

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

Company No : 199401016638 (302316-U)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED
31 DECEMBER 2022**

MUFG BANK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

Company No : 199401016638 (302316-U)

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED
31 DECEMBER 2022

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

UNAUDITED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2022

	Note	2022 December RM'000	2022 March RM'000
ASSETS			
Cash and short-term funds	11	7,051,719	6,614,758
Reverse repurchase agreements		95,638	-
Deposits and placements with financial institutions	12	1,668,989	1,257,406
Financial assets at fair value through profit or loss	13	723,798	-
Financial investments at fair value through other comprehensive income	14	914,934	1,013,740
Loans, advances and financing	15	8,344,499	8,397,099
Embedded loans measured at fair value through profit or loss	16	15,799,321	12,577,088
Purchased receivables	17	1,012,709	987,946
Collateral deposits placed		-	43,125
Derivative financial assets	18	523,644	333,152
Statutory deposits with Bank Negara Malaysia		25,007	-
Other assets		23,753	79,802
Property, plant and equipment		19,089	22,211
Intangible assets		62,229	78,817
Rights-of-use assets		1,316	3,250
Deferred tax assets		6,865	6,865
TOTAL ASSETS		<u>36,273,510</u>	<u>31,415,259</u>
LIABILITIES AND SHAREHOLDER'S FUNDS			
Deposits from customers	19	11,437,080	10,601,212
Deposits and placements of banks and other financial institutions	20	504,987	521,755
Financial liabilities at fair value through profit or loss		97,041	-
Collateral deposits received		19,109,803	15,792,315
Derivative financial liabilities	18	575,495	305,229
Other liabilities	21	94,460	104,033
Lease liabilities		1,413	3,330
Sukuk		250,000	250,000
Current tax liabilities		20,838	23,153
TOTAL LIABILITIES		<u>32,091,117</u>	<u>27,601,027</u>
SHARE CAPITAL		200,000	200,000
RESERVES		3,982,393	3,614,232
SHAREHOLDER'S FUNDS		<u>4,182,393</u>	<u>3,814,232</u>
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS		<u>36,273,510</u>	<u>31,415,259</u>
COMMITMENTS AND CONTINGENCIES	22	<u>90,616,449</u>	<u>76,616,395</u>

MUFG BANK (MALAYSIA) BERHAD
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UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2022

Note	3rd Quarter Ended		Nine Months Ended	
	2022 December RM'000	2021 December RM'000	2022 December RM'000	2021 December RM'000
Operating revenue	263,136	119,600	609,229	340,983
Interest income	23 166,156	62,551	371,264	192,724
Interest expense	24 (81,397)	(18,999)	(157,641)	(60,644)
Net interest income	84,759	43,552	213,623	132,080
Net income from embedded loans measured at FVTPL	25 67,011	39,997	176,032	98,524
Net income from Islamic Banking operations	30 11,676	1,126	19,590	9,956
Other operating income	26 99,690	34,925	199,984	100,423
Operating income	263,136	119,600	609,229	340,983
Other operating expenses	27 (56,403)	(42,979)	(153,595)	(129,506)
Operating profit before allowance for impairment	206,733	76,621	455,634	211,477
(Allowance for)/Reversal of impairment on financial instruments	28 (1,673)	3,371	(1,270)	19,372
Profit before tax	205,060	79,992	454,364	230,849
Tax expense	(39,749)	(38,280)	(84,451)	(79,394)
Profit for the period	165,311	41,712	369,913	151,455
Other comprehensive income net of tax				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Foreign currency translation in respect of expected credit loss	-	-	-	-
Remeasurement of defined benefit liability	(2)	-	(2)	-
Gain on disposal of unquoted equities	4,390	-	4,390	-
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Change in fair value reserve:				
- Debt instruments at FVOCI	(994)	(2,945)	(5,789)	(2,478)
Change in expected credit loss reserve	-	(1)	(351)	3
Other comprehensive income/(loss) for the period, net of tax	3,394	(2,946)	(1,752)	(2,475)
Total comprehensive income for the period	168,705	38,766	368,161	148,980
Profit attributable to :				
Owner of the Bank	165,311	41,712	369,913	151,455
Total comprehensive income attributable to :				
Owner of the Bank	168,705	38,766	368,161	148,980
Basic earnings per share (sen)	82.7	20.9	185.0	75.7

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**UNAUDITED STATEMENT OF CHANGES IN EQUITY
 FOR THE QUARTER ENDED 31 DECEMBER 2022**

	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
200,000	103,731	(4,252)	351	26,504	3,487,898	3,814,232
-	-	-	-	-	369,913	369,913
-	-	(2)	-	-	-	(2)
-	-	-	(351)	(5,789)	4,390	(1,750)
-	-	(2)	(351)	(5,789)	374,303	368,161
-	9,244	-	-	-	(9,244)	-
200,000	112,975	(4,254)	-	20,715	3,852,957	4,182,393

2022 December

At beginning of the period
 Profit for the period
 Remeasurement of defined benefit liability
 Other comprehensive income/(loss)
 Total comprehensive income/(loss)
 Transfer of retained profits to regulatory reserve
 At end of the period

2021 December

200,000	103,731	(4,252)	346	27,509	3,273,025	3,600,359
-	-	-	-	-	151,455	151,455
-	-	-	3	(2,478)	-	(2,475)
-	-	-	3	(2,478)	151,455	148,980
200,000	103,731	(4,252)	349	25,031	3,424,480	3,749,339

At beginning of the period
 Profit for the period
 Other comprehensive income/(loss)
 Total comprehensive income/(loss)
 At end of the period

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UNAUDITED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2022

	2022 December	2021 December
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before tax	454,364	230,849
Adjustments for:		
Depreciation of property, plant and equipment	3,509	4,030
Amortisation of intangible assets	18,601	20,713
Loss/(Gain) on disposal of property, plant and equipment	14	(93)
Depreciation of right-of-use assets	2,252	2,578
Reversal of impairment on financial instruments	1,270	(19,372)
Defined benefit plan	2,556	2,659
Dividend income	(295)	(253)
Interest income from financial investments at fair value through other comprehensive income	(17,179)	(11,587)
Interest income from financial assets at fair value through profit or loss	(10,755)	(4,670)
Finance cost on lease liabilities	78	154
Unrealised loss on changes in trading securities	(94)	(2,562)
Unrealised loss on changes in fair value of derivative financial instruments	74,952	18,542
Unrealised gain on changes in fair value of loans designated at fair value	(1,460)	17,897
Unrealised gain on changes in fair value of embedded loans measured at fair value through profit or loss	(72,671)	(22,604)
Operating profit before working capital changes	<u>455,142</u>	<u>236,281</u>
(Increase)/Decrease in operating assets:		
Deposits and placements with financial institutions	(411,583)	-
Reverse repurchase agreements	(95,638)	(20,314)
Financial assets at fair value through profit or loss	110,863	33,037
Financial investments at fair value through other comprehensive income	233,557	(158,909)
Loans, advances and financing	53,872	1,042,943
Embedded loans measured at fair value through profit or loss	(3,156,888)	(91,426)
Collateral deposits placed	43,125	171,617
Purchased receivables	(24,697)	(119,708)
Derivative financial assets	511,023	393,017
Statutory deposits with Bank Negara Malaysia	(25,007)	-
Other assets	55,731	404,290
Increase/(Decrease) in operating liabilities:		
Deposits from customers	835,868	(520,217)
Deposits and placements of banks and other financial institutions	(16,768)	(135,359)
Derivative financial liabilities	(498,875)	(411,859)
Collateral deposits received	3,317,488	(1,840,628)
Other liabilities	(24,269)	(38,028)
Obligation on securities sold on repurchase agreement	-	(303,494)
Cash generated from/(used in) operations	<u>1,362,944</u>	<u>(1,358,757)</u>
Income tax paid	(72,129)	(56,707)
Payment of staff benefits	(3,601)	(3,767)
Interest paid in relation to lease liabilities	(78)	(154)
Net cash generated from/(used in) operating activities	<u>1,287,136</u>	<u>(1,419,385)</u>

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**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2022 (CONTD.)**

	2022 December RM'000	2021 December RM'000
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(408)	(92)
Purchase of intangible assets	(2,013)	(2,914)
Proceeds from disposals of property, plant and equipment	7	87
Proceeds from sale of financial assets at fair value through other comprehensive income	391,650	-
Purchase of financial assets at fair value through other comprehensive income	(526,533)	(41,220)
Proceeds from sale of financial assets at fair value through profit or loss	3,558,220	1,029,296
Purchase of financial assets at fair value through profit or loss	(4,295,746)	(907,546)
Dividend received	295	253
Interest received from financial assets at fair value through other comprehensive income	15,910	(4,420)
Interest received from financial assets at fair value through profit or loss	10,755	4,670
Net cash (used in)/generated from investing activities	<u>(847,863)</u>	<u>78,114</u>
Cash Flows From Financing Activities		
Payment of lease liabilities	(2,312)	(2,664)
Net cash used in financing activities	<u>(2,312)</u>	<u>(2,664)</u>
Net increase/(decrease) in cash and cash equivalents	436,961	(1,343,935)
Cash and cash equivalents at beginning of quarter	<u>6,614,758</u>	<u>7,152,000</u>
Cash and cash equivalents at end of quarter	<u>7,051,719</u>	<u>5,808,065</u>
Cash outflows for leases as a lessee		
Included in net cash from operating activities:		
Payment relating to short-term leases	165	165
Payment relating to leases of low-value assets	653	653
Interest paid in relation to lease liabilities	78	154
Included in net cash from financing activities:		
Payment of lease liabilities	2,234	2,510
Total cash outflows for lease	<u>3,130</u>	<u>3,482</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022

1 BASIS OF PREPARATION

The unaudited condensed interim financial report for the quarter ended 31 December 2022 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 2022. 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 2022.

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

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

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

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

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

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

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

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2022 (CONTD.)**

1 BASIS OF PREPARATION (CONTD)

Continuous Assistance to Borrowers/Customers Affected by the COVID-19 Pandemic Amid Path to Economic Recovery

From 15 November 2021 to 31 March 2022, banks alongside Agensi Kaunseling dan Pengurusan Kredit (“AKPK”) have offered the Financial Management and Resilience Programme (“URUS”) to B50 customers/borrowers who met certain criteria. Under URUS, the Bank provided customers/borrowers with personalised financial plans which encompass options of either interest/profit waiver of 3 months or interest/profit waiver together with reduced instalments of up to 24 months.

To assist B50 customers/borrowers who are affected by the recent flood and have enrolled for the flood relief assistance programme, which involves deferment of repayment/payment up to 6 monthly instalments, the Bank will offer URUS, if required. URUS will be offered to the eligible B50 customers/borrowers until 31 July 2022 or upon the expiry of the flood relief assistance programme, whichever is earlier.

2 AUDIT REPORT

The audit report on the audited financial statements for the financial year ended 31 March 2022 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 2022.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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5 CHANGES IN ESTIMATES

There were no significant changes in estimates of amounts reported in prior financial years that have a material effects on the financial results and position of the Bank for the financial period ended 31 December 2022.

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 2022.

7 DIVIDEND PAID

No dividend was paid during the financial period ended 31 December 2022.

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 2022 was RM454.3 million, increase of 96.82% or RM223.5 million compared to the corresponding period last year. Operating income increased by RM268.2 million from RM340.9 million to RM609.2 million whilst operating expenses increases by RM24.1 million mainly attributed to higher administrative and other expenses during the financial period.

Total assets increased from RM31.4 billion as at 31 March 2022 to RM36.3 billion as at 31 December 2022. The Bank's CET 1/Tier 1 capital ratio and total capital ratio remained strong at 31.078% and 32.112% respectively.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022 (CONTD.)

10 PROSPECTS

Global economy is expected to continue to recover this year however the recovery momentum was somewhat impacted in recent months due to Ukraine crisis and to some degree by the measures to contain a resurgence in COVID-19 cases in China. Inflation in many economies remain elevated, due to both demand and supply factors. Meanwhile, strength in trade activities to improve further given the signs of easing in global supply disruptions and pick up in global demand recovery. In our view, risks to global growth outlook remain tilted to the downside given the ongoing geopolitical conflicts and development surrounding COVID-19.

The Bank foresees the current high volatility in the global financial markets to persist in the near term as market players continue to digest the pace of monetary tightening in the US and in the region and its impact on the underlying economy. Brent crude oil prices hit the recent high of USD139 per barrel before consolidating around USD100 per barrel region currently, further recovery in global oil demand to push the prices higher while the announcement by the US and its allies to release oil from their strategic petroleum reserves will cap the upside to the oil price performance.

For year 2022, the Bank expects Malaysian economy to register a positive Gross Domestic Product ("GDP") growth of between 5.3% to 6.3% year-on-year driven by an improvement in domestic demand as economic activity normalised following further easing of containment measures and the nation made another step towards endemicity including fully reopened international borders to vaccinated visitors after two years of restrictions. This will be further supported by the excess savings that were accumulated throughout the lockdown period. Malaysia's job market is also likely to improve further, however at a moderate pace (the unemployment rate stood at 4.1% in Feb 2022 compared to 4.8% in Feb 2021) and is expected to decline to 3.5% towards the end of 2022, also added to a sustained consumption recovery path. On the external front, high commodity prices will continue to benefit the economy through positive terms of trade. The Bank believes solid GDP growth this year will spur broad-based demand for loans while at the same time should have a positive impact on asset quality.

As the reopening of the economy gathering pace coupled with the elevated commodity prices, core inflation is expected to increase moderately going forward to average between 2.3% to 3.2% this year. The second round effects as businesses increasing prices due to higher input prices and persistent demand for higher wages by workers to help alleviate expected losses in their purchasing power are the main upside risks to the Bank's assumption, that said headline inflation is projected to remain manageable.

Bank Negara Malaysia is expected to keep its current stance of accommodative monetary policy in the near term to provide support to economic activity. The Bank is looking at up to 25 basis points hike in the Overnight Policy Rate ("OPR") this year from the current historical 2.25% level; amid the prevailing global uncertainties, the timing will be determine by new data and their implications on the overall outlook for domestic inflation and growth. Meanwhile, MYR's recent performance has been mixed, torn between positives from improving terms of trade and current account fundamentals, and negatives from more restrictive global financial condition given the aggressive move by the US Federal Reserve and other major central banks hiking rates to combat inflation. The Bank anticipates MYR to move higher over the coming quarters, as risks from tighter global financial conditions fade and as Malaysia's fundamentals improve. The Bank forecasts USD/MYR to close the year lower at 4.16 from current level of above 4.23.

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11 CASH AND SHORT-TERM FUNDS

	2022 December RM'000	2022 March RM'000
<i>Amortised cost</i>		
Cash and balances with banks and other financial institutions	522,924	343,127
Money at call and deposit placements maturing within three months	6,528,795	6,271,631
	<u>7,051,719</u>	<u>6,614,758</u>

12 DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	2022 December RM'000	2022 March RM'000
<i>Amortised cost</i>		
Licensed banks		
• Malaysia	1,302,293	877,796
• Other countries	366,696	379,610
	<u>1,668,989</u>	<u>1,257,406</u>

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

	2022 December RM'000	2022 March RM'000
Money market instruments:		
Malaysian Government Securities	391,706	-
Government Investment Issues	332,092	-
	<u>723,798</u>	<u>-</u>

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

	2022 December RM'000	2022 March RM'000
Money market instruments		
Malaysian Government Securities	371,630	406,160
Government Investment Issues	181,517	20,639
Japanese Government Bonds	333,707	345,815
Sukuk	-	210,456
	<u>886,854</u>	<u>983,070</u>
Non-money market instruments:		
Unquoted shares	28,080	30,670
	<u>28,080</u>	<u>30,670</u>
Total	<u>914,934</u>	<u>1,013,740</u>

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

	2022 December RM'000	2022 March RM'000
<u>12-Month ECL Stage 1</u>		
At 1 April	351	346
Allowance made due to changes in credit risk	-	5
Financial assets derecognised (other than write-off)	(351)	-
At 31 December / 31 March	<u>-</u>	<u>351</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2022 (CONTD.)****15 LOANS, ADVANCES AND FINANCING**

	2022 December RM'000	2022 March RM'000
(a) By type:		
<i>At amortised cost</i>		
Term loans		
• Housing loans	8,947	9,863
• Other term loans	3,083,704	3,075,050
Revolving credits	4,558,573	4,734,000
Overdrafts	11,007	10,337
Bills receivable	126,546	128,100
Claims on customers under acceptance credits	201,009	231,125
Staff loans	5,563	6,111
	<u>7,995,349</u>	<u>8,194,586</u>
Unearned interest	(926)	(2,942)
Gross loans, advances and financing at amortised cost	<u>7,994,423</u>	<u>8,191,644</u>
Impairment allowances on loans, advances and financing		
• Stage 1 - 12-month ECL	(6,484)	(4,660)
• Stage 2 - lifetime ECL not credit-impaired	(17,577)	(18,713)
• Stage 3 - lifetime ECL credit-impaired	(255)	(240)
Net loans, advances and financing at amortised cost	<u>7,970,107</u>	<u>8,168,031</u>
<i>At fair value</i>		
Other term loans	374,392	229,068
	<u>374,392</u>	<u>229,068</u>
Net loans, advances and financing	<u>8,344,499</u>	<u>8,397,099</u>
Gross loans, advances and financing		
<i>At amortised cost</i>	7,994,423	8,191,644
<i>At fair value</i>	374,392	229,068
	<u>8,368,815</u>	<u>8,420,712</u>
(b) By maturity structure:		
Maturing within one year	5,166,563	6,100,506
More than one year to three years	1,476,556	1,094,878
More than three years to five years	1,032,823	564,024
More than five years	692,873	661,304
	<u>8,368,815</u>	<u>8,420,712</u>
(c) By type of customer:		
Domestic non-bank financial institutions	1,354,581	1,347,072
Domestic business enterprises		
• Small medium enterprises	6,507	260,988
• Others	4,222,761	4,403,885
Individuals	14,309	15,751
Foreign entities	2,770,657	2,393,016
	<u>8,368,815</u>	<u>8,420,712</u>
(d) By interest/profit rate sensitivity:		
Variable rates	8,366,147	8,417,482
Fixed rate		
• Staff loans	2,668	3,230
	<u>8,368,815</u>	<u>8,420,712</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2022 (CONTD.)****15 LOANS, ADVANCES AND FINANCING (CONTD.)**

	2022 December RM'000	2022 March RM'000
(e) By economic sector:		
Agricultural, hunting, forestry and fishing	-	466,906
Mining and quarrying	374,391	229,067
Manufacturing	1,185,190	1,305,157
Electricity, gas and water	738,093	813,332
Construction	479,518	422,841
Wholesale, retail trade, restaurants and hotels	687,816	661,352
Transport, storage and communication	1,151,699	1,508,766
Finance, insurance, real estate and business services	3,316,893	2,599,860
Households	14,510	15,974
Others	420,705	397,457
	<u>8,368,815</u>	<u>8,420,712</u>
(f) By geographical location:		
Malaysia	6,902,866	7,079,819
Other countries	1,465,949	1,340,893
	<u>8,368,815</u>	<u>8,420,712</u>
(h) Credit-impaired gross loans by economic sector are as follows:		
Household	<u>823</u>	<u>701</u>
(i) Credit-impaired gross loans by geographical location are as follows:		
Malaysia	<u>823</u>	<u>701</u>
(g) Movements in credit-impaired gross loans, advances and financing are as follows:		
At beginning of the period	701	664
Classified as credit-impaired during the period	264	410
Amount recovered	(6)	(94)
Reclassified as performing	(136)	(247)
Amount written off	-	(32)
At end of the period	<u>823</u>	<u>701</u>

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15 LOANS, ADVANCES AND FINANCING (CONTD.)

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

	12-month ECL Stage 1 RM'000	Lifetime ECL		Total RM'000
		Not credit- impaired Stage 2 RM'000	Credit-impaired Stage 3 RM'000	
At 1 April 2022	4,660	18,713	240	23,613
Transfer to 12-Month ECL (Stage 1)	1	-	-	1
Transfer to lifetime ECL not credit-impaired (Stage 2)	-	-	-	-
Transfer to lifetime ECL credit-impaired (Stage 3)	(5)	-	-	(5)
New financial assets originated	5,394	10,467	-	15,861
Financial assets derecognised (other than write-off)	(3,172)	(9,340)	-	(12,512)
Net remeasurement due to changes in credit risk	(394)	(2,263)	15	(2,642)
At 31 December 2022	<u>6,484</u>	<u>17,577</u>	<u>255</u>	<u>24,316</u>
At 1 April 2021	5,392	37,062	230	42,684
Transfer to 12-Month ECL (Stage 1)	296	(7,040)	-	(6,744)
Transfer to lifetime ECL not credit-impaired (Stage 2)	(62)	37	-	(25)
Transfer to lifetime ECL credit-impaired (Stage 3)	(4)	-	-	(4)
New financial assets originated	3,128	10,427	-	13,555
Financial assets derecognised (other than write-off)	(4,227)	(18,106)	(11)	(22,344)
Net remeasurement due to changes in credit risk	137	(3,667)	29	(3,501)
Amount written off	-	-	(8)	(8)
At 31 March 2022	<u>4,660</u>	<u>18,713</u>	<u>240</u>	<u>23,613</u>

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

	2022 December RM'000	2022 March RM'000
<i>At fair value</i>		
Embedded loans with term loans nature	15,734,338	12,524,596
Embedded loans with revolving credits nature	64,983	52,492
	<u>15,799,321</u>	<u>12,577,088</u>

Loans measured at FVTPL included RM15,342,791,000 (2022 March: RM12,191,294,000) of outstanding balance for loans, advances and financing, and fair value for derivative financial assets and liabilities of RM198,937,000 (2022 March: RM199,478,000).

Included in embedded loans are fair value from derivative financial assets and derivative financial liabilities transacted with the holding company and related companies amounting to RM163,000 (2022 March: RM681,000) and RM3,372,000 (2022 March: RM736,000) respectively.

(a) By maturity structure:

Maturing within one year	6,390,974	3,276,401
More than one year to three years	3,517,862	4,951,546
More than three years to five years	4,580,414	3,335,917
More than five years	1,310,071	1,013,224
	<u>15,799,321</u>	<u>12,577,088</u>

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

	2022 December RM'000	2022 March RM'000
(b) By type of customer:		
Domestic non-bank financial institutions	9,517,261	8,715,273
Domestic business enterprises		
• Small medium enterprises	11,177	12,263
• Others	5,845,315	3,791,933
	<u>15,373,753</u>	<u>12,519,469</u>
Domestic financial institutions *	425,568	57,674
Foreign entities *	-	(55)
	<u>15,799,321</u>	<u>12,577,088</u>
(c) By interest rate sensitivity:		
Variable rates	<u>15,799,321</u>	<u>12,577,088</u>
(d) By economic sector:		
Mining and quarrying	-	52,492
Manufacturing	536,199	562,972
Electricity, gas and water	3,539,031	1,013,355
Construction	405,910	424,188
Wholesale, retail trade, restaurants and hotels	231,609	766,871
Transport, storage and communication	293,437	261,868
Finance, insurance, real estate and business services	10,790,137	9,481,140
Others	2,998	14,202
	<u>15,799,321</u>	<u>12,577,088</u>
(e) By geographical location:		
Malaysia	15,234,878	12,522,920
Other countries *	564,443	54,168
	<u>15,799,321</u>	<u>12,577,088</u>

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

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

	2022 December			2022 March		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<i>At fair value</i>						
Embedded loans with term loans nature:						
Foreign currency swaps	12,377,056	157,456	475,949	10,242,460	188,772	101,162
Interest rate swaps	2,556,219	13,862	8,743	2,632,645	57,613	3,164
	<u>14,933,275</u>	<u>171,318</u>	<u>484,692</u>	<u>12,875,105</u>	<u>246,385</u>	<u>104,326</u>
Embedded loans with revolving credits nature:						
Foreign currency swaps	64,600	1,459	-	52,250	-	200
	<u>64,600</u>	<u>1,459</u>	<u>-</u>	<u>52,250</u>	<u>-</u>	<u>200</u>
Cover deals:						
Foreign currency swaps	9,089,795	441,807	41,344	9,038,317	156,030	81,129
Interest rate swaps	10,691,363	127,743	17,354	12,204,669	74,076	91,358
	<u>19,781,158</u>	<u>569,550</u>	<u>58,698</u>	<u>21,242,986</u>	<u>230,106</u>	<u>172,487</u>
	<u>34,779,033</u>	<u>742,327</u>	<u>543,390</u>	<u>34,170,341</u>	<u>476,491</u>	<u>277,013</u>
Set off		(543,390)	(543,390)		(277,013)	(277,013)
Net assets		<u>198,937</u>	<u>-</u>		<u>199,478</u>	<u>-</u>

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17 PURCHASED RECEIVABLES

	2022 December RM'000	2022 March RM'000
<i>At amortised cost</i>		
Purchased receivables	1,013,066	988,369
Impairment allowances on purchased receivables		
Stage 1 - 12 month ECL	(357)	(85)
Stage 2 - lifetime ECL not credit impaired	-	(338)
	<u>1,012,709</u>	<u>987,946</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 RM951,952,000 (2022 March: RM943,947,000).

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

	Lifetime ECL			Total RM'000
	12-month ECL Stage 1 RM'000	Not credit- impaired Stage 2 RM'000	Credit-impaired Stage 3 RM'000	
At 1 April 2022	85	338	-	423
New financial assets originated	309	-	-	309
Financial assets derecognised (other than write-off)	(26)	(338)	-	(364)
Net remeasurement due to changes in credit risk	(11)	-	-	(11)
At 31 December 2022	<u>357</u>	<u>-</u>	<u>-</u>	<u>357</u>
At 1 April 2021	330	-	-	330
New financial assets originated	30	338	-	368
Financial assets derecognised (other than write-off)	(271)	-	-	(271)
Net remeasurement due to changes in credit risk	(4)	-	-	(4)
At 31 March 2022	<u>85</u>	<u>338</u>	<u>-</u>	<u>423</u>

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18 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.

	2022 December			2022 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	21,524,372	173,789	212,613	16,601,640	71,408	51,558
• Swaps	6,986,265	262,173	151,434	6,559,363	228,528	156,229
Interest rate related contracts						
• Swaps	15,304,733	86,332	210,092	9,681,311	32,149	96,418
Other derivatives						
• Currency options	351,700	1,116	1,122	264,410	1,067	1,024
• Premium yielder investments	124,000	234	234	-	-	-
	<u>44,291,070</u>	<u>523,644</u>	<u>575,495</u>	<u>33,106,724</u>	<u>333,152</u>	<u>305,229</u>

Included in trading derivatives are derivative financial assets and derivative financial liabilities transacted with the holding company and related companies amounting to RM135,519,000 (2022 March: RM40,765,000) and RM250,431,000 (2022 March: RM120,965,000) respectively.

19 DEPOSITS FROM CUSTOMERS

	2022 December RM'000	2022 March RM'000
<i>At amortised cost</i>		
Demand deposits	4,211,252	4,345,758
Money market deposits	1,329,482	1,957,579
Savings deposits	104	104
Fixed deposits	5,896,242	4,297,771
	<u>11,437,080</u>	<u>10,601,212</u>

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

Due within six months	5,756,020	4,260,924
More than six months to one year	136,118	36,847
More than one year to two years	4,104	-
	<u>5,896,242</u>	<u>4,297,771</u>

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

Domestic non-bank financial institutions	141,415	228,047
Business enterprises	10,994,247	10,117,498
Individuals	1,462	1,458
Foreign entities/individuals	239,470	181,341
Others	60,486	72,868
	<u>11,437,080</u>	<u>10,601,212</u>

20 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	2022 December RM'000	2022 March RM'000
<i>At amortised cost</i>		
Licensed banks	<u>504,987</u>	<u>521,755</u>

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21 OTHER LIABILITIES

	2022 December RM'000	2022 March RM'000
Provision for retirement benefits	28,611	29,656
Impairment allowances on commitment and contingencies (a)		
• Stage 1 - 12-month ECL	2,178	617
• Stage 2 - lifetime ECL not credit-impaired	1,674	1,735
Accrued interest payable	15,237	6,004
Bills payable	4,294	4,937
Other payables and accruals	42,466	61,084
	<u>94,460</u>	<u>104,033</u>

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

	Lifetime ECL			Total RM'000
	12-month ECL Stage 1 RM'000	Not credit- impaired Stage 2 RM'000	Credit-impaired Stage 3 RM'000	
At 1 April 2022	617	1,735	-	2,352
Transfer to 12-Month ECL (Stage 1)	-	-	-	-
New financial assets originated	2,062	1,665	-	3,727
Financial assets derecognised (other than write-off)	(288)	(1,700)	-	(1,988)
Net remeasurement due to changes in credit risk	(213)	(26)	-	(239)
At 31 December 2022	<u>2,178</u>	<u>1,674</u>	<u>-</u>	<u>3,852</u>
At 1 April 2021	390	2,258	-	2,648
Transfer to 12-Month ECL (Stage 1)	34	(1,013)	-	(979)
New financial assets originated	568	1,733	-	2,301
Financial assets derecognised (other than write-off)	(364)	(1,243)	-	(1,607)
Net remeasurement due to changes in credit risk	(11)	-	-	(11)
At 31 March 2022	<u>617</u>	<u>1,735</u>	<u>-</u>	<u>2,352</u>

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22 COMMITMENTS AND CONTINGENCIES

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

	2022 December			2022 March		
	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000
Contingent Liabilities						
Direct credit substitutes	134,564		134,539	123,809	197,075	145,090
Transaction-related contingent items	595,258		297,439	282,293	348,565	312,544
Short-term self-liquidating trade-related contingencies	87,926		17,560	17,841	56,387	61,146
Commitments						
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:						
- not exceeding one year	929		466	349	23,369	23,369
- exceeding one year	119,508		23,423	23,423	218	164
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	10,831,010		(3,134)	(3,134)	(2,128)	(2,128)
Securitisation exposures	15,000		3,000	2,250	3,000	2,250
	11,784,195		473,293	446,831	626,486	542,435
Embedded loans						
Foreign exchange related contracts						
- one year or less	7,466,680	208,338	384,164	129,147	71,468	108,596
- over one year to five years	12,321,112	317,392	1,170,480	635,029	220,162	545,507
- over five years	1,743,660	74,992	260,539	165,637	53,172	163,951
Interest rate related contracts						
- one year or less	4,791,205	7,999	10,703	5,340	1,207	(7,452)
- over one year to five years	8,108,377	121,359	294,032	128,761	110,242	115,554
- over five years	348,000	12,247	31,847	15,924	20,240	31,185
	34,779,034	742,327	2,151,765	1,079,838	476,491	960,793
Derivative Financial Instruments:						
Foreign exchange related contracts						
- one year or less	22,109,713	183,434	377,567	270,213	89,073	221,610
- over one year to five years	5,280,612	200,588	(124,234)	66,074	190,000	309,529
- over five years	1,120,312	51,940	221,681	161,575	20,863	101,914
Interest rate related contracts						
- one year or less	7,605,465	30,046	5,979	2,399	7,562	3,583
- over one year to five years	6,480,352	40,311	120,706	61,422	68,439	33,958
- over five years	1,218,916	15,975	101,564	58,018	15,022	58,884
Currency options *						
- one year or less	175,850	1,116	3,754	3,754	1,067	3,050
Premium yielder investments *						
- one year or less	62,000	234	1,164	758	-	-
	44,033,220	523,644	708,181	624,213	333,152	732,528
Total	90,616,449	1,265,971	3,333,239	2,150,882	809,643	2,235,756

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

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	3rd Quarter Ended		Nine Months Ended	
	2022 December RM'000	2021 December RM'000	2022 December RM'000	2021 December RM'000
23 INTEREST INCOME				
Loans, advances and financing measured at amortised cost	100,820	37,654	224,614	105,401
Loans, advances and financing designated at fair value	6,409	1,557	13,411	5,139
Money at call and deposit placements with financial institutions	47,846	18,483	105,305	65,897
Financial assets at FVTPL	6,482	1,208	10,755	4,700
Financial investments at FVOCI	4,599	3,649	17,179	11,587
	<u>166,156</u>	<u>62,551</u>	<u>371,264</u>	<u>192,724</u>
24 INTEREST EXPENSE				
Deposits and placements of banks and other financial institutions	67,596	12,305	124,515	40,808
Deposits from other customers	13,801	6,626	33,126	19,768
Financial liabilities at FVTPL	-	68	-	68
	<u>81,397</u>	<u>18,999</u>	<u>157,641</u>	<u>60,644</u>
25 NET INCOME FROM EMBEDDED LOANS MEASURED AT FVTPL				
Interest income	178,819	39,784	348,910	116,408
Interest expense	(149,583)	(25,729)	(274,360)	(83,756)
Unrealised gain in fair value of embedded loans	23,376	13,859	72,671	22,604
Realised gain in fair value of embedded loans	14,399	12,083	28,811	43,268
	<u>67,011</u>	<u>39,997</u>	<u>176,032</u>	<u>98,524</u>
26 OTHER OPERATING INCOME				
Fee income				
Commission	353	675	1,323	1,982
Guarantee fees	891	821	2,751	2,296
Service charges and fees	602	510	1,770	1,545
Commitment fees	739	752	2,109	2,085
Other fee income	3,009	2,907	4,574	7,360
	<u>5,594</u>	<u>5,665</u>	<u>12,527</u>	<u>15,268</u>
Net investment income				
Gross dividends	-	-	295	253
Realised gain/(loss) in fair value of derivative financial instruments	(17,610)	(5,630)	19,139	13,442
Realised gain/(loss) in fair value of financial assets at FVTPL	1,250	(3,760)	118	(8,382)
Unrealised loss in fair value of derivative financial instruments	(228,393)	(9,298)	(74,952)	(18,542)
Unrealised gain/(loss) in fair value of financial assets at FVTPL	4,905	1,382	94	2,562
Unrealised gain/(loss) in fair value of loans designated at fair value	349	487	1,460	(17,897)
Foreign exchange gain	324,761	37,589	225,344	89,970
Net premium paid for options	(17)	-	(28)	-
	<u>85,245</u>	<u>20,770</u>	<u>171,470</u>	<u>61,406</u>
Other income				
Other operating income	8,851	8,490	15,987	23,749
	<u>99,690</u>	<u>34,925</u>	<u>199,984</u>	<u>100,423</u>

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	3rd Quarter Ended		Nine Months Ended	
	2022 December RM'000	2021 December RM'000	2022 December RM'000	2021 December RM'000
27 OTHER OPERATING EXPENSES				
Personnel expenses	23,438	25,282	68,272	69,036
Establishment related expenses	8,724	9,853	26,748	30,253
Promotion and marketing related expenses	355	162	1,038	702
Administrative and other expenses	23,886	7,682	57,537	29,515
	<u>56,403</u>	<u>42,979</u>	<u>153,595</u>	<u>129,506</u>
Personnel expenses				
- Wages, salaries and bonus	20,073	20,224	56,087	56,310
- Defined benefit plan	852	875	2,556	2,659
- Defined contribution plan	2,530	2,433	6,892	6,639
- Other employee benefits	(17)	1,750	2,737	3,428
	<u>23,438</u>	<u>25,282</u>	<u>68,272</u>	<u>69,036</u>
Establishment related expenses				
- Depreciation of property, plant and equipment	1,134	1,396	3,509	4,032
- Amortisation of intangible assets	6,173	6,791	18,601	20,712
- Depreciation of right-of-use assets	756	850	2,252	2,578
- Repair and maintenance	84	56	190	132
- Expenses relating to short-term leases and leases of low-value assets	494	580	1,774	2,111
- Interest expenses on lease liabilities	28	51	78	154
- Others	55	129	344	534
	<u>8,724</u>	<u>9,853</u>	<u>26,748</u>	<u>30,253</u>
Promotion and marketing related expenses				
- Advertising and publicity	133	118	196	129
- Others	222	44	842	573
	<u>355</u>	<u>162</u>	<u>1,038</u>	<u>702</u>
Administrative and other expenses				
- Cash collateral fees on CSA	11,118	24	18,496	42
- Communication expenses	216	264	606	613
- Legal and professional fees	333	919	1,055	1,312
- Others	12,219	6,475	37,380	27,548
	<u>23,886</u>	<u>7,682</u>	<u>57,537</u>	<u>29,515</u>

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

	3rd Quarter Ended		Nine Months Ended	
	2022 December RM'000	2021 December RM'000	2022 December RM'000	2021 December RM'000
Stage 1 and 2 expected credit losses made during the year	3,535	(2,260)	19,897	15,655
Stage 1 and 2 expected credit losses written back	(1,869)	(990)	(18,126)	(35,137)
Stage 3 expected credit losses made during the year	6	4	15	12
Stage 3 expected credit losses written back	-	(11)	-	(11)
Impaired loans, advances and financing written off	-	-	-	(8)
Other movements	1	-	(516)	240
Bad debts written back	-	(114)	-	(123)
	<u>1,673</u>	<u>(3,371)</u>	<u>1,270</u>	<u>(19,372)</u>
(a) (Reversal of)/Allowance for impairment on loans, advances and financing				
Stage 1 and 2 expected credit losses made during the year	775	(2,492)	15,862	13,778
Stage 1 and 2 expected credit losses written back	(1,396)	(765)	(15,173)	(32,254)
Stage 3 expected credit losses made during the year	6	4	15	12
Stage 3 expected credit losses written back	-	(11)	-	(11)
Impaired loans, advances and financing written off	-	-	-	(8)
Other movements	1	-	(516)	240
Bad debts written back	-	(114)	-	(123)
	<u>(614)</u>	<u>(3,378)</u>	<u>188</u>	<u>(18,366)</u>
(b) Allowance for/(Reversal of) impairment on purchased receivables				
Stage 1 and 2 expected credit losses made during the year	88	126	308	410
Stage 1 and 2 expected credit losses written back	(26)	(34)	(374)	(258)
	<u>62</u>	<u>92</u>	<u>(66)</u>	<u>152</u>
(c) Allowance for/(Reversal of) impairment on off-balance sheet exposures				
Stage 1 and 2 expected credit losses made during the year	2,672	107	3,727	1,464
Stage 1 and 2 expected credit losses written back	(447)	(191)	(2,228)	(2,625)
Stage 3 expected credit losses made during the year	-	-	-	-
Stage 3 expected credit losses written back	-	-	-	-
	<u>2,225</u>	<u>(84)</u>	<u>1,499</u>	<u>(1,161)</u>
(d) (Reversal of)/Allowance for impairment on financial investments at FVOCI				
Stage 1 and 2 expected credit losses made during the year	-	(1)	-	3
Stage 1 and 2 expected credit losses written back	-	-	(351)	-
	<u>-</u>	<u>(1)</u>	<u>(351)</u>	<u>3</u>

MUFG BANK (MALAYSIA) BERHAD

Company No : 199401016638 (302316-U)

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2022 (CONTD.)****29 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:

	2022 December	2022 March
Common equity Tier 1 ("CET 1") capital ratio	31.078%	30.535%
Tier 1 capital ratio	31.078%	30.535%
Total capital ratio	<u>32.112%</u>	<u>31.538%</u>

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

	2022 December RM'000	2022 March RM'000
<u>CET 1 and Tier 1 capital</u>		
• Paid-up share capital	200,000	200,000
• Retained profits	3,487,898	3,487,898
• Other reserves	129,436	126,334
	<u>3,817,334</u>	<u>3,814,232</u>
<u>Less</u>		
• Deferred tax assets	(6,865)	(6,865)
• Intangible assets	(62,229)	(78,817)
• 55% of fair value reserve	(11,393)	(14,577)
• Unrealised gain in fair value of loans designated at fair value	(1,460)	-
• Regulatory reserve	<u>(112,975)</u>	<u>(103,731)</u>
	3,622,412	3,610,242
<u>Tier 2 capital</u>		
• Stage 1 and 2 ECL and regulatory reserve	120,521	118,637
Total Capital	<u>3,742,933</u>	<u>3,728,880</u>

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2022 (CONTD.)**

29 CAPITAL ADEQUACY (CONTD)

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

2022 December

Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
(i) Credit Risk				
On-Balance Sheet Exposures :				
Sovereigns/Central Banks	8,353,814	8,353,814	321,673	25,734
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions & MDBs	3,056,495	2,121,485	697,354	55,788
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
Corporates	23,756,497	6,619,589	6,329,839	506,387
Regulatory Retail	813	813	813	65
Residential Mortgages	11,428	11,428	5,012	401
Equity Exposures	28,080	28,080	28,079	2,246
Other Assets	370,378	370,378	106,048	8,484
Defaulted Exposures	1,959	1,959	1,959	157
Total On-Balance Sheet Exposures	35,579,464	17,507,546	7,490,777	599,262
Off-Balance Sheet Exposures :				
Credit-related exposures	470,292	470,292	444,581	35,566
Securitisation exposures	3,000	3,000	2,250	180
Derivatives financial instruments	2,859,947	2,859,947	1,704,051	136,324
Total Off-Balance Sheet Exposures	3,333,239	3,333,239	2,150,882	172,071
Total On and Off-Balance Sheet Exposures	38,912,703	20,840,785	9,641,659	771,333
(ii) Large Exposure Risk Requirement				
	-	-	-	-
(iii) Market Risk				
	Long Position RM'000	Short Position RM'000		
Interest Rate Risk	80,143,045	(79,274,822)	1,035,857	82,869
Foreign Exchange Risk	4,260	(12,810)	12,810	1,025
	80,147,305	(79,287,632)	1,048,667	83,893
(iv) Operational Risk				
			965,667	77,253
Total RWA and Capital Requirements	38,912,703	20,840,785	11,655,993	932,479

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2022 (CONTD.)**

29 CAPITAL ADEQUACY (CONTD.)

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

2022 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	7,767,105	7,767,105	241,753	19,340
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions & MDBs	1,929,105	1,929,105	499,387	39,951
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
Corporates	20,595,788	6,156,584	6,257,346	500,588
Regulatory Retail	1,132	1,132	1,132	91
Residential Mortgages	12,494	12,494	5,634	451
Equity Exposures	30,670	30,670	30,670	2,454
Other Assets	587,257	587,257	380,379	30,430
Defaulted Exposures	2,064	2,064	2,064	165
Total On-Balance Sheet Exposures	30,925,615	16,486,411	7,418,365	593,470
Off-Balance Sheet Exposures :				
Credit-related exposures	623,486	623,486	540,185	43,215
Securitisation exposures	3,000	3,000	2,250	180
Derivatives financial instruments	2,860,140	2,860,140	1,693,321	135,466
Total Off-Balance Sheet Exposures	3,486,626	3,486,626	2,235,756	178,861
Total On and Off-Balance Sheet Exposures	34,412,241	19,973,037	9,654,121	772,331
(ii) Large Exposure Risk Requirement	-	-	-	-
(iii) Market Risk				
	Long Position RM'000	Short Position RM'000		
Interest Rate Risk	67,558,444	(67,382,773)	1,327,247	106,180
Foreign Exchange Risk	9,370	(9,243)	9,370	749
	67,567,814	(67,392,016)	1,336,617	106,929
(iv) Operational Risk			832,703	66,616
Total RWA and Capital Requirements	34,412,241	19,973,037	11,823,441	945,876

MUFG BANK (MALAYSIA) BERHAD
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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2022 (CONTD.)

30 THE OPERATIONS OF ISLAMIC BANKING

UNAUDITED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2022

		2022 December	2022 March
		RM'000	RM'000
ASSETS			
Cash and short-term funds	(a)	162,600	103,000
Deposits and placement with financial institutions	(b)	4,665	524
Other assets		25	5
TOTAL ASSETS		<u>167,290</u>	<u>103,529</u>
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(c)	62,463	20,798
Other liabilities	(d)	31,054	27,533
TOTAL LIABILITIES		<u>93,517</u>	<u>48,331</u>
CAPITAL FUNDS		25,000	25,000
RESERVE		48,773	30,198
ISLAMIC BANKING FUNDS		<u>73,773</u>	<u>55,198</u>
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		<u>167,290</u>	<u>103,529</u>
COMMITMENTS AND CONTINGENCIES	(e)	<u>6,519</u>	<u>6,600</u>

Islamic financing based on Commodity Murabahah (Tawarruq) of RM6,964,471,000 (2022 March: RM3,490,878,000) and Ijarah of RM116,900,000 (2022 March: RM124,859,000) 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 a cash to finance the customer's needs.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 31 DECEMBER 2022 (CONTD.)**

30 THE OPERATIONS OF ISLAMIC BANKING (CONTD.)

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2022

	3rd Quarter Ended		Nine Months Ended	
	2022 December RM'000	2021 December RM'000	2022 December RM'000	2021 December RM'000
Income derived from investment of Islamic Banking Capital funds (f)	809	424	2,027	1,221
Expenses derived from financing (g)	(1)	(1)	(2)	(2)
Other operating income (h)	10,868	703	17,565	8,737
Total net income	11,676	1,126	19,590	9,956
Other operating expenses (i)	(56)	(75)	(190)	(235)
Operating profit before allowance for impairment (Allowance for)/Reversal of impairment on commitment and contingencies (j)	11,620	1,051	19,400	9,721
Profit before tax	10,797	1,070	18,575	9,718
Tax expense	-	-	-	-
Profit for the period	10,797	1,070	18,575	9,718

UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 DECEMBER 2022

	Capital Fund RM'000	Regulatory Reserve RM'000	Retained Profits RM'000	Total RM'000
2022 December				
At beginning of the period	25,000	118	30,080	55,198
Profit for the period	-	-	18,575	18,575
At end of the period	25,000	118	48,655	73,773
2021 December				
At beginning of the period	25,000	118	15,448	40,566
Profit for the period	-	-	9,718	9,718
At end of the period	25,000	118	25,166	50,284

UNAUDITED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 DECEMBER 2022

	2022 December RM'000	2021 December RM'000
Cash flows from operating activities		
Profit before tax	18,575	9,718
Adjustments:		
Allowance for impairment on commitments and contingencies	825	3
Operating profit before working capital changes	19,400	9,721
(Decrease)/Increase in operating assets:		
Deposits and placement with financial institutions	(4,141)	(380)
Other assets	(20)	(6)
Increase/(Decrease) in operating liabilities:		
Deposits from customers	41,665	85,937
Other liabilities	2,696	728
Net cash generated from operating activities	59,600	96,000
Net increase in cash and cash equivalents	59,600	96,000
Cash and cash equivalents at beginning of period	103,000	74,000
Cash and cash equivalents at end of period	162,600	170,000

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2022 (CONTD.)**

30 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 2022, the committee comprises: Assoc. Prof. Dr. Abdul Karim bin Ali, Assoc. Prof. Dr. Syed Musa bin Syed Jaafar Alhabshi, Prof. Dato' Dr. Mohd Azmi bin Omar and Assoc. Prof. Dr. Mohamad Zaharuddin bin Zakaria.

Basis of Preparation

The financial statements of the Islamic Banking business have been prepared on the basis consistent with that of the Bank as disclosed in Note 1 to the audited financial statements of the Bank for financial year ended 31 March 2022.

(a) Cash and short-term funds

	2022 December RM'000	2022 March RM'000
Cash and balances with banks and other financial institutions	<u>162,600</u>	<u>103,000</u>

(b) Deposits and placements with financial institutions

	2022 December RM'000	2022 March RM'000
<i>At amortised cost</i>		
Licensed bank		
• Malaysia	<u>4,665</u>	<u>524</u>

(c) Deposits from customers

	2022 December RM'000	2022 March RM'000
(i) By type of deposits:		
<i>At amortised cost</i>		
Current accounts - Qard	62,293	20,631
Fixed deposits - Tawarruq	<u>170</u>	<u>167</u>
	<u>62,463</u>	<u>20,798</u>

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

Six months to one year	<u>170</u>	<u>167</u>
	<u>170</u>	<u>167</u>

(iii) By type of customer:

Domestic business enterprises	9,778	20,631
Foreign entities	52,515	-
Domestic other entities	<u>170</u>	<u>167</u>
	<u>62,463</u>	<u>20,798</u>

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

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FOR THE QUARTER ENDED 31 DECEMBER 2022 (CONTD.)****30 THE OPERATIONS OF ISLAMIC BANKING (CONTD.)****(d) Other liabilities**

	2022 December RM'000	2022 March RM'000
Impairment allowances on commitment and contingencies	(i)	
Stage 1 - 12-months ECL not credit-impaired	103	6
Stage 2 - lifetime ECL not credit-impaired	728	-
Accruals and provisions for operational expenses	30,223	27,527
	<u>31,054</u>	<u>27,533</u>

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

	12-month ECL		Lifetime ECL		Total RM'000
	Not credit impaired Stage 1 RM'000	Not credit impaired Stage 2 RM'000	Credit impaired Stage 3 RM'000		
At 1 April 2022	6	-	-	-	6
New financial assets originated	86	728	-	-	814
Financial assets derecognised (other than write-off)	(2)	-	-	-	(2)
Net remeasurement due to changes in credit risk	13	-	-	-	13
At 31 December 2022	<u>103</u>	<u>728</u>	<u>-</u>	<u>-</u>	<u>831</u>
At 1 April 2021	4	-	-	-	4
Transfer to 12-Month ECL (Stage 1)	6	-	-	-	6
New financial assets originated	(4)	-	-	-	(4)
At 31 March 2022	<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2022 (CONTD.)**

30 THE OPERATIONS OF ISLAMIC BANKING (CONTD.)

(e) Commitments and contingencies

	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
31.12.2022			
Contingent Liabilities			
Transaction related contingent items	<u>6,519</u>	<u>6,503</u>	<u>6,503</u>
31.03.2022			
Contingent Liabilities			
Transaction related contingent items	<u>6,600</u>	<u>6,598</u>	<u>6,598</u>

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

	3rd Quarter Ended		Nine Months Ended	
	2022 December RM'000	2021 December RM'000	2022 December RM'000	2021 December RM'000
Money at call and placements with financial institutions	<u>809</u>	<u>424</u>	<u>2,027</u>	<u>1,221</u>

(g) Expenses derived from financing

	3rd Quarter Ended		Nine Months Ended	
	2022 December RM'000	2021 December RM'000	2022 December RM'000	2021 December RM'000
Deposits from customers	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>

(h) Other operating income

	3rd Quarter Ended		Nine Months Ended	
	2022 December RM'000	2021 December RM'000	2022 December RM'000	2021 December RM'000
Other fee income	<u>10,868</u>	<u>703</u>	<u>17,565</u>	<u>8,737</u>

(i) Other operating expenses

	3rd Quarter Ended		Nine Months Ended	
	2022 December RM'000	2021 December RM'000	2022 December RM'000	2021 December RM'000
Personnel expenses	40	57	130	132
Other expenses	16	18	60	103
	<u>56</u>	<u>75</u>	<u>190</u>	<u>235</u>

(j) Allowance for impairment on commitment and contingencies

	3rd Quarter Ended		Nine Months Ended	
	2022 December RM'000	2021 December RM'000	2022 December RM'000	2021 December RM'000
Stage 1 and 2 ECL made during the year	828	7	828	7
Stage 1 and 2 expected credit losses written back	(7)	(30)	(3)	(4)
	<u>821</u>	<u>(23)</u>	<u>825</u>	<u>3</u>

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2022 (CONTD.)**

30 THE OPERATIONS OF ISLAMIC BANKING (CONTD.)

(j) 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:

	2022 December	2022 March
Common equity tier 1 ("CET 1") capital ratio	177.083%	97.809%
Tier 1 capital ratio	177.083%	97.809%
Total capital ratio	<u>177.345%</u>	<u>97.955%</u>

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

	2022 December RM'000	2022 March RM'000
<u>CET 1 and Tier 1 capital</u>		
• Capital funds	25,000	25,000
• Retained profits	30,080	30,080
• Other reserves	<u>118</u>	<u>118</u>
	55,198	55,198
<u>Less</u>		
• Regulatory reserve	<u>(118)</u>	<u>(118)</u>
	55,080	55,080
<u>Tier 2 capital</u>		
• Stage 1 and 2 ECL and regulatory reserve	<u>81</u>	<u>82</u>
Total capital	<u>55,161</u>	<u>55,162</u>

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

	2022 December RM'000	2022 March RM'000
Credit risk	6,503	6,598
Operational risk	<u>24,601</u>	<u>49,716</u>
	<u>31,104</u>	<u>56,314</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2022 (CONTD.)****30 THE OPERATIONS OF ISLAMIC BANKING (CONTD.)****(j) Capital Adequacy (Contd)**

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

2022 December 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:				
Other Assets	167,289	167,289	-	-
Total On-Balance Sheet Exposures	<u>167,289</u>	<u>167,289</u>	<u>-</u>	<u>-</u>
Off-Balance Sheet Exposures:				
Credit-Related Exposures	6,503	6,503	6,503	520
Total Off-Balance Sheet Exposures	<u>6,503</u>	<u>6,503</u>	<u>6,503</u>	<u>520</u>
Total On and Off-Balance Sheet Exposures	<u>173,792</u>	<u>173,792</u>	<u>6,503</u>	<u>520</u>
(ii) Large Exposure Risk Requirement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(iii) Operational Risk			<u>24,601</u>	<u>1,968</u>
Total RWA and Capital Requirements	<u>173,792</u>	<u>173,792</u>	<u>31,104</u>	<u>2,488</u>
2022 March Exposure Class				
(i) Credit Risk				
On-Balance Sheet Exposures:				
Other Assets	103,529	103,529	-	-
Total On-Balance Sheet Exposures	<u>103,529</u>	<u>103,529</u>	<u>-</u>	<u>-</u>
Off-Balance Sheet Exposures:				
Credit-Related Exposures	6,598	6,598	6,598	528
Total Off-Balance Sheet Exposures	<u>6,598</u>	<u>6,598</u>	<u>6,598</u>	<u>528</u>
Total On and Off-Balance Sheet Exposures	<u>110,127</u>	<u>110,127</u>	<u>6,598</u>	<u>528</u>
(ii) Large Exposure Risk Requirement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(iii) Operational Risk			<u>49,716</u>	<u>3,977</u>
Total RWA and Capital Requirements	<u>110,127</u>	<u>110,127</u>	<u>56,314</u>	<u>4,505</u>

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2022 (CONTD.)**

31 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:

	2022 December RM'000	2022 March RM'000
<i>At amortised cost</i>		
Term financing		
• Syndicated Islamic financing	591,841	609,051
• Islamic term financing loan	53,845	290,917
Revolving credits	<u>2,408,679</u>	<u>2,103,594</u>
Gross financing and advances at amortised cost	3,054,365	3,003,562
Impairment allowances financing and advances		
• Stage 1 - 12-month ECL	<u>(271)</u>	<u>(421)</u>
Net financing and advances at amortised cost	3,054,094	3,003,141
<i>At fair value</i>		
Syndicated Islamic financing	<u>374,392</u>	<u>229,068</u>
Net financing and advances	3,428,486	3,232,209
Gross financing and advances		
<i>At amortised cost</i>	3,054,365	3,003,562
<i>At fair value</i>	<u>374,392</u>	<u>229,068</u>
	<u><u>3,428,757</u></u>	<u><u>3,232,630</u></u>

(b) By contract:

Murabahah Financing-i	2,824,028	2,726,490
Ijarah Financing-i	176,492	217,639
Istina Financing-i	53,845	59,433
Wakalah Financing-i	<u>374,392</u>	<u>229,068</u>
	<u><u>3,428,757</u></u>	<u><u>3,232,630</u></u>

(b) Deposits from customers

(i) By type and contract:

	2022 December RM'000	2022 March RM'000
<i>At amortised cost</i>		
Demand deposits - Qard	-	750
	<u>-</u>	<u>750</u>

Financial Analysis for Submission to Bank Negara Malaysia

Name of Institution : **MUFG Bank (Malaysia) Berhad**
 Financial Quarter Ended : **31-Dec-2022**

1. Financial Highlights for the Past Three Years

	31/12/2022	31/12/2021	31/12/2020	△ H2-H1		△ H1-H0	
	(H2)	(H1)	(H0)	(RM mil)	%	(RM mil)	%
	(RM mil)	(RM mil)	(RM mil)				
Profit/(Loss) before tax and extraordinary item [PBT]	454,364	230,849	227,460	223,515	96.82%	3,389	1.49%
Taxation	84,451	79,394	29,731	5,057	6.37%	49,663	167.04%
Profit/(Loss) after tax before extraordinary item [PAT]	369,913	151,455	197,729	218,458	144.24%	(46,274)	-23.40%
Extraordinary item	0	0	0	0	0.00%	0	0.00%
Profit/(Loss) after tax and extraordinary item	369,913	151,455	197,729	218,458	144.24%	(46,274)	-23.40%
Interim Dividend - Amount	0	0	0	0	0.00%	0	0.00%
- Rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Transfer to Statutory reserve	0	0	0	0	0.00%	0	0.00%
Total Assets	36,273,510	30,026,984	30,107,094	6,246,526	20.80%	(80,109)	-0.27%
Loans, advances and financing	8,344,499	7,142,198	6,584,698	1,202,301	16.83%	557,500	8.47%
Net impaired loans	823	523	209,520	300	57.36%	(208,697)	-99.75%
Financial assets at FVOCI	914,934	882,916	695,480	32,018	3.63%	187,436	26.95%
Loans measured at FVTPL	15,799,321	12,987,351	11,668,098	2,811,970	21.65%	1,319,253	11.31%
Deposits and placement with financial institutions	1,668,989	1,336,814	1,460,415	332,175	24.85%	(123,601)	-8.46%
Dealing securities	723,798	102,134	447,772	621,664	608.67%	(345,638)	-77.19%
Total Liabilities	32,091,117	26,277,645	26,613,149	5,813,472	22.12%	(335,505)	-1.26%
Deposits from customers	11,437,080	10,338,688	11,192,070	1,098,392	10.62%	(853,382)	-7.62%
Deposits and placement of banks and FIs	504,987	159,739	378,222	345,248	216.13%	(218,483)	-57.77%
Collateral deposits	19,109,803	15,089,907	13,974,070	4,019,896	26.64%	1,115,837	7.99%
Subordinated term loans	0	0	0	0	0.00%	0	0.00%
Total shareholders' funds	4,182,393	3,749,339	3,493,945	433,054	11.55%	255,394	7.31%
Share capital	200,000	200,000	200,000	0	0.00%	0	0.00%
Statutory reserve	0	0	0	0	0.00%	0	0.00%
Regulatory reserve	103,731	107,284	93,078	(3,553)	-3.31%	14,206	15.26%
Other reserves	3,878,662	3,442,055	3,200,867	436,607	12.68%	241,188	7.54%
Commitments and Contingencies	90,616,449	70,534,349	73,124,240	20,082,100	28.47%	(2,589,891)	-3.54%
Return (PBT) on average shareholder's funds	11.46%	6.37%	6.73%	5.08%	79.74%	-0.35%	-5.24%
Return (PAT) on average shareholder's funds	9.33%	4.18%	5.85%	5.15%	123.04%	-1.67%	-28.48%
Return (PBT) on average total assets	1.37%	0.77%	0.75%	0.60%	78.52%	0.02%	2.97%
Return (PAT) on average total assets	1.12%	0.50%	0.65%	0.61%	121.52%	-0.14%	-22.28%
Earnings per share (sen)	185.0	75.7	98.9	109.2	144.24%	(23.1)	-23.40%

Note:

The information disclosed (where applicable) should be adjusted accordingly to the nature of business of that institution.
 H2 refers to the current financial period, H1 refers to the preceding year corresponding financial period and H0 refers to the previous preceding year corresponding financial period.