



BANK MUAMALAT MALAYSIA BERHAD
Company No. 196501000376 (6175-W)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED
31 MARCH 2023 (9 RAMADHAN 1444H)**

Company No. 196501000376 (6175-W)

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

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Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023 (9 RAMADHAN 1444H)**

		Group		Bank	
		As at 31 March 2023 RM'000	As at 31 December 2022 RM'000	As at 31 March 2023 RM'000	As at 31 December 2022 RM'000
Note					
Assets					
		2,278,042	1,235,454	2,278,042	1,235,454
		100,510	21,747	100,510	21,747

Bank Muamalat Malaysia Berhad
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INTERIM FINANCIAL STATEMENTS**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023 (28 SYAABAN 1444H) - (CONT'D.)**

	Note	Group		Bank	
		As at 31 March 2023 RM'000	As at 31 December 2022 RM'000	As at 31 March 2023 RM'000	As at 31 December 2022 RM'000
Shareholders' equity					
Share capital		1,195,000	1,195,000	1,195,000	1,195,000
Reserves		1,751,859	1,691,604	1,737,727	1,673,764
Total shareholders' equity		2,946,859	2,886,604	2,932,727	2,868,764
Total liabilities and shareholders' equity		33,365,717	31,534,217	33,365,257	31,533,275
Restricted investment accounts	15	53	79	53	79
Total Islamic banking asset and asset under management		33,365,770	31,534,296	33,365,310	31,533,354
Commitments and contingencies	33	4,851,032	4,781,643	4,851,032	4,781,643
Capital adequacy *					
CET 1 capital ratio	34	12.171%	12.529%	12.058%	12.415%
Total capital ratio	34	17.074%	17.572%	16.973%	17.471%

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

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2022.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE FIRST QUARTER ENDED 31 MARCH 2023 (9 RAMADHAN 1444H)

	Note	Group		Bank	
		31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Income derived from investment of depositors' funds and others	20	374,945	290,365	374,945	290,365
Income/(Loss) derived from investment of shareholders' funds	21	10,378	2,268	13,383	(1,194)
Income derived from investment of investment account funds	22	3,100	2,087	3,100	2,087
Allowance for impairment on financing	23	(19,137)	(4,260)	(19,137)	(4,260)
Writeback of/(allowance for) impairment losses on financial investments, net	24	7	(99)	7	(99)
(Allowance for)/writeback of impairment losses on other financial assets, net	25	(61)	(111)	(61)	(111)
Other expenses directly attributable to the investment of the depositors and shareholders' funds		(8,133)	(5,275)	(8,133)	(5,275)
Total distributable income		361,099	284,975	364,104	281,513
Income attributable to depositors	26	(178,991)	(96,673)	(179,072)	(96,736)
Income attributable to investment account holders		(59)	(37)	(59)	(37)
Total net income		182,049	188,265	184,973	184,740
Personnel expenses	27	(71,763)	(64,410)	(71,106)	(63,749)
Other overheads and expenditures	28	(46,102)	(40,048)	(46,340)	(40,354)
Finance costs	29	(17,543)	(10,920)	(17,543)	(10,920)
Profit before zakat and taxation		46,641	72,887	49,984	69,717
Zakat	30	(1,174)	(1,803)	(1,250)	(1,743)
Taxation	31	(11,958)	(27,736)	(11,517)	(26,724)
Profit for the period		33,509	43,348	37,217	41,250
Earnings per share attributable to shareholders (sen) (basic and diluted):		11.22	14.51		

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2022.

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2023 (9 RAMADHAN 1444H)

	Note	Group		Bank	
		31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Profit for the period		33,509	43,348	37,217	41,250
Other comprehensive loss:					
Items that may be reclassified subsequently to profit or loss					
Gain/(loss) on financial investments at fair value through other comprehensive income		29,512	(2,999)	29,512	(2,999)
- Gain/(loss) on change in fair value		39,833	(4,429)	39,833	(4,429)
- Changes in expected credit losses	8(ii)	(6)	22	(6)	22
- Income tax effect	12	(8,826)	1,747	(8,826)	1,747
- Realised gain transferred to profit or loss on disposal	20 & 21	(1,489)	(339)	(1,489)	(339)
Exchange fluctuation reserve		(113)	395	(113)	395
Items that may not be reclassified subsequently to profit or loss					
Net unrealised loss on equity securities at fair value through other comprehensive income		(2,653)	(2,360)	(2,653)	(2,360)
Other comprehensive gain/(loss) for the period, net of tax		26,746	(4,964)	26,746	(4,964)
Total comprehensive income for the period		60,255	38,384	63,963	36,286

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2022.

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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2023 (9 RAMADHAN 1444H)

Group	Non-distributable			Distributable		Total Equity RM'000
	Ordinary shares RM'000	Fair Value Through Other Comprehensive Income Reserve RM'000	Regulatory reserve RM'000	Exchange fluctuation reserve RM'000	Retained profits RM'000	
At 1 January 2023	1,195,000	(1,342)	94,239	3,066	1,595,641	2,886,604
Profit for the period	-	-	-	-	33,509	33,509
Other comprehensive loss for the period	-	26,859	-	(113)	-	26,746
Total comprehensive income for the period	-	26,859	-	(113)	33,509	60,255
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	-	-	-	-	-
Transfer from regulatory reserve	-	-	(3,972)	-	3,972	-
At 31 March 2023	1,195,000	25,517	90,267	2,953	1,633,122	2,946,859
At 1 January 2022	1,195,000	(40,014)	28,079	649	1,569,073	2,752,787
Profit for the period	-	-	-	-	43,348	43,348
Other comprehensive loss for the period	-	(5,359)	-	395	-	(4,964)
Total comprehensive income for the period	-	(5,359)	-	395	43,348	38,384
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	(92)	-	-	92	-
Transfer to regulatory reserve	-	-	8,923	-	(8,923)	-
At 31 March 2022	1,195,000	(45,465)	37,002	1,044	1,603,590	2,791,171

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2022.

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2023 (9 RAMADHAN 1444H)

	Non-distributable			Distributable		
	Ordinary shares RM'000	Fair Value Through Other Comprehensive Income Reserve RM'000	Regulatory reserve RM'000	Exchange fluctuation reserve RM'000	Retained profits RM'000	Total Equity RM'000
Bank						
At 1 January 2023	1,195,000	(1,342)	94,239	3,067	1,577,800	2,868,764
Profit for the period	-	-	-	-	37,217	37,217
Other comprehensive loss for the period	-	26,859	-	(113)	-	26,746
Total comprehensive income for the period	-	26,859	-	(113)	37,217	63,963
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	-	-	-	-	-
Transfer from regulatory reserve	-	-	(3,972)	-	3,972	-
At 31 March 2023	1,195,000	25,517	90,267	2,954	1,618,989	2,932,727
At 1 January 2022	1,195,000	(40,014)	28,079	650	1,554,572	2,738,287
Profit for the period	-	-	-	-	41,250	41,250
Other comprehensive loss for the period	-	(5,359)	-	395	-	(4,964)
Total comprehensive income for the period	-	(5,359)	-	395	41,250	36,286
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	(92)	-	-	92	-
Transfer from regulatory reserve	-	-	8,923	-	(8,923)	-
At 31 March 2022	1,195,000	(45,465)	37,002	1,045	1,586,991	2,774,573

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2022.

Bank Muamalat Malaysia Berhad
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UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2023 (9 RAMADHAN 1444H)

		Group		Bank	
	Note	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Cash flows from operating activities					
Profit before zakat and taxation		46,641	72,887	49,984	69,717
Adjustment for					
Fair value (loss)/gain of financial liabilities	21	(1,387)	1,577	(1,387)	1,577
Amortisation of intangible asset	28	7,698	5,624	7,679	5,623
Depreciation of property, plant and equipment	28	2,644	2,906	2,641	2,903
Depreciation of right-of-use assets	28	2,749	2,035	2,749	2,035
Amortisation of cost on Subordinated Sukuk Issued		106	133	106	133
Fixed asset written off		-	2	-	2
Amortisation of premium (net)	20 & 21	10,826	13,030	10,826	13,030
Net gain from sale of financial investments at fair value through other comprehensive income	20 & 21	(1,489)	(339)	(1,489)	(339)
Net gain from sale of financial investment designated at FVTPL	20 & 21	-	(13)	-	(13)
Unrealised gain on revaluation of financial investment designated at FVTPL	20 & 21	(613)	(1,556)	(615)	(1,556)
Net loss/(gain) on revaluation of foreign exchange transaction	21	14,974	(2,112)	14,974	(2,112)
Net (gain)/loss from foreign exchange derivatives	21	(18,568)	701	(18,568)	701
Unrealised gain on revaluation of islamic profit rate swap	21	-	(17,137)	-	(17,137)
Unrealised loss on revaluation of hedged items	21	1,758	19,322	1,758	19,322
(Writeback of)/Allowance for impairment losses on financial investments, net	24	(7)	99	(7)	99
Allowance for impairment on other financial assets, net	25	-	111	-	111
Net allowance for impairment on financing	23	29,624	12,345	29,624	12,345
Financing written off	23	(16)	35	(16)	35
Finance cost	29	17,543	10,920	17,543	10,920
Gross dividend income	21	(17)	(6)	(5,000)	(1,000)
Operating profit before working capital changes		112,465	120,564	110,801	116,396

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UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2023 (9 RAMADHAN 1444H)

		Group		Bank	
	Note	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
(Increase)/decrease in operating assets:					
Financial investment portfolio		(11,424)	(7,783)	(11,424)	(7,782)
Islamic derivative financial assets		12,914	(1,655)	12,914	(1,655)
Financing of customers		(712,666)	(829,682)	(713,527)	(826,547)
Statutory deposits with Bank Negara Malaysia		(99,231)	(31,822)	(99,231)	(31,822)
Other assets		(62,350)	(19,405)	(61,980)	(19,327)
Increase/(decrease) in operating liabilities:					
Deposits from customers		1,060,947	554,611	1,056,713	554,424
Investment accounts of customers		(6,982)	73,083	(6,982)	73,083
Deposits and placements of banks and other financial institutions		735,071	888	735,071	888
Islamic derivative financial liabilities		(12,914)	1,655	(12,914)	1,655
Bills and acceptances payable		(11,357)	2,886	(11,357)	2,886
Other liabilities		15,738	(31,437)	16,536	(31,535)
Cash generated from/(used in) operations		1,020,211	(168,097)	1,014,620	(169,336)
Finance cost on lease liabilities paid	29	(451)	(409)	(451)	(409)
Tax paid		(8,078)	(20,713)	(7,500)	(20,508)
Net cash from/(used in) operating activities		1,011,682	(189,219)	1,006,669	(190,253)
Cash flows from investing activities					
Proceeds from disposal of financial investment in securities		275,134	325,825	275,134	325,825
Purchase of financial investment in securities		(124,612)	(141,631)	(124,596)	(141,626)
Purchase of property, plant and equipment		(1,747)	(1,459)	(1,747)	(1,435)
Purchase of intangible asset		(13,020)	(6,108)	(13,006)	(6,097)
Dividend income	21	17	6	5,000	1,000
Net cash generated from investing activities		135,773	176,633	140,786	177,667

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UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2023 (9 RAMADHAN 1444H)

	Group		Bank	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Cash flows from financing activities				
Repayment of lease liability	(2,764)	(2,059)	(2,764)	(2,059)
Additional issuance of subordinated sukuk	-	(66)	-	(66)
Repayment of principal for recourse obligation on financing sold to Cagamas	(7,772)	(4,313)	(7,772)	(4,313)
Repayment of finance cost for recourse obligation on financing sold to Cagamas	(7,573)	(4,950)	(7,573)	(4,950)
Net cash used in financing activities	(26,104)	(11,388)	(26,104)	(11,388)
Net increase/(decrease) in cash cash equivalents	1,121,351	(23,974)	1,121,351	(23,974)
Cash and cash equivalents at beginning of the period	1,257,201	1,173,475	1,257,201	1,173,475
Cash and cash equivalents at end of the period	2,378,552	1,149,501	2,378,552	1,149,501
Cash and cash equivalents consist of:				
Cash and short term funds	2,278,042	1,127,101	2,278,042	1,127,101
Cash and placements with financial institutions	100,510	22,400	100,510	22,400
	2,378,552	1,149,501	2,378,552	1,149,501

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2022.

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NOTES TO INTERIM FINANCIAL STATEMENTS FOR THE THREE (3) MONTHS ENDED 31 MARCH 2023 (9 RAMADHAN 1444H)

1. Basis of preparation

The unaudited condensed financial statements for the first financial quarter ended 31 March 2023 of Bank Muamalat Malaysia Berhad ("BMMB" or "the Bank") and its subsidiaries ("the Group") have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act, 2016 in Malaysia.

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

The financial statements of the Group and of the Bank are prepared under the historical cost basis except for the following assets and liabilities that are stated at fair values: financial investments at fair value through other comprehensive income ("FVOCI"), financial investments at fair value through profit or loss ("FVTPL"), Islamic derivative financial instruments.

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

These condensed consolidated interim financial statements for the period ended 31 March 2023 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"). These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board, Bank Negara Malaysia Guidelines ("BNM"), and the principles of Shariah.

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank and of the Group for the financial year ended 31 December 2022. The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2022.

The significant accounting policies and methods of computation applied by the Bank are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2022 except for adoption of the following MFRSs and Interpretations of the Issues Committee ("IC Interpretations") with effective dates as follows:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 101: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 108: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
MFRS 17: <i>Insurance Contracts</i>	1 January 2023

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1. Basis of preparation (cont'd.)

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

Description	Effective for annual periods beginning on or after
Amendments to MFRS 101: <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 101: <i>Disclosure of Accounting Policies</i>	1 January 2024
Amendments to MFRS 16: <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be announced by MASB

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2. Auditors' report on preceding annual financial statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2022 was not qualified.

3. Seasonal or cyclical factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors during the first quarter ended 31 March 2023.

4. Unusual items

There were no unusual items affecting the assets, liabilities, equity, net income or cashflows of the Group and of the Bank during the first quarter ended 31 March 2023.

5. Changes in accounting estimates

There were no material changes in estimates during the first quarter ended 31 March 2023.

6. Dividends

There was no dividend payment during the first quarter ended 31 March 2023.

7. Performance review and outlook

The Group posted an unaudited profit before zakat and taxation of RM46.6 million for the three (3) months period ended 31 March 2023, a reduction of 36.0% from the previous corresponding period in 2022.

The Group's total income grew by RM93.8 million or 31.8% as compared with the previous corresponding period, contributed by strong growth in total financing which has expanded by 15% year on year.

However, the Group's financial performance was partially offset by higher income distributable to depositors by RM82.3 million or 85.4%, arising from the stiffer rate competition in the market which led to the net profit margin compression. This is coupled with higher charge in allowance for impairment loss on financing of RM14.9 million as compared to RM4.3 million for the same period last year.

Total assets of the Group stood at RM33.4 billion, an expansion of 5.8% from RM31.5 billion registered in December 2022. This was mainly contributed by the higher financing assets and cash and short term funds; in tandem with the increase in deposit of customers as at the end of March 2023.

The Group's capital ratios remained stable with CET 1 Capital and Total Capital Ratios stood at 12.17% and 17.07% respectively.

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7. Performance review and outlook (cont'd.)

OUTLOOK

The Malaysian economy has recorded a robust growth during 2022 with Gross Domestic Product (GDP) posted 8.7% growth. Such performance was significantly higher than 3.1% growth in the preceding year. Domestic demand was the catalyst, contributing more than two-thirds of the overall growth. The reopening of the economy since October 2021 has been instrumental in stimulating the economic activities with foreign visitors' arrivals shot up to 10 million from merely 130 thousand in the prior year. Not to mention tourist from China, which made up 11.9% of total visitors in 2019 rose by a significant margin to 212,467 tourists in 2022 from just 7,701 in 2021. The rise in visitor arrivals will benefit the key industries such as logistic, accommodation, retail trade, food & beverages, event management as well as healthcare.

Notwithstanding that, the major central banks have been adamant to remove the monetary policy accommodation as inflation was spiraling up while the ongoing war in Ukraine has accentuated the intensity of general price increases namely food related items and energy. The US Federal Reserve has delivered a total of 425 basis points increase in the Federal Fund Rate during the course of 2022. Similarly, the European Central Bank (ECB) and Bank of England (BOE) policy rate have been adjusted upwards by 250 basis points and 325 basis points to 2.50% and 3.50% respectively last year. Concern on geo political risks have also ratcheted up with a slew of legislation in the US Congress being passed to suppress the expansion of China's foothold in the technology sector while at the same time providing the right incentives for onshoring to the corporate Americas. Consequently, business confidence has become fragile in the most part of last year. The gauge for the business confidence, the Purchasing Managers Index (PMI) has been below the demarcation line of 50-point, suggesting more businesses are pessimistic in the future outlook.

Domestically, Malaysia's inflation rate progressively rose to 3.3% in 2022 after expanding 2.5% in the previous year. Combined with strong aggregate demand and supply side shocks inflation, the BNM has raised the Overnight Policy Rate (OPR) by 100 basis points from 1.75% to 2.75% in 2022. Going into 2023, the outlook for the economy is still fairly mixed. In early March 2023, the collapse of two US banks, Silicon Valley Bank and Signature Bank have grabbed the major news headlines globally when both banks were suffering from a major withdrawal by their depositors. Fortunately, the US government was swift to react by providing the necessary backstop measures in order to contained the spread of weak confidence level in the counterparties within the banking sector. As the calamities gradually resolved, the financial market remains anxious as to how the US interest rate would fare in the months ahead. This had led volatility in the emerging market currencies which ultimately can undermine business and investors confidence.

Following this, the unveiling of the revised Budget 2023 on 24 February 2023 has, to some degree, resuscitate the confidence level with higher budget allocation worth RM386 billion. On the same note, the development expenditure totaling RM97 billion was the largest in history which will benefit major industries such as construction, manufacturing and services sector. Additionally, the BNM has been keeping the OPR unchanged at 2.75%, suggesting that the central bank is in no hurry to normalize the policy rate. This will help maintain the borrowings costs at competitive level. All in all, the Malaysian economy is expected to register growth between 4% and 5% in 2023 with domestic demand will be the primary driver. Such dynamics would certainly be positive for Bank Muamalat to further strengthen its position in the retail and non-retail segment which would translate into better profitability for the current year.

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8. Financial investments

		Group		Bank	
		31 March 2023	31 December 2022	31 March 2023	31 December 2022
	Note	RM'000	RM'000	RM'000	RM'000
Financial investments at fair value through profit or loss	(i)	184,804	182,089	182,244	179,544
Financial investments at fair value through other comprehensive income	(ii)	5,093,428	5,211,651	5,093,428	5,211,651
Financial investments at amortised cost	(iii)	115,209	113,589	115,209	113,589
		5,393,441	5,507,329	5,390,881	5,504,784
		Group		Bank	
		31 March 2023	31 December 2022	31 March 2023	31 December 2022
		RM'000	RM'000	RM'000	RM'000
(i) Financial investments at fair value through profit or loss					
Unquoted securities in Malaysia:					
Islamic private debt securities in Malaysia		178,621	175,950	178,621	175,950
Unit trusts		6,183	6,139	3,623	3,594
		184,804	182,089	182,244	179,544
		Group		Bank	
		31 March 2023	31 December 2022	31 March 2023	31 December 2022
		RM'000	RM'000	RM'000	RM'000
(ii) Financial investments at fair value through other comprehensive income					
Debt instruments:					
Government securities and treasury bills:					
Malaysian government investment certificates		4,552,742	4,690,779	4,552,742	4,690,779
Unquoted securities:					
Islamic private debt securities in Malaysia		325,876	313,686	325,876	313,686
Equity instruments:					
Quoted securities in Malaysia:					
Quoted shares		67,131	56,783	67,131	56,783
		67,131	56,783	67,131	56,783
Money market instruments:					
Unquoted securities:					
Private equity funds		143,048	145,772	143,048	145,772
Shares in Malaysia		4,631	4,631	4,631	4,631
		147,679	150,403	147,679	150,403
Total financial assets at fair value through other comprehensive income					
		5,093,428	5,211,651	5,093,428	5,211,651

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8. Financial investments (cont'd)

(ii) Financial investments at fair value through other comprehensive income (cont'd.)

- (a) Movements in the allowances for impairment losses on debt instruments at fair value through other comprehensive income are as follows for the Group and the Bank:

	Stage 1	Stage 2	Stage 3	
	12	Lifetime ECL	Lifetime ECL	
	Months	not credit	credit	
	ECL	impaired	impaired	Total ECL
	RM'000	RM'000	RM'000	RM'000
At 31 March 2023				
At 1 January 2023	56	-	22,134	22,190
Allowance made	31	-	-	31
Amount written back in respect of recoveries	(37)	-	-	(37)
Exchange differences	-	-	-	-
At 31 March 2023	50	-	22,134	22,184

	Stage 1	Stage 2	Stage 3	
	12	Lifetime ECL	Lifetime ECL	
	Months	not credit	credit	
	ECL	impaired	impaired	Total ECL
	RM'000	RM'000	RM'000	RM'000
At 31 December 2022				
At 1 January 2022	116	-	24,160	24,276
Allowance made	152	-	-	152
Amount written back in respect of recoveries	(212)	-	(2,026)	(2,238)
At 31 December 2022	56	-	22,134	22,190

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8. Financial investments (cont'd.)

	Group and Bank	
	31 March 2023	31 December 2022
	RM'000	RM'000
(iii) Financial investments at amortised cost		
At amortised cost		
Unquoted Islamic corporate sukuk in Malaysia	149,394	147,774
less: Accumulated impairment losses	(34,185)	(34,185)
Total financial investments at amortised cost	115,209	113,589

(a) Movements in the allowances for impairment losses on financial investments at amortised cost are as follows for the Group and the Bank:

	Stage 1	Stage 2	Stage 3	
	12 Months ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total ECL
	RM'000	RM'000	RM'000	RM'000
At 31 March 2023				
At 1 January 2023	-	-	34,185	34,185
Management overlay redesignated	-	-	-	-
At 31 March 2023	-	-	34,185	34,185
At 31 December 2022				
At 1 January 2022	-	39,640	-	39,640
Transfer to Stage 3	-	(39,640)	39,640	-
Net writeback	-	-	(5,455)	(5,455)
Allowance made	-	-	6,457	6,457
Management overlay redesignated	-	-	(11,912)	(11,912)
At 31 December 2022	-	-	34,185	34,185

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9. 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 at gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the period end and are indicative of neither the market risk nor the credit risk.

	Group and Bank					
	31 March 2023			31 December 2022		
	Contract/ notional amount RM'000	Fair value		Contract/ Notional Amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives:						
Foreign exchange contracts						
- Currency forwards						
Less than one year	856,335	8,573	(2,339)	787,210	936	(20,833)
- Currency swaps						
Less than one year	813,286	1,286	(7,841)	986,752	3,263	(2,251)
- Currency spot						
Less than one year	28,572	42	(17)	12,468	48	(27)
	1,698,193	9,901	(10,197)	1,786,430	4,247	(23,111)
Islamic profit rate swap ("IPRS")						
Hedged IPRS	-	-	-	-	-	-
Total	1,698,193	9,901	(10,197)	1,786,430	4,247	(23,111)

Fair Value hedges

Fair value hedges are used by the Group and the Bank to protect 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 period ended 31 March 2023, the Group and the Bank:-

- (i) recognised a net gain Nil (31 December 2022: net gain of RM37,532,403) on the hedging instrument. The total net loss on the hedged items attributable to the hedged risk amounted Nil (31 December 2022: net loss of RM37,939,833).

10. Financing of Customers

(i) By type and Shariah concepts

Group	Bai' Bithaman Ajil RM'000	Ijarah Thumma Al-Bai RM'000	Inah RM'000	Tawarruq RM'000	Bai' Al-Dayn RM'000	Murabahah RM'000	Istisna' RM'000	Qard RM'000	Murabahah to the Purchase Orderer RM'000	Shirkah Mutanaqisah RM'000	Total financing RM'000
31 March 2023											
Cash line	-	-	953	418,521	-	-	-	-	-	-	419,474
Term financing:											
Home financing	1,189,814	-	-	6,621,660	-	-	8,678	-	-	-	7,820,152
Syndicated financing	-	-	-	555,958	-	-	-	-	-	-	555,958
Hire purchase receivables	49,980	130,132	-	-	-	-	-	-	851,275	-	1,031,387
Personal financing	31,216	-	-	7,085,777	-	-	-	-	-	-	7,116,993
Other term financing	115,063	-	-	4,389,904	-	-	-	-	-	67,929	4,572,896
Trust receipts	-	-	-	-	66,430	48,055	-	-	-	-	114,485
Claims on customers under acceptance credits	-	-	-	-	259,070	977,152	-	-	-	-	1,236,222
Staff financing	18,644	-	-	66,473	-	-	-	93	-	-	85,210
Revolving credit	-	-	-	1,674,028	-	-	-	-	-	-	1,674,028
Credit card	-	-	-	20,848	-	-	-	-	-	-	20,848
Ar-Rahnu	-	-	-	312,700	-	-	-	-	-	-	312,700
Gross financing	1,404,717	130,132	953	21,145,869	325,500	1,025,207	8,678	93	851,275	67,929	24,960,353
Fair value changes arising from fair value hedge ¹	-	-	-	16,302	-	-	-	-	-	-	16,302
	1,404,717	130,132	953	21,162,171	325,500	1,025,207	8,678	93	851,275	67,929	24,976,655
Less : Allowance for impaired financing											
-Stage 1 - 12 Months ECL	(1,908)	(188)	(8)	(123,646)	(159)	(1,333)	(13)	-	(448)	-	(127,703)
-Stage 2 - Lifetime ECL not credit impaired	(420)	(186)	(46)	(27,157)	(5,351)	(4,164)	(3)	-	(85)	-	(37,412)
-Stage 3 - Lifetime ECL credit impaired	(5,983)	(602)	(187)	(100,535)	(3,958)	-	(4)	-	(145)	-	(111,414)
Total net financing ²	1,396,406	129,156	712	20,910,833	316,032	1,019,710	8,658	93	850,597	67,929	24,700,126

¹ With the discontinuation of the fair value hedge, the unamortised fair value are amortised to profit or loss over the remaining maturity of the hedged item.

² Included in total net financing are financing at fair value through profit or loss amounting RM322,906,000 (2022: RM365,831,000) which mainly consists of the BNM established financing facility to provide relief and support recovery for SMEs in the services sector affected by the containment measures since June 2020.

10. Financing of Customers (cont'd.)

(i) By type and Shariah concepts

Group 31 December 2022	Bai' Bithaman Ajil RM'000	Ijarah Thumma Al-Bai RM'000	Inah RM'000	Tawarruq RM'000	Bai' Al-Dayn RM'000	Murabahah RM'000	Istisna' RM'000	Qard RM'000	Murabahah to the Purchase Orderer RM'000	Shirkah Mutanaqisah RM'000	Total financing RM'000
Cash line	-	-	962	407,608	-	-	-	-	-	-	408,570
Term financing:											
Home financing	1,220,143	-	-	6,158,460	-	-	9,280	-	-	-	7,387,883
Syndicated financing	-	-	-	555,291	-	-	-	-	-	-	555,291
Hire purchase receivables	53,339	144,954	-	-	-	-	-	-	721,030	-	919,323
Personal financing	32,513	-	1	6,863,968	-	-	-	-	-	-	6,896,482
Other term financing	117,812	-	-	4,408,464	-	-	-	-	-	73,351	4,599,627
Trust receipts	-	-	-	-	75,877	113,824	-	-	-	-	189,701
Claims on customers under acceptance credits	-	-	-	-	199,339	1,040,339	-	-	-	-	1,239,678
Staff financing	19,007	-	-	66,701	-	-	-	107	-	-	85,815
Revolving credit	-	-	-	1,660,102	-	-	-	-	-	-	1,660,102
Credit card	-	-	-	12,898	-	-	-	-	-	-	12,898
Ar-Rahnu	-	-	-	303,100	-	-	-	-	-	-	303,100
Total gross financing	1,442,814	144,954	963	20,436,592	275,216	1,154,163	9,280	107	721,030	73,351	24,258,470
Fair value changes arising from fair value hedge ¹	-	-	-	17,078	-	-	-	-	-	-	17,078
	1,442,814	144,954	963	20,453,670	275,216	1,154,163	9,280	107	721,030	73,351	24,275,548
Less : Allowance for impaired financing At amortised cost											
-Stage 1 - 12 Months ECL	(2,966)	(232)	(9)	(123,748)	(299)	(1,251)	(14)	-	(377)	-	(128,896)
-Stage 2 - Lifetime ECL not credit impaired	(1,477)	(250)	(33)	(23,800)	-	(75)	-	-	(32)	-	(25,667)
-Stage 3 - Lifetime ECL credit impaired	(4,780)	(516)	(187)	(94,456)	(3,904)	-	-	-	(75)	-	(103,918)
Total net financing ²	1,433,591	143,956	734	20,211,666	271,013	1,152,837	9,266	107	720,546	73,351	24,017,067

¹ With the discontinuation of the fair value hedge, the unamortised fair value are amortised to profit or loss over the remaining maturity of the hedged item.

² Included in total net financing are financing at fair value through profit or loss amounting RM365,831,000 (2021: RM343,144,000) which mainly consists of the BNM established financing facility to provide relief and support recovery for SMEs in the services sector affected by the containment measures since June 2020.

10. Financing of Customers (cont'd.)

(i) By type and Shariah concepts

Bank	Bai'	Ijarah			Bai'				Murabahah to	Total
31 March 2023	Bithaman Ajil	Thumma	Inah	Tawarruq	Al-Dayn	Murabahah	Istisna'	Qard	the Purchase	financing
	RM'000	Al-Bai	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Orderer	RM'000
		RM'000							RM'000	
Cash line	-	-	953	418,521	-	-	-	-	-	419,474
Term financing:										
Home financing	1,189,814	-	-	6,621,660	-	-	8,678	-	-	7,820,152
Syndicated financing	-	-	-	555,958	-	-	-	-	-	555,958
Hire purchase receivables	49,980	130,132	-	-	-	-	-	-	851,275	1,031,387
Personal financing	31,216	-	-	7,085,777	-	-	-	-	-	7,116,993
Other term financing	115,063	-	-	4,389,904	-	-	-	58,136	-	4,563,103
Trust receipts	-	-	-	-	66,430	48,055	-	-	-	114,485
Claims on customers under acceptance credits	-	-	-	-	259,070	977,152	-	-	-	1,236,222
Staff financing	18,644	-	-	66,473	-	-	-	93	-	85,210
Revolving credit	-	-	-	1,674,028	-	-	-	-	-	1,674,028
Credit card	-	-	-	20,848	-	-	-	-	-	20,848
Ar-Rahnu	-	-	-	312,700	-	-	-	-	-	312,700
Gross financing	1,404,717	130,132	953	21,145,869	325,500	1,025,207	8,678	58,229	851,275	24,950,560
Fair value changes arising from fair value hedge ¹	-	-	-	16,302	-	-	-	-	-	16,302
	1,404,717	130,132	953	21,162,171	325,500	1,025,207	8,678	58,229	851,275	24,966,862
Less : Allowance for impaired financing										
-Stage 1 - 12 Months ECL	(1,908)	(188)	(8)	(123,646)	(159)	(1,333)	(13)	-	(448)	(127,703)
-Stage 2 - Lifetime ECL not credit impaired	(420)	(186)	(46)	(27,157)	(5,351)	(4,164)	(3)	-	(85)	(37,412)
-Stage 3 - Lifetime ECL credit impaired	(5,983)	(602)	(187)	(100,535)	(3,958)	-	(4)	-	(145)	(111,414)
Total net financing ²	1,396,406	129,156	712	20,910,833	316,032	1,019,710	8,658	58,229	850,597	24,690,333

¹ With the discontinuation of the fair value hedge, the unamortised fair value are amortised to profit or loss over the remaining maturity of the hedged item.

² Included in total net financing are financing at fair value through profit or loss amounting RM313,116,000 (2022: RM355,178,000) which mainly consists of the BNM established financing facility to provide relief and support recovery for SMEs in the services sector affected by the containment measures since June 2020.

10. Financing of Customers (cont'd.)

(i) By type and Shariah concepts

Bank 31 December 2022	Bai' Bithaman Ajil RM'000	Ijarah Thumma Al-Bai RM'000	Inah RM'000	Tawarruq RM'000	Bai' Al-Dayn RM'000	Murabahah RM'000	Istisna' RM'000	Qard RM'000	Murabahah to the Purchase Orderer RM'000	Total financing RM'000
Cash line	-	-	962	407,608	-	-	-	-	-	408,570
Term financing:										
Home financing	1,220,143	-	-	6,158,460	-	-	9,280	-	-	7,387,883
Syndicated financing	-	-	-	555,291	-	-	-	-	-	555,291
Hire purchase receivables	53,339	144,954	-	-	-	-	-	-	721,030	919,323
Personal financing	32,513	-	1	6,863,968	-	-	-	-	-	6,896,482
Other term financing	117,812	-	-	4,408,463	-	-	-	62,698	-	4,588,973
Trust receipts	-	-	-	-	75,877	113,824	-	-	-	189,701
Claims on customers under acceptance credits	-	-	-	-	199,339	1,040,339	-	-	-	1,239,678
Staff financing	19,007	-	-	66,701	-	-	-	107	-	85,815
Revolving credit	-	-	-	1,660,102	-	-	-	-	-	1,660,102
Credit card	-	-	-	12,898	-	-	-	-	-	12,898
Ar-Rahnu	-	-	-	303,100	-	-	-	-	-	303,100
Total gross financing	1,442,814	144,954	963	20,436,591	275,216	1,154,163	9,280	62,805	721,030	24,247,816
Fair value changes arising from fair value hedge ¹	-	-	-	17,078	-	-	-	-	-	17,078
	1,442,814	144,954	963	20,453,669	275,216	1,154,163	9,280	62,805	721,030	24,264,894
Less : Allowance for impaired financing At amortised cost										
-Stage 1 - 12 Months ECL	(2,966)	(232)	(9)	(123,748)	(299)	(1,251)	(14)	-	(377)	(128,896)
-Stage 2 - Lifetime ECL not credit impaired	(1,477)	(250)	(33)	(23,800)	-	(75)	-	-	(32)	(25,667)
-Stage 3 - Lifetime ECL credit impaired	(4,780)	(516)	(187)	(94,456)	(3,904)	-	-	-	(75)	(103,918)
Total net financing ²	1,433,591	143,956	734	20,211,665	271,013	1,152,837	9,266	62,805	720,546	24,006,413

¹ With the discontinuation of the fair value hedge, the unamortised fair value are amortised to profit or loss over the remaining maturity of the hedged item.

² Included in total net financing are financing at fair value through profit or loss amounting RM355,178,000 (2021: RM333,455,000) which mainly consists of the BNM established financing facility to provide relief and support recovery for SMEs in the services sector affected by the containment measures since June 2020.

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10. Financing of customers (cont'd.)**(i) By type and Shariah concepts (cont'd.)**

	Group		Bank	
	31 March 2023 RM'000	31 December 2022 RM'000	31 March 2023 RM'000	31 December 2022 RM'000
Uses of Qard fund:				
Staff financing	93	107	93	107
Other term financing	-	-	58,136	62,698
	93	107	58,229	62,805

(ii) By type of customer

	Group		Bank	
	31 March 2023 RM'000	31 December 2022 RM'000	31 March 2023 RM'000	31 December 2022 RM'000
Domestic non-banking institutions	612,006	603,207	612,006	603,207
Domestic business enterprises:				
-Small business enterprises	905,823	901,304	905,823	901,304
-Others	4,860,593	4,756,693	4,850,801	4,746,039
Government and statutory bodies	916,106	929,165	916,106	929,165
Individuals	17,650,923	17,052,946	17,650,923	17,052,946
Other domestic entities	9,747	9,821	9,747	9,821
Foreign entities	5,155	5,334	5,155	5,334
Gross Financing	24,960,353	24,258,470	24,950,561	24,247,816

(iii) By profit rate sensitivity

	Group		Bank	
	31 March 2023 RM'000	31 December 2022 RM'000	31 March 2023 RM'000	31 December 2022 RM'000
Fixed rate:				
Home financing	148,426	154,064	148,426	154,064
Hire purchase receivables	1,031,386	919,322	1,031,386	919,322
Others	2,855,023	3,069,535	2,845,231	3,058,881
Variable rate:				
Home financing	7,768,272	7,324,663	7,768,272	7,324,663
Others	13,157,246	12,790,886	13,157,246	12,790,886
Gross Financing	24,960,353	24,258,470	24,950,561	24,247,816

(iv) By residual contractual maturity

	Group		Bank	
	31 March 2023 RM'000	31 December 2022 RM'000	31 March 2023 RM'000	31 December 2022 RM'000
Maturity				
- within one year	6,185,143	5,777,502	6,185,143	5,777,502
- more than one to five years	8,158,890	8,216,388	8,158,890	8,216,388
- more than five years	10,616,320	10,264,580	10,606,528	10,253,926
Gross Financing	24,960,353	24,258,470	24,950,561	24,247,816

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10. Financing of customers (cont'd.)**(v) By sector**

	Group		Bank	
	31 March 2023 RM'000	31 December 2022 RM'000	31 March 2023 RM'000	31 December 2022 RM'000
Agriculture	99,299	97,891	99,299	97,891
Mining and quarrying	12,452	5,365	12,452	5,365
Manufacturing	966,025	968,623	966,025	968,623
Electricity, gas and water	111,774	115,809	111,774	115,809
Construction	586,481	574,334	586,481	574,334
Household	17,656,079	17,058,280	17,656,079	17,058,280
Real estate	969,491	1,014,423	969,491	1,014,423
Wholesale, retail and restaurant	1,036,682	1,049,368	1,036,683	1,049,368
Transport, storage and communication	365,339	191,077	365,339	191,077
Finance, takaful and business services	1,625,767	1,651,457	1,625,766	1,651,456
Community, social and personal services	614,858	602,678	605,066	592,025
Government and statutory bodies	916,106	929,165	916,106	929,165
Gross Financing	24,960,353	24,258,470	24,950,561	24,247,816

(vi) By geographical area

	Group		Bank	
	31 March 2023 RM'000	31 December 2022 RM'000	31 March 2023 RM'000	31 December 2022 RM'000
Domestic	24,960,353	24,258,470	24,950,561	24,247,816
Gross Financing	24,960,353	24,258,470	24,950,561	24,247,816

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10. Financing of customers (cont'd.)

10(a) Impaired financing

(i) Movements in the impaired financing

	Group		Bank	
	31 March	31 December	31 March	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At 1 January 2023/ At 1 January 2022	205,957	172,073	205,957	172,073
Classified as impaired during the period	107,496	277,388	107,496	277,388
Reclassified as performing during the period	(43,761)	(78,832)	(43,761)	(78,832)
Recovered during the period	(17,983)	(88,666)	(17,983)	(88,666)
Written off during the period	(8,990)	(43,931)	(8,990)	(43,931)
Derecognised	-	(32,075)	-	(32,075)
Gross impaired financing	242,719	205,957	242,719	205,957
Less: Stage 3-Lifetime ECL credit impaired	(111,414)	(103,918)	(111,414)	(103,918)
Net impaired financing	131,305	102,039	131,305	102,039
Calculation ratio of impaired financing:				
Gross financing of customers	24,960,353	24,258,470	24,950,560	24,247,816
Less: Stage 3 - Lifetime ECL credit impaired	(111,414)	(103,918)	(111,414)	(103,918)
Net financing of customers	24,848,939	24,154,552	24,839,146	24,143,898
Ratio of gross impaired financing to total financing	0.97%	0.85%	0.97%	0.85%
Net impaired financing ratio	0.53%	0.42%	0.53%	0.42%

(ii) Impaired financing by sector

	Group and Bank	
	31 March	31 December
	2023	2022
	RM'000	RM'000
Manufacturing	22,859	22,502
Construction	5,677	3,527
Household	176,634	148,280
Electricity, gas and water	4,328	3,951
Real estate	12,873	14,263
Wholesale, retail and restaurant	14,863	9,317
Mining and quarrying	-	1
Transport, storage and communication	1,484	1,554
Finance, takaful and business services	3,052	1,956
Community, social and personal service	949	606
	242,719	205,957

(iii) Impaired financing by geographical area

	Group and Bank	
	31 March	31 December
	2023	2022
	RM'000	RM'000
Domestic	242,719	205,957

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10. Financing of customers (cont'd.)**Impaired financing (cont'd.)****(iv) Movements in the loss allowance for financing of customers**

Group and Bank	Stage 1 12 Months ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total ECL RM'000
At 31 March 2023				
At 1 January 2023	128,896	25,667	103,918	258,481
Transfer to Stage 1	5,942	(5,364)	(578)	-
Transfer to Stage 2	(4,227)	15,806	(11,579)	-
Transfer to Stage 3	(62)	(3,431)	3,493	-
Allowance (write back)/made	(9,084)	308	25,878	17,102
New financial assets originated	31,744	-	-	31,744
Financial assets derecognised	(25,509)	4,426	(728)	(21,811)
Amount written off/realised	-	-	(8,990)	(8,990)
Other movements	3	-	-	3
At 31 March 2023	127,703	37,412	111,414	276,529
At 31 December 2022				
At 1 January 2022	116,768	34,046	76,134	226,948
Transfer to Stage 1	21,595	(16,691)	(4,904)	-
Transfer to Stage 2	(13,744)	30,858	(17,114)	-
Transfer to Stage 3	(299)	(21,230)	21,529	-
Allowance (write back)/made	(21,430)	(641)	75,476	53,405
New financial assets originated	127,358	-	-	127,358
Financial assets derecognised	(101,357)	(675)	(3,285)	(105,317)
Amount written off/realised	-	-	(43,918)	(43,918)
Other movements	5	-	-	5
At 31 December 2022	128,896	25,667	103,918	258,481

11. Other assets

	Group		Bank	
	31 March 2023 RM'000	31 December 2022 RM'000	31 March 2023 RM'000	31 December 2022 RM'000
Deposits	6,938	6,956	6,905	6,856
Prepayments	16,826	11,423	16,697	11,370
Tax recoverable	5,954	14,779	5,954	14,779
Foreclosed properties	-	-	-	-
Golf club membership	500	500	500	500
Other receivables	51,955	12,258	51,217	11,913
	82,173	45,916	81,273	45,418
Less: Accumulated impairment losses	(1,225)	(1,225)	(1,225)	(1,225)
	80,948	44,691	80,048	44,193

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12. Deferred tax assets & liabilities

	Group		Bank	
	31 March 2023 RM'000	31 December 2022 RM'000	31 March 2023 RM'000	31 December 2022 RM'000
At 1 January 2023/ At 1 January 2022	36,442	42,504	36,442	42,504
Recognised in the profit or loss (Note 31)	4,783	(7,131)	4,808	(7,131)
Recognised in other comprehensive income	(8,826)	1,069	(8,826)	1,069
At 31 March 2023/ At 31 December 2022	32,399	36,442	32,424	36,442

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		Bank	
	31 March 2023 RM'000	31 December 2022 RM'000	31 March 2023 RM'000	31 December 2022 RM'000
Deferred tax assets, net	32,399	36,442	32,424	36,442
	32,399	36,442	32,424	36,442

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

	Group		Bank	
	31 March 2023 RM'000	31 December 2022 RM'000	31 March 2023 RM'000	31 December 2022 RM'000
Deferred tax assets	48,485	52,920	48,510	52,920
Deferred tax liabilities	(16,086)	(16,478)	(16,086)	(16,478)
	32,399	36,442	32,424	36,442

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 :

	Financial Investments at FVOCI RM'000	ECL RM'000	Leases RM'000	Property, plant and equipment & intangible asset RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2023	13,742	22,873	617	4,263	11,177	248	52,920
Recognised in profit or loss	-	1,734	(29)	142	2,549	(5)	4,391
Recognised in other comprehensive income	-	-	(8,826)	-	-	-	(8,826)
At 31 March 2023	13,742	24,607	(8,238)	4,405	13,726	243	48,485

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

	Financial Investments at FVOCI RM'000	ECL RM'000	Leases RM'000	Property, plant and equipment & intangible asset RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2022	12,673	25,168	761	7,316	11,841	411	58,170
Recognised in profit or loss	-	(2,295)	(144)	(3,053)	(664)	(163)	(6,319)
Recognised in other comprehensive income	1,069	-	-	-	-	-	1,069
At 31 December 2022	13,742	22,873	617	4,263	11,177	248	52,920

Deferred tax liabilities of the Group :

	Profit on financing moratorium accounts RM'000	Financial investments at FVOCI RM'000	Property, plant and equipment and intangible asset RM'000	Total RM'000
At 1 January 2023	-	-	(16,478)	(16,478)
	-	-	392	392
At 31 March 2023	-	-	(16,086)	(16,086)

	Profit on financing moratorium accounts RM'000	Financial assets at FVOCI RM'000	Property, plant and equipment and intangible asset RM'000	Total RM'000
At 1 January 2022	-	-	(15,666)	(15,666)
Recognised in profit and loss	-	-	(812)	(812)
As at 31 December 2022	-	-	(16,478)	(16,478)

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

Deferred tax assets of the Bank :

	Financial Investments at FVOCI RM'000	ECL RM'000	Leases RM'000	Property, plant and equipment & intangible asset RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2023	13,742	22,873	616	4,263	11,177	249	52,920
Recognised in profit or loss	-	1,734	(4)	142	2,549	(5)	4,416
Recognised in other comprehensive income	-	(8,826)	-	-	-	-	(8,826)
At 31 March 2023	13,742	15,781	612	4,405	13,726	244	48,510

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

	Financial Investments at FVOCI RM'000	ECL RM'000	Leases RM'000	Property, plant and equipment & intangible asset RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2022	12,673	25,168	760	7,316	11,841	412	58,170
Recognised in profit or loss	-	(2,295)	(144)	(3,053)	(664)	(163)	(6,319)
Recognised in other comprehensive income	1,069	-	-	-	-	-	1,069
As at 31 December 2022	13,742	22,873	616	4,263	11,177	249	52,920

Deferred tax liabilities of the Bank:

	Profit on financing moratorium accounts RM'000	Financial investments at FVOCI RM'000	Property, plant and equipment and intangible asset RM'000	Total RM'000
At 1 January 2023	-	-	(16,478)	(16,478)
Recognised in profit and loss	-	-	392	392
At 31 March 2023	-	-	(16,086)	(16,086)

	Profit on financing moratorium accounts RM'000	Financial investments at FVOCI RM'000	Property, plant and equipment and intangible asset RM'000	Total RM'000
At 1 January 2022	-	-	(15,666)	(15,666)
Recognised in profit or loss	-	-	(812)	(812)
As at 31 December 2022	-	-	(16,478)	(16,478)

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13. Deposits from customers**(a) By type of deposits**

	Group		Bank	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Savings Deposit				
Qard	973,800	932,819	973,800	932,819
Tawarruq	747,233	698,568	747,233	698,568
Demand Deposit				
Qard	4,056,262	4,126,248	4,060,472	4,134,692
Tawarruq	3,519,712	3,198,943	3,519,712	3,198,943
Term Deposit				
General investment deposits	9,252	9,332	9,252	9,332
Short term accounts	11,785,760	10,942,745	11,785,760	10,942,745
Fixed term accounts tawarruq	6,190,217	6,318,541	6,201,517	6,329,841
Other deposits	99,320	93,413	99,320	93,413
	27,381,556	26,320,609	27,397,066	26,340,353

(b) By type of customer

	Group		Bank	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	12,929,342	12,672,289	12,929,342	12,672,289
Business enterprises	6,052,748	5,771,109	6,068,258	5,790,855
Individuals	2,420,640	2,546,608	2,420,640	2,546,608
Domestic non-bank financial institutions	4,714,439	4,226,716	4,714,439	4,226,716
Domestic banking financial institutions	179,044	51,553	179,044	51,553
Others	1,085,343	1,052,334	1,085,343	1,052,332
	27,381,556	26,320,609	27,397,066	26,340,353

The maturity structure of term deposits are as follows :

	Group		Bank	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Due within six months	16,344,307	15,664,196	16,355,607	15,675,496
More than six months to one year	709,964	711,644	709,964	711,644
More than one year to three years	880,174	843,919	880,174	843,919
More than three years to five years	50,784	50,859	50,784	50,859
	17,985,229	17,270,618	17,996,529	17,281,918

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14. Deposits and placements of banks and other financial institutions

	Group and Bank	
	31 March	31 December
	2023	2022
	RM'000	RM'000
Non-Mudharabah		
Bank Negara Malaysia	316,217	303,388
Other financial institutions	720,855	-
	1,037,072	303,388

These balances include amount of RM 313,530,000 (31 December 2022: RM 298,530,000) received under government financing schemes for the purpose of SME lending at a below market and concession rate with 5.5 years to 8.5 years of maturity to be repaid in 2026 and 2029. The fair value gain arising from the placement of funds with the Group and the Bank is applied to address the financial and accounting impact incurred from financing at concession rates to SMEs and for COVID-19 related relief measures.

15. Investment accounts of customers

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

	Group		Bank	
	31 March	31 December	31 March	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Unrestricted investment accounts:				
Mudharabah				
Without maturity				
- Savings	294,176	301,158	294,176	301,158
Restricted investment accounts:				
Mudharabah				
Maturity				
- within one year	53	79	53	79

RA is a type of restricted investment account based on the Mudharabah contract where the IAH and the Bank agree to share the profit generated from the assets funded by the RA based on an agreed profit sharing ratio (PSR), while losses shall be borne by the IAH. RA amounting to RM52,644 (2022: RM79,100) is accounted for as off balance sheet as the Bank has passed its rights and obligations in respect of the assets related to the RA or the residual cash flows from those assets to the IAH.

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

(ii) By types of customer are as follows:

	Group		Bank	
	31 March 2023 RM'000	31 December 2022 RM'000	31 March 2023 RM'000	31 December 2022 RM'000
Unrestricted investment accounts:				
Individuals	294,176	301,158	294,176	301,158
Restricted investment accounts:				
Individuals	53	79	53	79

(iii) Movement of investment accounts of customers:

	Group and Bank 31 March 2023		Group and Bank 31 December 2022	
	Unrestricted investment accounts Mudarabah RM'000	Restricted investment accounts Mudarabah RM'000	Unrestricted investment accounts Mudarabah RM'000	Restricted investment accounts Mudarabah RM'000
At 1 January 2023/January 2022	301,158	79	216,978	132
Net movement	(6,982)	-	84,180	-
New placement	-	12	-	41
Redemption	-	(39)	-	(94)
At 31 March 2023/December 2022	294,176	53	301,158	79

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

	Group		Bank	
	31 March 2023 RM'000	31 December 2022 RM'000	31 March 2023 RM'000	31 December 2022 RM'000
Unrestricted investment accounts:				
Home financing	294,176	301,158	294,176	301,158
Total investment	294,176	301,158	294,176	301,158
Restricted investment accounts:				
Term financing	53	79	53	79
Total investment	53	79	53	79

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

	Group and Bank 31 March 2023		Group and Bank 31 December 2022	
	Average profit sharing ratio (%)	Average rate of return (%)	Average profit sharing ratio (%)	Average rate of return (%)
Unrestricted investment accounts	2.0%	0.08%	2.0%	0.07%
Restricted investment accounts	98%	0.00%	95.0%	0.00%

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16. Other liabilities

	Group		Bank	
	31 March 2023 RM'000	31 December 2022 RM'000	31 March 2023 RM'000	31 December 2022 RM'000
Sundry creditors	2,142	2,476	2,142	2,476
Allowances for impairment losses on financing commitments and financial guarantee contracts (Note 16(a))	12,254	9,668	12,254	9,668
Provision for bonus	34,772	25,786	34,772	25,786
Accrued expenses	18,474	18,429	17,579	16,754
Accrual for directors' fees	180	-	180	-
Accrual for audit fees	385	217	355	194
Other liabilities	41,470	39,547	41,468	39,547
	109,677	96,123	108,750	94,425

(a) Movements in the allowances for impairment losses on loan commitments and financial guarantee contracts are as follows:

Group and Bank	Stage 1 12 Months ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total ECL RM'000
At 31 March 2023				
At 1 January 2023	8,165	118	1,385	9,668
Transfer to Stage 1	26	(26)	-	-
Transfer to Stage 2	(294)	385	(91)	-
Transfer to Stage 3	-	(7)	7	-
Allowance made	(545)	2,479	122	2,056
New financing originated or purchased	1,408	-	-	1,408
Financing derecognised	(694)	(122)	(65)	(881)
Other movements	2	1	-	3
At 31 March 2023	8,068	2,828	1,358	12,254
At 31 December 2021				
At 1 January 2022	5,206	133	616	5,955
Transfer to Stage 1	213	(116)	(97)	-
Transfer to Stage 2	(168)	236	(68)	-
Transfer to Stage 3	(1)	(367)	368	-
Allowance made	(543)	376	809	642
New financing originated or purchased	5,767	-	-	5,767
Financing derecognised	(2,309)	(144)	(243)	(2,696)
At 31 December 2022	8,165	118	1,385	9,668

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17. Provision for zakat and taxation

	Group		Bank	
	31 March 2023 RM'000	31 December 2022 RM'000	31 March 2023 RM'000	31 December 2022 RM'000
Zakat	6,288	5,114	5,904	4,655
Taxation	527	689	-	-
	6,815	5,803	5,904	4,655

18. Recourse obligation on financing sold to Cagamas

This represents the proceeds received from house financing sold directly to Cagamas Berhad with recourse to the Bank. Under these agreements, 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 prudential criteria set by Cagamas Berhad. These financial liabilities are stated at amortised cost.

19. Sukuk

Subordinated sukuk

Subordinated sukuk as at 31 March 2023 relates to two tranches of Subordinated Sukuk Murabahah (Series 2 and Series 3) which qualifies as Tier2 capital under the BNM Policy Document on Capital Adequacy Framework for Islamic Banks (Capital Components). The sukuk carries a tenure of 10 years from the issue date, callable on the 5th anniversary date from the Issue date and on every profit payment date thereafter. Table below depicts a summary of the current Subordinated Sukuk Murabahah.

Issue date	Call Date	Maturity Date	Profit Rate (% p.a)	Nominal Value
15 June 2021	15 June 2026	15 June 2031	4.50%, payable semi-annually	RM500.0 million
20 July 2022	20 July 2027	20 July 2032	5.33%, payable semi-annually	RM300.0 million

The Bank may redeem (in whole or in part) the initial Subordinated Sukuk Murabahah prior to maturity on the Call Date, subject to the redemption conditions under the principal terms and conditions of the Subordinated Sukuk Programme being satisfied.

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

	Group		Bank	
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(a) Fixed term deposits	84,570	76,199	84,570	76,199
(b) Other deposits	290,375	214,166	290,375	214,166
	374,945	290,365	374,945	290,365

(a) Income derived from investment of fixed term deposits

	Group		Bank	
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Income from financing	69,702	62,347	69,702	62,347
Financial investments designated at FVTPL	471	464	471	464
Financial assets at fair value through other comprehensive income	10,451	11,511	10,451	11,511
Financial assets at amortised cost	308	155	308	155
Money at call and deposit with financial institutions	1,370	836	1,370	836
	82,302	75,313	82,302	75,313
Amortisation of premium less accretion of discounts	(2,372)	(3,322)	(2,372)	(3,322)
Total finance income and hibah	79,930	71,991	79,930	71,991
Other operating income/(loss)				
Net gain from sale of:				
- financial investments designated at FVTPL	-	3	-	3
- financial investments at fair value through other comprehensive income	336	89	336	89
Unrealised gain/(loss) on revaluation from financial investments designated at FVTPL	132	(96)	132	(96)
	468	(4)	468	(4)
Fees and commission				
Guarantee fees	120	129	120	129
Processing fees	415	158	415	158
Service charges and fees	979	909	979	909
Commission	2,658	3,016	2,658	3,016
	4,172	4,212	4,172	4,212
Total	84,570	76,199	84,570	76,199

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

(b) Income derived from investment of other deposits

	Group		Bank	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Finance income and hibah				
Income from financing	239,327	175,228	239,327	175,228
Financial investments designated at FVTPL	1,616	1,305	1,616	1,305
Financial assets at fair value through other comprehensive income	35,885	32,353	35,885	32,353
Financial assets at amortised cost	1,057	436	1,057	436
Money at call and deposit with financial institutions	4,705	2,351	4,705	2,351
	282,590	211,673	282,590	211,673
Amortisation of premium less accretion of discounts	(8,146)	(9,336)	(8,146)	(9,336)
Total finance income and hibah	274,444	202,337	274,444	202,337
Other operating income/(loss)				
Net gain from sale of:				
- financial investments designated at FVTPL	-	10	-	10
- financial investments at fair value through other comprehensive income	1,153	250	1,153	250
Unrealised gain/(loss) on revaluation from financial investments designated at FVTPL	453	(269)	453	(269)
	1,606	(9)	1,606	(9)
Fees and commission				
Guarantee fees	413	362	413	362
Processing fees	1,424	445	1,424	445
Service charges and fees	3,361	2,555	3,361	2,555
Commission	9,127	8,476	9,127	8,476
	14,325	11,838	14,325	11,838
Total	290,375	214,166	290,375	214,166

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21. Income derived from investment of shareholders' funds

	Group		Bank	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Finance income and hibah				
Financial assets at fair value through other comprehensive income	2,144	2,435	2,144	2,435
Financial assets at amortised cost				
Money at call and deposit with financial institutions	717	258	717	258
	2,861	2,693	2,861	2,693
Amortisation of premium less Accretion of discounts	(308)	(372)	(308)	(372)
Total finance income and hibah	2,553	2,321	2,553	2,321
Other operating (loss)/income				
Net (loss)/gain from foreign exchange transaction	(14,974)	2,112	(14,974)	2,112
Unrealised gain/(loss) on revaluation from foreign exchange derivatives	18,568	(701)	18,568	(701)
Fair value gain/(loss) of financial liabilities	1,387	(1,577)	1,387	(1,577)
Unrealised gain on revaluation from financial investments designated at FVTPL	28	1,921	30	1,921
Gross dividend income from investment:				
-shares in Malaysia	17	6	-	-
-subsidiary	-	-	5,000	1,000
Net dividend paid for Islamic profit rate swap	-	(6,042)	-	(6,042)
Unrealised gain on revaluation of Islamic profit rate swap	-	17,137	-	17,137
Unrealised loss on revaluation from hedged items	-	(19,322)	-	(19,322)
	5,026	(6,466)	10,011	(5,472)
Fees and commission				
Corporate advisory fees	417	427	180	202
Service charges and fees	1,788	4,277	15	16
Commission	260	1,439	260	1,439
	2,465	6,143	455	1,657

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

	Group		Bank	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Other income				
Rental income	333	270	363	300
Profit on sale of fixed assets	1	-	1	-
Fair value adjustments of investment properties	-	-	-	-
	334	270	364	300
Total	10,378	2,268	13,383	(1,194)

22. Income derived from investment of investment account funds

	Group		Bank	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Finance income and hibah				
Income from financing	3,100	2,087	3,100	2,087
Total	3,100	2,087	3,100	2,087

23. Allowance for impairment on financing

	Group		Bank	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Allowance for impairment on financing of customer:				
- individual allowance made	1,623	1,507	1,623	1,507
- individual allowance written back	(811)	(499)	(811)	(499)
- collective allowance made	101,256	49,376	101,256	49,376
- collective allowance written back	(72,444)	(38,039)	(72,444)	(38,039)
Impaired financing written off	(16)	35	(16)	35
Impaired financing recovered	(10,471)	(8,120)	(10,471)	(8,120)
	19,137	4,260	19,137	4,260

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24. (Writeback of)/allowance for impairment losses on financial investments, net

	Group and Bank	
	31 March	31 March
	2023	2022
	RM'000	RM'000
(Writeback of)/allowance for Impairment write back on corporate bonds included under Fair value through other comprehensive income ("FVOCI")	(7)	22
Allowance for Impairment write back on corporate bonds included under Amortised Cost ("AC")	-	77
	(7)	99

25. Allowance for impairment losses on other financial assets, net

	Group and Bank	
	31 March	31 March
	2023	2022
	RM'000	RM'000
Cash and short term funds		
- ECL , net	61	111
	61	111

26. Income attributable to depositors

	Group		Bank	
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
Mudharabah funds	34	75	34	75
Non-Mudharabah funds	177,714	96,598	177,795	96,661
Deposits and placements of banks and other financial institutions:				
Non-Mudharabah funds	1,243	-	1,243	-
	178,991	96,673	179,072	96,736

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27. Personnel expenses

	Group		Bank	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Salary and wages	47,645	44,509	47,111	43,945
Contribution to defined contribution plan	9,121	9,204	9,031	9,111
Social security contributions	606	470	606	470
Allowances and bonuses	8,960	5,454	8,936	5,463
Others	5,431	4,773	5,422	4,760
	71,763	64,410	71,106	63,749

28. Other overheads and expenditures

	Group		Bank	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Promotion				
Advertisement and publicity	1,543	1,747	1,543	1,747
Others	366	180	365	180
Establishment				
Rental	119	116	119	116
Depreciation of property, plant and equipment	2,644	2,906	2,641	2,903
Depreciation of right-of-use assets	2,749	2,035	2,749	2,035
Amortisation of intangible assets	7,698	5,624	7,679	5,623
Information technology expenses	15,061	12,429	15,016	12,395
Repair and maintenance	876	1,408	876	1,408
Hire of equipment	1,170	1,199	1,101	1,143
Takaful	2,239	1,763	2,239	1,763
Utilities expenses	1,310	1,181	1,303	1,175
Security expenses	2,146	1,517	2,146	1,517
Others	1,200	1,119	1,200	1,119
General expenses				
Auditors' fees	162	20	162	20
Professional fees	509	891	449	824
Legal expenses	29	163	29	163
Telephone	330	319	330	319
Stationery and printing	410	400	410	397
Postage and courier	731	461	731	461
Travelling	229	75	229	75
Directors remuneration and Shariah Committee allowance	731	499	703	484
Others	3,850	3,996	4,320	4,487
	46,102	40,048	46,340	40,354

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29. Finance cost

	Group		Bank	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	RM'000	RM'000	RM'000	RM'000
Dividend paid- subordinated sukuk	9,525	5,563	9,525	5,563
Financing sold to Cagamas	7,567	4,948	7,567	4,948
Finance cost of lease liabilities	451	409	451	409
	17,543	10,920	17,543	10,920

30. Zakat

	Group		Bank	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	RM'000	RM'000	RM'000	RM'000
Provision for zakat for the year	1,174	1,803	1,250	1,743
Over provision in prior year	-	-	-	-
	1,174	1,803	1,250	1,743

31. Taxation

	Group		Bank	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	RM'000	RM'000	RM'000	RM'000
Current income tax	16,741	22,220	16,325	21,208
Over provision in prior year	-	-	-	-
	16,741	22,220	16,325	21,208
Deferred tax:				
Relating to origination and reversal of temporary differences	(4,808)	(450)	(4,808)	(450)
Relating to reduction/(increase) in Malaysian income tax rate	-	5,966	-	5,966
Over provision in prior year	25	-	-	-
	(4,783)	5,516	(4,808)	5,516
	11,958	27,736	11,517	26,724

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

Domestic current income tax is calculated at the statutory tax rate of 24% (31 December 2022: 24%) of the estimated assessable profit for the period.

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32. Credit exposures arising from credit transactions with connected parties

	Group	
	31 March 2023 RM'000	31 March 2022 RM'000
Outstanding credit exposures with connected parties (RM'000)	2,327,851	1,845,689
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	7.1%	6.3%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	-	-
	Bank	
	31 March 2023 RM'000	31 March 2022 RM'000
Outstanding credit exposures with connected parties (RM'000)	2,385,987	1,915,201
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	7.2%	6.6%
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 issued on 16 July 2014.

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

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

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33. Commitments and contingencies

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

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

	Group and Bank					
	31 March 2023			31 December 2022		
The commitments and contingencies constitute the following:	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
Contingent liabilities						
Direct credit substitutes	424,247	424,247	412,521	400,079	400,079	382,342
Trade-related contingencies	93,962	18,792	923	99,507	19,901	2,421
Transaction-related contingencies	338,952	169,476	159,097	555,343	277,672	267,420
Commitments						
Credit extension commitment:						
- Maturity within one (1) year	766,292	153,258	164,003	636,084	127,217	135,215
- Maturity exceeding one (1) year	1,290,867	645,433	492,990	1,151,968	575,984	423,632
Other miscellaneous commitments & contingencies	238,519	17,775	13,330	152,232	13,754	10,316
Islamic derivative financial instruments						
Foreign exchange related contracts	1,698,193	30,229	22,778	1,786,430	25,347	13,764
Profit rate related contract	-	-	-	-	-	-
	4,851,032	1,459,210	1,265,642	4,781,643	1,439,954	1,235,110

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34. Capital adequacy

(a) Capital Adequacy Framework

- (i) Bank Negara Malaysia ("BNM") had on 9 December 2020 issued the Capital Adequacy Framework for Islamic Banks (Capital Components) on the computation of capital and capital adequacy ratios for Islamic banks. All financial institutions shall hold and maintain at all times, the following minimum capital adequacy ratios:

Common Equity Tier 1 (CET1) Ratio	Tier 1 Capital Ratio	Total Capital Ratio
4.50%	6.00%	8.00%

*In addition, BNM had introduced Capital Conservation Buffer of 2.5% of total risk weighted assets ("RWA") as well as Countercyclical Capital Buffer ranging between 0% - 2.5% of total RWA.

- (ii) Total RWA is calculated as the sum of credit RWA, market RWA, operational RWA and large exposure risk requirements as determined in accordance with Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) issued by BNM on 3 May 2019 for Islamic banks.

Any exposures which are deducted in the calculation of CET1 Capital, Tier 1 Capital and Total Capital is not subjected to any further capital charges in the computation of RWA.

(b) Compliance and Application of Capital Adequacy Ratios

The capital adequacy ratio of the Bank are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (Capital Components) and Capital Adequacy Framework for Islamic Bank (Risk Weighted Assets). The total risk weighted assets are computed based on the following approaches:

- (i) Credit risk under Internal Ratings-Based Approach;
- (ii) Market risk under Standardised Approach; and
- (iii) Operational risk under Basic Indicator Approach.

The minimum regulatory capital adequacy requirements for CET1, Tier 1, and Total Capital are 4.5%, 6.0% and 8.0% of total RWA.

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34. Capital adequacy (cont'd.)

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

	Group		Bank	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Computation of Total Risk				
Weighted Assets ("RWA")				
Total credit RWA	20,189,848	19,525,603	20,171,653	19,506,523
Less: Credit risk absorbed by profit-sharing investment account ("PSIA")	(133,767)	(135,099)	(133,767)	(135,099)
Total market RWA	65,607	23,153	65,607	23,153
Total operational RWA	1,481,027	1,460,879	1,447,907	1,424,839
Total RWA	21,602,715	20,874,536	21,551,400	20,819,416
Computation of Capital Ratio				
<u>Tier-I capital</u>				
Share capital	1,195,000	1,195,000	1,195,000	1,195,000
Retained profits	1,595,641	1,595,641	1,577,800	1,577,800
Other Reserves				
Regulatory reserve	90,267	94,239	90,267	94,239
FVOCI reserve	25,517	(1,342)	25,517	(1,342)
Foreign exchange translation reserve	2,953	3,066	2,954	3,067
Regulatory Adjustment				
Deferred tax assets	(48,485)	(52,920)	(48,510)	(52,920)
Investment property gain	(8,171)	(8,171)	(8,171)	(8,171)
Regulatory reserve	(90,267)	(94,239)	(90,267)	(94,239)
FVOCI reserve	(14,035)	-	(14,035)	-
Property revaluation gains	-	-	-	-
Cumulative gains of financing measured at FVTPL	(20,871)	(21,455)	(20,871)	(21,455)
Investment in subsidiaries	-	-	(13,159)	(13,159)
Intangible asset (net of deferred tax liabilities)	(98,275)	(94,363)	(97,943)	(94,013)
Total Common Equity Tier-I Capital	2,629,274	2,615,456	2,598,582	2,584,807
Total Tier-I Capital	2,629,274	2,615,456	2,598,582	2,584,807
<u>Tier-II capital</u>				
Subordinated sukuk	800,000	800,000	800,000	800,000
Loss provision and regulatory reserve*	255,595	248,955	255,595	248,955
Add: Investment property gain	3,677	3,677	3,677	3,677
Total Tier-II Capital	1,059,272	1,052,632	1,059,272	1,052,632
Total Capital Base	3,688,546	3,668,088	3,657,854	3,637,439
Ratio (%)				
CET 1 Capital	12.171%	12.529%	12.058%	12.415%
Tier 1 Capital	12.171%	12.529%	12.058%	12.415%
Total Capital	17.074%	17.572%	16.973%	17.471%

* Tier 2 Capital comprise collective allowance on non-impaired financing customers and regulatory reserve.

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34. Capital adequacy (cont'd.)

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

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

	Group			
	31 March 2023		31 December 2022	
	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%	7,892,921	-	6,865,619	-
20%	4,624,083	924,818	4,612,135	922,427
35%	2,478,174	867,361	2,410,334	843,617
50%	1,237,471	618,736	1,171,097	585,548
75%	3,504,789	2,628,592	3,329,057	2,496,793
100%	14,835,847	14,835,847	14,388,397	14,388,397
150%	209,663	314,495	192,548	288,821
Risk weighted assets for credit risk	34,782,948	20,189,848	32,969,187	19,525,603
Less: Credit risk absorbed by PSIA		(133,767)		(135,099)
Risk weighted assets for market risk		65,607		23,153
Risk weighted assets for operational risk		1,481,027		1,460,879
Total risk weighted assets		<u>21,602,715</u>		<u>20,874,536</u>

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34. Capital adequacy (cont'd.)

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

	Bank			
	31 March 2023		31 December 2022	
	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%	7,892,921	-	6,865,619	-
20%	4,624,084	924,818	4,612,135	922,427
35%	2,478,174	867,361	2,410,334	843,617
50%	1,237,471	618,736	1,171,097	585,548
75%	3,504,789	2,628,592	3,329,057	2,496,793
100%	14,832,341	14,832,341	14,385,298	14,385,298
150%	199,871	299,807	181,894	272,840
Risk weighted assets for credit risk	34,769,651	20,171,653	32,955,434	19,506,523
Less: Credit risk absorbed by PSIA		(133,767)		(135,099)
Risk weighted assets for market risk		65,607		23,153
Risk weighted assets for operational risk		1,447,907		1,424,839
Total risk weighted assets		<u>21,551,400</u>		<u>20,819,416</u>

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

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

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

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

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

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

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

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

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

Group	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 2023				
Non-financial assets				
Investment properties	-	-	56,564	56,564
Financial assets				
Financial investments designated at fair value through profit and loss	6,183	5,183	173,438	184,804
Financial investments fair value through other comprehensive income	67,131	4,878,617	147,680	5,093,428
Derivative financial assets	-	9,901	-	9,901
Total financial assets measured at fair value	73,314	4,893,701	321,118	5,288,133
Financial liabilities				
Derivative financial liabilities	-	10,197	-	10,197
Total financial liabilities measured at fair value	-	10,197	-	10,197

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35. 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.)	Valuation technique using			Total
	Quoted Market Price Level 1 RM'000	Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
31 December 2022				RM'000
Non-financial assets				
Investment properties	-	-	56,564	56,564
Financial assets				
Financial investments designated at fair value through profit or loss	6,138	5,114	170,837	182,089
Financial investments at FVOCI	56,783	5,004,465	150,403	5,211,651
Derivative financial assets	-	4,247	-	4,247
Total financial assets measured at fair value	62,921	5,013,826	321,240	5,397,987
Financial liabilities				
Derivative financial liabilities	-	23,111	-	23,111
Total financial liabilities measured at fair value	-	23,111	-	23,111

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

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

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

Bank	Quoted Market Price Level 1 RM'000	<u>Valuation technique using</u>		Total RM'000
		Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
31 March 2023				
Non-financial assets				
Investment properties	-	-	56,564	56,564
Financial assets				
Financial investments designated at fair value through profit and loss	3,623	5,183	173,438	182,244
Financial investments fair value through other comprehensive income	67,131	4,878,617	147,680	5,093,428
Derivative financial assets	-	9,901	-	9,901
Total financial assets measured at fair value	70,754	4,893,701	321,118	5,285,573
Financial liabilities				
Derivative financial liabilities	-	10,197	-	10,197
Total financial liabilities measured at fair value	-	10,197	-	10,197

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35. 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.)	Valuation technique using			Total
	Quoted Market Price Level 1 RM'000	Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
31 December 2022				RM'000
Non-financial assets				
Investment properties	-	-	57,844	57,844
Financial assets				
Financial investments designated at fair value through profit and loss	3,594	5,113	170,837	179,544
Financial investments at FVOCI	56,783	5,004,465	150,403	5,211,651
Derivative financial assets	-	4,247	-	4,247
Total financial assets measured at fair value	60,377	5,013,825	321,240	5,395,442
Financial liabilities				
Derivative financial liabilities	-	23,111	-	23,111
Total financial liabilities measured at fair value	-	23,111	-	23,111

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

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

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

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

	Group and Bank	
	31 March 2023	31 December 2022
	RM'000	RM'000
At 1 January 2023/2022	321,240	315,621
Gain recognised in profit or loss	(1,580)	(27,352)
Purchases	1,044	23,352
Foreign exchange translation difference	414	9,619
At 31 March 2023/ 31 December 2022	321,118	321,240

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

	Group and Bank	
	31 March 2023	31 December 2022
	RM'000	RM'000
Total gain recognised in statements of profit or loss for financial instruments measured at fair value at the end of the financial period	(1,580)	(27,354)

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36. Segment information

(a) Business segments (cont'd.)

The Bank is organised into three (3) major business segments:

- (i) Business banking - this segment comprises the full range of products and services offered to business customers in the region, ranging from large corporates and the public sector and also commercial enterprises. The products and services offered include long-term financing such as project financing, short-term credit (e.g Muamalat Cashline and trade financing), and fee-based services (e.g cash management).
- (ii) Consumer banking - this segment comprises the full range of products and services offered to individual customers in Malaysia, including savings accounts, current accounts, fixed term accounts, remittance services, internet banking services, cash management services, consumer financing such as mortgage financing, personal financing, hire purchases financing, micro financing, wealth management and bancatakaful products.
- (iii) Treasury and investment banking - this segment comprises the full range of products and services relating to treasury activities and services, including foreign exchange, money market, derivatives and trading of capital market securities.

Investment banking focuses on business needs of mainly large corporate customers and financial institutions, which include corporate advisory services, bond issuances, Initial Public Offerings ("IPOs") and debt restructuring advisory services. It also explores investment opportunities via private equity investments for the Bank.

Other business segments include rental services, none of which is of sufficient size to be reported separately.

Group	Business banking	Consumer banking	Treasury and investment banking	Others	Total
31 March 2023	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	89,260	243,012	55,703	447	388,422
Total income	52,025	71,965	926	84,456	209,372
(Allowance for)/writeback of impairment on financing	(9,702)	(10,647)	1,212	-	(19,137)
Allowance for impairment on investments	-	-	7	-	7
Allowance for impairment on other financial assets, net	-	-	(61)	-	(61)
Other expenses	-	-	-	(8,133)	(8,133)
Total net income	42,323	61,318	2,084	76,323	182,048
Total overhead expenses					(135,408)
Profit before zakat and taxation					46,640
Zakat					(1,174)
Taxation					(11,958)
Profit for the period					33,508

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36. Segment information (cont'd.)

(a) Business segments (cont'd.)

Group	Business	Consumer	Treasury and	Others	Total
31 March 2022	banking	banking	investment	banking	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	67,208	188,448	46,991	(7,927)	294,720
Total income	35,490	106,668	18,228	37,624	198,010
Writeback of/(allowance for) impairment on financing	3,456	(7,716)	-	-	(4,260)
Writeback of impairment on investments	-	-	(99)	-	(99)
Writeback of impairment on other financial assets, net	-	-	(111)	-	(111)
Other expenses	-	-	-	(5,275)	(5,275)
Total net income	38,946	98,952	18,018	32,349	188,265
Total overhead expenses					(115,378)
Profit before zakat and taxation					72,887
Zakat					(1,803)
Taxation					(27,736)
Profit for the period					43,348

Bank	Business	Consumer	Treasury and	Others	Total
31 March 2023	banking	banking	investment	banking	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	89,260	243,012	58,709	446	391,427
Total Income	52,025	71,965	3,850	84,456	212,296
(Allowance for)/writeback of impairment on financing	(9,702)	(10,647)	1,212	-	(19,137)
Allowance for impairment on investments	-	-	7	-	7
Allowance for impairment on other financial assets, net	-	-	(61)	-	(61)
Other expenses	-	-	-	(8,133)	(8,133)
Total net income	42,323	61,318	5,008	76,323	184,972
Total overhead expenses					(134,989)
Profit before zakat and taxation					49,983
Zakat					(1,250)
Taxation					(11,517)
Profit for the period					37,216

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36. Segment information (cont'd.)

(a) Business segments (cont'd.)

Bank	Business	Consumer	Treasury and	Others	Total
31 March 2022	banking	banking	investment		
	RM'000	RM'000	banking	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	67,208	188,448	43,529	(7,927)	291,258
Total Income	35,490	106,668	14,703	37,624	194,485
Writeback of/(allowance for) impairment on financing	3,456	(7,716)	-	-	(4,260)
Writeback of impairment on investments	-	-	(99)	-	(99)
Writeback of impairment on other financial assets, net	-	-	(111)	-	(111)
Other expenses	-	-	-	(5,275)	(5,275)
Total net income	38,946	98,952	14,493	32,349	184,740
Total overhead expenses					(115,023)
Profit before zakat and taxation					69,717
Zakat					(1,743)
Taxation					(26,724)
Profit for the period					41,250