



**Bank Muamalat Malaysia Berhad
(6175-W)
(Incorporated in Malaysia)**

**Directors' Report and Audited Financial
Statements
31 March 2013**

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

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Bank Muamalat Malaysia Berhad
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Directors' report

The directors of Bank Muamalat Malaysia Berhad have pleasure in submitting their report together with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2013.

Principal activities

The principal activities of the Bank are Islamic banking business and related financial services.

The principal activities of the subsidiaries are as disclosed in Note 11 to the financial statements.

There have been no significant changes in these activities during the financial year.

Results

	Group RM'000	Bank RM'000
Profit for the year	<u>167,936</u>	<u>167,186</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and the Bank during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the first time adoption of Malaysian Financial Reporting Standards ("MFRS") Framework and changes in accounting policies as disclosed in Note 2.2 to the financial statements.

The MFRS Framework as issued by the Malaysian Accounting Standard Board ("MASB") is fully compliant with International Financial Reporting Standards ("IFRS") that comprises standards as issued by the International Accounting Standard Board ("IASB") that are effective on 1 January 2012.

Dividend

No dividend has been paid or declared by the Bank since the end of the previous financial year.

At the forthcoming Annual General Meeting, a final gross dividend in respect of the financial year ended 31 March 2013 of 26.0 sen per share, less taxation of 25% on 1,000,000,000 ordinary shares, amounting to a dividend payable of RM195,000,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2014.

Subject to obtaining the required approval at the shareholders' level, the proposed final dividends will be reinvested into the Bank via the subscription of newly issued and paid up ordinary shares of RM195,000,000 at RM1 per share in accordance with their respective shareholdings.

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Directors

The names of the directors of the Bank in office since the date of the last report and at the date of this report are:

Tan Sri Dato' Dr. Mohd Munir Abdul Majid	
Tuan Haji Ismail Ibrahim	
Tuan Haji Abdul Jabbar Abdul Majid	
Tengku Dato' Seri Hasmuddin Tengku Othman	
Dato' Haji Mohd Redza Shah Abdul Wahid	
Tuan Haji Mohd Izani Ghani	
Dato' Azmi Abdullah	
Dato' Haji Kamil Khalid Ariff	
Dato' Sri Che Khalib Mohamad Noh	(appointed on 27 August 2012)
Dato' Mohamed Hazlan Mohamed Hussain	(appointed on 27 August 2012)
Dato' Sri Haji Mohd Khamil Jamil	(resigned on 4 July 2012)
Dato' Lukman Ibrahim	(resigned on 29 August 2012)

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Bank and its related corporations are as follows:

	Number of ordinary shares of RM1.00 each			
	As at 1.4.2012/ at date of appointment	Acquired	Disposal	As at 31.3.2013
Interest in DRB-HICOM Berhad, holding company:				
Dato' Sri Che Khalib Mohamad Noh	3,500	-	-	3,500

None of the other directors who held office at the end of the financial year had, according to the register required to be kept under Section 134 of the Companies Act, 1965, any interest in shares of the Bank or its related corporations during the financial year.

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Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Bank was a party, whereby directors might acquire benefits by means of the acquisition of shares in, or debentures of the Bank or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Bank as shown in Note 32 to the financial statements) by reason of a contract made by the Bank or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for certain directors who received remuneration from a subsidiary company of the holding company.

Other statutory information

- (a) Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Bank were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) As at the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts, or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Bank inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Bank misleading.
- (c) As at the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.
- (d) As at the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Bank which would render any amount stated in the financial statements misleading.

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Other statutory information (cont'd.)

(e) As at the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group and of the Bank which has arisen since the end of the financial year other than those arising in the normal course of business of the Group and of the Bank.

(f) In the opinion of the directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Bank to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Bank for the financial year in which this report is made.

Compliance with Bank Negara Malaysia's Guidelines on Financial Reporting

In the preparation of the financial statements of the Group and the Bank, the directors have taken reasonable steps to ensure that Bank Negara Malaysia's Guidelines on financial statements have been complied with, including those as set out in the Guidelines on Financial Reporting for Financial Institutions and the Guidelines on Classification and Impairment Provision for Loans/Financing.

Significant and subsequent events

There are no significant events during the year and subsequent events after the statements of financial position date up to the date when the financial statements are authorised for issuance.

Business review 2012/2013

The Group registered a profit before zakat and taxation of RM236.0 million, more than double as compared to the amount posted in the previous corresponding year. Commendable growth in profit primarily attributed to higher total distributable income by 23.1%, as a result of increase in total gross financing assets by 11.9% coupled with substantially lower allowances for impairment on financial assets.

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Business review 2012/2013 (cont'd.)

Being a relevant player in the Islamic Banking industry, the Group maintained a substantial growth with expanded net financing base from RM9.1 billion as at March 2012 to RM10.3 billion as at March 2013. Total assets of the Group grew in the twelve months period to RM21.1 billion as compared to RM20.5 billion last year. The increase was mainly due to the increase in amount of investment securities held and financing of customers.

Prospects 2013/2014

The Group's commendable performance in the financial year 2013 confirms the effectiveness of its distinctive business model, client focused approach and product positioning in the market, despite being in a competitive operating environment. Strong capitalisation, enhanced risk governance and good liquidity management are believed to be the main elements of growth sustainability in the more challenging economy in the financial year 2014.

Premised on the above condition, the Group continues to foresee a bright prospect to enrich its performance in consumer and business segment. In view of the continuous compressed margin environment, the Group will intensify its focus on fee income generation particularly in the areas of trade finance, treasury activities, investment banking and also place greater initiatives on developing its consumer asset and wealth management businesses. The drive for consumer deposits will continue to be strengthened to further expand and diversify the deposit base.

The Group continues to embrace its long term aspiration to be the preferred Islamic financial institution which requires continuous efforts to improve its service delivery as well as infrastructure to be at the forefront position.

Rating by external rating agencies

Details of the Bank's ratings are as follows:

Rating Agency	Date	Classification	Received
Rating Agency Malaysia Berhad	May 2012	Long term	A2
		Short term	P1
		Subordinated Bond	A3
		Outlook	Stable

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Disclosure of Shariah committee

The Bank's business activities are required to be in full compliance with the Shariah requirement, as governed by the Shariah Committee consisting of a minimum of 6 members appointed by the Board for a 2-year term. The duties and responsibilities of the Shariah Committee are prescribed by the Shariah Governance Framework for the Islamic Financial Institutions issued by the Bank Negara Malaysia (BNM). The main duties and responsibilities of the Shariah Committee are as follows:

- (a) To advise the Board and the management including the Bank's subsidiaries and provide input to the Bank on Shariah matters in order for the Bank to comply with Shariah principles at all times.
- (b) To endorse Shariah policies and procedures prepared by the Bank and to ensure that the contents do not contain any elements which are not in line with Shariah.
- (c) To ensure that the products of the Bank comply with Shariah principles, the Shariah Committee must approve:
 - (i) the terms and conditions contained in the forms, contracts, agreements or other legal documentations used in executing the transactions; and
 - (ii) the product manual, marketing advertisements, sales illustrations and brochures used to describe the product.
- (d) To assess the work carried out by Shariah review and Shariah audit in order to ensure compliance with Shariah matters which forms part of their duties in providing their assessment of Shariah compliance and assurance information in the annual report.
- (e) To provide the necessary assistance to the related parties of the Bank such as its legal counsel, auditor or consultant who may seek advice on Shariah matters from the Shariah Committee.
- (f) To advise the Bank to consult the Shariah Advisory Council of Bank Negara Malaysia (SAC of BNM) on Shariah matters that could not be resolved.
- (g) To provide written Shariah opinions in circumstances where the Bank makes reference to the SAC of BNM for further deliberation, or where the Bank submits applications to the Shariah Committee for new product approval.
- (h) To provide the Bank with guidelines and advice on Shariah matters to ensure that the Bank's overall activities are in line with Shariah.
- (i) To make decisions on matters arising from existing and future activities of the Bank which have religious repercussions.
- (j) To report to the shareholders and the depositors that all the Bank's activities are in accordance with Shariah.

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Disclosure of Shariah committee (cont'd.)

- (k) To provide Shariah advisory and consultancy services in all matters relating to Bank's products, transactions and activities as well as other businesses involving the Bank.
- (l) To scrutinize and endorse the annual financial report of the Bank.
- (m) To provide training to the staff of the Bank as well as provide note or relevant materials for their reference.
- (n) To represent the Bank or to attend any meetings with the SAC of BNM or other relevant bodies concerning any Shariah issues relating to the Bank.
- (o) To maintain the confidentiality of the Bank's internal information and shall be responsible for the safe guarding of confidential information. He or she should maintain all information in strict confidence, except when disclosure is authorised by the Bank or required by law.
- (p) To ensure the quality and consistency of the Shariah decision.

Zakat obligations

The Bank pays zakat on its business as required by Shariah.

For the year ended 31 March 2013, the Bank has allocated an amount of RM6.1 million as provision for zakat.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 3 June 2013.

Tan Sri Dato' Dr. Mohd Munir Abdul Majid

Dato' Haji Mohd Redza Shah Abdul Wahid

Kuala Lumpur, Malaysia

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Statement by directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Tan Sri Dato' Dr. Mohd Munir Abdul Majid and Dato' Haji Mohd Redza Shah Abdul Wahid, being two of the directors of Bank Muamalat Malaysia Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 12 to 205 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 March 2013 and of the results and the cash flows of the Group and of the Bank for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 3 June 2013.

Tan Sri Dato' Dr. Mohd Munir Abdul Majid
Kuala Lumpur, Malaysia

Dato' Haji Mohd Redza Shah Abdul Wahid

Statutory declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Tuan Haji PeerMohamed Ibramsha, being the officer primarily responsible for the financial management of Bank Muamalat Malaysia Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 12 to 205 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
above named Tuan Haji PeerMohamed Ibramsha
at Kuala Lumpur in Federal Territory
on 3 June 2013.

Tuan Haji PeerMohamed Ibramsha

Before me,

Commissioner for Oaths

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Report of the Shariah committee

In compliance with the letter of appointment, we are required to submit the following report:

We have reviewed the principles and the contracts relating to the transactions and applications introduced by the Bank Muamalat Malaysia Berhad during the year ended 31 March 2013. We have also conducted our review to form an opinion as to whether Bank Muamalat Malaysia Berhad has complied with the Shariah principles and with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia, as well as Shariah decisions made by us.

The management of Bank Muamalat Malaysia Berhad is responsible for ensuring that the financial institution conducts its business in accordance with Shariah principles. It is our responsibility to form an independent opinion, based on our review of the operations of the Bank Muamalat Malaysia Berhad, and to report to you.

We planned and performed our review so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Bank Muamalat Malaysia Berhad has not violated the Shariah principles.

To the best of our knowledge based on the information provided to us and discussions and decisions transpired and made in the meetings of or attended by the Shariah Committee of Bank Muamalat Malaysia Berhad as been detailed out in the relevant minutes of meetings and taking into account the advices and opinions given by the relevant experts, bodies and authorities, we are of the opinion that:

1. the contracts, transactions and dealings entered into by the Bank Muamalat Malaysia Berhad during the year ended 31 March 2013 that we have reviewed are in compliance with the Shariah principles;
2. the allocation of profit and charging of losses relating to investment accounts conform to the basis that had been approved by us in accordance with Shariah principles;
3. all earnings that have been realised from sources or by means prohibited by the Shariah principles have been considered for disposal to charitable causes; and
4. the calculation and distribution of zakat is in compliance with Shariah principles.

We, the members of the Shariah Committee of Bank Muamalat Malaysia Berhad, to the best of our knowledge, do hereby confirm that the operations of the Bank Muamalat Malaysia Berhad to the best of its effort, for the year ended 31 March 2013 have been conducted in conformity with the Shariah principles.

Signed on behalf of the Shariah Committee,

Azizi Che Seman

Engku Ahmad Fadzil Engku Ali

Kuala Lumpur, Malaysia

Date: 3 June 2013

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**Independent auditors' report to the members of
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Report on the financial statements

We have audited the financial statements of Bank Muamalat Malaysia Berhad, which comprise the statements of financial position as at 31 March 2013 of the Group and of the Bank, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 12 to 205.

Directors' responsibility for the financial statements

The directors of the Bank are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Bank's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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**Independent auditors' report to the members of
Bank Muamalat Malaysia Berhad (cont'd.)
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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Bank as at 31 March 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Bank and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Bank are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

This report is made solely to the members of the Bank, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Wan Daneena Liza binti Wan Abdul Rahman
No. 2978/03/14(J)
Chartered Accountant

Kuala Lumpur, Malaysia
3 June 2013

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Consolidated statement of financial position as at 31 March 2013 (19 Jamadil Awal 1434H)

	Note	31 March 2013 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Assets				
Cash and short-term funds	4 (a)	3,236,505	4,391,223	6,199,953
Cash and placements with financial institutions	4 (b)	105,189	110,333	251,012
Financial investments designated at fair value through profit or loss	5 (a)	84,373	50,772	10,800
Financial investments available-for-sale	5 (b)	6,466,991	6,139,218	4,360,187
Financial investments held-to-maturity	5 (c)	575	28,522	28,585
Islamic derivative financial assets	6	4,488	4,150	5,177
Financing of customers	7	10,352,626	9,064,271	7,495,007
Other assets	9	90,024	44,371	70,700
Statutory deposits with Bank Negara Malaysia	10	612,721	527,721	94,121
Investment in associate	12	580	-	-
Intangible assets	13	34,546	19,133	48,488
Property, plant and equipment	14	65,698	61,939	53,033
Prepaid land lease payment	15	247	251	255
Deferred tax assets	16	17,027	62,133	42,622
Total assets		21,071,590	20,504,037	18,659,940
Liabilities				
Deposits from customers	17	18,744,179	18,151,087	16,216,173
Deposits and placements of banks and other financial institutions	18	10,774	11,896	14,993
Bills and acceptances payable	19	132,750	310,324	291,375
Islamic derivative financial liabilities	6	8,905	5,630	3,986
Other liabilities	20	94,267	132,586	164,398
Provision for zakat and taxation	21	14,505	20,521	5,228
Recourse obligation on financing sold to Cagamas	22	61,679	64,910	364,373
Subordinated sukuk	23	406,055	406,079	251,128
Total liabilities		19,473,114	19,103,033	17,311,654

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Consolidated statement of financial position as at 31 March 2013 (19 Jamadil Awal 1434H)
(cont'd.)

	Note	31 March 2013 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Shareholders' equity				
Share capital	24	1,000,000	1,000,000	1,000,000
Reserves	25	598,476	401,003	348,286
Total shareholders' equity		1,598,476	1,401,003	1,348,286
Total liabilities and shareholders' equity		21,071,590	20,504,036	18,659,940
Commitments and contingencies	42	4,300,031	4,222,359	5,456,516
Capital adequacy *	46			
Core capital ratio		14.7%	14.4%	15.2%
Risk-weighted capital ratio		19.2%	19.7%	19.2%
<i>After proposed dividend (of RM195 million net)</i>				
Core capital ratio		12.9%		
Risk-weighted capital ratio		17.4%		
<i>After proposed dividend and reinvestment into ordinary shares</i>				
Core capital ratio		14.7%		
Risk-weighted capital ratio		19.2%		

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

The accompanying notes form an integral part of the financial statements.

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Statement of financial position as at 31 March 2013 (19 Jamadil Awal 1434H)

	Note	31 March 2013 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Assets				
Cash and short-term funds	4 (a)	3,236,505	4,391,223	6,199,953
Cash and placements with financial institutions	4 (b)	105,189	110,333	251,012
Financial investments designated at fair value through profit or loss	5 (a)	79,573	45,972	-
Financial investments available-for-sale	5 (b)	6,466,991	6,139,218	4,360,187
Financial investments held-to-maturity	5 (c)	575	28,522	28,585
Islamic derivative financial assets	6	4,488	4,150	5,177
Financing of customers	7	10,365,020	9,076,593	7,512,881
Other assets	9	80,493	37,394	63,645
Statutory deposits with Bank Negara Malaysia	10	612,721	527,721	94,121
Investment in subsidiaries	11	6,384	6,384	6,484
Investment in associate	12	1,000	-	-
Intangible assets	13	34,546	19,133	48,488
Property, plant and equipment	14	65,642	61,939	53,028
Prepaid land lease payment	15	247	251	255
Deferred tax assets	16	17,027	62,133	42,622
Total assets		21,076,401	20,510,966	18,666,438
Liabilities				
Deposits from customers	17	18,750,255	18,158,747	16,222,790
Deposits and placements of banks and other financial institutions	18	10,774	11,896	14,993
Bills and acceptances payable	19	132,750	310,324	291,375
Islamic derivative financial liabilities	6	8,905	5,630	3,986
Other liabilities	20	95,112	133,218	164,422
Provision for zakat and taxation	21	14,498	20,511	5,228
Recourse obligation on financing sold to Cagamas	22	61,679	64,910	364,373
Subordinated sukuk	23	406,055	406,079	251,128
Total liabilities		19,480,028	19,111,315	17,318,295

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Statement of financial position as at 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

	Note	31 March 2013 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Shareholders' equity				
Share capital	24	1,000,000	1,000,000	1,000,000
Reserves	25	596,372	399,651	348,143
Total shareholders' equity		1,596,372	1,399,651	1,348,143
Total liabilities and shareholders' equity		21,076,401	20,510,966	18,666,438
Commitments and contingencies	42	4,300,031	4,222,359	5,456,516
Capital adequacy *	46			
Core capital ratio		14.6%	14.4%	15.2%
Risk-weighted capital ratio		19.1%	19.7%	19.2%
<i>After proposed dividend (of RM195 million net)</i>				
Core capital ratio		12.8%		
Risk-weighted capital ratio		17.3%		
<i>After proposed dividend and reinvestment into ordinary shares</i>				
Core capital ratio		14.6%		
Risk-weighted capital ratio		19.1%		

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

The accompanying notes form an integral part of the financial statements.

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Income statements

For the year ended 31 March 2013 (19 Jamadil Awal 1434H)

		Group		Bank	
	Note	2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	26	916,569	838,499	916,569	838,499
Income derived from investment of shareholders' funds	27	82,770	55,092	81,692	54,401
Writeback of/(allowance for) impairment on financing	28	12,554	(63,047)	12,554	(69,047)
Writeback of provision for commitments and contingencies	20(a)	14,845	-	14,845	-
Impairment (loss)/writeback on investments	29	(7,243)	10,317	(7,243)	16,217
Share of loss of an associate	12	(420)	-	-	-
Other expenses directly attributable to the investment of the depositors and shareholders' funds		(9,369)	(20,752)	(9,369)	(20,752)
Total distributable income		1,009,706	820,108	1,009,048	819,319
Income attributable to depositors	30	(416,544)	(364,565)	(416,713)	(364,736)
Total net income		593,162	455,543	592,335	454,583
Personnel expenses	31	(196,945)	(170,947)	(195,436)	(170,256)
Other overheads and expenditures	34	(138,955)	(158,571)	(141,344)	(159,204)
Finance cost	35	(21,299)	(23,020)	(20,577)	(23,231)
Profit before zakat and taxation		235,963	103,006	234,978	101,891
Zakat	36	(6,149)	(3,087)	(6,149)	(3,087)
Taxation	37	(61,878)	(30,675)	(61,643)	(30,632)
Profit for the year		167,936	69,243	167,186	68,172
Earnings per share attributable to shareholders of the Bank (sen) (basic and diluted):	38	16.8	6.9		

The accompanying notes form an integral part of the financial statements.

Bank Muamalat Malaysia Berhad
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Statements of comprehensive income
For the year ended 31 March 2013 (19 Jamadil Awal 1434H)

		Group		Bank	
	Note	2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Profit for the year		167,936	69,243	167,186	68,172
Other comprehensive income/ (loss):					
Net unrealised gain/(loss) on revaluation of financial investments available-for- sale		39,476	(24,215)	39,476	(24,353)
Income tax relating to net gain on financial investments available-for-sale	16	(9,247)	8,159	(9,247)	8,159
Exchange fluctuation reserve		(693)	(470)	(693)	(470)
Other comprehensive income/ (loss) for the year, net of tax		29,536	(16,526)	29,536	(16,664)
Total comprehensive income for the year		197,472	52,717	196,722	51,508

The accompanying notes form an integral part of the financial statements.

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Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

Consolidated statement of changes in equity
For the year ended 31 March 2013 (19 Jamadil Awal 1434H)

Group	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 2012	1,000,000	315,385	83	(56,169)	141,704	1,401,003
Profit for the year	-	-	-	-	167,936	167,936
Other comprehensive (loss)/income for the year	-	-	(693)	30,229	-	29,536
Total comprehensive income for the year	-	-	(693)	30,229	167,936	197,472
Transfer to statutory reserve	-	83,593	-	-	(83,593)	-
At 31 March 2013	1,000,000	398,978	(610)	(25,940)	226,049	1,598,476
At 1 April 2011	1,000,000	272,893	553	(40,113)	114,953	1,348,286
Profit for the year	-	-	-	-	69,243	69,243
Other comprehensive loss for the year	-	-	(470)	(16,056)	-	(16,526)
Total comprehensive income for the year	-	-	(470)	(16,056)	69,243	52,717
Transfer to statutory reserve	-	42,492	-	-	(42,492)	-
At 31 March 2012	1,000,000	315,385	83	(56,169)	141,704	1,401,003

* The statutory reserve is maintained in compliance with Section 15 of the Islamic Banking Act 1983 and is not distributable as dividends.

The accompanying notes form an integral part of the financial statements.

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Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

Statement of changes in equity
For the year ended 31 March 2013 (19 Jamadil Awal 1434H)

	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 2012	1,000,000	313,788	83	(56,169)	141,949	1,399,651
Profit for the period	-	-	-	-	167,186	167,186
Other comprehensive (loss)/income for the the year	-	-	(693)	30,229	-	29,536
Total comprehensive income for the year	-	-	(693)	30,229	167,186	196,722
Transfer to statutory reserve	-	83,593	-	-	(83,593)	-
At 31 March 2013	1,000,000	397,381	(610)	(25,940)	225,542	1,596,373
At 1 April 2011	1,000,000	271,603	553	(39,975)	115,962	1,348,143
Profit for the year	-	-	-	-	68,172	68,172
Other comprehensive loss for the year	-	-	(470)	(16,194)	-	(16,664)
Total comprehensive income for the year	-	-	(470)	(16,194)	68,172	51,508
Transfer to statutory reserve	-	42,185	-	-	(42,185)	-
At 31 March 2012	1,000,000	313,788	83	(56,169)	141,949	1,399,651

* The statutory reserve is maintained in compliance with Section 15 of the Islamic Banking Act 1983 and is not distributable as dividends.

The accompanying notes form an integral part of the financial statements.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

Statements of cash flows

For the year ended 31 March 2013 (19 Jamadil Awal 1434H)

		Group		Bank	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash flows from operating activities					
Profit before zakat and taxation		235,963	103,006	234,978	101,891
Adjustment for					
Amortisation of prepaid land lease payment	34	4	4	4	4
Amortisation of intangible assets	34	4,545	3,965	4,545	3,965
Depreciation of property, plant and equipment	34	16,851	12,240	16,847	12,235
Gain on disposal of property, plant and equipment	27	(339)	(66)	(339)	(66)
Property, plant and equipment written-off	34	72	-	72	-
Intangible assets written off	34	40	31,595	40	31,595
(Accretion of discount)/ amortisation of premium, net	26 & 27	(2,763)	3,976	(2,763)	3,976
Net gain from sale of financial investment held-to-maturity	26	(13,494)	-	(13,494)	-
Net gain from sale of financial investment available-for-sale	26 & 27	(9,768)	(22,948)	(9,768)	(22,948)
Net gain from sale of financial investment held-for-trading	26	(632)	(2,561)	(632)	(2,561)
Net gain on revaluation of foreign exchange transaction	27	(21,049)	(11,819)	(21,049)	(11,819)
Net gain from foreign exchange derivatives	27	(899)	(1,060)	(899)	(1,060)
Unrealised loss on revaluation of islamic profit rate swap	27	3,837	3,730	3,837	3,730
Unrealised gain on revaluation of hedged items	27	(7,363)	(1,257)	(7,363)	(1,257)
Impairment loss/(writeback) on investments	29	7,243	(10,317)	7,243	(16,317)
Impairment loss of investment in subsidiaries	29	-	-	-	100
(Writeback of)/allowance for impairment on financing	28	(6,397)	90,410	(6,397)	96,410
Financing written off	28	12,767	1,100	12,767	1,100
Writeback of provision for commitments and contingencies	20(a)	(14,845)	-	(14,845)	-
Share of loss of an associate		420	-	-	-
Finance cost	35	21,299	23,020	20,577	23,231
Gross dividend income	27	(1,935)	(8,864)	(1,935)	(8,864)
Operating profit before working capital changes		223,557	214,154	221,426	213,345

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

Statements of cash flows

For the year ended 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

	Note	Group		Bank	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
(Increase)/decrease in operating assets:					
Islamic derivative financial assets		561	2,087	561	2,087
Financial investment portfolio		(25,689)	(38,249)	(25,689)	(38,249)
Financing of customers		(1,287,362)	(1,662,031)	(1,287,435)	(1,662,479)
Statutory deposits with Bank Negara Malaysia		(85,000)	(433,600)	(85,000)	(433,600)
Other assets		(16,047)	7,572	(13,496)	7,358
Increase/(decrease) in operating liabilities:					
Deposits from customers		593,092	1,934,914	591,508	1,935,957
Deposits and placements of banks and other financial institutions		(1,122)	(3,097)	(1,122)	(3,097)
Islamic derivative financial liabilities		(562)	427	(562)	427
Bills and acceptances payable		(177,574)	18,949	(177,574)	18,949
Other liabilities		(24,501)	(41,315)	(23,372)	(41,372)
Repayment made to Cagamas	22	(3,231)	(16,227)	(3,231)	(16,227)
Recourse obligation on financing sold to Cagamas	22	-	(283,236)	-	(283,236)
Cash used in operations		(803,878)	(299,653)	(803,986)	(300,136)
Zakat paid		(3,087)	(5,228)	(3,087)	(5,228)
Tax paid		(34,907)	(9,805)	(34,859)	(9,567)
Net cash used in operating activities		(841,872)	(314,686)	(841,932)	(314,931)
Cash flows from investing activities					
Proceed of financial investment in securities		6,667,330	5,561,248	6,667,330	5,561,248
Purchase of financial investment in securities		(6,925,426)	(7,310,152)	(6,925,426)	(7,310,152)
Proceed from disposal of property, plant and equipment		833	127	833	127
Purchase of property, plant and equipment	14	(21,176)	(21,207)	(21,116)	(21,207)
Purchase of intangible asset	13	(19,998)	(6,205)	(19,998)	(6,205)
Acquisition of associate		(1,000)	-	(1,000)	-
Dividend income		1,934	8,864	1,934	8,864
Net cash used in investing activities		(297,503)	(1,767,325)	(297,443)	(1,767,325)

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

Statements of cash flows

For the year ended 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

	Note	Group		Bank	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities					
Dividend paid on Islamic subordinated sukuk		(20,487)	(17,399)	(20,487)	(17,152)
Redemption of subordinated bonds		-	(250,000)	-	(250,000)
Additional issuance of subordinated sukuk		-	400,000	-	400,000
Net cash (used in)/generated from financing activities		(20,487)	132,601	(20,487)	132,848
Net decrease in cash and cash equivalents		(1,159,862)	(1,949,410)	(1,159,862)	(1,949,409)
Cash and cash equivalents at beginning of year		4,501,555	6,450,965	4,501,556	6,450,965
Cash and cash equivalents at end of year		3,341,693	4,501,555	3,341,695	4,501,556
Cash and cash equivalents consist of:					
Cash and short term funds	4 (a)	3,236,505	4,391,223	3,236,505	4,391,223
Cash and placements with financial institutions	4 (b)	105,189	110,333	105,189	110,333
		3,341,694	4,501,556	3,341,694	4,501,556

The accompanying notes form an integral part of the financial statements.

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

Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H)

1. Corporate information

Bank Muamalat Malaysia Berhad (the "Bank") is principally engaged in all aspects of Islamic banking business and related financial services in accordance with Shariah principles.

The principal activities of the subsidiaries are as disclosed in Note 11.

There have been no significant changes in the nature of these activities during the financial year.

The Bank is a licensed Islamic Bank under the Islamic Banking Act, 1983, incorporated and domiciled in Malaysia. The registered office of the Bank is located at 20th Floor, Menara Bumiputra, Jalan Melaka, 50100 Kuala Lumpur.

The holding and ultimate holding companies of the Bank are DRB-HICOM Berhad and Etika Strategi Sdn. Bhd. respectively, both of which are incorporated in Malaysia. DRB-HICOM Berhad, is a public limited liability company listed on the Main Market of Bursa Malaysia Securities Berhad.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 3 June 2013.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Bank and its subsidiaries (the "Group") have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act, 1965 in Malaysia.

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

The financial statements of the Group and of the Bank are prepared under the historical cost basis, unless otherwise indicated in the respective accounting policies below.

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

2.2 First time adoption of MFRS and change in accounting policies

The adoption of the MFRS Framework as issued by the Malaysian Accounting Standards Board ("MASB") as at 1 April 2012 by the Group and the Bank requires the Group's and the Bank's financial statements to also be fully compliant with IFRS Framework.

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

Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.2 First time adoption of MFRS and change in accounting policies (cont'd.)

For all the periods up to and including the year ended 31 March 2012, the Group and the Bank prepared their financial statements in accordance with the Financial Reporting Standards ("FRS") in Malaysia as modified by Bank Negara Malaysia ("BNM") Guidelines. The financial statements for the year ended 31 March 2013 are the first set of financial statements that the Group and the Bank have prepared in accordance with MFRS and IFRS including the application of MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*.

The Group and the Bank have consistently applied the same accounting policies in their opening MFRS statements of financial position at 1 April 2011 (being the date of transition to MFRS) and throughout all financial years presented, as if these policies had always been in effect. Accordingly, the Group and the Bank have prepared financial statements which comply with MFRS applicable for year ending on or after 31 March 2013, together with comparative period information as at and for the year ended 31 March 2012, as described in the summary of significant accounting policies. The impact of the transition to MFRS on the Group's and the Bank's reported financial position and financial performance are disclosed in Note 2.3. The transition from FRS in Malaysia as modified by BNM guidelines to MFRS did not have a material impact on the statements of cash flows.

(a) Optional exemptions from retrospective application

MFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under MFRS. The Group and the Bank have not applied any of the optional exemptions permitted under MFRS 1.

(b) Mandatory exceptions to retrospective application

(i) Estimates

The estimates at 1 April 2011 and at 31 March 2012 are consistent with those made for the same dates in accordance with FRS in Malaysia as modified by BNM Guidelines. The estimates used by the Group and the Bank to present these amounts in accordance with MFRS reflect conditions at 1 April 2011, the date of transition to MFRS and as of 31 March 2012.

(ii) Derecognition of financial assets and financial liabilities

A first-time adopter shall apply the derecognition requirements in MFRS 139 Financial Instruments: Recognition and Measurement ("MFRS 139") prospectively for transactions occurring on or after 1 April 2011, the date of transition to MFRS. However, an entity may apply the derecognition requirements in MFRS 139 retrospectively from a date of the entity's choosing, only if the specific requirements under MFRS 1 are met.

The Group and the Bank have applied the derecognition requirements in MFRS 139 prospectively for transactions occurring on or after 1 April 2011.

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

Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.2 First time adoption of MFRS and change in accounting policies (cont'd.)

(b) Mandatory exceptions to retrospective application (cont'd.)

(iii) Hedge accounting

A first-time adopter shall not designate new hedging relationships retrospectively to transactions occurred before 1 April 2011, the date of transition to MFRS. An entity shall apply hedge accounting prospectively from 1 April 2011 to a hedging relationship that qualifies for hedge accounting under MFRS 139 at that date.

The Group and the Bank have complied with the requirements of the above exceptions.

(c) Effects of adopting MFRS in relation to other areas

(i) Collective assessment allowance for financing of customers

The Group's and the Bank's collective assessment allowance were previously maintained at a minimum of 1.5% of total outstanding financing of customers, net of individual assessment allowance, being the transitional arrangement as prescribed in BNM's Guidelines on Classification and Impairment Provisions for Loans / Financing (the "BNM Impairment Guidelines").

The BNM Impairment Guidelines were revised on 9 November 2011 to align the requirements on the determination of collective assessment allowance with that of MFRS 139. Based on the revised Guidelines, the transitional arrangement is removed with effect from 1 January 2012.

Following the adoption of MFRS during the financial year, exposures not individually considered to be impaired are placed into pools of similar assets with similar risk characteristics to be collectively assessed for losses that have been incurred but not yet identified. The required financing loss allowance is estimated on the basis of historical loss experience of the Bank for assets with credit risk characteristics similar to those in the collective pool.

The financial effects of this change in accounting policy on the Group's and the Bank's financial statements are disclosed in Note 2.3.

(ii) Financing sold to Cagamas

In prior years, the Bank excluded balances relating to financing sold to Cagamas from total financing to customers in the statements of financial position. This treatment is in accordance with BNM Guidelines, whereby these balances were disclosed and included as part of commitments and contingencies.

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

Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.2 First time adoption of MFRS and change in accounting policies (cont'd.)

(c) Effects of adopting MFRS in relation to other areas (cont'd.)

(ii) Financing sold to Cagamas (cont'd.)

Following the adoption of MFRS during the financial year, the balances relating to financing sold to Cagamas have been included in total financing to customers in the statements of financial position in accordance with MFRS 139. The Group and the Bank have an obligation to replace those financing sold which are regarded as defective based on pre-determined and agreed-upon prudential criteria, and thus retains credit risk of the financing. Accordingly, the balances relating to the financing sold are not derecognised, and the proceeds received from Cagamas are recorded as a financial liability in the statements of financial position as recourse obligation on financing sold to Cagamas. This change in accounting policy has been applied retrospectively as part of the effects of the MFRS adoption.

The financial effects of this change in accounting policy on the Group's and the Bank's financial statements are disclosed in Note 2.3.

(d) Changes in accounting policies and reclassification of comparatives to conform with current year presentation

(i) Designation of previously recognised financial investments

Certain financial investments initially designated as held-to-maturity and available-for-sale have been redesignated as financial investment at fair value through profit or loss.

The financial effects of this redesignation on the Group's and the Bank's financial statements are disclosed in Note 2.3.

(ii) Others

Certain balances were reclassified to conform with current year presentation. The significant reclassification relates to reclassifying computer software of the Group and the Bank from property, plant and equipment to Intangible assets. All non integral software has been presented as Intangible assets in Note 13.

Computer software of the Group and the Bank were previously presented in property, plant and equipment. However, for the current year presentation, the Group's and the Bank's non-integral software have been reclassified to intangible assets in Note 13 to have all related software costs under a single note to the financial statements.

The effects of this change in classification and presentation on the Group's and the Bank's financial statements are disclosed in Note 2.3.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.3 Financial effects arising from adoption of MFRS Framework and changes in accounting policies

(a) Reconciliation of consolidated statement of financial position as at 1 April 2011

	FRS as at 1 April 2011 RM'000	Note 2.2(c)(i) RM'000	Note 2.2(c)(ii) RM'000	Effect after adoption of MFRS RM'000	Note 2.2(d)(i) RM'000	Note 2.2(d)(ii) RM'000	MFRS as at 1 April 2011 RM'000
Group							
ASSETS							
Cash and short-term funds	6,199,953	-	-	6,199,953	-	-	6,199,953
Cash and placements with financial institutions	251,012	-	-	251,012	-	-	251,012
Financial investments designated at fair value through profit and loss	-	-	-	-	10,800	-	10,800
Financial investments available-for-sale	4,370,987	-	-	4,370,987	(10,800)	-	4,360,187
Financial investments held-to-maturity	28,585	-	-	28,585	-	-	28,585
Islamic derivative financial assets	5,177	-	-	5,177	-	-	5,177
Financing of customers	7,148,160	(17,526)	364,373	7,495,007	-	-	7,495,007
Other assets	70,700	-	-	70,700	-	-	70,700
Statutory deposits with Bank Negara Malaysia	94,121	-	-	94,121	-	-	94,121
Intangible assets	-	-	-	-	-	48,488	48,488
Property, plant and equipment	101,521	-	-	101,521	-	(48,488)	53,033
Leased land	255	-	-	255	-	-	255
Deferred tax assets (net)	38,240	4,382	-	42,622	-	-	42,622
TOTAL ASSETS	18,308,711	(13,144)	364,373	18,659,940	-	-	18,659,940

Bank Muamalat Malaysia Berhad
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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.3 Financial effects arising from adoption of MFRS Framework and changes in accounting policies (cont'd.)

(a) Reconciliation of consolidated statement of financial position as at 1 April 2011 (cont'd.)

	FRS as at 1 April 2011 RM'000	Note 2.2(c)(i) RM'000	Note 2.2(c)(ii) RM'000	Effect after adoption of MFRS RM'000	Note 2.2(d)(i) RM'000	Note 2.2(d)(ii) RM'000	MFRS as at 1 April 2011 RM'000
Group							
LIABILITIES							
Deposits from customers	16,216,173	-	-	16,216,173	-	-	16,216,173
Deposits and placements of banks and other financial institutions	14,993	-	-	14,993	-	-	14,993
Bills and acceptances payable	291,375	-	-	291,375	-	-	291,375
Islamic derivative financial liabilities	3,986	-	-	3,986	-	-	3,986
Other liabilities	164,398	-	-	164,398	-	-	164,398
Provision for zakat and taxation	5,228	-	-	5,228	-	-	5,228
Recourse obligation on financing sold to Cagamas	-	-	364,373	364,373	-	-	364,373
Subordinated sukuk	251,128	-	-	251,128	-	-	251,128
TOTAL LIABILITIES	16,947,281	-	364,373	17,311,654	-	-	17,311,654
SHAREHOLDERS' EQUITY							
Share capital	1,000,000	-	-	1,000,000	-	-	1,000,000
Reserves	361,430	(13,144)	-	348,286	-	-	348,286
TOTAL SHAREHOLDERS' EQUITY	1,361,430	(13,144)	-	1,348,286	-	-	1,348,286
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	18,308,711	(13,144)	364,373	18,659,940	-	-	18,659,940

Bank Muamalat Malaysia Berhad
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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.3 Financial effects arising from adoption of MFRS Framework and changes in accounting policies (cont'd.)

(b) Reconciliation of consolidated statement of financial position as at 31 March 2012

	FRS as at 31 Mar 2012 RM'000	Note 2.2(c)(i) RM'000	Note 2.2(c)(ii) RM'000	Effect after adoption of MFRS RM'000	Note 2.2(d)(i) RM'000	Note 2.2(d)(ii) RM'000	MFRS as at 31 Mar 2012 RM'000
Group							
ASSETS							
Cash and short-term funds	4,391,223	-	-	4,391,223	-	-	4,391,223
Cash and placements with financial institutions	110,333	-	-	110,333	-	-	110,333
Financial investments designated at fair value through profit and loss	-	-	-	-	50,772	-	50,772
Financial investments available-for-sale	6,144,018	-	-	6,144,018	(4,800)	-	6,139,218
Financial investments held-to-maturity	74,494	-	-	74,494	(45,972)	-	28,522
Islamic derivative financial assets	4,150	-	-	4,150	-	-	4,150
Financing of customers	9,038,483	(39,122)	64,910	9,064,271	-	-	9,064,271
Other assets	44,371	-	-	44,371	-	-	44,371
Statutory deposits with Bank Negara Malaysia	527,721	-	-	527,721	-	-	527,721
Intangible assets	-	-	-	-	-	19,133	19,133
Property, plant and equipment	81,072	-	-	81,072	-	(19,133)	61,939
Leased land	251	-	-	251	-	-	251
Deferred tax assets (net)	52,353	9,780	-	62,133	-	-	62,133
TOTAL ASSETS	20,468,469	(29,342)	64,910	20,504,037	-	-	20,504,037

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.3 Financial effects arising from adoption of MFRS Framework and changes in accounting policies (cont'd.)

(b) Reconciliation of consolidated statement of financial position as at 31 March 2012 (con't.)

	FRS as at 31 Mar 2012 RM'000	Note 2.2(c)(i) RM'000	Note 2.2(c)(ii) RM'000	Effect after adoption of MFRS RM'000	Note 2.2(d)(i) RM'000	Note 2.2(d)(ii) RM'000	MFRS as at 31 Mar 2012 RM'000
Group							
LIABILITIES							
Deposits from customers	18,151,087	-	-	18,151,087	-	-	18,151,087
Deposits and placements of banks and other financial institutions	11,896	-	-	11,896	-	-	11,896
Bills and acceptances payable	310,324	-	-	310,324	-	-	310,324
Islamic derivative financial liabilities	5,630	-	-	5,630	-	-	5,630
Other liabilities	133,044	-	-	133,044	-	(458)	132,586
Provision for zakat and taxation	20,521	-	-	20,521	-	-	20,521
Recourse obligation on financing sold to Cagamas	-	-	64,910	64,910	-	-	64,910
Subordinated sukuk	406,079	-	-	406,079	-	-	406,079
TOTAL LIABILITIES	19,038,581	-	64,910	19,103,491	-	(458)	19,103,033
SHAREHOLDERS' EQUITY							
Share capital	1,000,000	-	-	1,000,000	-	-	1,000,000
Reserves	429,888	(29,342)	-	400,546	-	458	401,004
TOTAL SHAREHOLDERS' EQUITY	1,429,888	(29,342)	-	1,400,546	-	458	1,401,004
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	20,468,469	(29,342)	64,910	20,504,037	-	-	20,504,037

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.3 Financial effects arising from adoption of MFRS Framework and changes in accounting policies (cont'd.)

(c) Reconciliation of statement of financial position as at 1 April 2011

	FRS as at 1 April 2011 RM'000	Note 2.2(c)(i) RM'000	Note 2.2(c)(ii) RM'000	Effect after adoption of MFRS RM'000	Note 2.2(d)(i) RM'000	Note 2.2(d)(ii) RM'000	MFRS as at 1 April 2011 RM'000
Bank							
ASSETS							
Cash and short-term funds	6,199,953	-	-	6,199,953	-	-	6,199,953
Cash and placements with financial institutions	251,012	-	-	251,012	-	-	251,012
Financial investments available-for-sale	4,360,187	-	-	4,360,187	-	-	4,360,187
Financial investments held-to-maturity	28,585	-	-	28,585	-	-	28,585
Islamic derivative financial assets	5,177	-	-	5,177	-	-	5,177
Financing of customers	7,166,034	(17,526)	364,373	7,512,881	-	-	7,512,881
Other assets	63,645	-	-	63,645	-	-	63,645
Statutory deposits with Bank Negara Malaysia	94,121	-	-	94,121	-	-	94,121
Investment in subsidiaries	6,484	-	-	6,484	-	-	6,484
Intangible assets	-	-	-	-	-	48,488	48,488
Property, plant and equipment	101,516	-	-	101,516	-	(48,488)	53,028
Leased land	255	-	-	255	-	-	255
Deferred tax assets (net)	38,240	4,382	-	42,622	-	-	42,622
TOTAL ASSETS	18,315,209	(13,144)	364,373	18,666,438	-	-	18,666,438

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.3 Financial effects arising from adoption of MFRS Framework and changes in accounting policies (cont'd.)

(c) Reconciliation of statement of financial position as at 1 April 2011 (cont'd.)

	FRS as at 1 April 2011 RM'000	Note 2.2(c)(i) RM'000	Note 2.2(c)(ii) RM'000	Effect after adoption of MFRS RM'000	Note 2.2(d)(i) RM'000	Note 2.2(d)(ii) RM'000	MFRS as at 1 April 2011 RM'000
Bank							
LIABILITIES							
Deposits from customers	16,222,790	-	-	16,222,790	-	-	16,222,790
Deposits and placements of banks and other financial institutions	14,993	-	-	14,993	-	-	14,993
Bills and acceptances payable	291,375	-	-	291,375	-	-	291,375
Islamic derivative financial liabilities	3,986	-	-	3,986	-	-	3,986
Other liabilities	164,422	-	-	164,422	-	-	164,422
Provision for zakat and taxation	5,228	-	-	5,228	-	-	5,228
Recourse obligation on financing sold to Cagamas	-	-	364,373	364,373	-	-	364,373
Subordinated sukuk	251,128	-	-	251,128	-	-	251,128
TOTAL LIABILITIES	16,953,922	-	364,373	17,318,295	-	-	17,318,295
SHAREHOLDERS' EQUITY							
Share capital	1,000,000	-	-	1,000,000	-	-	1,000,000
Reserves	361,287	(13,144)	-	348,143	-	-	348,143
TOTAL SHAREHOLDERS' EQUITY	1,361,287	(13,144)	-	1,348,143	-	-	1,348,143
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	18,315,209	(13,144)	364,373	18,666,438	-	-	18,666,438

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.3 Financial effects arising from adoption of MFRS Framework and changes in accounting policies (cont'd.)

(d) Reconciliation of statement of financial position as at 31 March 2012

	FRS as at 31 Mar 2012 RM'000	Note 2.2(c)(i) RM'000	Note 2.2(c)(ii) RM'000	Effect after adoption of MFRS RM'000	Note 2.2(d)(i) RM'000	Note 2.2(d)(ii) RM'000	MFRS as at 31 Mar 2012 RM'000
Bank							
ASSETS							
Cash and short-term funds	4,391,223	-	-	4,391,223	-	-	4,391,223
Cash and placements with financial institutions	110,333	-	-	110,333	-	-	110,333
Financial investments designated at fair value through profit and loss	-	-	-	-	45,972	-	45,972
Financial investments available-for-sale	6,139,218	-	-	6,139,218	-	-	6,139,218
Financial investments held-to-maturity	74,494	-	-	74,494	(45,972)	-	28,522
Islamic derivative financial assets	4,150	-	-	4,150	-	-	4,150
Financing of customers	9,050,805	(39,122)	64,910	9,076,593	-	-	9,076,593
Other assets	37,394	-	-	37,394	-	-	37,394
Statutory deposits with Bank Negara Malaysia	527,721	-	-	527,721	-	-	527,721
Investment in subsidiaries	6,384	-	-	6,384	-	-	6,384
Intangible assets	-	-	-	-	-	19,133	19,133
Property, plant and equipment	81,072	-	-	81,072	-	(19,133)	61,939
Leased land	251	-	-	251	-	-	251
Deferred tax assets (net)	52,353	9,780	-	62,133	-	-	62,133
TOTAL ASSETS	20,475,398	(29,342)	64,910	20,510,966	-	-	20,510,966

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.3 Financial effects arising from adoption of MFRS Framework and changes in accounting policies (cont'd.)

(d) Reconciliation of statement of financial position as at 31 March 2012 (cont'd.)

	FRS as at 31 Mar 2012 RM'000	Note 2.2(c)(i) RM'000	Note 2.2(c)(ii) RM'000	Effect after adoption of MFRS RM'000	Note 2.2(d)(i) RM'000	Note 2.2(d)(ii) RM'000	MFRS as at 31 Mar 2012 RM'000
Bank							
LIABILITIES							
Deposits from customers	18,158,747	-	-	18,158,747	-	-	18,158,747
Deposits and placements of banks and other financial institutions	11,896	-	-	11,896	-	-	11,896
Bills and acceptances payable	310,324	-	-	310,324	-	-	310,324
Islamic derivative financial liabilities	5,630	-	-	5,630	-	-	5,630
Other liabilities	133,218	-	-	133,218	-	-	133,218
Provision for zakat and taxation	20,511	-	-	20,511	-	-	20,511
Recourse obligation on financing sold to Cagamas	-	-	64,910	64,910	-	-	64,910
Subordinated sukuk	406,079	-	-	406,079	-	-	406,079
TOTAL LIABILITIES	19,046,405	-	64,910	19,111,315	-	-	19,111,315
SHAREHOLDERS' EQUITY							
Share capital	1,000,000	-	-	1,000,000	-	-	1,000,000
Reserves	428,993	(29,342)	-	399,651	-	-	399,651
TOTAL SHAREHOLDERS' EQUITY	1,428,993	(29,342)	-	1,399,651	-	-	1,399,651
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	20,475,398	(29,342)	64,910	20,510,966	-	-	20,510,966

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.3 Financial effects arising from adoption of MFRS Framework and changes in accounting policies (cont'd.)

(e) Reconciliation of income statement and statement of comprehensive income of the Group for the year ended 31 March 2012

	FRS as at 31 Mar 2012 RM'000	Adjustment RM'000	MFRS as at 31 Mar 2012 RM'000
Group			
Income derived from investment of depositors' funds and others	838,499	-	838,499
Income derived from investment of shareholders' funds	55,092	-	55,092
Allowance for impairment on financing	(41,451)	(21,596)	(63,047)
Impairment writeback on investments	10,317	-	10,317
Other expenses directly attributable to the investment of the depositors and shareholders' funds	(20,752)	-	(20,752)
Total distributable income	841,705	(21,596)	820,109
Income attributable to depositors	(364,565)	-	(364,565)
Total net income	477,140	(21,596)	455,544
Personnel expenses	(170,947)	-	(170,947)
Other overheads and expenditures	(158,571)	-	(158,571)
Finance cost	(23,478)	458	(23,020)
Profit before zakat and taxation	124,144	(21,138)	103,006
Zakat	(3,087)	-	(3,087)
Taxation	(36,073)	5,398	(30,675)
Profit for the year	84,984	(15,740)	69,244
Other comprehensive income/(loss):			
Net unrealised loss on revaluation of financial investments available-for-sale	(24,215)	-	(24,215)
Income tax relating to components of other comprehensive income	8,159	-	8,159
Exchange fluctuation reserve	(470)	-	(470)
Other comprehensive loss for the year, net of tax	(16,526)	-	(16,526)
Total comprehensive income for the year	68,458	(15,740)	52,718

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.3 Financial effects arising from adoption of MFRS Framework and changes in accounting policies (cont'd.)

(f) Reconciliation of income statement and statement of comprehensive income of the Bank for the year ended 31 March 2012

	FRS as at 31 Mar 2012 RM'000	Adjustment RM'000	MFRS as at 31 Mar 2012 RM'000
Bank			
Income derived from investment of depositors' funds and others	838,499	-	838,499
Income derived from investment of shareholders' funds	54,401	-	54,401
Allowance for impairment on financing	(47,451)	(21,596)	(69,047)
Impairment writeback on investments	16,217	-	16,217
Other expenses directly attributable to the investment of the depositors and shareholders' funds	(20,752)	-	(20,752)
Total distributable income	840,914	(21,596)	819,318
Income attributable to depositors	(364,736)	-	(364,736)
Total net income	476,178	(21,596)	454,582
Personnel expenses	(170,256)	-	(170,256)
Other overheads and expenditures	(159,204)	-	(159,204)
Finance cost	(23,231)	-	(23,231)
Profit before zakat and taxation	123,487	(21,596)	101,891
Zakat	(3,087)	-	(3,087)
Taxation	(36,030)	5,398	(30,632)
Profit for the year	84,370	(16,198)	68,172
Other comprehensive income/(loss):			
Net unrealised loss on revaluation of financial investments available-for-sale	(24,353)	-	(24,353)
Income tax relating to components of other comprehensive income	8,159	-	8,159
Exchange fluctuation reserve	(470)	-	(470)
Other comprehensive loss for the year, net of tax	(16,664)	-	(16,664)
Total comprehensive income for the year	67,706	(16,198)	51,508

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at 31 March 2013.

The financial statements of the Bank's subsidiaries are prepared for the same reporting date as the Bank, using consistent accounting policies for like transactions and events in similar circumstances. Subsidiaries are consolidated from the date of acquisition, being the date on which the Bank obtains control and continue to be consolidated until the date that such control effectively ceases. Control is achieved where the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-group balances, income and expenses and unrealised gain and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for using the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued. Acquisition-related costs are expenses when incurred and included in administrative expenses.

Any excess of the cost of the acquisition over the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 2.5(c). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised as income in profit or loss on the date of acquisition.

Non-controlling interests ("NCI") represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statement of financial position, separately from parent shareholders' equity. All total comprehensive income is proportionately allocated to NCI, even if this results in the NCI having a deficit balance.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts;
- Derecognises the carrying amount of any non-controlling interest in the former subsidiary;
- Derecognises the cumulative foreign exchange translation differences recorded in equity;
- Recognises the fair value of the consideration received;

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.4 Basis of consolidation (cont'd.)

- Recognises the fair value of any investment retained in the former subsidiary;
- Recognises any surplus or deficit in the profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, if required in accordance with other MFRSs.

All of the above will be accounted for on the date when control is lost.

2.5 Summary of significant accounting policies

(a) Investment in subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Bank's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in profit and loss.

(b) Investment in associates

Associates are entities in which the Group and the Bank have significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

In the Bank's separate financial statements, investment in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in profit and loss.

Investment in associates are accounted for in the consolidated financial statements of the Group using the equity method. The associate is equity accounted for from the date the Group gains significant influence until the date the Group ceases to have significant influence over the associate.

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(b) Investment in associates (cont'd.)

In applying the equity method, the investment in associate is carried at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated income statement reflects the Group's share of the results of operations of the associates. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes and disclose this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The Group's share of profit or loss of an associate is shown on the face of the consolidated income statement and represents profit or loss after taxation and non-controlling interests in the subsidiaries of the associate.

(c) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(d) Financial assets

(i) Initial recognition and subsequent measurement

Financial assets are classified as financial assets at fair value through profit or loss ("FVTPL"), financing and receivables, held-to-maturity ("HTM") investments and available-for-sale investments ("AFS").

The classification of financial assets at initial recognition depends on the purpose and the management's intention for which the financial assets were acquired and their characteristics. All financial assets are recognised initially at fair value plus directly attributable transaction costs, except in the case of financial assets recorded at FVTPL.

The Group and Bank determine the classification of financial assets at initial recognition, in which the details are disclosed below.

1) Financial assets at FVTPL

Financial assets at FVTPL include financial assets held-for-trading ("HFT") and financial assets designated upon initial recognition at FVTPL. Financial assets are classified as held-for-trading are derivatives (including separated embedded derivatives) or if they are acquired for the purpose of selling in the near term.

For financial assets designated at FVTPL, upon initial recognition the following criteria must be met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different bases, or
- the assets and liabilities are part of a group of financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information about the Group is provided internally on that basis to the entity's key management personnel.

Subsequent to initial recognition, financial assets held-for-trading and financial assets designated at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recognised in profit or loss. Net gain or net losses on financial assets at fair value through profit or loss do not include exchange differences, profit and dividend income. Exchange differences, profit and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(d) Financial assets (cont'd.)

(i) Initial recognition and subsequent measurement (cont'd.)

2) Financing and receivables

Financing and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financing assets classified in this category includes both cash and balances with banks, financing, advances and certain other receivables. These financial assets are initially recognised at fair value, including direct and incremental transaction costs, and subsequently measured at amortised cost using the effective profit method.

3) HTM investments

HTM investments are non-derivatives financial assets with fixed or determinable payments and fixed maturity, which the Bank has the intention and ability to hold to maturity.

Subsequent to initial recognition, HTM investments are measured at amortised cost using effective profit method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective profit rate. The amortisation, losses arising from impairment and gain or loss arising from derecognition of such investments are recognised in profit or loss.

4) AFS investments

AFS investments are financial assets that are designated as available for sale or are not classified in any of the three (3) preceding categories.

AFS investments include equity and debt securities, which are intended to be held for an indefinite period of time and which may be sold in response to liquidity needs or changes in market condition.

After initial recognition, AFS investments are subsequently measured at fair value. Any gain or loss arising from a change in fair value after applying amortised cost method are recognised directly in other comprehensive income, except impairment losses, foreign exchange gains and losses on monetary instruments and profit calculated using the effective yield method which are recognised in the profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the AFS investment is derecognised in profit or loss.

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(d) Financial assets (cont'd.)

(i) Initial recognition and subsequent measurement (cont'd.)

4) AFS investments (cont'd.)

Investment in equity instruments where fair value cannot be reliably measured are recorded at cost less impairment loss.

Dividends on an equity AFS instruments are recognised in the income statement when the Group's and Bank's right to receive payment are established.

(ii) Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from asset have expired
- The Group and the Bank have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cashflows in full without material delay to a third party under a "pass through" arrangement; and either:
 - The Group and the Bank have transferred substantially all the risks and rewards of the asset, or
 - The Group and the Bank have neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the financial asset

When the Group and the Bank have transferred its rights to receive cash flows from a financial asset or has entered into a pass through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the financial asset, the financial asset is recognised to the extent of the Bank's continuing involvement in the financial asset. In that case, the Group and the Bank also recognise an associated liability. The transferred asset and associated liability are measured on a basis that reflects the rights and obligations that the Group and the Bank have retained.

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(d) Financial assets (cont'd.)

(iii) Impairment of financial assets

The Group and the Bank assess at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset or a group of financial assets 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 financial asset (an incurred loss event) and that loss event(s) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the customer or a group of customers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default or delinquency in profit or principal payments and where observable data indicates that there is a measureable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

1) Financing and receivables

Classification of financing and receivable as impaired

Financing and receivable are classified as impaired when:

- principal or profit or both are past due for three (3) months or more;
- where financing in arrears for less than three (3) months exhibit indications of credit weaknesses, whether or not impairment loss has been provided for; or
- where an impaired financing has been rescheduled or restructured, the financing will continue to be classified as impaired until repayments based on the revised and/or restructured terms have been observed continuously for a period of six (6) months.

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(d) Financial assets (cont'd.)

(iii) Impairment of financial assets (cont'd.)

1) Financing and receivables (cont'd.)

Impairment Process – Individual Assessment

The Group and the Bank assess if objective evidence of impairment exist for financing and receiving which are deemed to be individually significant.

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 discounted at the financings' original effective profit rate. 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 profit or loss.

Impairment Process – Collective Assessment

Financings which are not individually significant and financings that have been individually assessed with no evidence of impairment loss are grouped together for collective impairment assessment. These financings are grouped within similar credit risk characteristics for collective assessment, whereby data from the financing portfolio (such as credit quality, levels of arrears, credit utilisation, financing to collateral ratios etc.), concentrations of risks and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups) are taken into consideration.

Future cash flows in a group of financing that are collectively evaluated for impairment are estimated based on the historical loss experience of the Group and of the Bank. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of financial assets should reflect and be directionally consistent with changes in related observable data from period to period. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group and the Bank to reduce any differences between loss estimates and actual loss experience.

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(d) Financial assets (cont'd.)

(iii) Impairment of financial assets

1) Financing and receivables(cont'd.)

Impairment Process – Written off accounts

Where a financing is uncollectible, it is written off against the related allowances for financing impairment. Such financing are written off after the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of the amounts previously written off are recognised in the income statement.

2) AFS investments

For AFS investments, the Group and the Bank assess at each reporting date whether there is objective evidence that an AFS investment is impaired.

In the case of debt instruments classified as AFS, the Group and the Bank assess individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement.

In the case of equity investments classified as AFS investment, the objective evidence would also include a "significant" or "prolonged" decline in the fair value of the investment below its cost. The Group and the Bank treats "significant" generally as 25% and "prolonged" generally as 12 months. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss is removed from equity and recognised in profit or loss.

Impairment losses on equity investments are not reversed through the income statement; increases in the fair value after impairment are recognised in other comprehensive income.

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(d) Financial assets (cont'd.)

(iii) Impairment of financial assets (cont'd.)

2) AFS investments (cont'd.)

For unquoted equity securities carried at cost, impairment loss is measured as the difference between the securities' carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for similar securities. The amount of impairment loss is recognised in the profit or loss and such impairment losses are not reversed subsequent to its recognition.

3) HTM investments

For investments carried at amortised cost in which there are objective evidence of impairment, impairment loss is measured as the difference between the securities' carrying amount and the present value of the estimated future cash flows discounted at the securities' original effective profit rate. The amount of the impairment loss is recognised in profit or loss.

Subsequent reversals in the impairment loss is recognised when the decrease can be objectively related to an event occurring after the impairment was recognised, to the extent that the financial assets carrying amount does not exceed its amortised cost at the reversal date. The reversal is recognised in the profit or loss.

(iv) Determination of fair value

For financial instruments measured at fair value, the fair value is determined by reference to quoted market prices or by using valuation models. For financial instruments with observable market prices which are traded in active markets, the fair values are based on their quoted market price or dealer price quotations.

For all other financial instruments, fair value is determined using appropriate valuation techniques. In such cases, the fair values are estimated using discounted cashflow models and option pricing models, and based on observable data in respect of similar financial instruments and using inputs (such as yield curves) existing as at reporting date. The Bank generally use widely recognised valuation models with market observable inputs for the determination of fair values, due to the low complexity of financial instruments held.

Investments in unquoted equity instruments whose fair value cannot be reliably measured are measured at cost, and assessed for impairment at each reporting date.

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(e) Financial liabilities

(i) Date of recognition

All financial liabilities are initially recognised on the trade date i.e. the date that the Group and the Bank become a party to the contractual provision of the instruments.

(ii) Initial recognition and subsequent measurement

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, are recognised in the statement of financial position when and only when, the Group and the Bank become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

1) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held-for-trading include derivatives entered into by the Group and the Bank that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit and loss. Net gains or losses on derivatives include exchange differences.

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(e) Financial liabilities (cont'd.)

(ii) Initial recognition and subsequent measurement (cont'd.)

2) Other financial liabilities

The Group's and the Bank's other financial liabilities include deposits from customers, deposits and placements of banks and financial institutions, debt securities, payables, bills and acceptances payable and other liabilities.

(a) Deposits from customers, deposits and placements of banks and financial institutions

Deposits from customers, deposits and placements of banks and financial institutions are stated at placement values.

(b) Debt securities

Debt securities issued are classified as financial liabilities or equity in accordance with the substance of the contractual terms of the instruments. The Group's debt securities consist of subordinated sukuk.

These debt securities are classified as liabilities in the statement of financial position as there is a contractual obligation by the Group and the Bank to make cash payments of either principal or interest or both to holders of the debt securities and that the Group and the Bank are contractually obliged to settle the financial instrument in cash or another financial instrument.

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(e) Financial liabilities (cont'd.)

(ii) Initial recognition and subsequent measurement (cont'd.)

2) Other financial liabilities (cont'd.)

(b) Debt securities (cont'd.)

Subsequent to initial recognition, debt securities issued are recognised at amortised cost, with any difference between proceeds net of transaction costs and the redemption value being recognised in the income statement over the period of the borrowings on an effective profit method.

(c) Payables

Payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective profit method.

(d) Bills and acceptances payable

Bills and acceptances are recognised at amortised cost using effective profit method. Payable represent the Group's and the Bank's own bills and acceptances rediscounted and outstanding in the market.

(e) Other liabilities

Other liabilities are stated at cost which is the fair value of the consideration expected to be paid in the future for goods and services received.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is redeemed or otherwise extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognised in the income statement.

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(f) Derivative instruments and hedge accounting

(i) Derivative instruments

The Group and the Bank use derivatives such as profit rate swap, cross currency swaps and forward foreign exchange contracts.

Derivative instruments are initially recognised at fair value, which is normally zero or negligible at inception for non-option derivatives and equivalent to the market premium paid or received for purchased or written options. The derivatives are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions and valuation techniques that include discounted cash flow models and option pricing models, as appropriate.

All derivative financial instruments are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from a change in the fair value of the derivatives is recognised in the profit and loss unless these form part of a hedging relationship.

(ii) Hedge accounting

The Group and the Bank use derivative instruments to manage exposures to profit rate, foreign currency and credit risks. In order to manage particular risks, the Group and the Bank apply hedge accounting for transactions which meet specified criteria.

At the inception of the hedge relationship, the Group and the Bank formally document the relationship between the hedged item and the hedging instrument, including the nature of the risk, the objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship.

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(f) Derivative instruments and hedge accounting (cont'd.)

(ii) Hedge accounting (cont'd.)

1) Fair value hedge

Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability, any gain or loss on the hedging instrument is recognised in the profit and loss. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the profit and loss.

If the hedging instrument expires or is sold, terminated or exercised or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated. For hedged items recorded at amortised cost, the difference between the carrying value of the hedged item on termination and the face value is amortised over the remaining term of the original hedge using the effective profit rate. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the profit and loss.

2) Cash flow hedge

For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognised directly in other comprehensive income into cash flow hedge reserve. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in non-profit income. When the hedged cash flow affects the income statement, the gain or loss on the hedging instrument previously recognised in other comprehensive income are reclassified from equity and is recorded in the corresponding income or expense line of the profit and loss.

When a hedging instrument expires, or is sold, terminated, exercised or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the hedged forecast transaction is ultimately recognised in the profit and loss.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the profit and loss.

The Group and the Bank did not apply cash flow hedge relationship as at the financial year end.

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(g) Embedded derivatives

Derivatives embedded in other financial instruments are accounted for separately as derivatives if the economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not carried at fair value through profit or loss. The embedded derivatives separated from the host are carried at fair value in the trading portfolio with changes in fair value recognised in the income statement.

(h) Foreclosed properties

Foreclosed properties are those acquired in full or partial satisfaction of debts and are stated at the lower of cost and fair value.

(i) Intangible assets

Intangible assets include computer software and software-in-development.

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group and the Bank. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses, except for software-in-development which are not subject to amortisation.

The useful lives of intangible assets are assessed as either finite or infinite. Intangible assets with finite lives are amortised over the useful economic life. Intangibles with finite lives or not yet available for use are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangible asset are accounted for by changing the amortisation period or method, as appropriate and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statements in the expense category consistent with the function of the intangible asset.

Intangible assets are amortised over their estimated finite useful lives as follows:

Computer software	3-10 years
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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(j) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has unlimited useful life and therefore is not depreciated. Renovation work-in-progress are also not depreciated as these assets are not available for use.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets as follows:

Buildings on freehold land	33 years
Building on leasehold land and leasehold land	33 years or remaining life of the lease, whichever is shorter
Office furniture and equipment	6-7 years
Buildings improvements and renovations	5 years
Motor vehicles	5 years
Computer equipment	3-5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(k) Prepaid land lease payment

(i) Classification

A lease is recognised as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the leased item to the Group. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(k) Prepaid land lease payment (cont'd.)

(i) Classification (cont'd.)

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and
- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of the building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance lease

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practical to determine; otherwise, the Bank's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the income statements over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.5(j).

(iii) Operating lease

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and building element of the lease at the inception of the lease.

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(k) Prepaid land lease payment (cont'd.)

(iii) Operating lease (cont'd.)

The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(l) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Bank's functional currency.

(ii) Foreign currency transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Bank and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity.

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(l) Foreign currencies (cont'd.)

(ii) Foreign currency transactions and balances (cont'd.)

The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The results and financial position of the Group's foreign operations, whose functional currencies are not the presentation currency, are translated into the presentation currency at average exchange rates for the year, which approximates the exchange rates at the date of the transaction, and at the closing exchange rate as at reporting date respectively. All resulting exchange differences are taken directly to other comprehensive income and are subsequently recognised in the income statement upon disposal of the foreign operation.

(m) Provision for liabilities

Provisions are recognised when the Group and the Bank have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(n) Impairment of non-financial assets

The Group and the Bank assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Bank makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(n) Impairment of non-financial assets (cont'd.)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

(o) Cash and cash equivalent

Cash and cash equivalent consist of cash and bank balances with banks and other financial institutions, and short term deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(p) Contingent liabilities and contingent assets

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Bank. The Group and the Bank do not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(q) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Bank. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group and the Bank pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(r) Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Bank and the income can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Profit and income from financing

For all financial instruments measured at amortised cost, profit bearing financial assets classified as AFS and financial instruments designated at FVTPL, profit income or expense is recorded using the effective profit rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, payment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective profit rate, but not future credit losses.

For impaired financial assets where the value of the financial asset have been written down as a result of an impairment loss, profit/financing income continues to be recognised using the rate of profit rate used to discount the future cash flows for the purpose of measuring the impairment loss.

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(r) Income recognition (cont'd.)

(ii) Fee and other income recognition

Financing arrangement, management and participation fees, underwriting commissions, guarantee fees and brokerage fees are recognised as income based on accrual on time apportionment method. Fees from advisory and corporate finance activities are recognised net of service taxes and discounts on completion of each stage of the assignment.

Dividend income from securities is recognised when the Bank's right to receive payment is established.

(s) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.5 Summary of significant accounting policies (cont'd.)

(s) Income tax (cont'd.)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the financial position date. Deferred tax is recognised as income or expense and included in the statement of comprehensive income for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(t) Zakat

This represents business zakat. It is an obligatory amount payable by the Bank to comply with the principles of Shariah. Zakat provision is calculated based on 2.5% of the shareholders' funds growth method.

2.6 Standards and interpretations issued but not yet effective

The Group and 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 Bank.

- MFRS 3 *Business Combinations* (IFRS 3 Business Combinations issued by IASB March 2004)
- MFRS 7 *Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities* (Amendments to MFRS 7)
- MFRS 9 *Financial Instruments*
- MFRS 10 *Consolidated Financial Statements*
- MFRS 11 *Joint Arrangements*
- MFRS 12 *Disclosure of Interests in Other Entities*
- MFRS 13 *Fair Value Measurement*
- MFRS 101 *Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income* (Amendments to MFRS 101)
- MFRS 119 - *Employee Benefits* (revised)
- MFRS 127 *Consolidated and Separate Financial Statements* (IAS 27 Consolidated and Separate Financial Statements revised by IASB in December 2003)
- MFRS 127 *Separate Financial Statements* (IAS 27 as amended by IASB in May 2011)

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.6 Standards and interpretations issued but not yet effective (cont'd.)

- MFRS 128 *Investments in Associates and Joint Ventures* (IAS 28 as amended by IASB in May 2011)
- Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting*
- Amendments to MFRS 10 *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11 *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12 *Disclosure of Interests in Other Entities: Transition Guidance*
- Amendments to MFRS 101 *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116 *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132 - *Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 132 *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134 *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to IC Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments*

MFRS 3 *Business Combinations* (IFRS 3 Business Combinations issued by IASB March 2004) and MFRS 127 Consolidated and Separate Financial Statements (IAS 27 Consolidated and Separate Financial Statements revised by IASB in December 2003)

These are the earlier versions of MFRS 3 and MFRS 127 for which an entity can apply if it concludes that, upon applying MFRS 10 Consolidated Financial Statements, it shall consolidate an investee that was not previously consolidated and that control was obtained before the effective date of MFRS 3 and MFRS 127 issued by MASB in November 2011. The Group and the Bank do not anticipate significant impact to the financial statements upon adoption of MFRS 10 when the application of the earlier version of MFRS 3 and MFRS 127 is required.

Amendments to MFRS 7 - *Offsetting Financial Assets and Financial Liabilities*

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g. collateral agreements). The disclosure required for all recognised financial instruments that are set-off in accordance with MFRS 132 Financial Instruments: Presentation ("MFRS 132").

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.6 Standards and interpretations issued but not yet effective (cont'd.)

Amendments to MFRS 7 - Offsetting Financial Assets and Financial Liabilities (cont'd)

The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set-off in accordance with MFRS 132. These amendments will not impact the Group's and the Bank's financial position or performance and will become effective for annual periods beginning on or after 1 January 2013.

MFRS 9 Financial Instruments

MFRS 9, as issued, reflects the first phase of the IASB's work though the adoption date is subject to the recently issued Exposure Draft on the replacement of MFRS 139 and applies to classification and measurement of financial assets and liabilities as defined in MFRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to MFRS 9 Financial Instruments (Financial Instruments-Mandatory Effective Date of MFRS 9 and Transition Disclosures), issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address impairment and hedge accounting. The Group and the Bank will assess the effect of the adoption of the first phase of MFRS 9 in conjunction with the other phases, when issued, to determine the financial implications upon adoption of this standard.

MFRS 10 Consolidated Financial Statements ("MFRS 10")

MFRS 10 replaces the requirements of MFRS 127 Consolidated and Separate Financial Statements ("MFRS 127") that address the accounting for consolidated financial statements and IC Interpretation 112 Consolidation - Special Purpose Entities. What remains in MFRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

The Group and the Bank are currently assessing the impact of adopting MFRS 10, of which the Group's and the Bank's financial position and performance may be affected upon adoption of this new standard.

MFRS 12 Disclosure of Interests in Other Entities ("MFRS 12")

MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. One of the most significant changes introduced by MFRS 12 is that an entity is now required to disclose the judgments made to determine whether it controls another entity. Many of these changes for additional disclosures were introduced by the IASB in response to the financial crisis.

Hence, the Group and the Bank will need to disclose more information about the consolidated and unconsolidated structured entities with which it is involved or has sponsored. The standard will affect the disclosures only and will not have any impact on the financial position or performance of the Group and the Bank.

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

2. Significant accounting policies (cont'd.)

2.6 Standards and interpretations issued but not yet effective (cont'd.)

MFRS 13 *Fair Value Measurement*

MFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to measure the fair value of financial and non-financial assets and liabilities when required or permitted by MFRS. The Group and the Bank do not anticipate significant impact to the financial statements upon adoption of this standard, except for the additional disclosure requirements.

Amendments to MFRS 101 - *Presentation of Items of Other Comprehensive*

The amendments to MFRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gains on hedges of net investments, exchange differences on translation of foreign operations, net movements on cash flow hedges and net losses or gains on financial investments available-for-sale) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans). The amendment affects presentation only and has no impact on the Group's and the Bank's financial position or performance.

The amendment becomes effective for annual periods beginning on or after 1 July 2012.

MFRS 127 *Separate Financial Statements (IAS 27 as amended by IASB in May 2011)*

As a consequence of the new MFRS 10 and MFRS 12, what remains in MFRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements. The Bank prepares separate financial statements but does not anticipate significant impact to the financial statements upon adoption of this amendment.

MFRS 128 *Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)*

As a consequence of the new MFRS 11 and MFRS 12, MFRS 128 is renamed as MFRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates. The Group and the Bank do not anticipate significant impact to the financial statements upon adoption of these amendments.

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

3. Significant accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving higher degree of judgment and complexity, are as follows:

3.1 Fair value estimation of securities available-for-sale (Note 5(b)) and derivative financial instruments (Note 6)

For financial instruments measured at fair value, where the fair values cannot be derived from active markets, these fair values are determined using a variety of valuation techniques, including the use of mathematical models. Whilst the Group and the Bank generally use widely recognised valuation models with market observable inputs, judgment is required where market observable data are not available. Such judgment normally incorporate assumptions that other market participants would use in their valuations, including assumptions about profit rate yield curves, exchange rates, volatilities and prepayment and default rates.

3.2 Impairment of financial investments held-to-maturity and available-for-sale (Note 5(b), 5(c) and 29)

The Group and the Bank review financial investments classified as HTM and AFS at each reporting date to assess whether these are impaired. This requires similar judgment as applied to the individual assessment of financing.

The Group and the Bank also record impairment charges on AFS equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Group and the Bank evaluate, among other factors, historical share price movements and duration and extent to which the fair value of an investment is less than its cost.

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Notes to the financial statements - 31 March 2013 (19 Jamadil Awal 1434H) (cont'd.)

3. Significant accounting estimates and judgments (cont'd.)

3.3 Impairment losses on financing (Note 7 and 28)

The Group and the Bank review its individually significant financing at each reporting date to assess whether an impairment loss should be recorded in profit or loss. In particular, management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Group and the Bank make judgments about the customer's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowances.

Financing that have been assessed individually but for which no impairment is required and all individually insignificant financing are then assessed collectively, in groups of assets with similar credit risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects of which are not yet evident. The collective assessment takes account of data from the financing portfolio (such as credit quality, levels of arrears, credit utilisation, financing to collateral ratios etc.) and judgments on the effect of concentrations of risks (such as the performance of different individual groups).

The impairment loss on financing is disclosed in more detail in Note 28.

3.4 Income tax (Note 37)

Significant management judgment is required in estimating the provision for income taxes, as there may be differing interpretations of tax law for which the final outcome will not be established until a later date. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process may involve seeking the advice of experts, where appropriate. Where the final liability for taxation assessed by the Inland Revenue Board is different from the amounts that were initially recorded, these differences will affect the income tax expense and deferred tax provisions in the period in which the estimate is revised or when the final tax liability is established.

3.5 Deferred tax (Note 16)

Deferred tax assets are recognised for all unutilised tax losses to the extent that it is probable that taxable profit will be available against which the tax losses can be utilised. Management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

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4. (a) Cash and short-term funds

	Group and Bank		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Cash and balances with banks and other financial institutions	240,226	162,535	169,013
Money at call and interbank placements with remaining maturity not exceeding one month	2,996,279	4,228,688	6,030,940
	<u>3,236,505</u>	<u>4,391,223</u>	<u>6,199,953</u>

(b) Cash and placements with financial institutions

	Group and Bank		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Licensed Islamic banks	105,189	110,333	251,012

5. Financial investments

(a) Financial investments designated at fair value through profit and loss

	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Unquoted securities in Malaysia:			
Group			
Private equity funds	84,373	50,772	10,800
Bank			
Private equity funds	79,573	45,972	-

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5. Financial investments (cont'd.)

(b) Available-for-sale

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

	Group and Bank		
	31 March	31 March	1 April
	2013	2012	2011
	RM'000	RM'000	RM'000
<u>At fair value</u>			
Government securities and treasury bills:			
Malaysian government investment certificates	3,383,061	3,737,482	1,972,826
Money market instruments:			
Negotiable islamic debt certificates	-	55,570	-
Quoted securities in Malaysia:			
Quoted shares	44,182	48,023	24,994
Unit trust	-	-	9,910
	44,182	48,023	34,904
Unquoted securities:			
Islamic private debt securities in Malaysia	2,942,983	2,150,770	2,241,814
Cagamas bonds	120,938	116,266	136,245
Foreign islamic private debt securities and sukuk	62,460	91,924	68,501
	3,126,381	2,358,960	2,446,560
Accumulated impairment loss	(91,264)	(65,448)	(98,208)
	6,462,360	6,134,587	4,356,082
<u>At cost</u>			
Unquoted securities:			
Shares in Malaysia	4,631	4,631	4,105
Total available-for-sale securities	6,466,991	6,139,218	4,360,187

The maturity structure of money market instruments, available-for-sale are as follows:

	Group and Bank		
	31 March	31 March	1 April
	2013	2012	2011
	RM'000	RM'000	RM'000
Maturity within one year	-	55,570	-

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5. Financial investments (cont'd.)

(c) Held-to-maturity

	Group and Bank		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
At amortised cost			
Unquoted Islamic private debt securities in Malaysia	575	30,583	30,646
Accumulated impairment loss	-	(2,061)	(2,061)
Total held-to-maturity securities	575	28,522	28,585

- (i) The reconciliation of movement of the unquoted held-to-maturity securities are as follows:

	Group and Bank		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
At beginning of the year	28,522	28,585	28,585
Addition during the year		45,909	-
Effect of reclassification of investment held-to-maturity to investment designated at fair value through profit and loss	-	(45,972)	-
Redeemed during the year	(27,947)	-	-
At end of the year	575	28,522	28,585

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6. 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 change in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are indicative of neither the market risk nor the credit risk.

Group and Bank	31 March 2013			31 March 2012			1 April 2011		
	Contract/ notional amount RM'000	Fair value		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		Assets RM'000	Liabilities RM'000
Trading derivatives:									
Foreign exchange contracts									
- Currency forwards									
Less than one year	54,230	2,862	(24)	110,486	1,983	(272)	52,994	770	(302)
- Currency swaps									
Less than one year	213,422	1,500	(1,021)	569,975	2,082	(1,383)	256,702	1,384	(558)
- Currency spot									
Less than one year	127,472	126	(134)	189,753	85	(86)	1,487,300	3,023	(2,968)
	395,124	4,488	(1,179)	870,214	4,150	(1,741)	1,796,996	5,177	(3,828)
Hedging derivatives:									
Islamic profit rate swap									
(IPRS) More than one year	875,000	-	(7,726)	75,000	-	(3,889)	75,000	-	(158)
Total	1,270,124	4,488	(8,905)	945,214	4,150	(5,630)	1,871,996	5,177	(3,986)

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6. Islamic derivative financial instruments (cont'd.)

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 March 2013			31 March 2012			1 April 2011		
	Contract/ notional amount RM'000	Fair value		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		Assets RM'000	Liabilities RM'000
Islamic profit rate swap (IPRS)	575,000	-	(3,837)	75,000	-	(1,865)	-	-	-

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 financial year ended 31 March 2013, the Group and the Bank recognised a net loss of RM 3,837,303 (2012: RM3,730,445) on the hedging instrument. The total net gain on the hedged item attributable to the hedged risk amounted to RM 7,363,236 (2012: RM1,256,623).

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7. Financing of customers

(i) By type

	31 March 2013 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Cash line	208,538	181,842	367,763
Term financing			
- Home financing	8,398,544	6,469,716	4,828,099
- Syndicated financing	141,177	86,143	143,617
- Hire purchase receivables	1,153,637	1,165,170	1,397,081
- Leasing receivables	146,559	176,859	191,584
- Other term financing	7,459,009	6,688,931	4,294,746
Trust receipts	107,256	116,428	147,916
Claims on customers under acceptance credits	742,214	722,131	779,186
Staff financing	120,362	111,101	94,761
Revolving credit	616,204	491,233	356,088
Sukuk	50,488	-	-
	19,143,988	16,209,554	12,600,841
Less : Unearned income	(8,520,066)	(6,715,082)	(4,753,075)
Gross financing	10,623,922	9,494,472	7,847,766
Less : Allowance for impaired financing:			
- Collective assessment	(242,843)	(268,297)	(244,228)
- Individual assessment	(28,453)	(161,904)	(108,531)
Total net financing	10,352,626	9,064,271	7,495,007

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7. Financing of customers (cont'd.)

(i) By type (cont'd.)

	31 March 2013 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Cash line	208,538	181,842	367,763
Term financing			
- Home financing	8,398,544	6,469,716	4,828,099
- Syndicated financing	141,177	86,143	143,617
- Hire purchase receivables	1,153,637	1,165,170	1,397,081
- Leasing receivables	146,559	176,859	191,584
- Other term financing	7,477,403	6,707,253	4,312,620
Trust receipts	107,256	116,428	147,916
Claims on customers under acceptance credits	742,214	722,131	779,186
Staff financing	120,362	111,101	94,761
Revolving credit	616,204	491,233	356,088
Sukuk	50,488	-	-
	19,162,382	16,227,876	12,618,715
Less : Unearned income	(8,520,066)	(6,715,082)	(4,753,075)
Gross financing	10,642,316	9,512,794	7,865,640
Less : Allowance for impaired financing:			
- Collective assessment	(242,843)	(268,297)	(244,228)
- Individual assessment	(34,453)	(167,904)	(108,531)
Total net financing	10,365,020	9,076,593	7,512,881

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7. Financing of customers (cont'd.)

(ii) By contract

	31 March 2013 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Bai' Bithaman Ajil			
(deferred payment sale)	4,237,413	4,012,321	2,830,101
Ijarah (lease)	147,550	287,697	260,690
Ijarah Thumma Al-Bai			
(lease ended with purchase)	1,001,324	1,024,090	1,207,059
Inah (sale and buyback)	238,175	263,365	449,754
Tawarruq (commodity murabahah)	2,961,096	1,979,340	1,301,019
Bai Al Dayn			
(purchase of debt)	753,857	732,250	805,213
Murabahah (cost-plus)	922,188	714,268	652,739
Istisna' (sale order)	295,890	453,524	301,566
Qard (benevolent loan)	66,193	27,309	16,344
Shirkah Mutanaqisah (diminishing partnership)/ Musharakah (profit sharing)	236	308	23,281
	10,623,922	9,494,472	7,847,766

	31 March 2013 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Bai' Bithaman Ajil			
(deferred payment sale)	4,237,413	4,012,321	2,830,101
Ijarah (lease)	147,550	287,697	260,690
Ijarah Thumma Al-Bai			
(lease ended with purchase)	1,001,324	1,024,090	1,207,059
Inah (sale and buyback)	238,175	263,365	449,754
Tawarruq (commodity murabahah)	2,961,096	1,979,340	1,301,019
Bai Al Dayn			
(purchase of debt)	753,857	732,250	805,213
Murabahah (cost-plus)	922,188	714,268	652,739
Istisna' (sale order)	295,890	453,524	301,566
Qard (benevolent loan)	66,193	27,309	16,344
Shirkah Mutanaqisah (diminishing partnership)/ Musharakah (profit sharing)	18,630	18,630	41,155
	10,642,316	9,512,794	7,865,640

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7. Financing of customers (cont'd.)

(iii) By type of customer

	31 March 2013 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Domestic non-banking institutions	438,890	445,254	37,042
Domestic business enterprises			
- Small business enterprises	269,238	420,518	728,478
- Others	2,449,268	2,713,808	2,700,579
Government and statutory bodies	608,510	602,147	135,190
Individuals	6,841,465	5,292,442	4,224,569
Other domestic entities	2,885	5,340	5,520
Foreign entities	13,666	14,963	16,388
	10,623,922	9,494,472	7,847,766

	31 March 2013 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Domestic non-banking institutions	438,890	445,254	37,042
Domestic business enterprises			
- Small business enterprises	269,238	420,518	728,478
- Others	2,453,832	2,718,682	2,711,531
Government and statutory bodies	622,340	615,595	142,112
Individuals	6,841,465	5,292,442	4,224,569
Other domestic entities	2,885	5,340	5,520
Foreign entities	13,666	14,963	16,388
	10,642,316	9,512,794	7,865,640

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7. Financing of customers (cont'd.)

(iv) By profit rate sensitivity

	31 March 2013 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Fixed rate:			
Home financing	999,855	782,599	849,438
Hire purchase receivables	1,003,454	1,017,029	1,201,348
Others	4,580,985	4,279,145	2,764,311
Variable rate:			
Home financing	1,810,632	1,536,955	1,114,763
Others	2,228,996	1,878,744	1,917,906
	10,623,922	9,494,472	7,847,766

	31 March 2013 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Fixed rate:			
Home financing	999,855	782,599	849,438
Hire purchase receivables	1,003,454	1,017,029	1,201,348
Others	4,585,549	4,284,019	2,769,263
Variable rate:			
Home financing	1,810,632	1,536,955	1,114,763
Others	2,242,826	1,892,192	1,930,828
	10,642,316	9,512,794	7,865,640

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7. Financing of customers (cont'd.)

(v) By sector

	31 March 2013 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Agriculture	51,001	50,424	75,846
Mining and quarrying	2,381	2,032	4,049
Manufacturing	707,878	571,540	670,143
Electricity, gas and water	134,743	129,063	144,710
Construction	488,928	701,667	775,252
Purchase of landed property:			
- Residential	2,890,830	2,389,811	2,014,190
- Non-residential	269,340	232,143	255,494
Real estate	129,267	126,348	16,937
Wholesale, retail and restaurant	475,284	649,352	601,139
Transport, storage and communication	336,166	309,664	155,913
Finance, takaful and business services	491,216	529,448	154,028
Purchase of securities	92	119	86
Purchase of transport vehicles	1,010,295	1,024,737	1,207,546
Consumption credit	2,909,624	1,932,640	1,316,730
Community, social and personal service	104,537	229,889	384,158
Government and statutory bodies	622,340	615,595	71,545
	10,623,922	9,494,472	7,847,766

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7. Financing of customers (cont'd.)

(v) By sector (cont'd.)

	31 March 2013 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Agriculture	51,001	50,424	75,846
Mining and quarrying	2,381	2,032	4,049
Manufacturing	712,442	576,414	675,095
Electricity, gas and water	134,743	129,063	144,710
Construction	494,928	701,667	781,252
Purchase of landed property:			
- Residential	2,890,830	2,389,811	2,014,190
- Non-residential	269,340	232,143	255,494
Real estate	129,267	126,348	16,937
Wholesale, retail and restaurant	475,284	649,352	601,139
Transport, storage and communication	336,166	309,664	155,913
Finance, takaful and business services	491,216	529,448	154,028
Purchase of securities	92	119	86
Purchase of transport vehicles	1,010,295	1,024,737	1,207,546
Consumption credit	2,909,624	1,932,640	1,316,730
Community, social and personal service	112,367	243,337	391,080
Government and statutory bodies	622,340	615,595	71,545
	10,642,316	9,512,794	7,865,640

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7. Financing of customers (cont'd.)

(vi) By residual contractual maturity

	31 March 2013 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Maturity			
within one year	2,360,594	2,081,549	2,470,365
more than one to five years	3,852,107	3,464,400	3,231,243
more than five years	4,411,221	3,948,523	2,146,158
	10,623,922	9,494,472	7,847,766

	31 March 2013 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Maturity			
within one year	2,360,594	2,081,549	2,470,365
more than one to five years	3,852,107	3,464,400	3,231,243
more than five years	4,429,615	3,966,845	2,164,032
	10,642,316	9,512,794	7,865,640

(vii) By geographical area

	31 March 2013 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Domestic	10,602,355	9,450,720	7,753,291
Labuan Offshore	21,567	43,752	94,475
	10,623,922	9,494,472	7,847,766

	31 March 2013 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Domestic	10,620,749	9,469,042	7,771,165
Labuan Offshore	21,567	43,752	94,475
	10,642,316	9,512,794	7,865,640

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7. Financing of customers (cont'd.)

(viii) By economic purpose

	31 March 2013 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Purchase of securities	92	119	86
Purchase of transport vehicles	1,010,295	1,024,737	1,207,546
Purchase of landed properties of which:			
– residential	2,892,026	2,391,204	2,015,791
– non-residential	269,341	232,570	255,963
Purchase of fixed assets (excluding landed properties)	1,061,774	1,278,061	448,398
Personal use	2,909,624	1,932,640	1,316,730
Construction	526,512	735,147	810,779
Working capital	500,543	375,431	239,508
Other purposes	1,453,715	1,524,563	1,552,965
	10,623,922	9,494,472	7,847,766

	31 March 2013 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Purchase of securities	92	119	86
Purchase of transport vehicles	1,010,295	1,024,737	1,207,546
Purchase of landed properties of which:			
– residential	2,892,026	2,326,294	2,015,791
– non-residential	269,341	232,570	255,963
Purchase of fixed assets (excluding landed properties)	1,061,774	1,278,061	448,398
Personal use	2,909,624	1,932,640	1,316,730
Construction	526,512	735,147	816,779
Working capital	500,543	375,431	239,508
Other purposes	1,472,109	1,607,795	1,564,839
	10,642,316	9,512,794	7,865,640

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7. Financing of customers (cont'd.)

Included in financing of customers is a financing given to a corporate customer and another 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 RM573.3 million (2012: RM73.3 million). The cumulative change in fair value of the financings attributable to changes in profit rate risks amounts to a profit of RM8,619,859 (2012: RM1,256,623) and the change for the current year is a profit of RM7,363,236 (2012: RM1,256,623). 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.

8. Impaired Financing

(i) Movements in the impaired financing

	Group RM'000	Bank RM'000
As at 31 March 2012		
As at 1 April 2011	378,343	378,343
Classified as impaired during the year	371,687	377,687
Reclassified as performing during the year	(174,373)	(174,373)
Recovered during the year	(115,245)	(115,245)
Written off during the year	(14,068)	(14,068)
As at 31 March 2012	<u>446,344</u>	<u>452,344</u>
Ratio of gross impaired financing to total financing	<u>4.7%</u>	<u>4.8%</u>
As at 31 March 2013		
As at 1 April 2012	446,344	452,344
Classified as impaired during the year	271,605	271,605
Reclassified as performing during the year	(143,533)	(143,533)
Recovered during the year	(155,741)	(155,741)
Written off during the year	(153,307)	(153,307)
As at 31 March 2013	<u>265,368</u>	<u>271,368</u>
Ratio of gross impaired financing to total financing	<u>2.5%</u>	<u>2.5%</u>

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8. Impaired Financing (cont'd.)

(ii) Movements in the allowance for impaired financing

Collective assessment allowance

	Group RM'000	Bank RM'000
As at 31 March 2012		
As at 1 April 2011	244,228	244,228
Allowance made during the year (Note 28)	264,200	264,200
Amount written-back (Note 28)	(227,163)	(227,163)
Amount written-off	(12,968)	(12,968)
As at 31 March 2012	<u>268,297</u>	<u>268,297</u>
 As % of gross financing, less individual assessment allowance	 <u>2.9%</u>	 <u>2.9%</u>

As at 31 March 2013

As at 1 April 2012	268,297	268,297
Allowance made during the year (Note 28)	368,321	368,321
Amount written-back (Note 28)	(366,720)	(366,720)
Amount written-off	(27,055)	(27,055)
As at 31 March 2013	<u>242,843</u>	<u>242,843</u>
 As % of gross financing, less individual assessment allowance	 <u>2.3%</u>	 <u>2.3%</u>

Individual assessment allowance

	Group RM'000	Bank RM'000
As at 31 March 2012		
As at 1 April 2011	108,531	108,531
Allowance made during the year (Note 28)	64,029	70,029
Amount written-back (Note 28)	(10,656)	(10,656)
Amount written-off	-	-
As at 31 March 2012	<u>161,904</u>	<u>167,904</u>

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8. Impaired Financing (cont'd.)

(ii) Movements in the allowance for impaired financing (cont'd.)

Individual assessment allowance

	Group RM'000	Bank RM'000
As at 31 March 2013		
As at 1 April 2012	161,904	167,904
Allowance made during the year (Note 28)	21,876	21,876
Amount written-back (Note 28)	(29,874)	(29,874)
Amount written-off	(125,453)	(125,453)
As at 31 March 2013	28,453	34,453

(iii) Impaired financing by geographical area

	31 March 2013 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Domestic	243,801	439,870	372,045
Labuan Offshore	21,567	6,474	6,298
	265,368	446,344	378,343

	31 March 2013 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Domestic	249,801	445,870	372,045
Labuan Offshore	21,567	6,474	6,298
	271,368	452,344	378,343

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8. Impaired Financing (cont'd.)

(iv) Impaired financing by sector

	31 March 2013 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Manufacturing	10,220	40,874	24,660
Construction	57,083	175,116	71,810
Purchase of landed property:			
- Residential	84,590	100,192	159,345
- Non-residential	10,313	8,128	12,206
Real estate	-	9,342	-
Wholesale and retail and restaurant	15,620	32,082	33,360
Transport, storage and communication	137	80	45
Finance, takaful and business services	31,020	10,292	9,713
Purchase of securities	18	50	84
Purchase of transport vehicles	29,306	36,543	34,933
Consumption credit	26,086	30,555	23,928
Community, social and personal service	975	3,090	8,259
	265,368	446,344	378,343

	31 March 2013 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Manufacturing	10,220	40,874	24,660
Construction	63,083	175,116	71,810
Purchase of landed property:			
- Residential	84,590	100,192	159,345
- Non-residential	10,313	8,128	12,206
Real estate	-	9,342	-
Wholesale and retail and restaurant	15,620	32,082	33,360
Transport, storage and communication	137	80	45
Finance, takaful and business services	31,020	16,292	9,713
Purchase of securities	18	50	84
Purchase of transport vehicles	29,306	36,543	34,933
Consumption credit	26,086	30,555	23,928
Community, social and personal service	975	3,090	8,259
	271,368	452,344	378,343

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8. Impaired Financing (cont'd.)

(v) Impaired financing by economic purpose

	31 March 2013 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Purchase of securities	18	50	84
Purchase of transport vehicles	29,306	36,543	34,933
Purchase of landed properties of which:			
– residential	84,590	100,192	159,345
– non-residential	10,313	8,128	12,206
Purchase of fixed assets (excluding landed properties)	3,171	4,101	1,553
Personal use	26,086	30,555	23,928
Construction	57,083	175,116	71,810
Working capital	7,000	265	867
Other purposes	47,801	91,394	73,617
	265,368	446,344	378,343

	31 March 2013 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Purchase of securities	18	50	84
Purchase of transport vehicles	29,306	36,543	34,933
Purchase of landed properties of which:			
– residential	84,590	100,192	159,345
– non-residential	10,313	8,128	12,206
Purchase of fixed assets (excluding landed properties)	3,171	4,101	1,553
Personal use	26,086	30,555	23,928
Construction	63,083	175,116	71,810
Working capital	7,000	265	867
Other purposes	47,801	97,394	73,617
	271,368	452,344	378,343

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9. Other assets

	31 March 2013 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Deposits	6,193	5,658	4,876
Prepayments	2,662	2,823	2,428
Tax prepayment	61	265	15,726
Foreclosed properties	14,000	14,000	14,000
Other debtors	67,108	21,625	33,670
	90,024	44,371	70,700

	31 March 2013 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Deposits	6,041	5,508	4,721
Prepayments	2,660	2,822	2,409
Tax prepayment	-	-	15,611
Amount due from subsidiaries	91	797	5,534
Foreclosed properties	14,000	14,000	14,000
Other debtors	57,701	14,267	21,370
	80,493	37,394	63,645

10. Statutory deposits with Bank Negara Malaysia

The statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (revised 1994), the amounts of which are determined at set percentages of total eligible liabilities.

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11. Investment in subsidiaries

	31 March 2013 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Unquoted shares at cost			
- in Malaysia	10,823	10,823	10,823
Less: Accumulated impairment loss	(4,439)	(4,439)	(4,339)
	<u>6,384</u>	<u>6,384</u>	<u>6,484</u>

Details of the subsidiary companies that are all incorporated in Malaysia are as follows:

Name	Principal activities	Percentage of equity held		1 April 2011 %	Paid up capital 31 March 2013 RM
		31 March 2013 %	31 March 2012 %		
Muamalat Nominees (Tempatan) Sdn. Bhd.	Dormant	100	100	100	2
Muamalat Nominees (Asing) Sdn. Bhd.	Dormant	100	100	100	2
Muamalat Venture Sdn. Bhd.	Islamic Venture Capital	100	100	100	100,002
Muamalat Invest Sdn. Bhd.	Provision of Fund Management Services	100	100	100	10,000,000

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12. Investment in associate

	31 March 2013 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Unquoted shares at cost	1,000	-	-
Share of loss of the associate	(420)	-	-
	580	-	-

	31 March 2013 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Unquoted shares at cost	1,000	-	-

Details of the associate which is incorporated in Malaysia are as follows:-

Name	Principal activity	Percentage of equity held			Paid up capital
		31 March 2013	31 March 2012	1 April 2011	31 March 2013
		%	%	%	RM
Pos Ar-Rahnu Sdn. Bhd.	Islamic Pawn broking	20	-	-	5,000,000

For the purpose of applying the equity method of accounting, the Group has used the latest available management reports issued by these associates.

The summarised financial information of the associate is as follow:

	31 March 2013 RM'000	31 March 2012 RM'000
Statement of financial position		
Total assets	26,466	-
Total liabilities	23,563	-
Income Statement		
Revenue	782	-
Loss after taxation	(2,098)	-

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13. Intangible assets

Group and Bank	Computer Software RM'000	Software under Development RM'000	Total RM'000
As at 31 March 2013			
Cost			
At 1 April 2012	42,220	5,950	48,170
Additions	780	19,218	19,998
Write off	-	(40)	(40)
Reclassification	1,161	(1,161)	-
As at 31 March 2013	<u>44,161</u>	<u>23,967</u>	<u>68,128</u>
Accumulated amortisation			
At 1 April 2012	29,037	-	29,037
Charge for the year	4,545	-	4,545
As at 31 March 2013	<u>33,582</u>	<u>-</u>	<u>33,582</u>
Carrying amount at 31 March 2013	<u>10,579</u>	<u>23,967</u>	<u>34,546</u>
At as 31 March 2012			
Cost			
At 1 April 2011	38,084	35,476	73,560
Additions	196	6,009	6,205
Write off	-	(31,595)	(31,595)
Reclassification	3,940	(3,940)	-
As at 31 March 2012	<u>42,220</u>	<u>5,950</u>	<u>48,170</u>
Accumulated amortisation			
At 1 April 2011	25,072	-	25,072
Charge for the year	3,965	-	3,965
As at 31 March 2012	<u>29,037</u>	<u>-</u>	<u>29,037</u>
Carrying amount as at 31 March 2012	<u>13,183</u>	<u>5,950</u>	<u>19,133</u>

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14. Property, plant and equipment

Group	Freehold land and building RM'000	Office building RM'000	Furniture, fixtures, fittings, motor vehicle, equipment & renovation RM'000	Capital work in progress RM'000	Total RM'000
As at 31 March 2013					
Cost					
As at 1 April 2012	2,958	16,049	159,200	11,131	189,338
Additions	-	-	14,372	6,804	21,176
Disposals	(659)	-	(687)	-	(1,346)
Write off	-	-	-	(72)	(72)
Reclassification	-	-	10,276	(10,276)	-
As at 31 March 2013	2,299	16,049	183,161	7,587	209,096
Accumulated depreciation					
As at 1 April 2012	988	4,545	121,866	-	127,399
Charge for the year	71	401	16,379	-	16,851
Disposals	(220)	-	(632)	-	(852)
As at 31 March 2013	839	4,946	137,613	-	143,398
Carrying amount at 31 March 2013	1,460	11,103	45,548	7,587	65,698
At as 31 March 2012					
Cost					
At as 1 April 2011	2,958	16,049	144,728	4,963	168,698
Additions	-	-	10,015	11,192	21,207
Disposals	-	-	(567)	-	(567)
Reclassification	-	-	5,024	(5,024)	-
As at 31 March 2012	2,958	16,049	159,200	11,131	189,338
Accumulated depreciation					
At as 1 April 2011	914	4,143	110,608	-	115,665
Charge for the year	74	402	11,764	-	12,240
Disposals	-	-	(506)	-	(506)
As at 31 March 2012	988	4,545	121,866	-	127,399
Carrying amount as at 31 March 2012	1,970	11,504	37,334	11,131	61,939

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14. Property, plant and equipment (cont'd.)

Bank	Freehold land and building RM'000	Office building RM'000	Furniture, fixtures, fittings, motor vehicle, equipment & renovation RM'000	Capital work in progress RM'000	Total RM'000
As at 31 March 2013					
Cost					
As at 1 April 2012	2,958	16,049	159,079	11,131	189,217
Additions	-	-	14,312	6,804	21,116
Disposals	(659)	-	(687)	-	(1,346)
Write off	-	-	-	(72)	(72)
Reclassification	-	-	10,276	(10,276)	-
As at 31 March 2013	2,299	16,049	182,980	7,587	208,915
Accumulated depreciation					
As at 1 April 2012	988	4,545	121,745	-	127,278
Charge for the year	71	401	16,375	-	16,847
Disposals	(220)	-	(632)	-	(852)
As at 31 March 2013	839	4,946	137,488	-	143,273
Carrying amount at 31 March 2013	1,460	11,103	45,492	7,587	65,642
At as 31 March 2012					
Cost					
At as 1 April 2011	2,958	16,049	144,607	4,963	168,577
Additions	-	-	10,015	11,192	21,207
Disposals	-	-	(567)	-	(567)
Write off	-	-	-	-	-
Reclassification	-	-	5,024	(5,024)	-
As at 31 March 2012	2,958	16,049	159,079	11,131	189,217
Accumulated depreciation					
At as 1 April 2011	914	4,143	110,492	-	115,549
Charge for the year	74	402	11,759	-	12,235
Disposals	-	-	(506)	-	(506)
As at 31 March 2012	988	4,545	121,745	-	127,278
Carrying amount as at 31 March 2012	1,970	11,504	37,334	11,131	61,939

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15. Prepaid land lease payments

	Group and Bank	
	31 March	31 March
	2013	2012
	RM'000	RM'000
At 1 April	251	255
Amortisation	(4)	(4)
As at 31 March	<u>247</u>	<u>251</u>
Analysed as:		
Long term leasehold land	<u>247</u>	<u>251</u>

16. Deferred tax assets

	Group and Bank	
	31 March	31 March
	2013	2012
	RM'000	RM'000
At beginning of the year	62,133	42,622
Recognised in the income statement		
(Note 37)	(35,859)	11,352
Recognised in the equity	(9,247)	8,159
At end of the year	<u>17,027</u>	<u>62,133</u>

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 follows:

	Group and Bank		
	31 March	31 March	1 April
	2013	2012	2011
	RM'000	RM'000	RM'000
Deferred tax assets	<u>17,027</u>	<u>62,133</u>	<u>42,622</u>

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16. Deferred tax assets (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 and the Bank:

	Allowance for impaired financing RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 April 2011	33,090	8,215	9,932	51,237
Recognised in income statements	6,346	4,099	455	10,900
Recognised in the equity	-	-	8,159	8,159
At 31 March 2012	<u>39,436</u>	<u>12,314</u>	<u>18,546</u>	<u>70,296</u>
At 1 April 2012	39,436	12,314	18,546	70,296
Recognised in income statements	(39,436)	2,027	(32)	(37,441)
Recognised in the equity	-	-	(9,247)	(9,247)
At 31 March 2013	<u>-</u>	<u>14,341</u>	<u>9,267</u>	<u>23,608</u>

Deferred tax liability of the Group and the Bank:

	Property, plant and equipment RM'000	Total RM'000
At 1 April 2011	(8,615)	(8,615)
Recognised in the income statement	452	452
At 31 March 2012	<u>(8,163)</u>	<u>(8,163)</u>
At 1 April 2012	(8,163)	(8,163)
Recognised in the income statement	1,582	1,582
At 31 March 2013	<u>(6,581)</u>	<u>(6,581)</u>

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17. Deposits from customers

(i) By type of deposits

	31 March 2013 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Non-Mudharabah Fund			
Demand deposits	2,576,108	2,565,993	2,733,552
Savings deposits	499,571	469,668	474,723
Negotiable Islamic debt certificate	856,478	2,830,628	1,505,815
Others	481,664	536,112	17,582
	4,413,821	6,402,401	4,731,672
Mudharabah Fund			
Demand deposits	325,814	472,685	217,094
Savings deposits	467,662	355,220	222,945
General investment deposits	12,299,161	9,846,015	9,581,971
Special general investment deposits	1,237,721	1,074,766	1,462,491
	14,330,358	11,748,686	11,484,501
	18,744,179	18,151,087	16,216,173

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17. Deposits from customers (cont'd.)

(i) By type of deposits (cont'd.)

	31 March 2013 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Non-Mudharabah Fund			
Demand deposits	2,576,587	2,573,653	2,740,169
Savings deposits	499,571	469,668	474,723
Negotiable Islamic debt certificate	856,478	2,830,628	1,505,815
Others	481,664	536,112	17,582
	4,414,300	6,410,061	4,738,289
Mudharabah Fund			
Demand deposits	325,814	472,685	217,094
Savings deposits	467,662	355,220	222,945
General investment deposits	12,304,758	9,846,015	9,581,971
Special general investment deposits	1,237,721	1,074,766	1,462,491
	14,335,955	11,748,686	11,484,501
	18,750,255	18,158,747	16,222,790

(ii) By type of customer

	31 March 2013 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Government and statutory bodies	3,102,500	3,810,127	3,779,352
Business enterprises	9,380,933	7,195,021	6,648,290
Individuals	1,318,928	1,153,015	1,025,204
Others	4,941,818	5,992,924	4,763,327
	18,744,179	18,151,087	16,216,173

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17. Deposits from customers (cont'd.)

(ii) By type of customer (cont'd.)

	31 March 2013 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Government and statutory bodies	3,102,500	3,810,127	3,779,352
Business enterprises	9,380,933	7,195,021	6,648,290
Individuals	1,318,928	1,153,015	1,025,204
Others	4,947,894	6,000,584	4,769,944
	18,750,255	18,158,747	16,222,790

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

	31 March 2013 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Due within six months	11,706,967	11,928,971	11,124,208
More than six months to one year	2,671,003	1,813,119	1,405,514
More than one year to three years	15,390	9,319	20,555
	14,393,360	13,751,409	12,550,277

	31 March 2013 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Due within six months	11,712,564	11,928,971	11,124,208
More than six months to one year	2,671,003	1,813,119	1,405,514
More than one year to three years	15,390	9,319	20,555
	14,398,957	13,751,409	12,550,277

18. Deposits and placements of banks and other financial institutions

	31 March 2013 RM'000	Group and Bank 31 March 2012 RM'000	1 April 2011 RM'000
Non-Mudharabah			
Bank Negara Malaysia	10,774	11,896	14,993

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19. Bills and acceptances payable

Bills and acceptances payable represent the Group's and the Bank's own bills and acceptances rediscounted and outstanding in the market.

20. Other liabilities

	31 March 2013 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Sundry creditors	672	1,410	7,788
Provision for commitments and contingencies (Note (a))	25,428	40,273	40,273
Accrual for bonus	32,102	16,397	30,605
Accrued expenses	15,560	12,573	11,450
Accrual for directors' fees	658	577	479
Accrual for audit fees	323	202	119
Other liabilities	19,524	61,154	73,684
	94,267	132,586	164,398

	31 March 2013 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Sundry creditors	1,750	1,599	7,764
Provision for commitments and contingencies (Note (a))	25,428	40,273	40,273
Accrual for bonus	31,937	16,397	30,527
Accrued expenses	15,505	12,571	11,450
Accrual for directors' fees	658	577	479
Accrual for audit fees	310	189	119
Other liabilities	19,524	61,612	73,810
	95,112	133,218	164,422

(a) Movement in provision for commitments and contingencies:

	Group and Bank 31 March 2013 RM'000	31 March 2012 RM'000
At beginning of the year	40,273	40,273
Settlement during the year	(14,845)	-
At end of the year	25,428	40,273

The provision relates to bank guarantees issued by the Group and the Bank that have a high likelihood to result in claims from the beneficiaries.

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21. Provision for zakat and taxation

	31 March 2013 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Zakat	6,149	3,087	5,228
Taxation	8,356	17,434	-
	14,505	20,521	5,228

	31 March 2013 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Zakat	6,149	3,087	5,228
Taxation	8,349	17,424	-
	14,498	20,511	5,228

22. Recourse obligation on financing sold to Cagamas

	Group and Bank 31 March 2013 RM'000	31 March 2012 RM'000
At beginning of the year	64,910	364,373
Amount sold during the year	-	(283,236)
Repayment during the year	(3,231)	(16,227)
At end of the year	61,679	64,910

Recourse obligation on financing sold to Cagamas represents those financing acquired from the originators and sold to Cagamas Berhad with recourse. Under the agreement, the Bank undertakes to administer the financing on behalf of Cagamas Berhad and to buy back any financing which are regarded as defective based on pre-determined and agreed-upon prudential criteria with recourse against the originators.

23. Subordinated sukuk

Subordinated sukuk as at 1 April 2011 relates to RM250 million Subordinated sukuk issued on 5 September 2006 under the Shariah principle of Bai' Bithaman Ajil. The sukuk were 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 had the option to redeem the Bonds on the 5th anniversary or any semi-annual date thereafter. The Bank has redeemed the sukuk in September 2011.

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23. Subordinated sukuk (cont'd.)

On 15 June 2011, the Bank successfully issued its Tier-2 Capital Islamic Subordinated Sukuk of RM400 million. The sukuk carries a tenure of 10 years from the issue date on a 10 non-callable 5 basis feature with a profit rate of 5.15% per annum. Should the Bank decide not to exercise its option to redeem the sukuk, the sukuk holders will be entitled to a replacement of other capital instrument of the same or better quality and such replacement of capital shall be done prior to or concurrent with the redemption of the sukuk. The RM400 million sukuk qualifies as Tier-2 capital for the purpose of Bank Negara Malaysia capital adequacy requirement.

24. Share capital

	Number of shares of RM1 each		
	31 March 2013 '000	31 March 2012 '000	31 March 2011 '000
Authorised:			
Ordinary shares	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
Musharakah Irredeemable Non-Cumulative Convertible Preference Shares	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Total	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>
Issued and fully paid:			
Ordinary shares			
At 1 April/31 March	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
	31 March 2013 RM'000	Amount 31 March 2012 RM'000	31 March 2011 RM'000
Authorised:			
Ordinary shares	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
Musharakah Irredeemable Non-Cumulative Convertible Preference Shares	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Total	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>
Issued and fully paid:			
Ordinary shares			
At 1 April/31 March	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

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25. Reserves

		31 March 2013 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
	Note			
Statutory reserve	(a)	398,978	315,385	272,893
Retained profit	(b)	226,049	141,704	114,953
Exchange fluctuation reserve	(c)	(610)	83	553
Net unrealised losses on financial investment available-for-sale	(d)	(25,940)	(56,169)	(40,113)
		598,476	401,003	348,286

		31 March 2013 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
	Note			
Statutory reserve	(a)	397,381	313,788	271,603
Retained profit	(b)	225,542	141,949	115,962
Exchange fluctuation reserve	(c)	(610)	83	553
Net unrealised losses on financial investment available-for-sale	(d)	(25,940)	(56,169)	(39,975)
		596,372	399,651	348,143

(a) Statutory reserve

The statutory reserve is maintained in compliance with Section 15 of the Islamic Banking Act, 1983 and are not distributable as cash dividends.

(b) Retained profit

A single tier tax system was implemented from 2008, replacing the full imputation system. Under the single tier system, dividends paid by Malaysian companies would be exempted in the hands of shareholders and as such single-tier dividends will not carry a tax credit. However, a transitional period up to 31 December 2013 is available for resident companies to utilise their existing section 108 tax credit balances to frank dividends, provided certain conditions are satisfied. Companies may elect to disregard the section 108 balance and opt to pay dividends under the single tier system.

The Bank did not elect for the irrevocable option to disregard the section 108 balance. Accordingly, during the transitional period, the Bank may utilise the credit in the section 108 balance as at 31 March 2013 to distribute cash dividend payments to shareholders as defined under the Finance Act 2007.

As at 31 March 2013, the Bank has sufficient credit in the section 108 balance to pay franked dividends out of its entire retained earnings.

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25. Reserves (cont'd.)

(c) Exchange fluctuation reserves

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(d) Net unrealised losses on financial investment available-for-sale

This represent the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed or impaired.

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

	Group and Bank	
	2013	2012
	RM'000	RM'000
Income derived from investment of:		
(i) General investment deposits	661,453	503,821
(ii) Other deposits	255,116	334,678
	916,569	838,499

(i) Income derived from investment of general investment deposits

	Group and Bank	
	2013	2012
	RM'000	RM'000
Finance income and hibah:		
Income from financing	444,879	313,415
Financial investment held-for-trading	13	5
Financial investment held-for-maturity	860	157
Financial investment available-for-sale	144,458	106,109
Money at call and deposit with financial institutions	37,683	60,891
	627,893	480,577
(Accretion of discounts)/ amortisation of premium, net	811	(2,946)
Total finance income and hibah	628,704	477,631

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

(i) Income derived from investment of general investment deposits (cont'd.)

	Group and Bank	
	2013	2012
	RM'000	RM'000
Other operating income:		
Net gain/(loss) from sale of:		
- financial investment held-for-trading	456	1,539
- financial investment available-for-sale	2,526	10,664
- financial investment held-to-maturity	9,738	-
- financing to customer	(2,220)	-
	<u>10,500</u>	<u>12,203</u>
Fees and commission		
Guarantee fees	2,740	2,659
Processing fees	3,892	512
Service charges and fees	6,535	5,045
Commission	9,082	5,771
	<u>22,249</u>	<u>13,987</u>
Total	<u>661,453</u>	<u>503,821</u>
Of which:		
Financing income earned on impaired financing	<u>1,725</u>	<u>1,555</u>

(ii) Income derived from investment of other deposits

	Group and Bank	
	2013	2012
	RM'000	RM'000
Finance income and hibah		
Income from financing	171,585	208,196
Financial investment held-for-trading	5	4
Financial investment held-for-maturity	332	104
Financial investment available-for-sale	55,716	70,486
Money at call and deposit with financial institutions	14,534	40,448
	<u>242,172</u>	<u>319,238</u>
(Accretion of discounts)/amortisation of premium, net	313	(1,957)
Total finance income and hibah	<u>242,485</u>	<u>317,281</u>

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

(ii) Income derived from investment of other deposits (cont'd.)

	Group and Bank	
	2013	2012
	RM'000	RM'000
Other operating income		
Net gain/ (loss) from sale of:		
- financial investment held-for-trading	176	1,022
- financial investment available-for-sale	974	7,084
- financial investment held-to-maturity	3,756	-
- financing to customer	(856)	-
	<u>4,050</u>	<u>8,106</u>
Fees and commission		
Guarantee fees	1,057	1,766
Processing fees	1,501	340
Service charges and fees	2,521	3,351
Commission	3,502	3,834
	<u>8,581</u>	<u>9,291</u>
Total	<u>255,116</u>	<u>334,678</u>
Of which :		
Financing income earned on impaired financing	<u>665</u>	<u>1,033</u>

27. Income derived from investment of shareholders' funds

	Group		Bank	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financial investment				
available-for-sale	31,782	23,437	31,782	23,437
(Accretion of discounts)/				
amortisation of premium, net	1,639	927	1,639	927
Total finance income and hibah	<u>33,421</u>	<u>24,364</u>	<u>33,421</u>	<u>24,364</u>

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

	Group		Bank	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Other operating income				
Net gain on revaluation of foreign exchange transaction	21,049	11,819	21,049	11,819
Net gain from foreign exchange derivatives	899	1,060	899	1,060
Net gain from sale of financial investment available-for-sale	6,268	5,200	6,268	5,200
Gross dividend income	1,935	8,863	1,935	8,863
Net dividend paid for Islamic profit rate swap	(1,302)	(1,057)	(1,302)	(1,057)
Unrealised loss on revaluation of Islamic profit rate swap	(3,837)	(3,730)	(3,837)	(3,730)
Unrealised gain on revaluation from hedged items	7,363	1,257	7,363	1,257
	32,375	23,412	32,375	23,412
Fees and commission				
Processing fees	1,825	1,285	1,825	1,285
Corporate advisory fees	3,016	2,078	3,035	2,073
Service charges and fees	1,601	1,274	504	588
Commission	9,495	1,414	9,495	1,414
Others	87	808	87	808
	16,024	6,859	14,946	6,168
Other income				
Rental income	611	391	611	391
Gain on disposal of property plant and equipment	339	66	339	66
	950	457	950	457
Total	82,770	55,092	81,692	54,401

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

	Group		Bank	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
(Writeback of)/allowance for impairment on financing				
(a) Individual assessment allowance (Note 8(ii)):				
Made during the year	21,876	64,029	21,876	70,029
Written back during the year	(29,874)	(10,656)	(29,874)	(10,656)
	(7,998)	53,373	(7,998)	59,373
(b) Collective assessment allowance (Note 8(ii)):				
Made during the year	368,321	264,200	368,321	264,200
Written back during the year	(366,720)	(227,163)	(366,720)	(227,163)
	1,601	37,037	1,601	37,037
Bad debts on financing:				
Written off	12,767	1,100	12,767	1,100
Recovered	(18,924)	(28,463)	(18,924)	(28,463)
	(6,157)	(27,363)	(6,157)	(27,363)
Total	(12,554)	63,047	(12,554)	69,047

29. Impairment loss/(write back) on investments

	Group		Bank	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Impairment loss/(write back) on available-for-sale	9,304	(12,378)	9,304	(18,378)
Impairment loss/(write back) on held-to-maturity	(2,061)	2,061	(2,061)	2,061
Impairment loss on investment in subsidiary	-	-	-	100
	7,243	(10,317)	7,243	(16,217)

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30. Income attributable to depositors

	Group		Bank	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah funds	336,202	289,991	336,370	290,161
- Non-Mudharabah funds	74,426	66,782	74,427	66,783
Deposits and placements of banks and other financial institutions				
- Mudharabah funds	99	173	99	173
- Non-Mudharabah funds	5,817	7,619	5,817	7,619
	416,544	364,565	416,713	364,736

31. Personnel expenses

	Group		Bank	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	115,662	109,689	114,692	109,119
Contributions to defined contribution plan	22,799	19,350	22,652	19,273
Social security contributions	1,098	1,005	1,098	1,002
Allowances and bonuses	34,872	22,889	34,563	22,859
Mutual Separation Scheme	264	565	264	565
Others	22,250	17,449	22,167	17,438
	196,945	170,947	195,436	170,256

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32. Directors and shariah committee members' remuneration

	Group		Bank	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
(a) Executive Director/ Chief Executive Officer				
Salaries and wages	1,369	1,080	1,134	1,080
Other emoluments	385	498	318	498
Bonuses	630	1,689	630	1,689
Benefits-in-kind	95	40	90	40
	2,479	3,307	2,172	3,307
(b) Non-Executive Directors				
Fees	910	809	902	803
Benefits-in-kind	28	-	28	-
Other emoluments	533	487	531	486
	1,471	1,296	1,461	1,289
(c) Shariah Committee Members				
Allowance	340	279	340	279
Other remunerations	64	78	64	78
	404	357	404	357
Total	4,354	4,960	4,037	4,953
Total (excluding benefits-in-kind)	4,231	4,920	3,919	4,913

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32. Directors and shariah committee members' remuneration (cont'd.)

The total remuneration (including benefits-in-kind) of the Directors of the Group are as follows:

<=====Remuneration received from the Group=====>

Group 2013	Salary RM'000	Fees RM'000	Bonus RM'000	Other emoluments RM'000	Benefits- in-kind RM'000	Total RM'000
Note 32(a) :						
Executive Director:						
Dato' Haji Mohd Redza Shah Abdul Wahid	1,134	-	630	318	90	2,172
Executive Director of the subsidiaries:						
Sharifatul Hanizah Binti Said Ali	235	-	-	67	5	307
	1,369	-	630	385	95	2,479
Note 32(b) :						
Non-Executive Directors:						
Tan Sri Dato' Dr Mohd Munir Abdul Majid	-	244	-	35	28	307
Tuan Haji Ismail Ibrahim *	-	84	-	74	-	158
Tuan Haji Abdul Jabbar Abdul Majid	-	84	-	72	-	156
Tengku Dato' Seri Hasmuddin Tengku Othman	-	84	-	80	-	164
Tuan Haji Mohd Izani Ghani *	-	84	-	41	-	125
Dato' Azmi Abdullah	-	84	-	105	-	189
Dato' Hj Kamil Khalid Ariff	-	84	-	72	-	156
Dato' Sri Che Khalib Mohamad Noh	-	49	-	17	-	66
Dato' Mohamed Hazlan Mohamed Hussain	-	49	-	21	-	70
Dato' Sri Haji Mohd Khamil Jamil	-	21	-	6	-	27
Dato' Lukman Ibrahim	-	35	-	8	-	43
Other Directors subsidiaries	-	8	-	2	-	10
	-	910	-	533	28	1,471
Total Directors' remuneration	1,369	910	630	918	123	3,950

* Director's fees payable to Khazanah Nasional Berhad

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32. Directors and shariah committee members' remuneration (cont'd.)

The total remuneration (including benefits-in-kind) of the Directors of the Bank are as follows:

<=====Remuneration received from the Group=====>

Group
2012

Note 32(a) :

Executive Director:

Dato' Haji Mohd Redza Shah Abdul Wahid

	Salary RM'000	Fees RM'000	Bonus RM'000	Other emoluments RM'000	Benefits- in-kind RM'000	Total RM'000
Dato' Haji Mohd Redza Shah Abdul Wahid	1,080	-	1,689	498	40	3,307
	<u>1,080</u>	<u>-</u>	<u>1,689</u>	<u>498</u>	<u>40</u>	<u>3,307</u>

Note 32(b) :

Non-Executive Directors:

Tan Sri Dato' Dr Mohd Munir Abdul Majid

Tuan Haji Ismail Ibrahim *

Tuan Haji Abdul Jabbar Abdul Majid

Tengku Dato' Seri Hasmuddin Tengku Othman

Tuan Haji Mohd Izani Ghani *

Dato' Azmi Abdullah

Dato' Hj Kamil Khalid Ariff

Dato' Sri Haji Mohd Khamil Jamil

Dato' Lukman Ibrahim

Other Directors subsidiaries

Tan Sri Dato' Dr Mohd Munir Abdul Majid	-	222	-	39	-	261
Tuan Haji Ismail Ibrahim *	-	84	-	66	-	150
Tuan Haji Abdul Jabbar Abdul Majid	-	84	-	73	-	157
Tengku Dato' Seri Hasmuddin Tengku Othman	-	84	-	89	-	173
Tuan Haji Mohd Izani Ghani *	-	84	-	38	-	122
Dato' Azmi Abdullah	-	84	-	99	-	183
Dato' Hj Kamil Khalid Ariff	-	42	-	30	-	72
Dato' Sri Haji Mohd Khamil Jamil	-	84	-	41	-	125
Dato' Lukman Ibrahim	-	35	-	11	-	46
Other Directors subsidiaries	-	6	-	1	-	7
	<u>-</u>	<u>809</u>	<u>-</u>	<u>487</u>	<u>-</u>	<u>1,296</u>
Total Directors' remuneration	<u>1,080</u>	<u>809</u>	<u>1,689</u>	<u>985</u>	<u>40</u>	<u>4,603</u>

* Director's fees payable to Khazanah Nasional Berhad

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32. Directors and shariah committee members' remuneration (cont'd.)

The total remuneration (including benefits-in-kind) of the Directors of the Bank are as follows:

<=====Remuneration received from the Bank=====>

Bank 2013	Salary RM'000	Fees RM'000	Bonus RM'000	Other emoluments RM'000	Benefits- in-kind RM'000	Total RM'000
Note 32(a) :						
Executive Director:						
Dato' Haji Mohd Redza Shah Abdul Wahid	1,134	-	630	318	90	2,172
	1,134	-	630	318	90	2,172
Note 32(b) :						
Non-Executive Directors:						
Tan Sri Dato' Dr Mohd Munir Abdul Majid	-	244	-	35	28	307
Tuan Haji Ismail Ibrahim *	-	84	-	74	-	158
Tuan Haji Abdul Jabbar Abdul Majid	-	84	-	72	-	156
Tengku Dato' Seri Hasmuddin Tengku Othman	-	84	-	80	-	164
Tuan Haji Mohd Izani Ghani *	-	84	-	41	-	125
Dato' Azmi Abdullah	-	84	-	105	-	189
Dato' Hj Kamil Khalid Ariff	-	84	-	72	-	156
Dato' Sri Che Khalib Mohamad Noh	-	49	-	17	-	66
Dato' Mohamed Hazlan Mohamed Hussain	-	49	-	21	-	70
Dato' Sri Haji Mohd Khamil Jamil	-	21	-	6	-	27
Dato' Lukman Ibrahim	-	35	-	8	-	43
	-	902	-	531	28	1,461
Total Directors' remuneration	1,134	902	630	849	118	3,633

* Director's fees payable to Khazanah Nasional Berhad

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32. Directors and shariah committee members' remuneration (cont'd.)

The total remuneration (including benefits-in-kind) of the Directors of the Bank are as follows:

<=====Remuneration received from the Bank=====>

Bank						
2012	Salary	Fees	Bonus	Other	Benefits-	Total
	RM'000	RM'000	RM'000	emoluments	in-kind	RM'000
				RM'000	RM'000	RM'000
Note 32(a) :						
Executive Director:						
Dato' Haji Mohd Redza Shah Abdul Wahid	1,080	-	1,689	498	40	3,307
	<u>1,080</u>	<u>-</u>	<u>1,689</u>	<u>498</u>	<u>40</u>	<u>3,307</u>
Note 32(b) :						
Non-Executive Directors:						
Tan Sri Dato' Dr Mohd Munir Abdul Majid	-	222	-	39	-	261
Tuan Haji Ismail Ibrahim *	-	84	-	66	-	150
Tuan Haji Abdul Jabbar Abdul Majid	-	84	-	73	-	157
Tengku Dato' Seri Hasmuddin Tengku Othman	-	84	-	89	-	173
Tuan Haji Mohd Izani Ghani *	-	84	-	38	-	122
Dato' Azmi Abdullah	-	84	-	99	-	183
Dato' Hj Kamil Khalid Ariff	-	42	-	30	-	72
Dato' Sri Haji Mohd Khamil Jamil	-	84	-	41	-	125
Dato' Lukman Ibrahim	-	35	-	11	-	46
	<u>-</u>	<u>803</u>	<u>-</u>	<u>486</u>	<u>-</u>	<u>1,289</u>
Total Directors' remuneration	<u>1,080</u>	<u>803</u>	<u>1,689</u>	<u>984</u>	<u>40</u>	<u>4,596</u>

* Director's fees payable to Khazanah Nasional Berhad

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33. Key management personnel remuneration

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2013	2012
	RM'000	RM'000
Short-term employees benefits	5,970	7,075

Included in the total key management personnel are:

Executive directors' remuneration (Note 32(a))	2,479	3,307
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	Bank	
	2013	2012
	RM'000	RM'000
Short-term employees benefits (salary, bonus, allowances)	5,664	7,075

Included in the total key management personnel are:

Executive directors' remuneration (Note 32(a))	2,172	3,307
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34. Other overheads and expenditures

	Group		Bank	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Promotion				
Advertisement and publicity	19,100	11,070	19,094	11,070
Establishment				
Rental	8,244	7,939	8,244	7,939
Depreciation	16,851	12,240	16,847	12,235
Amortisation of intangible assets	4,545	3,965	4,545	3,965
Amortisation of prepaid land lease payment	4	4	4	4
EDP expenses	35,534	33,879	35,534	33,879
Hire of equipment	4,590	4,915	4,584	4,915
	69,768	62,942	69,758	62,937

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34. Other overheads and expenditures (cont'd.)

	Group		Bank	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
General expenses				
Auditors' fees				
- statutory audit	325	280	310	265
- non-audit work	252	505	225	512
- tax advisory	89	43	80	36
Professional fees	1,468	6,884	1,367	6,749
Legal expenses	1,862	1,736	1,862	1,736
Repair and maintenance	3,225	3,576	3,223	3,570
Takaful	5,410	3,371	5,410	3,371
Utilities expenses	5,105	5,056	5,087	5,042
Security guard expenses	7,091	6,258	7,091	6,258
Telephone	2,169	2,016	2,161	2,005
Stationery and printing	2,490	2,613	2,485	2,610
Postage and courier	1,991	1,971	1,991	1,971
Travelling	3,785	4,348	3,784	4,345
Directors remuneration and Shariah Committee allowance (Note 32)	4,231	4,920	3,919	4,913
Property, plant and equipment written off	72	-	72	-
Intangible assets written off	40	31,595	40	31,595
Others	10,482	9,387	13,385	10,219
	50,087	84,559	52,492	85,197
	138,955	158,571	141,344	159,204

35. Finance cost

	Group		Bank	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Dividend paid on subordinated bonds	21,299	23,020	20,577	23,231

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36. Zakat

	Group and Bank	
	2013	2012
	RM'000	RM'000
Provision for zakat for the year	6,149	3,087

37. Taxation

	Group		Bank	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Current income tax	54,597	64,407	54,348	64,368
In respect of changes in tax treatment for collective assessment allowance	(29,656)	(28,708)	(29,656)	(28,708)
Under provision in prior years	1,078	6,328	1,092	6,324
	26,019	42,027	25,784	41,984
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,725)	(26,738)	(1,725)	(26,738)
In respect of changes in tax treatment for collective assessment allowance	39,436	28,708	39,436	28,708
Over provision in prior years	(1,852)	(13,322)	(1,852)	(13,322)
	35,859	(11,352)	35,859	(11,352)
	61,878	30,675	61,643	30,632

Domestic current income tax is calculated at the statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Bank is as follows:

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37. Taxation (cont'd.)

	Group		Bank	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	235,963	103,006	234,978	101,891
Taxation at Malaysian statutory tax rate 25% (2012: 25%)	58,991	25,751	58,744	25,473
Effect of different tax rates in other tax jurisdiction	-	(740)	-	(740)
Income not subject to tax	(9,942)	(3,441)	(9,942)	(3,185)
Expenses not deductible for tax purposes	3,821	15,980	3,821	16,082
Deferred tax asset not recognised	-	120	-	-
Over provision of income tax in prior years	(28,578)	(22,380)	(28,564)	(22,384)
Under provision of deferred tax in prior years	37,584	15,386	37,584	15,386
Income tax expense for the year	61,876	30,676	61,643	30,632

The Group has not recognised the following unused tax losses and unabsorbed capital allowances of subsidiary for the Group:

	Group	
	2013	2012
	RM'000	RM'000
Unused tax losses	2,445	2,445
Unabsorbed capital allowances	-	96
	2,445	2,541

The unused tax losses of the Group amounting to RM2,445,000 (2012: RM2,445,000) are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

38. Earnings per share

	Group	
Basic and diluted	2013	2012
	RM'000	RM'000
Profit attributable to ordinary equity holders of the Bank (RM'000)	167,936	69,243
Weighted average number of ordinary shares in issue ('000)	1,000,000	1,000,000
Basic earnings per share (sen)	16.8	6.9

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39. Dividends

At the forthcoming Annual General Meeting, a final gross dividend in respect of the financial year ended 31 March 2013 of 26.0 sen per share, less taxation of 25% on 1,000,000,000 ordinary shares, amounting to a dividend payable of RM195,000,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2014. Other than the above there is no cumulative preference dividends not recognised in the current financial year.

Subject to obtaining the required approval at the shareholders' level, the proposed final dividends will be reinvested into the Bank via the subscription of newly issued and paid up ordinary shares of RM195,000,000 at RM1 per share in accordance with their respective shareholdings.

No dividend has been paid or declared by the Bank since the end of the previous financial year.

40. Significant related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Bank has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Bank and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has related party relationships with its substantial shareholders, subsidiaries, associates and key management personnel. The Bank's significant transactions and balances with related parties are as follows

	Group and Bank	
	2013	2012
	RM'000	RM'000
Holding company		
Expenditure		
- hibah on deposit	86	528
- sponsorship	5,501	-
Amounts due to		
- deposits	50,000	165,395
	Bank	
	2013	2012
	RM'000	RM'000
Subsidiaries		
Income		
- management income	1,048	855
- profit sharing incentive	1,040	-
Expenditure		
- hibah on deposit	169	101
Amounts due to		
- deposits	6,075	7,661

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40. Significant related party transactions (cont'd.)

	Group and Bank	
	2013	2012
	RM'000	RM'000
Key management personnel		
Amounts due from		
- financing	36	-
Other related companies		
Income		
- profit on financing	13,739	9,863
Expenditure		
- hibah on deposit	1,387	3,398
- seconded staff salary and related expenses	702	998
- mailing & courier service	301	-
- others	882	774
Amounts due to		
- deposits	208,116	250,134
- derivatives	2,770	-
Amounts due from		
- financing	308,090	251,323

41. Credit exposures arising from credit transactions with connected parties

	Group and Bank	
	2013	2012
	RM'000	RM'000
Outstanding credit exposures with connected parties	1,218,329	1,113,171
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	6.0%	6.7%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	-	-

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.

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 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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42. 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:

	31 March 2013			Group and Bank 31 March 2012			1 April 2011		
	Principal amount RM'000	Credit equivalent amount RM'000	Total risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Total risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Total risk weighted amount RM'000
The commitments and contingencies constitute the following:									
Contingent liabilities									
Direct credit substitutes	16,362	16,362	8,362	1,208	1,208	1,208	11	11	11
Trade-related contingencies	73,372	14,674	4,904	65,352	13,070	5,739	45,914	9,183	9,025
Transaction related contingencies	501,061	250,531	191,325	616,105	308,053	248,935	871,491	435,745	371,611
Obligations under an on-going underwriting agreement	25,000	12,500	2,500	41,000	20,500	4,100	65,000	32,500	6,500
Commitments									
Credit extension commitment:									
- Maturity within one year	450,046	90,009	76,294	349,478	69,896	65,135	323,002	64,600	55,443
- Maturity exceeding one year	1,944,354	972,177	256,626	2,184,119	1,092,060	376,999	2,242,093	1,121,047	391,538
Bills of collection	19,712	-	-	19,883	-	-	37,009	-	-
Islamic derivative financial instruments									
Foreign exchange related contracts	395,124	6,670	4,341	870,214	5,001	3,783	1,796,996	2,131	1,608
Profit rate related contract	875,000	37,250	7,450	75,000	6,000	1,200	75,000	6,000	1,200
	4,300,031	1,400,173	551,802	4,222,359	1,515,788	707,099	5,456,516	1,671,217	836,936

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43. Financial risk management objectives and policies

Overview

The integrated risk management system enables the Group and Bank to achieve a single view of risks across its various business operations and in order to gain strategic competitive advantage from its capabilities. It can be described as the strategy and technique of managing risks by taking a holistic approach towards risk management process, which includes risk identification, measurement and management. It also aims at integrating the control and optimization of the principal risk areas of Market Risk (MR), Asset and Liability Management ("ALM"), Credit Risk ("CR"), Operational Risk ("OR") and Shariah Compliance Risk; and building the requisite risk management organization, infrastructure, process and technology with the objective of advancing the Group and Bank towards value protection and creation.

Generally, the objectives of the Group and Bank integrated risk management system include the following:

- Identifying all the risks exposures and their impact.
- Establishment of sound policies and procedures in line with the Group and Bank strategy, lines of business and nature of operations.
- Set out an enterprise-wide organization structure and defining the appropriate roles and responsibilities.
- Instill the risk culture within the Group and Bank.

Risk governance

A stable enterprise-level organisation structure for risk management is necessary to ensure a uniform view of risks across the Group and Bank and form strong risk governance.

The Board of Directors has the overall responsibility for understanding the risks undertaken by the Group and Bank and ensuring that these risks are properly managed. While the Board of Directors is ultimately responsible for risk management of the Group and Bank, it has entrusted the Board Risk Management Committee ("BRMC") to carry out its functions. BRMC, which is chaired by an independent director of the Board, oversees the overall management of risks.

The execution of the Board's risk strategies and policies is the responsibility of the Group and Bank Management and the conduct of these functions are being exercised under a committee structure, namely the Executive Risk Management Committee ("ERMC"), which is chaired by the Chief Executive Officer ("CEO"). The Committee focuses on the overall business strategies and day-to-day business operations of the Group and Bank in respect of risk management.

In addition, as an Islamic Bank, a Shariah Committee ("SC") is set up as an independent external body to decide on Shariah issues and simultaneously to assist towards risk mitigation and compliance with the Shariah principles.

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43. Financial risk management objectives and policies (cont'd.)

Risk governance (cont'd.)

There are other risk committees at the management level to oversee specific risk areas and control function the following is the detail:

Committee	Objective
Asset-Liability Management Committee ("ALCO")	To ensure that all strategies conform to the Bank's risk appetite and levels of exposure as determined by BRMC. These include areas of capital management, funding and liquidity management and market risk of non-trading portfolio.
Credit Committee ("CC")	Authority for approving and reviewing business financing.
Investment Committee ("IC")	To manage the Bank's investments and decides on new and/or additional increases of existing investment securities and/or other Treasury investment-related activities.
Operational Risk Management Committee ("ORMC")	To ensure effective implementation of Operational Risk Management Framework.

To carry out the day-to-day risk management functions, a dedicated Risk Management Department ("RMD") that is independent of profit and volume target, supports the above committees.

(a) Credit risk

Credit Risk is defined as the potential loss to the Group and Bank as a result of defaults in payment by counter parties via financing and investment activities. The Group and Bank's RMD and Senior Management via ERM implement and execute the strategies and policies in managing credit risk to ensure that the Bank's exposure to credit are always kept within the Group and Bank risk appetite and the Group and Bank will be able to identify its risk tolerance level. The administration of credit risk is governed by a full set of credit related policies such as Credit Risk Policy ("CRP") and Guidelines to Credit Risk Policies ("GCRP").

Credit risk arises from the possibility that a customer or counterparty may be unable to meet its financial obligations to the Group and Bank, either from a facility granted or a contract in which the Group and Bank have a gain position. The Group and Bank comprehend that credit risk is inherent in its credit products activities such as financing facilities (funded / non-funded); treasury activities including inter-bank money market, money and capital trading, foreign exchange; and investment banking activities including underwriting of private debt securities issuance.

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The above credit risk exposures are controlled through financing granting criteria which include the assessment of an identifiable and adequate source of payments or income generation from the customer, as well as the appropriate structure of credit. As a supporting tool of the assessment, the Group and Bank adopt credit risk rating (internal / external) mechanism. The internal risk rating/grading mechanism is consistent with the nature, size and complexity of the Group and Bank activities. It is also in compliance with the regulatory authority's requirements. The external rating assessment will be used as those provided by more than one of the selected External Credit Assessment Institution ("ECAI").

The applicable level of credit approval is determined by the aggregation of all credit lines or facilities (including temporary excesses) of all related companies and their principals and guarantors as prescribed by Bank Negara Malaysia Garis Panduan ("BNM GP5"). The Group and Bank establish its credit exposure limit for individual/single customer, global counterparty, industry/sector and other various funded and non-funded exposures.

In mitigating the credit risk, the Group and Bank have also introduced the Credit Risk Mitigation Techniques ("CRMT") whereby the various financing facilities are categorized as either secured or unsecured. The Group and Bank have developed the techniques to identify the eligible collaterals and securities through certain criteria, perform appraisal on the collaterals and securities, value and revalue the collaterals and securities including valuation of collaterals for impaired financing and implement adequate monitoring process on the collaterals and securities. These measures are taken to control and mitigate the calculated risks in granting such credit.

Credit portfolio of the Group and Bank are monitored on a bank-wide basis by stipulating portfolio exposure limits with the objective to avoid credit concentrations and over exposure in the portfolio. The monitoring includes (among others) review of exposure limit for each sector of which, the relevant limit is recommended to the Board for approval. The risk limits should be appropriate and justified for the business activities of each specified sector/industry.

The Group and Bank credit risk disclosures also cover past due and impaired financing including the approaches in determining the individual and collective impairment provisions which are guided by Bank Negara Malaysia's ("BNM") guidelines on Classification and Impairment Provisions for Loans/Financing.

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43. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(i) Maximum credit risk exposures and credit risk concentration

The following table presents the Group's and the Bank's maximum exposure to credit risk (without taking account of any collateral held or other credit enhancements) for each class of financial assets, including derivatives with positive fair values, and commitments and contingencies. Where financial assets are recorded at fair value, the amounts shown represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values. Included in commitments and contingencies are contingent liabilities and credit commitments. For contingent liabilities, the maximum exposures to credit risk is the maximum amount that the Group or the Bank would have to pay if the obligations for which the instruments are issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of undrawn credit granted to customers and derivative financial instruments.

A concentration credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic and other conditions.

By sector analysis

The analysis of credit risk concentration presented relates to financial assets, including derivatives with positive fair values, and commitments and contingencies, subject to credit risk and are based on the sector in which the counterparties are engaged (for non-individual counterparties) or the economic purpose of the credit exposure (for individuals). The exposures to credit risk are presented without taking into account of any collateral held or other credit enhancements.

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43. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(i) Maximum credit risk exposures and credit risk concentration (cont'd.)

By sector analysis

Group	Government and statutory bodies RM'000	Finance, takaful and business services RM'000	Agriculture, manufacturing, wholesale, retail and restaurant RM'000	Construction and real estate RM'000	Purchase of transport vehicles RM'000	Others RM'000	Total RM'000
31 March 2013							
On balance sheet exposures							
Cash and short-term funds	-	3,236,505	-	-	-	-	3,236,505
Cash and placements with financial institutions	-	105,189	-	-	-	-	105,189
Financial investments designated at fair value through profit and loss	-	79,573	4,800	-	-	-	84,373
Financial investment available-for-sale	4,398,120	368,717	482,340	257,340	-	960,474	6,466,991
Financial investment held-to-maturity	575	-	-	-	-	-	575
Islamic derivative financial assets	-	4,488	-	-	-	-	4,488
Financing of customers	621,076	481,993	1,205,013	588,866	971,027	6,484,651	10,352,626
Statutory deposits with Bank Negara Malaysia	612,721	-	-	-	-	-	612,721
Other financial assets	-	-	-	-	-	22,959	22,959
	5,632,492	4,276,465	1,692,153	846,206	971,027	7,468,084	20,886,427
Commitments and contingencies							
Contingent liabilities	139,872	25,000	73,259	260,811	-	116,853	615,795
Commitments	1,360,128	-	304,007	279,623	14,036	456,318	2,414,112
Derivative financial instruments	-	1,270,124	-	-	-	-	1,270,124
	1,500,000	1,295,124	377,266	540,434	14,036	573,171	4,300,031
Total credit exposures	7,132,492	5,571,589	2,069,419	1,386,640	985,063	8,041,255	25,186,458

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43. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(i) Maximum credit risk exposures and credit risk concentration (cont'd.)

By sector analysis (cont'd.)

Group	Government and statutory bodies RM'000	Finance, takaful and business services RM'000	Agriculture, manufacturing, wholesale, retail and restaurant RM'000	Construction and real estate RM'000	Purchase of transport vehicles RM'000	Others RM'000	Total RM'000
31 March 2012							
On balance sheet exposures							
Cash and short-term funds	-	4,391,223	-	-	-	-	4,391,223
Cash and placements with financial institutions	-	110,333	-	-	-	-	110,333
Financial investments designated at fair value through profit and loss	-	45,972	4,800	-	-	-	50,772
Financial investment available-for-sale	3,922,079	325,467	600,348	243,533	-	1,047,791	6,139,218
Financial investment held-to-maturity	575	-	-	-	-	27,947	28,522
Islamic derivative financial assets	-	4,150	-	-	-	-	4,150
Financing of customers	613,331	515,403	1,179,231	714,314	977,762	5,064,230	9,064,271
Statutory deposits with Bank Negara Malaysia	527,721	-	-	-	-	-	527,721
Other financial assets	-	-	-	-	-	27,285	27,285
	5,063,706	5,392,548	1,784,379	957,847	977,762	6,167,253	20,343,495
Commitments and contingencies							
Contingent liabilities	147,653	40,999	63,333	323,210	-	148,470	723,665
Commitments	1,352,347	-	463,543	216,994	14,036	506,560	2,553,480
Derivative financial instruments	-	945,214	-	-	-	-	945,214
	1,500,000	986,213	526,876	540,204	14,036	655,030	4,222,359
Total credit exposures	6,563,706	6,378,761	2,311,255	1,498,051	991,798	6,822,283	24,565,854

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43. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(i) Maximum credit risk exposures and credit risk concentration (cont'd.)

By sector analysis (cont'd.)

Group	Government and statutory bodies RM'000	Finance, takaful and business services RM'000	Agriculture, manufacturing, wholesale, retail and restaurant RM'000	Construction and real estate RM'000	Purchase of transport vehicles RM'000	Others RM'000	Total RM'000
1 April 2011							
On balance sheet exposures							
Cash and short-term funds	-	6,199,953	-	-	-	-	6,199,953
Cash and placements with financial institutions	-	251,012	-	-	-	-	251,012
Financial investments designated at fair value through profit and loss	-	-	4,800	6,000	-	-	10,800
Financial investment available-for-sale	2,286,044	218,197	459,867	256,959	-	1,139,120	4,360,187
Financial investment held-to-maturity	575	-	-	-	-	28,010	28,585
Islamic derivative financial assets	-	5,140	-	-	-	37	5,177
Financing of customers	71,545	143,949	1,299,273	750,729	1,206,465	4,023,046	7,495,007
Statutory deposits with Bank Negara Malaysia	94,121	-	-	-	-	-	94,121
Other financial assets	-	-	-	-	-	38,544	38,544
	2,452,285	6,818,251	1,763,940	1,013,688	1,206,465	5,228,757	18,483,386
Commitments and contingencies							
Contingent liabilities	121,166	65,000	90,285	351,919	-	354,046	982,416
Commitments	1,378,834	-	419,604	450,840	15,604	337,222	2,602,104
Derivative financial instruments	-	1,871,996	-	-	-	-	1,871,996
	1,500,000	1,936,996	509,889	802,759	15,604	691,268	5,456,516
Total credit exposures	3,952,285	8,755,247	2,273,829	1,816,447	1,222,069	5,920,025	23,939,902

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43. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(i) Maximum credit risk exposures and credit risk concentration (cont'd.)

By sector analysis (cont'd.)

Bank	Government and statutory bodies RM'000	Finance, takaful and business services RM'000	Agriculture, manufacturing, wholesale, retail and restaurant RM'000	Construction and real estate RM'000	Purchase of transport vehicles RM'000	Others RM'000	Total RM'000
31 March 2013							
On balance sheet exposures							
Cash and short-term funds	-	3,236,505	-	-	-	-	3,236,505
Cash and placements with financial institutions	-	105,189	-	-	-	-	105,189
Financial investments designated at fair value through profit and loss	-	79,573	-	-	-	-	79,573
Financial investment available-for-sale	4,398,120	368,717	482,340	257,340	-	960,474	6,466,991
Financial investment held-to-maturity	575	-	-	-	-	-	575
Islamic derivative financial assets	-	4,488	-	-	-	-	4,488
Financing of customers	621,076	481,993	1,209,577	588,866	971,027	6,492,481	10,365,020
Statutory deposits with Bank Negara Malaysia	612,721	-	-	-	-	-	612,721
Other financial assets	-	-	-	-	-	13,488	13,488
	5,632,492	4,276,465	1,691,917	846,206	971,027	7,466,443	20,884,550
Commitments and contingencies							
Contingent liabilities	139,872	25,000	73,259	260,811	-	116,853	615,795
Commitments	1,360,128	-	304,007	279,623	14,036	456,318	2,414,112
Derivative financial instruments	-	1,270,124	-	-	-	-	1,270,124
	1,500,000	1,295,124	377,266	540,434	14,036	573,171	4,300,031
Total credit exposures	7,132,492	5,571,589	2,069,183	1,386,640	985,063	8,039,614	25,184,581

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43. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(i) Maximum credit risk exposures and credit risk concentration (cont'd.)

By sector analysis (cont'd.)

Bank	Government and statutory bodies RM'000	Finance, takaful and business services RM'000	Agriculture, manufacturing, wholesale, retail and restaurant RM'000	Construction and real estate RM'000	Purchase of transport vehicles RM'000	Others RM'000	Total RM'000
31 March 2012							
On balance sheet exposures							
Cash and short-term funds	-	4,391,223	-	-	-	-	4,391,223
Cash and placements with financial institutions	-	110,333	-	-	-	-	110,333
Financial investments designated at fair value through profit and loss	-	45,972	-	-	-	-	45,972
Financial investment available-for-sale	3,922,079	325,467	600,348	243,533	-	1,047,791	6,139,218
Financial investment held-to-maturity	575	-	-	-	-	27,947	28,522
Islamic derivative financial assets	-	4,150	-	-	-	-	4,150
Financing of customers	613,331	515,403	1,184,104	714,314	977,762	5,071,679	9,076,593
Statutory deposits with Bank Negara Malaysia	527,721	-	-	-	-	-	527,721
Other financial assets	-	-	-	-	-	20,572	20,572
	5,063,706	5,392,548	1,784,452	957,847	977,762	6,167,989	20,344,304
Commitments and contingencies							
Contingent liabilities	147,653	40,999	63,333	323,210	-	148,470	723,665
Commitments	1,352,347	-	463,543	216,994	14,036	506,560	2,553,480
Derivative financial instruments	-	945,214	-	-	-	-	945,214
	1,500,000	986,213	526,876	540,204	14,036	655,030	4,222,359
Total credit exposures	6,563,706	6,378,761	2,311,328	1,498,051	991,798	6,823,019	24,566,663

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43. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(i) Maximum credit risk exposures and credit risk concentration (cont'd.)

By sector analysis (cont'd.)

Bank	Government and statutory bodies RM'000	Finance, takaful and business services RM'000	Agriculture, manufacturing, wholesale, retail and restaurant RM'000	Construction and real estate RM'000	Purchase of transport vehicles RM'000	Others RM'000	Total RM'000
1 April 2011							
On balance sheet exposures							
Cash and short-term funds	-	6,199,953	-	-	-	-	6,199,953
Cash and placements with financial institutions	-	251,012	-	-	-	-	251,012
Financial investment available-for-sale	2,286,044	218,197	459,867	256,959	-	1,139,120	4,360,187
Financial investment held-to-maturity	575	-	-	-	-	28,010	28,585
Islamic derivative financial assets	-	5,140	-	-	-	37	5,177
Financing of customers	71,545	143,949	1,304,225	756,729	1,206,465	4,029,968	7,512,881
Statutory deposits with Bank Negara Malaysia	94,121	-	-	-	-	-	94,121
Other financial assets	-	-	-	-	-	31,624	31,624
	2,452,285	6,818,251	1,764,092	1,013,688	1,206,465	5,228,759	18,483,540
Commitments and contingencies							
Contingent liabilities	121,166	65,000	90,285	351,919	-	354,046	982,416
Commitments	1,378,834	-	419,604	450,840	15,604	337,222	2,602,104
Derivative financial instruments	-	1,871,996	-	-	-	-	1,871,996
	1,500,000	1,936,996	509,889	802,759	15,604	691,268	5,456,516
Total credit exposures	3,952,285	8,755,247	2,273,981	1,816,447	1,222,069	5,920,027	23,940,056

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43. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(i) Credit risk exposures and credit risk concentration (cont'd.)

By geographical analysis

The analysis of credit concentration risk of financial assets and commitments and contingencies of the Group and the Bank categorised by geographical distribution (based on the geographical location where the credit risk resides) are as follows:

	Group		Bank	
	Domestic	Labuan	Domestic	Labuan
	RM'000	RM'000	RM'000	RM'000
31 March 2013				
On Balance Sheet				
Exposures				
Cash and short-term funds	3,232,160	4,345	3,232,160	4,345
Cash and placements with financial institutions	105,189	-	105,189	-
Financial investment designated at fair value through profit and loss	4,800	79,573	-	79,573
Financial investment held-to-maturity	575	-	575	-
Financial investment available-for-sale	6,409,947	57,044	6,409,947	57,044
Islamic derivative financial assets	4,487	1	4,487	1
Financing of customers	10,337,627	14,999	10,350,021	14,999
Statutory deposits with Bank Negara Malaysia	612,721	-	612,721	-
Other financial assets	22,955	4	13,484	4
	<u>20,730,461</u>	<u>155,966</u>	<u>20,728,584</u>	<u>155,966</u>
Commitments and contingencies				
Contingent liabilities	615,795	-	615,795	-
Commitments	2,414,112	-	2,414,112	-
Derivative financial instruments	1,270,124	-	1,270,124	-
	<u>4,300,031</u>	<u>-</u>	<u>4,300,031</u>	<u>-</u>
Total credit exposures	<u>25,030,492</u>	<u>155,966</u>	<u>25,028,615</u>	<u>155,966</u>

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43. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(i) Credit risk exposures and credit risk concentration (cont'd.)

By geographical analysis (cont'd.)

	Group		Bank	
	Domestic	Labuan	Domestic	Labuan
	RM'000	RM'000	RM'000	RM'000
31 March 2012				
On Balance Sheet				
Exposures				
Cash and short-term funds	4,378,538	12,685	4,378,538	12,685
Cash and placements with financial institutions	110,333	-	110,333	-
Financial investment designated at fair value through profit and loss	4,800	45,972	-	45,972
Financial investment available-for-sale	6,054,886	84,332	6,054,886	84,332
Financial investment held-to-maturity	28,522	-	28,522	-
Islamic derivative financial assets	4,150	-	4,150	-
Financing of customers	9,026,594	37,677	9,038,916	37,677
Statutory deposits with Bank Negara Malaysia	527,721	-	527,721	-
Other financial assets	27,276	8	20,564	8
	<u>20,162,820</u>	<u>180,674</u>	<u>20,163,630</u>	<u>180,674</u>
Commitments and contingencies				
Contingent liabilities	723,665	-	723,665	-
Commitments	2,553,480	-	2,553,480	-
Derivative financial instruments	945,214	-	945,214	-
	<u>4,222,359</u>	<u>-</u>	<u>4,222,359</u>	<u>-</u>
Total credit exposures	<u>24,385,179</u>	<u>180,674</u>	<u>24,385,989</u>	<u>180,674</u>

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42. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(i) Credit risk exposures and credit risk concentration (cont'd.)

By geographical analysis (cont'd.)

	Group		Bank	
	Domestic	Labuan	Domestic	Labuan
	RM'000	RM'000	RM'000	RM'000
1 April 2011				
On Balance Sheet				
Exposures				
Cash and short-term funds	6,054,783	145,170	6,054,783	145,170
Cash and placements with financial institutions	251,012	-	251,012	-
Financial investment available-for-sale	4,312,296	58,691	4,301,496	58,691
Financial investment held-to-maturity	28,585	-	28,585	-
Islamic derivative financial assets	5,177	-	5,177	-
Financing of customers	7,410,756	84,251	7,428,630	84,251
Statutory deposits with Bank Negara Malaysia	94,121	-	94,121	-
Other financial assets	37,871	673	30,951	673
	<u>18,194,601</u>	<u>288,785</u>	<u>18,194,755</u>	<u>288,785</u>
Commitments and contingencies				
Contingent liabilities	982,416	-	982,416	-
Commitments	2,602,104	-	2,602,104	-
Derivative financial instruments	1,871,996	-	1,871,996	-
	<u>5,456,516</u>	<u>-</u>	<u>5,456,516</u>	<u>-</u>
Total credit exposures	<u>23,651,117</u>	<u>288,785</u>	<u>23,651,271</u>	<u>288,785</u>

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43. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(ii) Credit quality financing of customers

The credit quality for financing of customers is managed by the Group and the Bank using the internal credit ratings. The table below shows the credit quality for financing of customers exposed to credit risk, based on the Group's and the Bank's internal credit ratings.

Financing of customers are analysed as follows:

Group	Neither past due nor impaired		Past due but not impaired	Impaired financing	Total
31 March 2013	Good	Satisfactory	RM'000	RM'000	RM'000
	RM'000	RM'000			
Term financing					
- Home financing	2,291,366	307,003	128,490	83,628	2,810,487
- Syndicated financing	33,220	-	-	21,567	54,787
- Hire purchase receivables	855,491	78,021	40,738	29,204	1,003,454
- Leasing receivables	75,381	-	-	21,681	97,062
- Other term financing	4,468,744	224,994	87,720	75,681	4,857,139
Other financing	1,097,361	667,430	2,595	33,607	1,800,993
	8,821,563	1,277,448	259,543	265,368	10,623,922
Less:					
- Collective assesment allowance	-	-	-	-	(242,843)
- Individual assesment allowance	-	-	-	(28,453)	(28,453)
Total net financing	8,821,563	1,277,448	259,543	236,915	10,352,626

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43. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(ii) Credit quality financing of customers (cont'd.)

Financing of customers are analysed as follows: (cont'd.)

Group	Neither past due nor impaired		Past due	Impaired	Total
31 March 2012	Good	Satisfactory	but not	financing	
	RM'000	RM'000	impaired	RM'000	RM'000
Term financing					
- Home financing	1,766,411	331,551	108,669	94,602	2,301,233
- Syndicated financing	70,918	-	-	6,474	77,392
- Hire purchase receivables	875,543	71,128	34,168	36,191	1,017,030
- Leasing receivables	81,782	5,305	-	33,261	120,348
- Other term financing	3,855,209	288,397	62,418	200,346	4,406,370
Other financing	846,092	649,195	1,342	81,470	1,578,099
	<u>7,495,955</u>	<u>1,345,576</u>	<u>206,597</u>	<u>452,344</u>	<u>9,500,472</u>
Less:					
- Collective assesment allowance	-	-	-	-	(268,297)
- Individual assesment allowance	-	-	-	(161,904)	(161,904)
Total net financing	<u>7,495,955</u>	<u>1,345,576</u>	<u>206,597</u>	<u>290,440</u>	<u>9,070,271</u>

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43. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(ii) Credit quality financing of customers (cont'd.)

Financing of customers are analysed as follows: (cont'd.)

Group	Neither past due nor impaired		Past due but not impaired	Impaired financing	Total
1 April 2011	Good	Satisfactory			
	RM'000	RM'000	RM'000	RM'000	RM'000
Term financing					
- Home financing	1,410,537	303,158	79,130	153,502	1,946,327
- Syndicated financing	125,457	-	-	6,298	131,755
- Hire purchase receivables	1,010,655	108,833	47,126	34,735	1,201,349
- Leasing receivables	95,036	-	19	30,385	125,440
- Other term financing	2,453,022	164,333	44,337	61,695	2,723,387
Other financing	1,104,380	514,693	8,707	91,728	1,719,508
	<u>6,199,087</u>	<u>1,091,017</u>	<u>179,319</u>	<u>378,343</u>	<u>7,847,766</u>
Less:					
- Collective assesment allowance	-	-	-	-	(244,228)
- Individual assesment allowance	-	-	-	(108,531)	(108,531)
Total net financing	<u>6,199,087</u>	<u>1,091,017</u>	<u>179,319</u>	<u>269,812</u>	<u>7,495,007</u>

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43. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(ii) Credit quality financing of customers (cont'd.)

Financing of customers are analysed as follows: (cont'd.)

Bank	Neither past due nor impaired		Past due	Impaired	Total
31 March 2013	Good	Satisfactory	but not	financing	
	RM'000	RM'000	impaired	RM'000	RM'000
Term financing					
- Home financing	2,291,366	307,003	128,490	83,628	2,810,487
- Syndicated financing	33,220	-	-	21,567	54,787
- Hire purchase receivables	855,491	78,021	40,738	29,204	1,003,454
- Leasing receivables	75,381	-	-	21,681	97,062
- Other term financing	4,481,138	224,994	87,720	81,681	4,875,533
Other financing	1,097,361	667,430	2,595	33,607	1,800,993
	8,833,957	1,277,448	259,543	271,368	10,642,316
Less:					
- Collective assesment allowance	-	-	-	-	(242,843)
- Individual assesment allowance	-	-	-	(34,453)	(34,453)
Total net financing	8,833,957	1,277,448	259,543	236,915	10,365,020

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43. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(ii) Credit quality financing of customers (cont'd.)

Financing of customers are analysed as follows: (cont'd.)

Bank	Neither past due nor impaired		Past due	Impaired	Total
31 March 2012	Good	Satisfactory	but not	financing	
	RM'000	RM'000	impaired	RM'000	RM'000
Term financing					
- Home financing	1,784,733	331,551	108,669	94,602	2,319,555
- Syndicated financing	70,918	-	-	6,474	77,392
- Hire purchase receivables	875,543	71,128	34,168	36,191	1,017,030
- Leasing receivables	81,782	5,305	-	33,261	120,348
- Other term financing	3,855,209	288,397	62,418	200,346	4,406,370
Other financing	846,092	643,195	1,342	81,470	1,572,099
	<u>7,514,277</u>	<u>1,339,576</u>	<u>206,597</u>	<u>452,344</u>	<u>9,512,794</u>
Less:					
- Collective assesment allowance	-	-	-	-	(268,297)
- Individual assesment allowance	-	-	-	(167,904)	(167,904)
Total net financing	<u>7,514,277</u>	<u>1,339,576</u>	<u>206,597</u>	<u>284,440</u>	<u>9,076,593</u>

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43. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(ii) Credit quality financing of customers (cont'd.)

Financing of customers are analysed as follows: (cont'd.)

Bank	Neither past due nor impaired		Past due	Impaired	
1 April 2011	Good	Satisfactory	but not	financing	Total
	RM'000	RM'000	impaired	RM'000	RM'000
Term financing					
- Home financing	1,428,411	303,158	79,130	153,502	1,964,201
- Syndicated financing	125,457	-	-	6,298	131,755
- Hire purchase receivables	1,010,655	108,833	47,126	34,735	1,201,349
- Leasing receivables	95,036	-	19	30,385	125,440
- Other term financing	2,453,022	164,333	44,337	61,695	2,723,387
Other financing	1,104,380	514,693	8,707	91,728	1,719,508
	<u>6,216,961</u>	<u>1,091,017</u>	<u>179,319</u>	<u>378,343</u>	<u>7,865,640</u>
Less:					
- Collective assesment allowance	-	-	-	-	(244,228)
- Individual assesment allowance	-	-	-	(108,531)	(108,531)
Total net financing	<u>6,216,961</u>	<u>1,091,017</u>	<u>179,319</u>	<u>269,812</u>	<u>7,512,881</u>

Neither past due nor impaired

Financing of customers which are neither past due nor impaired are identified into the following grades:

- "Good grade" refers to financing of customers which are neither past due nor impaired in the last six months and have never undergone any rescheduling or restructuring exercise previously.
- "Satisfactory grade" refers to financing of customers which may have been past due but not impaired or impaired during the last six months or have undergone a rescheduling or restructuring exercise previously.

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43. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(ii) Credit quality financing of customers (cont'd.)

Past due but not impaired

Past due but not impaired financing of customers refers to where the customer has failed to make principal or profit payment or both after the contractual due date for more than one day but less than three (3) months.

Aging analysis of past due but not impaired is as follows:

Group and Bank 31 March 2013	Less than 1 month RM'000	1 - 2 months RM'000	>2 - 3 months RM'000	Total RM'000
Term financing				
- Home financing	-	93,161	35,329	128,490
- Hire purchase receivables	-	34,658	6,080	40,738
- Other term financing	-	80,769	6,951	87,720
Other financing	614	531	1,450	2,595
Total	614	209,119	49,810	259,543

Group and Bank 31 March 2012	Less than 1 month RM'000	1 - 2 months RM'000	>2 - 3 months RM'000	Total RM'000
Term financing				
- Home financing	-	74,396	34,273	108,669
- Hire purchase receivables	-	27,671	6,497	34,168
- Other term financing	-	41,585	20,833	62,418
Other financing	-	606	736	1,342
Total	-	144,258	62,339	206,597

Group and Bank 1 April 2011	Less than 1 month RM'000	1 - 2 months RM'000	>2 - 3 months RM'000	Total RM'000
Term financing				
- Home financing	-	61,218	17,912	79,130
- Hire purchase receivables	-	36,715	10,411	47,126
- Leasing receivables	-	-	19	19
- Other term financing	-	19,456	24,881	44,337
Other financing	2,081	6,177	449	8,707
Total	2,081	123,566	53,672	179,319

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43. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(ii) Credit quality financing of customers (cont'd.)

Past due but not impaired (cont'd.)

The following tables present an analysis of the past due but not impaired financing by economic purpose.

Group and Bank	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Purchase of transport vehicles	40,838	34,190	47,133
Purchase of landed properties of which:			
– residential	130,116	110,157	77,700
– non-residential	14,518	5,682	9,661
Personal use	13,253	11,005	12,980
Construction	24,734	950	1,156
Working capital	-	-	2,018
Other purpose	36,084	44,613	28,671
	259,543	206,597	179,319

Impaired financing

Classification of impaired financing and provisioning is made on the Group's and Bank's financing assets upon determination of the existence of "objective evidence of impairment" and categorisation into individual and collective assessment (as prescribed under the MFRS139).

Individual assessment allowance

Financing are classified as individually impaired when they fulfill either of the following criteria:

- (a) principal or profit or both are past due for more than three (3) months;
- (b) where a financing is in arrears for less than three (3) months, and exhibits the indications of credit weaknesses; or
- (c) where an impaired financing has been rescheduled or restructured, the financing continues to be classified as impaired until payment based on the rescheduled and restructured terms have been observed continuously for a minimum period of six (6) months.

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43. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(ii) Credit quality financing of customers (cont'd.)

Impaired financing (cont'd.)

Individual assessment allowance (cont'd.)

In addition, for all financing that are considered individually significant, the Group assesses the financing at each reporting date whether there is any objective evidence that a financing is impaired. The criteria that the Group uses to determine that there is objective evidence of impairment include:

1. Bankruptcy petition filed against the customer
2. Customer resorting to Section 176 Companies Act 1965 (and alike)
3. Other banks calling their lines (revealed through publicised news, market rumours, etc)
4. Customer involved in material fraud
5. Excess drawing or unpaid profit / principal
6. Distressed debt restructuring
7. Improper use of credit lines
8. Legal action by other creditors

Collective assessment allowance for financing of customers

The Group's and the Bank's collective assessment allowance were previously maintained at a minimum of 1.5% of total outstanding financing of customers, net of individual assessment allowance, being the transitional arrangement as prescribed in BNM's Guidelines on Classification and Impairment Provisions for Loans / Financing (the "BNM Impairment Guidelines").

The BNM Impairment Guidelines were revised on 9 November 2011 to align the requirements on the determination of collective assessment allowance with that of MFRS 139. Based on the revised Guidelines, the transitional arrangement is removed with effect from 1 January 2012.

Following the adoption of MFRS during the financial year, exposures not individually considered to be impaired are placed into pools of similar assets with similar risk characteristics to be collectively assessed for losses that have been incurred but not yet identified. The required financing loss allowance is estimated on the basis of historical loss experience of the Bank for assets with credit risk characteristics similar to those in the collective pool.

The financial effects of the adoption of MFRS in relation to other areas on the Group's and the Bank's financial statements are disclosed in Note 2.3.

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43. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(ii) Credit quality financing of customers (cont'd.)

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types and collateral and valuation parameters.

The main types of collateral obtained by the Group and the Bank are as follows:

- For home financing - mortgages over residential properties;
- For syndicated financing - charges over the properties being financed;
- For hire purchase financing - charges over the vehicles financed;
- For share margin financing - pledges over securities from listed exchange;
- For other financing - charges over business assets such as premises, inventories, trade receivables or deposits.

The financial effect of collateral (quantification of the extent to which collateral and other credit enhancements mitigate credit risk) held for financing of customer for the Group and the Bank is at 36% as at 31 March 2013, (31 March 2012 of 43% and 1 April 2011 of 40% for the Group and the Bank). The financial effect of collateral held for other financial assets is not significant.

At 31 March 2013 the fair value of collateral that the Group and Bank hold relating to financing of customers individually determined to be impaired amounts to RM482,338,000 as compared with 31 March 2012 of RM238,306,000 and 1 April 2011 of RM217,193,000. The collateral consists of cash, securities, letters of guarantee and properties.

Reposessed collateral

Group and Bank	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Residential properties	14,000	14,000	14,000

It is the Group's and the Bank's policy to dispose of reposessed collateral in an orderly manner. The proceeds are used to reduce or repay the outstanding balance of financing and securities. Collateral reposessed are subject to disposal as soon as practicable. Foreclosed properties are recognised in other assets on the statement of financial position. The Group does not occupy reposessed properties for its own business use.

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43. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(iii) Reconciliation of allowance/impairment lossess for financial assets

Group	Financing of customers RM'000	Financial investments available -for-sale RM'000	Financial investments held-to- maturity RM'000	Total RM'000
31 March 2013				
<u>Individual impairment allowance/ impairment lossess:</u>				
At 1 April 2012	161,904	65,448	2,061	229,413
Allowance/impairment lossess made during the year	21,876	19,118	-	40,994
Amount recovered/written back	(29,874)	(9,711)	(2,061)	(41,646)
Amount written off	(125,453)	-	-	(125,453)
Reclassification	-	16,546	-	16,546
Foreign exchange difference	-	(103)	-	(103)
As at 31 March 2013	<u>28,453</u>	<u>91,298</u>	<u>-</u>	<u>119,751</u>
Group	Financing of customers RM'000	Financial investments available -for-sale RM'000	Financial investments held-to- maturity RM'000	Total RM'000
31 March 2012				
<u>Individual impairment allowance/ impairment lossess:</u>				
At 1 April 2011	108,531	98,208	2,061	208,800
Allowance/impairment lossess made during the year	64,029	2,829	-	66,858
Amount recovered/written back	(10,656)	(19,146)	-	(29,802)
Reclassification	-	(16,546)	-	(16,546)
Foreign exchange difference	-	103	-	103
As at 31 March 2012	<u>161,904</u>	<u>65,448</u>	<u>2,061</u>	<u>229,413</u>

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43. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(iii) Reconciliation of allowance/impairment lossess for financial assets

Bank	Financing of customers RM'000	Financial investments available -for-sale RM'000	Financial investments held-to- maturity RM'000	Total RM'000
31 March 2013				
<u>Individual impairment allowance/ impairment lossess:</u>				
At 1 April 2012	167,904	65,448	2,061	235,413
Allowance/impairment lossess made during the year	21,876	19,118	-	40,994
Amount recovered/written back	(29,874)	(9,711)	(2,061)	(41,646)
Amount written-off	(125,453)	-	-	(125,453)
Reclassification	-	16,546	-	16,546
Foreign exchange difference	-	(103)	-	(103)
As at 31 March 2013	34,453	91,298	-	125,751

Bank	Financing of customers RM'000	Financial investments available -for-sale RM'000	Financial investments held-to- maturity RM'000	Total RM'000
31 March 2012				
<u>Individual impairment allowance/ impairment lossess:</u>				
At 1 April 2011	108,531	98,208	2,061	208,800
Allowance/impairment lossess made during the year	70,029	2,829	-	72,858
Amount recovered/written back	(10,656)	(19,146)	-	(29,802)
Reclassification	-	(16,546)	-	(16,546)
Foreign exchange difference	-	103	-	103
As at 31 March 2012	167,904	65,448	2,061	235,413

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43. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(iv) Credit quality of financial investment and other financial assets

Set out below are the credit quality of financial investment (money market instruments and non-money market instruments-debt securities) and other financial assets analysed by ratings from external credit ratings agencies:

31 March 2013	Financial investment held-to-maturity			Financial investment available-for-sale							Other financial assets
	Non Money Market Instruments - Debt Securities			Money Market Instruments			Non Money Market Instruments - Debt Securities				
	International	Domestic	Total	International	Domestic	Total	International	Domestic	Total		
	Ratings	Ratings		Ratings	Ratings		Ratings	Ratings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Group											
AAA+ to AA-	-	-	-	-	-	-	-	1,610,783	1,610,783	-	
A+ to A-	-	-	-	-	-	-	15,765	165,945	181,710	-	
BBB+ to BB-	-	-	-	-	-	-	-	257,340	257,340	-	
Unrated	-	575	575	-	-	-	-	48,812	48,812	22,959	
Defaulted	-	-	-	-	-	-	5,423	-	5,423	-	
Sovereign	-	-	-	-	-	-	35,856	4,327,066	4,362,923	-	
Total	-	575	575	-	-	-	57,044	6,409,946	6,466,991	22,959	
Bank											
AAA+ to AA-	-	-	-	-	-	-	-	1,610,783	1,610,783	-	
A+ to A-	-	-	-	-	-	-	15,765	165,945	181,710	-	
BBB+ to BB-	-	-	-	-	-	-	-	257,340	257,340	-	
Unrated	-	575	575	-	-	-	-	48,812	48,812	13,488	
Defaulted	-	-	-	-	-	-	5,423	-	5,423	-	
Sovereign	-	-	-	-	-	-	35,856	4,327,066	4,362,923	-	
Total	-	575	575	-	-	-	57,044	6,409,946	6,466,991	13,488	

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43. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(iv) Credit quality of financial investment and other financial assets (cont'd.)

Set out below are the credit quality of financial investment (money market instruments and non-money market instruments-debt securities) and other financial assets analysed by ratings from external credit ratings agencies:

31 March 2012	Financial investment held-to-maturity			Financial investment available-for-sale							Other financial assets RM'000
	Non Money Market Instruments - Debt Securities			Money Market Instruments			Non Money Market Instruments - Debt Securities				
	International	Domestic	Total	International	Domestic	Total	International	Domestic	Total		
	Ratings	Ratings		Ratings	Ratings		Ratings	Ratings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Group											
AAA+ to AA-	-	-	-	-	55,570	55,570	-	1,373,781	1,373,781	-	
A+ to A-	-	-	-	-	-	-	42,277	439,531	481,808	-	
BBB+ to BB-	-	-	-	-	-	-	-	136,183	136,183	-	
Unrated	-	28,522	28,522	-	-	-	-	108,224	108,224	27,285	
Defaulted	-	-	-	-	-	-	6,922	4,668	11,590	-	
Sovereign	-	-	-	-	-	-	-	3,972,062	3,972,062	-	
Total	-	28,522	28,522	-	55,570	55,570	49,199	6,034,449	6,083,648	27,285	
Bank											
AAA+ to AA-	-	-	-	-	55,570	55,570	-	1,373,781	1,373,781	-	
A+ to A-	-	-	-	-	-	-	42,277	439,531	481,808	-	
BBB+ to BB-	-	-	-	-	-	-	-	136,183	136,183	-	
Unrated	-	28,522	28,522	-	-	-	-	108,224	108,224	20,572	
Defaulted	-	-	-	-	-	-	6,922	4,668	11,590	-	
Sovereign	-	-	-	-	-	-	-	3,972,062	3,972,062	-	
Total	-	28,522	28,522	-	55,570	55,570	49,199	6,034,449	6,083,648	20,572	

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43. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(iv) Credit quality of financial investment and other financial assets (cont'd.)

Set out below are the credit quality of financial investment (money market instruments and non-money market instruments-debt securities) and other financial assets analysed by ratings from external credit ratings agencies:

1 April 2011 Group	Financial investment held-to-maturity			Financial investment available-for-sale							Other financial assets RM'000
	Non Money Market Instruments -						Non Money Market Instruments - Debt				
	Debt Securities			Money Market Instruments			Securities				
	International	Domestic	Total	International	Domestic	Total	International	Domestic	Total		
	Ratings	Ratings		Ratings	Ratings		Ratings	Ratings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
AAA+ to AA-	-	-	-	-	-	-	-	1,505,741	1,505,741	-	
A+ to A-	-	-	-	-	-	-	4,347	386,144	390,491	-	
BBB+ to BB-	-	-	-	-	-	-	46,921	140,028	186,949	-	
Unrated	-	28,585	28,585	-	-	-	-	39,002	39,002	38,544	
Defaulted	-	-	-	-	-	-	7,424	7,068	14,492	-	
Sovereign	-	-	-	-	-	-	-	2,223,512	2,223,512	-	
Total	-	28,585	28,585	-	-	-	58,692	4,301,495	4,360,187	38,544	
Bank											
AAA+ to AA-	-	-	-	-	-	-	-	1,505,741	1,505,741	-	
A+ to A-	-	-	-	-	-	-	4,347	386,144	390,491	-	
BBB+ to BB-	-	-	-	-	-	-	46,921	140,028	186,949	-	
Unrated	-	28,585	28,585	-	-	-	-	39,002	39,002	31,624	
Defaulted	-	-	-	-	-	-	7,424	7,068	14,492	-	
Sovereign	-	-	-	-	-	-	-	2,223,512	2,223,512	-	
Total	-	28,585	28,585	-	-	-	58,692	4,301,495	4,360,187	31,624	

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43. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(iv) Credit quality of financial investment (cont'd.)

The ratings shown for debt securities are based on the ratings assigned to the specific debt issuance. As at the reporting date, none of the financial investment above are past due, except for defaulted private debt securities of the Group and the Bank held under financial investments available-for-sale with carrying value of RM5,423,000 (31 March 2012: RM11,590,000), which has been classified as impaired.

At 31 March 2013 the fair value of collateral that the Group's and Bank's holds relating to defaulted private debt securities held under financial investments available-for-sale amounts to RM11,699,000 (31 March 2012: RM19,779,000 and 1 April 2011: RM31,446,000). The collateral consists of cash, securities, letters of guarantee and properties.

(b) Market risk

Market risk is the potential loss arising from adverse movements in market variables such as rate of return, foreign exchange rate, equity prices and commodity prices.

Risk governance

The ALCO supports the RMC in market risk management oversight. The ALCO reviews the Group's and Bank's market risk framework and policies, aligns market risk management with business strategies and planning, and recommends actions to ensure that the market risks remain within established risk tolerance. The market risk of the Group is identified into traded market risk and non-traded market risk.

Types of market risk

(i) Traded market risk

Traded market risk, primarily rate of return risk and credit spread risk, exists in the Group's and Bank's trading positions held for the purpose of benefiting from short-term price movements, which are conducted primarily by the treasury operations.

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43. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

(i) Traded market risk (cont'd.)

Risk measurement approach

The Group's and Bank's traded market risk framework comprises market risk policies and practices, delegation of authority, market risk limits and valuation methodologies. The Group's and Bank's traded market risk for its profit-sensitive fixed income instruments is measured by the present value of a one basis point change ("PV01") and is monitored independently by the Compliance Unit on a daily basis against approved market risk limits. In addition, the Compliance Unit is also responsible to monitor and report on limit excesses and the daily mark-to-market valuation of fixed income securities. The market risk limits are determined after taking into account the risk appetite and the risk-return relationship and are periodically reviewed by Risk Management Division. Changes to market risk limits must be approved by the Board. The trading positions and limits are regularly reported to the ALCO. The Group's and Bank's maintains its policy of prohibiting exposures in trading financial derivative positions unless with the prior specific approval of the Board of Directors.

(ii) Non-traded market risk

The Group's and Bank's core non-traded market risks is the rate of return risk in the Group's Islamic banking business, foreign exchange risk and equity risk.

Rate of return risk

Rate of return risk is the potential loss of income arising from changes in market rates on the return on assets and on the returns payable on funding. The risk arises from option embedded in many Group's and Bank's assets, liabilities and off-balance-sheet portfolio.

Rate of return risk emanates from the re-pricing mismatches of the Group's and Bank's banking assets and liabilities and also from the Group's and Bank's investment of its surplus funds.

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43. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Risk measurement approach

The primary objective in managing the rate of return risk is to manage the volatility in the Group's net profit income ("NPI") and economic value of equity ("EVE"), whilst balancing the cost of such hedging activities on the current revenue streams. This is achieved in a variety of ways that involve the offsetting of positions against each other for any matching assets and liabilities, the acquisition of new financial assets and liabilities to narrow the mismatch in profit rate sensitive assets and liabilities and entering into derivative financial instruments which have the opposite effects. The use of derivative financial instruments to hedge profit rate risk is set out on Note 6 to the financial statements.

The Group uses various tools including re-pricing gap reports, sensitivity analysis and income scenario simulations to measure its rate of return risk. The impact on earnings and EVE is considered at all times in measuring the rate of return risk and is subject to limits approved by the Board.

The following tables indicate the effective profit rates at the reporting date and the Group's and the Bank's sensitivity to profit rates by time band based on the earlier of contractual repricing date and maturity date. Actual repricing dates may differ from contractual repricing dates due to prepayment of financings or early withdrawal of deposits.

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43. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Group 31 March 2013	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-2 years RM'000	>2-3 years RM'000	>3-4 years RM'000	>4-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
ASSETS												
Cash and short-term funds	2,996,279	-	-	-	-	-	-	-	240,226	-	3,236,505	3.1%
Cash and placements with financial institutions	-	105,189	-	-	-	-	-	-	-	-	105,189	3.1%
Financial investment designated at fair value through profit and loss	-	-	-	-	-	-	-	-	84,373	-	84,373	-
Financial investment available-for-sale	597,903	170,538	576,955	1,089,807	1,226,056	774,564	889,424	1,088,406	53,338	-	6,466,991	3.9%
Financial investment held-to-maturity	-	-	-	-	-	-	-	-	575	-	575	-
Islamic derivative financial assets	-	-	-	-	-	-	-	-	-	4,488	4,488	-
Financing of customers:												
- non-impaired	410,207	203,713	208,516	557,063	572,897	614,915	376,064	7,415,179	-	-	10,358,554	6.2%
- impaired*	236,915	-	-	-	-	-	-	-	-	-	236,915	-
- collective assessment allowance	-	-	-	-	-	-	-	-	(242,843)	-	(242,843)	-
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	820,843	-	820,843	-
TOTAL ASSETS	4,241,304	479,440	785,471	1,646,870	1,798,953	1,389,479	1,265,488	8,503,585	956,512	4,488	21,071,590	
LIABILITIES AND EQUITY												
Deposits from customers	10,542,127	5,204,983	2,509,808	4,577	376	599	296	-	481,413	-	18,744,179	2.6%
Deposits and placements of banks and other financial institutions	(46)	2,820	4,390	-	650	850	2,110	-	-	-	10,774	1.5%
Bills and acceptances payable	-	-	-	-	-	-	-	-	132,750	-	132,750	-
Islamic derivative financial liabilities	-	-	-	7,726	-	-	-	-	-	1,179	8,905	-
Recourse obligation on financing sold to Cagamas	-	-	61,679	-	-	-	-	-	-	-	61,679	-
Subordinated sukuk	-	-	-	-	-	406,055	-	-	-	-	406,055	5.2%
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	108,772	-	108,772	-
Total Liabilities	10,542,081	5,207,803	2,575,877	12,303	1,026	407,504	2,406	-	722,935	1,179	19,473,114	
Equity attributable to shareholders of the Bank	-	-	-	-	-	-	-	-	1,598,476	-	1,598,476	-
TOTAL LIABILITIES AND EQUITY	10,542,081	5,207,803	2,575,877	12,303	1,026	407,504	2,406	-	2,321,411	1,179	21,071,590	

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43. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Group	Up to	>1-3	>3-12	>1-2 years	>2-3 years	>3-4 years	>4-5 years	Over	Non-profit	Trading	Total	Effective
31 March 2013	1 month	months	months	RM'000	RM'000	RM'000	RM'000	5 years	sensitive	books	RM'000	profit
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	rate %
On-balance sheet profit sensitivity gap	(6,300,777)	(4,728,363)	(1,790,406)	1,634,567	1,797,927	981,975	1,263,082	8,503,585	(1,364,899)	3,309	-	-
Off-balance sheet profit sensitivity gap (profit rate swaps)	-	-	-	-	-	-	-	-	-	875,000	875,000	-
TOTAL PROFIT SENSITIVITY GAP	(6,300,777)	(4,728,363)	(1,790,406)	1,634,567	1,797,927	981,975	1,263,082	8,503,585	(1,364,899)	878,309	875,000	

* This is arrived at after deducting individual assessment allowance from the gross impaired financing.

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43. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Group 31 March 2012	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-2 years RM'000	>2-3 years RM'000	>3-4 years RM'000	>4-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
ASSETS												
Cash and short-term funds	4,228,688	-	-	-	-	-	-	-	162,535	-	4,391,223	2.8%
Cash and placements with financial institutions	-	110,333	-	-	-	-	-	-	-	-	110,333	2.8%
Financial investment designated at fair value through profit and loss	-	-	-	-	-	-	-	-	50,772	-	50,772	-
Financial investment available-for-sale	386,280	175,528	841,021	573,797	814,696	668,569	704,912	1,910,097	64,318	-	6,139,218	4.1%
Financial investment held-to-maturity	-	-	-	-	-	-	-	-	28,522	-	28,522	-
Islamic derivative financial assets	-	-	-	-	-	-	-	-	-	4,150	4,150	-
Financing of customers:												
- non-impaired	3,368,676	9,917	226,301	326,973	549,929	501,430	711,924	3,346,978	-	-	9,042,128	6.4%
- impaired*	290,440	-	-	-	-	-	-	-	-	-	290,440	-
- collective assessment allowance	-	-	-	-	-	-	-	-	(268,297)	-	(268,297)	-
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	715,548	-	715,548	-
TOTAL ASSETS	8,274,084	295,778	1,067,322	900,770	1,364,625	1,169,999	1,416,836	5,257,075	753,398	4,150	20,504,037	
LIABILITIES AND EQUITY												
Deposits from customers	10,951,365	5,330,113	1,327,976	4,622	328	292	279	-	536,112	-	18,151,087	2.7%
Deposits and placements of banks and other financial institutions	-	-	3,148	7,250	-	649	849	-	-	-	11,896	1.5%
Bills and acceptances payable	-	-	-	-	-	-	-	-	310,324	-	310,324	-
Islamic derivative financial liabilities	-	-	-	3,889	-	-	-	-	-	1,741	5,630	-
Recourse obligation on financing sold to Cagamas	-	-	-	64,910	-	-	-	-	-	-	64,910	-
Subordinated sukuk	-	-	-	-	-	-	-	406,079	-	-	406,079	5.2%
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	153,107	-	153,107	-
Total Liabilities	10,951,365	5,330,113	1,331,124	80,671	328	941	1,128	406,079	999,543	1,741	19,103,032	
Equity attributable to shareholders of the Bank	-	-	-	-	-	-	-	-	1,401,004	-	1,401,004	-
TOTAL LIABILITIES AND EQUITY	10,951,365	5,330,113	1,331,124	80,671	328	941	1,128	406,079	2,400,547	1,741	20,504,036	

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43. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Group 31 March 2012	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-2 years RM'000	>2-3 years RM'000	>3-4 years RM'000	>4-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
On-balance sheet profit sensitivity gap	(2,677,281)	(5,034,335)	(263,802)	820,099	1,364,297	1,169,058	1,415,708	4,850,996	(1,647,149)	2,409	-	-
Off-balance sheet profit sensitivity gap (profit rate swaps)	-	-	-	-	-	-	-	-	-	75,000	75,000	-
TOTAL PROFIT SENSITIVITY GAP	(2,677,281)	(5,034,335)	(263,802)	820,099	1,364,297	1,169,058	1,415,708	4,850,996	(1,647,149)	77,409	75,000	

* This is arrived at after deducting individual assessment allowance from the gross impaired financing.

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43. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Group 1 April 2011	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-2 years RM'000	>2-3 years RM'000	>3-4 years RM'000	>4-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
ASSETS												
Cash and short-term funds	6,030,940	-	-	-	-	-	-	-	169,013	-	6,199,953	2.3%
Cash and placements with financial institutions	-	251,012	-	-	-	-	-	-	-	-	251,012	-
Financial investment designated at fair value through profit and loss	-	-	-	-	-	-	-	-	10,800	-	10,800	-
Financial investment available-for-sale	192,948	287,499	689,365	1,094,217	513,889	763,973	192,931	571,990	53,375	-	4,360,187	4.5%
Financial investment held-to-maturity	361	-	-	-	-	-	-	-	28,224	-	28,585	-
Islamic derivative financial assets	-	-	-	-	-	-	-	-	-	5,177	5,177	-
Financing of customers:												
- non-impaired	2,939,248	98,603	201,621	232,423	785,157	181,873	463,920	2,566,578	-	-	7,469,423	6.4%
- impaired*	269,812	-	-	-	-	-	-	-	-	-	269,812	-
- collective assessment allowance	-	-	-	-	-	-	-	-	(244,228)	-	(244,228)	-
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	309,219	-	309,219	-
TOTAL ASSETS	9,433,309	637,114	890,986	1,326,640	1,299,046	945,846	656,851	3,138,568	326,403	5,177	18,659,940	
LIABILITIES AND EQUITY												
Deposits from customers	8,752,323	5,654,500	1,782,268	3,434	1,132	1,051	3,883	-	17,582	-	16,216,173	2.7%
Deposits and placements of banks and other financial institutions	-	-	800	4,504	6,638	2,401	650	-	-	-	14,993	2.3%
Bills and acceptances payable	-	-	-	158	-	-	-	-	291,375	-	291,533	-
Islamic derivative financial liabilities	-	-	-	158	-	-	-	-	-	3,828	3,986	-
Recourse obligation on financing sold to Cagamas	-	-	-	-	364,373	-	-	-	-	-	364,373	-
Subordinated sukuk	-	-	251,128	-	-	-	-	-	-	-	251,128	6.3%
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	169,626	-	169,626	-
Total Liabilities	8,752,323	5,654,500	2,034,196	8,254	372,143	3,452	4,533	-	478,583	3,828	17,311,812	
Equity attributable to shareholders of the Bank	-	-	-	-	-	-	-	-	1,348,286	-	1,348,286	-
TOTAL LIABILITIES AND EQUITY	8,752,323	5,654,500	2,034,196	8,254	372,143	3,452	4,533	-	1,826,869	3,828	18,660,098	

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43. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Group 1 April 2011	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-2 years RM'000	>2-3 years RM'000	>3-4 years RM'000	>4-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
On-balance sheet profit sensitivity gap	680,986	(5,017,386)	(1,143,210)	1,318,386	926,903	942,394	652,318	3,138,568	(1,500,466)	1,349	(158)	-
Off-balance sheet profit sensitivity gap (profit rate swaps)	-	-	-	-	-	-	-	-	-	75,000	75,000	-
TOTAL PROFIT SENSITIVITY GAP	680,986	(5,017,386)	(1,143,210)	1,318,386	926,903	942,394	652,318	3,138,568	(1,500,466)	76,349	74,842	

* This is arrived at after deducting individual assessment allowance from the gross impaired financing.

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43. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Bank 31 March 2013	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-2 years RM'000	>2-3 years RM'000	>3-4 years RM'000	>4-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
ASSETS												
Cash and short-term funds	2,996,279	-	-	-	-	-	-	-	240,226	-	3,236,505	3.1%
Cash and placements with financial institutions	-	105,189	-	-	-	-	-	-	-	-	105,189	3.1%
Financial investment designated at fair value through profit and loss	-	-	-	-	-	-	-	-	79,573	-	79,573	-
Financial investment available-for-sale	597,903	170,538	576,955	1,089,807	1,226,056	774,564	889,424	1,088,406	53,338	-	6,466,991	3.9%
Financial investment held-to-maturity	-	-	-	-	-	-	-	-	575	-	575	-
Islamic derivative financial assets	-	-	-	-	-	-	-	-	-	4,488	4,488	-
Financing of customers:												
- non-impaired	410,207	203,713	208,516	569,457	572,897	614,915	376,064	7,415,179	-	-	10,370,948	6.2%
- impaired*	236,915	-	-	-	-	-	-	-	-	-	236,915	-
- collective assessment allowance	-	-	-	-	-	-	-	-	(242,843)	-	(242,843)	-
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	818,059	-	818,059	-
TOTAL ASSETS	4,241,304	479,440	785,471	1,659,264	1,798,953	1,389,479	1,265,488	8,503,585	948,928	4,488	21,076,400	
LIABILITIES AND EQUITY												
Deposits from customers	10,542,603	5,204,983	2,515,408	4,577	376	599	296	-	481,413	-	18,750,255	2.6%
Deposits and placements of banks and other financial institutions	(46)	2,820	4,390	-	650	850	2,110	-	-	-	10,774	1.5%
Bills and acceptances payable	-	-	-	-	-	-	-	-	132,750	-	132,750	-
Islamic derivative financial liabilities	-	-	-	7,726	-	-	-	-	-	1,179	8,905	-
Recourse obligation on financing sold to Cagamas	-	-	61,679	-	-	-	-	-	-	-	61,679	-
Subordinated sukuk	-	-	-	-	-	406,055	-	-	-	-	406,055	5.2%
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	109,610	-	109,610	-
Total Liabilities	10,542,557	5,207,803	2,581,477	12,303	1,026	407,504	2,406	-	723,773	1,179	19,480,028	
Equity attributable to shareholders of the Bank	-	-	-	-	-	-	-	-	1,596,372	-	1,596,372	-
TOTAL LIABILITIES AND EQUITY	10,542,557	5,207,803	2,581,477	12,303	1,026	407,504	2,406	-	2,320,145	1,179	21,076,400	

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43. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Bank 31 March 2013	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-2 years RM'000	>2-3 years RM'000	>3-4 years RM'000	>4-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
On-balance sheet profit sensitivity gap	(6,301,253)	(4,728,363)	(1,796,006)	1,646,961	1,797,927	981,975	1,263,082	8,503,585	(1,371,217)	3,309	-	-
Off-balance sheet profit sensitivity gap (profit rate swaps)	-	-	-	-	-	-	-	-	-	875,000	875,000	-
TOTAL PROFIT SENSITIVITY GAP	(6,301,253)	(4,728,363)	(1,796,006)	1,646,961	1,797,927	981,975	1,263,082	8,503,585	(1,371,217)	878,309	875,000	

* This is arrived at after deducting individual assessment allowance from the gross impaired financing.

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43. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Bank 31 March 2012	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-2 years RM'000	>2-3 years RM'000	>3-4 years RM'000	>4-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
ASSETS												
Cash and short-term funds	4,228,688	-	-	-	-	-	-	-	162,535	-	4,391,223	2.8%
Cash and placements with financial institutions	-	110,333	-	-	-	-	-	-	-	-	110,333	2.8%
Financial investment designated at fair value through profit and loss	-	-	-	-	-	-	-	-	45,972	-	45,972	-
Financial investment available-for-sale	386,280	175,528	841,021	573,797	814,696	668,569	704,912	1,910,097	64,318	-	6,139,218	4.1%
Financial investment held-to-maturity	-	-	-	-	-	-	-	-	28,522	-	28,522	-
Islamic derivative financial assets	-	-	-	-	-	-	-	-	-	4,150	4,150	-
Financing of customers:												
- non-impaired	3,368,677	9,917	226,301	345,294	549,929	501,430	711,924	3,346,978	-	-	9,060,450	6.4%
- impaired*	284,440	-	-	-	-	-	-	-	-	-	284,440	-
- collective assessment allowance	-	-	-	-	-	-	-	-	(268,297)	-	(268,297)	-
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	714,955	-	714,955	-
TOTAL ASSETS	8,268,085	295,778	1,067,322	919,091	1,364,625	1,169,999	1,416,836	5,257,075	748,005	4,150	20,510,966	
LIABILITIES AND EQUITY												
Deposits from customers	10,959,025	5,330,113	1,327,976	4,622	328	292	279	-	536,112	-	18,158,747	2.7%
Deposits and placements of banks and other financial institutions	-	-	3,148	7,250	-	649	849	-	-	-	11,896	1.5%
Bills and acceptances payable	-	-	-	-	-	-	-	-	310,324	-	310,324	-
Islamic derivative financial liabilities	-	-	-	3,889	-	-	-	-	-	1,741	5,630	-
Recourse obligation on financing sold to Cagamas	-	-	-	64,910	-	-	-	-	-	-	64,910	-
Subordinated sukuk	-	-	-	-	-	-	-	406,079	-	-	406,079	5.2%
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	153,729	-	153,729	-
Total Liabilities	10,959,025	5,330,113	1,331,124	80,671	328	941	1,128	406,079	1,000,165	1,741	19,111,315	
Equity attributable to shareholders of the Bank	-	-	-	-	-	-	-	-	1,399,651	-	1,399,651	-
TOTAL LIABILITIES AND EQUITY	10,959,025	5,330,113	1,331,124	80,671	328	941	1,128	406,079	2,399,816	1,741	20,510,966	

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43. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Bank 31 March 2012	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-2 years RM'000	>2-3 years RM'000	>3-4 years RM'000	>4-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
On-balance sheet profit sensitivity gap	(2,690,940)	(5,034,335)	(263,802)	838,420	1,364,297	1,169,058	1,415,708	4,850,996	(1,651,811)	2,409	-	-
Off-balance sheet profit sensitivity gap (profit rate swaps)	-	-	-	-	-	-	-	-	-	75,000	75,000	-
TOTAL PROFIT SENSITIVITY GAP	(2,690,940)	(5,034,335)	(263,802)	838,420	1,364,297	1,169,058	1,415,708	4,850,996	(1,651,811)	77,409	75,000	

* This is arrived at after deducting individual assessment allowance from the gross impaired financing.

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43. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Bank 1 April 2011	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-2 years RM'000	>2-3 years RM'000	>3-4 years RM'000	>4-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
ASSETS												
Cash and short-term funds	6,030,940	-	-	-	-	-	-	-	169,013	-	6,199,953	2.5%
Cash and placements with financial institutions	-	251,012	-	-	-	-	-	-	-	-	251,012	-
Financial investment available-for-sale	192,948	287,499	689,365	1,094,217	513,889	763,973	192,931	571,990	53,375	-	4,360,187	4.4%
Financial investment held-to-maturity	361	-	-	-	-	-	-	-	28,224	-	28,585	-
Islamic derivative financial assets	-	-	-	-	-	-	-	-	-	5,177	5,177	-
Financing of customers:												
- non-impaired	2,939,248	98,603	201,621	232,423	785,157	181,873	463,920	2,584,452	-	-	7,487,297	6.3%
- impaired*	269,812	-	-	-	-	-	-	-	-	-	269,812	-
- collective assessment allowance	-	-	-	-	-	-	-	-	(244,228)	-	(244,228)	-
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	308,643	-	308,643	-
TOTAL ASSETS	9,433,309	637,114	890,986	1,326,640	1,299,046	945,846	656,851	3,156,442	315,027	5,177	18,666,438	
LIABILITIES AND EQUITY												
Deposits from customers	8,758,940	5,654,500	1,782,268	3,434	1,132	1,051	3,883	-	17,582	-	16,222,790	2.7%
Deposits and placements of banks and other financial institutions	-	-	800	4,504	6,638	2,401	650	-	-	-	14,993	2.3%
Bills and acceptances payable	-	-	-	-	-	-	-	-	291,375	-	291,375	-
Islamic derivative financial liabilities	-	-	-	158	-	-	-	-	-	3,828	3,986	-
Recourse obligation on financing sold to Cagamas	-	-	-	-	364,373	-	-	-	-	-	364,373	-
Subordinated sukuk	-	-	251,128	-	-	-	-	-	-	-	251,128	6.3%
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	169,650	-	169,650	-
Total Liabilities	8,758,940	5,654,500	2,034,196	8,096	372,143	3,452	4,533	-	478,607	3,828	17,318,295	
Equity attributable to shareholders of the Bank	-	-	-	-	-	-	-	-	1,348,143	-	1,348,143	-
TOTAL LIABILITIES AND EQUITY	8,758,940	5,654,500	2,034,196	8,096	372,143	3,452	4,533	-	1,826,750	3,828	18,666,438	

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43. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Bank 1 April 2011	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-2 years RM'000	>2-3 years RM'000	>3-4 years RM'000	>4-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
On-balance sheet profit sensitivity gap	674,369	(5,017,386)	(1,143,210)	1,318,544	926,903	942,394	652,318	3,156,442	(1,511,723)	1,349	-	-
Off-balance sheet profit sensitivity gap (profit rate swaps)	-	-	-	-	-	-	-	-	-	75,000	75,000	-
TOTAL PROFIT SENSITIVITY GAP	674,369	(5,017,386)	(1,143,210)	1,318,544	926,903	942,394	652,318	3,156,442	(1,511,723)	76,349	75,000	

* This is arrived at after deducting individual assessment allowance from the gross impaired financing.

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43. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Effects of rate of return risk

- Earnings perspective ("EAR")

The focus of analysis is more on the impact of changes in rate of return on accrual or reported earnings. Variation in earnings such as reduced earnings or outright losses can threaten the financial stability of the Group and Bank by undermining its capital adequacy and reducing market confidence.

- Economic value perspective ("EVE")

Economic value of an instrument represents an assessment of present value of its expected net cash flows, discounted to reflect market rates. Economic value of a bank can be viewed as the present value of the Group's and Bank's expected net cash flows, which can be defined as the expected cash flows on assets minus the expected cash flows on liabilities plus the expected net cash flows on off-balance-sheet position. The sensitivity of the Group's and Bank's economic value to fluctuation in rate of return is particularly an important consideration of shareholders and management.

Rate of return risk measurement

- Gap analysis

Repricing gap analysis measures the difference or gap between the absolute value of rate of return sensitive assets and rate of return sensitive liabilities, which are expected to experience changes in contractual rates (repriced) over the residual maturity period or on maturity.

A rate sensitive gap greater than one implies that the rate of return in sensitive assets is greater than the rate of return in sensitive liabilities. As rate of returns rise, the income on assets will increase faster than the funding costs, resulting in higher spread income and vice versa.

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43. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Rate of return risk measurement (cont'd.)

- Gap analysis (cont'd.)

A rate sensitive gap less than one suggests a higher ratio of rate of return in sensitive liabilities than in sensitive assets. If rate of returns rises, funding costs will grow at a faster rate than the income on assets, resulting in a fall in spread income (net rate of return income) and vice versa.

- Simulation analysis

Detail assessments of the potential effects of changes in rate of return on the Group and Bank earning by simulating future path of rate of returns and also their impact on cash flows.

Simulation analysis will also be used to evaluate the impact of possible decisions on the following:

- Product pricing changes;
- New product introduction;
- Derivatives and hedging strategies;
- Changes in the asset-liability mix; and

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43. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Sensitivity analysis for rate of return risk

The increase or decline in earnings and economic value for upwards and downward rate shocks which are consistent with shocks applied in the stress test for measuring:

		Group		Bank	
Increase/(decrease) in basis points	Tax rate %	-50 Basis Points RM'000	+50 Basis Points RM'000	-50 Basis Points RM'000	+50 Basis Points RM'000
31 March 2013					
Effect on profit after tax	25%	29,815	(29,815)	29,837	(29,837)
Effect on other comprehensive income, net of tax	25%	68,650	(68,650)	68,650	(68,650)
Effect on equity		159,855	(159,855)	159,854	(159,854)
31 March 2012					
Effect on profit after tax	25%	27,092	(27,092)	27,092	(27,092)
Effect on other comprehensive income, net of tax	25%	78,394	(78,394)	78,394	(78,394)
Effect on equity		172,575	(172,575)	172,575	(172,575)
1 April 2011					
Effect on profit after tax	25%	16,882	(16,882)	16,882	(16,882)
Effect on other comprehensive income, net of tax	25%	49,047	(49,047)	49,047	(49,047)
Effect on equity		84,303	(84,303)	84,303	(84,303)

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43. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Foreign exchange risk

Foreign exchange ("FX") risk arises as a result of movements in relative currencies due to the Group's operating business activities, trading activities and structural foreign exchange exposures from foreign investments and capital management activities.

Generally, the Group is exposed to three types of foreign exchange risk such as translation risk, transactional risk and economic risk which are managed in accordance with the market risk policy and limits. The FX translation risks are mitigated as the assets are funded in the same currency. The Group controls its FX exposures by transacting in permissible currencies. It has an internal Foreign Exchange Net Open Position ("FX NOP") to measure, control and monitor its FX risk and implements FX Hedging strategies to minimise FX exposures. Stress Testing is conducted periodically to ensure sufficient capital to buffer the FX risk.

The table below analyses the net foreign exchange positions of the Group and the Bank by major currencies, which are mainly in Ringgit Malaysia, US Dollar, Australian Dollar, Swiss Franc, Euro, the Great Britain Pound and Japan Yen. The "others" foreign exchange risk include mainly exposure to Canadian Dollar and Singapore Dollar.

Group	Malaysian	United	Australian	Swiss	Euro	Great	Japan	Others	Total
31 March 2013	Ringgit	States	Dollar	Franc		Britain	Yen		
	RM'000	Dollar	Dollar	RM'000	RM'000	Pound	RM'000	RM'000	RM'000
Assets									
Cash and short-term funds	2,982,432	139,426	-	59	75,886	111	38,262	329	3,236,505
Cash and placements with financial institutions	-	105,189	-	-	-	-	-	-	105,189
Financial investment designated at fair value through profit and loss	4,800	79,573	-	-	-	-	-	-	84,373
Financial investment available-for-sale	6,409,947	57,044	-	-	-	-	-	-	6,466,991
Financial investment held-to-maturity	575	-	-	-	-	-	-	-	575
Islamic derivative financial assets	-	1,676	-	-	6	12	2,794	-	4,488
Financing of customers	10,337,628	14,999	-	-	-	-	-	-	10,352,627
Other assets	89,958	66	-	-	-	-	-	-	90,024
Statutory deposits with Bank Negara Malaysia	612,721	-	-	-	-	-	-	-	612,721
Interest in associates	580	-	-	-	-	-	-	-	580
Intangible assets	34,546	-	-	-	-	-	-	-	34,546
Property, plant and equipment	65,698	-	-	-	-	-	-	-	65,698
Prepaid land lease payment	247	-	-	-	-	-	-	-	247
Deferred tax assets	17,027	-	-	-	-	-	-	-	17,027
Total Assets	20,556,159	397,973	-	59	75,892	123	41,056	329	21,071,591

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43. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Foreign exchange risk (cont'd.)

Group	Malaysian	United	Australian	Swiss	Euro	Great	Japan	Others	Total
31 March 2013	Ringgit	States	Dollar	Franc	RM'000	Britain	Yen	RM'000	RM'000
	RM'000	Dollar	RM'000	RM'000	RM'000	Pound	RM'000	RM'000	RM'000
Liabilities									
Deposits from customers	18,193,755	448,661	-	-	101,763	-	-	-	18,744,179
Deposits and placements of banks and other financial institutions	10,774	-	-	-	-	-	-	-	10,774
Bills and acceptances payable	132,750	-	-	-	-	-	-	-	132,750
Islamic derivative financial liabilities	7,726	363	24	-	756	11	25	-	8,905
Other liabilities	94,267	-	-	-	-	-	-	-	94,267
Provision for taxation and zakat	14,505	-	-	-	-	-	-	-	14,505
Recourse obligation on financing sold to Cagamas	61,679	-	-	-	-	-	-	-	61,679
Subordinated sukuk	406,055	-	-	-	-	-	-	-	406,055
Total Liabilities	18,921,511	449,024	24	-	102,519	11	25	-	19,473,114
On-balance sheet open position	1,634,649	(51,051)	(24)	59	(26,627)	112	41,031	329	1,598,479
Less: Islamic derivative financial assets	-	(1,676)	-	-	(6)	(12)	(2,794)	-	(4,488)
Add: Islamic derivative financial liabilities	7,726	363	24	-	756	11	25	-	8,905
Net open position	1,642,375	(52,364)	-	59	(25,877)	111	38,262	329	1,602,896

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43. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Foreign exchange risk (cont'd.)

Group	Malaysian	United	Australian	Swiss	Euro	Great	Japan	Others	Total
31 March 2012	Ringgit	States	Dollar	Franc	Dollar	Britain	Yen	RM'000	RM'000
	RM'000	Dollar	RM'000	RM'000	RM'000	Pound	RM'000	RM'000	RM'000
Assets									
Cash and short-term funds	4,274,697	51,292	39	215	35,450	3,194	23,491	2,845	4,391,223
Cash and placements with financial institutions	-	110,333	-	-	-	-	-	-	110,333
Financial investment designated at fair value									
through profit and loss	4,800	45,972	-	-	-	-	-	-	50,772
Financial investment held-to-maturity	28,522	-	-	-	-	-	-	-	28,522
Financial investment available-for-sale	6,054,886	84,332	-	-	-	-	-	-	6,139,218
Islamic derivative financial assets	-	3,453	-	-	44	1	607	45	4,150
Financing of customers	9,029,293	34,978	-	-	-	-	-	-	9,064,271
Other assets	42,702	1,669	-	-	-	-	-	-	44,371
Statutory deposits with Bank Negara									
Malaysia	527,721	-	-	-	-	-	-	-	527,721
Deferred tax assets	62,133	-	-	-	-	-	-	-	62,133
Intangible assets	19,133	-	-	-	-	-	-	-	19,133
Property, plant and equipment	61,939	-	-	-	-	-	-	-	61,939
Prepaid land lease payment	251	-	-	-	-	-	-	-	251
Total Assets	20,106,077	332,029	39	215	35,494	3,195	24,098	2,890	20,504,037
Liabilities									
Deposits from customers	17,516,540	609,008	-	-	25,539	-	-	-	18,151,087
Deposits and placements of banks and									
other financial institutions	11,896	-	-	-	-	-	-	-	11,896
Bills and acceptances payable	310,324	-	-	-	-	-	-	-	310,324
Islamic derivative financial liabilities	3,889	1,468	-	-	173	-	56	44	5,630
Other liabilities	132,586	-	-	-	-	-	-	-	132,586
Provision for taxation and zakat	20,501	20	-	-	-	-	-	-	20,521
Recourse obligation on financing sold to									
Cagamas	64,910	-	-	-	-	-	-	-	64,910
Subordinated sukuk	406,079	-	-	-	-	-	-	-	406,079
Total Liabilities	18,466,725	610,496	-	-	25,712	-	56	44	19,103,033
On-balance sheet open position	1,639,352	(278,467)	39	215	9,782	3,195	24,042	2,846	1,401,004
Less: Islamic derivative financial assets	-	(3,453)	-	-	(44)	(1)	(607)	(45)	(4,150)
Add: Islamic derivative financial liabilities	3,889	1,468	-	-	173	-	56	44	5,630
Net open position	1,643,241	(280,452)	39	215	9,911	3,194	23,491	2,845	1,402,484

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43. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Foreign exchange risk (cont'd.)

Group	Malaysian	United	Australian	Swiss	Euro	Great	Japan	Others	Total
1 April 2011	Ringgit	States	Dollar	Franc	Dollar	Britain	Yen	RM'000	RM'000
	RM'000	Dollar	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets									
Cash and short-term funds	6,132,185	41,215	380	178	2,766	391	20,548	2,290	6,199,953
Cash and placements with financial institutions	130,000	121,012	-	-	-	-	-	-	251,012
Financial investment designated at fair value									
through profit and loss	10,800	-	-	-	-	-	-	-	10,800
Financial investment held-to-maturity	28,585	-	-	-	-	-	-	-	28,585
Financial investment available-for-sale	4,301,496	58,691	-	-	-	-	-	-	4,360,187
Islamic derivative financial assets	-	2,687	-	14	1,441	216	819	-	5,177
Financing of customers	7,411,403	83,604	-	-	-	-	-	-	7,495,007
Other assets	69,829	871	-	-	-	-	-	-	70,700
Statutory deposits with Bank Negara									
Malaysia	94,121	-	-	-	-	-	-	-	94,121
Deferred tax assets	42,622	-	-	-	-	-	-	-	42,622
Intangible assets	48,488	-	-	-	-	-	-	-	48,488
Property, plant and equipment	53,033	-	-	-	-	-	-	-	53,033
Prepaid land lease payment	255	-	-	-	-	-	-	-	255
Total Assets	18,322,817	308,080	380	192	4,207	607	21,367	2,290	18,659,940
Liabilities									
Deposits from customers	15,911,077	305,096	-	-	-	-	-	-	16,216,173
Deposits and placements of banks and									
other financial institutions	14,993	-	-	-	-	-	-	-	14,993
Bills and acceptances payable	291,375	-	-	-	-	-	-	-	291,375
Islamic derivative financial liabilities	158	2,032	-	14	1,441	198	143	-	3,986
Other liabilities	164,398	-	-	-	-	-	-	-	164,398
Provision for taxation and zakat	5,228	-	-	-	-	-	-	-	5,228
Recourse obligation on financing sold to									
Cagamas	364,373	-	-	-	-	-	-	-	364,373
Subordinated sukuk	251,128	-	-	-	-	-	-	-	251,128
Total Liabilities	17,002,730	307,128	-	14	1,441	198	143	-	17,311,654
On-balance sheet open position	1,320,087	952	380	178	2,766	409	21,224	2,290	1,348,286
Less: Islamic derivative financial assets	-	(2,687)	-	(14)	(1,441)	(216)	(819)	-	(5,177)
Add: Islamic derivative financial liabilities	158	2,032	-	14	1,441	198	143	-	3,986
Net open position	1,320,245	297	380	178	2,766	391	20,548	2,290	1,347,095

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43. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Foreign exchange risk (cont'd.)

Bank	Malaysian	United	Australian	Swiss	Euro	Great	Japan	Others	Total
31 March 2013	Ringgit	States	Dollar	Franc	RM'000	Britain	Yen	RM'000	RM'000
	RM'000	Dollar	RM'000	RM'000	RM'000	Pound	RM'000	RM'000	RM'000
Assets									
Cash and short-term funds	2,982,432	139,426	-	59	75,886	111	38,262	329	3,236,505
Cash and placements with financial institutions	-	105,189	-	-	-	-	-	-	105,189
Financial investment designated at fair value through profit and loss	-	79,573	-	-	-	-	-	-	79,573
Financial investment available-for-sale	6,409,947	57,044	-	-	-	-	-	-	6,466,991
Financial investment held-to-maturity	575	-	-	-	-	-	-	-	575
Islamic derivative financial assets	-	1,676	-	-	6	12	2,794	-	4,488
Financing of customers	10,350,021	14,999	-	-	-	-	-	-	10,365,020
Other assets	80,427	66	-	-	-	-	-	-	80,493
Statutory deposits with Bank Negara Malaysia	612,721	-	-	-	-	-	-	-	612,721
Investment in subsidiaries	6,384	-	-	-	-	-	-	-	6,384
Interest in associates	1,000	-	-	-	-	-	-	-	1,000
Intangible assets	34,546	-	-	-	-	-	-	-	34,546
Property, plant and equipment	65,642	-	-	-	-	-	-	-	65,642
Prepaid land lease payment	247	-	-	-	-	-	-	-	247
Deferred tax assets	17,027	-	-	-	-	-	-	-	17,027
Total Assets	20,560,969	397,973	-	59	75,892	123	41,056	329	21,076,401
Liabilities									
Deposits from customers	18,199,831	448,661	-	-	101,763	-	-	-	18,750,255
Deposits and placements of banks and other financial institutions	10,774	-	-	-	-	-	-	-	10,774
Bills and acceptances payable	132,750	-	-	-	-	-	-	-	132,750
Islamic derivative financial liabilities	7,726	363	24	-	756	11	25	-	8,905
Other liabilities	95,112	-	-	-	-	-	-	-	95,112
Provision for taxation and zakat	14,498	-	-	-	-	-	-	-	14,498
Recourse obligation on financing sold to Cagamas	61,679	-	-	-	-	-	-	-	61,679
Subordinated sukuk	406,055	-	-	-	-	-	-	-	406,055
Total Liabilities	18,928,425	449,024	24	-	102,519	11	25	-	19,480,028
On-balance sheet open position	1,632,544	(51,051)	(24)	59	(26,627)	112	41,031	329	1,596,372
Less: Islamic derivative financial assets	-	(1,676)	-	-	(6)	(12)	(2,794)	-	(4,488)
Add: Islamic derivative financial liabilities	7,726	363	24	-	756	11	25	-	8,905
Net open position	1,640,270	(52,364)	-	59	(25,877)	111	38,262	329	1,600,789

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43. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Foreign exchange risk (cont'd.)

Bank	Malaysian	United	Australian	Swiss	Euro	Great	Japan	Others	Total
31 March 2012	Ringgit	States	Dollar	Franc		Britain	Yen		
	RM'000	Dollar	RM'000	RM'000	RM'000	Pound	RM'000	RM'000	RM'000
Assets									
Cash and short-term funds	4,274,697	51,292	39	215	35,450	3,194	23,491	2,845	4,391,223
Cash and placements with financial institutions	-	110,333	-	-	-	-	-	-	110,333
Financial investment designated at fair value through profit and loss	-	45,972	-	-	-	-	-	-	45,972
Financial investment available-for-sale	6,054,886	84,332	-	-	-	-	-	-	6,139,218
Financial investment held-to-maturity	28,522	-	-	-	-	-	-	-	28,522
Islamic derivative financial assets	-	3,453	-	-	44	1	607	45	4,150
Financing of customers	9,041,615	34,978	-	-	-	-	-	-	9,076,593
Other assets	35,725	1,669	-	-	-	-	-	-	37,394
Statutory deposits with Bank Negara Malaysia	527,721	-	-	-	-	-	-	-	527,721
Investment in subsidiaries	6,384	-	-	-	-	-	-	-	6,384
Intangible assets	19,133	-	-	-	-	-	-	-	19,133
Property, plant and equipment	61,939	-	-	-	-	-	-	-	61,939
Prepaid land lease payment	251	-	-	-	-	-	-	-	251
Deferred tax assets	62,133	-	-	-	-	-	-	-	62,133
Total Assets	20,113,006	332,029	39	215	35,494	3,195	24,098	2,890	20,510,966
Liabilities									
Deposits from customers	17,524,200	609,008	-	-	25,539	-	-	-	18,158,747
Deposits and placements of banks and other financial institutions	11,896	-	-	-	-	-	-	-	11,896
Bills and acceptances payable	310,324	-	-	-	-	-	-	-	310,324
Islamic derivative financial liabilities	3,889	1,468	-	-	173	-	56	44	5,630
Other liabilities	133,218	-	-	-	-	-	-	-	133,218
Provision for taxation and zakat	20,491	20	-	-	-	-	-	-	20,511
Recourse obligation on financing sold to Cagamas	64,910	-	-	-	-	-	-	-	64,910
Subordinated sukuk	406,079	-	-	-	-	-	-	-	406,079
Total Liabilities	18,475,007	610,496	-	-	25,712	-	56	44	19,111,315
On-balance sheet open position	1,637,999	(278,467)	39	215	9,782	3,195	24,042	2,846	1,399,651
Less: Islamic derivative financial assets	-	(3,453)	-	-	(44)	(1)	(607)	(45)	(4,150)
Add: Islamic derivative financial liabilities	3,889	1,468	-	-	173	-	56	44	5,630
Net open position	1,641,888	(280,452)	39	215	9,911	3,194	23,491	2,845	1,401,131

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43. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Foreign exchange risk (cont'd.)

Bank 1 April 2011	Malaysian Ringgit RM'000	United States Dollar RM'000	Australian Dollar RM'000	Swiss Franc RM'000	Euro RM'000	Great Britain Pound RM'000	Japan Yen RM'000	Others RM'000	Total RM'000
Assets									
Cash and short-term funds	6,132,185	41,215	380	178	2,766	391	20,548	2,290	6,199,953
Cash and placements with financial institutions	130,000	121,012	-	-	-	-	-	-	251,012
Financial investment held-to-maturity	28,585	-	-	-	-	-	-	-	28,585
Financial investment available-for-sale	4,301,496	58,691	-	-	-	-	-	-	4,360,187
Islamic derivative financial assets	-	2,687	-	14	1,441	216	819	-	5,177
Financing of customers	7,429,277	83,604	-	-	-	-	-	-	7,512,881
Other assets	62,774	871	-	-	-	-	-	-	63,645
Statutory deposits with Bank Negara Malaysia	94,121	-	-	-	-	-	-	-	94,121
Deferred tax assets	42,622	-	-	-	-	-	-	-	42,622
Investment in subsidiaries	6,484	-	-	-	-	-	-	-	6,484
Intangible assets	48,488	-	-	-	-	-	-	-	48,488
Property, plant and equipment	53,028	-	-	-	-	-	-	-	53,028
Prepaid land lease payment	255	-	-	-	-	-	-	-	255
Total Assets	18,329,315	308,080	380	192	4,207	607	21,367	2,290	18,666,438
Liabilities									
Deposits from customers	15,917,694	305,096	-	-	-	-	-	-	16,222,790
Deposits and placements of banks and other financial institutions	14,993	-	-	-	-	-	-	-	14,993
Bills and acceptances payable	291,375	-	-	-	-	-	-	-	291,375
Islamic derivative financial liabilities	158	2,032	-	14	1,441	198	143	-	3,986
Other liabilities	164,422	-	-	-	-	-	-	-	164,422
Provision for taxation and zakat	5,228	-	-	-	-	-	-	-	5,228
Recourse obligation on financing sold to Cagamas	364,373	-	-	-	-	-	-	-	364,373
Subordinated sukuk	251,128	-	-	-	-	-	-	-	251,128
Total Liabilities	17,009,371	307,128	-	14	1,441	198	143	-	17,318,295
On-balance sheet open position	1,319,944	952	380	178	2,766	409	21,224	2,290	1,348,143
Less: Islamic derivative financial assets	-	(2,687)	-	(14)	(1,441)	(216)	(819)	-	(5,177)
Add: Islamic derivative financial liabilities	158	2,032	-	14	1,441	198	143	-	3,986
Net open position	1,320,102	297	380	178	2,766	391	20,548	2,290	1,346,952

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43. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

No sensitivity has been performed for foreign exchange risk as the Group and the Bank do not have significant exposures denominated in foreign currencies.

(c) Liquidity and funding risk

Liquidity and funding risk is the potential inability of the Group and Bank to meet its funding requirements arising from cash flow mismatches at a reasonable cost while Market liquidity risk refers to the Group and Bank potential inability to liquidate positions quickly and insufficient volumes, at a reasonable price.

The Bank monitors the maturity profile of assets and liabilities so that adequate liquidity is maintained at all times. The Group and Bank ability to maintain a stable liquidity profile is primarily on account of its success in retaining and growing its customer deposit base.

The marketing strategy of the Group and Bank have ensured a balanced mix of deposits. Stability of the deposits base thus minimises the Group and Bank dependence on volatile short-term receiving. Considering the effective maturities of deposits based on retention history (behavioral method) and in view of the ready availability of liquidity investments, the Group and Bank are able to ensure that sufficient liquidity is always available whenever is necessary.

The Asset Liability Committee (ALCO) chaired by the Deputy CEO, will be conducted on monthly basis purposely to review the Liquidity Gap Profile of the bank. In addition the Group and Bank apply the liquidity stress test which addresses strategic issues concerning liquidity risk.

The table below is the analysis of assets and liabilities of the Group and Bank as at 31 March 2013 based on remaining contractual maturities.

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43. Financial risk management objectives and policies (cont'd.)

(c) Liquidity and funding risk (cont'd.)

(i) Maturity analysis of assets and liabilities based on remaining contractual maturity:

Group	Up to	>7 Days -	>1-3	>3-6	>6-12		
31 March 2013	7 Days	1 Month	Months	Months	Months	>1 Year	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS							
Cash and short-term funds	2,913,226	323,279	-	-	-	-	3,236,505
Cash and placements with financial institutions	-	-	105,189	-	-	-	105,189
Financial investment designated at fair value through profit and loss	-	-	-	-	-	84,373	84,373
Financial investment available-for-sale	130,708	467,195	185,850	282,741	294,214	5,106,283	6,466,991
Financial investment held-to-maturity	-	-	-	-	-	575	575
Islamic derivative financial assets	340	2,529	789	728	102	-	4,488
Financing of customers	-	675,133	416,540	438,304	766,336	8,056,313	10,352,626
Other assets	-	-	-	-	90,024	730,819	820,843
TOTAL ASSETS	3,044,274	1,468,136	708,368	721,773	1,150,676	13,978,363	21,071,590
LIABILITIES AND EQUITY							
Deposits from customers	1,848,030	8,925,947	5,365,877	1,582,461	990,359	31,505	18,744,179
Deposits and placements of banks and other financial institutions	-	-	2,820	-	3,152	4,802	10,774
Islamic derivative financial liabilities	938	-	230	-	11	7,726	8,905
Other liabilities	-	168,743	462	703	133,293	406,055	709,256
Total Liabilities	1,848,968	9,094,690	5,369,389	1,583,164	1,126,815	450,088	19,473,114
Equity attributable to shareholders of the Bank	-	-	-	-	-	1,598,476	1,598,476
NET MATURITY MISMATCH	1,195,306	(7,626,554)	(4,661,021)	(861,391)	23,861	11,929,799	-

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43. Financial risk management objectives and policies (cont'd.)

(c) Liquidity and funding risk (cont'd.)

(i) Maturity analysis of assets and liabilities based on remaining contractual maturity: (cont'd.)

Group	Up to	>7 Days -	>1-3	>3-6	>6-12	>1 Year	Total
31 March 2012	7 Days	1 Month	Months	Months	Months	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000		
ASSETS							
Cash and short-term funds	3,252,625	1,138,598	-	-	-	-	4,391,223
Cash and placements with financial institutions	-	-	18,389	91,944	-	-	110,333
Financial investment designated at fair value through profit and loss	-	-	-	-	-	50,772	50,772
Financial investment available-for-sale	-	350,778	175,528	481,282	399,757	4,731,873	6,139,218
Financial investment held-to-maturity	-	298	-	27,649	-	575	28,522
Islamic derivative financial assets	162	2,330	1,645	13	-	-	4,150
Financing of customers	-	514,337	365,509	439,506	690,822	7,054,097	9,064,271
Other assets	-	-	-	-	96,724	618,824	715,548
TOTAL ASSETS	3,252,787	2,006,341	561,071	1,040,394	1,187,303	12,456,141	20,504,037
LIABILITIES AND EQUITY							
Deposits from customers	1,755,512	8,255,153	5,944,495	1,547,083	624,637	24,207	18,151,087
Deposits and placements of banks and other financial institutions	-	-	-	2,946	252	8,698	11,896
Islamic derivative financial liabilities	311	185	1,132	10	103	3,889	5,630
Other liabilities	-	386,196	561	854	79,051	467,758	934,420
Total Liabilities	1,755,823	8,641,534	5,946,188	1,550,893	704,043	504,552	19,103,033
Equity attributable to shareholders of the Bank	-	-	-	-	-	1,401,003	1,401,003
NET MATURITY MISMATCH	1,496,964	(6,635,193)	(5,385,117)	(510,499)	483,260	10,550,586	-

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43. Financial risk management objectives and policies (cont'd.)

(c) Liquidity and funding risk (cont'd.)

(i) Maturity analysis of assets and liabilities based on remaining contractual maturity: (cont'd.)

Group 1 April 2011	Up to 7 Days RM'000	>7 Days - 1 Month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 Year RM'000	Total RM'000
ASSETS							
Cash and short-term funds	4,701,413	1,498,540	-	-	-	-	6,199,953
Cash and placements with financial institutions	-	-	190,506	60,506	-	-	251,012
Financial investment designated at fair value through profit and loss	-	-	-	-	-	10,800	10,800
Financial investment available-for-sale	-	227,852	287,499	437,491	254,286	3,153,059	4,360,187
Financial investment held-to-maturity	-	361	-	-	-	28,224	28,585
Islamic derivative financial assets	3,122	1,689	366	-	-	-	5,177
Financing of customers	-	774,552	664,627	387,976	807,440	4,860,412	7,495,007
Other assets	-	-	-	-	64,708	244,511	309,219
TOTAL ASSETS	4,704,535	2,502,994	1,142,998	885,973	1,126,434	8,297,006	18,659,940
LIABILITIES AND EQUITY							
Deposits from customers	1,865,816	6,886,507	5,654,500	1,315,137	467,131	27,082	16,216,173
Deposits and placements of banks and other financial institutions	-	-	-	300	500	14,193	14,993
Islamic derivative financial liabilities	3,031	309	149	339	-	158	3,986
Other liabilities	-	386,300	2,881	255,487	366,924	64,910	1,076,502
Total Liabilities	1,868,847	7,273,116	5,657,530	1,571,263	834,555	106,343	17,311,654
Equity attributable to shareholders of the Bank	-	-	-	-	-	1,348,286	1,348,286
NET MATURITY MISMATCH	2,835,688	(4,770,122)	(4,514,532)	(685,290)	291,879	6,842,377	-

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43. Financial risk management objectives and policies (cont'd.)

(c) Liquidity and funding risk (cont'd.)

(i) Maturity analysis of assets and liabilities based on remaining contractual maturity: (cont'd.)

Bank	Up to	>7 Days -	>1-3	>3-6	>6-12		
31 March 2013	7 Days	1 Month	Months	Months	Months	>1 Year	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS							
Cash and short-term funds	2,913,226	323,279	-	-	-	-	3,236,505
Cash and placements with financial institutions	-	-	105,189	-	-	-	105,189
Financial investment designated at fair value through profit and loss	-	-	-	-	-	79,573	79,573
Financial investment available-for-sale	130,708	467,195	185,850	282,741	294,214	5,106,283	6,466,991
Financial investment held-to-maturity	-	-	-	-	-	575	575
Islamic derivative financial assets	340	2,529	789	728	102	-	4,488
Financing of customers	-	675,133	416,540	438,304	766,336	8,068,707	10,365,020
Other assets	-	-	-	-	80,492	737,568	818,060
TOTAL ASSETS	3,044,274	1,468,136	708,368	721,773	1,141,144	13,992,706	21,076,401
LIABILITIES AND EQUITY							
Deposits from customers	1,848,506	8,931,547	5,365,877	1,582,461	990,359	31,505	18,750,255
Deposits and placements of banks and other financial institutions	-	-	2,820	-	3,152	4,802	10,774
Islamic derivative financial liabilities	938	-	230	-	11	7,726	8,905
Other liabilities	-	169,765	462	703	133,109	406,055	710,094
Total Liabilities	1,849,444	9,101,312	5,369,389	1,583,164	1,126,631	450,088	19,480,028
Equity attributable to shareholders of the Bank	-	-	-	-	-	1,596,373	1,596,373
NET MATURITY MISMATCH	1,194,830	(7,633,176)	(4,661,021)	(861,391)	14,513	11,946,245	-

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43. Financial risk management objectives and policies (cont'd.)

(c) Liquidity and funding risk (cont'd.)

(i) Maturity analysis of assets and liabilities based on remaining contractual maturity: (cont'd.)

Bank 31 March 2012	Up to 7 Days RM'000	>7 Days - 1 Month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 Year RM'000	Total RM'000
ASSETS							
Cash and short-term funds	3,252,625	1,138,598	-	-	-	-	4,391,223
Cash and placements with financial institutions	-	-	18,389	91,944	-	-	110,333
Financial investment designated at fair value through profit and loss	-	-	-	-	-	45,972	45,972
Financial investment available-for-sale	-	350,778	175,528	481,282	399,757	4,731,873	6,139,218
Financial investment held-to-maturity	-	298	-	27,649	-	575	28,522
Islamic derivative financial assets	162	2,330	1,645	13	-	-	4,150
Financing of customers	-	514,337	365,509	439,506	690,822	7,066,419	9,076,593
Other assets	-	-	-	-	89,747	625,208	714,955
TOTAL ASSETS	3,252,787	2,006,341	561,071	1,040,394	1,180,326	12,470,047	20,510,966
LIABILITIES AND EQUITY							
Deposits from customers	1,763,172	8,255,153	5,944,495	1,547,083	624,637	24,207	18,158,747
Deposits and placements of banks and other financial institutions	-	-	-	2,946	252	8,698	11,896
Islamic derivative financial liabilities	311	185	1,132	10	103	3,889	5,630
Other liabilities	-	386,383	561	854	79,486	467,758	935,042
Total Liabilities	1,763,483	8,641,721	5,946,188	1,550,893	704,478	504,552	19,111,315
Equity attributable to shareholders of the Bank	-	-	-	-	-	1,399,651	1,399,651
NET MATURITY MISMATCH	1,489,304	(6,635,380)	(5,385,117)	(510,499)	475,848	10,565,844	-

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43. Financial risk management objectives and policies (cont'd.)

(c) Liquidity and funding risk (cont'd.)

(i) Maturity analysis of assets and liabilities based on remaining contractual maturity: (cont'd.)

Bank 1 April 2011	Up to 7 Days RM'000	>7 Days - 1 Month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 Year RM'000	Total RM'000
ASSETS							
Cash and short-term funds	4,701,413	1,498,540	-	-	-	-	6,199,953
Cash and placements with financial institutions	-	-	190,506	60,506	-	-	251,012
Financial investment available-for-sale	-	192,948	287,499	437,491	254,286	3,187,963	4,360,187
Financial investment held-to-maturity	-	361	-	-	-	28,224	28,585
Islamic derivative financial assets	3,122	1,689	366	-	-	-	5,177
Financing of customers	-	774,552	664,627	387,976	807,440	4,878,286	7,512,881
Other assets	-	-	-	-	57,653	250,990	308,643
TOTAL ASSETS	4,704,535	2,468,090	1,142,998	885,973	1,119,379	8,345,463	18,666,438
LIABILITIES AND EQUITY							
Deposits from customers	1,872,433	6,886,507	5,654,500	1,315,137	467,131	27,082	16,222,790
Deposits and placements of banks and other financial institutions	-	-	-	300	500	14,193	14,993
Islamic derivative financial liabilities	3,031	309	149	339	-	158	3,986
Other liabilities	-	386,403	2,881	255,487	366,845	64,910	1,076,526
Total Liabilities	1,875,464	7,273,219	5,657,530	1,571,263	834,476	106,343	17,318,295
Equity attributable to shareholders of the Bank	-	-	-	-	-	1,348,143	1,348,143
NET MATURITY MISMATCH	2,829,071	(4,805,129)	(4,514,532)	(685,290)	284,903	6,890,977	-

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43. Financial risk management objectives and policies (cont'd.)

(c) Liquidity and funding risk (cont'd.)

(ii) Behavioural maturity of deposits from customers

In practice, deposits from customers behave differently from their contractual terms and typically, short-term customer accounts and non-maturing savings and current deposits extend to a longer period than their contractual maturity. The Group's and the Bank's behavioural maturity for deposits from customers are as follows:

Group	Deposits from customers						Total RM'000
	Up to 7 Days RM'000	>7 Days - 1 Month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 Year RM'000	
31 March 2013							
By contractual maturity	1,848,030	8,925,947	5,365,877	1,582,461	990,359	31,505	18,744,179
By behavioural maturity	2,114,990	1,922,126	910,685	160,414	224,555	13,411,409	18,744,179
Difference	(266,960)	7,003,821	4,455,192	1,422,047	765,804	(13,379,904)	-
31 March 2012							
By contractual maturity	1,755,512	8,255,153	5,944,495	1,547,083	624,637	24,207	18,151,087
By behavioural maturity	2,801,287	4,084,991	984,477	215,767	65,651	9,998,914	18,151,087
Difference	(1,045,775)	4,170,162	4,960,018	1,331,316	558,986	(9,974,707)	-
1 April 2011							
By contractual maturity	1,865,816	6,886,507	5,654,500	1,315,137	467,131	27,082	16,216,173
By behavioural maturity	1,761,183	1,618,132	1,452,317	141,860	395,721	10,846,960	16,216,173
Difference	104,633	5,268,375	4,202,183	1,173,277	71,410	(10,819,878)	-

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43. Financial risk management objectives and policies (cont'd.)

(c) Liquidity and funding risk (cont'd.)

(ii) Behavioural maturity of deposits from customers (cont'd.)

Bank	Up to 7 Days RM'000	>7 Days - 1 Month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 Year RM'000	Total RM'000
31 March 2013	Deposits from customers						
By contractual maturity	1,848,506	8,931,547	5,365,877	1,582,461	990,359	31,505	18,750,255
By behavioural maturity	2,115,465	1,922,126	910,685	166,014	224,555	13,411,409	18,750,255
Difference	(266,959)	7,009,421	4,455,192	1,416,447	765,804	(13,379,904)	-
31 March 2012							
By contractual maturity	1,763,172	8,255,153	5,944,495	1,547,083	624,637	24,207	18,158,747
By behavioural maturity	2,808,947	4,084,991	984,477	215,767	65,651	9,998,914	18,158,747
Difference	(1,045,775)	4,170,162	4,960,018	1,331,316	558,986	(9,974,707)	-
1 April 2011							
By contractual maturity	1,872,433	6,886,507	5,654,500	1,315,137	467,131	27,082	16,222,790
By behavioural maturity	1,767,800	1,618,132	1,452,317	141,860	395,721	10,846,960	16,222,790
Difference	104,633	5,268,375	4,202,183	1,173,277	71,410	(10,819,878)	-

(iii) Maturity analysis of financial liabilities on an undiscounted basis

The following tables show the contractual undiscounted cash flows payable for financial liabilities by remaining contractual maturities. The financial liabilities in the tables below will not agree to the balances reported in the statement of financial position as the tables incorporate all contractual cash flows, on an undiscounted basis, relating to both principal and profit payments. The contractual maturity profile does not necessarily reflect the behavioural cash flows.

The cash flows of commitments and contingent liabilities are not presented on an undiscounted basis as the total outstanding contractual amounts do not represent future cash requirements since the Group and the Bank expect many of these contingencies to expire or be unconditionally cancelled without being called or drawn upon and many of the contingent liabilities are reimbursable by customers.

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43. Financial risk management objectives and policies (cont'd.)

(c) Liquidity and funding risk (cont'd.)

(iii) Maturity analysis of financial liabilities on an undiscounted basis (cont'd.)

Group	Up to 7 Days RM'000	>7 Days - 1 Month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 Year RM'000	Total RM'000
31 March 2013							
Non-derivative liabilities							
Deposits from customers	1,848,030	8,931,547	5,365,877	1,582,461	990,359	31,628	18,749,902
Deposits and placements of banks and other financial institutions	-	-	2,820	-	3,152	5,022	10,994
Bills and acceptances payable	-	132,750	-	-	-	-	132,750
Other liabilities	-	16,232	-	-	981	-	17,213
Recourse obligation on financing sold to Cagamas	-	238	462	703	60,277	-	61,680
Subordinated sukuk	-	-	-	-	-	410,412	410,412
Derivative liabilities	938	-	230	-	11	8,385	9,564
Total Financial Liabilities	1,848,968	9,080,767	5,369,389	1,583,164	1,054,780	455,447	19,392,515
31 March 2012							
Non-derivative liabilities							
Deposits from customers	1,755,512	8,255,153	5,944,495	1,547,083	624,637	24,335	18,151,215
Deposits and placements of banks and other financial institutions	-	-	-	2,946	252	9,069	12,267
Bills and acceptances payable	-	310,324	-	-	-	-	310,324
Other liabilities	-	13,983	-	-	779	-	14,762
Recourse obligation on financing sold to Cagamas	-	278	561	854	1,537	61,679	64,909
Subordinated sukuk	-	-	-	-	-	410,966	410,966
Derivative liabilities	311	185	1,132	10	103	4,498	6,239
Total Financial Liabilities	1,755,823	8,579,923	5,946,188	1,550,893	627,308	510,547	18,970,682

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43. Financial risk management objectives and policies (cont'd.)

(c) Liquidity and funding risk (cont'd.)

(iii) Maturity analysis of financial liabilities on an undiscounted basis (cont'd.)

Group	Up to 7 Days RM'000	>7 Days - 1 Month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 Year RM'000	Total RM'000
1 April 2011							
Non-derivative liabilities							
Deposits from customers	1,865,816	6,886,507	5,654,500	1,315,137	467,131	27,082	16,216,173
Deposits and placements of banks and other financial institutions	-	-	-	300	500	14,193	14,993
Bills and acceptances payable	-	291,375	-	-	-	-	291,375
Other liabilities	-	49,852	-	-	598	-	50,450
Recourse obligation on financing sold to Cagamas	-	-	-	-	-	364,373	364,373
Subordinated sukuk	-	-	-	251,128	-	-	251,128
Derivative liabilities	3,031	309	149	339	-	158	3,986
Total Financial Liabilities	1,868,847	7,228,043	5,654,649	1,566,904	468,229	405,806	17,192,478

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43. Financial risk management objectives and policies (cont'd.)

(c) Liquidity and funding risk (cont'd.)

(iii) Maturity analysis of financial liabilities on an undiscounted basis (cont'd.)

Bank	Up to 7 Days RM'000	>7 Days - 1 Month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 Year RM'000	Total RM'000
31 March 2013							
Non-derivative liabilities							
Deposits from customers	1,848,506	8,931,547	5,365,877	1,582,461	990,359	31,628	18,750,378
Deposits and placements of banks and other financial institutions	-	-	2,820	-	3,152	5,022	10,994
Bills and acceptances payable	-	132,750	-	-	-	-	132,750
Other liabilities	-	17,255	-	-	968	-	18,223
Recourse obligation on financing sold to Cagamas	-	238	462	703	60,277	-	61,680
Subordinated sukuk	-	-	-	-	-	410,412	410,412
Derivative liabilities	938	-	230	-	11	8,385	9,564
Total Financial Liabilities	1,849,444	9,081,790	5,369,389	1,583,164	1,054,767	455,447	19,394,001
31 March 2012							
Non-derivative liabilities							
Deposits from customers	1,763,172	8,255,153	5,944,495	1,547,083	624,637	24,335	18,158,875
Deposits and placements of banks and other financial institutions	-	-	-	2,946	252	9,069	12,267
Bills and acceptances payable	-	310,324	-	-	-	-	310,324
Other liabilities	-	14,170	-	-	766	-	14,936
Recourse obligation on financing sold to Cagamas	-	278	561	854	1,537	61,679	64,909
Subordinated sukuk	-	-	-	-	-	410,966	410,966
Derivative liabilities	311	185	1,132	10	103	4,498	6,239
Total Financial Liabilities	1,763,483	8,580,110	5,946,188	1,550,893	627,295	510,547	18,978,516

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43. Financial risk management objectives and policies (cont'd.)

(c) Liquidity and funding risk (cont'd.)

(iii) Maturity analysis of financial liabilities on an undiscounted basis (cont'd.)

Bank	Up to 7 Days RM'000	>7 Days - 1 Month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 Year RM'000	Total RM'000
1 April 2011							
Non-derivative liabilities							
Deposits from customers	1,872,433	6,886,507	5,654,500	1,315,137	467,131	27,082	16,222,790
Deposits and placements of banks and other financial institutions	-	-	-	300	500	14,193	14,993
Bills and acceptances payable	-	291,375	-	-	-	-	291,375
Other liabilities	-	49,828	-	-	598	-	50,426
Recourse obligation on financing sold to Cagamas	-	-	-	-	-	364,373	364,373
Subordinated sukuk	-	-	-	251,128	-	-	251,128
Derivative liabilities	3,031	309	149	339	-	158	3,986
Total Financial Liabilities	1,875,464	7,228,019	5,654,649	1,566,904	468,229	405,806	17,199,071

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43. Financial risk management objectives and policies (cont'd.)

(d) Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This risk is managed through an operational risk management framework with established operational risk management processes. To manage and control operational risk, the Group and Bank place great emphasis on the importance of proper monitoring and reporting of business units' adherence to established risk policies, procedures and limits by independent control and support units, oversight provided by the management and the Board of Directors, and independent assessment of the adequacy and reliability of the risk management processes by the Internal Audit Division.

The operational risk management processes include establishment of system of internal controls, identification and assessment of operational risk inherent in new and existing products, processes and systems, regular disaster recovery and business continuity planning and simulations, self-compliance audit, and operational risk incident reporting and data collection.

44. 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.

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44. 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.)

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.

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	Observable	Unobservable	
	Market Price Level 1 RM'000	Inputs Level 2 RM'000	Inputs Level 3 RM'000	
31 March 2013				
Financial assets				
Financial investments designated at fair value through profit and loss	-	-	84,373	84,373
Financial investments available-for-sale	44,182	6,316,460	106,349	6,466,991
Derivative financial assets	-	4,488	-	4,488
Total financial assets measured at fair value	<u>44,182</u>	<u>6,320,948</u>	<u>190,722</u>	<u>6,555,852</u>
Financial liabilities				
Derivative financial liabilities	-	8,905	-	8,905
Total financial liabilities measured at fair value	<u>-</u>	<u>8,905</u>	<u>-</u>	<u>8,905</u>

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44. 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	<u>Valuation technique using</u>		Total RM'000
		Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
31 March 2012				
Financial assets				
Financial investments designated at fair value through profit and loss	-	-	50,772	50,772
Financial investments available-for-sale	48,023	6,074,973	16,222	6,139,218
Derivative financial assets	-	4,150	-	4,150
Total financial assets measured at fair value	48,023	6,079,123	66,994	6,194,140
Financial liabilities				
Derivative financial liabilities	-	5,630	-	5,630
Total financial liabilities measured at fair value	-	5,630	-	5,630

Bank	Quoted Market Price Level 1 RM'000	<u>Valuation technique using</u>		Total RM'000
		Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
31 March 2013				
Financial assets				
Financial investments designated at fair value through profit and loss	-	-	79,573	79,573
Financial investments available-for-sale	44,182	6,316,460	106,349	6,466,991
Derivative financial assets	-	4,488	-	4,488
Total financial assets measured at fair value	44,182	6,320,948	185,922	6,551,052
Financial liabilities				
Derivative financial liabilities	-	8,905	-	8,905
Total financial liabilities measured at fair value	-	8,905	-	8,905

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

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

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

Bank (cont'd.)	Quoted Market Price Level 1 RM'000	Valuation technique using		Total RM'000
		Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
31 March 2012				
Financial assets				
Financial investments designated at fair value through profit and loss	-	-	45,972	45,972
Financial investments available-for-sale	48,023	6,074,973	16,222	6,139,218
Derivative financial assets	-	4,150	-	4,150
Total financial assets measured at fair value	48,023	6,079,123	62,194	6,189,340
Financial liabilities				
Derivative financial liabilities	-	5,630	-	5,630
Total financial liabilities measured at fair value	-	5,630	-	5,630

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

	Group		Bank	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
At beginning of the year	66,994	29,397	62,194	18,597
Gains/(losses) recognised in income statement	4,397	(8,901)	4,397	(2,901)
Gains recognised in other comprehensive income	712	-	712	-
Purchases	33,601	46,498	33,601	46,498
Sales	(4,597)	-	(4,597)	-
Settlements	(13,067)	-	(13,067)	-
Transfer from Level 2 to Level 3	102,682	-	102,682	-
At end of the year	190,722	66,994	185,922	62,194

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44. 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 (cont'd.):

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 March 2013 RM'000	31 March 2012 RM'000
Total gains/(losses) recognised in income statement for financial instruments measured at fair value at the end of the financial year	4,397	(8,901)
Total gains recognised in other comprehensive income for financial instruments measured at fair value at the end of the financial year	712	-
	Bank	
	31 March 2013 RM'000	31 March 2012 RM'000
Total gains/(losses) recognised in income statement for financial instruments measured at fair value at the end of the financial year	4,397	(2,901)
Total gains recognised in other comprehensive income for financial instruments measured at fair value at the end of the financial year	712	-

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

(b) Financial instruments not carried at fair value

Group	31 March 2013	
	Carrying amount RM'000	Fair value RM'000
Financial assets		
Cash and short-term funds	3,236,505	3,236,505
Cash and placements with financial institutions	105,189	105,189
Financial investment available-for-sale	4,631	4,631
Financial investment held-to-maturity	575	575
Financing of customers	10,352,626	11,975,243
Financial liabilities		
Deposits from customers	18,744,179	18,770,758
Deposits and placements of banks and other financial institutions	10,774	10,500
Bills and acceptances payable	132,750	132,750
Recourse obligation on financing sold to Cagamas	61,679	61,679
Subordinated sukuk	406,055	422,704
	31 March 2012	
	Carrying amount RM'000	Fair value RM'000
Financial assets		
Cash and short-term funds	4,391,223	4,391,223
Cash and placements with financial institutions	110,333	110,333
Financial investment available-for-sale	4,631	4,631
Financial investment held-to-maturity	28,522	28,522
Financing of customers	9,064,271	9,966,717
Financial liabilities		
Deposits from customers	18,151,087	18,153,040
Deposits and placements of banks and other financial institutions	11,896	11,493
Bills and acceptances payable	310,324	310,324
Recourse obligation on financing sold to Cagamas	64,910	61,038
Subordinated sukuk	406,079	416,068

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

(b) Financial instruments not carried at fair value (cont'd.)

Group	1 April 2011	
	Carrying amount RM'000	Fair value RM'000
Financial assets		
Cash and short-term funds	6,199,953	6,199,953
Cash and placements with financial institutions	251,012	251,012
Financial investment available-for-sale	4,105	4,105
Financial investment held-to-maturity	28,585	28,585
Financing of customers	7,495,007	8,685,045
Financial liabilities		
Deposits from customers	16,216,173	16,222,790
Deposits and placements of banks and other financial institutions	14,993	14,993
Bills and acceptances payable	291,375	291,375
Recourse obligation on financing sold to Cagamas	364,373	332,941
Subordinated sukuk	251,128	250,025
Bank	31 March 2013	
	Carrying amount RM'000	Fair value RM'000
Financial assets		
Cash and short-term funds	3,236,505	3,236,505
Cash and placements with financial institutions	105,189	105,189
Financial investment available-for-sale	4,631	4,631
Financial investment held-to-maturity	575	575
Financing of customers	10,365,020	11,962,849
Financial liabilities		
Deposits from customers	18,750,255	18,776,838
Deposits and placements of banks and other financial institutions	10,774	10,500
Bills and acceptances payable	132,750	132,750
Recourse obligation on financing sold to Cagamas	61,679	59,193
Subordinated sukuk	406,055	422,704

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

(b) Financial instruments not carried at fair value (cont'd.)

Bank	31 March 2012	
	Carrying amount RM'000	Fair value RM'000
Financial assets		
Cash and short-term funds	4,391,223	4,391,223
Cash and placements with financial institutions	110,333	110,333
Financial investment available-for-sale	4,631	4,631
Financial investment held-to-maturity	28,522	28,522
Financing of customers	9,076,593	9,985,038
Financial liabilities		
Deposits from customers	18,158,747	18,158,752
Deposits and placements of banks and other financial institutions	11,896	11,493
Bills and acceptances payable	310,324	310,324
Recourse obligation on financing sold to Cagamas	64,910	61,038
Subordinated sukuk	406,079	416,068
	1 April 2011	
	Carrying amount RM'000	Fair value RM'000
Financial assets		
Cash and short-term funds	6,199,953	6,199,953
Cash and placements with financial institutions	251,012	251,012
Financial investment available-for-sale	4,105	4,105
Financial investment held-to-maturity	28,585	28,585
Financing of customers	7,512,881	8,702,919
Financial liabilities		
Deposits from customers	16,222,790	16,222,790
Deposits and placements of banks and other financial institutions	14,993	14,993
Bills and acceptances payable	291,375	291,375
Recourse obligation on financing sold to Cagamas	364,373	332,941
Subordinated sukuk	251,128	250,025

Fair value is the estimated amount at which a financial asset or liability can be exchanged between two parties under normal market conditions. However, for certain assets such as financing and deposits, fair values are not readily available as there is no open market where these instruments are traded. The fair values for these instruments are estimated based on the assumptions below. These methods are subjective in nature, therefore, the fair values presented may not be indicative of the actual realisable value.

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

(b) Financial instruments not carried at fair value (cont'd.)

Fair value information has not been disclosed for the Group and the Bank investments in equity instruments that are carried at cost because fair value cannot be measured reliably. The Group and the Bank does not intend to dispose of this investment in the foreseeable future.

Cash and short-term funds, statutory deposits with Bank Negara Malaysia, other assets, deposits and placements of banks and other financial institutions, bills and acceptances payable and other liabilities

For these short-term instruments, the carrying amount is a reasonable estimate of fair value.

Financial investments available-for-sale and financial investments held-to-maturity

Where quoted or observable market prices are not available, the fair values are estimated using pricing models or discounted cash flow techniques. Where the discounted cash flow technique is used, the expected future cash flows are discounted using market interest rates for similar instruments.

Financing to customers

The fair values of financing to customers not designated as hedged item are estimated based on expected future cash flows of contractual instalment payments, discounted at applicable and prevailing rates at balance sheet date offered for similar facilities to new borrowers with similar credit profiles. In respect of non-performing financing, the fair values are deemed to approximate the carrying values, which are net of specific allowance for bad and doubtful financing.

Deposits from customers

The fair values of deposits from customers are estimated to approximate their carrying values as the profit rates are determined at the end of their holding periods based on the actual profits generated from the assets invested.

Subordinated sukuk

The fair values of subordinated obligations are estimated by discounting the expected future cash flows using the applicable prevailing interest rates for borrowings with similar risks profiles.

Recourse obligation on financing sold to Cagamas

The fair value of recourse obligation on financing sold to Cagamas are determined based on the discounted cash flows of future instalment payables at applicable prevailing Cagamas rate as at reporting date.

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45. Capital and other commitments

Capital expenditure approved by directors but not provided for in the financial statements amounted to:

	Group		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Approved and contracted for	11,996	16,529	6,002
Approved but not contracted for	21,366	29,080	42,981
	33,362	45,609	48,983

	Bank		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Approved and contracted for	11,996	16,529	6,002
Approved but not contracted for	21,426	29,080	42,981
	33,422	45,609	48,983

46. Capital adequacy

(a) The core capital ratios and risk-weighted capital ratios of the Group are as follows:

	Group		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Computation of total risk-weighted assets ("RWA")			
Total credit RWA	9,687,613	8,854,238	7,948,103
Total market RWA	57,818	115,622	75,061
Total operational RWA	1,022,010	1,006,091	960,106
Total RWA	10,767,441	9,975,951	8,983,270
Computation of capital ratios			
<u>Tier-I capital</u>			
Paid-up ordinary share capital	1,000,000	1,000,000	1,000,000
Retained profits	226,049	170,589	128,097
Other Reserves			
Statutory reserve	398,978	315,385	272,893
Unrealised losses on available for-sale financial instruments	(25,940)	-	-
Foreign exchange translation reserve	(610)	-	-
Less: Regulatory Adjustment			
Deferred tax assets (net)	(17,027)	(52,353)	(38,240)
Investment in subsidiaries	-	-	-
Total Common Equity Tier-I Capital	1,581,450	1,433,621	1,362,750
Total Tier-I Capital	1,581,450	1,433,621	1,362,750

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46. Capital adequacy (cont'd.)

(a) The core capital ratios and risk-weighted capital ratios of the Group are as follows (cont'd.):

	31 March 2013 RM'000	Group 31 March 2012 RM'000	1 April 2011 RM'000
Computation of capital ratios (cont'd.)			
<u>Tier-II capital</u>			
Subordinated sukuk	365,450	406,079	250,000
Collective assessment	121,095	128,332	114,833
Total Tier-II Capital	486,545	534,411	364,833
Total Capital Base	2,067,995	1,968,032	1,727,583
<u>Ratio (%)</u>			
CET 1 Capital	14.7%	14.4%	15.2%
Tier 1 Capital	14.7%	14.4%	15.2%
Total Capital	19.2%	19.7%	19.2%
<i>After proposed dividend (of RM195 million net)</i>			
CET 1 Capital	12.9%		
Tier 1 Capital	12.9%		
Total Capital	17.4%		
<i>After proposed dividend and reinvestment into ordinary shares</i>			
CET 1 Capital	14.7%		
Tier 1 Capital	14.7%		
Total Capital	19.2%		

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46. Capital adequacy (cont'd.)

(a) The core capital ratios and risk-weighted capital ratios of the the Bank are as follows:

	31 March 2013 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Computation of total risk-weighted assets ("RWA")			
Total credit RWA	9,680,838	8,840,877	7,934,560
Total market RWA	57,818	115,622	75,061
Total operational RWA	1,020,708	998,498	953,244
Total RWA	10,759,364	9,954,997	8,962,865
Computation of capital ratios			
<u>Tier-I capital</u>			
Paid-up ordinary share capital	1,000,000	1,000,000	1,000,000
Retained profits	225,542	171,290	129,105
Other Reserves			
Statutory reserve	397,381	313,788	271,603
Unrealised losses on available for-sale financial instruments	(25,940)	-	-
Foreign exchange translation reserve	(610)	-	-
Regulatory Adjustment			
Less: Deferred tax assets (net)	(17,027)	(52,353)	(38,240)
Less: Investment in subsidiaries	(6,384)	-	-
Total Common Equity Tier- I Capital	1,572,962	1,432,725	1,362,468
Total Tier-I Capital	1,572,962	1,432,725	1,362,468
<u>Tier-II capital</u>			
Subordinated sukuk	365,450	406,079	250,000
Collective assessment	120,903	128,332	114,833
Total Tier-II Capital	486,353	534,411	364,833
Less: Investment in subsidiaries (Basel II)	-	(6,384)	(6,484)
Total Tier- II Capital	486,353	528,027	358,349
Total Capital Base	2,059,315	1,960,752	1,720,817

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46. Capital adequacy (cont'd.)

(a) The core capital ratios and risk-weighted capital ratios of the the Bank are as follows (cont'd.):

	31 March 2013 RM'000	Bank 31 March 2012 RM'000	1 April 2011 RM'000
Computation of capital ratios (cont'd.)			
<u>Ratio (%)</u>			
CET 1 Capital	14.6%	14.4%	15.2%
Tier 1 Capital	14.6%	14.4%	15.2%
Total Capital	19.1%	19.7%	19.2%
<i>After proposed dividend (of RM195 million net)</i>			
CET 1 Capital	12.8%		
Tier 1 Capital	12.8%		
Total Capital	17.3%		
<i>After proposed dividend and reinvestment into ordinary shares</i>			
CET 1 Capital	14.6%		
Tier 1 Capital	14.6%		
Total Capital	19.1%		

With effect from 1 January 2013, the total capital and capital adequacy ratios of the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (Capital Components and Basel II - Risk-weighted Assets) dated 28 November 2012. The Group and Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the Bank Negara Malaysia's Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for Common Equity Tier I capital ratio and Tier I capital ratio are 3.5% and 4.5% respectively for year 2013. The minimum regulatory capital adequacy requirement remains at 8.0% (2012: 8.0%) for total capital ratio.

The current year's core capital ratios and risk-weighted capital ratios were computed using reported amounts which form part of the current year financial statements which have been prepared in accordance with MFRS. Core capital ratios and risk-weighted capital ratios as at 31 March 2012 and 1 April 2011 were computed using reported amounts which form part of the financial year financial statements which were prepared in accordance with FRS in Malaysia as modified by BNM Guidelines and Capital Adequacy Framework for Islamic Banks.

The capital adequacy ratios for 31 March 2012 and 1 April 2011 are computed in accordance with BNM's Risk Weighted Capital Adequacy Framework for Islamic Banks, which are based on the Basel II capital accord.

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46. Capital adequacy (cont'd.)

(b) Credit risk disclosure by risk weights of the Group as at 31 March, are as follows:

	31 March 2013		Group 31 March 2012		1 April 2011	
	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	Total exposures after netting and credit risk mitigation RM'000	Total risk weighted assets RM'000
0%	9,165,454	-	9,387,217	-	9,101,082	-
20%	2,260,167	452,033	2,238,923	447,785	1,883,668	376,734
35%	988,384	345,934	829,206	290,222	534,458	187,060
50%	747,640	373,820	931,978	465,989	1,041,868	520,934
75%	3,100,378	2,325,285	3,332,019	2,499,014	3,499,816	2,624,862
100%	6,084,959	6,084,959	4,989,859	4,989,859	4,136,883	4,136,883
150%	70,388	105,582	107,580	161,369	67,754	101,630
Risk weighted assets for credit risk	22,417,370	9,687,613	21,816,782	8,854,238	20,265,529	7,948,103
Risk weighted assets for market risk		57,818		115,622		75,061
Risk weighted assets for operational risk		1,022,010		1,006,091		960,106
Total risk weighted assets		10,767,441		9,975,951		8,983,270

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46. Capital adequacy (cont'd.)

(b) Credit risk disclosure by risk weights of the Bank as at 31 March, are as follows:

	31 March 2013		Bank 31 March 2012		1 April 2011	
	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	Total exposures after netting and credit risk mitigation RM'000	Total risk weighted assets RM'000
0%	9,165,454	-	9,387,217	-	9,101,082	-
20%	2,260,167	452,033	2,238,923	447,785	1,883,668	376,734
35%	988,384	345,934	829,206	290,222	534,458	187,060
50%	747,640	373,820	931,978	465,989	1,041,868	520,934
75%	3,100,379	2,325,283	3,332,019	2,499,014	3,499,816	2,624,862
100%	6,077,556	6,077,556	4,976,498	4,976,498	4,123,340	4,123,340
150%	70,808	106,212	107,580	161,369	67,754	101,630
Risk weighted assets for credit risk	22,410,388	9,680,838	21,803,421	8,840,877	20,251,986	7,934,560
Risk weighted assets for market risk		57,818		115,622		75,061
Risk weighted assets for operational risk		1,020,708		998,498		953,244
Total risk weighted assets		10,759,364		9,954,997		8,962,865

47. Capital management

The capital injection worth of RM400 million of Tier-2 capital in June 2011, had ensured that the Group and the Banks' RWCR remain competitive throughout the duration of the 5-year business plan.

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Board of Directors holds the ultimate responsibility in approving the capital management strategy. At the management level, capital management strategy review is a period exercise that is under the purview of Asset-Liability Management Committee ("ALCO"). The said exercise refers to an assessment of the Bank's capital requirement vis-à-vis the development of the Bank as well as the broad environment, i.e. regulatory and macroeconomic setting.

Latest review exercise revealed that the management of the Bank's capital has remained consistent with the development of the 5-year business plan. This indicates that the present depth in capital is sufficient to meet the requirements of the business plan outlined.

Meanwhile, there were series of developments made from the regulatory perspective, in particular, the proposal by the Basel Committee on Banking Supervision on Basel III. Much has been deliberated as regulators globally strive to address reform in banking supervision, especially in the quality of capital and liquidity standards.

The Bank has adopted the Standardised Approach for the measurement of credit and market risks, and the Basic Indicator Approach for operational risk, in compliance with BNM's requirements vis-à-vis the Capital Adequacy Framework for Islamic Bank. In addition, the stress testing process forecast the Bank's capital requirements under plausible and worst case stress scenarios to assess the Bank's capital to withstand the shocks.

48. Segment information**(a) Business segments**

The bank is organised into two major business segments:

- (i) Wholesale banking - this segment includes corporate banking, treasury and capital market and investment banking activities.
- (ii) Retail banking - this segment includes Small Medium Enterprise banking, commercial and retail banking.

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48. Segment information (cont'd.)

(a) Business segments (cont'd.)

Other business segments include rental services, none of which is of a sufficient size to be reported separately.

Group	Wholesale	Retail	Others	Total
31 March 2013	banking	banking		
	RM'000	RM'000	RM'000	RM'000
Total income	<u>516,549</u>	<u>471,997</u>	<u>10,793</u>	<u>999,339</u>
Result				
Segment result	<u>161,736</u>	<u>174,686</u>	<u>(100,459)</u>	<u>235,963</u>
Zakat and taxation				<u>(68,027)</u>
Net profit for the financial year				<u>167,936</u>
Other information				
Segment assets	<u>9,619,285</u>	<u>7,469,603</u>	<u>-</u>	<u>17,088,888</u>
Unallocated corporate assets				<u>3,982,702</u>
Total assets				<u>21,071,590</u>
Segment liabilities	<u>6,956,937</u>	<u>11,728,499</u>	<u>-</u>	<u>18,685,436</u>
Unallocated corporate liabilities				<u>787,678</u>
Total liabilities				<u>19,473,114</u>
Other segment items				
Capital expenditure	<u>284</u>	<u>17,021</u>	<u>3,870</u>	<u>21,175</u>
Depreciation and amortisation	<u>1,594</u>	<u>12,541</u>	<u>7,261</u>	<u>21,396</u>

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48. Segment information (cont'd.)

(a) Business segments (cont'd.)

Group 31 March 2012	Wholesale banking RM'000	Retail banking RM'000	Others RM'000	Total RM'000
Total income	491,879	385,752	15,960	893,591
Result				
Segment result	127,639	110,180	(134,813)	103,006
Zakat and taxation				(33,762)
Net profit for the financial year				69,244
Other information				
Segment assets	9,514,653	6,153,549	-	15,668,202
Unallocated corporate assets				4,835,835
Total assets				20,504,037
Segment liabilities	8,899,931	9,251,156	-	18,151,087
Unallocated corporate liabilities				951,946
Total liabilities				19,103,033
Other segment items				
Capital expenditure	95	9,333	17,984	27,412
Depreciation and amortisation	1,685	10,338	4,182	16,205

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48. Segment information (cont'd.)

(a) Business segments (cont'd.)

Group 1 April 2011	Wholesale banking RM'000	Retail banking RM'000	Others RM'000	Total RM'000
Total income	406,597	409,647	5,339	821,583
Result				
Segment result	157,430	99,621	(70,266)	186,785
Zakat and taxation				(66,352)
Net profit for the financial year				120,433
Other information				
Segment assets	6,842,657	5,337,344	-	12,180,001
Unallocated corporate assets				6,479,939
Total assets				18,659,940
Segment liabilities	7,165,843	9,031,131	-	16,196,974
Unallocated corporate liabilities				1,114,680
Total liabilities				17,311,654
Other segment items				
Capital expenditure	398	7,438	24,024	31,860
Depreciation and amortisation	1,436	8,816	3,386	13,638

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48. Segment information (cont'd.)

(a) Business segments (cont'd.)

Bank 31 March 2013	Wholesale banking RM'000	Retail banking RM'000	Others RM'000	Total RM'000
Total income	<u>516,549</u>	<u>471,997</u>	<u>9,715</u>	<u>998,261</u>
Result				
Segment result	<u>161,736</u>	<u>174,686</u>	<u>(101,444)</u>	<u>234,978</u>
Zakat and taxation				<u>(67,792)</u>
Net profit for the financial year				<u>167,186</u>
Other information				
Segment assets	<u>9,619,285</u>	<u>7,469,603</u>	<u>-</u>	<u>17,088,888</u>
Unallocated corporate assets				<u>3,987,513</u>
Total assets				<u>21,076,401</u>
Segment liabilities	<u>6,964,597</u>	<u>11,728,499</u>	<u>-</u>	<u>18,693,096</u>
Unallocated corporate liabilities				<u>786,932</u>
Total liabilities				<u>19,480,028</u>
Other segment items				
Capital expenditure	<u>284</u>	<u>17,021</u>	<u>3,810</u>	<u>21,115</u>
Depreciation and amortisation	<u>1,594</u>	<u>12,540</u>	<u>7,258</u>	<u>21,392</u>

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48. Segment information (cont'd.)

(a) Business segments (cont'd.)

Bank 31 March 2012	Wholesale banking RM'000	Retail banking RM'000	Others RM'000	Total RM'000
Total income	491,879	385,752	15,269	892,900
Result				
Segment result	127,639	110,180	(135,928)	101,891
Zakat and taxation				(33,719)
Net profit for the financial year				68,172
Other information				
Segment assets	9,514,653	6,153,549	-	15,668,202
Unallocated corporate assets				4,842,764
Total assets				20,510,966
Segment liabilities	8,907,591	9,251,156	-	18,158,747
Unallocated corporate liabilities				952,568
Total liabilities				19,111,315
Other segment items				
Capital expenditure	95	9,333	17,984	27,412
Depreciation and amortisation	1,685	10,338	4,177	16,200

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48. Segment information (cont'd.)

(a) Business segments (cont'd.)

Bank 1 April 2011	Wholesale banking RM'000	Retail banking RM'000	Others RM'000	Total RM'000
Total income	406,597	409,647	5,254	821,498
Result				
Segment result	157,430	99,621	(69,790)	187,261
Zakat and taxation				(66,391)
Net profit for the financial year				120,870
Other information				
Segment assets	6,842,657	5,337,344	-	12,180,001
Unallocated corporate assets				6,486,437
Total assets				18,666,438
Segment liabilities	7,147,258	9,031,131	-	16,178,389
Unallocated corporate liabilities				1,139,906
Total liabilities				17,318,295
Other segment items				
Capital expenditure	398	7,438	24,024	31,860
Depreciation and amortisation	1,436	8,816	3,360	13,612

(b) Geographical segment

No segmental reporting in respect of geographical segment is presented as the Bank operates only in Malaysia.