

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 2023**

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

Contents	Page
Basel II Pillar 3 - Capital Adequacy Framework for Islamic Bank ("CAFIB") Disclosures	1 - 33
Attestation for Capital Adequacy Framework for Islamic Bank (CAFIB) Disclosures	34

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

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 31 to the Financial Statements for the financial period ended 30 June 2023 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 2023.

During the financial period, 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.

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

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Capital Adequacy

	MBSB Bank Group			
	with TA 30-Jun-23 RM'000	without TA 30-Jun-23 RM'000	with TA 31-Dec-22 RM'000	without TA 31-Dec-22 RM'000
<u>Common Equity Tier 1 ("CET 1") Capital</u>				
Ordinary share capital	6,427,972	6,427,972	6,427,972	6,427,972
Retained profits exclude merger reserve	972,915	972,915	1,483,063	1,483,063
Fair value reserves	(182,509)	(182,509)	(341,367)	(341,367)
Regulatory reserve	69,320	69,320	-	-
	7,287,698	7,287,698	7,569,668	7,569,668
Less : Regulatory adjustments				
Deferred tax assets	(70,201)	(70,201)	(107,238)	(107,238)
Intangible assets	(91,284)	(91,284)	(96,157)	(96,157)
55% of cumulative gains on FVOCI instruments	(18,395)	(18,395)	(10,856)	(10,856)
Regulatory reserve attributable to financing	(69,320)	(69,320)	-	-
Other CET1 regulatory adjustments	-	-	-	-
Total CET1 capital	7,038,498	7,038,498	7,355,417	7,355,417
<u>Tier 1 Capital</u>				
Additional Tier 1 capital instruments	-	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-	-
Total Tier 1 capital	7,038,498	7,038,498	7,355,417	7,355,417
<u>Tier 2 Capital</u>				
Stage 1 & Stage 2 expected credit loss allowances^	484,475	484,475	443,911	443,911
Additional Tier 2 capital instruments	1,300,000	1,300,000	1,300,000	1,300,000
Total Tier 2 capital	1,784,475	1,784,475	1,743,911	1,743,911
Total capital base	8,822,973	8,822,973	9,099,328	9,099,328

^ Expected credit loss allowance on non-credit impaired exposure and regulatory reserves is subject to a maximum of 1.25% of total credit risk-weighted assets.

Breakdown of risk weighted assets in various categories of risk weights are as follows:

	30-Jun-23 RM'000	30-Jun-23 RM'000	31-Dec-22 RM'000	31-Dec-22 RM'000
<u>Total risk weighted assets ("RWA")</u>				
Credit risk	38,758,003	38,758,003	35,512,865	35,512,865
Market risk	631,437	631,437	90,857	90,857
Operational risk	2,675,805	2,675,805	2,733,427	2,733,427
Total RWA	42,065,245	42,065,245	38,337,149	38,337,149
<u>Capital adequacy ratios</u>				
CET1 capital ratio	16.732%	16.732%	19.186%	19.186%
Tier 1 capital ratio	16.732%	16.732%	19.186%	19.186%
Total capital ratio	20.974%	20.974%	23.735%	23.735%

In accordance with BNM's Guidelines on Investment Account paragraph 31.1, the credit and market risk weighted assets funded by Unrestricted Investment Accounts (URIA) shall be recognised as risk absorbent and excluded from the calculation of capital adequacy ratio of the Bank. As at 30 June 2023, URIA risk weighted assets excluded from the Total Capital Ratio calculation amounted to RM814.0 million (31 Dec 2022: RM2,011.5 million).

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Capital Adequacy (continued)

	MBSB Bank			
	with TA	without TA	with TA	without TA
	30-Jun-23	30-Jun-23	31-Dec-22	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
<u>Common Equity Tier 1 ("CET 1") Capital</u>				
Ordinary share capital	6,427,972	6,427,972	6,427,972	6,427,972
Retained profits exclude merger reserve	1,045,219	1,045,219	1,555,371	1,555,371
Fair value reserves	(182,509)	(182,509)	(341,367)	(341,367)
Regulatory reserve	69,320	69,320	-	-
	7,360,002	7,360,002	7,641,976	7,641,976
Less : Regulatory adjustments				
Deferred tax assets	(70,201)	(70,201)	(107,238)	(107,238)
Intangible assets	(91,284)	(91,284)	(96,157)	(96,157)
55% of cumulative gains on FVOCI instruments	(18,395)	(18,395)	(10,860)	(10,860)
Regulatory reserve attributable to financing	(69,320)	(69,320)	-	-
Other CET1 regulatory adjustments	-	-	-	-
Total CET1 capital	7,110,802	7,110,802	7,427,721	7,427,721
<u>Tier 1 Capital</u>				
Additional Tier 1 capital instruments	-	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-	-
Total Tier 1 capital	7,110,802	7,110,802	7,427,721	7,427,721
<u>Tier 2 Capital</u>				
Stage 1 & Stage 2 expected credit loss allowances [^]	508,024	508,024	469,580	469,580
Additional Tier 2 capital instruments	1,300,000	1,300,000	1,300,000	1,300,000
Total Tier 2 capital	1,808,024	1,808,024	1,769,580	1,769,580
Total capital base	8,918,826	8,918,826	9,197,301	9,197,301
[^] Expected credit loss allowance on non-credit impaired exposure and regulatory reserves is subject to a maximum of 1.25% of total credit risk-weighted assets.				
Breakdown of risk weighted assets in various categories of risk weights are as follows:				
	30-Jun-23	30-Jun-23	31-Dec-22	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
<u>Total risk weighted assets ("RWA")</u>				
Credit risk	40,641,942	40,641,942	37,566,371	37,566,371
Market risk	631,437	631,437	90,857	90,857
Operational risk	2,672,764	2,672,764	2,693,139	2,693,139
Total RWA	43,946,143	43,946,143	40,350,367	40,350,367
<u>Capital adequacy ratios</u>				
CET1 capital ratio	16.181%	16.181%	18.408%	18.408%
Tier 1 capital ratio	16.181%	16.181%	18.408%	18.408%
Total capital ratio	20.295%	20.295%	22.794%	22.794%

In accordance with BNM's Guidelines on Investment Account paragraph 31.1, the credit and market risk weighted assets funded by Unrestricted Investment Accounts (URIA) shall be recognised as risk absorbent and excluded from the calculation of capital adequacy ratio of the Bank. As at 30 June 2023, URIA risk weighted assets excluded from the Total Capital Ratio calculation amounted to RM814.0 million (31 Dec 2022: RM2,011.5 million).

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Table 1: Risk-Weighted Assets ("RWA") and Capital Requirements
MBSB Bank Group

MBSB Bank Group				Risk		
				Weighted Assets	Total Risk	
30-Jun-23			Risk	Absorbed	Weighted	Capital
Exposure Class	Exposures Pre CRM	Exposures	Weighted	by PSIA	Assets after	Requirements
	RM'000	Post CRM	Assets	RM'000	effects of PSIA	RM'000
		RM'000	RM'000		RM'000	
Credit Risk						
On-Balance Sheet Exposures						
Sovereigns & Central Banks	10,179,270	10,179,270	-	-	-	-
Public Sector Entities	563,059	563,059	-	-	-	-
Banks, MDBs and DFIs	1,731,871	1,731,871	387,118	-	387,118	30,969
Insurance Companies, Securities						
Firms & Fund Managers	240,345	240,345	240,345	-	240,345	19,228
Corporates	11,293,614	11,293,614	7,866,357	-	7,866,357	629,309
Regulatory Retail	27,610,617	27,610,617	27,105,855	-	27,105,855	2,168,468
Residential Real Estate Financing	3,058,597	3,058,597	1,190,915	-	1,190,915	95,273
Other Assets	720,020	720,020	651,305	-	651,305	52,104
Total for On-Balance Sheet						
Exposures	55,397,394	55,397,394	37,441,895	-	37,441,895	2,995,352
Off-Balance Sheet Exposures						
Off balance sheet exposures other than OTC derivatives or credit derivatives	1,440,808	1,440,808	1,316,107	-	1,316,107	105,289
Total for Off-Balance Sheet						
Exposures	1,440,808	1,440,808	1,316,107	-	1,316,107	105,289
Total On and Off-Balance Sheet						
Exposures	56,838,202	56,838,202	38,758,003	-	38,758,003	3,100,640
Market Risk	Long Position	Short Position				
Benchmark Rate Risk	3,078,427	(1,989,595)	-	518,996	518,996	41,520
Equity Position Risk	-	-	-	-	-	-
Foreign Currency Risk	112,441	-	112,441	112,441	112,441	8,995
Operational Risk	-	-	-	2,675,805	2,675,805	214,064
Total RWA and Capital Requirements	60,029,070	54,848,607	56,950,643	42,065,245	42,065,245	3,365,220

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Table 1: Risk-Weighted Assets ("RWA") and Capital Requirements (continued)
MBSB Bank Group

31-Dec-22			Risk	Risk	Total Risk	Capital
<u>Exposure Class</u>	Exposures Pre CRM	Exposures Post CRM	Weighted Assets	Weighted Assets Absorbed by PSIA	Weighted Assets after effects of PSIA	Requirements
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Credit Risk</u>						
<i>On-Balance Sheet Exposures</i>						
Sovereigns & Central Banks	11,306,925	11,306,925	-	-	-	-
Public Sector Entities	758,623	758,623	34,387	-	34,387	2,751
Banks, MDBs and DFIs	1,068,257	1,068,257	235,938	-	235,938	18,875
Insurance Companies, Securities Firms & Fund Managers	240,357	240,357	240,357	-	240,357	19,229
Corporates	10,459,029	10,459,029	7,536,291	-	7,536,291	602,903
Regulatory Retail	24,904,274	24,904,274	24,479,244	-	24,479,244	1,958,340
Residential Real Estate Financing	2,907,571	2,907,571	1,104,790	-	1,104,790	88,383
Other Assets	828,226	828,226	632,787	-	632,787	50,623
Total for On-Balance Sheet Exposures	52,473,262	52,473,262	34,263,794	-	34,263,794	2,741,104
<i>Off-Balance Sheet Exposures</i>						
Off balance sheet exposures other than OTC derivatives or credit derivatives	1,376,434	1,376,434	1,249,071	-	1,249,071	99,926
Total for Off-Balance Sheet Exposures	1,376,434	1,376,434	1,249,071	-	1,249,071	99,926
Total On and Off-Balance Sheet Exposures	53,849,696	53,849,696	35,512,865	-	35,512,865	2,841,029
<u>Market Risk</u>						
	Long Position	Short Position				
Benchmark Rate Risk	-	-	-	-	-	-
Equity Position Risk	-	-	-	-	-	-
Foreign Currency Risk	90,857	-	90,857	90,857	90,857	7,269
Operational Risk	-	-	-	2,733,427	2,733,427	218,674
Total RWA and Capital Requirements	53,940,553	53,849,696	53,940,553	38,337,149	38,337,149	3,066,972

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Table 2: Credit Risk Exposure by Risk Weight
MBSB Bank Group
30-Jun-23
Risk Weights

	Sovereigns & Central Banks		Public Sector Entities		Banks, MDBs and DFIs		Insurance Companies, Securities Firms & Fund Managers		Corporates	
	Exposures after Netting & CRM RM'000	<i>Risk Weighted Asset RM'000</i>	Exposures after Netting & CRM RM'000	<i>Risk Weighted Asset RM'000</i>	Exposures after Netting & CRM RM'000	<i>Risk Weighted Asset RM'000</i>	Exposures after Netting & CRM RM'000	<i>Risk Weighted Asset RM'000</i>	Exposures after Netting & CRM RM'000	<i>Risk Weighted Asset RM'000</i>
Performing Exposures										
0%	10,179,270	-	563,059	-	103,495	-	-	-	1,166,391	-
20%	-	-	-	-	1,459,266	291,853	-	-	3,165,621	633,124
35%	-	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	204,681	102,341	-	-	60,642	30,321
75%	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	48	48	240,345	240,345	7,024,167	7,024,167
150%	-	-	-	-	-	-	-	-	329,016	493,524
Total	10,179,270	-	563,059	-	1,767,490	394,242	240,345	240,345	11,745,837	8,181,136
Defaulted Exposures										
0%	-	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	-	-	111,773	55,887
100%	-	-	-	-	-	-	-	-	54,382	54,382
150%	-	-	-	-	-	-	-	-	386,661	579,992
Total	-	-	-	-	-	-	-	-	552,817	690,261
Total Performing and Defaulted Exposures	10,179,270	-	563,059	-	1,767,490	394,242	240,345	240,345	12,298,654	8,871,397

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Table 2: Credit Risk Exposure by Risk Weight (continued)
MBSB Bank Group

30-Jun-23	Residential Real Estate				Total		Total Risk
<u>Risk Weights</u>	<u>Regulatory Retail*</u>		<u>Financing</u>		<u>Exposure</u>		<u>Weighted Assets</u>
	Exposures after Netting & CRM RM'000	<i>Risk Weighted Asset RM'000</i>	Exposures after Netting & CRM RM'000	<i>Risk Weighted Asset RM'000</i>	Exposures after Netting & CRM RM'000	<i>Risk Weighted Asset RM'000</i>	<i>Risk Weighted Asset RM'000</i>
Performing Exposures							
0%	-	-	-	-	68,715	-	12,080,930
20%	-	-	-	-	-	-	4,624,887
35%	-	-	2,255,894	789,563	-	-	2,255,894
50%	-	-	768,603	384,302	-	-	1,033,926
75%	3,140,202	2,355,151	-	-	-	-	3,140,202
100%	24,093,825	24,093,825	-	-	651,305	651,305	32,009,689
150%	-	-	-	-	-	-	329,016
Total	27,234,026	26,448,976	3,024,497	1,173,864	720,020	651,305	55,474,545
Defaulted Exposures							
0%	-	-	-	-	-	-	-
50%	67,034	33,517	34,100	17,050	-	-	212,908
100%	274,506	274,506	-	-	-	-	328,887
150%	435,200	652,800	-	-	-	-	821,862
Total	776,740	960,823	34,100	17,050	-	-	1,363,657
Total Performing and Defaulted Exposures	28,010,766	27,409,799	3,058,597	1,190,915	720,020	651,305	56,838,202
							38,758,003

* Property financing exposures are included herein.

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Table 2: Credit Risk Exposure by Risk Weight (continued)
MBSB Bank Group
31-Dec-22
Risk Weights

	Sovereigns & Central Banks		Public Sector Entities		Banks, MDBs and DFIs		Insurance Companies, Securities Firms & Fund Managers		Corporates	
	Exposures after Netting & CRM RM'000	<i>Risk Weighted Asset RM'000</i>	Exposures after Netting & CRM RM'000	<i>Risk Weighted Asset RM'000</i>	Exposures after Netting & CRM RM'000	<i>Risk Weighted Asset RM'000</i>	Exposures after Netting & CRM RM'000	<i>Risk Weighted Asset RM'000</i>	Exposures after Netting & CRM RM'000	<i>Risk Weighted Asset RM'000</i>
Performing Exposures										
0%	11,306,925	-	586,689	-	102,173	-	-	-	1,267,702	-
20%	-	-	171,934	34,387	857,644	171,527	-	-	2,414,267	482,853
35%	-	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	142,403	71,202	-	-	61,105	30,553
75%	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	240,357	240,357	6,737,713	6,737,713
150%	-	-	-	-	-	-	-	-	299,880	449,820
Total	11,306,925	-	758,623	34,387	1,102,220	242,729	240,357	240,357	10,780,667	7,700,939
Defaulted Exposures										
0%	-	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	-	-	104,189	52,095
100%	-	-	-	-	-	-	-	-	99,572	99,572
150%	-	-	-	-	-	-	-	-	418,169	627,254
Total	-	-	-	-	-	-	-	-	621,930	778,921
Total Performing and Defaulted Exposures	11,306,925	-	758,623	34,387	1,102,220	242,729	240,357	240,357	11,402,597	8,479,860

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Table 2: Credit Risk Exposure by Risk Weight (continued)
MBSB Bank Group

31-Dec-22	Residential Real Estate				Total		Total Risk
Risk Weights	Regulatory Retail*		Financing		Exposure		Weighted Assets
	Exposures after Netting & CRM RM'000	Risk Weighted Asset RM'000	Exposures after Netting & CRM RM'000	Risk Weighted Asset RM'000	Exposures after Netting & CRM RM'000	Risk Weighted Asset RM'000	Risk Weighted Asset RM'000
Performing Exposures							
0%	-	-	-	-	195,439	-	-
20%	-	-	-	-	-	-	688,767
35%	-	-	2,326,633	814,322	-	-	814,322
50%	-	-	556,126	278,063	-	-	379,818
75%	2,839,148	2,129,361	-	-	-	-	2,129,361
100%	21,777,560	21,777,560	-	-	632,787	632,787	29,388,417
150%	-	-	-	-	-	-	449,820
Total	24,616,708	23,906,921	2,882,759	1,092,385	828,226	632,787	33,850,505
Defaulted Exposures							
0%	-	-	-	-	-	-	-
50%	71,110	35,555	24,812	12,406	-	-	100,056
100%	175,122	175,122	-	-	-	-	274,694
150%	440,238	660,357	-	-	-	-	1,287,610
Total	686,470	871,034	24,812	12,406	-	-	1,662,360
Total Performing and Defaulted Exposures	25,303,178	24,777,955	2,907,571	1,104,791	828,226	632,787	35,512,865

* Property financing exposures are included herein.

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Table 3: Gross Credit Exposures by Geographic Distribution**MBSB Bank Group****30-Jun-23****Exposure Class****Gross Credit Exposures*****On-Balance Sheet Exposures*****Sovereigns & Central Banks****Public Sector Entities****Banks, MDBs and DFIs****Insurance Companies, Securities Firms & Fund Managers****Corporates****Regulatory Retail****Residential Real Estate Financing****Other Assets****Total for On-Balance Sheet Exposures*****Off-Balance Sheet Exposures*****Off balance sheet exposures other than OTC derivatives
or credit derivatives****Total for Off-Balance Sheet Exposures****Total On and Off-Balance Sheet Exposures**

	Inside Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Sovereigns & Central Banks	10,179,270	-	10,179,270
Public Sector Entities	563,059	-	563,059
Banks, MDBs and DFIs	1,547,605	184,267	1,731,871
Insurance Companies, Securities Firms & Fund Managers	240,345	-	240,345
Corporates	11,293,614	-	11,293,614
Regulatory Retail	27,610,617	-	27,610,617
Residential Real Estate Financing	3,058,597	-	3,058,597
Other Assets	720,020	-	720,020
Total for On-Balance Sheet Exposures	55,213,127	184,267	55,397,394
Off balance sheet exposures other than OTC derivatives or credit derivatives	1,440,402	406	1,440,808
Total for Off-Balance Sheet Exposures	1,440,402	406	1,440,808
Total On and Off-Balance Sheet Exposures	56,653,529	184,673	56,838,202

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Table 3: Gross Credit Exposures by Geographic Distribution (continued)

<u>MBSB Bank Group</u>	Inside Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
31-Dec-22			
<u>Exposure Class</u>			
<u>Gross Credit Exposures</u>			
<i>On-Balance Sheet Exposures</i>			
Sovereigns & Central Banks	11,306,925	-	11,306,925
Public Sector Entities	758,623	-	758,623
Banks, MDBs and DFIs	911,283	156,974	1,068,257
Insurance Companies, Securities Firms & Fund Managers	240,357	-	240,357
Corporates	10,459,029	-	10,459,029
Regulatory Retail	24,904,274	-	24,904,274
Residential Real Estate Financing	2,907,571	-	2,907,571
Other Assets	828,226	-	828,226
Total for On-Balance Sheet Exposures	<u>52,316,288</u>	<u>156,974</u>	<u>52,473,262</u>
<i>Off-Balance Sheet Exposures</i>			
Off balance sheet exposures other than OTC derivatives or credit derivatives	1,376,368	66	1,376,434
Total for Off-Balance Sheet Exposures	<u>1,376,368</u>	<u>66</u>	<u>1,376,434</u>
Total On and Off-Balance Sheet Exposures	<u><u>53,692,656</u></u>	<u><u>157,040</u></u>	<u><u>53,849,696</u></u>

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Table 4: Gross Credit Exposures by Residual Contractual Maturity

<u>MBSB Bank Group</u>	One Year or Less RM'000	Over One Year to Five Years RM'000	Over Five Years RM'000	No Specific Maturity RM'000	Total RM'000
30-Jun-23					
<u>Exposure Class</u>					
<u>Gross Credit Exposures</u>					
<i>On-Balance Sheet Exposures</i>					
Sovereigns & Central Banks	1,302,106	2,552,754	6,324,410	-	10,179,270
Public Sector Entities	122,149	215,157	225,753	-	563,059
Banks, MDBs and DFIs	1,244,070	415,196	72,605	-	1,731,871
Insurance Companies, Securities Firms & Fund Managers	240,345	-	-	-	240,345
Corporates	4,086,416	3,425,606	3,781,592	-	11,293,614
Regulatory Retail	1,326,829	1,964,652	24,319,136	-	27,610,617
Residential Real Estate Financing	590	26,957	3,031,050	-	3,058,597
Other Assets	-	-	-	720,020	720,020
Total for On-Balance Sheet Exposures	8,322,505	8,600,322	37,754,546	720,020	55,397,394
<i>Off-Balance Sheet Exposures</i>					
Off balance sheet exposures other than OTC derivatives or credit derivatives	315,700	890,821	234,287	-	1,440,808
Total for Off-Balance Sheet Exposures	315,700	890,821	234,287	-	1,440,808
Total On and Off-Balance Sheet Exposures	8,638,205	9,491,143	37,988,833	720,020	56,838,202

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Table 4: Gross Credit Exposures by Residual Contractual Maturity (continued)

<u>MBSB Bank Group</u>	One Year or Less RM'000	Over One Year to Five Years RM'000	Over Five Years RM'000	No Specific Maturity RM'000	Total RM'000
31-Dec-22					
<u>Exposure Class</u>					
<u>Gross Credit Exposures</u>					
<i>On-Balance Sheet Exposures</i>					
Sovereigns & Central Banks	2,815,584	2,883,695	5,607,646	-	11,306,925
Public Sector Entities	66,226	369,006	323,391	-	758,623
Banks, MDBs and DFIs	806,485	180,590	81,182	-	1,068,257
Insurance Companies, Securities Firms & Fund Managers	240,357	-	-	-	240,357
Corporates	3,660,529	3,253,503	3,544,997	-	10,459,029
Regulatory Retail	782,426	1,863,017	22,258,831	-	24,904,274
Residential Real Estate Financing	2,420	53,857	2,851,294	-	2,907,571
Other Assets	-	-	-	828,226	828,226
Total for On-Balance Sheet Exposures	<u>8,374,027</u>	<u>8,603,668</u>	<u>34,667,341</u>	<u>828,226</u>	<u>52,473,262</u>
<i>Off-Balance Sheet Exposures</i>					
Off balance sheet exposures other than OTC derivatives or credit derivatives	253,728	947,224	175,482	-	1,376,434
Total for Off-Balance Sheet Exposures	<u>253,728</u>	<u>947,224</u>	<u>175,482</u>	<u>-</u>	<u>1,376,434</u>
Total On and Off-Balance Sheet Exposures	<u>8,627,755</u>	<u>9,550,892</u>	<u>34,842,823</u>	<u>828,226</u>	<u>53,849,696</u>

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Table 1: Risk-Weighted Assets ("RWA") and Capital Requirements
MBSB Bank

<u>MBSB Bank</u>					Risk Weighted Assets Absorbed by PSIA RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Capital Requirements RM'000
30-Jun-23 <u>Exposure Class</u>	Exposures Pre CRM RM'000	Exposures Post CRM RM'000	Risk Weighted Assets RM'000				
<u>Credit Risk</u>							
<i>On-Balance Sheet Exposures</i>							
Sovereigns & Central Banks	10,179,270	10,179,270	-	-	-	-	-
Public Sector Entities	563,059	563,059	-	-	-	-	-
Banks, MDBs and DFIs	1,081,817	1,081,817	257,107	-	257,107	20,569	
Insurance Companies, Securities Firms & Fund Managers	240,345	240,345	240,345	-	240,345	19,228	
Corporates	13,336,259	13,336,259	9,909,002	-	9,909,002	792,720	
Regulatory Retail	27,610,617	27,610,617	27,105,855	-	27,105,855	2,168,468	
Residential Real Estate Financing	3,058,597	3,058,597	1,190,915	-	1,190,915	95,273	
Other Assets	691,325	691,325	622,610	-	622,610	49,809	
Total for On-Balance Sheet Exposures	56,761,289	56,761,289	39,325,834	-	39,325,834	3,146,067	
<i>Off-Balance Sheet Exposures</i>							
Off balance sheet exposures other than OTC derivatives or credit derivatives	1,440,808	1,440,808	1,316,107	-	1,316,107	105,289	
Total for Off-Balance Sheet Exposures	1,440,808	1,440,808	1,316,107	-	1,316,107	105,289	
Total On and Off-Balance Sheet Exposures	58,202,098	58,202,098	40,641,942	-	40,641,942	3,251,355	
<u>Market Risk</u>							
	Long Position	Short Position					
Benchmark Rate Risk	3,078,427	(1,989,595)	-	518,996	-	518,996	41,520
Equity Position Risk	-	-	-	-	-	-	-
Foreign Currency Risk	112,441	-	112,441	112,441	-	112,441	8,995
<u>Operational Risk</u>	-	-	-	2,672,764	-	2,672,764	213,821
Total RWA and Capital Requirements	61,392,966	56,212,503	58,314,539	43,946,143	-	43,946,143	3,515,691

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Table 1: Risk-Weighted Assets ("RWA") and Capital Requirements (continued)
MBSB Bank

31-Dec-22 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	11,306,925	11,306,925	-	-	-	-
Public Sector Entities	758,623	758,623	34,387	-	34,387	2,751
Banks, MDBs and DFIs	470,510	470,510	116,388	-	116,388	9,311
Insurance Companies, Securities Firms & Fund Managers	240,357	240,357	240,357	-	240,357	19,229
Corporates	12,563,528	12,563,528	9,640,790	-	9,640,790	771,263
Regulatory Retail	24,904,274	24,904,274	24,479,244	-	24,479,244	1,958,340
Residential Real Estate Financing	2,907,571	2,907,571	1,104,790	-	1,104,790	88,383
Other Assets	783,220	783,220	701,344	-	701,344	56,108
Total for On-Balance Sheet Exposures	53,935,008	53,935,008	36,317,300	-	36,317,300	2,905,384
<i>Off-Balance Sheet Exposures</i>						
Off balance sheet exposures other than OTC derivatives or credit derivatives	1,376,434	1,376,434	1,249,071	-	1,249,071	99,926
Total for Off-Balance Sheet Exposures	1,376,434	1,376,434	1,249,071	-	1,249,071	99,926
Total On and Off-Balance Sheet Exposures	55,311,442	55,311,442	37,566,371	-	37,566,371	3,005,310
<u>Market Risk</u>	Long Position	Short Position				
Benchmark Rate Risk	-	-	-	-	-	-
Equity Position Risk	-	-	-	-	-	-
Foreign Currency Risk	90,857	-	90,857	-	90,857	7,269
<u>Operational Risk</u>	-	-	-	2,693,139	2,693,139	215,451
Total RWA and Capital Requirements	55,402,299	55,311,442	55,402,299	40,350,367	40,350,367	3,228,029

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Table 2: Credit Risk Exposure by Risk Weight
MBSB Bank
30-Jun-23
Risk Weights

	Sovereigns & Central Banks		Public Sector Entities		Banks, MDBs and DFIs		Insurance Companies, Securities Firms & Fund Managers		Corporates	
	Exposures after Netting & CRM RM'000	<i>Risk Weighted Asset RM'000</i>	Exposures after Netting & CRM RM'000	<i>Risk Weighted Asset RM'000</i>	Exposures after Netting & CRM RM'000	<i>Risk Weighted Asset RM'000</i>	Exposures after Netting & CRM RM'000	<i>Risk Weighted Asset RM'000</i>	Exposures after Netting & CRM RM'000	<i>Risk Weighted Asset RM'000</i>
Performing Exposures										
0%	10,179,270	-	563,059	-	103,495	-	-	-	1,166,391	-
20%	-	-	-	-	809,212	161,842	-	-	3,165,621	633,124
35%	-	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	204,681	102,341	-	-	60,642	30,321
75%	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	48	48	240,345	240,345	9,066,811	9,066,811
150%	-	-	-	-	-	-	-	-	329,016	493,524
Total	10,179,270	-	563,059	-	1,117,436	264,231	240,345	240,345	13,788,482	10,223,781
Defaulted Exposures										
0%	-	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	-	-	111,773	55,887
100%	-	-	-	-	-	-	-	-	54,382	54,382
150%	-	-	-	-	-	-	-	-	386,661	579,992
Total	-	-	-	-	-	-	-	-	552,817	690,261
Total Performing and Defaulted Exposures	10,179,270	-	563,059	-	1,117,436	264,231	240,345	240,345	14,341,299	10,914,042

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Table 2: Credit Risk Exposure by Risk Weight (continued)
MBSB Bank

30-Jun-23	Residential Real Estate				Total		Total Risk
<u>Risk Weights</u>	<u>Regulatory Retail*</u>		<u>Financing</u>		<u>Exposure</u>		<u>Weighted Assets</u>
	Exposures after Netting & CRM RM'000	<i>Risk Weighted Asset RM'000</i>	Exposures after Netting & CRM RM'000	<i>Risk Weighted Asset RM'000</i>	Exposures after Netting & CRM RM'000	<i>Risk Weighted Asset RM'000</i>	<i>Risk Weighted Asset RM'000</i>
Performing Exposures							
0%	-	-	-	-	68,715	-	12,080,930
20%	-	-	-	-	-	-	3,974,833
35%	-	-	2,255,894	789,563	-	-	2,255,894
50%	-	-	768,603	384,302	-	-	1,033,926
75%	3,140,202	2,355,151	-	-	-	-	3,140,202
100%	24,093,825	24,093,825	-	-	622,610	622,610	34,023,639
150%	-	-	-	-	-	-	329,016
Total	27,234,026	26,448,976	3,024,497	1,173,864	691,325	622,610	56,838,441
Defaulted Exposures							
0%	-	-	-	-	-	-	-
50%	67,034	33,517	34,100	17,050	-	-	212,908
100%	274,506	274,506	-	-	-	-	328,887
150%	435,200	652,800	-	-	-	-	821,862
Total	776,740	960,823	34,100	17,050	-	-	1,363,657
Total Performing and Defaulted Exposures	28,010,766	27,409,799	3,058,597	1,190,915	691,325	622,610	58,202,098
							40,641,942

* Property financing exposures are included herein.

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Table 2: Credit Risk Exposure by Risk Weight (continued)
MBSB Bank

31-Dec-22

Risk Weights

	Sovereigns & Central Banks		Public Sector Entities		Banks, MDBs and DFIs		Insurance Cos, Securities Firms & Fund Managers		Corporates	
	Exposures after Netting & CRM RM'000	Risk Weighted Asset RM'000	Exposures after Netting & CRM RM'000	Risk Weighted Asset RM'000	Exposures after Netting & CRM RM'000	Risk Weighted Asset RM'000	Exposures after Netting & CRM RM'000	Risk Weighted Asset RM'000	Exposures after Netting & CRM RM'000	Risk Weighted Asset RM'000
Performing Exposures										
0%	11,306,926	-	586,689	-	102,173	-	-	-	1,267,702	-
20%	-	-	171,935	34,387	259,896	51,979	-	-	2,414,267	482,853
35%	-	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	142,403	71,202	-	-	61,105	30,553
75%	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	240,357	240,357	8,842,211	8,842,211
150%	-	-	-	-	-	-	-	-	299,880	449,820
Total	11,306,926	-	758,624	34,387	504,472	123,181	240,357	240,357	12,885,165	9,805,437
Defaulted Exposures										
0%	-	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	-	-	104,189	52,095
100%	-	-	-	-	-	-	-	-	99,572	99,572
150%	-	-	-	-	-	-	-	-	418,169	627,254
Total	-	-	-	-	-	-	-	-	621,930	778,921
Total Performing and Defaulted Exposures	11,306,926	-	758,624	34,387	504,472	123,181	240,357	240,357	13,507,095	10,584,358

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Table 2: Credit Risk Exposure by Risk Weight (continued)
MBSB Bank

31-Dec-22	Residential Real Estate						Total	Total Risk
<u>Risk Weights</u>	Regulatory Retail*		Financing		Other Assets		Exposure	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%	-	-	-	-	81,876	-	13,345,365	-
20%	-	-	-	-	-	-	2,846,098	569,219
35%	-	-	2,326,633	814,322	-	-	2,326,633	814,322
50%	-	-	556,126	278,062	-	-	759,634	379,817
75%	2,839,148	2,129,361	-	-	-	-	2,839,148	2,129,361
100%	21,777,560	21,777,560	-	-	701,345	701,345	31,561,473	31,561,473
150%	-	-	-	-	-	-	299,880	449,820
Total	24,616,708	23,906,921	2,882,759	1,092,384	783,221	701,345	53,978,231	35,904,012
Defaulted Exposures								
0%	-	-	-	-	-	-	-	-
50%	71,110	35,555	24,812	12,406	-	-	200,110	100,056
100%	175,122	175,122	-	-	-	-	274,694	274,694
150%	440,238	660,356	-	-	-	-	858,407	1,287,609
Total	686,470	871,033	24,812	12,406	-	-	1,333,211	1,662,359
Total Performing and Defaulted Exposures	25,303,178	24,777,954	2,907,571	1,104,790	783,221	701,345	55,311,442	37,566,371

* Property financing exposures are included herein.

(Incorporated in Malaysia)

MBSB Bank

Exposure Class

On-Balance Sheet Exposures

Public Sector Entities

Banks, MDBs and DFIs

Insurance Companies, Securities Firms & Fund Managers

Corporates

Regulatory Retail

Residential Real Estate Financing

Other Assets

Total for On-Balance Sheet Exposures

Off balance sheet exposures other than OTC derivatives or credit derivatives

Total for Off-Balance Sheet Exposures

Total On and Off-Balance Sheet Exposures

Inside Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
10,179,270	-	10,179,270
563,059	-	563,059
897,550	184,267	1,081,817
240,345	-	240,345
13,336,259	-	13,336,259
27,610,617	-	27,610,617
3,058,597	-	3,058,597
691,325	-	691,325
56,577,022	184,267	56,761,289
1,440,402	406	1,440,808
1,440,402	406	1,440,808
58,017,424	184,673	58,202,098

(Incorporated in Malaysia)

MBSB Bank

Exposure Class

On-Balance Sheet Exposures

Total for On-Balance Sheet Exposures

Inside Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
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53,778,034	156,974	53,935,008
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Off balance sheet exposures other than OTC derivatives or credit derivatives

1,376,368	66	1,376,434
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55,154,402	157,040	55,311,442
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MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Table 4: Gross Credit Exposures by Residual Contractual Maturity

<u>MBSB Bank</u>	One Year or Less RM'000	Over One Year to Five Years RM'000	Over Five Years RM'000	No Specific Maturity RM'000	Total RM'000
30-Jun-23					
<u>Exposure Class</u>					
<u>Gross Credit Exposures</u>					
<i>On-Balance Sheet Exposures</i>					
Sovereigns & Central Banks	1,302,106	2,552,754	6,324,410	-	10,179,270
Public Sector Entities	122,149	215,157	225,753	-	563,059
Banks, MDBs and DFIs	594,016	415,196	72,605	-	1,081,817
Insurance Companies, Securities Firms & Fund Managers	240,345	-	-	-	240,345
Corporates	4,328,002	5,226,664	3,781,593	-	13,336,259
Regulatory Retail	1,326,829	1,964,652	24,319,136	-	27,610,617
Residential Real Estate Financing	590	26,957	3,031,050	-	3,058,597
Other Assets	-	-	-	691,325	691,325
Total for On-Balance Sheet Exposures	7,914,037	10,401,380	37,754,547	691,325	56,761,289
<i>Off-Balance Sheet Exposures</i>					
Off balance sheet exposures other than OTC derivatives or credit derivatives	315,700	890,821	234,287	-	1,440,808
Total for Off-Balance Sheet Exposures	315,700	890,821	234,287	-	1,440,808
Total On and Off-Balance Sheet Exposures	8,229,737	11,292,201	37,988,834	691,325	58,202,098

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Table 4: Gross Credit Exposures by Residual Contractual Maturity (continued)

<u>MBSB Bank</u>	One Year or Less RM'000	Over One Year to Five Years RM'000	Over Five Years RM'000	No Specific Maturity RM'000	Total RM'000
31-Dec-22					
<u>Exposure Class</u>					
<u>Gross Credit Exposures</u>					
<i>On-Balance Sheet Exposures</i>					
Sovereigns & Central Banks	2,815,584	2,883,695	5,607,646	-	11,306,925
Public Sector Entities	66,226	369,006	323,391	-	758,623
Banks, MDBs and DFIs	208,739	180,590	81,181	-	470,510
Insurance Companies, Securities Firms & Fund Managers	240,357	-	-	-	240,357
Corporates	3,901,709	5,116,822	3,544,997	-	12,563,528
Regulatory Retail	782,426	1,863,017	22,258,831	-	24,904,274
Residential Real Estate Financing	2,420	53,857	2,851,294	-	2,907,571
Other Assets	-	-	-	783,220	783,220
Total for On-Balance Sheet Exposures	<u>8,017,461</u>	<u>10,466,987</u>	<u>34,667,340</u>	<u>783,220</u>	<u>53,935,008</u>
<i>Off-Balance Sheet Exposures</i>					
Off balance sheet exposures other than OTC derivatives or credit derivatives	253,728	947,224	175,482	-	1,376,434
Total for Off-Balance Sheet Exposures	<u>253,728</u>	<u>947,224</u>	<u>175,482</u>	<u>-</u>	<u>1,376,434</u>
Total On and Off-Balance Sheet Exposures	<u><u>8,271,189</u></u>	<u><u>11,414,211</u></u>	<u><u>34,842,822</u></u>	<u><u>783,220</u></u>	<u><u>55,311,442</u></u>

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Table 5: 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	-100 basis points	+100 basis points	-100 basis points
	Tax rate	RM'000	RM'000	RM'000	RM'000
30-Jun-23					
Impact to profit before tax		(72,238)	72,238	(76,104)	76,104
Impact to profit after tax and equity	24%	(282,185)	541,117	(282,185)	541,117
31-Dec-22					
Impact to profit before tax		(59,903)	59,903	(63,467)	63,467
Impact to profit after tax and equity	24%	(423,324)	457,866	(423,324)	457,866

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Table 6: Disclosures on Rated Exposures according to Rating by ECAIs

MBSB Bank Group

30-Jun-23

Disclosures Expressed in nearest RM thousand (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)		563,059	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers		-	-	-	-	240,345
Corporates		3,183,794	50,172	-	-	9,064,688
Total		3,746,853	50,172	-	-	9,305,033

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Table 6: Disclosures on Rated Exposures according to Rating by ECAIs (continued)
MBSB Bank Group
30-Jun-23
Disclosures Expressed in nearest RM thousand (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
<u>On and Off Balance Sheet Exposures</u>						
Sovereign Central Banks		10,179,270	-	-	-	-
Total		10,179,270	-	-	-	-

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
<u>On and Off Balance Sheet Exposures</u>						
Banks, MDBs and DFIs		1,562,761	204,563	118	48	-
Total		1,562,761	204,563	118	48	-

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Table 6: Disclosures on Rated Exposures according to Rating by ECAs (continued)
MBSB Bank Group

31-Dec-22

Disclosures Expressed in nearest RM thousand (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)		758,623	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers		-	-	-	-	240,357
Corporates		2,502,465	50,179	-	-	8,849,953
Total		3,261,088	50,179	-	-	9,090,310

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Table 6: Disclosures on Rated Exposures according to Rating by ECAs (continued)

MBSB Bank Group

31-Dec-22

Disclosures Expressed in nearest RM thousand (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		11,306,925	-	-	-	-
Total		11,306,925	-	-	-	-

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 DFIs		958,713	132,307	10,764	-	437
Total		958,713	132,307	10,764	-	437

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Table 6: Disclosures on Rated Exposures according to Rating by ECAs**MBSB Bank****30-Jun-23****Disclosures Expressed in nearest RM thousand (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)		563,059	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers		-	-	-	-	240,345
Corporates		3,183,794	50,172	-	-	11,107,333
Total		3,746,853	50,172	-	-	11,347,678

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Table 6: Disclosures on Rated Exposures according to Rating by ECAs (continued)

MBSB Bank

30-Jun-23

Disclosures Expressed in nearest RM thousand (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		10,179,270	-	-	-	-
Total		10,179,270	-	-	-	-

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 DFIs		912,707	204,563	118	48	-
Total		912,707	204,563	118	48	-

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Table 6: Disclosures on Rated Exposures according to Rating by ECAs (continued)

MBSB Bank

31-Dec-22

Disclosures Expressed in nearest RM thousand (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)		758,623	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers		-	-	-	-	240,357
Corporates		2,502,465	50,179	-	-	10,954,451
Total		3,261,088	50,179	-	-	11,194,808

MBSB BANK BERHAD (200501033981 / 716122-P)

(Incorporated in Malaysia)

Table 6: Disclosures on Rated Exposures according to Rating by ECAIs (continued)
MBSB Bank
31-Dec-22
Disclosures Expressed in nearest RM thousand (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
<u>On and Off Balance Sheet Exposures</u>						
Sovereign Central Banks		11,306,926	-	-	-	-
Total		11,306,926	-	-	-	-

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
<u>On and Off Balance Sheet Exposures</u>						
Banks, MDBs and DFIs		360,964	132,307	10,764	-	437
Total		360,964	132,307	10,764	-	437

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

**Pillar 3, Basel II - Capital Adequacy Framework for Islamic Banks (CAFIB) Disclosures -
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 2023 are consistent with the manner in which the Bank assesses and manages its risks, and are not misleading in any particular way.

A handwritten signature in black ink, consisting of a large loop at the top and several intersecting strokes below it.

DATUK NOR AZAM M. TAIB
CHIEF EXECUTIVE OFFICER