

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

BASEL II PILLAR 3 - CAPITAL ADEQUACY FRAMEWORK FOR ISLAMIC BANKS ("CAFIB") DISCLOSURES
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

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BASEL II PILLAR 3 - CAPITAL ADEQUACY FRAMEWORK FOR ISLAMIC BANKS ("CAFIB") DISCLOSURES

Overview

The purpose of this disclosure is to provide the information in accordance with Bank Negara Malaysia ("BNM") Capital Adequacy Framework for Islamic Bank (CAFIB – BASEL II) – Disclosure Requirements (Pillar 3) Guideline. This supplements the related information in the Note 30 to the Financial Statements for the financial period ended 30 June 2021 for MBSB Bank Berhad.

The Pillar 3 disclosure requirements aim to enhance transparency by setting the minimum requirements for disclosure of information on risk management practices and capital adequacy of Islamic Banks. In compliance with the disclosure requirements by BNM, the Pillar 3 disclosure of the Bank Group is prepared for 2 periods: 30 June and 31 December. This disclosure is also made available under the Financial Statements section of the Bank's website at www.mbsbbank.com.

Capital Adequacy

The capital adequacy ratios of MBSB Bank Berhad ("Bank") and its subsidiary ("Bank Group") and the Financial Holding Company and its subsidiaries ("Group") are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (Capital Components) guideline.

The Group and the Bank Group have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk.

The capital adequacy ratios of the Group and the Bank Group consist of capital base and risk-weighted assets derived from consolidated balances of the Group and its subsidiaries. The Group's capital requirements are generally based on the principles of consolidation adopted in the preparation of the financial statements, as discussed in Note 1 to the Financial Statements for the financial period ended 30 June 2021.

During the financial year, the Group and the Bank Group did not experience any restrictions or other major impediments on the transfer of funds or regulatory capital within the Group.

Capital management

The Group's and the Bank Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital requirements set by the regulators of the banking markets where the entities within the Group and the Bank operate;
- To safeguard the Group's and the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

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Transitional Arrangement For Regulatory Capital Treatment of Expected Credit Loss

On 9 December 2020, BNM issued a revised Policy Document on the Capital Adequacy Framework for Islamic Banks (Capital Components) (“CAFIB”) with immediate effect, superseding the version previously issued on 5 February 2020. The key change in the revised CAFIB from its earlier version is the incorporation of requirements on the transitional arrangement for regulatory capital treatment of expected credit losses (“ECL”) provisions under Part G Transitional Arrangements from Sections 38 to 39 of CAFIB.

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

The Group and the Bank Group have elected to apply the transitional arrangement (“TA”) for regulatory capital treatment of ECL for four financial years from the financial year beginning 1 January 2020 to 31 December 2023. The intended first reporting period of the application of the TA is the financial year ending 31 December 2020.

The amount of Stage 1 and Stage 2 provisions to be added back to CET1 Capital shall be calculated as follows:

$$\text{Add-back} = \max \{0; [(Provisions_{\text{Current}} - Provisions_{\text{Base}}) \times F]\}$$

where–

Add-back amount of Stage 1 and Stage 2 provisions eligible to be added back to CET1 Capital as at the reporting date

Provision_{Current} total Stage 1 and Stage 2 provisions as at the reporting date

Provision_{Base} total Stage 1 and Stage 2 provisions as at the base reference date 1 January 2020 where the transitional arrangements are applied over a four-financial year period

F add-back factor as at the reporting financial year, as follows:

Financial year beginning on or after 1 January	Add-back factor (%)
2020	100
2021	100
2022	75
2023	50
2024 onwards	0

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Capital adequacy (continued)

	MBSB Bank Group			
	with TA 30-June-21 RM'000	without TA 30-June-21 RM'000	with TA 31-Dec-20 RM'000	without TA 31-Dec-20 RM'000
<u>CET1 Capital</u>				
Paid-up ordinary share capital	5,427,972	5,427,972	5,159,859	5,159,859
Accumulated profit/(loss)	1,020,604	1,020,604	1,020,604	1,020,604
Fair value reserves	(56,431)	(56,431)	234,762	234,762
Regulatory reserve	5,234	5,234	5,234	5,234
	6,397,379	6,397,379	6,420,459	6,420,459
Less : CET1 regulatory adjustments				
Deferred tax assets	-	-	-	-
Intangible assets	(103,905)	(103,905)	(111,449)	(111,449)
Cumulative gains of FVOCI financial instruments	(106,628)	(106,628)	(191,046)	(191,046)
Regulatory reserve attributable to financing	(5,234)	(5,234)	(5,234)	(5,234)
Other CET1 regulatory adjustments	-	-	153,372	-
Total CET1 capital	6,181,612	6,181,612	6,266,102	6,112,731
<u>Tier 1 Capital</u>				
Additional Tier 1 capital instruments	-	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-	-
Total Tier 1 capital	6,181,612	6,181,612	6,266,102	6,112,731
<u>Tier II Capital</u>				
Stage 1 & Stage 2 expected credit loss allowances	424,818	424,818	453,807	453,807
Additional Tier II capital instruments	1,293,508	1,293,508	1,293,335	1,293,335
Total Tier II capital	1,718,326	1,718,326	1,747,142	1,747,142
Total capital base	7,899,938	7,899,938	8,013,244	7,859,873
Breakdown of risk weighted assets in various categories of risk weights are as follows:				
	30-June-21 RM'000	30-June-21 RM'000	31-Dec-20 RM'000	31-Dec-20 RM'000
<u>Total risk weighted assets ("RWA")</u>				
- Credit risk	33,985,457	33,985,457	36,304,570	36,304,570
- Market risk	190,692	190,692	36,226	36,226
- Operational risk	2,463,738	2,463,738	2,188,152	2,188,152
Total RWA	36,639,887	36,639,887	38,528,948	38,528,948
<u>Capital ratios</u>				
CET1 capital ratio	16.871%	16.871%	16.263%	15.865%
Tier 1 capital ratio	16.871%	16.871%	16.263%	15.865%
Total capital ratio	21.561%	21.561%	20.798%	20.400%

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Capital adequacy (continued)

	MBSB Bank			
	with TA 30-June-21 RM'000	without TA 30-June-21 RM'000	with TA 31-Dec-20 RM'000	without TA 31-Dec-20 RM'000
<u>CET1 Capital</u>				
Paid-up ordinary share capital	5,427,972	5,427,972	5,159,859	5,159,859
Accumulated profit/(loss)	791,724	791,724	791,724	791,724
Fair value reserves	(56,431)	(56,431)	234,762	234,762
Regulatory reserve	5,234	5,234	5,234	5,234
	6,168,499	6,168,499	6,191,579	6,191,579
Less : CET1 regulatory adjustments				
Deferred tax assets	-	-	-	-
Intangible assets	(103,905)	(103,905)	(111,449)	(111,449)
Cumulative gains of FVOCI financial instruments	(106,628)	(106,628)	(191,046)	(191,046)
Regulatory reserve attributable to financing	(5,234)	(5,234)	(5,234)	(5,234)
Other CET1 regulatory adjustments	-	-	153,372	-
Total CET1 capital	5,952,732	5,952,732	6,037,222	5,883,850
<u>Tier 1 Capital</u>				
Additional Tier 1 capital instruments	-	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-	-
Total Tier 1 capital	5,952,732	5,952,732	6,037,222	5,883,850
<u>Tier II Capital</u>				
Stage 1 & Stage 2 expected credit loss allowances	451,158	451,158	481,430	481,430
Additional Tier II capital instruments	1,293,508	1,293,508	1,293,335	1,293,335
Total Tier II capital	1,744,666	1,744,666	1,774,765	1,774,765
Total capital base	7,697,398	7,697,398	7,811,987	7,658,615
Breakdown of risk weighted assets in various categories of risk weights are as follows:				
	30-June-21 RM'000	30-June-21 RM'000	31-Dec-20 RM'000	31-Dec-20 RM'000
<u>Total risk weighted assets ("RWA")</u>				
- Credit risk	36,092,625	36,092,625	38,514,371	38,514,371
- Market risk	190,692	190,692	36,226	36,226
- Operational risk	2,290,357	2,290,357	2,025,263	2,025,263
Total RWA	38,573,674	38,573,674	40,575,860	40,575,860
<u>Capital ratios</u>				
CET1 capital ratio	15.432%	15.432%	14.879%	14.501%
Tier 1 capital ratio	15.432%	15.432%	14.879%	14.501%
Total capital ratio	19.955%	19.955%	19.253%	18.875%

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Capital adequacy (continued)

MBSB Bank Group

30-June-21 Exposure Class	Exposures Pre CRM RM'000	Exposures Post CRM RM'000	Risk Weighted Assets RM'000	Risk Weighted Assets Absorbed by PSIA RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Capital Requirements RM'000
<u>Credit Risk</u>						
<i>On-Balance Sheet Exposures</i>						
Sovereigns & Central Banks	10,155,646	10,155,646	-	-	-	-
Public Sector Entities	838,934	838,934	29,371	-	29,371	2,350
Banks, MDBs and FDIs	1,118,051	1,118,051	213,846	-	213,846	17,108
Corporates	9,268,542	9,268,542	7,373,941	-	7,373,941	589,915
Regulatory Retail	23,752,083	23,752,083	23,517,459	-	23,517,459	1,881,397
Residential Real Estate Financing	3,071,545	3,071,545	1,179,459	-	1,179,459	94,357
Other Assets	796,559	796,559	700,737	-	700,737	56,059
Total for On-Balance Sheet Exposures	49,001,360	49,001,360	33,014,813	-	33,014,813	2,641,185
<i>Off-Balance Sheet Exposures</i>						
Off balance sheet exposures other than OTC derivatives or credit derivatives	3,446,955	1,059,240	970,644	-	970,644	77,652
Total for Off-Balance Sheet Exposures	3,446,955	1,059,240	970,644	-	970,644	77,652
Total On and Off-Balance Sheet Exposures	52,448,315	50,060,600	33,985,457	-	33,985,457	2,718,837
<u>Market Risk</u>						
	Long Position	Short Position				
Benchmark Rate Risk	390,114	-	390,114	138,861	-	138,861
Equity Position Risk	-	-	-	-	-	-
Foreign Currency Risk	51,831	(401)	51,831	51,831	-	51,831
Operational Risk	-	-	-	2,463,738	-	2,463,738
Total RWA and Capital Requirements	52,890,260	52,447,914	50,502,545	36,639,887	-	36,639,887

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Capital adequacy (continued)

MBSB Bank Group
30-June-21

Disclosures on Risk Weights - Expressed in nearest RM thousand (RM'000)

<u>Risk Weights</u>	Sovereigns & Central Banks		Public Sector Entities		Banks, MDBs and FDIs		Corporates	
	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>
Performing Exposures								
0%	10,155,646	-	692,081	-	137,915	-	1,650,715	-
20%	-	-	146,853	29,371	928,717	185,743	518,892	103,778
35%	-	-	-	-	-	-	-	-
50%	-	-	-	-	59,282	29,641	50,172	25,086
75%	-	-	-	-	-	-	-	-
100%	-	-	-	-	43	43	7,151,045	7,151,045
150%	-	-	-	-	-	-	361,502	542,253
Total	10,155,646	-	838,934	29,371	1,125,957	215,427	9,732,326	7,822,162
Defaulted Exposures								
0%	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	4,845	2,423
100%	-	-	-	-	-	-	218,296	218,296
150%	-	-	-	-	-	-	35,971	53,957
Total	-	-	-	-	-	-	259,112	274,675
Total Performing and Defaulted Exposures	10,155,646	-	838,934	29,371	1,125,957	215,427	9,991,438	8,096,837

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Capital adequacy (continued)

MBSB Bank Group
30-June-21

Disclosures on Risk Weights - Expressed in nearest RM thousand (RM'000)

Risk Weights	Regulatory Retail*		Residential Real Estate Financing		Other Assets		Total Exposure	Total Risk Weighted Assets
	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>
Performing Exposures								
0%	-	-	-	-	95,823	-	12,732,180	-
20%	-	-	-	-	-	-	1,594,462	318,892
35%	-	-	2,375,427	831,399	-	-	2,375,427	831,399
50%	-	-	677,274	338,637	-	-	786,728	393,364
75%	1,183,647	887,735	-	-	-	-	1,183,647	887,735
100%	22,582,308	22,582,308	-	-	700,736	700,736	30,434,132	30,434,132
150%	-	-	-	-	-	-	361,502	542,253
Total	23,765,955	23,470,043	3,052,701	1,170,036	796,559	700,736	49,468,078	33,407,776
Defaulted Exposures								
0%	-	-	-	-	-	-	-	-
50%	124,133	62,067	18,844	9,422	-	-	147,822	73,912
100%	108,266	108,266	-	-	-	-	326,562	326,562
150%	82,167	123,251	-	-	-	-	118,138	177,208
Total	314,566	293,584	18,844	9,422	-	-	592,522	577,681
Total Performing and Defaulted Exposures	24,080,521	23,763,627	3,071,545	1,179,458	796,559	700,736	50,060,600	33,985,457

* Property financing exposures are included herein.

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Capital adequacy (continued)

Geographic Distribution of Gross Credit Exposures

	Inside Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
<u>MBSB Bank Group</u>			
30-June-21			
<u>Exposure Class</u>			
<u>Gross Credit Exposures</u>			
<i>On-Balance Sheet Exposures</i>			
Sovereigns & Central Banks	10,155,646	-	10,155,646
Public Sector Entities	838,934	-	838,934
Banks, MDBs and FDIs	1,057,624	60,427	1,118,051
Corporates	9,248,229	20,313	9,268,542
Regulatory Retail	23,752,083	-	23,752,083
Residential Real Estate Financing	3,071,545	-	3,071,545
Other Assets	796,559	-	796,559
Total for On-Balance Sheet Exposures	48,920,620	80,740	49,001,360
<i>Off-Balance Sheet Exposures</i>			
Off balance sheet exposures other than OTC derivatives or credit derivatives	3,423,843	23,112	3,446,955
Total for Off-Balance Sheet Exposures	3,423,843	23,112	3,446,955
Total On and Off-Balance Sheet Exposures	52,344,463	103,852	52,448,315

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Capital adequacy (continued)

Contractual Maturity of Gross Credit Exposures

	One Year or Less RM'000	Over One Year to Five Years RM'000	Over Five Years RM'000	Total RM'000
<u>MBSB Bank Group</u>				
30-June-21				
<u>Exposure Class</u>				
<u>Gross Credit Exposures</u>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns & Central Banks	697,930	2,250,718	7,206,998	10,155,646
Public Sector Entities	122,483	230,744	485,707	838,934
Banks, MDBs and FDIs	953,290	63,661	101,100	1,118,051
Corporates	1,939,080	2,930,650	4,398,812	9,268,542
Regulatory Retail	506,784	1,490,949	21,754,350	23,752,083
Residential Real Estate Financing	1,438	40,082	3,030,025	3,071,545
Other Assets	795,739	-	820	796,559
Total for On-Balance Sheet Exposures	5,016,744	7,006,804	36,977,812	49,001,360
<i>Off-Balance Sheet Exposures</i>				
Off balance sheet exposures other than OTC derivatives or credit derivatives	1,947,470	1,497,182	2,303	3,446,955
Total for Off-Balance Sheet Exposures	1,947,470	1,497,182	2,303	3,446,955
Total On and Off-Balance Sheet Exposures	6,964,214	8,503,986	36,980,115	52,448,315

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Capital adequacy (continued)

MBSB Bank Group

31-Dec-20 Exposure Class	Exposures Pre CRM RM'000	Exposures Post CRM RM'000	Risk Weighted Assets RM'000	Risk Weighted Assets Absorbed by PSIA RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Capital Requirements RM'000
<u>Credit Risk</u>						
<i>On-Balance Sheet Exposures</i>						
Sovereigns & Central Banks	8,789,558	8,789,558	-	-	-	-
Public Sector Entities	55,226	55,226	11,045	-	11,045	884
Banks, MDBs and FDIs	1,047,482	1,047,482	188,933	-	188,933	15,115
Corporates	8,810,035	8,810,035	7,125,240	-	7,125,240	570,019
Regulatory Retail	27,843,993	27,843,993	27,245,191	-	27,245,191	2,179,615
Residential Real Estate Financing	-	-	-	-	-	-
Other Assets	832,524	832,524	748,775	-	748,775	59,902
Total for On-Balance Sheet Exposures	47,378,818	47,378,818	35,319,184	-	35,319,184	2,825,535
<i>Off-Balance Sheet Exposures</i>						
Off balance sheet exposures other than OTC derivatives or credit derivatives	2,724,749	1,064,524	985,386	-	985,386	78,831
Total for Off-Balance Sheet Exposures	2,724,749	1,064,524	985,386	-	985,386	78,831
Total On and Off-Balance Sheet Exposures	50,103,567	48,443,342	36,304,570	-	36,304,570	2,904,366
<u>Market Risk</u>						
	Long Position	Short Position				
Benchmark Rate Risk	-	-	-	-	-	-
Equity Position Risk	-	-	-	-	-	-
Foreign Currency Risk	36,226	-	36,226	36,226	36,226	2,898
Operational Risk	-	-	-	2,188,152	2,188,152	175,052
Total RWA and Capital Requirements	50,139,793	50,103,567	48,479,568	38,528,948	38,528,948	3,082,316

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Capital adequacy (continued)

MBSB Bank Group

Disclosures on Risk Weights - Expressed in nearest RM thousand (RM'000)

31-Dec-20

Risk Weights

	Sovereigns & Central Banks		Public Sector Entities		Banks, MDBs and FDIs		Corporates	
	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset
Performing Exposures								
0%	8,789,558	-	-	-	141,230	-	1,410,079	-
20%	-	-	55,226	11,045	883,903	176,781	628,539	125,708
35%	-	-	-	-	-	-	-	-
50%	-	-	-	-	25,497	12,749	-	-
75%	-	-	-	-	-	-	-	-
100%	-	-	-	-	42	42	6,967,743	6,967,743
150%	-	-	-	-	-	-	310,460	465,690
Total	8,789,558	-	55,226	11,045	1,050,672	189,571	9,316,821	7,559,141
Defaulted Exposures								
0%	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	33,613	16,807
100%	-	-	-	-	-	-	35,731	35,731
150%	-	-	-	-	-	-	179,383	269,075
Total	-	-	-	-	-	-	248,727	321,612
Total Performing and Defaulted Exposures	8,789,558	-	55,226	11,045	1,050,672	189,571	9,565,548	7,880,753

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Capital adequacy (continued)

MBSB Bank Group

Disclosures on Risk Weights - Expressed in nearest RM thousand (RM'000)

31-Dec-20

Risk Weights	Regulatory Retail*		Residential Real Estate Financing		Other Assets		Total Exposure	Total Risk Weighted Assets
	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset
Performing Exposures								
0%	-	-	-	-	83,748	-	10,424,615	-
20%	-	-	-	-	-	-	1,567,668	313,534
35%	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	25,497	12,749
75%	2,784,253	2,088,189	-	-	-	-	2,784,253	2,088,189
100%	25,052,122	25,052,122	-	-	748,775	748,775	32,768,682	32,768,682
150%	-	-	-	-	-	-	310,460	465,690
Total	27,836,375	27,140,311	-	-	832,523	748,775	47,881,175	35,648,843
Defaulted Exposures								
0%	-	-	-	-	-	-	-	-
50%	121,571	60,785	-	-	-	-	155,184	77,592
100%	28,947	28,947	-	-	-	-	64,678	64,678
150%	162,922	244,383	-	-	-	-	342,305	513,458
Total	313,440	334,115	-	-	-	-	562,167	655,727
Total Performing and Defaulted Exposures	28,149,815	27,474,426	-	-	832,523	748,775	48,443,342	36,304,570

* Property financing exposures are included herein.

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Capital adequacy (continued)

Geographic Distribution of Gross Credit Exposures

	Inside Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
<u>MBSB Bank Group</u>			
31-Dec-20			
<u>Exposure Class</u>			
<u>Gross Credit Exposures</u>			
<i>On-Balance Sheet Exposures</i>			
Sovereigns & Central Banks	8,789,558	-	8,789,558
Public Sector Entities	55,226	-	55,226
Banks, MDBs and FDIs	1,021,658	25,824	1,047,482
Corporates	8,769,304	40,731	8,810,035
Regulatory Retail	27,843,993	-	27,843,993
Residential Real Estate Financing	-	-	-
Other Assets	832,524	-	832,524
Total for On-Balance Sheet Exposures	47,312,263	66,555	47,378,818
<i>Off-Balance Sheet Exposures</i>			
Off balance sheet exposures other than OTC derivatives or credit derivatives	2,724,749	-	2,724,749
Total for Off-Balance Sheet Exposures	2,724,749	-	2,724,749
Total On and Off-Balance Sheet Exposures	50,037,012	66,555	50,103,567

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

Capital adequacy (continued)

Contractual Maturity of Gross Credit Exposures

	One Year or Less RM'000	Over One Year to Five Years RM'000	Over Five Years RM'000	Total RM'000
<u>MBSB Bank Group</u>				
31-Dec-20				
<u>Exposure Class</u>				
<u>Gross Credit Exposures</u>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns & Central Banks	674,643	1,766,331	6,348,584	8,789,558
Public Sector Entities	-	-	55,226	55,226
Banks, MDBs and FDIs	841,804	100,999	104,679	1,047,482
Corporates	1,427,319	3,046,720	4,335,996	8,810,035
Regulatory Retail	515,998	1,674,046	25,653,949	27,843,993
Residential Real Estate Financing	-	-	-	-
Other Assets	831,704	-	820	832,524
Total for On-Balance Sheet Exposures	4,291,468	6,588,096	36,499,254	47,378,818
<i>Off-Balance Sheet Exposures</i>				
Off balance sheet exposures other than OTC derivatives or credit derivatives	1,083,489	1,632,952	8,308	2,724,749
Total for Off-Balance Sheet Exposures	1,083,489	1,632,952	8,308	2,724,749
Total On and Off-Balance Sheet Exposures	5,374,957	8,221,048	36,507,562	50,103,567

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Capital adequacy (continued)

MBSB Bank

<u>30-June-21</u> <u>Exposure Class</u>	Exposures Pre CRM RM'000	Exposures Post CRM RM'000	Risk Weighted Assets RM'000	Risk Weighted Assets Absorbed by PSIA RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Capital Requirements RM'000
<u>Credit Risk</u>						
<i>On-Balance Sheet Exposures</i>						
Sovereigns & Central Banks	10,155,646	10,155,646	-	-	-	-
Public Sector Entities	838,934	838,934	29,371	-	29,371	2,350
Banks, MDBs and FDIs	300,230	300,230	50,282	-	50,282	4,023
Corporates	11,485,000	11,485,000	9,590,399	-	9,590,399	767,232
Regulatory Retail	23,752,083	23,752,083	23,517,459	-	23,517,459	1,881,397
Residential Real Estate Financing	3,071,545	3,071,545	1,179,459	-	1,179,459	94,357
Other Assets	821,669	821,669	755,011	-	755,011	60,401
Total for On-Balance Sheet Exposures	50,425,107	50,425,107	35,121,981	-	35,121,981	2,809,758
<i>Off-Balance Sheet Exposures</i>						
Off balance sheet exposures other than OTC derivatives or credit derivatives	3,446,955	1,059,240	970,644	-	970,644	77,652
Total for Off-Balance Sheet Exposures	3,446,955	1,059,240	970,644	-	970,644	77,652
Total On and Off-Balance Sheet Exposures	53,872,062	51,484,347	36,092,625	-	36,092,625	2,887,410
<u>Market Risk</u>						
	Long Position	Short Position				
Benchmark Rate Risk	390,114	-	390,114	138,861	-	138,861
Equity Position Risk	-	-	-	-	-	-
Foreign Currency Risk	51,831	(401)	51,831	51,831	-	51,831
Operational Risk	-	-	-	2,290,357	-	2,290,357
Total RWA and Capital Requirements	54,314,007	53,871,661	51,926,292	38,573,674	-	38,573,674
					3,085,894	

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

Capital adequacy (continued)

MBSB Bank
30-June-21

Disclosures on Risk Weights - Expressed in nearest RM thousand (RM'000)

<u>Risk Weights</u>	Sovereigns & Central Banks		Public Sector Entities		Banks, MDBs and FDIs		Corporates	
	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>
Performing Exposures								
0%	10,155,646	-	692,081	-	137,915	-	1,650,715	-
20%	-	-	146,853	29,371	110,897	22,179	518,892	103,778
35%	-	-	-	-	-	-	-	-
50%	-	-	-	-	59,282	29,641	50,172	25,086
75%	-	-	-	-	-	-	-	-
100%	-	-	-	-	43	43	9,367,503	9,367,503
150%	-	-	-	-	-	-	361,502	542,253
Total	10,155,646	-	838,934	29,371	308,137	51,863	11,948,784	10,038,620
Defaulted Exposures								
0%	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	4,845	2,423
100%	-	-	-	-	-	-	218,296	218,296
150%	-	-	-	-	-	-	35,971	53,957
Total	-	-	-	-	-	-	259,112	274,675
Total Performing and Defaulted Exposures	10,155,646	-	838,934	29,371	308,137	51,863	12,207,896	10,313,295

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

Capital adequacy (continued)

MBSB Bank
30-June-21

Disclosures on Risk Weights - Expressed in nearest RM thousand (RM'000)

Risk Weights	Regulatory Retail*		Residential Real Estate Financing		Other Assets		Total Exposure	Total Risk Weighted Assets
	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>
Performing Exposures								
0%	-	-	-	-	66,657	-	12,703,014	-
20%	-	-	-	-	-	-	776,642	155,328
35%	-	-	2,375,427	831,399	-	-	2,375,427	831,399
50%	-	-	677,274	338,637	-	-	786,728	393,364
75%	1,183,647	887,735	-	-	-	-	1,183,647	887,735
100%	22,582,308	22,582,308	-	-	755,011	755,011	32,704,865	32,704,865
150%	-	-	-	-	-	-	361,502	542,253
Total	23,765,955	23,470,043	3,052,701	1,170,036	821,668	755,011	50,891,825	35,514,945
Defaulted Exposures								
0%	-	-	-	-	-	-	-	-
50%	124,133	62,067	18,844	9,422	-	-	147,822	73,912
100%	108,266	108,266	-	-	-	-	326,562	326,562
150%	82,167	123,250	-	-	-	-	118,138	177,207
Total	314,566	293,583	18,844	9,422	-	-	592,522	577,680
Total Performing and Defaulted Exposures	24,080,521	23,763,626	3,071,545	1,179,458	821,668	755,011	51,484,347	36,092,625

* Property financing exposures are included herein.

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

Capital adequacy (continued)

Geographic Distribution of Gross Credit Exposures

	Inside Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
<u>MBSB Bank</u>			
30-June-21			
<u>Exposure Class</u>			
<u>Gross Credit Exposures</u>			
<i>On-Balance Sheet Exposures</i>			
Sovereigns & Central Banks	10,155,646	-	10,155,646
Public Sector Entities	838,934	-	838,934
Banks, MDBs and FDIs	239,802	60,428	300,230
Corporates	11,464,687	20,313	11,485,000
Regulatory Retail	23,752,083	-	23,752,083
Residential Real Estate Financing	3,071,545	-	3,071,545
Other Assets	821,669	-	821,669
Total for On-Balance Sheet Exposures	50,344,366	80,741	50,425,107
<i>Off-Balance Sheet Exposures</i>			
Off balance sheet exposures other than OTC derivatives or credit derivatives	3,423,843	23,112	3,446,955
Total for Off-Balance Sheet Exposures	3,423,843	23,112	3,446,955
Total On and Off-Balance Sheet Exposures	53,768,209	103,853	53,872,062

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

Capital adequacy (continued)

Contractual Maturity of Gross Credit Exposures

<u>MBSB Bank</u> 30-June-21 <u>Exposure Class</u>	One Year or Less RM'000	Over One Year to Five Years RM'000	Over Five Years RM'000	Total RM'000
<u>Gross Credit Exposures</u>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns & Central Banks	697,930	2,250,718	7,206,998	10,155,646
Public Sector Entities	122,483	230,744	485,707	838,934
Banks, MDBs and FDIs	135,469	63,661	101,100	300,230
Corporates	2,310,644	4,412,210	4,762,146	11,485,000
Regulatory Retail	506,784	1,490,949	21,754,350	23,752,083
Residential Real Estate Financing	1,438	40,082	3,030,025	3,071,545
Other Assets	820,849	-	820	821,669
Total for On-Balance Sheet Exposures	4,595,597	8,488,364	37,341,146	50,425,107
<i>Off-Balance Sheet Exposures</i>				
Off balance sheet exposures other than OTC derivatives or credit derivatives	1,947,469	1,497,183	2,303	3,446,955
Total for Off-Balance Sheet Exposures	1,947,469	1,497,183	2,303	3,446,955
Total On and Off-Balance Sheet Exposures	6,543,066	9,985,547	37,343,449	53,872,062

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Capital adequacy (continued)

MBSB Bank

31-Dec-20 <u>Exposure Class</u>	Exposures Pre CRM RM'000	Exposures Post CRM RM'000	Risk Weighted Assets RM'000	Risk Weighted Assets Absorbed by PSIA RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Capital Requirements RM'000
<u>Credit Risk</u>						
<i>On-Balance Sheet Exposures</i>						
Sovereigns & Central Banks	8,789,558	8,789,558	-	-	-	-
Public Sector Entities	55,226	55,226	11,045	-	11,045	884
Banks, MDBs and FDIs	265,800	265,800	32,596	-	32,596	2,608
Corporates	11,127,089	11,127,089	9,442,294	-	9,442,294	755,384
Regulatory Retail	27,843,993	27,843,993	27,245,192	-	27,245,192	2,179,615
Residential Real Estate Financing	-	-	-	-	-	-
Other Assets	877,443	877,443	797,858	-	797,858	63,829
Total for On-Balance Sheet Exposures	48,959,109	48,959,109	37,528,985	-	37,528,985	3,002,319
<i>Off-Balance Sheet Exposures</i>						
Off balance sheet exposures other than OTC derivatives or credit derivatives	2,724,749	1,064,524	985,386	-	985,386	78,831
Total for Off-Balance Sheet Exposures	2,724,749	1,064,524	985,386	-	985,386	78,831
Total On and Off-Balance Sheet Exposures	51,683,858	50,023,633	38,514,371	-	38,514,371	3,081,150
<u>Market Risk</u>						
	Long Position	Short Position				
Benchmark Rate Risk	-	-	-	-	-	-
Equity Position Risk	-	-	-	-	-	-
Foreign Currency Risk	36,226	-	36,226	36,226	36,226	2,898
Operational Risk	-	-	-	2,025,263	2,025,263	162,021
Total RWA and Capital Requirements	51,720,084	51,683,858	50,059,859	40,575,860	40,575,860	3,246,069

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

Capital adequacy (continued)

MBSB Bank

Disclosures on Risk Weights - Expressed in nearest RM thousand (RM'000)

31-Dec-20

Risk Weights

	Sovereigns & Central Banks		Public Sector Entities		Banks, MDBs and FDIs		Corporates	
	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset
Performing Exposures								
0%	8,789,558	-	-	-	141,230	-	1,410,079	-
20%	-	-	55,226	11,045	102,221	20,444	628,539	125,708
50%	-	-	-	-	25,498	12,749	-	-
75%	-	-	-	-	-	-	-	-
100%	-	-	-	-	42	42	9,284,797	9,284,797
150%	-	-	-	-	-	-	310,460	465,690
Total	8,789,558	-	55,226	11,045	268,991	33,235	11,633,875	9,876,195
Defaulted Exposures								
0%	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	33,613	16,807
100%	-	-	-	-	-	-	35,731	35,731
150%	-	-	-	-	-	-	179,383	269,075
Total	-	-	-	-	-	-	248,727	321,612
Total Performing and Defaulted Exposures	8,789,558	-	55,226	11,045	268,991	33,235	11,882,602	10,197,807

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

Capital adequacy (continued)

MBSB Bank

Disclosures on Risk Weights - Expressed in nearest RM thousand (RM'000)

31-Dec-20

<u>Risk Weights</u>	Regulatory Retail*		Residential Real Estate Financing		Other Assets		Total Exposure	Total Risk Weighted Assets
	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset	Exposures after Netting & CRM	Risk Weighted Asset
Performing Exposures								
0%	-	-	-	-	79,584	-	10,420,451	-
20%	-	-	-	-	-	-	785,986	157,197
50%	-	-	-	-	-	-	25,498	12,749
75%	2,784,253	2,088,190	-	-	-	-	2,784,253	2,088,190
100%	25,052,122	25,052,122	-	-	797,858	797,858	35,134,819	35,134,819
150%	-	-	-	-	-	-	310,460	465,690
Total	27,836,375	27,140,312	-	-	877,442	797,858	49,461,467	37,858,645
Defaulted Exposures								
0%	-	-	-	-	-	-	-	-
50%	121,570	60,785	-	-	-	-	155,183	77,592
100%	28,947	28,947	-	-	-	-	64,678	64,678
150%	162,922	244,382	-	-	-	-	342,305	513,457
Total	313,439	334,114	-	-	-	-	562,166	655,726
Total Performing and Defaulted Exposures	28,149,814	27,474,426	-	-	877,442	797,858	50,023,633	38,514,371

* Property financing exposures are included herein.

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

Capital adequacy (continued)

Geographic Distribution of Gross Credit Exposures

	Inside Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
<u>MBSB Bank</u>			
31-Dec-20			
<u>Exposure Class</u>			
<u>Gross Credit Exposures</u>			
<i>On-Balance Sheet Exposures</i>			
Sovereigns & Central Banks	8,789,558	-	8,789,558
Public Sector Entities	55,226	-	55,226
Banks, MDBs and FDIs	239,975	25,825	265,800
Corporates	11,086,358	40,731	11,127,089
Regulatory Retail	27,843,993	-	27,843,993
Residential Real Estate Financing	-	-	-
Other Assets	877,443	-	877,443
Total for On-Balance Sheet Exposures	<u>48,892,553</u>	<u>66,556</u>	<u>48,959,109</u>
<i>Off-Balance Sheet Exposures</i>			
Off balance sheet exposures other than OTC derivatives or credit derivatives	2,724,749	-	2,724,749
Total for Off-Balance Sheet Exposures	<u>2,724,749</u>	<u>-</u>	<u>2,724,749</u>
Total On and Off-Balance Sheet Exposures	<u>51,617,302</u>	<u>66,556</u>	<u>51,683,858</u>

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

Capital adequacy (continued)

Contractual Maturity of Gross Credit Exposures

	One Year or Less RM'000	Over One Year to Five Years RM'000	Over Five Years RM'000	Total RM'000
<u>MBSB Bank</u>				
31-Dec-20				
<u>Exposure Class</u>				
<u>Gross Credit Exposures</u>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns & Central Banks	674,643	1,766,331	6,348,584	8,789,558
Public Sector Entities	-	-	55,226	55,226
Banks, MDBs and FDIs	60,122	100,999	104,679	265,800
Corporates	1,803,784	4,274,143	5,049,162	11,127,089
Regulatory Retail	515,998	1,674,046	25,653,949	27,843,993
Residential Real Estate Financing	-	-	-	-
Other Assets	876,623	-	820	877,443
Total for On-Balance Sheet Exposures	<u>3,931,170</u>	<u>7,815,519</u>	<u>37,212,420</u>	<u>48,959,109</u>
<i>Off-Balance Sheet Exposures</i>				
Off balance sheet exposures other than OTC derivatives or credit derivatives	1,083,488	1,632,953	8,308	2,724,749
Total for Off-Balance Sheet Exposures	<u>1,083,488</u>	<u>1,632,953</u>	<u>8,308</u>	<u>2,724,749</u>
Total On and Off-Balance Sheet Exposures	<u><u>5,014,658</u></u>	<u><u>9,448,472</u></u>	<u><u>37,220,728</u></u>	<u><u>51,683,858</u></u>

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Capital adequacy (continued)**Interest Rate Risk/Rate of Return Risk ("IRR"/"RORR") in the Banking Book**

At the reporting date, if interest/profit rates had been 100 basis points lower/higher, with all other variables held constant, the Bank Group's and the Bank's net profit and shareholders' equity would have been as per the following table, arising mainly as a result of changes in interest expenses from floating rate borrowings and fixed deposits placed by customers and interest income from floating rate loans, financing and advances.

	MBSB Bank Group		MBSB Bank	
	+100 basis points RM'000	-100 basis points RM'000	+100 basis points RM'000	-100 basis points RM'000
30-June-21				
Impact to profit before tax	(192,504)	192,504	(200,682)	200,682
Impact to profit after tax and equity	24% (146,303)	146,303	(152,518)	152,518
31-Dec-20				
Impact to profit before tax	(180,342)	180,342	(188,158)	188,158
Impact to profit after tax and equity	24% (137,060)	137,060	(143,000)	143,000

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Capital adequacy (continued)

Disclosure of rated and unrated exposures according to rating by ECAs

MBSB Bank Group

30-June-21

RM'000

Exposure Class	Rating of Corporate by approved ECAs					
	MOODY'S	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	FITCH	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB to BB	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
<u>On and Off Balance Sheet Exposures</u>						
<u>Credit exposure (using Corporate Risk Weights)</u>						
Public Sector Entity (applicable for entities risk weighted based on their external rating as corporate)	-	838,934	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-
Corporates	-	2,531,110	50,172	-	-	4,879,047
Total	-	3,370,044	50,172	-	-	4,879,047

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Capital adequacy (continued)

Disclosure of rated and unrated exposures according to rating by ECAs (continued)

MBSB Bank Group

30-June-21

RM'000

Exposure Class	Rating of Sovereign Central Banks by approved ECAs					
	MOODY'S	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	FITCH	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB to BB	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
<u>On and Off Balance Sheet Exposures</u>						
Sovereign Central Banks	-	10,155,646	-	-	-	-
Total	-	10,155,646	-	-	-	-

Exposure Class	Rating of Banking Institutions by approved ECAs					
	MOODY'S	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	FITCH	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB to BB	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
<u>On and Off Balance Sheet Exposures</u>						
Banks, MDBs and FDI	-	1,066,569	59,086	249	43	10
Total	-	1,066,569	59,086	249	43	10

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Capital adequacy (continued)

Disclosure of rated and unrated exposures according to rating by ECAIs

MBSB Bank Group

31-Dec-20

Exposure Class	Rating of Corporate by approved ECAIs					
	MOODY'S	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	FITCH	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB to BB	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
<u>On and Off Balance Sheet Exposures</u>						
<u>Credit exposure (using Corporate Risk Weights)</u>						
Public Sector Entity (applicable for entities risk weighted based on their external rating as	-	55,226	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-
Corporates	-	2,349,078	-	-	-	7,216,469
Total	-	2,404,304	-	-	-	7,216,469

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Capital adequacy (continued)

Disclosure of rated and unrated exposures according to rating by ECAs (continued)

MBSB Bank Group

31-Dec-20

Exposure Class	Rating of Sovereign Central Banks by approved ECAs					
	MOODY'S	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	FITCH	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB to BB	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
<u>On and Off Balance Sheet Exposures</u>						
Sovereign Central Banks	-	8,789,558	-	-	-	-
Total	-	8,789,558	-	-	-	-

Exposure Class	Rating of Banking Institutions by approved ECAs					
	MOODY'S	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	FITCH	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB to BB	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
<u>On and Off Balance Sheet Exposures</u>						
Banks, MDBs and FDI	-	1,025,133	25,251	233	42	12
Total	-	1,025,133	25,251	233	42	12

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Capital adequacy (continued)

Disclosure of rated and unrated exposures according to rating by ECAIs

MBSB Bank

30-June-21

RM'000

Exposure Class	Rating of Corporate by approved ECAIs					
	MOODY'S	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	FITCH	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB to BB	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
<u>On and Off Balance Sheet Exposures</u>						
<u>Credit exposure (using Corporate Risk Weights)</u>						
Public Sector Entity (applicable for entities risk weighted based on their external rating as corporate)	-	838,934	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-
Corporates	-	2,531,110	50,172	-	-	9,626,615
Total	-	3,370,044	50,172	-	-	9,626,615

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Capital adequacy (continued)

Disclosure of rated and unrated exposures according to rating by ECAs (continued)

MBSB Bank

30-June-21

RM'000

Exposure Class	Rating of Sovereign Central Banks by approved ECAs					
	MOODY'S	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	FITCH	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB to BB	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
<u>On and Off Balance Sheet Exposures</u>						
Sovereign Central Banks	-	10,155,646	-	-	-	-
Total	-	10,155,646	-	-	-	-

Exposure Class	Rating of Banking Institutions by approved ECAs					
	MOODY'S	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	FITCH	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB to BB	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
<u>On and Off Balance Sheet Exposures</u>						
Banks, MDBs and FDI	-	248,748	59,086	249	43	10
Total	-	248,748	59,086	249	43	10

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Capital adequacy (continued)

Disclosure of rated and unrated exposures according to rating by ECAIs

MBSB Bank

31-Dec-20

Exposure Class	Rating of Corporate by approved ECAIs					
	MOODY'S	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	FITCH	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB to BB	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off Balance Sheet Exposures						
Credit exposure (using Corporate Risk Weights)						
Public Sector Entity (applicable for entities risk weighted based on their external rating as	-	55,226	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-
Corporates	-	2,349,078	-	-	-	9,533,523
Total	-	2,404,304	-	-	-	9,533,523

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Capital adequacy (continued)

Disclosure of rated and unrated exposures according to rating by ECAs (continued)

MBSB Bank

31-Dec-20

Exposure Class	Rating of Sovereign Central Banks by approved ECAs					
	MOODY'S	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	FITCH	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB to BB	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
<u>On and Off Balance Sheet Exposures</u>						
Sovereign Central Banks	-	8,789,558	-	-	-	-
Total	-	8,789,558	-	-	-	-

Exposure Class	Rating of Banking Institutions by approved ECAs					
	MOODY'S	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	FITCH	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB to BB	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
<u>On and Off Balance Sheet Exposures</u>						
Banks, MDBs and FDI	-	243,451	25,251	233	42	12
Total	-	243,451	25,251	233	42	12

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

**Pillar 3, Basel II - Capital Adequacy Framework for Islamic Banks (CAFIB) Disclosures -
Acting President and Chief Executive Officer Attestation**

In accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Bank (CAFIB) Pillar 3 Disclosure Requirement, it is hereby attested that the disclosures as set forth in the accompanying notes to the financial statements related to significant business and operations risks of MBSB Bank Berhad for the financial period ended 30 June 2021 are consistent with the manner in which the Bank assesses and manages its risks, and are not misleading in any particular way.



DATUK NOR AZAM M. TAIB
ACTING PRESIDENT AND CHIEF EXECUTIVE OFFICER