

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

INTERIM FINANCIAL STATEMENTS
OF THE BANK GROUP AND OF THE BANK
FOR THE 2ND QUARTER ENDED 30 JUNE 2023

INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023

		Bank Group		Bank	
		30-June-23	31-Dec-22	30-June-23	31-Dec-22
		RM'000	RM'000	RM'000	RM'000
Assets					
Cash and short-term funds	6(a)	1,095,342	2,192,818	1,071,138	2,079,255
Deposits and placements with banks and other financial institutions	6(b)	860,367	597,746	210,313	-
Derivative financial assets	7	6,931	15,017	6,931	15,017
Financial investments at fair value through profit or loss	8	1,330,491	240,357	1,330,491	240,357
Financial investments at fair value through other comprehensive income	9	10,566,060	11,392,780	10,566,060	11,392,780
Financial investments at amortised cost	10	2,063,546	1,625,792	2,063,546	1,625,792
Financing and advances	11	38,580,973	36,565,207	38,580,973	36,565,207
Sukuk Commodity Murabahah		-	-	2,042,645	2,104,499
Other receivables	12	496,205	514,926	491,714	583,692
Statutory deposits with Bank Negara Malaysia		663,000	610,000	663,000	610,000
Investment property		820	820	820	820
Property and equipment		95,245	87,491	95,245	87,491
Intangible assets		91,284	96,157	91,284	96,157
Right-of-use assets		34,830	28,778	34,830	28,778
Tax recoverable		-	209	-	-
Deferred tax assets		70,201	107,238	70,201	107,238
Non-current assets held for sale	14	-	564	-	564
Total assets		55,955,295	54,075,900	57,319,191	55,537,647
Liabilities					
Deposits from customers	15	32,169,841	29,112,699	32,169,841	29,112,699
Deposits and placements of banks and other financial institutions	16	7,968,002	7,511,336	7,968,002	7,511,336
Investment accounts of customers	17	848,278	2,080,767	848,278	2,080,767
Derivative financial liabilities	7	5,902	23,470	5,902	23,470
Other payables	18	502,542	508,679	2,127,296	2,245,002
Lease liabilities		35,428	29,370	35,428	29,370
Recourse obligation on financing sold		4,188,826	4,355,408	4,188,826	4,355,408
Sukuk-MBSB Structured Covered Murabahah		739,368	833,805	739,368	833,805
Sukuk Wakalah		1,597,157	1,596,912	1,597,157	1,596,912
Provision for taxation		66,606	106,902	30,068	106,902
Total liabilities		48,121,950	46,159,348	49,710,166	47,895,671
Equity					
Share capital		6,427,972	6,427,972	6,427,972	6,427,972
Reserves		1,405,373	1,488,580	1,181,053	1,214,004
Total equity		7,833,345	7,916,552	7,609,025	7,641,976
Total Liabilities and Equity		55,955,295	54,075,900	57,319,191	55,537,647
Commitments and contingencies	28	6,127,629	5,124,328	6,127,629	5,124,328
Capital Adequacy					
	31	Bank Group		Bank	
CET1 capital		16.732%	19.186%	16.181%	18.408%
Tier 1 capital		16.732%	19.186%	16.181%	18.408%
Total capital ratio		20.974%	23.735%	20.295%	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 SECOND QUARTER ENDED 30 JUNE 2023

		Bank Group			
		2nd Quarter Ended		Six Months Ended	
		30-June-23	30-June-22	30-June-23	30-June-22
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	19	572,411	539,610	1,100,849	1,070,880
Income derived from investment of shareholders' funds	20	134,096	110,737	253,906	220,285
Income derived from investment of investment accounts' funds	21	14,422	22,753	43,115	56,242
Expected credit losses on financing and advances and other impairment	22	54,299	(44,024)	18,740	(210,668)
Net loss on modification of cash flows		-	-	-	(8,961)
Total distributable income		775,228	629,076	1,416,610	1,127,778
Income attributable to depositors and others	23	(434,916)	(288,583)	(845,044)	(567,772)
Total net income		340,312	340,493	571,566	560,006
Personnel expenses	24	(97,561)	(66,969)	(177,363)	(150,695)
Other overhead expenses	25	(78,183)	(61,742)	(122,532)	(124,473)
Profit before taxation and zakat		164,568	211,782	271,671	284,838
Taxation		(61,068)	(40,989)	(72,907)	(59,349)
Zakat		-	75	-	-
Profit for the financial period		103,500	170,868	198,764	225,489
Profit attributable to:					
Owner of the Bank Group		103,500	170,868	198,764	225,489
		103,500	170,868	198,764	225,489
Profit for the financial period		103,500	170,868	198,764	225,489
Other comprehensive income/(expense), net of tax:					
Items that may be reclassified to profit or loss:					
Revaluation reserve on financial investments at fair value through other comprehensive income		35,587	(176,081)	158,857	(323,492)
- Net profit/(loss) from change in fair values		45,322	(231,810)	221,804	(417,279)
- Realised gain/(loss) transferred to statements of income on disposal		1,494	124	(12,797)	(8,367)
- Transfer (to)/from deferred tax		(11,229)	55,605	(50,150)	102,154
Other comprehensive income/(expense), net of tax	26	35,587	(176,081)	158,857	(323,492)
Total comprehensive income/(expense) for the financial period		139,087	(5,213)	357,621	(98,003)
Earnings per share (sen)		1.64	3.15	3.16	4.15

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 SECOND QUARTER ENDED 30 JUNE 2023 (CONTINUED)

		Bank			
		2nd Quarter Ended		Six Months Ended	
		30-June-23	30-June-22	30-June-23	30-June-22
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	19	591,822	563,078	1,140,292	1,117,878
Income derived from investment of shareholders' funds	20	137,852	115,073	261,980	229,160
Income derived from investment of investment accounts' funds	21	14,422	22,753	43,115	56,242
Expected credit losses on financing and advances and other impairment	22	54,299	(44,024)	18,740	(210,668)
Net loss on modification of cash flows		-	-	-	(8,961)
Total distributable income		798,395	656,880	1,464,127	1,183,651
Income attributable to depositors and others	23	(452,146)	(323,360)	(880,502)	(637,594)
Total net income		346,249	333,520	583,625	546,057
Personnel expenses	24	(97,561)	(66,969)	(177,363)	(150,695)
Other overhead expenses	25	(77,722)	(61,285)	(121,587)	(123,627)
Profit before taxation and zakat		170,966	205,266	284,675	271,735
Taxation		(24,280)	(40,459)	(35,655)	(57,998)
Zakat		-	75	-	-
Profit for the financial period		146,686	164,882	249,020	213,737
Profit attributable to:					
Owner of the Bank		146,686	164,882	249,020	213,737
		146,686	164,882	249,020	213,737
Profit for the financial period		146,686	164,882	249,020	213,737
Other comprehensive income/(expense), net of tax:					
Items that may be reclassified to profit or loss:					
Revaluation reserve on financial investments at fair value through other comprehensive income		35,587	(176,081)	158,857	(323,492)
- Net profit/(loss) from change in fair values		45,322	(231,810)	221,804	(417,279)
- Realised gain/(loss) transferred to statements of income on disposal		1,494	124	(12,797)	(8,367)
- Transfer (to)/from deferred tax		(11,229)	55,605	(50,150)	102,154
Other comprehensive income/(expense), net of tax	26	35,587	(176,081)	158,857	(323,492)
Total comprehensive income/(expense) for the financial period		182,273	(11,199)	407,877	(109,755)
Earnings per share (sen)		2.33	3.04	3.95	3.94

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 SECOND QUARTER ENDED 30 JUNE 2023**

Bank Group	← Non-distributable →		Distributable		Total
	Share Capital	Regulatory Reserve	Fair value reserve	Retained profits	
	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	-	-	-	198,764	198,764
Other comprehensive expense for the financial period					
- transfer from retained earnings	-	69,320	-	(69,320)	-
- net changes in fair value	-	-	221,804	-	221,804
- realised loss transferred to statements of income on disposal	-	-	(12,797)	-	(12,797)
- income tax relating to component of other comprehensive income			(50,150)		(50,150)
	-	69,320	158,857	(69,320)	158,857
Dividends to owner of the Bank	-	-	-	(440,828)	(440,828)
At 30 June 2023	6,427,972	69,320	(182,510)	1,518,563	7,833,345
At 1 January 2022	5,427,972	5,234	(160,950)	1,513,503	6,785,759
Profit for the financial period	-	-	-	225,489	225,489
Other comprehensive expense for the financial period					
- net changes in fair value	-	-	(417,279)	-	(417,279)
- realised loss transferred to statements of income on disposal	-	-	(8,367)	-	(8,367)
- income tax relating to component of other comprehensive income	-	-	102,154	-	102,154
	-	-	(323,492)	-	(323,492)
Dividends to owner of the Bank	-	-	-	(162,839)	(162,839)
At 30 June 2022	5,427,972	5,234	(484,442)	1,576,153	6,524,917

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 SECOND QUARTER ENDED 30 JUNE 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	-	-	-	249,020	249,020
Other comprehensive expense for the financial period					
- transfer from retained earnings	-	69,320	-	(69,320)	-
- net changes in fair value	-	-	221,804	-	221,804
- realised loss transferred to statements of income on disposal	-	-	(12,797)	-	(12,797)
- income tax relating to component of other comprehensive income	-	-	(50,150)	-	(50,150)
	-	69,320	158,857	(69,320)	158,857
Dividends to owner of the Bank	-	-	-	(440,828)	(440,828)
At 30 June 2023	6,427,972	69,320	(182,510)	1,294,243	7,609,025
At 1 January 2022	5,427,972	5,234	(160,950)	1,242,215	6,514,471
Profit for the financial period	-	-	-	213,737	213,737
Other comprehensive expense for the financial period					
- net changes in fair value	-	-	(417,279)	-	(417,279)
- realised loss transferred to statements of income on disposal	-	-	(8,367)	-	(8,367)
- income tax relating to component of other comprehensive income	-	-	102,154	-	102,154
	-	-	(323,492)	-	(323,492)
Dividends to owner of the Bank	-	-	-	(162,839)	(162,839)
At 30 June 2022	5,427,972	5,234	(484,442)	1,293,113	6,241,877

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 SECOND QUARTER ENDED 30 JUNE 2023**

	Bank Group		Bank	
	6 months ended		6 months ended	
	30-June-23	30-June-22	30-June-23	30-June-22
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	271,671	284,838	284,675	271,735
Adjustments for non-cash items	(48,304)	180,287	(103,122)	118,649
Operating profit before working capital changes	223,367	465,125	181,553	390,384
Working capital changes:				
Net changes in operating assets	(2,332,801)	(560,760)	(2,207,445)	(664,762)
Net changes in operating liabilities	2,277,129	(258,117)	2,166,274	(247,303)
Income taxes and zakat refunded/(paid)	9,494	(69,392)	9,494	(67,927)
Net cash used in operating activities	177,189	(423,144)	149,876	(589,608)
Cash flows from investing activities				
Purchase of property and equipment	(21,518)	(9,708)	(21,518)	(9,708)
Purchase of intangible assets	(15,375)	(16,278)	(15,375)	(16,278)
Profit income from financial investments	222,268	268,977	222,268	268,977
Net purchase of financial investments	(592,142)	(287,126)	(592,142)	(287,126)
Profit income from Sukuk Commodity Murabahah	-	-	54,818	61,638
Proceeds from Sukuk Commodity Murabahah	-	-	61,854	60,613
Net cash used in investing activities	(406,767)	(44,135)	(290,095)	78,116
Cash flows from financing activities				
(Repayment)/issuance of recourse obligation on financing sold	(165,635)	825,349	(165,635)	825,349
Profit expense paid on recourse obligation on financing sold	(82,240)	(66,726)	(82,240)	(66,726)
Profit expense paid on Sukuk MBSB-SC Murabahah	(21,672)	(27,252)	(21,672)	(27,252)
Profit expense paid on Sukuk Wakalah	(40,555)	(33,787)	(40,555)	(33,787)
Repayment of Sukuk MBSB-SC Murabahah	(93,929)	(93,899)	(93,929)	(93,899)
Payment of lease liabilities	(23,039)	(24,029)	(23,039)	(24,029)
Dividend paid on ordinary shares	(440,828)	(162,839)	(440,828)	(162,839)
Net cash (used in)/generated from financing activities	(867,898)	416,817	(867,898)	416,817
Net decrease in cash and cash equivalents	(1,097,476)	(50,462)	(1,008,117)	(94,675)
Cash and cash equivalents at the beginning of financial period	2,192,818	645,205	2,079,255	624,629
Cash and cash equivalents at the end of financial period	1,095,342	594,743	1,071,138	529,954

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 SECOND QUARTER ENDED 30 JUNE 2023**

1. Basis of preparation

The unaudited condensed interim financial statements for the financial quarter ended 30 June 2023 have been prepared under the historical cost convention except for financial assets which are recognised at fair value and the following financial assets and financial liabilities which are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective profit method: financing and advances, trade and other payables, bank borrowings and recourse obligations on financing sold.

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

The unaudited interim financial statement of MBSB Bank Group ("The Bank Group") comprises of MBSB Bank Berhad ("MBSB Bank" or "the bank") and its subsidiary, Jana Kapital Sdn Bhd ("JKSB"). The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 December 2022.

The new accounting standards, amendments to published standards and interpretation that are effective and applicable to the Bank Group and the Bank for the financial year beginning 1 January 2023 are as follows:

- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'
- Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates

The adoption of the above new accounting standards, amendments to published standards and interpretations are not expected to give rise to any material financial impact to the Bank Group and Bank.

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

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

The adoption of the above new accounting standards, amendments to published standards and interpretations are not expected to give rise to material financial impact to the Bank Group and the Company.

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

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

3. Seasonality and Cyclicity of Operation and Unusual Items

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

4. Exceptional on Unusual items

There were no exceptional or unusual items during the quarter.

5. Dividend

On 12 April 2023, the Bank paid RM440,827,603 single-tier interim dividend of 7.0 sen per ordinary share in respect of the financial year ended 31 December 2022.

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

	Bank Group		Bank	
	30-June-23	31-Dec-22	30-June-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
(a) Cash and balances with banks and other financial institutions	307,659	354,349	283,455	240,786
Money at call and deposit placements maturing within one month	787,683	1,838,469	787,683	1,838,469
	<u>1,095,342</u>	<u>2,192,818</u>	<u>1,071,138</u>	<u>2,079,255</u>
(b) Deposits and placements with financial institutions with original maturity of more than one month				
- Licensed Islamic banks	860,367	597,746	210,313	-
	<u>1,955,709</u>	<u>2,790,564</u>	<u>1,281,451</u>	<u>2,079,255</u>

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

7. Derivative financial assets/(liabilities)

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

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

	Bank Group and Bank					
	30-June-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		
Trading derivatives						
<u>Foreign exchange contracts:</u>						
Currency forward						
- Less than one year	2,642,470	6,931	(5,902)	1,976,886	15,017	(23,470)

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

	Bank Group and Bank	
	30-June-23	31-Dec-22
	RM'000	RM'000
Money market instruments		
<u>In Malaysia</u>		
Private mandate investments	240,345	240,357
Malaysian Government Investment Issues	1,090,146	-
	<u>1,330,491</u>	<u>240,357</u>

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

	Bank Group and Bank	
	30-June-23	31-Dec-22
	RM'000	RM'000
Money market instruments		
Malaysian Government Investment Issues	7,295,680	8,479,600
Debt securities		
<u>In Malaysia</u>		
Private and Islamic debt securities	1,513,054	1,021,894
Government Guaranteed debt securities	1,757,326	1,891,286
	<u>10,566,060</u>	<u>11,392,780</u>

The carrying amount of financial investments measured at FVOCI is its fair value. Accordingly, the recognition of an impairment loss does not affect the carrying amount of those assets, but is reflected as a debit to profit or loss or retained earnings, and credit to other comprehensive income.

ECL movement for financial investments at FVOCI:

	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	10	-	-	10
Total reversal to profit or loss:	49	-	-	49
New financial investments purchased during the year	49	-	-	49
At 30 June 2023	59	-	-	59

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

10. Financial investments at amortised cost

	Bank Group and Bank 30-June-23 RM'000	31-Dec-22 RM'000
Money market instruments		
Malaysian Government Investment Issues	511,745	378,302
<u>In Malaysia</u>		
Private and Islamic debt securities	1,477,050	1,183,318
Government Guaranteed corporate sukuk	75,620	65,279
	<u>2,064,415</u>	<u>1,626,899</u>
Less: ECL		
- Stage 1	(869)	(868)
- Stage 2	-	(239)
	<u>2,063,546</u>	<u>1,625,792</u>

ECL movement for financial investments at amortised cost:

	Bank Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL at 1 January 2023	868	239	-	1,107
Charge/(Reversal) to profit or loss	1	(239)	-	(238)
Transfer to stage 1	239	(239)	-	-
Change in credit risk	(240)	-	-	(240)
New financial investments purchased during the period	2	-	-	2
ECL at 30 June 2023	<u>869</u>	<u>-</u>	<u>-</u>	<u>869</u>

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

11. Financing and advances

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

**Bank Group and Bank
30-June-23**

	Tawarruq RM'000	Bai' RM'000	Ijarah RM'000	Total financing and advances RM'000
Term Financing	32,561,899	1,778,430	1,229,209	35,569,538
Property financing	7,263,669	1,693,726	-	8,957,395
Bridging financing	440,893	-	-	440,893
Hire purchase receivables	-	-	740,220	740,220
Auto financing	-	-	32,282	32,282
Personal financing	19,713,679	93	-	19,713,772
Other term financing	5,143,658	84,611	456,707	5,684,976
Cash line	163,198	-	-	163,198
Staff financing	34,747	9	2,036	36,792
Revolving credit	1,631,617	-	-	1,631,617
Trade finance	2,367,917	-	-	2,367,917
Gross financing and advances	36,759,378	1,778,439	1,231,245	39,769,062
Less: ECL				
- Stage 1				(247,116)
- Stage 2				(182,051)
- Stage 3				(758,922)
Net financing and advances				<u>38,580,973</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	
	30-June-23 RM'000	31-Dec-22 RM'000
Maturity within one year	5,026,906	4,310,073
More than one year to three years	1,541,833	1,721,488
More than three years to five years	2,307,129	2,144,712
More than five years	30,893,194	29,754,352
	<u>39,769,062</u>	<u>37,930,625</u>

11. Financing and advances (continued)

(iii) By economic purpose

	Bank Group and Bank	
	30-June-23	31-Dec-22
	RM'000	RM'000
Personal use	19,794,171	19,238,348
Construction	3,513,135	3,556,918
Purchase of landed property:		
- Residential	8,496,642	7,971,626
- Non-residential	1,009,497	923,224
Working capital	5,852,560	5,180,187
Purchase of transport vehicles	43,001	53,642
Purchase of other fixed assets	1,056,579	1,003,088
Purchase of other securities	359	369
Purchase of consumer durables	106	107
Others	3,012	3,116
	<u>39,769,062</u>	<u>37,930,625</u>

(iv) By type of customers

	Bank Group and Bank	
	30-June-23	31-Dec-22
	RM'000	RM'000
Domestic business enterprises		
- Small medium enterprise	3,085,251	2,658,304
- Non-bank financial institutions	1,502,554	1,422,819
- Others	6,313,512	6,162,095
Individuals		
- Malaysian nationals	28,668,370	27,559,728
- Foreign nationals	199,375	127,679
	<u>39,769,062</u>	<u>37,930,625</u>

(v) By sector

	Bank Group and Bank	
	30-June-23	31-Dec-22
	RM'000	RM'000
Household sectors	28,670,299	27,560,564
Construction	3,263,332	3,194,534
Finance, insurance, real estate and business services	3,401,623	3,394,664
Wholesale & retail trade and restaurants & hotels	1,303,110	1,084,469
Manufacturing	1,230,390	1,088,782
Electricity, gas and water	909,734	911,234
Transport, storage and communication	371,783	338,405
Agriculture	120,311	47,636
Mining and quarrying	183,018	65,077
Education, health and others	315,462	245,260
	<u>39,769,062</u>	<u>37,930,625</u>

(vi) By profit rate sensitivity

	Bank Group and Bank	
	30-June-23	31-Dec-22
	RM'000	RM'000
Fixed rate:		
Personal financing	13,950,209	14,704,765
Auto financing	34,318	47,105
Property financing	362,984	378,941
Bridging, structured and term financing	755,174	771,882
	<u>15,102,685</u>	<u>15,902,693</u>
Variable rate:		
Personal financing	5,771,083	4,457,223
Property financing	8,621,646	8,043,656
Bridging, structured and term financing	10,273,648	9,527,053
	<u>24,666,377</u>	<u>22,027,932</u>
	<u>39,769,062</u>	<u>37,930,625</u>

11. Financing and advances (continued)

(vii) By geographical distribution

	Bank Group and Bank	
	30-June-23	31-Dec-22
	RM'000	RM'000
Malaysia	39,769,062	37,930,625

(viii) Movement of gross financing and advances

30-June-23

	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January	33,370,254	2,490,767	2,069,604	37,930,625
Transfer to stage 1	418,547	(387,369)	(31,178)	-
Transfer to stage 2	(376,385)	467,217	(90,832)	-
Transfer to stage 3	(114,702)	(319,826)	434,528	-
New financing/disbursement during the year	6,309,778	90,165	2,950	6,402,893
Repayment during the year	(4,134,400)	(168,728)	(134,239)	(4,437,367)
Other movements	12,346	(6,909)	61,348	66,785
Refinancing from MBSB Holding	42	-	251	293
Reclassification from non-current asset held for sale	-	-	1,403	1,403
Write-offs	-	-	(195,570)	(195,570)
As at 30 June	35,485,480	2,165,317	2,118,265	39,769,062

31-Dec-22

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

(ix) Movement of ECL for financing and advances

30-June-23

	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January	292,757	334,400	738,261	1,365,418
(Reversal)/Charge to profit or loss	(45,641)	(152,349)	214,771	16,781
Changes in ECL due to transfer within stages:				
- Transfer to stage 1	45,266	(23,895)	(21,371)	-
- Transfer to stage 2	(4,558)	58,604	(54,046)	-
- Transfer to stage 3	(702)	(81,011)	81,713	-
New financing/disbursement during the year	32,109	2,889	2,409	37,407
Repayment during the year	(124,171)	(124,978)	(32,595)	(281,744)
Changes in credit risk parameters #	6,414	16,042	238,518	260,974
Refinancing from MBSB Holding	1	-	143	144
Reclassification from non-current asset held for sale	-	-	1,417	1,417
Write-offs	-	-	(195,527)	(195,527)
As at 30 June	247,116	182,051	758,922	1,188,089

11. Financing and advances (continued)

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

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

(x) Movement of impaired financing and advances

	Bank Group and Bank	
	30-June-23 RM'000	31-Dec-22 RM'000
Balance as at 1 January	2,069,604	963,529
Classified as impaired during the period	437,478	1,183,350
Reclassified as non-impaired	(122,010)	(53,591)
Amount recovered	(134,239)	(124,602)
Amount written off	(195,570)	(221,730)
Other movements	61,348	180,195
Refinancing from MBSB	251	130,239
Reclassification to assets held-for-sale	1,403	12,214
Balance as at end of financial period	2,118,265	2,069,604
Net impaired as a percentage of net financing and advances	3.52%	3.64%
Gross impaired financing and advances as a % of gross financing and advances	5.33%	5.46%

(xi) Impaired financing and advances by economic purpose

	Bank Group and Bank	
	30-June-23 RM'000	31-Dec-22 RM'000
Personal use	137,494	212,962
Construction	1,052,283	979,735
Purchase of landed property:		
- Residential	308,698	255,350
- Non-residential	298,147	280,034
Working Capital	296,555	311,709
Purchase of other fixed assets	22,349	24,744
Purchase of transport vehicles	2,703	4,866
Others	36	204
	2,118,265	2,069,604

11. Financing and advances (continued)

(xii) Impaired financing and advances by sector

	Bank Group and Bank	
	30-June-23	31-Dec-22
	RM'000	RM'000
Household sector	472,244	486,393
Construction	853,536	782,599
Finance, insurance, real estate and business services	217,583	194,807
Manufacturing	197,551	233,941
Education, health and others	83,554	84,900
Mining and quarrying	475	511
Wholesale & retail trade and restaurants & hotels	293,110	286,095
Transport, storage and communications	212	358
	<u>2,118,265</u>	<u>2,069,604</u>

(xiii) Impaired financing by geographical distribution

	Bank Group and Bank	
	30-June-23	31-Dec-22
	RM'000	RM'000
Malaysia	<u>2,118,265</u>	<u>2,069,604</u>

12. Other receivables

	Bank Group		Bank	
	30-June-23	31-Dec-22	30-June-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Amount due from subsidiary	-	-	-	71,825
Financing to related companies	438,803	494,820	438,803	494,820
Amount due from holding company	-	40,527	-	40,527
Amount due from related companies	284	335	284	335
Prepayments and deposits	25,144	15,845	25,144	15,846
Deferred expenses	46,304	41,706	46,304	41,706
Sundry receivables	17,515	20,959	13,024	17,899
	<u>528,050</u>	<u>614,192</u>	<u>523,559</u>	<u>682,958</u>
Less: ECL at stage 1	(4,266)	(4,414)	(4,266)	(4,414)
Less: ECL at stage 3	(27,579)	(94,852)	(27,579)	(94,852)
	<u>496,205</u>	<u>514,926</u>	<u>491,714</u>	<u>583,692</u>

13. Investment in subsidiary

The Bank has a wholly owned subsidiary, Jana Kapital Sdn.Bhd. ("JKSB"), an investment holding company incorporated in Malaysia. The unquoted shares at cost in JKSB as at 30 June 2023 is RM 2 (31 December 2022: RM 2).

14. Non-current assets held for sale

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

15. Deposits from customers

(i) By type of deposits:

	Bank Group and Bank	
	30-June-23	31-Dec-22
	RM'000	RM'000
<u>Non-Mudharabah Funds:</u>		
Commodity Murabahah Term Deposits	29,954,039	26,895,884
Demand deposits	1,418,026	1,482,264
Savings deposits	797,776	734,551
	32,169,841	29,112,699

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

	Bank Group and Bank	
	30-June-23	31-Dec-22
	RM'000	RM'000
Within six months	22,869,950	19,673,851
More than six months to one year	4,823,212	4,421,626
More than one year to three years	999,653	1,366,471
More than three years	1,261,224	1,433,936
	29,954,039	26,895,884

(iii) By type of customers:

	Bank Group and Bank	
	30-June-23	31-Dec-22
	RM'000	RM'000
Government and statutory bodies	15,325,138	15,232,596
Business enterprises	11,248,743	9,065,228
Individuals	5,595,960	4,814,875
	32,169,841	29,112,699

16. Deposits and placements of banks and other financial institutions

		Bank Group and Bank	
		30-June-23	31-Dec-22
		RM'000	RM'000
(i) By type of deposits:			
<u>Non-Mudharabah Funds:</u>			
- Licensed Investment Banks		38,213	779
- Licensed Commercial Banks		1,012	-
- Licensed Islamic Banks		350,147	1,121,734
- Other financial institutions		7,578,630	6,388,823
		<u>7,968,002</u>	<u>7,511,336</u>
(ii) By type of contract:			
Tawarruq		<u>7,968,002</u>	<u>7,511,336</u>

17. Investment accounts of customers

		Bank Group and Bank	
		30-June-23	31-Dec-22
		RM'000	RM'000
Wakalah unrestricted investment accounts		<u>848,278</u>	<u>2,080,767</u>

The investment account placements are used to fund personal financing.

		Bank Group and Bank	
		30-June-23	31-Dec-22
		RM'000	RM'000
(i) By type of customers:			
Government and statutory bodies		781,238	1,626,676
Other financial institutions		67,040	454,091
		<u>848,278</u>	<u>2,080,767</u>

		Bank Group and Bank	
		30-June-23	31-Dec-22
		RM'000	RM'000
(ii) Movement of investment accounts of customers:			
At beginning of the financial period		2,080,767	2,094,914
New placement during the financial period		2,526,299	5,795,123
Redemption during the financial year		(3,756,801)	(5,809,189)
Finance expense		27,544	52,685
Profit distributed		(29,531)	(52,766)
At end of financial period		<u>848,278</u>	<u>2,080,767</u>

17. Investment accounts of customers (continued)

		Bank Group and Bank	
		30-June-23	31-Dec-22
		RM'000	RM'000
(iii) By Maturity:			
Due within six months		848,278	1,926,610
More than six months to one year		-	154,157
		<u>848,278</u>	<u>2,080,767</u>
(iv) Rate of Return ("ROR") and Performance Incentive Fee based on residual maturity			
30-June-23			
	Investment Account Holder		Bank Group Performance incentive fee
	Average ROR		%
	%		%
Unrestricted investment accounts:			
Due within six months		4.29	2.48
31-Dec-22			
	Investment Account Holder		Bank Group Performance incentive fee
	Average 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	
	30-June-23	31-Dec-22	30-June-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Amount due to subsidiary	-	-	1,624,766	1,736,343
Amount due to holding company	66,349	-	66,349	-
Al-Mudharabah security fund	123,418	132,944	123,418	132,944
ECL for commitments and contingencies (i)	27,515	52,351	27,515	52,351
Other provisions and accruals	43,903	99,837	43,891	99,817
Deferred income	1,327	1,314	1,327	1,314
Sundry creditors	240,030	222,233	240,030	222,233
	502,542	508,679	2,127,296	2,245,002

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

30-June-23	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	15,146	32,369	4,836	52,351
Total (reversal)/charge to profit or loss	(5,239)	(19,068)	(518)	(24,825)
Changes in ECL due to transfer within stages:				
- Transfer to stage 1	1,772	(1,756)	(16)	-
- Transfer to stage 2	(805)	846	(41)	-
- Transfer to stage 3	(4)	(1,904)	1,908	-
New financing/disbursement during the period	2,512	39	-	2,551
Repayment/drawdown to financing during the period	(1,388)	(627)	(3,701)	(5,716)
Changes in credit risk parameters #	(7,326)	(15,666)	1,332	(21,660)
Change to model assumptions and methodologies ^	-	-	-	-
Write-off	-	-	(11)	(11)
As at 30 June	9,907	13,301	4,307	27,515

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			
	2nd Quarter Ended		Six Months Ended	
	30-June-23	30-June-22	30-June-23	30-June-22
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	458,942	428,447	877,541	852,825
Financial investments at FVOCI	73,298	87,601	148,141	173,820
Financial investments at amortised cost	19,375	9,956	36,580	17,008
Financial investments at FVTPL	6,249	2,938	10,344	4,925
Money at call and deposits with financial institutions	10,366	5,025	19,363	11,385
Others	4,181	5,643	8,880	10,917
	<u>572,411</u>	<u>539,610</u>	<u>1,100,849</u>	<u>1,070,880</u>
of which financing income earned on impaired financing	<u>4,222</u>	<u>1,563</u>	<u>8,024</u>	<u>4,721</u>

	Bank			
	2nd Quarter Ended		Six Months Ended	
	30-June-23	30-June-22	30-June-23	30-June-22
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	458,942	428,447	877,541	852,825
Financial investments at FVOCI	73,298	87,601	148,141	173,820
Financial investments at amortised cost	19,375	9,956	36,580	17,008
Financial investments at FVTPL	6,249	2,938	10,344	4,925
Money at call and deposits with financial institutions	6,743	1,765	12,299	5,057
Profit on Sukuk commodity murabahah	23,026	25,968	45,540	51,847
Others	4,189	6,403	9,847	12,396
	<u>591,822</u>	<u>563,078</u>	<u>1,140,292</u>	<u>1,117,878</u>
of which financing income earned on impaired financing	<u>4,222</u>	<u>1,563</u>	<u>8,024</u>	<u>5,215</u>

20. Income derived from investment of shareholders' funds

	Bank Group			
	2nd Quarter Ended		Six Months Ended	
	30-June-23	30-June-22	30-June-23	30-June-22
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	91,571	83,358	187,577	171,673
Financial investments at FVOCI	14,119	16,195	30,183	32,825
Financial investments at amortised cost	3,760	1,852	7,453	3,212
Financial investments at FVTPL	1,229	547	2,108	930
Money at call and deposits with financial institutions	2,014	923	3,945	2,150
Others	800	1,045	1,809	2,062
	<u>113,493</u>	<u>103,920</u>	<u>233,075</u>	<u>212,852</u>
of which financing income earned on impaired financing	<u>1,823</u>	<u>295</u>	<u>2,639</u>	<u>891</u>
<u>Other operating income:</u>				
Financing related fees	4,331	2,881	6,560	6,512
Gain/(loss) from sale of financial investments at FVOCI	1,494	124	(12,797)	(8,367)
Gain/(loss) from sale of financial investments at FVTPL	4,415	(14,073)	6,537	(21,070)
Gain on financial investments at FVTPL	1,489	1,047	671	2,083
Commission	6,060	4,770	12,012	9,081
(Loss)/gain on foreign exchange transactions	(5,003)	2,552	(2,015)	6,864
Ta'widh	2,885	1,460	5,563	2,612
Sundry income	4,932	8,056	4,300	9,718
	<u>20,603</u>	<u>6,817</u>	<u>20,831</u>	<u>7,433</u>
	<u>134,096</u>	<u>110,737</u>	<u>253,906</u>	<u>220,285</u>

	Bank			
	2nd Quarter Ended		Six Months Ended	
	30-June-23	30-June-22	30-June-23	30-June-22
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances	91,571	83,358	187,577	171,673
Financial investments at FVOCI	14,119	16,195	30,183	32,825
Financial investments at amortised cost	3,760	1,852	7,453	3,212
Financial investments at FVTPL	1,229	547	2,108	930
Money at call and deposits with financial institutions	1,313	320	2,506	955
Profit on Sukuk commodity murabahah	4,446	4,799	9,278	9,791
Others	792	1,185	2,006	2,341
	<u>117,230</u>	<u>108,256</u>	<u>241,111</u>	<u>221,727</u>
of which financing income earned on impaired financing	<u>1,823</u>	<u>295</u>	<u>2,639</u>	<u>891</u>
<u>Other operating income:</u>				
Financing related fees	4,331	2,881	6,560	6,512
Gain/(loss) from sale of financial investments at FVOCI	1,494	124	(12,797)	(8,367)
Gain/(loss) from sale of financial investments at FVTPL	4,415	(14,073)	6,537	(21,070)
Gain on financial investments at FVTPL	1,489	1,047	671	2,083
Commission	6,060	4,770	12,012	9,081
(Loss)/gain on foreign exchange transactions	(5,003)	2,552	(2,015)	6,864
Ta'widh	2,885	1,460	5,563	2,612
Sundry income	4,951	8,056	4,338	9,718
	<u>20,622</u>	<u>6,817</u>	<u>20,869</u>	<u>7,433</u>
	<u>137,852</u>	<u>115,073</u>	<u>261,980</u>	<u>229,160</u>

21. Income derived from investment of investment accounts' funds

	Bank Group and Bank			
	2nd Quarter Ended		Six Months Ended	
	30-June-23	30-June-22	30-June-23	30-June-22
	RM'000	RM'000	RM'000	RM'000
Financing and advances	14,422	22,753	43,115	56,242
	<u>14,422</u>	<u>22,753</u>	<u>43,115</u>	<u>56,242</u>

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

	Bank Group and Bank			
	2nd Quarter Ended		Six Months Ended	
	30-June-23	30-June-22	30-June-23	30-June-22
	RM'000	RM'000	RM'000	RM'000
<u>ECL on financing and advances made/(written back)</u>				
Financing and advances				
- Stage 1	2,047	22,580	(45,641)	40,201
- Stage 2	(69,179)	(210,716)	(152,349)	(215,602)
- Stage 3	17,587	239,955	214,771	391,443
Credit impaired financing and advances:				
- Write-off	10,543	2,378	17,864	7,793
- Recovered	(18,853)	(4,707)	(29,087)	(9,927)
	<u>(57,855)</u>	<u>49,490</u>	<u>5,558</u>	<u>213,908</u>
<u>Other ECL and impairment allowances made/(written back):</u>				
Financial investments at FVOCI	27	1	49	(4)
Financial investments at amortised cost	(18)	145	(238)	(56)
Other receivables	1	(143)	1	(143)
Financing to related companies	1,254	1,966	715	5,327
Financing commitments and financial guarantees	2,292	(7,435)	(24,825)	(8,364)
	<u>3,556</u>	<u>(5,466)</u>	<u>(24,298)</u>	<u>(3,240)</u>
	<u>(54,299)</u>	<u>44,024</u>	<u>(18,740)</u>	<u>210,668</u>

23. Income attributable to depositors and others

	Bank Group			
	2nd Quarter Ended		Six Months Ended	
	30-June-23 RM'000	30-June-22 RM'000	30-June-23 RM'000	30-June-22 RM'000
(a) Income attributable to depositors				
Deposits from customers:				
- Non-mudharabah funds	234,445	120,601	553,110	319,867
Deposits and placements of banks				
- Non-mudharabah funds	119,406	86,934	121,599	88,306
	<u>353,851</u>	<u>207,535</u>	<u>674,709</u>	<u>408,173</u>
(b) Income attributable to securitisation	40,092	36,995	81,293	71,997
(c) Income attributable to sukuk	30,836	32,945	61,498	63,135
(d) Income attributable to wakalah unrestricted investment account	10,137	11,108	27,544	24,467
	<u>434,916</u>	<u>288,583</u>	<u>845,044</u>	<u>567,772</u>

	Bank			
	2nd Quarter Ended		Six Months Ended	
	30-June-23 RM'000	30-June-22 RM'000	30-June-23 RM'000	30-June-22 RM'000
(a) Income attributable to depositors				
Deposits from customers:				
- Non-mudharabah funds	234,445	120,601	553,110	319,867
Deposits and placements of banks				
- Non-mudharabah funds	119,406	86,934	121,599	88,306
	<u>353,851</u>	<u>207,535</u>	<u>674,709</u>	<u>408,173</u>
(b) Income attributable to securitisation	40,092	36,995	81,293	71,997
(c) Income attributable to sukuk	30,836	32,945	61,498	63,135
(d) Income attributable to wakalah unrestricted investment account	10,137	11,108	27,544	24,467
(e) Others	17,230	34,777	35,458	69,822
	<u>452,146</u>	<u>323,360</u>	<u>880,502</u>	<u>637,594</u>

24. Personnel expenses

	Bank Group and Bank			
	2nd Quarter Ended		Six Months Ended	
	30-June-23 RM'000	30-June-22 RM'000	30-June-23 RM'000	30-June-22 RM'000
Salaries, allowances and bonuses	73,776	50,456	132,059	111,097
Contributions to EPF and SOCSO	12,059	8,736	21,418	19,333
Directors' remuneration	491	721	951	1,385
Shariah Advisory Committee members' remuneration	223	125	360	256
Other staff related expenses	11,012	6,931	22,575	18,624
	<u>97,561</u>	<u>66,969</u>	<u>177,363</u>	<u>150,695</u>

25. Other overhead expenses

	Bank Group			
	2nd Quarter Ended		Six Months Ended	
	30-June-23	30-June-22	30-June-23	30-June-22
	RM'000	RM'000	RM'000	RM'000
<u>Establishment related expenses</u>				
Depreciation of property and equipment	7,076	4,195	13,764	8,259
Depreciation of right of use assets	10,681	11,558	22,080	23,331
Amortisation of intangible assets	9,977	9,902	20,248	19,470
Software and hardware maintenance	11,873	12,248	22,645	24,742
Security expenses	910	420	1,504	1,140
Lease profit expense	441	393	775	768
Others	682	1,952	2,198	3,048
	<u>41,640</u>	<u>40,668</u>	<u>83,214</u>	<u>80,758</u>
<u>Promotion and marketing related expenses</u>				
Advertising and promotional activities	5,382	1,546	9,048	4,820
	<u>5,382</u>	<u>1,546</u>	<u>9,048</u>	<u>4,820</u>
<u>General administrative expenses</u>				
License, association fees and levies	171	-	291	470
Travelling, transport and accommodation expenses	897	395	1,782	752
Printing, stationery, postage and clearing charges	1,894	997	3,632	2,159
Electricity and water	1,813	917	3,175	1,818
Other professional fees	3,633	10,732	3,805	15,956
Auditors remuneration	300	300	601	601
Repair and maintenance of office equipment	503	12	779	12
Others	10,458	(2,093)	(5,501)	4,931
	<u>19,669</u>	<u>11,260</u>	<u>8,564</u>	<u>26,699</u>
<u>Commission fees</u>				
Angkasa charges	6,176	5,689	12,297	8,898
Commission fees	7,604	5,826	13,985	9,793
	<u>13,780</u>	<u>11,515</u>	<u>26,282</u>	<u>18,691</u>
Inter-company recharges^	(2,288)	(3,247)	(4,576)	(6,495)
	<u>78,183</u>	<u>61,742</u>	<u>122,532</u>	<u>124,473</u>

25. Other overhead expenses (continued)

	Bank			
	2nd Quarter Ended		Six Months Ended	
	30-June-23	30-June-22	30-June-23	30-June-22
	RM'000	RM'000	RM'000	RM'000
<u>Establishment related expenses</u>				
Depreciation of property and equipment	7,076	4,195	13,764	8,259
Depreciation of right-of-use assets	10,681	11,558	22,080	23,331
Amortisation of intangible assets	9,977	9,902	20,248	19,470
Software and hardware maintenance	11,873	12,248	22,645	24,742
Security expenses	910	420	1,504	1,140
Lease profit expense	441	393	775	768
Others	682	1,952	2,198	3,048
	<u>41,640</u>	<u>40,668</u>	<u>83,214</u>	<u>80,758</u>
<u>Promotion and marketing related expenses</u>				
Advertising and promotional activities	5,382	1,546	9,048	4,820
	<u>5,382</u>	<u>1,546</u>	<u>9,048</u>	<u>4,820</u>
<u>General administrative expenses</u>				
License and association fees and levies	171	-	291	470
Travelling, transport and accommodation expenses	897	395	1,782	752
Printing, stationery, postage and clearing charges	1,894	997	3,632	2,159
Electricity and water	1,813	917	3,175	1,818
Other professional fees	3,614	10,657	3,781	15,875
Auditors remuneration	298	298	595	595
Repair and maintenance of office equipment	503	-	779	-
Others	10,397	(2,196)	(5,657)	4,714
	<u>19,587</u>	<u>11,068</u>	<u>8,378</u>	<u>26,383</u>
<u>Commission fees</u>				
Angkasa charges	6,176	5,689	12,297	8,898
Commission fees	7,604	5,826	13,985	9,793
	<u>13,780</u>	<u>11,515</u>	<u>26,282</u>	<u>18,691</u>
Inter-company recharges [^]	(2,667)	(3,512)	(5,335)	(7,025)
	<u>77,722</u>	<u>61,285</u>	<u>121,587</u>	<u>123,627</u>

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

There were reversal of certain provisions for expenses in the previous quarter which resulted in negative six months ended general administrative expenses.

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

	Bank Group and Bank			
	2nd Quarter Ended		Six Months Ended	
	30-June-23 RM'000	30-June-22 RM'000	30-June-23 RM'000	30-June-22 RM'000
Net gain/(loss) from change in fair value of financial investments at FVOCI	35,560	(176,082)	158,808	(323,488)
Changes in ECL of financial investments at FVOCI	27	1	49	(4)
	<u>35,587</u>	<u>(176,081)</u>	<u>158,857</u>	<u>(323,492)</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	
	30-June-23 RM'000	31-Dec-22 RM'000
Outstanding credit exposures with connected parties	<u>637,548</u>	<u>1,246,640</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>1.38%</u>	<u>2.86%</u>
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	<u>0.18%</u>	<u>0.30%</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
30-June-23			
Direct credit substitutes	17,014	17,014	17,014
Trade-related contingencies	61,268	30,634	30,634
Short term self liquidating trade related contingencies	57,706	11,541	11,541
Irrevocable commitments to extend credit:			
- one year or less	1,117,417	221,454	221,176
- over one year to five years	1,766,545	880,996	785,068
- over five years	465,209	232,604	232,604
Foreign exchange related contracts			
- one year or less	2,642,470	46,565	18,070
	<u>6,127,629</u>	<u>1,440,808</u>	<u>1,316,107</u>
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. Segmental information on revenue and results

Bank Group	Consumer banking RM'000	Corporate banking RM'000	Global Markets RM'000	Others RM'000	Inter- segment RM'000	Consolidated RM'000
2nd Quarter ended 30 June 2023						
<u>External:</u>						
Fund based income	405,245	168,737	117,040	9,304	-	700,326
Non-fund based income	5,791	5,255	6,366	(999)	-	16,413
	<u>411,036</u>	<u>173,992</u>	<u>123,406</u>	<u>8,305</u>	<u>-</u>	<u>716,739</u>
<u>Inter-segment</u>						
Fund based income	(27,347)	-	-	54,818	(27,471)	-
Total revenue	<u>383,689</u>	<u>173,992</u>	<u>123,406</u>	<u>63,123</u>	<u>(27,471)</u>	<u>716,739</u>
Profit before tax and zakat	59,540	37,675	(3,738)	71,091	-	164,568
Taxation						(61,068)
Zakat						-
Net profit for the period						<u>103,500</u>
Segment assets	28,369,607	10,746,366	14,713,477	1,081,513	-	54,910,963
Tax recoverable						-
Deferred tax assets						70,201
Unallocated assets						<u>974,131</u>
Total assets						<u>55,955,295</u>
Segment liabilities	14,539,589	4,402,751	24,375,915	4,199,420	-	47,517,675
Provision for taxation and zakat						66,606
Unallocated liabilities						<u>537,669</u>
Total liabilities						<u>48,121,950</u>
Six months ended 30 June 2023						
<u>External:</u>						
Fund based income	800,048	322,955	234,843	19,192	-	1,377,038
Non-fund based income	10,729	8,074	(5,585)	(4,937)	-	8,281
	<u>810,777</u>	<u>331,029</u>	<u>229,258</u>	<u>14,255</u>	<u>-</u>	<u>1,385,319</u>
<u>Inter-segment</u>						
Fund based income	-	-	-	54,818	(54,818)	-
Total revenue	<u>810,777</u>	<u>331,029</u>	<u>229,258</u>	<u>69,073</u>	<u>(54,818)</u>	<u>1,385,319</u>
Profit before tax and zakat	153,842	71,436	(32,303)	78,696	-	271,671
Taxation						(72,907)
Zakat						-
Net profit for the period						<u>198,764</u>
Segment assets	28,369,607	10,746,366	14,713,477	1,081,513	-	54,910,963
Tax recoverable						-
Deferred tax assets						70,201
Unallocated assets						<u>974,131</u>
Total assets						<u>55,955,295</u>
Segment liabilities	14,539,589	4,402,751	24,375,915	4,199,420	-	47,517,675
Provision for taxation and zakat						66,606
Unallocated liabilities						<u>537,669</u>
Total liabilities						<u>48,121,950</u>

29. Segmental information on revenue and results (continued)

Bank Group	Consumer banking RM'000	Corporate banking RM'000	Global Markets RM'000	Others RM'000	Inter- segment RM'000	Consolidated RM'000
2nd Quarter ended 30 June 2022						
<u>External:</u>						
Fund based income	426,698	113,336	115,700	10,549	-	666,283
Non-fund based income	13,909	16,385	(12,913)	(3,438)	-	13,943
	<u>440,607</u>	<u>129,721</u>	<u>102,787</u>	<u>7,111</u>	<u>-</u>	<u>680,226</u>
<u>Inter-segment</u>						
Fund based income	30,767	-	-	84,559	(115,326)	-
Total revenue	<u>471,374</u>	<u>129,721</u>	<u>102,787</u>	<u>91,670</u>	<u>(115,326)</u>	<u>680,226</u>
Profit before tax and zakat	120,699	67,768	25,347	(2,032)	-	211,782
Taxation						(40,989)
Zakat						75
Net profit for the period						<u>170,868</u>
Segment assets	26,756,043	8,319,631	13,289,377	-	-	48,365,051
Tax recoverable						1,163
Deferred tax assets						131,427
Unallocated assets						<u>1,331,826</u>
Total assets						<u>49,829,467</u>
Segment liabilities	26,910,102	5,996,875	9,009,789	284,335	-	42,201,101
Provision for taxation and zakat						68,044
Deferred tax liabilities						-
Unallocated liabilities						<u>1,035,405</u>
Total liabilities						<u>43,304,550</u>
Six months ended 30 June 2022						
<u>External:</u>						
Fund based income	866,927	224,912	227,634	20,501	-	1,339,974
Non-fund based income	17,417	20,819	(27,365)	(3,438)	-	7,433
	<u>884,344</u>	<u>245,731</u>	<u>200,269</u>	<u>17,063</u>	<u>-</u>	<u>1,347,407</u>
<u>Inter-segment</u>						
Fund based income	61,638	-	-	84,559	(146,197)	-
Total revenue	<u>945,982</u>	<u>245,731</u>	<u>200,269</u>	<u>101,622</u>	<u>(146,197)</u>	<u>1,347,407</u>
Profit before tax and zakat	171,514	69,613	36,135	7,576	-	284,838
Taxation						(59,349)
Zakat						-
Net profit for the period						<u>225,489</u>
Segment assets	26,756,043	8,319,631	13,289,377	-	-	48,365,051
Tax recoverable						1,163
Deferred tax assets						131,427
Unallocated assets						<u>1,331,826</u>
Total assets						<u>49,829,467</u>
Segment liabilities	26,910,102	5,996,875	9,009,789	284,335	-	42,201,101
Provision for taxation and zakat						68,044
Deferred tax liabilities						-
Unallocated liabilities						<u>1,035,405</u>
Total liabilities						<u>43,304,550</u>

30. Financial risk management

30.1 Credit quality

(i) Financing and advances

Financing and advances are summarised as follows:

30-June-23

	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
<u><i>Neither past due nor impaired</i></u>				
Corporate financing				
Excellent	95,298	1,027	-	96,325
Good	3,942,849	26,288	-	3,969,137
Average	4,314,428	390,542	-	4,704,970
Below Average	474,233	107,410	-	581,643
Poor	9,563	11,824	-	21,387
Unrated	-	-	-	-
Retail financing	26,649,111	1,225,252	-	27,874,363
Total neither past due not impaired	35,485,482	1,762,343	-	37,247,825
<u><i>Past due but not impaired</i></u>				
Corporate financing				
Excellent	-	254	-	254
Good	-	1,237	-	1,237
Average	-	9,701	-	9,701
Below Average	-	-	-	-
Poor	-	-	-	-
Retail financing	-	391,780	-	391,780
Total past due but not impaired	-	402,972	-	402,972
<u><i>Impaired</i></u>				
Corporate financing	-	-	474,094	474,094
Retail financing	-	-	1,644,171	1,644,171
Gross financing and advances	35,485,482	2,165,315	2,118,265	39,769,062
Less: ECL	(247,116)	(182,051)	(758,922)	(1,188,089)
Net financing and advances	35,238,366	1,983,264	1,359,343	38,580,973

30. Financial risk management (continued)

30.1 Credit quality (continued)

(i) Financing and advances (continued)

Financing and advances are summarised as follows (continued):

31-Dec-22	Bank Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>Neither past due nor impaired</u>				
Corporate financing				
Excellent	142,128	547	-	142,675
Good	3,294,094	153,757	-	3,447,851
Average	4,097,812	367,266	-	4,465,078
Below Average	258,242	115,813	-	374,055
Poor	19,230	39,836	-	59,066
Unrated	-	-	-	-
Retail financing	25,360,748	680,533	-	26,041,281
Total neither past due nor impaired	33,172,254	1,357,752	-	34,530,006
<u>Past due but not impaired</u>				
Corporate financing				
Excellent	-	1,074	-	1,074
Good	-	19,278	-	19,278
Average	-	15,021	-	15,021
Below Average	-	1,626	-	1,626
Poor	-	-	-	-
Retail financing	-	1,096,016	-	1,096,016
Total past due but not impaired	-	1,133,015	-	1,133,015
<u>Impaired</u>				
Corporate financing	-	-	494,393	494,393
Retail financing	-	-	1,575,211	1,575,211
Gross financing and advances	33,172,254	2,490,767	2,069,604	37,732,625
Less: ECL	(292,757)	(334,400)	(738,261)	(1,365,418)
Net financing and advances	32,879,497	2,156,367	1,331,343	36,367,207

30. Financial risk management (continued)

30.1 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
30-June-23	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds				
AAA	997,995	-	-	997,995
	997,995	-	-	997,995
Deposits and placements with banks and other financial institutions				
AAA	650,022	-	-	650,022
AA and below	32	-	-	32
	650,054	-	-	650,054
Debt investments				
AAA	932,750	-	-	932,750
AA and below	89,144	-	-	89,144
Unrated *	12,241,884	205,161	-	12,447,045
	13,263,778	205,161	-	13,468,939
Other financial assets				
Unrated	374,366	-	55,932	430,298
	374,366	-	55,932	430,298
<u>Bank Group</u>				
31-Dec-22	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds				
AAA	1,838,469	-	-	1,838,469
	1,838,469	-	-	1,838,469
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	932,750	-	-	932,750
AA and below	89,144	-	-	89,144
Unrated *	12,032,076	204,959	-	12,237,035
	13,053,970	204,959	-	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 RM9,640,371,000 (2022: RM10,814,467,000)

30. Financial risk management (continued)

30.1 Credit quality (continued)

(ii) Other financial assets (continued)

Bank

	Stage 1	Stage 2	Stage 3	Total
30-June-23	RM'000	RM'000	RM'000	RM'000

Cash and short-term funds

AAA	997,995	-	-	997,995
	997,995	-	-	997,995

Debt investments

AAA	932,750	-	-	932,750
AA and below	89,144	-	-	89,144
Unrated *	12,241,884	205,161	-	12,447,045
	13,263,778	205,161	-	13,468,939

Other financial assets

Unrated	369,876	-	55,932	425,808
	369,876	-	55,932	425,808

Bank

	Stage 1	Stage 2	Stage 3	Total
31-Dec-22	RM'000	RM'000	RM'000	RM'000

Cash and short-term funds

AAA	1,838,469	-	-	1,838,469
	1,838,469	-	-	1,838,469

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

AA and below	-	-	-	-
	-	-	-	-

Debt investments

AAA	932,750	-	-	932,750
AA and below	89,144	-	-	89,144
Unrated *	12,032,076	204,959	-	12,237,035
	13,053,970	204,959	-	13,258,929

Other financial assets

Unrated	469,458	-	60,567	530,025
	469,458	-	60,567	530,025

* Unrated debt investments for Bank Group and Bank include government guaranteed securities of RM9,640,371,000 (2022: RM10,814,467,000)

30. Financial risk management (continued)

30.2 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	
30-June-23								
<u>Financial Assets</u>								
Cash and short-term funds	787,683	-	-	-	-	307,659	-	1,095,342
Deposits and placements								
with financial institutions	32	210,313	650,022	-	-	-	-	860,367
Derivative financial assets	4,884	2,045	2	-	-	-	-	6,931
Financial investments at FVTPL	-	-	-	-	-	-	1,330,491	1,330,491
Financial investments at FVOCI	45,020	89,967	331,895	3,935,132	6,054,634	109,412	-	10,566,060
Financial investments at amortised cost	-	-	112,008	910,281	1,021,714	19,543	-	2,063,546
Financing and advances *	18,424,899	4,008	3,976,744	1,303,126	13,512,845	1,359,351	-	38,580,973
Assets held for sale	-	-	-	-	-	-	-	-
Other financial assets ^	-	-	-	-	-	430,298	-	430,298
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	663,000	-	663,000
Total financial assets	19,262,518	306,333	5,070,671	6,148,539	20,589,193	2,889,263	1,330,491	55,597,008

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

30. Financial risk management (continued)

30.2 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
30-June-23								
<u>Financial Liabilities</u>								
Deposits from customers	8,159,867	9,601,387	9,931,908	2,251,649	9,228	2,215,802	-	32,169,841
Deposits and placements of banks	3,765,653	1,984,245	1,811,498	303,374	-	103,232	-	7,968,002
Investment accounts of customers	503,519	326,286	5,614	-	-	12,859	-	848,278
Derivative financial liabilities	4,727	1,152	23	-	-	-	-	5,902
Other financial liabilities#	-	-	-	-	-	502,539	-	502,539
Lease liabilities	3,672	7,233	18,441	6,082	-	-	-	35,428
Recourse obligation on financing sold	5,231	30,831	231,712	3,907,377	-	13,675	-	4,188,826
Sukuk-MBSB SC Murabahah	-	-	233,635	426,213	73,909	5,611	-	739,368
Sukuk Wakalah	-	-	-	200,000	1,392,376	4,781	-	1,597,157
Total financial liabilities	12,442,669	11,951,134	12,232,831	7,094,695	1,475,513	2,858,499	-	48,055,341
Total profit-sensitivity gap	6,819,849	(11,644,801)	(7,162,160)	(946,156)	19,113,680	30,764	1,330,491	7,541,667

30. Financial risk management (continued)

30.2 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
30-June-23								
<u>Financial Assets</u>								
Cash and short-term funds	787,683	-	-	-	-	283,455	-	1,071,138
Deposits and placements								
with financial institutions	-	210,313	-	-	-	-	-	210,313
Derivative financial assets	4,884	2,045	2	-	-	-	-	6,931
Financial investments at FVTPL	-	-	-	-	-	-	1,330,491	1,330,491
Financial investments at FVOCI	45,020	89,967	331,895	3,935,132	6,054,634	109,412	-	10,566,060
Financial investments at amortised cost	-	-	112,008	910,281	1,021,714	19,543	-	2,063,546
Financing and advances *	18,424,899	4,008	3,976,744	1,303,126	13,512,854	1,359,342	-	38,580,973
Assets held for sale	-	-	-	-	-	-	-	-
Sukuk Commodity Murabahah	421,625	-	241,586	931,009	427,994	20,431	-	2,042,645
Other financial assets ^	-	-	-	-	-	-	425,808	425,808
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	663,000	-	663,000
Total financial assets	19,684,111	306,333	4,662,235	7,079,548	21,017,196	2,455,183	1,756,299	56,960,905

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

30. Financial risk management (continued)

30.2 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
30-June-23								
<u>Financial Liabilities</u>								
Deposits from customers	8,159,867	9,601,387	9,931,908	2,251,649	9,228	2,215,802	-	32,169,841
Deposits and placements of banks	3,765,653	1,984,245	1,811,498	303,374	-	103,232	-	7,968,002
Investment accounts of customers	503,519	326,286	5,614	-	-	12,859	-	848,278
Derivative financial liabilities	4,727	1,152	23	-	-	-	-	5,902
Other financial liabilities#	-	-	-	-	-	2,125,966	-	2,125,966
Lease liabilities	3,672	7,233	18,441	6,082	-	-	-	35,428
Recourse obligation on financing sold	5,231	30,831	231,712	3,907,377	-	13,675	-	4,188,826
Sukuk-MBSB SC Murabahah	-	-	233,635	426,213	73,909	5,611	-	739,368
Sukuk Wakalah	-	-	-	200,000	1,392,376	4,781	-	1,597,157
Total financial liabilities	12,442,669	11,951,134	12,232,831	7,094,695	1,475,513	4,481,926	-	49,678,768
Total profit-sensitivity gap	7,241,442	(11,644,801)	(7,570,596)	(15,147)	19,541,683	(2,026,743)	1,756,299	7,282,137

Other financial liabilities exclude deferred income.

30. Financial risk management (continued)

30.2 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								
<u>Financial Assets</u>								
Cash and short-term funds	1,838,469	-	-	-	-	354,349	-	2,192,818
Deposits and placements with financial institutions	32	-	597,714	-	-	-	-	597,746
Derivative financial assets	7,970	6,917	130	-	-	-	-	15,017
Financial investments at FVTPL	-	-	-	-	-	-	240,357	240,357
Financial investments at FVOCI	-	90,095	652,070	4,347,246	6,182,245	121,124	-	11,392,780
Financial investments at amortised cost	-	-	3,000	683,003	924,089	15,700	-	1,625,792
Financing and advances *	16,443,898	36,940	3,362,151	1,290,475	14,100,401	1,331,342	-	36,565,207
Assets held for sale	-	-	-	-	-	564	-	564
Other financial assets	-	-	-	-	-	461,260	-	461,260
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	610,000	-	610,000
Total financial assets	18,290,369	133,952	4,615,065	6,320,724	21,206,735	2,894,339	240,357	53,701,541

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

30. Financial risk management (continued)

30.2 Market risk (continued)

Profit Rate Risk (continued)

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

30. Financial risk management (continued)

30.2 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
Deposits and placements with financial institutions	-	-	-	-	-	-	-	-
Derivative financial assets	7,970	6,917	130	-	-	-	-	15,017
Financial investments at FVTPL	-	-	-	-	-	-	240,357	240,357
Financial investments at FVOCI	-	90,095	652,070	4,347,246	6,182,245	121,124	-	11,392,780
Financial investments at amortised cost	-	-	3,000	683,003	924,089	15,700	-	1,625,792
Financing and advances *	16,443,898	36,940	3,362,151	1,290,475	14,100,401	1,331,342	-	36,565,207
Assets held for sale	-	-	-	-	-	564	-	564
Sukuk Commodity Murabahah	387,859	-	241,180	1,026,912	428,005	20,543	-	2,104,499
Other financial assets	-	-	-	-	-	530,025	-	530,025
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	610,000	-	610,000
Total financial assets	18,678,196	133,952	4,258,531	7,347,636	21,634,740	2,870,084	240,357	55,163,496

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

30. Financial risk management (continued)

30.2 Market risk (continued)

Profit Rate Risk (continued)

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

31. 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'.

31. 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
	30-June-23 RM'000	30-June-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	6,427,972	6,427,972	6,427,972	6,427,972
Retained profits exclude merger reserve	972,915	972,915	1,483,063	1,483,063
Other reserves	(113,189)	(113,189)	(341,367)	(341,367)
	<u>7,287,698</u>	<u>7,287,698</u>	<u>7,569,668</u>	<u>7,569,668</u>
Less : Regulatory adjustments				
Deferred tax assets	(70,201)	(70,201)	(107,238)	(107,238)
55% cumulative gains on FVOCI instruments	(18,395)	(18,395)	(10,856)	(10,856)
Regulatory reserve	(69,320)	(69,320)	-	-
Intangible assets	(91,284)	(91,284)	(96,157)	(96,157)
Other CET 1 regulatory adjustments	-	-	-	-
Total CET 1 Capital	<u>7,038,498</u>	<u>7,038,498</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>7,038,498</u>	<u>7,038,498</u>	<u>7,355,417</u>	<u>7,355,417</u>

Tier 2 Capital

Stage 1 & Stage 2 ECL [^]	484,475	484,475	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>1,784,475</u>	<u>1,784,475</u>	<u>1,743,911</u>	<u>1,743,911</u>
Total capital base	<u>8,822,973</u>	<u>8,822,973</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
	30-June-23 RM'000	30-June-23 RM'000	31-Dec-22 RM'000	31-Dec-22 RM'000
<u>Total risk weighted assets ("RWA")</u>				
- Credit risk	38,758,003	38,758,003	35,512,865	35,512,865
- Market risk	631,437	631,437	90,857	90,857
- Operational risk	2,675,805	2,675,805	2,733,427	2,733,427
Total RWA	<u>42,065,245</u>	<u>42,065,245</u>	<u>38,337,149</u>	<u>38,337,149</u>
<u>Capital adequacy ratios</u>				
CET 1 capital ratio	16.732%	16.732%	19.186%	19.186%
Tier 1 capital ratio	16.732%	16.732%	19.186%	19.186%
Total capital ratio	<u>20.974%</u>	<u>20.974%</u>	<u>23.735%</u>	<u>23.735%</u>

31. Capital adequacy (continued)

	Bank			
	with TA 30-June-23 RM'000	without TA 30-June-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	6,427,972	6,427,972	6,427,972	6,427,972
Retained profits exclude merger reserve	1,045,219	1,045,219	1,555,371	1,555,371
Other reserves	(113,189)	(113,189)	(341,367)	(341,367)
	<u>7,360,002</u>	<u>7,360,002</u>	<u>7,641,976</u>	<u>7,641,976</u>
Less : Regulatory adjustments				
Deferred tax assets	(70,201)	(70,201)	(107,238)	(107,238)
55% cumulative gains on FVOCI instruments	(18,395)	(18,395)	(10,860)	(10,860)
Regulatory reserve	(69,320)	(69,320)	-	-
Intangible assets	(91,284)	(91,284)	(96,157)	(96,157)
Other CET 1 regulatory adjustments	-	-	-	-
Total CET 1 Capital	<u>7,110,802</u>	<u>7,110,802</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>7,110,802</u>	<u>7,110,802</u>	<u>7,427,721</u>	<u>7,427,721</u>
<u>Tier 2 Capital</u>				
Stage 1 & Stage 2 ECL ^	508,024	508,024	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>1,808,024</u>	<u>1,808,024</u>	<u>1,769,580</u>	<u>1,769,580</u>
Total capital base	<u>8,918,826</u>	<u>8,918,826</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 30-June-23 RM'000	without TA 30-June-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	40,641,942	40,641,942	37,566,371	37,566,371
- Market risk	631,437	631,437	90,857	90,857
- Operational risk	2,672,764	2,672,764	2,693,139	2,693,139
Total RWA	<u>43,946,143</u>	<u>43,946,143</u>	<u>40,350,367</u>	<u>40,350,367</u>
<u>Capital adequacy ratios</u>				
CET 1 capital ratio	16.181%	16.181%	18.408%	18.408%
Tier 1 capital ratio	16.181%	16.181%	18.408%	18.408%
Total capital ratio	<u>20.295%</u>	<u>20.295%</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 30 June 2023, URIA risk weighted assets excluded from the Total Capital Ratio calculation amounted to RM814.0 mil (31 December 2022: RM2,011.5 mil).

PERFORMANCE REVIEW FOR THE 2ND QUARTER ENDED 30 JUNE 2023

1. Performance Review

Outlook for 2023

The World Bank Group forecast a global economic slowdown in 2023, with a predicted growth of 2.1% in its latest June 2023 forecast. In line with this trend, Malaysia's economy is expected to also moderate to 4.3% compared to 8.7% in 2022.

Bank Negara Malaysia ("BNM") took measures to raise the Overnight Policy Rate ("OPR") by a cumulative 125 basis points to 3.0%, the latest in May 2023. At the current OPR level, the monetary policy stance is slightly accommodative and remains supportive of the economy. According to BNM, they will remain vigilant to ongoing developments, and will continue to monitor incoming data to inform the assessment on the outlook of domestic inflation and growth. Given this outlook, our business strategy for the coming year will focus more on strengthening our core retail segment while targeting a wider group of premium corporates to facilitate financing growth.

In achieving our goals, we are taking various initiatives which include improving our cost of funds via increasing of CASA deposits to remain competitive in terms of pricing. We will continue to drive the growth in financing through relationship-based partnership and providing innovative and personalised services.

The impending proposed merger with Malaysian Industrial Development Finance Bhd ("MIDF") will result in a well capitalised financial services group which is financially resilient to compete in the market with a stronger balance sheet. Further, it will create a banking group with end-to-end banking services comprising consumer banking, commercial & SME banking, development finance, corporate banking, investment banking and asset management, servicing a wider customer base that extends beyond MBSB Bank and MIDF's pool of existing customers.

1. Performance Review (continued)

Income statement

Current Year Quarter vs Preceding Year Corresponding Quarter

	Current Year Quarter 30-June-23 (2Q23) RM'000	Preceding Year Corresponding Quarter 30-June-22 (2Q22) RM'000	Changes	
			RM'000	%
Income derived from investment of depositors' funds	572,411	539,610	32,801	6.1%
Income derived from investment of shareholders' funds	134,096	110,737	23,359	21.1%
Income derived from investment of investment accounts' funds	14,422	22,753	(8,331)	(36.6)%
Total income derived from investment of depositors, shareholders and investment account funds	720,929	673,100	47,829	7.1%
Expected credit losses on financing and advances and other impairment	54,299	(44,024)	98,323	>100%
Total net income	340,312	340,493	(181)	(0.1)%
Total overhead expenses	(175,744)	(128,711)	(47,033)	36.5%
Profit before tax	164,568	211,782	(47,214)	(22.3)%
Profit after tax	103,500	170,868	(67,368)	(39.4)%
Profit attributable to owner of the Bank	103,500	170,868	(67,368)	(39.4)%

Current Year Quarter vs Immediate Preceding Quarter

	Current Year Quarter 30-June-23 (2Q23) RM'000	Immediate Preceding Quarter 31-Mar-23 (1Q23) RM'000	Changes	
			RM'000	%
Income derived from investment of depositors' funds	572,411	528,438	43,973	8.3%
Income derived from investment of shareholders' funds	134,096	119,810	14,286	11.9%
Income derived from investment of investment accounts' funds	14,422	28,693	(14,271)	-49.7%
Total income derived from investment of depositors, shareholders and investment account funds	720,929	676,941	43,988	6.5%
Expected credit losses on financing and advances and other impairment	54,299	(35,559)	89,858	>-100%
Total net income	340,312	231,254	109,058	47.2%
Total overhead expenses	(175,744)	(124,151)	(51,593)	41.6%
Profit before tax	164,568	107,103	57,465	53.7%
Profit after tax	103,500	95,264	8,236	8.6%
Profit attributable to owner of the Bank	103,500	95,264	8,236	8.6%

The Bank Group's total income derived from investment of depositors', shareholders' and investment accounts' funds recorded at RM 720.9 mil, an increase of 7.1% and 8.6% as compared to 2Q22 and 1Q23 respectively. The increase is contributed by higher overall increase in the profit income from financing and advances.

1. Performance Review (continued)

During the quarter, the Bank Group reported a PBT of RM164.6 mil, net income of RM340.3 mil (after net writeback on impairment allowance of RM54.3 mil) and OPEX of RM175.7 mil. The net writeback on impairment allowance is due to the overall improvement to the staging of customers. OPEX for the quarter is mainly contributed by personnel expenses of RM97.6 mil and other expenses such as rental of the headquarters and software/hardware maintenance.

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.