



BANK MUAMALAT MALAYSIA BERHAD

Company No. 196501000376 (6175-W)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED FINANCIAL STATEMENTS
FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED
30 JUNE 2021 (19 ZULKAEDAH 1442H)**

Company No. 196501000376 (6175-W)

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

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BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021 (19 ZULKAEDAH 1442H)

		Group		Bank	
		As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Note					
Assets					
		827,848	2,933,172	827,848	2,933,172
		14,945	30,417	14,945	30,417
	8(i)	316,292	313,337	316,292	313,337
	8(ii)	4,766,698	3,798,965	4,764,212	3,796,498
	8(iii)	106,566	105,544	106,566	105,544
	9	21,827	47,820	21,827	47,820
	10	19,309,627	18,115,817	19,304,286	18,110,202
	11	71,470	113,171	70,341	112,345
		123,353	95,255	123,353	95,255
		-	-	13,159	13,159
		55,890	55,889	55,890	55,889
		35,524	37,746	29,615	31,588
		61,580	65,193	61,312	64,977
		55,952	55,191	55,920	55,156
	12	22,510	352	22,135	-
		25,790,082	25,767,869	25,787,701	25,765,359
Liabilities					
	13	21,142,912	21,501,366	21,157,277	21,514,158
	15	4,396	-	4,396	-
	14	238,642	98,346	238,642	98,346
		17,420	6,310	17,420	6,310
	9	98,300	167,334	98,300	167,334
	16	91,326	88,541	91,686	89,073
		39,455	41,641	31,984	34,018
	17	3,425	4,378	2,973	4,280
	12	-	11,826	-	11,826
		435,927	444,141	435,927	444,141
	19(a)	499,676	250,642	499,676	250,642
	19(b)	502,711	502,692	502,711	502,692
		23,074,190	23,117,217	23,080,992	23,122,820

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021 (19 ZULKAEDAH 1442H) - (CONT'D.)

		Group		Bank	
		As at 30 June 2021 RM'000	As at 31 December 2020 RM'000	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
	Note				
Shareholders' equity					
Share capital		1,195,000	1,195,000	1,195,000	1,195,000
Reserves		1,520,892	1,455,652	1,511,709	1,447,539
Total shareholders' equity		2,715,892	2,650,652	2,706,709	2,642,539
Total liabilities and shareholders' equity		25,790,082	25,767,869	25,787,701	25,765,359
Commitments and contingencies	33	6,130,377	6,917,484	6,130,377	6,917,484
Capital adequacy *					
CET 1 capital ratio	34	14.060%	15.486%	13.966%	15.385%
Total capital ratio	34	17.864%	17.955%	17.776%	17.858%

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

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2020.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021 (19 ZULKAEDAH 1442H)

Group	Note	3 months ended		6 months ended	
		30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Income derived from investment of depositors' funds and others	20	278,286	248,872	549,412	559,250
Income/(Loss) derived from investment of shareholders' funds	21	4,608	16,282	10,147	(19,661)
Income derived from investment of investment account funds	22	-	24	-	156
Allowance for impairment on financing	23	(18,007)	(8,622)	(43,657)	(34,960)
Writeback of impairment losses on financial investments, net	24	310	341	400	828
Writeback of/(Allowance for) impairment losses on other financial assets, net	25	(10)	82	29	269
Other expenses directly attributable to the investment of the depositors and shareholders' funds		(7,216)	(2,882)	(12,671)	(6,737)
Total distributable income		257,971	254,097	503,660	499,145
Income attributable to depositors	26	(81,041)	(116,495)	(160,782)	(243,654)
Total net income		176,930	137,602	342,878	255,491
Personnel expenses	27	(59,046)	(53,068)	(120,084)	(105,839)
Other overheads and expenditures	28	(38,638)	(43,834)	(75,522)	(88,314)
Finance costs	29	(16,426)	(16,323)	(32,551)	(32,743)
Profit before zakat and taxation		62,820	24,377	114,721	28,595
Zakat	30	(1,615)	(653)	(2,927)	(754)
Taxation	31	(14,597)	(6,353)	(28,351)	(18,925)
Profit for the period		46,608	17,371	83,443	8,916
Earnings per share attributable to shareholders of the Bank (sen) (basic and diluted):					
				13.97	1.49

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2020.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021 (19 ZULKAEDAH 1442H)

Bank	Note	3 months ended		6 months ended	
		30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Income derived from investment of depositors' funds and others	20	278,286	248,872	549,412	559,250
Income/(Loss) derived from investment of shareholders' funds	21	4,315	16,176	7,541	(21,435)
Income derived from investment of investment account funds	22	-	24	-	156
Allowance for impairment on financing	23	(18,007)	(8,622)	(43,657)	(34,960)
Writeback of impairment losses on financial investments, net	24	310	341	400	828
Writeback of/(Allowance for) impairment losses on other financial assets, net	25	(10)	82	29	269
Other expenses directly attributable to the investment of the depositors and shareholders' funds		(7,216)	(2,882)	(12,671)	(6,737)
Total distributable income		257,678	253,991	501,054	497,371
Income attributable to depositors	26	(81,092)	(116,563)	(160,878)	(243,802)
Total net income		176,586	137,428	340,176	253,569
Personnel expenses	27	(58,451)	(52,378)	(118,933)	(104,432)
Other overheads and expenditures	28	(39,115)	(43,959)	(76,116)	(88,461)
Finance costs	29	(16,323)	(16,217)	(32,345)	(32,527)
Profit before zakat and taxation		62,697	24,874	112,782	28,149
Zakat	30	(1,567)	(622)	(2,820)	(704)
Taxation	31	(14,227)	(6,044)	(27,589)	(18,296)
Profit for the period		46,903	18,208	82,373	9,149
Earnings per share attributable to shareholders of the Bank (sen) (basic and diluted):					
				13.79	1.53

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2020.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021 (19 ZULKAEDAH 1442H)

<u>Group</u>	Note	3 months ended		6 months ended	
		30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Profit for the period		46,608	17,371	83,443	8,916
Other comprehensive income:					
Items that may be reclassified					
subsequently to profit or loss					
Net (loss)/gain on financial investments					
at fair value through other					
comprehensive income		(382)	33,572	(9,880)	13,571
- Net (loss)/gain on change in fair value		(3,270)	60,750	(15,758)	51,926
- Changes in expected					
credit losses	8(ii)	23	(16)	15	(39)
- Income tax effect	12	2,872	(7,199)	5,870	(883)
- Realised gain transferred to					
profit or loss on disposal	20 & 21	(7)	(19,963)	(7)	(37,433)
Exchange fluctuation reserve		1,059	833	1,399	1,783
Items that may not be reclassified					
subsequently to profit or loss					
Net unrealised (loss)/gain on equity					
securities at fair value through other					
comprehensive income		(9,087)	15,461	(9,722)	(2,920)
Other comprehensive (loss)/income					
for the period, net of tax		(8,410)	49,866	(18,203)	12,434
Total comprehensive income					
for the period		38,198	67,237	65,240	21,350

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2020.

BANK MUAMALAT MALAYSIA BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021 (19 ZULKAEDAH 1442H)

<u>Bank</u>	Note	3 months ended		6 months ended	
		30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Profit for the period		46,903	18,208	82,373	9,149
Other comprehensive income:					
Items that may be reclassified					
subsequently to profit or loss					
Net (loss)/gain on financial investments					
at fair value through other					
comprehensive income		(382)	33,572	(9,880)	13,571
- Net (loss)/gain on change in fair value		(3,270)	60,750	(15,758)	51,926
- Changes in expected					
credit losses	8(ii)	23	(16)	15	(39)
- Income tax effect	12	2,872	(7,199)	5,870	(883)
- Realised gain transferred to					
profit or loss on disposal	20 & 21	(7)	(19,963)	(7)	(37,433)
Exchange fluctuation reserve		1,059	833	1,399	1,783
Items that may not be reclassified					
subsequently to profit or loss					
Net unrealised (loss)/gain on equity					
securities at fair value through other					
comprehensive income		(9,087)	15,461	(9,722)	(2,920)
Other comprehensive (loss)/income					
for the period, net of tax		(8,410)	49,866	(18,203)	12,434
Total comprehensive income					
for the period		38,493	68,074	64,170	21,583

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2020.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021 (19 ZULKAEDAH 1442H)

<u>Group</u>	<u>Non-distributable</u>				<u>Distributable</u>	<u>Total Equity</u> <u>RM'000</u>
	<u>Ordinary shares</u> <u>RM'000</u>	<u>Fair Value Through Other Comprehensive Income Reserve</u> <u>RM'000</u>	<u>Regulatory reserve</u> <u>RM'000</u>	<u>Exchange fluctuation reserve</u> <u>RM'000</u>	<u>Retained profits</u> <u>RM'000</u>	
At 1 January 2021	1,195,000	18,240	45,411	(968)	1,392,969	2,650,652
Profit for the period	-	-	-	-	83,443	83,443
Other comprehensive (loss)/income for the period	-	(19,602)	-	1,399	-	(18,203)
Total comprehensive income/(loss) for the period	-	(19,602)	-	1,399	83,443	65,240
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	1,025	-	-	(1,025)	-
Transfer from regulatory reserve	-	-	-	-	-	-
At 30 June 2021	1,195,000	(337)	45,411	431	1,475,387	2,715,892
At 1 January 2020	1,195,000	18,008	62,676	(133)	1,193,264	2,468,815
Profit for the period	-	-	-	-	8,916	8,916
Other comprehensive income for the period	-	10,651	-	1,783	-	12,434
Total comprehensive income for the period	-	10,651	-	1,783	8,916	21,350
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	(7,895)	-	-	7,895	-
Transfer to regulatory reserve	-	-	(424)	-	424	-
At 30 June 2020	1,195,000	20,764	62,252	1,650	1,210,499	2,490,165

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2020.

BANK MUAMALAT MALAYSIA BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021 (19 ZULKAEDAH 1442H)

	Non-distributable			Distributable		
	Ordinary shares RM'000	Fair Value Through Other Comprehensive Income Reserve RM'000	Regulatory reserve RM'000	Exchange fluctuation reserve RM'000	Retained profits RM'000	Total Equity RM'000
Bank						
At 1 January 2021	1,195,000	18,240	45,411	(968)	1,384,857	2,642,539
Profit for the period	-	-	-	-	82,373	82,373
Other comprehensive (loss)/income for the period	-	(19,602)	-	1,399	-	(18,203)
Total comprehensive income/(loss) for the period	-	(19,602)	-	1,399	82,373	64,170
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	1,025	-	-	(1,025)	-
Transfer from regulatory reserve	-	-	-	-	-	-
At 30 June 2021	1,195,000	(337)	45,411	431	1,466,205	2,706,709
At 1 January 2020	1,195,000	18,008	62,676	(133)	1,186,740	2,462,291
Profit for the period	-	-	-	-	9,149	9,149
Other comprehensive income for the period	-	10,651	-	1,783	-	12,434
Total comprehensive income for the period	-	10,651	-	1,783	9,149	21,583
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	(7,895)	-	-	7,895	-
Transfer from regulatory reserve	-	-	(424)	-	424	-
At 30 June 2020	1,195,000	20,764	62,252	1,650	1,204,208	2,483,874

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2020.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021 (19 ZULKAEDAH 1442H)

		Group		Bank	
	Note	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Cash flows from operating activities					
Profit before zakat and taxation		114,721	28,595	112,782	28,149
Adjustment for					
Amortisation of intangible asset	28	10,470	16,752	10,470	16,752
Depreciation of property, plant and equipment	28	5,910	5,726	5,905	5,722
Loss on disposal of property, plant and equipment	20	-	21	-	21
Gain on termination ROU asset		(26)	-	(26)	-
Depreciation of right-of-use assets	28	6,010	6,032	5,761	5,801
Amortisation of cost on Subordinated Sukuk Issued		122	100	122	100
Fixed asset written off		10	-	10	-
Intangible asset written off		-	233	-	233
Amortisation of premium, net	20&21	19,485	10,015	19,485	10,015
Net gain from sale of financial investments at fair value through other comprehensive income	20&21	(7)	(37,433)	(7)	(37,433)
Net gain from sale of financial investment designated at FVTPL	20&21	(96)	(222)	(96)	(222)
Unrealised loss on revaluation of financial investment designated at FVTPL	20&21	4,933	34,172	4,933	34,172
Net loss on revaluation of foreign exchange transaction	21	11,405	4,871	11,405	4,871
Unrealised gain from foreign exchange derivatives	21	(15,243)	(5,989)	(15,243)	(5,989)
Unrealised (gain)/loss on revaluation of islamic profit rate swap	21	(27,798)	52,822	(27,798)	52,822
Unrealised loss/(gain) on revaluation of hedged items	21	32,184	(59,191)	32,184	(59,191)
Fair value gain of financial liabilities designated at FVTPL	21	(13,502)	(4,488)	(13,502)	(4,488)
Writeback of impairment losses on financial investments, net	24	(400)	(828)	(400)	(828)
Writeback of impairment losses on other financial assets, net	25	(29)	(269)	(29)	(269)
Allowance for impairment on financing	23	53,893	43,049	53,893	43,049
Financing written off	23	68	2,477	68	2,477
Finance cost	29	32,551	32,743	32,345	32,527
Gross dividend income	21	(19)	(24)	(2,000)	(1,500)
Operating profit before working capital changes		234,642	129,164	230,262	126,791

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021 (19 ZULKAEDAH 1442H)

	Note	Group 30 June 2021 RM'000	30 June 2020 RM'000	Bank 30 June 2021 RM'000	30 June 2020 RM'000
(Increase)/decrease in operating assets:					
Financial investment portfolio		(91,163)	(37,490)	(91,163)	(37,490)
Islamic derivative financial assets		41,236	(2,234)	41,236	(2,234)
Financing of customers		(1,272,249)	(507,152)	(1,272,524)	(506,094)
Statutory deposits with Bank Negara Malaysia		(28,098)	485,482	(28,098)	485,482
Other assets		(17,648)	(10,044)	(17,318)	(10,570)
Increase/(decrease) in operating liabilities:					
Deposits from customers		(358,454)	1,504,889	(356,881)	1,503,923
Deposits and placements of banks and other financial institutions		153,798	52,343	153,798	52,343
Investment accounts of customers		4,396	-	4,396	-
Islamic derivative financial liabilities		(41,236)	2,234	(41,236)	2,234
Bills and acceptances payable		11,110	(490)	11,110	(490)
Other liabilities		6,513	(500)	6,355	(28)
Cash (used in)/generated from operations		(1,357,153)	1,616,202	(1,360,063)	1,613,867
Finance cost on lease liabilities paid		(1,101)	(1,314)	(895)	(1,098)
Zakat paid		(4,212)	-	(4,127)	-
Tax paid		(10,544)	(31,555)	(10,091)	(31,039)
Net cash (used in)/generated from operating activities		(1,373,010)	1,583,333	(1,375,176)	1,581,730
Cash flows from investing activities					
Proceeds from disposal of financial investment in securities		1,586,616	3,965,404	1,586,616	3,965,404
Purchase of financial investment in securities		(2,524,259)	(4,106,608)	(2,524,240)	(4,106,584)
Proceeds from disposal of property, plant and equipment		-	410	-	410
Purchase of investment properties		-	(633)	-	(633)
Purchase of property, plant and equipment		(6,680)	(4,272)	(6,680)	(4,273)
Purchase of intangible asset		(6,859)	(6,485)	(6,804)	(6,484)
Dividend income	21	19	24	2,000	1,500
Net cash used in investing activities		(951,163)	(152,160)	(949,108)	(150,660)

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021 (19 ZULKAEDAH 1442H)

	Group		Bank	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	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 liability	(5,889)	(5,888)	(5,778)	(5,785)
Additional issuance of subordinated sukuk	498,670	-	498,670	-
Proceed from recourse obligation on financing sold to Cagamas	(250,000)	-	(250,000)	-
Repayment of principal for recourse obligation on financing sold to Cagamas	(8,161)	(7,662)	(8,161)	(7,662)
Repayment of finance cost for recourse obligation on financing sold to Cagamas	(10,243)	(10,607)	(10,243)	(10,607)
Net cash generated from/(used in) financing activities	203,377	(45,157)	203,488	(45,054)
Net (decrease)/increase in cash and cash equivalents	(2,120,796)	1,386,016	(2,120,796)	1,386,016
Cash and cash equivalents at beginning of the period	2,963,589	1,065,150	2,963,589	1,065,150
Cash and cash equivalents at end of the period	842,793	2,451,166	842,793	2,451,166
Cash and cash equivalents consist of:				
Cash and short term funds	827,848	2,444,748	827,848	2,444,748
Cash and placements with financial institutions	14,945	6,418	14,945	6,418
	842,793	2,451,166	842,793	2,451,166

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2020.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021
(19 ZULKAEDAH 1442H)

1. Basis of preparation

The unaudited condensed financial statements for the financial period ended 30 June 2021 of Bank Muamalat Malaysia Berhad ("BMMB" or "the Bank") and its subsidiaries ("the Group") have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act, 2016 in Malaysia.

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

The financial statements of the Group and of the Bank are prepared under the historical cost basis except for the following assets and liabilities that are stated at fair values: financial investments at fair value through other comprehensive income ("FVOCI"), financial investments at fair value through profit or loss ("FVTPL"), 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 June 2021 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"). These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board, Bank Negara Malaysia Guidelines ("BNM"), and the principles of Shariah.

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank and of the Group for the financial year ended 31 December 2020. 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 of the Bank since the financial year ended 31 December 2020.

The significant accounting policies and methods of computation applied by the Bank are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2020 except for adoption of the following MFRSs and Interpretations of the Issues Committee ("IC Interpretations") with effective dates as follows:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139 Profit Rate Benchmark Reform - (Phase 2)	1 January 2021

BANK MUAMALAT MALAYSIA BERHAD
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1. Basis of preparation (cont'd)

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

Description	Effective for annual periods beginning on or after
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 3: Business Combinations- Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets- Onerous Contracts- Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
MFRS 17: Insurance Contracts	1 January 2023
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

2. Auditors' report on preceding annual financial statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2020 was not qualified.

3. Seasonal or cyclical factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors during the financial period ended 30 June 2021.

4. Unusual items

There were no unusual items affecting the assets, liabilities, equity, net income or cashflows of the Group and of the Bank during the financial period ended 30 June 2021.

5. Changes in accounting estimates

There were no material changes in estimates during the financial period ended 30 June 2021.

6. Dividends

There was no dividend payment during the financial period ended 30 June 2021.

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7. Performance review and outlook

The Group posted an unaudited profit before zakat and taxation of RM114.7 million for the six (6) months period ended 30 June 2021, as compared to the RM28.6 million recorded in the previous corresponding period June 2020. The better performance mainly attributed to increased in total net income by 34.2% to RM342.9 million from RM255.5 million registered in June 2020. The increase in total net income largely contributed by reduction in total income distributable to depositors by RM82.9 million or 34%, arising from lower funding cost following several cuts in Overnight Policy Rate ("OPR") in the year 2020. In addition, total expenditures have been well contained as reflected from marginal increase of 0.7% in total personnel cost and other overheads from RM194.2 million in previous corresponding six months to RM195.6 million in current half-year reporting.

Total assets of the Group stood at RM25.8 billion, similar to those registered in December 2020. This was mainly contributed to the substantially lower balance in cash and short term funds by RM2.1 billion, however offset by positive growth in net financing of customers by RM1.2 billion (6.6%) and financial investments by RM971.7 million (23.0%) respectively. Total deposits from customers also recorded a decline by 1.7%, in tandem with the decrease in total cash and short term funds.

The Group's capital ratios remained stable with CET 1 Capital and Total Capital Ratios stood at 14.06% and 17.86% respectively.

OUTLOOK

The Government on 28 June 2021 announced Pakej Perlindungan Rakyat dan Pemulihan Ekonomi (PEMULIH) stimulus package that allows individuals, microenterprise entrepreneurs and SMEs affected by the pandemic to apply for the 6-month moratorium starting 7 July 2021. With the second moratorium announcement as well as the extension of the movement restriction and the concern on the effectiveness of the containment measures implemented, banks' recoveries are expected to be further delayed. However, as this second round of moratorium is an opt-in basis, it is expected to be and more manageable to banks with expectations of lower modification loss and less significant impact on interest income compared to year 2020's moratorium period. In addition, despite challenging domestic outlook, banks continue to be well-positioned to support economic recovery, thanks to ample capital and liquidity buffers. Currently, the average industry ratio for Common Equity Tier 1 (CET1) and liquidity coverage is at 14.3% and 137.3% , respectively.

Against the recent domestic development, Bank Muamalat remains fully committed to support the Government's economic recovery efforts and will continue to provide continuous assistance to our customers that are impacted by the crisis. We will closely monitor the situation and continue to assess our performance to ensure possible ramifications on the earnings and to ensure it is also in line with the ongoing implementation of RISE24², i.e. the Bank's 5-Year Strategic Business Plan that is being executed in year 2020 until 2024. The Bank will also continue to leverage on digital and advancement of technology to automate processes efficiently and to provide more seamless delivery of banking services, digitally.

Perceiving the emerging risks associated with the current economic conditions, the Bank has taken the necessary steps to ensure good risk management, preservation of the quality assets, intensive recovery plan as well as efficient management of liquidity. The Bank will continue to exercise effective Risk and Compliance Management programmes for a more robust enforcement of regulatory requirements including managing legal and reputational risks. The Bank is also focus on streamlining its business activities for continuous business resilience.

Moving forward, the Bank anticipated a subdued growth for FY2021 with overall asset and gross financing expected to grow softer on the back of a more challenging banking environment. However, the Bank still foresees more opportunity to grow in retail financing with expectation that the current low interest rate environment, that is beneficial for retail consumers, will remain until end of 2021.

¹ Monthly Highlights and Statistics in May 2021, Bank Negara Malaysia

² RISE24 is a 5-Year Strategic Business Plan that focuses on seven (7) Strategic Focus Areas, embedded with risk and compliance culture and overarched by the value-based principles. The business plan will be supported by twenty-four (24) key strategies and will be implemented between years 2020 to 2024.

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8. Financial investments

	Note	Group		Bank	
		30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
Financial investments at fair value through profit or loss	(i)	316,292	313,337	316,292	313,337
Financial investments at fair value through other comprehensive income	(ii)	4,766,698	3,798,965	4,764,212	3,796,498
Financial investments at amortised cost	(iii)	106,566	105,544	106,566	105,544
		5,189,556	4,217,846	5,187,070	4,215,379

		Group and Bank	
		30 June 2021 RM'000	31 December 2020 RM'000
(i) Financial investments at fair value through profit or loss			

Unquoted securities in Malaysia:

Private equity funds	165,893	165,252
Bank Negara Malaysia bills and notes	3	-
Islamic private debt securities in Malaysia	150,396	148,085
	316,292	313,337

	Group		Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
(ii) Financial investments at fair value through other comprehensive income				
Government securities and treasury bills:				
Malaysian government investment certificates	4,074,313	2,655,932	4,074,313	2,655,932
Unquoted securities:				
Islamic private debt securities in Malaysia	565,845	658,829	565,845	658,829
Cagamas bonds	20,519	25,792	20,519	25,792
Foreign Islamic private debt securities and sukuk	-	-	-	-
	586,364	684,621	586,364	684,621
Money market instruments:				
Negotiable Islamic debt certificates	-	349,370	-	349,370
Equity instruments:				
Quoted securities in Malaysia:				
Quoted shares	94,865	101,944	94,865	101,944
Unit trusts	6,525	2,467	4,039	-
	101,390	104,411	98,904	101,944
Unquoted securities:				
Shares in Malaysia	4,631	4,631	4,631	4,631
Total financial assets at fair value through other comprehensive income	4,766,698	3,798,965	4,764,212	3,796,498

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8. Financial investments (cont'd)

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

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

	Stage 1	Stage 2	Stage 3	
	12 Months ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total ECL
	RM'000	RM'000	RM'000	RM'000
At 30 June 2021				
At 1 January 2021	80	-	38,241	38,321
Allowance made	36	-	-	36
Amount written back in respect of recoveries	(21)	-	-	(21)
Amount written off	-	-	(14,542)	(14,542)
Exchange differences	-	-	462	462
At 30 June 2021	95	-	24,161	24,256

	Stage 1	Stage 2	Stage 3	
	12 Months ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total ECL
	RM'000	RM'000	RM'000	RM'000
At 31 December 2020				
At 1 January 2020	119	-	37,251	37,370
Allowance made	20	-	-	20
Amount written back in respect of recoveries	(58)	-	-	(58)
Amount written off	-	-	1,250	1,250
Exchange differences	-	-	(260)	(260)
At 31 December 2020	81	-	38,241	38,322

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8. Financial investments (cont'd.)

	Group and Bank	
	30 June 2021	31 December 2020
	RM'000	RM'000
(iii) Financial investments at amortised cost		
At amortised cost		
Unquoted Islamic corporate sukuk in Malaysia	146,123	145,515
Accumulated impairment losses	(39,557)	(39,971)
Total financial investments at amortised cost	106,566	105,544

- (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	
		Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
	12 Months ECL			Total ECL
	RM'000	RM'000	RM'000	RM'000
At 30 June 2021				
At 1 January 2021	-	39,971	-	39,971
Amount written back in respect of recoveries	-	(414)	-	(414)
At 30 June 2021	-	39,557	-	39,557
	Stage 1	Stage 2	Stage 3	
		Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
	12 Months ECL			Total ECL
	RM'000	RM'000	RM'000	RM'000
At 31 December 2020				
At 1 January 2020	-	41,147	-	41,147
Amount written back in respect of recoveries	-	(1,176)	-	(1,176)
At 31 December 2020	-	39,971	-	39,971

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9. Islamic derivative financial instruments

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

	Group and Bank					
	30 June 2021			31 December 2020		
	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	1,290,034	17,423	(1,554)	1,509,931	4,084	(43,920)
- Currency swaps						
Less than one year	1,501,079	4,401	(17,026)	1,679,710	40,343	(15,826)
- Currency spot						
Less than one year	3,794	3	(2)	136,881	3,393	(73)
	2,794,907	21,827	(18,582)	3,326,522	47,820	(59,819)
Islamic profit rate swap ("IPRS")						
Unhedged IPRS	-	-	-	-	-	-
Hedged IPRS	1,200,000	-	(79,718)	1,200,000	-	(107,515)
Total	3,994,907	21,827	(98,300)	4,526,522	47,820	(167,334)

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

	30 June 2021			31 December 2020		
	Contract/ notional amount RM'000	Fair value		Contract/ Notional Amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Islamic profit rate swap (IPRS)	1,200,000	-	(79,718)	1,200,000	-	(107,515)

Fair Value hedges

Fair value hedges are used by the Group and the Bank to protect against changes in the fair value of financial assets due to movements in profit rates. The financial instruments hedged for profit rate risk include the Group's and the Bank's financing of customers.

For the period ended 30 June 2021, the Group and the Bank:-

- (i) recognised a net gain of RM27,798,000 (31 December 2020: net loss of RM53,422,000) on the hedging instrument. The total net loss on the hedged items attributable to the hedged risk amounted to RM32,184,000 (31 December 2020: net gain of RM59,901,000).

10. Financing of Customers

(i) By type and Shariah concepts

Group 30 June 2021	Bai' Bithaman Ajil RM'000	Ijarah Thumma Al-Bai RM'000	Inah RM'000	Tawarruq RM'000	Bai' Al-Dayn RM'000	Murabahah RM'000	Istisna' RM'000	Qard RM'000	Murabahah to the Purchase Orderer RM'000	Shirkah Mutanaqisah RM'000	Rahnu RM'000	Total financing RM'000
Cash line	-	-	1,560	538,900	-	-	-	-	-	-	-	540,460
Term financing:												
Home financing	1,438,564	-	-	3,836,888	-	-	10,109	-	-	-	-	5,285,561
Syndicated financing	-	-	-	566,471	-	-	-	-	-	-	-	566,471
Hire purchase receivables	72,264	264,418	-	-	-	-	-	-	295,337	-	-	632,019
Personal financing	43,268	-	22	5,022,552	-	-	-	-	-	-	-	5,065,842
Other term financing	156,093	-	-	3,695,341	-	-	29,778	172	-	76,178	-	3,957,562
Trust receipts	-	-	-	-	34,080	81,892	-	-	-	-	-	115,972
Claims on customers under acceptance credits	-	-	-	-	150,821	1,037,696	-	-	-	-	-	1,188,517
Staff financing	27,221	-	-	67,480	-	-	233	602	-	-	-	95,536
Revolving credit	-	-	-	1,754,947	-	-	-	-	-	-	-	1,754,947
Credit card	-	-	-	17	-	-	-	-	-	-	-	17
Ar-Rahnu	-	-	-	264,555	-	-	-	-	-	-	1,104	265,659
Gross financing	1,737,410	264,418	1,582	15,747,151	184,901	1,119,588	40,120	774	295,337	76,178	1,104	19,468,563
Fair value changes arising from fair value hedge	-	-	-	66,636	-	-	-	-	-	-	-	66,636
	1,737,410	264,418	1,582	15,813,787	184,901	1,119,588	40,120	774	295,337	76,178	1,104	19,535,199
Less : Allowance for impaired financing												
-Stage 1 - 12 Months ECL	(1,943)	(348)	(35)	(96,486)	(192)	(874)	(258)	(2)	(766)	-	(8)	(100,912)
-Stage 2 - Lifetime ECL not credit impaired	(3,008)	(441)	(93)	(19,908)	(171)	(340)	(8)	-	(15)	-	-	(23,984)
-Stage 3 - Lifetime ECL credit impaired	(15,452)	(1,430)	(89)	(83,560)	-	-	(26)	-	(69)	-	(50)	(100,676)
Total net financing	1,717,007	262,199	1,365	15,613,833	184,538	1,118,374	39,828	772	294,487	76,178	1,046	19,309,627

* Included in financing of customers are financing at fair value through profit or loss amounting to RM842,986,354 which mainly consists of hedged asset that are hedged against Islamic profit rate swap.

10. Financing of Customers (cont'd.)

(i) By type and Shariah concepts

Group	Bai'	Ijarah			Bai'				Murabahah to	Shirkah		Total
31 December 2020	Bithaman Ajil	Thumma	Inah	Tawarruq	Al-Dayn	Murabahah	Istisna'	Qard	the Purchase	Mutanaqisah	Rahnu	financing
	RM'000	Al-Bai	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Orderer	RM'000	RM'000	RM'000
Cash line	-	-	3,535	566,558	-	-	-	-	-	-	-	570,093
Term financing:												
Home financing	1,580,358	-	-	3,276,125	-	-	9,600	-	-	-	-	4,866,083
Syndicated financing	-	-	-	550,719	-	-	-	-	-	-	-	550,719
Hire purchase receivables	79,331	317,223	-	-	-	-	-	-	240,256	-	-	636,810
Personal financing	58,309	-	27	4,334,639	-	-	-	-	-	-	-	4,392,975
Other term financing*	166,385	-	1	3,583,927	-	-	39,048	237	-	76,757	-	3,866,355
Trust receipts	-	-	-	-	22,581	70,397	-	-	-	-	-	92,978
Claims on customers under acceptance credits	-	-	-	-	162,297	882,001	-	-	-	-	-	1,044,298
Staff financing	34,558	-	-	62,620	-	-	-	105	-	-	-	97,283
Revolving credit	-	-	-	1,794,063	-	-	-	-	-	-	-	1,794,063
Ar-Rahnu	-	-	-	287,032	-	-	-	-	-	-	17,504	304,536
Total gross financing ^	1,918,941	317,223	3,563	14,455,683	184,878	952,398	48,648	342	240,256	76,757	17,504	18,216,193
Fair value changes arising from fair value hedge	-	-	-	91,113	-	-	-	-	-	-	-	91,113
	1,918,941	317,223	3,563	14,546,796	184,878	952,398	48,648	342	240,256	76,757	17,504	18,307,306
Less : Allowance for impaired financing												
At amortised cost												
-Stage 1 - 12 Months ECL	(2,110)	(740)	(36)	(90,064)	(212)	(705)	(342)	(4)	(616)	-	(155)	(94,984)
-Stage 2 - Lifetime ECL not credit impaired	(2,669)	(42)	(400)	(4,850)	(177)	(411)	(8)	-	(4)	-	-	(8,561)
-Stage 3 - Lifetime ECL credit impaired	(16,858)	(1,582)	(45)	(67,349)	-	(1,812)	(43)	-	-	-	(255)	(87,944)
Total net financing	1,897,304	314,859	3,082	14,384,533	184,489	949,470	48,255	338	239,636	76,757	17,094	18,115,817

* Included in other term financing are financing at fair value through profit or loss amounting RM868,107,003 which mainly consists of hedged assets that are hedged against Islamic profit rate swap.

^ During the year, a total of RM46,212,464 million modification loss arising from payment moratorium is included and reduced from gross balances within the respective financing products.

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10. Financing of Customers (cont'd.)

(i) By type and Shariah concepts

Bank 30 June 2021	Bai' Bithaman Ajil RM'000	Ijarah Thumma Al-Bai RM'000	Inah RM'000	Tawarruq RM'000	Bai' Al-Dayn RM'000	Murabahah RM'000	Istisna' RM'000	Qard RM'000	Murabahah to the Purchase Orderer RM'000	Rahnu RM'000	Total financing RM'000
Cash line	-	-	1,560	538,900	-	-	-	-	-	-	540,460
Term financing:											
Home financing	1,438,564	-	-	3,836,888	-	-	10,109	-	-	-	5,285,561
Syndicated financing	-	-	-	566,471	-	-	-	-	-	-	566,471
Hire purchase receivables	72,264	264,418	-	-	-	-	-	-	295,337	-	632,019
Personal financing	43,268	-	22	5,022,552	-	-	-	-	-	-	5,065,842
Other term financing	156,093	-	-	3,695,341	-	-	29,778	71,009	-	-	3,952,221
Trust receipts	-	-	-	-	34,080	81,892	-	-	-	-	115,972
Claims on customers under acceptance credits	-	-	-	-	150,821	1,037,696	-	-	-	-	1,188,517
Staff financing	27,221	-	-	67,480	-	-	233	602	-	-	95,536
Revolving credit	-	-	-	1,754,947	-	-	-	-	-	-	1,754,947
Credit card	-	-	-	17	-	-	-	-	-	-	17
Ar-Rahnu	-	-	-	264,555	-	-	-	-	-	1,104	265,659
Gross financing	1,737,410	264,418	1,582	15,747,151	184,901	1,119,588	40,120	71,611	295,337	1,104	19,463,222
Fair value changes arising from fair value hedge	-	-	-	66,636	-	-	-	-	-	-	66,636
	1,737,410	264,418	1,582	15,813,787	184,901	1,119,588	40,120	71,611	295,337	1,104	19,529,858
Less : Allowance for impaired financing											
-Stage 1 - 12 Months ECL	(1,943)	(348)	(35)	(96,486)	(192)	(874)	(258)	(2)	(766)	(8)	(100,912)
-Stage 2 - Lifetime ECL not credit impaired	(3,008)	(441)	(93)	(19,908)	(171)	(340)	(8)	-	(15)	-	(23,984)
-Stage 3 - Lifetime ECL credit impaired	(15,452)	(1,430)	(89)	(83,560)	-	-	(26)	-	(69)	(50)	(100,676)
Total net financing	1,717,007	262,199	1,365	15,613,833	184,538	1,118,374	39,828	71,609	294,487	1,046	19,304,286

* Included in financing of customers are financing at fair value through profit or loss amounting to RM837,644,052 which mainly consists of hedged asset that are hedged against Islamic profit rate swap.

10. Financing of Customers (cont'd.)

(i) By type and Shariah concepts

Bank 31 December 2020	Bai' Bithaman Ajil RM'000	Ijarah Thumma Al-Bai RM'000	Inah RM'000	Tawarruq RM'000	Bai' Al-Dayn RM'000	Murabahah RM'000	Istisna' RM'000	Qard RM'000	Murabahah to the Purchase Orderer RM'000	Rahnu RM'000	Total financing RM'000
Cash line	-	-	3,535	566,558	-	-	-	-	-	-	570,093
Term financing:											
Home financing	1,580,358	-	-	3,276,125	-	-	9,600	-	-	-	4,866,083
Syndicated financing	-	-	-	550,719	-	-	-	-	-	-	550,719
Hire purchase receivables	79,331	317,223	-	-	-	-	-	-	240,256	-	636,810
Personal financing	58,309	-	27	4,334,639	-	-	-	-	-	-	4,392,975
Other term financing*	166,385	-	1	3,583,927	-	-	39,048	71,379	-	-	3,860,740
Trust receipts	-	-	-	-	22,581	70,397	-	-	-	-	92,978
Claims on customers under acceptance credits	-	-	-	-	162,297	882,001	-	-	-	-	1,044,298
Staff financing	34,558	-	-	62,620	-	-	-	105	-	-	97,283
Revolving credit	-	-	-	1,794,063	-	-	-	-	-	-	1,794,063
Ar-Rahnu	-	-	-	287,032	-	-	-	-	-	17,504	304,536
Total gross financing ^	1,918,941	317,223	3,563	14,455,683	184,878	952,398	48,648	71,484	240,256	17,504	18,210,578
Fair value changes arising from fair value hedge	-	-	-	91,113	-	-	-	-	-	-	91,113
	1,918,941	317,223	3,563	14,546,796	184,878	952,398	48,648	71,484	240,256	17,504	18,301,691
Less : Allowance for impaired financing At amortised cost											
-Stage 1 - 12 Months ECL	(2,110)	(740)	(36)	(90,064)	(212)	(705)	(342)	(4)	(616)	(155)	(94,984)
-Stage 2 - Lifetime ECL not credit impaired	(2,669)	(42)	(400)	(4,850)	(177)	(411)	(8)	-	(4)	-	(8,561)
-Stage 3 - Lifetime ECL credit impaired	(16,858)	(1,582)	(45)	(67,349)	-	(1,812)	(43)	-	-	(255)	(87,944)
Total net financing	1,897,304	314,859	3,082	14,384,533	184,489	949,470	48,255	71,480	239,636	17,094	18,110,202

* Included in other term financing are financing at fair value through profit or loss amounting RM862,491,530 which mainly consists of hedged assets that are hedged against Islamic profit rate swap.

^ During the year, a total of RM46,212,464 million modification loss arising from payment moratorium is included and reduced from gross balances within the respective financing products.

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10. Financing of customers (cont'd.)

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

	Group		Bank	
	30 June	31 December	30 June	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Uses of Qard fund:				
Staff financing	602	105	602	105
Other term financing	172	237	71,009	71,379
	774	342	71,611	71,484

(ii) By type of customer

	Group		Bank	
	30 June	31 December	30 June	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Domestic non-banking institutions	661,818	736,507	661,818	736,507
Domestic business enterprises:				
-Small business enterprises	593,888	511,263	593,888	511,263
-Others	4,416,020	4,208,311	4,410,679	4,202,696
Government and statutory bodies	947,964	952,354	947,964	952,354
Individuals	12,838,705	11,797,470	12,838,705	11,797,470
Other domestic entities	3,922	3,666	3,922	3,666
Foreign entities	6,246	6,622	6,246	6,622
Gross Financing	19,468,563	18,216,193	19,463,222	18,210,578

(iii) By profit rate sensitivity

	Group		Bank	
	30 June	31 December	30 June	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Fixed rate:				
Home financing	225,638	240,827	225,638	240,827
Hire purchase receivables	632,018	636,810	632,018	636,810
Others	3,308,353	3,422,300	3,303,012	3,416,685
Variable rate:				
Home financing	5,130,426	4,678,117	5,130,426	4,678,117
Others	10,172,128	9,238,139	10,172,128	9,238,139
Gross Financing	19,468,563	18,216,193	19,463,222	18,210,578

(iv) By residual contractual maturity

	Group		Bank	
	30 June	31 December	30 June	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Maturity				
- within one year	5,329,698	5,767,870	5,329,698	5,767,870
- more than one to five years	6,621,654	6,158,310	6,621,654	6,158,310
- more than five years	7,517,211	6,290,013	7,511,870	6,284,398
Gross Financing	19,468,563	18,216,193	19,463,222	18,210,578

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10. Financing of customers (cont'd.)

(v) By sector

	Group		Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
Agriculture	120,559	108,267	120,559	108,267
Mining and quarrying	676	398	676	398
Manufacturing	974,074	978,385	974,074	978,385
Electricity, gas and water	116,857	99,194	116,857	99,194
Construction	535,618	531,420	535,618	531,420
Household	12,844,952	11,804,092	12,844,952	11,804,092
Real estate	1,299,831	1,229,136	1,299,831	1,229,136
Wholesale, retail and restaurant	1,124,498	1,086,063	1,124,498	1,086,063
Transport, storage and communication	61,737	60,234	61,737	60,234
Finance, takaful and business services	1,131,966	1,060,837	1,131,966	1,060,838
Community, social and personal services	309,831	305,813	304,490	300,197
Government and statutory bodies	947,964	952,354	947,964	952,354
Gross Financing	19,468,563	18,216,193	19,463,222	18,210,578

(vi) By geographical area

	Group		Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
Domestic	19,468,563	18,216,193	19,463,222	18,210,578
Gross Financing	19,468,563	18,216,193	19,463,222	18,210,578

Included in the financing of customers is financing given to one corporate customer and a number of identified structured personal financing customers which are hedged by profit rate derivatives. The hedging has achieved the criteria for hedge accounting whilst the financing are carried at fair value.

The maximum credit exposure of the financing of customers amounts to RM700 million (31 December 2020: RM700 million). The cumulative change in fair value of the financing attributable to changes in profit rate risk amounts to a gain of RM66,636,232 (31 December 2020: a gain of RM91,112,801) and the change in fair value for the current year is a loss of RM24,476,569 (31 December 2020: a gain of RM43,423,333). 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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10. Financing of customers (cont'd.)

Impaired financing

(i) Movements in the impaired financing

	Group		Bank	
	30 June	31 December	30 June	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
At 1 January 2021/ At 1 January 2020	194,711	209,166	194,711	209,166
Classified as impaired during the period	123,312	152,808	123,312	152,808
Reclassified as performing during the period	(57,062)	(62,358)	(57,062)	(62,358)
Recovered during the period	(32,744)	(40,362)	(32,744)	(40,362)
Written off during the period	(18,763)	(64,543)	(18,763)	(64,543)
Gross impaired financing	209,454	194,711	209,454	194,711
Less: Stage 3 - Lifetime ECL credit impaired	(100,676)	(87,944)	(100,676)	(87,944)
Net impaired financing	108,778	106,767	108,778	106,767

Calculation ratio of impaired financing:

Gross financing of customers	19,468,563	18,216,193	19,463,222	18,210,578
Less: Stage 3 - Lifetime ECL credit impaired	(100,676)	(87,944)	(100,676)	(87,944)
Net financing of customers	19,367,887	18,128,249	19,362,546	18,122,634

Ratio of gross impaired financing to
total financing

1.08%	1.07%	1.08%	1.07%
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Net impaired financing ratio

0.56%	0.59%	0.56%	0.59%
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(ii) Impaired financing by sector

	Group		Bank	
	30 June	31 December	30 June	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Manufacturing	33,365	33,187	33,365	33,187
Construction	750	830	750	830
Household	150,669	134,833	150,669	134,833
Real estate	18,102	19,016	18,102	19,016
Wholesale, retail and restaurant	4,251	5,675	4,251	5,675
Transport, storage and communication	726	583	726	583
Finance, takaful and business services	774	415	774	415
Community, social and personal service	817	172	817	172
	209,454	194,711	209,454	194,711

(iii) Impaired financing by geographical area

	Group		Bank	
	30 June	31 December	30 June	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Domestic	209,454	194,711	209,454	194,711

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10. Financing of customers (cont'd.)

Impaired financing (cont'd.)

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

Group and Bank	Stage 1	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 June 2021				
At 1 January 2021	94,984	8,561	87,944	191,489
Transfer to Stage 1	15,360	(7,563)	(7,797)	-
Transfer to Stage 2	(14,372)	34,078	(19,706)	-
Transfer to Stage 3	(1,316)	(3,090)	4,406	-
Allowance (write back)/made	(12,311)	(7,452)	58,215	38,452
New financial assets originated	57,911	-	-	57,911
Financial assets derecognised	(39,345)	(550)	(3,635)	(43,530)
Amount written off/realised	-	-	(18,751)	(18,751)
Other movements	1	-	-	1
At 30 June 2021	100,912	23,984	100,676	225,572
At 31 December 2020				
At 1 January 2020	51,342	13,766	86,734	151,842
Transfer to Stage 1	15,374	(8,473)	(6,901)	-
Transfer to Stage 2	(1,572)	25,182	(23,610)	-
Transfer to Stage 3	(346)	(10,232)	10,578	-
Allowance (write back)/made	(2,719)	(11,017)	91,759	78,023
New financial assets originated	79,619	638	-	80,257
Financial assets derecognised	(46,713)	(1,303)	(12,546)	(60,562)
Amount written off/realised	-	-	(58,070)	(58,070)
Other movements	(1)	-	-	(1)
At 31 December 2020	94,984	8,561	87,944	191,489

11. Other assets

	Group		Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
Deposits	6,753	6,001	6,653	5,901
Prepayments	10,720	7,746	10,657	7,696
Tax prepayment	17,654	63,243	17,654	63,243
Foreclosed properties	9,665	9,665	9,665	9,665
Golf club membership	500	500	500	500
Other receivables	21,878	22,095	21,878	22,095
Other debtors	5,867	5,488	4,901	4,812
	73,037	114,738	71,908	113,912
Less: Accumulated impairment losses	(1,567)	(1,567)	(1,567)	(1,567)
	71,470	113,171	70,341	112,345

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12. Deferred tax assets & liabilities

	Group		Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
At 1 January 2021/ At 1 January 2020	(11,474)	13,534	(11,826)	13,250
Recognised in the profit or loss (Note 31)	28,114	(24,922)	28,091	(24,990)
Recognised in other comprehensive income	5,870	(86)	5,870	(86)
At 30 June 2021/ At 31 December 2020	22,510	(11,474)	22,135	(11,826)

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 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
Deferred tax assets, net	22,510	352	22,135	-
Deferred tax liabilities, net	-	(11,826)	-	(11,826)
	22,510	(11,474)	22,135	(11,826)

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

	Group		Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
Deferred tax assets	42,782	39,423	42,407	39,071
Deferred tax liabilities	(20,272)	(50,897)	(20,272)	(50,897)
	22,510	(11,474)	22,135	(11,826)

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12. 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 :

	Financial Investments at FVOCI RM'000	ECL RM'000	Leases RM'000	Property, plant and equipment & intangible asset RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2021	-	22,910	985	6,096	9,084	348	39,423
Recognised in profit or loss	-	4,912	8	(393)	(1,280)	(24)	3,223
Recognised in other comprehensive income	136	-	-	-	-	-	136
At 30 June 2021	136	27,822	993	5,703	7,804	324	42,782

	Financial Investments at FVOCI RM'000	ECL RM'000	Leases RM'000	Property, plant and equipment & intangible asset RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2020	-	12,092	900	6,211	6,265	359	25,827
Recognised in profit or loss	-	10,818	85	(115)	2,819	(11)	13,596
At 31 December 2020	-	22,910	985	6,096	9,084	348	39,423

Deferred tax liabilities of the Group :

	Profit on financing moratorium accounts RM'000	Financial assets at FVOCI RM'000	Property, plant and equipment and intangible asset RM'000	Total RM'000
At 1 January 2021	(39,786)	(5,734)	(5,377)	(50,897)
Recognised in profit and loss	26,524	-	(1,633)	24,891
Recognised in other comprehensive income	-	5,734	-	5,734
At 30 June 2021	(13,262)	-	(7,010)	(20,272)

	Profit on financing moratorium accounts RM'000	Financial assets at FVOCI RM'000	Property, plant and equipment and intangible asset RM'000	Total RM'000
At 1 January 2020	-	(5,648)	(6,645)	(12,293)
Recognised in profit or loss	(39,786)	-	1,268	(38,518)
Recognised in other comprehensive income	-	(86)	-	(86)
As at 31 December 2020	(39,786)	(5,734)	(5,377)	(50,897)

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12. 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:

	Financial Investments at FVOCI RM'000	ECL RM'000	Leases RM'000	Property, plant and equipment & intangible asset RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2021	-	22,910	633	6,096	9,084	348	39,071
Recognised in profit or loss	-	4,912	(15)	(393)	(1,280)	(24)	3,200
Recognised in other comprehensive income	136	-	-	-	-	-	136
At 30 June 2021	136	27,822	618	5,703	7,804	324	42,407

	Financial Investments at FVOCI RM'000	ECL RM'000	Leases RM'000	Property, plant and equipment & intangible asset RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2020	-	12,092	616	6,211	6,265	359	25,543
Recognised in profit or loss	-	10,818	17	(115)	2,819	(11)	13,528
As at 31 December 2020	-	22,910	633	6,096	9,084	348	39,071

Deferred tax liabilities of the Bank:

	Profit on financing moratorium accounts RM'000	Financial investments at FVOCI RM'000	Property, plant and equipment and intangible asset RM'000	Total RM'000
At 1 January 2021	(39,786)	(5,734)	(5,377)	(50,897)
Recognised in profit and loss	26,524	-	(1,633)	24,891
Recognised in other comprehensive income	-	5,734	-	5,734
At 30 June 2021	(13,262)	-	(7,010)	(20,272)

	Profit on financing moratorium accounts RM'000	Financial investments at FVOCI RM'000	Property, plant and equipment and intangible asset RM'000	Total RM'000
At 1 January 2020	-	(5,648)	(6,645)	(12,293)
Recognised in profit or loss	(39,786)	-	1,268	(38,518)
Recognised in other comprehensive income	-	(86)	-	(86)
As at 31 December 2020	(39,786)	(5,734)	(5,377)	(50,897)

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13. Deposits from customers

(a) By type of deposits

	Group		Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Savings Deposit				
Qard	1,165,424	1,065,227	1,165,424	1,065,227
Tawarruq	974,387	797,164	974,387	797,164
Demand Deposit				
Qard	3,291,784	3,969,068	3,295,349	3,970,060
Tawarruq	2,017,120	1,924,741	2,017,120	1,924,741
Term Deposit				
Negotiable Islamic debt certificate	-	249,855	-	249,855
General investment deposits	56,660	58,574	56,660	58,574
Short term accounts	9,100,335	9,942,206	9,100,335	9,942,206
Fixed term accounts tawarruq	4,470,792	3,442,335	4,481,592	3,454,135
Other deposits	66,410	52,196	66,410	52,196
	21,142,912	21,501,366	21,157,277	21,514,158

(b) By type of customer

	Group		Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	8,875,889	7,138,959	8,875,889	7,138,959
Business enterprises	5,356,525	4,932,352	5,370,890	4,945,144
Individuals	2,644,654	2,423,830	2,644,654	2,423,830
Domestic non-bank financial institutions	3,163,855	6,014,431	3,163,855	6,014,431
Domestic banking financial institutions	73,394	39,206	73,394	39,206
Others	1,028,595	952,588	1,028,595	952,588
	21,142,912	21,501,366	21,157,277	21,514,158

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13. Deposits from customers (cont'd.)

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

The maturity structure of term deposits are as follows :

	Group		Bank	
	30 June	31 December	30 June	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Due within six months	11,186,655	12,549,377	11,197,455	12,561,177
More than six months to one year	1,818,314	722,698	1,818,314	722,698
More than one year to three years	545,045	393,507	545,045	393,507
More than three years to five years	77,773	27,388	77,773	27,388
	13,627,787	13,692,970	13,638,587	13,704,770

14. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 June	31 December
	2021	2020
	RM'000	RM'000
Non-Mudharabah		
Bank Negara Malaysia	238,642	98,346

These balances include amount of RM248,530,000 (31 December 2020: RM99,780,000) received under Government financing schemes for the purpose of SME lending at a below market and concession rate with 5.5 years to 8.5 years of maturity to be repaid in 2026 and 2029. The fair value gain arising from the placement of funds with the Group and the Bank is applied to address the financial and accounting impact incurred from financing at concession rates to SMEs and for COVID-19 related relief measures.

15. Investment accounts of customers

	Group and Bank	
	30 June	31 December
	2021	2020
	RM'000	RM'000
Unrestricted investment account		
without maturity		
Mudharabah	4,396	-

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16. Other liabilities

	Group		Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
Sundry creditors	1,108	270	1,108	270
Allowances for impairment losses on financing commitments and financial guarantee contracts (Note 16(a))	6,719	5,659	6,719	5,659
Provision for bonus	10,318	15,215	10,316	15,048
Accrued expenses	20,324	20,453	20,807	21,234
Accrual for directors' fees	420	4	420	4
Accrual for audit fees	1,157	897	1,134	876
Other liabilities	51,280	46,043	51,182	45,982
	91,326	88,541	91,686	89,073

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

Group and Bank	Stage 2		Stage 3	
	Stage 1 12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total ECL RM'000
At 30 June 2021				
At 1 January 2021	5,130	168	361	5,659
Transfer to Stage 1	25	(23)	(2)	-
Transfer to Stage 2	(37)	39	(2)	-
Transfer to Stage 3	-	(20)	20	-
Allowance made/(write back)	569	153	1,031	1,753
New financing originated or purchased	2,038	-	-	2,038
Financing derecognised	(1,598)	(196)	(937)	(2,731)
Amount written-off/realised	-	-	-	-
At 30 June 2021	6,127	121	471	6,719
At 31 December 2020				
At 1 January 2020	3,064	93	2,931	6,088
Transfer to Stage 1	156	(112)	(44)	-
Transfer to Stage 2	(44)	162	(118)	-
Transfer to Stage 3	(29)	(17)	46	-
Allowance (write back)/made	1,015	56	248	1,319
New financing originated or purchased	2,875	2	-	2,877
Financing derecognised	(1,907)	(16)	(349)	(2,272)
Amount written-off/realised	-	-	(2,353)	(2,353)
At 31 December 2020	5,130	168	361	5,659

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17. Provision for zakat and taxation

	Group		Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
Zakat	3,064	4,349	2,973	4,280
Taxation	361	29	-	-
	3,425	4,378	2,973	4,280

18. Recourse obligation on financing sold to Cagamas

This represents the proceeds received from house financing sold directly to Cagamas Berhad with recourse to the Bank. Under these agreements, the Bank undertakes to administer the financing on behalf of Cagamas Berhad and to buy-back any financing which are regarded as defective based on prudential criteria set by Cagamas Berhad. These financial liabilities are stated at amortised cost.

19. Sukuk

(a) Subordinated sukuk

On 15 June 2021, the Bank has fully redeemed the initial RM250 million Subordinated Sukuk Murabahah via call option and subsequently issued Subordinated Sukuk Programme of up to RM500 million (Series 2), which qualifies as Tier 2 capital under the BNM Policy Document on Capital Adequacy Framework for Islamic Banks (Capital Components). The Subordinated Sukuk Murabahah Series 2 under the Subordinated Sukuk Programme was issued on 15 June 2021. Table below depicts a summary of the current Subordinated Sukuk Murabahah.

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

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

(b) Senior sukuk

On 7 June 2016, the Bank set up a 15-year Senior Sukuk Programme of up to RM2.0 billion ("Senior Sukuk Programme"). Table below shows the details of the current outstanding Senior Sukuk under the Senior Sukuk Programme.

Issue date	Maturity Date	Profit Rate (% p.a)	Nominal Value
25 November 2016	25 November 2021	5.50%, payable semi-annually	RM500.0 million

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

	3 months ended		6 months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Group and Bank	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(a) Fixed term deposits	66,452	14,586	115,782	131,166
(b) Other deposits	211,834	234,286	433,630	428,084
	278,286	248,872	549,412	559,250

(a) Income derived from investment of fixed term deposits

	3 months ended		6 months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Income from financing	54,924	8,158	95,415	93,984
Financial investments designated at FVTPL	428	168	750	838
Financial assets at fair value through other comprehensive income	9,676	3,400	15,405	21,128
Financial assets at amortised cost	143	56	251	280
Money at call and deposit with financial institutions	709	1,805	2,120	4,038
	65,880	13,587	113,941	120,268
Amortisation of premium less accretion of discounts	(2,647)	(614)	(3,989)	(2,198)
Total finance income and hibah	63,233	12,973	109,952	118,070
Other operating income				
Net gain/(loss) from sale of:				
- financial investments designated at FVTPL	7	(6)	20	52
- financial investments at fair value through other comprehensive income	-	2,125	-	8,597
Unrealised (loss)/gain on revaluation from financial investments designated at FVTPL	(60)	(156)	(218)	526
	(53)	1,963	(198)	9,175
Fees and commission				
Guarantee fees	108	3	183	178
Processing fees	37	(77)	185	166
Service charges and fees	578	25	1,021	1,295
Commission	2,549	(301)	4,639	2,282
	3,272	(350)	6,028	3,921
Total	66,452	14,586	115,782	131,166

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

(b) Income derived from investment of other deposits

	3 months ended		6 months ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Finance income and hibah				
Income from financing	175,292	164,058	357,351	306,731
Financial investments designated at FVTPL	1,361	1,620	2,808	2,734
Financial assets at fair value through other comprehensive income	31,937	39,486	57,695	68,956
Financial assets at amortised cost	455	542	938	915
Money at call and deposit with financial institutions	1,594	9,466	7,939	13,178
	<u>210,639</u>	<u>215,172</u>	<u>426,731</u>	<u>392,514</u>
Amortisation of premium less accretion of discounts	(8,906)	(4,540)	(14,942)	(7,172)
Total finance income and hibah	<u>201,733</u>	<u>210,632</u>	<u>411,789</u>	<u>385,342</u>
Other operating income				
Net gain from sale of:				
- financial investments designated at FVTPL	18	74	76	170
- financial investments at fair value through other comprehensive income	-	17,299	-	28,057
Unrealised (loss)/gain on revaluation from financial investments designated at FVTPL	(105)	582	(815)	1,716
	<u>(87)</u>	<u>17,955</u>	<u>(739)</u>	<u>29,943</u>
Fees and commission				
Guarantee fees	347	291	686	581
Processing fees	26	137	694	541
Service charges and fees	1,836	2,117	3,827	4,228
Commission	7,979	3,154	17,373	7,449
	<u>10,188</u>	<u>5,699</u>	<u>22,580</u>	<u>12,799</u>
Total	<u>211,834</u>	<u>234,286</u>	<u>433,630</u>	<u>428,084</u>

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21. Income/(Loss) derived from investment of shareholders' funds

Group	3 months ended		6 months ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Finance income and hibah				
Financial assets at fair value through other comprehensive income	2,594	2,760	5,104	5,438
Financial assets at amortised cost				
Money at call and deposit with financial institutions	243	323	467	707
	2,837	3,083	5,571	6,145
Amortisation of premium less				
Accretion of discounts	(253)	(317)	(554)	(645)
Total finance income and hibah	2,584	2,766	5,017	5,500
Other operating income				
Net (loss)/gain from foreign exchange transaction	5,527	18,391	(11,405)	(4,871)
Unrealised gain/(loss) on revaluation from foreign exchange derivatives	(3,606)	(16,751)	15,243	5,989
Unrealised (loss)/gain on revaluation from financial investments designated at FVTPL	(391)	7,297	(3,900)	(36,414)
Net gain from sale of financial investments at fair value through other comprehensive income	7	538	7	779
Fair value gain of financial liabilities designated at FVTPL	4,915	4,488	13,502	4,488
Gross dividend income from investment: -shares in Malaysia	10	11	19	24
Net dividend paid for Islamic profit rate swap	(6,406)	(4,199)	(12,742)	(6,753)
Unrealised gain/(loss) on revaluation of Islamic profit rate swap	(6,625)	(5,356)	27,798	(52,822)
Unrealised (loss)/gain on revaluation from hedged items	4,068	6,901	(32,184)	59,191
	(2,501)	11,320	(3,662)	(30,389)
Fees and commission				
Corporate advisory fees	957	162	1,507	406
Service charges and fees	1,866	1,652	3,921	3,253
Commission	1,278	476	2,391	1,116
	4,101	2,290	7,819	4,775
Other income				
Rental income	398	55	947	474
Loss on sale of fixed assets	-	(149)	-	(21)
Profit on termination ROU assets	26	-	26	-
	424	(94)	973	453
Total	4,608	16,282	10,147	(19,661)

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

	3 months ended		6 months ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Bank				
Finance income and hibah				
Financial assets at fair value through other comprehensive income	2,594	2,760	5,104	5,438
Financial assets at amortised cost				
Money at call and deposit with financial institutions	243	323	467	707
	2,837	3,083	5,571	6,145
Amortisation of premium less				
Accretion of discounts	(253)	(317)	(554)	(645)
Total finance income and hibah	2,584	2,766	5,017	5,500
Other operating income				
Net (loss)/gain from foreign exchange transaction	5,527	18,391	(11,405)	(4,871)
Unrealised gain/(loss) on revaluation from foreign exchange derivatives	(3,606)	(16,751)	15,243	5,989
Unrealised (loss)/gain on revaluation from financial investments designated at FVTPL	(391)	7,297	(3,900)	(36,414)
Net gain from sale of financial investments at fair value through other comprehensive income	7	538	7	779
Fair value gain of financial liabilities designated at FVTPL	4,915	4,488	13,502	4,488
Gross dividend income from investment:				
-subsidiary	2,000	1,500	2,000	1,500
Net dividend paid for Islamic profit rate swap	(6,406)	(4,199)	(12,742)	(6,753)
Unrealised gain/(loss) on revaluation of Islamic profit rate swap	(6,625)	(5,356)	27,798	(52,822)
Unrealised (loss)/gain on revaluation from hedged items	4,068	6,901	(32,184)	59,191
	(511)	12,809	(1,681)	(28,913)
Fees and commission				
Corporate advisory fees	547	180	812	333
Service charges and fees	19	26	43	63
Commission	1,278	476	2,391	1,116
	1,844	682	3,246	1,512
Other income				
Rental income	372	68	933	487
Loss on sale of fixed assets	-	(149)	-	(21)
Profit on termination ROU	26	-	26	-
	398	(81)	959	466
Total	4,315	16,176	7,541	(21,435)

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22. Income derived from investment of investment account funds

	3 months ended		6 months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Group and Bank	RM'000	RM'000	RM'000	RM'000
Fees and commission				
Service charges and fees	-	24	-	156
Total	-	24	-	156

23. Allowance for impairment on financing

	3 months ended		6 months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Group	RM'000	RM'000	RM'000	RM'000
Allowance for/(Writeback of) impairment on financing of customer:				
- individual allowance made	2,100	16,206	3,674	17,473
- individual allowance written back	(728)	(148)	(2,321)	(650)
- collective allowance made	67,438	23,192	133,108	83,848
- collective allowance written back	(45,725)	(27,809)	(80,568)	(57,622)
Impaired financing written off	42	1,294	68	2,477
Impaired financing recovered	(5,120)	(4,113)	(10,304)	(10,566)
	18,007	8,622	43,657	34,960

	3 months ended		6 months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Bank	RM'000	RM'000	RM'000	RM'000
Allowance for/(Writeback of) impairment on financing of customer:				
- individual allowance made	2,100	16,206	3,674	17,473
- individual allowance written back	(728)	(148)	(2,321)	(650)
- collective allowance made	67,438	23,192	133,108	83,848
- collective allowance written back	(45,725)	(27,809)	(80,568)	(57,622)
Impaired financing written off	42	1,294	68	2,477
Impaired financing recovered	(5,120)	(4,113)	(10,304)	(10,566)
	18,007	8,622	43,657	34,960

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24. Writeback of impairment losses on financial investments, net

	3 months ended		6 months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Group	RM'000	RM'000	RM'000	RM'000
Impairment losses/(write back) on corporate bonds included under Fair value through other comprehensive income ("FVOCI")	25	(16)	14	(39)
Impairment write back on corporate bonds included under Amortised Cost ("AC")	(335)	(325)	(414)	(789)
	<u>(310)</u>	<u>(341)</u>	<u>(400)</u>	<u>(828)</u>
	3 months ended		6 months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Bank	RM'000	RM'000	RM'000	RM'000
Impairment losses/(write back) on corporate bonds included under Fair value through other comprehensive income ("FVOCI")	25	(16)	14	(39)
Impairment write back on corporate bonds included under Amortised Cost ("AC")	(335)	(325)	(414)	(789)
	<u>(310)</u>	<u>(341)</u>	<u>(400)</u>	<u>(828)</u>

25. (Writeback of)/Allowance for impairment losses on other financial assets, net

	3 months ended		6 months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Group and Bank	RM'000	RM'000	RM'000	RM'000
Cash and short term funds				
- ECL, net	10	(82)	(29)	(419)
Other assets				
- ECL, net	-	-	-	150
	<u>10</u>	<u>(82)</u>	<u>(29)</u>	<u>(269)</u>

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26. Income attributable to depositors

Group	3 months ended		6 months ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Deposits from customers:				
Mudharabah funds	212	228	426	455
Non-Mudharabah funds	80,762	115,861	160,229	242,087
Deposits and placements of banks and other financial institutions:				
Non-Mudharabah funds	67	406	127	1,112
	81,041	116,495	160,782	243,654
Bank	3 months ended		6 months ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Deposits from customers:				
Mudharabah funds	212	228	426	455
Non-Mudharabah funds	80,813	115,929	160,325	242,235
Deposits and placements of banks and other financial institutions:				
Non-Mudharabah funds	67	406	127	1,112
	81,092	116,563	160,878	243,802

27. Personnel expenses

Group	3 months ended		6 months ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Salary and wages	42,992	38,073	84,611	77,501
Contribution to defined contribution plan	8,028	6,907	15,757	13,528
Social security contributions	471	435	922	856
Allowances and bonuses	4,239	2,804	8,470	3,700
Others	3,316	4,849	10,324	10,254
	59,046	53,068	120,084	105,839

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27. Personnel expenses (cont'd)

	3 months ended		6 months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Bank	RM'000	RM'000	RM'000	RM'000
Salary and wages	42,518	37,497	83,688	76,351
Contribution to defined contribution plan	7,963	6,821	15,616	13,345
Social security contributions	457	421	908	842
Allowances and bonuses	4,216	2,800	8,429	3,660
Others	3,297	4,839	10,292	10,234
	58,451	52,378	118,933	104,432

28. Other overheads and expenditures

	3 months ended		6 months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Group	RM'000	RM'000	RM'000	RM'000
Promotion				
Advertisement and publicity	2,218	2,017	3,234	3,486
Others	273	(47)	312	704
Establishment				
Rental	1	134	66	137
Depreciation of property, plant and equipment	2,998	2,803	5,910	5,726
Depreciation of right-of-use assets	2,967	3,066	6,010	6,032
Amortisation of intangible assets	5,166	8,404	10,470	16,752
Information technology expenses	11,982	12,390	23,025	25,336
Repair and maintenance	1,718	675	2,969	1,440
Hire of equipment	1,009	921	2,072	1,827
Takaful	464	1,901	1,060	3,850
Utilities expenses	1,147	1,097	2,172	2,271
Security expenses	1,341	2,221	2,727	4,169
Others	1,055	1,285	2,182	2,405
General expenses				
Auditors' fees	135	108	270	207
Professional fees	848	542	2,318	1,733
Legal expenses	186	546	257	666
Telephone	283	688	624	1,134
Stationery and printing	383	335	764	673
Postage and courier	216	552	870	976
Travelling	53	82	113	352
Directors remuneration and Shariah Committee allowance	614	1,072	1,230	2,288
Others	3,581	3,042	6,867	6,150
	38,638	43,834	75,522	88,314

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28. Other overheads and expenditures (cont'd)

	3 months ended		6 months ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Bank				
Promotion				
Advertisement and publicity	2,218	2,017	3,234	3,486
Others	273	(47)	312	702
Establishment				
Rental	1	134	66	137
Depreciation of property, plant and equipment	2,996	2,801	5,905	5,722
Depreciation of right-of-use assets	2,842	2,942	5,761	5,801
Amortisation of intangible assets	5,166	8,403	10,470	16,752
Information technology expenses	11,945	12,354	22,942	25,263
Repair and maintenance	1,628	585	2,787	1,249
Hire of equipment	959	855	1,969	1,698
Takaful	464	1,901	1,060	3,850
Utilities expenses	1,141	1,091	2,160	2,259
Security expenses	1,341	2,221	2,727	4,169
Others	1,055	1,285	2,182	2,405
General expenses				
Auditors' fees	135	108	270	207
Professional fees	1,111	473	2,517	1,509
Legal expenses	186	546	257	666
Telephone	283	688	624	1,134
Stationery and printing	380	332	760	667
Postage and courier	216	552	870	976
Travelling	53	82	113	351
Directors remuneration and Shariah Committee allowance	604	1,062	1,207	2,268
Others	4,118	3,574	7,923	7,190
	39,115	43,959	76,116	88,461

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29. Finance cost

Group	3 months ended		6 months ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Dividend paid- subordinated sukuk	3,971	3,622	7,556	7,247
Dividend paid- senior sukuk	6,867	6,829	13,704	13,629
Financing sold to Cagamas	5,047	5,228	10,190	10,553
Finance cost of lease liabilities	541	644	1,101	1,314
	16,426	16,323	32,551	32,743

Bank	3 months ended		6 months ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Dividend paid- subordinated sukuk	3,971	3,622	7,556	7,247
Dividend paid- senior sukuk	6,867	6,829	13,704	13,629
Financing sold to Cagamas	5,047	5,228	10,190	10,553
Finance cost of lease liabilities	438	538	895	1,098
	16,323	16,217	32,345	32,527

30. Zakat

Group	3 months ended		6 months ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Provision for zakat for the year	1,615	653	2,909	762
Under/(over) provision in prior year	-	-	18	(8)
	1,615	653	2,927	754

Bank	3 months ended		6 months ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Provision for zakat for the year	1,567	622	2,820	704
	1,567	622	2,820	704

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31. Taxation

Group	3 months ended		6 months ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Current income tax	24,321	(15,399)	56,468	645
(Over)/under provision in prior year	(3)	18	(3)	18
	24,318	(15,381)	56,465	663
Deferred tax:				
Relating to origination and reversal of temporary differences	(9,720)	21,734	(28,113)	18,262
Over provision in prior year	(1)	-	(1)	-
	(9,721)	21,734	(28,114)	18,262
	14,597	6,353	28,351	18,925
Bank	3 months ended		6 months ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Current income tax	23,924	(15,742)	55,680	-
	23,924	(15,742)	55,680	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(9,697)	21,786	(28,091)	18,296
	(9,697)	21,786	(28,091)	18,296
	14,227	6,044	27,589	18,296

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 incurred during the year are not deductible for tax purposes.

Domestic current income tax is calculated at the statutory tax rate of 24% (31 December 2020: 24%) of the estimated assessable profit for the period.

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32. Credit exposures arising from credit transactions with connected parties

	Group	
	30 June 2021 RM'000	31 December 2020 RM'000
Outstanding credit exposures with connected parties (RM'000)	<u>1,570,281</u>	<u>1,706,038</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>5.8%</u>	<u>6.3%</u>
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	<u>-</u>	<u>-</u>
	Bank	
	30 June 2021 RM'000	31 December 2020 RM'000
Outstanding credit exposures with connected parties (RM'000)	<u>1,641,117</u>	<u>1,777,182</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>6.1%</u>	<u>6.6%</u>
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	<u>-</u>	<u>-</u>

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transaction and Exposures with Connected Parties, which were issued on 16 July 2014.

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

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

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33. Commitments and contingencies

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

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

	Group and Bank					
	30 June 2021			31 December 2020		
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	288,428	288,428	269,503	298,114	298,114	277,009
Trade-related contingencies	46,370	9,274	379	29,755	5,951	208
Transaction-related contingencies	445,144	222,572	212,000	403,511	201,755	187,023
Commitments						
Credit extension commitment:						
- Maturity within one (1) year	728,856	145,771	143,979	722,818	144,564	137,659
- Maturity exceeding one (1) year	622,057	311,029	257,897	929,662	464,831	427,279
Other miscellaneous commitments & contingencies	4,615	13	10	7,102	-	-
Islamic derivative financial instruments						
Foreign exchange related contracts	2,794,907	57,311	38,538	3,326,522	89,181	40,093
Profit rate related contract	1,200,000	59,000	11,800	1,200,000	59,000	11,800
	6,130,377	1,093,398	934,106	6,917,484	1,263,396	1,081,071

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34. Capital adequacy

(a) Capital Adequacy Framework

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

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

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

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

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

(b) Compliance and Application of Capital Adequacy Ratios

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

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

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

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34. Capital adequacy (cont'd.)

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

	Group		Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
Computation of Total Risk				
Weighted Assets ("RWA")				
Total credit RWA	16,439,580	15,081,238	16,422,013	15,063,327
Less: Credit risk absorbed by PSIA	4,396	-	4,396	-
Total market RWA	40,860	22,546	40,860	22,546
Total operational RWA	1,279,384	1,259,314	1,268,732	1,250,046
Total RWA	17,755,428	16,363,098	17,727,209	16,335,919
Computation of Capital Ratio				
Tier-I capital				
Share capital	1,195,000	1,195,000	1,195,000	1,195,000
Retained profits	1,392,969	1,392,969	1,384,857	1,384,856
Other Reserves				
Regulatory reserve	45,411	45,411	45,411	45,411
FVOCI reserve	(337)	18,240	(337)	18,240
Foreign exchange translation reserve	431	(968)	431	(968)
Regulatory Adjustment				
Deferred tax assets	(42,782)	(39,422)	(42,407)	(39,070)
Investment property gain	(7,496)	(7,496)	(7,496)	(7,496)
Regulatory reserve	(45,411)	(45,411)	(45,411)	(45,411)
FVOCI reserve	-	(10,032)	-	(10,032)
Investment in subsidiaries	-	-	(13,159)	(13,159)
Intangible asset (net of deferred tax liabilities)	(41,308)	(14,293)	(41,040)	(14,080)
Total Common Equity Tier-I Capital	2,496,477	2,533,998	2,475,849	2,513,291
Total Tier-I Capital	2,496,477	2,533,998	2,475,849	2,513,291
Tier-II capital				
Subordinated sukuk	500,000	250,000	500,000	250,000
Loss provision and regulatory reserve*	171,980	150,659	171,980	150,659
Add: Investment property gain	3,373	3,373	3,373	3,373
Total Tier-II Capital	675,353	404,032	675,353	404,032
Total Capital Base	3,171,830	2,938,030	3,151,202	2,917,323
Ratio (%)				
CET 1 Capital	14.060%	15.486%	13.966%	15.385%
Tier 1 Capital	14.060%	15.486%	13.966%	15.385%
Total Capital	17.864%	17.955%	17.776%	17.858%

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

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34. Capital adequacy (cont'd.)

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

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

	Group			
	30 June 2021 RM'000		31 December 2020 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%	5,182,778	-	6,524,558	-
20%	2,370,086	474,017	1,910,642	382,128
35%	2,918,063	1,021,322	3,732,543	1,306,390
50%	1,160,720	580,360	1,310,235	655,118
75%	3,193,714	2,395,286	2,941,178	2,205,884
100%	11,841,467	11,841,467	10,511,929	10,511,929
150%	84,752	127,128	13,193	19,789
Risk weighted assets for credit risk	26,751,580	16,439,580	26,944,278	15,081,238
Less: Credit risk absorbed by PSIA		4,396		-
Risk weighted assets for market risk		40,860		22,546
Risk weighted assets for operational risk		1,279,384		1,259,314
Total risk weighted assets		17,755,428		16,363,098

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34. Capital adequacy (cont'd.)

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

	Bank			
	30 June 2021 RM'000		31 December 2020 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%	5,182,778	-	6,524,558	-
20%	2,370,086	474,017	1,910,642	382,128
35%	2,918,063	1,021,322	3,732,543	1,306,390
50%	1,160,720	580,360	1,310,235	655,118
75%	3,193,714	2,395,286	2,941,178	2,205,884
100%	11,831,912	11,831,912	10,502,441	10,502,441
150%	79,411	119,117	7,578	11,366
Risk weighted assets for credit risk	26,736,684	16,422,013	26,929,175	15,063,327
Less: Credit risk absorbed by PSIA		4,396		
Risk weighted assets for market risk		40,860		22,546
Risk weighted assets for operational risk		1,268,732		1,250,046
Total risk weighted assets		<u>17,727,209</u>		<u>16,335,919</u>

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35. Fair values of financial instruments

(a) Financial instruments measured at fair value

Determination of fair value and the fair value hierarchy

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

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

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

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

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

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

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

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

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

Group	Quoted Market Price Level 1 RM'000	Valuation technique using		Total RM'000
		Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
30 June 2021				
Non-financial assets				
Investment properties	-	-	55,890	55,890
Financial assets				
Financial investments designated at fair value through profit and loss	-	10,402	305,890	316,292
Financial investments fair value through other comprehensive income	101,390	4,660,677	4,631	4,766,698
Derivative financial assets	-	21,827	-	21,827
Total financial assets measured at fair value	101,390	4,692,906	310,521	5,104,817
Financial liabilities				
Derivative financial liabilities	-	98,300	-	98,300
Total financial liabilities measured at fair value	-	98,300	-	98,300

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

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

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

Group (cont'd.)	Quoted Market Price Level 1 RM'000	Valuation technique using		Total RM'000
		Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
31 December 2020				
Non-financial assets				
Investment properties	-	-	55,889	55,889
Financial assets				
Financial investments designated at fair value through profit or loss	-	10,492	302,845	313,337
Financial investments at FVOCI	104,410	3,689,924	4,631	3,798,965
Derivative financial assets	-	47,820	-	47,820
Total financial assets measured at fair value	104,410	3,748,236	307,476	4,160,122
Financial liabilities				
Derivative financial liabilities	-	167,334	-	167,334
Total financial liabilities measured at fair value	-	167,334	-	167,334

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

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

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

Bank	Quoted Market Price Level 1 RM'000	Valuation technique using		Total RM'000
		Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
30 June 2021				
Non-financial assets				
Investment properties	-	-	55,890	55,890
Financial assets				
Financial investments designated at fair value through profit and loss	-	10,402	305,890	316,292
Financial investments fair value through other comprehensive income	98,904	4,660,677	4,631	4,764,212
Derivative financial assets	-	21,827	-	21,827
Total financial assets measured at fair value	98,904	4,692,906	310,521	5,102,331
Financial liabilities				
Derivative financial liabilities	-	98,300	-	98,300
Total financial liabilities measured at fair value	-	98,300	-	98,300

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

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

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

Bank (cont'd.)	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 December 2020				
Non-financial assets				
Investment properties	-	-	55,889	55,889
Financial assets				
Financial investments designated at fair value through profit and loss	-	10,492	302,845	313,337
Financial investments at FVOCI	101,944	3,689,923	4,631	3,796,498
Derivative financial assets	-	47,820	-	47,820
Total financial assets measured at fair value	101,944	3,748,235	307,476	4,157,655
Financial liabilities				
Derivative financial liabilities	-	167,334	-	167,334
Total financial liabilities measured at fair value	-	167,334	-	167,334

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

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

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

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

	Group		Bank	
	30 June	31 December	30 June	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	307,476	304,353	307,476	304,353
Loss recognised				
in profit or loss	(2,372)	9,007	(2,372)	9,007
Sales/ redeemed	-	(2,818)	-	(2,818)
Foreign exchange				
translation difference	5,417	(3,066)	5,417	(3,066)
At 30 June 2021	310,521	307,476	310,521	307,476

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

	Group and Bank	
	30 June	31 December
	2021	2020
	RM'000	RM'000
Total loss recognised in statements		
of profit or loss for financial instruments		
measured at fair value at the		
end of the financial period	(2,372)	9,007

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36. Segment information

(a) Business segments (cont'd.)

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

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

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

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

Group	Business banking	Consumer banking	Treasury and investment banking	Others	Total
30 June 2021	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	149,132	348,355	78,241	(16,169)	559,559
Total income	93,624	202,865	15,711	86,577	398,777
(Allowance for)/writeback of impairment on financing	(5,207)	(38,450)	-	-	(43,657)
Writeback of impairment on investments	-	-	400	-	400
Allowance for impairment on other financial assets, net	-	-	29	-	29
Other expenses	-	-	-	(12,671)	(12,671)
Total net income	88,417	164,415	16,140	73,906	342,878
Total overhead expenses					(228,157)
Profit before zakat and taxation					114,721
Zakat					(2,927)
Taxation					(28,351)
Profit for the period					83,443

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36. Segment information (cont'd.)

(a) Business segments (cont'd.)

Group	Business	Consumer	Treasury and	Others	Total
30 June 2020	banking	banking	investment		
	RM'000	RM'000	banking	RM'000	RM'000
			RM'000		
Revenue	150,210	272,219	100,018	17,298	539,745
Total income	75,695	131,282	10,960	78,154	296,091
Writeback of impairment on financing	(7,357)	(27,603)	-	-	(34,960)
Writeback of impairment on investments	-	-	828	-	828
Allowance for impairment on other financial assets, net	-	-	419	(150)	269
Other expenses	-	-	-	(6,737)	(6,737)
Total net income	68,338	103,679	12,207	71,267	255,491
Total overhead expenses					(226,896)
Profit before zakat and taxation					28,595
Zakat					(754)
Taxation					(18,925)
Profit for the period					8,916

Bank	Business	Consumer	Treasury and	Others	Total
30 June 2021	banking	banking	investment		
	RM'000	RM'000	banking	RM'000	RM'000
			RM'000		
Revenue	149,132	348,355	75,635	(16,169)	556,953
Total Income	93,624	202,865	13,008	86,578	396,075
(Allowance for)/writeback of impairment on financing	(5,207)	(38,450)	-	-	(43,657)
Writeback of impairment on investments	-	-	400	-	400
Allowance for impairment on other financial assets, net	-	-	29	-	29
Other expenses	-	-	-	(12,671)	(12,671)
Total net income	88,417	164,415	13,437	73,907	340,176
Total overhead expenses					(227,394)
Profit before zakat and taxation					112,782
Zakat					(2,820)
Taxation					(27,589)
Profit for the period					82,373

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36. Segment information (cont'd.)

(a) Business segments (cont'd.)

Bank 30 June 2020	Business banking RM'000	Consumer banking RM'000	Treasury and investment banking RM'000	Others RM'000	Total RM'000
Revenue	150,210	272,219	98,244	17,298	537,971
Total Income	75,695	131,282	9,038	78,154	294,169
Writeback of impairment on financing	(7,357)	(27,603)	-	-	(34,960)
Writeback of impairment on investments	-	-	828	-	828
Allowance for impairment on other financial assets, net	-	-	419	(150)	269
Other expenses	-	-	-	(6,737)	(6,737)
Total net income	68,338	103,679	10,285	71,267	253,569
Total overhead expenses					(225,420)
Profit before zakat and taxation					28,149
Zakat					(704)
Taxation					(18,296)
Profit for the period					9,149