

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

Company No : 199401016638 (302316-U)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED
31 DECEMBER 2024**

MUFG BANK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

Company No : 199401016638 (302316-U)

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED
31 DECEMBER 2024

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

UNAUDITED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2024

	Note	2024 December RM'000	2024 March RM'000
ASSETS			
Cash and short-term funds	11	6,975,203	5,295,755
Reverse repurchase agreements	12	-	20,090
Deposits and placements with financial institutions	13	512,116	2,037,602
Financial assets at fair value through profit or loss	14	676,430	2,023,157
Financial investments at fair value through other comprehensive income	15	1,210,504	1,323,662
Loans, advances and financing	16	7,207,448	9,771,146
Embedded loans measured at fair value through profit or loss	17	13,246,468	12,275,974
Purchased receivables	18	790,922	917,520
Collateral deposits placed	19	15,210	120
Derivative financial assets	20	503,840	537,405
Statutory deposits with Bank Negara Malaysia		-	352
Other assets		52,049	58,660
Property, plant and equipment		23,507	27,262
Intangible assets		25,688	41,787
Rights-of-use assets		14,511	16,564
Deferred tax assets		10,215	10,215
TOTAL ASSETS		31,264,111	34,357,271
LIABILITIES AND SHAREHOLDER'S FUNDS			
Deposits from customers	21	12,092,468	12,276,124
Deposits and placements of banks and other financial institutions	22	952,609	1,014,218
Collateral deposits received	19	12,534,351	15,649,452
Derivative financial liabilities	20	585,013	572,688
Other liabilities	23	213,842	288,505
Lease liabilities		13,223	14,569
Current tax liabilities		3,348	12,223
TOTAL LIABILITIES		26,394,854	29,827,779
SHARE CAPITAL		200,000	200,000
RESERVES		4,669,257	4,329,492
SHAREHOLDER'S FUNDS		4,869,257	4,529,492
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS		31,264,111	34,357,271
COMMITMENTS AND CONTINGENCIES			
	24	98,282,677	84,239,059

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

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2024

		3rd Quarter Ended		Nine Months Ended	
	Note	2024 December RM'000	2023 December RM'000	2024 December RM'000	2023 December RM'000
Operating revenue		205,842	302,413	669,790	656,226
Interest income	25	191,681	215,648	625,091	589,753
Interest expense	26	(74,127)	(114,713)	(304,293)	(325,213)
Net interest income		117,554	100,935	320,798	264,540
Net income from embedded loans measured at FVTPL	27	205,231	54,969	220,089	82,630
Net income from Islamic Banking operations	32	3,660	6,501	13,804	17,481
Other operating income	28	(120,603)	140,008	115,099	291,575
Operating income		205,842	302,413	669,790	656,226
Other operating expenses	29	(47,890)	(60,757)	(166,002)	(172,419)
Operating profit before allowance for impairment		157,952	241,656	503,788	483,807
(Allowance for)/Reversal of impairment on financial instruments	30	14,845	5,790	(12,964)	(6,037)
Profit before tax		172,797	247,446	490,824	477,770
Tax expense		(51,725)	(36,575)	(155,175)	(109,725)
Profit after tax for the period		121,072	210,871	335,649	368,045
Other comprehensive income net of tax					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Change in fair value reserve:					
- Debt instruments at FVOCI		(438)	1,474	4,116	(2,160)
Other comprehensive income/(loss) for the period, net of tax		(438)	1,474	4,116	(2,160)
Total comprehensive income for the period		120,634	212,345	339,765	365,885
Profit attributable to :					
Owner of the Bank		121,072	210,871	335,649	368,045
Total comprehensive income attributable to :					
Owner of the Bank		120,634	212,345	339,765	365,885
Basic earnings per share (sen)		60.5	105.4	167.8	184.0

MUFG BANK (MALAYSIA) BERHAD

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**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 2024**

	<----- Attributable to Shareholder of the Bank ----->						
	<----- 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
2024 December							
At beginning of the period	200,000	96,383	(211)	-	25,301	4,208,019	4,529,492
Profit for the period	-	-	-	-	-	335,649	335,649
Other comprehensive gain	-	-	-	-	4,116	-	4,116
Total comprehensive income	-	-	-	-	4,116	335,649	339,765
At end of the period	200,000	96,383	(211)	-	29,417	4,543,668	4,869,257
2023 December							
At beginning of the period	200,000	112,975	(4,254)	-	27,580	3,819,899	4,156,200
Profit for the period	-	-	-	-	-	368,045	368,045
Other comprehensive loss	-	-	-	-	(2,160)	-	(2,160)
Total comprehensive (loss)/income	-	-	-	-	(2,160)	368,045	365,885
Transfer of retained profits to regulatory reserve	-	(49,975)	-	-	-	49,975	-
At end of the period	200,000	63,000	(4,254)	-	25,420	4,237,919	4,522,085

MUFG BANK (MALAYSIA) BERHAD

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**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2024**

	2024 December RM'000	2023 December RM'000
Cash Flows From Operating Activities		
Profit before tax	490,824	477,770
Adjustments for:		
Depreciation of property, plant and equipment	4,180	3,294
Amortisation of intangible assets	18,771	19,095
Gain on lease modification	(3)	(3,023)
Gain on disposal of property, plant and equipment	20	-
Depreciation of right-of-use assets	3,410	2,683
Allowance for impairment on financial instruments	12,964	6,037
Defined benefit plan	2,038	2,497
Dividend income	(148)	(148)
Interest income from financial investments at fair value through other comprehensive income	(42,918)	(22,161)
Finance cost on lease liabilities	346	82
Unrealised gain on changes in trading securities	(1,998)	(146)
Unrealised loss/(gain) on changes in fair value of derivative financial instruments	192,566	(28,490)
Unrealised gain on changes in fair value of loans designated at fair value	(357)	(30,471)
Unrealised gain on changes in fair value of embedded loans measured at fair value through profit or loss	(123,260)	(52,997)
Operating profit before working capital changes	556,435	374,022
Decrease/(Increase) in operating assets:		
Deposits and placements with financial institutions	1,525,486	(45,274)
Reverse repurchase agreements	20,090	130,439
Financial assets at fair value through profit or loss	1,348,725	(1,313,536)
Financial investments at fair value through other comprehensive income	(197,553)	13,517
Loans, advances and financing	2,553,877	(411,720)
Embedded loans measured at fair value through profit or loss	(1,011,037)	3,000,835
Collateral deposits placed	(15,090)	(835)
Purchased receivables	126,525	187,516
Derivative financial assets	892,127	583,744
Statutory deposits with Bank Negara Malaysia	352	(1,560)
Other assets	5,257	(39,806)
(Decrease)/Increase in operating liabilities:		
Deposits from customers	(183,656)	1,544,701
Deposits and placements of banks and other financial institutions	(61,609)	523,513
Derivative financial liabilities	(875,000)	(520,328)
Collateral deposits received	(3,115,101)	(3,766,989)
Other liabilities	(60,571)	115,798
Cash generated from operations	1,509,257	374,037
Income tax paid	(181,292)	(133,107)
Payment of staff benefits	(255)	(2,089)
Net cash generated from operating activities	1,327,710	238,841

MUFG BANK (MALAYSIA) BERHAD**Company No : 199401016638 (302316-U)****(Incorporated in Malaysia)****UNAUDITED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2024 (CONTD)**

	2024 December RM'000	2023 December RM'000
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(455)	(248)
Purchase of intangible assets	(2,672)	(424)
Proceeds from disposals of property, plant and equipment	10	-
Proceeds from sale of financial assets at fair value through other comprehensive income	631,912	394,516
Purchase of financial assets at fair value through other comprehensive income	(320,000)	(830,000)
Dividend received	148	148
Interest received from financial assets at fair value through other comprehensive income	45,833	14,462
Net cash generated from/(used in) investing activities	354,776	(421,546)
Cash Flows From Financing Activities		
Payment of lease liabilities	(2,692)	(2,714)
Interest paid in relation to lease liabilities	(346)	(82)
Net cash used in financing activities	(3,038)	(2,796)
Net increase/(decrease) in cash and cash equivalents	1,679,448	(185,501)
Cash and cash equivalents at beginning of quarter	5,295,755	7,033,252
Cash and cash equivalents at end of quarter	6,975,203	6,847,751

MUFG BANK (MALAYSIA) BERHAD

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2024

1 BASIS OF PREPARATION

The unaudited condensed interim financial report for the quarter ended 31 December 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, 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 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

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 [^]
MFRS 19	Subsidiaries without Public Accountability: Disclosures [^]
Amendments to:	
MFRS 121	Lack of Exchangeability *
MFRS 9 and MFRS 7	Classification and Measurement of Financial Instruments **
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 2026

* Effective for annual periods beginning on or after 1 January 2025

Effective date deferred to a date to be announced by Malaysian Accounting Standards Board

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2024 (CONTD)**

1 BASIS OF PREPARATION (CONTD)

The Bank will adopt the above amendments when they become effective. The adoption will not result in any significant financial impact on the financial statements of the Bank.

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 31 December 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 31 December 2024.

6 CHANGES IN DEBT AND EQUITY SECURITIES

There were no issuance and repayment of debt and equity securities during the financial period ended 31 December 2024.

7 DIVIDEND PAID

No dividend was paid during the financial period ended 31 December 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 31 December 2024 was RM490.8 million, increase of 2.73% or RM13.1 million compared to the corresponding period last year. Operating income increased by RM13.6 million from RM656.2 million to RM669.8 million whilst operating expenses decreases by RM6.4 million mainly attributed to lower administrative and other expenses during the financial period.

Total assets decreased from RM34.4 billion as at 31 March 2024 to RM31.3 billion as at 31 December 2024. The Bank's CET 1/Tier 1 capital ratio and total capital ratio remained strong at 31.741% and 32.733% respectively.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2024 (CONTD)

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.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2024 (CONTD)****11 CASH AND SHORT-TERM FUNDS**

	2024 December RM'000	2024 March RM'000
<i>Amortised cost</i>		
Cash and balances with banks and other financial institutions	732,785	1,409,060
Money at call and deposit placements maturing within three months	6,242,418	3,886,695
	<u>6,975,203</u>	<u>5,295,755</u>

12 REVERSE REPURCHASE AGREEMENTS

	2024 December RM'000	2024 March RM'000
<i>Amortised cost</i>		
Reverse repurchase agreement	-	20,090
	<u>-</u>	<u>20,090</u>

13 DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	2024 December RM'000	2024 March RM'000
<i>Amortised cost</i>		
Licensed banks		
• Malaysia	454,812	1,912,782
• Other countries	57,304	124,820
	<u>512,116</u>	<u>2,037,602</u>

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

	2024 December RM'000	2024 March RM'000
Money market instruments:		
Malaysian Government Securities	472,719	1,852,708
Government Investment Issues	203,711	170,449
	<u>676,430</u>	<u>2,023,157</u>

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

	2024 December RM'000	2024 March RM'000
Money market instruments		
Malaysian Government Securities	482,909	843,898
Government Investment Issues	221,954	201,686
Japanese Government Bonds	57,208	249,755
Sukuk	420,110	-
	<u>1,182,181</u>	<u>1,295,339</u>
Non-money market instruments:		
Unquoted shares	28,323	28,323
	<u>28,323</u>	<u>28,323</u>
Total	<u>1,210,504</u>	<u>1,323,662</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2024 (CONTD)

16 LOANS, ADVANCES AND FINANCING

	2024 December RM'000	2024 March RM'000
(a) By type:		
<i>At amortised cost</i>		
Term loans		
• Housing loans	7,012	7,795
• Other term loans	3,953,220	2,987,715
Revolving credits	2,985,699	6,401,702
Overdrafts	5,448	2,321
Bills receivable	-	7,545
Claims on customers under acceptance credits	-	66,279
Staff loans	6,672	5,786
Gross loans, advances and financing at amortised cost	<u>6,958,051</u>	<u>9,479,143</u>
Impairment allowances on loans, advances and financing		
• Stage 1 - 12-month ECL	(12,067)	(9,070)
• Stage 2 - lifetime ECL not credit-impaired	(21,067)	(15,123)
• Stage 3 - lifetime ECL credit-impaired	(171)	(265)
Net loans, advances and financing at amortised cost	<u>6,924,746</u>	<u>9,454,685</u>
<i>At fair value</i>		
Other term loans	282,702	316,461
Net loans, advances and financing	<u>7,207,448</u>	<u>9,771,146</u>
Gross loans, advances and financing		
<i>At amortised cost</i>	6,958,051	9,479,143
<i>At fair value</i>	282,702	316,461
	<u>7,240,753</u>	<u>9,795,604</u>
(b) By maturity structure:		
Maturing within one year	3,520,078	6,812,908
More than one year to three years	2,137,331	1,221,563
More than three years to five years	1,075,772	923,172
More than five years	507,572	837,961
	<u>7,240,753</u>	<u>9,795,604</u>
(c) By type of customer:		
Domestic non-bank financial institutions	360,576	1,560,236
Domestic business enterprises		
• Small medium enterprises	165,085	153,169
• Others	3,412,103	4,084,877
Individuals	13,684	13,581
Foreign entities	3,289,305	3,983,741
	<u>7,240,753</u>	<u>9,795,604</u>
(d) By interest/profit rate sensitivity:		
Variable rates	7,238,512	9,793,220
Fixed rate		
• Staff loans	2,241	2,384
	<u>7,240,753</u>	<u>9,795,604</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2024 (CONTD)****16 LOANS, ADVANCES AND FINANCING (CONTD)**

	2024 December RM'000	2024 March RM'000
(e) By economic sector:		
Mining and quarrying	332,747	357,423
Manufacturing	1,696,777	1,668,400
Electricity, gas and water	204,258	224,311
Construction	395,076	409,660
Wholesale, retail trade, restaurants and hotels	475,673	807,471
Transport, storage and communication	887,329	1,065,700
Finance, insurance, real estate and business services	3,235,209	4,678,293
Households	13,684	13,581
Others	-	570,765
	<u>7,240,753</u>	<u>9,795,604</u>
(f) By geographical location:		
Malaysia	5,070,574	8,413,428
Other countries	2,170,179	1,382,176
	<u>7,240,753</u>	<u>9,795,604</u>
(g) Credit-impaired gross loans by economic sector are as follows:		
Household	<u>670</u>	<u>801</u>
(h) Credit-impaired gross loans by geographical location are as follows:		
Malaysia	<u>670</u>	<u>801</u>
(i) Movements in credit-impaired gross loans, advances and financing are as follows:		
At beginning of the period	801	1,521
Classified as credit-impaired during the period	314	99
Amount recovered	(217)	(180)
Reclassified as performing	(228)	(639)
At end of the period	<u>670</u>	<u>801</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2024 (CONTD)****16 LOANS, ADVANCES AND FINANCING (CONTD)****(j) Movements in impairment allowances on loans, advances and financing:**

	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	9,070	15,123	265	24,458
Transfer to lifetime ECL not credit-impaired (Stage 2)	(85)	85	-	-
Transfer to lifetime ECL credit-impaired (Stage 3)	(1)	(20)	21	-
New financial assets originated	11,442	20,510	-	31,952
Financial assets derecognised (other than write-off)	(8,251)	(15,019)	(1)	(23,271)
Net remeasurement due to changes in credit risk	(108)	388	(114)	166
At 31 December 2024	<u>12,067</u>	<u>21,067</u>	<u>171</u>	<u>33,305</u>
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	<u>9,070</u>	<u>15,123</u>	<u>265</u>	<u>24,458</u>

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

	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	9,192,560	285,782	801	9,479,143
Transfer to 12-Month ECL (Stage 1)	7	(7)	-	-
Transfer to lifetime ECL not credit-impaired (Stage 2)	(515,649)	515,877	(228)	-
Transfer to lifetime ECL credit-impaired (Stage 3)	(53)	(246)	299	-
New financial assets originated	5,227,621	840,871	15	6,068,507
Financial assets derecognised (other than write-off)	(8,301,467)	(287,915)	(217)	(8,589,599)
At 31 December 2024	<u>5,603,019</u>	<u>1,354,362</u>	<u>670</u>	<u>6,958,051</u>
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	<u>9,192,560</u>	<u>285,782</u>	<u>801</u>	<u>9,479,143</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2024 (CONTD)****17 EMBEDDED LOANS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")**

	2024 December RM'000	2024 March RM'000
<i>At fair value</i>		
Embedded loans with term loans nature	9,694,911	11,262,396
Embedded loans with revolving credits nature	3,551,557	1,013,578
	<u>13,246,468</u>	<u>12,275,974</u>

Loans measured at FVTPL included RM12,807,682,000 (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 RM250,276,000 (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 RM3,024,000 (2024 March: RM178,000) and RM456,000 (2024 March: RM707,000) respectively.

	2024 December RM'000	2024 March RM'000
(a) By maturity structure:		
Maturing within one year	5,321,045	3,898,403
More than one year to three years	4,969,703	4,060,249
More than three years to five years	2,953,736	3,650,390
More than five years	1,984	666,932
	<u>13,246,468</u>	<u>12,275,974</u>
(b) By type of customer:		
Domestic non-bank financial institutions	9,611,851	9,426,072
Domestic business enterprises		
• Others	3,310,397	2,032,403
	<u>12,922,248</u>	<u>11,458,475</u>
Domestic financial institutions *	321,652	817,499
Foreign entities *	2,568	-
	<u>13,246,468</u>	<u>12,275,974</u>
(c) By interest rate sensitivity:		
Variable rates	<u>13,246,468</u>	<u>12,275,974</u>
(d) By economic sector:		
Mining and quarrying	60,558	58,593
Manufacturing	31,077	172,317
Electricity, gas and water	1,524,248	-
Construction	678,721	668,345
Wholesale, retail trade, restaurants and hotels	60,110	98,989
Transport, storage and communication	232,117	283,835
Finance, insurance, real estate and business services	10,659,637	10,992,762
Others	-	1,133
	<u>13,246,468</u>	<u>12,275,974</u>
(e) By geographical location:		
Malaysia	13,243,900	12,221,963
Other countries *	2,568	54,011
	<u>13,246,468</u>	<u>12,275,974</u>

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2024 (CONTD)

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

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

	2024 December			2024 March		
	Contract/ Notional Amount RM'000	Fair Value Assets RM'000	Liabilities RM'000	Contract/ Notional Amount RM'000	Fair Value Assets RM'000	Liabilities RM'000
<i>At fair value</i>						
Embedded loans with term loans nature:						
Foreign currency swaps	7,797,495	171,823	256,349	8,324,421	21,375	651,426
Interest rate swaps	1,318,763	8,303	1,001	2,161,212	11,121	2,895
	<u>9,116,258</u>	<u>180,126</u>	<u>257,350</u>	<u>10,485,633</u>	<u>32,496</u>	<u>654,321</u>
Embedded loans with revolving credits nature:						
Foreign currency swaps	3,527,384	67,011	63,730	1,010,775	7,149	1,003
	<u>3,527,384</u>	<u>67,011</u>	<u>63,730</u>	<u>1,010,775</u>	<u>7,149</u>	<u>1,003</u>
Cover deals:						
Foreign currency swaps	10,970,923	411,470	115,971	8,101,530	775,128	14,179
Interest rate swaps	11,697,946	42,918	14,198	8,648,470	66,590	10,040
	<u>22,668,869</u>	<u>454,388</u>	<u>130,169</u>	<u>16,750,000</u>	<u>841,718</u>	<u>24,219</u>
	<u>35,312,511</u>	<u>701,525</u>	<u>451,249</u>	<u>28,246,408</u>	<u>881,363</u>	<u>679,543</u>
Set off		<u>(451,249)</u>	<u>(451,249)</u>		<u>(679,543)</u>	<u>(679,543)</u>
Net assets		<u>250,276</u>	<u>-</u>		<u>201,820</u>	<u>-</u>

18 PURCHASED RECEIVABLES

	2024 December RM'000	2024 March RM'000
<i>At amortised cost</i>		
Purchased receivables	791,318	917,843
Impairment allowances on purchased receivables		
Stage 1 - 12 month ECL	<u>(396)</u>	<u>(323)</u>
	<u>790,922</u>	<u>917,520</u>

Purchased receivables relate to receivables acquired by the Bank under the account receivables purchasing and vendors financing product. These amounts owing from obligors have a tenure of within three months. Included in purchased receivables are non-recourse bills receivable amounting to RM701,159,000 (2024 March: RM797,942,000).

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

		Lifetime ECL		
	12-month ECL	Not credit-	Credit-impaired	
	Stage 1	impaired	Stage 3	Total
	RM'000	Stage 2	RM'000	RM'000
		RM'000		
At 1 April 2024	323	-	-	323
New financial assets originated	395	-	-	395
Financial assets derecognised (other than write-off)	(310)	-	-	(310)
Net remeasurement due to changes in credit risk	(12)	-	-	(12)
At 31 December 2024	<u>396</u>	<u>-</u>	<u>-</u>	<u>396</u>
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	<u>323</u>	<u>-</u>	<u>-</u>	<u>323</u>

19 COLLATERAL DEPOSITS

	2024 December	2024 March
	RM'000	RM'000
<i>At amortised cost</i>		
Cash collaterals placed	<u>15,210</u>	<u>120</u>
<i>At amortised cost</i>		
Cash collaterals received	<u>12,534,351</u>	<u>15,649,452</u>

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

The cash collaterals received are recognised at amortised cost. These are received in respect of derivative balances pursuant to agreements in accordance with ISDA and CSA entered into with respective counterparties and related companies, and Cash Collateral Scheme entered into with a branch of the holding company and related companies amounting to RM12,040,817,000 (2024 March: RM14,502,179,000). Included in CSA balance are Nil (2024 March: Nil) transacted with a related company. The remaining balances are placed with licensed banks.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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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 December			2024 March		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<i>At fair value</i>						
Trading Derivatives*						
Foreign exchange related contracts						
🔄 Forwards	23,344,321	218,516	279,547	21,038,496	144,113	120,404
🔄 Swaps	4,470,631	237,263	172,386	5,077,882	339,145	264,946
Interest rate related contracts						
🔄 Swaps	17,100,978	46,783	132,543	14,929,411	53,496	186,757
Other derivatives						
🔄 Currency options	295,172	1,278	537	288,815	651	581
	<u>45,211,102</u>	<u>503,840</u>	<u>585,013</u>	<u>41,334,604</u>	<u>537,405</u>	<u>572,688</u>

Included in trading derivatives are derivative financial assets and derivative financial liabilities transacted with the holding company and related companies amounting to RM99,377,000 (2024 March: RM69,432,000) and RM288,589,000 (2024 March: RM318,292,000) respectively.

21 DEPOSITS FROM CUSTOMERS

	2024 December RM'000	2024 March RM'000
<i>At amortised cost</i>		
Demand deposits	4,681,670	5,035,693
Money market deposits	1,389,758	1,434,546
Savings deposits	59	51
Fixed deposits	6,020,981	5,805,834
	<u>12,092,468</u>	<u>12,276,124</u>

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

Due within six months	4,519,394	5,736,901
More than six months to one year	1,501,587	68,933
	<u>6,020,981</u>	<u>5,805,834</u>

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

Domestic non-bank financial institutions	178,935	339,560
Business enterprises	11,331,088	11,582,727
Individuals	1,280	1,264
Foreign entities/individuals	525,497	298,111
Others	55,668	54,462
	<u>12,092,468</u>	<u>12,276,124</u>

22 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	2024 December RM'000	2024 March RM'000
<i>At amortised cost</i>		
Licensed banks	952,609	1,014,218

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23 OTHER LIABILITIES

	2024 December RM'000	2024 March RM'000
Provision for retirement benefits	25,267	23,484
Impairment allowances on commitment and contingencies (a)		
• Stage 1 - 12-month ECL	9,612	6,343
• Stage 2 - lifetime ECL not credit-impaired	16,328	16,884
Accrued interest payable	32,945	25,541
Bills payable	19,978	23,133
Other payables and accruals	109,712	193,120
	<u>213,842</u>	<u>288,505</u>

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

	12-month ECL Stage 1 RM'000	Lifetime ECL 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)	(167)	429	-	262
New financial assets originated	9,566	15,798	-	25,364
Financial assets derecognised (other than write-off)	(6,088)	(16,720)	-	(22,808)
Net remeasurement due to changes in credit risk	(42)	(63)	-	(105)
At 31 December 2024	<u>9,612</u>	<u>16,328</u>	<u>-</u>	<u>25,940</u>
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	<u>6,343</u>	<u>16,884</u>	<u>-</u>	<u>23,227</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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The commitments and contingencies exposures and their related counterparty credit risk of the Bank are as follows:

	2024 December				2024 March			
	Principal	Positive Fair	Credit	Risk-	Principal	Positive Fair	Credit	Risk-
	Amount	Value of	Equivalent	Weighted	Amount	Value of	Equivalent	Weighted
	RM'000	Derivative	Amount	Assets	RM'000	Derivative	Amount	Assets
		Contracts	RM'000	RM'000		Contracts	RM'000	RM'000
		RM'000				RM'000		
<u>Credit-related Exposures</u>								
Direct credit substitutes	823,475		269,668	260,459	337,424		337,424	326,975
Transaction-related contingent items	849,413		424,707	380,532	633,660		316,830	301,653
Short-term self-liquidating trade-related contingencies	123,233		24,647	24,646	85,062		17,013	19,304
Other commitments, such as formal standby facilities and credit lines, with an original maturity of :								
- not exceeding one year	74,175		37,087	37,073	24,835		4,967	4,967
- exceeding one year	85,946		17,189	17,189	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	15,950,408		-	-	13,601,143		-	-
Securitisation exposures	-		-	-	15,000		3,000	2,250
	<u>17,906,650</u>		<u>773,298</u>	<u>719,899</u>	<u>14,802,456</u>		<u>731,900</u>	<u>707,774</u>
<u>Embedded loans</u>								
Foreign exchange related contracts								
- one year or less	9,934,989	244,693	364,635	140,603	4,657,107	214,599	130,128	66,345
- over one year to five years	12,294,963	403,628	684,429	392,758	12,055,329	580,468	671,540	386,891
- over five years	65,850	1,983	4,792	2,396	724,290	8,585	6,585	3,292
Interest rate related contracts								
- one year or less	5,293,972	10,757	11,413	5,425	3,452,672	8,226	7,896	3,127
- over one year to five years	<u>7,722,737</u>	<u>40,464</u>	<u>110,161</u>	<u>45,179</u>	<u>7,357,010</u>	<u>69,485</u>	<u>111,289</u>	<u>49,102</u>
	<u>35,312,511</u>	<u>701,525</u>	<u>1,175,430</u>	<u>586,361</u>	<u>28,246,408</u>	<u>881,363</u>	<u>927,438</u>	<u>508,757</u>
<u>Derivative Financial Instruments:</u>								
Foreign exchange related contracts								
- one year or less	24,669,280	262,237	502,561	351,218	22,159,864	185,187	427,215	321,998
- over one year to five years	2,555,427	150,405	239,366	176,410	3,366,268	245,398	292,376	212,700
- over five years	590,245	43,137	112,493	80,606	590,245	52,673	111,827	83,521
Interest rate related contracts								
- one year or less	6,136,310	4,327	6,624	2,731	4,920,313	6,952	6,274	2,383
- over one year to five years	10,035,039	28,294	172,097	72,600	8,813,980	31,460	106,846	52,252
- over five years	929,629	14,162	46,476	27,886	1,195,118	15,084	55,724	31,060
Currency options *								
- one year or less	147,586	1,278	3,492	3,492	144,407	651	2,817	2,817
	<u>45,063,516</u>	<u>503,840</u>	<u>1,083,109</u>	<u>714,943</u>	<u>41,190,195</u>	<u>537,405</u>	<u>1,003,079</u>	<u>706,731</u>
Total	<u>98,282,677</u>	<u>1,205,365</u>	<u>3,031,837</u>	<u>2,021,203</u>	<u>84,239,059</u>	<u>1,418,768</u>	<u>2,662,417</u>	<u>1,923,262</u>

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

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	3rd Quarter Ended		Nine Months Ended	
	2024 December	2023 December	2024 December	2023 December
	RM'000	RM'000	RM'000	RM'000
25 INTEREST INCOME				
Loans, advances and financing measured at amortised cost	115,846	121,076	389,388	337,898
Loans, advances and financing designated at fair value	5,269	7,442	18,353	21,616
Money at call and deposit placements with financial institutions	50,489	66,175	141,021	184,560
Financial assets at FVTPL	7,368	12,330	33,411	23,518
Financial investments at FVOCI	12,709	8,625	42,918	22,161
	<u>191,681</u>	<u>215,648</u>	<u>625,091</u>	<u>589,753</u>
26 INTEREST EXPENSE				
Deposits and placements of banks and other financial institutions	41,474	82,849	225,544	247,624
Deposits from other customers	32,653	31,864	78,749	77,589
	<u>74,127</u>	<u>114,713</u>	<u>304,293</u>	<u>325,213</u>
27 NET INCOME FROM EMBEDDED LOANS MEASURED AT FVTPL				
Interest income	155,045	181,827	504,952	584,053
Interest expense	(160,800)	(160,696)	(442,490)	(519,194)
Unrealised gain in fair value of embedded loans	194,737	42,148	123,260	52,997
Realised gain/(loss) in fair value of embedded loans	16,249	(8,310)	34,367	(35,226)
	<u>205,231</u>	<u>54,969</u>	<u>220,089</u>	<u>82,630</u>
28 OTHER OPERATING INCOME				
Fee income				
Commission	3,742	937	6,758	1,859
Guarantee fees	1,157	1,059	3,214	2,836
Service charges and fees	584	581	1,778	1,767
Commitment fees	214	267	763	859
Other fee income	3,140	8,778	17,672	16,228
	<u>8,837</u>	<u>11,622</u>	<u>30,185</u>	<u>23,549</u>
Net investment income				
Gross dividends	-	-	148	148
Realised loss in fair value of derivative financial instruments	(11,556)	(13,783)	(22,576)	(21,696)
Realised (loss)/gain in fair value of financial assets at FVTPL	(349)	866	509	3,455
Unrealised gain/(loss) in fair value of derivative financial instruments	135,752	(113,761)	(192,566)	28,490
Unrealised (loss)/gain in fair value of financial assets at FVTPL	(735)	2,968	1,998	146
Unrealised (loss)/gain in fair value of loans designated at fair value	(1,628)	36,487	357	30,471
Foreign exchange (loss)/gain	(255,034)	207,999	282,826	208,145
Net (premium)/discount paid for options	-	-	(54)	128
	<u>(133,550)</u>	<u>120,776</u>	<u>70,642</u>	<u>249,287</u>
Other income				
Other operating income	4,110	7,610	14,272	18,739
	<u>(120,603)</u>	<u>140,008</u>	<u>115,099</u>	<u>291,575</u>

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	3rd Quarter Ended		Nine Months Ended	
	2024 December	2023 December	2024 December	2023 December
	RM'000	RM'000	RM'000	RM'000
29 OTHER OPERATING EXPENSES				
Personnel expenses	26,583	24,102	76,556	70,558
Establishment related expenses	9,295	8,993	28,370	27,137
Promotion and marketing related expenses	493	305	1,399	1,114
Administrative and other expenses	11,519	27,357	59,677	73,610
	<u>47,890</u>	<u>60,757</u>	<u>166,002</u>	<u>172,419</u>
Personnel expenses				
- Wages, salaries and bonus	21,182	20,327	61,689	57,185
- Defined benefit plan	780	838	2,038	2,496
- Defined contribution plan	2,676	2,122	7,948	7,362
- Other employee benefits	1,945	815	4,881	3,515
	<u>26,583</u>	<u>24,102</u>	<u>76,556</u>	<u>70,558</u>
Establishment related expenses				
- Depreciation of property, plant and equipment	1,381	1,053	4,180	3,294
- Amortisation of intangible assets	6,211	6,420	18,771	19,095
- Depreciation of right-of-use assets	1,111	911	3,410	2,683
- Repair and maintenance	74	69	199	149
- Expenses relating to short-term leases and leases of low-value assets	347	442	1,170	1,500
- Interest expenses on lease liabilities	107	28	346	82
- Others	64	70	294	334
	<u>9,295</u>	<u>8,993</u>	<u>28,370</u>	<u>27,137</u>
Promotion and marketing related expenses				
- Advertising and publicity	111	46	111	46
- Others	382	259	1,288	1,068
	<u>493</u>	<u>305</u>	<u>1,399</u>	<u>1,114</u>
Administrative and other expenses				
- Cash collateral fees on CSA	3,385	14,736	22,954	37,742
- Communication expenses	279	247	705	679
- Legal and professional fees	163	628	407	628
- Others	7,692	11,746	35,611	34,561
	<u>11,519</u>	<u>27,357</u>	<u>59,677</u>	<u>73,610</u>

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

	3rd Quarter Ended		Nine Months Ended	
	2024 December	2023 December	2024 December	2023 December
	RM'000	RM'000	RM'000	RM'000
Stage 1 and 2 expected credit losses made during the year	(8,683)	144	58,614	31,334
Stage 1 and 2 expected credit losses written back	(6,164)	(5,939)	(46,887)	(25,165)
Stage 3 expected credit losses made during the year	-	6	-	32
Stage 3 expected credit losses written back	3	-	(94)	-
Other movements	(1)	(1)	1,331	(164)
	<u>(14,845)</u>	<u>(5,790)</u>	<u>12,964</u>	<u>6,037</u>
(a) (Reversal of)/Allowance for impairment on loans, advances and financing				
Stage 1 and 2 expected credit losses made during the year	(5,603)	234	32,426	21,482
Stage 1 and 2 expected credit losses written back	(6,012)	(1,677)	(23,485)	(15,700)
Stage 3 expected credit losses made during the year	-	6	-	32
Stage 3 expected credit losses written back	3	-	(94)	-
Other movements	(1)	(1)	1,331	(164)
	<u>(11,613)</u>	<u>(1,438)</u>	<u>10,178</u>	<u>5,650</u>
(b) Allowance for/(Reversal of) impairment on purchased receivables				
Stage 1 and 2 expected credit losses made during the year	76	86	395	367
Stage 1 and 2 expected credit losses written back	(5)	(13)	(322)	(605)
	<u>71</u>	<u>73</u>	<u>73</u>	<u>(238)</u>
(c) (Reversal of)/Allowance for impairment on off-balance sheet exposures				
Stage 1 and 2 expected credit losses made during the year	(3,156)	(176)	25,793	9,485
Stage 1 and 2 expected credit losses written back	(147)	(4,249)	(23,080)	(8,860)
	<u>(3,303)</u>	<u>(4,425)</u>	<u>2,713</u>	<u>625</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2024 (CONTD)****31 CAPITAL ADEQUACY**

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

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

	2024 December	2024 March
Common equity Tier 1 ("CET 1") capital ratio	31.741%	33.569%
Tier 1 capital ratio	31.741%	33.569%
Total capital ratio	32.733%	34.587%

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

	2024 December RM'000	2024 March RM'000
<u>CET 1 and Tier 1 capital</u>		
• Paid-up share capital	200,000	200,000
• Retained profits	4,208,019	4,208,019
• Other reserves	125,589	121,473
	4,533,608	4,529,492
<u>Less</u>		
• Deferred tax assets	(10,215)	(10,215)
• Intangible assets	(25,688)	(41,787)
• 55% of fair value reserve	(16,179)	(13,916)
• Unrealised gain in fair value of loans designated at fair value	(357)	-
• Regulatory reserve	(96,383)	(96,383)
	4,384,786	4,367,191
<u>Tier 2 capital</u>		
• Stage 1 and 2 ECL and regulatory reserve	136,924	132,477
Total Capital	4,521,710	4,499,668

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FOR THE QUARTER ENDED 31 DECEMBER 2024 (CONTD)****31 CAPITAL ADEQUACY (CONT'D)**

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

2024 December

Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
(i) Credit Risk				
On-Balance Sheet Exposures :				
Sovereigns/Central Banks	5,607,364	5,607,364	97,402	7,792
Banks, Development Financial Institutions & MDBs	4,742,812	3,408,381	1,318,623	105,490
Insurance Cos, Securities Firms & Fund Managers	1	1	1	-
Corporates	19,463,640	7,164,608	6,975,721	558,058
Regulatory Retail	732	732	732	59
Residential Mortgages	10,931	10,931	4,910	393
Equity Exposures	28,324	28,324	28,324	2,266
Other Assets	699,897	699,897	505,154	40,412
Defaulted Exposures	1,825	1,825	1,825	146
Total On-Balance Sheet Exposures	<u>30,555,526</u>	<u>16,922,063</u>	<u>8,932,692</u>	<u>714,616</u>
Off-Balance Sheet Exposures :				
Credit-related exposures	773,298	773,298	719,899	57,592
Derivatives financial instruments	2,258,539	2,258,539	1,301,304	104,104
Total Off-Balance Sheet Exposures	<u>3,031,837</u>	<u>3,031,837</u>	<u>2,021,203</u>	<u>161,696</u>
Total On and Off-Balance Sheet Exposures	<u>33,587,363</u>	<u>19,953,900</u>	<u>10,953,895</u>	<u>876,312</u>
(ii) Market Risk				
	Long Position RM'000	Short Position RM'000		
Interest Rate Risk	81,689,729	(80,842,471)	1,346,469	107,718
Foreign Exchange Risk	71,761	(976)	71,762	5,741
	<u>81,761,490</u>	<u>(80,843,447)</u>	<u>1,418,231</u>	<u>113,459</u>
(iii) Operational Risk			<u>1,441,927</u>	<u>115,354</u>
Total RWA and Capital Requirements	<u>33,587,363</u>	<u>19,953,900</u>	<u>13,814,053</u>	<u>1,105,125</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2024 (CONTD)****31 CAPITAL ADEQUACY (CONTD)**

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

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	<u>33,655,537</u>	<u>18,435,444</u>	<u>8,674,870</u>	<u>693,990</u>
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	<u>2,662,417</u>	<u>2,662,417</u>	<u>1,923,262</u>	<u>153,861</u>
Total On and Off-Balance Sheet Exposures	<u>36,317,954</u>	<u>21,097,861</u>	<u>10,598,132</u>	<u>847,851</u>
(ii) Market Risk				
	Long Position RM'000	Short Position RM'000		
Interest Rate Risk	72,414,767	(70,200,988)	1,183,425	94,674
Foreign Exchange Risk	4,509	(34,786)	34,788	2,783
	<u>72,419,276</u>	<u>(70,235,774)</u>	<u>1,218,213</u>	<u>97,457</u>
(iii) Operational Risk			<u>1,193,216</u>	<u>95,457</u>
Total RWA and Capital Requirements	<u>36,317,954</u>	<u>21,097,861</u>	<u>13,009,561</u>	<u>1,040,765</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2024 (CONTD)****32 THE OPERATIONS OF ISLAMIC BANKING****UNAUDITED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2024**

		2024 December RM'000	2024 March RM'000
ASSETS			
Cash and short-term funds	(a)	237,000	186,000
Deposits and placements with financial institutions	(b)	2,742	1,909
Other assets		7,852	46
TOTAL ASSETS		247,594	187,955
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(c)	133,671	73,459
Other liabilities	(d)	27	14,176
TOTAL LIABILITIES		133,698	87,635
CAPITAL FUNDS		25,000	25,000
RESERVE		88,896	75,320
ISLAMIC BANKING FUNDS		113,896	100,320
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		247,594	187,955

Islamic financing based on Commodity Murabahah (Tawarruq) of RM3,182,258,000 (2024 March: RM2,807,047,000) and Ijarah of RM1,057,283,000 (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.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2024 (CONTD)

32 THE OPERATIONS OF ISLAMIC BANKING (CONTD)

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2024

		3rd Quarter Ended		Nine Months Ended	
		2024 December	2023 December	2024 December	2023 December
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of Islamic Banking Capital funds	(e)	914	945	3,904	2,825
Expenses derived from financing	(f)	(22)	(1)	(24)	(3)
Other operating income	(g)	2,768	5,557	9,924	14,659
Total net income		3,660	6,501	13,804	17,481
Other operating expenses	(h)	(72)	(85)	(228)	(248)
Profit for the period		3,588	6,416	13,576	17,233

UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 DECEMBER 2024

	Capital Fund	Regulatory Reserve	Retained Profits	Total
	RM'000	RM'000	RM'000	RM'000
2024 December				
At beginning of the period	25,000	118	75,202	100,320
Profit for the period	-	-	13,576	13,576
At end of the period	25,000	118	88,778	113,896
2023 December				
At beginning of the period	25,000	118	53,634	78,752
Profit for the period	-	-	17,233	17,233
At end of the period	25,000	118	70,867	95,985

UNAUDITED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 DECEMBER 2024

	2024 December	2023 December
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	13,576	17,233
(Decrease)/Increase in operating assets:		
Deposits and placement with financial institutions	(833)	521
Other assets	(7,806)	(42)
	4,937	17,712
Increase/(Decrease) in operating liabilities:		
Deposits from customers	60,212	85,117
Other liabilities	(14,149)	(11,829)
Net cash generated from operating activities	51,000	91,000
Net increase in cash and cash equivalents	51,000	91,000
Cash and cash equivalents at beginning of period	186,000	116,000
Cash and cash equivalents at end of period	237,000	207,000

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2024 (CONTD)

32 THE OPERATIONS OF ISLAMIC BANKING (CONTD)

Shariah Committee

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

As of March 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 December RM'000	2024 March RM'000
Cash and balances with banks and other financial institutions	237,000	186,000

(b) Deposits and placements with financial institutions

	2024 December RM'000	2024 March RM'000
<i>At amortised cost</i>		
Licensed bank		
• Malaysia	2,742	1,909

(c) Deposits from customers

	2024 December RM'000	2024 March RM'000
(i) By type of deposits:		
<i>At amortised cost</i>		
Current accounts - Qard	9,471	73,286
Money market deposits (Tawarruq)	122,700	-
Fixed deposits - Tawarruq	1,500	173
	133,671	73,459
(ii) The maturity structure of fixed deposits are as follows:		
Due within six months	1,500	173
(iii) By type of customer:		
Domestic business enterprises	10,680	13,804
Foreign entities	122,991	59,482
Domestic other entities	-	173
	133,671	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.

(d) Other liabilities

	2024 December RM'000	2024 March RM'000
Accruals and provisions for operational expenses	27	14,176

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2024 (CONTD)

32 THE OPERATIONS OF ISLAMIC BANKING (CONTD)

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

	3rd Quarter Ended		Nine Months Ended	
	2024 December	2023 December	2024 December	2023 December
	RM'000	RM'000	RM'000	RM'000
Money at call and placements with financial institutions	914	945	3,904	2,825

(f) Expenses derived from financing

	3rd Quarter Ended		Nine Months Ended	
	2024 December	2023 December	2024 December	2023 December
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	22	1	24	3

(g) Other operating income

	3rd Quarter Ended		Nine Months Ended	
	2024 December	2023 December	2024 December	2023 December
	RM'000	RM'000	RM'000	RM'000
Other fee income	2,768	5,557	9,924	14,659

(h) Other operating expenses

	3rd Quarter Ended		Nine Months Ended	
	2024 December	2023 December	2024 December	2023 December
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	53	95	158	185
Other expenses	19	17	70	63
	72	112	228	248

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2024 (CONTD)****32 THE OPERATIONS OF ISLAMIC BANKING (CONTD)****(i) Capital Adequacy**

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

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

	2024 December	2024 March
Common equity tier 1 ("CET 1") capital ratio	248.585%	264.336%
Tier 1 capital ratio	248.585%	264.336%
Total capital ratio	<u>248.585%</u>	<u>264.336%</u>

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

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

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

	2024 December RM'000	2024 March RM'000
Operational risk	<u>40,309</u>	<u>37,907</u>

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

	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements at 8% RM'000
2024 December Exposure Class				
(i) Credit Risk				
On-Balance Sheet Exposures:				
Other Assets	247,594	247,594	-	-
Total On-Balance Sheet Exposures	<u>247,594</u>	<u>247,594</u>	<u>-</u>	<u>-</u>
(ii) Operational Risk			<u>40,309</u>	<u>3,225</u>
Total RWA and Capital Requirements	<u>247,594</u>	<u>247,594</u>	<u>40,309</u>	<u>3,225</u>
2024 March Exposure Class				
(i) Credit Risk				
On-Balance Sheet Exposures:				
Other Assets	187,955	187,955	-	-
Total On-Balance Sheet Exposures	<u>187,955</u>	<u>187,955</u>	<u>-</u>	<u>-</u>
(ii) Operational Risk			<u>37,907</u>	<u>3,033</u>
Total RWA and Capital Requirements	<u>187,955</u>	<u>187,955</u>	<u>37,907</u>	<u>3,033</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2024 (CONTD)****33 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 December RM'000	2024 March RM'000
<i>At amortised cost</i>		
Term financing		
• Syndicated Islamic financing	1,377,528	560,731
• Islamic term financing loan	18,288	28,993
Revolving credits	1,119,126	4,330,246
Gross financing and advances at amortised cost	2,514,942	4,919,970
Impairment allowances financing and advances		
• Stage 1 - 12-month ECL	(3,597)	(369)
• Stage 2 - lifetime ECL not credit-impaired	(4,005)	-
Net financing and advances at amortised cost	2,507,340	4,919,601
<i>At fair value</i>		
Syndicated Islamic financing	282,702	344,816
Net financing and advances	2,790,042	5,264,417
Gross financing and advances		
<i>At amortised cost</i>	2,514,942	4,919,970
<i>At fair value</i>	282,702	344,816
	2,797,644	5,264,786
(ii) By contract:		
Murabahah Financing-i	2,423,742	4,770,521
Ijarah Financing-i	72,642	120,456
Istina Financing-i	18,288	28,993
Wakalah Financing-i	282,702	344,816
	2,797,374	5,264,786

(b) Deposits from customers**(i) By type and contract:**

	2024 December RM'000	2024 March RM'000
<i>At amortised cost</i>		
Fixed deposits - Tawarruq	1,750,410	239,338
	1,750,410	239,338