

BANK MUAMALAT MALAYSIA BERHAD

Company No. 6175-W
(Incorporated in Malaysia)

**UNAUDITED CONDENSED
FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED
30 SEPTEMBER 2019 (01 SAFAR 1441H)**

Company No. 6175-W

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

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BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019 (01 SAFAR 1441H)

		Group		Bank	
		As at	As at	As at	As at
		30.09.2019	31.03.2019	30.09.2019	31.03.2019
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Cash and short-term funds		1,519,742	830,571	1,519,742	830,571
Cash and placements with financial institutions		11,000	11,937	11,000	11,937
Financial investments at fair value through profit or loss	9(i)	570,193	660,799	570,193	658,866
Financial investments at fair value through other comprehensive income	9(ii)	5,143,848	4,936,032	5,141,444	4,933,767
Financial investments at amortised cost	9(iii)	104,009	103,310	104,009	103,310
Islamic derivative financial assets	10	14,881	24,853	14,881	24,853
Financing of customers	11	15,643,346	15,330,895	15,638,600	15,333,281
Other assets	12	93,610	81,625	93,070	83,531
Statutory deposits with Bank Negara Malaysia		672,850	699,275	672,850	699,275
Investment in subsidiaries		-	-	12,559	12,559
Investment properties		46,144	45,303	46,144	45,303
Right-of-use assets		38,107	-	31,216	-
Intangible assets		81,536	84,684	81,422	84,560
Property, plant and equipment		58,215	58,361	58,184	58,360
Prepaid land lease payment		219	223	219	223
Deferred tax assets (net)	13	2,926	17,742	2,651	17,742
Total assets		24,000,626	22,885,610	23,998,184	22,898,138
Liabilities					
Deposits from customers	14	20,048,222	19,144,118	20,061,930	19,167,905
Deposits and placements of banks and other financial institutions	16	103,504	6,747	103,504	6,747
Bills and acceptances payable		10,090	15,678	10,090	15,678
Islamic derivative financial liabilities	10	70,536	48,162	70,536	48,162
Other liabilities	17	51,501	78,450	49,952	74,156
Provision for zakat and taxation	18	2,215	6,670	2,076	6,597
Lease Liabilities		41,389	-	33,397	-
Deferred tax liabilities (net)	13	-	65	-	-
Recourse obligation on financing sold to Cagamas	19	463,352	471,102	463,352	471,102
Subordinated sukuk	20(a)	254,100	254,025	254,100	254,025
Senior sukuk	20(b)	509,314	509,174	509,314	509,174
Total liabilities		21,554,223	20,534,191	21,558,251	20,553,546

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019 (01 SAFAR 1441H)
(CONT'D.)**

		Group		Bank	
		As at	As at	As at	As at
		30.09.2019	31.03.2019	30.09.2019	31.03.2019
	Note	RM'000	RM'000	RM'000	RM'000
Shareholders' equity					
Share capital		1,195,000	1,195,000	1,195,000	1,195,000
Reserves		1,251,403	1,156,419	1,244,933	1,149,592
Total shareholders' equity		2,446,403	2,351,419	2,439,933	2,344,592
Total liabilities and shareholders' equity					
		24,000,626	22,885,610	23,998,184	22,898,138
Restricted investment accounts	15	20,000	20,444	20,000	20,944
Total Islamic banking asset and asset under management					
		24,020,626	22,906,054	24,018,184	22,919,082
Commitments and contingencies	34	6,746,532	9,264,470	6,746,532	9,264,470
Capital adequacy *					
CET 1 capital ratio	35	15.891%	15.804%	15.793%	15.679%
Total capital ratio	35	18.630%	18.593%	18.538%	18.470%

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

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2019.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (01 SAFAR 1441H)

<u>Group</u>	<u>Note</u>	3 months ended		6 months ended	
		30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Income derived from investment of depositors' funds and others	21	310,314	316,123	608,862	618,315
Income derived from investment of shareholders' funds	22	5,038	25,853	15,443	40,426
Income derived from investment of investment account funds	23	-	5	5	106
Allowance for impairment on financing	24	(16,028)	(9,699)	(27,116)	(22,136)
Writeback of impairment losses on financial investments, net	25	68	96	355	365
Writeback of/(allowance for) impairment losses on other financial assets, net	26	1	(481)	193	(481)
Other expenses directly attributable to the investment of the depositors and shareholders' funds		(2,437)	(2,410)	(5,207)	(4,575)
Total distributable income		296,956	329,487	592,535	632,020
Income attributable to depositors	27	(133,974)	(159,877)	(271,973)	(307,594)
Total net income		162,982	169,610	320,562	324,426
Personnel expenses	28	(60,100)	(55,674)	(119,452)	(104,736)
Other overheads and expenditures	29	(51,466)	(42,268)	(100,287)	(87,410)
Finance costs	30	(16,607)	(16,033)	(33,117)	(32,115)
Profit before zakat and taxation		34,809	55,635	67,706	100,165
Zakat	31	(864)	(1,428)	(1,706)	(2,602)
Taxation	32	(9,782)	(10,816)	(16,776)	(22,838)
Profit for the period		24,163	43,391	49,224	74,725
Earnings per share attributable to shareholders of the Bank (sen) (basic and diluted):				4.12	6.25

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2019.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (01 SAFAR 1441H)

<u>Bank</u>	Note	3 months ended		6 months ended	
		30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Income derived from investment of depositors' funds and others	21	310,314	316,123	608,862	618,315
Income derived from investment of shareholders' funds	22	3,211	26,358	13,485	42,372
Income derived from investment of investment account funds	23	-	5	5	106
Allowance for impairment on financing	24	(16,028)	(9,703)	(27,116)	(22,126)
Writeback of impairment losses on financial investments, net	25	68	96	355	365
Writeback of/(allowance for) impairment losses on other financial assets, net	26	1	(481)	193	(481)
Other expenses directly attributable to the investment of the depositors and shareholders' funds		(2,437)	(2,410)	(5,207)	(4,575)
Total distributable income		295,129	329,988	590,577	633,976
Income attributable to depositors	27	(134,042)	(159,971)	(272,111)	(307,799)
Total net income		161,087	170,017	318,466	326,177
Personnel expenses	28	(59,395)	(55,083)	(118,120)	(103,687)
Other overheads and expenditures	29	(51,474)	(42,178)	(100,490)	(87,422)
Finance costs	30	(16,497)	(16,033)	(32,897)	(32,115)
Profit before zakat and taxation		33,721	56,723	66,959	102,953
Zakat	31	(843)	(1,418)	(1,674)	(2,591)
Taxation	32	(9,537)	(9,999)	(16,401)	(21,875)
Profit for the period		23,341	45,306	48,884	78,487

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2019.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (01 SAFAR 1441H)

<u>Group</u>	Note	3 months ended		6 months ended	
		30 September 2019 RM'000	30 September 2018 RM'000 Restated	30 September 2019 RM'000	30 September 2018 RM'000 Restated
Profit for the period		24,163	43,391	49,224	74,725
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Net gain on financial assets at fair value through other comprehensive income		28,388	47,432	69,976	10,675
Realised gain transferred to statement of profit or loss upon disposal	21&22	(8,276)	(2,183)	(10,843)	(2,214)
Income tax relating to components of other comprehensive income	13	(3,940)	(11,327)	(14,461)	511
Changes in expected credit losses	9(ii)	(21)	(64)	3	(110)
Exchange fluctuation reserve		794	47	1,464	2,068
Items that may not be reclassified subsequently to profit or loss					
Net unrealised (loss)/gain on equity securities at FVOCI		(3,696)	2,160	1,774	(7,264)
Other comprehensive income for the period, net of tax		13,249	36,065	47,913	3,666
Total comprehensive income for the period		37,412	79,456	97,137	78,391

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2019.

BANK MUAMALAT MALAYSIA BERHAD
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INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (01 SAFAR 1441H)

<u>Bank</u>	Note	3 months ended		6 months ended	
		30 September 2019 RM'000	30 September 2018 RM'000 Restated	30 September 2019 RM'000	30 September 2018 RM'000 Restated
Profit for the period		23,341	45,306	48,884	78,487
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Net gain on financial assets at fair value through other comprehensive income		28,388	47,432	69,977	10,675
Realised gain transferred to statement of profit or loss upon disposal	21&22	(8,276)	(2,182)	(10,844)	(2,213)
Income tax relating to components of other comprehensive income	13	(3,940)	(11,327)	(14,461)	(76)
Changes in expected credit losses	9(ii)	(21)	(64)	3	(110)
Exchange fluctuation reserve		794	47	1,464	2,068
Items that may not be reclassified subsequently to profit or loss					
Net unrealised (loss)/gain on equity securities at FVOCI		(3,696)	2,160	1,774	(7,264)
Other comprehensive income for the period, net of tax		13,249	36,066	47,913	3,080
Total comprehensive income for the period		36,590	81,372	96,797	81,567

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2019.

BANK MUAMALAT MALAYSIA BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (01 SAFAR 1441H)

<u>Group</u>	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 April 2019						
- as previously stated	1,195,000	(1,514)	63,585	(417)	1,094,765	2,351,419
- effect of adopting MFRS 16 (note 38 (ii))	-	-	-	-	(2,153)	(2,153)
At 1 April 2019, as restated	1,195,000	(1,514)	63,585	(417)	1,092,612	2,349,266
Profit for the period	-	-	-	-	49,224	49,224
Other comprehensive income for the period	-	46,449	-	1,464	-	47,913
Total comprehensive income for the period	-	46,449	-	1,464	49,224	97,137
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	(617)	-	-	617	-
Transfer from regulatory reserve	-	-	(5,067)	-	5,067	-
At 30 September 2019	1,195,000	44,318	58,518	1,047	1,147,520	2,446,403
At 1 April 2018						
- as previously stated	1,195,000	(27,616)	1,530	(1,779)	1,132,781	2,299,916
- effect of adopting MFRS 9	-	(2,027)	51,437	-	(200,091)	(150,681)
At 1 April 2018, as restated	1,195,000	(29,643)	52,967	(1,779)	932,690	2,149,235
Profit for the period	-	-	-	-	74,725	74,725
Other comprehensive income for the period	-	1,598	-	2,068	-	3,666
Total comprehensive income for the period	-	1,598	-	2,068	74,725	78,391
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	(968)	-	-	968	-
Transfer to regulatory reserve	-	-	7,586	-	(7,586)	-
At 30 September 2018	1,195,000	(29,013)	60,553	289	1,000,797	2,227,626

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2019.

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (01 SAFAR 1441H)

	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	Total Equity RM'000
Bank					
At 1 April 2019					
- as previously stated	1,195,000	(1,513)	63,585	(417)	1,087,937
- effect of adopting MFRS 16 (note 38 (i))	-	-	-	-	(1,456)
At 1 April 2019, as restated	1,195,000	(1,513)	63,585	(417)	1,086,481
Profit for the period	-	-	-	-	48,884
Other comprehensive income for the period	-	46,449	-	1,464	-
Total comprehensive income for the period	-	46,449	-	1,464	48,884
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	(617)	-	-	617
Transfer from regulatory reserve	-	-	(5,067)	-	5,067
At 30 September 2019	1,195,000	44,319	58,518	1,047	1,141,049
At 1 April 2018					
- as previously stated	1,195,000	(29,473)	1,530	(1,779)	1,123,420
- effect of adopting MFRS 9	-	418	51,437	-	(202,546)
At 1 April 2018, as restated	1,195,000	(29,055)	52,967	(1,779)	920,874
Profit for the period	-	-	-	-	78,487
Other comprehensive income for the period	-	1,012	-	2,068	-
Total comprehensive income for the period	-	1,012	-	2,068	78,487
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	(968)	-	-	968
Transfer to regulatory reserve	-	-	7,586	-	(7,586)
At 30 September 2018	1,195,000	(29,011)	60,553	289	992,743

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2019.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (01 SAFAR 1441H)

		Group		Bank	
	Note	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Cash flows from operating activities					
Profit before zakat and taxation		67,706	100,165	66,959	102,953
Adjustment for					
Amortisation of prepaid land and lease payment	29	2	2	2	2
Amortisation of intangible asset	29	16,766	14,639	16,758	14,538
Depreciation of property, plant and equipment	29	6,690	7,687	6,687	7,682
Gain on disposal of property, plant and equipment	22	-	(5)	-	(5)
Depreciation of right-of-use assets	29	4,854	-	4,608	-
Amortisation of cost on Subordinated Sukuk Issued		100	100	100	100
Fixed asset written off		25	-	25	-
Accretion of discount	21&22	(1,825)	(1,070)	(1,825)	(1,070)
Net gain from sale of financial investments at fair value through other comprehensive income	21&22	(10,843)	(2,213)	(10,843)	(2,213)
Net gain from sale of financial investment designated at FVTPL	21&22	(46)	(338)	(52)	(338)
Unrealised gain on revaluation of financial investment designated at FVTPL	21&22	(5,843)	(18,797)	(5,988)	(22,190)
Net gain on revaluation of foreign exchange transaction	22	(3,156)	(3,040)	(3,156)	(3,040)
Net loss/(gain) from foreign exchange derivatives	22	2,381	(1,761)	2,381	(1,761)
Unrealised loss on revaluation of islamic profit rate swap	22	29,965	4,217	29,965	4,217
Unrealised gain on revaluation of hedged items	22	(34,753)	(7,224)	(34,753)	(7,224)
Gain from derecognition fair value of hedged items	22	-	(1,916)	-	(1,916)
Writeback of impairment losses on financial investments, net	25	(354)	(365)	(354)	(365)
Writeback of impairment losses on other financial assets, net	26	(193)	481	(193)	481
Allowance for impairment on financing	24	44,995	17,864	44,995	17,854
Financing written off	24	58	8,719	58	8,719
Finance cost	30	33,117	32,115	32,897	32,115
Gross dividend income	22	(38)	(14)	(1,000)	-
Operating profit before working capital changes		149,608	149,246	147,271	148,539

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (01 SAFAR 1441H)

	Note	Group		Bank	
		30 September 2019	30 September 2018	30 September 2019	30 September 2018
		RM'000	RM'000	RM'000	RM'000
(Increase)/decrease in operating assets:					
Investment accounts due from designated financial institution		-	125	-	125
Financial investment portfolio		(27,139)	(17,379)	(13,369)	(13,679)
Islamic derivative financial assets		7,591	43,146	7,591	43,146
Financing of customers		(330,562)	(443,402)	(323,430)	(448,901)
Statutory deposits with Bank Negara Malaysia		26,425	(26,118)	26,425	(26,118)
Other assets		(73,640)	15,815	(77,403)	16,048
Increase/(decrease) in operating liabilities:					
Deposits from customers		904,104	(219,567)	894,025	(218,256)
Deposits and placements of banks and other financial institutions		96,757	(3,003)	96,757	(3,003)
Islamic derivative financial liabilities		(7,591)	(43,146)	(7,591)	(43,146)
Bills and acceptances payable		(5,588)	3,028	(5,588)	3,028
Other liabilities		19,238	(58,821)	13,876	(60,591)
Cash used in from operations		759,203	(600,076)	758,564	(602,808)
Finance cost on lease liabilities paid		(1,184)	-	(964)	-
Zakat paid		(6,250)	(6,134)	(6,195)	(5,587)
Tax refund/(paid)		19,379	(13,542)	19,626	(11,345)
Net cash generated from/(used in) operating activities		771,148	(619,752)	771,031	(619,740)
Cash flows from investing activities					
Proceeds from disposal of financial investment in securities		5,353,440	4,291,145	5,352,349	4,291,145
Purchase of financial investment in securities		(5,371,039)	(4,355,604)	(5,370,900)	(4,355,601)
Proceeds from disposal of property, plant and equipment		-	5	-	5
Purchase of investment properties		(841)	-	(841)	-
Purchase of property, plant and equipment		(6,885)	(9,941)	(6,854)	(9,940)
Purchase of intangible asset		(13,644)	(9,034)	(13,644)	(9,036)
Dividend income	22	38	14	1,000	-
Net cash used in investing activities		(38,931)	(83,415)	(38,890)	(83,427)

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UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (01 SAFAR 1441H)

	Group		Bank	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Dividend paid on Islamic subordinated sukuk	(21,000)	(21,000)	(21,000)	(21,000)
Repayment of lease liabilities	(4,416)	-	(4,340)	-
Repayment of principal for recourse obligation on financing sold to Cagamas	(7,694)	(7,176)	(7,694)	(7,176)
Repayment of finance cost for recourse obligation on financing sold to Cagamas	(10,873)	(11,223)	(10,873)	(11,223)
Net cash used in financing activities	(43,983)	(39,399)	(43,907)	(39,399)
Net decrease in cash and cash equivalents	688,234	(742,566)	688,234	(742,566)
Cash and cash equivalents at beginning of the period	842,508	1,587,681	842,508	1,587,681
Cash and cash equivalents at end of the period	1,530,742	845,115	1,530,742	845,115
Cash and cash equivalents consist of:				
Cash and short term funds	1,519,742	845,115	1,519,742	845,115
Cash and placements with financial institutions	11,000	-	11,000	-
	1,530,742	845,115	1,530,742	845,115

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2019.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019
(1 SAFAR 1441H)

1. Basis of preparation

The unaudited condensed financial statements for the financial period ended 30 September 2019 of Bank Muamalat Malaysia Berhad ("BMMB" or "the Bank") and its subsidiaries (the "Group") have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting.

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

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

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

These condensed consolidated interim financial statements for the period ended 30 September 2019 have been prepared in accordance with MFRS 134 Interim Financial Reporting. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board, Bank Negara Malaysia Guidelines ("BNM") and the principles of Shariah.

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2019. 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 March 2019.

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 March 2019 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
MFRS 16: Leases	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019

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

Description	Effective for annual periods beginning on or after
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced by MASB

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1. Basis of Preparation (cont'd.)

The adoption of the above new MFRSs, amendments to MFRSs, annual improvements to MFRSs and IC Interpretations do not have any significant financial impact to the Group's and the Bank's financial statements, except for as disclosed below:

MFRS 16 Leases ("MFRS 16")

MFRS 16 replaces MFRS 117 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. It sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a lease liability to make lease payments and a right-of-use asset representing the right to use the underlying asset during the lease term, to be included in property, plant and equipment. Lessees will be required to separately recognise the finance cost on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from the current accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish operating and finance leases.

Transition to MFRS 16

On 1 April 2019, the Group and the Bank has applied MFRS 16 for the first time using the modified retrospective method and will not restate comparative information. Instead, the Group and the Bank will recognise the cumulative effect of initially applying the Standard as an adjustment to the opening balance of retained profits at the date of initial application.

The Group and the Bank elected the following transition practical expedients on a lease-by-lease basis for measurement purposes at first time application of MFRS 16:

- a) The Group and the Bank applied the standard to contracts that were previously identified as leases applying MFRS 117 and IFRIC 4;
- b) The Group and the Bank elected to use the exemptions proposed by MFRS 16 on lease contracts for which the lease terms end within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The asset classify as low value if the market value is less than USD 5,000 (equivalent to approximately RM20,000);
- c) For leases where the Group and the Bank are lessees, the Group and the Bank elected not to separate the non-lease components from lease components, and instead account for both components as a single lease component;
- d) A single discount rate was applied for those portfolio of leases with reasonably similar characteristics such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment; and
- e) The Group and the Bank used hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

The financial impact of the adoption of MFRS 16 on the financial statements of the Group and of the Bank are disclosed in Note 38.

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1. Basis of Preparation (cont'd.)

MFRS 16 Leases (cont'd.)

Right-of-Use Assets

At inception of a contract, the Group and the Bank assess whether a contract is, or contains, a lease arrangement based on whether the contract that conveys to the user (the lessee) the right to control the use of an identified asset for a period of time in exchange for consideration. If a contract contains more than one lease component, or a combination of leasing and services transactions, the consideration is allocated to each of these lease and non-lease components on conclusion and on each subsequent remeasurement of the contract on the basis of their relative stand-alone selling prices. The Group and the Bank combine lease and non-lease components, in cases where splitting the non-lease component is not possible.

The Group and the Bank recognise right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The lease term includes periods covered by an option to extend if the Group and the Bank are reasonably certain to exercise that option. Unless the Group and the Bank are reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment assessment.

Lease Liabilities

At the commencement date of the lease, the Group and the Bank recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Bank and payments of penalties for terminating a lease, if the lease term reflects the Group and the Bank exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Bank use the incremental funding rate at the lease commencement date if the profit rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of profit and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Revised Financial Reporting Guidelines issued by Bank Negara Malaysia ("BNM")

Financial Reporting for Islamic Banking Institutions

On 27 September 2019, BNM issued the revised policy document on Financial Reporting for Islamic Banking Institutions. With effect from 1 October 2019, the Bank shall classify a credit facility as credit-impaired:

- (a) where the principal or profit or both of the credit facility is past due for more than 90 days or 3 months;
- (b) in the case of revolving credit facilities (e.g. overdraft facilities), where the outstanding amount has remained in excess of the approved limit for a period of more than 90 days or 3 months;
- (c) where the amount is past due or the outstanding amount has been in excess of the approved limit for 90 days or 3 months or less, and the credit facility exhibits weaknesses in accordance with the Islamic banking institution's credit risk measurement framework; or
- (d) as soon as a default occurs where the principal and/or profit repayments are scheduled on intervals of 3 months or longer.

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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 March 2019 was not qualified.

3. Significant events

There was no significant event during the financial period ended 30 September 2019.

4. Seasonal or cyclical factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors during the financial period ended 30 September 2019.

5. Unusual items

There were no unusual items affecting the assets, liabilities, equity, net income or cashflows of the Group and the Bank during the financial period ended 30 September 2019.

6. Changes in accounting estimates

There were no material changes in estimates during the financial period ended 30 September 2019.

7. Dividends

There was no dividend payment during the financial period ended 30 September 2019.

8. Performance review and outlook

The Group posted an unaudited profit before zakat and taxation of RM67.7 million for the six-month period ended 30 September 2019, lower by 32.4% from the previous corresponding period in 2018. This is largely attributed to the shortfall in total income from investment of depositors' and shareholders' funds by RM34.4 million or 5.2%; partly resulted from the reduction in average balance of investment securities by 22%. However, this has been offset by the lower income attributable to depositors by RM35.6 million or 11.6% following the reduction in total average deposits by 4%.

In addition, total overheads has increased by 14.4% mainly attributable to the higher personnel and establishment costs.

Total assets of the Group stood at RM24.0 billion, higher from RM22.9 billion registered by the Group as at 31 March 2019. This is mainly contributed by the higher financing of customers; coupled with the increase in cash and short term funds in tandem with the increase in deposits from customers.

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

OUTLOOK

Global economic growth remained sluggish with weaker performance recorded in manufacturing and global trade due to, amongst others, higher tariffs and continuous uncertainty on trade policies mainly from the impact of US-China trade tension as well as weaker outlook for some emerging and developing economies. Premised on the current global economic performance, International Monetary Fund ("IMF") has revised the global growth to 3% in 2019, down from its July estimates of 3.2%. Not immune to these external uncertainties, Malaysia's economy is also forecasted to grow at 4.4% in 2019. Meanwhile, Bank Negara Malaysia had earlier forecasted 4.3%-4.8% growth for the country this year.

Despite the internal and external market volatilities, the Malaysian financial sector remains supportive of the domestic economy although the total outstanding loan grew at a year-to-date average of 5.3% on an annual basis compared to 6.1% in 2018. Nevertheless, the demand in Islamic Banking industry will continue to facilitate the banking growth in Malaysia, evidenced by its financing growth that has been outpacing the loan growth of conventional banks.

Against this backdrop, the Bank will continue to ride on its business plan, following on selective areas of growth to ensure it remains competitive in the current banking landscape. The Bank will also maintain its concentration on growth in retail assets with plan to diversify its market segment to government servants and GLC companies. At the same time, corporate and commercial segments will continue to leverage on the existing customers whilst penetrating their supply/client chain.

In managing its balance sheet, the Bank plans to optimise its return and manage its risks by further improving its asset quality as well as focusing on current account and saving account ("CASA") growth to manage its cost of fund. Realising the importance of digital innovation and process transformation, the Bank will also enhance its ease of access, usage and seamless banking experience as well as to further digitalise its customer base, especially in terms of mobile application and internet banking usage. Gearing towards improving fee-based income, the Bank will continue to expand its wealth management, Bancatakaful services, as well as continuous efforts on Ar-Rahnu business.

Emphasising the Bank's mission statement 'To Ethically Deliver Best Value to the Stakeholders, Society and the Environment', more emphasis will be given towards delivering impact-based initiatives that could help to uplift the socio-economic standards of the surrounding community and promote financing for positive environmental and cultural impact activities. Leveraging on being a member of Global Alliance for Banking on Values (GABV), the Bank aims to not only be the preferred Islamic financial institution but also aspires to be the champion in the ethical banking that provides the platform for better social, environmental and economic values.

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9. Financial investments

		Group 30 September 2019 RM'000	31 March 2019 RM'000	Bank 30 September 2019 RM'000	31 March 2019 RM'000
Financial investments at fair value through profit or loss	(i)	570,193	660,799	570,193	658,866
Financial investments at fair value through other comprehensive income	(ii)	5,143,848	4,936,032	5,141,444	4,933,767
Financial investments at amortised cost	(iii)	104,009	103,310	104,009	103,310
		5,818,050	5,700,141	5,815,646	5,695,943

		Group 30 September 2019 RM'000	31 March 2019 RM'000	Bank 30 September 2019 RM'000	31 March 2019 RM'000
(i) Financial investments at fair value through profit or loss					
Quoted securities in Malaysia:					
Quoted shares		-	1,933	-	-
Unquoted securities in Malaysia:					
Private equity funds		190,605	188,478	190,605	188,478
Malaysian government investment certificates		21,491	101,542	21,491	101,542
Bank Negara Malaysia bills and notes		219,983	234,750	219,983	234,750
Islamic private debt securities in Malaysia		138,114	134,096	138,114	134,096
		570,193	660,799	570,193	658,866

		Group 30 September 2019 RM'000	31 March 2019 RM'000	Bank 30 September 2019 RM'000	31 March 2019 RM'000
(ii) Financial investments at fair value through other comprehensive income					
Government securities and treasury bills:					
Malaysian government investment certificates		3,427,368	2,912,118	3,427,368	2,912,118
Unquoted securities:					
Islamic private debt securities in Malaysia		1,540,656	1,850,169	1,540,656	1,850,169
Cagamas bonds		56,264	55,948	56,264	55,948
Foreign Islamic private debt securities and sukuk		8,393	8,144	8,393	8,144
		1,605,313	1,914,261	1,605,313	1,914,261
Equity instruments:					
Quoted securities in Malaysia:					
Quoted shares		103,382	102,007	103,382	102,007
Unit trusts		2,404	2,265	-	-
		105,786	104,272	103,382	102,007
Unquoted securities:					
Shares in Malaysia		5,381	5,381	5,381	5,381
Total financial assets at fair value through other comprehensive income		5,143,848	4,936,032	5,141,444	4,933,767

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9. 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 Months ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total ECL
	RM'000	RM'000	RM'000	RM'000
At 30 September 2019				
At 1 April 2019	122	-	33,866	33,988
Allowance made	50	-	-	50
Amount written back in respect of recoveries	(47)	-	-	(47)
Exchange differences	-	-	377	377
At 30 September 2019	125	-	34,243	34,368
At 31 March 2019				
At 1 April 2018	313	-	81,210	81,523
Allowance made	91	-	-	91
Amount written back in respect of recoveries	(285)	-	-	(285)
Amount written off	-	-	(48,107)	(48,107)
Exchange differences	3	-	763	766
At 31 March 2019	122	-	33,866	33,988
	Group	31 March	Bank	
	30 September	2019	30 September	31 March
	2019	2019	2019	2019
	RM'000	RM'000	RM'000	RM'000

(iii) Financial investments at amortised cost

At amortised cost

Unquoted Islamic corporate sukuk in Malaysia	145,071	144,730	145,071	144,730
Accumulated impairment losses	(41,062)	(41,420)	(41,062)	(41,420)
Total financial investments at amortised cost	104,009	103,310	104,009	103,310

- (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	Total ECL
	RM'000	RM'000	RM'000	RM'000
At 30 September 2019				
At 1 April 2019	1	41,419	-	41,420
Amount written back in respect of recoveries	(1)	(357)	-	(358)
At 30 September 2019	-	41,062	-	41,062
At 31 March 2019				
At 1 April 2018	3	42,024	-	42,027
Amount written back in respect of recoveries	(2)	(605)	-	(607)
At 31 March 2019	1	41,419	-	41,420

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10. Islamic derivative financial instruments

The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the period end and are indicative of neither the market risk nor the credit risk.

	Group and Bank					
	30 September 2019			31 March 2019		
	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	1,289,210	12,873	(707)	1,322,983	13,765	(7,963)
- Currency swaps						
Less than one year	1,650,504	1,972	(13,243)	1,858,525	8,835	(12,946)
- Currency spot						
Less than one year	155,942	36	(76)	363,985	2,253	(708)
	3,095,656	14,881	(14,026)	3,545,493	24,853	(21,617)
Islamic profit rate swaps ("IPRS")						
Unhedged IPRS	450,000	-	(1,235)	950,000	-	(2,123)
Hedged IPRS	1,200,000	-	(55,275)	1,200,000	-	(24,422)
Total	4,745,656	14,881	(70,536)	5,695,493	24,853	(48,162)

Included within hedging derivatives are derivatives where the Group and the Bank apply hedge accounting. The principal amount and fair value of derivatives where hedge accounting is applied by the Group and Bank are as follows:

	30 September 2019			31 March 2019		
	Contract/ notional amount RM'000	Fair value		Contract/ Notional Amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Islamic profit rate swaps ("IPRS")	1,200,000	-	(55,275)	1,200,000	-	(24,422)

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 period ended 30 September 2019, the Group and the Bank:-

- (i) recognised a net loss of RM30,852,512 (31 March 2019: RM22,110,559) on the hedging instrument. The total net gain on the hedged items attributable to the hedged risk amounted to RM34,752,868 (31 March 2019: RM33,297,224); and
- (ii) Derecognition of fair value of hedged items attributable to the hedged risk is nil (31 March 2019: RM2,101,533) due to the derecognition of the hedged items.

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11. Financing of Customers

(i) By type and Shariah concepts

Group	Bai'	Ijarah			Bai'					Shirkah		Total
30 September 2019	Bithaman Ajil	Thumma	Inah	Tawarruq	Al-Dayn	Murabahah	Istisna'	Qard	Kafalah	Mutanaqisah	Rahnu	financing
	RM'000	Al-Bai	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line	-	-	4,182	351,063	-	-	-	-	-	-	-	355,245
Term financing:												
Home financing	1,731,024	-	-	2,757,051	-	-	10,035	-	-	-	-	4,498,110
Syndicated financing	-	7,926	-	592,073	-	-	-	-	-	-	-	599,999
Hire purchase receivables	92,194	448,901	-	-	-	40,723	-	-	-	-	-	581,818
Personal financing	64,270	-	162	3,350,867	-	-	-	-	-	-	-	3,415,299
Other term financing*	200,750	-	6	3,311,234	-	-	64,800	313	-	55,383	-	3,632,486
Trust receipts	-	-	-	-	30,669	45,276	-	-	-	-	-	75,945
Claims on customers under acceptance credits	-	-	-	-	123,641	800,770	-	-	-	-	-	924,411
Staff financing	39,155	-	-	60,844	-	-	-	496	-	-	-	100,495
Revolving credit	-	-	-	1,446,188	-	-	-	-	-	-	-	1,446,188
Guarantee - Performance	-	-	-	-	-	-	-	-	86	-	-	86
Ar-Rahnu	-	-	-	-	-	-	-	-	-	-	142,258	142,258
Gross financing	2,127,393	456,827	4,350	11,869,320	154,310	886,769	74,835	809	86	55,383	142,258	15,772,340
Fair value changes arising from fair value hedge	-	-	-	49,987	-	-	-	-	-	-	-	49,987
	2,127,393	456,827	4,350	11,919,307	154,310	886,769	74,835	809	86	55,383	142,258	15,822,327
Less : Allowance for impaired financing												
-Stage 1 - 12 Months ECL	(1,041)	(773)	(75)	(46,131)	(131)	(679)	(170)	(9)	-	-	(3,216)	(52,225)
-Stage 2 - Lifetime ECL not credit impaired	(2,667)	(91)	(80)	(10,807)	(254)	-	(2)	-	-	-	-	(13,901)
-Stage 3 - Lifetime ECL credit impaired	(21,175)	(3,568)	(231)	(78,367)	(279)	(7,597)	(91)	-	(44)	-	(1,503)	(112,855)
Total net financing	2,102,510	452,395	3,964	11,784,002	153,646	878,493	74,572	800	42	55,383	137,539	15,643,346

* Included in financing of customers are financing at fair value through profit or loss amounting to RM805,683,050.

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11. Financing of Customers (cont'd.)

(i) By type and Shariah concepts

Group	Bai'	Ijarah			Bai'					Shirkah		Total
31 March 2019	Bithaman Ajil	Thumma	Inah	Tawarruq	Al-Dayn	Murabahah	Istisna'	Qard	Kafalah	Mutanaqisah	Rahnu	financing
	RM'000	Al-Bai	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line	-	-	4,665	342,103	-	-	-	-	-	-	-	346,768
Term financing:												-
Home financing	1,815,631	-	-	2,718,034	-	-	10,149	-	-	-	-	4,543,814
Syndicated financing	-	10,303	-	643,264	-	-	-	-	-	-	-	653,567
Hire purchase receivables	85,059	496,573	-	-	-	-	-	-	-	-	-	581,632
Personal financing	67,928	-	282	3,299,171	-	-	-	-	-	-	-	3,367,381
Other term financing*	212,416	-	19	3,032,451	-	-	73,068	362	434	51,054	-	3,369,804
Trust receipts	-	-	-	-	63,155	35,537	-	-	-	-	-	98,692
Claims on customers under acceptance credits	-	-	-	-	94,639	851,827	-	-	-	-	-	946,466
Staff financing	41,807	-	-	58,499	-	-	-	491	-	-	-	100,797
Revolving credit	-	-	-	1,329,468	-	-	-	-	-	-	-	1,329,468
Ar-Rahnu	-	-	-	-	-	-	-	-	-	-	126,747	126,747
Total gross financing	2,222,841	506,876	4,966	11,422,990	157,794	887,364	83,217	853	434	51,054	126,747	15,465,136
Fair value changes arising from fair value hedge	-	-	-	23,045	-	-	-	-	-	-	-	23,045
	2,222,841	506,876	4,966	11,446,035	157,794	887,364	83,217	853	434	51,054	126,747	15,488,181
Less : Allowance for impaired financing												
At amortised cost												
-Stage 1 - 12 Months ECL	(1,195)	(960)	(75)	(50,035)	(661.00)	(133.00)	(199)	(11)	-	-	(2,617)	(55,886)
-Stage 2 - Lifetime ECL not credit impaired	(3,115)	(128)	(136)	(3,858)	(209)	-	(2)	-	-	-	-	(7,448)
-Stage 3 - Lifetime ECL credit impaired	(17,474)	(2,873)	(305)	(64,254)	-	(5,956)	(66)	-	(220)	-	(2,804)	(93,952)
Total net financing	2,201,057	502,915	4,450	11,327,888	156,924	881,275	82,950	842	214	51,054	121,326	15,330,895

* Included in financing of customers are financing at fair value through profit or loss amounting to RM774,461,089.

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11. Financing of Customers (cont'd.)

(i) By type and Shariah concepts

Bank	Bai'	Ijarah			Bai'						Total
30 September 2019	Bithaman Ajil	Thumma	Inah	Tawarruq	Al-Dayn	Murabahah	Istisna'	Qard	Kafalah	Rahnu	financing
	RM'000	Al-Bai	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line	-	-	4,182	351,063	-	-	-	-	-	-	355,245
Term financing:											
Home financing	1,731,024	-	-	2,757,051	-	-	10,035	-	-	-	4,498,110
Syndicated financing	-	7,926	-	592,073	-	-	-	-	-	-	599,999
Hire purchase receivables	92,194	448,901	-	-	-	40,723	-	-	-	-	581,818
Personal financing	64,270	-	162	3,350,867	-	-	-	-	-	-	3,415,299
Other term financing*	200,750	-	6	3,311,234	-	-	64,800	50,950	-	-	3,627,740
Trust receipts	-	-	-	-	30,669	45,276	-	-	-	-	75,945
Claims on customers under acceptance credits	-	-	-	-	123,641	800,770	-	-	-	-	924,411
Staff financing	39,155	-	-	60,844	-	-	-	496	-	-	100,495
Revolving credit	-	-	-	1,446,188	-	-	-	-	-	-	1,446,188
Guarantee - Performance	-	-	-	-	-	-	-	-	86	-	86
Ar-Rahnu	-	-	-	-	-	-	-	-	-	142,258	142,258
Gross financing	2,127,393	456,827	4,350	11,869,320	154,310	886,769	74,835	51,446	86	142,258	15,767,594
Fair value changes arising from fair value hedge	-	-	-	49,987	-	-	-	-	-	-	49,987
	2,127,393	456,827	4,350	11,919,307	154,310	886,769	74,835	51,446	86	142,258	15,817,581
Less : Allowance for impaired financing											
-Stage 1 - 12 Months ECL	(1,041)	(773)	(75)	(46,131)	(131)	(679)	(170)	(9)	-	(3,216)	(52,225)
-Stage 2 - Lifetime ECL not credit impaired	(2,667)	(91)	(80)	(10,807)	(254)	-	(2)	-	-	-	(13,901)
-Stage 3 - Lifetime ECL credit impaired	(21,175)	(3,568)	(231)	(78,367)	(279)	(7,597)	(91)	-	(44)	(1,503)	(112,855)
Total net financing	2,102,510	452,395	3,964	11,784,002	153,646	878,493	74,572	51,437	42	137,539	15,638,600

* Included in financing of customers are financing at fair value through profit or loss amounting to RM800,938,131.

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11. Financing of Customers (cont'd.)

(i) By type and Shariah concepts

Bank	Bai'	Ijarah			Bai'						Total
31 March 2019	Bithaman Ajil	Thumma	Inah	Tawarruq	Al-Dayn	Murabahah	Istisna'	Qard	Kafalah	Rahnu	financing
	RM'000	Al-Bai	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line	-	-	4,665	342,103	-	-	-	-	-	-	346,768
Term financing:											
Home financing	1,815,631	-	-	2,718,034	-	-	10,149	-	-	-	4,543,814
Syndicated financing	-	10,303	-	643,264	-	-	-	-	-	-	653,567
Hire purchase receivables	85,059	496,573	-	-	-	-	-	-	-	-	581,632
Personal financing	67,928	-	282	3,299,171	-	-	-	-	-	-	3,367,381
Other term financing*	212,416	-	19	3,032,451	-	-	73,068	53,802	434	-	3,372,190
Trust receipts	-	-	-	-	63,155	35,537	-	-	-	-	98,692
Claims on customers under acceptance credits	-	-	-	-	94,639	851,827	-	-	-	-	946,466
Staff financing	41,807	-	-	58,499	-	-	-	491	-	-	100,797
Revolving credit	-	-	-	1,329,468	-	-	-	-	-	-	1,329,468
Ar-Rahnu	-	-	-	-	-	-	-	-	-	126,747	126,747
Total gross financing	2,222,841	506,876	4,966	11,422,990	157,794	887,364	83,217	54,293	434	126,747	15,467,522
Fair value changes arising from fair value hedge	-	-	-	23,045	-	-	-	-	-	-	23,045
	2,222,841	506,876	4,966	11,446,035	157,794	887,364	83,217	54,293	434	126,747	15,490,567
Less : Allowance for impaired financing											
At amortised cost											
-Stage 1 - 12 Months ECL	(1,195)	(960)	(75)	(50,035)	(661)	(133)	(199)	(11)	-	(2,617)	(55,886)
-Stage 2 - Lifetime ECL not credit impaired	(3,115)	(128)	(136)	(3,858)	(209)	-	(2)	-	-	-	(7,448)
-Stage 3 - Lifetime ECL credit impaired	(17,474)	(2,873)	(305)	(64,254)	-	(5,956)	(66)	-	(220)	(2,804)	(93,952)
Total net financing	2,201,057	502,915	4,450	11,327,888	156,924	881,275	82,950	54,282	214	121,326	15,333,281

* Included in financing of customers are financing at fair value through profit or loss amounting to RM776,847,089.

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11. Financing of customers (cont'd.)

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

	Group		Bank	
	30 September 2019 RM'000	31 March 2019 RM'000	30 September 2019 RM'000	31 March 2019 RM'000
Uses of Qard fund:				
Staff financing	496	491	496	491
Other term financing	313	362	50,950	53,802
	809	853	51,446	54,293

(ii) By type of customer

	Group		Bank	
	30 September 2019 RM'000	31 March 2019 RM'000	30 September 2019 RM'000	31 March 2019 RM'000
Domestic non-banking institutions	699,431	641,457	699,431	641,457
Domestic business enterprises:				
- Small business enterprises	315,808	46,070	315,808	46,070
- Others	3,617,917	3,830,580	3,613,171	3,832,966
Government and statutory bodies	958,733	931,692	958,733	931,692
Individuals	10,161,309	9,991,495	10,161,309	9,991,495
Other domestic entities	3,886	5,228	3,886	5,228
Foreign entities	15,256	18,614	15,256	18,614
Gross Financing	15,772,340	15,465,136	15,767,594	15,467,522

(iii) By profit rate sensitivity

	Group		Bank	
	30 September 2019 RM'000	31 March 2019 RM'000	30 September 2019 RM'000	31 March 2019 RM'000
Fixed rate:				
Home financing	273,969	294,984	273,969	294,984
Hire purchase receivables	581,818	581,632	581,818	581,632
Others	3,424,969	3,305,713	3,420,223	3,308,099
Variable rate:				
Home financing	4,265,766	4,290,170	4,265,766	4,290,170
Others	7,225,818	6,992,637	7,225,818	6,992,637
Gross Financing	15,772,340	15,465,136	15,767,594	15,467,522

(iv) By residual contractual maturity

	Group		Bank	
	30 September 2019 RM'000	31 March 2019 RM'000	30 September 2019 RM'000	31 March 2019 RM'000
Maturity				
- within one year	4,184,682	4,076,604	4,184,682	4,076,604
- more than one to five years	5,263,844	4,999,965	5,263,844	5,002,351
- more than five years	6,323,815	6,388,567	6,319,069	6,388,567
Gross Financing	15,772,341	15,465,136	15,767,595	15,467,522

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11. Financing of customers (cont'd.)

(v) By sector

	Group		Bank	
	30 September	31 March	30 September	31 March
	2019	2019	2019	2019
	RM'000	RM'000	RM'000	RM'000
Agriculture	21,513	22,348	21,513	22,348
Mining and quarrying	4,878	4,954	4,878	4,954
Manufacturing	686,768	683,164	686,768	684,847
Electricity, gas and water	127,959	139,810	127,959	139,810
Construction	375,768	363,630	375,768	363,630
Household	10,168,641	10,000,044	10,168,641	10,000,044
Real estate	1,350,130	1,319,460	1,350,130	1,319,460
Wholesale, retail and restaurant	920,942	842,281	920,942	842,281
Transport, storage and communication	67,785	78,100	67,785	78,099
Finance, takaful and business services	808,691	752,865	808,691	752,865
Community, social and personal services	280,532	303,743	275,786	304,447
Government and statutory bodies	958,733	954,737	958,733	954,737
Gross Financing	15,772,340	15,465,136	15,767,594	15,467,522

(vi) By geographical area

	Group		Bank	
	30 September	31 March	30 September	31 March
	2019	2019	2019	2019
	RM'000	RM'000	RM'000	RM'000
Domestic	15,772,340	15,465,136	15,767,594	15,467,522
Gross Financing	15,772,340	15,465,136	15,767,594	15,467,522

Included in financing of customers is a financing given to the government which are hedged by profit rate derivatives. The hedge achieved the criteria for hedge accounting and the financing are carried at fair value.

The maximum credit exposure of the financing of customers amounts to RM700 million (31 March 2019: RM700 million). The cumulative change in fair value of the financing attributable to changes in profit rate risks amounted to a gain of RM49,986,600 (31 March 2019: RM23,045,089) and the fair value change for the current period is a gain of RM26,941,512 (31 March 2019: RM26,767,470). The changes in fair value of the designated financing attributable to changes in profit risk have been calculated by determining the changes in profit spread implicit in the fair value of securities issued by entities with similar credit characteristics.

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11. Financing of customers (cont'd.)

Impaired financing

(i) Movements in the impaired financing

	Group		Bank	
	30 September	31 March	30 September	31 March
	2019	2019	2019	2019
	RM'000	RM'000	RM'000	RM'000
At beginning of period				
- as previously stated	221,216	285,416	221,216	290,349
- effect of adopting MFRS 9	-	108,084	-	103,151
Gross impaired financing	221,216	393,500	221,216	393,500
Classified as impaired during the period	172,886	476,380	172,886	476,380
Reclassified as performing during the period	(81,892)	(285,459)	(81,892)	(285,459)
Recovered during the period	(42,704)	(149,878)	(42,704)	(149,878)
Written off during the period	(23,711)	(213,327)	(23,711)	(213,327)
Gross impaired financing	245,795	221,216	245,795	221,216
Less: Stage 3 - Lifetime ECL credit impaired	(112,855)	(93,952)	(112,855)	(93,952)
Net impaired financing and advances	132,940	127,264	132,940	127,264
Calculation ratio of impaired financing:				
Gross financing of customers	15,772,340	15,465,136	15,767,594	15,467,522
Less: Stage 3 - Lifetime ECL credit impaired	(112,855)	(93,952)	(112,855)	(93,952)
Net financing of customers	15,659,485	15,371,184	15,654,739	15,373,570
Ratio of gross impaired financing to total financing	1.56%	1.43%	1.56%	1.43%
Net impaired financing ratio	0.85%	0.83%	0.85%	0.83%

(ii) Impaired financing by sector

	Group		Bank	
	30 September	31 March	30 September	31 March
	2019	2019	2019	2019
	RM'000	RM'000	RM'000	RM'000
Manufacturing	2,315	362	2,315	362
Construction	6,978	6,820	6,978	6,820
Household	196,607	171,310	196,607	171,310
Real estate	18,826	19,186	18,826	19,186
Wholesale, retail and restaurant	10,973	11,754	10,973	11,754
Transport, storage and communication	8,125	7,915	8,125	7,915
Finance, takaful and business services	1,245	3,165	1,245	3,165
Community, social and personal service	726	704	726	704
	245,795	221,216	245,795	221,216

(iii) Impaired financing by geographical area

	Group		Bank	
	30 September	31 March	30 September	31 March
	2019	2019	2019	2019
	RM'000	RM'000	RM'000	RM'000
Domestic	245,795	221,216	245,795	221,216

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11. Financing of customers (cont'd.)

Impaired financing (cont'd.)

(iv) Movements in the loss allowance for financing of customers

Group and Bank	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 30 September 2019				
At 1 April 2019	55,886	7,448	93,952	157,286
Transfer to Stage 1	9,480	(6,539)	(2,941)	-
Transfer to Stage 2	(1,391)	32,237	(30,846)	-
Transfer to Stage 3	(594)	(4,004)	4,598	-
Allowance (writtenback)/made	(18,214)	(15,746)	77,143	43,183
New financial assets originated	26,643	1,848	70	28,561
Financial assets derecognised	(19,588)	(1,343)	(5,412)	(26,343)
Amount written-off/realised	-	-	(23,709)	(23,709)
Other movements	3	-	-	3
At 30 September 2019	52,225	13,901	112,855	178,981
At 31 March 2019				
At 1 April 2018	64,460	17,354	270,971	352,785
Transfer to Stage 1	101,019	(7,444)	(93,575)	-
Transfer to Stage 2	(2,300)	98,819	(96,519)	-
Transfer to Stage 3	(2,036)	(5,797)	7,833	-
Allowance (writtenback)/made	(50,497)	(90,261)	177,608	36,850
New financial assets originated	29,381	3,001	8,264	40,646
Financial assets derecognised	(22,011)	(3,930)	(39,646)	(65,587)
Amount written-off/realised	(62,134)	(4,294)	(140,984)	(207,412)
Other movements	4	-	-	4
At 31 March 2019	55,886	7,448	93,952	157,286

12. Other assets

	Group		Bank	
	30 September 2019 RM'000	31 March 2019 RM'000	30 September 2019 RM'000	31 March 2019 RM'000
Deposits	7,405	7,504	7,305	7,404
Prepayments	7,872	8,999	7,775	8,814
Tax prepayment	13,871	48,956	13,871	48,810
Golf club membership	600	600	600	600
Other receivables	14,998	7,581	14,998	7,581
Other debtors	53,385	12,506	53,042	14,843
	98,131	86,146	97,591	88,052
Less: Accumulated impairment losses	(4,521)	(4,521)	(4,521)	(4,521)
	93,610	81,625	93,070	83,531

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13. Deferred tax assets & liabilities

	Group		Bank	
	30 September	31 March	30 September	31 March
	2019	2019	2019	2019
	RM'000	RM'000	RM'000	RM'000
At 1 April, as previously stated	17,677	15,020	17,742	15,607
Effect of MFRS 16/MFRS 9 adoption	690	49,940	457	49,940
At 1 April, as restated	18,367	64,960	18,199	65,547
Recognised in profit or loss (Note 32)	(980)	(38,525)	(1,087)	(39,047)
Recognised in the equity	(14,461)	(8,758)	(14,461)	(8,758)
At end of the period	2,926	17,677	2,651	17,742

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	
	30 September	31 March	30 September	31 March
	2019	2019	2019	2019
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets, net	2,926	17,742	2,651	17,742
Deferred tax liabilities, net	-	(65)	-	-
	2,926	17,677	2,651	17,742

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

	Group		Bank	
	30 September	31 March	30 September	31 March
	2019	2019	2019	2019
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	23,908	26,607	23,633	26,607
Deferred tax liabilities	(20,982)	(8,930)	(20,982)	(8,865)
	2,926	17,677	2,651	17,742

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

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

Deferred tax assets of the Group :

	ECL RM'000	Financial investments at FVOCI RM'000	Property, plant and equipment & intangible asset RM'000	Provision for liabilities RM'000	Leases RM'000	Other temporary differences RM'000	Total RM'000
At 1 April 2019	11,121	508	5,303	9,353	-	322	26,607
Effect of adopting MFRS 16	-	-	-	-	690	-	690
At 1 April 2019, as restated	11,121	508	5,303	9,353	690	322	27,297
Recognised in profit or loss	771	-	689	(4,488)	107	40	(2,881)
Recognised in other comprehensive income	-	(508)	-	-	-	-	(508)
At 30 September 2019	11,892	-	5,992	4,865	797	362	23,908

	ECL RM'000	Financial investments at FVOCI RM'000	Financial investments at AFS RM'000	Property, plant and equipment & intangible asset RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 April 2018, as previously stated	-	-	9,266	4,153	10,568	248	24,235
Effect of adopting MFRS 9	49,940	9,266	(9,266)	-	-	-	49,940
At 1 April 2018, restated	49,940	9,266	-	4,153	10,568	248	74,175
Recognised in profit or loss	(38,819)	-	-	1,150	(1,215)	74	(38,810)
Recognised in other comprehensive income	-	(8,758)	-	-	-	-	(8,758)
At 31 March 2019	11,121	508	-	5,303	9,353	322	26,607

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

Deferred tax liabilities of the Group :

	Financial investments at FVOCI & FVTPL RM'000	Property, plant and equipment and intangible asset RM'000	Total RM'000
At 1 April 2019	(65)	(8,865)	(8,930)
Recognised in profit or loss	65	1,836	1,901
Recognised in other comprehensive income	(13,953)	-	(13,953)
At 30 September 2019	(13,953)	(7,029)	(20,982)

	Financial investments at FVTPL RM'000	Property, plant and equipment and intangible asset RM'000	Total RM'000
At 1 April 2018	(587)	(8,628)	(9,215)
Recognised in profit or loss	522	(237)	285
At 31 March 2019	(65)	(8,865)	(8,930)

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

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

Deferred tax assets of the Bank:

	ECL RM'000	Financial investments at FVOCI RM'000	Property, plant and equipment & intangible asset RM'000	Provision for liabilities RM'000	Leases RM'000	Other temporary differences RM'000	Total RM'000
At 1 April 2019	11,121	508	5,303	9,353	-	322	26,607
Effect of adopting MFRS 16	-	-	-	-	457	-	457
At 1 April 2019, as restated	11,121	508	5,303	9,353	457	322	27,064
Recognised in profit or loss	771	-	688	(4,488)	66	40	(2,923)
Recognised in other comprehensive income	-	(508)	-	-	-	-	(508)
At 30 September 2019	11,892	-	5,991	4,865	523	362	23,633

	ECL RM'000	Financial investments at FVOCI RM'000	Financial investments at AFS RM'000	Property, plant and equipment & intangible asset RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 April 2018, as previously stated	-	-	9,266	4,153	10,568	248	24,235
Effect of adopting MFRS 9	49,940	9,266	(9,266)	-	-	-	49,940
At 1 April 2018, as restated	49,940	9,266	-	4,153	10,568	248	74,175
Recognised in profit or loss	(38,819)	-	-	1,150	(1,215)	74	(38,810)
Recognised in other comprehensive income	-	(8,758)	-	-	-	-	(8,758)
At 31 March 2019	11,121	508	-	5,303	9,353	322	26,607

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

Deferred tax liabilities of the Bank:

	Financial investments at FVOCI RM'000	Property, plant and equipment and intangible asset RM'000	Total RM'000
At 1 April 2019	-	(8,865)	(8,865)
Recognised in profit or loss	-	1,836	1,836
Recognised in other comprehensive income	(13,953)	-	(13,953)
At 30 September 2019	(13,953)	(7,029)	(20,982)

	Property, plant and equipment and intangible asset RM'000	Total RM'000
At 1 April 2018, as	(8,628)	(8,628)
Recognised in profit or loss	(237)	(237)
At 31 March 2019	(8,865)	(8,865)

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14. Deposits from customers

(a) By type of deposits

	Group		Bank	
	30 September 2019	31 March 2019	30 September 2019	31 March 2019
	RM'000	RM'000	RM'000	RM'000
Saving Deposit				
Qard	1,000,267	1,039,081	1,000,267	1,039,081
Tawarruq	488,881	354,575	488,881	354,575
Demand Deposit				
Qard	2,841,693	3,104,620	2,843,602	3,111,107
Tawarruq	1,836,046	844,916	1,836,046	844,916
Term Deposit				
Negotiable Islamic debt certificate	808,017	908,842	808,017	908,842
General investment deposits	90,004	94,877	90,004	94,877
Short term accounts	2,489,444	2,199,402	2,489,444	2,199,402
Fixed term accounts tawarruq	10,459,218	10,564,188	10,471,018	10,581,488
Other deposits	34,652	33,617	34,651	33,617
	20,048,222	19,144,118	20,061,930	19,167,905

(b) By type of customer

	Group		Bank	
	30 September 2019	31 March 2019	30 September 2019	31 March 2019
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	4,984,271	4,712,851	4,984,271	4,712,851
Business enterprises	7,651,520	7,330,308	7,665,228	7,354,095
Individuals	2,206,459	2,040,314	2,206,459	2,040,314
Domestic non-bank financial institutions	3,674,303	3,342,090	3,674,303	3,342,090
Domestic banking financial institutions	304,843	404,126	304,843	404,126
Others	1,226,826	1,314,429	1,226,826	1,314,429
	20,048,222	19,144,118	20,061,930	19,167,905

The maturity structure of term deposits are as follow :

	Group		Bank	
	30 September 2019	31 March 2019	30 September 2019	31 March 2019
	RM'000	RM'000	RM'000	RM'000
Due within six months	11,863,313	11,150,968	11,875,113	11,168,268
More than six months to one year	1,701,395	2,337,193	1,701,395	2,337,193
More than one year to three years	281,607	278,727	281,607	278,727
More than three years to five years	368	421	368	421
	13,846,683	13,767,309	13,858,483	13,784,609

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15. Restricted investment accounts

Restricted investment accounts ("RIA") is an arrangement between the Bank and investment account holders where the Bank acts as the investment agent to manage and administer the RIA and its underlying assets. RIA amounting to RM20,000,000 (31 March 2019: RM20,944,000) is accounted for as off balance sheet as the Bank has no right and obligation in respect of the assets related to the RIA or to the residual cash flows from those assets except for the Wakalah performance incentive fee income generated by the Bank for managing the RIA.

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

	Group		Bank	
	30 September 2019	31 March 2019	30 September 2019	31 March 2019
	RM'000	RM'000	RM'000	RM'000
Wakalah				
Maturity				
- within one year	20,000	20,444	20,000	20,944
	20,000	20,444	20,000	20,944

(ii) By types of customer are as follows:

	Group		Bank	
	30 September 2019	31 March 2019	30 September 2019	31 March 2019
	RM'000	RM'000	RM'000	RM'000
Business enterprise	-	-	-	500
Individuals	18,000	18,043	18,000	18,043
Others	2,000	2,401	2,000	2,401
	20,000	20,444	20,000	20,944

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

	Group		Bank	
	30 September 2019	31 March 2019	30 September 2019	31 March 2019
	RM'000	RM'000	RM'000	RM'000
Restricted investment accounts				
Term financing	-	444	-	944
Ar-Rahnu	20,000	20,000	20,000	20,000
Total investment	20,000	20,444	20,000	20,944

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

	Group and Bank 30 September 2019		Group and Bank 31 March 2019	
	Average profit sharing ratio	Average rate of return	Average profit sharing ratio	Average rate of return
	(%)	(%)	(%)	(%)
Investment account of customers	87.5%	7.0%	91.0%	6.8%

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16. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 September 2019	31 March 2019
	RM'000	RM'000
Bank Negara Malaysia	6,496	6,747
Others financial institutions	97,008	-
	103,504	6,747

17. Other liabilities

	Group		Bank	
	30 September 2019	31 March 2019	30 September 2019	31 March 2019
	RM'000	RM'000	RM'000	RM'000
Sundry creditors	1,776	5,062	483	1,134
Allowances for impairment losses on financing commitments and financial guarantee contracts (Note 17(a))	6,350	6,898	6,350	6,898
Accrual for bonus	7,353	23,211	7,315	22,789
Accrued expenses	11,714	14,905	11,592	15,061
Accrual for directors' fees	480	60	480	60
Accrual for audit fees	910	1,096	897	1,075
Other liabilities	22,918	27,218	22,835	27,139
	51,501	78,450	49,952	74,156

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

	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
Group and Bank				
At 30 September 2019				
At 1 April 2019	3,406	121	3,371	6,898
Transfer to Stage 1	130	(130)	-	-
Transfer to Stage 2	(36)	162	(126)	-
Transfer to Stage 3	(2)	(90)	92	-
Allowance made	24	14	157	195
New financing originated	184	-	-	184
Financing derecognised	(385)	(15)	(388)	(788)
Amount written-off/realised	-	-	(139)	(139)
At 30 September 2019	3,321	62	2,967	6,350
At 31 March 2019				
At 1 April 2018	4,172	2,815	4,760	11,747
Transfer to Stage 1	1,569	(1,089)	(480)	-
Transfer to Stage 2	(102)	812	(710)	-
Transfer to Stage 3	(6)	(111)	117	-
Allowance made	1,106	539	2,575	4,220
New financing originated	122	-	-	122
Financing derecognised	(2,573)	(2,845)	(1,676)	(7,094)
Amount written-off/realised	(896)	-	(1,216)	(2,112)
Other movements	14	-	1	15
At 31 March 2019	3,406	121	3,371	6,898

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18. Provision for zakat and taxation

	Group		Bank	
	30 September	31 March	30 September	31 March
	2019	2019	2019	2019
	RM'000	RM'000	RM'000	RM'000
Zakat	2,117	6,661	2,076	6,597
Taxation	98	9	-	-
	2,215	6,670	2,076	6,597

19. 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.

20. Sukuk

(a) Subordinated sukuk

On 15 June 2016, the Bank set up a RM1.0 billion Sukuk programme of which RM250.0 million (5 years maturity on 15 June 2021) was subscribed up to the closing date. The Sukuk programme has loss absorption features to meet Basel III criteria and qualifies as Tier 2 capital for the purpose of Bank Negara Malaysia capital adequacy requirement.

The subordinated sukuk bears profit/dividend at 5.8% per annum, up to the date of early redemption in full of such sukuk or maturity date, whichever is earlier. The dividend is payable semi-annually in June and December.

(b) Senior sukuk

On 25 November 2016, the Bank has issued RM500.0 million (5 years maturity on 25 November 2021) of senior sukuk respectively through a RM2.0 billion Senior Sukuk Programme.

The Senior Sukuk bears profit/dividend at 5.5% per annum, up to the date of early redemption in full of such sukuk or maturity date, whichever is earlier. The dividend is payable semi-annually in May and November each year.

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

Group and Bank	3 months ended		6 months ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Income derived from investment of:				
(a) Fixed term deposits	163,887	186,365	316,525	351,738
(b) Other deposits	146,427	129,758	292,337	266,577
	310,314	316,123	608,862	618,315

(a) Income derived from investment of fixed term deposits

	3 months ended		6 months ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Finance income and hibah				
Income from financing	122,360	134,725	238,717	256,122
Financial investments designated at FVTPL	1,019	1,178	2,094	2,066
Financial assets at fair value through other comprehensive income	22,508	34,778	45,441	67,458
Financial assets at amortised cost	323	806	633	1,335
Money at call and deposit with financial institutions	2,973	6,598	6,649	10,249
	149,183	178,085	293,534	337,230
Accretion of discounts less amortisation of premium	949	(155)	752	(236)
Total finance income and hibah	150,132	177,930	294,286	336,994
Other operating income				
Net (loss)/gain from sale of:				
- financial investments designated at FVTPL	(34)	144	27	192
- financial investments at fair value through other comprehensive income	4,587	1,177	6,199	1,192
Unrealised gain on revaluation from financial investments designated at FVTPL	554	81	773	41
	5,107	1,402	6,999	1,425
Fees and commission				
Guarantee fees	223	192	415	367
Safekeeping fees	2,300	1,972	4,356	3,791
Processing fees	247	87	512	169
Service charges and fees	1,729	1,390	3,166	2,675
Commission	4,149	3,392	6,791	6,317
	8,648	7,033	15,240	13,319
Total	163,887	186,365	316,525	351,738

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

(b) Income derived from investment of other deposits

	3 months ended		6 months ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Income from financing	109,245	93,675	220,475	194,110
Financial investments designated at FVTPL	907	831	1,934	1,566
Financial assets at fair value through other comprehensive income	20,046	24,088	41,968	51,125
Financial assets at amortised cost	288	574	585	1,012
Money at call and deposit with financial institutions	2,628	4,747	6,141	7,769
	<u>133,114</u>	<u>123,915</u>	<u>271,103</u>	<u>255,582</u>
Accretion of discounts less amortisation of premium	883	(112)	695	(179)
Total finance income and hibah	<u>133,997</u>	<u>123,803</u>	<u>271,798</u>	<u>255,403</u>
Other operating income				
Net (loss)/gain from sale of:				
- financial investments designated at FVTPL	(33)	106	25	146
- financial investments at fair value through other comprehensive income	4,184	891	5,725	903
Unrealised gain on revaluation from financial investments designated at FVTPL	504	64	714	31
	<u>4,655</u>	<u>1,061</u>	<u>6,464</u>	<u>1,080</u>
Fees and commission				
Guarantee fees	200	133	383	278
Safekeeping fees	2,058	1,368	4,023	2,873
Processing fees	220	61	473	128
Service charges and fees	1,551	964	2,924	2,028
Commission	3,746	2,368	6,272	4,787
	<u>7,775</u>	<u>4,894</u>	<u>14,075</u>	<u>10,094</u>
Total	<u>146,427</u>	<u>129,758</u>	<u>292,337</u>	<u>266,577</u>

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22. Income derived from investment of shareholders' funds

Group	3 months ended		6 months ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Finance income and hibah				
Financial assets at fair value through other comprehensive income	2,696	3,324	5,231	6,563
Financial assets at amortised cost				
Money at call and deposit with financial institutions	414	423	837	822
	3,110	3,747	6,068	7,385
Amortisation of premium less accretion of discounts	(120)	745	378	1,485
Total finance income and hibah	2,990	4,492	6,446	8,870
Other operating income				
Net (loss)/gain from foreign exchange transaction	(898)	3,072	3,156	3,040
Unrealised gain/(loss) on revaluation from foreign exchange derivatives	1,596	(496)	(2,381)	1,761
Net loss from sale of fair value through profit and loss securities	(2)	-	(6)	-
Unrealised (loss)/gain on revaluation from financial investments designated at FVTPL	(2,822)	18,678	4,356	18,725
Net (loss)/gain from sale of financial investments at fair value through other comprehensive income	(495)	115	(1,081)	118
Gross dividend income from investment: -shares in Malaysia	18	2	38	14
Net dividend paid for Islamic profit rate swap	(3,215)	(1,967)	(5,295)	(2,984)
Unrealised (loss)/gain on revaluation of Islamic profit rate swap	(14,560)	212	(29,965)	(4,217)
Unrealised gain/(loss) on revaluation from hedged items	19,435	(309)	34,753	7,224
Gain from derecognition fair value of hedged items	-	-	-	1,916
	(943)	19,307	3,575	25,597
Fees and commission				
Corporate advisory fees	754	812	1,327	3,358
Service charges and fees	1,373	445	2,475	946
Commission	481	560	1,093	1,174
	2,608	1,817	4,895	5,478
Other income				
Rental income	383	232	527	476
Gain on disposal of property, plant and equipment	-	5	-	5
	383	237	527	481
Total	5,038	25,853	15,443	40,426

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

Bank	3 months ended		6 months ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Finance income and hibah				
Financial assets at fair value through other comprehensive income	2,696	3,324	5,231	6,563
Financial assets at amortised cost				
Money at call and deposit with financial institutions	414	423	837	822
	<u>3,110</u>	<u>3,747</u>	<u>6,068</u>	<u>7,385</u>
Accretion of discounts	(120)	745	378	1,485
Total finance income and hibah	<u>2,990</u>	<u>4,492</u>	<u>6,446</u>	<u>8,870</u>
Other operating income				
Net (loss)/gain from foreign exchange transaction	(898)	3,072	3,156	3,040
Unrealised gain/(loss) on revaluation from foreign exchange derivatives	1,596	(496)	(2,381)	1,761
Unrealised (loss)/gain on revaluation from financial investments designated at FVTPL	(2,822)	20,040	4,501	22,120
Net (loss)/gain from sale of financial investments at fair value through other comprehensive income	(495)	115	(1,080)	118
Gross dividend income from investment:				
-subsidiary	-	-	1,000	-
Net dividend paid for Islamic profit rate swap	(3,215)	(1,967)	(5,295)	(2,984)
Unrealised (loss)/gain on revaluation of Islamic profit rate swap	(14,560)	212	(29,965)	(4,217)
Unrealised gain/(loss) on revaluation from hedged items	19,435	(309)	34,753	7,224
Gain from derecognition fair value of hedged items	-	-	-	1,916
	<u>(959)</u>	<u>20,667</u>	<u>4,689</u>	<u>28,978</u>
Fees and commission				
Corporate advisory fees	263	325	570	2,694
Service charges and fees	51	47	128	115
Commission	481	560	1,093	1,174
	<u>795</u>	<u>932</u>	<u>1,791</u>	<u>3,983</u>
Other income				
Rental income	385	262	559	536
Gain on disposal of property, plant and equipment	-	5	-	5
	<u>385</u>	<u>267</u>	<u>559</u>	<u>541</u>
Total	<u>3,211</u>	<u>26,358</u>	<u>13,485</u>	<u>42,372</u>

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23. Income derived from investment of investment account funds

Group and Bank	3 months ended		6 months ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Finance income and hibah				
Investment of account funds	-	1	4	2
Fees and commission				
Service charges and fees	-	4	1	104
Total	-	5	5	106

24. Allowance for impairment on financing

Group	3 months ended		6 months ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Allowance for impairment on financing of customer:				
- individual allowance made	3,179	18,713	6,296	18,713
- individual allowance written back	(2,500)	(10,232)	(5,106)	(10,232)
- collective allowance made	61,498	59,824	116,044	139,187
- collective allowance written back	(34,872)	(60,284)	(72,239)	(129,804)
Impaired financing written off	54	4,651	58	8,719
Impaired financing recovered	(11,331)	(2,973)	(17,937)	(4,447)
	16,028	9,699	27,116	22,136

Bank	3 months ended		6 months ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Allowance for impairment on financing of customer:				
- individual allowance made	3,179	18,713	6,296	18,713
- individual allowance written back	(2,500)	(10,232)	(5,106)	(10,232)
- collective allowance made	61,498	59,828	116,044	139,177
- collective allowance written back	(34,872)	(60,284)	(72,239)	(129,804)
Impaired financing written off	54	4,651	58	8,719
Impaired financing recovered	(11,331)	(2,973)	(17,937)	(4,447)
	16,028	9,703	27,116	22,126

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25. Writeback of impairment losses on financial investments

	3 months ended		6 months ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
Group and Bank	RM'000	RM'000	RM'000	RM'000
Impairment (write back)/loss on corporate bonds included under Fair value through other comprehensive income ("FVOCI")	(21)	(65)	3	(113)
Impairment write back on corporate bonds included under Amortised Cost ("AC")	(47)	(31)	(358)	(252)
	<u>(68)</u>	<u>(96)</u>	<u>(355)</u>	<u>(365)</u>

26. Writeback/(allowance) of impairment losses on other financial assets, net

	3 months ended		6 months ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
Group and Bank	RM'000	RM'000	RM'000	RM'000
Cash and short term funds				
- ECL, net	(1)	105	(193)	105
Deposits and placements with banks and other financial institutions				
- ECL, net	-	376	-	376
	<u>(1)</u>	<u>481</u>	<u>(193)</u>	<u>481</u>

27. Income attributable to depositors

	3 months ended		6 months ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
Group	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
Mudharabah funds	341	400	689	830
Non-Mudharabah funds	132,339	155,818	269,790	300,213
Deposits and placements of banks and other financial institutions:				
Non-Mudharabah funds	1,294	3,659	1,494	6,551
	<u>133,974</u>	<u>159,877</u>	<u>271,973</u>	<u>307,594</u>

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27. Income attributable to depositors (cont'd)

Bank	3 months ended		6 months ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
Mudharabah funds	341	400	689	830
Non-Mudharabah funds	132,407	155,912	269,928	300,418
Deposits and placements of banks and other financial institutions:				
Non-Mudharabah funds	1,294	3,659	1,494	6,551
	134,042	159,971	272,111	307,799

28. Personnel expenses

Group	3 months ended		6 months ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Salary and wages	38,265	34,971	74,029	67,428
Contribution to defined contribution plan	7,237	6,967	14,698	12,947
Social security contributions	418	397	794	772
Allowances and bonuses	7,465	6,723	16,972	9,925
Mutual Separation Scheme	-	-	183	179
Others	6,715	6,616	12,776	13,485
	60,100	55,674	119,452	104,736

Bank	3 months ended		6 months ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Salary and wages	37,726	34,495	72,999	66,587
Contribution to defined contribution plan	7,163	6,904	14,541	12,828
Social security contributions	404	383	780	758
Allowances and bonuses	7,426	6,695	16,896	9,876
Mutual Separation Scheme	-	-	183	179
Others	6,676	6,606	12,721	13,459
	59,395	55,083	118,120	103,687

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29. Other overheads and expenditures

Group	3 months ended		6 months ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Promotion				
Advertisement and publicity	4,152	2,214	6,622	5,351
Others	2,446	1,317	3,834	2,839
Establishment				
Rental	217	3,369	380	6,679
Depreciation of property, plant and equipment	3,019	3,834	6,690	7,687
Depreciation of right-of-use assets	2,661	-	4,854	-
Amortisation of intangible assets	8,524	7,474	16,766	14,639
Amortisation of prepaid land lease payment	1	1	2	2
Information technology expenses	13,932	8,088	28,289	20,276
Repair and maintenance	1,030	738	2,197	1,477
Hire of equipment	938	1,171	1,822	1,788
Takaful	1,926	2,205	3,701	4,051
Utilities expenses	1,278	1,319	2,607	2,551
Security expenses	2,699	2,570	5,430	5,133
Others	970	1,189	1,919	2,226
General expenses				
Auditors' fees	202	237	301	346
Professional fees	1,225	856	1,831	1,151
Legal expenses	427	986	1,176	1,373
Telephone	463	402	901	914
Stationery and printing	437	494	862	950
Postage and courier	406	261	821	605
Travelling	467	537	878	1,015
Directors remuneration and Shariah Committee allowance	1,268	1,114	2,458	2,148
Others	2,778	1,892	5,946	4,209
	51,466	42,268	100,287	87,410

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29. Other overheads and expenditures (cont'd)

Bank	3 months ended		6 months ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Promotion				
Advertisement and publicity	4,152	2,216	6,622	5,351
Others	2,441	1,311	3,826	2,833
Establishment				
Rental	217	3,223	380	6,372
Depreciation of property, plant and equipment	3,205	3,883	6,687	7,682
Depreciation of right-of-use assets	2,355	-	4,608	-
Amortisation of intangible assets	8,514	7,373	16,758	14,538
Amortisation of prepaid land lease payment	1	1	2	2
Information technology expenses	13,932	8,088	28,289	20,276
Repair and maintenance	942	652	2,017	1,296
Hire of equipment	841	1,079	1,630	1,610
Takaful	1,926	2,205	3,701	4,051
Utilities expenses	1,271	1,313	2,592	2,539
Security expenses	2,699	2,570	5,430	5,133
Others	970	1,189	1,919	2,226
General expenses				
Auditors' fees	202	237	301	346
Professional fees	1,033	734	1,677	1,137
Legal expenses	427	986	1,176	1,373
Telephone	463	401	901	911
Stationery and printing	432	489	855	941
Postage and courier	406	261	821	605
Travelling	465	535	875	1,013
Directors remuneration and Shariah Committee allowance	1,256	1,102	2,434	2,125
Others	3,324	2,330	6,989	5,062
	51,474	42,178	100,490	87,422

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30. Finance cost

Group	3 months ended		6 months ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000
Dividend paid- Subordinated Sukuk	3,665	3,605	7,290	7,220
Dividend paid- Senior Sukuk	6,951	6,838	13,826	13,736
Financing sold to Cagamas	5,412	5,590	10,817	11,159
Finance cost of lease liabilities	579	-	1,184	-
	16,607	16,033	33,117	32,115

Bank	3 months ended		3 months ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000
Dividend paid- Subordinated Sukuk	3,665	3,605	7,290	7,220
Dividend paid- Senior Sukuk	6,951	6,838	13,826	13,736
Financing sold to Cagamas	5,412	5,590	10,817	11,159
Finance cost of lease liabilities	469	-	964	-
	16,497	16,033	32,897	32,115

31. Zakat

Group	3 months ended		6 months ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000
Provision for zakat for the period	864	1,428	1,706	2,602

Bank	3 months ended		6 months ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000
Provision for zakat for the period	843	1,418	1,674	2,591

32. Taxation

Group	3 months ended		6 months ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000
Current income tax	13,950	9,804	16,204	21,826
(Over)/under provision in prior year	(404)	793	(408)	793
	13,546	10,597	15,796	22,619
Deferred tax:				
Relating to origination and reversal of temporary differences	(3,835)	219	909	219
Under provision in prior year	71	-	71	-
	(3,764)	219	980	219
	9,782	10,816	16,776	22,838

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32. Taxation (cont'd)

Bank	3 months ended		6 months ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Current income tax	13,600	9,824	15,718	21,700
Over provision in prior year	(404)	(44)	(404)	(44)
	13,196	9,780	15,314	21,656
Deferred tax:				
Relating to origination and reversal of temporary differences	(3,730)	219	1,016	219
Under provision in prior year	71	-	71	-
	(3,659)	219	1,087	219
	9,537	9,999	16,401	21,875

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

Domestic current income tax is calculated at the statutory tax rate of 24% (31 March 2019: 24%) of the estimated assessable profit for the period.

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33. Credit exposures arising from credit transactions with connected parties

	Group	
	30 September 2019	30 September 2018
	RM'000	RM'000
Outstanding credit exposures with connected parties (RM'000)	1,501,525	1,355,845
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	6.0%	5.3%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	0.0%	0.0%
	Bank	
	30 September 2019	30 September 2018
	RM'000	RM'000
Outstanding credit exposures with connected parties (RM'000)	1,552,164	1,395,649
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	6.2%	5.5%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	0.0%	0.0%

The credit exposures above are derived on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties for Islamic Banks, which are effective on 16 July 2014.

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

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

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34. 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					
	30 September 2019			31 March 2019		
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	230,721	230,721	184,173	203,424	203,424	169,198
Trade-related contingencies	39,731	7,946	1,927	83,279	16,656	7,763
Transaction related contingencies	435,545	217,772	204,080	425,159	212,580	199,194
Commitments						
Credit extension commitment:						
- Maturity within one year	697,022	139,404	133,280	624,707	124,941	123,594
- Maturity exceeding one year	597,857	298,928	281,556	2,232,408	1,116,204	350,760
Islamic derivative financial instruments						
Foreign exchange related contracts	3,095,656	53,701	34,759	3,545,493	63,942	39,235
Profit rate related contracts	1,650,000	76,875	15,375	2,150,000	85,938	17,188
	6,746,532	1,025,347	855,150	9,264,470	1,823,685	906,932

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35. Capital adequacy

(a) Capital Adequacy Framework

- (i) Bank Negara Malaysia ("BNM") had on 2 February 2018 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%

*Excluding Capital Conservation Buffer of 2.5% of total risk - weighted assets ("RWA") which is subject to phase-in arrangement effective on 1 January 2016 as well as Countercyclical Capital Buffer ranging between 0% - 2.5% of total RWA and any other capital buffers which may be introduced by BNM.

- (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 2 February 2018 for Islamic banks.

The sum of the above is further adjusted to take into account any profit-sharing investment accounts ("PSIA") recognised as risk absorbent for capital adequacy purposes, in the manner stipulated under the Guidelines on Recognition and Measurement of PSIA as Risk Absorbent as updated by BNM on 26 July 2011.

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) both issued on 2 February 2018. 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.

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35. Capital adequacy (cont'd.)

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

	Group		Bank	
	30 September 2019 RM'000	31 March 2019 RM'000	30 September 2019 RM'000	31 March 2019 RM'000
Computation of Total Risk Weighted Assets ("RWA")				
Total credit RWA	12,676,761	12,560,247	12,659,774	12,560,708
Total market RWA	76,115	31,021	76,115	31,021
Total operational RWA	1,196,612	1,190,113	1,184,303	1,176,241
Total RWA	13,949,488	13,781,381	13,920,192	13,767,970
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	1,092,612	1,094,765	1,086,481	1,087,937
<u>Other Reserves</u>				
Regulatory reserve	58,518	63,585	58,518	63,585
Unrealised gain/(loss) on fair value through other comprehensive income	44,318	(1,514)	44,319	(1,513)
Foreign exchange translation reserve	1,047	(417)	1,047	(417)
<u>Regulatory Adjustment</u>				
Deferred tax assets (net)	(23,908)	(26,607)	(23,633)	(26,607)
Investment property gain	-	(7,460)	-	(7,460)
Regulatory reserve	(58,518)	(63,585)	(58,518)	(63,585)
Unrealised losses on fair value through other comprehensive income	(24,375)	-	(24,375)	-
Property revaluation gains	(7,460)	-	(7,460)	-
Investment in subsidiaries	-	-	(12,559)	(12,559)
Intangible asset (net of deferred tax liabilities)	(60,554)	(75,754)	(60,440)	(75,695)
Total Common Equity Tier-I Capital	2,216,680	2,178,013	2,198,380	2,158,686
Total Tier-I Capital	2,216,680	2,178,013	2,198,380	2,158,686
<u>Tier-II capital</u>				
Subordinated sukuk	254,100	254,025	254,100	254,025
Loss provision/loss provision and regulatory reserve*	124,644	126,918	124,644	126,918
Add: Investment property gain	3,357	3,357	3,357	3,357
Total Tier-II Capital	382,101	384,300	382,101	384,300
Total Capital Base	2,598,781	2,562,313	2,580,481	2,542,986
Ratio (%)				
CET 1 Capital	15.891%	15.804%	15.793%	15.679%
Tier 1 Capital	15.891%	15.804%	15.793%	15.679%
Total Capital	18.630%	18.593%	18.538%	18.470%

* Tier 2 Capital for 2019 comprise collective allowance on non-impaired financing customers and regulatory reserve.

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35. Capital adequacy (cont'd.)

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

	Group			
	30 September 2019 RM'000		31 March 2019 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%	7,104,715	-	7,029,256	-
20%	2,025,635	405,127	2,093,458	418,692
35%	3,409,838	1,193,443	2,932,351	1,026,323
50%	1,331,648	665,824	1,378,176	689,088
75%	2,609,762	1,957,322	2,954,416	2,215,812
100%	8,384,496	8,384,497	8,148,106	8,148,106
150%	47,032	70,548	41,484	62,226
Risk weighted assets for credit risk	24,913,126	12,676,761	24,577,247	12,560,247
Risk weighted assets for market risk		76,115		31,021
Risk weighted assets for operational risk		1,196,612		1,190,113
Total risk weighted assets		13,949,488		13,781,381

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35. Capital adequacy (cont'd.)

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

	Bank			
	30 September 2019 RM'000		31 March 2019 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%	7,104,715	-	7,029,256	-
20%	2,025,635	405,127	2,093,458	418,692
35%	3,409,838	1,193,443	2,932,351	1,026,323
50%	1,331,648	665,824	1,378,176	689,088
75%	2,609,762	1,957,322	2,954,416	2,215,812
100%	8,374,629	8,374,629	8,147,888	8,147,888
150%	42,286	63,429	41,936	62,905
Risk weighted assets for credit risk	24,898,513	12,659,774	24,577,481	12,560,708
Risk weighted assets for market risk		76,115		31,021
Risk weighted assets for operational risk		1,184,303		1,176,241
Total risk weighted assets		13,920,192		13,767,970

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36. Fair values of financial instruments

(a) Financial instruments measured at fair value

Determination of fair value and the fair value hierarchy

MFRS 7 Financial Instruments: Disclosures requires the classification of financial instruments held at fair value according to a hierarchy that reflects the significance of inputs used in making the measurements, in particular, whether the inputs used are observable or unobservable. The following levels of hierarchy are used for determining and disclosing the fair value of financial instruments:

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

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

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

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

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36. 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	Valuation technique using		Total RM'000
		Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
30 September 2019				
Non-financial assets				
Investment properties	-	-	46,144	46,144
Financial assets				
Financial investments designated at fair value through profit and loss	-	251,711	318,482	570,193
Financial investments fair value through other comprehensive income	105,786	5,029,337	8,725	5,143,848
Derivative financial assets	-	14,881	-	14,881
Total financial assets measured at fair value	105,786	5,295,929	327,207	5,728,922
Financial liabilities				
Derivative financial liabilities	-	70,536	-	70,536
Total financial liabilities measured at fair value	-	70,536	-	70,536

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36. 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 2019				
Non-financial assets				
Investment properties	-	-	45,303	45,303
Financial assets				
Financial investments designated at fair value through profit and loss	1,933	346,541	312,325	660,799
Financial investments at FVOCI	104,272	4,823,035	8,725	4,936,032
Derivative financial assets	-	24,853	-	24,853
Total financial assets measured at fair value	106,205	5,194,429	321,050	5,621,684
Financial liabilities				
Derivative financial liabilities	-	48,162	-	48,162
Total financial liabilities measured at fair value	-	48,162	-	48,162

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36. 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	
30 September 2019				
Non-financial assets				
Investment properties	-	-	46,144	46,144
Financial assets				
Financial investments designated at fair value through profit and loss	-	251,711	318,482	570,193
Financial investments fair value through other comprehensive income	103,382	5,029,337	8,725	5,141,444
Derivative financial assets	-	14,881	-	14,881
Total financial assets measured at fair value	103,382	5,295,929	327,207	5,726,518
Financial liabilities				
Derivative financial liabilities	-	70,536	-	70,536
Total financial liabilities measured at fair value	-	70,536	-	70,536

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36. 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 2019				
Non-financial assets				
Investment properties	-	-	45,303	45,303
Financial assets				
Financial investments designated at fair value through profit and loss	-	346,541	312,325	658,866
Financial investments at FVOCI	102,007	4,823,035	8,725	4,933,767
Derivative financial assets	-	24,853	-	24,853
Total financial assets measured at fair value	102,007	5,194,429	321,050	5,617,486
Financial liabilities				
Derivative financial liabilities	-	48,162	-	48,162
Total financial liabilities measured at fair value	-	48,162	-	48,162

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

	Group		Bank	
	30 September 2019 RM'000	31 March 2019 RM'000	30 September 2019 RM'000	31 March 2019 RM'000
At 1 April 2019	321,050	169,999	321,050	169,999
Gain recognised in statements of profit or loss	7,495	35,688	7,495	35,688
Sales/ redeemed	(6,298)	(17,588)	(6,298)	(17,588)
Reclassification	-	123,847	-	123,847
Foreign exchange translation difference	4,960	9,104	4,960	9,104
At 30 September 2019	327,207	321,050	327,207	321,050

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36. 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 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	
	30 September	31 March
	2019	2019
	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	7,495	35,688
	7,495	35,688

	Bank	
	30 September	31 March
	2019	2019
	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	7,495	35,688
	7,495	35,688

37. Segment information

(a) Business segments

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.

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37. Segment information (cont'd.)

(a) Business segments (cont'd.)

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

- (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
30 September 2019	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	153,740	336,543	121,334	12,693	624,310
Total income	76,298	180,829	26,827	68,383	352,337
(Allowance for)/writeback of impairment on financing	2,605	(29,721)	-	-	(27,116)
Writeback of impairment on investments	-	-	354	-	354
Allowance for impairment on other financial assets, net	-	-	193	-	193
Other expenses	-	-	-	(5,207)	(5,207)
Total net income	78,903	151,108	27,374	63,176	320,561
Total overhead expenses					(252,856)
Profit before zakat and taxation					67,705
Zakat					(1,706)
Taxation					(16,776)
Profit for the year					49,223

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37. Segment information (cont'd.)

(a) Business segments (cont'd.)

Group	Business	Consumer	Treasury and	Others	Total
30 September 2018	banking	banking	investment	RM'000	RM'000
	RM'000	RM'000	banking		
	RM'000	RM'000	RM'000		
Revenue	156,185	322,805	159,489	20,368	658,847
Total income	77,306	205,729	28,234	39,984	351,253
(Allowance for)/writeback of impairment on financing	1,695	(24,024)	(10)	203	(22,136)
Writeback of impairment on investments	-	-	365	-	365
Allowance for impairment on other financial assets, net	-	-	(481)	-	(481)
Other expenses	-	-	-	(4,575)	(4,575)
Total net income	79,001	181,705	28,108	35,612	324,426
Total overhead expenses					(224,261)
Profit before zakat and taxation					100,165
Zakat					(2,602)
Taxation					(22,838)
Profit for the year					74,725

Bank	Business	Consumer	Treasury and	Others	Total
30 September 2019	banking	banking	investment	RM'000	RM'000
	RM'000	RM'000	banking		
	RM'000	RM'000	RM'000		
Revenue	153,740	336,543	119,376	12,693	622,352
Total Income	76,298	180,829	24,731	68,383	350,241
(Allowance for)/writeback of impairment on financing	2,605	(29,721)	-	-	(27,116)
Writeback of impairment on investments	-	-	354	-	354
Allowance for impairment on other financial assets, net	-	-	193	-	193
Other expenses	-	-	-	(5,207)	(5,207)
Total net income	78,903	151,108	25,278	63,176	318,465
Total overhead expenses					(251,507)
Profit before zakat and taxation					66,958
Zakat					(1,674)
Taxation					(16,401)
Profit for the year					48,883

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37. Segment information (cont'd.)

(a) Business segments (cont'd.)

Bank 30 September 2018	Business banking RM'000	Consumer banking RM'000	Treasury and investment banking RM'000	Others RM'000	Total RM'000
Revenue	156,185	322,805	161,435	20,368	660,793
Total Income	77,306	205,729	29,975	39,984	352,994
(Allowance for)/writeback of impairment on financing	1,695	(24,024)	-	203	(22,126)
Writeback of impairment on investments	-	-	365	-	365
Allowance for impairment on other financial assets, net	-	-	(481)	-	(481)
Other expenses	-	-	-	(4,575)	(4,575)
Total net income	79,001	181,705	29,859	35,612	326,177
Total overhead expenses					(223,224)
Profit before zakat and taxation					102,953
Zakat					(2,591)
Taxation					(21,875)
Profit for the year					78,487

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38. Financial effects arising from adoption of MFRS 16 Leases

- (i) The adoption of MFRS 16 resulted in the following financial effects to the statement of financial position of the Bank.

Statement of Financial Position

Group

	1 April 2019 as previously stated RM'000	Impact of adopting MFRS 16 RM'000	1 April 2019 restated RM'000
ASSETS			
Cash and short-term funds	830,571	-	830,571
Cash and placements with financial institutions	11,937	-	11,937
Financial investments at fair value through profit or loss	660,799	-	660,799
Financial investments at fair value through other comprehensive income	4,936,032	-	4,936,032
Financial investments at amortised cost	103,310	-	103,310
Islamic derivative financial assets	24,853	-	24,853
Financing of customers	15,330,895	-	15,330,895
Other assets	81,625	-	81,625
Statutory deposits with BNM	699,275	-	699,275
Investment properties	45,303	-	45,303
Right-of-use assets	-	42,807	42,807
Intangible assets	84,684	-	84,684
Property, plant and equipment	58,361	-	58,361
Prepaid land lease payment	223	-	223
Deferred tax assets (net)	17,742	690	18,432
Total assets	22,885,610	43,496	22,929,106
LIABILITIES			
Deposits from customers	19,144,118	-	19,144,118
Deposits and placements of banks and other financial institutions	6,747	-	6,747
Bills and acceptances payable	15,678	-	15,678
Islamic derivative financial liabilities	48,162	-	48,162
Other liabilities	78,450	-	78,450
Provision for zakat and taxation	6,670	-	6,670
Lease Liabilities	-	45,650	45,650
Deferred tax liabilities (net)	65	-	65
Recourse obligation on financing sold to Cagamas	471,102	-	471,102
Subordinated sukuk	254,025	-	254,025
Senior sukuk	509,174	-	509,174
Total liabilities	20,534,191	45,650	20,579,841
SHAREHOLDERS' EQUITY			
Share capital	1,195,000	-	1,195,000
Retained profits	1,094,765	(2,153)	1,092,612
Other reserves	61,654	-	61,654
Total shareholders' equity	2,351,419	(2,153)	2,349,266
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	22,885,610	43,496	22,929,106

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38. Financial Effects arising from Adoption of MFRS 16 Leases

- (i) The adoption of MFRS 16 resulted in the following financial effects to the statement of financial position of the Bank.

Statement of Financial Position

Bank

	1 April 2019 as previously stated RM'000	Impact of adopting MFRS 16 RM'000	1 April 2019 restated RM'000
ASSETS			
Cash and short-term funds	830,571	-	830,571
Cash and placements with financial institutions	11,937	-	11,937
Financial investments at fair value through profit or loss	658,866	-	658,866
Financial investments at fair value through other comprehensive income	4,933,767	-	4,933,767
Financial investments at amortised cost	103,310	-	103,310
Islamic derivative financial assets	24,853	-	24,853
Financing of customers	15,333,281	-	15,333,281
Other assets	83,531	-	83,531
Statutory deposits with BNM	699,275	-	699,275
Investment in subsidiaries	12,559	-	12,559
Investment properties	45,303	-	45,303
Right-of-use assets	-	35,669	35,669
Intangible assets	84,560	-	84,560
Property, plant and equipment	58,360	-	58,360
Prepaid land lease payment	223	-	223
Deferred tax assets (net)	17,742	457	18,199
Total assets	22,898,138	36,126	22,934,264
LIABILITIES			
Deposits from customers	19,167,905	-	19,167,905
Deposits and placements of banks and other financial institutions	6,747	-	6,747
Bills and acceptances payable	15,678	-	15,678
Islamic derivative financial liabilities	48,162	-	48,162
Other liabilities	74,156	-	74,156
Provision for zakat and taxation	6,597	-	6,597
Lease Liabilities	-	37,582	37,582
Recourse obligation on financing sold to Cagamas	471,102	-	471,102
Subordinated sukuk	254,025	-	254,025
Senior sukuk	509,174	-	509,174
Total liabilities	20,553,546	37,582	20,591,128
SHAREHOLDERS' EQUITY			
Share capital	1,195,000	-	1,195,000
Retained profits	1,087,937	(1,456)	1,086,481
Other reserves	61,655	-	61,655
Total shareholders' equity	2,344,592	(1,456)	2,343,136
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	22,898,138	36,126	22,934,264

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38. Financial effects arising from adoption of MFRS 16 Leases (cont'd.)

- (ii) The following table analyses the impact of transition to MFRS 16 and the impact of capital adequacy ratios of the Group and of the Bank:

Statement of Financial Position

	1 April 2019 as previously stated RM'000	Impact of adopting MFRS 16 RM'000	1 April 2019 restated RM'000
Group			
CET1 Capital	2,178,013	(2,843)	2,175,170
Tier 1 Capital	2,178,013	(2,843)	2,175,170
Total Capital	2,562,313	(2,843)	2,559,470
 Risk Weighted Assets	 13,781,381	 43,407	 13,824,788
 CET1 Capital Ratio	 15.804%	 -0.070%	 15.734%
Tier 1 Capital Ratio	15.804%	-0.070%	15.734%
Total Capital Ratio	18.593%	-0.079%	18.514%
 Bank			
CET1 Capital	2,158,686	(1,913)	2,156,773
Tier 1 Capital	2,158,686	(1,913)	2,156,773
Total Capital	2,542,986	(1,913)	2,541,073
 Risk Weighted Assets	 13,767,970	 36,126	 13,804,096
 CET1 Capital Ratio	 15.679%	 -0.055%	 15.624%
Tier 1 Capital Ratio	15.679%	-0.055%	15.624%
Total Capital Ratio	18.470%	-0.062%	18.408%

39. Comparatives

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