

**MBSB BANK BERHAD** (716122-P)  
(Formerly known as Asian Finance Bank Berhad)  
(Incorporated in Malaysia)

BASEL II PILLAR 3 - CAPITAL ADEQUACY FRAMEWORK FOR ISLAMIC BANKS ("CAFIB") DISCLOSURES  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

**MBSB BANK BERHAD** (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 27 to the Interim Financial Statements for the 2nd quarter ended 30 June 2018.

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 2nd quarter ended 30 June 2018.

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.

Effective 1 January 2018, the Group and the Bank Group adopted MFRS 9 whereby exposures are now classified by Stage 1, Stage 2 and Stage 3. The impact is as discussed in Note 1 to the interim financial statements for the 2nd quarter ended 30 June 2018.

### **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.

**Capital adequacy (continued)**

	<b>MBSB Bank Group</b>		<b>MBSB Bank</b>	
	<b>30-Jun-18</b>	<b>31-Dec-17</b>	<b>30-Jun-18</b>	<b>31-Dec-17</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>CET1 Capital</u>				
Paid-up ordinary share capital	<b>4,625,859</b>	532,530	<b>4,625,859</b>	532,530
Accumulated losses	<b>(64,805)</b>	(43,336)	<b>(64,805)</b>	(43,336)
AFS revaluation reserve	<b>(15,489)</b>	41	<b>(15,489)</b>	41
Statutory reserve <sup>1</sup>	-	-	-	-
Regulatory reserve	<b>5,234</b>	5,234	<b>5,234</b>	5,234
	<b>4,550,799</b>	494,469	<b>4,550,799</b>	494,469
Less : CET1 regulatory adjustments				
Deferred tax assets		(626)	-	(626)
Intangible assets	<b>(64,333)</b>	(1,620)	<b>(64,333)</b>	(1,620)
Cumulative (gains)/losses of AFS financial instruments	<b>241</b>	(30)	<b>241</b>	(30)
Regulatory reserve attributable to financing	<b>(5,234)</b>	(5,234)	<b>(5,234)</b>	(5,234)
Total CET1 capital	<b>4,481,473</b>	486,959	<b>4,481,473</b>	486,959
<u>Tier 1 Capital</u>				
Additional Tier 1 capital instruments	-	-	-	-
Less: Tier 1 regulatory adjustments	-	-	-	-
Total Tier 1 capital	<b>4,481,473</b>	486,959	<b>4,481,473</b>	486,959
<u>Tier II Capital</u>				
Collective impairment/allowance for bad and doubtful financing ^	<b>431,489</b>	6,209	<b>437,632</b>	6,209
Regulatory reserve	-	5,234	-	5,234
Total Tier II capital	<b>431,489</b>	11,442	<b>437,632</b>	11,442
Total capital base	<b>4,912,961</b>	498,402	<b>4,919,105</b>	498,402
Breakdown of risk weighted assets in various categories of risk weights are as follows:				
	<b>30-Jun-18</b>	<b>31-Dec-17</b>	<b>30-Jun-18</b>	<b>31-Dec-17</b>
	<b>RM'000</b>	<b>RM</b>	<b>RM'000</b>	<b>RM</b>
<u>Total risk weighted assets ("RWA")</u>				
- Credit risk	<b>34,519,089</b>	1,511,253	<b>35,010,542</b>	1,511,253
- Market risk	<b>10,574</b>	9,836	<b>10,574</b>	9,836
- Operational risk	<b>255,507</b>	89,397	<b>226,833</b>	89,397
Total RWA	<b>34,785,170</b>	1,610,485	<b>35,247,949</b>	1,610,485
<u>Capital ratios</u>				
CET1 capital	<b>12.883%</b>	<b>30.236%</b>	<b>12.714%</b>	<b>30.236%</b>
Tier 1 capital	<b>12.883%</b>	<b>30.236%</b>	<b>12.714%</b>	<b>30.236%</b>
Total capital ratio	<b>14.124%</b>	<b>30.947%</b>	<b>13.956%</b>	<b>30.947%</b>

^ Excludes collective assessment impairment allowance attributable to financing and advances classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on "Classification and Impairment Provisions for Loans/Financing" issued 6 April 2015

<sup>1</sup> The requirement to maintain a reserve fund has been removed pursuant to BNM's Guideline on "Capital Funds for Islamic Banks" issued 3 May 2017, following which the outstanding balance was transferred to accumulated loss.

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**Capital adequacy (continued)**

**MBSB Bank Group**

30-Jun-18 <u>Exposure Class</u>	Gross Exposures RM'000	Net Exposures 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	2,710,671	2,710,671	-	-	-	-
Banks, MDBs and FDIs	1,000,386	1,000,386	196,096	-	196,096	15,688
Corporates	9,682,621	9,682,621	8,447,328	-	8,447,328	675,786
Regulatory Retail	20,908,535	20,908,535	20,475,402	-	20,475,402	1,638,032
Residential Real Estate Financing	3,441,332	3,441,332	1,675,509	-	1,675,509	134,041
Other Assets	446,503	446,503	383,508	-	383,508	30,681
<b>Total for On-Balance Sheet Exposures</b>	<b>38,190,047</b>	<b>38,190,047</b>	<b>31,177,843</b>	<b>-</b>	<b>31,177,843</b>	<b>2,494,227</b>
<b><i>Off-Balance Sheet Exposures</i></b>						
Off balance sheet exposures other than OTC derivatives or credit derivatives	6,985,558	3,344,121	3,341,246	-	3,341,246	267,300
<b>Total for Off-Balance Sheet Exposures</b>	<b>6,985,558</b>	<b>3,344,121</b>	<b>3,341,246</b>	<b>-</b>	<b>3,341,246</b>	<b>267,300</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>45,175,605</b>	<b>41,534,169</b>	<b>34,519,089</b>	<b>-</b>	<b>34,519,089</b>	<b>2,761,527</b>
<b><u>Market Risk</u></b>						
Benchmark Rate Risk	Long Position 6,669	Short Position 13,128	(6,459)	-	-	-
Equity Position Risk	-	-	-	-	-	-
Foreign Currency Risk	10,574	-	10,574	10,574	10,574	846
Operational Risk	-	-	-	255,507	255,507	20,441
<b>Total RWA and Capital Requirements</b>	<b>45,192,848</b>	<b>45,188,733</b>	<b>41,538,284</b>	<b>34,785,170</b>	<b>34,785,170</b>	<b>2,782,814</b>

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**Capital adequacy (continued)**

**MBSB Bank Group**  
**30-Jun-18**

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

<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	<b><i>Risk Weighted Asset</i></b>	Exposures after Netting & CRM	<b><i>Risk Weighted Asset</i></b>	Exposures after Netting & CRM	<b><i>Risk Weighted Asset</i></b>
<b>Performing Exposures</b>						
0%	2,710,671	-	19,907	-	400,010	-
20%	-	-	980,570	196,114	1,083,776	216,755
50%	-	-	251	125	-	-
75%	-	-	-	-	-	-
100%	-	-	-	-	11,176,553	11,176,553
150%	-	-	-	-	94,976	142,464
<b>Total</b>	<b>2,710,671</b>	<b>-</b>	<b>1,000,728</b>	<b>196,239</b>	<b>12,755,315</b>	<b>11,535,772</b>
<b>Defaulted Exposures</b>						
0%	-	-	-	-	-	-
50%	-	-	-	-	36,852	18,426
100%	-	-	-	-	136,658	136,658
150%	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>173,510</b>	<b>155,084</b>
<b>Total Performing and Defaulted Exposures</b>	<b>2,710,671</b>	<b>-</b>	<b>1,000,728</b>	<b>196,239</b>	<b>12,928,825</b>	<b>11,690,856</b>

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**Capital adequacy (continued)**

**MBSB Bank Group**  
**30-Jun-18**

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

<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%	-	-	-	-	62,995	-	3,193,583	-
20%	-	-	2,007,476	401,495.27	-	-	4,071,823	814,365
35%	-	-	122,422	42,847.59	-	-	122,422	42,848
50%	-	-	160,534	80,267.15	-	-	160,785	80,393
75%	1,832,579	1,374,434	-	-	-	-	1,832,579	1,374,434
100%	19,022,557	19,022,557	1,248,472	1,248,471.59	383,508	383,508	31,831,088	31,831,088
150%	-	-	-	-	-	-	94,976	142,464
<b>Total</b>	<b>20,855,136</b>	<b>20,396,991</b>	<b>3,538,904</b>	<b>1,773,082</b>	<b>446,503</b>	<b>383,508</b>	<b>41,307,256</b>	<b>34,285,591</b>
<b>Defaulted Exposures</b>								
0%	-	-	-	-	-	-	-	-
50%	1,690	845.00	-	-	-	-	38,542	19,271
100%	-	-	-	-	-	-	136,658	136,658
150%	51,713	77,568.9	-	-	-	-	51,713	77,569
<b>Total</b>	<b>53,403</b>	<b>78,414</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>226,913</b>	<b>233,498</b>
<b>Total Performing and Defaulted Exposures</b>	<b>20,908,538</b>	<b>20,475,405</b>	<b>3,538,904</b>	<b>1,773,082</b>	<b>446,503</b>	<b>383,508</b>	<b>41,534,169</b>	<b>34,519,089</b>

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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-Jun-18</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	2,710,671	-	2,710,671
Banks, MDBs and FDIs	1,000,386	-	1,000,386
Corporates	9,653,151	29,470	9,682,621
Regulatory Retail	20,901,085	7,450	20,908,535
Residential Real Estate Financing	3,441,332	-	3,441,332
Other Assets	446,503	-	446,503
<b>Total for On-Balance Sheet Exposures</b>	<b>38,153,127</b>	<b>36,920</b>	<b>38,190,047</b>
<b><i>Off-Balance Sheet Exposures</i></b>			
Off balance sheet exposures other than OTC derivatives or credit derivatives	6,934,063	51,495	6,985,558
<b>Total for Off-Balance Sheet Exposures</b>	<b>6,934,063</b>	<b>51,495</b>	<b>6,985,558</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>45,087,190</b>	<b>88,415</b>	<b>45,175,605</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-Jun-18</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	2,710,671	-	-	2,710,671
Banks, MDBs and FDIs	980,479	19,907	-	1,000,386
Corporates	2,006,658	3,168,800	4,507,164	9,682,621
Regulatory Retail	21,705	627,433	20,259,396	20,908,535
Residential Real Estate Financing	983	33,818	3,406,531	3,441,332
Other Assets	446,503	-	-	446,503
<b>Total for On-Balance Sheet Exposures</b>	<b>6,166,998</b>	<b>3,849,958</b>	<b>28,173,091</b>	<b>38,190,047</b>
<b><i>Off-Balance Sheet Exposures</i></b>				
Off balance sheet exposures other than OTC derivatives or credit derivatives	1,986,391	4,670,650	328,517	6,985,558
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,986,391</b>	<b>4,670,650</b>	<b>328,517</b>	<b>6,985,558</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>8,153,389</b>	<b>8,520,608</b>	<b>28,501,608</b>	<b>45,175,605</b>

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**Capital adequacy (continued)**

**MBSB Bank Group**

<b>31-Dec-17</b>			<b>Net</b>	<b>Risk</b>	<b>Risk</b>	<b>Total Risk</b>	<b>Capital</b>
<b><u>Exposure Class</u></b>	<b><u>Gross Exposures</u></b>	<b><u>Exposures</u></b>	<b><u>Exposures</u></b>	<b><u>Assets</u></b>	<b><u>Absorbed</u></b>	<b><u>Assets after</u></b>	<b><u>Requirements</u></b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>by PSIA</b>	<b>effects of 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	-	-	-	-	-	-	-
Banks, MDBs and FDIs	19,916	19,916	-	-	-	-	-
Corporates	1,822,692	1,822,692	1,258,181	-	1,258,181	1,258,181	226,473
Regulatory Retail	20,788	20,788	17,074	-	-	17,074	3,073
Other Assets	-	-	-	-	-	-	-
<b>Total for On-Balance Sheet Exposures</b>	<b>1,863,396</b>	<b>1,863,396</b>	<b>1,275,255</b>	<b>-</b>	<b>-</b>	<b>1,275,255</b>	<b>229,546</b>
<b><i>Off-Balance Sheet Exposures</i></b>							
Off balance sheet exposures other than OTC derivatives or credit derivatives	598,062	241,828	235,997	-	-	235,997	42,479
<b>Total for Off-Balance Sheet Exposures</b>	<b>598,062</b>	<b>241,828</b>	<b>235,997</b>	<b>-</b>	<b>-</b>	<b>235,997</b>	<b>42,479</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>2,461,458</b>	<b>2,105,224</b>	<b>1,511,253</b>	<b>-</b>	<b>-</b>	<b>1,511,252</b>	<b>272,025</b>
<b><u>Market Risk</u></b>							
	Long Position	Short Position					
Benchmark Rate Risk	-	-	-	-	-	-	-
Equity Position Risk	-	-	-	-	-	-	-
Foreign Currency Risk	9,836	-	9,836	9,836	-	9,836	1,770
Operational Risk	-	-	-	89,397	-	89,397	16,091
<b>Total RWA and Capital Requirements</b>	<b>2,471,294</b>	<b>2,461,458</b>	<b>2,115,060</b>	<b>1,610,486</b>	<b>-</b>	<b>1,610,485</b>	<b>289,886</b>

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**Capital adequacy (continued)**

**MBSB Bank Group**

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

31-Dec-17

<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	<b><i>Risk Weighted Asset</i></b>	Exposures after Netting & CRM	<b><i>Risk Weighted Asset</i></b>	Exposures after Netting & CRM	<b><i>Risk Weighted Asset</i></b>
<b>Performing Exposures</b>						
0%	-	-	19,916	-	400,012	-
20%	-	-	3,780	756	285,252	57,050
50%	-	-	251	125	-	-
75%	-	-	-	-	-	-
100%	-	-	-	-	1,191,992	1,191,992
150%	-	-	-	-	115,139	172,709
<b>Total</b>	-	-	23,947	881	1,992,395	1,421,751
<b>Defaulted Exposures</b>						
0%	-	-	-	-	-	-
50%	-	-	-	-	30,576	15,288
100%	-	-	-	-	-	-
150%	-	-	-	-	37,493	56,239
<b>Total</b>	-	-	-	-	68,069	71,527
<b>Total Performing and Defaulted Exposures</b>	-	-	23,947	881	2,060,464	1,493,278

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**Capital adequacy (continued)**

**MBSB Bank Group**

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

31-Dec-17

<b><u>Risk Weights</u></b>	<b>Regulatory Retail</b>		<b>Total</b>	<b>Total Risk</b>
	<b>Exposures after Netting &amp; CRM</b>	<b><i>Risk Weighted Asset</i></b>	<b>Exposure Exposures after Netting &amp; CRM</b>	<b>Weighted Assets <i>Risk Weighted Asset</i></b>
<b>Performing Exposures</b>				
0%	-	-	419,928	-
20%	-	-	289,032	57,806
50%	-	-	251	125
75%	17,823	13,367	17,823	13,367
100%	-	-	1,191,992	1,191,992
150%	-	-	115,139	172,709
<b>Total</b>	<b>17,823</b>	<b>13,367</b>	<b>2,034,165</b>	<b>1,435,999</b>
<b>Defaulted Exposures</b>				
0%	-	-	-	-
50%	-	-	30,576	15,288
100%	1,520	1,520	1,520	1,520
150%	1,471	2,206	38,963	58,445
<b>Total</b>	<b>2,991</b>	<b>3,726</b>	<b>71,059</b>	<b>75,253</b>
<b>Total Performing and Defaulted Exposures</b>	<b>20,814</b>	<b>17,093</b>	<b>2,105,224</b>	<b>1,511,253</b>

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**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 Group</u></b>			
<b>31-Dec-17</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>	-	-	-
<b>Banks, MDBs and FDIs</b>	19,916	-	19,916
<b>Corporates</b>	1,822,692	-	1,822,692
<b>Regulatory Retail</b>	13,304	7,484	20,788
<b>Other Assets</b>	-	-	-
<b>Total for On-Balance Sheet Exposures</b>	<u>1,855,912</u>	<u>7,484</u>	<u>1,863,396</u>
<b><i>Off-Balance Sheet Exposures</i></b>			
<b>Off balance sheet exposures other than OTC derivatives or credit derivatives</b>			
	<u>597,766</u>	<u>296</u>	<u>598,062</u>
<b>Total for Off-Balance Sheet Exposures</b>	<u>597,766</u>	<u>296</u>	<u>598,062</u>
<b>Total On and Off-Balance Sheet Exposures</b>	<u><u>2,453,678</u></u>	<u><u>7,780</u></u>	<u><u>2,461,458</u></u>

**MBSB BANK BERHAD** (716122-P)  
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(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-17</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>	-	-	-	-
<b>Banks, MDBs and FDIs</b>	-	19,916	-	19,916
<b>Corporates</b>	843,860	862,012	116,821	1,822,693
<b>Regulatory Retail</b>	70	1,049	19,668	20,787
<b>Other Assets</b>	-	-	-	-
<b>Total for On-Balance Sheet Exposures</b>	<u>843,930</u>	<u>882,977</u>	<u>136,489</u>	<u>1,863,396</u>
<b><i>Off-Balance Sheet Exposures</i></b>				
<b>Off balance sheet exposures other than OTC derivatives or credit derivatives</b>				
	<u>524,464</u>	<u>22,781</u>	<u>50,817</u>	<u>598,062</u>
<b>Total for Off-Balance Sheet Exposures</b>	<u>524,464</u>	<u>22,781</u>	<u>50,817</u>	<u>598,062</u>
<b>Total On and Off-Balance Sheet Exposures</b>	<u><u>1,368,394</u></u>	<u><u>905,758</u></u>	<u><u>187,306</u></u>	<u><u>2,461,458</u></u>

**MBSB BANK BERHAD** (716122-P)  
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**Capital adequacy (continued)**

**MBSB Bank**

30-Jun-18 <u>Exposure Class</u>	Gross Exposures RM'000	Net Exposures 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	2,710,671	2,710,671	-	-	-	-
Banks, MDBs and FDIs	201,891	201,891	36,397	-	36,397	2,912
Corporates	12,852,143	12,852,143	9,100,713	-	9,100,713	728,057
Regulatory Retail	20,908,535	20,908,535	20,475,402	-	20,475,402	1,638,032
Residential Real Estate Financing	3,441,332	3,441,332	1,675,509	-	1,675,509	134,041
Other Assets	444,269	444,269	381,274	-	381,274	30,502
<b>Total for On-Balance Sheet Exposures</b>	<b>40,558,840</b>	<b>40,558,840</b>	<b>31,669,294</b>	<b>-</b>	<b>31,669,294</b>	<b>2,533,544</b>
<b><i>Off-Balance Sheet Exposures</i></b>						
Off balance sheet exposures other than OTC derivatives or credit derivatives	6,985,558	3,344,121	3,341,246	-	3,341,246	267,300
<b>Total for Off-Balance Sheet Exposures</b>	<b>6,985,558</b>	<b>3,344,121</b>	<b>3,341,246</b>	<b>-</b>	<b>3,341,246</b>	<b>267,300</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>47,544,397</b>	<b>43,902,961</b>	<b>35,010,542</b>	<b>-</b>	<b>35,010,542</b>	<b>2,800,843</b>
<b><u>Market Risk</u></b>						
	<b>Long Position</b>	<b>Short Position</b>				
Benchmark Rate Risk	6,669	13,128	(6,459)	-	-	-
Equity Position Risk	-	-	-	-	-	-
Foreign Currency Risk	10,574	-	10,574	10,574	10,574	846
Operational Risk	-	-	-	226,833	226,833	18,147
<b>Total RWA and Capital Requirements</b>	<b>47,561,641</b>	<b>47,557,525</b>	<b>43,907,077</b>	<b>35,247,949</b>	<b>35,247,949</b>	<b>2,819,836</b>

**MBSB BANK BERHAD** (716122-P)  
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**Capital adequacy (continued)**

**MBSB Bank**  
**30-Jun-18**

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

<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	<b><i>Risk Weighted Asset</i></b>	Exposures after Netting & CRM	<b><i>Risk Weighted Asset</i></b>	Exposures after Netting & CRM	<b><i>Risk Weighted Asset</i></b>
<b>Performing Exposures</b>						
0%	2,710,671	-	19,907	-	400,010	-
20%	-	-	182,075	36,415	4,228,947	845,789
50%	-	-	251	125	-	-
75%	-	-	-	-	-	-
100%	-	-	-	-	11,200,904	11,200,904
150%	-	-	-	-	94,976	142,464
<b>Total</b>	<b>2,710,671</b>	<b>-</b>	<b>202,233</b>	<b>36,541</b>	<b>15,924,837</b>	<b>12,189,157</b>
<b>Defaulted Exposures</b>						
0%	-	-	-	-	-	-
50%	-	-	-	-	36,852	18,426
100%	-	-	-	-	136,658	136,658
150%	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>173,510</b>	<b>155,084</b>
<b>Total Performing and Defaulted Exposures</b>	<b>2,710,671</b>	<b>-</b>	<b>202,233</b>	<b>36,541</b>	<b>16,098,347</b>	<b>12,344,241</b>



**MBSB BANK BERHAD** (716122-P)  
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**Capital adequacy (continued)**

**MBSB Bank**  
**30-Jun-18**

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

<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%	-	-	-	-	62,995	-	3,193,583	-
20%	-	-	2,007,476	401,495	-	-	6,418,499	1,283,700
35%	-	-	122,422	42,848	-	-	122,422	42,848
50%	-	-	160,534	80,267	-	-	160,785	80,393
75%	1,832,579	1,374,434	-	-	-	-	1,832,579	1,374,434
100%	19,022,557	19,022,557	1,248,472	1,248,472	381,274	381,274	31,853,205	31,853,205
150%	-	-	-	-	-	-	94,976	142,464
<b>Total</b>	<b>20,855,136</b>	<b>20,396,991</b>	<b>3,538,904</b>	<b>1,773,082</b>	<b>444,269</b>	<b>381,274</b>	<b>43,676,049</b>	<b>34,777,044</b>
<b>Defaulted Exposures</b>								
0%	-	-	-	-	-	-	-	-
50%	1,690	845	-	-	-	-	38,542	19,271
100%	-	-	-	-	-	-	136,658	136,658
150%	51,713	77,569	-	-	-	-	51,713	77,569
<b>Total</b>	<b>53,403</b>	<b>78,414</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>226,913</b>	<b>233,498</b>
<b>Total Performing and Defaulted Exposures</b>	<b>20,908,538</b>	<b>20,475,405</b>	<b>3,538,904</b>	<b>1,773,082</b>	<b>444,269</b>	<b>381,274</b>	<b>43,902,961</b>	<b>35,010,542</b>

**MBSB BANK BERHAD** (716122-P)  
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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</u></b>			
<b>30-Jun-18</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	2,710,671	-	2,710,671
Banks, MDBs and FDIs	201,891	-	201,891
Corporates	12,822,673	29,470	12,852,143
Regulatory Retail	20,901,085	7,450	20,908,535
Residential Real Estate Financing	3,441,332	-	3,441,332
Other Assets	444,269	-	444,269
<b>Total for On-Balance Sheet Exposures</b>	<b>40,521,920</b>	<b>36,920</b>	<b>40,558,840</b>
<b><i>Off-Balance Sheet Exposures</i></b>			
Off balance sheet exposures other than OTC derivatives or credit derivatives	6,934,063	51,495	6,985,558
<b>Total for Off-Balance Sheet Exposures</b>	<b>6,934,063</b>	<b>51,495</b>	<b>6,985,558</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>47,455,982</b>	<b>88,415</b>	<b>47,544,397</b>

**MBSB BANK BERHAD** (716122-P)  
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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</u></b>				
<b>30-Jun-18</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	2,710,671	-	-	2,710,671
Banks, MDBs and FDIs	181,984	19,907	-	201,891
Corporates	2,006,658	3,168,800	7,676,687	12,852,144
Regulatory Retail	21,705	627,433	20,259,396	20,908,535
Residential Real Estate Financing	983	33,818	3,406,531	3,441,332
Other Assets	444,269			444,269
<b>Total for On-Balance Sheet Exposures</b>	<b>5,366,269</b>	<b>3,849,958</b>	<b>31,342,614</b>	<b>40,558,840</b>
<b><i>Off-Balance Sheet Exposures</i></b>				
<b>Off balance sheet exposures other than OTC derivatives or credit derivatives</b>				
	1,986,391	4,670,650	328,517	6,985,558
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,986,391</b>	<b>4,670,650</b>	<b>328,517</b>	<b>6,985,558</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>7,352,660</b>	<b>8,520,608</b>	<b>31,671,131</b>	<b>47,544,397</b>

**MBSB BANK BERHAD** (716122-P)  
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**Capital adequacy (continued)**

**MBSB Bank**

31-Dec-17 <u>Exposure Class</u>	<u>Gross Exposures</u> RM'000	<u>Net Exposures</u> RM'000	<u>Risk Weighted Assets</u> RM'000	<u>Risk Weighted Assets Absorbed by PSIA</u> RM'000	<u>Total Risk Weighted Assets after effects of PSIA</u> RM'000	<u>Capital Requirements</u> RM'000
<b><u>Credit Risk</u></b>						
<b><i>On-Balance Sheet Exposures</i></b>						
Sovereigns & Central Banks	-	-	-	-	-	-
Banks, MDBs and FDIs	19,916	19,916	-	-	-	-
Corporates	1,822,692	1,822,692	1,258,181	-	1,258,181	226,473
Regulatory Retail	20,788	20,788	17,074	-	17,074	3,073
Other Assets	-	-	-	-	-	-
<b>Total for On-Balance Sheet Exposures</b>	<b>1,863,396</b>	<b>1,863,396</b>	<b>1,275,255</b>	<b>-</b>	<b>1,275,255</b>	<b>229,546</b>
<b><i>Off-Balance Sheet Exposures</i></b>						
Off balance sheet exposures other than OTC derivatives or credit derivatives	598,062	241,828	235,997	-	235,997	42,479
<b>Total for Off-Balance Sheet Exposures</b>	<b>598,062</b>	<b>241,828</b>	<b>235,997</b>	<b>-</b>	<b>235,997</b>	<b>42,479</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>2,461,458</b>	<b>2,105,224</b>	<b>1,511,253</b>	<b>-</b>	<b>1,511,252</b>	<b>272,025</b>
<b><u>Market Risk</u></b>						
	Long Position	Short Position				
Benchmark Rate Risk	-	-	-	-	-	-
Equity Position Risk	-	-	-	-	-	-
Foreign Currency Risk	9,836	-	9,836	9,836	9,836	1,770
Operational Risk	-	-	-	89,397	89,397	16,091
<b>Total RWA and Capital Requirements</b>	<b>2,471,294</b>	<b>2,461,458</b>	<b>2,115,060</b>	<b>1,610,486</b>	<b>-</b>	<b>1,610,485</b>

**MBSB BANK BERHAD** (716122-P)  
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**Capital adequacy (continued)**

**MBSB Bank**

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

31-Dec-17

<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	<b><i>Risk Weighted Asset</i></b>	Exposures after Netting & CRM	<b><i>Risk Weighted Asset</i></b>	Exposures after Netting & CRM	<b><i>Risk Weighted Asset</i></b>
<b>Performing Exposures</b>						
0%	-	-	19,916	-	400,012	-
20%	-	-	3,780	756	285,252	57,050
50%	-	-	251	125	-	-
75%	-	-	-	-	-	-
100%	-	-	-	-	1,191,992	1,191,992
150%	-	-	-	-	115,139	172,709
<b>Total</b>	-	-	23,947	881	1,992,395	1,421,751
<b>Defaulted Exposures</b>						
0%	-	-	-	-	-	-
50%	-	-	-	-	30,576	15,288
100%	-	-	-	-	-	-
150%	-	-	-	-	37,493	56,239
<b>Total</b>	-	-	-	-	68,069	71,527
<b>Total Performing and Defaulted Exposures</b>	-	-	23,947	881	2,060,464	1,493,278

**MBSB BANK BERHAD** (716122-P)  
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**Capital adequacy (continued)**

**MBSB Bank**

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

31-Dec-17

<b><u>Risk Weights</u></b>	<b>Regulatory Retail</b>		<b>Total</b>	<b>Total Risk</b>
	<b>Exposures after Netting &amp; CRM</b>	<b><i>Risk Weighted Asset</i></b>	<b>Exposure after Netting &amp; CRM</b>	<b>Weighted Assets <i>Risk Weighted Asset</i></b>
<b>Performing Exposures</b>				
0%	-	-	419,928	-
20%	-	-	289,032	57,806
50%	-	-	251	125
75%	17,823	13,367	17,823	13,367
100%	-	-	1,191,992	1,191,992
150%	-	-	115,139	172,709
<b>Total</b>	<b>17,823</b>	<b>13,367</b>	<b>2,034,165</b>	<b>1,435,999</b>
<b>Defaulted Exposures</b>				
0%	-	-	-	-
50%	-	-	30,576	15,288
100%	1,520	1,520	1,520	1,520
150%	1,471	2,206	38,963	58,445
<b>Total</b>	<b>2,991</b>	<b>3,726</b>	<b>71,059</b>	<b>75,253</b>
<b>Total Performing and Defaulted Exposures</b>	<b>20,814</b>	<b>17,093</b>	<b>2,105,224</b>	<b>1,511,252</b>

**MBSB BANK BERHAD** (716122-P)  
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**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-17</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>	-	-	-
<b>Banks, MDBs and FDIs</b>	19,916	-	19,916
<b>Corporates</b>	1,822,692	-	1,822,692
<b>Regulatory Retail</b>	13,304	7,484	20,788
<b>Other Assets</b>	-	-	-
<b>Total for On-Balance Sheet Exposures</b>	<u>1,855,912</u>	<u>7,484</u>	<u>1,863,396</u>
<b><i>Off-Balance Sheet Exposures</i></b>			
<b>Off balance sheet exposures other than OTC derivatives or credit derivatives</b>	597,766	296	598,062
<b>Total for Off-Balance Sheet Exposures</b>	<u>597,766</u>	<u>296</u>	<u>598,062</u>
<b>Total On and Off-Balance Sheet Exposures</b>	<u><u>2,453,678</u></u>	<u><u>7,780</u></u>	<u><u>2,461,458</u></u>

**MBSB BANK BERHAD** (716122-P)  
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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</u></b>				
<b>31-Dec-17</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>	-	-	-	-
<b>Banks, MDBs and FDIs</b>	-	19,916	-	19,916
<b>Corporates</b>	843,860	862,012	116,821	1,822,693
<b>Regulatory Retail</b>	70	1,049	19,668	20,787
<b>Other Assets</b>	-	-	-	-
<b>Total for On-Balance Sheet Exposures</b>	<u>843,930</u>	<u>882,977</u>	<u>136,489</u>	<u>1,863,396</u>
<b><i>Off-Balance Sheet Exposures</i></b>				
<b>Off balance sheet exposures other than OTC derivatives or credit derivatives</b>				
	524,464	22,781	50,817	598,062
<b>Total for Off-Balance Sheet Exposures</b>	<u>524,464</u>	<u>22,781</u>	<u>50,817</u>	<u>598,062</u>
<b>Total On and Off-Balance Sheet Exposures</b>	<u><u>1,368,394</u></u>	<u><u>905,758</u></u>	<u><u>187,306</u></u>	<u><u>2,461,458</u></u>



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

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**Capital adequacy (continued)****Disclosure of rated and unrated exposures according to rating by ECAs****MBSB Bank Group****30-Jun-18****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	-	175,035	-	-	-	9,507,586
<b>Total</b>	-	175,035	-	-	-	9,507,586

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

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**Capital adequacy (continued)****Disclosure of rated and unrated exposures according to rating by ECAs (continued)****MBSB Bank Group****30-Jun-18****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	-	-	-	-	-	2,710,671
Total	-	-	-	-	-	2,710,671

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	-	-	-	-	-	1,000,386
Total	-	-	-	-	-	1,000,386

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

(Formerly known as Asian Finance Bank Berhad)

(Incorporated in Malaysia)

**Capital adequacy (continued)****Disclosure of rated and unrated exposures according to rating by ECAs****MBSB Bank Group**

31-Dec-17

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	-	400,391,741	-	-	-	400,011,790
<b>Total</b>	-	400,391,741	-	-	-	400,011,790

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

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**Capital adequacy (continued)****Disclosure of rated and unrated exposures according to rating by ECAs (continued)****MBSB Bank Group**

31-Dec-17

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	-	-	-	-	-	-
Total	-	-	-	-	-	-

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	-	-	-	-	-	19,916,000
Total	-	-	-	-	-	19,916,000

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

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**Capital adequacy (continued)****Disclosure of rated and unrated exposures according to rating by ECAs****MBSB Bank****30-Jun-18****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	-	175,035	-	-	-	12,677,108
<b>Total</b>	-	<b>175,035</b>	-	-	-	<b>12,677,108</b>

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

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**Capital adequacy (continued)****Disclosure of rated and unrated exposures according to rating by ECAs (continued)****MBSB Bank****30-Jun-18****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	-	-	-	-	-	2,710,671
Total	-	-	-	-	-	2,710,671

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	-	-	-	-	-	201,891
Total	-	-	-	-	-	201,891

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

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**Capital adequacy (continued)****Disclosure of rated and unrated exposures according to rating by ECAs****MBSB Bank**

31-Dec-17

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	-	400,391,741	-	-	-	400,011,790
<b>Total</b>	-	400,391,741	-	-	-	400,011,790

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

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**Capital adequacy (continued)****Disclosure of rated and unrated exposures according to rating by ECAs (continued)****MBSB Bank**

31-Dec-17

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	-	-	-	-	-	-
Total	-	-	-	-	-	-

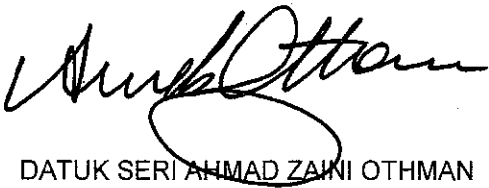
Exposure Class	Rating of Banking Institutions by approved ECAs					
	MOODY'S	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	FITCH	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB to BB	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
<b><u>On and Off Balance Sheet Exposures</u></b>						
Banks, MDBs and FDI	-	-	-	-	-	19,916,000
Total	-	-	-	-	-	19,916,000



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**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 (Formerly known as Asian Finance Bank Berhad) for the financial period ended 30 June 2018 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