



BANK MUAMALAT MALAYSIA BERHAD

Company No. 6175-W
(Incorporated in Malaysia)

**UNAUDITED CONDENSED
FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED
31 DECEMBER 2017 (12 RABIUL AKHIR 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 31 DECEMBER 2017 (12 RABIUL AKHIR 1439H)

	Note	Group		Bank	
		As at 31.12.2017 RM'000	As at 31.03.2017 RM'000	As at 31.12.2017 RM'000	As at 31.03.2017 RM'000
ASSETS					
Cash and short-term funds		823,376	1,027,742	823,376	1,027,742
Cash and placements with financial institutions		20,352	22,183	20,352	22,183
Investment accounts due from designated financial institution	15 (a)	206	382	206	382
Financial investments designated at fair value through profit or loss	9(a)	165,627	197,208	165,627	197,208
Financial investments available-for-sale	9(b)	6,279,794	6,131,416	6,276,722	6,081,533
Financial investments held-to-maturity	9(c)	143,118	142,168	143,118	142,168
Islamic derivative financial assets	10	50,353	55,948	50,353	55,948
Financing of customers	11	14,651,899	14,918,272	14,651,483	14,937,856
Other assets	12	41,165	121,907	36,744	120,285
Statutory deposits with Bank Negara Malaysia		668,617	698,636	668,617	698,636
Investment in subsidiaries		-	-	8,559	8,055
Investment properties		39,364	38,778	39,364	38,778
Intangible assets		94,868	109,510	94,643	109,120
Property, plant and equipment		49,505	52,309	49,491	52,270
Prepaid land lease payment		226	231	226	231
Deferred tax assets (net)	13	6,852	9,652	6,852	9,652
Total assets		23,035,322	23,526,342	23,035,733	23,502,047
LIABILITIES					
Deposits from customers	14	19,198,891	19,917,482	19,221,186	19,929,759
Deposits and placements of banks and other financial institutions	16	258,405	561,654	258,405	561,654
Bills and acceptances payable		10,306	9,196	10,306	9,196
Islamic derivative financial liabilities	10	62,616	63,088	62,616	63,088
Other liabilities	17	25,346	56,376	18,221	55,854
Provision for zakat and taxation	18	8,649	4,806	4,253	4,677
Deferred tax liabilities (net)	13	688	7,086	-	-
Recourse obligation on financing sold to Cagamas		490,157	-	490,157	-
Subordinated sukuk	19(a)	250,432	253,964	250,432	253,964
Senior sukuk	19(b)	502,181	514,119	502,181	514,119
Total liabilities		20,807,671	21,387,771	20,817,757	21,392,311
SHAREHOLDERS' EQUITY					
Share capital		1,195,000	1,195,000	1,195,000	1,195,000
Reserves		1,032,651	943,571	1,022,976	914,736
Total shareholders' equity		2,227,651	2,138,571	2,217,976	2,109,736
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		23,035,322	23,526,342	23,035,733	23,502,047
Restricted investment accounts	15(b)	22,455	424	25,335	7,705
Total Islamic banking asset and asset under management		23,057,777	23,526,766	23,061,068	23,509,752
COMMITMENTS AND CONTINGENCIES					
	32	6,341,725	7,355,488	6,341,725	7,355,488
CAPITAL ADEQUACY *					
CET 1 capital ratio	33	14.96%	14.35%	14.86%	14.15%
Total capital ratio	33	17.28%	16.69%	17.18%	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 NINE MONTHS ENDED 31 DECEMBER 2017 (12 RABIUL AKHIR 1439H)

<u>Group</u>	Note	3 months ended		9 months ended	
		31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Income derived from investment of depositors' funds and others	20	297,816	292,547	895,782	879,614
Income derived from investment of investment account funds	22	11	11	37	23
Income derived from investment of shareholders' funds	21	(36,858)	12,433	5,141	41,400
Writeback of/(allowance for) impairment on financing	23	55,821	(36,968)	23,208	(74,725)
Writeback of provision for commitments and contingencies		-	-	-	2,282
Impairment writeback/(loss) on investments	24	241	(9,214)	241	(19,734)
Other expenses directly attributable to the investment of the depositors and shareholders' funds		(7,698)	(1,712)	(21,533)	(6,171)
Total distributable income		309,333	257,097	902,876	822,689
Income attributable to depositors	25	(147,177)	(140,344)	(433,738)	(437,608)
Total net income		162,156	116,753	469,138	385,081
Personnel expenses	26	(51,193)	(46,950)	(147,709)	(142,637)
Other overheads and expenditures	27	(42,060)	(43,163)	(129,615)	(126,709)
Finance cost	28	(10,551)	(6,520)	(31,500)	(15,096)
Profit before zakat and taxation		58,352	20,120	160,315	100,639
Zakat	29	(1,607)	(625)	(4,372)	(2,640)
Taxation	30	(24,394)	16,550	(49,322)	(9,011)
Profit for the period		32,351	36,045	106,621	88,988
Earnings per share (sen):				8.92	7.45
Basic					

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 NINE MONTHS ENDED 31 DECEMBER 2017 (12 RABIUL AKHIR 1439H)

<u>Bank</u>	Note	3 months ended		9 months ended	
		31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Income derived from investment of depositors' funds and others	20	297,816	292,547	895,782	879,614
Income derived from investment of investment account funds	22	11	11	37	23
Income derived from investment of shareholders' funds	21	(36,358)	9,939	(3,605)	34,336
Writeback of/(allowance for) impairment on financing	23	55,816	(41,068)	23,208	(79,525)
Writeback of provision for commitments and contingencies		-	-	-	2,282
Impairment writeback/(loss) on investments	24	745	(5,114)	745	(15,634)
Other expenses directly attributable to the investment of the depositors and shareholders' funds		(7,698)	(1,712)	(21,533)	(6,171)
Total distributable income		310,332	254,603	894,634	814,925
Income attributable to depositors	25	(147,214)	(140,392)	(434,081)	(437,859)
Total net income		163,118	114,211	460,553	377,066
Personnel expenses	26	(50,516)	(46,408)	(145,759)	(140,577)
Other overheads and expenditures	27	(41,812)	(42,830)	(129,228)	(126,373)
Finance cost	28	(10,551)	(6,520)	(31,500)	(15,096)
Profit before zakat and taxation		60,239	18,453	154,066	95,020
Zakat	29	(1,506)	(588)	(3,852)	(2,502)
Taxation	30	(23,751)	15,593	(44,691)	(9,137)
Profit for the period		34,982	33,458	105,523	83,381

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 NINE MONTHS ENDED 31 DECEMBER 2017 (12 RABIUL AKHIR 1439H)

<u>Group</u>	3 months ended		9 months ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Profit for the period	32,351	36,045	106,621	88,988
Other comprehensive loss:				
Items that may be reclassified subsequently to profit or loss				
Net unrealised loss on revaluation of financial investment available-for-sale	(14,686)	(100,299)	(1,391)	(55,892)
Gain transferred to statement of profit or loss upon disposal	(4,564)	(218)	(18,525)	(998)
Income tax relating to net loss on financial investments available-for-sale	4,594	24,055	4,766	13,644
Exchange fluctuation reserve	(441)	3,368	(2,391)	5,014
Other comprehensive loss for the period, net of tax	(15,097)	(73,094)	(17,541)	(38,232)
Total comprehensive income/(loss) for the period	17,254	(37,049)	89,080	50,756

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 NINE MONTHS ENDED 31 DECEMBER 2017 (12 RABIUL AKHIR 1439H)

	3 months ended		9 months ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
<u>Bank</u>				
Profit for the period	34,982	33,458	105,523	83,381
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	(4,509)	(110,775)	9,048	(66,368)
Gain transferred to statement of profit or loss upon disposal	(1,527)	(218)	(2,308)	(998)
Income tax relating to net loss/ (gain) on financial investments available-for-sale	1,610	26,569	(1,632)	16,158
Exchange fluctuation reserve	(441)	3,368	(2,391)	5,014
Other comprehensive (loss)/income for the period, net of tax	(4,867)	(81,056)	2,717	(46,194)
Total comprehensive income/(loss) for the period	30,115	(47,598)	108,240	37,187

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 NINE MONTHS ENDED 31 DECEMBER 2017 (12 RABIUL AKHIR 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		-	-	-	-	106,621	106,621
Other comprehensive loss for the period		-	-	(2,391)	(15,150)	-	(17,541)
Total comprehensive income for the period		-	-	(2,391)	(15,150)	106,621	89,080
Transfer to statutory reserve		-	52,762	-	-	(52,762)	-
At 31 December 2017		1,195,000	710,920	(208)	(26,448)	348,387	2,227,651
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

* 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.

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 31 DECEMBER 2017 (12 RABIUL AKHIR 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		-	-	-	-	105,523	105,523
Other comprehensive income for the period		-	-	(2,391)	5,108	-	2,717
Total comprehensive income for the period		-	-	(2,391)	5,108	105,523	108,240
Transfer to statutory reserve		-	52,762	-	-	(52,762)	-
At 31 December 2017		1,195,000	709,323	(208)	(28,626)	342,487	2,217,976
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)	256,078	2,025,957

* 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 NINE MONTHS ENDED 31 DECEMBER 2017 (12 RABIUL AKHIR 1439H)

	Note	Group		Bank	
		31 December 2017 RM'000	31 December 2016 RM'000 Restated	31 December 2017 RM'000	31 December 2016 RM'000 Restated
Cash flows from operating activities					
Profit before zakat and taxation		160,315	100,639	154,066	95,020
Adjustment for					
Amortisation of prepaid land and lease payment	27	3	3	3	3
Amortisation of intangible asset	27	20,810	19,864	20,644	19,717
Depreciation of property, plant and equipment	27	13,338	14,018	13,309	13,990
Gain on disposal of property, plant and equipment	21	(45)	(229)	(45)	(229)
Amortisation of cost on Subordinated Sukuk Issued		150	17	150	17
Fixed asset written off	27	5	6	5	6
(Accretion of discount)/amortisation of premium, net	20&21	(1,473)	(1,413)	(1,473)	(1,413)
Net gain from sale of financial investment available-for-sale	20&21	(29,420)	(9,178)	(13,203)	(9,178)
Net gain from sale of financial investment designated at FVTPL		(394)	(787)	(394)	(787)
Unrealised gain on revaluation of financial investment designated at FVTPL	20&21	17,309	-	17,309	-
Net loss/(gain) on revaluation of foreign exchange transaction	21	20,243	(10,095)	20,243	(10,095)
Net loss/(gain) from foreign exchange derivatives	21	6,428	(1,072)	6,428	(1,072)
Unrealised loss on revaluation of islamic profit rate swap	21	(1,306)	(3,408)	(1,306)	(3,408)
Unrealised gain on revaluation of hedged items	21	1,984	5,411	1,984	5,411
Gain from derecognition fair value of hedged items	21	(1,421)	(1,329)	(1,421)	(1,329)
Impairment (writeback)/loss on investment securities	24	(241)	19,734	(241)	15,634
Impairment writeback of investment in subsidiaries	24	-	-	(504)	-
Writeback of provision for commitments and contingencies		-	(2,282)	-	(2,282)
Allowance for impairment on financing	23	(19,270)	83,307	(19,270)	88,107
Financing written off	23	3,178	1,645	3,178	1,645
Finance cost	28	31,500	15,096	31,500	15,096
Gross dividend income	21	(493)	(1,616)	(14,315)	(1,612)
Operating profit before working capital changes		221,200	228,331	216,647	223,241

Bank Muamalat Malaysia Berhad
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UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED 31 DECEMBER 2017 (12 RABIUL AKHIR 1439H)

	Note	Group		Bank	
		31 December 2017 RM'000	31 December 2016 RM'000 Restated	31 December 2017 RM'000	31 December 2016 RM'000 Restated
(Increase)/decrease in operating assets:					
Investment accounts due from designated financial institution		176	-	176	-
Financial investment portfolio		(20,731)	(41,561)	(20,734)	(49,523)
Islamic derivative financial assets		(833)	(33,367)	(833)	(33,367)
Financing of customers		281,811	(273,761)	301,811	(293,761)
Statutory deposits with Bank Negara Malaysia		30,019	41,058	30,019	41,058
Other assets		21,158	(37,158)	17,383	(27,694)
Increase/(decrease) in operating liabilities:					
Deposits from customers		(718,591)	(1,689,140)	(708,573)	(1,696,721)
Investment accounts of customers		-	965,641	-	965,641
Deposits and placements of banks and other financial institutions		(303,249)	8,017	(303,249)	8,017
Islamic derivative financial liabilities		834	33,368	834	33,368
Bills and acceptances payable		1,110	(19,874)	1,110	(19,874)
Other liabilities		(38,116)	5,649	(37,633)	5,305
Cash used in from operations		(525,212)	(812,797)	(503,042)	(844,310)
Zakat paid		(4,320)	(4,429)	(4,275)	(4,237)
Tax paid		(329)	(16,981)	-	(16,168)
Net cash used in operating activities		(529,861)	(834,207)	(507,317)	(864,715)
Cash flows from investing activities					
Proceeds from disposal of financial investment in securities		5,487,148	7,244,405	5,450,931	7,244,405
Purchase of financial investment in securities		(5,589,768)	(7,385,664)	(5,589,920)	(7,355,182)
Proceeds from disposal of property, plant and equipment		56	234	56	234
Purchase of investment properties		(586)	(4,144)	(586)	(4,144)
Purchase of property, plant and equipment		(10,459)	(8,688)	(10,456)	(8,688)
Purchase of intangible asset		(6,257)	(12,904)	(6,257)	(12,874)
Dividend income	21	493	1,616	14,315	1,612
Net cash used in investing activities		(119,373)	(165,145)	(141,917)	(134,637)

**Bank Muamalat Malaysia Berhad
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**UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED 31 DECEMBER 2017 (12 RABIUL AKHIR 1439H)**

	Group		Bank	
	31 December 2017 RM'000	31 December 2016 RM'000 Restated	31 December 2017 RM'000	31 December 2016 RM'000 Restated
Cash flows from financing activities				
Dividend paid on Islamic subordinated sukuk	(42,120)	(17,670)	(42,120)	(17,670)
Redemption of subordinated sukuk	(5,000)	(400,000)	(5,000)	(400,000)
Additional issuance of subordinated sukuk	-	755,000	-	755,000
Proceed from recourse obligation on financing sold to Cagamas	490,157	-	490,157	-
Net cash generated from financing activities	443,037	337,330	443,037	337,330
Net decrease in cash and cash equivalents	(206,197)	(662,022)	(206,197)	(662,022)
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	843,728	407,079	843,728	407,079
Cash and cash equivalents consist of:				
Cash and short term funds	823,376	396,624	823,376	396,624
Cash and placements with financial institutions	20,352	10,455	20,352	10,455
	843,728	407,079	843,728	407,079

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 NINE MONTHS ENDED 31 DECEMBER 2017
(12 RABIUL AKHIR 1439H)

1. Basis of preparation

The unaudited condensed financial statements for the nine months ended 31 December 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 31 December 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 year nine months ended 31 December 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 year nine months ended 31 December 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 year nine months ended 31 December 2017.

6. Changes in accounting estimates

There were no material changes in estimates during the financial year nine months ended 31 December 2017.

7. Dividends

There was no dividend payment during the financial year nine months ended 31 December 2017.

8. Performance review and outlook

PERFORMANCE REVIEW

The Group posted an unaudited profit before zakat and taxation of RM160.3 million for the nine months ended 31 December 2017, an increase of 59.3% from the previous corresponding period in 2016. This is largely attributed due to lower allowance for impairment loss on financing and investments of RM115.6million (125%); coupled with lower income attributable to depositors by RM3.8 million (1.0%). However, it is offset by lower total income from investment of depositors' and shareholders' funds by RM20.1 million or 2.2%; coupled with higher overheads and finance cost by RM7.9 million and RM16.0 million, respectively, as compared to the same period last year.

Total assets of the Group stood at RM23.0 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 economy recovery took place amid political uncertainties, rising geopolitical tension coupled with the slow climb seen in most commodity prices. In terms of gross domestic product (GDP) growth, Malaysia has outshone many in the region, supported by strong exports and steady consumer spending. Malaysia's GDP growth accelerated at the fastest pace in three years, despite the prolonged downturn in the oil & gas industry and the soft property market. The first three quarters of 2017 displayed a better-than-expected performance, with real GDP growing by 5.6%, 5.8% and 6.2%, respectively, driven by resilient domestic demand. However, 4Q2017 growth is expected to moderate to below 5% from a year earlier, due to a high base effect from 4Q2016, which saw the economy grew at 4.5%. Ultimately, for full year of 2017, GDP growth forecast is set at 5.6%.

In line with the adversity in the external and internal operating environment, growth in banking sector is expected to grow modest in 2018 with keen competition for deposits and higher credit cost to weigh on the performance of banks. The Bank also continues to believe that, the demand in Islamic Banking industry especially in the area of Islamic Investment solution will remain strong for the year.

Against this backdrop, the Bank will continue to ride on its business plan, following on selective areas of growth to ensure it remains competitive in the current banking landscape. The Bank's focus area in expanding its wealth management portfolio among others is the distribution of Islamic unit trust fund and bancatakaful products as well as investment in Amanah Saham Bumiputra (ASB). The increasing usage and download of the Bank's i-muamalat mobile application proves its continuous efforts in adapting to the rapid technological development and digitalization of financial services. Moving forward, the Bank will also strive towards managing efficiency, particularly in cost supervision as part of the way to drive financial performance.

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9. Financial investments

	Group		Bank	
	31 December 2017 RM'000	31 March 2017 RM'000	31 December 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	165,627	197,207	165,627	197,207
Malaysian government investment certificates	-	1	-	1
	165,627	197,208	165,627	197,208

(b) Available-for-sale

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

	Group		Bank	
	31 December 2017 RM'000	31 March 2017 RM'000	31 December 2017 RM'000	31 March 2017 RM'000
<u>At fair value</u>				
Government securities and treasury bills:				
Malaysian government investment certificates	3,793,278	3,531,945	3,793,278	3,531,945
Quoted securities in Malaysia:				
Quoted shares	123,996	159,860	120,924	109,977
Unquoted securities:				
Islamic private debt securities in Malaysia	2,367,090	2,457,637	2,367,090	2,457,637
Cagamas bonds	40,590	25,385	40,590	25,385
Foreign Islamic private debt securities and sukuk	34,678	37,786	34,678	37,786
	2,442,358	2,520,808	2,442,358	2,520,808
Accumulated impairment loss	(85,219)	(86,578)	(85,219)	(86,578)
	6,274,413	6,126,035	6,271,341	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	6,279,794	6,131,416	6,276,722	6,081,533

(c) Held-to-maturity

	Group and Bank	
	31 December 2017 RM'000	31 March 2017 RM'000
<u>At amortised cost</u>		
Unquoted Islamic corporate sukuk in Malaysia	143,118	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					
	31 December 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	778,923	2,800	(47,618)	862,936	51,435	(467)
- Currency swaps						
Less than one year	1,008,521	47,347	(7,660)	1,545,210	3,502	(54,090)
- Currency spot						
Less than one year	56,278	206	(154)	467,221	1,009	(39)
- Dual currency investment option	-	-	-	-	2	(2)
	1,843,722	50,353	(55,432)	2,875,367	55,948	(54,598)
Islamic profit rate swap ("IPRS")						
Unhedged IPRS	500,000	-	(2,280)	500,000	-	(2,251)
Hedged IPRS	1,500,000	-	(4,904)	1,500,000	-	(6,239)
Total	3,843,722	50,353	(62,616)	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:

	31 December 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	-	(4,904)	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 nine months ended 31 December 2017, the Group and the Bank:-

- (i) recognised a net gain of RM1,345,937 (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 RM2,110,939 (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 RM1,548,135 (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 Thumma		Tawarruq	Bai'		Istisna'	Qard	Shirkah		Total financing
	Bithaman Ajil	Ijarah	Al-Bai	Inah		Al-Dayn	Murabahah			Mutanaqisah	Rahnu	
31 December 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	-	-	-	9,893	600,224	-	-	-	-	-	-	610,117
Term financing:												
Home financing	6,018,823	-	-	-	8,658,942	-	-	35,986	-	-	-	14,713,751
Syndicated financing	-	-	-	-	1,839,132	-	-	-	-	-	-	1,839,132
Hire purchase receivables	45,004	-	692,687	-	-	-	-	-	-	-	-	737,691
Leasing receivables	-	1,373	-	-	-	-	-	-	-	-	-	1,373
Other term financing	851,491	-	-	547,775	8,632,795	-	-	140,542	541	54,387	-	10,227,531
Trust receipts	-	-	-	-	-	-	56,957	-	-	-	-	56,957
Claims on customers under acceptance credits	-	-	-	-	-	876,777	-	-	-	-	-	876,777
Staff financing	65,450	-	-	-	130,626	-	-	795	528	-	-	197,399
Revolving credit	-	-	-	-	1,239,976	-	-	-	-	-	-	1,239,976
Sukuk	-	-	-	-	-	-	114,908	-	-	-	-	114,908
Ar-Rahnu	-	-	-	-	-	-	-	-	-	-	113,609	113,609
	6,980,768	1,373	692,687	557,668	21,101,695	876,777	171,865	177,323	1,069	54,387	113,609	30,729,221
Less : Unearned income	(4,473,661)	-	(81,721)	(34,664)	(11,160,913)	(8,627)	(672)	(76,369)	(8)	-	-	(15,836,635)
Gross financing	2,507,107	1,373	610,966	523,004	9,940,782	868,150	171,193	100,954	1,061	54,387	113,609	14,892,586
Fair value changes arising from fair value hedge	-	-	-	(2,947)	(2,022)	-	-	-	-	-	-	(4,969)
	2,507,107	1,373	610,966	520,057	9,938,760	868,150	171,193	100,954	1,061	54,387	113,609	14,887,617
Less : Allowance for impaired financing												
Collective assessment	(17,612)	-	(8,527)	(593)	(167,767)	(1,181)	(665)	(56)	(20)	-	(2,447)	(198,868)
Individual assessment	(374)	-	(4,685)	-	(27,427)	(1,621)	(2,720)	(23)	-	-	-	(36,850)
Total net financing	2,489,121	1,373	597,754	519,464	9,743,566	865,348	167,808	100,875	1,041	54,387	111,162	14,651,899

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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		AI-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 31 December 2017	Bai'		Ijarah			Bai'		Istisna'	Qard	Rahnu	Total financing RM'000
	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				
Cash line	-	-	-	9,893	600,224	-	-	-	-	-	610,117
Term financing:											
Home financing	6,018,823	-	-	-	8,658,942	-	-	35,986	-	-	14,713,751
Syndicated financing	-	-	-	-	1,839,132	-	-	-	-	-	1,839,132
Hire purchase receivables	45,004	-	692,687	-	-	-	-	-	-	-	737,691
Leasing receivables	-	1,373	-	-	-	-	-	-	-	-	1,373
Other term financing	851,491	-	-	547,775	8,632,795	-	-	140,542	59,444	-	10,232,047
Trust receipts	-	-	-	-	-	-	56,957	-	-	-	56,957
Claims on customers under acceptance credits	-	-	-	-	-	876,777	-	-	-	-	876,777
Staff financing	65,450	-	-	-	130,626	-	-	795	528	-	197,399
Revolving credit	-	-	-	-	1,239,976	-	-	-	-	-	1,239,976
Sukuk	-	-	-	-	-	-	114,908	-	-	-	114,908
Ar-Rahnu	-	-	-	-	-	-	-	-	-	113,609	113,609
	6,980,768	1,373	692,687	557,668	21,101,695	876,777	171,865	177,323	59,972	113,609	30,733,737
Less : Unearned income	(4,473,661)	-	(81,721)	(34,664)	(11,160,913)	(8,627)	(672)	(76,369)	(8)	-	(15,836,635)
Gross financing	2,507,107	1,373	610,966	523,004	9,940,782	868,150	171,193	100,954	59,964	113,609	14,897,102
Fair value changes arising from fair value hedge	-	-	-	(2,946)	(2,022)	-	-	-	-	-	(4,968)
	2,507,107	1,373	610,966	520,058	9,938,760	868,150	171,193	100,954	59,964	113,609	14,892,134
Less : Allowance for impaired financing											
Collective assessment	(17,612)	-	(8,527)	(593)	(167,767)	(1,181)	(665)	(56)	(20)	(2,447)	(198,868)
Individual assessment	(374)	-	(4,685)	-	(27,427)	(1,621)	(2,720)	(23)	(4,933)	-	(41,783)
Total net financing	2,489,121	1,373	597,754	519,465	9,743,566	865,348	167,808	100,875	55,011	111,162	14,651,483

11. Financing of customers (cont'd.)

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

Bank	Bai'		Ijarah			Bai'			Total		
	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	Istisna' RM'000	Qard RM'000	Rahnu RM'000	financing RM'000
31 March 2017											
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	-	10,786,924
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	31,433,471
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	15,258,797
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	15,255,813
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	14,937,856

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11. Financing of customers (cont'd.)

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

	Group		Bank	
	31 December 2017 RM'000	31 March 2017 RM'000	31 December 2017 RM'000	31 March 2017 RM'000
Uses of Qard fund:				
Staff financing	520	436	520	436
Musarakah Financing	-	-	58,903	98,903
Other term financing	541	647	541	647
	1,061	1,083	59,964	99,986

(ii) By type of customer

	Group		Bank	
	31 December 2017 RM'000	31 March 2017 RM'000	31 December 2017 RM'000	31 March 2017 RM'000
Domestic non-banking institutions	664,622	839,319	664,622	839,319
Domestic business enterprises:				
-Small business enterprises	71,927	86,641	71,927	86,641
-Others	3,867,271	3,703,023	3,871,787	3,727,540
Government and statutory bodies	749,957	759,376	749,957	759,376
Individuals	9,522,203	9,818,840	9,522,203	9,818,840
Other domestic entities	6,567	6,297	6,567	6,297
Foreign entities	10,039	20,784	10,039	20,784
Gross Financing	14,892,586	15,234,280	14,897,102	15,258,797

(iii) By profit rate sensitivity

	Group		Bank	
	31 December 2017 RM'000	31 March 2017 RM'000	31 December 2017 RM'000	31 March 2017 RM'000
Fixed rate:				
Home financing	354,786	382,310	354,786	382,310
Hire purchase receivables	647,349	773,545	647,349	773,545
Others	2,942,797	3,246,631	2,947,315	3,271,148
Variable rate:				
Home financing	4,286,506	4,332,628	4,286,506	4,332,628
Others	6,661,148	6,499,166	6,661,146	6,499,166
Gross Financing	14,892,586	15,234,280	14,897,102	15,258,797

(iv) By residual contractual maturity

	Group		Bank	
	31 December 2017 RM'000	31 March 2017 RM'000	31 December 2017 RM'000	31 March 2017 RM'000
Maturity				
- within one year	4,358,994	4,090,338	4,358,994	4,090,338
- more than one to five years	4,939,844	5,216,993	4,939,844	5,216,993
- more than five years	5,593,748	5,926,949	5,598,264	5,951,466
Gross Financing	14,892,586	15,234,280	14,897,102	15,258,797

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11. Financing of customers (cont'd.)

(v) By sector

	Group		Bank	
	31 December	31 March	31 December	31 March
	2017	2017	2017	2017
	RM'000	RM'000	RM'000	RM'000
Agriculture	119,585	122,174	119,585	122,174
Mining and quarrying	4,654	11,806	9,587	16,739
Manufacturing	576,881	540,794	576,881	540,794
Electricity, gas and water	143,186	187,531	143,186	187,531
Construction	396,324	315,219	396,324	315,219
Household	9,524,246	9,808,207	9,524,246	9,808,207
Real estate	1,329,444	1,119,086	1,329,444	1,119,086
Wholesale, retail and restaurant	843,080	549,420	843,080	549,420
Transport, storage and communication	204,453	360,093	204,453	380,093
Finance, takaful and business services	647,686	1,043,601	647,686	1,043,601
Purchase of transport vehicles	16,675	15,006	16,675	15,006
Consumption credit	503	436	503	436
Community, social and personal services	338,858	404,604	338,441	404,188
Government and statutory bodies	747,011	756,303	747,011	756,303
Gross Financing	14,892,586	15,234,280	14,897,102	15,258,797

(vi) By geographical area

	Group		Bank	
	31 December	31 March	31 December	31 March
	2017	2017	2017	2017
	RM'000	RM'000	RM'000	RM'000
Domestic	14,892,586	15,202,300	14,897,102	15,226,817
Labuan Offshore	-	31,980	-	31,980
Gross Financing	14,892,586	15,234,280	14,897,102	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 RM1.0 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 RM2,021,864 (31 March 2017: loss of RM2,984,423) and the change for the current year is a loss of RM2,110,939 (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	
	31 December 2017 RM'000	31 March 2017 RM'000	31 December 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	336,710	410,050	336,710	414,983
Reclassified as performing during the period	(217,300)	(230,435)	(217,300)	(230,435)
Recovered during the period	(58,325)	(100,800)	(58,325)	(100,800)
Written off during the period	(60,703)	(53,365)	(60,703)	(53,365)
At end of period	352,302	351,920	357,234	356,853
Ratio of gross impaired financing to total financing	2.37%	2.31%	2.40%	2.34%

(ii) Movements in the allowance for impaired financing

	Group		Bank	
	31 December 2017 RM'000	31 March 2017 RM'000	31 December 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	230,561	351,926	230,561	351,926
Amount written-back	(254,916)	(292,349)	(254,916)	(292,349)
Amount written-off	(12,936)	(31,857)	(12,936)	(31,857)
At end of period	198,868	236,159	198,868	236,159
As % of gross financing, less individual assessment allowance	1.34%	1.56%	1.34%	1.56%

	Group		Bank	
	31 December 2017 RM'000	31 March 2017 RM'000	31 December 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	12,321	30,753	12,321	35,686
Amount written-back	(7,236)	(14,552)	(7,236)	(14,552)
Amount written-off	(45,100)	(20,414)	(45,100)	(20,414)
At end of period	36,850	76,865	41,783	81,798

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11. Financing of customers (cont'd.)

Impaired financing (cont'd.)

(iii) Impaired financing by sector

	Group		Bank	
	31 December 2017 RM'000	31 March 2017 RM'000	31 December 2017 RM'000	31 March 2017 RM'000
Agriculture	33	39	33	39
Manufacturing	799	45,565	798	45,565
Construction	6,312	9,852	6,312	9,852
Household	281,107	248,874	281,107	248,874
Real estate	363	-	363	-
Wholesale, retail and restaurant	10,927	5,815	10,927	5,815
Mining and quarrying	-	-	4,933	4,933
Transport, storage and communication	39,975	37,310	39,975	37,310
Finance, takaful and business services	9,996	2,004	9,996	2,004
Purchase of transport vehicles	560	409	560	409
Community, social and personal service	2,230	2,052	2,230	2,052
	352,302	351,920	357,234	356,853

(iv) Impaired financing by geographical area

	Group		Bank	
	31 December 2017 RM'000	31 March 2017 RM'000	31 December 2017 RM'000	31 March 2017 RM'000
Domestic	352,302	351,920	357,234	356,853

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12. Other assets

	Group		Bank	
	31 December 2017 RM'000	31 March 2017 RM'000	31 December 2017 RM'000	31 March 2017 RM'000
Deposits	7,433	7,304	7,335	7,206
Prepayments	5,586	6,629	5,365	6,482
Tax prepayment	8,783	52,814	8,687	52,210
Amount due from subsidiaries	-	-	5,615	141
Golf club membership	600	600	600	600
Other receivables	18,763	54,560	9,142	53,646
	41,165	121,907	36,744	120,285

13. Deferred tax asset & liabilities

	Group		Bank	
	31 December 2017 RM'000	31 March 2017 RM'000	31 December 2017 RM'000	31 March 2017 RM'000
At beginning of the year	2,566	(568)	9,652	(568)
Recognised in the income statement	(1,168)	(533)	(1,168)	(533)
Recognised in the equity	4,766	3,667	(1,632)	10,753
At end of the period	6,164	2,566	6,852	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	
	31 December 2017 RM'000	31 March 2017 RM'000	31 December 2017 RM'000	31 March 2017 RM'000
Deferred tax assets, net	6,852	9,652	6,852	9,652
Deferred tax liabilities, net	(688)	(7,086)	-	-
	6,164	2,566	6,852	9,652

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

	Group		Bank	
	31 December 2017 RM'000	31 March 2017 RM'000	31 December 2017 RM'000	31 March 2017 RM'000
Deferred tax assets	16,360	9,652	16,360	9,652
Deferred tax liabilities	(10,196)	(7,086)	(9,508)	-
	6,164	2,566	6,852	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	-	3,347	(2,547)	(22)	778
Recognised in the equity	(1,727)	-	-	-	(1,727)
At 31 December 2017	9,026	3,347	3,744	243	16,360
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 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	-	(1,946)	(1,946)
Recognised in the equity	6,493	-	6,493
At 31 December 2017	(688)	(9,508)	(10,196)
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	(7,181)	(7,562)	(14,743)

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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	-	3,347	(2,547)	(22)	778
Recognised in the equity	(1,727)	-	-	-	(1,727)
At 31 December 2017	9,026	3,347	3,744	243	16,360
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	-	(1,946)	(1,946)
Recognised in the equity	95	-	95
At 31 December 2017	-	(9,508)	(9,508)
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	
	31 December 2017 RM'000	31 March 2017 RM'000	31 December 2017 RM'000	31 March 2017 RM'000
Saving Deposit				
Qard	918,116	1,052,795	918,116	1,052,795
Tawarruq	202,733	107,869	202,733	107,869
Demand Deposit				
Qard	3,335,927	2,994,706	3,338,522	2,996,183
Tawarruq	243,171	70,481	243,171	70,481
Term Deposit				
Negotiable Islamic debt certificate	1,745,684	1,550,790	1,745,684	1,550,790
General investment deposits	122,008	140,575	122,008	140,575
Short term accounts	1,724,219	2,958,160	1,724,219	2,958,160
Fixed term accounts tawarruq	10,869,701	11,003,797	10,889,401	11,014,597
Other deposits	37,332	38,309	37,332	38,309
	19,198,891	19,917,482	19,221,186	19,929,759

(b) By type of customer

	Group		Bank	
	31 December 2017 RM'000	31 March 2017 RM'000	31 December 2017 RM'000	31 March 2017 RM'000
Government and statutory bodies	5,312,901	5,975,784	5,312,901	5,975,784
Business enterprises	6,586,959	7,058,767	6,609,255	7,071,044
Individuals	2,208,253	1,584,069	2,208,253	1,584,069
Others	5,090,778	5,298,862	5,090,777	5,298,862
	19,198,891	19,917,482	19,221,186	19,929,759

The maturity structure of term deposits are as follow :

	Group		Bank	
	31 December 2017 RM'000	31 March 2017 RM'000	31 December 2017 RM'000	31 March 2017 RM'000
Due within six months	12,313,273	13,899,694	12,332,973	13,910,494
More than six months to one year	1,565,289	1,374,178	1,565,289	1,374,178
More than one year to three years	532,080	303,428	532,080	303,428
More than three year to five years	50,970	76,022	50,970	76,022
	14,461,612	15,653,322	14,481,312	15,664,122

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15. Investment accounts of customers

(a) Investment account due from designated financial institution:

	Group and Bank	
	31 December	31 March
	2017	2017
	RM'000	RM'000
Licensed Islamic bank	206	382

The investment account as at 31 December 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 RM25,335,333 (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	
	31 December	31 March	31 December	31 March
	2017	2017	2017	2017
	RM'000	RM'000	RM'000	RM'000
Restricted investment accounts				
With maturity more than one year to three years				
Wakalah	22,455	424	25,335	7,705

(ii) By types of customer are as follows:

	Group		Bank	
	31 December	31 March	31 December	31 March
	2017	2017	2017	2017
	RM'000	RM'000	RM'000	RM'000
Business enterprise	6,910	-	9,790	7,281
Individuals	12,478	347	12,478	347
Others	3,067	77	3,067	77
	22,455	424	25,335	7,705

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

	Group		Bank	
	31 December	31 March	31 December	31 March
	2017	2017	2017	2017
	RM'000	RM'000	RM'000	RM'000
Restricted investment accounts				
Non-retail financing	22,455	424	25,335	7,705
Total investment	22,455	424	25,335	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 31 December 2017		Group and Bank 31 March 2017	
	Average profit sharing ratio	Average rate of return	Average profit sharing ratio	Average rate of return
	(%)	(%)	(%)	(%)
	89.7%	4.8%	93.0%	6.5%

16. Deposit and placements of banks and other financial institutions

	Group and Bank	
	31 December 2017	31 March 2017
	RM'000	RM'000
Bank Negara Malaysia	10,294	9,770
Others financial institutions	248,111	551,884
	258,405	561,654

17. Other liabilities

	Group		Bank	
	31 December 2017	31 March 2017	31 December 2017	31 March 2017
	RM'000	RM'000	RM'000	RM'000
Sundry creditors	1,681	825	312	206
Accrual for bonus	5,056	11,197	4,985	11,197
Accrued expenses	15,121	36,010	9,656	36,214
Accrual for directors' fees	559	672	559	672
Accrual for audit fees	426	512	408	492
GST output tax	160	119	134	91
Others	2,343	7,041	2,167	6,982
	25,346	56,376	18,221	55,854

18. Provision for zakat and taxation

	Group		Bank	
	31 December 2017	31 March 2017	31 December 2017	31 March 2017
	RM'000	RM'000	RM'000	RM'000
Zakat	4,774	4,722	4,253	4,677
Taxation	3,875	84	-	-
	8,649	4,806	4,253	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

	3 months ended		9 months ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Group and Bank				
Income derived from investment of:				
(a) Fixed term deposits	172,217	144,743	505,003	489,491
(b) Other deposits	125,599	147,804	390,779	390,123
	297,816	292,547	895,782	879,614

(a) Income derived from investment of fixed term deposits

	3 months ended		9 months ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Finance income and hibah				
Income from financing	127,561	111,432	376,330	379,216
Financial investments designated at FVTPL	-	-	1	-
Financial investments held-for-maturity	134	113	392	424
Financial investments available-for-sale	32,304	24,861	93,704	78,817
Money at call and deposit with financial institutions	4,394	2,424	9,561	10,421
	164,393	138,830	479,988	468,878
Amortisation of premium	(179)	(243)	(565)	(541)
Total finance income and hibah	164,214	138,587	479,423	468,337
Other operating income				
Net gain from sale of:				
- financial investments designated at FVTPL	44	125	222	438
- financial investments available-for-sale	483	388	6,142	4,572
Unrealised loss on revaluation from Financial investments designated at FVTPL	-	(2)	(1)	-
	527	511	6,363	5,010
Fees and commission				
Guarantee fees	215	541	604	1,358
Safekeeping fees	2,036	1,491	5,738	4,144
Processing fees	314	24	532	302
Service charges and fees	1,770	1,134	4,418	4,181
Commission	3,141	2,455	7,925	6,159
	7,476	5,645	19,217	16,144
Total	172,217	144,743	505,003	489,491

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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		9 months ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Finance income and hibah				
Income from financing	92,978	114,011	291,210	302,234
Financial investments designated at FVTPL	-	-	1	-
Financial investments held-for-maturity	23,583	119	303	338
Financial investments available-for-sale	98	24,892	72,509	62,817
Money at call and deposit with financial institutions	3,282	2,684	7,399	8,305
	119,941	141,706	371,422	373,694
Amortisation of premium less accretion of discounts	(130)	(222)	(438)	(431)
Total finance income and hibah	119,811	141,484	370,984	373,263
Other operating income				
Net gain from sale of:				
- financial investments designated at FVTPL	30	129	172	349
- financial investments available-for-sale	244	703	4,753	3,644
Unrealised loss on revaluation from financial investments designated at FVTPL	-	(1)	-	-
	274	831	4,925	3,993
Fees and commission				
Guarantee fees	157	508	468	1,082
Safekeeping fees	1,490	1,438	4,440	3,302
Processing fees	238	45	412	241
Service charges and fees	1,309	1,191	3,418	3,333
Commission	2,320	2,307	6,132	4,909
	5,514	5,489	14,870	12,867
Total	125,599	147,804	390,779	390,123

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21. Income derived from investment of shareholders' funds

Group	3 months ended		9 months ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Finance income and hibah				
Financial investments available-for-sale	4,511	4,844	12,147	13,173
Money at call and deposit with financial institutions	382	520	1,073	1,854
	4,893	5,364	13,220	15,027
Accretion of discounts	732	789	2,476	2,385
Total finance income and hibah	5,625	6,153	15,696	17,412
Other operating income				
Net (loss)/gain from foreign exchange transaction	(19,128)	1,740	(20,243)	10,095
Unrealised (loss)/gain on revaluation from foreign exchange derivatives	(5,331)	(1,519)	(6,428)	1,072
Net gain from sale of available -for-sale securities	4,564	218	18,525	998
Unrealised loss on revaluation from financial investments designated at FVTPL	(27,908)	(9)	(17,308)	(369)
Gross dividend income from investment:				
-shares in Malaysia	9	4	493	1,616
-subsidiary	-	(3)	-	-
Net dividend paid for Islamic profit rate swap	(1,907)	(3,317)	(5,706)	(5,487)
Unrealised gain on revaluation of Islamic profit rate swap	3,593	14,843	1,306	3,408
Unrealised loss on revaluation from hedged items	(1,128)	(11,496)	(1,984)	(5,411)
Gain from derecognition fair value of hedged items	443	443	1,421	1,329
	(46,793)	904	(29,924)	7,251
Fees and commission				
Corporate advisory fees	1,709	1,935	4,233	8,569
Service charges and fees	1,748	2,145	5,625	6,057
Commission	586	856	8,645	1,417
	4,043	4,936	18,503	16,043
Other income				
Rental income	274	211	821	465
Gain/(loss) on sale of property, plant and equipment	(7)	229	45	229
	267	440	866	694
Total	(36,858)	12,433	5,141	41,400

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

	3 months ended		9 months ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Bank				
Finance income and hibah				
Financial investments available-for-sale	4,511	4,844	12,147	13,173
Money at call and deposit with financial institutions	382	520	1,073	1,854
	4,893	5,364	13,220	15,027
Accretion of discounts	732	789	2,476	2,385
Total finance income and hibah	5,625	6,153	15,696	17,412
Other operating income				
Net (loss)/gain from foreign exchange transaction	(19,128)	1,740	(20,243)	10,095
Unrealised (loss)/gain on revaluation exchange derivatives	(5,331)	(1,519)	(6,428)	1,072
Net gain from sale of available -for-sale securities	1,527	218	2,308	998
Unrealised gain/(loss) on revaluation from financial investments designated at FVTPL	(27,908)	(9)	(17,308)	(369)
Gross dividend income from investment:				
-unquoted in Malaysia	-	-	-	1,612
-subsidiary	5,500	-	14,315	-
Net dividend paid for Islamic profit rate swap	(1,907)	(3,317)	(5,706)	(5,487)
Unrealised gain on revaluation of Islamic profit rate swap	3,593	14,843	1,306	3,408
Unrealised loss on revaluation from hedged items	(1,128)	(11,496)	(1,984)	(5,411)
Gain from derecognition fair value of hedged items	443	443	1,421	1,328
	(44,339)	903	(32,319)	7,246
Fees and commission				
Corporate advisory fees	1,403	1,513	3,100	7,341
Service charges and fees	70	74	317	226
Commission	586	856	8,645	1,417
	2,059	2,443	12,062	8,984
Other income				
Rental income	304	211	911	465
Gain/(loss) on sale of property, plant and equipment	(7)	229	45	229
	297	440	956	694
Total	(36,358)	9,939	(3,605)	34,336

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22. Income derived from investment of investment account funds

Group and Bank	3 months ended		9 months ended	
	31 December	31 December	31 December	31 December
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Investment of account funds	4	-	13	-
Fees and commission				
Service charges and fees	7	11	24	23
Total	11	11	37	23

23. (Writeback of)/allowance for impairment on financing

Group	3 months ended		9 months ended	
	31 December	31 December	31 December	31 December
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
(Writeback of)/allowance for impairment on financing				
(a) Individual assessment allowance				
Made during the period	2,458	20,077	12,321	23,334
Written back during the period	(5,130)	(1,308)	(7,236)	(5,017)
	(2,672)	18,769	5,085	18,317
(b) Collective assessment allowance				
Made during the period	61,665	93,332	230,561	275,050
Written back during the period	(113,368)	(72,016)	(254,916)	(210,060)
	(51,703)	21,316	(24,355)	64,990
Bad debts on financing:				
Written off	149	205	3,178	1,645
Recovered	(1,595)	(3,322)	(7,116)	(10,227)
	(1,446)	(3,117)	(3,938)	(8,582)
	(55,821)	36,968	(23,208)	74,725

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23. (Writeback of)/allowance for impairment on financing (cont'd)

	3 months ended		9 months ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Bank	RM'000	RM'000	RM'000	RM'000
(Writeback of)/allowance for impairment on financing				
(a) Individual assessment allowance				
Made during the period	2,458	24,177	12,321	28,134
Written back during the period	(5,130)	(1,308)	(7,236)	(5,017)
	(2,672)	22,869	5,085	23,117
(b) Collective assessment allowance				
Made during the period	61,670	93,332	230,561	275,050
Written back during the period	(113,368)	(72,016)	(254,916)	(210,060)
	(51,698)	21,316	(24,355)	64,990
Bad debts on financing:				
Written off	149	205	3,178	1,645
Recovered	(1,595)	(3,322)	(7,116)	(10,227)
	(1,446)	(3,117)	(3,938)	(8,582)
	(55,816)	41,068	(23,208)	79,525

24. Impairment (writeback)/loss on investments

	3 months ended		9 months ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Group	RM'000	RM'000	RM'000	RM'000
Impairment (writeback)/loss on financial investments available- for- sale investments	(241)	9,214	(241)	19,734
	(241)	9,214	(241)	19,734

	3 months ended		9 months ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Bank	RM'000	RM'000	RM'000	RM'000
Impairment (writeback)/loss on financial investments available- for- sale investments	(241)	5,114	(241)	15,634
Impairment write back on investment in subsidiary	(504)	-	(504)	-
	(745)	5,114	(745)	15,634

25. Income attributable to depositors

	3 months ended		9 months ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Group	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
Mudharabah funds	461	677	1,463	3,642
Non-Mudharabah funds	145,332	130,592	427,423	400,802
Deposits and placements of banks and other financial institutions:				
Non-Mudharabah funds	1,384	9,075	4,852	33,164
	147,177	140,344	433,738	437,608

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25. Income attributable to depositors (cont'd)

	3 months ended		9 months ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Bank	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
Mudharabah funds	461	677	1,463	3,642
Non-Mudharabah funds	145,369	130,641	427,766	401,053
Deposits and placements of banks and other financial institutions:				
Non-Mudharabah funds	1,384	9,074	4,852	33,164
	147,214	140,392	434,081	437,859

26. Personnel expenses

	3 months ended		9 months ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Group	RM'000	RM'000	RM'000	RM'000
Salary and wages	35,376	30,436	99,172	91,781
Contribution to defined contribution plan	6,604	6,261	18,723	19,174
Social security contributions	332	329	998	944
Allowances and bonuses	3,363	5,580	10,850	19,767
Mutual Separation Scheme	253	-	3,855	206
Others	5,265	4,344	14,111	10,765
	51,193	46,950	147,709	142,637

	3 months ended		9 months ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Bank	RM'000	RM'000	RM'000	RM'000
Salary and wages	34,883	30,005	97,725	90,294
Contribution to defined contribution plan	6,531	6,196	18,511	18,915
Social security contributions	332	329	998	944
Allowances and bonuses	3,274	5,548	10,617	19,504
Mutual Separation Scheme	253	-	3,855	206
Others	5,243	4,330	14,053	10,714
	50,516	46,408	145,759	140,577

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27. Other overheads and expenditures

Group	3 months ended		9 months ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Promotion				
Advertisement and publicity	2,691	1,468	8,527	6,005
Others	1,193	3,523	4,799	6,824
Establishment				
Rental	3,332	3,067	9,669	9,318
Depreciation	4,185	4,559	13,338	14,018
Amortisation of intangible assets	7,019	6,912	20,810	19,864
Amortisation of prepaid land lease payment	1	1	3	3
Information technology expenses	9,865	7,950	29,290	22,866
Repair and maintenance	538	591	2,078	1,370
Hire of equipment	975	1,134	3,468	3,560
Takaful	1,755	2,023	5,820	8,749
Utilities expenses	1,256	1,396	3,793	3,956
Security expenses	2,319	2,594	6,911	6,510
Others	975	942	2,868	2,595
General expenses				
Auditors' fees	233	88	435	434
Professional fees	477	436	1,429	1,783
Legal expenses	378	617	1,679	1,891
Telephone	496	530	1,410	1,382
Stationery and printing	459	425	1,244	1,445
Postage and courier	367	299	900	1,165
Travelling	554	506	1,325	1,327
Directors remuneration and Shariah Committee allowance	979	984	2,914	2,721
Others	2,013	3,118	6,905	8,923
	42,060	43,163	129,615	126,709

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27. Other overheads and expenditures (cont'd)

	3 months ended		9 months ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Bank				
Promotion				
Advertisement and publicity	2,694	1,468	8,527	6,005
Others	1,189	3,517	4,785	6,804
Establishment				
Rental	3,171	2,868	9,225	8,721
Depreciation	4,193	4,647	13,309	13,990
Amortisation of intangible assets	6,952	6,764	20,644	19,717
Amortisation of prepaid land lease payment	1	1	3	3
Information technology expenses	9,865	7,950	29,290	22,866
Repair and maintenance	434	487	1,721	1,121
Hire of equipment	877	1,030	3,177	3,208
Takaful	1,755	2,023	5,820	8,749
Utilities expenses	1,249	1,390	3,774	3,935
Security expenses	2,319	2,594	6,911	6,510
Others	975	942	2,868	2,595
General expenses				
Auditors' fees	233	88	435	434
Professional fees	370	387	1,176	1,628
Legal expenses	378	617	1,679	1,891
Telephone	495	530	1,406	1,381
Stationery and printing	453	421	1,229	1,426
Postage and courier	367	299	900	1,165
Travelling	553	504	1,320	1,314
Directors remuneration and Shariah Committee allowance	969	965	2,881	2,679
Others	2,320	3,338	8,148	10,231
	41,812	42,830	129,228	126,373

28. Finance cost

	3 months ended		9 months ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Group / Bank				
Dividend paid- subordinated sukuk	3,649	3,649	10,915	12,149
Dividend paid- senior sukuk	6,902	2,871	20,585	2,947
	10,551	6,520	31,500	15,096

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29. Zakat

	3 months ended		9 months ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Group				
Provision for zakat for the year	1,607	625	4,372	2,624
Under provision in prior year	-	-	-	16
	1,607	625	4,372	2,640

	3 months ended		9 months ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Bank				
Provision for zakat for the year	1,506	588	3,852	2,502

30. Taxation

	3 months ended		9 months ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Group				
Current income tax	24,363	(480)	49,291	25,081
Over provision in prior year	(1,137)	(18,435)	(1,137)	(18,435)
	23,226	(18,915)	48,154	6,646
Deferred tax:				
Relating to origination and reversal of temporary differences	1,168	2,365	1,168	2,365
	1,168	2,365	1,168	2,365
	24,394	(16,550)	49,322	9,011

	3 months ended		9 months ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Bank				
Current income tax	23,388	(847)	44,328	23,883
Over provision in prior year	(805)	(17,111)	(805)	(17,111)
	22,583	(17,958)	43,523	6,772
Deferred tax:				
Relating to origination and reversal of temporary differences	1,168	2,365	1,168	2,365
	1,168	2,365	1,168	2,365
	23,751	(15,593)	44,691	9,137

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	
	31 December 2017 RM'000	31 March 2017 RM'000
Outstanding credit exposures with connected parties (RM'000)	<u>1,325,854</u>	<u>1,505,626</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>5.5%</u>	<u>6.1%</u>
	Bank	
	31 December 2017 RM'000	31 March 2017 RM'000
Outstanding credit exposures with connected parties (RM'000)	<u>1,384,757</u>	<u>1,604,529</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.

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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					
	31 December 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	249,114	249,114	220,718	213,136	213,136	181,099
Trade-related contingencies	50,469	10,094	10,042	22,970	4,594	4,581
Transaction related contingencies	343,164	171,582	166,949	425,973	212,986	208,304
Commitments						
Credit extension commitment:						
- Maturity within one year	973,626	194,725	176,339	798,577	159,715	146,883
- Maturity exceeding one year	881,630	440,815	387,009	1,019,465	509,732	452,990
Islamic derivative financial instruments						
Foreign exchange related contracts	1,843,722	82,276	29,208	2,875,367	88,561	69,605
Profit rate related contract	2,000,000	13,550	2,710	2,000,000	104,111	20,822
	6,341,725	1,162,156	992,975	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	
	31 December 2017 RM'000	31 March 2017 RM'000	31 December 2017 RM'000	31 March 2017 RM'000
Computation of Total Risk Weighted Assets ("RWA")				
Total credit RWA	12,332,064	12,913,767	12,330,836	12,870,829
Total market RWA	17,297	26,483	17,297	26,483
Total operational RWA	1,149,188	1,131,625	1,128,138	1,115,342
Total RWA	13,498,549	14,071,875	13,476,271	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	(26,448)	(11,298)	(28,626)	(33,734)
Foreign exchange translation reserve	(208)	2,183	(208)	2,183
Regulatory Adjustment				
Less: Deferred tax assets (net)	(16,360)	(19,589)	(16,360)	(19,589)
Less: Investment in subsidiaries	-	-	(8,559)	(8,055)
Intangible asset (net of deferred tax liabilities)	(84,671)	(99,573)	(85,134)	(99,183)
Total Common Equity Tier-I Capital	2,019,999	2,019,409	2,002,400	1,982,909
Total Tier-I Capital	2,019,999	2,019,409	2,002,400	1,982,909
<u>Tier-II capital</u>				
Subordinated sukuk	250,432	253,964	250,432	253,964
Collective assessment allowance	62,215	75,211	62,215	75,211
Total Tier-II Capital	312,647	329,175	312,647	329,175
Total Capital Base	2,332,646	2,348,584	2,315,047	2,312,084
Ratio (%)				
CET 1 Capital	14.96%	14.35%	14.86%	14.15%
Tier 1 Capital	14.96%	14.35%	14.86%	14.15%
Total Capital	17.28%	16.69%	17.18%	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			
	31 December 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%	6,164,786	-	5,888,524	-
20%	2,856,172	571,234	3,294,361	658,872
35%	2,961,066	1,036,373	2,778,346	972,421
50%	1,745,446	872,723	1,770,574	885,287
75%	1,938,651	1,453,988	2,328,702	1,746,527
100%	8,328,250	8,328,250	8,560,093	8,560,093
150%	46,330	69,495	60,378	90,567
Risk weighted assets for credit risk	24,040,701	12,332,064	24,680,978	12,913,767
Risk weighted assets for market risk		17,297		26,483
Risk weighted assets for operational risk		1,149,188		1,131,625
Total risk weighted assets		13,498,549		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			
	31 December 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%	6,164,786	-	5,888,524	-
20%	2,856,172	571,234	3,294,361	658,872
35%	2,961,066	1,036,373	2,778,346	972,421
50%	1,745,446	872,723	1,770,574	885,287
75%	1,938,651	1,453,988	2,328,702	1,746,527
100%	8,331,944	8,331,944	8,573,082	8,573,082
150%	43,049	64,574	23,093	34,640
Risk weighted assets for credit risk	24,041,114	12,330,836	24,656,682	12,870,829
Risk weighted assets for market risk		17,297		26,483
Risk weighted assets for operational risk		1,128,138		1,115,342
Total risk weighted assets		13,476,271		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	
31 December 2017				
Non-financial assets				
Investment properties	-	-	39,364	39,364
Financial assets				
Financial investments designated at fair value through profit and loss	-	-	165,627	165,627
Financial investments available-for-sale	123,996	6,150,417	5,381	6,279,794
Derivative financial assets	-	50,353	-	50,353
Total financial assets measured at fair value	123,996	6,200,770	171,008	6,495,774
Financial liabilities				
Derivative financial liabilities	-	62,616	-	62,616
Total financial liabilities measured at fair value	-	62,616	-	62,616

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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	
31 December 2017				
Non-financial assets				
Investment properties	-	-	39,364	39,364
Financial assets				
Financial investments designated at fair value through profit and loss	-	-	165,627	165,627
Financial investments available-for-sale	120,924	6,150,417	5,381	6,276,722
Derivative financial assets	-	50,353	-	50,353
Total financial assets measured at fair value	120,924	6,200,770	171,008	6,492,702
Financial liabilities				
Derivative financial liabilities	-	62,616	-	62,616
Total financial liabilities measured at fair value	-	62,616	-	62,616

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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.)	<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 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	
	31 December 2017 RM'000	31 March 2017 RM'000	31 December 2017 RM'000	31 March 2017 RM'000
At beginning of the period	202,523	205,619	202,523	196,586
Loss recognised				
in income statement	(16,200)	(33,526)	(16,200)	(24,493)
Purchases	2,370	4,929	2,370	4,929
Foreign exchange translation difference	(17,685)	25,501	(17,685)	25,501
At end of the period	171,008	202,523	171,008	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	
	31 December 2017 RM'000	31 March 2017 RM'000
Total loss recognised in income statement for financial instruments measured at fair value at the end of the financial period	(16,200)	(33,526)

	Bank	
	31 December 2017 RM'000	31 March 2017 RM'000
Total loss recognised in income statement for financial instruments measured at fair value at the end of the financial period	(16,200)	(24,493)

35. Comparatives

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