MUFG BANK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

Company No : 199401016638 (302316-U)

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED
30 SEPTEMBER 2024

MUFG BANK (MALAYSIA) BERHAD
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MUFG BANK (MALAYSIA) BERHAD
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UNAUDITED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2024

	Note	2024 September RM'000	2024 March RM'000
ASSETS			
Cash and short-term funds	11	4,547,601	5,295,755
Reverse repurchase agreements	12	82,497	20,090
Deposits and placements with financial institutions	13	138,742	2,037,602
Financial assets at fair value through profit or loss	14	751,580	2,023,157
Financial investments at fair value through other comprehensive income	15	1,224,933	1,323,662
Loans, advances and financing	16	6,991,207	9,771,146
Embedded loans measured at fair value through profit or loss	17	10,811,553	12,275,974
Purchased receivables	18	756,266	917,520
Collateral deposits placed	19	433,839	120
Derivative financial assets	20	811,882	537,405
Statutory deposits with Bank Negara Malaysia		37,070	352
Other assets		18,236	58,660
Property, plant and equipment		24,659	27,262
Intangible assets		30,524	41,787
Right-of-use assets		15,198	16,564
Deferred tax assets		10,215	10,215
TOTAL ASSETS		26,686,002	34,357,271
LIABILITIES AND SHAREHOLDER'S FUNDS			
Deposits from customers	21	10,192,327	12,276,124
Deposits and placements of banks and other financial institutions	22	1,129,705	1,014,218
Collateral deposits received	19	9,249,518	15,649,452
Derivative financial liabilities	20	1,065,197	572,688
Other liabilities	23	283,601	288,505
Lease liabilities		13,683	14,569
Current tax liabilities		3,348	12,223
TOTAL LIABILITIES		21,937,379	29,827,779
SHARE CAPITAL		200,000	200,000
RESERVES		4,548,623	4,329,492
SHAREHOLDER'S FUNDS		4,748,623	4,529,492
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS		26,686,002	34,357,271
COMMITMENTS AND CONTINGENCIES	24	90,165,696	84,239,059

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2024

		2nd Quarter Ended		Six Months Ended	
	Note	2024 September RM'000	2023 September RM'000	2024 September RM'000	2023 September RM'000
Operating revenue		257,101	206,862	463,948	353,813
Interest income	25	211,450	185,678	433,410	374,105
Interest expense	26	(115,363)	(95,454)	(230,166)	(210,500)
Net interest income		96,087	90,224	203,244	163,605
Net income from embedded loans measured at FVTPL	27	(8,006)	23,482	14,858	27,661
Net income from Islamic Banking operations	33	4,794	5,130	10,144	10,980
Other operating income	28	164,226	88,026	235,702	151,567
Operating income		257,101	206,862	463,948	353,813
Other operating expenses	29	(52,835)	(50,252)	(118,112)	(111,662)
Operating profit before allowance for impairment		204,266	156,610	345,836	242,151
Allowance for impairment on financial instruments	30	(6,023)	(1,139)	(27,809)	(11,827)
Profit before tax		198,243	155,471	318,027	230,324
Tax expense		(51,725)	(36,576)	(103,450)	(73,150)
Profit after tax for the period		146,518	118,895	214,577	157,174
Other comprehensive income/(loss), net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Change in fair value reserve:					
- Debt instruments at FVOCI		4,554	(3,634)	4,554	(3,634)
Change in expected credit loss reserve		-	-	-	-
Other comprehensive income/(loss) for the period, net of tax		4,554	(3,634)	4,554	(3,634)
Total comprehensive income for the period		151,072	115,261	219,131	153,540
Profit attributable to:					
Owner of the Bank		146,518	118,895	214,577	157,174
Total comprehensive income attributable to:					
Owner of the Bank		151,072	115,261	219,131	153,540
Basic earnings per share (sen)		73.26	59.45	107.29	78.59

MUFG BANK (MALAYSIA) BERHAD
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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2024

	Non-distributable					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	Total RM'000
At 1 April 2023	200,000	112,975	(4,254)	-	27,580	3,819,899	4,156,200
Change in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	(3,634)	-	(3,634)
Total other comprehensive loss for the period	-	-	-	-	(3,634)	-	(3,634)
Profit for the period	-	-	-	-	-	157,174	157,174
Total comprehensive (loss)/ income for the period	-	-	-	-	(3,634)	157,174	153,540
Transfer of regulatory reserve to retained profits	-	(49,975)	-	-	-	49,975	-
At 30 September 2023	200,000	63,000	(4,254)	-	23,946	4,027,048	4,309,740
At 1 April 2024	200,000	96,383	(211)	-	25,301	4,208,019	4,529,492
Change in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	4,554	-	4,554
Total other comprehensive income for the period	-	-	-	-	4,554	-	4,554
Profit for the period	-	-	-	-	-	214,577	214,577
Total comprehensive income for the period	-	-	-	-	4,554	214,577	219,131
At 30 September 2024	200,000	96,383	(211)	-	29,855	4,422,596	4,748,623

UNAUDITED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2024

	2024 September RM'000	2023 September RM'000
Cash Flows From Operating Activities		
Profit before tax	318,027	230,324
Adjustments for:		
Depreciation of property, plant and equipment	2,799	2,241
Amortisation of intangible assets	12,560	12,675
Gain on lease modification	(3)	(3,023)
Gain on disposal of property, plant and equipment	(2)	-
Depreciation of right-of-use assets	2,299	1,772
Allowance for impairment on financial instruments	27,809	11,827
Defined benefit plan	1,258	1,658
Dividend income	(148)	(148)
Interest income from financial investments at fair value through other comprehensive income	(30,209)	(13,536)
Finance cost on lease liabilities	239	54
Unrealised (gain)/loss on changes in trading securities	(2,733)	2,822
Unrealised loss/(gain) on changes in fair value of embedded loans measured at fair value through profit or loss	71,477	(10,849)
Unrealised loss/(gain) on changes in fair value of derivative financial instruments	328,318	(142,251)
Unrealised (gain)/loss on changes in fair value of loans designated at fair value	(1,985)	6,016
Operating profit before working capital changes	729,706	99,582
(Increase)/Decrease in operating assets:		
Deposits and placements with financial institutions	1,898,860	(766,578)
Reverse repurchase agreements	(62,407)	2,741
Financial assets at fair value through profit or loss	1,274,310	(1,249,609)
Financial investments at fair value through other comprehensive income	(203,920)	16,231
Loans, advances and financing	2,760,133	1,096,153
Embedded loans measured at fair value through profit or loss	1,409,509	1,368,435
Collateral deposits placed	(433,719)	(4,569)
Purchased receivables	161,252	247,472
Derivative financial assets	281,723	312,307
Statutory deposits with Bank Negara Malaysia	(36,718)	1,358
Other assets	39,494	(83,650)
Increase/(Decrease) in operating liabilities:		
Deposits from customers	(2,083,797)	1,153,838
Deposits and placements of banks and other financial institutions	115,487	133,927
Derivative financial liabilities	(408,574)	(227,874)
Collateral deposits received	(6,399,934)	(2,696,456)
Other liabilities	(10,997)	36,440
Cash used in operations	(969,592)	(560,252)
Income tax paid	(112,325)	(84,340)
Payment of staff benefits	(255)	(582)
Net cash used in operating activities	(1,082,172)	(645,174)

MUFG BANK (MALAYSIA) BERHAD
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UNAUDITED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2024 (CONTD)

	2024 September RM'000	2023 September RM'000
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(201)	-
Purchase of intangible assets	(1,297)	(374)
Proceeds from disposals of property, plant and equipment	7	-
Proceeds from sale of financial assets at fair value through other comprehensive income	450,000	394,516
Purchase of financial assets at fair value through other comprehensive income	(150,000)	(640,000)
Interest received from financial assets at fair value through other comprehensive income	37,412	11,174
Dividend received	148	148
Net cash generated from/(used in) investing activities	336,069	(234,536)
Cash Flows From Financing Activities		
Payment of lease liabilities	(1,812)	(1,795)
Interest paid in relation to lease liabilities	(239)	(54)
Net cash used in from financing activities	(2,051)	(1,849)
Net decrease in cash and cash equivalents	(748,154)	(881,559)
Cash and cash equivalents at beginning of year	5,295,755	6,614,758
Cash and cash equivalents at end of year	4,547,601	5,733,199

UNAUDITED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2024 (CONTD)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1 April 2024 RM'000	Net change from financing cash flows RM'000	Other changes RM'000	At 30 September 2024 RM'000
Lease liabilities	14,569	(2,051)	1,165	13,683
	14,569	(2,051)	1,165	13,683

	At 1 April 2023 RM'000	Net change from financing cash flows RM'000	Other changes RM'000	At 30 September 2023 RM'000
Lease liabilities	688	(1,795)	3,549	2,442
	688	(1,795)	3,549	2,442

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2024

1. BASIS OF PREPARATION

The unaudited condensed interim financial report for the quarter ended 30 September 2024 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, loans, advances and financing at fair value through profit or loss, 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 2024. 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 2024.

Changes in Accounting Policies

As at the date of issuance of the financial statements, amendments of MFRS which are relevant to the operations of the Bank are as follows:

Amendments to:	
MFRS 101	Disclosure of Accounting Policies
MFRS 108	Definiton of Accounting Estimates
MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
	International Tax Reform - Pillar Two Model Rules

Amendments to MFRS 101
The Bank has adopted Amendments to MFRS 101 effective from 1 April 2023. The Amendments require the disclosure of 'material' rather than 'significant' accounting policies. The Amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Although the Amendments did not result in any changes to the accounting policies of the Bank, it impacted the accounting policy information disclosed in the financial statements.

Amendments to MFRS 112
The scope of MFRS 112 was amended to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organisation for Economic Co-operation and Development, including tax laws that implements Qualified Domestic Minimum Top-up Tax aligned with Pillar Two Model Rules as described in those rules. The management is currently in the process of assessing the Bank's exposure to the Pillar Two income taxes. Accordingly, the Bank's exposure to Pillar Two income taxes is currently not known or reasonably estimable

The adoption of the above amendments does not have any material effect to the Bank.

Amendments Issued But Not Yet Effective

The Bank has not adopted the following relevant amendments that have been issued but not yet effective:

Accounting standard:	
MFRS 18	Presentation and Disclosure in Financial Statements^
Amendments to:	
MFRS 16	Lease Liability in a Sale and Leaseback *
MFRS 7 and MFRS 107	Supplier Finance Arrangements *
MFRS 101	Classification of Liabilities as Current or Non-current *
	Non-current Liabilities with Covenants *
MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate of Joint Venture #

^ Effective for annual periods beginning on or after 1 January 2027
* Effective for annual periods beginning on or after 1 January 2024
# Effective date deferred to a date to be announced by Malaysian Accounting Standards Board

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2024 (CONTD)

2. AUDIT REPORT

The audit report on the audited financial statements for the financial year ended 31 March 2024 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 30 September 2024.

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 30 September 2024.

6. CHANGES IN DEBT AND EQUITY SECURITIES

There were no issuance and repayment of debt and equity securities during the financial period ended 30 September 2024.

7. DIVIDEND PAID

No dividend was paid during the financial period ended 30 September 2024.

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 30 September 2024 was RM318.0 million, increase of 38.08% or RM87.7 million compared to the corresponding period last year. Operating income increased by RM110.1 million from RM353.8 million to RM463.9 million whilst operating expenses increased by RM6.5 million mainly attributed to higher administrative and other expenses.

Total assets decreased from RM34.4 billion as at 31 March 2024 to RM26.7 billion as at 30 September 2024. The Bank's CET 1/Tier 1 capital ratio and total capital ratio remained strong at 29.867% and 30.881% respectively.

10. PROSPECTS

Global economy is expected to continue to experience considerable challenges in 2024, impacted by persistent divergence in global growth and monetary policy expectations, coupled with escalating geopolitical risks that will result in high volatility in global financial markets. The interplay between the on-going sticky inflation, potential credit crunch, the reassessment of monetary policy expectations and the timing of the easing cycle will be key determinants of the pace of global economic activities. While the US headline economic data continue to point to a solid economy, under the surface we believe there are some underlying concerns in particular; in commercial real estate segment and lower-income household. Markets now expect one or two US rate cuts this year, with September is still plausible in our view. Meanwhile, the regional economic growth is projected to accelerate to around 4.5% this year supported by better business sentiment and improved investment interest.

The Bank foresees the current high volatility in the global financial markets to persist in the near term as market players continue to reevaluate the timing of monetary policy easing in the US and in the region and its impact on the underlying economy. Commodities prices generally remain elevated. Brent crude oil prices is currently consolidating around USD88 per barrel amid signs of a tightening physical market while traders continue to assess lingering geopolitical risks. We continue to hold conviction that effective OPEC+ market management will ensure Brent crude remains in a USD80 to USD100 per barrel range in 2024, the largest upside risk to oil prices would be geopolitical impediments to the willingness of OPEC+ to deploy its ample spare capacity.

Malaysian economic growth is projected to remain on a steady growth trajectory this year, backed by firm domestic demand, primarily through continued expansion in private sector spending. 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. We maintain our view that the Malaysian economy to accelerate to 4% to 4.5% in 2024 from 3.7% in 2023. However, risks to growth remain tilted to the downside given ongoing external challenges.

Headline and core inflation have stayed below-trend averages in recent months. With the economic growth picking up and inflation is expected to remain moderate to average between 2.0% to 3.5% in 2024, even with the implementation of fuel subsidy rationalisation, BNM is unlikely to rush into a rate cut. We look for the BNM to keep the policy rate at 3.0% through this year.

Malaysia’s trade balance will remain in surplus, helping to contain MYR weakness. The trade surplus will be underpinned by higher prices of brent and palm oil, as well as a nascent pickup in global trade. BNM has also coordinated with the government to encourage government linked corporates to convert their foreign earnings into MYR. Additionally, BNM reiterated its view that MYR is undervalued and it is committed to keep MYR moves orderly. China has made a good start to the year, with GDP growing at 5.3% year-on-year in Q1 2024 but China’s outlook remains challenging. A high degree of positive historical co-relation between MYR and CNY suggests a stronger CNY due to a gradual recovery in Chinese economy and more stable real estate sector could have positive spillover on the MYR.

The Bank forecasts USD/MYR to close the year lower at 4.50 from current level of around 4.77 in anticipation of a lower Fed funds rate resulted from a dollar weakness trend while the ringgit remains supported by stable interest rates, foreign portfolio inflows and a current account surplus.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2024 (CONTD)

11. CASH AND SHORT-TERM FUNDS

	2024 September RM'000	2024 March RM'000
Amortised cost		
Cash and balances with banks and other financial institutions	491,193	1,409,060
Money at call and deposit placements maturing within three months	4,056,408	3,886,695
	4,547,601	5,295,755

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

	2024 September RM'000	2024 March RM'000
Amortised cost		
Reverse repurchase agreement	82,497	20,090

13. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	2024 September RM'000	2024 March RM'000
Amortised cost		
Licensed banks		
● Malaysia	23,066	1,912,782
● Other countries	115,676	124,820
	138,742	2,037,602

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

	2024 September RM'000	2024 March RM'000
Money market instruments:		
Malaysian Government Securities	549,980	1,852,708
Government Investment Issues	201,600	170,449
	751,580	2,023,157

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

	2024 September RM'000	2024 March RM'000
Money market instruments:		
Malaysian Government Securities	313,062	843,898
Government Investment Issues	232,479	201,686
Japan Government Bonds	231,296	249,755
Sukuk	419,773	-
	1,196,610	1,295,339
Non-money market instruments:		
Unquoted shares	28,323	28,323
Total	1,224,933	1,323,662

16. LOANS, ADVANCES AND FINANCING

(a) By type:

	2024 September RM'000	2024 March RM'000
At amortised cost		
Term loans		
● Housing loans	7,195	7,795
● Other term loans	4,171,102	2,987,715
Revolving credits	2,507,550	6,401,702
Overdrafts	6,488	2,321
Bills receivable	-	7,545
Claims on customers under acceptance credits	82,119	66,279
Staff loans	5,629	5,786
	6,780,083	9,479,143
Unearned interest	-	-
Gross loans, advances and financing at amortised cost	6,780,083	9,479,143
Impairment allowances on loans, advances and financing		
● Stage 1 - 12-month ECL	(7,795)	(9,070)
● Stage 2 - lifetime ECL not credit-impaired	(36,953)	(15,123)
● Stage 3 - lifetime ECL credit-impaired	(168)	(265)
Net loans, advances and financing at amortised cost	6,735,167	9,454,685
At fair value		
Other term loans	256,040	316,461
Net loans, advances and financing	6,991,207	9,771,146
Gross loans, advances and financing		
At amortised cost	6,780,083	9,479,143
At fair value	256,040	316,461
	7,036,123	9,795,604

(b) By maturity structure:

	2024 September RM'000	2024 March RM'000
Maturing within one year	2,915,612	6,812,908
More than one year to three years	2,036,049	1,221,563
More than three years to five years	1,540,384	923,172
More than five years	544,078	837,961
	7,036,123	9,795,604

(c) By type of customer:

	2024 September RM'000	2024 March RM'000
Domestic non-bank financial institutions	247,875	1,560,236
Domestic business enterprises		
● Small medium enterprises	152,122	153,169
● Others	3,850,078	4,084,877
Individuals	12,824	13,581
Foreign entities	2,773,224	3,983,741
	7,036,123	9,795,604

(d) By interest/profit rate sensitivity:

	2024 September RM'000	2024 March RM'000
Variable rates	7,034,051	9,793,220
Fixed rate		
● Staff loans	2,072	2,384
	7,036,123	9,795,604

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2024 (CONTD)

16. LOANS, ADVANCES AND FINANCING (CONTD)

(e) By economic sector:

	2024 September RM'000	2024 March RM'000
Agricultural, hunting, forestry and fishing	100,196	-
Mining and quarrying	296,058	357,423
Manufacturing	1,951,297	1,668,400
Electricity, gas and water	217,900	224,311
Construction	364,860	409,660
Wholesale, retail trade, restaurants and hotels	404,015	807,471
Transport, storage and communication	973,566	1,065,700
Finance, insurance, real estate and business services	2,535,637	4,678,293
Households	12,824	13,581
Others	179,770	570,765
	7,036,123	9,795,604

(f) By geographical location:

	2024 September RM'000	2024 March RM'000
Malaysia	4,827,735	8,413,428
Other countries	2,208,388	1,382,176
	7,036,123	9,795,604

(g) Credit-impaired gross loans by economic sector are as follows:

	2024 September RM'000	2024 March RM'000
Household	523	801

(h) Credit-impaired gross loans by geographical location are as follows:

	2024 September RM'000	2024 March RM'000
Malaysia	523	801

(i) Movements in credit-impaired gross loans, advances and financing are as follows:

	2024 September RM'000	2024 March RM'000
At 1 April	801	1,521
Classified as credit-impaired during the year	163	99
Amount recovered	(213)	(180)
Reclassified as performing	(228)	(639)
At 31 March	523	801

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

	12-month ECL Stage 1 RM'000	Lifetime ECL Not credit-impaired Stage 2 RM'000	Lifetime ECL Credit-impaired Stage 3 RM'000	Total RM'000
At 1 April 2024	9,070	15,123	265	24,458
Transfer to lifetime ECL not credit-impaired (Stage 2)	(1,621)	1,621	-	-
Transfer to lifetime ECL credit-impaired (Stage 3)	-	(12)	12	-
New financial assets originated	6,303	23,314	-	29,617
Financial assets derecognised (other than write-off)	(6,088)	(9,130)	(1)	(15,219)
Net remeasurement due to changes in credit risk	131	6,037	(108)	6,060
At 30 September 2024	7,795	36,953	168	44,916

16. LOANS, ADVANCES AND FINANCING (CONTD)

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

	12-month ECL Stage 1 RM'000	Lifetime ECL Not credit-impaired Stage 2 RM'000	Lifetime ECL Credit-impaired Stage 3 RM'000	Total 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)	(51)	103	-	52
Transfer to lifetime ECL credit-impaired (Stage 3)	(9)	-	-	(9)
New financial assets originated	8,784	9,130	-	17,914
Financial assets derecognised (other than write-off)	(8,404)	(7,108)	-	(15,512)
Net remeasurement due to changes in credit risk	(187)	366	(8)	171
At 31 March 2024	9,070	15,123	265	24,458

(k) Movements in gross loans, advances and financing:

	12-month ECL Stage 1 RM'000	Lifetime ECL Not credit-impaired Stage 2 RM'000	Lifetime ECL Credit-impaired Stage 3 RM'000	Total RM'000
At 1 April 2024	9,192,560	285,782	801	9,479,143
Transfer to lifetime ECL not credit-impaired (Stage 2)	(985,899)	986,127	(228)	-
Transfer to lifetime ECL credit-impaired (Stage 3)	-	(153)	153	-
New financial assets originated	2,858,937	2,133,023	10	4,991,970
Financial assets derecognised (other than write-off)	(7,414,895)	(275,922)	(213)	(7,691,030)
At 30 September 2024	3,650,703	3,128,857	523	6,780,083
At 1 April 2023	6,486,685	1,756,376	1,521	8,244,582
Transfer to 12-month ECL (Stage 1)	332	(106)	(321)	(95)
Transfer to lifetime ECL not credit-impaired (Stage 2)	(1,078)	1,364	(318)	(32)
Transfer to lifetime ECL credit-impaired (Stage 3)	(97)	(4)	99	(2)
New financial assets originated	7,660,387	217,644	-	7,878,031
Financial assets derecognised (other than write-off)	(4,953,669)	(1,689,492)	(180)	(6,643,341)
At 31 March 2024	9,192,560	285,782	801	9,479,143

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

	2024 September RM'000	2024 March RM'000
At fair value		
Embedded loans with term loans nature	8,760,824	11,262,396
Embedded loans with revolving credits nature	2,050,729	1,013,578
	10,811,553	12,275,974

Loans measured at FVTPL included RM10,259,840,000 (2024 March: RM11,850,531,000) of outstanding balance for loans, advances and financing, and net fair value for derivative financial assets and liabilities of RM377,575,000 (2024 March: RM201,820,000).

Included in embedded loans are net fair value from derivative financial assets and derivative financial liabilities transacted with the holding company and related companies amounting to RM1,717,000 (2024 March: RM178,000) and RM279,000 (2024 March: RM707,000) respectively.

(a) By maturity structure:

	2024 September RM'000	2024 March RM'000
Maturing within one year	3,524,357	3,898,403
More than one year to three years	4,147,075	4,060,249
More than three years to five years	2,489,562	3,650,390
More than five years	650,559	666,932
	10,811,553	12,275,974

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

(b) By type of customer:

	2024 September RM'000	2024 March RM'000
Domestic non-bank financial institutions	9,356,319	9,426,072
Domestic business enterprises		
● Others	1,834,147	2,032,403
	11,190,466	11,458,475
Domestic financial institutions *	(380,351)	817,499
Foreign entities *	1,438	-
	10,811,553	12,275,974

(c) By interest rate sensitivity:

	2024 September RM'000	2024 March RM'000
Variable rates	10,811,553	12,275,974

(d) By economic sector:

	2024 September RM'000	2024 March RM'000
Mining and quarrying	56,335	58,593
Manufacturing	40,305	172,317
Construction	682,975	668,345
Wholesale, retail trade, restaurants and hotels	82,006	98,989
Transport, storage and communication	246,153	283,835
Finance, insurance, real estate and business services	9,703,402	10,992,762
Others	377	1,133
	10,811,553	12,275,974

(e) By geographical location:

	2024 September RM'000	2024 March RM'000
Malaysia	10,810,115	12,221,963
Other countries *	1,438	54,011
	10,811,553	12,275,974

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

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

	2024 September			2024 March		
	Contract/ Notional Amount RM'000	Fair Value Assets RM'000	Fair Value Liabilities RM'000	Contract/ Notional Amount RM'000	Fair Value Assets RM'000	Fair Value Liabilities RM'000
At fair value						
Embedded loans with term loans nature:						
Foreign currency swaps	7,542,037	587,337	26,879	8,324,421	21,375	651,426
Interest rate swaps	1,337,078	11,750	1,181	2,161,212	11,121	2,895
	8,879,115	599,087	28,060	10,485,633	32,496	654,321
Embedded loans with revolving credits nature:						
Foreign currency swaps	2,045,500	185,461	-	1,010,775	7,149	1,003
Cover deals:						
Foreign currency swaps	7,588,705	20,898	415,030	8,101,530	775,128	14,179
Interest rate swaps	8,047,823	39,841	24,622	8,648,470	66,590	10,040
	15,636,528	60,739	439,652	16,750,000	841,718	24,219
	26,561,143	845,287	467,712	28,246,408	881,363	679,543
Set off		(467,712)	(467,712)		(679,543)	(679,543)
Net assets		377,575	-		201,820	-

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FOR THE QUARTER ENDED 30 SEPTEMBER 2024 (CONTD)**

18. PURCHASED RECEIVABLES

	2024 September RM'000	2024 March RM'000
At amortised cost		
Purchased receivables	756,591	917,843
Impairment allowances on purchased receivables		
● Stage 1 - 12-month ECL	(307)	(323)
● Stage 2 - lifetime ECL not credit-impaired	(18)	-
	756,266	917,520

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 RM656,889,000 (2024 March: RM797,942,000).

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

		Lifetime ECL		
	12-month ECL Stage 1 RM'000	Not credit-impaired Stage 2 RM'000	Credit-impaired Stage 3 RM'000	Total RM'000
At 1 April 2024	323	-	-	323
New financial assets originated	301	18	-	319
Financial assets derecognised (other than write-off)	(298)	-	-	(298)
Net remeasurement due to changes in credit risk	(19)	-	-	(19)
At 30 September 2024	307	18	-	325
At 1 April 2023	433	196	-	629
New financial assets originated	304	-	-	304
Financial assets derecognised (other than write-off)	(394)	(196)	-	(590)
Net remeasurement due to changes in credit risk	(20)	-	-	(20)
At 31 March 2024	323	-	-	323

19. COLLATERAL DEPOSITS

	2024 September RM'000	2024 March RM'000
At amortised cost		
Cash collaterals placed	433,839	120

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.

At amortised cost		
Cash collaterals received	9,249,518	15,649,452

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 RM9,209,441,000 (2024 March: RM14,502,179,000). Included in CSA balance are RM865,000 (2024 March: Nil) transacted with a related company. The remaining balances are placed with licensed banks.

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.

	2024 September			2024 March		
	Contract/ Notional Amount	Fair Value Assets	Fair Value Liabilities	Contract/ Notional Amount	Fair Value Assets	Fair Value Liabilities
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At Fair Value						
Trading Derivatives *						
Foreign exchange related contracts						
● Forwards	24,030,961	544,015	845,547	21,038,496	144,113	120,404
● Swaps	4,733,401	217,744	93,441	5,077,882	339,145	264,946
Interest rate related contracts						
● Swaps	17,005,935	49,804	123,628	14,929,411	53,496	186,757
Other derivatives						
● Currency options	324,285	319	2,581	288,815	651	581
	46,094,582	811,882	1,065,197	41,334,604	537,405	572,688

* Included in trading derivatives are derivative financial assets and derivative financial liabilities transacted with the holding company and related companies amounting to RM216,539,000 (2024 March: RM69,432,000) and RM200,545,000 (2024 March: RM318,292,000) respectively.

21. DEPOSITS FROM CUSTOMERS

	2024 September RM'000	2024 March RM'000
At amortised cost		
Demand deposits	4,981,013	5,035,693
Money market deposits	1,073,050	1,434,546
Savings deposits	56	51
Fixed deposits	4,138,208	5,805,834
	10,192,327	12,276,124

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

	2024 September RM'000	2024 March RM'000
Due within six months	3,990,290	5,736,901
More than six months to one year	147,918	68,933
	4,138,208	5,805,834

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

	2024 September RM'000	2024 March RM'000
Domestic non-bank financial institutions	96,039	339,560
Business enterprises	9,774,800	11,582,727
Individuals	1,277	1,264
Foreign entities/individuals	263,592	298,111
Others	56,619	54,462
	10,192,327	12,276,124

22. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	2024 September RM'000	2024 March RM'000
At amortised cost		
Licensed banks	1,129,705	1,014,218

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23. OTHER LIABILITIES

		2024 September RM'000	2024 March RM'000
Provision for retirement benefits		24,487	23,484
Impairment allowances on commitments and contingencies	(i)		
● Stage 1 - 12-month ECL		7,017	6,343
● Stage 2 - lifetime ECL not credit-impaired		22,226	16,884
Accrued interest payable		16,616	25,541
Bills payable		18,203	23,133
Other payables and accruals	(ii)	195,052	193,120
		283,601	288,505

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

		Lifetime ECL		
	12-month ECL Stage 1 RM'000	Not credit-impaired Stage 2 RM'000	Credit-impaired Stage 3 RM'000	Total RM'000
At 1 April 2024	6,343	16,884	-	23,227
Transfer to lifetime ECL not credit-impaired (Stage 2)	(224)	24	-	(200)
New financial assets originated	6,937	21,955	-	28,892
Financial assets derecognised (other than write-off)	(5,997)	(16,670)	-	(22,667)
Net remeasurement due to changes in credit risk	(42)	33	-	(9)
At 30 September 2024	7,017	22,226	-	29,243
At 1 April 2023	3,398	5,570	-	8,968
Transfer to lifetime ECL not credit-impaired (Stage 2)	(3)	38	-	35
New financial assets originated	6,283	16,844	-	23,127
Financial assets derecognised (other than write-off)	(3,306)	(5,568)	-	(8,874)
Net remeasurement due to changes in credit risk	(29)	-	-	(29)
At 31 March 2024	6,343	16,884	-	23,227

(ii) Other payables and accruals

A total of Nil (2024 March: RM1,380) of gharamah funds were allocated for refurbishment of impaired infrastructure for school of special needs.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2024 (CONTD)

24. COMMITMENTS AND CONTINGENCIES

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

	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk-Weighted Assets RM'000
2024 September				
Contingent Liabilities				
Direct credit substitutes	597,252		597,252	588,011
Transaction related contingent items	791,834		395,917	385,298
Short-term self liquidating trade-related contingencies	89,289		17,858	17,858
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
● not exceeding one year	23,890		4,778	4,778
● exceeding one year	107,973		53,987	53,973
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	16,061,876		-	-
Securitisation exposures	-		-	-
	17,672,114		1,069,792	1,049,918
Embedded Loans				
Foreign exchange related contracts				
● one year or less	4,772,506	291,885	375,442	187,785
● over one year to five years	11,725,136	424,617	955,881	559,612
● over five years	678,600	77,194	76,819	73,730
Interest rate related contracts				
● one year or less	1,860,083	4,117	2,419	1,267
● over one year to five years	7,524,818	47,473	153,833	65,701
● over five years	-	-	-	-
	26,561,143	845,286	1,564,394	888,095
Derivative Financial Instruments				
Foreign exchange related contracts				
● one year or less	25,412,500	601,683	798,741	510,029
● over one year to five years	2,761,617	125,860	271,588	218,648
● over five years	590,245	34,216	118,254	96,217
Interest rate related contracts				
● one year or less	6,234,996	2,192	9,765	3,933
● over one year to five years	9,757,891	35,840	232,930	110,583
● over five years	1,013,048	11,772	57,928	30,900
Currency options *				
● one year or less	162,142	319	2,752	2,752
	45,932,439	811,882	1,491,958	973,062
	90,165,696	1,657,168	4,126,144	2,911,075

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2024 (CONTD)

24. COMMITMENTS AND CONTINGENCIES (CONTD)

	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk-Weighted Assets RM'000
2024 March				
Contingent Liabilities				
Direct credit substitutes	337,424		337,424	326,975
Transaction related contingent items	633,660		316,830	301,653
Short-term self liquidating trade-related contingencies	85,062		17,013	19,304
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
● not exceeding one year	24,835		4,967	4,967
● exceeding one year	105,332		52,666	52,625
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	13,601,143		-	-
Securitisation exposures	15,000		3,000	2,250
	14,802,456		731,900	707,774
Embedded Loans				
Foreign exchange related contracts				
● one year or less	4,657,107	214,599	130,128	66,345
● over one year to five years	12,055,329	580,468	671,540	386,891
● over five years	724,290	8,585	6,585	3,292
Interest rate related contracts				
● one year or less	3,452,672	8,226	7,896	3,127
● over one year to five years	7,357,010	69,485	111,289	49,102
	28,246,408	881,363	927,438	508,757
Derivative Financial Instruments				
Foreign exchange related contracts				
● one year or less	22,159,864	185,187	427,215	321,998
● over one year to five years	3,366,268	245,398	292,376	212,700
● over five years	590,245	52,673	111,827	83,521
Interest rate related contracts				
● one year or less	4,920,313	6,952	6,274	2,383
● over one year to five years	8,813,980	31,460	106,846	52,252
● over five years	1,195,118	15,084	55,724	31,060
Currency options *				
● one year or less	144,407	651	2,817	2,817
	41,190,195	537,405	1,003,079	706,731
	84,239,059	1,418,768	2,662,417	1,923,262

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2024 (CONTD)

	2nd Quarter Ended		Six Months Ended	
	2024 September RM'000	2023 September RM'000	2024 September RM'000	2023 September RM'000
25. INTEREST INCOME				
Loans, advances and financing measured at amortised cost	139,704	100,757	273,542	216,822
Loans, advances and financing designated at fair value	6,296	7,146	13,084	14,174
Money at call and deposit placements with financial institutions	44,453	60,211	90,532	118,385
Financial assets at FVTPL	5,035	10,180	26,043	11,188
Financial investments at FVOCI	15,962	7,384	30,209	13,536
	211,450	185,678	433,410	374,105
26. INTEREST EXPENSE				
Deposits and placements of banks and other financial institutions	91,269	61,709	184,070	164,775
Deposits from customers	24,094	33,745	46,096	45,725
	115,363	95,454	230,166	210,500
27. NET INCOME FROM EMBEDDED LOANS MEASURED AT FVTPL				
Interest income	168,426	202,440	349,907	402,226
Interest expense	(132,045)	(180,439)	(281,690)	(358,498)
Unrealised (loss)/gain in fair value of embedded loans	(57,147)	(8,952)	(71,477)	10,849
Realised gain/(loss) in fair value of embedded loans	12,760	10,433	18,118	(26,916)
	(8,006)	23,482	14,858	27,661
28. OTHER OPERATING INCOME				
Fee income				
Commission	2,021	386	3,016	922
Guarantee fees	1,035	899	2,057	1,777
Service charges and fees	577	585	1,194	1,186
Commitment fees	242	337	549	592
Other fee income	8,026	925	14,532	7,450
	11,901	3,132	21,348	11,927
Net investment income				
Gross dividends	37	37	148	148
Realised gain/(loss) in fair value of derivative financial instruments	7,131	2,880	(11,020)	(7,913)
Realised gain in fair value of financial assets at FVTPL	2,969	1,174	858	2,589
Unrealised (loss)/gain in fair value of derivative financial instruments	(334,418)	(68,340)	(328,318)	142,251
Unrealised gain/(loss) in fair value of financial assets at FVTPL	718	(3,116)	2,733	(2,822)
Unrealised gain/(loss) in fair value of loans designated at fair value	507	2,160	1,985	(6,016)
Foreign exchange gain	464,154	141,483	537,860	146
Net (premium)/discount paid for options	(30)	135	(54)	128
	141,068	76,413	204,192	128,511
Other income				
Other operating income	11,257	8,481	10,162	11,129
	164,226	88,026	235,702	151,567

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FOR THE QUARTER ENDED 30 SEPTEMBER 2024 (CONTD)

29. OTHER OPERATING EXPENSES

		2nd Quarter Ended		Six Months Ended	
		2024 September RM'000	2023 September RM'000	2024 September RM'000	2023 September RM'000
Personnel expenses	**(i)**	22,207	18,915	49,973	46,456
Establishment related expenses	**(ii)**	9,278	9,092	19,075	18,144
Promotion and marketing related expenses	**(iii)**	336	264	906	809
Administrative and other expenses	**(iv)**	21,014	21,981	48,158	46,253
		52,835	50,252	118,112	111,662
(i) Personnel expenses					
Wages, salaries and bonuses		18,431	15,111	40,507	36,858
Defined benefit plan		532	829	1,258	1,658
Defined contribution plan		2,524	2,583	5,272	5,240
Other employee benefits		720	392	2,936	2,700
		22,207	18,915	49,973	46,456
(ii) Establishment related expenses					
Depreciation of property, plant and equipment		1,409	1,118	2,799	2,241
Amortisation of intangible assets		6,271	6,425	12,560	12,675
Depreciation of right-of-use assets		1,035	928	2,299	1,772
Repair and maintenance		62	41	125	80
Expenses relating to short-term leases and leases of low-value assets		335	493	823	1,058
Interest expenses on lease liabilities		114	28	239	54
Others		52	59	230	264
		9,278	9,092	19,075	18,144
(iii) Promotion and marketing related expenses					
Others		336	264	906	809
		336	264	906	809
(iv) Administrative and other expenses					
Cash collateral fees on CSA		6,148	13,423	19,569	23,006
Communication expenses		249	233	426	432
Legal and professional fees		160	-	244	-
Others		14,457	8,325	27,919	22,815
		21,014	21,981	48,158	46,253

30. ALLOWANCE FOR IMPAIRMENT ON FINANCIAL INSTRUMENTS

	2nd Quarter Ended		Six Months Ended	
	2024 September RM'000	2023 September RM'000	2024 September RM'000	2023 September RM'000
(a) Allowance for impairment on loans, advances and financing				
Stage 1 and 2 expected credit losses made during the year	5,798	6,649	38,029	21,248
Stage 1 and 2 expected credit losses written back	(1,828)	(1,156)	(17,473)	(14,023)
Stage 3 expected credit losses made during the year	-	6	-	26
Stage 3 expected credit losses written back	(39)	-	(97)	-
Other movements	1,256	1	1,332	(163)
	5,187	5,500	21,791	7,088
(b) Allowance for/(Reversal of) impairment on purchased receivables				
Stage 1 and 2 expected credit losses made during the year	132	(89)	319	281
Stage 1 and 2 expected credit losses written back	(24)	(94)	(317)	(592)
	108	(183)	2	(311)
(c) Allowance for/(Reversal of) impairment on off-balance sheet exposures				
Stage 1 and 2 expected credit losses made during the year	876	(1,915)	28,949	9,661
Stage 1 and 2 expected credit losses written back	(148)	(2,263)	(22,933)	(4,611)
	728	(4,178)	6,016	5,050
	6,023	1,139	27,809	11,827

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31. CAPITAL ADEQUACY

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

	2024 September %	2024 March %
Common equity Tier 1 ("CET 1") capital ratio	29.867	33.569
Tier 1 capital ratio	29.867	33.569
Total capital ratio	30.881	34.587

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.

The minimum regulatory capital adequacy requirements including capital conservation buffer for the following capital ratios are:

CET 1 Capital Ratio	7.00	%
Tier 1 Capital Ratio	8.50	%
Total Capital Ratio	10.50	%

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

	2024 September RM'000	2024 March RM'000
CET 1 and Tier 1 capital		
● Paid-up ordinary share capital	200,000	200,000
● Retained profits	4,208,019	4,208,019
● Other reserves	126,027	121,473
	4,534,046	4,529,492
Less: Deferred tax assets	(10,215)	(10,215)
Intangible assets	(30,524)	(41,787)
55% of fair value reserve	(16,420)	(13,916)
Unrealised gain in fair value of loans designated at fair value	(1,985)	-
Regulatory reserve	(96,383)	(96,383)
	4,378,519	4,367,191
Tier 2 capital		
● Stage 1 and 2 ECL and regulatory reserve	148,716	132,477
Total Capital	4,527,235	4,499,668

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

	2024 September RM'000	2024 March RM'000
Credit risk	11,897,318	10,598,132
Market risk	1,371,338	1,218,205
Operational risk	1,391,489	1,193,216
	14,660,145	13,009,553

Detailed disclosures on risk exposures above, as prescribed under BNM's Guidelines on Risk-Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3) and Capital Adequacy Framework for Islamic Banks (CAFIB) - Dislcosure Requirements (Pillar 3) is presented in the Pillar 3 disclosures.

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31. CAPITAL ADEQUACY (CONTD)

2024 September

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	4,706,244	4,706,244	46,259	3,701
Banks, Development Financial Institutions & MDBs	3,328,128	2,121,062	1,055,145	84,412
Insurance Cos, Securities Firms & Fund Managers	1	1	1	-
Corporates	16,773,158	7,572,660	7,338,308	587,065
Regulatory Retail	522	522	522	42
Residential Mortgages	10,445	10,445	4,649	372
Equity Exposures	28,323	28,324	28,324	2,266
Other Assets	695,199	695,199	511,367	40,909
Defaulted Exposures	1,668	1,668	1,668	133
Total On-Balance Sheet Exposures	25,543,688	15,136,125	8,986,243	718,900
Off-Balance Sheet Exposures :				
Credit-related exposures	1,069,792	1,069,792	1,049,919	83,994
Securitisation exposures	-	-	-	-
Derivatives financial instruments	3,056,352	3,056,352	1,861,156	148,892
Total Off-Balance Sheet Exposures	4,126,144	4,126,144	2,911,075	232,886
Total On and Off-Balance Sheet Exposures	29,669,832	19,262,269	11,897,318	951,786
	Long Position RM'000	**Short Position RM'000**		
(ii) Market Risk				
Interest Rate Risk	72,072,486	(71,117,084)	872,250	69,780
Foreign Exchange Risk	5,661	(499,092)	499,088	39,927
	72,078,147	(71,616,176)	1,371,338	109,707
(iii) Operational Risk			1,391,489	111,319
Total RWA and Capital Requirements	29,669,832	19,262,269	14,660,145	1,172,812

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2024 (CONTD)

31. CAPITAL ADEQUACY (CONTD)

2024 March

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	6,891,452	6,891,452	395,200	31,616
Banks, Development Financial Institutions & MDBs	4,597,095	3,875,477	1,039,393	83,151
Corporates	21,765,285	7,266,810	7,067,235	565,379
Regulatory Retail	744	744	744	60
Residential Mortgages	10,762	10,762	4,689	375
Equity Exposures	28,323	28,323	28,323	2,266
Other Assets	360,122	360,122	137,532	11,003
Defaulted Exposures	1,754	1,754	1,754	140
Total On-Balance Sheet Exposures	33,655,537	18,435,444	8,674,870	693,990
Off-Balance Sheet Exposures :				
Credit-related exposures	728,900	728,900	705,524	56,442
Securitisation exposures	3,000	3,000	2,250	180
Derivatives financial instruments	1,930,517	1,930,517	1,215,488	97,239
Total Off-Balance Sheet Exposures	2,662,417	2,662,417	1,923,262	153,861
Total On and Off-Balance Sheet Exposures	36,317,954	21,097,861	10,598,132	847,851
	Long Position RM'000	**Short Position RM'000**		
(ii) Market Risk				
Interest Rate Risk	72,414,767	(70,200,988)	1,183,421	94,674
Foreign Exchange Risk	4,509	(34,786)	34,784	2,783
	72,419,276	(70,235,774)	1,218,205	97,457
(iii) Operational Risk			1,193,216	95,457
Total RWA and Capital Requirements	36,317,954	21,097,861	13,009,553	1,040,765

32. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	2024 September RM'000	2024 March RM'000
Outstanding credit exposures with connected parties	645,532	383,294
Total credit exposures	30,758,555	36,889,981
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	2.1%	1.0%
- as a proportion of total capital	14.3%	8.5%

There are currently no exposures to connected parties which are classified as credit-impaired.

33. THE OPERATIONS OF ISLAMIC BANKING WINDOW

The financial statements as at 30 September 2024 and for the period ended on the date are summarised as follows:

UNAUDITED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2024

		2024 September RM'000	2024 March RM'000
ASSETS			
Cash and short-term funds	(a)	109,000	186,000
Deposits and placements with financial institutions	(b)	448	1,909
Other assets		14,349	46
TOTAL ASSETS		123,797	187,955
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(c)	13,484	73,459
Other liabilities	(d)	5	14,176
TOTAL LIABILITIES		13,489	87,635
CAPITAL FUNDS		25,000	25,000
RESERVE		85,308	75,320
ISLAMIC BANKING FUNDS		110,308	100,320
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		123,797	187,955

Islamic financing based on Commodity Murabahah (Tawarruq) of RM2,458,821,000 (2024 March: RM2,807,047,000) and Ijarah of RM107,168,000 (2024 March: RM110,896,000) 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.

**UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2024**

		2nd Quarter Ended		Six Months Ended	
		2024 September RM'000	2023 September RM'000	2024 September RM'000	2023 September RM'000
Income derived from investment of Islamic Banking capital fun(	(e)	1,511	989	2,990	1,880
Expenses derived from financing	(f)	(1)	(1)	(2)	(2)
Other operating income	(g)	3,284	4,142	7,156	9,102
Total net income		4,794	5,130	10,144	10,980
Other operating expenses	(h)	(61)	(79)	(156)	(163)
Profit for the year		4,733	5,051	9,988	10,817

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2024 (CONTD)

33. THE OPERATIONS OF ISLAMIC BANKING WINDOW (CONTD)

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2024

	Capital Funds RM'000	Regulatory Reserve RM'000	Retained Profits RM'000	Total RM'000
At 1 April 2024	25,000	118	75,202	100,320
Profit for the year	-	-	9,988	9,988
At 30 September 2024	25,000	118	85,190	110,308
At 1 April 2023	25,000	118	53,634	78,752
Profit for the year	-	-	10,817	10,817
At 30 September 2023	25,000	118	64,451	89,569

UNAUDITED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2024

	2024 September RM'000	2023 September RM'000
Cash flows from operating activities		
Profit before tax	9,988	10,817
Decrease/(Increase) in operating assets:		
Deposits and placements with financial institutions	1,461	477
Other assets	(14,303)	(9)
	(2,854)	11,285
(Decrease)/Increase in operating liabilities:		
Deposits from customers	(59,975)	(2,132)
Other liabilities	(14,171)	(15,153)
Net cash used in operating activities	(77,000)	(6,000)
Net decrease in cash and cash equivalents	(77,000)	(6,000)
Cash and cash equivalents at beginning of the year	186,000	116,000
Cash and cash equivalents at end of the year	109,000	110,000

33. THE OPERATIONS OF ISLAMIC BANKING WINDOW (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 2024, the committee comprises: Assoc. Prof. Dr. Said Bouheraoua, Y.Bhg. Prof. Emeritus 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 2024.

(a) Cash and short-term funds

	2024 September RM'000	2024 March RM'000
Cash and balances with banks and other financial institutions	109,000	186,000

(b) Deposits and placements with financial institutions

	2024 September RM'000	2024 March RM'000
At amortised cost		
Licensed bank		
● Malaysia	448	1,909

(c) Deposits from customers

(i) By type of deposits:

	2024 September RM'000	2024 March RM'000
At amortised cost		
Current accounts - Qard	13,306	73,286
Fixed deposits - Tawarruq	178	173
	13,484	73,459

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

	2024 September RM'000	2024 March RM'000
Due within six months	178	173

(iii) By type of customer:

	2024 September RM'000	2024 March RM'000
Domestic business enterprises	13,240	13,804
Foreign entities	65	59,482
Domestic other entities	178	173
	13,483	73,459

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.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2024 (CONTD)**

33. THE OPERATIONS OF ISLAMIC BANKING WINDOW (CONTD)

(d) Other liabilities

	2024 September RM'000	2024 March RM'000
Accruals and provisions for operational expenses	13,743	14,176

(e) Income derived from investment of Islamic Banking Capital Funds

	2nd Quarter Ended		Six Months Ended	
	2024 September RM'000	2023 September RM'000	2024 September RM'000	2023 September RM'000
Money at call and placements with financial institutions	1,511	989	2,990	1,880

(f) Expenses derived from financing

	2nd Quarter Ended		Six Months Ended	
	2024 September RM'000	2023 September RM'000	2024 September RM'000	2023 September RM'000
Deposits from customers	1	1	2	2

(g) Other operating income

	2nd Quarter Ended		Six Months Ended	
	2024 September RM'000	2023 September RM'000	2024 September RM'000	2023 September RM'000
Other fee income	3,284	4,142	7,156	9,102

33. THE OPERATIONS OF ISLAMIC BANKING WINDOW (CONTD)

(h) Other operating expenses

	2nd Quarter Ended		Six Months Ended	
	2024 September RM'000	2023 September RM'000	2024 September RM'000	2023 September RM'000
Personnel expenses	46	37	105	90
Other expenses	15	15	51	46
	61	52	156	136

(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:

	2024 September	2024 March
Common equity Tier 1 ("CET 1") capital ratio	258.753	264.336
Tier 1 capital ratio	258.753	264.336
Total capital ratio	258.753	264.336

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

	2024 September RM'000	2024 March RM'000
CET 1 and Tier 1 capital		
• Capital funds	25,000	25,000
• Retained profits	75,202	75,202
• Other reserves	118	118
	100,320	100,320
Less: Regulatory reserve	(118)	(118)
Total capital	100,202	100,202

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

	2024 September RM'000	2024 March RM'000
Operational risk	38,725	37,907

Detailed disclosures on risk exposures above, as prescribed under BNM's Guidelines on CAFIB - Disclosure Requirements (Pillar 3) is presented in the Pillar 3 disclosures.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2024 (CONTD)

33. THE OPERATIONS OF ISLAMIC BANKING WINDOW (CONTD)

(i) 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	Minimum Capital Requirements at 8% RM'000
2024 September				
Exposure Class				
(i) Credit Risk				
On-Balance Sheet Exposures:				
Other Assets	123,797	123,797	-	-
Total On-Balance Sheet Exposures	123,797	123,797	-	-
(ii) Operational Risk			38,725	3,098
Total RWA and Capital Requirements	123,797	123,797	38,725	3,098
2024 March				
Exposure Class				
(i) Credit Risk				
Other Assets	187,955	187,955	-	-
Total On-Balance Sheet Exposures	187,955	187,955	-	-
(ii) Operational Risk			37,907	3,033
Total RWA and Capital Requirements	187,955	187,955	37,907	3,033

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:

	2024 September RM'000	2024 March RM'000
At amortised cost		
Term financing		
● Syndicated Islamic financing	1,393,390	560,731
● Islamic term financing loan	16,865	28,993
Revolving credits	618,975	4,330,246
Gross financing and advances at amortised cost	2,029,230	4,919,970
Impairment allowances financing and advances		
● Stage 1 - 12-month ECL	(179)	(369)
● Stage 2 - lifetime ECL not credit-impaired	(9,886)	
Net financing and advances at amortised cost	2,019,165	4,919,601
At fair value		
Syndicated Islamic financing	256,040	344,816
Net financing and advances	2,275,205	5,264,417
Gross financing and advances		
At amortised cost	2,029,230	4,919,970
At fair value	256,040	344,816
	2,285,270	5,264,786

(ii) By contract:

	2024 September RM'000	2024 March RM'000
Murabahah Financing-i	1,932,532	4,770,521
Ijarah Financing-i	79,833	120,456
Istina Financing-i	16,865	28,993
Wakalah Financing-i	256,040	344,816
	2,285,270	5,264,786

(b) Deposits from customers

(i) By type and contract:

	2024 September RM'000	2024 March RM'000
At amortised cost		
Fixed deposits - Tawarruq	113,339	239,338

MUFG BANK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

PILLAR 3 DISCLOSURES

1. OVERVIEW

The Pillar 3 Disclosure is prepared in accordance with Bank Negara Malaysia ("BNM")'s Guidelines on Capital Adequacy Framework (Capital Components and Basel II - Risk-weighted Assets) ("CAF") and Capital Adequacy Framework for Islamic Banks (CAFIB) - Risk-weighted Assets ("CAFIB"), which is the equivalent to Basel II issued by the Basel Committee on Banking Supervision. Basel II consists of 3 Pillars a

(a) Pillar 1 sets out the minimum amount of regulatory capital that banking institutions must hold against credit, market and operational risks they assume.

(b) Pillar 2 promotes the adoption of a more forward-looking approach to capital management and encourages banking institutions, to develop and employ more rigorous risk management framework and techniques. This includes specific oversight by the Board of Directors and Management on internal controls and corporate governance practices, to ensure that banking institutions have an appropriate level of internal capital above its regulatory capital to commensurate with their risk profile and business plan at all time:

(c) Pillar 3 aims to harness the power of market discipline through enhanced disclosure, to supplement regulatory supervision of banking institutions through a consistent and comprehensive disclosure framework on risk management practices and capital adequacy of banking institutions that will enhance comparability amongst banking institutions

The Bank adopted the Standardised Approach in determining the capital requirements for credit risk and market risk and applied the Basic Indicator Approach for operational risk of Pillar 1 under BNM's CAF. Under the Standardised Approach, standard risk weights are used to assess the capital requirements for exposures in credit risk and market risk. The capital required for operational risk under the Basic Indicator Approach is computed based on earnings at risk on the Bank's gross income for a fixed number of quarterly periods

The Bank's Pillar 3 Disclosure is governed by BNM's Guidelines on Risk-Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3) and Capital Adequacy Framework for Islamic Banks (CAFIB) - Disclosure Requirements (Pillar 3) which set out the minimum disclosure standards. The approach in determining the appropriateness of information disclosed and the internal controls over the disclosure process which cover the verification and review of the accuracy of information disclosec

The Bank's main business activity is commercial banking which focuses on corporate and investment banking and treasury operations. The Bank is also involved in Islamic Banking activities under the International Currency Business Unit ("ICBU") and in Islamic Banking Operations under Skim Perbankan Islam ("SPI") framework.

The following table presents the minimum regulatory capital requirement to support the Bank's risk-weighted assets:

	2024 September		2024 March	
	Risk-Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
Credit Risk	11,897,318	951,786	10,598,132	847,851
Market Risk	1,371,338	109,707	1,218,205	97,456
Operational Risk	1,391,489	111,319	1,193,216	95,457
	14,660,145	1,172,812	13,009,553	1,040,764

The Bank does not have any capital requirement for Large Exposure Risk as there is no amount in excess of the lowest threshold arising from equity holdings as specified in BNM's CAF.

2. CAPITAL MANAGEMENT

The Bank's capital management is guided by its risk appetite and outlines the Bank's objective to diversify its sources of capital and to allocate capital efficiently, directed by the need to maintain a prudent relationship between available capital and risks in the underlying businesses to meet the expectations of key stakeholders, including the holding company and BNM

The capital target for capital adequacy ratios is above the minimum regulatory capital requirements and has factored in the expected capital required under the current and future operating environment to support credit, market and operational risks as well as the Bank's business growth.

The Bank-wide stress testing process assesses the Bank's capital requirements under stress events including plausible, exceptional but plausible scenario and worst case scenario, to gauge the ability of the Bank's capital to withstand and absorb external shocks. The results of the stress test are to facilitate the formulation of pre-emptive remedial actions if the stress test reveals that the Bank's capital will be adversely affected under such events. The results of the stress test together with remedial actions, if any, are tabled to the Risk Management Committee ("RMC") and the Board for deliberations.

(a) Capital Adequacy Ratios

The capital adequacy ratios of the Bank are as follows:

	2024 September %	**2024 March %**
Common equity Tier 1 ("CET 1") capital ratio	29.867	33.569
Tier 1 capital ratio	29.867	33.569
Total capital ratio	30.881	34.587

The capital adequacy ratios consist of total capital and risk-weighted assets derived from balances of the Bank.

The minimum regulatory capital adequacy requirements including capital conservation buffer for the following capital ratios are:

CET 1 Capital	7.00	%
Tier 1 Capital	8.50	%
Total Capital	10.50	%

Please refer to Note 34(k) for Islamic Banking operation capital adequacy.

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

	2024 September RM'000	**2024 March RM'000**
CET 1 and Tier 1 capital		
● Paid-up share capital	200,000	200,000
● Retained profits	4,208,019	4,208,019
● Other reserves	126,027	121,473
	4,534,046	4,529,492
Less: Deferred tax assets	(10,215)	(10,215)
Intangible assets	(30,524)	(41,787)
55% of fair value reserve	(16,420)	(13,916)
Unrealised gain in fair value of loans designated at fair value	(1,985)	-
Regulatory reserve	(96,383)	(96,383)
	4,378,519	4,367,191
Tier 2 capital		
● Stage 1 and 2 ECL and regulatory reserve	148,716	132,477
Total capital	4,527,235	4,499,668

2. CAPITAL MANAGEMENT (CONTD)

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

2024 September

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	4,706,244	4,706,244	46,259	3,701
Banks, Development Financial Institutions & MDBs	3,328,128	2,121,062	1,055,145	84,412
Corporates	16,773,158	7,572,660	7,338,308	587,065
Regulatory Retail	522	522	522	42
Residential Mortgages	10,445	10,445	4,649	372
Equity Exposures	28,323	28,324	28,324	2,266
Other Assets	695,199	695,199	511,367	40,909
Defaulted Exposures	1,668	1,668	1,668	133
Total On-Balance Sheet Exposures	25,543,688	15,136,125	8,986,243	718,900
Off-Balance Sheet Exposures:				
Credit-Related Exposures	1,069,792	1,069,792	1,049,918	83,993
Derivatives Financial Instruments	3,056,352	3,056,352	1,861,157	148,893
Total Off-Balance Sheet Exposures	4,126,144	4,126,144	2,911,075	232,886
Total On and Off-Balance Sheet Exposures	29,669,832	19,262,269	11,897,318	951,786
	Long Position RM'000	**Short Position RM'000**		
(ii) Market Risk				
Interest Rate Risk	72,072,486	(71,117,084)	872,250	69,780
Foreign Currency Risk	5,661	(499,092)	499,088	39,927
	72,078,147	(71,616,176)	1,371,338	109,707
(iii) Operational Risk			1,391,489	111,319
Total RWA and Capital Requirements	29,669,832	19,262,269	14,660,145	1,172,812

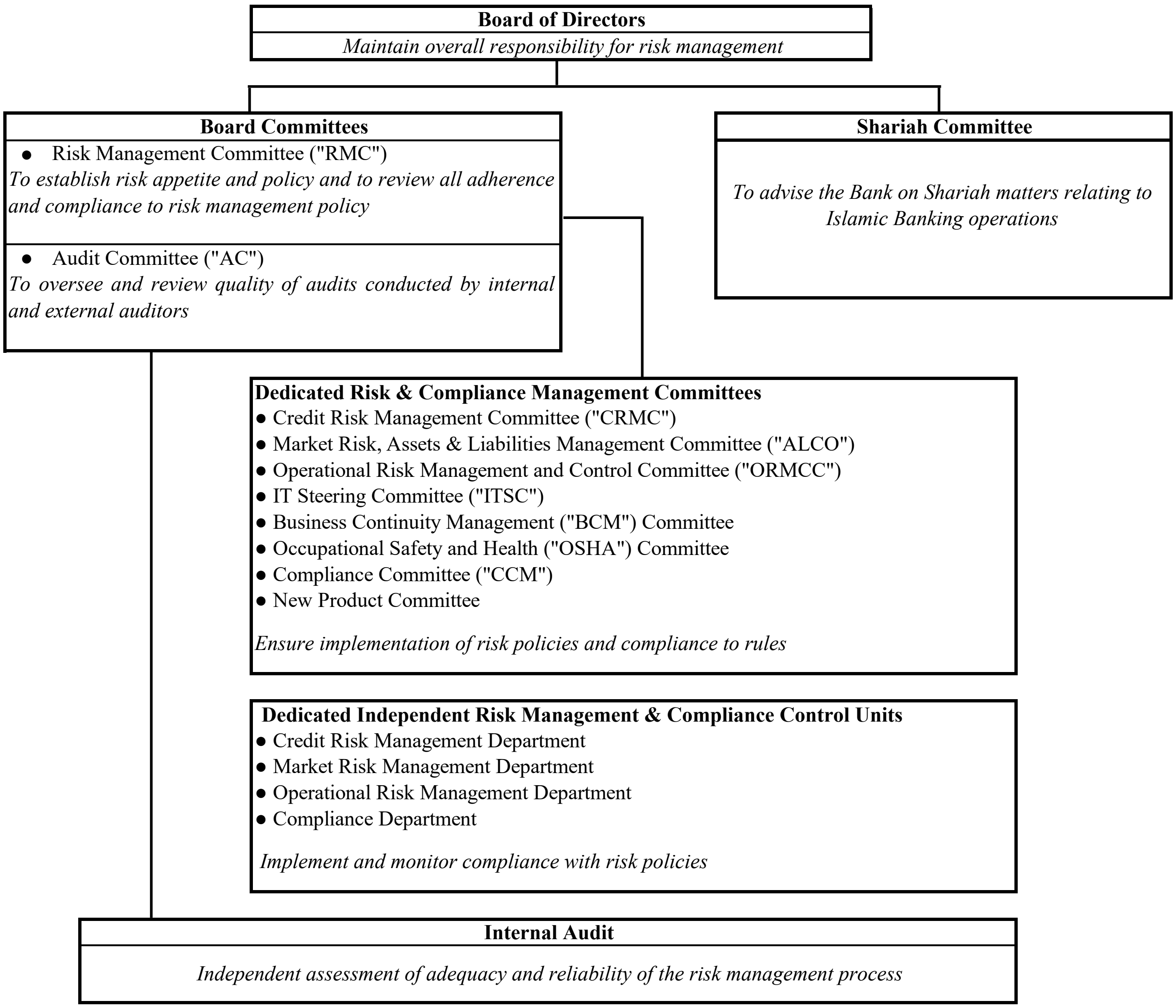
2. CAPITAL MANAGEMENT (CONTD)

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

2024 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	6,891,452	6,891,452	395,200	31,616
Banks, Development Financial Institutions & MDBs	4,597,095	3,875,477	1,039,393	83,151
Corporates	21,765,285	7,266,810	7,067,235	565,379
Regulatory Retail	744	744	744	60
Residential Mortgages	10,762	10,762	4,689	375
Equity Exposures	28,323	28,323	28,323	2,266
Other Assets	360,122	360,122	137,532	11,003
Defaulted Exposures	1,754	1,754	1,754	140
Total On-Balance Sheet Exposures	33,655,537	18,435,444	8,674,870	693,990
Off-Balance Sheet Exposures:				
Credit-Related Exposures	728,900	728,900	705,524	56,442
Securitisation Exposures	3,000	3,000	2,250	180
Derivatives Financial Instruments	1,930,517	1,930,517	1,215,488	97,239
Total Off-Balance Sheet Exposures	2,662,417	2,662,417	1,923,262	153,861
Total On and Off-Balance Sheet Exposures	36,317,954	21,097,861	10,598,132	847,851
(ii) Market Risk	**Long Position RM'000**	**Short Position RM'000**		
Interest Rate Risk	72,414,767	(70,200,988)	1,183,421	94,673
Foreign Currency Risk	4,509	(34,786)	34,784	2,783
	72,419,276	(70,235,774)	1,218,205	97,456
(iii) Operational Risk			1,193,216	95,457
Total RWA and Capital Requirements	36,317,954	21,097,861	13,009,553	1,040,764

3. RISK MANAGEMENT FRAMEWORK

The management of risk within the Bank is governed by a risk management framework, which sets out the risk management governance and infrastructure, risk management processes and control responsibilities. In the Bank, effective risk management is inculcated by a risk awareness culture across all levels of staff in the Bank through effective communication, training, clear policies, procedures and organisational structure, which clearly defined roles and responsibilities as well as the commitment of all employees to a risk management framework. The risk governance of the Bank is as set out below



3. RISK MANAGEMENT FRAMEWORK (CONTD)

The Board is ultimately responsible for the management of risks. The Board, through the RMC, maintains overall responsibilities for risk oversight within the Bank. The risk appetite statement embodies the Bank's stance towards the levels of risks and serves as a guide in the formulation of the Bank's strategic direction and business objectives

The RMC is responsible for total risk oversight covering credit risk, market risk, liquidity risk, compliance risk, operation risk, information security risk and unique risk for Islamic financial business in particular Shariah non-compliance risk. Other key functions of RMC include reviewing risk management policies and limits, reviewing reports on risk exposures and risk portfolio composition and ensuring that infrastructure, resources and systems are in place for risk management activities

The AC is supported by IAD to provide an independent assessment of the adequacy and reliability of the risk management processes and its compliance with risk policies and regulatory requirements.

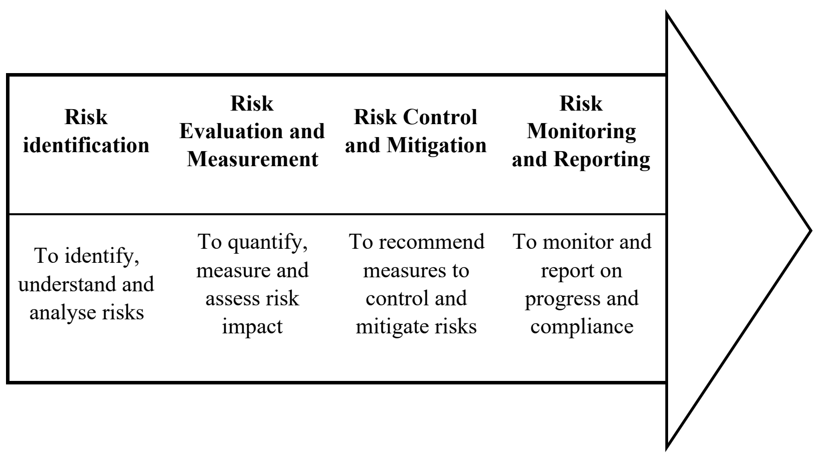
The Shariah Committee ("SC") advises the Bank on Shariah matters relating to the Islamic banking operations. The Committee ensures that the operations of Islamic banking, its products, processes and legal documentation are in line with Shariah principles.

The CRMC, the ALCO, and the ORMCC assist the RMC in managing credit, balance sheet & liquidity, market and operational risks respectively, whereas compliance risk is monitored and managed through Compliance Committee Meeting ("CCM"). These committees are responsible for overseeing the development and implementation of risk management and compliance policies to facilitate the managing and monitoring of risk exposures and portfolio composition. It is also to ensure that adequate infrastructure, resources and systems are put in place to support the risk management and compliance process.

The designated independent risk management control units provide crucial support to the RMC and are responsible for ensuring risk policies are implemented and complied with. They are also responsible for the identification, evaluation, measurement, controlling, monitoring and reporting of risk.

The Bank has established a structured approach to risk management which balances risks against returns, as well as integrated risk management processes across key risk areas. The risk management activities encompass four broad processes namely risk identification, risk evaluation and measurement, risk control and mitigation, risk monitoring and reporting which lead to a balanced risk-return. It is the Bank’s policy that all risk management policies are subject to frequent reviews to ensure that they remain relevant and effective in managing the associated risks arising from changes in both operating and regulatory environments.

The integrated risk management process follows four broad processes:



3. RISK MANAGEMENT FRAMEWORK (CONTD)

Internal Capital Adequacy Assessment Process ("ICAAP")

The Bank has put in place process for assessing its capital adequacy under the BNM's Risk-Weighted Capital Adequacy Framework (Basel II) - Internal Capital Adequacy Assessment Process (Pillar 2) in relation to its risk profile and strategy for maintaining adequate capital levels relative to its risk profile. The Bank's ICAAP framework includes procedures and measures designed to ensure the following

- Appropriate identification and measurement of material risks
- Appropriate level of internal capital relative to the Bank's risk profile
- Sufficient policy and procedures to ensure on-going capital adequacy
- Development and implementation of suitable risk management metholodogies, systems and processes

The Principle of Proportionality is adopted whereby the degree of formalisation and sophistication of the ICAAP is proportionate to the size, nature of business and complexity of Bank's activities. It uses sound techniques and methodologies that commensurate with the current practices and business environment. Material risk assessment is conducted annually covering risks under Pillar 1 & 2 and other risks with documentation of the Bank's risk profile in a risk inventory. Material risk is defined as potential risk exposure that might have impact on the Bank's business operations, profitability, capital and reputation. The material risk assessment is measured by risk frequency and monetary impact and it is reviewed annually to reflect the changes to its business plan, operating environment or other factors, guided by the methodologies, processes, empirical data and assumptions.

The risk inventory assessment and review process ensures that all risks are identified and evaluated for their relevance, materiality, mitigation, management and capitalisation considerations that formed an integral part of internal capital trigger and target setting process.

The Bank's internal capital trigger and target are set to ensure that the Bank's capital level is resilient under stressed economic conditions, commensurate with the risk profile of the Bank and remains above regulatory requirements.

The Bank's capital adequacy ratio is being monitored through Risk Appetite Statement ("RAS") dashboard and is reported to the RMC and the Board on a quarterly basis.

Stress Testing/Reverse Stress Testing

Stress testing framework has been integrated into the Bank's risk management structure and is used as a risk management tool for evaluation of the potential impact on the Bank's capital adequacy and performance under stress conditions. Reverse stress testing ("RST") process is also part of the Bank's stress testing framework with the objective to identify a range of adverse scenarios and trigger points that could potentially threaten the viability of the Bank's business model, including solvency concern and liquidity crunch. The assessment covers the likelihood of such events that could materialise over a time horizon that enables the Bank to identify its potential vulnerabilities and fault lines in its business model.

The stress testing framework is approved by the Board. The Management is actively involved in the process of designing the stress test program, ensuring the assumptions are relevant and consistent with the Bank's risk profile and is conducted properly and any exceptions noted have been dealt with appropriately

The results of the stress test are compared against internal capital trigger and target, as part of the sound capital management process under ICAAP, which are reported to RMC and the Board on a half-yearly basis. The stress test results are deliberated to consider the implications on the Bank's business profile and to consider corrective measures where necessary.

4. CREDIT RISK

Credit risk is the potential loss of revenue as a result of failure by the customers or counterparties to meet their contractual financial obligations. The Bank’s exposure to credit risk is primarily from its lending and financing to large corporations and small and medium-sized companies ("SMEs"). Trading and investing the surplus funds of the Bank, such as trading or holding of debt securities, settlement of transactions, also exposed the Bank to credit risk and counterparty credit risk

Risk Governance

The CRMC supports the RMC in credit risk management oversight. The CRMC reviews the Bank's credit risk framework and policies, aligns credit risk management with business strategies and planning, reviews credit portfolios and recommends necessary actions to ensure that the credit risk remains within established risk tolerance level

The Bank's credit risk management includes the establishment of comprehensive credit risk policies, guidelines and procedures which document the Bank's lending standards, discretionary power for loans approval, credit risk rating, acceptable collateral and valuation, and the review, rehabilitation and restructuring of problematic and delinquent loans. All credit processing officers are guided by credit policies, guidelines and procedures which are periodically reviewed to ensure their continued relevance

Within the risk management control units, the Credit Risk Management Department ("CRMD") has functional responsibility for credit risk management which includes formulating and reviewing credit risk related policies, guidelines and procedures. Other independent risk management and control units are responsible for managing the other risks and ensuring the respective risk policies are implemented and complied with. The department is also involved in post-implementation validation of borrower rating model which include the assessment of accuracy and discriminatory power of rating model

Risk Management Approach

The Bank manages its credit risk by using its internal credit rating system. The purpose of the credit rating system is to objectively evaluate the credit worthiness/credit risk (i.e. the probability of future credit losses over a period of time) of the borrowers which it extends credit. A borrower is not only screened at the time of initial extension of credits but also monitored continuously during the entire term until the full repayment. Efforts are made towards the early detection of latent problems by assessing the credit risk of borrowers on an on-going basis. Credit examination by the holding company is one of the processes used to verify the suitability of a credit rating and the soundness of a portfolio from a third party's perspective to avoid risk concentration within specific industries, specific purposes or secured by the same type c collateral.

Credit risk management reports are regularly presented to both the CRMC and the RMC, containing information on trends across major portfolios, including credit exposure, quality of credit portfolios, results of the credit profiling conducted, significant credit exposures to connected parties and credit concentration by economic sectors and by large single counterparty. Such information allows Management to identify adverse credit trends, take corrective actions and formulate business strategies

Distribution of Credit Exposures

The following tables present the credit exposures of financial assets before the effect of credit risk mitigation, broken down by the relevant category and class of financial assets against the relevant economic sectors, geographical location and maturity. For on-balance sheet exposures, the maximum exposure to credit risk equals their carrying amounts. For financial guarantees, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the obligations for which the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit granted to customers.

4. CREDIT RISK (CONTD)

Distribution of Credit Exposures (Contd)

(a) The following tables present the credit exposures of financial assets of the Bank analysed by economic sectors:

2024 September	Cash and Short-Term Funds RM'000	Reverse Repurchase Agreements RM'000	Deposits and Placement with Financial Institutions RM'000	Financial Assets at FVTPL RM'000	Financial Investments at FVOCI RM'000	Loans, Advances and Financing# RM'000	Embedded Loans Measured at FVTPL RM'000	Purchased Receivables # RM'000	Collateral Deposits Placed RM'000	Derivative Financial Assets RM'000	Statutory Deposits with BNM RM'000	Other Financial Assets RM'000	On-Balance Sheet Total RM'000	Commitments and Contingencies * RM'000
Agricultural	-	-	-	-	-	100,196	-	-	-	-	-	-	100,196	191,190
Mining and quarrying	-	-	-	-	-	296,058	56,336	-	-	11,882	-	-	364,276	218,150
Manufacturing	-	-	-	-	-	1,951,297	40,305	98,537	-	76,147	-	-	2,166,286	4,819,381
Electricity, gas and water	-	-	-	-	-	217,900	-	-	-	5,340	-	-	223,240	1,117,870
Construction	-	-	-	-	-	364,860	682,975	-	-	2,922	-	-	1,050,757	1,114,190
Wholesale, retail trade, restaurants and hotels	-	-	-	-	-	404,015	82,006	1,165	-	58,743	-	-	545,929	3,521,313
Transport, storage and communication	-	-	-	-	-	973,566	246,152	-	-	75,585	-	-	1,295,303	812,000
Finance, insurance, real estate and business services	1,499,601	-	117,449	-	448,094	2,535,637	9,703,402	656,889	433,839	575,061	-	-	15,969,972	5,638,391
Government and government agencies	3,048,000	82,497	21,293	751,580	776,837	-	-	-	-	6,091	37,070	-	4,723,368	-
Households	-	-	-	-	-	12,824	-	-	-	-	-	-	12,824	227
Others	-	-	-	-	2	179,770	377	-	-	111	-	-	180,260	239,402
	4,547,601	82,497	138,742	751,580	1,224,933	7,036,123	10,811,553	756,591	433,839	811,882	37,070	-	26,632,411	17,672,114
Other assets not subject to credit risk	-	-	-	-	-	-	-	-	-	-	-	17,207	17,207	-
	4,547,601	82,497	138,742	751,580	1,224,933	7,036,123	10,811,553	756,591	433,839	811,882	37,070	17,207	26,649,618	17,672,114

Stated at gross.
* Commitments and contingencies excluding derivative financial assets and embedded loans measured at FVTPL.

4. CREDIT RISK (CONTD)

Distribution of Credit Exposures (Contd)

(a) The following tables present the credit exposures of financial assets of the Bank analysed by economic sectors: (Contd)

2024 March	Cash and Short-Term Funds RM'000	Reverse Repurchase Agreements RM'000	Deposits and Placement with Financial Institutions RM'000	Financial Assets at FVTPL RM'000	Financial Investments at FVOCI RM'000	Loans, Advances and Financing # RM'000	Embedded Loans Measured at FVTPL RM'000	Purchased Receivables # RM'000	Collateral Deposits Placed RM'000	Derivative Financial Assets RM'000	Other Financial Assets RM'000	Statutory Deposits with BNM RM'000	On-Balance Sheet Total RM'000	Commitments and Contingencies * RM'000
Agricultural	-	-	-	-	-	-	-	-	-	671	-	-	671	297,225
Mining and quarrying	-	-	-	-	-	357,423	58,594	-	-	13,259	-	-	429,276	248,325
Manufacturing	-	-	-	-	-	1,668,400	172,317	119,115	-	89,798	-	-	2,049,630	5,243,825
Electricity, gas and water	-	-	-	-	-	224,311	-	-	-	2,816	-	-	227,127	1,117,870
Construction	-	-	-	-	-	409,660	668,345	-	-	362	-	-	1,078,367	1,077,063
Wholesale, retail trade, restaurants and hotels	-	-	-	-	-	807,471	98,989	786	-	15,215	-	-	922,461	3,320,362
Transport, storage and communication	-	-	-	-	-	1,065,700	283,835	-	-	23	-	-	1,349,558	865,350
Finance, insurance, real estate and business services	3,667,755	-	131,964	-	28,323	4,678,293	10,992,761	797,942	-	399,656	-	-	20,696,694	2,630,755
Government and government agencies	1,628,000	20,090	1,905,638	2,023,157	1,295,337	-	-	-	120	15,605	352	-	6,888,299	-
Households	-	-	-	-	-	13,581	-	-	-	-	-	-	13,581	-
Others	-	-	-	-	2	570,765	1,133	-	-	-	-	-	571,900	1,681
	5,295,755	20,090	2,037,602	2,023,157	1,323,662	9,795,604	12,275,974	917,843	120	537,405	352	-	34,227,564	14,802,456
Other assets not subject to credit risk	-	-	-	-	-	-	-	-	-	-	-	56,213	56,213	-
	5,295,755	20,090	2,037,602	2,023,157	1,323,662	9,795,604	12,275,974	917,843	120	537,405	352	56,213	34,283,777	14,802,456

Stated at gross.
* Commitments and contingencies excluding derivative financial assets and embedded loans measured at FVTPL.

4. CREDIT RISK (CONTD)

Distribution of Credit Exposures (Contd)

(b) The following tables present the credit exposures of financial assets analysed by geographical location based on where the credit risk resides:

	2024 September		2024 March	
	Malaysia RM'000	Other Countries RM'000	Malaysia RM'000	Other Countries RM'000
Cash and short-term funds	4,048,068	499,533	3,868,109	1,427,646
Reverse repurchase agreements	82,497	-	20,090	-
Deposits and placement with financial institutions	23,066	115,676	1,912,782	124,820
Financial assets at FVTPL	751,580	-	2,023,157	-
Financial investments at FVOCI	993,637	231,296	1,073,907	249,755
Loans, advances and financing	4,827,735	2,208,388	8,413,428	1,382,176
Embedded loans measured at FVTPL *	10,810,115	1,438	12,221,963	54,011
Purchased receivables	130,751	625,840	142,934	774,909
Collateral deposits placed	433,839	-	120	-
Derivative financial assets	589,835	222,047	467,756	69,649
Statutory deposits with Bank Negara Malaysia	37,070	-	352	-
Other assets	17,207	-	56,213	-
On-Balance Sheet Exposures	22,745,400	3,904,218	30,200,811	4,082,966
Off-Balance Sheet Exposures	3,491,268	634,876	2,428,142	234,275
	26,236,668	4,539,094	32,628,953	4,317,241

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

4. CREDIT RISK (CONTD)

Distribution of Credit Exposures (Contd)

(c) The following tables present the residual contractual maturity for major types of gross credit exposures for on-balance sheet exposures of financial assets. Approximately 50% (2024 March: 59%) of the Bank's exposures to customers are short-term, having contractual maturity of one year or less:

2024 September	Up to 1 Month RM'000	1 to 3 Months RM'000	3 to 12 Months RM'000	1 to 5 Years RM'000	Over 5 Years RM'000	No Specific Maturity RM'000	Total RM'000
Assets							
Cash and short-term funds	3,798,068	250,000	-	-	-	499,533	4,547,601
Reverse repurcahse agreements	82,497	-	-	-	-	-	82,497
Deposits and placement with financial institutions	115,676	-	-	-	-	23,066	138,742
Financial assets at FVTPL	-	-	443,414	242,401	65,765	-	751,580
Financial investments at FVOCI	10,001	160,826	296,910	728,873	-	28,323	1,224,933
Loans, advances and financing	1,864,845	626,367	424,400	3,576,433	544,078	-	7,036,123
Embedded loans measured at FVTPL	172,507	577,022	2,774,828	6,636,638	650,558	-	10,811,553
Purchased receivables	332,037	337,028	62,040	25,486	-	-	756,591
Collateral deposits placed	69,100	-	-	364,739	-	-	433,839
Derivative financial assets	156,579	212,843	234,773	161,699	45,988	-	811,882
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	37,070	37,070
Other assets	-	-	-	-	-	17,207	17,207
	6,601,310	2,164,086	4,236,365	11,736,269	1,306,389	605,199	26,649,618

The residual contractual maturity for off-balance sheet exposures is not presented as the total off-balance sheet exposures do not represent future receivables since the Bank expects many of these contingent liabilities and commitments (such as direct credit substitutes and undrawn credit facilities) to expire or unconditionally cancelled by the Bank without them being called or drawn upon, and many of the contingent liabilities (such as letters of credit) are reimbursable by customers.

4. CREDIT RISK (CONTD)

Distribution of Credit Exposures (Contd)

(c) The following tables present the residual contractual maturity for major types of gross credit exposures for on-balance sheet exposures of financial assets. Approximately 50% (2024 March: 59%) of the Bank's exposures to customers are short-term, having contractual maturity of one year or less: (Contd)

2024 March	**Up to 1 Month RM'000**	**1 to 3 Months RM'000**	**3 to 12 Months RM'000**	**1 to 5 Years RM'000**	**Over 5 Years RM'000**	**No Specific Maturity RM'000**	**Total RM'000**
Assets							
Cash and short-term funds	3,348,109	520,000	-	-	-	1,427,646	5,295,755
Reverse repurchase agreements	20,090	-	-	-	-	-	20,090
Deposits and placement with financial institutions	1,377,195	472,250	-	-	-	188,157	2,037,602
Financial assets at FVTPL	-	700,140	973,183	-	349,834	-	2,023,157
Financial investments at FVOCI	199,609	140,120	538,554	417,056	-	28,323	1,323,662
Loans, advances and financing	5,573,996	576,703	662,210	2,144,734	837,961	-	9,795,604
Embedded loans measured at FVTPL	539,937	1,654,049	1,704,417	7,710,639	666,932	-	12,275,974
Purchased receivables	351,742	427,940	138,161	-	-	-	917,843
Collateral deposits placed	120	-	-	-	-	-	120
Derivative financial assets	53,815	48,272	90,704	276,857	67,757	-	537,405
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	352	352
Other assets	-	-	-	-	-	56,213	56,213
	11,464,613	4,539,474	4,107,229	10,549,286	1,922,484	1,700,691	34,283,777

The residual contractual maturity for off-balance sheet exposures is not presented as the total off-balance sheet exposures do not represent future receivables since the Bank expects many of these contingent liabilities and commitments (such as direct credit substitutes and undrawn credit facilities) to expire or unconditionally cancelled by the Bank without them being called or drawn upon, and many of the contingent liabilities (such as letters of credit) are reimbursable by customers.

4. CREDIT RISK (CONTD)

Distribution of Credit Exposures (Contd)

(d) Off-Balance Sheet Exposures and Counterparty Credit Risk

(i) Off-Balance Sheet Exposures

Off-balance sheet exposures of the Bank are mainly from the following:

- Financial guarantees and standby letters of credit, which represent undertakings that the Bank will make payments in the event that a customer cannot meet its obligations to third parties. These exposures carry the same credit risk as loans even though they are contingent in nature;

- Documentary and commercial letters of credit, which are undertakings by the Bank on behalf of the customer. These exposures are usually collateralised by the underlying shipment of goods to which they relate;

- Commitments to extend credit including the unutilised or undrawn portions of credit facilities; and

- Principal/notional amount of derivative financial instruments.

The management of off-balance sheet exposures is in accordance to the credit risk management approach as set out in the above disclosure.

(ii) Counterparty Credit Risk on Derivative Financial Instruments

Counterparty Credit Risk ("CCR") on derivative financial instruments is the risk that the Bank's counterparty in a foreign exchange, interest rate, commodity, equity, options or credit derivative contract defaults prior to maturity date of the contract and that the Bank at the relevant time has a claim on the counterparty. Apart from derivative financial instruments that are originated from customer-driven transactions, the Bank may also take trading derivative positions, within certain pre-set limits, with the expectation to make arbitrage gains from favourable movements in prices or rates

Unlike on-balance sheet financial instruments, the Bank's financial loss is not the entire contracted principal value of the derivatives, but rather a fraction equivalent to the cost to replace the defaulted derivative financial instruments with another similar contract in the market. The Bank will only suffer a replacement cost if the contract carries a fair value gain at time of default

(iii) Risk Management Approach

The CCR arising from all derivative financial instruments is managed via the establishment of counterparty limits and also managed as part of the overall lending limits to banks and customers based on BNM's Single Counterparty Exposure Limit ("SCEL"). Where possible, Over-the-Counter ("OTC") derivative financial instruments, especially Interest Rate Swaps and Options are transacted under master agreements, International Swaps and Derivatives Association ("ISDA") and Credit Support Annex ("CSA") agreements. ISDA allows for the close-out netting in the event of default by a counterparty and CSA provides credit protection with the requirements to post collateral usually in the form of cash or government securities upon any exposure above the agreed threshold levels.

All outstanding financial derivative positions are marked-to-market on a daily basis. Market Risk Management Department ("MRMD") and Processing Department ("PRO") monitor counterparties' positions and promptly request the collateral upon any exposure above the agreed threshold levels with relevant parties. Where possible, the Bank settles its OTC derivatives via the Payment versus-Payment ("PVP") settlement method to further reduce settlement risk. For derivative financial instruments where the PVP settlement method is not possible, the Bank establishes settlement limits through the Bank's credit approval proces

(iv) Credit Rating Downgrade

In the event of a one-notch downgrade of rating for the Bank, based on the terms of the existing CSA of ISDA, the estimated additional collateral to be posted was Nil for 30 September 2024 (2024 March: RM1,889,000).

4. CREDIT RISK (CONTD)

Distribution of Credit Exposures (Contd)

(d) Off-Balance Sheet Exposures and Counterparty Credit Risk (Contd)

(iv) Credit Rating Downgrade (Contd)

The following table presents a breakdown of the off-balance sheet exposures of the Bank:

	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk-Weighted Assets RM'000
2024 September				
Contingent Liabilities				
Direct credit substitutes	597,252		597,252	588,011
Transaction related contingent items	791,834		395,917	385,298
Short-term self liquidating trade-related contingencies	89,289		17,858	17,858
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
● not exceeding one year	23,890		4,778	4,778
● exceeding one year	107,973		53,987	53,973
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	16,061,876		-	-
	17,672,114		1,069,792	1,049,918
Embedded Loans				
Foreign exchange related contracts				
● one year or less	4,772,506	291,885	375,442	187,785
● over one year to five years	11,725,136	424,617	955,881	559,612
● over five years	678,600	77,194	76,819	73,730
Interest rate related contracts				
● one year or less	1,860,083	4,117	2,419	1,267
● over one year to five years	7,524,818	47,473	153,833	65,701
	26,561,143	845,286	1,564,394	888,095
Derivative Financial Instruments				
Foreign exchange related contracts				
● one year or less	25,412,500	601,683	798,741	510,029
● over one year to five years	2,761,617	125,860	271,588	218,648
● over five years	590,245	34,216	118,254	96,217
Interest rate related contracts				
● one year or less	6,234,996	2,192	9,765	3,933
● over one year to five years	9,757,891	35,840	232,930	110,583
● over five years	1,013,048	11,772	57,928	30,900
Currency options *				
● one year or less	162,142	319	2,752	2,752
	45,932,439	811,882	1,491,958	973,062
	90,165,696	1,657,168	4,126,144	2,911,075

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

4. CREDIT RISK (CONTD)

Distribution of Credit Exposures (Contd)

(d) Off-Balance Sheet Exposures and Counterparty Credit Risk (Contd)

(iv) Credit Rating Downgrade (Contd)

The following table presents a breakdown of the off-balance sheet exposures of the Bank: (Contd)

	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk-Weighted Assets RM'000
2024 March				
Contingent Liabilities				
Direct credit substitutes	337,424		337,424	326,975
Transaction related contingent items	633,660		316,830	301,653
Short-term self liquidating trade-related contingencies	85,062		17,013	19,304
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
● not exceeding one year	24,835		4,967	4,967
● exceeding one year	105,332		52,666	52,625
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	13,601,143		-	-
Securitisation exposures	15,000		3,000	2,250
	14,802,456		731,900	707,774
Embedded Loans				
Foreign exchange related contracts				
● one year or less	4,657,107	214,599	130,128	66,345
● over one year to five years	12,055,329	580,468	671,540	386,891
● over five years	724,290	8,585	6,585	3,292
Interest rate related contracts				
● one year or less	3,452,672	8,226	7,896	3,127
● over one year to five years	7,357,010	69,485	111,289	49,102
	28,246,408	881,363	927,438	508,757
Derivative Financial Instruments				
Foreign exchange related contracts				
● one year or less	22,159,864	185,187	427,215	321,998
● over one year to five years	3,366,268	245,398	292,376	212,700
● over five years	590,245	52,673	111,827	83,521
Interest rate related contracts				
● one year or less	4,920,313	6,952	6,274	2,383
● over one year to five years	8,813,980	31,460	106,846	52,252
● over five years	1,195,118	15,084	55,724	31,060
Currency options *				
● one year or less	144,407	651	2,817	2,817
	41,190,195	537,405	1,003,079	706,731
	84,239,059	1,418,768	2,662,417	1,923,262

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

4. CREDIT RISK (CONTD)

Distribution of Credit Exposures (Contd)

(e) Securitisation Exposures

The Bank acts as principal adviser, lead arranger, lead manager, facility agent and/or liquidity provider for third party securitisation with originators. A bankruptcy remote special purpose vehicles, Merdeka Kapital Bhd (“MKB”) and Ziya Capital Berhad ("Ziya") or (collectively "SPVs") was established to enter into an agreement with multi-originators to purchase or acquire portfolios of Receivables from them and in turn the SPVs will fund its purchase by issuing series of Asset-backed Medium-Term Notes ("MTNs") backed by such portfolio of Receivables. Horizon Funding Corporation (a bankruptcy remote SPV incorporated in Cayman Islands), acts as a funding vehicle to subscribe to the issuance under the Asset-Backed MTNs Programme.

Both MKB (Conventional Securitization SPV) and Ziya (Islamic Securitization SPV) have its own unrated Asset-backed MTN Programme. The Bank only provides liquidity facility to MKB and is recognised as off-balance sheet in the banking book. The Bank will also act as a derivative counterparty for the SPVs. To-date, only MKB transaction left as Ziya's transaction has matured in July 2021

Risk Management Approach

The Bank provides liquidity facility to MKB to cover short-term cash flows disruptions for each of the securitisation exposures. The credit and liquidity risks of the Bank is mitigated by the respective waterfall payment obligations of MKB and Ziya. In this instance, the repayment obligation to the Bank as liquidity provider has been made amongst the top priority in the waterfall payment (normally after tax payment obligations to the authorities)

The use of this liquidity facility by MKB is limited to cover short-term cash flows disruptions in relation to payment obligation in respect of each securitisation exposures. It must not be drawn to provide credit support, cover losses sustained or act as a revolving fund. In addition, the liquidity facility can only be drawn subject to the conditions that no potential of default or event of default has occurred as well as other terms and conditions set forth in the liquidity facility agreements entered into

Regulatory Capital Requirements

The following table presents the outstanding securitisation exposures of the Bank:

	2024 September RM'000	**2024 March RM'000**
Traditional securitisation of third party exposures	-	15,000

The following tables present the minimum regulatory capital requirement on securitisation exposures:

	Principal Amount RM'000	**Credit Equivalent Amount RM'000**	**Risk-Weighted Assets RM'000**	**Minimum Capital Requirements at 8% RM'000**
2024 September				
Off-balance sheet				
• Auto loans	-	-	-	-
2024 March				
Off-balance sheet				
• Auto loans	15,000	3,000	2,250	180

4. CREDIT RISK (CONTD)

Credit Risk Mitigation

The Bank's approach in granting credit facilities is based on the credit standing of the customer, source of repayment and debt servicing ability rather than placing primary reliance on Credit Risk Mitigants ("CRM"). Depending on the customer's standing and the type of product, facilities may be provided unsecured. Nevertheless, mitigation of credit risk is a key aspect of effective risk management and takes many forms.

The main types of collateral obtained by the Bank to mitigate credit risk are as follows:

(a) for corporate loans - secured by corporate guarantees and charges over properties or assets being financed.

(b) for retail mortgages - charges over residential properties.

(c) for derivatives - additional margin for exposures above the agreed threshold.

There is no material concentration of CRM held. Presently, the CRM that includes bank guarantees and shares are governed by various monitoring limits to ensure such concentration risk is properly managed.

The reliance that can be placed on CRM is carefully assessed in light of issues such as legal enforceability, market value and counterparty credit risk of the guarantor. Policies and procedures are in place to govern the protection of the Bank's position from the onset of a customer relationship, for instance in requiring standard terms and conditions or specifically agreed upon documentation to ensure the legal enforceability of the credit risk mitigants

The valuation of CRM seeks to monitor and ensure that they will continue to provide the credit protection. Policy on the periodic valuation updates of CRM is in place to ensure this. The value of properties taken as collateral is generally updated from time to time during the review of the customers' facilities to reflect the current market value. The quality, liquidity and collateral type will determine the appropriate haircuts or discounts applied on the market value of the collateral

Where there is a currency mismatch, haircuts are applied to protect against currency fluctuations, in addition to ongoing review and controls over maturity mismatch between collateral and exposures. For mortgage loans, the collateral in the form of residential property, is required to be insured at all times against the peril of fire and other associated risks. In addition, customers are generally insured against major risks, such as death and permanent disability.

Currently, the Bank does not employ the use of derivative credit instruments such as credit default swaps, structured credit notes and securitisation structures to mitigate the Bank's credit exposures. In addition, the Bank enters into master netting arrangements with its derivative counterparties to reduce the credit risk where in the event of default, all amounts with the counterparty are settled on a net basis. Separately, the Bank has started obtaining third party cash collateral in its credit granting process

4. CREDIT RISK (CONTD)

Credit Risk Mitigation (Contd)

The following tables present the credit exposures covered by eligible financial collateral and financial guarantees as defined under the Standardised Approach. Eligible financial collateral consists primarily of corporate guarantees, properties, cash, securities from listed exchange or other marketable securities. The Bank does not have any credit exposure which is reduced through the application of other eligible collateral.

Exposure Class	**Total Exposures before CRM RM'000**	**Total Exposures covered by Guarantees RM'000**	**Total Exposures covered by Financial Collaterals RM'000**	**Total Exposures covered by Other Eligible Collaterals RM'000**
2024 September				
Credit Risk				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	4,706,244	-	-	-
Banks, Development Financial Institutions & MDBs	3,328,128	1,207,065	-	-
Corporates	16,773,158	820,600	8,379,898	-
Regulatory Retail	522	-	-	-
Residential Mortgages	10,445	-	-	-
Equity Exposures	28,323	-	-	-
Other Assets	695,199	-	-	-
Defaulted Exposures	1,668	-	-	-
Total On-Balance Sheet Exposures	25,543,688	2,027,665	8,379,898	-
Off-Balance Sheet Exposures:				
Credit-related exposures	1,069,792	-	-	-
Derivatives financial instruments	3,056,352	-	-	-
Total Off-Balance Sheet Exposures	4,126,144	-	-	-
Total Credit Exposures	29,669,832	2,027,665	8,379,898	-
2024 March				
Credit Risk				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	6,891,452	-	-	-
Banks, Development Financial Institutions & MDBs	4,597,095	721,618	-	-
Corporates	21,765,285	1,009,297	13,489,178	-
Regulatory Retail	744	-	-	-
Residential Mortgages	10,762	-	-	-
Equity Exposures	28,323	-	-	-
Other Assets	360,122	-	-	-
Defaulted Exposures	1,754	-	-	-
Total On-Balance Sheet Exposures	33,655,537	1,730,915	13,489,178	-
Off-Balance Sheet Exposures:				
Credit-related exposures	728,900	-	-	-
Securitisation exposures	3,000	-	-	-
Derivatives financial instruments	1,930,517	-	-	-
Total Off-Balance Sheet Exposures	2,662,417	-	-	-
Total Credit Exposures	36,317,954	1,730,915	13,489,178	-

4. CREDIT RISK (CONTD)

Assignment of Risk Weights for Portfolios Under the Standardised Approach

Under the Standardised Approach, the Bank makes use of credit ratings assigned by credit rating agencies in its calculation of credit risk-weighted assets. The following are the rating agencies or External Credit Assessment Institutions ("ECAI") ratings used by the Bank and are recognised by BNM in the CAF:

(a) Standard & Poor's Rating Services ("S&P")
(b) Moody's Investors Services ("Moody's")
(c) Fitch Ratings ("Fitch")
(d) RAM Rating Services Berhad ("RAM")
(e) Malaysian Rating Corporation Berhad ("MARC")

The ECAI ratings accorded to the following counterparty exposure classes are used in the calculation of risk-weighted assets for capital adequacy purposes:

(a) Banking institutions
(b) Corporates

Unrated and Rated Counterparties

The majority of the Bank's credit and counterparties exposures are unrated. Otherwise, in general, the rating specific to the credit exposure is used, i.e. the issuer rating. Where no specific rating exists, the credit rating assigned to the issuer or counterparty of that particular credit exposure is used. In cases where an exposure has neither an issue nor issuer rating, it is deemed as unrated or the rating of another rated obligation of the same counterparty may be used if the exposure is ranked at least pari passu with the obligation that is rated, as stipulated in the CAF. Where a counterparty or an exposure is rated by more than one ECAI, the second highest rating is then used to determine the risk weight. In cases where the credit exposures are secured by guarantees issued by eligible or rated guarantors, the risk weights similar to that of the guarantor are assigned.

The following is a summary of the rules governing the assignment of risk weights under the Standardised Approach:

Corporates

Rating Category	S&P	Moody's	Fitch	RAM	MARC	Risk weights
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA3	AAA to AA-	20%
2	A+ to A-	A1 to A3	A+ to A-	A1 to A3	A+ to A-	50%
3	BBB+ to BB-	Baa1 to Ba3	BBB+ to BB-	BBB1 to BB3	BBB+ to BB-	100%
4	B+ to D	B1 to C	B+ to D	B1 to D	B+ to D	150%
5	Unrated	Unrated	Unrated	Unrated	Unrated	100%

Banking Institutions

Rating Category	S&P	Moody's	Fitch	RAM	MARC	Risk weights
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA3	AAA to AA-	20%
2	A+ to A-	A1 to A3	A+ to A-	A1 to A3	A+ to A-	50%
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBB1 to BBB3	BBB+ to BBB-	50%
4	BB+ to B-	Ba1 to B3	BB+ to B-	BB1 to B3	BB+ to B-	100%
5	CCC+ to D	Caa1 to C	CCC+ to D	C1 to D	C+ to D	150%
6	Unrated	Unrated	Unrated	Unrated	Unrated	50%

Sovereigns and Central Banks

Exposures to BNM denominated and funded in Ringgit Malaysia is assigned a preferential risk weight of 0% as stipulated in the CAF.

4. CREDIT RISK (CONTD)

Assignment of Risk Weights for Portfolios Under the Standardised Approach (Contd)

2024 September

Credit Exposure	Ratings of Sovereign and Central Banks by Approved ECAIs						
	1	2	3	4	5	Unrated	Total
On and Off Balance Sheet Exposures							
Sovereign/Central Banks	4,706,244	-	-	-	-	-	4,706,244

Credit Exposure	Ratings of Banking Institutions by Approved ECAIs						
	1	2	3	4	5	Unrated	Total
On and Off Balance Sheet Exposures							
Banks, Development Financial Institutions & MDBs	2,538,143	2,169,260	-	70,372	-	-	4,777,775

Credit Exposure	<--------------- Ratings of Corporate by Approved ECAIs --------------->					
	1	2	3	4	Unrated	Total
On and Off Balance Sheet Exposures						
Public Sector Entities	-	-	-	-	59,813	59,813
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	147,571	147,571
Corporates	6,359,714	820,843	-	-	12,061,602	19,242,159
Regulatory Retail	-	-	-	-	522	522
Residential Mortgages	-	-	-	-	12,166	12,166
Other Assets	-	-	-	-	695,259	695,259
Equity Exposure	-	-	-	-	28,323	28,323
	6,359,714	820,843	-	-	13,005,256	20,185,813

4. CREDIT RISK (CONTD)

Assignment of Risk Weights for Portfolios Under the Standardised Approach (Contd)

2024 March

Credit Exposure	Ratings of Sovereign and Central Banks by Approved ECAIs						
	1	2	3	4	5	Unrated	Total
On and Off Balance Sheet Exposures							
Sovereign/Central Banks	6,891,452	-	-	-	-	-	6,891,452

Credit Exposure	Ratings of Banking Institutions by Approved ECAIs						
	1	2	3	4	5	Unrated	Total
On and Off Balance Sheet Exposures							
Banks, Development Financial Institutions & MDBs	4,563,224	1,179,216	-	76,324	4,585	-	5,823,349

Credit Exposure	<--------------- Ratings of Corporate by Approved ECAIs --------------->					
	1	2	3	4	Unrated	Total
On and Off Balance Sheet Exposures						
Public Sector Entities	-	-	-	-	28,933	28,933
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	33,115	33,115
Corporates	6,916,028	893,208	-	-	15,326,999	23,136,235
Regulatory Retail	-	-	-	-	744	744
Residential Mortgages	-	-	-	-	12,681	12,681
Other Assets	-	-	-	-	360,122	360,122
Securitisation Exposure	-	-	-	-	3,000	3,000
Equity Exposure	-	-	-	-	28,323	28,323
	6,916,028	893,208	-	-	15,793,917	23,603,153

4. CREDIT RISK (CONTD)

Assignment of Risk Weights for Portfolios Under the Standardised Approach (Contd)

The following tables present the credit exposures by risk weights and after credit risk mitigation of the Bank:

2024 September	<------	------	------	------	**Exposures after Netting and Credit Risk Mitigation**	------	------	------	------	------>		
Risk Weights	**Sovereigns / Central Banks RM'000**	**Public Sector Entities RM'000**	**Banks, Development Financial Institutions & MDBs RM'000**	**Insurance Cos, Securities Firms & Fund Managers RM'000**	**Corporates RM'000**	**Regulatory Retail RM'000**	**Residential Mortgages RM'000**	**Securitisation Exposures RM'000**	**Equity Exposures RM'000**	**Other Assets RM'000**	**Total Exposures after Netting and Credit Risk Mitigation RM'000**	**Total Risk-Weighted Assets RM'000**
0%	4,474,947	-	-	-	400,049	-	-	-	-	175,542	5,050,538	-
20%	231,297	-	2,226,063	-	462,457	-	-	-	-	10,361	2,930,178	812,572
35%	-	-	-	-	-	-	7,341	-	-	-	7,341	2,570
50%	-	-	1,274,275	-	2,705	-	1,599	-	-	-	1,278,579	1,086,782
75%	-	-	-	-	-	-	952	-	-	-	952	714
100%	-	59,813	70,372	147,571	9,176,450	522	2,274	-	28,323	509,356	9,994,681	9,994,680
150%	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	4,706,244	59,813	3,570,710	147,571	10,041,661	522	12,166	-	28,323	695,259	19,262,269	11,897,318
Risk-Weighted Assets by Exposures	46,259	59,813	1,662,631	147,571	9,434,414	522	6,357	-	28,323	511,428	11,897,318	
Average Risk Weight	1%	100%	47%	100%	94%	100%	52%	0%	100%	74%	62%	
Deduction from Total Capital			-					-	-		-	

MUFG BANK (MALAYSIA) BERHAD
Registration No. 199401016638 (302316-U)
(Incorporated in Malaysia)

4. CREDIT RISK (CONTD)

Assignment of Risk Weights for Portfolios Under the Standardised Approach (Contd)

The following tables present the credit exposures by risk weights and after credit risk mitigation of the Bank: (Contd)

2024 March	<---------- **Exposures after Netting and Credit Risk Mitigation** ---------->											
Risk Weights	**Sovereigns / Central Banks RM'000**	**Public Sector Entities RM'000**	**Banks, Development Financial Institutions & MDBs RM'000**	**Insurance Cos, Securities Firms & Fund Managers RM'000**	**Corporates RM'000**	**Regulatory Retail RM'000**	**Residential Mortgages RM'000**	**Securitisation Exposures RM'000**	**Equity Exposures RM'000**	**Other Assets RM'000**	**Total Exposures after Netting and Credit Risk Mitigation RM'000**	**Total Risk-Weighted Assets RM'000**
0%	4,915,452	-	-	-	400,246	-	-	-	-	214,301	5,529,999	-
20%	1,976,000	-	4,037,887	-	71,291	-	-	-	-	10,361	6,095,539	1,526,035
35%	-	-	-	-	-	-	7,858	-	-	-	7,858	2,750
50%	-	-	982,936	-	4,652	-	1,575	-	-	-	989,163	592,722
75%	-	-	-	-	-	-	875	3,000	-	-	3,875	2,906
100%	-	28,933	76,324	33,115	8,161,571	744	2,372	-	28,323	135,460	8,466,842	8,466,842
150%	-	-	4,585	-	-	-	-	-	-	-	4,585	6,877
Total Exposures	6,891,452	28,933	5,101,732	33,115	8,637,760	744	12,680	3,000	28,323	360,122	21,097,861	10,598,132
Risk-Weighted Assets by Exposures	395,200	28,933	1,585,454	33,115	8,380,015	744	6,567	2,250	28,323	137,531	10,598,132	
Average Risk Weight	6%	100%	31%	100%	97%	100%	52%	75%	100%	38%	50%	
Deduction from Total Capital			-					-	-		-	

4. CREDIT RISK (CONTD)

Credit Quality of Gross Loans, Advances and Financing

The tables below present the gross loans, advances and financing analysed by credit quality:

	2024 September				2024 March			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Neither past due nor credit-impaired								
Normal grades	3,650,703	2,918,333	-	6,569,036	9,192,560	40,020	-	9,232,580
Close watch	-	209,331	-	209,331	-	244,398	-	244,398
Past due but not credit-impaired								
Normal grades	-	1,193	-	1,193	-	1,364	-	1,364
Credit-impaired								
Past due	-	-	522	522	-	-	797	797
Not past due	-	-	1	1	-	-	4	4
	3,650,703	3,128,857	523	6,780,083	9,192,560	285,782	801	9,479,143

	2024 September RM'000	2024 March RM'000
Gross credit-impaired loans as a percentage of gross loans, advances and financing	0.01%	0.01%

(a) Past due but not credit-impaired

Past due but not credit-impaired loans, advances and financing are loans where the customer has failed to make a principal or interest payment when contractually due and includes loans which are due one or more days after the contractual due date but less than 3 months. The past due but not impaired loans, advances and financing of the Bank as at 30 September 2024 was 0.02% (2024 March: 0.01%).

The amount of past due but not credit-impaired loans breakdown by economic sector is as follows:

	2024 September RM'000	2024 March RM'000
Household	1,193	1,364

The amount of past due but not credit-impaired loans breakdown by geographical location is as follows:

	2024 September		2024 March	
	Malaysia RM'000	Other Countries RM'000	Malaysia RM'000	Other Countries RM'000
Past due but not credit-impaired	1,193	-	1,364	-

4. CREDIT RISK (CONTD)

Credit Quality of Gross Loans, Advances and Financing (Contd)

(b) Credit-impaired Loans, Advances and Financing

The Bank assesses, at each reporting period, whether there is any objective evidence that an individually significant loan is impaired. If there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows discounted at the loan's original effective interest rate. The carrying amount of the loan is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

All loans, advances and financing that have been individually evaluated but not considered to be individually impaired are grouped on the basis of similar credit risk characteristics for collective impairment assessment, taking into account the historical loss experience of such loans. The Model Risk Adjustment ("MRA") may be applied due to lack of loss data, when making provision by benchmarking for relevant probability of default against the holding company or peer results, if applicabl‹

Credit-impaired loans, advances and financing are loans whereby payments of principal or interest or both are past due for three (3) months or more, or loans which are past due for less than three (3) months which exhibit indications of credit weaknesses, or impaired loans which have been restructured/rescheduled, but where repayments based on the revised terms have yet to fulfil the observation period required under the Bank's impairment policy

The movements in impaired loans, advances and financing are set out in Note 16(i), the movements in impairment allowances are set out in Note 16(j) and the amount of impaired loans, advances and financing broken down by economic sector and geographical location are set out in Note 16(g) and Note 16(h) to the financial statement

The amount of expected credit losses by economic purpose is as follows:

	2024 September		2024 March	
	Stage 1 and 2 Expected Credit Loss RM'000	Stage 3 Expected Credit Loss RM'000	Stage 1 and 2 Expected Credit Loss RM'000	Stage 3 Expected Credit Loss RM'000
Agricultural, hunting, forestry and fishing	206	-	-	-
Mining and quarrying	108	-	96	-
Manufacturing	25,014	-	17,335	-
Electricity, gas and water	27	-	21	-
Construction	1,749	-	3,299	-
Wholesale, retail trade, restaurants and hotels	993	-	480	-
Transport, storage and communication	963	-	916	-
Finance, insurance, real estate and business services	15,011	-	1,174	-
Households	575	168	195	265
Others	102	-	677	-
	44,748	168	24,193	265

The charges for allowance for stage 3 expected credit losses during the year is as follows:

	Stage 3 Lifetime ECL Credit-Impaired 2024 March RM'000	Allowance for the Year RM'000	Stage 3 Lifetime ECL Credit-Impaired 2024 September RM'000
Household	265	(97)	168

4. CREDIT RISK (CONTD)

Credit Quality of Gross Loans, Advances and Financing (Contd)

(c) The amount of allowance for expected credit losses by geographical location and loans written off by economic sector are as per table below:

Impairment allowances by geographical location:

	2024 September RM'000	2024 March RM'000
Malaysia		
● Stage 1 - 12-month ECL	6,807	8,155
● Stage 2 - lifetime ECL not credit-impairec	27,067	15,122
● Stage 3 - lifetime ECL credit-impairec	168	265
	34,042	23,542
Other countries		
● Stage 1 - 12-month ECL	988	916
● Stage 2 - lifetime ECL not credit-impairec	9,886	-
	10,874	916

5. MARKET RISK

Market risk is the risk of loss arising from movements in market variables, such as interest rates, credit spreads, commodity prices, equity prices and foreign exchange rates. In addition, the market risk of Islamic Banking business of the Bank includes rate of return risk and displaced commercial risk.

Regulatory Capital Requirements

The Bank has adopted the Standardised Approach for market risk. The following tables present the minimum regulatory capital requirement o market risk:

	Long Position RM'000	Short Position RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
2024 September				
Interest rate risk - general interest rate risk	72,072,486	(71,117,084)	872,250	69,780
Foreign exchange risk	5,661	(499,092)	499,088	39,927
	72,078,147	(71,616,176)	1,371,338	109,707
2024 March				
Interest rate risk - general interest rate risk	72,414,767	(70,200,988)	1,183,421	94,673
Foreign exchange risk	4,509	(34,786)	34,784	2,783
	72,419,276	(70,235,774)	1,218,205	97,456

Risk Governance

The Bank has established Trading Book and Hedging Policy as guidance for market risk management framework and policies. The ALCO supports the RMC in market risk management oversight, meets regularly and is the forum to discuss and aligns market risk management with business strategies and planning and recommends actions to ensure that the market risks remain within established risk tolerance level

For effective control of market risk, triggers and limits are established after taking into account the Bank's risk appetite, and approved by the Board. Trading exposures are subject to intraday limits and daily limit. This is monitored and escalated by independent unit to relevant business unit, Management and ALCO on regular basis.

Risk Management Approach

Interest Rate Risk/Rate of Return in the Banking Book

Interest rate risk in the banking book ("IRRBB") and Rate of Return ("ROR") arises from the changes in market interest rate that adversely impact on the Bank's net interest income. One of the primary sources is due to repricing mismatches of the Bank's banking assets and liabilities and also from the Bank's investment of its surplus funds

The primary objective in managing the IRRBB is to manage the volatility in the Bank's earnings. This is achieved in a variety of ways that involve the offsetting of positions against each other for any matching assets and liabilities, the acquisition of new financial assets to narrow the mismatch in interest rate sensitive assets and liabilities and entering into derivative financial instruments which have the opposite effect

The Bank uses various tools including repricing gap reports and stress tests to measure its IRRBB. The impact on earnings is considered at all times in measuring the IRRBB and is subject to limits approved by the Board.

5. MARKET RISK (CONTD)

Risk Management Approach (Contd)

Interest Rate Risk/Rate of Return in the Banking Book (Contd)

The following tables sets out the Bank's sensitivity to interest rates by time band based on the earlier of contractual repricing date and maturity date. Actual repricing dates may differ from contractual repricing dates due to prepayment of loans or early withdrawal of deposits. As at 30 September 2024, the Bank had an overall positive interest rate gap of RM9,394,215,000 (2024 March: RM8,104,293,000), being the net difference between interest sensitive assets and liabilities

Sensitivity of Profit

The table below shows the senstitivity of the Bank's banking book to movement in the interest rates:

	2024 September	2024 March
	Increase/(Decrease)	
Impact on earnings from 200 bps parallel shift	**RM'000**	**RM'000**
MYR	98,179	66,295
USD	(6,965)	(33,518)
SGD	(340)	(285)
Others	(5,804)	(6,131)
Total	85,071	26,361
Impact on economic value from 200 bps parallel shift	**RM'000**	**RM'000**
MYR	37,687	27,159
USD	4,389	6,352
SGD	1,048	910
Others	7,703	8,253
Total	50,828	42,675

The sensitivity analysis is measured using Earning at Risk ("EaR") methodology and are based on the balance sheet reporting date. It does not take into account actions that would be taken by treasury operations or business units to mitigate the impact of this interest rate risk. In reality, treasury operations seek to proactively change the interest rate risk profile to minimise losses and maximise net revenues. The projection assumes that interest rates of all maturities move by the same amount and therefore, do not reflect the potential impact on earnings of some rates changing while others remain unchanged. The projection also assumes constant statements of financial position and that all positions run to maturity.

The repricing profile of loans that does not have maturity is based on the earliest possible repricing dates. Actual dates may differ from contractual dates owing to prepayments. The impacts on earnings are measured on a monthly basis and are reported to the Market Risk, Assets and Liabilities Management Committee ("ALCO") and RMC

5. MARKET RISK (CONTD)

Risk Management Approach (Contd)

(a) Interest Rate Risk

The Bank is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The following tables indicate the effective interest rate at the reporting date and the Bank's sensitivity to the interest rate by time band based on the earlier of contractual reprising date and maturity date:

	<----------	Non-Trading Book				---------->			
2024 September	**Up to 1 Month RM'000**	**1 to 3 Months RM'000**	**3 to 12 Months RM'000**	**1 to 5 Years RM'000**	**Over 5 Years RM'000**	**Non-Interest Sensitive RM'000**	**Trading Book RM'000**	**Total RM'000**	**Effective Interest Rate %**
Financial assets									
Cash and short-term funds	3,798,068	250,000	-	-	-	499,533	-	4,547,601	2.63
Reverse repurchase agreements	82,497	-	-	-	-	-	-	82,497	2.98
Deposits and placements with financial institutions	115,676	-	-	-	-	23,066	-	138,742	0.02
Financial assets at FVTPL	-	-	443,414	242,401	65,765	-	-	751,580	1.00
Financial investments at FVOCI	10,001	160,826	296,910	728,873	-	28,323	-	1,224,933	1.89
Loans, advances and financing									
- Non-impaired	1,864,716	626,327	424,400	3,581,296	549,726	(10,865)	-	7,035,600	5.34
- Impaired *	1	-	-	14	340	-	-	355	
- 12-month ECL and lifetime ECL not credit-impaired	-	-	-	-	-	(44,748)	-	(44,748)	
Embedded loans measured at FVTPL	172,507	577,022	2,774,828	6,636,638	650,558	-	-	10,811,553	5.73
Purchased receivables	332,037	337,028	62,040	25,486	-	(325)	-	756,266	2.71
Collateral deposits placed	69,100	-	-	364,739	-	-	-	433,839	4.00
Derivative financial assets	-	-	-	-	-	-	811,882	811,882	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	37,070	-	37,070	
Other assets	-	-	-	-	-	17,207	-	17,207	
	6,444,603	1,951,203	4,001,592	11,579,447	1,266,389	549,261	811,882	26,604,377	
Non-financial assets									
Property, plant and equipment	-	-	-	-	-	24,659	-	24,659	
Intangible assets	-	-	-	-	-	30,524	-	30,524	
Right-of-use assets	-	-	-	-	-	15,198	-	15,198	
Prepayments	-	-	-	-	-	1,029	-	1,029	
Deferred tax assets	-	-	-	-	-	10,215	-	10,215	
	-	-	-	-	-	81,625	-	81,625	
Total assets	6,444,603	1,951,203	4,001,592	11,579,447	1,266,389	630,886	811,882	26,686,002	

* This is arrived after deducting the ECL from the outstanding gross impaired loans, advances and financing.

5. MARKET RISK (CONTD)

Risk Management Approach (Contd)

(a) Interest Rate Risk (Contd)

	<---- Non-Trading Book					---->			
2024 September	**Up to 1 Month RM'000**	**1 to 3 Months RM'000**	**3 to 12 Months RM'000**	**1 to 5 Years RM'000**	**Over 5 Years RM'000**	**Non-Interest Sensitive RM'000**	**Trading Book RM'000**	**Total RM'000**	**Effective Interest Rate %**
Liabilities									
Deposits from customers	3,497,489	1,465,377	248,448	-	-	4,981,013	-	10,192,327	3.52
Deposits and placements of banks and other financial institutions	767,969	247,254	105,966	-	-	8,516	-	1,129,705	3.71
Collateral deposits received	2,655,794	405,726	1,749,255	3,468,831	969,912	-	-	9,249,518	4.79
Derivative financial liabilities	-	-	-	-	-	-	1,065,197	1,065,197	
Other liabilities	-	-	-	-	-	259,114	-	259,114	
Lease liabilities	283	569	2,066	9,905	860	-	-	13,683	2.92
	6,921,535	2,118,926	2,105,735	3,478,736	970,772	5,248,643	1,065,197	21,909,544	
On-balance sheet interest sensitivity gap	(476,932)	(167,723)	1,895,857	8,100,711	295,617	(4,617,757)	(253,315)	4,776,458	
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	638,891	638,891	
Total interest sensitivity gap	(476,932)	(167,723)	1,895,857	8,100,711	295,617	(4,617,757)	385,576	5,415,349	

5. MARKET RISK (CONTD)

Risk Management Approach (Contd)

(a) Interest Rate Risk (Contd)

2024 March	<---- Non-Trading Book ---- Up to 1 Month RM'000	1 to 3 Months RM'000	3 to 12 Months RM'000	1 to 5 Years RM'000	Over 5 Years RM'000	Non-Interest Sensitive RM'000 ---->	Trading Book RM'000	Total RM'000	Effective Interest Rate %
Financial assets									
Cash and short-term funds	3,348,109	520,000	-	-	-	1,427,646	-	5,295,755	4.77
Reverse repurchase agreements	20,090	-	-	-	-	-	-	20,090	2.98
Deposits and placements with financial institutions	1,377,195	472,250	-	-	-	188,157	-	2,037,602	0.09
Financial assets at FVTPL	-	700,140	973,183	-	349,834	-	-	2,023,157	1.01
Financial investments at FVOCI	199,609	140,120	538,554	417,056	-	28,323	-	1,323,662	2.68
Loans, advances and financing									
- Non-impaired	5,573,765	576,701	662,154	2,144,720	850,293	(12,830)	-	9,794,803	5.73
- Impaired *	5	2	17	14	498	-	-	536	
- 12-month ECL and lifetime ECL not credit-impaired	-	-	-	-	-	(24,193)	-	(24,193)	
Embedded loans measured at FVTPL	539,937	1,654,049	1,704,417	7,710,639	666,932	-	-	12,275,974	6.12
Purchased receivables	351,742	427,940	138,161	-	-	(323)	-	917,520	3.48
Collateral deposits placed	120	-	-	-	-	-	-	120	3.02
Derivative financial assets	-	-	-	-	-	-	537,405	537,405	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	352	-	352	
Other assets	-	-	-	-	-	56,213	-	56,213	
	11,410,572	4,491,202	4,016,486	10,272,429	1,867,557	1,663,345	537,405	34,258,996	
Non-financial assets									
Property, plant and equipment	-	-	-	-	-	27,262	-	27,262	
Intangible assets	-	-	-	-	-	41,787	-	41,787	
Right-of-use assets	-	-	-	-	-	16,564	-	16,564	
Prepayments	-	-	-	-	-	2,447	-	2,447	
Deferred tax assets	-	-	-	-	-	10,215	-	10,215	
	-	-	-	-	-	98,275	-	98,275	
Total assets	11,410,572	4,491,202	4,016,486	10,272,429	1,867,557	1,761,620	537,405	34,357,271	

* This is arrived after deducting the ECL from the outstanding gross impaired loans, advances and financing.

5. MARKET RISK (CONTD)

Risk Management Approach (Contd)

(a) Interest Rate Risk (Contd)

2024 March	<--- Non-Trading Book Up to 1 Month RM'000	1 to 3 Months RM'000	3 to 12 Months RM'000	1 to 5 Years RM'000	Over 5 Years RM'000	Non-Interest Sensitive RM'000 --->	Trading Book RM'000	Total RM'000	Effective Interest Rate %
Liabilities									
Deposits from customers	5,614,283	1,475,808	150,340	-	-	5,035,693	-	12,276,124	3.66
Deposits and placements of banks and other financial institutions	666,094	276,547	71,577	-	-	-	-	1,014,218	4.07
Collateral deposits received	6,185,403	1,722,320	1,264,403	5,248,091	1,229,235	-	-	15,649,452	5.08
Derivative financial liabilities	-	-	-	-	-	-	572,688	572,688	
Other liabilities	-	-	-	-	-	265,021	-	265,021	
Lease liabilities	483	446	1,976	9,529	2,135	-	-	14,569	2.91
	12,466,263	3,475,121	1,488,296	5,257,620	1,231,370	5,300,714	572,688	29,792,072	
On-balance sheet interest sensitivity gap	(1,055,691)	1,016,081	2,528,190	5,014,809	636,187	(3,539,094)	(35,283)	4,565,199	
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	2,213,779	2,213,779	
Total interest sensitivity gap	(1,055,691)	1,016,081	2,528,190	5,014,809	636,187	(3,539,094)	2,178,496	6,778,978	

5. MARKET RISK (CONTD)

Risk Management Approach (Contd)

(b) Foreign Exchange Risk

Foreign currency exchange risk refers to adverse movements on foreign currency positions originating from treasury money market activities whose functional currencies are not in Ringgit Malaysia. The main foreign currencies in which the Bank's businesses are transacted in are United States Dollars and Japanese Yen.

The Bank manages such risk through funding in the same functional currencies, where possible. Minimal exposure are taken to the effects of fluctuations in the prevailing foreign exchange rate on Bank's financial position and cash flows. Net Open Position ("NOP") limits are set for overall NOP as well as NOP limits for individual currencies.

As at 30 September 2024, the NOP of the Bank stood at RM493,431,069 (short position) (2024 March: RM30,277,305 (short position)).

Interest Rate and Foreign Currency Risk Stress Testing

The Bank also performed regular stress test on interest rate risk and currency risk. Three stress scenarios were applied on the Bank’s assets and liabilities:

1. Scenario 1: Increase of 0.75% interest rate for interest rate derivatives, bonds and money market positions and the largest daily change in rates over the past two years multiply with the absolute foreign currency position and a 25% increase in foreign currency option volatility.

2. Scenario 2: Increase of 1.0% interest rate for interest rate derivatives, bonds and money market positions and the largest daily change in rates over the past two years +0.5% multiply with the absolute foreign currency position and a 50% increase in foreign currency option volatility.

3. Scenario 3: Increase of 2.0% interest rate for interest rate derivatives, bonds and money market positions and the largest daily change in rates during 1997-1998 (Asian Financial Crisis) multiply with the absolute foreign currency position and the largest appreciation or depreciation of the traded currency over 1997-1998 (Asian Financial Crisis) for foreign currency option.

The analysis shows that as of 30 September 2024, potential maximum loss computed for Scenario 1 to be RM227,577,000 (2024 March: RM427,348,000), Scenario 2 to be RM240,394,000 (2024 March: RM434,926,000) and Scenario 3 to be RM312,892,000 (2024 March: RM474,272,000).

Stress testing is conducted quarterly to determine the adequacy of capital in meeting the impact of extreme market rate movements on the Bank's statement of financial position. Stress testing is performed to provide early warnings of potential losses to facilitate the proactive management of interest rate risk.

The reported amount are based on the Bank's position as of reporting date. The projection also assumes that all other variables are held constant and that all positions run to maturity.

5. MARKET RISK (CONTD)

Risk Management Approach (Contd)

(b) Foreign Exchange Risk

	Denominated in						
2024 September	**USD RM'000**	**JPY RM'000**	**EUR RM'000**	**SGD RM'000**	**AUD RM'000**	**CNY RM'000**	**Others RM'000**
Assets							
Cash and short-term funds	176,750	41,705	22,723	84,870	16,051	133,120	24,313
Deposits and placements with financial institutions	-	115,676	-	-	-	-	-
Financial investments at FVOCI	-	231,296	-	-	-	-	-
Loans, advances and financing	3,769,491	40,483	-	-	-	-	-
Embedded loans measured at FVTPL	9,051,707	400,852	-	-	-	-	-
Purchased receivables	232,209	-	-	-	-	477,205	-
Collateral deposits placed	237,502	-	-	-	-	-	-
	13,467,659	830,012	22,723	84,870	16,051	610,325	24,313
Liabilities							
Deposits from customers	3,685,439	401,206	38,134	52,933	2	20,099	6,193
Deposits and placements of banks and other financial institutions	617,850	-	-	-	-	503,339	-
Collateral deposits received	8,467,875	781,644	-	-	-	-	-
Other liabilities	59,948	17,996	-	66	156	1,550	561
	12,831,112	1,200,846	38,134	52,999	158	524,988	6,754
Net financial (liabilities)/ assets exposure	636,547	(370,834)	(15,411)	31,871	15,893	85,337	17,559

	Denominated in						
2024 March	**USD RM'000**	**JPY RM'000**	**EUR RM'000**	**SGD RM'000**	**AUD RM'000**	**CNY RM'000**	**Others RM'000**
Assets							
Cash and short-term funds	571,357	442,009	105,355	59,319	27,297	185,357	36,952
Deposits and placements with financial institutions	944,500	904,945	-	-	-	-	-
Financial investments at FVOCI	-	249,755	-	-	-	-	-
Loans, advances and financing	6,802,390	43,974	-	-	-	7,545	-
Embedded loans measured at FVTPL	10,060,002	-	-	-	-	-	-
Purchased receivables	358,257	-	-	-	-	499,301	-
	18,736,506	1,640,683	105,355	59,319	27,297	692,203	36,952
Liabilities							
Deposits from customers	4,376,240	550,646	38,537	45,445	1,021	25,387	6,028
Deposits and placements of banks and other financial institutions	425,025	-	-	-	-	575,870	-
Collateral deposits received	14,314,786	1,040,607	-	-	-	-	-
Other liabilities	74,354	17,939	4,076	1,325	210	2,801	242
	19,190,405	1,609,192	42,613	46,770	1,231	604,058	6,270
Net financial (liabilities)/ assets exposure	(453,899)	31,491	62,742	12,549	26,066	88,145	30,682

(c) Equity Risk

Equity risk refers to the adverse impact of change in equity prices on equity positions held by the Bank.

The Bank currently hold equity investments amounting to RM28,323,000 (2024 March: RM28,323,000) which are privately held for social economic purpose and is unquoted and stated at fair value through other comprehensive income and adjusted for impairment loss, if any.

5. MARKET RISK (CONTD)

Risk Management Approach (Contd)

Islamic Banking Business

There are no significant market risk exposures as at 30 September 2024 (2024 March: Nil).

6. LIQUIDITY RISK

Liquidity risk is the risk that the Bank is unable to maintain sufficient liquid assets, to meet its financial commitments and obligations, when they fall due or securing the funding requirements at excessive cost. Funding risk is the risk that the Bank does not have sufficiently stable and diverse sources of funding or the funding structure is inefficient.

Risk Governance

The ALCO is the primary party responsible for liquidity management based on guidelines approved by the RMC. Liquidity policies and frameworks are reviewed by the ALCO and approved by the Board prior to implementation.

Risk Management Approach

The liquidity risk management of the Bank, is aligned with the Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR") requirements issued by BNM. NSFR compliance became effective from 1 July 2020. In addition, the Bank maintains a liquidity compliance buffer to meet any unexpected cash outflows. The day-to-day funding management, is undertaken by treasury operations and this includes the maintenance of a portfolio of highly liquid assets, that can be easily liquidated to meet the unforeseeable demand in cash flows arising from the maturity of deposits and loans. As at 30 September 2024, the information is available under table in Note 14 and 15 to the interim financial report.

The Bank's liquidity and funding position is supported by the Bank's significant deposit base. The deposit base primarily comprises of current and term deposits. Although the current account deposit is payable on demand, it has historically provided stable sources of funding. The Bank's reputation, earnings capacity, financial, capital strength and competitive deposit rates are core attributes to preserve depositors' confidence and to ensure stablility in liquidity. The Bank accesses the wholesale markets by taking money market deposits to meet short-term obligations and to maintain its presence in the local money market space. The Bank has also obtained a Liquidity Support Letter from its Parent Bank and has given full support of fund related to any liquidity matter at any time

The primary tools for monitoring liquidity is the maturity mismatch analysis, assessment on the concentration of funding, the availability of unencumbered assets as buffer assets, early warning indicators from the use of market-wide information to identify possible liquidity problems. It also measures funding liquidity risk by assessing the potential liquidity cost arising from the maximum likely cash outflow over the horizon period at a specified confidence level, covering the Bank's deposit denominated in major currencies. Liquidity positions are reported to the ALCO on a monthly basis and in major currencies i.e. in Ringgit Malaysia and in United States Dollars

Contingency funding plans are in place to identify early warning signals of a potential liquidity problem. The contingency funding plans also set out the crisis escalation process as well as the various strategies to be employed to preserve liquidity including an orderly communication channel during a liquidity problem. To complement the contingency funding plans, a liquidity drill is conducted annually to validate the Bank's ability to raise funds/liquidity from the market. A liquidity stress test programme is in place to ensure liquidity stress tests are systematically performed by the various entities under the Bank to determine the cash flow mismatches under the "Specific Institution Liquidity Problem" and "Systemic Liquidity Problem" scenarios and the possible source of funding to meet the shortfalls during a liquidity crisis.

The Bank hold sufficient high-quality liquid assets ("HQLA") to withstand an acute liquidity stress scenario over a 30-day horizon for Liquidity Coverage Ratio ("LCR"). The Bank is maintaining stable source of funds to support assets and off-balance sheet activities for Net Stable Funding Ratio ("NSFR"). LCR and NSFR are part of the Basel III reform package which comprises measures to further strengthen the existing capital and liquidity standards for banking institutions. As of end September 2024, the Bank complies with the minimum LCR and NSFR as stipulated by BNM.

Islamic Banking Business

There are no significant liquidity risk exposures as at 30 September 2024 (2024 March: Nil).

7. OPERATIONAL RISK

Operational risk is the risk of loss arising from inadequate or failed internal process, people and system or from external events. The increasing need for an effective operational risk management is driven by a number of factors, among others are:

- Significant operational losses experienced at financial institutions;
- New regulatory requirements and international best practices;
- Significant and rapid changes to the economic and business environment;
- Growing need to optimise economic capital and measure performance;
- Protection and enhancement of shareholders' value; and
- Increasing number of potential threats affecting Bank's business operations especially cyber security and pandemic threat:

Periodic audit review from internal, holding company as well as external audit are conducted to ensure adequacy and effectiveness of the operational risk management process.

Regulatory Capital Requirements

The following presents the minimum regulatory capital requirement on operational risk for the Bank, computed using the Basic Indicator Approach:

	2024 September		2024 March	
	Risk-Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
Operational risk	1,391,489	111,319	1,193,216	95,457

Risk Governance

In line with BNM's Guideline on Risk Governance, the Bank's internal processes and practices are tuned towards the same direction. The objectives are supported by a framework of principles on risk governance to guide the Board and Management in performing their risk oversight function. Risk Governance focuses on applying sound principles on the assessment and management of risks to ensure that risk taking activities are aligned with the Bank capacity to absorb losses and its long term viability. It is concerned in particular with the roles of the Board, Management and risk management control functions as well as processes by which risk information is collected, analysed and communicated to provide a sound basis for management decision. It is also concerned with the effects of incentives and organisational culture on risk taking behaviors and perceptions of risk in the Bank

Operational Risk Management Framework

The Bank adopted sound Operational Risk Management ("ORM") practices based on industry best practices and international standards, as well as guidelines as described by the holding company's Operational Risk and Risk Management Policies.

The focus of the Framework is to provide greater clarity of roles and responsibilities in operational risk management at all levels of staff. It aims to promote stronger operational risk awareness and culture and to inculcate ORM practices in day-to-day business activities and responsibilities. This is further supported by having structured enablers for ORM using clearly defined Operational Risk language and processes, integrated approach and lifecycles, and internal control systems within the organisation. The ORM Framework sets out:

- Bank's definition and categories of Operational Risk
- Roles and responsibilities of key staff and oversight committees
- Overview the relationship of the integrated components to manage Operational Risk {Risk and Controls Self-Assessment ("RCSA"), Global Control Self Assessment ("GCSA"), Loss Event Data ("LED") and Key Risk Indicators ("KRI")};
- The framework covers both Conventional and Shariah risks

The framework adopted 3-lines of defense ("3LOD") model to manage operational risk with clear roles and responsibilities reflected for each line of defense. In 2023, we continue to strengthen the effectiveness of our 3LOD to better manage the risk. First line of defense identifies and manages the conducive control environment associated with their business function, while second line of defense represented by Risk & Compliance departments sets policy & control standards and manages enforcement, undertakes assessment & monitoring activities to manage risks. Third line of defense represented by Audit provides independent challenge to the risk management posture and process to provide assurance of effectiveness to the Board.

7. OPERATIONAL RISK (CONTD)

Risk and Control Assessments

Risk and control assessment is a periodic set of activities and programs to manage the different types of operational risk. Among others (but not limited to) are Risk & Control Self Assessment (RCSA), Global Control Self Assessment (GCSA), Periodic Review of Outsourcing Parties, Self Inspection Program, Product Review, System Risk Evaluation, Cyber Maturity Assessment, etc. These activities are carried out in collaboration with first line of defence as the risk owner to manage operational risk within acceptable level

Business Continuity Management

The Bank's Business Continuity Management ("BCM") programme is in compliance with requirements of BNM, the holding company and in line with International Standards ISO22301 to ensure all critical business functions can continue in the event of a disruption.

During the Covid-19 pandemic period, we successfully implemented business continuity responses and continued to offer essential services and maintained service level agreements to serve our customers with minimal disruption. No major impact arised from pandemic infection or third party dependencies in the past one year. The Crisis Management Team ("CMT") chaired by CEO monitors and manages responses to any incident escalated from the business functions to ensure continuity of our business.

Reporting

Reporting forms an essential part of operational risk management. The Bank's risk management processes are designed to ensure that operational issues are identified, escalated and managed on a timely manner. Operational risk areas for key operation, business and control units are reported through monthly operational risk management reports, which provide analysis and action plans for each significant business operation. The operational risk areas include premises control and safety, losses due to fraud and control lapses, systems availability, disaster recovery and business continuity simulations, information security, product/service review, self-inspection, operations volume, staff attrition, Shariah non-compliance, outsourcing activities and managing legal action taken against the Bank. The operational risk management reports are tabled to the Operational Risk Management and Control Committee Meeting ("ORMCC") on monthly basis and escalated to the Risk Management Committee Meeting ("RMC") on quarterly basis.

Islamic Banking Business

	2024 September		2024 March	
	Risk-Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
Operational risk	38,725	3,098	37,907	3,033

8. PROFIT SHARING INVESTMENT ACCOUNTS AMD SHARIAH GOVERNANCE

(a) Profit Sharing Investment Accounts

This disclosure is not applicable as the Islamic Banking business does not have any Profit Sharing Investment Accounts.

(b) Shariah Governance

This is disclosed in the Pillar 3 Disclosures of the Bank attached to the audited financial statements for the financial period ended 31 March 2024.