

 **MUFG MUFG BANK (MALAYSIA) BERHAD**
(Incorporated in Malaysia)

Company No : 199401016638 (302316-U)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED
31 DECEMBER 2023**

MUFG BANK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

Company No : 199401016638 (302316-U)

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED
31 DECEMBER 2023

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MUFG BANK (MALAYSIA) BERHAD
Company No : 199401016638 (302316-U)
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2023

	Note	2023 December RM'000	2023 March RM'000
ASSETS			
Cash and short-term funds	11	6,847,751	7,033,252
Reverse repurchase agreements	12	-	130,439
Deposits and placements with financial institutions	13	1,888,609	1,843,335
Financial assets at fair value through profit or loss	14	1,260,888	48,825
Financial investments at fair value through other comprehensive income	15	1,296,714	869,208
Loans, advances and financing	16	8,998,674	8,562,133
Embedded loans measured at fair value through profit or loss	17	11,980,581	14,956,249
Purchased receivables	18	931,592	1,118,870
Collateral deposits placed	19	1,649	814
Derivative financial assets	20	474,803	398,074
Statutory deposits with Bank Negara Malaysia		3,879	2,319
Other assets		55,178	15,902
Property, plant and equipment		16,565	19,611
Intangible assets		44,835	63,506
Rights-of-use assets		1,527	657
Deferred tax assets		5,636	5,636
TOTAL ASSETS		33,808,881	35,068,830
LIABILITIES AND SHAREHOLDER'S FUNDS			
Deposits from customers	21	13,510,414	11,965,713
Deposits and placements of banks and other financial institutions	22	945,108	421,595
Financial liabilities at fair value through profit or loss	23	-	101,619
Collateral deposits received	19	13,859,770	17,626,759
Derivative financial liabilities	20	552,792	468,967
Other liabilities	24	278,333	172,658
Lease liabilities		1,524	688
Obligation on securities sold on repurchase agreements	12	124,779	124,779
Current tax liabilities		14,076	29,852
TOTAL LIABILITIES		29,286,796	30,912,630
SHARE CAPITAL		200,000	200,000
RESERVES		4,322,085	3,956,200
SHAREHOLDER'S FUNDS		4,522,085	4,156,200
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS		33,808,881	35,068,830
COMMITMENTS AND CONTINGENCIES	25	80,669,560	90,204,765

MUFG BANK (MALAYSIA) BERHAD
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UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2023

	Note	3rd Quarter Ended		Nine Months Ended	
		2023 December RM'000	2022 December RM'000	2023 December RM'000	2022 December RM'000
Operating revenue		302,413	263,136	656,226	609,229
Interest income	26	215,648	166,156	589,753	371,264
Interest expense	27	(114,713)	(81,397)	(325,213)	(157,641)
Net interest income		100,935	84,759	264,540	213,623
Net income from embedded loans measured at FVTPL	28	54,969	67,011	82,630	176,032
Net income from Islamic Banking operations	33	6,501	11,676	17,481	19,590
Other operating income	29	140,008	99,690	291,575	199,984
Operating income		302,413	263,136	656,226	609,229
Other operating expenses	30	(60,757)	(56,403)	(172,419)	(153,595)
Operating profit before allowance for impairment		241,656	206,733	483,807	455,634
Reversal of/(Allowance for) impairment on financial instruments	31	5,790	(1,673)	(6,037)	(1,270)
Profit before tax		247,446	205,060	477,770	454,364
Tax expense		(36,575)	(39,749)	(109,725)	(84,451)
Profit after tax for the period		210,871	165,311	368,045	369,913
Other comprehensive income net of tax					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Remeasurement of defined benefit liability		-	(2)	-	(2)
Gain on disposal of unquoted equities		-	4,390	-	4,390
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Change in fair value reserve:					
- Debt instruments at FVOCI		2,635	(994)	(2,160)	(5,789)
Change in expected credit loss reserve		351	-	-	(351)
Other comprehensive income/(loss) for the period, net of tax		2,986	3,394	(2,160)	(1,752)
Total comprehensive income for the period		213,857	168,705	365,885	368,161
Profit attributable to :					
Owner of the Bank		210,871	165,311	368,045	369,913
Total comprehensive income attributable to :					
Owner of the Bank		213,857	168,705	365,885	368,161
Basic earnings per share (sen)		105.4	82.7	184.0	185.0

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**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 2023**

	<----- Attributable to Shareholder of the Bank ----->					Distributable	Total
	<----- Non-distributable ----->						
	Share capital RM'000	Regulatory reserve RM'000	Defined benefit reserve RM'000	ECL reserve RM'000	Fair value reserve RM'000	Retained profits RM'000	RM'000
2023 December							
At beginning of the period	200,000	112,975	(4,254)	-	27,580	3,819,899	4,156,200
Profit for the period	-	-	-	-	-	368,045	368,045
Other comprehensive loss	-	-	-	-	(2,160)	-	(2,160)
Total comprehensive (loss)/income	-	-	-	-	(2,160)	368,045	365,885
Transfer of regulatory reserve to retained profits	-	(49,975)	-	-	-	49,975	-
At end of the period	200,000	63,000	(4,254)	-	25,420	4,237,919	4,522,085
2022 December							
At beginning of the period	200,000	103,731	(4,252)	351	26,504	3,487,898	3,814,232
Profit for the period	-	-	-	-	-	369,913	369,913
Remeasurement of defined benefit liability	-	-	(2)	-	-	-	(2)
Other comprehensive income/(loss)	-	-	-	(351)	(5,789)	4,390	(1,750)
Total comprehensive income/(loss)	-	-	(2)	(351)	(5,789)	374,303	368,161
Transfer of retained profits to regulatory reserve	-	9,244	-	-	-	(9,244)	-
At end of the period	200,000	112,975	(4,254)	-	20,715	3,852,957	4,182,393

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UNAUDITED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2023

	2023 December RM'000	2022 December RM'000
Cash Flows From Operating Activities		
Profit before tax	477,770	454,364
Adjustments for:		
Depreciation of property, plant and equipment	3,294	3,509
Amortisation of intangible assets	19,095	18,601
Gain on lease modification	(3,023)	-
Loss on disposal of property, plant and equipment	-	14
Depreciation of right-of-use assets	2,683	2,252
Reversal of impairment on financial instruments	6,037	1,270
Defined benefit plan	2,497	2,556
Dividend income	(148)	(295)
Interest income from financial investments at fair value through other comprehensive income	(22,161)	(17,179)
Interest income from financial assets at fair value through profit or loss	(23,518)	(10,755)
Finance cost on lease liabilities	82	78
Unrealised gain on changes in trading securities	(146)	(94)
Unrealised (gain)/loss on changes in fair value of derivative financial instruments	(28,490)	74,952
Unrealised gain on changes in fair value of loans designated at fair value	(30,471)	(1,460)
Unrealised gain on changes in fair value of embedded loans measured at fair value through profit or loss	(52,997)	(72,671)
Operating profit before working capital changes	<u>350,504</u>	<u>455,142</u>
(Increase)/Decrease in operating assets:		
Deposits and placements with financial institutions	(45,274)	(411,583)
Reverse repurchase agreements	130,439	(95,638)
Financial assets at fair value through profit or loss	(84,907)	110,863
Financial investments at fair value through other comprehensive income	13,517	233,557
Loans, advances and financing	(411,720)	53,872
Embedded loans measured at fair value through profit or loss	3,000,835	(3,156,888)
Collateral deposits placed	(835)	43,125
Purchased receivables	187,516	(24,697)
Derivative financial assets	583,744	511,023
Statutory deposits with Bank Negara Malaysia	(1,560)	(25,007)
Other assets	(39,806)	55,731
Increase/(Decrease) in operating liabilities:		
Deposits from customers	1,544,701	835,868
Deposits and placements of banks and other financial institutions	523,513	(16,768)
Derivative financial liabilities	(520,328)	(498,875)
Collateral deposits received	(3,766,989)	3,317,488
Other liabilities	115,791	(24,347)
Cash generated from operations	<u>1,579,141</u>	<u>1,362,866</u>
Income tax paid	(133,107)	(72,129)
Payment of staff benefits	(2,089)	(3,601)
Interest paid in relation to lease liabilities	(82)	(78)
Net cash generated from operating activities	<u>1,443,863</u>	<u>1,287,058</u>

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**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2023 (CONTD)**

	2023 December RM'000	2022 December RM'000
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(248)	(408)
Purchase of intangible assets	(424)	(2,013)
Proceeds from disposals of property, plant and equipment	-	7
Proceeds from sale of financial assets at fair value through other comprehensive income	394,516	391,650
Purchase of financial assets at fair value through other comprehensive income	(830,000)	(526,533)
Proceeds from sale of financial assets at fair value through profit or loss	4,066,192	3,558,220
Purchase of financial assets at fair value through profit or loss	(5,294,821)	(4,295,746)
Dividend received	148	295
Interest received from financial assets at fair value through other comprehensive income	14,462	15,910
Interest received from financial assets at fair value through profit or loss	23,518	10,755
Net cash used in investing activities	<u>(1,626,657)</u>	<u>(847,863)</u>
Cash Flows From Financing Activities		
Payment of lease liabilities	<u>(2,707)</u>	<u>(2,234)</u>
Net cash used in financing activities	<u>(2,707)</u>	<u>(2,234)</u>
Net (decrease)/increase in cash and cash equivalents	(185,501)	436,961
Cash and cash equivalents at beginning of quarter	<u>7,033,252</u>	<u>6,614,758</u>
Cash and cash equivalents at end of quarter	<u>6,847,751</u>	<u>7,051,719</u>
Cash outflows for leases as a lessee		
Included in net cash from operating activities:		
Payment relating to short-term leases	1,096	165
Payment relating to leases of low-value assets	404	653
Interest paid in relation to lease liabilities	82	78
Included in net cash from financing activities:		
Payment of lease liabilities	2,707	2,234
Total cash outflows for lease	<u>4,289</u>	<u>3,130</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2023**

1 BASIS OF PREPARATION

The unaudited condensed interim financial report for the quarter ended 31 December 2023 have been prepared under the historical cost convention except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, embedded loans measured 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 2023. 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 2023.

The following are accounting standards, interpretations and amendments of the MFRSs 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 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform - Pillar Two Model Rules*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

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*

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2023 (CONTD)**

1 BASIS OF PREPARATION (CONTD)

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

- from the annual period beginning on 1 April 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17, *Insurance Contracts* and amendments to MFRS 17 *Insurance Contracts* which are not applicable to the Bank.
- from the annual period beginning on 1 April 2024 for amendments that are effective for annual periods beginning on or after 1 January 2024.

The initial application of the accounting standards, amendments and interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Bank.

2 AUDIT REPORT

The audit report on the audited financial statements for the financial year ended 31 March 2023 was not subject to any 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 2023.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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5 CHANGES IN ESTIMATES

There were no significant changes in estimates of amounts reported in prior financial years that have a material effects on the financial results and position of the Bank for the financial period ended 31 December 2023.

6 CHANGES IN DEBT AND EQUITY SECURITIES

There were no issuance and repayment of debt and equity securities during the financial period ended 31 December 2023.

7 DIVIDEND PAID

No dividend was paid during the financial period ended 31 December 2023.

8 SUBSEQUENT EVENTS

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

9 REVIEW OF PERFORMANCE

The Bank's profit before taxation for the financial period ended 31 December 2023 was RM477.8 million, increase of 5.15% or RM23.4 million compared to the corresponding period last year. Operating income increased by RM47.0 million from RM609.2 million to RM656.2 million whilst operating expenses increases by RM18.8 million mainly attributed to higher administrative and other expenses during the financial period.

Total assets decreased from RM35.1 billion as at 31 March 2023 to RM33.8 billion as at 31 December 2023. The Bank's CET 1/Tier 1 capital ratio and total capital ratio remained strong at 31.033% and 31.822% respectively.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2023 (CONTD)

10 PROSPECTS

Global economy is expected to decelerate this year, subject to considerable uncertainties in particular in the advanced economies. The interplay between the on-going elevated inflationary pressure, potential credit crunch, heightened geopolitical tensions, and the speed of monetary policy normalization in major economies will be key determinants of the pace of global economic activities. In our view, risks to global growth outlook remain tilted to the downside given the rising risk of a recession in the US and the impact on the recent financial sector turmoil to the underlying economy. Side effects from the aggressive rate hikes are becoming apparent, as banking sector vulnerabilities have come into focus and fears of contagion have increased across the broader financial sectors. Although global inflation is expected to moderate, it will remain above pre-pandemic levels. On the flip side, following China's swift reopening of the economy, GDP growth is expected to rebound above 5% this year will be led by a recovery in demand, particularly for services.

The Bank foresees the current high volatility in the global financial markets to persist in the near term as market players continue to digest the pace of monetary tightening in the US and in the region and its impact on the underlying economy. Commodities prices generally remain elevated. Brent crude oil prices currently consolidating around USD80 per barrel after hitting a new recent year low of USD72 per barrel back in March 2023, there is a tug-of-war of where oil prices go next, positive China re-opening story and OPEC+ production cuts countervailed by the hard landing concerns due to US Federal Reserve's policy mistake. In the intermediate term, mixed economic data globally is expected to create more uncertainty about the crude oil demand outlook, however over the long term, we forecast Brent crude oil prices to inch higher later this year to around USD90 to USD94 per barrel driven by sustained supply deficits.

Malaysian economic growth is projected to continue this year, albeit at a more modest pace, reflecting an increasingly challenging global environment and the normalization in domestic demand. Malaysia reported an impressive 8.7% GDP growth for 2022, topping 8% mark for the first time in 22 years, which placed its growth rate among the highest in the region. Despite the external uncertainties, domestic economy is expected to remain resilient underpinned by strong macroeconomic fundamentals, ample domestic liquidity and strong capital market infrastructure. The economy is expected to grow by 4.5% this year, supported by stable domestic demand, mainly from household spending, in line with the recovery in the labour market. The expected acceleration of infrastructure projects with high multiplier effects, robust growth in private investment and sustained external demand particularly among major trading partners will further support the economy.

Headline and core inflation have stayed above-trend averages at 3.7% and 3.9% respectively in recent months, mainly due to the elevated food inflation. We anticipate that lower international food prices will help to reduce pressures by middle of 2023. Meantime, Bank Negara Malaysia (BNM) has confirmed that the impact of the past overnight policy rate (OPR) adjustments on financial condition and market generally has been orderly with no signs of tightening in consumption as well as investment while continue to reiterate its view that inflation remains elevated. BNM remains vigilant to cost factors, including those arising from financial market development, that could affect the inflation outlook.

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11 CASH AND SHORT-TERM FUNDS

	2023 December RM'000	2023 March RM'000
<i>Amortised cost</i>		
Cash and balances with banks and other financial institutions	462,080	315,779
Money at call and deposit placements maturing within three months	6,385,671	6,717,473
	<u>6,847,751</u>	<u>7,033,252</u>

12 REVERSE REPURCHASE AGREEMENTS AND OBLIGATION ON SECURITIES SOLD ON REPURCHASE AGREEMENTS

	2023 December RM'000	2023 March RM'000
<i>Amortised cost</i>		
Reverse repurchase agreement	-	130,439
<i>Amortised cost</i>		
Obligation on securities sold on repurchase agreements	124,779	124,779

13 DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	2023 December RM'000	2023 March RM'000
<i>Amortised cost</i>		
Licensed banks		
• Malaysia	1,758,793	1,743,846
• Other countries	129,816	99,489
	<u>1,888,609</u>	<u>1,843,335</u>

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	2023 December RM'000	2023 March RM'000
Money market instruments:		
Malaysian Government Securities	501,499	48,825
Government Investment Issues	759,389	-
	<u>1,260,888</u>	<u>48,825</u>

15 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	2023 December RM'000	2023 March RM'000
Money market instruments		
Malaysian Government Securities	806,592	325,682
Government Investment Issues	202,015	182,797
Japanese Government Bonds	260,013	332,635
	<u>1,268,620</u>	<u>841,114</u>
Non-money market instruments:		
Unquoted shares	28,094	28,094
	<u>28,094</u>	<u>28,094</u>
Total	<u>1,296,714</u>	<u>869,208</u>

Movements in allowances for impairment which reflect the expected credit loss ("ECL") computed by impairment model and recognised in ECL reserve are as follows:

	2023 December RM'000	2023 March RM'000
12-Month ECL Stage 1		
At 1 April	-	351
Allowance made due to changes in credit risk	-	(351)
At 31 December / 31 March	<u>-</u>	<u>-</u>

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16 LOANS, ADVANCES AND FINANCING

	2023 December	2023 March
	RM'000	RM'000
(a) By type:		
<i>At amortised cost</i>		
Term loans		
• Housing loans	8,076	8,731
• Other term loans	2,871,349	2,764,001
Revolving credits	5,694,972	5,405,436
Overdrafts	2,677	448
Bills receivable	8,183	48,945
Claims on customers under acceptance credits	65,023	11,767
Staff loans	5,661	5,939
	<u>8,655,941</u>	<u>8,245,267</u>
Unearned interest	(2)	(685)
Gross loans, advances and financing at amortised cost	<u>8,655,939</u>	<u>8,244,582</u>
Impairment allowances on loans, advances and financing		
• Stage 1 - 12-month ECL	(9,219)	(8,936)
• Stage 2 - lifetime ECL not credit-impaired	(18,132)	(12,632)
• Stage 3 - lifetime ECL credit-impaired	(304)	(273)
Net loans, advances and financing at amortised cost	<u>8,628,284</u>	<u>8,222,741</u>
<i>At fair value</i>		
Other term loans	370,390	339,392
Net loans, advances and financing	<u>8,998,674</u>	<u>8,562,133</u>
Gross loans, advances and financing		
<i>At amortised cost</i>	8,655,939	8,244,582
<i>At fair value</i>	370,390	339,392
	<u>9,026,329</u>	<u>8,583,974</u>
(b) By maturity structure:		
Maturing within one year	6,183,841	5,943,003
More than one year to three years	1,301,665	953,198
More than three years to five years	810,688	1,029,579
More than five years	730,135	658,194
	<u>9,026,329</u>	<u>8,583,974</u>
(c) By type of customer:		
Domestic non-bank financial institutions	1,473,263	1,140,962
Domestic business enterprises		
• Small medium enterprises	3,819	3,075
• Others	4,946,307	3,789,187
Individuals	13,737	14,476
Foreign entities	2,589,203	3,636,274
	<u>9,026,329</u>	<u>8,583,974</u>
(d) By interest/profit rate sensitivity:		
Variable rates	9,024,003	8,581,403
Fixed rate		
• Staff loans	2,326	2,571
	<u>9,026,329</u>	<u>8,583,974</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2023 (CONTD)****16 LOANS, ADVANCES AND FINANCING (CONTD)**

	2023 December RM'000	2023 March RM'000
(e) By economic sector:		
Agricultural, hunting, forestry and fishing	-	200,300
Mining and quarrying	420,413	389,542
Manufacturing	1,483,355	1,173,583
Electricity, gas and water	225,660	236,946
Construction	878,619	485,315
Wholesale, retail trade, restaurants and hotels	1,057,459	546,685
Transport, storage and communication	1,068,688	1,142,031
Finance, insurance, real estate and business services	3,323,917	3,982,664
Households	13,737	14,670
Others	554,481	412,238
	<u>9,026,329</u>	<u>8,583,974</u>
(f) By geographical location:		
Malaysia	7,587,235	7,163,277
Other countries	1,439,094	1,420,697
	<u>9,026,329</u>	<u>8,583,974</u>
(g) Credit-impaired gross loans by economic sector are as follows:		
Household	<u>858</u>	<u>821</u>
(h) Credit-impaired gross loans by geographical location are as follows:		
Malaysia	<u>858</u>	<u>821</u>
(i) Movements in credit-impaired gross loans, advances and financing are as follows:		
At beginning of the period	821	701
Classified as credit-impaired during the period	450	335
Amount recovered	(20)	(12)
Reclassified as performing	(393)	(203)
At end of the period	<u>858</u>	<u>821</u>

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16 LOANS, ADVANCES AND FINANCING (CONTD)

(j) Movements in impairment allowances on loans, advances and financing:

	12-month ECL Stage 1 RM'000	Lifetime ECL		Total RM'000
		Not credit- impaired Stage 2 RM'000	Credit-impaired RM'000	
At 1 April 2023	8,936	12,632	273	21,841
Transfer to 12-Month ECL (Stage 1)	1	-	-	1
Transfer to lifetime ECL not credit-impaired (Stage 2)	(46)	92	-	46
Transfer to lifetime ECL credit-impaired (Stage 3)	(7)	-	14	7
New financial assets originated	8,872	11,171	-	20,043
Financial assets derecognised (other than write-off)	(8,188)	(7,108)	-	(15,296)
Net remeasurement due to changes in credit risk	(349)	1,345	17	1,013
At 31 December 2023	9,219	18,132	304	27,655
At 1 April 2022	4,660	18,713	240	23,613
Transfer to 12-Month ECL (Stage 1)	4	-	-	4
Transfer to lifetime ECL not credit-impaired (Stage 2)	(17)	6	-	(11)
Transfer to lifetime ECL credit-impaired (Stage 3)	(7)	-	-	(7)
New financial assets originated	8,136	6,399	-	14,535
Financial assets derecognised (other than write-off)	(3,547)	(10,464)	-	(14,011)
Net remeasurement due to changes in credit risk	(293)	(2,022)	33	(2,282)
At 31 March 2023	8,936	12,632	273	21,841

17 EMBEDDED LOANS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	2023 December RM'000	2023 March RM'000
<i>At fair value</i>		
Embedded loans with term loans nature	11,922,160	14,887,591
Embedded loans with revolving credits nature	58,421	68,658
	11,980,581	14,956,249

Loans measured at FVTPL included RM11,493,070,000 (2023 March: RM14,450,726,000) of outstanding balance for loans, advances and financing, and fair value for derivative financial assets and liabilities of RM231,725,000 (2023 March: RM278,413,000).

Included in embedded loans are fair value from derivative financial assets and derivative financial liabilities transacted with the holding company and related companies amounting to RM6,000 (2023 March: RM283,000) and RM803,000 (2023 March: RM3,292,000) respectively.

(a) By maturity structure:

Maturing within one year	4,016,390	5,791,695
More than one year to three years	3,355,300	3,386,905
More than three years to five years	3,815,131	4,574,719
More than five years	793,760	1,202,930
	11,980,581	14,956,249

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17 EMBEDDED LOANS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")(CONTD)

	2023 December	2023 March
	RM'000	RM'000
(b) By type of customer:		
Domestic non-bank financial institutions	9,595,178	9,787,109
Domestic business enterprises		
• Small medium enterprises	-	10,904
• Others	1,738,035	4,705,742
	<u>11,333,213</u>	<u>14,503,755</u>
Domestic financial institutions *	647,368	455,504
Foreign entities *	-	(3,010)
	<u>11,980,581</u>	<u>14,956,249</u>
(c) By interest rate sensitivity:		
Variable rates	<u>11,980,581</u>	<u>14,956,249</u>
(d) By economic sector:		
Manufacturing	199,159	517,799
Electricity, gas and water	-	2,552,613
Construction	390,931	402,930
Wholesale, retail trade, restaurants and hotels	137,762	193,999
Transport, storage and communication	261,371	284,854
Finance, insurance, real estate and business services	10,989,843	11,001,419
Others	1,515	2,635
	<u>11,980,581</u>	<u>14,956,249</u>
(e) By geographical location:		
Malaysia	11,926,621	14,905,529
Other countries *	53,960	50,720
	<u>11,980,581</u>	<u>14,956,249</u>

* The credit balances are exposure after netting off with the identified cover deals.

(f) By notional amount of derivative financial assets and liabilities:

	2023 December			2023 March		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<i>At fair value</i>						
Embedded loans with term loans nature:						
Foreign currency swaps	8,787,703	61,240	489,230	11,538,906	175,245	357,498
Interest rate swaps	2,198,993	14,988	4,142	2,564,432	14,854	7,029
	<u>10,986,696</u>	<u>76,228</u>	<u>493,372</u>	<u>14,103,338</u>	<u>190,099</u>	<u>364,527</u>
Embedded loans with revolving credits nature:						
Foreign currency swaps	58,000	1,501	-	68,500	347	-
	<u>58,000</u>	<u>1,501</u>	<u>-</u>	<u>68,500</u>	<u>347</u>	<u>-</u>
Cover deals:						
Foreign currency swaps	8,090,442	612,726	16,007	9,062,025	411,684	45,931
Interest rate swaps	7,672,665	65,797	15,148	11,173,393	103,557	16,816
	<u>15,763,107</u>	<u>678,523</u>	<u>31,155</u>	<u>20,235,418</u>	<u>515,241</u>	<u>62,747</u>
	<u>26,807,803</u>	<u>756,252</u>	<u>524,527</u>	<u>34,407,256</u>	<u>705,687</u>	<u>427,274</u>
Set off		(524,527)	(524,527)		(427,274)	(427,274)
Net assets		<u>231,725</u>	<u>-</u>		<u>278,413</u>	<u>-</u>

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18 PURCHASED RECEIVABLES

	2023 December	2023 March
	RM'000	RM'000
<i>At amortised cost</i>		
Purchased receivables	931,983	1,119,499
Impairment allowances on purchased receivables		
Stage 1 - 12 month ECL	(391)	(433)
Stage 2 - lifetime ECL not credit-impaired	-	(196)
	<u>931,592</u>	<u>1,118,870</u>

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 within three months. Included in purchased receivables are non-recourse bills receivable amounting to RM689,272,000 (2023 March: RM1,020,827,000).

(a) **Movements in impairment allowances on purchased receivables which reflect the ECL model on impairment during the financial period are as follows:**

	Lifetime ECL			Total RM'000
	12-month ECL	Not credit- impaired	Credit-impaired	
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
At 1 April 2023	433	196	-	629
New financial assets originated	367	-	-	367
Financial assets derecognised (other than write-off)	(390)	-	-	(390)
Net remeasurement due to changes in credit risk	(19)	(196)	-	(215)
At 31 December 2023	<u>391</u>	<u>-</u>	<u>-</u>	<u>391</u>
At 1 April 2022	85	338	-	423
New financial assets originated	385	196	-	581
Financial assets derecognised (other than write-off)	(43)	(338)	-	(381)
Net remeasurement due to changes in credit risk	6	-	-	6
At 31 March 2023	<u>433</u>	<u>196</u>	<u>-</u>	<u>629</u>

19 COLLATERAL DEPOSITS

	2023 December	2023 March
	RM'000	RM'000
<i>At amortised cost</i>		
Cash collaterals placed	<u>1,649</u>	<u>814</u>

The cash collaterals placed are recognised at amortised cost. These deposits are placed in respect of derivative balances pursuant to agreements in accordance with International Swaps and Derivatives Association ("ISDA") and Credit Support Annex ("CSA") entered into with respective counterparties and related companies.

<i>At amortised cost</i>		
Cash collaterals received	<u>13,859,770</u>	<u>17,626,759</u>

The cash collaterals received are recognised at amortised cost. These are received in respect of derivative balances pursuant to agreements in accordance with ISDA and CSA entered into with respective counterparties and related companies, and Cash Collateral Scheme entered into with a branch of the holding company and related companies amounting to RM12,888,979,000 (2023 March: RM17,079,414,000). Included in CSA balance are Nil (2023 March: Nil) transacted with a related company. The remaining balances are placed with licensed banks.

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20 DERIVATIVE FINANCIAL ASSETS / LIABILITIES

The table below shows the Bank's derivative financial instruments measured at their fair value together with their corresponding contract/notional amounts as at the reporting date. The notional amounts of these derivative financial instruments refer to the underlying contract values on which changes in the fair value of the derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the end of the financial period but are not indicative of either the market risk or credit risk inherent in the derivative contracts.

	2023 December			2023 March		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<i>At fair value</i>						
Trading Derivatives*						
Foreign exchange related contracts						
🏹 Forwards	18,971,590	126,498	168,953	21,295,730	97,703	171,968
🏹 Swaps	6,008,096	298,311	210,254	6,043,244	236,284	106,678
Interest rate related contracts						
🏹 Swaps	13,212,258	49,520	172,787	15,310,064	63,124	189,173
Other derivatives						
🏹 Currency options	246,234	474	798	348,951	963	1,148
	<u>38,438,178</u>	<u>474,803</u>	<u>552,792</u>	<u>42,997,989</u>	<u>398,074</u>	<u>468,967</u>

Included in trading derivatives are derivative financial assets and derivative financial liabilities transacted with the holding company and related companies amounting to RM89,683,000 (2023 March: RM72,341,000) and RM269,954,000 (2023 March: RM229,036,000) respectively.

21 DEPOSITS FROM CUSTOMERS

	2023 December RM'000	2023 March RM'000
<i>At amortised cost</i>		
Demand deposits	4,900,115	4,651,265
Money market deposits	1,466,167	1,193,280
Savings deposits	51	45
Fixed deposits	7,144,081	6,121,123
	<u>13,510,414</u>	<u>11,965,713</u>

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

Due within six months	7,099,651	5,985,272
More than six months to one year	44,430	133,701
More than one year to two years	-	2,150
	<u>7,144,081</u>	<u>6,121,123</u>

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

Domestic non-bank financial institutions	413,686	114,650
Business enterprises	12,762,716	11,594,461
Individuals	1,264	1,253
Foreign entities/individuals	280,002	196,195
Others	52,746	59,154
	<u>13,510,414</u>	<u>11,965,713</u>

22 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	2023 December RM'000	2023 March RM'000
<i>At amortised cost</i>		
Licensed banks	945,108	421,595

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23 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	2023 December	2023 March
	RM'000	RM'000
Money market instruments:		
Malaysian Government Securities	-	101,619

24 OTHER LIABILITIES

	2023 December	2023 March
	RM'000	RM'000
Provision for retirement benefits	28,036	27,629
Impairment allowances on commitment and contingencies (a)		
• Stage 1 - 12-month ECL	9,026	3,398
• Stage 2 - lifetime ECL not credit-impaired	567	5,570
Accrued interest payable	41,629	56,042
Bills payable	3,649	12,806
Other payables and accruals	195,426	67,213
	<u>278,333</u>	<u>172,658</u>

(a) **Movements in impairment allowances on commitments and contingencies which reflect the ECL model on impairment are as follows:**

	Lifetime ECL			Total RM'000
	12-month ECL Stage 1 RM'000	Not credit- impaired Stage 2 RM'000	Credit- impaired Stage 3 RM'000	
At 1 April 2023	3,398	5,570	-	8,968
Transfer to 12-month ECL (Stage 1)	509	(2,969)	-	(2,460)
Transfer to Lifetime ECL not credit- impaired (Stage 2)	(5)	60	-	55
New financial assets originated	8,424	492	-	8,916
Financial assets derecognised (other than write-off)	(2,552)	(667)	-	(3,219)
Net remeasurement due to changes in credit risk	(748)	(1,919)	-	(2,667)
At 31 December 2023	<u>9,026</u>	<u>567</u>	<u>-</u>	<u>9,593</u>
At 1 April 2022	617	1,735	-	2,352
Transfer to 12-month ECL (Stage 1)	-	(1)	-	(1)
New financial assets originated	3,287	5,563	-	8,850
Financial assets derecognised (other than write-off)	(538)	(1,720)	-	(2,258)
Net remeasurement due to changes in credit risk	32	(7)	-	25
At 31 March 2023	<u>3,398</u>	<u>5,570</u>	<u>-</u>	<u>8,968</u>

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25 COMMITMENTS AND CONTINGENCIES

The commitments and contingencies exposures and their related counterparty credit risk of the Bank are as follows:

	2023 December				2023 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
<u>Contingent Liabilities</u>								
Direct credit substitutes	372,275		372,275	362,313	104,290		104,271	91,701
Transaction-related contingent items	668,172		334,085	316,921	652,459		326,019	311,179
Short-term self-liquidating trade-related contingencies	204,589		40,918	40,918	91,937		18,362	18,413
<u>Commitments</u>								
Other commitments, such as formal standby facilities and credit lines, with an original maturity of :								
- not exceeding one year	19,274		3,855	3,855	110,166		21,833	21,833
- exceeding one year	435		217	163	700		350	263
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	14,266,951		-	-	11,999,443		(8,514)	(7,874)
Securitisation exposures	15,000		3,000	2,250	15,000		3,000	2,250
	<u>15,546,696</u>		<u>754,350</u>	<u>726,420</u>	<u>12,973,995</u>		<u>465,321</u>	<u>437,765</u>
<u>Embedded loans</u>								
Foreign exchange related contracts								
- one year or less	5,344,090	191,276	163,322	84,556	7,437,406	227,470	286,358	116,937
- over one year to five years	10,410,186	425,607	501,534	261,501	11,603,245	290,929	881,984	466,805
- over five years	1,181,869	58,584	46,565	27,435	1,628,780	68,877	226,851	147,939
Interest rate related contracts								
- one year or less	2,244,048	5,383	5,196	1,778	5,484,262	4,637	7,388	2,939
- over one year to five years	7,407,610	72,999	117,871	51,645	7,905,563	104,525	205,880	86,703
- over five years	220,000	2,403	7,287	3,644	348,000	9,249	18,876	9,438
	<u>26,807,803</u>	<u>756,252</u>	<u>841,775</u>	<u>430,559</u>	<u>34,407,256</u>	<u>705,687</u>	<u>1,627,337</u>	<u>830,761</u>
<u>Derivative Financial Instruments:</u>								
Foreign exchange related contracts								
- one year or less	20,269,994	161,413	360,950	271,532	22,156,272	109,396	345,510	263,464
- over one year to five years	3,574,865	191,000	293,332	200,251	4,057,495	181,547	366,026	252,716
- over five years	1,134,827	72,396	193,152	152,754	1,125,207	43,044	180,195	139,364
Interest rate related contracts								
- one year or less	4,204,436	7,561	4,561	1,889	7,322,417	11,867	9,668	3,883
- over one year to five years	7,824,892	29,967	104,361	51,991	6,776,940	37,973	132,698	65,132
- over five years	1,182,930	11,992	63,198	34,572	1,210,707	13,284	92,316	54,041
Currency options *								
- one year or less	123,117	474	2,321	2,321	174,476	963	3,580	3,580
	<u>38,315,061</u>	<u>474,803</u>	<u>1,021,875</u>	<u>715,310</u>	<u>42,823,514</u>	<u>398,074</u>	<u>1,129,993</u>	<u>782,180</u>
Total	<u>80,669,560</u>	<u>1,231,055</u>	<u>2,618,000</u>	<u>1,872,289</u>	<u>90,204,765</u>	<u>1,103,761</u>	<u>3,222,651</u>	<u>2,050,706</u>

* Only buy legs are taken into account for counterparty credit risk purposes.

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	3rd Quarter Ended		Nine Months Ended	
	2023 December RM'000	2022 December RM'000	2023 December RM'000	2022 December RM'000
26 INTEREST INCOME				
Loans, advances and financing measured at amortised cost	121,076	100,820	337,898	224,614
Loans, advances and financing designated at fair value	7,442	6,409	21,616	13,411
Money at call and deposit placements with financial institutions	66,175	47,846	184,560	105,305
Financial assets at FVTPL	12,330	6,482	23,518	10,755
Financial investments at FVOCI	8,625	4,599	22,161	17,179
	<u>215,648</u>	<u>166,156</u>	<u>589,753</u>	<u>371,264</u>
27 INTEREST EXPENSE				
Deposits and placements of banks and other financial institutions	82,849	67,596	247,624	124,515
Deposits from other customers	31,864	13,801	77,589	33,126
	<u>114,713</u>	<u>81,397</u>	<u>325,213</u>	<u>157,641</u>
28 NET INCOME FROM EMBEDDED LOANS MEASURED AT FVTPL				
Interest income	181,827	178,819	584,053	348,910
Interest expense	(160,696)	(149,583)	(519,194)	(274,360)
Unrealised gain in fair value of embedded loans	42,148	23,376	52,997	72,671
Realised (loss)/gain in fair value of embedded loans	(8,310)	14,399	(35,226)	28,811
	<u>54,969</u>	<u>67,011</u>	<u>82,630</u>	<u>176,032</u>
29 OTHER OPERATING INCOME				
Fee income				
Commission	937	353	1,859	1,323
Guarantee fees	1,059	891	2,836	2,751
Service charges and fees	581	602	1,767	1,770
Commitment fees	267	739	859	2,109
Other fee income	8,778	3,009	16,228	4,574
	<u>11,622</u>	<u>5,594</u>	<u>23,549</u>	<u>12,527</u>
Net investment income				
Gross dividends	-	-	148	295
Realised (loss)/gain in fair value of derivative financial instruments	(13,783)	(17,610)	(21,696)	19,139
Realised gain in fair value of financial assets at FVTPL	866	1,250	3,455	118
Unrealised (loss)/gain in fair value of derivative financial instruments	(113,761)	(228,393)	28,490	(74,952)
Unrealised gain in fair value of financial assets at FVTPL	2,968	4,905	146	94
Unrealised gain in fair value of loans designated at fair value	36,487	349	30,471	1,460
Foreign exchange gain	207,999	324,761	208,145	225,344
Net discount/(premium) paid for options	-	(17)	128	(28)
	<u>120,776</u>	<u>85,245</u>	<u>249,287</u>	<u>171,470</u>
Other income				
Other operating income	7,610	8,851	18,739	15,987
	<u>140,008</u>	<u>99,690</u>	<u>291,575</u>	<u>199,984</u>

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	3rd Quarter Ended		Nine Months Ended	
	2023 December RM'000	2022 December RM'000	2023 December RM'000	2022 December RM'000
30 OTHER OPERATING EXPENSES				
Personnel expenses	24,102	23,438	70,558	68,272
Establishment related expenses	8,993	8,724	27,137	26,748
Promotion and marketing related expenses	305	355	1,114	1,038
Administrative and other expenses	27,357	23,886	73,610	57,537
	<u>60,757</u>	<u>56,403</u>	<u>172,419</u>	<u>153,595</u>
Personnel expenses				
- Wages, salaries and bonus	20,327	20,073	57,185	56,087
- Defined benefit plan	838	852	2,496	2,556
- Defined contribution plan	2,122	2,530	7,362	6,892
- Other employee benefits	815	(17)	3,515	2,737
	<u>24,102</u>	<u>23,438</u>	<u>70,558</u>	<u>68,272</u>
Establishment related expenses				
- Depreciation of property, plant and equipment	1,053	1,134	3,294	3,509
- Amortisation of intangible assets	6,420	6,173	19,095	18,601
- Depreciation of right-of-use assets	911	756	2,683	2,252
- Repair and maintenance	69	84	149	190
- Expenses relating to short-term leases and leases of low-value assets	442	494	1,500	1,774
- Interest expenses on lease liabilities	28	28	82	78
- Others	70	55	334	344
	<u>8,993</u>	<u>8,724</u>	<u>27,137</u>	<u>26,748</u>
Promotion and marketing related expenses				
- Advertising and publicity	46	133	46	196
- Others	259	222	1,068	842
	<u>305</u>	<u>355</u>	<u>1,114</u>	<u>1,038</u>
Administrative and other expenses				
- Cash collateral fees on CSA	14,736	11,118	37,742	18,496
- Communication expenses	247	216	679	606
- Legal and professional fees	628	333	628	1,055
- Others	11,746	12,219	34,561	37,380
	<u>27,357</u>	<u>23,886</u>	<u>73,610</u>	<u>57,537</u>

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31 (REVERSAL OF)/ALLOWANCE FOR IMPAIRMENT ON FINANCIAL INSTRUMENTS

	3rd Quarter Ended		Nine Months Ended	
	2023 December RM'000	2022 December RM'000	2023 December RM'000	2022 December RM'000
Stage 1 and 2 expected credit losses made during the year	144	3,535	31,334	19,897
Stage 1 and 2 expected credit losses written back	(5,939)	(1,869)	(25,165)	(18,126)
Stage 3 expected credit losses made during the year	6	6	32	15
Other movements	(1)	1	(164)	(516)
	<u>(5,790)</u>	<u>1,673</u>	<u>6,037</u>	<u>1,270</u>
(a) (Reversal of)/Allowance for impairment on loans, advances and financing				
Stage 1 and 2 expected credit losses made during the year	234	775	21,482	15,862
Stage 1 and 2 expected credit losses written back	(1,677)	(1,396)	(15,700)	(15,173)
Stage 3 expected credit losses made during the year	6	6	32	15
Other movements	(1)	1	(164)	(516)
	<u>(1,438)</u>	<u>(614)</u>	<u>5,650</u>	<u>188</u>
(b) Allowance for/(Reversal of) impairment on purchased receivables				
Stage 1 and 2 expected credit losses made during the year	86	88	367	308
Stage 1 and 2 expected credit losses written back	(13)	(26)	(605)	(374)
	<u>73</u>	<u>62</u>	<u>(238)</u>	<u>(66)</u>
(c) (Reversal of)/Allowance for impairment on off-balance sheet exposures				
Stage 1 and 2 expected credit losses made during the year	(176)	2,672	9,485	3,727
Stage 1 and 2 expected credit losses written back	(4,249)	(447)	(8,860)	(2,228)
	<u>(4,425)</u>	<u>2,225</u>	<u>625</u>	<u>1,499</u>
(d) Reversal of impairment on financial investments at FVOCI				
Stage 1 and 2 expected credit losses written back	-	-	-	(351)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(351)</u>

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FOR THE QUARTER ENDED 31 DECEMBER 2023 (CONTD)****32 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:

	2023 December	2023 March
Common equity Tier 1 ("CET 1") capital ratio	31.033%	33.925%
Tier 1 capital ratio	31.033%	33.925%
Total capital ratio	<u>31.822%</u>	<u>34.956%</u>

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

	2023 December RM'000	2023 March RM'000
<u>CET 1 and Tier 1 capital</u>		
• Paid-up share capital	200,000	200,000
• Retained profits	3,819,899	3,819,899
• Other reserves	84,166	136,301
	<u>4,104,065</u>	<u>4,156,200</u>
<u>Less</u>		
• Deferred tax assets	(5,636)	(5,636)
• Intangible assets	(44,835)	(63,506)
• 55% of fair value reserve	(13,981)	(15,169)
• Unrealised gain in fair value of loans designated at fair value	(30,471)	-
• Regulatory reserve	<u>(63,000)</u>	<u>(112,975)</u>
	3,946,142	3,958,914
<u>Tier 2 capital</u>		
• Stage 1 and 2 ECL and regulatory reserve	100,335	120,325
Total Capital	<u>4,046,477</u>	<u>4,079,239</u>

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32 CAPITAL ADEQUACY (CONT'D)

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

2023 December

Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
(i) Credit Risk				
On-Balance Sheet Exposures :				
Sovereigns/Central Banks	9,072,001	9,072,001	398,184	31,855
Banks, Development Financial Institutions & MDBs	2,907,939	2,268,645	709,553	56,764
Corporates	20,726,500	7,576,897	7,375,619	590,050
Regulatory Retail	642	642	642	51
Residential Mortgages	10,930	10,930	4,754	380
Equity Exposures	28,080	28,080	28,080	2,246
Other Assets	380,494	380,494	132,643	10,611
Defaulted Exposures	1,810	1,810	1,804	144
Total On-Balance Sheet Exposures	33,128,396	19,339,499	8,651,279	692,101
Off-Balance Sheet Exposures :				
Credit-related exposures	751,350	751,350	724,170	57,934
Securitisation exposures	3,000	3,000	2,250	180
Derivatives financial instruments	1,863,650	1,863,650	1,145,869	91,670
Total Off-Balance Sheet Exposures	2,618,000	2,618,000	1,872,289	149,784
Total On and Off-Balance Sheet Exposures	35,746,396	21,957,499	10,523,568	841,885
(ii) Large Exposure Risk Requirement				
	-	-	-	-
(iii) Market Risk				
	Long Position	Short Position		
	RM'000	RM'000		
Interest Rate Risk	66,997,227	(65,708,042)	869,969	69,598
Foreign Exchange Risk	3,097	(138,535)	138,538	11,083
	67,000,324	(65,846,577)	1,008,507	80,681
(iv) Operational Risk				
			1,183,800	94,704
Total RWA and Capital Requirements	35,746,396	21,957,499	12,715,875	1,017,270

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

2023 March

Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
(i) Credit Risk				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	8,484,838	8,484,838	409,023	32,722
Banks, Development Financial Institutions & MDBs	2,439,085	1,454,140	634,493	50,759
Corporates	23,127,209	6,675,003	6,393,242	511,459
Regulatory Retail	757	757	757	61
Residential Mortgages	11,691	11,691	5,073	406
Equity Exposures	28,094	28,094	28,094	2,248
Other Assets	345,290	345,290	102,735	8,219
Defaulted Exposures	1,899	1,899	1,899	152
Total On-Balance Sheet Exposures	34,438,863	17,001,712	7,575,316	606,026
Off-Balance Sheet Exposures :				
Credit-related exposures	462,321	462,321	435,516	34,841
Securitisation exposures	3,000	3,000	2,250	180
Derivatives financial instruments	2,757,330	2,757,330	1,612,940	129,035
Total Off-Balance Sheet Exposures	3,222,651	3,222,651	2,050,706	164,056
Total On and Off-Balance Sheet Exposures	37,661,514	20,224,363	9,626,022	770,082
(ii) Large Exposure Risk Requirement				
	-	-	-	-
(iii) Market Risk				
	Long Position RM'000	Short Position RM'000		
Interest Rate Risk	77,718,145	(77,559,045)	1,039,825	83,186
Foreign Exchange Risk	3,028	(50,868)	50,863	4,069
	77,721,173	(77,609,913)	1,090,688	87,255
(iv) Operational Risk				
			952,984	76,239
Total RWA and Capital Requirements	37,661,514	20,224,363	11,669,694	933,576

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33 THE OPERATIONS OF ISLAMIC BANKING

UNAUDITED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2023

		2023 December	2023 March
		RM'000	RM'000
ASSETS			
Cash and short-term funds	(a)	207,000	116,000
Deposits and placements with financial institutions	(b)	667	1,188
Other assets		51	9
TOTAL ASSETS		<u>207,718</u>	<u>117,197</u>
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(c)	99,472	14,355
Other liabilities	(d)	12,261	24,090
TOTAL LIABILITIES		<u>111,733</u>	<u>38,445</u>
CAPITAL FUNDS		25,000	25,000
RESERVE		<u>70,985</u>	<u>53,752</u>
ISLAMIC BANKING FUNDS		<u>95,985</u>	<u>78,752</u>
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		<u>207,718</u>	<u>117,197</u>

Islamic financing based on Commodity Murabahah (Tawarruq) of RM2,906,348,000 (2023 March: RM5,986,749,000) and Ijarah of RM109,650,000 (2023 March: RM118,194,000) were financed under an internal Wakalah scheme and is reported at the entity level.

Tawarruq structure for the Bank's Islamic financing product consists of three (3) sales and purchases transactions. The first involves the purchase of commodity by the Bank from Commodity Trader 1, on cash and spot basis. Secondly, the Bank will sell the commodity using Murabahah contract, to the customer on deferred basis. Subsequently, the customer will sell the commodity to Commodity Trader 2, on cash and spot basis. Finally, the customer will get cash to finance the customer's needs.

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33 THE OPERATIONS OF ISLAMIC BANKING (CONTD)

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2023

		3rd Quarter Ended		Nine Months Ended	
		2023 December RM'000	2022 December RM'000	2023 December RM'000	2022 December RM'000
Income derived from investment of Islamic Banking Capital funds	(e)	945	809	2,825	2,027
Expenses derived from financing	(f)	(1)	(1)	(3)	(2)
Other operating income	(g)	5,557	10,868	14,659	17,565
Total net income		6,501	11,676	17,481	19,590
Other operating expenses	(h)	(85)	(879)	(248)	(1,015)
Profit for the period		6,416	10,797	17,233	18,575

UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 DECEMBER 2023

	Capital Fund RM'000	Regulatory Reserve RM'000	Retained Profits RM'000	Total RM'000
2023 December				
At beginning of the period	25,000	118	53,634	78,752
Profit for the period	-	-	17,233	17,233
At end of the period	25,000	118	70,867	95,985
2022 December				
At beginning of the period	25,000	118	30,080	55,198
Profit for the period	-	-	18,575	18,575
At end of the period	25,000	118	48,655	73,773

UNAUDITED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 DECEMBER 2023

	2023 December RM'000	2022 December RM'000
Cash flows from operating activities		
Profit before tax	17,233	18,575
Increase/(Decrease) in operating assets:		
Deposits and placement with financial institutions	521	(4,141)
Other assets	(42)	(20)
	17,712	14,414
Increase/(Decrease) in operating liabilities:		
Deposits from customers	85,117	41,665
Other liabilities	(11,829)	3,521
Net cash generated from operating activities	91,000	59,600
Net increase in cash and cash equivalents	91,000	59,600
Cash and cash equivalents at beginning of period	116,000	103,000
Cash and cash equivalents at end of period	207,000	162,600

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33 THE OPERATIONS OF ISLAMIC BANKING (CONTD)

Shariah Committee

The Shariah Committee was established under BNM's "Shariah Governance Policy Document" ("the SGP") 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.

As of March 2023, the committee comprises: Assoc. Prof. Dr. Said Bouheraoua, Prof. Dato' Dr. Mohd Azmi bin Omar and Assoc. Prof. Dr. Mohamad Zaharuddin bin Zakaria.

Basis of Preparation

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 2023.

(a) Cash and short-term funds

	2023 December RM'000	2023 March RM'000
Cash and balances with banks and other financial institutions	207,000	116,000

(b) Deposits and placements with financial institutions

	2023 December RM'000	2023 March RM'000
<i>At amortised cost</i>		
Licensed bank		
• Malaysia	667	1,188

(c) Deposits from customers

	2023 December RM'000	2023 March RM'000
(i) By type of deposits:		
<i>At amortised cost</i>		
Current accounts - Qard	99,299	14,185
Fixed deposits - Tawarruq	173	170
	<u>99,472</u>	<u>14,355</u>
(ii) The maturity structure of fixed deposits are as follows:		
Six months to one year	173	170
(iii) By type of customer:		
Domestic business enterprises	8,043	13,871
Foreign entities	91,256	314
Domestic other entities	173	170
	<u>99,472</u>	<u>14,355</u>

Qard is a contract of lending a fungible asset to a borrower who is bound to return an equivalent replacement. No profit expense from deposits shall be paid from the transactions.

(d) Other liabilities

	2023 December RM'000	2023 March RM'000
Accruals and provisions for operational expenses	12,261	24,090

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	3rd Quarter Ended		Nine Months Ended	
	2023 December RM'000	2022 December RM'000	2023 December RM'000	2022 December RM'000
Money at call and placements with financial institutions	945	809	2,825	2,027

(f) Expenses derived from financing

	3rd Quarter Ended		Nine Months Ended	
	2023 December RM'000	2022 December RM'000	2023 December RM'000	2022 December RM'000
Deposits from customers	1	1	3	2

(g) Other operating income

	3rd Quarter Ended		Nine Months Ended	
	2023 December RM'000	2022 December RM'000	2023 December RM'000	2022 December RM'000
Other fee income	5,557	10,868	14,659	17,565

(h) Other operating expenses

	3rd Quarter Ended		Nine Months Ended	
	2023 December RM'000	2022 December RM'000	2023 December RM'000	2022 December RM'000
Personnel expenses	71	40	185	130
Other expenses	14	839	63	885
	<u>85</u>	<u>879</u>	<u>248</u>	<u>1,015</u>

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33 THE OPERATIONS OF ISLAMIC BANKING (CONTD)

(i) 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:

	2023 December	2023 March
Common equity tier 1 ("CET 1") capital ratio	220.708%	294.730%
Tier 1 capital ratio	220.708%	294.730%
Total capital ratio	<u>220.708%</u>	<u>294.730%</u>

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

	2023 December	2023 March
	RM'000	RM'000
<u>CET 1 and Tier 1 capital</u>		
• Capital funds	25,000	25,000
• Retained profits	53,634	53,634
• Other reserves	118	118
	<u>78,752</u>	<u>78,752</u>
<u>Less</u>		
• Regulatory reserve	<u>(118)</u>	<u>(118)</u>
Total capital	<u>78,634</u>	<u>78,634</u>

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

	2023 December	2023 March
	RM'000	RM'000
Operational risk	<u>35,628</u>	<u>26,680</u>

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33 THE OPERATIONS OF ISLAMIC BANKING (CONTD)

(j) Capital Adequacy (Contd)

The components of risk-weighted assets of the Bank's Islamic Banking business are as follows:

	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements at 8% RM'000
2023 December				
Exposure Class				
(i) Credit Risk				
On-Balance Sheet Exposures:				
Other Assets	207,718	207,718	-	-
Total On-Balance Sheet Exposures	<u>207,718</u>	<u>207,718</u>	<u>-</u>	<u>-</u>
(iii) Operational Risk			<u>35,628</u>	<u>2,850</u>
Total RWA and Capital Requirements	<u>207,718</u>	<u>207,718</u>	<u>35,628</u>	<u>2,850</u>
2023 March				
Exposure Class				
(i) Credit Risk				
On-Balance Sheet Exposures:				
Other Assets	117,197	117,197	-	-
Total On-Balance Sheet Exposures	<u>117,197</u>	<u>117,197</u>	<u>-</u>	<u>-</u>
(iii) Operational Risk			<u>26,680</u>	<u>2,134</u>
Total RWA and Capital Requirements	<u>117,197</u>	<u>117,197</u>	<u>26,680</u>	<u>2,134</u>

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34 THE OPERATIONS OF INTERNATIONAL CURRENCY BUSINESS UNIT

The Bank has obtained approval from BNM to set up an International Currency Business Unit ("ICBU") to promote Islamic Banking business. The ICBU is permitted to conduct a wide range of Islamic banking business in international currencies other than Malaysian Ringgit and the currency of Israel as per the Guidelines on the Establishment of International Currency Business Unit issued by BNM.

The following breakdown shows the Bank's financing and advances and deposits from customers which are conducted through ICBU.

(a) Financing and advances

(i) By type:

	2023 December	2023 March
	RM'000	RM'000
<i>At amortised cost</i>		
Term financing		
• Syndicated Islamic financing	558,785	576,195
• Islamic term financing loan	37,572	45,065
Revolving credits	<u>3,032,583</u>	<u>3,322,413</u>
Gross financing and advances at amortised cost	3,628,940	3,943,673
Impairment allowances financing and advances		
• Stage 1 - 12-month ECL	<u>(1,916)</u>	<u>(989)</u>
Net financing and advances at amortised cost	3,627,024	3,942,684
<i>At fair value</i>		
Syndicated Islamic financing	<u>370,389</u>	<u>339,391</u>
Net financing and advances	3,997,413	4,282,075
Gross financing and advances		
<i>At amortised cost</i>	3,628,940	3,943,673
<i>At fair value</i>	<u>370,389</u>	<u>339,391</u>
	<u>3,999,329</u>	<u>4,283,064</u>

(ii) By contract:

Murabahah Financing-i	3,460,421	3,734,132
Ijarah Financing-i	130,947	164,476
Istina Financing-i	37,572	45,065
Wakalah Financing-i	<u>370,389</u>	<u>339,391</u>
	<u>3,999,329</u>	<u>4,283,064</u>

(b) Deposits from customers

(i) By type and contract:

<i>At amortised cost</i>		
Demand deposits - Qard	<u>-</u>	<u>-</u>