



BANK MUAMALAT MALAYSIA BERHAD

Company No. 6175-W
(Incorporated in Malaysia)

**UNAUDITED CONDENSED
FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED
31 DECEMBER 2016 (01 RABIUL AKHIR 1438H)**

Company No. 6175-W

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

Contents	Page
Unaudited Statement of Financial Position	1
Unaudited Statements of Profit or Loss	2
Unaudited Statements of Other Comprehensive Income	4
Unaudited Statements of Changes in Equity	6
Unaudited Statements of Cash Flows	8
Notes to Interim Financial Statements	11

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (01 RABIUL AKHIR 1438H)

	Note	Group		Bank	
		As at 31.12.2016 RM'000	As at 31.03.2016 RM'000	As at 31.12.2016 RM'000	As at 31.03.2016 RM'000
ASSETS					
Cash and short-term funds		396,624	1,008,391	396,624	1,008,391
Cash and placements with financial institutions		10,455	60,710	10,455	60,710
Financial investments designated at fair value through profit or loss (FVTPL)	9(a)	227,292	186,355	222,359	177,322
Financial investments available-for-sale	9(b)	5,789,499	5,700,165	5,758,864	5,700,012
Financial investments held-to-maturity	9(c)	141,556	140,608	141,556	140,608
Islamic derivative financial assets	10	75,040	40,601	75,040	40,601
Financing of customers	11	14,697,604	14,512,877	14,722,121	14,522,194
Other assets	12	121,034	71,909	113,277	77,236
Statutory deposits with Bank Negara Malaysia		662,203	703,261	662,203	703,261
Investment in subsidiaries		-	-	8,055	8,055
Investment properties		36,673	32,529	36,673	32,529
Intangible assets		113,916	121,121	113,476	120,563
Property, plant and equipment		53,031	58,127	52,981	58,050
Prepaid land lease payment		230	235	230	235
Deferred tax assets (net)	13	10,711	-	13,225	-
Total assets		22,335,868	22,636,889	22,327,139	22,649,767
LIABILITIES					
Deposits from customers	14	17,954,288	19,643,428	17,967,499	19,664,220
Investment account of customer	15	8,017	-	8,017	-
Deposits and placements of banks and other financial institutions	16	1,407,893	442,252	1,407,893	442,252
Bills and acceptances payable		9,476	29,350	9,476	29,350
Islamic derivative financial liabilities	10	79,319	49,359	79,319	49,359
Other liabilities	17	69,317	64,981	68,649	64,657
Provision for zakat and taxation	18	3,312	4,935	2,777	4,512
Deferred tax liabilities (net)	13	-	568	-	568
Subordinated sukuk	19	757,553	406,079	757,553	406,079
Total liabilities		20,289,175	20,640,952	20,301,183	20,660,997
SHAREHOLDERS' EQUITY					
Share capital		1,195,000	1,195,000	1,195,000	1,195,000
Reserves		851,693	800,937	830,956	793,770
Total shareholders' equity		2,046,693	1,995,937	2,025,956	1,988,770
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		22,335,868	22,636,889	22,327,139	22,649,767
Restricted investment accounts	15	471	-	471	-
Total Islamic banking asset		22,336,339	22,636,889	22,327,610	22,649,767
COMMITMENTS AND CONTINGENCIES					
	30	8,770,027	8,014,896	8,770,027	8,014,896
CAPITAL ADEQUACY *					
CET 1 capital ratio	31	13.48%	13.85%	13.33%	13.76%
Total capital ratio	31	15.67%	16.08%	15.53%	15.99%

* 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 2016.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE NINE MONTHS ENDED 31 DECEMBER 2016 (01 RABIUL AKHIR 1438H)

<u>Group</u>	Note	3 months ended		9 months ended	
		31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Income derived from investment of depositors' funds and others	20	292,426	286,246	879,273	819,052
Income derived from investment of shareholders' funds	21	12,565	11,439	41,765	62,053
Allowance for impairment on financing	22	(36,968)	(13,833)	(74,725)	(39,051)
Writeback of provision for commitments and contingencies		-	7,412	2,282	7,412
Impairment loss on investments	23	(9,214)	(6,688)	(19,734)	(6,688)
Other expenses directly attributable to the investment of the depositors and shareholders' funds		(1,712)	(5,120)	(6,171)	(11,079)
Total distributable income		257,097	279,456	822,689	831,699
Income attributable to depositors	24	(140,344)	(153,327)	(437,608)	(431,257)
Total net income		116,753	126,129	385,081	400,442
Personnel expenses	25	(46,950)	(46,755)	(142,637)	(144,152)
Other overheads and expenditures	26	(43,163)	(41,446)	(126,709)	(115,684)
Finance cost		(6,520)	(5,178)	(15,096)	(15,501)
Profit before zakat and taxation		20,120	32,750	100,640	125,105
Zakat	27	(625)	(832)	(2,640)	(3,146)
Taxation	28	16,550	1,137	(9,011)	(24,490)
Profit for the period		36,046	33,055	88,988	97,469
Earnings per share (sen):					
Basic				7.45	8.16

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 2016.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF PROFIT OR LOSS

FOR THE NINE MONTHS ENDED 31 DECEMBER 2016 (01 RABIUL AKHIR 1438H)

<u>Bank</u>	Note	3 months ended		9 months ended	
		31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Income derived from investment of depositors' funds and others	20	292,426	286,246	879,273	819,052
Income derived from investment of shareholders' funds	21	10,071	8,881	34,701	55,024
Allowance for impairment on financing	22	(41,068)	(13,833)	(79,525)	(39,051)
Writeback of provision for commitments and contingencies		-	7,412	2,282	7,412
Impairment loss on investments	23	(5,114)	(6,688)	(15,634)	(6,688)
Other expenses directly attributable to the investment of the depositors and shareholders' funds		(1,712)	(5,120)	(6,171)	(11,079)
Total distributable income		254,603	276,898	814,925	824,670
Income attributable to depositors	24	(140,392)	(153,445)	(437,859)	(431,576)
Total net income		114,211	123,453	377,066	393,094
Personnel expenses	25	(46,408)	(46,043)	(140,577)	(142,123)
Other overheads and expenditures	26	(42,830)	(41,744)	(126,373)	(115,866)
Finance cost		(6,520)	(5,178)	(15,096)	(15,501)
Profit before zakat and taxation		18,453	30,488	95,020	119,604
Zakat	27	(588)	(762)	(2,502)	(2,990)
Taxation	28	15,593	1,683	(9,137)	(23,124)
Profit for the period		33,458	31,409	83,381	93,490

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 2016.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 31 DECEMBER 2016 (01 RABIUL AKHIR 1438H)

<u>Group</u>	3 months ended		9 months ended	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Profit for the period	36,046	33,055	88,988	97,469
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	(100,517)	92,991	(56,890)	9,988
Income tax relating to components of other comprehensive income/(loss)	24,055	737	13,644	816
Exchange fluctuation reserve	3,368	(21,383)	5,014	(1,470)
Other comprehensive (loss)/ income for the period, net of tax	(73,094)	72,344	(38,232)	9,334
Total comprehensive (loss)/ income for the period	(37,048)	105,399	50,756	106,803

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 2016.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 31 DECEMBER 2016 (01 RABIUL AKHIR 1438H)

	3 months ended		9 months ended	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
<u>Bank</u>				
Profit for the period	33,458	31,409	83,381	93,490
Other comprehensive (loss)/income:				
Items that may be reclassified subsequently to profit or loss				
Net unrealised (loss)/gain on revaluation of financial available-for-sale	(110,993)	92,991	(67,366)	9,988
Income tax relating to components of other comprehensive income/(loss)	26,569	737	16,158	816
Exchange fluctuation reserve	3,368	(21,383)	5,014	(1,470)
Other comprehensive (loss)/ income for the period, net of tax	(81,056)	72,344	(46,194)	9,334
Total comprehensive (loss)/income for the period	(47,598)	103,753	37,187	102,824

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 2016.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 31 DECEMBER 2016 (01 RABIUL AKHIR 1438H)

	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	
Group							
At 1 April 2016		1,195,000	582,822	(2,054)	212	219,957	1,995,937
Profit for the period		-	-	-	-	88,988	88,988
Other comprehensive loss for the period		-	-	5,014	(43,246)	-	(38,232)
Total comprehensive income for the period		-	-	5,014	(43,246)	88,988	50,756
Transfer to statutory reserve		-	41,690	-	-	(41,690)	-
At 31 December 2016		1,195,000	624,512	2,960	(43,034)	267,255	2,046,693
At 1 April 2015		1,195,000	515,612	(584)	(10,592)	155,258	1,854,694
Profit for the period		-	-	-	-	97,469	97,469
Other comprehensive loss for the period		-	-	(171)	(45,018)	-	(45,189)
Total comprehensive income for the period		-	-	(171)	(45,018)	97,469	52,280
Transfer to statutory reserve		-	46,745	-	-	(46,745)	-
At 31 December 2015		1,195,000	562,357	(755)	(55,610)	205,982	1,906,974

* 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 2016.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 31 DECEMBER 2016 (01 RABIUL AKHIR 1438H)

	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 2016		1,195,000	581,225	(2,054)	212	214,387	1,988,770
Profit for the period		-	-	-	-	83,381	83,381
Other comprehensive loss for the period		-	-	5,014	(51,208)	-	(46,194)
Total comprehensive income for the period		-	-	5,014	(51,208)	83,381	37,187
Transfer to statutory reserve		-	41,690	-	-	(41,690)	-
At 31 December 2016		1,195,000	622,915	2,960	(50,996)	256,077	2,025,957
At 1 April 2015		1,195,000	514,015	(584)	(10,592)	147,177	1,845,016
Profit for the period		-	-	-	-	93,490	93,490
Other comprehensive loss for the period		-	-	(171)	(45,018)	-	(45,189)
Total comprehensive loss for the period		-	-	(171)	(45,018)	93,490	48,301
Transfer to statutory reserve		-	46,745	-	-	(46,745)	-
At 31 December 2015		1,195,000	560,760	(755)	(55,610)	193,922	1,893,317

* 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 2016.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

UNAUDITED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED 31 DECEMBER 2016 (01 RABIUL AKHIR 1438H)

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Cash flows from operating activities				
Profit before zakat and taxation	100,640	125,105	95,020	119,604
Adjustment for				
Amortisation of prepaid land and lease payment	3	3	3	3
Amortisation of intangible asset	19,865	17,408	19,717	17,262
Depreciation of property, plant and equipment	14,018	15,418	13,990	15,390
Gain on disposal of property, plant and equipment	(229)	(229)	(229)	(229)
Amortisation of cost on Subordinated Sukuk Issued	17	-	17	-
Fixed asset written off	6	20	6	20
(Accretion of discount)/amortisation of premium, net	(1,413)	1,098	(1,413)	1,098
Net gain from sale of fair value through profit or loss	(787)	-	(787)	-
Net gain from sale of financial investment available-for-sale	(9,178)	(6,140)	(9,178)	(6,140)
Net gain from sale of financial investment held-for-trading	-	(405)	-	(405)
Net gain on revaluation of foreign exchange transaction	(10,095)	(20,505)	(10,095)	(20,505)
Net (gain)/loss from foreign exchange derivatives	(1,072)	9,134	(1,072)	9,134
Unrealised gain on revaluation of islamic profit rate swap	(3,408)	(4,134)	(3,408)	(14,940)
Unrealised loss on revaluation of hedged items	5,411	21	5,411	21
Gain from derecognition fair value of hedged items	(1,329)	-	(1,329)	-
Impairment loss on investment securities	19,734	6,688	15,634	6,688
Writeback of provision for commitments and contingencies	(2,282)	(7,412)	(2,282)	(7,412)
Allowance for impairment on financing	83,307	35,201	88,107	35,201
Financing written off	1,645	13,934	1,645	13,934
Finance cost	15,096	15,501	15,096	15,501
Gross dividend income	(1,616)	(1,612)	(1,612)	(1,612)
Operating profit before working capital changes	228,333	199,094	223,241	182,613

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

UNAUDITED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED 31 DECEMBER 2016 (01 RABIUL AKHIR 1438H)

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
(Increase)/decrease in operating assets:				
Cash and short-term funds with original maturity of more than three months	(8,088)	-	(8,088)	-
Financial investment portfolio	(41,561)	1,076	(49,523)	1,076
Islamic derivative financial assets	(33,367)	(22,418)	(33,367)	(22,418)
Financing of customers	(273,761)	(1,014,242)	(293,761)	(1,007,442)
Statutory deposits with Bank Negara Malaysia	41,058	(27,580)	41,058	(27,580)
Other assets	(37,160)	42,701	(27,694)	47,288
Decrease in operating liabilities:				
Deposits from customers	(1,689,140)	(659,173)	(1,696,721)	(667,135)
Investment accounts of customers	965,641	-	965,641	-
Deposits and placements of banks and other financial institutions	8,017	884,514	8,017	884,514
Islamic derivative financial liabilities	33,368	11,628	33,368	22,435
Bills and acceptances payable	(19,874)	(45,676)	(19,874)	(45,676)
Other liabilities	5,649	17,543	5,305	17,680
Cash (used in) from operations	(820,885)	(612,533)	(852,398)	(614,645)
Zakat paid	(4,429)	(3,346)	(4,237)	(3,121)
Tax paid	(16,981)	(14,934)	(16,168)	(13,047)
Net cash used in operating activities	(842,295)	(630,813)	(872,803)	(630,813)
Cash flows from investing activities				
Proceeds from disposal of financial investment in securities	7,244,405	5,511,936	7,244,405	5,511,936
Purchase of financial investment in securities	(7,385,664)	(5,355,123)	(7,355,182)	(5,355,123)
Proceeds from disposal of property, plant and equipment	234	239	234	239
Purchase of investment properties	(4,144)	(6,064)	(4,144)	(6,064)
Purchase of property, plant and equipment	(8,688)	(7,153)	(8,688)	(7,153)
Purchase of intangible asset	(12,904)	(13,216)	(12,874)	(13,216)
Dividend income	1,616	1,612	1,612	1,612
Net cash (used in)/generated from investing activities	(165,145)	132,231	(134,637)	132,231

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

UNAUDITED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED 31 DECEMBER 2016 (01 RABIUL AKHIR 1438H)

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Cash flows from financing activities				
Dividend paid on Islamic subordinated sukuk	(17,670)	(20,600)	(17,670)	(20,600)
Redemption of subordinated sukuk	(400,000)	-	(400,000)	-
Additional issuance of subordinated sukuks	755,000	-	755,000	-
Net cash generated from/(used in) financing activities	337,330	(20,600)	337,330	(20,600)
Net decrease in cash and cash equivalents	(670,110)	(519,182)	(670,110)	(519,182)
Cash and cash equivalents at beginning of the period	1,069,101	1,226,944	1,069,101	1,226,944
Cash and cash equivalents at end of the period	398,991	707,762	398,991	707,762
Cash and cash equivalents consist of:				
Cash and short term funds	396,624	707,762	396,624	707,762
Cash and placements with financial institutions	10,455	-	10,455	-
	407,079	707,762	407,079	707,762
Less:				
Cash and short-term funds with original maturity of more than three months	(8,088)	-	(8,088)	-
	398,991	707,762	398,991	707,762

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 2016.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH ENDED 31 DECEMBER 2016
(01 RABIUL AKHIR 1438H)

1. Basis of Preparation

The unaudited condensed financial statements for the nine months ended 31 December 2016 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"), International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act, 1965 in Malaysia.

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 31 December 2016 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 2016. 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 2016.

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 2016 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
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016

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.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

1. Basis of Preparation (cont'd.)

Description	Effective for annual periods beginning on or after
MFRS 107 Disclosure Initiative (Amendments to MFRS 107)	1 January 2017
MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112)	1 January 2017
Annual Improvements to MFRS Standards 2014–2016 Cycle (Amendments to MFRS 12)	1 January 2017
Annual Improvements to MFRS Standards 2014–2016 Cycle (Amendments to MFRS 1)	1 January 2018
Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
Annual Improvements to MFRS Standards 2014–2016 Cycle (Amendments to MFRS 128)	1 January 2018
MFRS 16 Leases	1 January 2019

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.

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 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, a lessee treats all leases in a similar way as a finance lease under MFRS 117.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

1. Basis of Preparation (cont'd.)

Guidance issued by Bank Negara Malaysia ("BNM")

On 5 February 2016, BNM amended the Policy Document on Financial Reporting for Islamic Banking Institutions ("Amended Policy Document") to include requirements on the presentation and disclosure of investment account other than those which are reported as Islamic deposits, with immediate effect.

As at 31 December 2016, the Group and the Bank has presented required disclosures in Note 15.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2016 was not qualified.

3. Significant events

There was no significant event during the financial for nine month ended 31 December 2016.

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 for nine month ended 31 December 2016.

5. Unusual items

There were no unusual items affecting the assets, liabilities, equity, net income or cashflows of the Bank during the financial for nine month ended 31 December 2016.

6. Changes in accounting estimates

There were no material changes in estimates during the financial for nine month ended 31 December 2016.

7. Dividends

There was no dividend payment during the financial for nine month ended 31 December 2016.

8. Performance Review and Outlook

PERFORMANCE REVIEW

The Group posted an unaudited profit before zakat and taxation of RM100.6 million for nine months ended 31 December 2016, a decrease of 19.6% from the previous corresponding period in 2015. This is largely attributed to higher allowance for impairment loss on financing and investments by RM48.7 million (>100%), higher overheads by RM9.4 million (3.6%) and marginally higher income attributable to depositors by RM6.3 million (1.5%), as compared to the same period last year. However, it is partially offset by higher total income from investment of depositors' and shareholders' funds by RM39.9 million or 4.5%.

Total assets of the Group stood at RM22.3 billion, slightly lower from RM22.6 billion registered in March 2016, despite positive growth in financing asset. This is mainly contributed by the lower total cash and short-term fund in tandem with the decrease in deposit of customers.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

8. Performance Review and Outlook (cont'd.)

OUTLOOK

Latest developments indicate that global economy is expected to remain modest with domestic economic environment continues to be challenging in the midst of current low oil price, weakening ringgit and less optimistic outlook in major trading partners. Malaysia's gross domestic product (GDP) is forecasted to grow between 4.0 - 5.0% in 2016.

Not immune to the weakening domestic backdrop, growth in banking sector is expected to be moderate. However, the bank believes that 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 all banks to comply with regulatory requirements especially on liquidity which will take effect January 2018.

Moving forward, focus would also be towards managing efficiencies particularly in cost supervision as a way to drive financial performance. The bank will continue to maintain its cautious growth in consumer financing in line with its new business strategy. Expanding its wealth management and Bancatakaful services as well as embarking on a new venture in digital banking and also continuous sustained efforts on Ar-Rahnu business will be among the top priorities in the Bank's agenda.

The Bank aimed to not only be the preferred Islamic financial institution but also aspired to be the champion in the ethical banking and provides the platform of a better social, environmental and economic value.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

9. Financial Investments

	Group		Bank	
	31 December 2016 RM'000	31 March 2016 RM'000	31 December 2016 RM'000	31 March 2016 RM'000
(a) Financial investments designated at fair value through profit or loss				
Unquoted securities in Malaysia:				
Private equity funds	232,092	186,355	222,359	177,322
Malaysian government investment certificates	-	-	-	-
	232,092	186,355	222,359	177,322
Accumulated impairment loss	(4,800)	(700)	-	-
	227,292	185,655	222,359	177,322

(b) Available-for-sale

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

	Group		Bank	
	31 December 2016 RM'000	31 March 2016 RM'000	31 December 2016 RM'000	31 March 2016 RM'000
<u>At fair value</u>				
Government securities and treasury bills:				
Malaysian government investment certificates	3,220,942	2,871,545	3,220,942	2,871,545
Quoted securities in Malaysia:				
Quoted shares	139,026	90,353	108,391	90,200
Quoted securities outside Malaysia:				
Quoted shares	23,262	21,679	23,262	21,679
Unquoted securities:				
Islamic private debt securities in Malaysia	2,427,805	2,604,315	2,427,805	2,604,315
Cagamas bonds	40,325	61,222	40,325	61,222
Foreign Islamic private debt securities and sukuk	38,356	33,345	38,356	33,345
	2,506,486	2,698,882	2,506,486	2,698,882
Accumulated impairment loss	(105,598)	(87,352)	(105,598)	(87,352)
	5,784,118	5,595,107	5,753,483	5,594,954
<u>At cost</u>				
Money market instruments:				
Negotiable Islamic debt certificates	-	99,677	-	99,677
Unquoted securities:				
Shares in Malaysia	5,381	5,381	5,381	5,381
Total available-for-sale securities	5,789,499	5,700,165	5,758,864	5,700,012

(c) Held-to-maturity

	Group and Bank	
	31 December 2016 RM'000	31 March 2016 RM'000
<u>At amortised cost</u>		
Unquoted Islamic corporate bond and sukuk in Malaysia	141,556	140,608

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					
	31 December 2016			31 March 2016		
	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	829,248	66,613	(353)	680,222	21,123	(19,656)
- Currency swaps						
Less than one year	1,550,126	8,408	(68,466)	580,728	19,123	(15,238)
- Currency spot						
Less than one year	33,869	19	(5)	72,916	305	(512)
- Dual currency investment option	-	-	-	-	50	(50)
	2,413,243	75,040	(68,824)	1,333,866	40,601	(35,456)
Islamic profit rate swap ("IPRS")						
Unhedged IPRS	2,175,000	-	(3,246)	2,175,000	-	(3,359)
Hedged IPRS	1,500,000	-	(7,249)	1,500,000	-	(10,544)
Total	6,088,243	75,040	(79,319)	5,008,866	40,601	(49,359)

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:

	31 December 2016			31 March 2016		
	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	-	(7,249)	1,500,000	-	(10,544)

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 nine months ended 31 December 2016, the Group and the Bank:-

- (i) recognised a net gain of RM3,294,769 (31 March 2016: RM3,465,996) on the hedging instrument. The total net loss on the hedged items attributable to the hedged risk amounted to RM5,411,126 (31 March 2016: RM 4,469,645); and
- (ii) gain from derecognition of fair value of hedged items attributable to the hedged risk of RM1,328,679 (31 March 2016: RM7,052,482) due to the derecognition of the hedged items.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

11. Financing of Customers

(i) By type and Shariah concepts

Group	Bai'		Ijarah		Tawarruq	Bai'		Istisna'	Qard	Shirkah Mutanaqisah	Rahnu	Total financing
	Bithaman Ajil RM'000	Ijarah RM'000	Thumma Al-Bai RM'000	Inah RM'000		Al-Dayn RM'000	Murabahah RM'000					
31 December 2016												
Cash line	-	-	-	14,370	698,284	-	-	-	-	-	-	712,654
Term financing:												
Home financing	6,544,969	-	-	-	8,394,528	-	-	32,953	-	-	-	14,972,450
Syndicated financing	-	-	-	-	1,665,941	-	-	-	-	-	-	1,665,941
Hire purchase receivables	44,247	-	902,464	-	-	-	-	-	-	-	-	946,711
Leasing receivables	-	6,000	-	-	-	-	-	-	-	-	-	6,000
Other term financing	988,055	-	-	571,120	8,420,265	-	-	161,388	-	78,936	-	10,219,764
Trust receipts	-	-	-	-	-	-	66,125	-	-	-	-	66,125
Claims on customers under acceptance credits	-	-	-	-	-	625,055	-	-	-	-	-	625,055
Staff financing	79,306	-	-	-	105,148	-	-	798	820	-	-	186,072
Revolving credit	-	-	-	-	1,218,696	-	-	-	-	-	-	1,218,696
Sukuk	-	51,038	-	-	-	-	108,663	-	-	-	-	159,701
Ar-Rahnu	-	-	-	-	-	-	-	-	-	-	99,803	99,803
	7,656,577	57,038	902,464	585,490	20,502,862	625,055	174,788	195,139	820	78,936	99,803	30,878,972
Less : Unearned income	(4,847,903)	-	(114,593)	(59,435)	(10,741,047)	(6,672)	(724)	(80,232)	(8)	-	-	(15,850,614)
Gross financing	2,808,674	57,038	787,871	526,055	9,761,815	618,383	174,064	114,907	812	78,936	99,803	15,028,358
Fair value changes arising from fair value hedge	-	-	-	(2,307)	1,366	-	-	-	-	-	-	(941)
	2,808,674	57,038	787,871	523,748	9,763,181	618,383	174,064	114,907	812	78,936	99,803	15,027,417
Less : Allowance for impaired financing												
Collective assessment	(46,942)	(28)	(21,877)	(899)	(173,293)	(1,399)	(757)	(219)	(57)	-	(5,362)	(250,833)
Individual assessment	(401)	-	(8,378)	(95)	(45,154)	(1,079)	(23,848)	(25)	-	-	-	(78,980)
Total net financing	2,761,331	57,010	757,616	522,754	9,544,734	615,905	149,459	114,663	755	78,936	94,441	14,697,604

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

11. Financing of Customers (cont'd.)

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

Group	Bai'		Ijarah		Tawarruq	Bai'		Istisna'	Qard	Shirkah Mutanaqisah	Rahnu	Total financing
	Bithaman Ajil RM'000	Ijarah RM'000	Thumma Al-Bai RM'000	Inah RM'000		Al-Dayn RM'000	Murabahah RM'000					
Cash line	848	-	-	16,292	807,376	-	-	-	-	-	-	824,516
Term financing:												
Home financing	6,986,574	-	-	-	7,529,943	-	-	26,946	-	-	-	14,543,463
Syndicated financing	-	-	-	-	1,358,170	-	-	-	-	-	-	1,358,170
Hire purchase receivables	731	-	1,035,815	-	-	-	-	-	-	-	-	1,036,546
Leasing receivables	-	9,038	-	-	-	-	-	-	-	-	-	9,038
Other term financing	1,152,585	-	-	601,613	8,223,666	-	-	228,124	401	97,608	-	10,303,997
Trust receipts	-	-	-	-	-	-	101,943	-	-	-	-	101,943
Claims on customers												-
under acceptance credits	-	-	-	-	-	564,524	-	-	-	-	-	564,524
Staff financing	91,267	-	-	-	81,462	-	-	1,629	450	-	-	174,808
Revolving credit	-	-	-	-	1,171,887	-	-	-	-	-	-	1,171,887
Sukuk	-	50,522	-	-	-	-	104,083	-	-	-	-	154,605
Ar-Rahnu	-	-	-	-	-	-	-	-	-	-	63,779	63,779
	8,232,005	59,560	1,035,815	617,905	19,172,504	564,524	206,026	256,699	851	97,608	63,779	30,307,276
Less : Unearned income	(5,189,160)	-	(136,042)	(83,096)	(9,988,221)	(5,200)	(964)	(106,661)	(8)	-	-	(15,509,352)
Gross financing	3,042,845	59,560	899,773	534,809	9,184,283	559,324	205,062	150,038	843	97,608	63,779	14,797,924
Fair value changes arising from fair value hedge	-	-	-	(279)	4,749	-	-	-	-	-	-	4,470
	3,042,845	59,560	899,773	534,530	9,189,032	559,324	205,062	150,038	843	97,608	63,779	14,802,394
Less : Allowance for impaired financing												
Collective assessment	(50,564)	(30)	(24,662)	(1,171)	(125,959)	(1,492)	(1,022)	(204)	(45)	-	(3,290)	(208,439)
Individual assessment	(441)	-	(9,446)	(379)	(25,596)	(42,009)	(2,792)	(15)	(400)	-	-	(81,078)
Total net financing	2,991,840	59,530	865,665	532,980	9,037,477	515,823	201,248	149,819	398	97,608	60,489	14,512,877

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				
31 December 2016	RM'000	RM'000	Al-Bai	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line	-	-	-	14,370	698,284	-	-	-	-	-	712,654
Term financing:											
Home financing	6,544,969	-	-	-	8,394,528	-	-	32,953	-	-	14,972,450
Syndicated financing	-	-	-	-	1,665,941	-	-	-	-	-	1,665,941
Hire purchase receivables	44,247	-	902,464	-	-	-	-	-	-	-	946,711
Leasing receivables	-	6,000	-	-	-	-	-	-	-	-	6,000
Other term financing	988,055	-	-	571,120	8,420,264	-	-	161,388	108,254	-	10,249,081
Trust receipts	-	-	-	-	-	-	66,125	-	-	-	66,125
Claims on customers under acceptance credits	-	-	-	-	-	625,055	-	-	-	-	625,055
Staff financing	79,306	-	-	-	105,148	-	-	798	820	-	186,072
Revolving credit	-	-	-	-	1,218,696	-	-	-	-	-	1,218,696
Sukuk	-	51,038	-	-	-	-	108,663	-	-	-	159,701
Ar-Rahnu	-	-	-	-	-	-	-	-	-	99,803	99,803
	7,656,577	57,038	902,464	585,490	20,502,861	625,055	174,788	195,139	109,074	99,803	30,908,289
Less : Unearned income	(4,847,903)	-	(114,593)	(59,435)	(10,741,047)	(6,672)	(724)	(80,232)	(8)	-	(15,850,614)
Gross financing	2,808,674	57,038	787,871	526,055	9,761,814	618,383	174,064	114,907	109,066	99,803	15,057,675
Fair value changes arising from fair value hedge	-	-	-	(2,307)	1,366	-	-	-	-	-	(941)
	2,808,674	57,038	787,871	523,748	9,763,180	618,383	174,064	114,907	109,066	99,803	15,056,734
Less : Allowance for impaired financing											
Collective assessment	(46,942)	(28)	(21,877)	(899)	(173,293)	(1,399)	(757)	(219)	(57)	(5,362)	(250,833)
Individual assessment	(401)	-	(8,378)	(95)	(45,154)	(1,079)	(23,848)	(25)	(4,800)	-	(83,780)
Total net financing	2,761,331	57,010	757,616	522,754	9,544,733	615,905	149,459	114,663	104,209	94,441	14,722,121

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 2016	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	848	-	-	16,292	807,376	-	-	-	-	-	-	824,516
Term financing:												
Home financing	6,986,574	-	-	-	7,529,943	-	-	26,946	-	-	-	14,543,463
Syndicated financing	-	-	-	-	1,358,170	-	-	-	-	-	-	1,358,170
Hire purchase receivables	731	-	1,035,815	-	-	-	-	-	-	-	-	1,036,546
Leasing receivables	-	9,038	-	-	-	-	-	-	-	-	-	9,038
Other term financing	1,152,585	-	-	601,613	8,223,666	-	-	228,124	107,326	-	-	10,313,314
Trust receipts	-	-	-	-	-	-	101,943	-	-	-	-	101,943
Claims on customers under acceptance credits	-	-	-	-	-	564,524	-	-	-	-	-	564,524
Staff financing	91,267	-	-	-	81,462	-	-	1,629	450	-	-	174,808
Revolving credit	-	-	-	-	1,171,887	-	-	-	-	-	-	1,171,887
Sukuk	-	50,522	-	-	-	-	104,083	-	-	-	-	154,605
Ar-Rahnu	-	-	-	-	-	-	-	-	-	-	63,779	63,779
	8,232,005	59,560	1,035,815	617,905	19,172,504	564,524	206,026	256,699	107,776	63,779	-	30,316,593
Less : Unearned income	(5,189,160)	-	(136,042)	(83,096)	(9,988,221)	(5,200)	(964)	(106,661)	(8)	-	-	(15,509,352)
Gross financing	3,042,845	59,560	899,773	534,809	9,184,283	559,324	205,062	150,038	107,768	63,779	-	14,807,241
Fair value changes arising from fair value hedge	-	-	-	(279)	4,749	-	-	-	-	-	-	4,470
	3,042,845	59,560	899,773	534,530	9,189,032	559,324	205,062	150,038	107,768	63,779	-	14,811,711
Less : Allowance for impaired financing												
Collective assessment	(50,564)	(30)	(24,662)	(1,171)	(125,959)	(1,492)	(1,022)	(204)	(45)	(3,290)	-	(208,439)
Individual assessment	(441)	-	(9,446)	(379)	(25,596)	(42,009)	(2,792)	(15)	(400)	-	-	(81,078)
Total net financing	2,991,840	59,530	865,665	532,980	9,037,477	515,823	201,248	149,819	107,323	60,489	-	14,522,194

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

11. Financing of Customers

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

	Group		Bank	
	31 December 2016 RM'000	31 March 2016 RM'000	31 December 2016 RM'000	31 March 2016 RM'000
Uses of Qard fund:				
Staff financing	812	443	812	443
Musyarakah Financing	-	-	108,254	106,925
Other term financing	-	400	-	400
	812	843	109,066	107,768

(ii) By type of customer

	Group		Bank	
	31 December 2016 RM'000	31 March 2016 RM'000	31 December 2016 RM'000	31 March 2016 RM'000
Domestic non-banking institutions	833,944	835,916	833,944	835,916
Domestic business enterprises:				
-Small business enterprises	92,202	128,823	92,202	128,823
-Others	3,650,559	3,512,917	3,679,875	3,522,233
Government and statutory bodies	529,311	551,921	529,311	551,921
Individuals	9,884,032	9,691,913	9,884,033	9,691,914
Other domestic entities	5,927	6,316	5,927	6,316
Foreign entities	32,383	70,118	32,383	70,118
	15,028,358	14,797,924	15,057,675	14,807,241

(iii) By profit rate sensitivity

	Group		Bank	
	31 December 2016 RM'000	31 March 2016 RM'000	31 December 2016 RM'000	31 March 2016 RM'000
Fixed rate:				
Home financing	393,970	760,563	393,970	760,563
Hire purchase receivables	822,939	900,396	822,939	900,396
Others	3,392,268	3,903,838	3,421,584	3,913,155
Variable rate:				
Home financing	4,311,561	3,785,493	4,311,561	3,785,493
Others	6,107,620	5,447,634	6,107,621	5,447,634
	15,028,358	14,797,924	15,057,675	14,807,241

(iv) By residual contractual maturity

	Group		Bank	
	31 December 2016 RM'000	31 March 2016 RM'000	31 December 2016 RM'000	31 March 2016 RM'000
Maturity				
- within one year	4,171,529	3,952,948	4,171,529	3,952,948
- more than one to five years	4,653,430	4,865,274	4,653,430	4,865,274
- more than five years	6,203,399	5,979,702	6,232,716	5,989,019
	15,028,358	14,797,924	15,057,675	14,807,241

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

11. Financing of Customers (cont'd.)

(v) By sector

	Group		Bank	
	31 December 2016 RM'000	31 March 2016 RM'000	31 December 2016 RM'000	31 March 2016 RM'000
Agriculture	121,722	79,148	121,722	79,148
Mining and quarrying	13,063	17,044	17,996	21,977
Manufacturing	540,687	611,107	540,687	611,107
Electricity, gas and water	186,735	212,463	186,735	212,463
Construction	374,064	386,410	374,064	386,410
Household	9,879,477	9,703,721	9,879,477	9,703,721
Real estate	1,048,553	1,032,415	1,048,554	1,032,415
Wholesale, retail and restaurant	536,205	503,722	541,005	508,522
Transport, storage and communication	367,133	298,803	387,133	298,803
Finance, takaful and business services	981,139	969,279	981,139	969,280
Purchase of transport vehicles	15,663	15,816	15,663	15,816
Consumption credit	785	410	785	410
Community, social and personal services	436,129	415,664	435,712	415,247
Government and statutory bodies	527,003	551,922	527,003	551,922
	15,028,358	14,797,924	15,057,675	14,807,241

(vi) By geographical area

	Group		Bank	
	31 December 2016 RM'000	31 March 2016 RM'000	31 December 2016 RM'000	31 March 2016 RM'000
Domestic	15,007,242	14,742,117	15,036,559	14,751,434
Labuan Offshore	21,116	55,807	21,116	55,807
	15,028,358	14,797,924	15,057,675	14,807,241

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 2016: RM1.5 billion). The cumulative change in fair value of the financings attributable to changes in profit rate risks amounts to a loss of RM941,481 (31 March 2016: RM4,469,645) and the change for the current year is a loss of RM5,411,126 (31 March 2016: RM4,469,645). 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.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

11. Financing of Customers (cont'd.)

Impaired Financing

(i) Movements in the impaired financing

	Group		Bank	
	31 December 2016 RM'000	31 March 2016 RM'000	31 December 2016 RM'000	31 March 2016 RM'000
At beginning of period	326,470	339,714	326,470	345,714
Classified as impaired during the period	326,178	460,265	325,478	460,265
Reclassified as performing during the period	(163,437)	(332,796)	(163,437)	(332,796)
Recovered during the period	(71,721)	(73,713)	(71,721)	(79,713)
Written off during the period	(44,104)	(67,000)	(44,104)	(67,000)
At end of period	373,386	326,470	372,686	326,470
Ratio of gross impaired financing to total financing	2.48%	2.21%	2.48%	2.20%

(ii) Movements in the allowance for impaired financing

	Group		Bank	
	31 December 2016 RM'000	31 March 2016 RM'000	31 December 2016 RM'000	31 March 2016 RM'000
<u>Collective assessment allowance</u>				
At beginning of period, as previously stated	208,439	239,227	208,439	239,227
Allowance made during the period	275,050	419,481	275,050	419,481
Amount written-back	(210,060)	(395,965)	(210,060)	(395,965)
Amount written-off	(22,596)	(54,304)	(22,596)	(54,304)
At end of period	250,833	208,439	250,833	208,439
As % of gross financing, less individual assessment allowance	1.68%	1.42%	1.68%	1.42%

	Group		Bank	
	31 December 2016 RM'000	31 March 2016 RM'000	31 December 2016 RM'000	31 March 2016 RM'000
<u>Individual assessment allowance</u>				
At beginning of period	81,078	42,631	81,078	48,631
Allowance made during the period	23,334	50,307	28,134	50,307
Amount written-back	(5,017)	(5,658)	(5,017)	(5,658)
Amount written-off	(20,415)	(6,202)	(20,415)	(12,202)
At end of period	78,980	81,078	83,780	81,078

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

11. Financing of Customers (cont'd.)

Impaired Financing (cont'd.)

(iii) Impaired financing by sector

	Group		Bank	
	31 December 2016 RM'000	31 March 2016 RM'000	31 December 2016 RM'000	31 March 2016 RM'000
Agriculture	73	48	73	48
Manufacturing	45,759	77,453	45,759	77,453
Construction	11,029	17,370	11,029	17,370
Household	261,520	194,836	261,520	194,836
Wholesale, retail and restaurant	10,919	6,469	10,219	6,469
Transport, storage and communication	38,438	22,805	38,438	22,805
Finance, takaful and business services	2,873	3,049	2,873	3,049
Purchase of transport vehicles	508	978	508	978
Community, social and personal service	2,267	3,462	2,267	3,462
	373,386	326,470	372,686	326,470

(iv) Impaired financing by geographical area

	Group		Bank	
	31 December 2016 RM'000	31 March 2016 RM'000	31 December 2016 RM'000	31 March 2016 RM'000
Domestic	373,386	326,470	372,686	326,470
Labuan Offshore	-	-	-	-
	373,386	326,470	372,686	326,470

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

12. Other Assets

	Group		Bank	
	31 December 2016 RM'000	31 March 2016 RM'000	31 December 2016 RM'000	31 March 2016 RM'000
Deposits	7,282	7,345	7,183	7,313
Prepayments	5,451	3,945	5,395	3,881
Tax prepayment	34,590	6,226	33,485	6,226
Amount due from subsidiaries	-	-	191	6,147
Golf club membership	600	600	600	600
GST input tax	686	1,126	681	1,116
Other debtors	72,425	52,667	65,742	51,953
	121,034	71,909	113,277	77,236

13. Deferred Tax Asset & Liabilities

	Group		Bank	
	31 December 2016 RM'000	31 March 2016 RM'000	31 December 2016 RM'000	31 March 2016 RM'000
At beginning of the year	(568)	(18,947)	(568)	(18,947)
Recognised in the income statement	(2,365)	21,762	(2,365)	21,762
Recognised in the equity	13,644	(3,383)	16,158	(3,383)
At end of the period	10,711	(568)	13,225	(568)

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:

	Group		Bank	
	31 December 2016 RM'000	31 March 2016 RM'000	31 December 2016 RM'000	31 March 2016 RM'000
Deferred tax assets	22,916	10,315	22,916	10,315
Deferred tax liabilities	(12,205)	(10,883)	(9,691)	(10,883)
	10,711	(568)	13,225	(568)

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

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	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 April 2016	-	10,008	307	10,315
Recognised in income statement	-	(3,513)	(44)	(3,557)
Recognised in equity	16,158	-	-	16,158
At 31 December 2016	<u>16,158</u>	<u>6,495</u>	<u>263</u>	<u>22,916</u>
At 1 April 2015	3,288	10,753	298	14,339
Recognised in income statement	-	(745)	9	(736)
Recognised in equity	(3,288)	-	-	(3,288)
At 31 March 2016	<u>-</u>	<u>10,008</u>	<u>307</u>	<u>10,315</u>

Deferred tax liabilities of the Group :

	Available- for-sale RM'000	Property, plant and equipment RM'000	Total RM'000
At 1 April 2016	(95)	(10,788)	(10,883)
Recognised in income statement	-	1,192	1,192
Recognised in equity	(2,514)	-	(2,514)
At 31 December 2016	<u>(2,609)</u>	<u>(9,596)</u>	<u>(12,205)</u>
At 1 April 2015	-	(33,286)	(33,286)
Recognised in income statement	-	22,498	22,498
Recognised in equity	(95)	-	(95)
At 31 March 2016	<u>(95)</u>	<u>(10,788)</u>	<u>(10,883)</u>

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

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	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 April 2016	-	10,008	307	10,315
Recognised in income statement	-	(3,513)	(44)	(3,557)
Recognised in equity	16,158	-	-	16,158
At 31 December 2016	<u>16,158</u>	<u>6,495</u>	<u>263</u>	<u>22,916</u>
At 1 April 2015	3,288	10,753	298	14,339
Recognised in income statement	-	(745)	9	(736)
Recognised in equity	(3,288)	-	-	(3,288)
At 31 March 2016	<u>-</u>	<u>10,008</u>	<u>307</u>	<u>10,315</u>

Deferred tax liabilities of the Bank:

	Available- for-sale RM'000	Property, plant and equipment RM'000	Total RM'000
At 1 April 2016	(95)	(10,788)	(10,883)
Recognised in income statement	-	1,192	1,192
Recognised in equity	-	-	-
At 31 December 2016	<u>(95)</u>	<u>(9,596)</u>	<u>(9,691)</u>
At 1 April 2015	-	(33,286)	(33,286)
Recognised in income statement	-	22,498	22,498
Recognised in equity	(95)	-	(95)
At 31 March 2016	<u>(95)</u>	<u>(10,788)</u>	<u>(10,883)</u>

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

14. Deposits from Customers

(a) By type of deposits

	Group		Bank	
	31 December 2016 RM'000	31 March 2016 RM'000	31 December 2016 RM'000	31 March 2016 RM'000
Saving Deposit				
Qard	1,031,583	1,096,785	1,031,583	1,096,785
Tawarruq	33,231	-	33,231	-
Demand Deposit				
Qard	2,781,013	3,679,040	2,782,424	3,686,532
Tawarruq	33,028	-	33,028	-
Term Deposit				
Negotiable Islamic debt certificate - Bai' Inah	1,297,263	1,703,656	1,297,263	1,703,656
General investment deposits - Mudharabah	156,240	211,475	156,240	211,475
Short term accounts - Tawarruq	2,567,698	1,798,148	2,567,698	1,798,148
Fixed term accounts - Tawarruq	10,016,131	11,114,518	10,027,931	11,127,818
Other deposits	38,101	39,806	38,101	39,806
	17,954,288	19,643,428	17,967,499	19,664,220

(b) By type of customer

	Group		Bank	
	31 December 2016 RM'000	31 March 2016 RM'000	31 December 2016 RM'000	31 March 2016 RM'000
Government and statutory bodies	5,092,189	7,219,162	5,092,189	7,219,162
Business enterprises	6,740,277	6,493,365	6,753,488	6,514,157
Individuals	1,435,730	1,461,371	1,435,730	1,461,371
Others	4,686,092	4,469,530	4,686,092	4,469,530
	17,954,288	19,643,428	17,967,499	19,664,220

The maturity structure of negotiable instruments debt certificate and mudharabah general investment accounts, short term accounts and fixed term accounts :

	Group		Bank	
	31 December 2016 RM'000	31 March 2016 RM'000	31 December 2016 RM'000	31 March 2016 RM'000
Due within six months	12,977,117	12,441,730	12,988,917	12,455,030
More than six months to one year	681,247	2,358,927	681,247	2,358,927
More than one year to three years	302,975	1,477	302,975	1,477
More than three year to five years	75,992	25,663	75,992	25,663
	14,037,331	14,827,797	14,049,131	14,841,097

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

15. Investment accounts of customers

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

	Group and Bank	
	31 December 2016 RM'000	31 March 2016 RM'000
Restricted investment accounts- On Balance Sheet		
With maturity more than one year to three years		
Wakalah	8,017	-

	Group and Bank	
	31 December 2016 RM'000	31 March 2016 RM'000
Restricted investment accounts- Off Balance Sheet		
With maturity more than one year to three years		
Wakalah	471	-

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 RM513,681 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.

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

	Group and Bank	
	31 December 2016 RM'000	31 March 2016 RM'000
Restricted investment accounts		
Non-retail financing	8,564	-
Total investment	8,564	-

(iii) Profit sharing ratio and rate of return are as follows:

	Group and Bank	
	31 December 2016	
	Average profit sharing ratio (%)	Average rate of return (%)
Investment accounts of customers	93.0%	6.5%

	Group and Bank	
	31 March 2016	
	Average profit sharing ratio (%)	Average rate of return (%)
Investment accounts of customers	-	-

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

16. Deposit and Placements of Banks and Other Financial Institutions

	Group and Bank	
	31 December	31 March
	2016	2016
	RM'000	RM'000
Non Mudharabah		
Bank Negara Malaysia	11,034	10,132
Others financial institutions	1,396,859	432,120
	1,407,893	442,252

17. Other Liabilities

	Group		Bank	
	31 December	31 March	31 December	31 March
	2016	2016	2016	2016
	RM'000	RM'000	RM'000	RM'000
Sundry creditors	1,738	2,830	1,106	2,373
Provision for commitments and contingencies	-	13,782	-	13,782
Accrual for bonus	16,486	15,629	16,486	15,629
Accrual for Voluntary Separation Scheme	-	300	-	300
Accrued expenses	9,572	10,736	9,632	10,915
Accrual for directors' fees	504	665	504	665
Accrual for audit fees	461	431	446	414
GST output tax	127	-	105	-
Others	40,429	20,608	40,370	20,579
	69,317	64,981	68,649	64,657

18. Provision for Zakat and Taxation

	Group		Bank	
	31 December	31 March	31 December	31 March
	2016	2016	2016	2016
	RM'000	RM'000	RM'000	RM'000
Zakat	2,899	4,688	2,777	4,512
Taxation	413	247	-	-
	3,312	4,935	2,777	4,512

19. Subordinated Sukuk

	Group and Bank	
	31 December	31 March
	2016	2016
	RM'000	RM'000
Subordinated Bond	250,362	406,079
Senior Sukuk	507,191	-
	757,553	406,079

Prior year subordinated sukuk relate to the RM400.0 million Tier-2 Capital Islamic Subordinated Sukuk issued on 15 June 2011. The Bank has fully redeemed the sukuk on 15 June 2016. The redemption was funded through setting up of a RM1.0 billion Sukuk programme (RM250.0 million was subscribed up to the closing date). The new sukuk programme will have loss absorption features to meet Basel III criteria and qualifies as Tier 2 capital for the purpose of Bank Negara Malaysia capital adequacy requirement.

There was a new subordinated sukuk issued amounting RM5.0 million through senior sukuk programme and on 25 November 2016, the Bank issued another programme amounting to RM500.0 million.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

20. Income Derived from Investment of Depositors' Funds and Others

Group and Bank	3 months ended		9 months ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(a) General investment deposits	2,076	182,165	7,660	526,734
(b) Other deposits	290,350	104,081	871,613	292,318
	292,426	286,246	879,273	819,052

(a) Income derived from investment of general investment deposits

Finance income and hibah	3 months ended		9 months ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income from financing	1,597	138,710	5,934	399,931
Financial investment held-for-trading	-	-	-	11
Financial investments held-for-maturity	2	148	1,234	411
Financial investments available-for-sale	360	35,320	6	101,595
Money at call and deposit with financial institutions	33	3,014	163	8,212
	1,992	177,192	7,337	510,160
Amortisation of premium less accretion of discounts	(4)	(352)	(8)	(2,037)
Total finance income and hibah	1,988	176,840	7,329	508,123
Other operating income				
Net gain from sale of:				
- financial investments designated at FVTPL	2	37	7	261
- financial investments available-for-sale	4	72	71	2,374
	6	109	78	2,635
Fees and commission				
Guarantee fees	8	773	21	1,702
Safekeeping fees	22	1,105	65	3,097
Processing fees	-	370	5	1,096
Service charges and fees	16	1,688	66	5,629
Commission	36	1,280	96	4,452
	82	5,216	253	15,976
Total	2,076	182,165	7,660	526,734

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

20. Income Derived from Investment of Depositors' Funds and Others (cont'd.)

(b) Income derived from investment of other deposits

	3 months ended		9 months ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Income from financing	223,713	79,243	675,151	221,946
Financial investment held-for-trading	-	-	-	6
Financial investments held-for-maturity	49,394	84	755	228
Financial investments available-for-sale	231	20,176	140,401	56,381
Money at call and deposit with financial institutions	5,075	1,717	18,563	4,557
	278,413	101,220	834,870	283,118
Amortisation of premium less accretion of discounts	(461)	(210)	(963)	(1,130)
Total finance income and hibah	277,952	101,010	833,907	281,988
Other operating income				
Net gain from sale of:				
- financial investments designated at FVTPL	252	23	780	145
- financial investments available-for-sale	1,087	60	8,144	1,318
Unrealised (loss) on revaluation from financial investments designated at FVTPL	(3)	-	-	-
	1,336	83	8,924	1,463
Fees and commission				
Guarantee fees	1,042	437	2,419	945
Safekeeping fees	2,907	630	7,381	1,719
Processing fees	69	212	539	608
Service charges and fees	2,320	971	7,471	3,124
Commission	4,724	738	10,972	2,471
	11,062	2,988	28,782	8,867
Total	290,350	104,081	871,613	292,318

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

21. Income Derived from Investment of Shareholders' Funds

Group	3 months ended		9 months ended	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Finance income and hibah				
Financial investments available-for-sale	4,844	5,219	13,173	16,164
Financial investments designated at FVTPL	(9)	-	(369)	-
Money at call and deposit with financial institutions	652	424	2,219	944
	5,487	5,643	15,023	17,108
Amortisation of premium less accretion of discounts	789	644	2,385	2,070
Total finance income and hibah	6,276	6,287	17,408	19,178
Other operating income				
Net gain from foreign exchange transaction	1,740	29,410	10,095	20,505
Net gain/(loss) on revaluation from foreign exchange derivatives	(1,519)	(20,383)	1,072	(9,134)
Net gain from sale of financial investment available-for-sale	182	1,415	963	2,448
Gross dividend income from investment:				
-unquoted in Malaysia	-	-	1,612	1,612
-subsidiary	2	-	4	-
Net dividend paid for Islamic profit rate swap	(3,317)	(355)	(5,487)	(1,210)
Unrealised gain/(loss) on revaluation of Islamic profit rate swap	14,843	(20,839)	3,408	14,940
Unrealised (loss)/gain on revaluation from hedged items	(11,496)	11,345	(5,411)	(21)
Gain from derecognition fair value of hedged items	443	-	1,329	-
	878	593	7,585	29,140
Fees and commission				
Corporate advisory fees	1,971	1,137	8,604	4,606
Service charges and fees	2,234	2,288	6,147	5,691
Commission	856	832	1,417	2,768
	5,061	4,257	16,168	13,065
Other income				
Rental income	121	126	375	441
Gain on sale of property, plant and equipment	229	176	229	229
	350	302	604	670
Total	12,565	11,439	41,765	62,053

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

21. Income Derived From Investment Of Shareholders' Funds (cont'd)

Bank	3 months ended		9 months ended	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Finance income and hibah				
Financial investments available-for-sale	4,844	5,219	13,173	16,164
Financial investments designated at FVTPL	(9)	-	(369)	-
Money at call and deposit with financial institutions	652	424	2,219	944
	5,487	5,643	15,023	17,108
Amortisation of premium less accretion of discounts	789	644	2,385	2,070
Total finance income and hibah	6,276	6,287	17,408	19,178
Other operating income				
Net gain from foreign exchange transaction	1,740	29,410	10,095	20,505
Net gain/(loss) on revaluation from exchange derivatives	(1,519)	(20,383)	1,072	(9,134)
Net gain from sale of financial investment available-for-sale	182	1,415	963	2,448
Gross dividend income from investment: -unquoted in Malaysia	-	-	1,612	1,612
Net dividend paid for Islamic profit rate swap	(3,317)	(355)	(5,487)	(1,210)
Unrealised gain/(loss) on revaluation of Islamic profit rate swap	14,843	(20,839)	3,408	14,940
Unrealised (loss)/gain on revaluation from hedged items	(11,496)	11,345	(5,411)	(21)
Gain from derecognition fair value of hedged items	443	-	1,327	-
	876	593	7,579	29,140
Fees and commission				
Corporate advisory fees	1,549	773	7,377	3,044
Service charges and fees	74	94	226	224
Commission	856	832	1,417	2,768
	2,479	1,699	9,020	6,036
Other income				
Rental income	211	126	465	441
Gain on sale of property, plant and equipment	229	176	229	229
	440	302	694	670
Total	10,071	8,881	34,701	55,024

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

22. Allowance for Impairment on Financing

Group	3 months ended		9 months ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment on financing				
(a) Individual assessment allowance				
Made during the period	20,077	9,766	23,334	27,831
Written back during the period	(1,308)	(1,872)	(5,017)	(4,157)
	<u>18,769</u>	<u>7,894</u>	<u>18,317</u>	<u>23,674</u>
(b) Collective assessment allowance				
Made during the period	93,332	91,478	275,050	321,578
Written back during the period	(72,016)	(93,436)	(210,060)	(310,051)
	<u>21,316</u>	<u>(1,958)</u>	<u>64,990</u>	<u>11,527</u>
Bad debts on financing:				
Written off	205	12,772	1,645	13,934
Recovered	(3,322)	(4,875)	(10,227)	(10,084)
	<u>(3,117)</u>	<u>7,897</u>	<u>(8,582)</u>	<u>3,850</u>
	<u>36,968</u>	<u>13,833</u>	<u>74,725</u>	<u>39,051</u>

Bank	3 months ended		9 months ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment on financing				
(a) Individual assessment allowance				
Made during the period	24,177	9,766	28,134	27,831
Written back during the period	(1,308)	(1,872)	(5,017)	(4,157)
	<u>22,869</u>	<u>7,894</u>	<u>23,117</u>	<u>23,674</u>
(b) Collective assessment allowance				
Made during the period	93,332	91,478	275,050	321,578
Written back during the period	(72,016)	(93,436)	(210,060)	(310,051)
	<u>21,316</u>	<u>(1,958)</u>	<u>64,990</u>	<u>11,527</u>
Bad debts on financing:				
Written off	205	12,772	1,645	13,934
Recovered	(3,322)	(4,875)	(10,227)	(10,084)
	<u>(3,117)</u>	<u>7,897</u>	<u>(8,582)</u>	<u>3,850</u>
	<u>41,068</u>	<u>13,833</u>	<u>79,525</u>	<u>39,051</u>

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

23. Impairment loss on investments

Group	3 months ended		9 months ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Impairment loss on corporate bonds included under financial investments	9,214	6,688	19,734	6,688
	9,214	4,626	19,734	4,626

Bank	3 months ended		9 months ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Impairment loss on corporate bonds included under financial investments	5,114	6,688	15,634	6,688
	5,114	6,688	15,634	6,688

24. Income Attributable to Depositors

Group	3 months ended		9 months ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
Mudharabah funds	14,046	24,060	45,178	50,770
Non-Mudharabah funds	126,298	129,197	392,427	375,790
Deposits and placements of banks and other financial institutions:				
Mudharabah funds	-	-	-	4,617
Non-Mudharabah funds	-	70	3	80
	140,344	153,327	437,608	431,257

Bank	3 months ended		9 months ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
Mudharabah funds	14,046	24,103	45,178	50,900
Non-Mudharabah funds	126,346	129,272	392,678	375,979
Deposits and placements of banks and other financial institutions:				
Mudharabah funds	-	-	-	4,617
Non-Mudharabah funds	-	70	3	80
	140,392	153,445	437,859	431,576

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

25. Personnel expenses

Group	3 months ended		9 months ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Salary and wages	30,436	30,615	91,781	94,123
Contribution to defined contribution plan	6,261	6,076	19,174	19,026
Social security contributions	329	259	944	813
Allowances and bonuses	5,580	6,076	19,767	18,177
Mutual Separation Scheme	-	-	206	-
Others	4,344	3,729	10,765	12,013
	46,950	46,755	142,637	144,152

Bank	3 months ended		9 months ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Salary and wages	30,005	30,072	90,294	92,579
Contribution to defined contribution plan	6,196	5,993	18,915	18,789
Social security contributions	329	259	944	813
Allowances and bonuses	5,548	6,020	19,504	18,008
Mutual Separation Scheme	-	-	206	-
Others	4,330	3,699	10,714	11,934
	46,408	46,043	140,577	142,123

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

26. Other overheads and expenditures

Group	3 months ended		9 months ended	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Promotion				
Advertisement and publicity	1,468	874	6,005	5,467
Others	3,523	4,454	6,824	7,432
Establishment				
Rental	3,067	3,000	9,318	8,620
Depreciation	4,559	4,929	14,018	15,418
Amortisation of intangible assets	6,912	6,175	19,864	17,408
Amortisation of prepaid land lease payment	1	1	3	3
Information technology expenses	7,950	8,266	22,866	22,124
Repair and maintenance	591	447	1,370	1,543
Hire of equipment	1,134	1,827	3,560	3,595
Takaful	2,023	988	8,749	5,184
Utilities expenses	1,396	1,266	3,956	3,910
Security expenses	2,594	2,350	6,510	6,315
Others	942	991	2,595	2,592
General expenses				
Auditors' fees	88	86	434	257
Professional fees	436	605	1,783	1,239
Legal expenses	617	368	1,891	929
Telephone	530	566	1,382	1,441
Stationery and printing	425	459	1,445	1,647
Postage and courier	299	370	1,165	1,102
Travelling	506	447	1,327	1,627
Directors remuneration and Shariah Committee allowance	984	810	2,721	2,541
Others	3,118	2,167	8,923	5,290
	43,163	41,446	126,709	115,684

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

26. Other overheads and expenditures (cont'd)

Bank	3 months ended		9 months ended	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Promotion				
Advertisement and publicity	1,468	874	6,005	5,467
Others	3,517	4,450	6,804	7,423
Establishment				
Rental	2,868	2,855	8,721	8,416
Depreciation	4,647	5,017	13,990	15,390
Amortisation of intangible assets	6,764	6,029	19,717	17,262
Amortisation of prepaid land lease payment	1	1	3	3
Information technology expenses	7,950	8,266	22,866	22,124
Repair and maintenance	487	447	1,121	1,538
Hire of equipment	1,030	1,577	3,208	3,190
Takaful	2,023	988	8,749	5,184
Utilities expenses	1,390	1,258	3,935	3,886
Security expenses	2,594	2,350	6,510	6,315
Others	942	991	2,595	2,592
General expenses				
Auditors' fees	88	86	434	257
Professional fees	387	574	1,628	1,139
Legal expenses	617	368	1,891	929
Telephone	530	561	1,381	1,435
Stationery and printing	421	457	1,426	1,636
Postage and courier	299	370	1,165	1,102
Travelling	504	439	1,314	1,611
Directors remuneration and Shariah Committee allowance	965	800	2,679	2,508
Others	3,338	2,986	10,231	6,459
	42,830	41,744	126,373	115,866

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

27. Zakat

Group	3 months ended		9 months ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Provision for zakat for the year	625	831	2,624	3,145
Under provision in prior year	-	-	16	-
	625	831	2,640	3,145

Bank	3 months ended		9 months ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Provision for zakat for the year	588	762	2,502	2,990

28. Taxation

Group	3 months ended		9 months ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Current income tax	(480)	2,715	25,081	28,342
(Over)/under provision in prior year	(18,435)	16,026	(18,435)	16,026
	(18,915)	18,741	6,646	44,368
Deferred tax:				
Relating to origination and reversal of temporary differences	2,365	1,462	2,365	1,462
Over provision in prior year	-	(21,340)	-	(21,340)
	2,365	(19,878)	2,365	(19,878)
	(16,550)	(1,137)	9,011	24,490

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

28. Taxation (cont'd)

Bank	3 months ended		9 months ended	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Current income tax	(847)	2,169	23,883	26,976
(Over)/under provision in prior year	(17,111)	16,026	(17,111)	16,026
	<u>(17,958)</u>	<u>18,195</u>	<u>6,772</u>	<u>43,002</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	2,365	1,462	2,365	1,462
Over provision in prior year	-	(21,340)	-	(21,340)
	<u>2,365</u>	<u>(19,878)</u>	<u>2,365</u>	<u>(19,878)</u>
	<u>(15,593)</u>	<u>(1,683)</u>	<u>9,137</u>	<u>23,124</u>

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 2016: 24%) of the estimated assessable profit for the period.

29. Credit Exposures Arising from Credit Transactions with Connected Parties

	Group and Bank	
	31 December 2016 RM'000	31 March 2016 RM'000
Outstanding credit exposures with connected parties (RM'000)	<u>1,385,571</u>	<u>1,552,136</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>5.7%</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.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

30. Commitments and Contingencies

In the normal course of business, 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		
	31 December 2016		
	Principal	Credit	Risk
	Amount	Equivalent	Weighted
	RM'000	Amount	Assets
	RM'000	RM'000	RM'000
The commitments and contingencies constitute the following:			
Contingent liabilities			
Direct credit substitutes	58,213	58,213	58,213
Trade-related contingencies	420	84	84
Transaction related contingencies	436,828	218,414	218,225
Commitments			
Credit extension commitment:			
Maturity within one year	919,336	183,867	171,403
Maturity exceeding one year	1,222,125	611,062	590,659
Islamic derivative financial instruments			
Foreign exchange related contracts	2,458,105	112,288	88,291
Profit rate related contracts	3,675,000	37,422	7,484
	8,770,027	1,221,350	1,134,359

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

30. Commitments and Contingencies (cont'd.)

Group and Bank
31 March 2016

	Principal Amount RM'000	Credit Equivalent Amount RM'000	Total Risk Weighted Amount RM'000
The commitments and contingencies constitute the following:			
Contingent liabilities			
Direct credit substitutes	61,401	61,401	60,691
Trade-related contingencies	9,778	1,956	1,444
Transaction related contingencies	247,807	123,904	123,775
Commitments			
Credit extension commitment:			
Maturity within one year	808,248	161,650	155,099
Maturity exceeding one year	1,878,796	939,398	185,501
Islamic derivative financial instruments			
Foreign exchange related contracts	1,333,866	61,167	37,838
Profit rate related contracts	3,675,000	48,901	9,780
	8,014,896	1,398,377	574,128

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

31. Capital Adequacy

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

	Group		Bank	
	31 December 2016 RM'000	31 March 2016 RM'000	31 December 2016 RM'000	31 March 2016 RM'000
Computation of Total Risk Weighted Assets ("RWA")				
Total credit RWA	13,868,239	13,248,485	13,839,547	13,253,311
Total market RWA	87,745	80,829	87,745	80,829
Total operational RWA	1,118,212	1,078,204	1,100,792	1,062,151
Total RWA	15,074,196	14,407,518	15,028,084	14,396,291
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	267,255	219,957	256,077	214,387
<u>Other Reserves</u>				
Statutory reserve	624,512	582,822	622,915	581,225
Unrealised gain on available for-sale financial instruments	(43,035)	95	(50,996)	95
Foreign exchange translation reserve	1,332	(2,054)	1,332	(2,054)
Regulatory Adjustment				
Less: Deferred tax assets (net)	(13,226)	-	(13,226)	-
Less: Investment in subsidiaries	-	-	(8,055)	(8,055)
Total Common Equity Tier-I Capital	2,031,838	1,995,820	2,003,047	1,980,598
Total Tier-I Capital	2,031,838	1,995,820	2,003,047	1,980,598
<u>Tier-II capital</u>				
Subordinated sukuk	250,683	243,647	250,683	243,647
Collective assessment allowance	79,786	77,134	79,786	77,134
Total Tier-II Capital	330,469	320,781	330,469	320,781
Total Capital Base	2,362,307	2,316,601	2,333,516	2,301,379
Ratio (%)				
CET 1 Capital	13.48%	13.85%	13.33%	13.76%
Tier 1 Capital	13.48%	13.85%	13.33%	13.76%
Total Capital	15.67%	16.08%	15.53%	15.99%

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

31. Capital Adequacy (cont'd.)

With effect from 1 January 2013, the total capital and capital adequacy ratios of the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (Capital Components and Basel II - Risk-weighted Assets) dated 28 November 2012. The Group and Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the Bank Negara Malaysia's Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for Common Equity Tier I capital ratio and Tier I capital ratio are 4.5% and 6.0% respectively for the current period. The minimum regulatory capital adequacy requirement remains at 8.0% (31 March 2016: 8.0%) for total capital ratio.

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			
	31 December 2016 RM'000			31 March 2016 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%	4,735,385	-	6,045,417	-
20%	2,511,995	502,399	2,655,462	531,092
35%	2,361,986	826,695	2,219,360	776,776
50%	1,493,424	746,712	1,234,416	617,208
75%	2,646,768	1,985,077	2,315,148	1,736,361
100%	9,747,799	9,747,799	9,526,093	9,526,093
150%	39,705	59,558	40,636	60,955
Risk weighted assets for credit risk	23,537,062	13,868,240	24,036,532	13,248,485
Risk weighted assets for market risk		87,745		80,829
Risk weighted assets for operational risk		1,118,212		1,078,204
Total risk weighted assets		15,074,197		14,407,518

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

31. Capital Adequacy (cont'd.)

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

	Bank			
	31 December 2016 RM'000	31 March 2016 RM'000	Total exposures after netting and credit risk mitigation RM'000	Total risk weighted assets RM'000
0%	4,735,385	-	6,045,417	-
20%	2,511,995	502,399	2,655,462	531,092
35%	2,361,986	826,695	2,219,360	776,776
50%	1,493,424	746,712	1,234,416	617,208
75%	2,646,768	1,985,077	2,315,148	1,736,361
100%	9,746,147	9,746,147	9,530,919	9,530,919
150%	21,679	32,519	40,636	60,955
Risk weighted assets for credit risk	23,517,384	13,839,549	24,041,358	13,253,311
Risk weighted assets for market risk		87,745		80,829
Risk weighted assets for operational risk		1,100,792		1,062,151
Total risk weighted assets		15,028,086		14,396,291

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

32. 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.

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

32. 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	Valuation technique using			Total
	Quoted Market Price Level 1 RM'000	Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
31 December 2016				RM'000
Non-financial assets				
Investment properties	-	-	36,673	36,673
Financial assets				
Financial investments designated at fair value through profit and loss	-	-	227,292	227,292
Financial investments available-for-sale	122,349	5,660,241	6,909	5,789,499
Derivative financial assets	-	75,040	-	75,040
Total financial assets measured at fair value	122,349	5,735,281	234,201	6,091,831
Financial liabilities				
Derivative financial liabilities	-	79,319	-	79,319
Total financial liabilities measured at fair value	-	79,319	-	79,319

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

32. 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.)	<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	
31 March 2016				
Non-financial assets				
Investment properties	-	-	32,529	32,529
Financial assets				
Financial investments designated at fair value through profit and loss	-	-	186,355	186,355
Financial investments available-for-sale	95,930	5,584,971	19,264	5,700,165
Derivative financial assets	-	40,601	-	40,601
Total financial assets measured at fair value	95,930	5,625,572	205,619	5,927,121
Financial liabilities				
Derivative financial liabilities	-	49,359	-	49,359
Total financial liabilities measured at fair value	-	49,359	-	49,359

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

32. 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	
31 December 2016				
Non-financial assets				
Investment properties	-	-	36,673	36,673
Financial assets				
Financial investments designated at fair value through profit and loss	-	-	222,359	222,359
Financial investments available-for-sale	111,715	5,640,240	6,909	5,758,864
Derivative financial assets	-	75,040	-	75,040
Total financial assets measured at fair value	111,715	5,715,280	229,268	6,056,263
Financial liabilities				
Derivative financial liabilities	-	79,319	-	79,319
Total financial liabilities measured at fair value	-	79,319	-	79,319

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

32. 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.)	<u>Valuation technique using</u>			Total
	Quoted Market Price Level 1 RM'000	Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
31 March 2016				
Non-financial assets				
Investment properties	-	-	32,529	32,529
Financial assets				
Financial investments designated at fair value through profit and loss	-	-	177,322	177,322
Financial investments available-for-sale	95,776	5,584,972	19,264	5,700,012
Derivative financial assets	-	40,601	-	40,601
Total financial assets measured at fair value	95,776	5,625,573	196,586	5,917,935
Financial liabilities				
Derivative financial liabilities	-	49,359	-	49,359
Total financial liabilities measured at fair value	-	49,359	-	49,359

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

32. 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	
	31 December 2016 RM'000	31 March 2016 RM'000	31 December 2016 RM'000	31 March 2016 RM'000
At beginning of the period	205,619	140,656	196,586	136,556
(Loss)/gain recognised in income statement	(18,792)	30,448	(14,692)	30,448
Purchases	370	27,011	370	27,011
Sales/redemption	-	(474)	-	(474)
Reclassification	-	4,933	-	-
Foreign exchange translation difference	47,004	6,526	47,004	6,526
Coupon received	-	(3,481)	-	(3,481)
At end of the period	234,201	205,619	229,268	196,586

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	
	31 December 2016 RM'000	31 March 2016 RM'000
Total (loss)/gain recognised in income statement for financial instruments measured at fair value at the end of the financial period	(18,792)	30,448

	Bank	
	31 December 2016 RM'000	31 March 2016 RM'000
Total (loss)/gain recognised in income statement for financial instruments measured at fair value at the end of the financial period	(14,692)	30,448