

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

**Company No : 199401016638 (302316-U)**

**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED  
30 JUNE 2023**

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

**Company No : 199401016638 (302316-U)**

**UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE QUARTER ENDED**  
**30 JUNE 2023**

<b>Contents</b>	<b>Page</b>
Unaudited Statement of Financial Position	1
Unaudited Statement of Comprehensive Income	2
Unaudited Statement of Changes in Equity	3
Unaudited Statement of Cash Flows	4 - 5
Notes to the Unaudited Interim Financial Report	6 - 31

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023**

	Note	2023 June RM'000	2023 March RM'000
<b>ASSETS</b>			
Cash and short-term funds	11	7,158,569	7,033,252
Reverse repurchase agreements	12	140,383	130,439
Deposits and placements with financial institutions	13	1,752,432	1,843,335
Financial assets at fair value through profit or loss	14	754,284	48,825
Financial investments at fair value through other comprehensive income	15	994,587	869,208
Loans, advances and financing	16	6,887,557	8,562,133
Embedded loans measured at fair value through profit or loss	17	13,944,055	14,956,249
Purchased receivables	18	926,958	1,118,870
Collateral deposits placed	19	1,144	814
Derivative financial assets	20	724,457	398,074
Statutory deposits with Bank Negara Malaysia		7,143	2,319
Other assets		43,039	15,902
Property, plant and equipment		18,488	19,611
Intangible assets		57,256	63,506
Right-of-use assets		3,159	657
Deferred tax assets		5,636	5,636
<b>TOTAL ASSETS</b>		<b>33,419,147</b>	<b>35,068,830</b>
<b>LIABILITIES AND SHAREHOLDER'S FUNDS</b>			
Deposits from customers	21	11,964,168	11,965,713
Deposits and placements of banks and other financial institutions	22	1,339,538	421,595
Financial liabilities at fair value through profit or loss	23	123,285	101,619
Collateral deposits received	19	14,801,293	17,626,759
Derivative financial liabilities	20	649,212	468,967
Other liabilities	24	199,045	172,658
Lease liabilities		3,163	688
Obligation on securities sold on repurchase agreements		124,779	124,779
Current tax liabilities		22,494	29,852
<b>TOTAL LIABILITIES</b>		<b>29,226,977</b>	<b>30,912,630</b>
<b>SHARE CAPITAL</b>		200,000	200,000
<b>RESERVES</b>		3,992,170	3,956,200
<b>SHAREHOLDER'S FUNDS</b>		<b>4,192,170</b>	<b>4,156,200</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS</b>		<b>33,419,147</b>	<b>35,068,830</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	25	<b>87,856,101</b>	<b>90,204,765</b>

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

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 JUNE 2023**

	Note	1 <sup>st</sup> Quarter Ended		Three Months Ended	
		2023 June RM'000	2022 June RM'000	2023 June RM'000	2022 June RM'000
Operating revenue		146,951	134,851	146,951	134,851
Interest income	26	188,427	83,340	188,427	83,340
Interest expense	27	(115,046)	(25,084)	(115,046)	(25,084)
Net interest income		73,381	58,256	73,381	58,256
Net income from embedded loans measured at FVTPL	28	4,179	34,703	4,179	34,703
Net income from Islamic Banking operations	33	5,850	4,230	5,850	4,230
Other operating income	29	63,541	37,662	63,541	37,662
Operating income		146,951	134,851	146,951	134,851
Other operating expenses	30	(61,410)	(52,167)	(61,410)	(52,167)
Operating profit before allowance for impairment		85,541	82,684	85,541	82,684
(Reversal of)/Allowance for impairment on financial instruments	31	(10,688)	1,870	(10,688)	1,870
Profit before tax		74,853	84,554	74,853	84,554
Tax expense		(36,574)	(20,761)	(36,574)	(20,761)
Profit for the period		38,279	63,793	38,279	63,793
<b>Other comprehensive income, net of tax</b>					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Change in fair value reserve:					
- Debt instruments measured at FVOCI		(2,309)	(3,322)	(2,309)	(3,322)
Change in expected credit loss reserve		-	-	-	17
Other comprehensive income for the year, net of tax		35,970	60,471	35,970	60,488
Profit attributable to :					
Owner of the Bank		38,279	63,793	38,279	63,793
Total comprehensive income attributable to :					
Owner of the Bank		35,970	60,471	35,970	60,488
Basic earnings per share (sen)		19.1	31.9	19.1	31.9

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

**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE QUARTER ENDED 30 JUNE 2023**

	<----- Attributable to Shareholder of the Bank ----->					Distributable	Total
	Share capital	Regulatory reserve	Defined benefit reserve	ECL reserve	Fair value reserve		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2023 June</b>							
At beginning of the period	200,000	112,975	(4,254)	-	27,580	3,819,899	4,156,200
Profit for the period	-	-	-	-	-	38,279	38,279
Other comprehensive income/(loss)	-	-	-	-	(2,309)	-	(2,309)
Total comprehensive income	-	-	-	-	(2,309)	38,279	35,970
At end of the period	200,000	112,975	(4,254)	-	25,271	3,858,178	4,192,170
<b>2022 June</b>							
At beginning of the period	200,000	103,731	(4,252)	351	26,504	3,487,898	3,814,232
Profit for the period	-	-	-	-	-	63,793	63,793
Other comprehensive income	-	-	-	17	(3,322)	-	(3,305)
Total comprehensive income	-	-	-	17	(3,322)	63,793	60,488
At end of the period	200,000	103,731	(4,252)	368	23,182	3,551,691	3,874,720

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

**UNAUDITED STATEMENT OF CASH FLOWS**  
**FOR THE QUARTER ENDED 30 JUNE 2023**

	<b>2023 June</b> <b>RM'000</b>	<b>2022 June</b> <b>RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit before tax	74,853	84,554
Adjustments for:		
Depreciation of property, plant and equipment	1,123	1,174
Amortisation of intangible assets	6,250	6,221
Gain on lease modification	(3,023)	-
Depreciation of right-of-use assets	844	748
Reversal of impairment on financial instruments	10,688	(1,870)
Defined benefit plan	829	852
Dividend income	(111)	(258)
Loss on disposal of property, plant and equipment	-	15
Interest income from financial investments at fair value through other comprehensive income	(6,152)	(4,534)
Interest income from financial assets at fair value through profit or loss	(1,008)	(1,613)
Finance cost on lease liabilities	26	25
Unrealised (gain)/loss on changes in trading securities	(294)	337
Unrealised gain on changes in fair value of embedded loans measured at fair value through profit or loss	(19,801)	(9,905)
Unrealised gain on changes in fair value of derivative financial instruments	(210,591)	(61,490)
Unrealised loss/(gain) on changes in fair value of loans measured at fair value	8,176	(375)
Operating (loss)/profit before changes in working capital	<u>(138,191)</u>	<u>13,881</u>
(Increase)/Decrease in operating assets:		
Reverse repurchase agreements	(9,944)	(68,116)
Deposits and placements with financial institutions	90,903	83,221
Financial assets at fair value through profit or loss	32,116	51,249
Financial investments at fair value through other comprehensive income	(150,338)	14,648
Loans, advances and financing	1,664,812	805,757
Embedded loans measured at fair value through profit or loss	996,281	(1,456,569)
Purchased receivables	192,040	(421,937)
Collateral deposits placed	(330)	43,125
Derivative financial assets	96,957	152,767
Statutory deposits with Bank Negara Malaysia	(4,824)	-
Other assets	(27,460)	16,036
Increase/(Decrease) in operating liabilities:		
Deposits from customers	(1,545)	224,347
Deposits and placements of banks and other financial institutions	917,943	44,551
Derivative financial liabilities	3,211	(151,308)
Collateral deposits received	(2,825,466)	430,973
Other liabilities	35,975	22,846
Cash used in operations	<u>872,140</u>	<u>(194,529)</u>
Income taxes paid	(59,957)	(21,068)
Payment of staff gratuities	(278)	(264)
Interest paid in relation to lease liabilities	(26)	(25)
<b>Net cash generated from/(used) in operating activities</b>	<u><u>811,879</u></u>	<u><u>(215,886)</u></u>

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

**UNAUDITED STATEMENT OF CASH FLOWS**  
**FOR THE QUARTER ENDED 30 JUNE 2023 (CONTD.)**

	<b>2023 June</b> <b>RM'000</b>	<b>2022 June</b> <b>RM'000</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of intangible assets	-	(101)
Proceeds from sale of financial assets at fair value through profit or loss	925,366	1,093,503
Purchase of financial assets at fair value through profit or loss	(1,640,981)	(1,485,118)
Proceeds from sale of financial assets at fair value through other comprehensive income	154,516	131,650
Purchase of financial assets at fair value through other comprehensive income	(130,000)	(150,500)
Interest received from financial assets at fair value through other comprehensive income	4,285	4,335
Interest received from financial assets at fair value through profit or loss	1,008	1,613
Dividend received	111	258
<b>Net cash used in investing activities</b>	<u>(685,695)</u>	<u>(404,360)</u>
<b>Cash Flows From Financing Activity</b>		
Payment of lease liabilities	<u>(867)</u>	<u>(588)</u>
<b>Net cash used in financing activity</b>	<u>(867)</u>	<u>(588)</u>
<b>Net decrease in cash and cash equivalents</b>	125,317	(620,834)
<b>Cash and cash equivalents at beginning quarter</b>	7,033,252	6,614,758
<b>Cash and cash equivalents at end of quarter</b>	<u>7,158,569</u>	<u>5,993,924</u>
<b>Cash outflows for leases as a lessee</b>		
Included in net cash from operating activities:		
Payment relating to short-term leases	398	425
Payment relating to leases of low-value assets	167	330
Interest paid in relation to lease liabilities	26	25
Included in net cash from financing activities:		
Payment of lease liabilities	867	588
<b>Total cash outflows for leases</b>	<u>1,458</u>	<u>1,368</u>

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2023**

**1 BASIS OF PREPARATION**

The unaudited condensed interim financial report for the quarter ended 30 June 2023 have been prepared under the historical cost convention except for financial assets at fair value through other comprehensive income, financial assets at fair value through other comprehensive income, embedded loans measured at fair value through profit or loss and derivative financial instruments which are stated at fair value.

The unaudited condensed interim financial report have been prepared in accordance with MFRS 134 : *Interim Financial Reporting* issued by the Malaysian Accounting Standard Board ("MASB") and Bank Negara Malaysia's Guidelines on Financial Reporting. The unaudited interim financial report should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2023. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 March 2023.

The following are accounting standards, amendments and interpretations 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 1 January 2024***

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

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

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

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

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

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



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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2023**

**2 AUDIT REPORT**

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

**3 SEASONAL OR CYCLICAL FACTORS**

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

**4 EXCEPTIONAL OR EXTRAORDINARY ITEMS**

There were no exceptional or extraordinary items for the financial period ended 30 June 2023.

**5 CHANGES IN ESTIMATES**

There were no significant changes in estimates of amounts reported in prior financial years that have a material effects on the financial results and position of the Bank for the financial period ended 30 June 2023.

**6 CHANGES IN DEBT AND EQUITY SECURITIES**

There were no issuance and repayment of debt and equity securities during the financial period ended 30 June 2023.

**7 DIVIDEND PAID**

No dividend was paid during the financial period ended 30 June 2023.

**8 SUBSEQUENT EVENTS**

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

**9 REVIEW OF PERFORMANCE**

The Bank's profit before taxation for the financial period ended 30 June 2023 was RM74.8 million, decrease of 11.47% or RM9.7 million compared to the corresponding period last year. Operating income increased by RM12.1 million from RM134.9 million to RM147.0 million whilst operating expenses increased by RM9.2 million mainly attributed to higher other administrative fees.

Total assets decreased from RM35.0 billion as at 31 March 2023 to RM33.4 billion as at 30 June 2023. The Bank's CET 1/Tier 1 capital ratio and total capital ratio remained strong at 30.89% and 31.92% respectively.

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE QUARTER ENDED 30 JUNE 2023**

**10 PROSPECTS**

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

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

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

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

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2023**

**11 CASH AND SHORT-TERM FUNDS**

	<b>2023 June RM'000</b>	<b>2023 March RM'000</b>
<i>Amortised cost</i>		
Cash and balances with banks and other financial institutions	654,565	315,779
Money at call and deposit placements maturing within three months	6,504,004	6,717,473
	<u>7,158,569</u>	<u>7,033,252</u>

**12 REVERSE REPURCHASE AGREEMENT**

	<b>2023 June RM'000</b>	<b>2023 March RM'000</b>
<b>Money market instruments:</b>		
Malaysian Government Securities	<u>140,383</u>	<u>130,439</u>

**13 DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS**

	<b>2023 June RM'000</b>	<b>2023 March RM'000</b>
<i>Amortised cost</i>		
Licensed banks		
• Malaysia	1,752,432	1,743,846
• Other countries	-	99,489
	<u>1,752,432</u>	<u>1,843,335</u>

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

	<b>2023 June RM'000</b>	<b>2023 March RM'000</b>
<b>Money market instruments:</b>		
Malaysian Government Securities	393,881	48,825
Government Investment Issues	360,403	-
	<u>754,284</u>	<u>48,825</u>

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

	<b>2023 June RM'000</b>	<b>2023 March RM'000</b>
<b>Money market instruments</b>		
Malaysian Government Securities	434,293	325,682
Government Investment Issues	273,264	182,797
Japanese Government Bonds	258,936	332,635
	<u>966,493</u>	<u>841,114</u>
<b>Non-money market instruments:</b>		
Unquoted shares	28,094	28,094
Total	<u>994,587</u>	<u>869,208</u>

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

	<b>2023 June RM'000</b>	<b>2023 March RM'000</b>
<b>12-Month ECL Stage 1</b>		
At 1 April	-	351
Allowance made due to changes in credit risk	-	(351)
At 30 June / 31 March	<u>-</u>	<u>-</u>

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2023**

**16 LOANS, ADVANCES AND FINANCING**

	<b>2023 June</b>	<b>2023 March</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(a) By type:</b>		
<i>At amortised cost</i>		
Term loans		
• Housing loans	8,585	8,731
• Other term loans	2,732,796	2,764,001
Revolving credits	3,700,670	5,417,203
Overdrafts	5,296	448
Bills receivable	81,178	48,945
Claims on customers under acceptance credits	18,471	-
Staff loans	6,001	5,939
	<u>6,552,997</u>	<u>8,245,267</u>
Unearned interest	(423)	(685)
Gross loans, advances and financing at amortised cost	<u>6,552,574</u>	<u>8,244,582</u>
Impairment allowances on loans, advances and financing		
• Stage 1 - 12-month ECL	(8,337)	(8,936)
• Stage 2 - lifetime ECL not credit-impaired	(14,964)	(12,632)
• Stage 3 - lifetime ECL credit-impaired	(292)	(273)
Net loans, advances and financing at amortised cost	<u>6,528,981</u>	<u>8,222,741</u>
<i>At fair value</i>		
Other term loans	358,576	339,392
	<u>6,887,557</u>	<u>8,562,133</u>
<b>Gross loans, advances and financing</b>		
<i>At amortised cost</i>	6,552,574	8,244,582
<i>At fair value</i>	358,576	339,392
	<u>6,911,150</u>	<u>8,583,974</u>
<b>(b) By maturity structure:</b>		
Maturing within one year	4,204,475	5,943,003
More than one year to three years	921,988	953,198
More than three years to five years	1,066,154	1,029,579
More than five years	718,533	658,194
	<u>6,911,150</u>	<u>8,583,974</u>
<b>(c) By type of customer:</b>		
Domestic non-bank financial institutions	1,268,675	1,140,962
Domestic business enterprises		
• Small medium enterprises	1,341	3,075
• Others	4,154,571	3,789,187
Individuals	14,400	14,476
Foreign entities	1,472,163	3,636,274
	<u>6,911,150</u>	<u>8,583,974</u>
<b>(d) By interest/profit rate sensitivity:</b>		
Variable rates	6,908,650	8,581,403
Fixed rate		
• Staff loans	2,500	2,571
	<u>6,911,150</u>	<u>8,583,974</u>

**MUFG BANK (MALAYSIA) BERHAD****(Incorporated in Malaysia)****NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2023****16 LOANS, ADVANCES AND FINANCING (CONTD.)**

	<b>2023 June RM'000</b>	<b>2023 March RM'000</b>
<b>(e) By economic sector:</b>		
Agricultural, hunting, forestry and fishing	200,318	200,300
Mining and quarrying	408,620	389,542
Manufacturing	1,200,764	1,173,583
Electricity, gas and water	292,132	236,946
Construction	578,975	485,315
Wholesale, retail trade, restaurants and hotels	483,684	546,685
Transport, storage and communication	1,207,976	1,142,031
Finance, insurance, real estate and business services	1,959,497	3,982,664
Households	14,586	14,670
Others	564,598	412,238
	<u>6,911,150</u>	<u>8,583,974</u>
<b>(f) By geographical location:</b>		
Malaysia	5,439,173	7,163,277
Other countries	1,471,977	1,420,697
	<u>6,911,150</u>	<u>8,583,974</u>
<b>(g) Credit-impaired gross loans by economic sector are as follows:</b>		
Household	<u>846</u>	<u>821</u>
<b>(h) Credit-impaired gross loans by geographical location are as follows:</b>		
Malaysia	<u>846</u>	<u>821</u>
<b>(i) Movements in credit-impaired gross loans, advances and financing are as follows:</b>		
At beginning of the period	821	701
Classified as credit-impaired during the period	82	335
Amount recovered	(2)	(12)
Reclassified as performing	(55)	(203)
At end of the period	<u>846</u>	<u>821</u>

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2023**

**16 LOANS, ADVANCES AND FINANCING (CONTD.)**

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

	Lifetime ECL			Total RM'000
	12-month ECL	Not credit- impaired	Credit- impaired	
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
<b>At 1 April 2023</b>	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)	(109)	261	-	152
Transfer to lifetime ECL credit-impaired (Stage 3)	(1)	-	14	13
New financial assets originated	5,932	8,405	-	14,337
Financial assets derecognised (other than write-off)	(6,208)	(6,215)	-	(12,423)
Net remeasurement due to changes in credit risk	(214)	(119)	5	(328)
<b>At 30 June 2023</b>	<b>8,337</b>	<b>14,964</b>	<b>292</b>	<b>23,593</b>
<b>At 1 April 2022</b>	4,660	18,713	240	23,613
Transfer to 12-Month ECL (Stage 1)	4	-	-	4
Transfer to lifetime ECL not credit-impaired (Stage 2)	(17)	6	-	(11)
Transfer to lifetime ECL credit-impaired (Stage 3)	(7)	-	-	(7)
New financial assets originated	8,136	6,399	-	14,535
Financial assets derecognised (other than write-off)	(3,547)	(10,464)	-	(14,011)
Net remeasurement due to changes in credit risk	(293)	(2,022)	33	(2,282)
<b>At 31 March 2023</b>	<b>8,936</b>	<b>12,632</b>	<b>273</b>	<b>21,841</b>

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

	2023 June RM'000	2023 March RM'000
<i>At fair value</i>		
Embedded loans with term loans nature	13,888,639	14,887,591
Embedded loans with revolving credits nature	55,416	68,658
	<b>13,944,055</b>	<b>14,956,249</b>

Loans measured at FVTPL included RM13,483,956,000 (2023 March: RM14,450,726,000) of outstanding balance for loans, advances and financing, and fair value for derivative financial assets and liabilities of RM258,145,000 (2023 March: RM278,414,000).

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 RM4,000 (2023 March: RM283,000) and RM1,640,000 (2023 March: RM3,292,000) respectively.

**(a) By maturity structure:**

Maturing within one year	5,162,720	5,791,695
More than one year to three years	3,041,726	3,386,905
More than three years to five years	4,742,230	4,574,719
More than five years	997,379	1,202,930
	<b>13,944,055</b>	<b>14,956,249</b>

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2023**

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

	<b>2023 June RM'000</b>	<b>2023 March RM'000</b>
<b>(b) By type of customer:</b>		
Domestic non-bank financial institutions	9,599,742	9,787,109
Domestic business enterprises		
• Small medium enterprises	10,615	10,904
• Others	3,360,293	4,705,742
	<u>12,970,650</u>	<u>14,503,755</u>
Domestic financial institutions *	975,041	455,504
Foreign entities *	(1,636)	(3,010)
	<u>13,944,055</u>	<u>14,956,249</u>
<b>(c) By interest rate sensitivity:</b>		
Variable rates	<u>13,944,055</u>	<u>14,956,249</u>
<b>(d) By economic sector:</b>		
Manufacturing	241,966	517,799
Electricity, gas and water	1,526,832	2,552,613
Construction	401,633	402,930
Wholesale, retail trade, restaurants and hotels	185,415	193,999
Transport, storage and communication	263,473	284,854
Finance, insurance, real estate and business services	11,322,476	11,001,419
Others	2,260	2,635
	<u>13,944,055</u>	<u>14,956,249</u>
<b>(e) By geographical location:</b>		
Malaysia	13,885,574	14,905,529
Other countries *	58,481	50,720
	<u>13,944,055</u>	<u>14,956,249</u>

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

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2023**

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

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

	2023 June			2023 March		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<i>At fair value</i>						
Embedded loans with term loans nature:						
Foreign currency swaps	10,435,188	10,135	742,892	11,538,906	175,245	357,498
Interest rate swaps	2,279,593	14,332	6,796	2,564,432	14,854	7,029
	<u>12,714,781</u>	<u>24,467</u>	<u>749,688</u>	<u>14,103,338</u>	<u>190,099</u>	<u>364,527</u>
Embedded loans with revolving credits nature:						
Foreign currency swaps	55,000	56	97	68,500	347	-
	<u>55,000</u>	<u>56</u>	<u>97</u>	<u>68,500</u>	<u>347</u>	<u>-</u>
Cover deals:						
Foreign currency swaps	9,155,716	898,615	9,662	9,062,025	411,684	45,931
Interest rate swaps	10,420,758	97,566	3,113	11,173,393	103,557	16,816
	<u>19,576,474</u>	<u>996,181</u>	<u>12,775</u>	<u>20,235,418</u>	<u>515,241</u>	<u>62,747</u>
	<u>32,346,255</u>	<u>1,020,704</u>	<u>762,560</u>	<u>34,407,256</u>	<u>705,687</u>	<u>427,274</u>
Set off		(762,560)	(762,560)		(427,274)	(427,274)
Net assets		<u>258,144</u>	<u>-</u>		<u>278,413</u>	<u>-</u>

**18 PURCHASED RECEIVABLES**

	2023 June RM'000	2023 March RM'000
<i>At amortised cost</i>		
Purchased receivables	927,459	1,119,499
Impairment allowances on purchased receivables		
Stage 1 - 12-month ECL	(288)	(433)
Stage 2 - lifetime ECL not credit-impaired	(213)	(196)
	<u>926,958</u>	<u>1,118,870</u>

Purchased receivables relate to receivables acquired by the Bank under the account receivables purchasing and vendors financing product. These amounts owing from obligors have a tenure of within three months. Included in purchased receivables are non-recourse bills receivable amounting to RM736,015,000 (2023 March: RM1,020,827,000).

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

	Lifetime ECL			Total RM'000
	12-month ECL	Not credit- impaired	Credit- impaired	
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
<b>At 1 April 2023</b>	433	196	-	629
Transfer to 12-Month ECL (Stage 1)	5	(13)	-	(8)
Transfer to lifetime ECL not credit impaired (Stage 2)	(15)	14	-	(1)
New financial assets originated	178	173	-	351
Financial assets derecognised (other than write-off)	(180)	(136)	-	(316)
Net remeasurement due to changes in credit risk	(133)	(21)	-	(154)
<b>At 30 June 2023</b>	<u>288</u>	<u>213</u>	<u>-</u>	<u>501</u>
<b>At 1 April 2022</b>	85	338	-	423
New financial assets originated	385	196	-	581
Financial assets derecognised (other than write-off)	(43)	(338)	-	(381)
Net remeasurement due to changes in credit risk	6	-	-	6
<b>At 31 March 2023</b>	<u>433</u>	<u>196</u>	<u>-</u>	<u>629</u>



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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2023**

**19 COLLATERAL DEPOSITS**

	<b>2023 June RM'000</b>	<b>2023 March RM'000</b>
<i>At amortised cost</i>		
Cash collaterals placed	<u>1,144</u>	<u>814</u>

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

<i>At amortised cost</i>		
Cash collaterals received	<u>14,801,293</u>	<u>17,626,759</u>

The cash collaterals received are recognised at amortised cost. These are received in respect of derivative balances pursuant to agreements in accordance with ISDA and CSA entered into with respective counterparties and related companies, and Cash Collateral Scheme entered into with a branch of the holding company and related companies amounting to RM13,525,585,000 (2023 March: RM17,079,414,000). Included in CSA balance are Nil (2023 March: Nil) transacted with a related company. The remaining balances are placed with licensed banks.

**20 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)**

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

	<b>2023 June</b>			<b>2023 March</b>		
	<b>Contract/ Notional Amount RM'000</b>	<b>Fair Value</b>		<b>Contract/ Notional Amount RM'000</b>	<b>Fair Value</b>	
		<b>Assets RM'000</b>	<b>Liabilities RM'000</b>		<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
<i>At Fair Value</i>						
<b>Trading Derivatives *</b>						
Foreign exchange related contracts						
• Forwards	18,867,040	326,671	192,095	21,295,730	97,703	171,968
• Swaps	5,922,094	328,521	232,839	6,043,244	236,284	106,678
Interest rate related contracts						
• Swaps	15,185,657	67,454	223,800	15,310,064	63,124	189,173
Other derivatives						
• Currency options	359,786	1,789	478	348,951	963	1,148
• Premium yielder investments	9,240	22	-	-	-	-
	<u>40,343,817</u>	<u>724,457</u>	<u>649,212</u>	<u>42,997,989</u>	<u>398,074</u>	<u>468,967</u>

\* Included in trading derivatives are derivative financial assets and derivative financial liabilities transacted with the holding company and related companies amounting to RM73,923,000 (2023 March: RM72,341,000) and RM347,061,000 (2023 March: RM229,036,000) respectively.

**MUFG BANK (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2023****21 DEPOSITS FROM CUSTOMERS**

	<b>2023 June RM'000</b>	<b>2023 March RM'000</b>
<i>At amortised cost</i>		
Demand deposits	4,527,572	4,651,265
Money market deposits	1,310,509	1,193,280
Savings deposits	48	45
Fixed deposits	6,126,039	6,121,123
	<u>11,964,168</u>	<u>11,965,713</u>

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

Due within six months	6,002,951	5,985,272
More than six months to one year	120,938	133,701
More than one year to two years	2,150	2,150
	<u>6,126,039</u>	<u>6,121,123</u>

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

Domestic non-bank financial institutions	123,393	114,650
Business enterprises	11,456,802	11,594,461
Individuals	1,259	1,253
Foreign entities/individuals	328,750	196,195
Others	53,964	59,154
	<u>11,964,168</u>	<u>11,965,713</u>

**22 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	<b>2023 June RM'000</b>	<b>2023 March RM'000</b>
<i>At amortised cost</i>		
Licensed banks	<u>1,339,538</u>	<u>421,595</u>

**23 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>2023 June RM'000</b>	<b>2023 March RM'000</b>
<b>Money market instruments:</b>		
Malaysian Government Securities	<u>123,285</u>	<u>101,619</u>

**MUFG BANK (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2023**

**24 OTHER LIABILITIES**

	<b>2023 June RM'000</b>	<b>2023 March RM'000</b>
Provision for retirement benefits	28,180	27,629
Impairment allowances on commitments and contingencies (i)		
• Stage 1 - 12-month ECL	14,505	3,398
• Stage 2 - lifetime ECL not credit-impaired	3,692	5,570
Accrued interest payable	25,687	56,042
Bills payable	429	12,806
Other payables and accruals	126,552	67,213
	<u>199,045</u>	<u>172,658</u>

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

	<b>Lifetime ECL</b>			<b>Total RM'000</b>
	<b>12-month ECL</b>	<b>Not credit- impaired</b>	<b>Credit- impaired</b>	
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	
<b>At 1 April 2023</b>	3,398	5,570	-	8,968
Transfer to 12-Month ECL (Stage 1)	69	(127)	-	(58)
Transfer to lifetime ECL not credit-impaired (Stage 2)	(1)	1	-	-
New financial assets originated	5,079	248	-	5,327
Financial assets derecognised (other than write-off)	(220)	(22)	-	(242)
Net remeasurement due to changes in credit risk	6,180	(1,978)	-	4,202
<b>At 30 June 2023</b>	<u>14,505</u>	<u>3,692</u>	<u>-</u>	<u>18,197</u>
<b>At 1 April 2022</b>	617	1,735	-	2,352
Transfer to 12-Month ECL (Stage 1)	-	(1)	-	(1)
New financial assets originated	3,287	5,563	-	8,850
Financial assets derecognised (other than write-off)	(538)	(1,720)	-	(2,258)
Net remeasurement due to changes in credit risk	32	(7)	-	25
<b>At 31 March 2023</b>	<u>3,398</u>	<u>5,570</u>	<u>-</u>	<u>8,968</u>

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2023**

**25 COMMITMENTS AND CONTINGENCIES**

	2023 June				2023 March			
	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Credit-related Exposures</u>								
Direct credit substitutes	96,866		96,866	85,786	104,290		104,271	91,701
Transaction-related contingent items	676,027		338,013	321,590	652,459		326,019	311,179
Short-term self-liquidating trade-related contingencies	53,166		10,632	11,394	91,937		18,362	18,413
Other commitments, such as formal standby facilities and credit lines, with an original maturity of :								
- not exceeding one year	146,258		29,252	29,252	110,166		21,833	21,833
- exceeding one year	530		265	199	700		350	263
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	14,798,935		-	-	11,999,443		(8,514)	(7,874)
Securitisation exposures	15,000		3,000	2,250	15,000		3,000	2,250
	<u>15,786,782</u>		<u>478,028</u>	<u>450,471</u>	<u>12,973,995</u>		<u>465,321</u>	<u>437,765</u>
<u>Embedded loans</u>								
Foreign exchange related contracts								
- one year or less	7,136,412	299,249	245,545	110,599	7,437,406	227,470	286,358	116,937
- over one year to five years	11,027,977	545,576	816,688	421,830	11,603,245	290,929	881,984	466,805
- over five years	1,481,515	63,981	158,639	104,417	1,628,780	68,877	226,851	147,939
Interest rate related contracts								
- one year or less	4,543,756	2,949	2,872	1,032	5,484,262	4,637	7,388	2,939
- over one year to five years	7,903,596	103,769	159,605	64,959	7,905,563	104,525	205,880	86,703
- over five years	253,000	5,180	9,284	4,642	348,000	9,249	18,876	9,438
	<u>32,346,256</u>	<u>1,020,704</u>	<u>1,392,633</u>	<u>707,479</u>	<u>34,407,256</u>	<u>705,687</u>	<u>1,627,337</u>	<u>830,761</u>
<u>Derivative Financial Instruments:</u>								
Foreign exchange related contracts								
- one year or less	19,041,203	349,019	542,825	406,358	22,156,272	109,396	345,510	263,464
- over one year to five years	4,174,176	235,086	326,106	224,995	4,057,495	181,547	366,026	252,716
- over five years	1,132,894	71,087	194,486	153,027	1,125,207	43,044	180,195	139,364
Interest rate related contracts								
- one year or less	6,503,305	7,798	6,473	2,594	7,322,417	11,867	9,668	3,883
- over one year to five years	7,436,667	43,501	95,937	48,234	6,776,940	37,973	132,698	65,132
- over five years	1,245,685	16,155	80,082	48,704	1,210,707	13,284	92,316	54,041
Currency options								
- one year or less	179,893	1,789	4,487	4,487	174,476	963	3,580	3,580
Premium yielder investments								
- one year or less	9,240	22	161	32	-	-	-	-
	<u>39,723,063</u>	<u>724,457</u>	<u>1,250,557</u>	<u>888,431</u>	<u>42,823,514</u>	<u>398,074</u>	<u>1,129,993</u>	<u>782,180</u>
Total	<u>87,856,101</u>	<u>1,745,161</u>	<u>3,121,218</u>	<u>2,046,381</u>	<u>90,204,765</u>	<u>1,103,761</u>	<u>3,222,651</u>	<u>2,050,706</u>

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2023**

	1st Quarter Ended		Three Months Ended	
	2023 June RM'000	2022 June RM'000	2023 June RM'000	2022 June RM'000
<b>26 INTEREST INCOME</b>				
Loans, advances and financing measured at amortised cost	116,065	51,292	116,065	51,292
Loans, advances and financing designated at fair value	7,028	2,580	7,028	2,580
Money at call and deposit placements with financial institutions	58,174	23,321	58,174	23,321
Financial assets at FVTPL	1,008	1,613	1,008	1,613
Financial investments at FVOCI	6,152	4,534	6,152	4,534
	<u>188,427</u>	<u>83,340</u>	<u>188,427</u>	<u>83,340</u>
<b>27 INTEREST EXPENSE</b>				
Deposits and placements of banks and other financial institutions	103,066	16,389	103,066	16,389
Deposits from other customers	11,980	8,695	11,980	8,695
	<u>115,046</u>	<u>25,084</u>	<u>115,046</u>	<u>25,084</u>
<b>28 NET INCOME FROM EMBEDDED LOANS MEASURED AT FVTPL</b>				
Interest income	199,786	61,863	199,786	61,863
Interest expense	(178,059)	(41,680)	(178,059)	(41,680)
Unrealised gain in fair value of embedded loans	19,801	9,905	19,801	9,905
Realised (loss)/gain in fair value of embedded loans	(37,349)	4,615	(37,349)	4,615
	<u>4,179</u>	<u>34,703</u>	<u>4,179</u>	<u>34,703</u>
<b>29 OTHER OPERATING INCOME</b>				
<b>Fee income</b>				
Commission	536	543	536	543
Guarantee fees	878	863	878	863
Service charges and fees	601	557	601	557
Commitment fees	255	446	255	446
Other fee income	6,525	877	6,525	877
	<u>8,795</u>	<u>3,286</u>	<u>8,795</u>	<u>3,286</u>
<b>Investment income</b>				
Gross dividends	111	258	111	258
Realised (loss)/gain in fair value of derivative financial instruments	(10,793)	4,172	(10,793)	4,172
Realised gain/(loss) in fair value of financial assets at FVTPL	1,415	(482)	1,415	(482)
Unrealised gain in fair value of derivative financial instruments	210,591	61,490	210,591	61,490
Unrealised gain/(loss) in fair value of financial assets at FVTPL	294	(337)	294	(337)
Unrealised (loss)/gain in fair value of loans designated at fair value	(8,176)	375	(8,176)	375
Foreign exchange loss	(141,337)	(33,074)	(141,337)	(33,074)
Net premium paid for options	(7)	-	(7)	-
	<u>52,098</u>	<u>32,402</u>	<u>52,098</u>	<u>32,402</u>
<b>Other income</b>				
Other operating income	2,648	1,974	2,648	1,974
	<u>63,541</u>	<u>37,662</u>	<u>63,541</u>	<u>37,662</u>

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2023**

	1st Quarter Ended		Three Months Ended	
	2023 June RM'000	2022 June RM'000	2023 June RM'000	2022 June RM'000
<b>30 OTHER OPERATING EXPENSES</b>				
Personnel expenses	27,541	26,669	27,541	26,669
Establishment related expenses	9,052	9,183	9,052	9,183
Promotion and marketing related expenses	545	428	545	428
Administrative and other expenses	24,272	15,887	24,272	15,887
	<u>61,410</u>	<u>52,167</u>	<u>61,410</u>	<u>52,167</u>
<b>Personnel expenses</b>				
- Wages, salaries and bonus	21,747	20,735	21,747	20,735
- Defined benefit plan	829	852	829	852
- Defined contribution plan	2,657	2,502	2,657	2,502
- Other employee benefits	2,308	2,580	2,308	2,580
	<u>27,541</u>	<u>26,669</u>	<u>27,541</u>	<u>26,669</u>
<b>Establishment related expenses</b>				
- Depreciation of property, plant and equipment	1,123	1,174	1,123	1,174
- Amortisation of intangible assets	6,250	6,221	6,250	6,221
- Depreciation of right-of-use assets	844	748	844	748
- Repair and maintenance	39	45	39	45
- Expenses relating to short-term leases and leases of low-value assets	565	755	565	755
- Interest expenses on lease liabilities	26	25	26	25
- Others	205	215	205	215
	<u>9,052</u>	<u>9,183</u>	<u>9,052</u>	<u>9,183</u>
<b>Promotion and marketing related expenses</b>				
- Advertising and publicity	-	33	-	33
- Others	545	395	545	395
	<u>545</u>	<u>428</u>	<u>545</u>	<u>428</u>
<b>Administrative and other expenses</b>				
- Cash collateral fees on CSA	9,583	1,822	9,583	1,822
- Communication expenses	199	169	199	169
- Legal and professional fees	-	586	-	586
- Others	14,490	13,310	14,490	13,310
	<u>24,272</u>	<u>15,887</u>	<u>24,272</u>	<u>15,887</u>

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2023**

	1st Quarter Ended		Three Months Ended	
	2023 June	2022 June	2023 June	2022 June
	RM'000	RM'000	RM'000	RM'000
<b>31 ALLOWANCE FOR/(REVERSAL OF) IMPAIRMENT ON FINANCIAL INSTRUMENTS</b>				
Stage 1 and 2 expected credit losses made during the year	26,545	13,685	26,545	13,685
Stage 1 and 2 expected credit losses written back	(15,713)	(15,044)	(15,713)	(15,044)
Stage 3 expected credit losses made during the year	20	5	20	5
Other movements	(164)	(516)	(164)	(516)
	<u>10,688</u>	<u>(1,870)</u>	<u>10,688</u>	<u>(1,870)</u>
<b>(a) Allowance for/(Reversal of) impairment on loans, advances and financing</b>				
Stage 1 and 2 expected credit losses made during the year	14,599	12,821	14,599	12,821
Stage 1 and 2 expected credit losses written back	(12,867)	(13,491)	(12,867)	(13,491)
Stage 3 expected credit losses made during the year	20	5	20	5
Other movements	(164)	(516)	(164)	(516)
	<u>1,588</u>	<u>(1,181)</u>	<u>1,588</u>	<u>(1,181)</u>
<b>(b) Reversal of impairment on purchased receivables</b>				
Stage 1 and 2 expected credit losses made during the year	370	346	370	346
Stage 1 and 2 expected credit losses written back	(498)	(359)	(498)	(359)
	<u>(128)</u>	<u>(13)</u>	<u>(128)</u>	<u>(13)</u>
<b>(c) Allowance for/(Reversal of) impairment on off-balance sheet exposures</b>				
Stage 1 and 2 expected credit losses made during the year	11,576	501	11,576	501
Stage 1 and 2 expected credit losses written back	(2,348)	(1,194)	(2,348)	(1,194)
	<u>9,228</u>	<u>(693)</u>	<u>9,228</u>	<u>(693)</u>
<b>(d) Allowance for impairment on financial investments at FVOCI</b>				
Stage 1 and 2 expected credit losses made during the year	-	17	-	17

**MUFG BANK (MALAYSIA) BERHAD****(Incorporated in Malaysia)****NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2023****32 CAPITAL ADEQUACY**

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

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

	<b>2023 June</b>	<b>2023 March</b>
Common equity Tier 1 ("CET 1") capital ratio	30.890%	33.925%
Tier 1 capital ratio	30.890%	33.925%
Total capital ratio	<u>31.921%</u>	<u>34.956%</u>

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

	<b>2023 June RM'000</b>	<b>2023 March RM'000</b>
<u>CET 1 and Tier 1 capital</u>		
· Paid-up share capital	200,000	200,000
· Retained profits	3,819,899	3,819,899
· Other reserves	<u>133,992</u>	<u>136,301</u>
	4,153,891	4,156,200
<u>Less</u>		
· Deferred tax assets	(5,636)	(5,636)
· Intangible assets	(57,256)	(63,506)
· 55% of fair value reserve	(13,899)	(15,169)
· Regulatory reserve	<u>(112,975)</u>	<u>(112,975)</u>
	3,964,125	3,958,914
<u>Tier 2 capital</u>		
· Stage 1 and 2 ECL and regulatory reserve	132,351	120,325
Total Capital	<u>4,096,476</u>	<u>4,079,239</u>



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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2023**

**32 CAPITAL ADEQUACY (CONT'D)**

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

**2023 June**

<b>Exposure Class</b>	<b>Gross Exposures RM'000</b>	<b>Net Exposures RM'000</b>	<b>Risk-Weighted Assets RM'000</b>	<b>Capital Requirements RM'000</b>
<b>(i) Credit Risk</b>				
On-Balance Sheet Exposures :				
Sovereigns/Central Banks	7,791,983	7,791,983	348,386	27,871
Banks, Development Financial Institutions & MDBs	3,495,671	2,784,644	792,389	63,391
Corporates	20,588,738	7,412,416	7,217,210	577,377
Regulatory Retail	729	729	729	58
Residential Mortgages	11,610	11,610	4,971	398
Equity Exposures	28,094	28,094	28,094	2,248
Other Assets	486,917	486,917	147,993	11,839
Defaulted Exposures	1,900	1,900	1,900	152
<b>Total On-Balance Sheet Exposures</b>	<b>32,405,642</b>	<b>18,518,293</b>	<b>8,541,672</b>	<b>683,334</b>
Off-Balance Sheet Exposures :				
Credit-related exposures	475,028	475,028	448,221	35,858
Securitisation exposures	3,000	3,000	2,250	180
Derivatives financial instruments	2,643,190	2,643,190	1,595,910	127,673
<b>Total Off-Balance Sheet Exposures</b>	<b>3,121,218</b>	<b>3,121,218</b>	<b>2,046,381</b>	<b>163,711</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>35,526,860</b>	<b>21,639,511</b>	<b>10,588,053</b>	<b>847,045</b>
	<b>Long Position RM'000</b>	<b>Short Position RM'000</b>		
<b>(ii) Market Risk</b>				
Interest Rate Risk	74,280,017	(73,311,132)	1,012,650	81,012
Foreign Exchange Risk	159,667	(10,662)	159,663	12,773
	<b>74,439,684</b>	<b>(73,321,794)</b>	<b>1,172,313</b>	<b>93,785</b>
<b>(iii) Operational Risk</b>				
			<b>1,072,810</b>	<b>85,825</b>
<b>Total RWA and Capital Requirements</b>	<b>35,526,860</b>	<b>21,639,511</b>	<b>12,833,176</b>	<b>1,026,655</b>

**MUFG BANK (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2023**

**32 CAPITAL ADEQUACY (CONTD.)**

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

**2023 March**

Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
<b>(i) Credit Risk</b>				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	8,484,838	8,484,838	409,023	32,722
Banks, Development Financial Institutions & MDBs	2,439,085	1,454,140	634,493	50,759
Corporates	23,127,209	6,675,003	6,393,242	511,459
Regulatory Retail	757	757	757	61
Residential Mortgages	11,691	11,691	5,073	406
Equity Exposures	28,094	28,094	28,094	2,248
Other Assets	345,290	345,290	102,735	8,219
Defaulted Exposures	1,899	1,899	1,899	152
Total On-Balance Sheet Exposures	<u>34,438,863</u>	<u>17,001,712</u>	<u>7,575,316</u>	<u>606,026</u>
Off-Balance Sheet Exposures :				
Credit-related exposures	462,321	462,321	435,515	34,841
Securitisation exposures	3,000	3,000	2,250	180
Derivatives financial instruments	2,757,330	2,757,330	1,612,940	129,035
Total Off-Balance Sheet Exposures	<u>3,222,651</u>	<u>3,222,651</u>	<u>2,050,705</u>	<u>164,056</u>
Total On and Off-Balance Sheet Exposures	<u>37,661,514</u>	<u>20,224,363</u>	<u>9,626,021</u>	<u>770,082</u>
	<b>Long Position RM'000</b>	<b>Short Position RM'000</b>		
<b>(ii) Market Risk</b>				
Interest Rate Risk	77,718,145	(77,559,045)	1,039,825	83,186
Foreign Exchange Risk	3,028	(50,868)	50,863	4,069
	<u>77,721,173</u>	<u>(77,609,913)</u>	<u>1,090,688</u>	<u>87,255</u>
<b>(iii) Operational Risk</b>				
			<u>952,984</u>	<u>76,239</u>
<b>Total RWA and Capital Requirements</b>	<u>37,661,514</u>	<u>20,224,363</u>	<u>11,669,693</u>	<u>933,576</u>

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2023**

**33 THE OPERATIONS OF ISLAMIC BANKING**

**UNAUDITED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023**

		<b>2023 June RM'000</b>	<b>2023 March RM'000</b>
<b>ASSETS</b>			
Cash and short-term funds	<b>(a)</b>	200,000	116,000
Deposits and placement with financial institutions	<b>(b)</b>	2,346	1,188
Other assets		17	9
<b>TOTAL ASSETS</b>		<u>202,363</u>	<u>117,197</u>
<b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>			
Deposits from customers	<b>(c)</b>	98,333	14,355
Other liabilities	<b>(d)</b>	19,512	24,090
<b>TOTAL LIABILITIES</b>		<u>117,845</u>	<u>38,445</u>
<b>CAPITAL FUNDS</b>		25,000	25,000
<b>RESERVE</b>		<u>59,518</u>	<u>53,752</u>
<b>ISLAMIC BANKING FUNDS</b>		<u>84,518</u>	<u>78,752</u>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS</b>		<u>202,363</u>	<u>117,197</u>

Islamic financing based on Commodity Murabahah (Tawarruq) of RM5,046,277,000 (2023 March: RM5,986,749,000) and Ijarah of RM113,314,000 (2023 March: RM118,194,000) were financed under an internal Wakalah scheme and is reported at the entity level.

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

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2023**

**33 THE OPERATIONS OF ISLAMIC BANKING (CONTD.)**

**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 JUNE 2023**

		1st quarter ended		Three months ended	
		2023 June	2022 June	2023 June	2022 June
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of Islamic Banking Capital funds	(e)	891	530	891	530
Expenses derived from financing	(f)	(1)	(1)	(1)	(1)
Other operating income	(g)	4,960	3,701	4,960	3,701
Total net income		5,850	4,230	5,850	4,230
Other operating expenses	(h)	(84)	(72)	(84)	(72)
Profit for the period		5,766	4,158	5,766	4,158

**UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 30 JUNE 2023**

	Capital Funds	Regulatory Reserve	Retained Profits	Total
	RM'000	RM'000	RM'000	RM'000
<b>2023 June</b>				
At beginning of the period	25,000	118	53,634	78,752
Profit for the period	-	-	5,766	5,766
At end of the period	25,000	118	59,400	84,518
<b>2022 June</b>				
At beginning of the period	25,000	118	30,080	55,198
Profit for the period	-	-	4,158	4,158
At end of the period	25,000	118	34,238	59,356

**UNAUDITED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 30 JUNE 2023**

	2023 June	2022 June
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	5,766	4,158
Increase/(Decrease) in operating assets:		
Deposits and placements with financial institutions	(1,158)	1
Other assets	(8)	(5)
	4,600	4,154
Increase/(Decrease) in operating liabilities:		
Deposits from customers	83,978	79,715
Other liabilities	(4,578)	131
Net cash generated from operating activities	84,000	84,000
<b>Net increase in cash and cash equivalents</b>	84,000	84,000
<b>Cash and cash equivalents at beginning of the period</b>	116,000	103,000
<b>Cash and cash equivalents at end of the period</b>	200,000	187,000

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2023**

**33 THE OPERATIONS OF ISLAMIC BANKING (CONTD.)**

**Shariah Committee**

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

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

**Basis of measurement**

The financial statements of the Islamic Banking business have been prepared on the basis consistent with that of the Bank as disclosed in Note 1 to the audited financial statements of the Bank for financial year ended 31 March 2023.

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

	<b>2023 June RM'000</b>	<b>2023 March RM'000</b>
Cash and balances with banks and other financial institutions	<u>200,000</u>	<u>116,000</u>

**(b) Deposits and placements with financial institutions**

	<b>2023 June RM'000</b>	<b>2023 March RM'000</b>
<i>At amortised cost</i>		
Licensed bank		
• Malaysia	<u>2,346</u>	<u>1,188</u>

**(c) Deposits from customers**

	<b>2023 June RM'000</b>	<b>2023 March RM'000</b>
<b>(i) By type of deposits:</b>		
<i>At amortised cost</i>		
Current accounts - <i>Qard</i>	98,163	14,185
Fixed deposits - Tawarruq	<u>170</u>	<u>170</u>
	<u>98,333</u>	<u>14,355</u>

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

	<b>2023 June RM'000</b>	<b>2023 March RM'000</b>
Due within six months	<u>170</u>	<u>170</u>

**(iii) By type of customer:**

	<b>2023 June RM'000</b>	<b>2023 March RM'000</b>
Domestic business enterprises	5,967	13,871
Foreign entities	92,195	314
Domestic other entities	<u>170</u>	<u>170</u>
	<u>98,332</u>	<u>14,355</u>

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

**(d) Other liabilities**

	<b>2023 June RM'000</b>	<b>2023 March RM'000</b>
Accruals and provisions for operational expenses	<u>19,512</u>	<u>24,090</u>

**MUFG BANK (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2023****33 THE OPERATIONS OF ISLAMIC BANKING (CONTD.)****(e) Income derived from investment of Islamic Banking Capital funds**

	1st quarter ended		Three months ended	
	2023 June RM'000	2022 June RM'000	2023 June RM'000	2022 June RM'000
Money at call and placements with financial institutions	891	530	891	530

**(f) Expenses derived from financing**

	1st quarter ended		Three months ended	
	2023 June RM'000	2022 June RM'000	2023 June RM'000	2022 June RM'000
Deposits from customers	1	1	1	1

**(g) Other Operating Income**

	1st quarter ended		Three months ended	
	2023 June RM'000	2022 June RM'000	2023 June RM'000	2022 June RM'000
Other fee income	4,960	3,701	4,960	3,701

**(h) Other Operating Expenses**

	1st quarter ended		Three months ended	
	2023 June RM'000	2022 June RM'000	2023 June RM'000	2022 June RM'000
Personnel expenses	53	43	53	43
Other expenses	31	27	31	27
	<u>84</u>	<u>70</u>	<u>84</u>	<u>70</u>

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2023**

**33 THE OPERATIONS OF ISLAMIC BANKING (CONTD.)**

**(i) Capital Adequacy**

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

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

	<b>2023 June</b>	<b>2023 March</b>
	%	%
Common equity Tier 1 ("CET 1") capital ratio	265.925	294.730
Tier 1 capital ratio	265.925	294.730
Total capital ratio	<u>265.925</u>	<u>294.730</u>

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

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

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

	<b>2023 June</b>	<b>2023 March</b>
	<b>RM'000</b>	<b>RM'000</b>
Operational risk	<u>29,570</u>	<u>26,680</u>

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2023**

**33 THE OPERATIONS OF ISLAMIC BANKING (CONTD.)**

**(j) Capital adequacy (Contd)**

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

	<b>Gross Exposures RM'000</b>	<b>Net Exposures RM'000</b>	<b>Risk- Weighted Assets RM'000</b>	<b>Minimum Capital Requirements at 8% RM'000</b>
<b>2023 June Exposure Class</b>				
<b>(i) Credit Risk</b>				
On-Balance Sheet Exposures:				
Other Assets	202,363	202,363	-	-
Total On-Balance Sheet Exposures	<u>202,363</u>	<u>202,363</u>	<u>-</u>	<u>-</u>
<b>(ii) Operational Risk</b>			<u>29,570</u>	<u>2,366</u>
<b>Total RWA and Capital Requirements</b>	<u>202,363</u>	<u>202,363</u>	<u>29,570</u>	<u>2,366</u>
<b>2023 March Exposure Class</b>				
<b>(i) Credit Risk</b>				
On-Balance Sheet Exposures:				
Other Assets	117,197	117,197	-	-
Total On-Balance Sheet Exposures	<u>117,197</u>	<u>117,197</u>	<u>-</u>	<u>-</u>
<b>(ii) Operational Risk</b>			<u>26,680</u>	<u>2,134</u>
<b>Total RWA and Capital Requirements</b>	<u>117,197</u>	<u>117,197</u>	<u>26,680</u>	<u>2,134</u>



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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2023**

**33 THE OPERATIONS OF ISLAMIC BANKING (CONTD.)**

**(k) 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.

**(i) Financing and advances**

**(a) By type:**

	<b>2023 June RM'000</b>	<b>2023 March RM'000</b>
<i>At amortised cost</i>		
Term financing		
☛ Syndicated Islamic financing	602,837	576,195
☛ Islamic term financing loan	47,750	45,065
Revolving credits	1,244,591	3,322,413
Gross financing and advances at amortised cost	<u>1,895,178</u>	<u>3,943,673</u>
Impairment allowances financing and advances		
☛ Stage 1 - 12-month ECL	(341)	(989)
Net financing and advances at amortised cost	<u>1,894,837</u>	<u>3,942,684</u>
<i>At fair value</i>		
Syndicated Islamic financing	358,576	339,391
Net financing and advances	<u>2,253,413</u>	<u>4,282,075</u>
<b>Gross financing and advances</b>		
<i>At amortised cost</i>	1,895,178	3,943,673
<i>At fair value</i>	358,576	339,391
	<u>2,253,754</u>	<u>4,283,064</u>
<b>(b) By contract:</b>		
Murabahah Financing-i	1,686,696	3,734,132
Ijarah Financing-i	160,732	164,476
Istina Financing-i	47,750	45,065
Wakalah Financing-i	358,576	339,391
	<u>2,253,754</u>	<u>4,283,064</u>