



BANK MUAMALAT MALAYSIA BERHAD

Company No. 6175-W
(Incorporated in Malaysia)

**UNAUDITED CONDENSED
FINANCIAL STATEMENTS FOR NINE MONTHS ENDED
31 DECEMBER 2010**

PUBLIC

Company No. 6175-W

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

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BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENT
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010 (25 MUHARRAM 1432)

	Note	Group		Bank	
		31 December 2010 RM'000	31 March 2010 RM'000	31 December 2010 RM'000	31 March 2010 RM'000
ASSETS					
Cash and short-term funds		4,651,504	5,775,383	4,651,504	5,775,383
Financial investment held-to-maturity	(d) i	28,224	28,224	28,224	28,224
Financial investment available-for-sale	(d) ii	3,999,025	4,012,805	3,988,225	4,012,805
Islamic Derivative financial assets	(e)	8,711	17,805	8,711	17,805
Financing of customers	(f)	6,850,979	6,630,159	6,863,901	6,630,405
Statutory deposits with Bank					
Negara Malaysia		91,621	87,821	91,621	87,821
Other assets	(h)	100,047	68,969	97,781	68,481
Investment in subsidiaries		-	-	6,295	6,402
Deferred tax assets (net)		52,976	27,915	52,976	27,915
Property, plant and equipment		95,509	84,079	95,485	84,034
Prepaid land lease payment		256	260	256	260
Total assets		15,878,852	16,733,420	15,884,979	16,739,535
LIABILITIES					
Deposits from customers	(i)	13,714,479	14,920,856	13,721,020	14,927,848
Deposits and placements of banks and other financial institutions	(j)	63,139	16,361	63,139	16,361
Islamic Derivative financial liabilities	(e)	11,619	19,208	11,619	19,208
Bills and acceptances payable		371,418	92,224	371,418	92,224
Other liabilities	(l)	162,714	96,422	162,621	96,297
Provision for zakat and taxation		3,476	19,218	3,368	19,143
Subordinated bonds	(k)	250,000	250,000	250,000	250,000
Total liabilities		14,576,845	15,414,289	14,583,185	15,421,081
SHAREHOLDERS' EQUITY					
Share capital		1,000,000	1,000,000	1,000,000	1,000,000
Reserves		302,007	319,131	301,794	318,454
Total shareholders' equity		1,302,007	1,319,131	1,301,794	1,318,454
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		15,878,852	16,733,420	15,884,979	16,739,535
COMMITMENTS AND CONTINGENCIES					
	(t)	5,143,332	5,732,029	5,143,332	5,732,029
CAPITAL ADEQUACY *					
Core capital ratio	(u)	14.3%	14.7%	14.3%	14.7%
Risk-weighted capital ratio		18.4%	18.6%	18.4%	18.6%

* 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 2010.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 31 DECEMBER 2010 (25 MUHARRAM 1432)

<u>Group</u>	Note	3 months ended		9 months ended	
		31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Income derived from investment of depositors' funds and others	(m)	201,401	176,467	579,344	522,753
Income derived from investment of shareholders' funds	(n)	12,665	13,778	46,248	48,465
Allowance for impairment on financing	(o)	(16,172)	(38,727)	(27,329)	(140,517)
Provision for commitments & contingencies		(4,000)	82	(30,861)	82
Impairment writeback on financial assets	(p)	8,414	3,636	21,114	11,582
Islamic profit rate swap -Islamic cross currency swap		(292)	-	(292)	(4,389)
Other expenses directly attributable to the investment of the depositors and shareholders' funds		(4,968)	(2,088)	(16,439)	(14,674)
Total distributable income		197,048	153,148	571,785	423,302
Income attributable to depositors	(q)	(79,872)	(56,177)	(217,948)	(147,354)
Total net income		117,176	96,971	353,837	275,948
Personnel expenses		(42,663)	(27,269)	(115,451)	(82,315)
Other overheads and expenditures		(29,041)	(25,881)	(82,990)	(75,039)
Finance cost		(3,906)	(3,906)	(11,719)	(11,718)
Profit before zakat and taxation		41,566	39,915	143,677	106,876
Zakat		(3,629)	-	(5,337)	-
Taxation		(10,477)	(14,175)	(39,020)	(31,036)
Profit for the period		27,460	25,740	99,320	75,840
Earnings per share (sen):				9.9	7.6
Basic	(s)				

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 2010.

BANK MUAMALAT MALAYSIA BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 31 DECEMBER 2010 (25 MUHARRAM 1432)

<u>Bank</u>	Note	3 months ended		9 months ended	
		31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Income derived from investment of depositors' funds and others	(m)	201,401	179,551	579,344	522,451
Income derived from investment of shareholders' funds	(n)	12,187	13,602	46,148	47,585
Allowance for impairment on financing	(o)	(16,172)	(38,637)	(27,329)	(140,335)
Provision for commitments & contingencies		(4,000)	-	(30,861)	82
Impairment writeback on financial assets	(p)	8,415	3,636	21,007	11,582
Islamic profit rate swap -Islamic cross currency swap		(292)	32	(292)	(4,389)
Other expenses directly attributable to the investment of the depositors and shareholders' funds		(4,968)	(1,804)	(16,439)	(14,142)
Total distributable income		196,571	156,380	571,578	422,834
Income attributable to depositors	(q)	(79,555)	(56,083)	(217,703)	(147,316)
Total net income		117,016	100,297	353,875	275,518
Personnel expenses		(42,484)	(27,168)	(114,901)	(82,084)
Other overheads and expenditures		(29,082)	(25,778)	(83,345)	(74,712)
Finance cost		(3,906)	(3,906)	(11,719)	(11,718)
Profit before zakat and taxation		41,543	43,445	143,910	107,004
Zakat		(3,629)	-	(5,337)	-
Taxation		(10,361)	(14,174)	(38,884)	(30,958)
Profit for the period		27,554	29,271	99,689	76,046
Earnings per share (sen):					
Basic	(s)			10.0	7.6

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 2010.

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 31 DECEMBER 2010 (25 MUHARRAM 1432)

Group	3 months ended		9 months ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	RM'000	RM'000	RM'000	RM'000
Profit for the period	27,460	25,740	99,320	75,840
Other comprehensive (loss)/ income:				
Net (loss)/gain on revaluation of financial investment available-for-sale	(9,636)	18,265	(17,200)	1,398
Income tax relating to components of other comprehensive income	3,618	-	5,266	-
Exchange fluctuation reserve	284	-	604	-
Other comprehensive income for the period, net of tax	(5,734)	18,265	(11,330)	1,398
Total comprehensive income for the period	21,726	44,005	87,990	77,238

Bank	3 months ended		9 months ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	RM'000	RM'000	RM'000	RM'000
Profit for the period	27,554	29,271	99,689	76,046
Other comprehensive (loss)/ income:				
Net (loss)/gain on revaluation of financial investment available-for-sale	(9,546)	18,320	(17,104)	1,438
Income tax relating to components of other comprehensive income	3,618	-	5,266	-
Exchange fluctuation reserve	244	-	604	-
Other comprehensive income for the period, net of tax	(5,684)	18,320	(11,234)	1,438
Total comprehensive income for the period	21,870	47,591	88,455	77,484

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 2010.

BANK MUAMALAT MALAYSIA BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 31 DECEMBER 2010

<u>Group</u>	<=====Non-distributable=====>						Total Equity RM'000
	Share capital RM'000	Musharakah irredeemable non- cumulative convertible preference shares RM'000	Statutory reserve* RM'000	Exchange fluctuation reserve RM'000	AFS reserve RM'000	Distributable Retained profits RM'000	
At 1 April 2010							
- as previously stated	1,000,000	-	206,105	(530)	(52,973)	166,529	1,319,131
- effect of adopting FRS 139	-	-	-	-	-	(105,114)	(105,114)
At 1 April 2010, as restated	1,000,000	-	206,105	(530)	(52,973)	61,415	1,214,017
Other comprehensive income for the period	-	-	-	604	(11,934)	-	(11,330)
Net profit for the period	-	-	-	-	-	99,320	99,320
Transfer to statutory reserve	-	-	49,660	-	-	(49,660)	-
At 31 December 2010	1,000,000	-	255,765	74	(64,907)	111,075	1,302,007
At 1 April 2009	897,275	102,725	159,906	661	(65,683)	120,328	1,215,212
Other comprehensive income for the period	-	-	-	-	21,226	-	21,226
Profit for the period	-	-	-	-	-	75,840	75,840
Transfer to statutory reserve	-	-	37,920	-	-	(37,920)	-
Issued during the period	-	-	-	-	-	-	-
Converted to ordinary shares during the period	102,725	(102,725)	-	-	-	-	-
At 31 December 2009	1,000,000	-	197,826	661	(44,457)	158,248	1,312,278

* The statutory reserve is maintained in compliance with Section 15 of the Islamic Banking Act 1983 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 2010.

BANK MUAMALAT MALAYSIA BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 31 DECEMBER 2010

	<=====Non-distributable=====>						Total RM'000
	Share capital RM'000	Musharakah irredeemable non- cumulative convertible preference shares RM'000	Statutory reserve* RM'000	Exchange fluctuation reserve RM'000	AFS reserve RM'000	Distributable Retained profits RM'000	
Bank							
At 1 April 2010							
- as previously stated	1,000,000	-	204,596	(530)	(52,824)	167,212	1,318,454
- effect of adopting FRS139	-	-	-	-	-	(105,114)	(105,114)
At 1 April 2010, as restated	1,000,000	-	204,596	(530)	(52,824)	62,098	1,213,340
Other comprehensive income for the period	-	-	-	604	(11,838)	-	(11,234)
Net profit for the period	-	-	-	-	-	99,689	99,689
Transfer to statutory reserve	-	-	49,845	-	-	(49,845)	-
At 31 December 2010	1,000,000	-	254,441	74	(64,662)	111,942	1,301,795
At 1 April 2009	897,275	102,725	159,058	661	(65,694)	121,672	1,215,697
Other comprehensive income for the period	-	-	-	-	21,038	-	21,038
Profit for the period	-	-	-	-	-	76,047	76,047
Transfer to statutory reserve	-	-	38,024	-	-	(38,024)	-
Issued during the period	-	-	-	-	-	-	-
Converted to ordinary shares during the period	102,725	(102,725)	-	-	-	-	-
At 31 December 2009	1,000,000	-	197,082	661	(44,656)	159,695	1,312,782

* The statutory reserve is maintained in compliance with Section 15 of the Islamic Banking Act 1983 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 2010.

BANK MUAMALAT MALAYSIA BERHAD
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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED 31 DECEMBER 2010 (25 MUHARRAM 1432)

	Group		Bank	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Cash flows from operating activities				
Profit before taxation	143,677	106,876	143,910	107,004
Adjustments for				
Depreciation / Amortisation of Property, Plant and Equipment	9,951	8,662	9,931	8,623
Gain of disposal of Property, Plant and Equipment	(44)	(1)	(44)	(1)
Property, plant and equipment written off	127	(16)	127	-
Unrealised gain on held for trading securities	-	18	-	18
Islamic profit rate swap and Islamic cross currency swap	292	(4,683)	292	(4,683)
Amortisation of premium less accretion of discount	12,756	(8,531)	12,756	(8,531)
Net gain from sale of available-for-sale financial investment	(16,002)	(11,890)	(16,002)	(11,890)
Net gain from sale of held-for-trading financial investment	(990)	(2,967)	(990)	(2,967)
Net loss/ (gain) on revaluation of trading derivatives	1,214	(8,558)	1,214	(8,558)
Net gain from foreign exchange transaction	(12,501)	(2,311)	(12,501)	(2,311)
Impairment writeback on financial asset	(21,114)	(11,582)	(21,007)	(11,582)
Allowance for losses on financing	27,329	140,517	27,329	140,335
Writeback provision for commitment and contingencies	30,861	(82)	30,861	(82)
Dividend income	(2,000)	(5,141)	(2,000)	(5,141)
Finance Cost	11,719	11,719	11,719	11,719
Operating profit before working capital changes	185,275	212,030	185,595	211,953

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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED 31 DECEMBER 2010 (25 MUHARRAM 1432)

	Group		Bank	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
(Increase)/ decrease in Operating assets:				
Islamic derivative financial assets	8,802	-	8,802	-
Financing of customers	(380,750)	(719,946)	(393,426)	(714,190)
Statutory deposits with Bank				
Negara Malaysia	(3,800)	(12,250)	(3,800)	(12,250)
Other assets	(34,752)	(25,060)	(29,300)	(24,527)
Increase/ (decrease) in operating liabilities:				
Deposits from customers	(1,206,377)	2,759,044	(1,206,828)	2,749,085
Deposits and placements of banks and other financial institution	46,778	-	46,778	-
Islamic derivative financial liabilities	(7,589)	-	(7,589)	-
Bill and acceptance payable	279,194	(136,119)	279,194	(136,119)
Other liabilities	66,295	4,623	62,650	8,381
Cash used in operation	(1,046,924)	2,082,322	(1,057,924)	2,082,333
Zakat paid	(120)	-	(120)	-
Tax paid	(44,737)	(12,300)	(44,633)	(12,300)
Net cash (used in)/ generated from operating activities	(1,091,781)	2,070,022	(1,102,677)	2,070,033

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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED 31 DECEMBER 2010 (25 MUHARRAM 1432)

	Group		Bank	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Cash flows from investing activities				
Purchase of financial investment, net	(640,079)	(809,589)	(629,183)	(809,500)
Proceed from disposal of property, plant and equipment	58	(1)	58	(1)
Purchase of property, plant and equipment	(21,518)	(31,516)	(21,518)	(31,516)
Dividend income	2,000	5,141	2,000	5,141
Redemption of AFS securities	639,160	-	639,160	-
Issuance of shares in subsidiary company	-	-	-	(100)
Net cash used in investing activities	(20,379)	(835,965)	(9,483)	(835,976)
Cash flows from financing activities				
Dividend paid on subordinated bond	(11,719)	(11,719)	(11,719)	(11,719)
Net cash used in financing activities	(11,719)	(11,719)	(11,719)	(11,719)
Net (decrease)/ increase in cash and cash equivalents	(1,123,879)	1,222,338	(1,123,879)	1,222,338
Cash and cash equivalents at beginning of year	5,775,383	3,569,105	5,775,383	3,569,105
Cash and cash equivalents at end of year	4,651,504	4,791,443	4,651,504	4,791,443
Cash and cash equivalents consist of:				
Cash and short term funds	4,651,504	4,791,443	4,651,504	4,791,443

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 2010.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2010

(a) BASIS OF PREPARATION

The unaudited interim financial statements for the nine months ended 31 December 2010 have been prepared under the historical cost convention except for the available-for-sale financial investments which are stated at fair values.

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and Financial Reporting Standard (“FRS”) 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”). The financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Bank for the financial year ended 31 March 2010.

The condensed consolidated interim financial statements incorporate those activities relating to Islamic banking which have been undertaken by the Bank. Islamic banking refers generally to the acceptance of deposits, granting of financing and dealing in Islamic securities under Shariah principles.

The accounting policies and methods of computation applied in these condensed consolidated interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 March 2010 except for the adoption of the following FRSs, amendments to FRSs, IC Interpretations and Technical Release:

- FRS 7, Financial Instruments: Disclosures
- FRS 8, Operating Segments
- FRS 101, Presentation of Financial Statements (revised)
- FRS 123, Borrowing Costs (revised)
- FRS 139, Financial Instruments: Recognition and Measurement
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations
- Amendments to FRS 132, Financial Instruments: Presentation and FRS 101, Presentation of Financial Statements
 - Puttable Financial Instruments and Obligations Arising on Liquidation
 - Separation of Compound Instruments
- Amendments to FRS 132, Financial Instruments: Presentation – Classification of Rights Issues
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement, FRS 7, Financial Instruments:
 - Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives
 - Reclassification of Financial Assets
 - Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement
 - Collective Assessment of Impairment for Banking Institutions
- Improvements to FRSs (2009)
- IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 10, Interim Financial Reporting and Impairment
- IC Interpretation 11, FRS 2 - Group and Treasury Share Transactions
- IC Interpretation 14, FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction
- TR i – 3, Presentation of Financial Statements of Islamic Financial Institutions

BANK MUAMALAT MALAYSIA BERHAD
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(a) BASIS OF PREPARATION (cont'd)

The effects of adopting FRS 7, FRS 8, FRS 101, Amendments to FRS 117 and IC Interpretation 13, which did not have any significant effect on the financial performance or position of the Group and did not impact earnings per ordinary share, are discussed below:

FRS 7, Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132, Financial instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk, market risk and sensitivity analysis to market risk.

The Bank has applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The adoption of FRS 7 did not impact the financial position or results of the Bank.

FRS 8, Operating Segments

FRS 8 requires an entity to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments disclosure in the financial statements. The application of FRS 8 did not have any impact to the financial statements of the Bank.

FRS 101, Presentation of Financial Statements

FRS 101 requires the Bank to present all owner changes in equity and all non-owner changes to be presented in either a single statement of comprehensive income or in two separate statements of income and comprehensive income. FRS 101 also requires the income tax effect of each component of comprehensive income be disclosed. FRS 101 requires retrospective restatement of comparative statement of financial position as at the beginning of the earliest comparative period. The Bank has opted for the two statements approach. The adoption of FRS 101 did not impact the financial position or results of the Bank as the changes introduced are presentational in nature.

FRS 117, Leases

The amendments to FRS 117 require leasehold land which are in substance finance leases to be classified as Property, Plant and Equipment or Investment Property as appropriate. The Bank has reassessed and determined that all leasehold land of the Bank which in substance are finance leases and has reclassified the leasehold land to Property, Plant and Equipment. The change in accounting policy has been applied retrospectively in accordance with the transitional provisions of the amendment. The reclassification does not affect earnings per ordinary share for the current and prior periods.

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(a) BASIS OF PREPARATION (cont'd)

At the date of authorisation of these condensed consolidated interim financial statements, the following revised FRSs, new IC Interpretations and Amendments to certain FRSs and IC Interpretations have been issued by the MASB but are not yet effective for, and have not been applied by, the Bank:

FRSs, IC Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, First-time Adoption of Financial Reporting Standards (revised)
- FRS 127, Consolidated and Separate Financial Statements (revised)
- Amendments to FRS 2, Share-based Payment
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS138, Intangible Assets
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 12, Service Concession Arrangements
- IC Interpretation 15, Agreements for the Construction of Real Estate
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17, Distributions of Non-cash Assets to Owners

Technical Release effective for annual periods ending on or after 31 December 2010

- TR 3, Guidance on Disclosures of Transition to IFRSs

FRSs, IC Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
- Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Additional Exemptions for First-time Adopters
- Amendments to FRS 2, Share-based Payment – Group Cash-settled Share-based Payment Transactions
- Amendments to FRS 7, Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
- IC Interpretation 4, Determining whether an Arrangement contains a Lease
- IC Interpretation 18, Transfers of Assets from Customers
- TR i – 4, Shariah Compliant Sale Contracts

(b) AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2010 was not qualified.

(c) PERFORMANCE REVIEW & OUTLOOK

PERFORMANCE REVIEW

The Group registered an unaudited profit before tax of RM143.7 million for the nine months period ended 31 December 2010, representing an increase of 34.4% from the previous corresponding period in 2009. The profit improvement was primarily due to higher income derived from investment of depositors' funds and increase in impairment writeback on financial asset coupled with a significant decrease in allowance for impairment in financing.

As compared to last year ended 31 March 2010, the total assets of the Group as at December 2010 decreased from RM 16.7 billion to RM 15.9 billion. The change was partly contributed by the significant decrease in cash and short term funds by 19%, offset by positive growth in net financing assets which has increased by 3.3% to RM6.9 billion from RM 6.6 billion in March 2010.

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(c) PERFORMANCE REVIEW & OUTLOOK (CONT'D)

OUTLOOK

Looking ahead, on-going and new initiatives to enhance business, improve operational efficiency and reinforce a performance-oriented culture will be accelerated. To support this process, the Bank's platform in technology will be reconfigured into an integrated system capable of responding to the varying business needs and customer lifestyles. In essence, the bank is investing in enhancing its diversity of products and customer service level to further strengthen a long sustaining banking franchise in the country. Broadly, while operating environment remains challenging amidst the uncertainties arising from the external environment, the Bank's earnings are expected to improve.

(d) FINANCIAL INVESTMENT

	Group and Bank			
	31 December 2010		31 March 2010	
	RM'000		RM'000	
(i) Held-to-maturity				
At amortised cost				
Corporate bonds	30,285		30,285	
Accumulated impairment loss	(2,061)		(2,061)	
Total held-to-maturity financial investment	28,224		28,224	
	Group		Bank	
	31 December 2010		31 December 2010	
	RM'000		RM'000	
(ii) Available-for-sale				
At fair value				
Quoted securities:				
Malaysian government investment certificate	1,718,338	1,181,505	1,718,338	1,181,505
Cagamas bonds	135,791	115,647	135,791	115,647
Islamic private debt securities	1,988,737	2,596,505	1,988,737	2,596,505
Labuan Sukuk	105,357	115,043	105,357	115,043
Quoted shares	25,841	-	25,841	-
Unit trust	10,056	-	10,056	-
	3,984,120	4,008,700	3,984,120	4,008,700
Unquoted securities:				
Shares	14,905	4,105	4,105	4,105
Total available-for-sale financial investment	3,999,025	4,012,805	3,988,225	4,012,805

(e) Derivative Financial Instruments

Derivative financial instruments measured on balance sheet at their fair values together with their corresponding contract/notional amounts :

Group and Bank	As at 31 December 2010			As at 31 March 2010		
	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	139,229	3,631	(685)	290,088	9,071	(2,127)
- Currency swaps						
Less than one year	717,708	5,080	(10,642)	750,308	8,430	(16,767)
- Currency spot						
Less than one year	81	-	-	174,355	304	(314)
- Islamic Profit Rate Swap (IPRS)						
More than one year	75,000	-	(292)	-	-	-
Total	932,019	8,711	(11,619)	1,214,751	17,805	(19,208)

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(f) FINANCING OF CUSTOMERS

(i) By type

	Group		Bank	
	31 December 2010 RM'000	31 March 2010 RM'000	31 December 2010 RM'000	31 March 2010 RM'000
Cash line	343,457	428,225	343,457	428,225
Term financing:				
Home financing	4,660,155	4,076,724	4,660,155	4,076,724
Syndicated financing	165,962	164,712	165,962	164,712
Hire purchase receivables	1,447,517	1,564,836	1,447,517	1,564,836
Leasing receivables	192,532	205,120	192,532	205,120
Other term financing	4,159,497	3,428,178	4,172,419	3,428,531
Trust receipts	186,751	140,769	186,751	140,769
Claims on customers under acceptance credits	546,178	730,361	546,178	730,361
Staff financing	94,290	89,202	94,290	89,202
Revolving credit	346,628	498,891	346,628	498,891
	12,142,967	11,327,018	12,155,889	11,327,371
Less : Unearned income	(4,599,377)	(3,909,046)	(4,599,377)	(3,909,046)
	7,543,590	7,417,972	7,556,512	7,418,325
Less : Financing sold to Cagamas	(368,489)	(380,846)	(368,489)	(380,846)
	7,175,101	7,037,126	7,188,023	7,037,479
Less : Allowance for impaired financing :				
General allowance	-	(106,663)	-	(106,770)
Specific allowance	-	(300,304)	-	(300,304)
Collective assessment	(223,127)	-	(223,127)	-
Individual assessment	(100,995)	-	(100,995)	-
Total net financing, advances and other loans	6,850,979	6,630,159	6,863,901	6,630,405

(ii) By contract

Bai' Bithaman Ajil (deferred payment sale)	2,381,784	2,192,508	2,381,784	2,192,508
Ijarah (lease)	257,088	126,525	257,088	126,525
Ijarah Thumma Al-Bai (lease ended with ownership)	1,247,208	1,339,247	1,247,208	1,339,247
Inah (purchase of debt)	428,676	664,587	428,676	664,587
Tawarruq (commodity murabahah)	1,249,510	873,560	1,249,510	873,560
Bai Al-Dayn (purchase of debt)	540,781	724,830	540,781	724,830
Murabahah (cost-plus)	737,769	655,260	737,769	655,260
Istisna' (sale order)	289,492	426,367	289,492	426,367
Qard Hasan (benevolent loan)	14,430	4,844	14,430	11,948
Shirkah Mutanaqisah (diminishing partnership) / Musharakah (profit sharing)	28,363	29,398	41,285	22,647
	7,175,101	7,037,126	7,188,023	7,037,479

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(f) FINANCING OF CUSTOMERS (CONTD.)

(iii) By type of customer

	Group		Bank	
	31 December 2010 RM'000	31 March 2010 RM'000	31 December 2010 RM'000	31 March 2010 RM'000
Domestic non-banking institutions	37,485	36,818	37,485	36,818
Domestic business enterprises:				
Small business enterprises	1,240,611	1,162,500	1,240,611	1,162,500
Others	1,673,068	2,013,136	1,679,068	2,020,239
Government and statutory bodies	85,036	104,825	91,958	98,075
Individuals	4,118,759	3,698,733	4,118,759	3,698,733
Other domestic entities	3,512	3,295	3,512	3,295
Foreign entities	16,630	17,819	16,630	17,819
	7,175,101	7,037,126	7,188,023	7,037,479

(iv) By profit rate sensitivity

Fixed rate:				
Home financing	506,351	596,980	506,351	596,980
Hire purchase receivables	1,240,462	1,285,372	1,240,462	1,285,372
Others	3,064,132	2,896,580	3,064,132	2,903,683
Variable rate:				
Home financing	1,052,823	828,603	1,052,823	828,603
Others	1,311,333	1,429,591	1,324,255	1,422,841
	7,175,101	7,037,126	7,188,023	7,037,479

(v) By residual contractual maturity

Maturity within one year	2,561,282	1,470,364	2,561,282	1,470,364
Maturity within one to five years	1,778,385	1,411,592	1,778,385	1,411,592
Maturity more than five years	2,835,434	4,155,170	2,848,356	4,155,523
	7,175,101	7,037,126	7,188,023	7,037,479

BANK MUAMALAT MALAYSIA BERHAD
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(f) FINANCING OF CUSTOMERS (CONTD.)

	Group		Bank	
	31 December 2010 RM'000	31 March 2010 RM'000	31 December 2010 RM'000	31 March 2010 RM'000
(vi) By sector				
Agriculture	88,333	138,739	88,333	138,739
Mining & Quarrying	3,814	3,975	3,814	3,975
Manufacturing	556,544	738,168	556,544	738,168
Electricity, gas and water	130,480	66,706	130,480	66,706
Construction	857,549	906,148	863,549	906,148
Purchase of landed property:				
Residential	1,610,907	1,432,596	1,610,907	1,432,596
Non-residential	268,740	273,849	268,740	273,849
Real estate	6,349	15,234	6,349	15,234
Wholesale' retail and restaurant	459,801	537,409	459,801	537,409
Transport, storage and communication	157,020	172,225	157,020	172,463
Finance, insurance and business services	170,146	190,991	170,146	190,991
Purchase of securities	7,293	128	7,293	128
Purchase of transport vehicles	1,247,061	1,285,372	1,247,061	1,285,372
Consumption credit	1,247,240	953,558	1,247,240	953,558
Community, social and personal services	363,824	322,028	370,746	322,143
	7,175,101	7,037,126	7,188,023	7,037,479
(vii) By geographical area				
Domestic	7,060,155	6,913,284	7,073,077	6,913,637
Labuan Offshore	114,946	123,842	114,946	123,842
	7,175,101	7,037,126	7,188,023	7,037,479

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(g) IMPAIRED FINANCING

	Group and Bank	
	31 December 2010 RM'000	31 March 2010 RM'000
(i) Movements in the impaired financing, advances and other financing		
As at 1 April/ 1 January		
- as previously stated	513,753	592,168
- effect of adopting FRS 139	78,234	-
At 1 April , as restated	591,987	592,168
Classified as non-performing during the period	370,933	611,265
Reclassified as performing during the period	(196,128)	(405,239)
Recovered during the period	(109,995)	(126,951)
Written off during the period	(263,081)	(157,490)
As at 31 December/ 31 March	393,716	513,753
 Ratio of gross impaired/ non performing financing to total financing, advances and other financing	 5.2%	 6.9%

	Group		Bank	
	31 December 2010 RM'000	31 March 2010 RM'000	31 December 2010 RM'000	31 March 2010 RM'000
(ii) Movements in the allowance for impaired financing				
<u>General allowance</u>				
As at 1 April/ 1 January				
- as previously stated	106,663	97,330	106,770	97,561
- effect of adopting FRS 139	(106,663)	-	(106,770)	-
At 1 April , as restated	-	97,330	-	97,561
Allowance made during the period	-	9,333	-	9,209
As at 31 December/ 31 March	-	106,663	-	106,770
 As % of total gross financing, advances and other loans less specific allowance	 -	 1.5%	 -	 1.5%

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(g) IMPAIRED FINANCING (CONTD.)

	Group		Bank	
	31 December 2010 RM'000	31 March 2010 RM'000	31 December 2010 RM'000	31 March 2010 RM'000
(ii) Movements in the allowance for impaired financing (cont'd)				
<u>Specific allowance</u>				
As at 1 April/ 1 January				
- as previously stated	300,304	302,901	300,304	302,901
- effect of adopting FRS 139	(300,304)	-	(300,304)	-
At 1 April , as restated	-	302,901	-	302,901
Allowance made during the period	-	230,498	-	230,498
Amount recovered	-	(97,127)	-	(97,127)
Amount written off	-	(135,968)	-	(135,968)
As at 31 December/ 31 March	-	300,304	-	300,304
<u>Collective assessment</u>				
As at 1 April/ 1 January				
- as previously stated	-	-	-	-
- effect of adopting FRS 139	223,218	-	223,218	-
At 1 April, as restated	223,218	-	223,218	-
Allowance made during the period	185,354	-	185,354	-
Amount recovered	(163,174)	-	(163,174)	-
Amount written off	(22,271)	-	(22,271)	-
As at 31 December/ 31 March	223,127	-	223,127	-
<u>Individual assessment</u>				
As at 1 April/ 1 January				
- as previously stated	-	-	-	-
-effect of adopting FRS 139	324,997	-	324,997	-
At 1 April, as restated	324,997	-	324,997	-
Allowance made during the period	70,635	-	70,635	-
Amount recovered	(58,525)	-	(58,525)	-
Amount written off	(236,112)	-	(236,112)	-
As at 31 December/ 31 March	100,995	-	100,995	-

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(g) IMPAIRED FINANCING (CONTD.)

(iii) Impaired financing by sector

	Group and Bank	
	31 December 2010 RM'000	31 March 2010 RM'000
Agriculture	-	-
Manufacturing	25,387	92,031
Electricity, gas and water	-	-
Construction	81,606	127,757
Purchase of landed property:		
Residential	170,668	172,493
Non-residential	14,673	19,210
Wholesale and retail and restaurant	20,746	26,533
Transport, storage and communication	5,126	518
Finance, insurance and business services	10,311	11,302
Purchase of securities	89	127
Purchase of transport vehicles	34,989	37,969
Consumption credit	21,906	24,491
Community, social and personal service	8,215	1,322
	393,716	513,753

(iv) Impaired financing by geographical area

	Group and Bank	
	31 December 2010 RM'000	31 March 2010 RM'000
Domestic	387,318	507,496
Labuan Offshore	6,398	6,257
	393,716	513,753

(h) OTHER ASSETS

	Group		Bank	
	31 December 2010 RM'000	31 March 2010 RM'000	31 December 2010 RM'000	31 March 2010 RM'000
Deposits	4,365	3,015	4,210	2,860
Prepayments	3,414	1,693	3,370	1,672
Income receivables	50,323	53,297	50,043	53,182
Tax recoverable	10,933	38	10,933	-
Other debtors	31,012	10,664	29,225	10,767
	100,047	68,707	97,781	68,481

BANK MUAMALAT MALAYSIA BERHAD
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(i) DEPOSITS FROM CUSTOMERS

(i) By type of deposits

	Group		Bank	
	31 December 2010 RM'000	31 March 2010 RM'000	31 December 2010 RM'000	31 March 2010 RM'000
Non-Mudharabah Fund				
Demand deposits	2,547,533	2,578,074	2,554,074	2,579,066
Savings deposits	515,485	510,621	515,485	510,621
Negotiable Islamic debt certificate	1,024,143	1,299,566	1,024,143	1,299,566
Others	25,362	18,776	25,362	18,776
	4,112,523	4,407,037	4,119,064	4,408,029
Mudharabah Fund				
Demand deposits	176,661	96,361	176,661	96,361
Savings deposits	184,663	115,524	184,663	115,524
General investment deposits	8,187,270	8,857,771	8,187,270	8,863,771
Special general investment deposits	1,053,362	1,444,163	1,053,362	1,444,163
	9,601,956	10,513,819	9,601,956	10,519,819
	13,714,479	14,920,856	13,721,020	14,927,848

(ii) By type of customer

	Group		Bank	
	31 December 2010 RM'000	31 March 2010 RM'000	31 December 2010 RM'000	31 March 2010 RM'000
Government and statutory bodies	3,798,874	2,290,788	3,798,874	2,290,788
Business enterprises	5,382,392	6,980,829	5,382,392	6,987,821
Individuals	1,046,453	952,655	1,046,453	952,655
Others	3,486,760	4,696,584	3,493,301	4,696,584
	13,714,479	14,920,856	13,721,020	14,927,848

The maturity structure of negotiable instruments of deposit and mudharabah general and special investment deposit are as follows :

	Group and Bank	
	31 December 2010 RM'000	31 March 2010 RM'000
Due within six months	8,568,457	10,380,162
More than six months to one year	1,671,306	1,200,532
More than one year to three years	25,012	26,806
	10,264,775	11,607,500

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(j) DEPOSIT AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group and Bank	
	31 December 2010 RM'000	31 March 2010 RM'000
Bank Negara Malaysia	16,861	16,361
Other financial institutions	46,278	-
	63,139	16,361

(k) SUBORDINATED BONDS

On 5 September 2006, the Bank issued RM250 million Subordinated Bonds under the Shariah principle of Bai' Bithaman Ajil. The Bonds are under a 10 non-callable 5 basis feature, with a profit rate of 6.25% per annum payable semi-annually. Under the 10 non-callable 5 basic feature, the Bank has the option to redeem the Bonds on the 5th anniversary or any semi-annual date thereafter. Should the Bank decide not to exercise its option to redeem the bonds, the holders of the Bonds will be entitled to an annual incremental step-up profit rate from the beginning of the 6th year to the final maturity date.

	Group and Bank			
	31 December 2010		31 March 2010	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial liabilities				
Subordinated obligations	250,000	253,250	250,000	248,457
	250,000	253,250	250,000	248,457

(l) OTHER LIABILITIES

	Group		Bank	
	31 December 2010 RM'000	31 March 2010 RM'000	31 December 2010 RM'000	31 March 2010 RM'000
Sundry creditors	26,294	21,746	26,260	21,704
Income payable to depositors	39,752	28,651	39,752	28,651
Provision for commitments and contingencies	38,273	7,412	38,273	7,412
Accrual for bonus	24,631	31,141	24,572	31,095
Others	33,764	7,472	33,764	7,435
	162,714	96,422	162,621	96,297

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(m) INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

<u>Group</u>	3 months ended		9 months ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Income derived from investment of:				
(i) General investment deposits	128,325	92,234	374,285	322,591
(ii) Other deposits	73,076	84,233	205,059	200,162
	201,401	176,467	579,344	522,753

<u>Bank</u>	3 months ended		9 months ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Income derived from investment of:				
(i) General investment deposits	128,325	92,234	374,285	322,591
(ii) Other deposits	73,076	87,317	205,059	199,860
	201,401	179,551	579,344	522,451

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(i) **Income derived from investment of general investment deposits**

Group/ Bank	3 months ended		9 months ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Finance income and hibah				
Income from financing	79,787	58,832	227,407	197,155
Held-to-trading financial investment	1	(4)	4	53
Held-to-maturity financial investment	42	9	127	562
Available-for-sale financial investment	26,330	20,454	75,330	69,124
Money at call and deposit with financial institutions	19,980	11,869	56,188	36,090
	126,140	91,160	359,056	302,984
Amortisation of premium less accretion of discounts	(4,908)	(1,882)	(8,325)	(4,273)
Total finance income and hibah	121,232	89,278	350,731	298,711
Other operating income				
Net gain arising on held-for trading financial investment	234	211	639	1,093
Net gain arising on available for-sale financial investment	3,597	227	10,948	7,938
	3,831	438	11,587	9,031
Fees and commission				
Guarantee fees	347	323	2,005	6,777
Processing fees	2,339	1,992	7,435	7,415
Commission	576	203	2,527	657
	3,262	2,518	11,967	14,849
Total	128,325	92,234	374,285	322,591
Of which :				
Financing income earned on impaired financing	(32)	-	1,540	-

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(m) INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

(ii) Income derived from investment of other deposits

<u>Group</u>	3 months ended		9 months ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Finance income and hibah				
Income from financing	45,395	54,781	125,259	122,347
Held-to-trading financial investment	2	4	2	31
Held-to-maturity financial investment	24	57	70	366
Available-for-sale financial investment	13,882	18,874	40,391	43,294
Money at call and deposit with financial institutions	11,360	11,084	30,950	21,671
	70,663	84,800	196,672	187,709
Amortisation of premium less accretion of discounts	(1,656)	(1,444)	(4,585)	(2,813)
Total finance income and hibah	69,007	83,356	192,087	184,896
Other operating income				
Net gain arising on held-for trading financial investment	133	269	352	624
Net gain arising on available for-sale financial investment	2,053	783	6,030	5,241
	2,186	1,052	6,382	5,865
Fees and commission				
Guarantee fees	207	574	1,104	4,377
Processing fees	1,338	(785)	4,095	4,624
Commission	338	36	1,391	400
	1,883	(175)	6,590	9,401
Total	73,076	84,233	205,059	200,162
Of which :				
Financing income earned on impaired financing	2	-	848	-

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(m) INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (CONTD.)

(ii) Income derived from investment of other deposits

<u>Bank</u>	3 months ended		9 months ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Finance income and hibah				
Income from financing	45,395	54,781	125,259	122,045
Held-to-trading financial investment	2	4	2	31
Held-to-maturity financial investment	24	57	70	366
Available-for-sale financial investment	13,882	18,874	40,391	43,294
Money at call and deposit with financial institutions	11,360	11,085	30,950	21,671
	70,663	84,801	196,672	187,407
Amortisation of premium less accretion of discounts	(1,656)	(1,444)	(4,585)	(2,813)
Total finance income and hibah	69,007	83,357	192,087	184,594
Other operating income				
Net gain arising on held-for trading financial investment	133	269	352	624
Net gain arising on available for-sale financial investment	2,053	784	6,030	5,241
	2,186	1,053	6,382	5,865
Fees and commission				
Guarantee fees	207	801	1,104	4,377
Processing fees	1,338	1,920	4,095	4,624
Commission	338	186	1,391	400
	1,883	2,907	6,590	9,401
Total	73,076	87,317	205,059	199,860
Of which :				
Financing income earned on impaired financing	2	-	848	-

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(n) INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

Group	3 months ended		9 months ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Finance income and hibah				
Available-for-sale financial Investment	7,789	9,981	26,882	30,495
	7,789	9,981	26,882	30,495
Amortisation of premium less accretion of discounts	41	(2,937)	153	(900)
Total finance income and hibah	7,830	7,044	27,035	29,595
Other operating income				
Net gain/ (loss) from foreign exchange derivatives	2,608	4,723	12,501	2,311
Net (loss)/ gain on revaluation of trading derivatives	902	-	(1,214)	8,558
Net (loss)/ gain arising on available for-sale financial investment	(609)	(18)	(976)	(38)
	2,901	4,705	10,311	10,831
Fees and commission				
Processing fees	532	694	1,231	805
Corporate advisory fees	763	295	4,657	1,821
Service charges and fees	80	144	288	456
Commission	201	470	1,197	1,028
Others	16	188	766	1,643
	1,592	1,791	8,139	5,753
Other income				
Rental income	257	238	678	2,285
Profit on sale of fixed assets	44	-	44	1
Others	41	-	41	-
	342	238	763	2,286
Total	12,665	13,778	46,248	48,465

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(n) INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS (CONTD.)

Bank	3 months ended		9 months ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Finance income and hibah				
Available-for-sale financial Investment	7,789	9,981	26,882	30,495
	7,789	9,981	26,882	30,495
Amortisation of premium less accretion of discounts	41	(2,936)	153	(900)
Total finance income and hibah	7,830	7,045	27,035	29,595
Other operating income				
Net gain/ (loss) from foreign exchange derivatives	2,608	4,723	12,501	2,311
Net (loss)/ gain on revaluation of trading derivatives	902	-	(1,214)	8,558
Net loss arising on available for-sale financial investment	(609)	(18)	(976)	(38)
	2,901	4,705	10,311	10,831
Fees and commission				
Processing fees	532	694	1,231	805
Corporate advisory fees	291	295	4,491	1,821
Service charges and fees	115	144	395	456
Commission	201	470	1,197	1,028
Others	16	11	766	763
	1,155	1,614	8,080	4,873
Other income				
Rental income	257	238	678	2,285
Profit on sale of fixed assets	44	-	44	1
	301	238	722	2,286
Total	12,187	13,602	46,148	47,585

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(o) ALLOWANCE FOR IMPAIRMENT ON FINANCING

<u>Group</u>	3 months ended		9 months ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Allowance for impaired financing				
(a) Individual assessment allowance				
Made during the period	32,289	-	70,635	-
Written back during the period	(9,806)	-	(58,525)	-
	<u>22,483</u>	-	<u>12,110</u>	-
(b) Collective assessment allowance				
Made during the period	45,723	-	185,354	-
Written back during the period	(52,700)	-	(163,174)	-
	<u>(6,977)</u>	-	<u>22,180</u>	-
(c) Specific allowance:				
Made during the period	-	66,664	-	253,585
Written back during the period	-	(70,229)	-	(177,366)
	-	<u>(3,565)</u>	-	<u>76,219</u>
(d) General allowance:				
Made during the period	-	44,014	-	45,279
Written back during the period	-	-	-	-
	-	<u>44,014</u>	-	<u>45,279</u>
Bad debts on financing:				
Written off	3,572	1,555	3,609	23,547
Recovered	(2,906)	(3,277)	(10,570)	(4,528)
	<u>16,172</u>	<u>38,727</u>	<u>27,329</u>	<u>140,517</u>

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(o) ALLOWANCE FOR IMPAIRMENT ON FINANCING (CONTD.)

<u>Bank</u>	3 months ended		9 months ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Allowance for impaired financing				
(a) Individual assessment allowance				
Made during the period	32,289	-	70,635	-
Written back during the period	(9,806)	-	(58,525)	-
	<u>22,483</u>	<u>-</u>	<u>12,110</u>	<u>-</u>
(b) Collective assessment allowance				
Made during the period	45,723	-	185,354	-
Written back during the period	(52,700)	-	(163,174)	-
	<u>(6,977)</u>	<u>-</u>	<u>22,180</u>	<u>-</u>
(c) Specific allowance:				
Made during the period	-	66,664	-	253,585
Written back during the period	-	(70,229)	-	(177,366)
	-	<u>(3,565)</u>	-	<u>76,219</u>
(d) General allowance:				
Made during the period	-	43,922	-	45,097
Written back during the period	-	-	-	-
	-	<u>43,922</u>	-	<u>45,097</u>
Bad debts on financing:				
Written off	3,572	1,555	3,609	23,547
Recovered	(2,906)	(3,275)	(10,570)	(4,528)
	<u>16,172</u>	<u>38,637</u>	<u>27,329</u>	<u>140,335</u>

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(p) IMPAIRMENT WRITEBACK ON FINANCIAL ASSETS

Group	3 months ended		9 months ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Impairment writeback on corporate bonds included under available-for-sale financial investment	8,414	3,636	21,114	11,582
	8,414	3,636	21,114	11,582

Bank	3 months ended		9 months ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Impairment writeback on corporate bonds included under available-for-sale financial investment	8,414	3,636	21,114	11,582
Impairment loss for investment in subsidiary	-	-	(107)	-
	8,415	3,636	21,007	11,582

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(q) INCOME ATTRIBUTABLE TO DEPOSITORS

Group	3 months ended		9 months ended	
	31 December	31 December	31 December	31 December
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
Mudharabah funds	59,728	48,986	167,733	116,748
Non-Mudharabah funds	16,381	2,572	40,866	7,234
Deposits and placements of banks and other financial institutions:				
Mudharabah funds	114	167	351	933
Non-Mudharabah funds	3,649	4,452	8,998	22,439
	79,872	56,177	217,948	147,354

Bank	3 months ended		9 months ended	
	31 December	31 December	31 December	31 December
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
Mudharabah funds	59,763	48,892	167,840	116,748
Non-Mudharabah funds	16,381	2,572	40,866	7,234
Deposits and placements of banks and other financial institutions:				
Mudharabah funds	114	167	351	933
Non-Mudharabah funds	3,297	4,452	8,646	22,401
	79,555	56,083	217,703	147,316

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(r) CREDIT EXPOSURES ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

	Group / Bank	
	31 December 2010 RM'000	31 March 2010 RM'000
Outstanding credit exposures with connected parties (RM'000)	<u>944,630</u>	<u>1,017,628</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>6.2%</u>	<u>6.6%</u>
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	<u>-</u>	<u>-</u>

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on credit Transaction and Exposures with Connected Parties, which are effective on 1 January 2008.

(s) EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing the profit for the period attributable to ordinary equity holders of the Group and of the Bank by the weighted average number of ordinary shares in issue during the financial period.

	Group		Bank	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Profit attributable to ordinary equity holders of the Group and of the Bank (RM'000)	99,320	75,840	99,689	76,046
Weighted average number of ordinary shares in issue ('000)	1,000,000	1,000,000	1,000,000	1,000,000
Basic earnings per share (sen)	<u>9.9</u>	<u>7.6</u>	<u>10.0</u>	<u>7.6</u>

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(t) 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 Bank as at 31 December 2010 are as follows:

	Group and Bank		
	31 December 2010		
	Principal	Credit	Risk
	Amount	Equivalent	Weighted
	RM'000	Amount	Assets
		RM'000	RM'000
The commitments and contingencies constitute the following:			
Direct credit substitutes	427	427	427
Trade-related contingencies	86,457	17,291	17,221
Transaction related contingencies	942,179	471,089	393,438
Obligations under an on-going underwriting agreement	75,000	37,500	7,500
Housing financing sold directly and indirectly to Cagamas with recourse	368,489	368,489	181,340
Credit extension commitment:			
Maturity within one year	688,562	-	-
Maturity exceeding one year	2,050,199	1,025,099	320,058
Foreign exchange related contracts	857,019	10,885	5,981
Profit rate related contracts	75,000	6,750	1,350
	5,143,332	1,937,530	927,315

	Group and Bank		
	31 March 2010		
	Principal	Credit	Total Risk
	Amount	Equivalent	Weighted
	RM'000	Amount	Amount
		RM'000	RM'000
Direct credit substitutes	609	609	612
Trade-related contingencies	80,091	16,018	13,996
Transaction related contingencies	1,993,954	996,977	490,906
Obligations under an on-going underwriting agreement	75,000	37,500	7,500
Housing financing sold directly and indirectly to Cagamas with recourse	380,846	380,846	194,646
Credit extension commitment:			
Maturity within one year	993,178	-	-
Maturity exceeding one year	993,599	496,799	301,332
Foreign exchange related contracts	1,214,752	29,819	15,362
	5,732,029	1,958,568	1,024,354

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(u) CAPITAL ADEQUACY

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

	Group		Bank	
	31 December 2010 RM'000	31 March 2010 RM'000	31 December 2010 RM'000	31 March 2010 RM'000
Computation of Total Risk Weighted Assets ("RWA")				
Total credit RWA	7,651,638	8,146,623	7,645,343	8,140,176
Total market RWA	59,958	63,805	59,958	63,805
Total operational RWA	958,328	922,973	951,540	916,064
Total RWA	8,669,924	9,133,401	8,656,841	9,120,045
Computation of Capital Ratio				
<u>Tier-I capital</u>				
Paid-up ordinary share capital	1,000,000	1,000,000	1,000,000	1,000,000
Paid-up Musharakah irredeemable non-cumulative convertible preference shares	-	-	-	-
Statutory reserve	204,596	206,105	204,596	204,596
Retained profits	62,098	166,529	62,098	167,212
Minority interest	-	-	-	-
Less: Intangible	-	-	-	-
Less: Deferred tax assets (net)	(27,915)	(27,915)	(27,915)	(27,915)
Total Tier-I Capital	1,238,779	1,344,719	1,238,779	1,343,893
<u>Tier-II capital</u>				
Subordinated bonds	250,000	250,000	250,000	250,000
Collective assessment/ General allowance for bad and doubtful financing	110,183	106,663	110,183	106,770
Total Tier-II Capital	360,183	356,663	360,183	356,770
Less: Investment in subsidiary companies	-	-	(6,295)	(6,402)
Capital Base	1,598,962	1,701,382	1,592,667	1,694,261
Core Capital	1,238,779	1,344,719	1,238,779	1,343,893
Capital Base	1,598,962	1,701,382	1,592,667	1,694,261
Core Capital Ratio	14.3%	14.7%	14.3%	14.7%
Risk- Weighted capital ratio	18.4%	18.6%	18.4%	18.6%

The capital adequacy ratios of the bank is computed in accordance with the Bank Negara Malaysia's Capital Adequacy Framework for Islamic Bank (CAFIB-Basel II). The Bank has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk.

The detailed disclosures on the capital base and risk-weighted assets, as set out in Note (u)(a) - (e) are presented in accordance with para 4.4 of Bank Negara Malaysia's - Concept Paper - Risk- Weighted Capital Adequacy Framework (Basel II) and Capital Adequacy Framework for Islamic Banks (CAFIB)- Disclosure Requirements (Pillar 3).

Note:

* The Core Capital Ratio and Risk-Weighted Capital Ratio have been reinstated as at 31 March 2010 due to reclassification of financing assets in line with CAFIB guidelines.

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(u) Capital adequacy (cont'd)

(b) Credit risk disclosure by risk weights (including deducted exposures) as at 31 December, are as follows:

Group December 2010	Exposures after Netting and Credit Risk Mitigation									Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereign & Central Banks	Public Sector Entities	Banks, MDBs and FDIs	Corporate	Regulatory Retail	Residential Real Estate	Higher Risk Assets	Equity Exposure	Other Assets		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000
Risk- Weights											
0%	6,794,390	-	-	-	-	-	-	-	102,462	6,896,852	-
20%	-	85,949	314,000	1,415,654	-	-	-	-	-	1,815,603	363,121
35%	-	-	-	-	-	549,757	-	-	-	549,757	192,415
50%	-	-	46,356	630,958	1,209	357,365	-	-	-	1,035,888	517,943
75%	-	-	-	-	2,679,180	718,333	-	-	-	3,397,513	2,548,135
100%	-	-	-	3,593,309	3,178	33,296	-	-	203,435	3,833,218	3,926,199
150%	-	-	-	44,820	13,137	92,981	11,260	-	-	162,198	103,825
	6,794,390	85,949	360,356	5,684,741	2,696,704	1,751,732	11,260	-	305,897	17,691,029	7,651,638

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(u) Capital adequacy (cont'd)

(b) Credit risk disclosure by risk weights (including deducted exposures) as at 31 March, are as follows:(Cont'd)

Group March 2010	Exposures after Netting and Credit Risk Mitigation									Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereign & Central Banks	Public Sector Entities	Banks, MDBs and FDIs	Corporate	Regulatory Retail	Residential Real Estate	Higher Risk Assets	Equity Exposure	Other Assets		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000
Risk- Weights											
0%	6,821,172	-	-	-	-	-	-	-	67,248	6,888,420	-
20%	-	90,849	701,357	1,933,419	-	-	-	-	-	2,725,625	545,125
35%	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	119,189	656,443	3,316	26,841	-	-	-	805,789	402,895
75%	-	-	-	-	3,063,672	783,240	-	-	-	3,846,912	2,885,184
100%	-	-	-	3,734,495	12,341	120,842	-	-	168,912	4,036,590	4,036,590
150%	-	-	-	165,392	18,963	-	197	-	-	184,552	276,829
	6,821,172	90,849	820,546	6,489,749	3,098,292	930,923	197	-	236,160	18,487,888	8,146,623

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(u) Capital adequacy (cont'd)

(b) Credit risk disclosure by risk weights (including deducted exposures) as at 31 December, are as follows: (Cont'd)

Exposures after Netting and Credit Risk Mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
Bank December 2010	Sovereign & Central Banks	Public Sector Entities	Banks, MDBs and FDIs	Corporate	Regulatory Retail	Residential Real Estate	Higher Risk Assets	Equity Exposure	Other Assets	RM'000	RM'000
Risk- Weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	6,794,390	-	-	-	-	-	-	-	102,462	6,896,852	-
20%	-	85,949	314,000	1,415,655	-	-	-	-	-	1,815,604	363,121
35%	-	-	-	-	-	549,757	-	-	-	549,757	192,415
50%	-	-	46,356	630,958	1,209	357,365	-	-	-	1,035,888	517,944
75%	-	-	-	-	2,679,180	718,333	-	-	-	3,397,513	2,548,134
100%	-	-	-	3,593,308	3,178	33,296	-	-	197,140	3,826,922	3,919,904
150%	-	-	-	44,820	13,137	92,981	11,260	-	-	162,198	103,825
	6,794,390	85,949	360,356	5,684,741	2,696,704	1,751,732	11,260	-	299,602	17,684,734	7,645,343

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(u) Capital adequacy (cont'd)

(b) Credit risk disclosure by risk weights (including deducted exposures) as at 31 March, are as follows: (Cont'd)

Bank March 2010	Exposures after Netting and Credit Risk Mitigation									Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereign & Central Banks	Public Sector Entities	Banks, MDBs and FDIs	Corporate	Regulatory Retail	Residential Real Estate	Higher Risk Assets	Equity Exposure	Other Assets		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000
Risk- Weights											
0%	6,821,172	-	-	-	-	-	-	-	67,248	6,888,420	-
20%	-	90,849	701,357	1,933,419	-	-	-	-	-	2,725,625	545,125
35%	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	119,189	656,443	3,316	26,841	-	-	-	805,789	402,895
75%	-	-	-	-	3,063,672	783,240	-	-	-	3,846,912	2,885,184
100%	-	-	-	3,734,495	12,341	120,842	-	-	162,465	4,030,143	4,030,143
150%	-	-	-	165,392	18,963	-	197	-	-	184,552	276,829
	6,821,172	90,849	820,546	6,489,749	3,098,292	930,923	197	-	229,713	18,481,441	8,140,176

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(u) Capital adequacy (Cont'd)

(c) Risk-weighted and capital requirements for credit risk, large risk, market risk and operational risk as at 31 December, are as follows:

Group 31 December 2010	Gross Exposures	Net Exposures	Total Risk Weighted Assets After Effect of PSIA	Risk Weighted Assets	Capital Requirement
	RM'000	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk					
(a) On Balance Sheet Exposures					
Sovereign/Central Banks	6,044,390	6,044,390	-	-	-
Public Sector Entities	92,695	81,593	16,319	16,319	1,305
Banks, Development Financial Institution ("FDI") & Multilateral development banks ("MDB")	347,457	347,457	83,383	83,383	6,671
Corporates	4,900,776	4,799,516	3,404,756	3,404,756	272,381
Regulator Retail	2,654,969	2,646,712	1,985,034	1,985,034	158,803
Residential Real Estate	1,250,103	1,250,103	725,076	725,076	58,006
Higher Risk Assets	11,260	11,260	16,889	16,889	1,351
Other Assets	305,897	305,897	203,435	203,435	16,275
Defaulted Exposures	266,571	266,571	289,430	289,430	23,154
	15,874,118	15,753,499	6,724,322	6,724,322	537,946
(b) Off-Balance Sheet Exposures*					
OTC Derivatives	17,635	17,635	7,331	7,331	586
Off-Balance Sheet Exposure other than OTC derivatives or credit derivatives	1,919,895	1,919,895	919,985	919,985	73,599
Total for Off-Balance Sheet Exposures	1,937,530	1,937,530	927,316	927,316	74,185
Total On and Off-Balance Sheet Exposures	17,811,648	17,691,029	7,651,638	7,651,638	612,131
(ii) Large Exposures Risk Requirement	-	-	-	-	-

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(u) Capital adequacy (Cont'd)

(c) Risk-weighted and capital requirements for credit risk, large risk, market risk and operational risk as at 31 December, are as follows: (Cont'd)

Group 31 December 2010	Long Position	Short Position	Net Exposure	Risk Weigthed Assets	Capital Requirement
(iii) Market Risk					
Benchmark Rate Risk	492	(1,408)	(916)	54,095	4,328
Foreign Currency Risk	469	(5,863)	(5,394)	5,863	469
				59,958	4,797
(iv) Operational Risk				958,328	76,666
(v) Total RWA and Capital Requirements				8,669,924	693,594

Note:

* Credit Risk of off balance sheet items

** After netting and credit risk mitigation

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(u) Capital adequacy (Cont'd)

(c) Risk-weighted and capital requirements for credit risk, large risk, market risk and operational risk as at 31 March, are as follows: (Cont'd)

Group	Gross	Net	Total Risk	Risk	Capital
31 March 2010	Exposures	Exposures	Weighted	Weighted	Requirement
	RM'000	RM'000	Assets	Assets	RM'000
	RM'000	RM'000	After Effect	RM'000	RM'000
	RM'000	RM'000	of PSIA	RM'000	RM'000
(i) Credit Risk					
(a) On Balance Sheet Exposures					
Sovereign/Central Banks	6,074,593	6,074,593	-	-	-
Public Sector Entities	96,547	83,556	16,712	16,712	1,337
Banks, Development Financial Institution & MDBs	802,394	802,394	196,171	196,171	15,694
Corporates	5,620,800	5,502,818	3,698,054	3,698,054	295,844
Regulator Retail	3,027,843	3,026,170	2,269,628	2,269,628	181,570
Residential Real Estate	402,394	402,394	301,795	301,795	24,144
Higher Risk Assets	197	197	296	296	24
Other Assets	236,160	236,160	168,912	168,912	13,513
Defaulted Exposures	401,037	401,037	470,701	470,701	37,656
	16,661,965	16,529,319	7,122,269	7,122,269	569,782
(b) Off-Balance Sheet Exposures*					
Off-Balance Sheet Exposure other than OTC derivatives or credit derivatives	1,928,750	1,928,750	1,008,992	1,008,992	80,719
OTC Derivatives	29,819	29,819	15,362	15,362	1,229
Total for Off-Balance Sheet Exposures	1,958,569	1,958,569	1,024,354	1,024,354	81,948
Total On and Off-Balance Sheet Exposures	18,620,534	18,487,888	8,146,623	8,146,623	651,730
(ii) Large Exposures Risk Requirement	-	-	-	-	-

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(u) Capital adequacy (Cont'd)

(c) Risk-weighted and capital requirements for credit risk, large risk, market risk and operational risk as at 31 March, are as follows: (Cont'd)

Group
31 March 2010

	Long Position	Short Position	Net Exposure	Risk Weighted Assets	Capital Requirement
	RM'000	RM'000	RM'000	RM'000	RM'000
(iii) Market Risk					
Benchmark Rate Risk	957	2,063	3,020	52,739	4,219
Foreign Currency Risk	1,483	(11,066)	(9,583)	11,066	885
				63,805	5,104
(iv) Operational Risk				922,973	73,838
(v) Total RWA and Capital Requirements				9,133,401	730,672

Note:

* Credit Risk of off balance sheet items

** After netting and credit risk mitigation

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

(u) Capital adequacy (Cont'd)

(c) Risk-weighted and capital requirements for credit risk, large risk, market risk and operational risk as at 31 December, are as follows: (Cont'd)

Bank 31 December 2010	Gross Exposures	Net Exposures	Total Risk Weighted Assets After Effect of PSIA	Risk Weighted Assets	Capital Requirement
	RM'000	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk					
(a) On Balance Sheet Exposures					
Sovereign/Central Banks	6,044,390	6,044,390	-	-	-
Public Sector Entities	92,695	81,593	16,319	16,319	1,305
Banks, Development Financial Institution & MDBs	347,457	347,457	83,383	83,383	6,671
Corporates	4,900,776	4,799,515	3,404,756	3,404,756	272,380
Regulator Retail	2,654,969	2,646,713	1,985,034	1,985,034	158,804
Residential Real Estate	1,250,103	1,250,103	725,076	725,076	58,006
Higher Risk Assets	11,260	11,260	16,889	16,889	1,351
Other Assets	299,602	299,602	197,140	197,140	15,771
Defaulted Exposures	266,571	266,571	289,430	289,430	23,154
	15,867,823	15,747,204	6,718,027	6,718,027	537,442
(b) Off-Balance Sheet Exposures*					
OTC Derivatives	17,635	17,635	7,331	7,331	586
Off-Balance Sheet Exposures other than OTC derivatives or credit derivatives	1,919,895	1,919,895	919,985	919,985	73,599
Total for Off-Balance Sheet Exposure	1,937,530	1,937,530	927,316	927,316	74,185
Total On and Off-Balance Sheet Exposures	17,805,353	17,684,734	7,645,343	7,645,343	611,627
(ii) Large Exposures Risk Requirement	-	-	-	-	-

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

(u) Capital adequacy (Cont'd)

(c) Risk-weighted and capital requirements for credit risk, large risk, market risk and operational risk as at 31 December, are as follows: (Cont'd)

Bank 31 December 2010	Long Position	Short Position	Net Exposure	Risk Weighed Assets	Capital Requirement
(iii) Market Risk					
Benchmark Rate Risk	492	(1,408)	(916)	54,095	4,328
Foreign Currency Risk	469	(5,863)	(5,394)	5,863	469
				59,958	4,797
(iv) Operational Risk				951,540	76,123
(v) Total RWA and Capital Requirements				8,656,841	692,547

Note:

* Credit Risk of off balance sheet items

** After netting and credit risk mitigation

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

(u) Capital adequacy (Cont'd)

(c) Risk-weighted and capital requirements for credit risk, large risk, market risk and operational risk as at 31 March, are as follows: (Cont'd)

Bank	Gross	Net	Total Risk	Risk	Capital
31 March 2010	Exposures	Exposures	Weighted	Weighted	Requirement
	RM'000	RM'000	Assets	Assets	RM'000
	RM'000	RM'000	After Effect	RM'000	RM'000
	RM'000	RM'000	of PSIA	RM'000	RM'000
(i) Credit Risk					
(a) On Balance Sheet Exposures					
Sovereign/Central Banks	6,074,593	6,074,593	-	-	-
Public Sector Entities	96,547	83,556	16,712	16,712	1,337
Banks, Development Financial Institution & MDBs	802,394	802,394	196,171	196,171	15,694
Corporates	5,620,800	5,502,818	3,698,054	3,698,054	295,844
Regulator Retail	3,027,843	3,026,170	2,269,628	2,269,628	181,570
Residential Real Estate	402,394	402,394	301,795	301,795	24,144
Higher Risk Assets	197	197	296	296	24
Other Assets	229,713	229,713	162,465	162,465	12,997
Defaulted Exposures	401,037	401,037	470,701	470,701	37,656
	16,655,518	16,522,872	7,115,822	7,115,822	569,266
(b) Off-Balance Sheet Exposures*					
Off-Balance Sheet Exposures other than OTC derivatives or credit derivatives	1,928,750	1,928,750	1,008,992	1,008,992	80,719
OTC Derivatives	29,819	29,819	15,362	15,362	1,229
Total for Off-Balance Sheet Exposure	1,958,569	1,958,569	1,024,354	1,024,354	81,948
Total On and Off-Balance Sheet Exposures	18,614,087	18,481,441	8,140,176	8,140,176	651,214
(ii) Large Exposures Risk Requirement	-	-	-	-	-

BANK MUAMALAT MALAYSIA BERHAD
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(u) Capital adequacy (Cont'd)

(c) Risk-weighted and capital requirements for credit risk, large risk, market risk and operational risk as at 31 March, are as follows: (Cont'd)

Bank 31 March 2010	Long Position	Short Position	Net Exposure	Risk Weighted Assets	Capital Requirement
(iii) Market Risk					
Benchmark Rate Risk	957	2,063	3,020	52,739	4,219
Foreign Currency Risk	1,483	(11,066)	(9,583)	11,066	885
				63,805	5,104
(iv) Operational Risk				916,064	73,285
(v) Total RWA and Capital Requirements				9,120,045	729,604

Note:

* Credit Risk of off balance sheet items

** After netting and credit risk mitigation

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

(u) Capital adequacy (cont')

(d) Geographic distribution of credit exposures as at 31 December, are as follows:

Group 31 December 2010	Domestic		Labuan Offshore		Total	
	Exposures	Risk Weighted Assets	Exposures	Risk Weighted Assets	Exposures	Risk Weighted Assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk						
(a) On Balance Sheet Exposures						
Sovereign/Central Banks	6,044,390	-	-	-	6,044,390	-
Public Sector Entities	81,593	16,319	-	-	81,593	16,319
Banks, Development Financial Institution ("FDI") & Multilateral development banks ("MDB")	347,430	83,379	27	4	347,457	83,383
Corporates	4,537,512	3,148,924	262,003	255,833	4,799,516	3,404,756
Regulatory Retail	2,646,712	1,985,034	-	-	2,646,712	1,985,034
Residential Real Estate	1,250,103	725,076	-	-	1,250,103	725,076
Higher Risk Assets	11,260	16,889	-	-	11,260	16,889
Other Assets	303,582	201,120	2,315	2,315	305,897	203,435
Defaulted Exposure	266,571	289,430	-	-	266,571	289,430
	15,489,153	6,466,171	264,345	258,152	15,753,499	6,724,322
(b) Off-Balance Sheet Exposures*						
OTC Derivatives	17,635	7,331	-	-	17,635	7,331
Off-Balance Sheet Exposures other than OTC derivatives or credit derivatives	1,919,891	919,982	5	2	1,919,895	919,985
	1,937,526	927,313	5	2	1,937,530	927,316
Total On and Off-balance Sheet Exposures	17,426,679	7,393,484	264,350	258,154	17,691,029	7,651,638
(ii) Large Exposures Risk Requirement	-	-	-	-	-	-

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

(u) Capital adequacy (cont')

(d) Geographic distribution of credit exposures as at 31 December, are as follows: (Cont'd)

Bank 31 December 2010	Domestic		Labuan Offshore		Total	
	Exposures	Risk Weighted Assets	Exposures	Risk Weighted Assets	Exposures	Risk Weighted Assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk						
(a) On Balance Sheet Exposures						
Sovereign/Central Banks	6,044,390	-	-	-	6,044,390	-
Public Sector Entities	81,593	16,319	-	-	81,593	16,319
Banks, Development Financial Institution ("FDI") & Multilateral development banks ("MDB")	347,430	83,379	262,003	4	609,433	83,383
Corporates	4,537,512	3,148,924	-	255,833	4,537,513	3,404,756
Regulatory Retail	2,646,712	1,985,034	-	-	2,646,712	1,985,034
Residential Real Estate	1,250,103	725,076	-	-	1,250,103	725,076
Higher Risk Assets	11,260	16,889	-	-	11,260	16,889
Other Assets	297,287	194,825	2,315	2,315	299,602	197,140
Defaulted Exposure	266,571	289,430	-	-	266,571	289,430
	15,482,858	6,459,876	264,345	258,152	15,747,204	6,718,027
(b) Off-Balance Sheet Exposures*						
Credit-related Off-Balance Sheet Exposure	17,635	7,331	-	2	17,635	7,331
Off-Balance Sheet Exposures other than OTC derivatives or credit derivatives	1,919,891	919,982	5	-	1,919,895	919,985
	1,937,526	927,313	5	2	1,937,530	927,316
Total On and Off-balance Sheet Exposures	17,420,384	7,387,189	264,350	258,154	17,684,734	7,645,343
(ii) Large Exposures Risk Requirement	-	-	-	-	-	-

BANK MUAMALAT MALAYSIA BERHAD
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(u) Capital adequacy (cont')

(d) Geographic distribution of credit exposures as at 31 March, are as follows: (Cont'd)

Group 31 March 2010	Domestic		Labuan Offshore		Total	
	Exposures	Risk Weighted Assets	Exposures	Risk Weighted Assets	Exposures	Risk Weighted Assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk						
(a) On Balance Sheet Exposures						
Sovereign/Central Banks	6,074,593	-	-	-	6,074,593	-
Public Sector Entities	83,556	16,712	-	-	83,556	16,712
Banks, Development Financial Institution ("FDI") & Multilateral development banks ("MDB")	-	-	-	-	-	-
Corporates	802,376	196,153	18	18	802,394	196,171
Regulatory Retail	5,193,216	3,379,755	309,602	318,299	5,502,818	3,698,054
Residential Real Estate	3,026,170	2,269,628	-	-	3,026,170	2,269,628
Higher Risk Assets	402,394	301,795	-	-	402,394	301,795
Other Assets	197	296	-	-	197	296
Defaulted Exposure	233,412	166,164	2,748	2,748	236,160	168,912
	401,037	470,701	-	-	401,037	470,701
	16,216,951	6,801,204	312,368	321,065	16,529,319	7,122,269
(b) Off-Balance Sheet Exposures*						
Off-Balance Sheet Exposures other than OTC derivatives or credit derivatives	1,928,750	1,008,992	-	-	1,928,750	1,008,992
OTC Derivatives	29,819	15,362	-	-	29,819	15,362
	1,958,569	1,024,354	-	-	1,958,569	1,024,354
Total On and Off-balance Sheet Exposures	18,175,520	7,825,558	312,368	321,065	18,487,888	8,146,623
(ii) Large Exposures Risk Requirement	-	-	-	-	-	-

BANK MUAMALAT MALAYSIA BERHAD
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(u) Capital adequacy (cont')

(d) Geographic distribution of credit exposures as at 31 March, are as follows: (Cont'd)

Bank 31 March 2010	Domestic		Labuan Offshore		Total	
	Exposures	Risk Weighted Assets	Exposures	Risk Weighted Assets	Exposures	Risk Weighted Assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk						
(a) On Balance Sheet Exposures						
Sovereign/Central Banks	6,074,593	-	-	-	6,074,593	-
Public Sector Entities	83,556	16,712	-	-	83,556	16,712
Banks, Development Financial Institution ("FDI") & Multilateral development banks ("MDB")	-	-	-	-	-	-
Corporates	802,376	196,153	18	18	802,394	196,171
Regulatory Retail	5,193,216	3,379,755	309,603	318,299	5,502,818	3,698,054
Residential Real Estate	3,026,170	2,269,628	-	-	3,026,170	2,269,628
Higher Risk Assets	402,394	193,797	-	-	402,394	301,795
Other Assets	197	296	-	-	197	296
Defaulted Exposure	226,965	159,717	2,748	2,748	229,713	162,465
	401,037	470,701	-	-	401,037	470,701
	16,210,504	6,686,759	312,369	321,065	16,522,872	7,115,822
(b) Off-Balance Sheet Exposures*						
Off-Balance Sheet Exposures other than OTC derivatives or credit derivatives	1,928,750	1,008,992	-	-	1,928,750	1,008,992
OTC Derivatives	29,819	15,362	-	-	29,819	15,362
	1,958,569	1,024,354	-	-	1,958,569	1,024,354
Total On and Off-balance Sheet Exposures	18,169,073	7,711,113	312,369	321,065	18,481,441	8,140,176
(ii) Large Exposures Risk Requirement	-	-	-	-	-	-

BANK MUAMALAT MALAYSIA BERHAD
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(u) Capital adequacy (cont'd.)

(e) Rating of credit exposures as at 31 December 2010, are as follows:

Group

Exposure Class	Rating by Approved ECAIS												
	AAA	AA+	AA	AA-	A	BBB	BB+ TO BB-	Below B-	Ba3	P1/MARC1	Unrated	Others	Grand Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance-Sheet Exposures													
Credit Exposures - Standardised Approach													
Sovereigns/Central Banks	-	-	-	-	-	-	-	-	-	-	6,794,390	-	6,794,390
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	97,051	-	97,051
Banks, Development Financial Institutions & MDBs	-	-	-	177,130	46,278	-	-	-	-	-	136,948	-	360,356
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporates	821,759	-	391,220	31,542	618,629	199,813	7,713	-	-	151,479	3,563,847	-	5,786,002
Regulatory Retail	-	-	-	-	-	-	-	-	-	-	-	2,704,961	2,704,961
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	-	1,751,731	1,751,731
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	11,260	-	11,260
Other Assets	-	-	-	-	-	-	-	-	-	-	-	305,897	305,897
Specialised Financing/investment	-	-	-	-	-	-	-	-	-	-	-	-	-
Securitisation Exposures	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity Exposures	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	821,759	-	391,220	208,672	664,907	199,813	7,713	-	-	151,479	10,603,496	4,762,589	17,811,648

Banks

Exposure Class	Rating by Approved ECAIS												
	AAA	AA+	AA	AA-	A	BBB	BB+ TO BB-	Below B-	Ba2	P1/MARC1	Unrated	Others	Grand Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance-Sheet Exposures													
Credit Exposures - Standardised Approach													
Sovereigns/Central Banks	-	-	-	-	-	-	-	-	-	-	6,794,390	-	6,794,390
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	97,051	-	97,051
Banks, Development Financial Institutions & MDBs	-	-	-	177,130	46,278	-	-	-	-	-	136,948	-	360,356
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporates	821,759	-	391,220	31,542	618,629	199,813	7,713	-	-	151,479	3,563,847	-	5,786,002
Regulatory Retail	-	-	-	-	-	-	-	-	-	-	-	2,704,961	2,704,961
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	-	1,751,731	1,751,731
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	11,260	-	11,260
Other Assets	-	-	-	-	-	-	-	-	-	-	-	299,602	299,602
Specialised Financing/investment	-	-	-	-	-	-	-	-	-	-	-	-	-
Securitisation Exposures	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity Exposures	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	821,759	-	391,220	208,672	664,907	199,813	7,713	-	-	151,479	10,603,496	4,756,294	17,805,353

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(u) Capital adequacy (cont'd.)

(e) Rating of credit exposures as at 31 March 2010, are as follows: (Cont'd)

Group Exposure Class	Rating by Approved ECAIS												
	AAA	AA+	AA	AA-	A	BBB	BB+ TO BB-	Below B-	Ba3	P1/MARC1	Unrated	Others	Grand Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance-Sheet Exposures													
Credit Exposures - Standardised Approach													
Sovereigns/Central Banks	-	-	-	-	-	-	-	-	-	-	6,821,172	-	6,821,172
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	103,840	-	103,840
Banks, Development Financial Institutions & MDBs	-	74,098	-	-	46,311	-	-	-	-	9,029	691,109	-	820,547
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporates	855,957	1,547	786,050	29,211	634,115	12,793	7,719	-	-	14,851	4,265,489	-	6,607,732
Regulatory Retail	-	-	-	-	-	-	-	-	-	-	-	3,099,966	3,099,966
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	-	930,922	930,922
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	197	-	197
Other Assets	-	-	-	-	-	-	-	-	-	-	-	236,160	236,160
Specialised Financing/investment	-	-	-	-	-	-	-	-	-	-	-	-	-
Securitisations Exposures	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity Exposures	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	855,957	75,645	786,050	29,211	680,426	12,793	7,719	-	-	23,880	11,881,807	4,267,048	18,620,536

Banks Exposure Class	Rating by Approved ECAIS												
	AAA	AA+	AA	AA-	A	BBB	BB+ TO BB-	Below B-	Ba2	P1/MARC1	Unrated	Others	Grand Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance-Sheet Exposures													
Credit Exposures - Standardised Approach													
Sovereigns/Central Banks	-	-	-	-	-	-	-	-	-	-	6,821,172	-	6,821,172
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	103,840	-	103,840
Banks, Development Financial Institutions & MDBs	-	74,098	-	-	46,311	-	-	-	-	9,029	691,109	-	820,547
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporates	855,957	1,547	786,050	29,211	634,115	12,793	7,719	-	-	14,851	4,265,489	-	6,607,732
Regulatory Retail	-	-	-	-	-	-	-	-	-	-	-	3,099,966	3,099,966
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	-	930,922	930,922
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	197	-	197
Other Assets	-	-	-	-	-	-	-	-	-	-	-	229,713	229,713
Specialised Financing/investment	-	-	-	-	-	-	-	-	-	-	-	-	-
Securitisations Exposures	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity Exposures	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	855,957	75,645	786,050	29,211	680,426	12,793	7,719	-	-	23,880	11,881,807	4,260,601	18,614,089

(v) Change in Accounting Policies

The adoption of new FRSs, amendments to FRSs, IC Interpretations and TR have resulted in the following changes in accounting policies:

- i) FRS 139 Financial Instruments: Recognition and Measurement
- ii) Amendments to FRS 139 Financial Instruments: Recognition and Measurement,
- iii) FRS 7 Financial Instruments: Disclosures

FRS 139 establishes the principles for the recognition, derecognition and measurement of an entity's financial instruments and for hedge accounting. However, since the adoption of BNM's revised BNM/GP8 - Guidelines on Financial Reporting for Licensed Islamic Banks, certain principles in connection with the recognition, derecognition and measurement of financial instruments, including derivative instruments, and hedge accounting which are similar to those prescribed by FRS 139 have already been adopted by the Group and the Bank. Therefore, the full adoption of FRS 139 on 1 April 2010 has resulted in the following material changes in accounting policies as follows:

i) Impairment of Financings and Advances

The adoption of FRS 139 has resulted in a change in the accounting policy relating to the assessment for impairment of financial assets, particularly financings and advances. The existing accounting policies relating to the assessment of impairment of other financial assets of the Group and the Bank are already largely in line with those of FRS 139. Prior to the adoption of FRS 139, allowances for impaired financings and advances (previously referred to as non-performing financings) were computed in conformity with the BNM/GP3 Guidelines on Classification of Non-Performing financings and Provision for Substandard, Bad and Doubtful Debts. Upon the adoption of FRS 139, the Group and the Bank assesses at the end of each reporting period whether there is any objective evidence that a financing or group of financings is impaired. The financing or group of financings is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the financing (an incurred 'loss event') and that the loss event has an impact on future estimated cash flows of the financing or group of financings that can be reliably estimated.

The Group and Bank first assesses individually whether objective evidence of impairment exists individually for financings which are individually significant, and collectively for financings which are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financing, the financing is included in a group of financings with similar credit risk characteristics and collectively assessed for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the financing's carrying amount and the present value of the estimated future cash flows. The carrying amount of the financing is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

(v) Change in Accounting Policies (continued)

i) Impairment of Financings and Advances (continued)

In the Amendments to FRS 139 listed above, MASB has included an additional transitional arrangement for entities in the financial sector, whereby BNM may prescribe an alternative basis for collective assessment of impairment by banking institutions. This transitional arrangement is prescribed in BNM's guidelines on Classification and Impairment Provisions for Loans/Financing issued on 8 January 2010, whereby banking institutions are required to maintain collective assessment impairment allowances of at least 1.5% of total outstanding loans/financing, net of individual impairment allowance. Subject to the written approval by BNM, banking institutions are allowed to maintain a lower collective assessment impairment allowance. The collective assessment impairment allowance of the Bank and its domestic banking subsidiaries as at the reporting date have been arrived at based on this transitional arrangement issued by BNM.

The changes in accounting policy above have been accounted for prospectively, in line with the transitional arrangements under para 103AA of FRS 139, with adjustments to the carrying values of financial assets affecting the income statement as at the beginning of the current financial period being adjusted to opening retained earnings. As a result of the adoption of the financings impairment basis under FRS 139 and the transitional arrangements under BNM's guidelines on Classification and Impairment Provisions for Loans/Financing, the Group and the Bank wrote back general allowance of RM106,770,329 and specific allowance of RM300,303,546 against opening retained earnings as at 1 April 2010. In addition, the Group and the Bank have also recognised opening collective assessment allowance of RM223,217,875 opening individual assessment allowance of RM 324,997,343 against opening retained earnings as at 1 April 2010. Any further collective assessment allowance and individual assessment allowance charged subsequent to the initial adoption of FRS 139 is recognised as allowance for impairment on financings, advances and financing in the income statement.

ii) Financing Income Recognition

FRS 139 prescribes that financial assets classified as held-to-maturity and financings and receivables are measured at amortised cost using the effective interest method. Whilst the Group and the Bank's financial investments held-to-maturity are already measured on this basis under the requirements of BNM's revised BNM/GP8 effective from 1 January 2005, financing income on its financings and receivables continued to be recognised based on contractual interest rates. Upon the full adoption of FRS 139 on 1 January 2010, financing income is recognised using effective profit rates ("EPR"), which is the rate that exactly discounts estimated future cash receipts through the expected life of the financing or, when appropriate, a shorter period to the net carrying amount of the financing.

This change in accounting policy has been accounted for prospectively in line with the transitional arrangements under para 103AA of FRS 139, resulting in an adjustment of RM4,245,533 for the Bank to opening retained earnings.

Prior to the adoption of FRS 139, profit accrued and recognised as income prior to the date that a loan is classified as non-performing is reversed out of income and set-off against the profit receivable account in the statement of financial position. Thereafter, profit on the non-performing financing is recognised as income on a cash basis. Upon adoption of FRS 139, once a financing has been written down as a result of an impairment loss, profit income is thereafter recognised using the rate of profit used to discount the future cash flows for the purpose of measuring impairment loss. This change in accounting policy has resulted in the writeback of interest-in-suspense amounting to RM35,155,856 to opening retained profits.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

(w) Adjustments due to Change in Accounting Policies

The changes in accounting policies as described above which resulted in adjustments to opening reserves of the Group and the Bank are as follows:

	Group	Bank
	RM'000	RM'000
Effects on retained profits:		
At 1 April 2010, as previously stated	166,529	167,212
Effects of adoption of FRS 139	(105,114)	(105,114)
At 1 April 2010, as restated	61,415	62,098

(x) Comparative Figures

(i) FRS 101 Presentation of Financial Statements

As a result of the adoption of the revised FRS 101, income statements of the Group and the Bank for the comparative financial period ended 31 March 2010 have been re-presented as two separate statements, ie. an income statement displaying components of profit or loss and a statement of comprehensive income. All non-owner changes in equity which were previously presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are not presented in the statement of changes in equity. Since these changes only affect presentation aspects, there is no impact on earnings per ordinary share.

(ii) FRS 7 Financial Instruments: Disclosures

The adoption of FRS 7 during the financial period will result in additional disclosures to be made in the annual accounts of the Group and the Bank. The standard also requires disclosure of the statement of financial position and statement of total comprehensive income to be made by categories of financial assets and liabilities, which has minimal impact on the comparative disclosures of the Group and the Bank, as the current presentation is already made by categories of financial assets and liabilities.