

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

**BASEL II PILLAR 3 - CAPITAL ADEQUACY FRAMEWORK FOR ISLAMIC BANKS ("CAFIB") DISCLOSURES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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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 40 to the Financial Statements for the financial year ended 31 December 2020 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 year ended 31 December 2020.

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	without TA	
	31-Dec-20	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000
<u>CET1 Capital</u>			
Paid-up ordinary share capital	5,159,859	5,159,859	5,159,859
Accumulated profit/(loss)	1,020,604	1,020,604	875,072
Fair value reserves	234,762	234,762	155,090
Regulatory reserve	5,234	5,234	5,234
	6,420,459	6,420,459	6,195,255
Less : CET1 regulatory adjustments			
Deferred tax assets	-	-	-
Intangible assets	(111,449)	(111,449)	(115,559)
Cumulative gains of FVOCI financial instruments	(191,046)	(191,046)	(114,082)
Regulatory reserve attributable to financing	(5,234)	(5,234)	(5,234)
Other CET1 regulatory adjustments	153,372	-	-
Total CET1 capital	6,266,102	6,112,731	5,960,380
<u>Tier 1 Capital</u>			
Additional Tier 1 capital instruments	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-
Total Tier 1 capital	6,266,102	6,112,731	5,960,380
<u>Tier II Capital</u>			
Stage 1 & Stage 2 expected credit loss allowances	453,807	453,807	468,898
Additional Tier II capital instruments	1,293,335	1,293,335	1,293,075
Total Tier II capital	1,747,142	1,747,142	1,761,973
Total capital base	8,013,244	7,859,873	7,722,353
Breakdown of risk weighted assets in various categories of risk weights are as follows:			
	31-Dec-20	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000
<u>Total risk weighted assets ("RWA")</u>			
- Credit risk	36,304,570	36,304,570	37,511,800
- Market risk	36,226	36,226	33,759
- Operational risk	2,188,152	2,188,152	1,331,960
Total RWA	38,528,948	38,528,948	38,877,519
<u>Capital ratios</u>			
CET1 capital ratio	16.263%	15.865%	15.331%
Tier 1 capital ratio	16.263%	15.865%	15.331%
Total capital ratio	20.798%	20.400%	19.863%

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Capital adequacy (continued)

	with TA	MBSB Bank	
	31-Dec-20	without TA	31-Dec-19
	RM'000	RM'000	RM'000
<u>CET1 Capital</u>			
Paid-up ordinary share capital	5,159,859	5,159,859	5,159,859
Accumulated profit/(loss)	791,724	791,724	728,583
Fair value reserves	234,762	234,762	155,090
Regulatory reserve	5,234	5,234	5,234
	6,191,579	6,191,579	6,048,766
Less : CET1 regulatory adjustments			
Deferred tax assets	-	-	-
Intangible assets	(111,449)	(111,449)	(115,559)
Cumulative gains of FVOCI financial instruments	(191,046)	(191,046)	(114,082)
Regulatory reserve attributable to financing	(5,234)	(5,234)	(5,234)
Other CET1 regulatory adjustments	153,372	-	-
Total CET1 capital	6,037,222	5,883,850	5,813,891
<u>Tier 1 Capital</u>			
Additional Tier 1 capital instruments	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-
Total Tier 1 capital	6,037,222	5,883,850	5,813,891
<u>Tier II Capital</u>			
Stage 1 & Stage 2 expected credit loss allowances	481,430	481,430	499,927
Additional Tier II capital instruments	1,293,335	1,293,335	1,293,075
Total Tier II capital	1,774,765	1,774,765	1,793,002
Total capital base	7,811,987	7,658,615	7,606,893
Breakdown of risk weighted assets in various categories of risk weights are as follows:			
	31-Dec-20	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000
<u>Total risk weighted assets ("RWA")</u>			
- Credit risk	38,514,371	38,514,371	39,994,106
- Market risk	36,226	36,226	33,759
- Operational risk	2,025,263	2,025,263	1,227,512
Total RWA	40,575,860	40,575,860	41,255,378
<u>Capital ratios</u>			
CET1 capital ratio	14.879%	14.501%	14.092%
Tier 1 capital ratio	14.879%	14.501%	14.092%
Total capital ratio	19.253%	18.875%	18.439%

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Capital adequacy (continued)

MBSB Bank Group

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	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
31-Dec-20

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

<u>Risk Weights</u>	<u>Sovereigns & Central Banks</u>		<u>Public Sector Entities</u>		<u>Banks, MDBs and FDIs</u>		<u>Corporates</u>	
	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%	8,789,558	-	-	-	141,230	-	1,410,079	-
20%	-	-	55,226	11,045	883,903	176,781	628,539	125,708
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

31-Dec-20

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	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
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	<u>47,312,263</u>	<u>66,555</u>	<u>47,378,818</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><u>50,037,012</u></u>	<u><u>66,555</u></u>	<u><u>50,103,567</u></u>

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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>				
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

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Capital adequacy (continued)

MBSB Bank Group

31-Dec-19 <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	10,773,852	10,773,852	-	-	-	-
Public Sector Entities	-	-	-	-	-	-
Banks, MDBs and FDIs	1,084,703	1,084,703	200,657	-	200,657	16,053
Corporates	11,496,099	11,496,099	9,869,298	-	9,869,298	789,544
Regulatory Retail	25,099,153	25,099,153	24,602,389	-	24,602,389	1,968,191
Residential Real Estate Financing	-	-	-	-	-	-
Other Assets	881,410	881,410	773,006	-	773,006	61,840
Total for On-Balance Sheet Exposures	49,335,217	49,335,217	35,445,350	-	35,445,350	2,835,628
<i>Off-Balance Sheet Exposures</i>						
Off balance sheet exposures other than OTC derivatives or credit derivatives	5,069,104	2,127,039	2,066,450	-	2,066,450	165,316
Total for Off-Balance Sheet Exposures	5,069,104	2,127,039	2,066,450	-	2,066,450	165,316
Total On and Off-Balance Sheet Exposures	54,404,321	51,462,256	37,511,800	-	37,511,800	3,000,944
<u>Market Risk</u>						
	Long Position	Short Position				
Benchmark Rate Risk	-	-	-	-	-	-
Equity Position Risk	-	-	-	-	-	-
Foreign Currency Risk	33,759	(7,330)	33,759	33,759	33,759	2,701
Operational Risk	-	-	-	1,331,960	1,331,960	106,557
Total RWA and Capital Requirements	54,438,080	54,396,991	51,496,015	38,877,519	38,877,519	3,110,202

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Capital adequacy (continued)

MBSB Bank Group

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

31-Dec-19

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%	10,773,852	-	-	-	93,824	-	1,479,312	-
20%	-	-	-	-	989,785	197,957	583,141	116,628
50%	-	-	-	-	8,270	4,135	-	-
75%	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	10,604,156	10,604,156
150%	-	-	-	-	-	-	458,506	687,759
Total	10,773,852	-	-	-	1,091,879	202,092	13,125,115	11,408,543
Defaulted Exposures								
0%	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	28,040	14,020
100%	-	-	-	-	-	-	36,681	36,681
150%	-	-	-	-	-	-	207,581	311,372
Total	-	-	-	-	-	-	272,302	362,073
Total Performing and Defaulted Exposures	10,773,852	-	-	-	1,091,879	202,092	13,397,417	11,770,616

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Capital adequacy (continued)

MBSB Bank Group

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

31-Dec-19

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%	-	-	-	-	108,404	-	12,455,392	-
20%	-	-	-	-	-	-	1,572,926	314,585
50%	-	-	-	-	-	-	8,270	4,135
75%	1,941,328	1,455,996	-	-	-	-	1,941,328	1,455,996
100%	23,242,177	23,242,177	-	-	773,006	773,006	34,619,339	34,619,339
150%	-	-	-	-	-	-	458,506	687,759
Total	25,183,505	24,698,173	-	-	881,410	773,006	51,055,761	37,081,814
Defaulted Exposures								
0%	-	-	-	-	-	-	-	-
50%	132,659	66,330	-	-	-	-	160,699	80,350
100%	1,435	1,435	-	-	-	-	38,116	38,116
150%	99	149	-	-	-	-	207,680	311,520
Total	134,193	67,913	-	-	-	-	406,495	429,986
Total Performing and Defaulted Exposures	25,317,698	24,766,086	-	-	881,410	773,006	51,462,256	37,511,800

* 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-19			
<u>Exposure Class</u>			
<u>Gross Credit Exposures</u>			
<i>On-Balance Sheet Exposures</i>			
Sovereigns & Central Banks	10,773,852	-	10,773,852
Public Sector Entities	-	-	-
Banks, MDBs and FDIs	1,075,904	8,799	1,084,703
Corporates	11,455,151	40,948	11,496,099
Regulatory Retail	25,099,153	-	25,099,153
Residential Real Estate Financing	-	-	-
Other Assets	881,410	-	881,410
Total for On-Balance Sheet Exposures	<u>49,285,470</u>	<u>49,747</u>	<u>49,335,217</u>
<i>Off-Balance Sheet Exposures</i>			
Off balance sheet exposures other than OTC derivatives or credit derivatives	5,069,104	-	5,069,104
Total for Off-Balance Sheet Exposures	<u>5,069,104</u>	<u>-</u>	<u>5,069,104</u>
Total On and Off-Balance Sheet Exposures	<u><u>54,354,574</u></u>	<u><u>49,747</u></u>	<u><u>54,404,321</u></u>

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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>				
31-Dec-19				
<u>Exposure Class</u>				
<u>Gross Credit Exposures</u>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns & Central Banks	2,832,969	2,446,436	5,494,447	10,773,852
Public Sector Entities	-	-	-	-
Banks, MDBs and FDIs	922,739	135,017	26,947	1,084,703
Corporates	2,472,140	4,317,615	4,706,344	11,496,099
Regulatory Retail	26,811	940,044	24,132,298	25,099,153
Residential Real Estate Financing	-	-	-	-
Other Assets	881,410	-	-	881,410
Total for On-Balance Sheet Exposures	<u>7,136,069</u>	<u>7,839,112</u>	<u>34,360,036</u>	<u>49,335,217</u>
<i>Off-Balance Sheet Exposures</i>				
Off balance sheet exposures other than OTC derivatives or credit derivatives	1,815,550	3,181,554	72,000	5,069,104
Total for Off-Balance Sheet Exposures	<u>1,815,550</u>	<u>3,181,554</u>	<u>72,000</u>	<u>5,069,104</u>
Total On and Off-Balance Sheet Exposures	<u><u>8,951,619</u></u>	<u><u>11,020,666</u></u>	<u><u>34,432,036</u></u>	<u><u>54,404,321</u></u>

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
31-Dec-20

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

<u>Risk Weights</u>	<u>Sovereigns & Central Banks</u>		<u>Public Sector Entities</u>		<u>Banks, MDBs and FDIs</u>		<u>Corporates</u>	
	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%	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

31-Dec-20

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%	-	-	-	-	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	48,892,553	66,556	48,959,109
<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	51,617,302	66,556	51,683,858

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	3,931,170	7,815,519	37,212,420	48,959,109
<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	1,083,488	1,632,953	8,308	2,724,749
Total On and Off-Balance Sheet Exposures	5,014,658	9,448,472	37,220,728	51,683,858

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Capital adequacy (continued)

MBSB Bank

31-Dec-19 <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	10,773,852	10,773,852	-	-	-	-
Public Sector Entities	-	-	-	-	-	-
Banks, MDBs and FDIs	211,187	211,187	25,954	-	25,954	2,076
Corporates	14,114,590	14,114,590	12,487,789	-	12,487,789	999,023
Regulatory Retail	25,099,153	25,099,153	24,602,389	-	24,602,389	1,968,191
Residential Real Estate Financing	-	-	-	-	-	-
Other Assets	917,673	917,673	811,524	-	811,524	64,922
Total for On-Balance Sheet Exposures	51,116,455	51,116,455	37,927,656	-	37,927,656	3,034,212
<i>Off-Balance Sheet Exposures</i>						
Off balance sheet exposures other than OTC derivatives or credit derivatives	5,069,104	2,127,039	2,066,450	-	2,066,450	165,316
Total for Off-Balance Sheet Exposures	5,069,104	2,127,039	2,066,450	-	2,066,450	165,316
Total On and Off-Balance Sheet Exposures	56,185,559	53,243,494	39,994,106	-	39,994,106	3,199,528
<u>Market Risk</u>						
	Long Position	Short Position				
Benchmark Rate Risk	-	-	-	-	-	-
Equity Position Risk	-	-	-	-	-	-
Foreign Currency Risk	33,759	(7,330)	33,759	33,759	33,759	2,701
Operational Risk	-	-	-	1,227,512	1,227,512	98,201
Total RWA and Capital Requirements	56,219,318	56,178,229	53,277,253	41,255,377	41,255,377	3,300,430

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-19

Risk Weights

	Sovereigns & Central Banks		Public Sector Entities		Banks, MDBs and FDIs		Corporates	
	Exposures after Netting & CRM	<i>Risk</i> <i>Weighted</i> <i>Asset</i>	Exposures after Netting & CRM	<i>Risk</i> <i>Weighted</i> <i>Asset</i>	Exposures after Netting & CRM	<i>Risk</i> <i>Weighted</i> <i>Asset</i>	Exposures after Netting & CRM	<i>Risk</i> <i>Weighted</i> <i>Asset</i>
Performing Exposures								
0%	10,773,852	-	-	-	93,824	-	1,479,312	-
20%	-	-	-	-	116,270	23,254	583,141	116,628
50%	-	-	-	-	8,270	4,135	-	-
75%	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	13,222,647	13,222,647
150%	-	-	-	-	-	-	458,506	687,759
Total	10,773,852	-	-	-	218,364	27,389	15,743,606	14,027,034
Defaulted Exposures								
0%	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	28,040	14,020
100%	-	-	-	-	-	-	36,681	36,681
150%	-	-	-	-	-	-	207,581	311,372
Total	-	-	-	-	-	-	272,302	362,073
Total Performing and Defaulted Exposures	10,773,852	-	-	-	218,364	27,389	16,015,908	14,389,107

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-19

<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%	-	-	-	-	106,148	-	12,453,136	-
20%	-	-	-	-	-	-	699,411	139,882
50%	-	-	-	-	-	-	8,270	4,135
75%	1,941,328	1,455,996	-	-	-	-	1,941,328	1,455,996
100%	23,242,177	23,242,177	-	-	811,524	811,524	37,276,348	37,276,348
150%	-	-	-	-	-	-	458,506	687,759
Total	25,183,505	24,698,173	-	-	917,672	811,524	52,836,999	39,564,120
Defaulted Exposures								
0%	-	-	-	-	-	-	-	-
50%	132,659	66,330	-	-	-	-	160,699	80,350
100%	1,435	1,435	-	-	-	-	38,116	38,116
150%	99	149	-	-	-	-	207,680	311,520
Total	134,193	67,913	-	-	-	-	406,495	429,986
Total Performing and Defaulted Exposures	25,317,698	24,766,086	-	-	917,672	811,524	53,243,494	39,994,106

* 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-19			
<u>Exposure Class</u>			
<u>Gross Credit Exposures</u>			
<i>On-Balance Sheet Exposures</i>			
Sovereigns & Central Banks	10,773,852	-	10,773,852
Public Sector Entities	-	-	-
Banks, MDBs and FDIs	202,388	8,799	211,187
Corporates	14,073,642	40,948	14,114,590
Regulatory Retail	25,099,153	-	25,099,153
Residential Real Estate Financing	-	-	-
Other Assets	917,673	-	917,673
Total for On-Balance Sheet Exposures	<u>51,066,708</u>	<u>49,747</u>	<u>51,116,455</u>
<i>Off-Balance Sheet Exposures</i>			
Off balance sheet exposures other than OTC derivatives or credit derivatives	5,069,104	-	5,069,104
Total for Off-Balance Sheet Exposures	<u>5,069,104</u>	<u>-</u>	<u>5,069,104</u>
Total On and Off-Balance Sheet Exposures	<u><u>56,135,812</u></u>	<u><u>49,747</u></u>	<u><u>56,185,559</u></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-19				
<u>Exposure Class</u>				
<u>Gross Credit Exposures</u>				
<i>On-Balance Sheet Exposures</i>				
Sovereigns & Central Banks	2,832,969	2,446,436	5,494,447	10,773,852
Public Sector Entities	-	-	-	-
Banks, MDBs and FDIs	49,224	135,017	26,946	211,187
Corporates	2,830,296	5,530,306	5,753,988	14,114,590
Regulatory Retail	26,811	940,044	24,132,298	25,099,153
Residential Real Estate Financing	-	-	-	-
Other Assets	917,673	-	-	917,673
Total for On-Balance Sheet Exposures	<u>6,656,973</u>	<u>9,051,803</u>	<u>35,407,679</u>	<u>51,116,455</u>
<i>Off-Balance Sheet Exposures</i>				
Off balance sheet exposures other than OTC derivatives or credit derivatives	1,815,549	3,181,555	72,000	5,069,104
Total for Off-Balance Sheet Exposures	<u>1,815,549</u>	<u>3,181,555</u>	<u>72,000</u>	<u>5,069,104</u>
Total On and Off-Balance Sheet Exposures	<u><u>8,472,522</u></u>	<u><u>12,233,358</u></u>	<u><u>35,479,679</u></u>	<u><u>56,185,559</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.

	Tax rate	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
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
31-Dec-19					
Impact to profit before tax		(207,615)	207,615	(216,351)	216,351
Impact to profit after tax and equity	24%	(157,788)	157,788	(164,426)	164,426

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

31-Dec-20

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)	-	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

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	-	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 ECAs

MBSB Bank Group

31-Dec-19

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	-	-	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-
Corporates	-	2,520,959	-	-	-	10,876,458
Total	-	2,520,959	-	-	-	10,876,458

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-19

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	-	10,773,852	-	-	-	-
Total	-	10,773,852	-	-	-	-

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	-	210,093	7,959	244	-	873,583
Total	-	210,093	7,959	244	-	873,583

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

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)	-	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

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	-	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)

Capital adequacy (continued)

Disclosure of rated and unrated exposures according to rating by ECAIs

MBSB Bank

31-Dec-19

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	-	-	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-
Corporates	-	2,520,959	-	-	-	13,494,949
Total	-	2,520,959	-	-	-	13,494,949

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-19

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	-	10,773,852	-	-	-	-
Total	-	10,773,852	-	-	-	-

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	-	210,093	7,959	244	-	67
Total	-	210,093	7,959	244	-	67

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

Pillar 3, Basel II - Capital Adequacy Framework for Islamic Banks (CAFIB) Disclosures - 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 year ended 31 December 2020 are consistent with the manner in which the Bank assesses and manages its risks, and are not misleading in any particular way.



DATUK SERI AHMAD ZAINI OTHMAN
PRESIDENT AND CHIEF EXECUTIVE OFFICER