



BANK MUAMALAT MALAYSIA BERHAD

Company No. 6175-W
(Incorporated in Malaysia)

**UNAUDITED CONDENSED
FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED
30 SEPTEMBER 2017 (10 MUHARRAM 1439H)**

Company No. 6175-W

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

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BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017 (10 MUHARRAM 1439H)

	Note	Group		Bank	
		As at 30.09.2017 RM'000	As at 31.03.2017 RM'000	As at 30.09.2017 RM'000	As at 31.03.2017 RM'000
ASSETS					
Cash and short-term funds		464,561	1,027,742	464,561	1,027,742
Cash and placements with financial institutions		21,179	22,183	21,179	22,183
Investment accounts due from designated financial institution	15 (a)	266	382	266	382
Financial investments designated at fair value through profit or loss	9(a)	200,746	197,208	200,746	197,208
Financial investments available-for-sale	9(b)	5,740,083	6,131,416	5,730,309	6,081,533
Financial investments held-to-maturity	9(c)	142,952	142,168	142,952	142,168
Islamic derivative financial assets	10	21,348	55,948	21,348	55,948
Financing of customers	11	14,506,920	14,918,272	14,509,659	14,937,856
Other assets	12	110,757	121,907	105,451	120,285
Statutory deposits with Bank Negara Malaysia		679,135	698,636	679,135	698,636
Investment in subsidiaries		-	-	8,055	8,055
Investment properties		39,364	38,778	39,364	38,778
Intangible assets		97,808	109,510	97,533	109,120
Property, plant and equipment		48,632	52,309	48,608	52,270
Prepaid land lease payment		227	231	227	231
Deferred tax assets (net)	13	7,825	9,652	7,825	9,652
Total assets		22,081,803	23,526,342	22,077,218	23,502,047
LIABILITIES					
Deposits from customers	14	18,325,058	19,917,482	18,348,981	19,929,759
Deposits and placements of banks and other financial institutions	16	160,891	561,654	160,891	561,654
Bills and acceptances payable		12,419	9,196	12,419	9,196
Islamic derivative financial liabilities	10	31,874	63,088	31,874	63,088
Other liabilities	17	82,816	56,376	74,543	55,854
Provision for zakat and taxation	18	6,429	4,806	2,747	4,677
Deferred tax liabilities (net)	13	1,541	7,086	-	-
Recourse obligation on financing sold to Cagamas		494,109	-	494,109	-
Subordinated sukuk	19(a)	254,016	253,964	254,016	253,964
Senior sukuk	19(b)	508,997	514,119	508,997	514,119
Total liabilities		19,878,150	21,387,771	19,888,577	21,392,311
SHAREHOLDERS' EQUITY					
Share capital		1,195,000	1,195,000	1,195,000	1,195,000
Reserves		1,008,653	943,571	993,641	914,736
Total shareholders' equity		2,203,653	2,138,571	2,188,641	2,109,736
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		22,081,803	23,526,342	22,077,218	23,502,047
Restricted investment accounts	15(b)	2,836	424	6,163	7,705
Total Islamic banking asset and asset under management		22,084,639	23,526,766	22,083,381	23,509,752
COMMITMENTS AND CONTINGENCIES					
	32	6,600,518	7,355,488	6,600,518	7,355,488
CAPITAL ADEQUACY *					
CET 1 capital ratio	33	14.98%	14.35%	14.86%	14.15%
Total capital ratio	33	17.40%	16.69%	17.29%	16.50%

* The capital adequacy ratios are computed after taking into account the credit, market and operational risks.

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2017.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2017 (10 MUHARRAM 1439H)

<u>Group</u>	Note	3 months ended		6 months ended	
		30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Income derived from investment of depositors' funds and others	20	291,548	291,476	597,969	586,834
Income derived from investment of investment account funds	22	13	12	27	12
Income derived from investment of shareholders' funds	21	16,730	15,527	41,997	29,201
Allowance for impairment on financing	23	(1,077)	(24,745)	(32,614)	(37,757)
Reversal of provision for commitments and contingencies		-	2,282	-	2,282
Impairment loss on investments	24	-	(9,077)	-	(10,520)
Other expenses directly attributable to the investment of the depositors and shareholders' funds		(7,666)	(1,732)	(13,835)	(4,461)
Total distributable income		299,548	273,743	593,544	565,591
Income attributable to depositors	25	(140,149)	(146,212)	(286,561)	(297,264)
Total net income		159,399	127,531	306,983	268,327
Personnel expenses	26	(47,313)	(46,500)	(96,517)	(95,686)
Other overheads and expenditures	27	(43,495)	(39,930)	(87,552)	(83,547)
Finance cost	28	(10,446)	(3,705)	(20,949)	(8,576)
Profit before zakat and taxation		58,145	37,396	101,964	80,518
Zakat	29	(1,601)	(937)	(2,764)	(2,015)
Taxation	30	(12,341)	(10,630)	(24,927)	(25,563)
Profit for the period		44,203	25,829	74,273	52,940

Earnings per share (sen):

Basic

6.22

4.43

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2017.

BANK MUAMALAT MALAYSIA BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2017 (10 MUHARRAM 1439H)

<u>Bank</u>	Note	3 months ended		6 months ended	
		30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Income derived from investment of depositors' funds and others	20	291,548	291,476	597,969	586,834
Income derived from investment of investment account funds	22	13	12	27	12
Income derived from investment of shareholders' funds	21	13,993	13,587	32,752	24,631
Allowance for impairment on financing	23	(1,072)	(24,745)	(32,609)	(38,457)
Reversal of provision for commitments and contingencies		-	2,282	-	2,282
Impairment loss on investments	24	-	(9,077)	-	(10,520)
Other expenses directly attributable to the investment of the depositors and shareholders' funds		(7,666)	(1,732)	(13,835)	(4,461)
Total distributable income		296,816	271,803	584,304	560,321
Income attributable to depositors	25	(140,335)	(146,306)	(286,867)	(297,467)
Total net income		156,481	125,497	297,437	262,854
Personnel expenses	26	(46,653)	(45,699)	(95,243)	(94,170)
Other overheads and expenditures	27	(43,393)	(39,970)	(87,417)	(83,540)
Finance cost	28	(10,446)	(3,705)	(20,949)	(8,576)
Profit before zakat and taxation		55,989	36,123	93,828	76,568
Zakat	29	(1,400)	(903)	(2,346)	(1,914)
Taxation	30	(10,467)	(10,281)	(20,940)	(24,730)
Profit for the period		44,122	24,939	70,542	49,924

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2017.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2017 (10 MUHARRAM 1439H)

<u>Group</u>	3 months ended		6 months ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Profit for the period	44,203	25,829	74,273	52,940
Other comprehensive (loss)/income:				
Items that may be reclassified subsequently to profit or loss				
Net unrealised (loss)/gain on revaluation of financial investment available-for-sale	(1,287)	29,283	4,416	44,407
Gain transferred to statement of profit or loss upon disposal	(7,220)	(398)	(13,960)	(780)
Income tax relating to net loss/ (gain) on financial investments available-for-sale	2,040	(6,905)	2,303	(10,411)
Exchange fluctuation reserve	(762)	296	(1,950)	1,647
Other comprehensive (loss)/ income for the period, net of tax	(7,229)	22,276	(9,191)	34,863
Total comprehensive income for the period	36,974	48,105	65,081	87,803

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2017.

BANK MUAMALAT MALAYSIA BERHAD
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INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2017 (10 MUHARRAM 1439H)

	3 months ended		6 months ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
<u>Bank</u>				
Profit for the period	44,122	24,939	70,542	49,924
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Net unrealised gain on revaluation of financial available-for-sale	3,651	29,283	14,337	44,407
Gain transferred to statement of profit or loss upon disposal	(508)	(398)	(780)	(780)
Income tax relating to net gain on financial investments available-for-sale	(691)	(6,905)	(3,242)	(10,411)
Exchange fluctuation reserve	(762)	296	(1,950)	1,647
Other comprehensive income for the period, net of tax	1,690	22,276	8,365	34,863
Total comprehensive income for the period	45,812	47,215	78,907	84,787

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2017.

BANK MUAMALAT MALAYSIA BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2017 (10 MUHARRAM 1439H)

<u>Group</u>	Note	Non-distributable			Distributable		Total Equity RM'000
		Ordinary shares RM'000	Statutory reserve* RM'000	Exchange fluctuation reserve RM'000	Available-for-sale reserve RM'000	Retained profits RM'000	
At 1 April 2017		1,195,000	658,158	2,183	(11,298)	294,528	2,138,571
Profit for the period		-	-	-	-	74,273	74,273
Other comprehensive loss for the period		-	-	(1,950)	(7,241)	-	(9,191)
Total comprehensive income for the period		-	-	(1,950)	(7,241)	74,273	65,082
Transfer to statutory reserve		-	35,271	-	-	(35,271)	-
At 30 September 2017		1,195,000	693,429	233	(18,539)	333,530	2,203,653
At 1 April 2016		1,195,000	582,822	(2,054)	212	219,957	1,995,937
Profit for the period		-	-	-	-	52,940	52,940
Other comprehensive income for the period		-	-	1,647	33,216	-	34,863
Total comprehensive income for the period		-	-	1,647	33,216	52,940	87,803
Transfer to statutory reserve		-	24,962	-	-	(24,962)	-
At 30 September 2016		1,195,000	607,784	(407)	33,428	247,935	2,083,740

* The statutory reserve is maintained in compliance with BNM Guideline of Capital Funds for Islamic Banks and is not distributable as dividends.

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2017.

BANK MUAMALAT MALAYSIA BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2017 (10 MUHARRAM 1439H)

	Note	Non-distributable			Distributable	Total Equity RM'000	
		Ordinary shares RM'000	Statutory reserve* RM'000	Exchange fluctuation reserve RM'000	Available- for-sale reserve RM'000		Retained profits RM'000
Bank							
At 1 April 2017		1,195,000	656,561	2,183	(33,734)	289,726	2,109,736
Profit for the period		-	-	-	-	70,542	70,542
Other comprehensive income for the period		-	-	(1,950)	10,314	-	8,364
Total comprehensive income for the period		-	-	(1,950)	10,314	70,542	78,906
Transfer to statutory reserve		-	35,271	-	-	(35,271)	-
At 30 September 2017		1,195,000	691,832	233	(23,420)	324,996	2,188,642
At 1 April 2016		1,195,000	581,225	(2,054)	212	214,387	1,988,770
Profit for the period		-	-	-	-	49,924	49,924
Other comprehensive income for the period		-	-	1,647	33,216	-	34,863
Total comprehensive income for the period		-	-	1,647	33,216	49,924	84,787
Transfer to statutory reserve		-	24,962	-	-	(24,962)	-
At 30 September 2016		1,195,000	606,187	(407)	33,428	239,349	2,073,557

* The statutory reserve is maintained in compliance with BNM Guideline of Capital Funds for Islamic Banks and is not distributable as dividends.

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2017.

**Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)**

**UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2017 (10 MUHARRAM 1439H)**

		Group		Bank	
	Note	30 September 2017 RM'000	30 September 2016 RM'000 Restated	30 September 2017 RM'000	30 September 2016 RM'000 Restated
Cash flows from operating activities					
Profit before zakat and taxation		101,964	80,518	93,828	76,568
Adjustment for					
Amortisation of prepaid land and lease payment	27	2	2	2	2
Amortisation of intangible asset	27	13,807	13,050	13,692	12,953
Depreciation of property, plant and equipment	27	9,137	9,362	9,118	9,343
Gain on disposal of property, plant and equipment	21	(52)	(1)	(52)	(1)
Amortisation of cost on Subordinated Sukuk Issued		100	-	100	-
Fixed asset written off	27	4	3	4	3
(Accretion of discount)/amortisation of premium, net	20&21	(1,050)	(1,092)	(1,050)	(1,092)
Net gain from sale of financial investment available-for-sale	20&21	(24,128)	(7,905)	(10,948)	(7,905)
Net gain from sale of financial investment designated at FVTPL		(320)	(534)	(320)	(534)
Unrealised gain on revaluation of financial investment designated at FVTPL	20&21	(10,599)	(3)	(10,599)	(3)
Net loss/(gain) on revaluation of foreign exchange transaction	21	1,115	(8,355)	1,115	(8,355)
Net loss/(gain) from foreign exchange derivatives	21	1,098	(2,591)	1,098	(2,591)
Unrealised loss on revaluation of islamic profit rate swap	21	2,287	11,435	2,287	11,435
Unrealised gain on revaluation of hedged items	21	(724)	(6,085)	(724)	(6,085)
Gain from derecognition fair value of hedged items	21	(443)	(886)	(443)	(886)
Impairment loss on investment securities	24	-	10,520	-	10,520
Writeback of provision for commitments and contingencies		-	(2,282)	-	(2,282)
Allowance for impairment on financing	23	35,105	43,222	35,099	43,922
Financing written off	23	3,029	1,440	3,029	1,440
Finance cost	28	20,949	8,576	20,949	8,576
Gross dividend income	21	(483)	(1,615)	(8,815)	(1,612)
Operating profit before working capital changes		150,798	146,779	147,370	143,416

**Bank Muamalat Malaysia Berhad
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**UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2017 (10 MUHARRAM 1439H)**

	Note	Group		Bank	
		30 September 2017 RM'000	30 September 2016 RM'000 Restated	30 September 2017 RM'000	30 September 2016 RM'000 Restated
(Increase)/decrease in operating assets:					
Investment accounts due from designated financial institution		116	-	116	-
Financial investment portfolio		(8,764)	(9,672)	(8,767)	(9,670)
Islamic derivative financial assets		33,502	9,934	33,502	9,934
Financing of customers		374,385	(270,498)	391,235	(290,497)
Statutory deposits with Bank Negara Malaysia		19,501	(6,544)	19,501	(6,544)
Other assets		(7,788)	110	(10,585)	9,905
Increase/(decrease) in operating liabilities:					
Deposits from customers		(1,592,424)	(915,015)	(1,580,778)	(922,466)
Deposits and placements of banks and other financial institutions		(400,763)	523,023	(400,763)	523,023
Islamic derivative financial liabilities		(33,501)	(9,933)	(33,501)	(9,933)
Bills and acceptances payable		3,223	(15,885)	3,223	(15,885)
Other liabilities		19,354	(3,077)	18,689	(2,947)
Cash used in from operations		(1,442,361)	(550,778)	(1,420,758)	(571,664)
Zakat paid		(4,320)	(4,429)	(4,275)	(4,237)
Tax paid		(203)	(9,265)	-	(8,570)
Net cash used in operating activities		(1,446,884)	(564,472)	(1,425,033)	(584,471)
Cash flows from investing activities					
Proceeds from disposal of financial investment in securities		4,456,482	5,419,696	4,426,452	5,419,696
Purchase of financial investment in securities		(4,034,153)	(4,913,619)	(4,034,309)	(4,893,617)
Proceeds from disposal of property, plant and equipment		63	1	63	1
Purchase of investment properties		(586)	(3,689)	(586)	(3,689)
Purchase of property, plant and equipment		(5,384)	(5,429)	(5,381)	(5,429)
Purchase of intangible asset		(2,195)	(8,443)	(2,195)	(8,443)
Dividend income	21	483	1,615	8,815	1,612
Net cash generated from investing activities		414,710	490,132	392,859	510,131

**Bank Muamalat Malaysia Berhad
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**UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2017 (10 MUHARRAM 1439H)**

	Group		Bank	
	30 September 2017 RM'000	30 September 2016 RM'000 Restated	30 September 2017 RM'000	30 September 2016 RM'000 Restated
Cash flows from financing activities				
Dividend paid on Islamic subordinated sukuk	(21,120)	(10,300)	(21,120)	(10,300)
Redemption of subordinated sukuk	(5,000)	(400,000)	(5,000)	(400,000)
Additional issuance of subordinated sukuk	-	255,000	-	255,000
Proceed from recourse obligation on financing sold to Cagamas	494,109	-	494,109	-
Net cash generated from/(used in) financing activities	467,989	(155,300)	467,989	(155,300)
Net decrease in cash and cash equivalents	(564,185)	(229,640)	(564,185)	(229,640)
Cash and cash equivalents at beginning of the period	1,049,925	1,069,101	1,049,925	1,069,101
Cash and cash equivalents at end of the period	485,740	839,461	485,740	839,461
Cash and cash equivalents consist of:				
Cash and short term funds	464,561	795,752	464,561	795,752
Cash and placements with financial institutions	21,179	43,709	21,179	43,709
	485,740	839,461	485,740	839,461

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2017.

BANK MUAMALAT MALAYSIA BERHAD
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NOTES TO INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2017
(10 MUHARRAM 1439H)

1. Basis of preparation

The unaudited condensed financial statements for the half year ended 30 September 2017 of Bank Muamalat Malaysia Berhad ("BMMB" or "the Bank") and its subsidiaries (the "Group") have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting.

The financial statements are presented in Ringgit Malaysia ("RM") and rounded to the nearest thousand (RM'000) except when otherwise indicated.

The financial statements of the Group and of the Bank are prepared under the historical cost basis except for the following assets and liabilities that are stated at fair values: financial investment available-for sale, financial assets at fair value through profit or loss and islamic derivative financial instruments.

The Group and the Bank present the statements of financial position in order of liquidity.

These condensed consolidated interim financial statements, for the period ended 30 September 2017 have been prepared in accordance with MFRS 134 Interim Financial Reporting. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board, Bank Negara Malaysia Guidelines (BNM/GP8-i) and the principles of Shariah.

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2017. The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 31 March 2017.

The significant accounting policies and methods of computation applied by the Bank are consistent with those adopted in the most recent audited financial statements for the year ended 31 March 2017 except for adoption of the following MFRSs and Interpretations of the Issues Committee ("IC Interpretations") with effective dates as follows:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 12: Disclosure of Interests in Other Entities Contained in the documents entitled "Annual Improvements to MFRS Standards 2014 -2016 Cycle"	1 January 2017

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1. Basis of Preparation (cont'd.)

The Group and the Bank have not applied the following accounting standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and the Bank. The Group and the Bank intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
MFRS 15: Revenue from Contracts with Customers	1 January 2018
Clarifications to MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 9: Financial Instruments (2014)	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards contained in the documents entitled "Annual Improvements to MFRS Standards 2014 - 2016 Cycle"	1 January 2018
Amendments to MFRS 128: Investment in Associates and Joint Ventures contained in the documents entitled "Annual Improvements to MFRS Standards 2014 - 2016 Cycle"	1 January 2018
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16: Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced by MASB

The directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new 5-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group and the Bank are currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

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1. Basis of preparation (cont'd.)

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

The Group and the Bank are currently assessing the impact of MFRS 9 and plans to adopt the new standard on the required effective date.

MFRS 16 Leases

MFRS 16 introduces a single accounting model for a lessee and eliminates the distinction between finance lease and operating lease. All leases will be brought onto the balance sheet as recording certain leases as off-balance sheet leases will no longer be allowed except for some limited practical exemptions. The lessee is required to recognise assets and liabilities for all leases with a term of more than twelve (12) months, unless the underlying assets are low-value assets. Upon adoption of MFRS 16, an entity is required to account for major part of operating leases in the balance sheet by recognizing the 'right-of-use' assets and lease liability. The financial effects arising from the adoption of this standard are still being assessed by the Group and the Bank.

Guidance issued by Bank Negara Malaysia ("BNM")

On 3 May 2017, BNM issued a Revised Policy Document on Capital Funds for Islamic Banks ("Revised Policy Document"). This Revised Policy Document applies to banking institutions in Malaysia that cover licensed Islamic bank. The issuance of this Revised Policy Document has superseded guidelines issued by BNM previously, namely Capital Funds for Islamic Banks dated 1 July 2013.

The key changes in the Revised Policy Document are:

- (a) the removal of the requirement on maintenance of a reserve fund; and
- (b) the revised component of capital funds shall exclude share premium and reserve fund.

The adoption of the Revised Policy Document will not have any financial effects on the Bank's financial results for the current financial year ending 31 March 2018.

2. Auditors' report on preceding annual financial statements

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2017 was not qualified.

3. Significant events

There was no significant event during the financial half year ended 30 September 2017.

4. Seasonal or cyclical factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors during the financial half year ended 30 September 2017.

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5. Unusual items

There were no unusual items affecting the assets, liabilities, equity, net income or cashflows of the Bank during the financial half year ended 30 September 2017.

6. Changes in accounting estimates

There were no material changes in estimates during the financial half year ended 30 September 2017.

7. Dividends

There was no dividend payment during the financial half year ended 30 September 2017.

8. Performance review and outlook

PERFORMANCE REVIEW

The Group posted an unaudited profit before zakat and taxation of RM102.0 million for the half year ended 30 September 2017, an increase of 26.6% from the previous corresponding period in 2016. This is largely attributed to higher total income from investment of depositors' and shareholders' funds by RM23.9 million or 3.9%, coupled with lower income attributable to depositors by RM10.7 million (4.0%) and lower allowance for impairment loss on financing and investments of RM13.4million (29%). However, it is offset by higher overheads and finance cost by RM4.8 million and RM12.3 million, respectively, as compared to the same period last year.

Total assets of the Group stood at RM22.08 billion, slightly lower from RM23.5 billion registered in March 2017. This is mainly contributed by the lower total cash and short-term fund & financing asset in tandem with the decrease in deposit of customers.

OUTLOOK

Global economic growth continues to be strong for both advanced and emerging markets in 3Q17, supported by resilience in global trade activity, buoyant consumer and business confidence, improved capital investments as well as continuous accommodative monetary policies. As external economic continues to strengthen, recent economic indicators also suggested that Malaysia is expected on strong growth anticipation in 2017, reflected by an improvement in gross domestic product's (GDP) growth of 5.8% 2Q17, up from 5.6% y-o-y in 1Q17.

Despite the strong growth anticipation for external and internal operating environment, growth in the banking sector is projected to remain modest mainly due to expectations in higher credit cost, intense competition for deposits and limited growth in fee-based income. Islamic banking industry will continue to facilitate the Malaysian banking growth as the demand for this financial service is anticipated to remain strong especially in the area of Islamic investment solutions. Whilst exploring the opportunities for growth, measures are being put in place by banks to comply with regulatory requirements especially on liquidity and MFRS 9, effective this January 2018.

In view of the increasingly challenging banking environment, the Bank will continue to ride on its business plan to ensure that it remains competitive in current banking landscape. Gearing towards improving fee based income, the Bank will continue to expand its wealth management, Bancatakful services as well as continuous efforts on Ar-Rahnu business. In adapting to the rapid technological development and digitalisation of financial services, initiatives are also being put in measures to suit customers' preferences for better experience, convenience and value added services. Cost management also remains a key focus area for the Bank to further improve efficiency and productivity levels.

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9. Financial investments

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
(a) Financial investments designated at fair value through profit or loss				
Unquoted securities in Malaysia:				
Private equity funds	200,746	197,207	200,746	197,207
Malaysian government investment certificates	-	1	-	1
	200,746	197,208	200,746	197,208

(b) Available-for-sale

At fair value, or at cost less impairment losses for certain financial investments:

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
<u>At fair value</u>				
Government securities and treasury bills:				
Malaysian government investment certificates	3,262,902	3,531,945	3,262,902	3,531,945
Quoted securities in Malaysia:				
Quoted shares	127,917	159,860	118,143	109,977
Unquoted securities:				
Islamic private debt securities in Malaysia	2,373,634	2,457,637	2,373,634	2,457,637
Cagamas bonds	20,130	25,385	20,130	25,385
Foreign Islamic private debt securities and sukuk	36,085	37,786	36,085	37,786
	2,429,849	2,520,808	2,429,849	2,520,808
Accumulated impairment loss	(85,966)	(86,578)	(85,966)	(86,578)
	5,734,702	6,126,035	5,724,928	6,076,152
<u>At cost</u>				
Unquoted securities:				
Shares in Malaysia	5,381	5,381	5,381	5,381
Total available-for-sale securities	5,740,083	6,131,416	5,730,309	6,081,533

(c) Held-to-maturity

	Group and Bank	
	30 September 2017 RM'000	31 March 2017 RM'000
<u>At amortised cost</u>		
Unquoted Islamic corporate sukuk in Malaysia	142,952	142,168

10. Islamic derivative financial instruments

The Table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the period end and are indicative of neither the market risk nor the credit risk.

	Group and Bank					
	30 September 2017			31 March 2017		
	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	
Trading derivatives:						
Foreign exchange contracts						
- Currency forwards						
Less than one year	819,760	2,345	(18,078)	862,936	51,435	(467)
- Currency swaps						
Less than one year	1,104,077	18,993	(3,015)	1,545,210	3,502	(54,090)
- Currency spot						
Less than one year	3,563	10	(3)	467,221	1,009	(39)
- Dual currency investment option	-	-	-	-	2	(2)
	1,927,400	21,348	(21,096)	2,875,367	55,948	(54,598)
Islamic profit rate swap ("IPRS")						
Unhedged IPRS	500,000	-	(2,947)	500,000	-	(2,251)
Hedged IPRS	1,500,000	-	(7,831)	1,500,000	-	(6,239)
Total	3,927,400	21,348	(31,874)	4,875,367	55,948	(63,088)

Included within hedging derivatives is a derivative where the Group and the Bank apply hedge accounting. The principal amount and fair value of derivative where hedge accounting is applied by the Group and Bank are as follows:

	30 September 2017			31 March 2017		
	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
Islamic profit rate swap (IPRS)	1,500,000	-	(7,831)	1,500,000	-	(6,239)

Fair Value hedges

Fair value hedges are used by the Group and the Bank to protect them against changes in the fair value of financial assets due to movements in profit rates. The financial instruments hedged for profit rate risk include the Group's and the Bank's financing of customers.

For the half year ended 30 September 2017, the Group and the Bank:-

- (i) recognised a net loss of RM1,591,443 (31 March 2017: gain of RM4,304,713) on the hedging instrument. The total net loss on the hedged items attributable to the hedged risk amounted to RM856,200 (31 March 2017: loss of RM7,454,067); and
- (ii) gain from derecognition of fair value of hedged items attributable to the hedged risk of RM978,434 (31 March 2017: RM1,771,572) due to the derecognition of the hedged items.

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11. Financing of customers

(i) By type and Shariah concepts

Group	Bai'		Ijarah			Bai'		Istisna'	Qard	Shirkah Mutanaqisah	Rahnu	Total financing
	Bithaman Ajil RM'000	Ijarah RM'000	Thumma Al-Bai RM'000	Inah RM'000	Tawarruq RM'000	Al-Dayn RM'000	Murabahah RM'000					
30 September 2017												
Cash line	-	-	-	10,984	620,308	-	-	-	-	-	-	631,292
Term financing:												
Home financing	6,130,979	-	-	-	8,611,380	-	-	35,793	-	-	-	14,778,152
Syndicated financing	-	-	-	-	1,812,357	-	-	-	-	-	-	1,812,357
Hire purchase receivables	42,074	-	734,257	-	-	-	-	-	-	-	-	776,331
Leasing receivables	-	2,462	-	-	-	-	-	-	-	-	-	2,462
Other term financing	889,174	-	-	564,079	8,720,774	-	-	149,386	571	74,382	-	10,398,366
Trust receipts	-	-	-	-	-	-	53,619	-	-	-	-	53,619
Claims on customers under acceptance credits	-	-	-	-	-	732,852	-	-	-	-	-	732,852
Staff financing	67,790	-	-	-	125,972	-	-	799	869	-	-	195,430
Revolving credit	-	-	-	-	1,213,344	-	-	-	-	-	-	1,213,344
Sukuk	-	-	-	-	-	-	113,480	-	-	-	-	113,480
Ar-Rahnu	-	-	-	-	-	-	-	-	-	-	109,139	109,139
	7,130,017	2,462	734,257	575,063	21,104,135	732,852	167,099	185,978	1,440	74,382	109,139	30,816,824
Less : Unearned income	(4,552,961)	-	(87,608)	(46,330)	(11,197,049)	(7,494)	(514)	(77,867)	(8)	-	-	(15,969,831)
Gross financing	2,577,056	2,462	646,649	528,733	9,907,086	725,358	166,585	108,111	1,432	74,382	109,139	14,846,993
Fair value changes arising from fair value hedge	-	-	-	(4,420)	579	-	-	-	-	-	-	(3,841)
	2,577,056	2,462	646,649	524,313	9,907,665	725,358	166,585	108,111	1,432	74,382	109,139	14,843,152
Less : Allowance for impaired financing												
Collective assessment	(42,427)	-	(17,247)	(434)	(188,261)	(984)	(538)	(112)	(11)	-	(1,597)	(251,611)
Individual assessment	(391)	-	(6,923)	(11)	(51,560)	(1,621)	(24,092)	(23)	-	-	-	(84,621)
Total net financing	2,534,238	2,462	622,479	523,868	9,667,844	722,753	141,955	107,976	1,421	74,382	107,542	14,506,920

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11. Financing of customers (cont'd.)

(i) By type and Shariah concepts (cont'd.)

Group	Bai'		Ijarah		Tawarruq	Bai'		Istisna'	Qard	Shirkah	Rahnu	Total financing
	Bithaman Ajil	Ijarah	Thumma	Inah		Al-Dayn	Murabahah					
31 March 2017	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line	-	-	-	12,175	658,087	-	-	-	-	-	-	670,262
Term financing:												
Home financing	6,403,749	-	-	-	8,548,547	-	-	33,613	-	-	-	14,985,909
Syndicated financing	-	-	-	-	1,669,415	-	-	-	-	-	-	1,669,415
Hire purchase receivables	42,782	-	844,566	-	-	-	-	-	-	-	-	887,348
Leasing receivables	-	4,997	-	-	-	-	-	-	-	-	-	4,997
Other term financing	954,691	-	-	575,749	8,997,866	-	-	159,714	-	74,387	-	10,762,407
Trust receipts	-	-	-	-	-	-	50,675	-	-	-	-	50,675
Claims on customers												
under acceptance credits	-	-	-	-	-	695,741	-	-	-	-	-	695,741
Staff financing	76,115	-	-	-	792	-	-	113,972	1,091	-	-	191,970
Revolving credit	-	-	-	-	1,276,553	-	-	-	-	-	-	1,276,553
Sukuk	-	-	-	-	-	-	110,349	-	-	-	-	110,349
Ar-Rahnu	-	-	-	-	-	-	-	-	-	-	103,328	103,328
	7,477,337	4,997	844,566	587,924	21,151,260	695,741	161,024	307,299	1,091	74,387	103,328	31,408,954
Less : Unearned income	(4,749,007)	-	(105,138)	(58,900)	(11,174,801)	(7,090)	(526)	(79,204)	(8)	-	-	(16,174,674)
Gross financing	2,728,330	4,997	739,428	529,024	9,976,459	688,651	160,498	228,095	1,083	74,387	103,328	15,234,280
Fair value changes arising from fair value hedge	-	-	-	(3,073)	89	-	-	-	-	-	-	(2,984)
	2,728,330	4,997	739,428	525,951	9,976,548	688,651	160,498	228,095	1,083	74,387	103,328	15,231,296
Less : Allowance for impaired financing												
Collective assessment	(40,319)	-	(19,645)	(990)	(171,756)	(1,564)	(451)	(159)	(53)	-	(1,222)	(236,159)
Individual assessment	(401)	-	(7,311)	(24)	(44,928)	(397)	(23,781)	(23)	-	-	-	(76,865)
Total net financing	2,687,610	4,997	712,472	524,937	9,759,864	686,690	136,266	227,913	1,030	74,387	102,106	14,918,272

11. Financing of customers (cont'd.)

(i) By type and Shariah concepts (cont'd.)

Bank	Bai'		Ijarah			Bai'		Istisna'	Qard	Rahnu	Total financing
	Bithaman Ajil	Ijarah	Thumma	Inah	Tawarruq	Al-Dayn	Murabahah				
30 September 2017	RM'000	RM'000	Al-Bai	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line	-	-	-	10,984	620,308	-	-	-	-	-	631,292
Term financing:											
Home financing	6,130,979	-	-	-	8,611,380	-	-	35,793	-	-	14,778,152
Syndicated financing	-	-	-	-	1,812,357	-	-	-	-	-	1,812,357
Hire purchase receivables	42,074	-	734,257	-	-	-	-	-	-	-	776,331
Leasing receivables	-	2,462	-	-	-	-	-	-	-	-	2,462
Other term financing	889,174	-	-	564,079	8,720,774	-	-	149,386	82,624	-	10,406,037
Trust receipts	-	-	-	-	-	-	53,619	-	-	-	53,619
Claims on customers under acceptance credits	-	-	-	-	-	732,852	-	-	-	-	732,852
Staff financing	67,790	-	-	-	125,972	-	-	799	869	-	195,430
Revolving credit	-	-	-	-	1,213,344	-	-	-	-	-	1,213,344
Sukuk	-	-	-	-	-	-	113,480	-	-	-	113,480
Ar-Rahnu	-	-	-	-	-	-	-	-	-	109,139	109,139
	7,130,017	2,462	734,257	575,063	21,104,135	732,852	167,099	185,978	83,493	109,139	30,824,495
Less : Unearned income	(4,552,961)	-	(87,608)	(46,330)	(11,197,049)	(7,494)	(514)	(77,867)	(8)	-	(15,969,831)
Gross financing	2,577,056	2,462	646,649	528,733	9,907,086	725,358	166,585	108,111	83,485	109,139	14,854,664
Fair value changes arising from fair value hedge	-	-	-	(4,419)	579	-	-	-	-	-	(3,840)
	2,577,056	2,462	646,649	524,314	9,907,665	725,358	166,585	108,111	83,485	109,139	14,850,824
Less : Allowance for impaired financing											
Collective assessment	(42,427)	-	(17,247)	(434)	(188,261)	(984)	(538)	(112)	(11)	(1,597)	(251,611)
Individual assessment	(391)	-	(6,923)	(11)	(51,560)	(1,621)	(24,092)	(23)	(4,933)	-	(89,554)
Total net financing	2,534,238	2,462	622,479	523,869	9,667,844	722,753	141,955	107,976	78,541	107,542	14,509,659

11. Financing of customers (cont'd.)

(i) By type and Shariah concepts (cont'd.)

Bank	Bai'		Ijarah			Bai'		Murabahah	Istisna'	Qard	Rahnu	Total financing
	Bithaman Ajil	Ijarah	Thumma	Inah	Tawarruq	Al-Dayn	RM'000					
31 March 2017	RM'000	RM'000	Al-Bai	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line	-	-	-	12,175	658,087	-	-	-	-	-	-	670,262
Term financing:												
Home financing	6,403,749	-	-	-	8,548,547	-	-	33,613	-	-	-	14,985,909
Syndicated financing	-	-	-	-	1,669,415	-	-	-	-	-	-	1,669,415
Hire purchase receivables	42,782	-	844,566	-	-	-	-	-	-	-	-	887,348
Leasing receivables	-	4,997	-	-	-	-	-	-	-	-	-	4,997
Other term financing	954,691	-	-	575,749	8,997,867	-	-	159,714	98,903	-	-	10,786,923
Trust receipts	-	-	-	-	-	-	50,675	-	-	-	-	50,675
Claims on customers under acceptance credits	-	-	-	-	-	695,741	-	-	-	-	-	695,741
Staff financing	76,115	-	-	-	792	-	-	113,972	1,091	-	-	191,970
Revolving credit	-	-	-	-	1,276,553	-	-	-	-	-	-	1,276,553
Sukuk	-	-	-	-	-	-	110,349	-	-	-	-	110,349
Ar-Rahnu	-	-	-	-	-	-	-	-	-	-	103,328	103,328
	7,477,337	4,997	844,566	587,924	21,151,261	695,741	161,024	307,299	99,994	103,328	-	31,433,470
Less : Unearned income	(4,749,007)	-	(105,138)	(58,900)	(11,174,801)	(7,090)	(526)	(79,204)	(8)	-	-	(16,174,674)
Gross financing	2,728,330	4,997	739,428	529,024	9,976,460	688,651	160,498	228,095	99,986	103,328	-	15,258,796
Fair value changes arising from fair value hedge	-	-	-	(3,073)	89	-	-	-	-	-	-	(2,984)
	2,728,330	4,997	739,428	525,951	9,976,549	688,651	160,498	228,095	99,986	103,328	-	15,255,812
Less : Allowance for impaired financing												
Collective assessment	(40,319)	-	(19,645)	(990)	(171,756)	(1,564)	(451)	(159)	(53)	(1,222)	-	(236,159)
Individual assessment	(401)	-	(7,311)	(24)	(44,928)	(397)	(23,781)	(23)	(4,933)	-	-	(81,798)
Total net financing	2,687,610	4,997	712,472	524,937	9,759,865	686,690	136,266	227,913	95,000	102,106	-	14,937,855

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11. Financing of customers (cont'd.)

(i) By type and Shariah concepts (cont'd.)

	Group		Bank	
	30 September 2017	31 March 2017	30 September 2017	31 March 2017
	RM'000	RM'000	RM'000	RM'000
Uses of Qard fund:				
Staff financing	862	436	862	436
Musyarakah Financing	-	-	82,053	98,903
Other term financing	571	647	571	647
	1,433	1,083	83,486	99,986

(ii) By type of customer

	Group		Bank	
	30 September 2017	31 March 2017	30 September 2017	31 March 2017
	RM'000	RM'000	RM'000	RM'000
Domestic non-banking institutions	709,027	839,319	709,027	839,319
Domestic business enterprises:				
-Small business enterprises	84,011	86,641	84,011	86,641
-Others	3,689,845	3,703,023	3,697,516	3,727,540
Government and statutory bodies	759,480	759,376	759,480	759,376
Individuals	9,587,648	9,818,840	9,587,648	9,818,840
Other domestic entities	6,464	6,297	6,464	6,297
Foreign entities	10,518	20,784	10,518	20,784
Gross Financing	14,846,993	15,234,280	14,854,664	15,258,797

(iii) By profit rate sensitivity

	Group		Bank	
	30 September 2017	31 March 2017	30 September 2017	31 March 2017
	RM'000	RM'000	RM'000	RM'000
Fixed rate:				
Home financing	363,491	382,310	363,491	382,310
Hire purchase receivables	680,582	773,545	680,582	773,545
Others	3,065,318	3,246,631	3,072,990	3,271,148
Variable rate:				
Home financing	4,292,220	4,332,628	4,292,220	4,332,628
Others	6,445,382	6,499,166	6,445,381	6,499,166
Gross Financing	14,846,993	15,234,280	14,854,664	15,258,797

(iv) By residual contractual maturity

	Group		Bank	
	30 September 2017	31 March 2017	30 September 2017	31 March 2017
	RM'000	RM'000	RM'000	RM'000
Maturity				
- within one year	4,126,084	4,090,338	4,126,084	4,090,338
- more than one to five years	5,007,927	5,216,993	5,007,927	5,216,993
- more than five years	5,712,982	5,926,949	5,720,653	5,951,466
Gross Financing	14,846,993	15,234,280	14,854,664	15,258,797

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11. Financing of customers (cont'd.)

(v) By sector

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
Agriculture	118,853	122,174	118,853	122,174
Mining and quarrying	6,052	11,806	10,985	16,739
Manufacturing	586,954	540,794	586,954	540,794
Electricity, gas and water	164,048	187,531	164,048	187,531
Construction	387,534	315,219	387,534	315,219
Household	9,592,862	9,808,207	9,592,862	9,808,207
Real estate	1,340,788	1,119,086	1,340,788	1,119,086
Wholesale, retail and restaurant	614,951	549,420	614,951	549,420
Transport, storage and communication	213,765	360,093	216,917	380,093
Finance, takaful and business services	691,846	1,043,601	691,849	1,043,601
Purchase of transport vehicles	18,280	15,006	18,280	15,006
Consumption credit	842	436	842	436
Community, social and personal services	355,158	404,604	354,741	404,188
Government and statutory bodies	755,060	756,303	755,060	756,303
Gross Financing	14,846,993	15,234,280	14,854,664	15,258,797

(vi) By geographical area

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
Domestic	14,846,993	15,202,300	14,854,664	15,226,817
Labuan Offshore	-	31,980	-	31,980
Gross Financing	14,846,993	15,234,280	14,854,664	15,258,797

Included in financing of customers is a financing given to the government which are hedged by profit rate derivatives. The hedge achieved the criteria for hedge accounting and the financing are carried at fair value.

The maximum credit exposure of the financing of customers amounts to RM1.5 billion (31 March 2017: RM1.5 billion). The cumulative change in fair value of the financings attributable to changes in profit rate risks amounts to a loss of RM3,840,623 (31 March 2017: loss of RM2,984,423) and the change for the current year is a loss of RM856,200 (31 March 2017: loss of RM7,454,068). The changes in fair value of the designated financing attributable to changes in profit risk have been calculated by determining the changes in profit spread implicit in the fair value of securities issued by entities with similar credit characteristics.

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11. Financing of customers (cont'd.)

Impaired financing

(i) Movements in the impaired financing

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
At beginning of period	351,920	326,470	356,852	326,470
Classified as impaired during the period	229,340	410,050	229,340	414,983
Reclassified as performing during the period	(131,555)	(230,435)	(131,555)	(230,435)
Recovered during the period	(39,339)	(100,800)	(39,339)	(100,800)
Written off during the period	(14,478)	(53,365)	(14,478)	(53,365)
At end of period	395,888	351,920	400,820	356,853
Ratio of gross impaired financing to total financing	2.67%	2.31%	2.70%	2.34%

(ii) Movements in the allowance for impaired financing

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
<u>Collective assessment allowance</u>				
At beginning of period, as previously stated	236,159	208,439	236,159	208,439
Allowance made during the period	168,893	351,926	168,893	351,926
Amount written-back	(141,550)	(292,349)	(141,550)	(292,349)
Amount written-off	(11,891)	(31,857)	(11,891)	(31,857)
At end of period	251,611	236,159	251,611	236,159
As % of gross financing, less individual assessment allowance	1.70%	1.56%	1.70%	1.56%

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
<u>Individual assessment allowance</u>				
At beginning of period	76,865	81,078	81,798	81,078
Allowance made during the period	9,863	30,753	9,863	35,686
Amount written-back	(2,107)	(14,552)	(2,107)	(14,552)
Amount written-off	-	(20,414)	-	(20,414)
At end of period	84,621	76,865	89,554	81,798

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11. Financing of customers (cont'd.)

Impaired financing (cont'd.)

(iii) Impaired financing by sector

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
Agriculture	36	39	36	39
Manufacturing	45,796	45,565	45,795	45,565
Construction	7,039	9,852	7,039	9,852
Household	281,213	248,874	281,213	248,874
Real estate	370	-	370	-
Wholesale, retail and restaurant	8,146	5,815	8,146	5,815
Mining and quarrying	-	-	4,933	4,933
Transport, storage and communication	42,026	37,310	42,026	37,310
Finance, takaful and business services	9,842	2,004	9,842	2,004
Purchase of transport vehicles	262	409	262	409
Community, social and personal service	1,158	2,052	1,158	2,052
	395,888	351,920	400,820	356,853

(iv) Impaired financing by geographical area

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
Domestic	395,888	351,920	400,820	356,853

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12. Other assets

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
Deposits	7,407	7,304	7,309	7,206
Prepayments	6,507	6,629	6,257	6,482
Tax prepayment	29,855	52,814	29,855	52,210
Amount due from subsidiaries	-	-	6,100	141
Golf club membership	600	600	600	600
Other receivables	12,723	11,263	12,723	11,263
Other debtors	53,665	43,297	42,607	42,383
	110,757	121,907	105,451	120,285

13. Deferred tax asset & liabilities

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
At beginning of the year	2,566	(568)	9,652	(568)
Recognised in the income statement	1,415	(533)	1,415	(533)
Recognised in the equity	2,303	3,667	(3,242)	10,753
At end of the period	6,284	2,566	7,825	9,652

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position as follow:

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
Deferred tax assets, net	7,825	9,652	7,825	9,652
Deferred tax liabilities, net	(1,541)	(7,086)	-	-
	6,284	2,566	7,825	9,652

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
Deferred tax assets	18,604	9,652	18,604	9,652
Deferred tax liabilities	(12,321)	(7,086)	(10,780)	-
	6,284	2,566	7,825	9,652

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13. Deferred tax asset & liabilities (cont'd.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group :

	Available- for-sale RM'000	Property, plant and equipment & intangible asset RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 April 2017	10,753	-	6,291	265	17,309
Recognised in income statement	-	2,602	2,089	(59)	4,632
Recognised in the equity	(3,337)	-	-	-	(3,337)
At 30 September 2017	<u>7,416</u>	<u>2,602</u>	<u>8,380</u>	<u>206</u>	<u>18,604</u>
At 1 April 2016	-	-	10,008	307	10,315
Recognised in income statement	-	-	(3,717)	(42)	(3,759)
Recognised in the equity	10,753	-	-	-	10,753
At 31 March 2017	<u>10,753</u>	<u>-</u>	<u>6,291</u>	<u>265</u>	<u>17,309</u>

Deferred tax liabilities of the Group :

	Available- for-sale RM'000	Property, plant and equipment RM'000	Total RM'000
At 1 April 2017	(7,181)	(7,562)	(14,743)
Recognised in income statement	-	(3,218)	(3,218)
Recognised in the equity	5,640	-	5,640
At 30 September 2017	<u>(1,541)</u>	<u>(10,780)</u>	<u>(12,321)</u>
At 1 April 2016	(95)	(10,788)	(10,883)
Recognised in income statement	-	3,226	3,226
Recognised in the equity	(7,086)	-	(7,086)
At 31 March 2017	<u>(7,181)</u>	<u>(7,562)</u>	<u>(14,743)</u>

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13. Deferred tax asset & liabilities (cont'd.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Bank:

	Available- for-sale RM'000	Property, plant and equipment & intangible asset RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 April 2017	10,753	-	6,291	265	17,309
Recognised in income statement	-	2,602	2,089	(59)	4,632
Recognised in the equity	(3,337)	-	-	-	(3,337)
At 30 September 2017	7,416	2,602	8,380	206	18,604
At 1 April 2016	-	-	10,008	307	10,315
Recognised in income statement	-	-	(3,717)	(42)	(3,759)
Recognised in the equity	10,753	-	-	-	10,753
At 31 March 2017	10,753	-	6,291	265	17,309

Deferred tax liabilities of the Bank:

	Available- for-sale RM'000	Property, plant and equipment RM'000	Total RM'000
At 1 April 2017	(95)	(7,562)	(7,657)
Recognised in income statement	-	(3,218)	(3,218)
Recognised in the equity	95	-	95
At 30 September 2017	-	(10,780)	(10,780)
At 1 April 2016	(95)	(10,788)	(10,883)
Recognised in income statement	-	3,226	3,226
Recognised in the equity	-	-	-
At 31 March 2017	(95)	(7,562)	(7,657)

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14. Deposits from customers

(a) By type of deposits

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
Saving Deposit				
Qard	1,014,237	1,052,795	1,014,237	1,052,795
Tawarruq	146,341	107,869	146,341	107,869
Demand Deposit				
Qard	2,901,860	2,994,706	2,910,983	2,996,183
Tawarruq	114,366	70,481	114,366	70,481
Term Deposit				
Negotiable Islamic debt certificate	1,815,214	1,550,790	1,815,214	1,550,790
General investment deposits	130,886	140,575	130,886	140,575
Short term accounts	1,927,307	2,958,160	1,927,307	2,958,160
Fixed term accounts tawarruq	10,234,012	11,003,797	10,248,812	11,014,597
Other deposits	40,835	38,309	40,835	38,309
	18,325,058	19,917,482	18,348,981	19,929,759

(b) By type of customer

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
Government and statutory bodies	5,587,003	5,975,784	5,587,003	5,975,784
Business enterprises	6,055,309	7,058,767	6,079,232	7,071,044
Individuals	2,250,207	1,584,069	2,250,207	1,584,069
Others	4,432,539	5,298,862	4,432,539	5,298,862
	18,325,058	19,917,482	18,348,981	19,929,759

The maturity structure of term deposits are as follow :

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
Due within six months	10,391,626	13,899,694	10,406,426	13,910,494
More than six months to one year	3,335,853	1,374,178	3,335,853	1,374,178
More than one year to three years	303,864	303,428	303,864	303,428
More than three year to five years	76,076	76,022	76,076	76,022
	14,107,419	15,653,322	14,122,219	15,664,122

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15. Investment accounts of customers

(a) Investment account due from designated financial institution:

	Group and Bank	
	30 September 2017	31 March 2017
	RM'000	RM'000
Licensed Islamic bank	266	382

The investment account as at 30 September 2017 is invested in a financing asset.

(b) Investment account of customers:

Restricted investment accounts ("RIA") is an arrangement between the Bank and investment account holders where the Bank acts as the investment agent to manage and administer the RIA and its underlying assets. RIA amounting to RM6,162,904 (31 March 2017: RM7,705,000) is accounted for as off balance sheet as the Bank has no right and obligation in respect of the assets related to the RIA or to the residual cash flows from those assets except for the Wakalah performance incentive fee income generated by the Bank for managing the RIA.

(i) Investment account analysed by maturity portfolio are as follows:

	Group		Bank	
	30 September 2017	31 March 2017	30 September 2017	31 March 2017
	RM'000	RM'000	RM'000	RM'000
Restricted investment accounts				
With maturity more than one year to three years				
Wakalah	2,836	424	6,163	7,705

(ii) By types of customer are as follows:

	Group		Bank	
	30 September 2017	31 March 2017	30 September 2017	31 March 2017
	RM'000	RM'000	RM'000	RM'000
Business enterprise	-	-	3,327	7,281
Individuals	275	347	275	347
Others	2,561	77	2,561	77
	2,836	424	6,163	7,705

(iii) The allocation of investment asset are as follows:

	Group		Bank	
	30 September 2017	31 March 2017	30 September 2017	31 March 2017
	RM'000	RM'000	RM'000	RM'000
Restricted investment accounts				
Non-retail financing	2,836	424	6,163	7,705
Total investment	2,836	424	6,163	7,705

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15. Investment accounts of customers (cont'd.)

(iv) Investment account holders ("IAH") profit sharing ratio and rate of return are as follows:

Investment account of customers	Group and Bank 30 September 2017		Group and Bank 31 March 2017	
	Average profit sharing ratio	Average rate of return	Average profit sharing ratio	Average rate of return
	(%)	(%)	(%)	(%)
	93.0%	6.5%	93.0%	6.5%

16. Deposit and placements of banks and other financial institutions

	Group and Bank	
	30 September 2017	31 March 2017
	RM'000	RM'000
Bank Negara Malaysia	10,294	9,770
Others financial institutions	150,597	551,884
	160,891	561,654

17. Other liabilities

	Group		Bank	
	30 September 2017	31 March 2017	30 September 2017	31 March 2017
	RM'000	RM'000	RM'000	RM'000
Sundry creditors	7,435	825	214	206
Accrual for bonus	3,045	11,197	2,993	11,197
Accrued expenses	31,041	36,010	31,222	36,214
Accrual for directors' fees	337	672	337	672
Accrual for audit fees	397	512	384	492
GST output tax	136	119	113	91
Others	40,425	7,041	39,280	6,982
	82,816	56,376	74,543	55,854

18. Provision for zakat and taxation

	Group		Bank	
	30 September 2017	31 March 2017	30 September 2017	31 March 2017
	RM'000	RM'000	RM'000	RM'000
Zakat	3,166	4,722	2,747	4,677
Taxation	3,263	84	-	-
	6,429	4,806	2,747	4,677

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19. Sukuk

(a) Subordinated sukuk

On 15 June 2016, the Bank set up a RM1.0 billion Sukuk programme of which RM250.0 million was subscribed up to the closing date. The Sukuk programme has loss absorption features to meet Basel III criteria and qualifies as Tier 2 capital for the purpose of Bank Negara Malaysia capital adequacy requirement.

The subordinated sukuk bears profit/dividend at 5.8% per annum, up to the date of early redemption in full of such sukuk or maturity date, whichever is earlier. The dividend is payable semi-annually in June and December.

(b) Senior sukuk

On 25 November 2016, the Bank has issued RM500.0 million (5 years maturity) of senior sukuk respectively through a RM2.0 billion Senior Sukuk Programme.

The Senior Sukuk bears profit/dividend at 5.5% per annum, up to the date of early redemption in full of such sukuk or maturity date, whichever is earlier. The dividend is payable semi-annually in May and November each year.

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20. Income derived from investment of depositors' funds and others

Group and Bank	3 months ended		6 months ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Income derived from investment of:				
(a) General investment deposits	2,022	2,522	4,285	5,583
(b) Other deposits	289,526	288,954	593,684	581,251
	291,548	291,476	597,969	586,834

(a) Income derived from investment of general investment deposits

	3 months ended		6 months ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Finance income and hibah				
Income from financing	1,550	1,978	3,203	4,337
Financial investments held-for-maturity	2	2	3	5
Financial investments available-for-sale	372	380	791	874
Money at call and deposit with financial institutions	19	45	66	129
	1,943	2,405	4,063	5,345
Amortisation of premium	(2)	(1)	(5)	(5)
Total finance income and hibah	1,941	2,404	4,058	5,340
Other operating income				
Net gain from sale of:				
- financial investments designated at FVTPL	1	3	2	5
- financial investments available-for-sale	8	29	73	68
	9	32	75	73
Fees and commission				
Guarantee fees	2	5	5	13
Safekeeping fees	23	21	48	43
Processing fees	3	2	3	5
Service charges and fees	15	23	34	49
Commission	29	35	62	60
	72	86	152	170
Total	2,022	2,522	4,285	5,583

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20. Income derived from investment of depositors' funds and others (cont'd.)

(b) Income derived from investment of other deposits

	3 months ended		6 months ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Finance income and hibah				
Income from financing	221,459	226,354	443,798	451,438
Financial investments designated at FVTPL	2	-	2	-
Financial investments held-for-maturity	53,302	43,866	459	524
Financial investments available-for-sale	231	230	109,536	91,007
Money at call and deposit with financial institutions	2,923	5,400	9,218	13,488
	<u>277,917</u>	<u>275,850</u>	<u>563,013</u>	<u>556,457</u>
Amortisation of premium less accretion of discounts	(298)	(120)	(689)	(503)
Total finance income and hibah	<u>277,619</u>	<u>275,730</u>	<u>562,324</u>	<u>555,954</u>
Other operating income				
Net gain from sale of:				
- financial investments designated at FVTPL	111	297	318	529
- financial investments available-for-sale	1,374	3,343	10,095	7,057
Unrealised loss on revaluation from financial investments designated at FVTPL	-	(31)	(1)	3
	<u>1,485</u>	<u>3,609</u>	<u>10,412</u>	<u>7,589</u>
Fees and commission				
Guarantee fees	282	559	695	1,377
Safekeeping fees	3,349	2,417	6,605	4,474
Processing fees	367	232	390	469
Service charges and fees	2,222	2,582	4,723	5,140
Commission	4,202	3,825	8,535	6,248
	<u>10,422</u>	<u>9,615</u>	<u>20,948</u>	<u>17,708</u>
Total	<u>289,526</u>	<u>288,954</u>	<u>593,684</u>	<u>581,251</u>

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21. Income derived from investment of shareholders' funds

Group	3 months ended		6 months ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Finance income and hibah				
Financial investments available-for-sale	3,872	4,207	7,636	8,329
Money at call and deposit with financial institutions	338	911	691	1,567
	4,210	5,118	8,327	9,896
Amortisation of premium less accretion of discounts	803	811	1,744	1,596
Total finance income and hibah	5,013	5,929	10,071	11,492
Other operating income				
Net (loss)/gain from foreign exchange transaction	(362)	(12,214)	(1,115)	8,355
Unrealised (loss)/gain on revaluation from foreign exchange derivatives	(426)	19,085	(1,098)	2,591
Net gain from sale of available -for-sale securities	7,220	398	13,960	780
Unrealised gain/(loss) on revaluation from financial investments designated at FVTPL	4,110	(2)	10,600	(360)
Gross dividend income from investment: -shares in Malaysia	182	1	483	1,615
Net dividend paid for Islamic profit rate swap	(1,907)	(1,681)	(3,799)	(2,171)
Unrealised gain/(loss) on revaluation of Islamic profit rate swap	344	(8,780)	(2,287)	(11,435)
Unrealised (loss)/gain on revaluation from hedged items	(1,580)	4,362	(856)	6,085
Gain from derecognition fair value of hedged items	536	443	978	886
	8,117	1,612	16,867	6,346
Fees and commission				
Corporate advisory fees	977	5,883	2,524	6,634
Service charges and fees	1,545	1,640	3,877	3,913
Commission	804	404	8,059	561
	3,326	7,927	14,460	11,108
Other income				
Rental income	273	59	547	254
Gain on sale of property, plant and equipment	1	-	52	1
	274	59	599	255
Total	16,730	15,527	41,997	29,201

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21. Income derived from investment of shareholders' funds (cont'd)

Bank	3 months ended		6 months ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Finance income and hibah				
Financial investments available-for-sale	3,872	4,207	7,636	8,329
Money at call and deposit with financial institutions	338	911	691	1,567
	4,210	5,118	8,327	9,896
Accretion of discounts	803	811	1,744	1,596
Total finance income and hibah	5,013	5,929	10,071	11,492
Other operating income				
Net (loss)/gain from foreign exchange transaction	(362)	(12,214)	(1,115)	8,355
Unrealised (loss)/gain on revaluation exchange derivatives	(426)	19,085	(1,098)	2,591
Net gain from sale of available -for-sale securities	508	398	780	780
Unrealised gain/(loss) on revaluation from financial investments designated at FVTPL	4,110	(2)	10,600	(360)
Gross dividend income from investment: -unquoted in Malaysia	-	-	-	1,612
-subsidiary	6,000	-	8,815	-
Net dividend paid for Islamic profit rate swap	(1,907)	(1,681)	(3,799)	(2,171)
Unrealised gain/(loss) on revaluation of Islamic profit rate swap	344	(8,780)	(2,287)	(11,435)
Unrealised (loss)/gain on revaluation from hedged items	(1,580)	4,362	(856)	6,085
Gain from derecognition fair value of hedged items	536	443	978	886
	7,223	1,611	12,018	6,343
Fees and commission				
Corporate advisory fees	559	5,515	1,698	5,828
Service charges and fees	90	69	247	152
Commission	804	404	8,059	561
	1,453	5,988	10,004	6,541
Other income				
Rental income	303	59	607	254
Gain on sale of property, plant and equipment	1	-	52	1
	304	59	659	255
Total	13,993	13,587	32,752	24,631

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22. Income derived from investment of investment account funds

Group	3 months ended		6 months ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Investment of account funds	5	-	10	-
Fees and commission				
Service charges and fees	8	12	17	12
Total	13	12	27	12

Bank	3 months ended		6 months ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Investment of account funds	5	-	10	-
Fees and commission				
Service charges and fees	8	12	17	12
Total	13	12	27	12

23. Allowance for impairment on financing

Group	3 months ended		6 months ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment on financing				
(a) Individual assessment allowance				
Made during the period	391	1,448	9,863	3,257
Written back during the period	(1,140)	(1,868)	(2,107)	(3,709)
	(749)	(420)	7,756	(452)
(b) Collective assessment allowance				
Made during the period	83,511	92,862	168,897	181,718
Written back during the period	(79,899)	(65,770)	(141,548)	(138,044)
	3,612	27,092	27,349	43,674
Bad debts on financing:				
Written off	61	1,259	3,029	1,440
Recovered	(1,847)	(3,186)	(5,520)	(6,905)
	(1,786)	(1,927)	(2,491)	(5,465)
	1,077	24,745	32,614	37,757

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23. Allowance for impairment on financing (cont'd)

	3 months ended		6 months ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
Bank	RM'000	RM'000	RM'000	RM'000
Allowance for impairment on financing				
(a) Individual assessment allowance				
Made during the period	391	1,448	9,863	3,957
Written back during the period	(1,140)	(1,868)	(2,107)	(3,709)
	<u>(749)</u>	<u>(420)</u>	<u>7,756</u>	<u>248</u>
(b) Collective assessment allowance				
Made during the period	83,506	92,862	168,892	181,718
Written back during the period	(79,899)	(65,770)	(141,548)	(138,044)
	<u>3,607</u>	<u>27,092</u>	<u>27,344</u>	<u>43,674</u>
Bad debts on financing:				
Written off	61	1,259	3,029	1,440
Recovered	(1,847)	(3,186)	(5,520)	(6,905)
	<u>(1,786)</u>	<u>(1,927)</u>	<u>(2,491)</u>	<u>(5,465)</u>
	<u>1,072</u>	<u>24,745</u>	<u>32,609</u>	<u>38,457</u>

24. Impairment loss on investments

	3 months ended		6 months ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
Group / Bank	RM'000	RM'000	RM'000	RM'000
Impairment loss on financial investments available- for- sale investments	-	9,077	-	10,520
	<u>-</u>	<u>9,077</u>	<u>-</u>	<u>10,520</u>

25. Income attributable to depositors

	3 months ended		6 months ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
Group	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
Mudharabah funds	495	15,295	1,002	2,964
Non-Mudharabah funds	138,235	130,917	282,091	270,210
Deposits and placements of banks and other financial institutions:				
Non-Mudharabah funds	1,419	-	3,468	24,090
	<u>140,149</u>	<u>146,212</u>	<u>286,561</u>	<u>297,264</u>

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25. Income attributable to depositors (cont'd)

	3 months ended		6 months ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Bank				
Deposits from customers:				
Mudharabah funds	495	15,295	1,002	2,964
Non-Mudharabah funds	138,421	131,011	282,397	270,413
Deposits and placements of banks and other financial institutions:				
Non-Mudharabah funds	1,419	-	3,468	24,090
	140,335	146,306	286,867	297,467

26. Personnel expenses

	3 months ended		6 months ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Group				
Salary and wages	31,867	31,129	63,796	61,345
Contribution to defined contribution plan	5,917	6,817	12,119	12,912
Social security contributions	331	334	666	615
Allowances and bonuses	3,165	5,150	7,487	14,187
Mutual Separation Scheme	1,151	206	3,603	206
Others	4,882	2,864	8,846	6,421
	47,313	46,500	96,517	95,686

	3 months ended		6 months ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Bank				
Salary and wages	31,383	30,628	62,842	60,289
Contribution to defined contribution plan	5,846	6,714	11,979	12,719
Social security contributions	331	334	666	615
Allowances and bonuses	3,082	4,970	7,343	13,957
Mutual Separation Scheme	1,151	206	3,603	206
Others	4,860	2,847	8,810	6,384
	46,653	45,699	95,243	94,170

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27. Other overheads and expenditures

Group	3 months ended		6 months ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Promotion				
Advertisement and publicity	2,547	1,736	5,833	4,537
Others	1,948	2,082	3,608	3,302
Establishment				
Rental	3,177	2,989	6,337	6,251
Depreciation	4,496	4,603	9,137	9,362
Amortisation of intangible assets	6,970	6,756	13,807	13,050
Amortisation of prepaid land lease payment	1	1	2	2
Information technology expenses	8,376	7,157	19,425	14,916
Repair and maintenance	788	377	1,539	779
Hire of equipment	1,375	1,246	2,493	2,426
Takaful	2,136	1,988	4,065	6,727
Utilities expenses	1,303	1,202	2,537	2,560
Security expenses	2,607	2,263	4,592	3,916
Others	1,004	846	1,893	1,653
General expenses				
Auditors' fees	96	341	202	346
Professional fees	741	534	952	1,347
Legal expenses	1,074	437	1,301	1,274
Telephone	460	495	913	852
Stationery and printing	404	513	785	1,019
Postage and courier	347	391	533	866
Travelling	429	391	771	821
Directors remuneration and Shariah Committee allowance	1,058	851	1,935	1,737
Others	2,158	2,731	4,892	5,804
	43,495	39,930	87,552	83,547

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27. Other overheads and expenditures (cont'd)

Bank	3 months ended		6 months ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Promotion				
Advertisement and publicity	2,550	1,736	5,833	4,537
Others	1,942	2,079	3,597	3,287
Establishment				
Rental	3,033	2,820	6,054	5,854
Depreciation	4,487	4,643	9,118	9,343
Amortisation of intangible assets	6,920	6,658	13,692	12,953
Amortisation of prepaid land lease payment	1	1	2	2
Information technology expenses	8,376	7,157	19,425	14,916
Repair and maintenance	649	308	1,287	634
Hire of equipment	1,277	1,140	2,301	2,178
Takaful	2,136	1,988	4,065	6,727
Utilities expenses	1,296	1,195	2,524	2,546
Security expenses	2,607	2,263	4,592	3,916
Others	1,004	846	1,893	1,653
General expenses				
Auditors' fees	96	341	202	346
Professional fees	643	469	806	1,241
Legal expenses	1,074	437	1,301	1,274
Telephone	458	495	911	851
Stationery and printing	399	503	776	1,005
Postage and courier	347	391	533	866
Travelling	427	383	767	810
Directors remuneration and Shariah Committee allowance	1,046	841	1,912	1,714
Others	2,625	3,276	5,826	6,887
	43,393	39,970	87,417	83,540

28. Finance cost

Group / Bank	3 months ended		6 months ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Dividend paid- subordinated sukuk	3,645	8,500	7,266	8,500
Dividend paid- senior sukuk	6,801	76	13,683	76
	10,446	8,576	20,949	8,576

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29. Zakat

Group	3 months ended		6 months ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Provision for zakat for the year	1,601	937	2,764	1,999
Under provision in prior year	-	-	-	16
	1,601	937	2,764	2,015

Bank	3 months ended		6 months ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Provision for zakat for the year	1,400	903	2,346	1,914

30. Taxation

Group	3 months ended		6 months ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current income tax	13,756	4,497	26,342	19,430
	13,756	4,497	26,342	19,430
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,415)	6,133	(1,415)	6,133
	(1,415)	6,133	(1,415)	6,133
	12,341	10,630	24,927	25,563

Bank	3 months ended		6 months ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current income tax	11,882	9,921	22,355	18,597
	11,882	9,921	22,355	18,597
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,415)	2,925	(1,415)	6,133
	(1,415)	2,925	(1,415)	6,133
	10,467	12,846	20,940	24,730

Income tax expense is recognised in each interim period based on the best estimate of the annual income tax rate expected for the full financial year. The effective tax rate for the current interim period was higher than the statutory tax rate principally due to certain expenses which are not deductible for tax purposes.

Domestic current income tax is calculated at the statutory tax rate of 24% (31 March 2017: 24%) of the estimated assessable profit for the period.

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31. Credit exposures arising from credit transactions with connected parties

	Group	
	30 September 2017 RM'000	31 March 2017 RM'000
Outstanding credit exposures with connected parties (RM'000)	<u>1,357,133</u>	<u>1,505,626</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>5.8%</u>	<u>6.1%</u>
	Bank	
	30 September 2017 RM'000	31 March 2017 RM'000
Outstanding credit exposures with connected parties (RM'000)	<u>1,439,186</u>	<u>1,604,529</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>6.2%</u>	<u>6.5%</u>

The credit exposures above are derived on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties for Islamic Banks, which are effective on 16 July 2014.

Credit transactions and exposures to connected parties as disclosed above includes the extension of credit facilities and/or off-balance sheet credit exposures such as guarantees, trade-related facilities and financing commitments. It also includes holdings of equities and private debt securities issued by the connected parties.

The credit transactions with connected parties mentioned above are all transacted on an arm's length basis and on terms and conditions no more favourable than those entered into with other counterparties with similar circumstances and credit worthiness. Due care has been taken to ensure that the credit worthiness of the connected party is not less than that normally required of other persons.

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32. Commitments and contingencies

- (i) In the normal course of business, the Group and the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

Risk weighted exposures of the Group and the Bank are as follows:

	Group and Bank					
	30 September 2017			31 March 2017		
The commitments and contingencies constitute the following:	Principal amount	Credit equivalent amount	Total risk weighted amount	Principal amount	Credit equivalent amount	Total risk weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Contingent liabilities						
Direct credit substitutes	186,621	186,621	164,926	213,136	213,136	181,099
Trade-related contingencies	30,318	6,064	5,426	22,970	4,594	4,581
Transaction related contingencies	433,180	216,590	211,936	425,973	212,986	208,304
Commitments						
Credit extension commitment:						
- Maturity within one year	1,070,231	214,046	195,005	798,577	159,715	146,883
- Maturity exceeding one year	952,768	476,384	420,999	1,019,465	509,732	452,990
Bills for collection	-	-	-	-	-	-
Islamic derivative financial instruments						
Foreign exchange related contracts	1,927,400	61,650	29,178	2,875,367	88,561	69,605
Profit rate related contract	2,000,000	23,145	4,629	2,000,000	104,111	20,822
	6,600,518	1,184,500	1,032,099	7,355,488	1,292,835	1,084,284

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33. Capital adequacy

(a) The capital adequacy ratio of the Group/Bank is as follows:

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
Computation of Total Risk Weighted Assets ("RWA")				
Total credit RWA	12,320,282	12,913,767	12,312,284	12,870,829
Total market RWA	25,897	26,483	25,897	26,483
Total operational RWA	1,174,082	1,131,625	1,151,575	1,115,342
Total RWA	13,520,261	14,071,875	13,489,756	14,012,654
Computation of Capital Ratio				
<u>Tier-I capital</u>				
Paid-up ordinary share capital	1,195,000	1,195,000	1,195,000	1,195,000
Retained profits	294,528	294,528	289,726	289,726
<u>Other Reserves</u>				
Statutory reserve	658,158	658,158	656,561	656,561
Unrealised gain on available for-sale financial instruments	(18,539)	(11,298)	(23,420)	(33,734)
Foreign exchange translation reserve	233	2,183	233	2,183
Regulatory Adjustment				
Less: Deferred tax assets (net)	(18,604)	(19,589)	(18,604)	(19,589)
Less: Investment in subsidiaries	-	-	(8,055)	(8,055)
Intangible asset (net of deferred tax liabilities)	(85,487)	(99,573)	(86,753)	(99,183)
Total Common Equity Tier-I Capital	2,025,289	2,019,409	2,004,688	1,982,909
Total Tier-I Capital	2,025,289	2,019,409	2,004,688	1,982,909
<u>Tier-II capital</u>				
Subordinated sukuk	254,016	253,964	254,016	253,964
Collective assessment allowance	73,849	75,211	73,849	75,211
Total Tier-II Capital	327,865	329,175	327,865	329,175
Total Capital Base	2,353,154	2,348,584	2,332,553	2,312,084
Ratio (%)				
CET 1 Capital	14.98%	14.35%	14.86%	14.15%
Tier 1 Capital	14.98%	14.35%	14.86%	14.15%
Total Capital	17.40%	16.69%	17.29%	16.50%

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33. Capital adequacy (cont'd.)

The capital adequacy ratio of the Bank are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (Capital Components) and Capital Adequacy Framework for Islamic Banks (Risk Weighted Assets) issued on 13 October 2015 and 22 August 2016 respectively. The Group and Bank have adopted the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk. The minimum regulatory capital adequacy requirement for Islamic Bank Common Equity Tier I capital, Tier I capital, and Total Capital are 4.5%, 6.0% and 8.0% of total RWA respectively for the current period (31 March 2017: 4.5%, 6.0% and 8.0% of total RWA).

The current year's core capital ratios and risk-weighted capital ratios were computed using reported amounts which form part of the current year financial statements which have been prepared in accordance with MFRS.

(b) Credit risk disclosure by risk weights of the Group are as follows :

	Group			
	30 September 2017 RM'000		31 March 2017 RM'000	
	Total exposures after netting and credit risk mitigation RM'000	Total risk weighted assets RM'000	Total exposures after netting and credit risk mitigation RM'000	Total risk weighted assets RM'000
0%	5,180,830	-	5,888,524	-
20%	2,923,741	584,748	3,294,361	658,872
35%	3,047,841	1,066,744	2,778,346	972,421
50%	1,756,359	878,180	1,770,574	885,287
75%	1,891,227	1,418,420	2,328,702	1,746,527
100%	8,324,717	8,324,716	8,560,093	8,560,093
150%	31,649	47,474	60,378	90,567
Risk weighted assets for credit risk	23,156,364	12,320,282	24,680,978	12,913,767
Risk weighted assets for market risk		25,897		26,483
Risk weighted assets for operational risk		1,174,082		1,131,625
Total risk weighted assets		13,520,261		14,071,875

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33. Capital adequacy (cont'd.)

(b) Credit risk disclosure by risk weights of the Group are as follows :

	Bank			
	30 September 2017 RM'000	Total risk weighted assets RM'000	31 March 2017 RM'000	Total risk weighted assets RM'000
	Total exposures after netting and credit risk mitigation RM'000		Total exposures after netting and credit risk mitigation RM'000	
0%	5,180,830	-	5,888,524	-
20%	2,923,741	584,748	3,294,361	658,872
35%	3,047,841	1,066,744	2,778,346	972,421
50%	1,756,359	878,180	1,770,574	885,287
75%	1,891,227	1,418,420	2,328,702	1,746,527
100%	8,326,966	8,326,965	8,573,082	8,573,082
150%	24,818	37,227	23,093	34,640
Risk weighted assets for credit risk	23,151,782	12,312,284	24,656,682	12,870,829
Risk weighted assets for market risk		25,897		26,483
Risk weighted assets for operational risk		1,151,575		1,115,342
Total risk weighted assets		13,489,756		14,012,654

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34. Fair values of financial instruments

(a) Financial instruments measured at fair value

Determination of fair value and the fair value hierarchy

MFRS 7 Financial Instruments: Disclosures requires the classification of financial instruments held at fair value according to a hierarchy that reflects the significance of inputs used in making the measurements, in particular, whether the inputs used are observable or unobservable. The following levels of hierarchy are used for determining and disclosing the fair value of financial instruments:

Level 1 - quoted market prices: quoted prices (unadjusted) in active markets for identical instruments;

Level 2 - valuation techniques based on observable inputs: inputs other than quoted prices included within Level 1 that are observable for the instrument, whether directly (ie. prices) or indirectly (ie. derived from prices), are used; and

Level 3 - valuation techniques using significant unobservable inputs: inputs used are not based on observable market data and the unobservable inputs have a significant impact on the instrument's valuation.

Where such quoted and observable market prices are not available, fair values are determined using appropriate valuation techniques, which include the use of mathematical models, such as discounted cash flow models and option pricing models, comparison to similar instruments for which market observable prices exist and other valuation techniques. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arm's length. Valuation techniques used incorporate assumptions regarding discount rates, profit rate yield curves, estimates of future cash flows and other factors. Changes in these assumptions could materially affect the fair values derived. The Bank generally uses widely recognised valuation techniques with market observable inputs for the determination of fair value, which require minimal management judgement and estimation, due to the low complexity of the financial instruments held.

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34. Fair values of financial instruments (cont'd.)

(a) Financial instruments measured at fair value (cont'd.)

Determination of fair value and the fair value hierarchy (cont'd.)

The following table shows the financial instruments which are measured at fair value at the reporting date analysed by the various level within the fair value hierarchy:

Group	<u>Valuation technique using</u>			Total RM'000
	Quoted Market Price Level 1 RM'000	Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
30 September 2017				
Non-financial assets				
Investment properties	-	-	39,364	39,364
Financial assets				
Financial investments designated at fair value through profit and loss	-	-	200,746	200,746
Financial investments available-for-sale	127,916	5,606,947	5,220	5,740,083
Derivative financial assets	-	21,348	-	21,348
Total financial assets measured at fair value	127,916	5,628,295	205,966	5,962,177
Financial liabilities				
Derivative financial liabilities	-	31,874	-	31,874
Total financial liabilities measured at fair value	-	31,874	-	31,874

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34. Fair values of financial instruments (cont'd.)

(a) Financial instruments measured at fair value (cont'd.)

Determination of fair value and the fair value hierarchy (cont'd.)

Group (cont'd.)	Quoted Market Price Level 1 RM'000	Valuation technique using		Total RM'000
		Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
31 March 2017				
Non-financial assets				
Investment properties	-	-	38,778	38,778
Financial assets				
Financial investments designated at fair value through profit and loss	-	1	197,207	197,208
Financial investments available-for-sale	159,860	5,966,240	5,316	6,131,416
Derivative financial assets	-	55,948	-	55,948
Total financial assets measured at fair value	159,860	6,022,189	202,523	6,384,572
Financial liabilities				
Derivative financial liabilities	-	63,088	-	63,088
Total financial liabilities measured at fair value	-	63,088	-	63,088

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34. Fair values of financial instruments (cont'd.)

(a) Financial instruments measured at fair value (cont'd.)

Determination of fair value and the fair value hierarchy (cont'd.)

Bank	Quoted Market Price Level 1 RM'000	Valuation technique using		Total RM'000
		Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
30 September 2017				
Non-financial assets				
Investment properties	-	-	39,364	39,364
Financial assets				
Financial investments designated at fair value through profit and loss	-	-	200,746	200,746
Financial investments available-for-sale	118,143	5,606,946	5,220	5,730,309
Derivative financial assets	-	21,348	-	21,348
Total financial assets measured at fair value	118,143	5,628,294	205,966	5,952,403
Financial liabilities				
Derivative financial liabilities	-	31,874	-	31,874
Total financial liabilities measured at fair value	-	31,874	-	31,874

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34. Fair values of financial instruments (cont'd.)

(a) Financial instruments measured at fair value (cont'd.)

Determination of fair value and the fair value hierarchy (cont'd.)

Bank (cont'd.)	Quoted Market Price Level 1 RM'000	Valuation technique using		Total RM'000
		Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
31 March 2017				
Non-financial assets				
Investment properties	-	-	38,778	38,778
Financial assets				
Financial investments designated at fair value through profit and loss	-	1	197,207	197,208
Financial investments available-for-sale	109,977	5,966,240	5,316	6,081,533
Derivative financial assets	-	55,948	-	55,948
Total financial assets measured at fair value	109,977	6,022,189	202,523	6,334,689
Financial liabilities				
Derivative financial liabilities	-	63,088	-	63,088
Total financial liabilities measured at fair value	-	63,088	-	63,088

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34. Fair values of financial instruments (cont'd.)

(a) Financial instruments measured at fair value (cont'd.)

Determination of fair value and the fair value hierarchy (cont'd.)

Reconciliation of financing assets at fair value measurements in Level 3 of the fair value hierarchy:

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
At beginning of the period	202,523	205,619	202,523	196,586
Gain/(loss) recognised in income statement	10,088	(33,526)	10,088	(24,493)
Purchases	3,159	4,929	3,159	4,929
Foreign exchange translation difference	(9,804)	25,501	(9,804)	25,501
At end of the period	205,966	202,523	205,966	202,523

The reason for the transfer was due impairment of the securities which resulted in the inability to obtain market prices for the securities as at reporting date.

	Group	
	30 September 2017 RM'000	31 March 2017 RM'000
Total gain/(loss) recognised in income statement for financial instruments measured at fair value at the end of the financial period	10,088	(33,526)

	Bank	
	30 September 2017 RM'000	31 March 2017 RM'000
Total gain/(loss) recognised in income statement for financial instruments measured at fair value at the end of the financial period	10,088	(24,493)

35. Comparatives

Certain comparative figures have been reclassified to confirm to current year's presentation.