# MUFG BANK (MALAYSIA) BERHAD

**(Formerly known as Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad)**

**(Incorporated in Malaysia)**

**Company No : 302316-U**

**UNAUDITED INTERIM FINANCIAL REPORT**
**FOR THE QUARTER ENDED**
**31 DECEMBER 2018**

# MUFG BANK (MALAYSIA) BERHAD
**(Formerly known as Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad)**
**(Incorporated in Malaysia)**

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## UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2018

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## MUFG BANK (MALAYSIA) BERHAD

**(Formerly known as Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad)**
**(Incorporated in Malaysia)**

**UNAUDITED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2018**

| | 2018 December RM'000 | 2018 March RM'000 |
|---|---|---|
| **ASSETS** | | |
| Cash and short-term funds | 4,347,069 | 5,915,504 |
| Deposits and placement with financial institutions | 967,642 | 445,990 |
| Financial assets available-for-sale | - | 439,634 |
| Financial assets held-for-trading | - | - |
| Financial assets at fair value through other comprehensive income | 503,567 | - |
| Loans and advances | 10,945,736 | 18,973,357 |
| Embedded loans | 14,672,191 | - |
| Purchased receivables | 596,668 | 225,762 |
| Derivative financial assets | 930,145 | 2,179,032 |
| Statutory deposits with Bank Negara Malaysia | 60,107 | 5,776 |
| Other assets | 164,013 | 375,738 |
| Property, plant and equipment | 18,975 | 21,084 |
| Intangible assets | 29,867 | 36,415 |
| Deferred tax assets | - | 1,293 |
| **TOTAL ASSETS** | 33,235,980 | 28,619,585 |
| **LIABILITIES AND SHAREHOLDER'S FUNDS** | | |
| Deposits from customers | 8,705,388 | 8,688,063 |
| Deposits and placements of banks and other financial institutions | 2,907 | 737,691 |
| Collateral deposits | 20,584,275 | 14,547,442 |
| Derivative financial liabilities | 709,598 | 1,907,749 |
| Other liabilities | 108,054 | 98,145 |
| Deferred tax liabilities | 48,603 | - |
| Provision for tax | 28,531 | 8,437 |
| **TOTAL LIABILITIES** | 30,187,356 | 25,987,527 |
| **SHARE CAPITAL** | 200,000 | 200,000 |
| **RESERVES** | 2,848,624 | 2,432,058 |
| **SHAREHOLDER'S FUNDS** | 3,048,624 | 2,632,058 |
| **TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS** | 33,235,980 | 28,619,585 |
| **COMMITMENTS AND CONTINGENCIES** | 74,554,061 | 77,426,204 |

**MUFG BANK (MALAYSIA) BERHAD**

**(Formerly known as Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad)**
**(Incorporated in Malaysia)**

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE QUARTER ENDED 31 DECEMBER 2018**

| | 3rd Quarter Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | 2018 December RM'000 | 2017 December RM'000 | 2018 December RM'000 | 2017 December RM'000 |
| Operating revenue | 169,284 | 124,239 | 377,825 | 418,541 |
| Interest income | 253,855 | 167,691 | 691,137 | 489,685 |
| Interest expense | (172,558) | (100,600) | (470,215) | (281,395) |
| Net interest income | 81,297 | 67,091 | 220,922 | 208,290 |
| Other operating income | 87,987 | 57,148 | 156,903 | 210,251 |
| Operating income | 169,284 | 124,239 | 377,825 | 418,541 |
| Other operating expenses | (45,957) | (43,520) | (128,176) | (129,986) |
| Profit before allowance for losses on loans and advances | 123,327 | 80,719 | 249,649 | 288,555 |
| Allowance for impairment on loans and advances | (2,575) | (203) | 12,332 | (254) |
| Profit before tax | 120,752 | 80,516 | 261,981 | 288,301 |
| Tax expense | (18,468) | (34,698) | (64,419) | (61,298) |
| Profit for the period | 102,284 | 45,818 | 197,562 | 227,003 |
| *Other comprehensive income net of tax* | | | | |
| Change in fair value of financial assets at fair value through other comprehensive income | (930) | (1,842) | (930) | 1,911 |
| Total comprehensive income for the period | 101,354 | 43,976 | 196,632 | 228,914 |
| Profit attributable to : | | | | |
| Owner of the Bank | 102,284 | 45,818 | 197,562 | 227,003 |
| Total comprehensive income attributable to : | | | | |
| Owner of the Bank | 101,354 | 43,976 | 196,632 | 228,914 |
| Basic earnings per share (sen) | 51.1 | 22.9 | 98.8 | 113.5 |

## MUFG BANK (MALAYSIA) BERHAD

**(Formerly known as Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad)**
**(Incorporated in Malaysia)**

**UNAUDITED STATEMENT OF CHANGES IN EQUITY**
**FOR THE QUARTER ENDED 31 DECEMBER 2018**

| | <---------------------- Attributable to Shareholder of the Bank | | | | | | ---------------------> |
|---|---|---|---|---|---|---|---|
| | <-------------------- Non-distributable | | | | --------------------> | Distributable | |
| | Share capital | Statutory reserve | Regulatory reserve | Defined benefit reserve | Fair value reserve | Retained profits | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **2018 December** | | | | | | | |
| At beginning of the period | | | | | | | |
| - As previosuly stated | 200,000 | - | 164,349 | (5,801) | 1,656 | 2,271,854 | 2,632,058 |
| - Effect of change in accounting policies (Note 27) | - | - | (101,152) | - | 21,866 | 299,220 | 219,934 |
| At beginning of the period, as restated | 200,000 | - | 63,197 | (5,801) | 23,522 | 2,571,074 | 2,851,992 |
| Profit for the period | - | - | - | - | - | 197,562 | 197,562 |
| Other comprehensive income | - | - | - | - | (930) | - | (930) |
| Total comprehensive income | - | - | - | - | (930) | 197,562 | 196,632 |
| Transfer from retained profits | - | - | 64,570 | - | - | (64,570) | - |
| At end of the period | 200,000 | - | 127,767 | (5,801) | 22,592 | 2,704,066 | 3,048,624 |
| **2017 December** | | | | | | | |
| At beginning of the period | 200,000 | 204,187 | 164,349 | (5,527) | 1,012 | 1,783,192 | 2,347,213 |
| Profit for the period | - | - | - | - | - | 227,003 | 227,003 |
| Other comprehensive income | - | - | - | - | 1,911 | - | 1,911 |
| Total comprehensive income | - | - | - | - | 1,911 | 227,003 | 228,914 |
| Transfer to retained earnings | - | (204,187) | - | - | - | 204,187 | - |
| At end of the period | 200,000 | - | 164,349 | (5,527) | 2,923 | 2,214,382 | 2,576,127 |

## MUFG BANK (MALAYSIA) BERHAD

**(Formerly known as Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad)**
**(Incorporated in Malaysia)**

**UNAUDITED STATEMENT OF CASH FLOWS**
**FOR THE QUARTER ENDED 31 DECEMBER 2018**

| | 2018 December RM'000 | 2017 December RM'000 |
|---|---|---|
| **Cash Flows From Operating Activities** | | |
| Profit before tax | 261,981 | 288,301 |
| Adjustments for: | | |
| (Gain)/Loss on disposal of property, plant and equipment | (15) | 106 |
| Depreciation of property, plant and equipment | 3,560 | 3,597 |
| Amortisation of intangible assets | 8,165 | 7,341 |
| Provision for retirement benefits | 3,112 | 2,555 |
| Dividend income | (221) | (221) |
| Interest income from financial assets at fair value through other comprehensive income | (12,904) | (14,330) |
| Amortisation and accretion of financial assets at fair value through other comprehensive income | 622 | 683 |
| Profit on disposal of securities AFS | - | (1,434) |
| Writeback for impairment on loan and advances | (12,054) | (69) |
| Allowance for impairment on other liabilities | 123 | - |
| Allowance for impairment on purchased receivables | 155 | - |
| Writeback of provision for diminution in value of financial assets at fair value through other comprehensive income | (10) | (2) |
| Unrealised gain on changes in fair value of financial assets at fair value through profit or loss | (23,828) | - |
| Unrealised gain on changes in fair value of derivative financial instruments | (10,989) | (104,306) |
| Operating profit before changes in working capital | 217,697 | 182,221 |
| (Increase)/Decrease in operating assets: | | |
| Loans and advances | (3,710,254) | 132,428 |
| Embedded loans | (2,331,973) | - |
| Purchased receivables | (370,919) | (483,421) |
| Statutory deposits with Bank Negara Malaysia | (54,331) | - |
| Derivative financial assets | 614,370 | 1,070,474 |
| Other assets | (324,093) | (28,503) |
| Increase/(Decrease) in operating liabilities: | | |
| Deposits from customers | 13,765 | (313,421) |
| Deposits and placements of banks and other financial institutions | (731,224) | (3,256,949) |
| Collateral deposits | 6,036,833 | 2,347,834 |
| Derivative financial liabilities | (850,495) | (967,431) |
| Other liabilities | 6,506 | (3,257) |
| Cash generated from/(used in) operations | (1,484,118) | (1,320,025) |
| Income taxes paid | (63,881) | (19,411) |
| Payment of staff gratuties | (1,065) | (194) |
| Net cash generated from/(used in) operating activities | (1,549,064) | (1,339,630) |

## MUFG BANK (MALAYSIA) BERHAD

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**UNAUDITED STATEMENT OF CASH FLOWS**
**FOR THE QUARTER ENDED 31 DECEMBER 2018 (CONTD.)**

| | 2018 December RM'000 | 2017 December RM'000 |
|---|---|---|
| **Cash Flows From Investing Activities** | | |
| Purchase of property, plant and equipment | (1,451) | (1,638) |
| Purchase of intangible assets | (1,617) | (9,262) |
| Proceeds from sale of financial assets at fair value through other comprehensive income | - | 281,911 |
| Proceeds from disposal of property, plant and equipment | 15 | 46 |
| Purchase of financial assets at fair value through other comprehensive income | (29,835) | (61,455) |
| Dividend received | 221 | 221 |
| Interest income from financial assets at fair value through other comprehensive income | 13,296 | 14,412 |
| Net cash generated from/(used in) investing activities | (19,371) | 224,235 |
| **Net increase in cash and cash equivalents** | (1,568,435) | (1,115,395) |
| **Cash and cash equivalents at beginning of quarter** | 5,915,504 | 7,576,549 |
| **Cash and cash equivalents at end of quarter** | 4,347,069 | 6,461,154 |

## 1 BASIS OF PREPARATION

The unaudited condensed interim financial report for the quarter ended 31 December 2018 have been prepared under the historical cost convention except for financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and derivative financial instruments which are stated at fair value.

The unaudited condensed interim financial report have been prepared in accordance with MFRS 134 : *Interim Financial Reporting* issued by the Malaysian Accounting Standard Board ("MASB") and Bank Negara Malaysia's Guidelines on Financial Reporting. The unaudited interim financial report should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2018. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 March 2018.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Bank:

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018***

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019***

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendmens to MFRS 3, *Busines Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments - Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangments (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits (Plan Amendment, Curtailment or Settlement)*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures*

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021***

- MFRS 17, *Insurance Contracts*

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Bank plans to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 April 2018 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018, except for Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*, Amendments to MFRS 4, *Insurance Contracts – Applying* MFRS 9 *Financial Instruments with MFRS 4 Insurance Contracts*, Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)* and Amendments to MFRS 140, *Investment Property – Transfers of Investment Property* which are not applicable to the Bank.

the Bank.



**1 BASIS OF PREPARATION (CONTD)**

The Bank plans to apply the abovementioned accounting standards, amendments and interpretations: (Contd)

- from the annual period beginning on 1 April 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019, except for Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*, Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)* and Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures* which are not applicable to the Bank.

The Bank does not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Bank.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Bank except as mentioned below:

**MFRS 9, *Financial Instruments***

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

This standard requires all financial assets to be classified based on an entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are to be initially measured at fair value. Subsequent to initial recognition, depending on the business model under which these assets are acquired, these will be measured at either fair value or amortised cost.

This standard also specifies the requirements for the classification and measurement of financial liabilities, which are generally similar to the requirements of MFRS 139. However, this standard requires that for financial liabilities designated at fair value through profit or loss, changes in fair value attributable to the credit risk of that liability are to be presented in other comprehensive income, whereas the remaining amount of the change in fair value will be presented in the income statement.

**MFRS 16, *Leases***

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Bank is currently assessing the financial impact that may arise from the adoption of MFRS 16.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**
**FOR THE QUARTER ENDED 31 DECEMBER 2018**

## 2 AUDIT REPORT

The audit report on the audited financial statements for the financial year ended 31 March 2018 was not subj qualification.

## 3 SEASONAL OR CYCLICAL FACTORS

The business operations of the Bank have not been affected by any material seasonal cyclical factors.

## 4 EXCEPTIONAL OR EXTRAORDINARY ITEMS

There were no exceptional or extraordinary items for the financial period ended 31 December 2018.

## 5 CHANGES IN ESTIMATES

There were no significant changes in estimates of amounts reported in prior financial years that have a material the financial results and position of the Bank for the financial period ended 31 December 2018, other than the arising from the adoption of MFRS 9.

## 6 CHANGES IN DEBT AND EQUITY SECURITIES

There were no issuance and repayment of debt and equity securities during the financial period ended 31 Decem

## 7 DIVIDEND PAID

No dividend was paid during the financial period ended 31 December 2018.

## 8 SUBSEQUENT EVENTS

There were no material events subsequent to the balance sheet date that require disclosure or adjustments to the condensed interim financial report.

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estimates

ber 2018.

unaudited

## 9 REVIEW OF PERFORMANCE

The Bank's profit before taxation for the financial period ended 31 December 2018 was RM261.9 million, decrease of 9.13% or RM26.3 million compared to the corresponding period last year. Operating income decreased by RM40.7 million from RM418.5 million to RM377.8 million whilst operating expenses decreased by RM1.8 million mainly attributed to lower administrative expenses.

Total assets increased from RM28.6 billion to RM33.2 billion compared to 31 March 2018. The Bank's CET 1/Tier 1 capital ratio and total capital ratio remained strong at 18.688% and 19.697% respectively.

## 10 PROSPECTS

Global economy will continue to be driven by accommodative policies, positive sentiments across major economies and encouraging macro indicators. The US economy is expected to be supportive of global growth in 2018, coupled with continued growth in the euro area and Japan, as well as ongoing growth-focused policies in China. Among the major advanced economies, the US is on track for further recovery, with the continuation of growth supported by favourable financial conditions and economic sentiments. Japan’s economy is projected to grow albeit at a modest pace, partly due to fading fiscal support. Although the recovery in the euro area is expected to be moderate underpinned by domestic demand and improving labour market condition, post-Brexit uncertainties may dampen sentiments in Europe. As for Asia, being the main global growth engine, it is expected to maintain a steady growth path supported by the pickup in global economy, trade activities and broadly accommodative policies. In particular, China will continue to be driven by sustained domestic consumption amid the Government’s ongoing rebalancing programmes. While global growth is expected to remain broadly stable in 2018 and risks are more balanced, various challenges could potentially arise due to policy uncertainties in major advanced economies, trade protectionism, post-Brexit uncertainties and geopolitical tensions in the Middle East and East Asia.

The Malaysian economy is expected to remain strong in 2018. GDP growth is likely to be between 5.5% - 6.0% in 2018, supported by domestic demand. Growth momentum will continue to benefit from positive spill overs of better global growth on to domestic economic activity. The domestic economy is expected to be driven by sustained private sector activities. Higher income and stable labour market conditions will continue to support private consumption. Private investment is projected to be sustained by the implementation of existing and new investment projects, particularly in the services and manufacturing sectors.

Exports will be supported by sustainable economic growth of major trading partners and firmer commodity prices. On the supply side, growth is expected to be broad-based. The services sector will be buoyed by strong domestic economic activities while the manufacturing sector will be supported by sustained external demand and consumption activities. In the construction sector, growth is expected to be underpinned by major civil engineering projects. The mining and quarrying sector is projected to be supported by higher output from new oil and gas facilities. As for the agriculture sector, growth is expected to be supported by improvement in Crude Palm Oil ("CPO") yields.

In 2018, economic policies will continue to remain supportive of sustainable growth amid a stable price environment. With the economy on a steady growth path and normalisation of rates, Bank Negara Malaysia ("BNM") raised the Overnight Policy Rate ("OPR") by 25 bps to 3.25% on 25 January 2018. Underpinned by strong capitalisation, stable funding capacity and healthy liquidity position, the banking sector is expected to remain an effective financial intermediary by providing steady access of credit to households and businesses in support of domestic economic activities.

## 11 SECURITIES AVAILABLE-FOR-SALE

| | 2018 December RM'000 | 2018 March RM'000 |
|---|---|---|
| **Money market instruments** | | |
| • Malaysian Government Securities | - | 243,139 |
| • Sukuk | - | 193,502 |
| | | |
| **Non-money market instruments:** | | |
| Unquoted bonds # | - | 27 |
| Unquoted shares | - | 2,966 |
| | - | 439,634 |

# Unquoted bonds are stated net of impairment loss amounting to Nil (2018 March : RM2,429,000).

## 12 FINANCIAL ASSETS HELD-FOR-TRADING

| | 2018 December RM'000 | 2018 March RM'000 |
|---|---|---|
| **Money market instruments** | | |
| • Malaysian Government Securities | - | - |

## 13 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

| | 2018 December RM'000 | 2018 March RM'000 |
|---|---|---|
| **Money market instruments** | | |
| • Malaysian Government Securities | 271,172 | - |
| • Sukuk | 206,875 | - |
| | | |
| **Non-money market instruments:** | | |
| Unquoted bonds # | 27 | - |
| Unquoted shares | 25,493 | - |
| | 503,567 | - |

The financial investments at FVOCI category was introduced upon the adoption of MFRS 9 on 1 January 2018. Comparative figures are not restated in line with the transition requirements under MFRS 9. The financial effects of the adoption of MFRS 9 are discussed in Note 27 Changes in Accounting Policies.

Movements in allowances for impairment which reflect the expected credit loss ("ECL") model on impairment are as follows:

| | 2018 December RM'000 |
|---|---|
| **12-Month ECL Stage 1** | |
| At beginning of the period | - |
| Effects of changes in accounting policies | 323 |
| At beginning of the period, as restated | 323 |
| Allowance made / (written back) due to changes in credit risk | 23 |
| Exchange differences | - |
| At end of the period | 346 |

# Unquoted bonds are stated net of impairment loss amounting to RM2,429,000 (2018 March : Nil).

## 14 LOANS AND ADVANCES

| | 2018 December RM'000 | 2018 March RM'000 |
|---|---|---|
| **(a) By type:** | | |
| *At amortised cost* | | |
| Overdrafts | 16,901 | 17,174 |
| Term loans | | |
| • Housing loans | 11,763 | 12,442 |
| • Other term loans | 3,790,073 | 15,510,309 |
| Revolving credits | 6,997,458 | 3,464,744 |
| Bills receivable | 129,702 | 23,563 |
| Claims on customers under acceptance credits | 3,054 | 43,591 |
| Staff loans | 6,514 | 6,083 |
| | 10,955,465 | 19,077,906 |
| Unearned interest | (549) | (263) |
| Gross loans and advances | 10,954,916 | 19,077,643 |
| Impairment allowances on loans and advances | | |
| • Individual assessment | - | (3,531) |
| • Collective assessment | - | (100,755) |
| • Specific allowances | (4,124) | - |
| • General allowances | (5,056) | - |
| Net loans and advances | 10,945,736 | 18,973,357 |
| **(b) By maturity structure:** | | |
| Maturing within one year | 7,296,675 | 7,794,243 |
| More than one year to three years | 627,873 | 4,363,722 |
| More than three years to five years | 1,878,456 | 4,025,575 |
| More than five years | 1,151,912 | 2,894,103 |
| | 10,954,916 | 19,077,643 |
| **(c) By type of customer:** | | |
| Domestic non-bank financial institutions | 859,437 | 5,688,007 |
| Domestic business enterprises | | |
| • Small medium enterprises | 2,088,181 | 1,761,607 |
| • Others | 3,670,205 | 9,698,759 |
| Individuals | 17,869 | 18,050 |
| Foreign entities | 4,319,224 | 1,911,220 |
| | 10,954,916 | 19,077,643 |

## 14 LOANS AND ADVANCES (CONTD.)

| | 2018 December RM'000 | 2018 March RM'000 |
|---|---|---|
| **(d) By interest rate sensitivity:** | | |
| Fixed rate | | |
| • Staff loans | 6,514 | 5,378 |
| Variable rates | 10,948,402 | 19,072,265 |
| | 10,954,916 | 19,077,643 |
| **(e) By economic sector:** | | |
| Agricultural, hunting, forestry and fishing | 782,943 | 844,874 |
| Mining and quarrying | - | 42,547 |
| Manufacturing | 2,075,189 | 2,479,077 |
| Electricity, gas and water | 552,101 | 2,355,820 |
| Construction | 887,020 | 2,280,481 |
| Wholesale and retail trade and restaurants and hotels | 594,666 | 946,816 |
| Transport, storage and communication | 2,108,077 | 2,601,652 |
| Finance, insurance, real estate and business services | 3,936,642 | 7,384,059 |
| Households | 18,278 | 18,526 |
| Others | - | 123,791 |
| | 10,954,916 | 19,077,643 |
| **(f) By geographical location:** | | |
| Malaysia | 9,351,353 | 17,589,538 |
| Other countries | 1,603,563 | 1,488,105 |
| | 10,954,916 | 19,077,643 |
| **(g) Movements in impaired loans and advances are as follows:** | | |
| At beginning of the period | 4,702 | 4,562 |
| Classified as impaired during the period | 1,197 | 1,055 |
| Amount recovered | (21) | (24) |
| Reclassified as performing | (964) | (575) |
| Amount written off | - | (316) |
| At end of the period | 4,914 | 4,702 |

## 14 LOANS AND ADVANCES (CONTD.)

### (h) Impaired loans according to economic sectors are as follows:

| | 2018 December RM'000 | 2018 March RM'000 |
|---|---|---|
| Manufacturing | - | - |
| Finance, insurance and business services | 4,044 | 3,863 |
| Household | 870 | 839 |
| | 4,914 | 4,702 |

### (i) Impaired loans by geographical location are as follows:

| | 2018 December RM'000 | 2018 March RM'000 |
|---|---|---|
| Malaysia | 4,914 | 4,702 |

### (j) Movements in impairment allowances on loans and advances are as follows:

| | 2018 December RM'000 | 2018 March RM'000 |
|---|---|---|
| (i) Specific allowances | | |
| At beginning of the period | | |
| - As previously stated | 3,531 | - |
| - Effects of changes in accounting policies | 1,716 | - |
| At beginning of the period, as restated | 5,247 | - |
| Amount transfer to allowance for general allowances | (3,565) | - |
| Allowance made during the period | 2,442 | - |
| At end of the period | 4,124 | - |
| (ii) General allowances | | |
| At beginning of the period | | |
| - As previously stated | 100,755 | - |
| - Effects of changes in accounting policies | (84,290) | - |
| At beginning of the period, as restated | 16,465 | - |
| Amount transfer from allowance for specific allowances | 3,565 | - |
| Allowance made during the period | (14,974) | - |
| At end of the period | 5,056 | - |
| (iii) Individual assessment | | |
| At beginning of the period | - | 3,343 |
| Amount transfer to allowance for general allowances | - | - |
| Allowance made during the period | - | 188 |
| At end of the period | - | 3,531 |
| (iv) Collective assessment | | |
| At beginning of the period | - | 100,755 |
| Amount transfer to allowance for general allowances | - | - |
| Allowance made during the period | - | - |
| At end of the period | - | 100,755 |

## 14 LOANS AND ADVANCES (CONTD.)

**(k) Movements in impairment allowances on loans and advances which reflect the ECL model on impairment are as follows:**

| | 12 month ECL | Lifetime ECL | | |
|---|---|---|---|---|
| | | Not credit impaired | Credit impaired | |
| | Stage 1 RM'000 | Stage 2 RM'000 | Stage 3 RM'000 | Total RM'000 |
| At beginning of the period | | | | 104,286 |
| Effects of changes in accounting policies | | | | (82,574) |
| At beginning of the period, as restated | 2,236 | 14,229 | 5,247 | 21,712 |
| Changes due to loans and advances recognised as at beginning of the period | | | | |
| - Transfer to 12-Month ECL (Stage 1) | 1,482 | (9,585) | (3,565) | (11,667) |
| - Transfer to Lifetime ECL not credit impaired (Stage 2) | - | - | - | - |
| - Transfer to Lifetime ECL credit impaired (Stage 3) | - | - | - | - |
| New financial assets originated | 858 | 837 | - | 1,695 |
| Financial assets derecognised (other than write-off) | (154) | (3,893) | (88) | (4,135) |
| Net remeasurement due to changes in credit risk | (340) | (614) | 2,530 | 1,575 |
| Amount written off | - | - | - | - |
| Exchange differences | - | - | - | - |
| At end of the period | 4,081 | 974 | 4,124 | 9,180 |

Comparative figures are not restated in line with the transition requirements under MFRS 9. The financial effects of the adoption of MFRS 9 are discussed in Note 27 Changes in Accounting Policies.

## 15 EMBEDDED LOAN

| | 2018 December RM'000 | 2018 March RM'000 |
|---|---|---|
| Embedded loans | 14,672,191 | - |

Embedded loans category was introduced upon the adoption of MFRS 9 on 1 January 2018. Comparative figures are not restated in line with the transition requirements under MFRS 9. The financial effects of the adoption of MFRS 9 are discussed in Note 27 Changes in Accounting Policies.

## 15 EMBEDDED LOAN

| | | 2018 December RM'000 | 2018 March RM'000 |
|---|---|---|---|
| **(a)** | **By maturity structure:** | | |
| | Maturing within one year | 1,382,440 | - |
| | More than one year to three years | 6,577,581 | - |
| | More than three years to five years | 4,458,695 | - |
| | More than five years | 2,253,475 | - |
| | | 14,672,191 | - |
| **(b)** | **By type of customer:** | | |
| | Domestic financial institutions | | |
| | Domestic non-bank financial institutions | 6,824,967 | - |
| | Domestic business enterprises | | |
| | - Small medium enterprises | 566,821 | - |
| | - Others | 7,280,403 | - |
| | Individuals | - | - |
| | Foreign entities | - | - |
| | | 14,672,191 | - |
| **(c)** | **By interest rate sensitivity:** | | |
| | Variable rates | 14,672,191 | - |
| **(d)** | **By economic sector:** | | |
| | Agricultural, hunting, forestry and fishing | - | - |
| | Mining and quarrying | 5,678 | - |
| | Manufacturing | 914,816 | - |
| | Electricity, gas and water | 2,225,309 | - |
| | Construction | 1,134,302 | - |
| | Wholesale and retail trade and restaurants and hotels | 713,961 | - |
| | Transport, storage and communication | 1,424,868 | - |
| | Finance, insurance, real estate and business services | 8,241,493 | - |
| | Households | - | - |
| | Others | 11,764 | - |
| | | 14,672,191 | - |
| **(e)** | **By geographical location:** | | |
| | Malaysia | 14,672,191 | - |
| | Other countries | - | - |
| | | 14,672,191 | - |

## 16 PURCHASED RECEIVABLES

| | 2018 December RM'000 | 2018 March RM'000 |
|---|---|---|
| Purchased receivables | 596,865 | 225,947 |
| Collective assessment | - | (185) |
| General allowances | (197) | - |
| | 596,668 | 225,762 |

Purchased receivables relate to receivables acquired by the Bank under the account receivables purchasing and vendors financing product. These amounts owing from obligors have a tenure of one to two months. Included in purchased receivables are non-recourse bills receivable amounting to RM562,768,000 (2018 March: RM197,849,000).

### (a) Movements in impairment allowances on purchased receivables

| | 2018 December RM'000 | 2018 March RM'000 |
|---|---|---|
| (i) Specific allowances | | |
| At beginning of the period | - | - |
| - As previously stated | | |
| - Effects of changes in accounting policies | | |
| At beginning of the period, as restated | - | - |
| Allowance made during the period | - | - |
| At end of the period | - | - |
| (ii) General allowances | | |
| At beginning of the period | | |
| - As previously stated | 185 | - |
| - Effects of changes in accounting policies | (142) | - |
| At beginning of the period, as restated | 43 | - |
| Allowance written back during the year | 154 | - |
| At end of the period | 197 | - |
| (iii) Collective assessment | | |
| At beginning of the period | - | 185 |
| Allowance written back during the year | - | - |
| At end of the period | - | 185 |

### (b) Movements in impairment allowances on loans and advances which reflect the ECL model on impairment are as follows:

| | 12 month ECL Stage 1 RM'000 | Lifetime ECL Not credit Stage 2 RM'000 | Lifetime ECL Credit Stage 3 RM'000 | Total RM'000 |
|---|---|---|---|---|
| At beginning of the period | | | | 185 |
| Effects of changes in accounting policies | | | | (142) |
| At beginning of the period, as restated | 1 | 42 | - | 43 |
| Changes due to loans and advances recognised as at beginning of the period | | | | |
| - Transfer to 12-Month ECL (Stage 1) | - | | - | - |
| - Transfer to Lifetime ECL not credit impaired (Stage 2) | - | - | - | - |
| - Transfer to Lifetime ECL credit impaired (Stage 3) | - | - | - | - |
| New financial assets originated | 143 | 54 | - | 197 |
| Financial assets derecognised (other than write-off) | (1) | (42) | - | (43) |
| Net remeasurement due to changes in credit risk | - | - | - | - |
| Amount written off | - | - | - | - |
| Exchange differences | - | - | - | - |
| At end of the period | 143 | 54 | - | 197 |

Comparative figures are not restated in line with the transition requirements under MFRS 9. The financial effects of the adoption of MFRS 9 are discussed in Note 27 Changes in Accounting Policies.

## 17 DEPOSITS FROM CUSTOMERS

| | 2018 December RM'000 | 2018 March RM'000 |
|---|---|---|
| **At amortised cost** | | |
| Demand deposits | 3,400,151 | 3,720,544 |
| Money market deposits | 1,194,765 | 1,150,516 |
| Savings deposits | 17,469 | 25,137 |
| Fixed deposits | 4,093,003 | 3,791,866 |
| | 8,705,388 | 8,688,063 |

**(a) The maturity structure of fixed deposits are as follows:**

| | 2018 December RM'000 | 2018 March RM'000 |
|---|---|---|
| Due within six months | 3,860,385 | 3,546,941 |
| Six months to one year | 223,600 | 241,335 |
| Above one year | 9,018 | 3,590 |
| | 4,093,003 | 3,791,866 |

**(b) The deposits are sourced from the following customers:**

| | 2018 December RM'000 | 2018 March RM'000 |
|---|---|---|
| Business enterprises | 8,634,501 | 8,603,522 |
| Individuals | 70,888 | 84,541 |
| | 8,705,388 | 8,688,063 |

## 18 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

| | 2018 December RM'000 | 2018 March RM'000 |
|---|---|---|
| **At amortised cost** | | |
| Licensed banks | 2,907 | 734,131 |
| Non-bank financial institutions | - | 3,560 |
| | 2,907 | 737,691 |

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### 19 COMMITMENTS AND CONTINGENCIES

| | 2018 December | | | | 2018 March | | | |
|---|---|---|---|---|---|---|---|---|
| | Principal Amount RM'000 | Positive Fair Value of Derivative Contracts RM'000 | Credit Equivalent Amount RM'000 | Risk-Weighted Assets RM'000 | Principal Amount RM'000 | Positive Fair Value of Derivative Contracts RM'000 | Credit Equivalent Amount RM'000 | Risk-Weighted Assets RM'000 |
| Credit-related Exposures | | | | | | | | |
| Direct credit subsitutes | 2,275 | | 2,274 | 1,137 | 2,975 | | 2,975 | 1,488 |
| Transaction-related contingent items | 984,767 | | 491,126 | 432,390 | 880,159 | | 440,080 | 352,541 |
| Short-term self-liquidating trade-related contingencies | 211,290 | | 42,257 | 42,257 | 171,907 | | 34,381 | 34,381 |
| Other commitments, such as formal standby facilties and credit lines, with an original maturity of : | | | | | | | | |
| - not exceeding one year | 155 | | 76 | 56 | - | | - | - |
| - exceeding one year | 230,311 | | 45,967 | 45,967 | 49,147 | | 24,574 | 24,574 |
| Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness | 6,869,262 | | - | - | 4,608,628 | | - | - |
| Securitisation exposures | 15,000 | | 3,000 | 2,250 | 15,000 | | 3,000 | 2,250 |
| | 8,313,060 | | 584,700 | 524,057 | 5,727,816 | | 505,010 | 415,234 |
| Derivative Financial Instruments: | | | | | | | | |
| Foreign exchange related contracts | | | | | | | | |
| - less than one year | 9,638,133 | 261,276 | 319,748 | 232,839 | 10,929,703 | 603,734 | 787,873 | 449,635 |
| - one year to less than five years | 18,782,673 | 619,655 | 1,371,541 | 925,915 | 19,911,846 | 858,721 | 1,651,310 | 1,196,330 |
| - five years and above | 7,170,773 | 352,824 | 911,829 | 814,159 | 8,792,900 | 504,111 | 1,687,242 | 1,371,042 |
| Interest rate related contracts | | | | | | | | |
| - less than one year | 4,958,213 | 2,876 | 5,781 | 2,385 | 8,619,594 | 2,055 | 9,878 | 3,152 |
| - one year to less than five years | 17,447,283 | 66,654 | 153,398 | 69,210 | 13,737,227 | 69,240 | 253,444 | 119,016 |
| - five years and above | 4,791,753 | 34,884 | 140,742 | 95,974 | 6,469,131 | 49,045 | 344,042 | 191,676 |
| Currency options | | | | | | | | |
| - less than one year | 132,133 | 384 | 2,366 | 2,366 | 148,547 | 288 | 2,516 | 2,516 |
| Premium yielder investments | | | | | | | | |
| - less than one year | 1,665,040 | - | 86,686 | 29,905 | - | - | - | - |
| - one year to less than five years | 1,655,000 | 10,116 | 89,081 | 30,229 | 3,089,440 | 91,838 | 277,205 | 83,246 |
| | 66,241,001 | 1,348,669 | 3,081,172 | 2,202,982 | 71,698,388 | 2,179,032 | 5,013,510 | 3,416,613 |
| Total | 74,554,061 | 1,348,669 | 3,665,872 | 2,727,039 | 77,426,204 | 2,179,032 | 5,518,520 | 3,831,847 |

| | 3rd Quarter Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | 2018 December RM'000 | 2017 December RM'000 | 2018 December RM'000 | 2017 December RM'000 |
| **20 INTEREST INCOME** | | | | |
| Loans and advances | 213,034 | 110,996 | 564,208 | 322,748 |
| Money at call and deposit placements with financial institutions | 36,338 | 51,282 | 114,025 | 149,259 |
| Financial assets with fair value through other comprehenvise income/Securities available-for-sale | 4,483 | 5,413 | 12,904 | 17,678 |
| | 253,855 | 167,691 | 691,137 | 489,685 |
| **21 INTEREST EXPENSE** | | | | |
| Deposits and placements of banks and other financial institutions | 127,873 | 62,472 | 338,139 | 176,928 |
| Deposits from other customers | 44,685 | 38,128 | 132,076 | 104,467 |
| | 172,558 | 100,600 | 470,215 | 281,395 |
| **22 OTHER OPERATING INCOME** | | | | |
| **Fee income** | | | | |
| Commission | 439 | 475 | 1,404 | 1,345 |
| Guarantee fees | 970 | 913 | 2,952 | 2,931 |
| Service charges and fees | (221) | 747 | 1,356 | 2,235 |
| Commitment fees | 168 | 190 | 536 | 566 |
| Other fee income | 1,959 | 607 | 8,224 | 7,636 |
| | 3,315 | 2,932 | 14,472 | 14,713 |
| **Investment income** | | | | |
| Gross dividends | 37 | 37 | 221 | 221 |
| Realised gain/(loss) in fair value of derivative financial instruments | 18,332 | (4,015) | 77,309 | (2,856) |
| Realised gain/(loss) in fair value of trading securities | 851 | - | 1,021 | - |
| Unrealised gain/(loss) in fair value of derivative financial instruments | 10,821 | 47,575 | 5,656 | 104,306 |
| Unrealised gain/(loss) in fair value of trading securities | (1) | - | - | - |
| Unrealised gain/(loss) in fair value of embedded loans | 29,173 | - | 5,345 | - |
| Net premium (paid)/received for options | (4) | (1) | (12) | (1) |
| | 59,209 | 43,596 | 89,540 | 101,670 |
| **Other income** | | | | |
| Foreign exchange gain/(loss) | 25,443 | 8,125 | 50,933 | 88,531 |
| Other operating income | 20 | 2,495 | 1,958 | 5,337 |
| | 25,463 | 10,620 | 52,891 | 93,868 |
| | 87,987 | 57,148 | 156,903 | 210,251 |

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## 23 OTHER OPERATING EXPENSES

| | 3rd Quarter Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | 2018 December RM'000 | 2017 December RM'000 | 2018 December RM'000 | 2017 December RM'000 |
| Personnel expenses | 24,751 | 22,306 | 77,559 | 70,051 |
| Establishment related expenses | 5,840 | 5,719 | 17,020 | 15,625 |
| Promotion and marketing related expenses | 528 | 652 | 1,564 | 1,565 |
| Administrative and other expenses | 14,838 | 14,843 | 32,033 | 42,745 |
| | 45,957 | 43,520 | 128,176 | 129,986 |
| **Personnel expenses** | | | | |
| - Wages, salaries and bonus | 19,424 | 16,933 | 59,245 | 51,727 |
| - Defined benefit plan | 985 | 852 | 3,112 | 2,555 |
| - Defined contribution plan | 2,257 | 1,584 | 6,426 | 6,426 |
| - Other employee benefits | 2,085 | 2,937 | 8,776 | 9,343 |
| | 24,751 | 22,306 | 77,559 | 70,051 |
| **Establishment related expenses** | | | | |
| - Depreciation of property, plant and equipment | 1,218 | 1,194 | 3,560 | 3,597 |
| - Amortisation of intangible assets | 2,761 | 2,663 | 8,165 | 7,341 |
| - Hire of equipment | 262 | 170 | 613 | 510 |
| - Repair and maintenance | 104 | (86) | 337 | 117 |
| - Rental of premises | 1,249 | 1,472 | 3,680 | 3,380 |
| - Others | 246 | 306 | 665 | 680 |
| | 5,840 | 5,719 | 17,020 | 15,625 |
| **Promotion and marketing related expenses** | | | | |
| - Advertising and publicity | 57 | 157 | 153 | 227 |
| - Others | 471 | 495 | 1,411 | 1,338 |
| | 528 | 652 | 1,564 | 1,565 |
| **Administrative and other expenses** | | | | |
| - Collateral deposit fees | 9,999 | 14,202 | 18,707 | 29,206 |
| - Communication expenses | 328 | 230 | 774 | 646 |
| - Legal and professional fees | 647 | (2,226) | 1,265 | 1,643 |
| - Others | 3,864 | 2,637 | 11,287 | 11,250 |
| | 14,838 | 14,843 | 32,033 | 42,745 |

## 24 (ALLOWANCE)/WRITEBACK FOR IMPAIRMENT ON LOANS AND ADVANCES

| | 3rd Quarter Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | 2018 December RM'000 | 2017 December RM'000 | 2018 December RM'000 | 2017 December RM'000 |
| Allowance for impaired loans and advances | | | | |
| - Individual assessment | - | (58) | - | (177) |
| - General allowances | (48) | - | 11,132 | - |
| - Specific allowances | (2,558) | - | 1,123 | - |
| Impaired loans and advances written off | - | (146) | - | (146) |
| Bad debts written back | 31 | 1 | 77 | 69 |
| | (2,575) | (203) | 12,332 | (254) |

## 25 CAPITAL ADEQUACY

(a) The capital adequacy ratios consist of total capital and risk-weighted assets derived from balances of the Bank and are computed in accordance with BNM's Guidelines on Capital Adequacy Framework (Capital Components and Basel II - Risk Weighted Assets) ("CAF"). The Bank adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk.

(b) The capital adequacy ratios of the Bank are as follows:

| | 2018 December | 2018 March |
|---|---|---|
| Common equity Tier 1 ("CET 1") capital ratio | 18.688% | 18.228% |
| Tier 1 capital ratio | 18.688% | 18.228% |
| Total capital ratio | 19.697% | 19.270% |

(c) The components of Tier 1 and Tier 2 capital of the Bank are as follows:

| | 2018 December RM'000 | 2018 March RM'000 |
|---|---|---|
| CET 1 and Tier 1 capital | | |
| · Paid-up share capital | 200,000 | 200,000 |
| · Retained profits | 2,207,284 | 2,271,854 |
| · Other reserves | 144,558 | 160,204 |
| | 2,551,842 | 2,632,058 |
| Less | | |
| · Deferred tax assets | - | (1,293) |
| · Intangible assets | (29,867) | (36,415) |
| · 55% of fair value reserve | 1,608 | (911) |
| · Regulatory reserve | (127,767) | (164,349) |
| | 2,395,816 | 2,429,090 |
| Tier 2 capital | | |
| · General allowances and regulatory reserve | 129,316 | 138,887 |
| Total Capital | 2,525,131 | 2,567,977 |

(d) Comparative figures are not restated in line with the transition requirements under MFRS 9. The financial effects of the adoption of MFRS 9 are discussed in Note 27 Changes in Accounting Policies.

## 25 CAPITAL ADEQUACY (CONT'D)

(d) The components of risk-weighted assets of the Bank are as follows:

**2018 December**

| Exposure Class | | Gross Exposures RM'000 | Net Exposures RM'000 | Risk-Weighted Assets RM'000 | Capital Requirements RM'000 |
|---|---|---|---|---|---|
| **(i) Credit Risk** | | | | | |
| On-Balance Sheet Exposures : | | | | | |
| Sovereigns/Central Banks | | 3,636,456 | 3,636,456 | - | - |
| Public Sector Entities | | - | - | - | - |
| Banks, Development Financial Institutions & MDBs | | 2,785,485 | 2,785,008 | 731,631 | 58,530 |
| Insurance Cos, Securities Firms & Fund Managers | | - | - | - | - |
| Corporates | | 25,122,216 | 6,342,983 | 6,563,020 | 525,042 |
| Regulatory Retail | | 1,861 | 1,861 | 1,860 | 149 |
| Residential Mortgages | | 13,677 | 13,677 | 6,455 | 516 |
| Other Assets | | 312,357 | 312,357 | 309,579 | 24,766 |
| Equity Exposures | | 2,993 | 2,993 | 2,993 | 239 |
| Defaulted Exposures | | 2,848 | 2,848 | 2,677 | 214 |
| Total On-Balance Sheet Exposures | | 31,877,893 | 13,098,183 | 7,618,215 | 609,456 |
| Off-Balance Sheet Exposures : | | | | | |
| Credit-related exposures | | 581,700 | 581,700 | 521,807 | 41,745 |
| Securitisation exposures | | 3,000 | 3,000 | 2,250 | 180 |
| Derivatives financial instruments | | 3,081,172 | 3,081,172 | 2,202,982 | 176,239 |
| Total Off-Balance Sheet Exposures | | 3,665,872 | 3,665,872 | 2,727,039 | 218,164 |
| Total On and Off-Balance Sheet Exposures | | 35,543,765 | 16,764,055 | 10,345,254 | 827,620 |
| **(ii) Large Exposure Risk Requirement** | | - | - | - | - |
| | **Long Position** | **Short Position** | | | |
| **(iii) Market Risk** | | | | | |
| Interest Rate Risk | 65,464,329 | (65,177,515) | | 1,571,771 | 125,742 |
| Foreign Exchange Risk | 15,227 | (3,961) | | 15,227 | 1,218 |
| | 65,479,555 | (65,181,476) | | 1,586,997 | 126,961 |
| **(iv) Operational Risk** | | | | 887,790 | 71,023 |
| **Total RWA and Capital Requirements** | | 35,543,765 | 16,764,055 | 12,820,041 | 1,025,604 |

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**25 CAPITAL ADEQUACY (CONTD.)**

(d) The components of risk-weighted assets of the Bank are as follows:

**2018 March**

| Exposure Class | Long Position | Short Position / Gross Exposures RM'000 | Net Exposures RM'000 | Risk-Weighted Assets RM'000 | Capital Requirements RM'000 |
|---|---|---|---|---|---|
| **(i) Credit Risk** | | | | | |
| On-Balance Sheet Exposures: | | | | | |
| Sovereigns/Central Banks | | 3,919,960 | 3,919,960 | - | - |
| Public Sector Entities | | 10,778 | 10,778 | 2,156 | 172 |
| Banks, Development Financial Institutions & MDBs | | 3,353,765 | 3,353,557 | 782,770 | 62,622 |
| Insurance Cos, Securities Firms & Fund Managers | | - | - | - | - |
| Corporates | | 18,908,306 | 5,976,923 | 6,141,167 | 491,293 |
| Regulatory Retail | | 1,691 | 1,691 | 1,691 | 135 |
| Residential Mortgages | | 14,117 | 14,117 | 6,418 | 513 |
| Equity Exposures | | 2,993 | 2,993 | 2,993 | 239 |
| Other Assets | | 342,385 | 342,385 | 339,277 | 27,142 |
| Defaulted Exposures | | 2,837 | 2,837 | 2,671 | 214 |
| Total On-Balance Sheet Exposures | | 26,556,832 | 13,625,241 | 7,279,143 | 656,839 |
| Off-Balance Sheet Exposures : | | | | | |
| Credit-related exposures | | 502,010 | 502,010 | 412,984 | 33,039 |
| Securitisation exposures | | 3,000 | 3,000 | 2,250 | 180 |
| Derivatives financial instruments | | 5,013,510 | 5,013,510 | 3,416,613 | 273,329 |
| Total Off-Balance Sheet Exposures | | 5,518,520 | 5,518,520 | 3,831,847 | 306,548 |
| Total On and Off-Balance Sheet Exposures | | 32,075,352 | 19,143,761 | 11,110,990 | 963,387 |
| **(ii) Large Exposure Risk Requirement** | | - | - | - | - |
| | **Long Position** | **Short Position** | | | |
| **(iii) Market Risk** | | | | | |
| Interest Rate Risk | 67,523,173 | (67,224,934) | | 1,292,546 | 103,404 |
| Foreign Exchange Risk | 20,155 | (84,225) | | 84,225 | 6,738 |
| | 67,543,328 | (67,309,159) | | 1,376,771 | 110,142 |
| **(iv) Operational Risk** | | | | 846,916 | 67,753 |
| **Total RWA and Capital Requirements** | | 32,075,352 | 19,143,761 | 13,334,677 | 1,141,282 |

## 26 THE OPERATIONS OF ISLAMIC BANKING

### UNAUDITED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2018

| | | 2018 December RM'000 | 2018 March RM'000 |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and short-term funds | **(a)** | 134,945 | 31,192 |
| Other assets | | 12 | 5 |
| **TOTAL ASSETS** | | 134,957 | 31,197 |
| **LIABILITIES AND ISLAMIC BANKING FUNDS** | | | |
| Deposits from customers | **(b)** | 101,576 | 3 |
| Other liabilities | **(c)** | 7,827 | 6,507 |
| **TOTAL LIABILITIES** | | 109,403 | 6,510 |
| **CAPITAL FUND** | | 25,000 | 25,000 |
| **RESERVE** | | 554 | (313) |
| **ISLAMIC BANKING FUNDS** | | 25,554 | 24,687 |
| **TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS** | | 134,957 | 31,197 |
| **COMMITMENTS AND CONTINGENCIES** | | 5,400 | - |

Islamic financing based on Commodity Murabahah (Tawarruq) of RM673,595,398 (2018 March: RM546,211,822) was financed under an internal Wakalah scheme and is reported under entity level.

## 26 THE OPERATIONS OF ISLAMIC BANKING (CONTD.)

### UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2018

| | | 3rd Quarter Ended | | Nine Months Ended | |
|---|---|---|---|---|---|
| | | 2018 December RM'000 | 2017 December RM'000 | 2018 December RM'000 | 2017 December RM'000 |
| Income attributable to depositors | | - | - | - | - |
| | | - | - | - | - |
| Income derived from investment of Islamic Banking Capital funds | **(d)** | 310 | 216 | 839 | 647 |
| Other operating income | **(e)** | 137 | 71 | 468 | 142 |
| Other operating expenses | **(f)** | (125) | (129) | (440) | (394) |
| Profit before tax | | 322 | 158 | 867 | 395 |
| Tax expense | | - | - | - | - |
| Profit for the period | | 322 | 158 | 867 | 395 |

### UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 DECEMBER 2018

| | Capital Fund RM '000 | Accumulated Profits/Losses RM '000 | Total RM '000 |
|---|---|---|---|
| **2018 December** | | | |
| At beginning of the period | 25,000 | (313) | 24,687 |
| Profit for the period | - | 867 | 867 |
| At end of the period | 25,000 | 554 | 25,554 |
| **2017 December** | | | |
| At beginning of the period | 25,000 | (2,084) | 22,916 |
| Profit for the period | - | 395 | 395 |
| At end of the period | 25,000 | (1,689) | 23,311 |

### UNAUDITED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 DECEMBER 2018

| | 2018 December RM '000 | 2017 December RM '000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit/(Loss) before tax | 867 | 395 |
| Operating profit/(loss) before working capital changes | 867 | 395 |
| Increase in operating assets/liabilities: | | |
| Other assets | (7) | (5) |
| Deposits from customers | 101,573 | - |
| Other liabilities | 1,320 | 349 |
| Net cash from operating activities | 103,753 | 739 |
| **Net increase in cash and cash equivalents** | 103,753 | 739 |
| **Cash and cash equivalents at beginning of period** | 31,192 | 27,432 |
| **Cash and cash equivalents at end of period** | 134,945 | 28,171 |
| Cash and cash equivalents at end of period | 134,945 | 28,171 |

## 26 THE OPERATIONS OF ISLAMIC BANKING (CONTD.)

**Shariah Committee**

The Shariah Committee was established under BNM's "Guidelines on the Governance of Shariah Committee for the Islamic Financial Institutions" ("BNM/GPS1") to advise the Board of Directors on Shariah matters in its Islamic Banking business operations and to provide technical assistance in ensuring the Islamic Banking products and services offered by the Bank and the relevant documentation are in compliance with Shariah principles.

The committee comprises: Dr. Luqman bin Haji Abdullah, Assoc. Prof. Dr. Abdul Karim bin Ali, Assoc. Prof. Dr. Syed Musa Syed Jaafar Alhabshi, Dr. Safinar binti Salleh and Dr. Noor Suhaida binti Kasri.

**Basis of measurement**

The financial statements of the Islamic Banking business have been prepared on the basis consistent with that of the Bank as disclosed in Note 1 to the audited financial statements of the Bank for financial year ended 31 March 2018.

**(a) Cash and short-term funds**

| | 2018 December RM'000 | 2018 March RM'000 |
|---|---|---|
| Cash and balances with banks and other financial institution | 134,945 | 31,192 |

**(b) Deposits from customers**

| | 2018 December RM'000 | 2018 March RM'000 |
|---|---|---|
| Current accounts | 101,576 | 3 |

**(c) Other liabilities**

| | 2018 December RM'000 | 2018 March RM'000 |
|---|---|---|
| Accruals and provisions for operational expenses | 7,827 | 6,507 |

**(c) Income derived from investment of Islamic Banking Capital funds**

| | 3rd Quarter Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | 2018 December RM'000 | 2017 December RM'000 | 2018 December RM'000 | 2017 December RM'000 |
| Money at call and placements with financial institutions | 310 | 216 | 839 | 647 |

**(d) Other Operating Income**

| | 3rd Quarter Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | 2018 December RM'000 | 2017 December RM'000 | 2018 December RM'000 | 2017 December RM'000 |
| Other fee income | 137 | 71 | 468 | 142 |

**(e) Other Operating Expenses**

| | 3rd Quarter Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | 2018 December RM'000 | 2017 December RM'000 | 2018 December RM'000 | 2017 December RM'000 |
| Personnel expenses | 79 | 90 | 336 | 324 |
| Other expenses | 46 | 39 | 104 | 70 |
| | 125 | 129 | 440 | 394 |

MUFG BANK (MALAYSIA) BERHAD

**(Formerly known as Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad)**
**(Incorporated in Malaysia)**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**
**FOR THE QUARTER ENDED 31 DECEMBER 2018**

## 26 THE OPERATIONS OF ISLAMIC BANKING (CONTD.)

### (f) Commitment and continegncies

| | 2018 December | | | | 2018 March | | | |
|---|---|---|---|---|---|---|---|---|
| | Principal Amount RM'000 | Positive Fair Value of Derivative Contracts RM'000 | Credit Equivalent Amount RM'000 | Risk-Weighted Assets RM'000 | Principal Amount RM'000 | Positive Fair Value of Derivative Contracts RM'000 | Credit Equivalent Amount RM'000 | Risk-Weighted Assets RM'000 |
| Credit-related Exposures | | | | | | | | |
| Direct credit subsitutes | - | | - | - | - | | - | - |
| Transaction-related contingent items | 5,400 | | 2,700 | 2,700 | - | | - | - |
| Short-term self-liquidating trade-related contingencies | | | | | - | | - | - |
| Other commitments, such as formal standby facilties and credit lines, with an original maturity of : | | | | | | | | |
| - not exceeding one year | | | | | - | | - | - |
| - exceeding one year | | | | | - | | - | - |
| Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness | - | | - | - | - | | - | - |
| Securitisation exposures | - | | - | - | - | | - | - |
| | 5,400 | | 2,700 | 2,700 | - | | - | - |
| Derivative Financial Instruments: | | | | | | | | |
| Foreign exchange related contracts | | | | | | | | |
| - less than one year | - | - | - | - | - | - | - | - |
| - one year to less than five years | - | - | - | - | - | - | - | - |
| - five years and above | - | - | - | - | - | - | - | - |
| Interest rate related contracts | | | | | | | | |
| - less than one year | - | - | - | - | - | - | - | - |
| - one year to less than five years | - | - | - | - | - | - | - | - |
| - five years and above | - | - | - | - | - | - | - | - |
| Currency options | | | | | | | | |
| - less than one year | - | - | - | - | - | - | - | - |
| Premium yielder investments | | | | | | | | |
| - one year to less than five years | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| Total | 5,400 | - | 2,700 | 2,700 | - | - | - | - |

## 26 THE OPERATIONS OF ISLAMIC BANKING (CONTD.)

### (g) Capital adequacy

The capital adequacy ratios of the Islamic Banking business of the Bank are computed in accordance with the Capital Adequacy Framework for Islamic Banks ("CAFIB"). The Bank's Islamic Banking business has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk.

The capital adequacy ratios of the Bank's Islamic Banking business are as follows:

| | 2018 December | 2018 March |
|---|---|---|
| Common equity tier 1 capital ratio | 99.264% | 294.770% |
| Tier 1 capital ratio | 99.264% | 294.770% |
| Total capital ratio | 99.264% | 294.770% |

The components of Tier 1 and Tier 2 capital of the Bank's Islamic Banking business are as follows:

| | 2018 December RM'000 | 2018 March RM'000 |
|---|---|---|
| CET 1 and Tier 1 capital | | |
| · Paid-up share capital | 25,000 | 25,000 |
| · Accumulated losses | (313) | (313) |
| | 24,687 | 24,687 |
| Tier 2 capital | - | - |
| Total capital | 24,687 | 24,687 |

The breakdown of the risk-weighted assets by each major risk category is as follows:

| | 2018 December RM'000 | 2018 March RM'000 |
|---|---|---|
| Credit risk - Credit related exposures | 2,700 | - |
| Operational risk | 22,170 | 8,375 |
| | 24,870 | 8,375 |

## 27 CHANGES IN ACCOUNTING POLICIES

### (a) Adoption of MFRS 9 Financial Instruments (2014)

The Bank has adopted the requirements of MFRS 9 on 1 April 2018. MFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting which have resulted in the following significant changes in accounting policies.

The changes in accounting policies have been applied retrospectively from 1 April 2018. In accordance with the transition requirements, comparatives are not restated. The significant changes to accounting policies are discussed and summarised below:

#### (i) Classification and measurement

The Bank classify financial assets into three primary measurement categories: Amortised Cost, Fair Value Through Profit or Loss ("FVTPL") and Fair Value Through Other Comprehensive Income ("FVOCI"). The basis of classification depends on the Bank's business model and contractual cash flow characteristics of the financial asset.

<u>Financial assets</u>
Financial assets are measured at amortised cost if the assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows which represent solely payments of principal and interest. Financial assets are measured at FVOCI if the assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual cash flows represent solely payments of principal and interest. All other financial assets are classified and measured at FVTPL. On initial recognition of certain equity investments that are not held for trading, the Bank has irrevocably elected to present subsequent changes in fair value in OCI.

<u>Financial liabilities</u>
As MFRS 9 retains most of the MFRS 139 requirements, there is no change to the classification and measurement of the Bank's financial liabilities.

<u>Impact as a result of MFRS 9 adoption</u>
The unquoted equity instruments which are not held for trading and were previously classified as securities available-for-sale are now classified and measured at FVOCI.

Certain debt instruments which were previously classified as loans and advances are redesignated and now measured at FVTPL.

The financial effects arising from the adoption of MFRS 9 are presented in Note 27 (c).

## 27 CHANGES IN ACCOUNTING POLICIES (CONTD)

### (a) Adoption of MFRS 9 Financial Instruments (2014) (Contd)

#### (ii) Impairment

MFRS 9 introduces expected credit losses (“ECL”) model on impairment that replaces the incurred loss impairment model used in MFRS 139. The ECL model requires impairment to be recognised on initial recognition including expected future credit losses whilst the incurred loss impairment model only requires recognition of credit losses incurred as at reporting date. The impairment requirements apply to financial assets measured at amortised cost and FVOCI, and certain loan commitments as well as financial guarantee contracts, which include loans, advances and financing and investment securities.

MFRS 9 does not distinguish between individual assessment and collective assessment. The Bank applies a three-stage approach to measure ECL on debt instruments accounted for at amortised cost and FVOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1: 12-months ECL
For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL assoicated with the probability of default events occurring within the next 12 months is recognised.

Stage 2: lifetime ECL - non-credit impaired
For exposures where there has been a significant increase in credit risk since initial recognition but that are non-credit impaired, a lifetime ECL will be recognised.

Stage 3: lifetime ECL - credit impaired
Financial assets are assessed as credit impaired when one or more events that have detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that are credit impaired, a lifetime ECL will be recognised.

Stage 1 and 2 ECL are collectively aggregated as general allowances while Stage 3 ECL is specific allowances as disclosed in this set of unaudited interim financial report.

The assessment of credit risk, as well as the estimation of ECL, are required to be unbiased, probability-weighted and should incorporate all available information which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should also take into account the time value of money.

Impact as a result of MFRS 9 adoption
The total ECL allowances computed under MFRS 9 is lower than the total allowance for impairment on loans and advances under MFRS 139, despite of forward looking approach is adopted as well as more financial assets (MFRS 9 includes loan commitments and financial guarantee contracts) were assessed for impairment and allowances. This is contributed by revision to Loss Given Default ("LGD") and recognition of certain debt instruments which were previously classifed as loans and advances, now measured at FVTPL.

The financial effects arising from the adoption of MFRS 9 are presented in Note 27 (c).

## 27 CHANGES IN ACCOUNTING POLICIES (CONTD)

### (b) BNM's Revised Policy Documents on Financial Reporting and Financial Reporting for Islamic Banking Institutions

On 2 February 2018, BNM issued the revised policy documents on Financial Reporting and Financial Reporting for Islamic Banking Institutions ("BNM's revised Policy Documents") which prescribe the regulatory reserves to be maintained by banking institutions. With effect from 1 January 2018, the Bank must maintain, in aggregate, loss allowance for non-credit impaired exposures and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures. The Bank had previously maintained, in aggregate, collective impairment provisions and regulatory reserves of no less than 1.2% of total outstanding loans/financing, net of individual impairment provisions.

The financial effects arising from the adoption of MFRS 9 are presented in Note 27 (c).

### (c) Financial Effects Due to the Changes in Accounting Policies

The following table analyses the impact, net of tax, of transition to MFRS 9 on the statements of financial position of the Bank:

| | Impact of adopting MFRS 9 as at 1 April 2018 |
|---|---|
| | RM'000 |
| **Securities available-for-sale** | |
| Closing balance under MFRS 139 at 31 March 2018 | 439,634 |
| - Redesignation to financial assets at FVOCI | (439,634) |
| Opening balance under MFRS 9 at 1 April 2018 | - |
| **Financial assets at FVOCI** | |
| Closing balance under MFRS 139 at 31 March 2018 | - |
| - Redesignation from securities available-for-sale | 439,634 |
| - Recognition of expected credit losses under MFRS 9 | (323) |
| - Unrealised gain on financial investments at FVOCI | 22,189 |
| Opening balance under MFRS 9 at 1 April 2018 | 461,500 |
| **Loans and advances** | |
| Closing balance under MFRS 139 at 31 March 2018 | 18,973,357 |
| - Redesignation to financial assets at FVTPL | (11,832,503) |
| - Recognition of expected credit losses under MFRS 9 | 82,574 |
| Opening balance under MFRS 9 at 1 April 2018 | 7,223,428 |
| **Embedded loans** | |
| Closing balance under MFRS 139 at 31 March 2018 | - |
| - Redesignation from loans and advances | 11,832,503 |
| - Reclassification from derivative financial assets | 736,646 |
| - Reclassification from derivative financial liaibilities | (438,796) |
| - Unrealised gain on embedded loans | 186,037 |
| Opening balance under MFRS 9 at 1 April 2018 | 12,316,390 |
| **Purchased receivables** | |
| Closing balance under MFRS 139 at 31 March 2018 | 225,762 |
| - Recognition of expected credit losses under MFRS 9 | 142 |
| Opening balance under MFRS 9 at 1 April 2018 | 225,904 |

## 27 CHANGES IN ACCOUNTING POLICIES (CONTD)

### (c) Financial Effects Due to the Changes in Accounting Policies (Contd)

| | Impact of adopting MFRS 9 as at 1 April 2018 |
|---|---|
| | RM'000 |
| **Derivative financial assets** | |
| Closing balance under MFRS 139 at 31 March 2018 | 2,179,032 |
| - Reclassification to embedded loans | (736,646) |
| - Other adjustments | 37,901 |
| Opening balance under MFRS 9 at 1 April 2018 | 1,480,287 |
| **Deferred tax assets/(liabilities)** | |
| Closing balance under MFRS 139 at 31 March 2018 | 1,293 |
| - In respect of recognition of expected credit losses under MFRS 9 | (49,893) |
| Opening balance under MFRS 9 at 1 April 2018 | (48,600) |
| **Derivative financial liabilities** | |
| Closing balance under MFRS 139 at 31 March 2018 | 1,907,749 |
| - Reclassification to embedded loans | (438,796) |
| - Other adjustments | 37,901 |
| Opening balance under MFRS 9 at 1 April 2018 | 1,506,854 |
| **Other liabilities** | |
| Closing balance under MFRS 139 at 31 March 2018 | 98,145 |
| - Recognition of expected credit losses under MFRS 9 | 1,233 |
| Opening balance under MFRS 9 at 1 April 2018 | 99,378 |
| **Provision for tax** | |
| Closing balance under MFRS 139 at 31 March 2018 | 8,437 |
| - In respect of recognition of expected credit losses under MFRS 9 | 19,558 |
| Opening balance under MFRS 9 at 1 April 2018 | 27,995 |
| **Regulatory Reserves** | |
| Closing balance under MFRS 139 at 31 March 2018 | 164,349 |
| - Transfer to retained profits | (101,152) |
| Opening balance under MFRS 9 at 1 April 2018 | 63,197 |
| **Fair value reserve** | |
| Closing balance under MFRS 139 at 31 March 2018 | 1,656 |
| - Transfer from retained profits | - |
| - Recognition of expected credit losses under MFRS 9 | (323) |
| - Unrealised gain on financial investments at FVOCI | 22,189 |
| - Deferred tax in respect of unrealised gain on FVOCI | - |
| Opening balance under MFRS 9 at 1 April 2018 | 23,522 |
| **Retained profits** | |
| Closing balance under MFRS 139 at 31 March 2018 | 2,271,854 |
| - Transfer from regulatory reserve | 101,152 |
| - Transfer to fair value reserve | - |
| - Unrealised gain on embedded loans | 186,037 |
| - Recognition of expected credit losses under MFRS 9 | 81,483 |
| - Tax effect arising from the recognition of expected credit losses under MFRS 9 | (69,452) |
| Opening balance under MFRS 9 at 1 April 2018 | 2,571,074 |

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## 27 CHANGES IN ACCOUNTING POLICIES (CONTD)

### (c) Financial Effects Due to the Changes in Accounting Policies (Contd)

The following table is a reconciliation of the impairment allowance from the closing balance as at 31 March 2018 in accordance with MFRS 139 to the opening balance as at 1 April 2018 in accordance with MFRS 9:

| | 31 March 2018 (MFRS 139) RM'000 | Remeasurement RM'000 | 1 April 2018 (MFRS 9) RM'000 |
|---|---|---|---|
| Financial assets at FVOCI | - | 323 | 323 |
| Loans and advances | | | |
| - Collective assessment/General allowances | 100,755 | (84,290) | 16,465 |
| - Individual assessment/Specific allowances | 3,531 | 1,716 | 5,247 |
| Purchased receivables | | | |
| - Collective assessment/General allowances | 185 | (142) | 43 |
| Other liabilities | - | 1,233 | 1,233 |

The financial effects due to the changes in accounting policies have been adjusted to the statements of financial position and capital adequacy ratios of the Bank as at 1 April 2018. There are no changes to the comparatives in the statements of profit or loss and statements of cash flows of the Bank. A reconciliation of these changes is summarised in the following tables:

| | 31 March 2018 (MFRS 139) RM'000 | Reclassification & remeasurement RM'000 | Impairment RM'000 | 1 April 2018 (MFRS 9) RM'000 |
|---|---|---|---|---|
| **Statement of financial position** | | | | |
| Cash and short-term funds | 5,915,504 | - | - | 5,915,504 |
| Securities available-for-sale | 439,634 | (439,634) | - | - |
| Financial assets at FVOCI | - | 461,823 | (323) | 461,500 |
| Loans and advances | 18,973,357 | (11,832,503) | 82,574 | 7,223,428 |
| Embedded loans | - | 12,316,390 | - | 12,316,390 |
| Purchased receivables | 225,762 | - | 142 | 225,904 |
| Derivative financial assets | 2,179,032 | (698,745) | - | 1,480,287 |
| Statutory deposits with Bank Negara Malaysia | 5,776 | - | - | 5,776 |
| Other assets | 375,738 | - | - | 375,738 |
| Property, plant and equipment | 21,084 | - | - | 21,084 |
| Intangible assets | 36,415 | - | - | 36,415 |
| Deferred tax assets | 1,293 | (1,293) | - | - |
| **TOTAL ASSETS** | 28,173,595 | (193,962) | 82,393 | 28,062,026 |
| Deposits from customers | 8,688,063 | - | - | 8,688,063 |
| Deposits and placements of banks and other financial institutions | 737,691 | - | - | 737,691 |
| Collateral deposits | 14,547,442 | - | - | 14,547,442 |
| Derivative financial liabilities | 1,907,749 | (400,895) | - | 1,506,854 |
| Other liabilities | 98,145 | - | 1,233 | 99,378 |
| Deferred tax liabilities | - | 48,600 | - | 48,600 |
| Provision for tax | 8,437 | 19,558 | - | 27,995 |
| **TOTAL LIABILITIES** | 25,987,527 | (332,737) | 1,233 | 25,656,023 |
| **SHARE CAPITAL** | 200,000 | - | - | 200,000 |
| **RESERVES** | 2,432,058 | 208,226 | 11,708 | 2,651,992 |
| **SHAREHOLDER'S FUNDS** | 2,632,058 | 208,226 | 11,708 | 2,851,992 |
| **TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS** | 28,619,585 | (124,511) | 12,941 | 28,508,015 |

**27 CHANGES IN ACCOUNTING POLICIES (CONTD)**

**(c) Financial Effects Due to the Changes in Accounting Policies (Contd)**

| | 31 March 2018 | Impact of MFRS 9 | 1 April 2018 |
|---|---|---|---|
| **Capital adequacy** | | | |
| CET I capital | 18.228% | 2.094% | 20.322% |
| Tier I capital | 18.228% | 2.094% | 20.322% |
| Total capital | 19.270% | 2.082% | 21.352% |
| Risk-weighted assets (RM'000) | 13,334,677 | 145,408 | 13,480,085 |