Bank	
	31-Dec-23	31-Dec-22
	RM'000	RM'000
(ii) Movement of investment accounts of customers:		
At beginning of the year	2,080,767	2,094,914
New placement during the financial period	2,526,300	5,795,123
Redemption during the financial year	(4,592,220)	(5,809,189)
Finance expense	31,473	52,685
Profit distributed	(46,320)	(52,766)
At end of the year	-	2,080,767

	Bank Group and Bank	
	31-Dec-23	31-Dec-22
	RM'000	RM'000
(iii) By Maturity:		
Due within six months	-	1,926,610
More than six months to one year	-	154,157
	-	2,080,767

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

31-Dec-23	Investment	Bank Group
	Account Holder	
	Average	Performance
	ROR	incentive fee
	%	%
Unrestricted investment accounts:		
Due within six months	-	-
More than six months to one year	-	-
31-Dec-22		
	Investment	Bank Group
	Account Holder	Performance
	Average	incentive fee
	ROR	%
	%	%
Unrestricted investment accounts:		
Due within six months	4.13	4.67
More than six months to one year	4.05	4.76

18. Other payables

	Bank Group		Bank	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Amount due to subsidiary	-	-	1,500,685	1,736,343
Amount due to MBSB	35,619	-	35,619	-
Al-Mudharabah security fund	117,885	132,944	117,885	132,944
ECL for commitments and contingencies (i)	34,103	52,351	34,103	52,351
Other provisions and accruals	73,364	99,837	73,341	99,817
Deferred income	5,243	1,314	5,243	1,314
Sundry creditors	254,896	222,233	254,896	222,233
	521,110	508,679	2,021,772	2,245,002

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

31-Dec-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 charge/(reversal) to profit or loss	11,927	(27,192)	(2,971)	(18,236)
Changes in ECL due to transfer within stages:				
- Transfer to stage 1	1,945	(1,933)	(12)	-
- Transfer to stage 2	(895)	919	(24)	-
- Transfer to stage 3	(8)	(314)	322	-
New financing/disbursement during the period	12,243	255	68	12,566
Repayment/drawdown to financing during the period	(3,597)	(8,937)	(3,963)	(16,497)
Changes in credit risk parameters #	2,239	(17,182)	638	(14,305)
Change to model assumptions and methodologies ^	-	-	-	-
Write-off	-	-	(12)	(12)
As at 31 December	27,073	5,177	1,853	34,103

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	15,146	32,369	4,836	52,351

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			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	424,595	406,015	1,782,575	1,677,348
Financial investments at FVOCI	83,344	76,682	311,584	337,311
Financial investments at amortised cost	22,399	14,491	79,194	41,950
Financial assets at FVTPL	3,678	(140)	20,707	5,423
Money at call and deposits with financial institutions	11,541	8,052	43,640	26,980
Others	4,386	5,033	17,419	8,585
	<u>549,943</u>	<u>510,133</u>	<u>2,255,119</u>	<u>2,097,597</u>
of which financing income earned on impaired financing	<u>5,849</u>	<u>3,466</u>	<u>18,160</u>	<u>12,298</u>

	Bank			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	424,595	406,015	1,782,575	1,677,348
Financial investments at FVOCI	83,344	76,682	311,584	337,311
Financial investments at amortised cost	22,399	14,491	79,194	41,950
Financial assets at FVTPL	3,678	(140)	20,707	5,423
Money at call and deposits with financial institutions	6,910	4,411	27,749	13,386
Profit on Sukuk commodity murabahah	22,002	22,211	89,544	99,930
Others	4,395	5,903	18,391	11,796
	<u>567,323</u>	<u>529,573</u>	<u>2,329,744</u>	<u>2,187,144</u>
of which financing income earned on impaired financing	<u>5,849</u>	<u>3,466</u>	<u>18,160</u>	<u>12,298</u>

20. Income derived from investment of shareholders' funds

	Bank Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	67,504	135,413	359,618	383,916
Financial investments at FVOCI	13,791	24,345	61,211	72,308
Financial investments at amortised cost	3,758	3,940	15,558	8,993
Financial assets at FVTPL	530	139	4,068	1,163
Money at call and deposits with financial institutions	1,904	2,300	8,573	5,783
Others	714	1,187	3,422	1,841
	<u>88,201</u>	<u>167,324</u>	<u>452,450</u>	<u>474,004</u>
of which financing income earned on impaired financing	<u>1,009</u>	<u>1,011</u>	<u>3,567</u>	<u>2,636</u>
<u>Other operating income:</u>				
Financing related fees	(1,710)	18,201	5,959	26,222
Loss from sale of financial investments at FVOCI	(40,014)	(4,492)	(50,142)	(13,066)
(Loss)/gain from sale of financial investments at FVTPL	(8,530)	254	(1,750)	(18,195)
Gain on financial assets at FVTPL	3,982	1,059	4,275	4,200
Commission	7,865	(3,541)	26,743	11,097
(Loss)/gain on foreign exchange transactions	(3,673)	3,509	(13,505)	12,390
Ta'widh	2,330	5,636	10,159	10,455
Sundry income	4,145	90	9,825	8,799
	<u>(35,605)</u>	<u>20,716</u>	<u>(8,436)</u>	<u>41,902</u>
	<u>52,596</u>	<u>188,040</u>	<u>444,014</u>	<u>515,906</u>

	Bank			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	67,504	135,413	359,618	383,916
Financial investments at FVOCI	13,791	24,345	61,211	72,308
Financial investments at amortised cost	3,758	3,940	15,558	8,993
Financial assets at FVTPL	530	139	4,068	1,163
Money at call and deposits with financial institutions	1,121	1,217	5,451	2,869
Profit on Sukuk commodity murabahah	3,558	7,119	17,591	21,421
Others	705	1,444	3,613	2,529
	<u>90,967</u>	<u>173,617</u>	<u>467,110</u>	<u>493,199</u>
of which financing income earned on impaired financing	<u>1,009</u>	<u>1,011</u>	<u>3,567</u>	<u>2,636</u>
<u>Other operating income:</u>				
Financing related fees	(1,710)	18,201	5,959	26,222
(Loss)/gain from sale of financial investments at FVOCI	(40,014)	(4,492)	(50,142)	(13,066)
Loss from sale of financial investments at FVTPL	(8,530)	254	(1,750)	(18,195)
Gain on financial assets at FVTPL	3,982	1,059	4,275	4,200
Commission	7,865	(3,541)	26,743	11,097
(Loss)/gain on foreign exchange transactions	(3,673)	3,509	(13,505)	12,390
Ta'widh	2,330	5,636	10,159	10,455
Sundry income	4,131	125	9,868	8,875
	<u>(35,619)</u>	<u>20,751</u>	<u>(8,393)</u>	<u>41,978</u>
	<u>55,348</u>	<u>194,368</u>	<u>458,717</u>	<u>535,177</u>

21. Income derived from investment of investment accounts' funds

	Bank Group and Bank			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Financing and advances	-	34,550	47,999	113,587
	-	34,550	47,999	113,587

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

	Bank Group and Bank			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
<u>ECL on financing and advances made/(written back)</u>				
Financing and advances				
- Stage 1	33,293	(103,372)	47,621	(52,720)
- Stage 2	(47,006)	(24,734)	(256,626)	(254,494)
- Stage 3	9,379	1,417	297,460	583,212
Credit impaired financing and advances:				
- Write-off	(19,919)	8,844	3,794	20,219
- Recovered	22,827	(52,076)	(13,148)	(72,759)
	(1,426)	(169,921)	79,101	223,458
<u>Other ECL and impairment allowances made/(written back):</u>				
Financial investments at FVOCI	55	3	114	(4)
Financial investments at amortised cost	(41)	171	(442)	(105)
Other receivables	19,245	-	19,246	(143)
Foreclosed properties	93	-	93	-
Financing to related companies	635	(3,595)	1,170	(15,859)
Financing commitments and financial guarantees	2,957	6,357	(18,236)	(1,505)
	22,944	2,936	1,945	(17,616)
	21,518	(166,985)	81,046	205,842

23. Income attributable to depositors and others

	Bank Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
(a) Income attributable to depositors				
Deposits from customers:				
- Non-mudharabah funds	309,334	269,295	1,187,314	899,622
Deposits and placements of banks				
- Non-mudharabah funds	65,936	1,853	248,586	6,191
	<u>375,270</u>	<u>271,148</u>	<u>1,435,900</u>	<u>905,813</u>
(b) Income attributable to securitisation	39,167	34,373	159,961	142,314
(c) Income attributable to sukuk and other borrowings	28,999	32,180	120,645	128,432
(d) Islamic repurchase agreements	14,605	-	21,732	-
(e) Income attributable to wakalah unrestricted investment account	-	15,459	31,473	52,685
	<u>458,041</u>	<u>353,160</u>	<u>1,769,711</u>	<u>1,229,244</u>

	Bank			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
(a) Income attributable to depositors				
Deposits from customers:				
- Non-mudharabah funds	309,334	269,295	1,187,314	899,622
Deposits and placements of banks				
- Non-mudharabah funds	65,936	1,853	248,586	6,191
	<u>375,270</u>	<u>271,148</u>	<u>1,435,900</u>	<u>905,813</u>
(b) Income attributable to securitisation	39,167	34,372	159,961	142,314
(c) Income attributable to sukuk and other borrowings	28,999	32,180	120,645	128,432
(d) Islamic repurchase agreements	14,605	-	21,732	-
(e) Income attributable to wakalah unrestricted investment account	-	15,459	31,473	52,685
(f) Others	15,370	19,589	67,098	117,984
	<u>473,411</u>	<u>372,748</u>	<u>1,836,809</u>	<u>1,347,228</u>

24. Personnel expenses

	Bank Group and Bank			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	68,068	55,072	269,791	230,075
Contributions to EPF and SOCSO	10,749	3,563	42,921	34,340
Directors' remuneration	410	282	1,826	2,270
Shariah Advisory Committee members' remuneration	54	89	613	496
Other staff related expenses	13,640	12,769	47,900	41,461
	<u>92,921</u>	<u>71,775</u>	<u>363,051</u>	<u>308,642</u>

25. Other overhead expenses

	Bank Group			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23 RM'000	31-Dec-22 RM'000	31-Dec-23 RM'000	31-Dec-22 RM'000
<u>Establishment related expenses</u>				
Depreciation of property and equipment	7,433	6,207	28,636	20,558
Depreciation of right of use assets	10,725	10,962	43,262	44,905
Amortisation of intangible assets	8,944	10,687	38,716	40,435
Software and hardware maintenance	22,260	17,726	61,358	56,150
Security expenses	1,234	817	4,845	3,241
Lease profit expense	540	276	2,269	1,207
Others	1,564	2,492	4,311	8,008
	<u>52,700</u>	<u>49,167</u>	<u>183,397</u>	<u>174,504</u>
<u>Promotion and marketing related expenses</u>				
Advertising and promotional activities	2,640	7,759	12,635	15,889
	<u>2,640</u>	<u>7,759</u>	<u>12,635</u>	<u>15,889</u>
<u>General administrative expenses</u>				
License, association fees and levies	128	-	565	470
Travelling, transport and accommodation expenses	1,238	897	4,061	2,300
Printing, stationery, postage and clearing charges	1,733	3,375	7,350	6,955
Electricity and water	1,570	1,303	6,441	4,094
Other professional fees	4,506	3,373	15,081	14,009
Auditors remuneration	1,036	501	2,158	1,403
Repair and maintenance of office equipment	282	177	1,444	485
Commission fees	10,310	13,827	39,110	46,223
Inter-company recharges^	1,206	490	(5,658)	(9,253)
Others	12,809	12,029	17,670	23,006
	<u>34,818</u>	<u>35,972</u>	<u>88,222</u>	<u>89,692</u>
	<u>90,158</u>	<u>92,898</u>	<u>284,254</u>	<u>280,085</u>

25. Other overhead expenses (continued)

	Bank			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
<u>Establishment related expenses</u>				
Depreciation of property and equipment	7,433	6,207	28,636	20,558
Depreciation of right-of-use assets	10,725	10,962	43,262	44,905
Amortisation of intangible assets	8,944	10,687	38,716	40,435
Software and hardware maintenance	22,260	17,726	61,358	56,150
Security expenses	1,234	817	4,845	3,241
Lease profit expense	540	276	2,269	1,207
Others	1,564	2,492	4,311	8,008
	<u>52,700</u>	<u>49,167</u>	<u>183,397</u>	<u>174,504</u>
<u>Promotion and marketing related expenses</u>				
Advertising and promotional activities	2,637	7,759	12,635	15,889
	<u>2,637</u>	<u>7,759</u>	<u>12,635</u>	<u>15,889</u>
<u>General administrative expenses</u>				
License and association fees and levies	128	-	565	470
Travelling, transport and accomodation expenses	1,238	899	4,061	2,302
Printing, stationery, postage and clearing charges	1,733	3,375	7,350	6,955
Electricity and water	1,570	1,303	6,441	4,094
Other professional fees	4,497	3,365	15,041	13,919
Auditors remuneration	1,026	498	2,138	1,390
Repair and maintenance of office equipment	282	175	1,444	483
Commission fees	10,311	13,827	39,110	46,223
Inter-company recharges [^]	1,481	(233)	(6,522)	(10,771)
Others	12,736	11,932	17,363	22,711
	<u>35,002</u>	<u>35,141</u>	<u>86,991</u>	<u>87,776</u>
	<u>90,339</u>	<u>92,067</u>	<u>283,023</u>	<u>278,169</u>

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

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

	Bank Group and Bank			
	4th Quarter Ended		Twelve Months Ended	
	31-Dec-23 RM'000	31-Dec-22 RM'000	31-Dec-23 RM'000	31-Dec-22 RM'000
Net gain/(loss) from change in fair value of financial investments at FVOCI	97,003	176,095	220,579	(180,413)
Changes in ECL of financial investments at FVOCI	55	3	114	(4)
	<u>97,058</u>	<u>176,098</u>	<u>220,693</u>	<u>(180,417)</u>

27. Credit exposures arising from transactions with connected parties

Credit exposures with connected parties as per Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties ('Revised BNM/GP6') are as follows:

	Bank Group and Bank	
	31-Dec-23 RM'000	31-Dec-22 RM'000
Outstanding credit exposures with connected parties	<u>609,155</u>	<u>1,254,958</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>1.32%</u>	<u>2.88%</u>
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	<u>0.12%</u>	<u>0.36%</u>

28. 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.

Bank Group and Bank	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
31-Dec-23			
Direct credit substitutes	23,089	23,089	23,089
Trade-related contingencies	69,138	34,569	34,569
Short term self liquidating trade related contingencies	56,657	11,331	11,331
Irrevocable commitments to extend credit:			
- one year or less	1,396,920	279,373	279,373
- over one year to five years	1,573,804	785,063	693,841
- over five years	361,078	180,539	180,539
Foreign exchange related contracts			
- one year or less	2,820,048	75,103	20,251
	<u>6,300,734</u>	<u>1,389,067</u>	<u>1,242,993</u>
Bank Group and Bank	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
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>

29. Contingent liability

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

The Plaintiffs commenced an action against MBSB Bank for breach of contract and fiduciary duty and negligence for failure to issue the Performance Guarantee as per their request. The Plaintiffs' claim, amongst others, is for a return of all money received from the 1st Plaintiff, special damages and other claims amounting to a total amount of approximately RM40,35mil.

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

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

30. Segmental information on revenue and results

4th Quarter ended

	Consumer Banking		Corporate Banking		Global Markets		Others		Inter-segment elimination		Total	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>External:</u>												
Fund based income	328,159	437,615	171,369	139,682	128,100	123,767	10,514	10,943	-	-	638,142	712,007
Non-fund based income	7,076	487	(876)	18,854	(41,001)	(3,178)	214	(4,549)	-	-	(34,587)	11,614
<u>Inter-segment</u>												
Fund based income	(81,575)	29,329	-	-	-	-	-	-	81,575	(29,329)	-	-
Total revenue	253,660	467,431	170,493	158,536	87,099	120,589	10,728	6,394	81,575	(29,329)	603,555	723,621
(Loss)/profit before zakat and tax	457,814	485,545	236,051	(97,648)	(629,132)	(81,528)	(124,832)	75,506	-	-	(60,099)	381,875
Taxation											38,275	(85,259)
Zakat											(5,269)	-
Net (loss)/profit for the period											(27,093)	296,616
Segment assets	28,817,761	27,048,848	10,184,121	10,049,359	17,487,766	14,820,200	1,172,459	1,147,738	-	-	57,662,107	53,066,145
Tax recoverable											69,727	209
Deferred tax assets											83,529	107,238
Unallocated assets											1,219,612	902,308
Total assets											59,034,975	54,075,900
Segment liabilities	25,175,669	23,556,098	9,750,482	9,274,862	15,033,724	12,364,027	341,225	319,411	-	-	50,301,100	45,514,398
Provision for taxation and zakat											34,580	106,902
Unallocated liabilities											585,669	538,048
Total liabilities											50,921,349	46,159,348

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

Twelve months ended

	Consumer Banking		Corporate Banking		Global Markets		Others		Inter-segment elimination		Total	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>External:</u>												
Fund based income	1,543,146	1,706,840	676,722	484,777	495,845	466,638	39,854	26,934	-	-	2,755,567	2,685,189
Non-fund based income	23,840	13,108	8,856	28,800	(49,061)	(26,968)	781	(4,549)	-	-	(15,584)	10,391
<u>Inter-segment</u>												
Fund based income	-	121,350	-	-	-	-	-	-	-	(121,350)	-	-
Non-fund based income	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	<u>1,566,986</u>	<u>1,841,298</u>	<u>685,578</u>	<u>513,577</u>	<u>446,784</u>	<u>439,670</u>	<u>40,635</u>	<u>22,385</u>	<u>-</u>	<u>(121,350)</u>	<u>2,739,983</u>	<u>2,695,580</u>
Profit before zakat and tax	579,092	673,026	345,756	(62,453)	(698,684)	(12,075)	22,906	44,806	-	-	249,070	643,304
Taxation											(23,755)	(166,078)
Zakat											(8,106)	(3,177)
Net profit for the period											<u>217,209</u>	<u>474,049</u>
Segment assets	28,817,761	27,048,848	10,184,121	10,049,359	17,487,766	14,820,200	1,172,459	1,147,738	-	-	57,662,107	53,066,145
Tax recoverable											69,727	209
Deferred tax assets											83,529	107,238
Unallocated assets											<u>1,219,612</u>	<u>902,308</u>
Total assets											<u>59,034,975</u>	<u>54,075,900</u>
<u>Liabilities</u>												
Segment liabilities	25,175,669	23,556,098	9,750,482	9,274,862	15,033,724	12,364,027	341,225	319,411	-	-	50,301,100	45,514,398
Provision for taxation											34,580	106,902
Deferred tax liabilities											-	-
Unallocated liabilities											<u>585,669</u>	<u>538,048</u>
Total liabilities											<u>50,921,349</u>	<u>46,159,348</u>

31. Financial risk management

31.1 Credit quality

(i) Financing and advances

Financing and advances are summarised as follows:

31-Dec-23

	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Excellent	89,728	541	-	90,269
Good	2,858,309	10,501	-	2,868,810
Average	4,879,884	380,983	-	5,260,867
Below Average	526,313	47,655	-	573,968
Poor	6,441	13,654	-	20,095
Unrated	27,326,889	1,222,326	-	28,549,215
Impaired	-	-	2,239,856	2,239,856
Gross financing and advances	35,687,564	1,675,660	2,239,856	39,603,080
Less: ECL	(340,378)	(77,774)	(713,045)	(1,131,197)
Net financing and advances	35,347,186	1,597,886	1,526,811	38,471,883

31-Dec-22

	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Excellent	142,128	1,621	-	143,749
Good	3,492,094	173,035	-	3,665,129
Average	4,097,812	382,287	-	4,480,099
Below Average	258,242	117,439	-	375,681
Poor	19,230	39,836	-	59,066
Unrated	25,360,748	1,776,549	-	27,137,297
Impaired	-	-	2,069,604	2,069,604
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

31. Financial risk management (continued)

31.1 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-Dec-23	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds				
AAA	4,558,598	-	-	4,558,598
	4,558,598	-	-	4,558,598
Deposits and placements with banks and other financial institutions				
AAA	749,780	-	-	749,780
AA and below	32	-	-	32
	749,812	-	-	749,812
Debt investments				
AAA	2,001,477	-	-	2,001,477
AA and below	847,276	-	-	847,276
Unrated *	10,382,958	205,086	-	10,588,044
	13,231,711	205,086	-	13,436,797
Other financial assets				
Unrated	448,202	-	79,327	527,529
	448,202	-	79,327	527,529
<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	2,181,466	-	-	2,181,466
	2,181,466	-	-	2,181,466
Deposits and placements with banks and other financial institutions				
AAA	597,714	-	-	597,714
AA and below	32	-	-	32
	597,746	-	-	597,746
Debt investments				
AAA	1,304,864	-	-	1,304,864
AA and below	361,252	-	-	361,252
Unrated *	11,387,855	204,958	-	11,592,813
	13,053,971	204,958	-	13,258,929
Other financial assets				
Unrated	400,693	-	60,567	461,260
	400,693	-	60,567	461,260

* Unrated debt investments for Bank Group and Bank include government guaranteed securities of RM9,802,126,000 (2022: RM10,814,467,000)

31. Financial risk management (continued)

31.1 Credit quality (continued)

(ii) Other financial assets (continued)

Bank

	Stage 1	Stage 2	Stage 3	Total
31-Dec-23	RM'000	RM'000	RM'000	RM'000

Cash and short-term funds

AAA	4,534,453	-	-	4,534,453
	<u>4,534,453</u>	<u>-</u>	<u>-</u>	<u>4,534,453</u>

**Deposits and placements with
banks and other financial
institutions**

AAA	92,540	-	-	92,540
	<u>92,540</u>	<u>-</u>	<u>-</u>	<u>92,540</u>

Debt investments

AAA	2,001,477	-	-	2,001,477
AA and below	847,276	-	-	847,276
Unrated *	10,382,958	205,086	-	10,588,044
	<u>13,231,711</u>	<u>205,086</u>	<u>-</u>	<u>13,436,797</u>

Other financial assets

Unrated	443,945	-	79,327	523,272
	<u>443,945</u>	<u>-</u>	<u>79,327</u>	<u>523,272</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	2,067,903	-	-	2,067,903
	<u>2,067,903</u>	<u>-</u>	<u>-</u>	<u>2,067,903</u>

**Deposits and placements with
banks and other financial
institutions**

AAA	1,304,864	-	-	1,304,864
AA and below	361,252	-	-	361,252
Unrated *	11,387,855	204,958	-	11,592,813
	<u>13,053,971</u>	<u>204,958</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 RM9,802,126,000 (2022: RM10,814,467,000)

31. Financial risk management (continued)

31.2 Market risk

Profit Rate Risk

The tables below summarise the Bank Group and the Bank's exposure to profit rate risk. The tables indicate the periods in which the financial instruments mature, whichever is earlier. Assets classified as non-profit sensitive are either non-profit bearing or, if profit bearing, the cashflows arising from these assets are not expected to change significantly if profit rates change.

Bank Group	<----- Non-trading book ----->							Total RM'000
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive	Trading book	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
31-Dec-23								
<u>Financial Assets</u>								
Cash and short-term funds	4,028,906	-	-	-	-	543,403	-	4,572,309
Deposits and placements with financial institutions	32	91,812	654,552	-	-	3,416	-	749,812
Financial assets at FVTPL	-	-	-	-	-	-	250,725	250,725
Financial investments at FVOCI	25,011	195,384	451,807	5,020,421	5,062,048	115,008	-	10,869,679
Financial investments at amortised cost	-	-	157,537	1,068,579	1,067,469	22,808	-	2,316,393
Derivative financial assets	23,925	8,874	6	-	-	-	-	32,805
Financing and advances *	19,388,859	817,688	2,707,321	1,233,636	12,797,567	1,526,812	-	38,471,883
Other financial assets	-	-	-	-	-	527,529	-	527,529
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	720,000	-	720,000
Total financial assets	23,466,733	1,113,758	3,971,223	7,322,636	18,927,084	3,458,976	250,725	58,511,135

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

31. Financial risk management (continued)

31.2 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	RM'000
31-Dec-23								
<u>Financial Liabilities</u>								
Deposits from customers	11,783,019	6,478,398	10,941,107	2,715,920	8,690	2,774,972	-	34,702,106
Deposits and placements of banks	3,551,871	2,349,819	461,333	802,711	-	193,738	-	7,359,472
Islamic repurchase agreement	-	1,410,830	594,369	-	-	-	-	2,005,199
Derivative financial liabilities	4,328	830	-	-	-	-	-	5,158
Other financial liabilities	-	-	-	-	-	515,867	-	515,867
Lease liabilities	3,277	6,520	20,836	33,927	-	-	-	64,560
Recourse obligation on financing sold	5,179	61,721	1,872,376	2,079,255	-	13,201	-	4,031,732
Sukuk	-	-	223,659	571,156	1,392,887	9,730	-	2,197,432
Total financial liabilities	15,347,674	10,308,118	14,113,680	6,202,969	1,401,577	3,507,508	-	50,881,526
Total profit-sensitivity gap	8,119,059	(9,194,360)	(10,142,457)	1,119,667	17,525,507	(48,532)	250,725	7,629,609

31. Financial risk management (continued)

31.2 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-23								
<u>Financial Assets</u>								
Cash and short-term funds	4,028,906	-	-	-	-	519,258	-	4,548,164
Deposits and placements with financial institutions	-	91,812	-	-	-	728	-	92,540
Financial investments at FVTPL	-	-	-	-	-	-	250,725	250,725
Financial investments at FVOCI	25,011	195,384	451,807	5,020,421	5,062,048	115,008	-	10,869,679
Financial investments at amortised cost	-	-	157,537	1,068,579	1,067,469	22,808	-	2,316,393
Sukuk Commodity Murabahah	455,837	-	232,025	1,227,644	-	20,430	-	1,935,936
Derivative financial assets	23,925	8,874	6	-	-	-	-	32,805
Financing and advances *	19,388,859	817,688	2,707,321	1,233,636	12,797,567	1,526,812	-	38,471,883
Other financial assets	-	-	-	-	-	523,272	-	523,272
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	720,000	-	720,000
Total financial assets	23,922,538	1,113,758	3,548,696	8,550,280	18,927,084	3,448,316	250,725	59,761,397

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

31. Financial risk management (continued)

31.2 Market risk (continued)

Profit Rate Risk (continued)

Bank	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-Dec-23								
Financial Liabilities								
Deposits from customers	11,783,019	6,478,398	10,941,107	2,715,920	8,690	2,774,972	-	34,702,106
Deposits and placements of banks	3,551,871	2,349,819	461,333	802,711	-	193,738	-	7,359,472
Islamic repurchase agreement	-	1,410,830	594,369	-	-	-	-	2,005,199
Derivative financial liabilities	4,328	830	-	-	-	-	-	5,158
Other financial liabilities	-	-	-	-	-	2,016,529	-	2,016,529
Lease liabilities	3,277	6,520	20,836	33,927	-	-	-	64,560
Recourse obligation on financing sold	5,179	61,721	1,872,376	2,079,255	-	13,201	-	4,031,732
Sukuk	-	-	223,659	571,156	1,392,887	9,730	-	2,197,432
Total financial liabilities	15,347,674	10,308,118	14,113,680	6,202,969	1,401,577	5,008,170	-	52,382,188
Total profit-sensitivity gap	8,574,864	(9,194,360)	(10,564,984)	2,347,311	17,525,507	(1,559,854)	250,725	7,379,209

Other financial liabilities exclude deferred income.

31. Financial risk management (continued)

31.2 Market risk (continued)

Profit Rate Risk (continued)

Bank Group	Non-trading book					Non-profit sensitive	Trading book	Total
	Up to 1	1-3	3-12	1-5	Over 5			
	months	months	months	years	years			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31-Dec-22								
Financial Assets								
Cash and short-term funds	1,838,469	-	-	-	-	354,349	-	2,192,818
Deposits and placements with financial institutions	32	-	597,714	-	-	-	-	597,746
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
Derivative financial assets	7,970	6,917	130	-	-	-	-	15,017
Financing and advances *	16,443,898	36,940	3,362,151	1,290,475	14,100,401	1,331,342	-	36,565,207
Other financial assets	-	-	-	-	-	461,260	-	461,260
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	610,000	-	610,000
Non-current assets held for sale	-	-	-	-	-	564	-	564
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.

31. Financial risk management (continued)

31.2 Market risk (continued)

Profit Rate Risk (continued)

Bank Group	----- Non-trading book ----->					Non-profit sensitive	Trading book	Total
	Up to 1	1-3	3-12	1-5	Over 5			
	months	months	months	years	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	-	-	233,514	720,404	1,465,679	11,120	-	2,430,717
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

31. Financial risk management (continued)

31.2 Market risk (continued)

Profit Rate Risk (continued)

Bank	Non-trading book					Non-profit sensitive	Trading book	Total
	Up to 1	1-3	3-12	1-5	Over 5			
	months	months	months	years	years			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31-Dec-22								
Financial Assets								
Cash and short-term funds	1,838,469	-	-	-	-	240,786	-	2,079,255
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
Sukuk Commodity Murabahah	387,859	-	241,180	1,026,912	428,005	20,543	-	2,104,499
Derivative financial assets	7,970	6,917	130	-	-	-	-	15,017
Financing and advances *	16,443,898	36,940	3,362,151	1,290,475	14,100,401	1,331,342	-	36,565,207
Other financial assets	-	-	-	-	-	530,025	-	530,025
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	610,000	-	610,000
Non-current assets held for sale	-	-	-	-	-	564	-	564
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.

31. Financial risk management (continued)

31.2 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	-	-	233,514	720,404	1,465,679	11,120	-	2,430,717
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

32. Capital adequacy

The capital adequacy ratios have been computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (Capital Components) dated 9 December 2020. The total risk-weighted assets are computed based on Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk.

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

This optional transitional arrangement allows 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'.

32. 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-Dec-23 RM'000	31-Dec-23 RM'000	31-Dec-22 RM'000	31-Dec-22 RM'000
<u>Common Equity Tier 1 ("CET 1") Capital</u>				
Ordinary share capital	6,627,972	6,627,972	6,427,972	6,427,972
Retained profits exclude merger reserve	1,190,122	1,190,122	1,483,063	1,483,063
Other reserves	(51,354)	(51,354)	(341,367)	(341,367)
	<u>7,766,740</u>	<u>7,766,740</u>	<u>7,569,668</u>	<u>7,569,668</u>
Less : Regulatory adjustments				
Deferred tax assets	(83,529)	(83,529)	(107,238)	(107,238)
55% cumulative gains on FVOCI instruments	(22,272)	(22,272)	(10,856)	(10,856)
Regulatory reserve	(69,320)	(69,320)	-	-
Intangible assets	(88,167)	(88,167)	(96,157)	(96,157)
Other CET 1 regulatory adjustments	-	-	-	-
Total CET 1 Capital	<u>7,503,452</u>	<u>7,503,452</u>	<u>7,355,417</u>	<u>7,355,417</u>

Tier 1 Capital

Additional Tier 1 capital instruments	-	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-	-
Total Tier 1 capital	<u>7,503,452</u>	<u>7,503,452</u>	<u>7,355,417</u>	<u>7,355,417</u>

Tier 2 Capital

Stage 1 & Stage 2 ECL [^]	504,682	504,682	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>1,804,682</u>	<u>1,804,682</u>	<u>1,743,911</u>	<u>1,743,911</u>
Total capital base	<u>9,308,134</u>	<u>9,308,134</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-Dec-23 RM'000	31-Dec-23 RM'000	31-Dec-22 RM'000	31-Dec-22 RM'000
<u>Total risk weighted assets ("RWA")</u>				
- Credit risk	40,374,553	40,374,553	35,512,865	35,512,865
- Market risk	215,923	215,923	90,857	90,857
- Operational risk	2,466,748	2,466,748	2,733,427	2,733,427
Total RWA	<u>43,057,224</u>	<u>43,057,224</u>	<u>38,337,149</u>	<u>38,337,149</u>
<u>Capital adequacy ratios</u>				
CET 1 capital ratio	17.427%	17.427%	19.186%	19.186%
Tier 1 capital ratio	17.427%	17.427%	19.186%	19.186%
Total capital ratio	<u>21.618%</u>	<u>21.618%</u>	<u>23.735%</u>	<u>23.735%</u>

32. Capital adequacy (continued)

	Bank			
	with TA 31-Dec-23 RM'000	without TA 31-Dec-23 RM'000	with TA 31-Dec-22 RM'000	without TA 31-Dec-22 RM'000
<u>Common Equity Tier 1 ("CET 1") Capital</u>				
Ordinary share capital	6,627,972	6,627,972	6,427,972	6,427,972
Retained profits exclude merger reserve	1,321,188	1,321,188	1,555,371	1,555,371
Other reserves	(51,354)	(51,354)	(341,367)	(341,367)
	<u>7,897,806</u>	<u>7,897,806</u>	<u>7,641,976</u>	<u>7,641,976</u>
Less : Regulatory adjustments				
Deferred tax assets	(83,529)	(83,529)	(107,238)	(107,238)
55% cumulative gains on FVOCI instruments	(22,276)	(22,276)	(10,860)	(10,860)
Regulatory reserve	(69,320)	(69,320)	-	-
Intangible assets	(88,167)	(88,167)	(96,157)	(96,157)
Other CET 1 regulatory adjustments	-	-	-	-
Total CET 1 Capital	<u>7,634,514</u>	<u>7,634,514</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>7,634,514</u>	<u>7,634,514</u>	<u>7,427,721</u>	<u>7,427,721</u>
<u>Tier 2 Capital</u>				
Stage 1 & Stage 2 ECL ^	519,725	519,725	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>1,819,725</u>	<u>1,819,725</u>	<u>1,769,580</u>	<u>1,769,580</u>
Total capital base	<u>9,454,239</u>	<u>9,454,239</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 31-Dec-23 RM'000	without TA 31-Dec-23 RM'000	with TA 31-Dec-22 RM'000	without TA 31-Dec-22 RM'000
<u>Total risk weighted assets ("RWA")</u>				
- Credit risk	42,150,606	42,150,606	37,566,371	37,566,371
- Market risk	215,923	215,923	90,857	90,857
- Operational risk	2,459,077	2,459,077	2,693,139	2,693,139
Total RWA	<u>44,825,606</u>	<u>44,825,606</u>	<u>40,350,367</u>	<u>40,350,367</u>
<u>Capital adequacy ratios</u>				
CET 1 capital ratio	17.032%	17.032%	18.408%	18.408%
Tier 1 capital ratio	17.032%	17.032%	18.408%	18.408%
Total capital ratio	<u>21.091%</u>	<u>21.091%</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 December 2023, URIA risk weighted assets excluded from the Total Capital Ratio calculation amounted to RM nil (31 December 2022: RM2,011.5 mil).

PERFORMANCE REVIEW FOR THE 4TH QUARTER ENDED 31 DECEMBER 2023

1. Performance Review

Outlook for 2024

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

MBSB Bank's key strategy for 2024 is to continue raising Current Accounts and Savings Accounts or CASA level and improve its funding costs. At the holding company, the highlight of the year is the completion of MIDF acquisition in October 2023. With the acquisition at MBSB Group level, MBSB Bank will also aim to realize synergies between MBSB and MIDF to provide customers with better service, innovative products, and personalized solutions, especially for SMEs and retail customers in the mass affluent segment. This strategy will be anchored in our continuous improvement in digitalization, making it easier for our customers to conduct banking and manage their operations.

1. Performance Review (continued)
Income statement
Current Year Quarter vs Preceding Year Corresponding Quarter

	Current Year Quarter 31-Dec-23 (4Q23)	Preceding Year Corresponding Quarter 31-Dec-22 (4Q22)	Changes	
	RM'000	RM'000	RM'000	%
Income derived from investment of depositors' funds	549,943	510,133	39,810	7.8%
Income derived from investment of shareholders' funds	52,596	188,040	(135,444)	(72.0)%
Income derived from investment of investment accounts' funds	-	34,550	(34,550)	(>100%)
Total income derived from investment of depositors, shareholders and investment account funds	602,539	732,723	(130,184)	(17.8)%
Expected credit losses on financing and advances and other impairment	(21,518)	166,985	(188,503)	(>100%)
Total net income	122,980	546,548	(423,568)	(77.5)%
Total overhead expenses	(183,079)	(164,673)	(18,406)	11.2%
(Loss)/profit before tax	(60,099)	381,875	(441,974)	(>100%)
(Loss)/profit after tax	(27,093)	296,616	(323,709)	(>100%)
(Loss)/profit attributable to owner of the Bank	(27,093)	296,616	(323,709)	(>100%)

Current Year Quarter vs Immediate Preceding Quarter

	Current Year Quarter 31-Dec-23 (4Q23)	Immediate Preceding Quarter 30-Sep-23 (3Q23)	Changes	
	RM'000	RM'000	RM'000	%
Income derived from investment of depositors' funds	549,943	604,327	(54,384)	(9.0)%
Income derived from investment of shareholders' funds	52,596	137,512	(84,916)	(61.8)%
Income derived from investment of investment accounts' funds	-	4,884	(4,884)	(>100%)
Total income derived from investment of depositors, shareholders and investment account funds	602,539	746,723	(144,184)	(19.3)%
Expected credit losses on financing and advances and other impairment	(21,518)	(78,268)	56,750	(72.5)%
Total net income	122,980	201,829	(78,849)	(39.1)%
Total overhead expenses	(183,079)	(164,330)	(18,749)	11.4%
(Loss)/profit before tax	(60,099)	37,499	(97,598)	(>100%)
(Loss)/profit after tax	(27,093)	45,539	(72,632)	(>100%)
(Loss)/profit attributable to owner of the Bank	(27,093)	45,539	(72,632)	(>100%)

The Bank Group's total income derived from investment of depositors', shareholders' and investment accounts' funds amounted to RM 603 mil, marking a 17.8% and 19.3% decline compared to 4Q22 and 3Q23 respectively. The reduction primarily stems from lower profit income for financing and advances, coupled with a RM40 mil loss from the sale of financial investments at FVOCI during the quarter.

The Bank Group incurred an ECL charge of RM22 mil primarily attributed to the consumer portfolio due to deteriorating ECL staging and an increase in non-performing financing. Overhead expenses reported higher during the quarter at RM183 mil compared to 4Q22 and 3Q23, partly due to the reversal of intercompany recharges post full-year assessment and due to the increased software maintenance costs. Personnel expenses continue to dominate the Bank Group's overall expenses.

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

1. Performance Review (continued)

The Bank Group registered a profit before taxation and zakat of RM249 million for 2023 as compared to profit before taxation and zakat of RM643 million in prior year. As at 31 December 2023, the Bank Group had assets of RM59,035 million (2022: RM54,076 million), gross loans, financing and advances of RM39,603 million (2022: RM37,931 million), total deposits of RM42,062 million (2022: RM36,624 million) and shareholders' equity of RM8,114 million (2022: RM7,917 million).

MBSB Bank's financing grew by 4.41% for the year to RM40 billion, mainly supported by its consumer and commercial financing. Consumer Banking, which accounts for 73.62% of the total gross financing portfolio, grew by 5.51%, led by property financing and followed by personal financing (PF-i). The increase in PF-i was mainly driven by Ihsan-i financing amounting to RM1 billion. In Commercial Banking gross financing grew by 1.45% contributed by the wholesale & retail trade, manufacturing, and primary agriculture sectors.

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.