

**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 2020**

**MBSB BANK BERHAD (200501033981 / 716122-P)**  
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## **MBSB BANK BERHAD (200501033981 / 716122-P)**

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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 29 to the Interim Financial Statements for the financial period ended 30 June 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](http://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 Interim Financial Statements for the financial period ended 30 June 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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**Capital adequacy (continued)**

	<b>MBSB Bank Group</b>		<b>MBSB Bank</b>	
	<b>30-June-20</b>	31-Dec-19	<b>30-June-20</b>	31-Dec-19
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<u>CET1 Capital</u>				
Paid-up ordinary share capital	<b>5,159,859</b>	5,159,859	<b>5,159,859</b>	5,159,859
Accumulated profit/(loss)	<b>636,905</b>	875,072	<b>448,105</b>	728,583
Fair value reserves	<b>255,093</b>	155,090	<b>255,093</b>	155,090
Regulatory reserve	<b>5,234</b>	5,234	<b>5,234</b>	5,234
	<b>6,057,091</b>	6,195,255	<b>5,868,291</b>	6,048,766
Less : CET1 regulatory adjustments				
Deferred tax assets	-	-	-	-
Intangible assets	<b>(114,309)</b>	(115,559)	<b>(114,309)</b>	(115,559)
Cumulative gains of FVOCI financial instruments	<b>(194,005)</b>	(114,082)	<b>(194,005)</b>	(114,082)
Regulatory reserve attributable to financing	<b>(5,234)</b>	(5,234)	<b>(5,234)</b>	(5,234)
Total CET1 capital	<b>5,743,543</b>	5,960,380	<b>5,554,743</b>	5,813,891
<u>Tier 1 Capital</u>				
Additional Tier 1 capital instruments	-	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-	-
Total Tier 1 capital	<b>5,743,543</b>	5,960,380	<b>5,554,743</b>	5,813,891
<u>Tier II Capital</u>				
Stage 1 & Stage 2 expected credit loss allowances	<b>457,586</b>	463,664	<b>487,515</b>	494,693
Additional Tier II capital instruments	<b>1,293,133</b>	1,293,075	<b>1,293,133</b>	1,293,075
Regulatory reserve	-	5,234	-	5,234
Total Tier II capital	<b>1,750,719</b>	1,761,973	<b>1,780,648</b>	1,793,002
Total capital base	<b>7,494,262</b>	7,722,353	<b>7,335,391</b>	7,606,893
Breakdown of risk weighted assets in various categories of risk weights are as follows:				
	<b>30-June-20</b>	31-Dec-19	<b>30-June-20</b>	31-Dec-19
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<u>Total risk weighted assets ("RWA")</u>				
- Credit risk	<b>36,606,903</b>	37,511,800	<b>39,001,233</b>	39,994,106
- Market risk	<b>66,332</b>	33,759	<b>66,332</b>	33,759
- Operational risk	<b>1,712,669</b>	1,331,960	<b>1,578,510</b>	1,227,512
Total RWA	<b>38,385,904</b>	38,877,519	<b>40,646,075</b>	41,255,377
<u>Capital ratios</u>				
CET1 capital ratio	<b>14.963%</b>	15.331%	<b>13.666%</b>	14.092%
Tier 1 capital ratio	<b>14.963%</b>	15.331%	<b>13.666%</b>	14.092%
Total capital ratio	<b>19.523%</b>	19.863%	<b>18.047%</b>	18.439%

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**Capital adequacy (continued)**

**MBSB Bank Group**

<b>30-June-20</b>			<b>Risk</b>	<b>Risk</b>	<b>Total Risk</b>	<b>Capital</b>
<b><u>Exposure Class</u></b>	<b>Exposures Pre CRM</b>	<b>Exposures Post CRM</b>	<b>Weighted Assets</b>	<b>Weighted Assets Absorbed by PSIA</b>	<b>Assets after effects of PSIA</b>	<b>Requirements</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Credit Risk</u></b>						
<b><i>On-Balance Sheet Exposures</i></b>						
Sovereigns & Central Banks	8,849,955	8,849,955	-	-	-	-
Banks, MDBs and FDIs	1,341,784	1,341,784	266,054	-	266,054	21,284
Corporates	11,005,976	11,005,976	9,340,373	-	9,340,373	747,230
Regulatory Retail	25,171,906	25,171,906	24,678,893	-	24,678,893	1,974,311
Residential Real Estate Financing	-	-	-	-	-	-
Other Assets	835,353	835,353	740,080	-	740,080	59,206
<b>Total for On-Balance Sheet Exposures</b>	<b>47,204,974</b>	<b>47,204,974</b>	<b>35,025,400</b>	<b>-</b>	<b>35,025,400</b>	<b>2,802,032</b>
<b><i>Off-Balance Sheet Exposures</i></b>						
Off balance sheet exposures other than OTC derivatives or credit derivatives	4,041,665	1,655,931	1,581,503	-	1,581,503	126,520
<b>Total for Off-Balance Sheet Exposures</b>	<b>4,041,665</b>	<b>1,655,931</b>	<b>1,581,503</b>	<b>-</b>	<b>1,581,503</b>	<b>126,520</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>51,246,639</b>	<b>48,860,905</b>	<b>36,606,903</b>	<b>-</b>	<b>36,606,903</b>	<b>2,928,552</b>
<b><u>Market Risk</u></b>						
	<b>Long Position</b>	<b>Short Position</b>				
Benchmark Rate Risk	11,073	-	11,073	6,367	6,367	509
Equity Position Risk	-	-	-	-	-	-
Foreign Currency Risk	1,205	(59,965)	59,965	59,965	59,965	4,797
Operational Risk	-	-	-	1,712,669	1,712,669	137,014
<b>Total RWA and Capital Requirements</b>	<b>51,258,917</b>	<b>51,186,674</b>	<b>48,931,943</b>	<b>38,385,904</b>	<b>38,385,904</b>	<b>3,070,872</b>

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**Capital adequacy (continued)****MBSB Bank Group**  
**30-June-20**

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

<b>Risk Weights</b>	<b>Sovereigns &amp; Central Banks</b>		<b>Banks, MDBs and FDIs</b>		<b>Corporates</b>	
	Exposures after Netting & CRM	<b>Risk Weighted Asset</b>	Exposures after Netting & CRM	<b>Risk Weighted Asset</b>	Exposures after Netting & CRM	<b>Risk Weighted Asset</b>
<b>Performing Exposures</b>						
0%	8,849,955	-	95,370	-	1,433,144	-
20%	-	-	1,191,310	238,262	653,315	130,663
50%	-	-	55,787	27,894	-	-
75%	-	-	-	-	-	-
100%	-	-	44	44	9,522,074	9,522,074
150%	-	-	-	-	340,219	510,329
<b>Total</b>	<b>8,849,955</b>	<b>-</b>	<b>1,342,511</b>	<b>266,200</b>	<b>11,948,752</b>	<b>10,163,066</b>
<b>Defaulted Exposures</b>						
0%	-	-	-	-	-	-
50%	-	-	-	-	52,293	26,147
100%	-	-	-	-	72,857	72,857
150%	-	-	-	-	292,460	438,690
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>417,610</b>	<b>537,694</b>
<b>Total Performing and Defaulted Exposures</b>	<b>8,849,955</b>	<b>-</b>	<b>1,342,511</b>	<b>266,200</b>	<b>12,366,362</b>	<b>10,700,759</b>

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**Capital adequacy (continued)**

**MBSB Bank Group**  
**30-June-20**

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

<b>Risk Weights</b>	<b>Regulatory Retail*</b>		<b>Residential Real Estate Financing</b>		<b>Other Assets</b>		<b>Total Exposure</b>	<b>Total Risk Weighted Assets</b>
	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>
<b>Performing Exposures</b>								
0%	-	-	-	-	95,273	-	10,473,742	-
20%	-	-	-	-	-	-	1,844,625	368,925
35%	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	55,787	27,894
75%	2,076,961	1,557,721	-	-	-	-	2,076,961	1,557,721
100%	23,293,673	23,293,673	-	-	740,080	740,080	33,555,871	33,555,871
150%	-	-	-	-	-	-	340,219	510,329
<b>Total</b>	<b>25,370,634</b>	<b>24,851,394</b>	<b>-</b>	<b>-</b>	<b>835,353</b>	<b>740,080</b>	<b>48,347,205</b>	<b>36,020,739</b>
<b>Defaulted Exposures</b>								
0%	-	-	-	-	-	-	-	-
50%	95,521	47,761	-	-	-	-	147,814	73,907
100%	287	287	-	-	-	-	73,144	73,144
150%	282	423	-	-	-	-	292,742	439,113
<b>Total</b>	<b>96,090</b>	<b>48,471</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>513,700</b>	<b>586,164</b>
<b>Total Performing and Defaulted Exposures</b>	<b>25,466,724</b>	<b>24,899,864</b>	<b>-</b>	<b>-</b>	<b>835,353</b>	<b>740,080</b>	<b>48,860,905</b>	<b>36,606,903</b>

\* 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
<b><u>MBSB Bank Group</u></b>			
<b>30-June-20</b>			
<b><u>Exposure Class</u></b>			
<b><u>Gross Credit Exposures</u></b>			
<b><i>On-Balance Sheet Exposures</i></b>			
Sovereigns & Central Banks	8,849,955	-	8,849,955
Banks, MDBs and FDIs	1,335,638	6,145	1,341,783
Corporates	10,965,059	40,918	11,005,977
Regulatory Retail	25,171,906	-	25,171,906
Residential Real Estate Financing	-	-	-
Other Assets	835,353	-	835,353
<b>Total for On-Balance Sheet Exposures</b>	<b>47,157,911</b>	<b>47,063</b>	<b>47,204,974</b>
<b><i>Off-Balance Sheet Exposures</i></b>			
Off balance sheet exposures other than OTC derivatives or credit derivatives	4,041,665	-	4,041,665
<b>Total for Off-Balance Sheet Exposures</b>	<b>4,041,665</b>	<b>-</b>	<b>4,041,665</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>51,199,576</b>	<b>47,063</b>	<b>51,246,639</b>



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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
<b><u>MBSB Bank Group</u></b>				
<b>30-June-20</b>				
<b><u>Exposure Class</u></b>				
<b><u>Gross Credit Exposures</u></b>				
<b><i>On-Balance Sheet Exposures</i></b>				
Sovereigns & Central Banks	836,978	1,539,393	6,473,584	8,849,955
Banks, MDBs and FDIs	1,177,401	136,771	27,612	1,341,784
Corporates	2,124,774	4,026,321	4,854,881	11,005,976
Regulatory Retail	40,612	1,046,636	24,084,658	25,171,906
Residential Real Estate Financing	-	-	-	-
Other Assets	835,353	-	-	835,353
<b>Total for On-Balance Sheet Exposures</b>	<b>5,015,118</b>	<b>6,749,121</b>	<b>35,440,735</b>	<b>47,204,974</b>
<b><i>Off-Balance Sheet Exposures</i></b>				
Off balance sheet exposures other than OTC derivatives or credit derivatives	1,435,267	2,534,395	72,003	4,041,665
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,435,267</b>	<b>2,534,395</b>	<b>72,003</b>	<b>4,041,665</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>6,450,385</b>	<b>9,283,516</b>	<b>35,512,738</b>	<b>51,246,639</b>

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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
<b><u>Credit Risk</u></b>						
<b><i>On-Balance Sheet Exposures</i></b>						
Sovereigns & Central Banks	10,773,852	10,773,852	-	-	-	-
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
<b>Total for On-Balance Sheet Exposures</b>	<b>49,335,217</b>	<b>49,335,217</b>	<b>35,445,350</b>	<b>-</b>	<b>35,445,350</b>	<b>2,835,628</b>
<b><i>Off-Balance Sheet Exposures</i></b>						
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
<b>Total for Off-Balance Sheet Exposures</b>	<b>5,069,104</b>	<b>2,127,039</b>	<b>2,066,450</b>	<b>-</b>	<b>2,066,450</b>	<b>165,316</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>54,404,321</b>	<b>51,462,256</b>	<b>37,511,800</b>	<b>-</b>	<b>37,511,800</b>	<b>3,000,944</b>
<b><u>Market Risk</u></b>						
	<b>Long Position</b>	<b>Short Position</b>				
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
<b>Total RWA and Capital Requirements</b>	<b>54,438,080</b>	<b>54,396,991</b>	<b>51,496,015</b>	<b>38,877,519</b>	<b>38,877,519</b>	<b>3,110,202</b>

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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**

	<b>Sovereigns &amp; Central Banks</b>		<b>Banks, MDBs and FDIs</b>		<b>Corporates</b>	
	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>
<b>Performing Exposures</b>						
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
<b>Total</b>	<b>10,773,852</b>	<b>-</b>	<b>1,091,879</b>	<b>202,092</b>	<b>13,125,115</b>	<b>11,408,543</b>
<b>Defaulted Exposures</b>						
0%	-	-	-	-	-	-
50%	-	-	-	-	28,040	14,020
100%	-	-	-	-	36,681	36,681
150%	-	-	-	-	207,581	311,372
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>272,302</b>	<b>362,073</b>
<b>Total Performing and Defaulted Exposures</b>	<b>10,773,852</b>	<b>-</b>	<b>1,091,879</b>	<b>202,092</b>	<b>13,397,417</b>	<b>11,770,616</b>

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**Capital adequacy (continued)**

**MBSB Bank Group**

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

31-Dec-19

<b><u>Risk Weights</u></b>	<b>Regulatory Retail*</b>		<b>Residential Real Estate Financing</b>		<b>Other Assets</b>		<b>Total Exposure</b>	<b>Total Risk Weighted Assets</b>
	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>
<b>Performing Exposures</b>								
0%	-	-	-	-	108,404	-	12,455,392	-
20%	-	-	-	-	-	-	1,572,926	314,585
35%	-	-	-	-	-	-	-	-
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
<b>Total</b>	<b>25,183,505</b>	<b>24,698,173</b>	<b>-</b>	<b>-</b>	<b>881,410</b>	<b>773,006</b>	<b>51,055,761</b>	<b>37,081,814</b>
<b>Defaulted Exposures</b>								
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
<b>Total</b>	<b>134,193</b>	<b>67,913</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>406,495</b>	<b>429,986</b>
<b>Total Performing and Defaulted Exposures</b>	<b>25,317,698</b>	<b>24,766,086</b>	<b>-</b>	<b>-</b>	<b>881,410</b>	<b>773,006</b>	<b>51,462,256</b>	<b>37,511,800</b>

\* 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
<b><u>MBSB Bank Group</u></b>			
<b>31-Dec-19</b>			
<b><u>Exposure Class</u></b>			
<b><u>Gross Credit Exposures</u></b>			
<b><i>On-Balance Sheet Exposures</i></b>			
Sovereigns & Central Banks	10,773,852	-	10,773,852
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
<b>Total for On-Balance Sheet Exposures</b>	<b>49,285,470</b>	<b>49,747</b>	<b>49,335,217</b>
<b><i>Off-Balance Sheet Exposures</i></b>			
Off balance sheet exposures other than OTC derivatives or credit derivatives	5,069,104	-	5,069,104
<b>Total for Off-Balance Sheet Exposures</b>	<b>5,069,104</b>	<b>-</b>	<b>5,069,104</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>54,354,574</b>	<b>49,747</b>	<b>54,404,321</b>

**MBSB BANK BERHAD (200501033981 / 716122-P)**

(Incorporated in Malaysia)

**Capital adequacy (continued)****Contractual Maturity of Gross Credit Exposures**

	<b>One Year or Less RM'000</b>	<b>Over One Year to Five Years RM'000</b>	<b>Over Five Years RM'000</b>	<b>Total RM'000</b>
<b><u>MBSB Bank Group</u></b>				
<b>31-Dec-19</b>				
<b><u>Exposure Class</u></b>				
<b><u>Gross Credit Exposures</u></b>				
<b><i>On-Balance Sheet Exposures</i></b>				
<b>Sovereigns &amp; Central Banks</b>	2,832,969	2,446,436	5,494,447	10,773,852
<b>Banks, MDBs and FDIs</b>	922,739	135,017	26,947	1,084,703
<b>Corporates</b>	2,472,140	4,317,615	4,706,344	11,496,099
<b>Regulatory Retail</b>	26,811	940,044	24,132,298	25,099,153
<b>Residential Real Estate Financing</b>	-	-	-	-
<b>Other Assets</b>	881,410	-	-	881,410
<b>Total for On-Balance Sheet Exposures</b>	<u>7,136,069</u>	<u>7,839,112</u>	<u>34,360,036</u>	<u>49,335,217</u>
<b><i>Off-Balance Sheet Exposures</i></b>				
<b>Off balance sheet exposures other than OTC derivatives or credit derivatives</b>	1,815,550	3,181,554	72,000	5,069,104
<b>Total for Off-Balance Sheet Exposures</b>	<u>1,815,550</u>	<u>3,181,554</u>	<u>72,000</u>	<u>5,069,104</u>
<b>Total On and Off-Balance Sheet Exposures</b>	<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**

<b>30-June-20</b>			<b>Risk</b>	<b>Risk</b>	<b>Total Risk</b>	<b>Capital</b>
<b><u>Exposure Class</u></b>	<b>Exposures Pre CRM</b>	<b>Exposures</b>	<b>Weighted</b>	<b>Weighted</b>	<b>Assets after</b>	<b>Requirements</b>
	<b>RM'000</b>	<b>Post CRM</b>	<b>Assets</b>	<b>Assets</b>	<b>effects of PSIA</b>	<b>RM'000</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>by PSIA</b>	<b>RM'000</b>	<b>RM'000</b>
				<b>RM'000</b>		
<b><u>Credit Risk</u></b>						
<b><i>On-Balance Sheet Exposures</i></b>						
Sovereigns & Central Banks	8,849,955	8,849,955	-	-	-	-
Banks, MDBs and FDIs	471,658	471,658	92,029	-	92,029	7,362
Corporates	13,528,914	13,528,914	11,863,311	-	11,863,311	949,065
Regulatory Retail	25,171,906	25,171,906	24,678,892	-	24,678,892	1,974,311
Residential Real Estate Financing	-	-	-	-	-	-
Other Assets	872,763	872,763	785,498	-	785,498	62,840
<b>Total for On-Balance Sheet</b>						
Exposures	48,895,196	48,895,196	37,419,730	-	37,419,730	2,993,578
<b><i>Off-Balance Sheet Exposures</i></b>						
Off balance sheet exposures other than OTC derivatives or credit derivatives	4,041,666	1,655,931	1,581,503	-	1,581,503	126,520
<b>Total for Off-Balance Sheet</b>						
Exposures	4,041,666	1,655,931	1,581,503	-	1,581,503	126,520
<b>Total On and Off-Balance Sheet</b>						
Exposures	52,936,862	50,551,127	39,001,233	-	39,001,233	3,120,099
<b><u>Market Risk</u></b>						
	<b>Long Position</b>	<b>Short Position</b>				
Benchmark Rate Risk	11,073	-	11,073	6,367	-	6,367
Equity Position Risk	-	-	-	-	-	-
Foreign Currency Risk	1,205	(59,965)	59,965	59,965	-	59,965
Operational Risk	-	-	-	1,578,510	-	1,578,510
<b>Total RWA and Capital</b>						
Requirements	52,949,140	52,876,897	50,622,165	40,646,075	-	40,646,075
						3,251,686

**MBSB BANK BERHAD (200501033981 / 716122-P)**

(Incorporated in Malaysia)

**Capital adequacy (continued)****MBSB Bank**  
**30-June-20**

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

<u>Risk Weights</u>	<u>Sovereigns &amp; Central Banks</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>
<b>Performing Exposures</b>						
0%	8,849,955	-	95,370	-	1,433,144	-
20%	-	-	321,184	64,237	653,315	130,663
50%	-	-	55,787	27,894	-	-
75%	-	-	-	-	-	-
100%	-	-	44	44	12,045,012	12,045,012
150%	-	-	-	-	340,219	510,329
<b>Total</b>	<b>8,849,955</b>	<b>-</b>	<b>472,385</b>	<b>92,174</b>	<b>14,471,690</b>	<b>12,686,004</b>
<b>Defaulted Exposures</b>						
0%	-	-	-	-	-	-
50%	-	-	-	-	52,293	26,147
100%	-	-	-	-	72,857	72,857
150%	-	-	-	-	292,460	438,690
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>417,610</b>	<b>537,694</b>
<b>Total Performing and Defaulted Exposures</b>	<b>8,849,955</b>	<b>-</b>	<b>472,385</b>	<b>92,174</b>	<b>14,889,300</b>	<b>13,223,697</b>



**MBSB BANK BERHAD (200501033981 / 716122-P)**

(Incorporated in Malaysia)

**Capital adequacy (continued)**

**MBSB Bank**  
30-June-20

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

<b>Risk Weights</b>	<b>Regulatory Retail*</b>		<b>Residential Real Estate Financing</b>		<b>Other Assets</b>		<b>Total Exposure</b>	<b>Total Risk Weighted Assets</b>
	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>
<b>Performing Exposures</b>								
0%	-	-	-	-	87,265	-	10,465,734	-
20%	-	-	-	-	-	-	974,499	194,900
35%	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	55,787	27,894
75%	2,076,961	1,557,721	-	-	-	-	2,076,961	1,557,721
100%	23,293,673	23,293,673	-	-	785,498	785,498	36,124,227	36,124,227
150%	-	-	-	-	-	-	340,219	510,329
<b>Total</b>	<b>25,370,634</b>	<b>24,851,394</b>	-	-	<b>872,763</b>	<b>785,498</b>	<b>50,037,427</b>	<b>38,415,070</b>
<b>Defaulted Exposures</b>								
0%	-	-	-	-	-	-	-	-
50%	95,521	47,761	-	-	-	-	147,814	73,907
100%	287	287	-	-	-	-	73,144	73,144
150%	282	423	-	-	-	-	292,742	439,113
<b>Total</b>	<b>96,090</b>	<b>48,471</b>	-	-	-	-	<b>513,700</b>	<b>586,164</b>
<b>Total Performing and Defaulted Exposures</b>	<b>25,466,724</b>	<b>24,899,864</b>	-	-	<b>872,763</b>	<b>785,498</b>	<b>50,551,127</b>	<b>39,001,234</b>

\* 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
<b><u>MBSB Bank</u></b>			
<b>30-June-20</b>			
<b><u>Exposure Class</u></b>			
<b><u>Gross Credit Exposures</u></b>			
<b><i>On-Balance Sheet Exposures</i></b>			
Sovereigns & Central Banks	8,849,955	-	8,849,955
Banks, MDBs and FDIs	465,512	6,145	471,657
Corporates	13,487,997	40,918	13,528,915
Regulatory Retail	25,171,906	-	25,171,906
Residential Real Estate Financing	-	-	-
Other Assets	872,763	-	872,763
<b>Total for On-Balance Sheet Exposures</b>	<b>48,848,133</b>	<b>47,063</b>	<b>48,895,196</b>
<b><i>Off-Balance Sheet Exposures</i></b>			
Off balance sheet exposures other than OTC derivatives or credit derivatives	4,041,666	-	4,041,666
<b>Total for Off-Balance Sheet Exposures</b>	<b>4,041,666</b>	<b>-</b>	<b>4,041,666</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>52,889,799</b>	<b>47,063</b>	<b>52,936,862</b>

**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
<b><u>MBSB Bank</u></b>				
<b>30-June-20</b>				
<b><u>Exposure Class</u></b>				
<b><u>Gross Credit Exposures</u></b>				
<b><i>On-Balance Sheet Exposures</i></b>				
<b>Sovereigns &amp; Central Banks</b>	836,978	1,539,393	6,473,584	8,849,955
<b>Banks, MDBs and FDIs</b>	307,276	136,771	27,611	471,658
<b>Corporates</b>	2,488,207	5,229,479	5,811,228	13,528,914
<b>Regulatory Retail</b>	40,612	1,046,636	24,084,658	25,171,906
<b>Residential Real Estate Financing</b>	-	-	-	-
<b>Other Assets</b>	872,763	-	-	872,763
<b>Total for On-Balance Sheet Exposures</b>	<b>4,545,836</b>	<b>7,952,279</b>	<b>36,397,081</b>	<b>48,895,196</b>
<b><i>Off-Balance Sheet Exposures</i></b>				
<b>Off balance sheet exposures other than OTC derivatives or credit derivatives</b>	1,435,266	2,534,396	72,004	4,041,666
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,435,266</b>	<b>2,534,396</b>	<b>72,004</b>	<b>4,041,666</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>5,981,102</b>	<b>10,486,675</b>	<b>36,469,085</b>	<b>52,936,862</b>

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

**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

<b><u>Risk Weights</u></b>	<b>Sovereigns &amp; Central Banks</b>		<b>Banks, MDBs and FDIs</b>		<b>Corporates</b>	
	Exposures after Netting & CRM	<i><b>Risk Weighted Asset</b></i>	Exposures after Netting & CRM	<i><b>Risk Weighted Asset</b></i>	Exposures after Netting & CRM	<i><b>Risk Weighted Asset</b></i>
<b>Performing Exposures</b>						
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
<b>Total</b>	<b>10,773,852</b>	<b>-</b>	<b>218,364</b>	<b>27,389</b>	<b>15,743,606</b>	<b>14,027,034</b>
<b>Defaulted Exposures</b>						
0%	-	-	-	-	-	-
50%	-	-	-	-	28,040	14,020
100%	-	-	-	-	36,681	36,681
150%	-	-	-	-	207,581	311,372
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>272,302</b>	<b>362,073</b>
<b>Total Performing and Defaulted Exposures</b>	<b>10,773,852</b>	<b>-</b>	<b>218,364</b>	<b>27,389</b>	<b>16,015,908</b>	<b>14,389,107</b>

**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

<b><u>Risk Weights</u></b>	<b>Regulatory Retail*</b>		<b>Residential Real Estate Financing</b>		<b>Other Assets</b>		<b>Total Exposure</b>	<b>Total Risk Weighted Assets</b>
	Exposures after Netting & CRM	<b>Risk Weighted Asset</b>	Exposures after Netting & CRM	<b>Risk Weighted Asset</b>	Exposures after Netting & CRM	<b>Risk Weighted Asset</b>	Exposures after Netting & CRM	<b>Risk Weighted Asset</b>
<b>Performing Exposures</b>								
0%	-	-	-	-	106,148	-	12,453,136	-
20%	-	-	-	-	-	-	699,411	139,882
35%	-	-	-	-	-	-	-	-
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
<b>Total</b>	<b>25,183,505</b>	<b>24,698,173</b>	<b>-</b>	<b>-</b>	<b>917,672</b>	<b>811,524</b>	<b>52,836,999</b>	<b>39,564,120</b>
<b>Defaulted Exposures</b>								
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
<b>Total</b>	<b>134,193</b>	<b>67,913</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>406,495</b>	<b>429,986</b>
<b>Total Performing and Defaulted Exposures</b>	<b>25,317,698</b>	<b>24,766,086</b>	<b>-</b>	<b>-</b>	<b>917,672</b>	<b>811,524</b>	<b>53,243,494</b>	<b>39,994,106</b>

\* Property financing exposures are included herein.

**MBSB BANK BERHAD (200501033981 / 716122-P)**

(Incorporated in Malaysia)

**Capital adequacy (continued)****Geographic Distribution of Gross Credit Exposures**

	<b>Inside Malaysia RM'000</b>	<b>Outside Malaysia RM'000</b>	<b>Total RM'000</b>
<b><u>MBSB Bank</u></b>			
<b>31-Dec-19</b>			
<b><u>Exposure Class</u></b>			
<b><u>Gross Credit Exposures</u></b>			
<b><i>On-Balance Sheet Exposures</i></b>			
<b>Sovereigns &amp; Central Banks</b>	10,773,852	-	10,773,852
<b>Banks, MDBs and FDIs</b>	202,388	8,799	211,187
<b>Corporates</b>	14,073,642	40,948	14,114,590
<b>Regulatory Retail</b>	25,099,153	-	25,099,153
<b>Residential Real Estate Financing</b>	-	-	-
<b>Other Assets</b>	917,673	-	917,673
<b>Total for On-Balance Sheet Exposures</b>	<u>51,066,708</u>	<u>49,747</u>	<u>51,116,455</u>
<b><i>Off-Balance Sheet Exposures</i></b>			
<b>Off balance sheet exposures other than OTC derivatives or credit derivatives</b>	5,069,104	-	5,069,104
<b>Total for Off-Balance Sheet Exposures</b>	<u>5,069,104</u>	<u>-</u>	<u>5,069,104</u>
<b>Total On and Off-Balance Sheet Exposures</b>	<u>56,135,812</u>	<u>49,747</u>	<u>56,185,559</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
<b><u>MBSB Bank</u></b>				
<b>31-Dec-19</b>				
<b><u>Exposure Class</u></b>				
<b><u>Gross Credit Exposures</u></b>				
<b><i>On-Balance Sheet Exposures</i></b>				
<b>Sovereigns &amp; Central Banks</b>	2,832,969	2,446,436	5,494,447	10,773,852
<b>Banks, MDBs and FDIs</b>	49,224	135,017	26,946	211,187
<b>Corporates</b>	2,830,296	5,530,306	5,753,988	14,114,590
<b>Regulatory Retail</b>	26,811	940,044	24,132,298	25,099,153
<b>Residential Real Estate Financing</b>	-	-	-	-
<b>Other Assets</b>	917,673	-	-	917,673
<b>Total for On-Balance Sheet Exposures</b>	<u>6,656,973</u>	<u>9,051,803</u>	<u>35,407,679</u>	<u>51,116,455</u>
<b><i>Off-Balance Sheet Exposures</i></b>				
<b>Off balance sheet exposures other than OTC derivatives or credit derivatives</b>				
	1,815,549	3,181,555	72,000	5,069,104
<b>Total for Off-Balance Sheet Exposures</b>	<u>1,815,549</u>	<u>3,181,555</u>	<u>72,000</u>	<u>5,069,104</u>
<b>Total On and Off-Balance Sheet Exposures</b>	<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.

		<b>MBSB Bank Group</b>		<b>MBSB Bank</b>	
		<b>+100 basis points</b>	<b>-100 basis points</b>	<b>+100 basis points</b>	<b>-100 basis points</b>
	<b>Tax rate</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30-June-20</b>					
<b>Impact to profit before tax</b>		(182,411)	182,411	(191,112)	191,112
<b>Impact to profit after tax and equity</b>	24%	(138,632)	138,632	(145,245)	145,245
<b>31-Dec-19</b>					
<b>Impact to profit before tax</b>		(207,615)	207,615	(216,351)	216,351
<b>Impact to profit after tax and equity</b>	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**  
**30-June-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
<b><u>On and Off Balance Sheet Exposures</u></b>						
<b><u>Credit exposure (using Corporate Risk Weights)</u></b>						
Public Sector Entity (applicable for entities risk weighted based on their external rating as	-	-	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-
Corporates	-	2,426,678	-	-	-	9,939,685
<b>Total</b>	-	2,426,678	-	-	-	9,939,685

**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-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
<b><u>On and Off Balance Sheet Exposures</u></b>						
Sovereign Central Banks	-	8,849,955	-	-	-	-
Total	-	8,849,955	-	-	-	-

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
<b><u>On and Off Balance Sheet Exposures</u></b>						
Banks, MDBs and FDI	-	1,336,782	5,428	237	44	18
Total	-	1,336,782	5,428	237	44	18

**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
<b><u>On and Off Balance Sheet Exposures</u></b>						
<b><u>Credit exposure (using Corporate Risk Weights)</u></b>						
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
<b>Total</b>	-	<b>2,520,959</b>	-	-	-	<b>10,876,458</b>

**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
<b><u>On and Off Balance Sheet Exposures</u></b>						
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
<b><u>On and Off Balance Sheet Exposures</u></b>						
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**

**30-June-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
<b><u>On and Off Balance Sheet Exposures</u></b>						
<b><u>Credit exposure (using Corporate Risk Weights)</u></b>						
Public Sector Entity (applicable for entities risk weighted based on their external rating as	-	-	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-
Corporates	-	2,426,678	-	-	-	12,462,623
<b>Total</b>	-	2,426,678	-	-	-	12,462,623

**MBSB BANK BERHAD (200501033981 / 716122-P)**

(Incorporated in Malaysia)

**Capital adequacy (continued)**

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

**MBSB Bank**

**30-June-20**

**RM'000**

Exposure Class	Rating of Sovereign Central Banks 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
<b><u>On and Off Balance Sheet Exposures</u></b>						
Sovereign Central Banks	-	8,849,955	-	-	-	-
Total	-	8,849,955	-	-	-	-

Exposure Class	Rating of Banking Institutions 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
<b><u>On and Off Balance Sheet Exposures</u></b>						
Banks, MDBs and FDI	-	466,657	5,428	237	44	18
Total	-	466,657	5,428	237	44	18

**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**

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
<b><u>On and Off Balance Sheet Exposures</u></b>						
<b><u>Credit exposure (using Corporate Risk Weights)</u></b>						
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
<b>Total</b>	-	<b>2,520,959</b>	-	-	-	<b>13,494,949</b>



**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
<b><u>On and Off Balance Sheet Exposures</u></b>						
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
<b><u>On and Off Balance Sheet Exposures</u></b>						
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 period ended 30 June 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