



BANK MUAMALAT MALAYSIA BERHAD

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

**UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED
30 JUNE 2023 (11 ZULHIJJAH 1444H)**

Company No. 196501000376 (6175-W)

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

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BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023 (11 ZULHIJAH 1444H)

		Group		Bank	
		As at 30 June 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
Note					
Assets					
		2,610,147	1,235,454	2,610,147	1,235,454
		-	21,747	-	21,747
	8(i)	338,758	182,089	336,181	179,544
	8(ii)	5,742,151	5,211,651	5,742,151	5,211,651
	8(iii)	118,020	113,589	118,020	113,589
	9	29,870	4,247	29,870	4,247
	10	25,633,792	24,017,067	25,625,322	24,006,413
	11	66,104	44,691	65,622	44,193
		585,388	417,091	585,388	417,091
		-	-	13,159	13,159
		56,564	56,564	56,564	56,564
		36,624	35,068	36,624	35,068
		118,221	110,843	117,897	110,491
		47,643	47,674	47,601	47,622
	12	26,563	36,442	26,560	36,442
Total assets		35,409,845	31,534,217	35,411,106	31,533,275
Liabilities					
	13	29,377,293	26,320,609	29,394,810	26,340,353
	15	284,623	301,158	284,623	301,158
	14	585,330	303,388	585,330	303,388
		16,198	20,218	16,198	20,218
	9	17,348	23,111	17,348	23,111
	16	76,064	96,123	72,656	94,425
		38,984	37,433	38,984	37,433
	17	3,901	5,803	3,287	4,655
	18	1,219,774	733,174	1,219,774	733,174
	19	806,726	806,596	806,726	806,596
Total liabilities		32,426,241	28,647,613	32,439,736	28,664,511

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(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023 (11 ZULHIJAH 1444H) - (CONT'D.)

		Group		Bank	
		As at 30 June 2023 RM'000	As at 31 December 2022 RM'000	As at 30 June 2023 RM'000	As at 31 December 2022 RM'000
Note					
Shareholders' equity					
		1,195,000	1,195,000	1,195,000	1,195,000
		1,788,604	1,691,604	1,776,370	1,673,764
		2,983,604	2,886,604	2,971,370	2,868,764
Total shareholders' equity					
Total liabilities and shareholders' equity					
		35,409,845	31,534,217	35,411,106	31,533,275
Restricted investment accounts					
15		53	79	53	79
Total Islamic banking asset and asset under management					
		35,409,898	31,534,296	35,411,159	31,533,354
Commitments and contingencies					
33		4,743,910	4,781,643	4,743,910	4,781,643
Capital adequacy *					
		11.753%	12.529%	11.640%	12.415%
		16.554%	17.572%	16.451%	17.471%

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

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

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (11 ZULHIJJAH 1444H)

Group	Note	3 months ended		6 months ended	
		30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Income derived from investment of depositors' funds and others	20	422,061	307,838	797,005	598,207
Income/(loss) derived from investment of shareholders' funds	21	8,305	(2,162)	18,684	107
Income derived from investment of investment account funds	22	3,175	2,729	6,274	4,816
Allowance for impairment on financing	23	(15,730)	(4,357)	(34,866)	(8,617)
Allowance for impairment losses on financial investments, net	24	(43)	(6,441)	(37)	(6,540)
(Allowance for)/writeback of impairment losses on other financial assets, net	25	(77)	29	(137)	(81)
Other expenses directly attributable to the investment of the depositors and shareholders' funds		(9,647)	(4,897)	(17,780)	(10,172)
Total distributable income		408,044	292,739	769,143	577,720
Income attributable to depositors	26	(201,136)	(99,462)	(380,127)	(196,134)
Income attributable to investment account holders		(60)	(49)	(119)	(87)
Total net income		206,848	193,228	388,897	381,499
Personnel expenses	27	(73,963)	(67,146)	(145,726)	(131,559)
Other overheads and expenditures	28	(48,509)	(43,334)	(94,608)	(83,385)
Finance costs	29	(19,848)	(11,909)	(37,393)	(22,829)
Profit before zakat and taxation		64,528	70,839	111,170	143,726
Zakat	30	(1,836)	(2,141)	(3,010)	(3,944)
Taxation	31	(15,955)	(20,704)	(27,913)	(48,440)
Profit for the period		46,737	47,994	80,247	91,342
Earnings per share attributable to shareholders of the Bank (sen) (basic and diluted):				13.43	15.29

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

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (11 ZULHIJAH 1444H)

<u>Bank</u>	Note	3 months ended		6 months ended	
		30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Income derived from investment of depositors' funds and others	20	422,061	307,838	797,005	598,207
Income/(loss) derived from investment of shareholders' funds	21	9,142	(2,940)	22,526	(4,132)
Income derived from investment of investment account funds	22	3,175	2,729	6,274	4,816
Allowance for impairment on financing	23	(15,730)	(4,357)	(34,866)	(8,617)
Allowance for impairment losses on financial investments, net	24	(43)	(6,441)	(37)	(6,540)
(Allowance for)/writeback of impairment losses on other financial assets, net	25	(77)	29	(137)	(81)
Other expenses directly attributable to the investment of the depositors and shareholders' funds		(9,647)	(4,897)	(17,780)	(10,172)
Total distributable income		408,881	291,961	772,985	573,481
Income attributable to depositors	26	(201,214)	(99,516)	(380,285)	(196,252)
Income attributable to investment account holders		(60)	(49)	(119)	(87)
Total net income		207,607	192,396	392,581	377,142
Personnel expenses	27	(73,277)	(66,452)	(144,384)	(130,203)
Other overheads and expenditures	28	(48,625)	(43,668)	(94,963)	(84,027)
Finance costs	29	(19,848)	(11,909)	(37,393)	(22,829)
Profit before zakat and taxation		65,857	70,367	115,841	140,083
Zakat	30	(1,646)	(1,759)	(2,896)	(3,502)
Taxation	31	(15,575)	(20,332)	(27,092)	(47,055)
Profit for the period		48,636	48,276	85,853	89,526
Earnings per share attributable to shareholders of the Bank (sen) (basic and diluted):				14.37	14.98

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

BANK MUAMALAT MALAYSIA BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (11 ZULHIJAH 1444H)

<u>Group</u>	<u>Note</u>	3 months ended		6 months ended	
		30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Profit for the period		46,737	47,994	80,247	91,342
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		(7,559)	(29,001)	19,307	(34,475)
- Net (loss)/gain on change in fair value		(1,942)	(41,241)	35,244	(48,145)
- Changes in expected credit losses	8(ii)	43	(21)	37	1
- Income tax effect	12	3,225	12,261	(5,601)	14,008
- Realised gain transferred to profit or loss on disposal	20 & 21	(8,885)	-	(10,373)	(339)
Exchange fluctuation reserve		(1,954)	1,941	(2,067)	2,336
Items that may not be reclassified subsequently to profit or loss					
Net unrealised gain/(loss) on equity securities at fair value through other comprehensive income		2,166	(7,472)	(487)	(9,924)
Other comprehensive (loss)/gain for the period, net of tax		(7,347)	(34,532)	16,753	(42,063)
Total comprehensive income for the period		39,390	13,462	97,000	49,279

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

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (11 ZULHIJAH 1444H)

<u>Bank</u>	Note	3 months ended		6 months ended	
		30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Profit for the period		48,636	48,276	85,853	89,526
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		(7,559)	(29,001)	19,307	(34,475)
- Net (loss)/gain on change in fair value		(1,942)	(41,241)	35,244	(48,145)
- Changes in expected credit losses	8(ii)	43	(21)	38	2
- Income tax effect	12	3,225	12,261	(5,602)	14,007
- Realised gain transferred to profit or loss on disposal	20 & 21	(8,885)	-	(10,373)	(339)
Exchange fluctuation reserve		(1,954)	1,941	(2,067)	2,336
Items that may not be reclassified subsequently to profit or loss					
Net unrealised gain/(loss) on equity securities at fair value through other comprehensive income		2,166	(7,472)	(487)	(9,924)
Other comprehensive (loss)/gain for the period, net of tax		(7,347)	(34,532)	16,753	(42,063)
Total comprehensive income for the period		41,289	13,744	102,606	47,463

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

BANK MUAMALAT MALAYSIA BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (11 ZULHIJAH 1444H)

	Non-distributable			Distributable		
	Ordinary shares RM'000	Fair Value Through Other Comprehensive Income Reserve RM'000	Regulatory reserve RM'000	Exchange fluctuation reserve RM'000	Retained profits RM'000	Total Equity RM'000
Group						
At 1 January 2023	1,195,000	(1,342)	94,239	3,066	1,595,641	2,886,604
Profit for the period	-	-	-	-	80,247	80,247
Other comprehensive income/(loss) for the period	-	18,820	-	(2,067)	-	16,753
Total comprehensive income/(loss) for the period	-	18,820	-	(2,067)	80,247	97,000
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	3,853	-	-	(3,853)	-
Transfer to regulatory reserve	-	-	16,382	-	(16,382)	-
At 30 June 2023	1,195,000	21,331	110,621	999	1,655,653	2,983,604
At 1 January 2022	1,195,000	(40,014)	28,079	649	1,569,073	2,752,787
Profit for the period	-	-	-	-	91,342	91,342
Other comprehensive (loss)/income for the period	-	(44,399)	-	2,336	-	(42,063)
Total comprehensive (loss)/income for the period	-	(44,399)	-	2,336	91,342	49,279
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	471	-	-	(471)	-
Transfer to regulatory reserve	-	-	32,208	-	(32,208)	-
At 30 June 2022	1,195,000	(83,942)	60,287	2,985	1,627,736	2,802,066

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

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (11 ZULHIJAH 1444H)

	Non-distributable			Distributable		
	Ordinary shares RM'000	Fair Value Through Other Comprehensive Income Reserve RM'000	Regulatory reserve RM'000	Exchange fluctuation reserve RM'000	Retained profits RM'000	Total Equity RM'000
Bank						
At 1 January 2023	1,195,000	(1,342)	94,239	3,067	1,577,800	2,868,764
Profit for the period	-	-	-	-	85,853	85,853
Other comprehensive income/(loss) for the period	-	18,820	-	(2,067)	-	16,753
Total comprehensive income/(loss) for the period	-	18,820	-	(2,067)	85,853	102,606
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	3,853	-	-	(3,853)	-
Transfer to regulatory reserve	-	-	16,382	-	(16,382)	-
At 30 June 2023	1,195,000	21,331	110,621	1,000	1,643,418	2,971,370
At 1 January 2022	1,195,000	(40,014)	28,079	649	1,554,573	2,738,287
Profit for the period	-	-	-	-	89,526	89,526
Other comprehensive (loss)/income for the period	-	(44,399)	-	2,336	-	(42,063)
Total comprehensive (loss)/income for the period	-	(44,399)	-	2,336	89,526	47,463
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	471	-	-	(471)	-
Transfer to regulatory reserve	-	-	32,208	-	(32,208)	-
At 30 June 2022	1,195,000	(83,942)	60,287	2,985	1,611,420	2,785,750

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

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (11 ZULHIJAH 1444H)

	Note	Group 30 June 2023 RM'000	30 June 2022 RM'000	Bank 30 June 2023 RM'000	30 June 2022 RM'000
Cash flows from operating activities					
Profit before zakat and taxation		111,170	143,726	115,841	140,083
Adjustment for					
Amortisation of intangible asset	28	15,744	11,568	15,704	11,566
Depreciation of property, plant and equipment	28	5,362	5,821	5,354	5,812
Gain on termination ROU asset		-	-	-	-
Depreciation of right-of-use assets	28	5,540	5,248	5,540	5,248
Amortisation of cost on Subordinated Sukuk Issued		211	133	211	133
Fixed asset written off		5	12	5	13
Amortisation of premium, net	20&21	21,712	25,270	21,712	25,270
Net gain from sale of financial investments at fair value through other comprehensive income	20&21	(10,373)	(339)	(10,373)	(339)
Net gain from sale of financial investment designated at FVTPL	20&21	(18)	(31)	(18)	(31)
Unrealised (gain)/loss on revaluation of financial investment designated at FVTPL	20&21	(1,246)	3,113	(1,247)	3,113
Net loss/(gain) on revaluation of foreign exchange transaction	21	23,794	(3,145)	23,794	(3,145)
Unrealised (gain)/loss from foreign exchange derivatives	21	(31,387)	388	(31,387)	388
Unrealised gain on revaluation of islamic profit rate swap	21	-	(37,532)	-	(37,532)
Unrealised loss on revaluation of hedged items	21	3,515	8,591	3,515	8,591
Fair value (gain)/loss of financial liabilities designated at FVTPL	21	(480)	2,995	(480)	2,995
Allowance for impairment losses on financial investments, net	24	37	6,539	37	6,539
Allowance for impairment losses on other financial assets, net	25	137	81	137	81
Allowance for impairment on financing	23	53,015	24,950	53,015	24,948
Financing written off	23	19	149	19	149
Finance cost	29	37,393	22,828	37,393	22,828
Gross dividend income	21	(33)	(14)	(8,000)	(2,000)
Operating profit before working capital changes		234,117	220,351	230,772	214,710

Bank Muamalat Malaysia Berhad
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UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (11 ZULHIJAH 1444H)

	Note	Group 30 June 2023 RM'000	30 June 2022 RM'000	Bank 30 June 2023 RM'000	30 June 2022 RM'000
(Increase)/decrease in operating assets:					
Financial investment portfolio		(39,833)	(24,742)	(39,831)	(24,742)
Islamic derivative financial assets		5,764	(26,780)	5,764	(26,780)
Financing of customers		(1,669,758)	(1,535,977)	(1,671,942)	(1,533,888)
Statutory deposits with Bank Negara Malaysia		(168,296)	(28,710)	(168,296)	(28,710)
Other assets		(48,539)	416	(48,588)	454
Increase/(decrease) in operating liabilities:					
Deposits from customers		3,056,684	393,217	3,054,457	393,988
Deposits and placements of banks and other financial institutions		282,421	76,405	282,421	76,405
Investment accounts of customers		(16,535)	113,129	(16,535)	113,129
Islamic derivative financial liabilities		(5,764)	6,936	(5,764)	6,936
Bills and acceptances payable		(4,020)	11,562	(4,020)	11,562
Other liabilities		(12,987)	(52,380)	(14,670)	(52,300)
Cash generated/(used in) from operations		1,613,254	(846,573)	1,603,768	(849,236)
Finance cost on lease liabilities paid		(921)	(970)	(921)	(970)
Zakat paid		(4,724)	(4,163)	(4,264)	(3,796)
Tax paid		(29,763)	(40,722)	(28,750)	(40,508)
Net cash generated/(used in) from operating activities		1,577,846	(892,428)	1,569,833	(894,510)
Cash flows from investing activities					
Proceeds from disposal of financial investment in securities		1,082,527	1,071,043	1,082,527	1,071,043
Purchase of financial investment in securities		(1,723,502)	(847,240)	(1,723,470)	(847,227)
Purchase of property, plant and equipment		(3,550)	(2,545)	(3,550)	(2,521)
Purchase of intangible asset		(24,913)	(12,246)	(24,899)	(12,187)
Dividend income	21	33	14	8,000	2,000
Net cash used in investing activities		(669,404)	209,026	(661,391)	211,108

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UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (11 ZULHIJAH 1444H)

	Group		Bank	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Dividend paid on Islamic subordinated sukuk	(19,245)	(11,250)	(19,245)	(11,250)
Repayment of lease liability	(5,545)	(5,206)	(5,545)	(5,206)
Additional issuance of subordinated sukuk	-	-	-	-
Proceed from recourse obligation on financing sold to Cagamas	500,000	600,000	500,000	600,000
Repayment of principal for recourse obligation on financing sold to Cagamas	(15,642)	(431,538)	(15,642)	(431,538)
Repayment of finance cost for recourse obligation on financing sold to Cagamas	(15,064)	(10,752)	(15,064)	(10,752)
Net cash generated from financing activities	444,504	141,254	444,504	141,254
Net increase/(decrease) in cash and cash equivalents	1,352,946	(542,148)	1,352,946	(542,148)
Cash and cash equivalents at beginning of the period	1,257,201	1,173,475	1,257,201	1,173,475
Cash and cash equivalents at end of the period	2,610,147	631,327	2,610,147	631,327
Cash and cash equivalents consist of:				
Cash and short term funds	2,610,147	623,276	2,610,147	623,276
Cash and placements with financial institutions	-	8,051	-	8,051
	2,610,147	631,327	2,610,147	631,327

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

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023
(11 ZULHIJAH 1444H)

1. Basis of preparation

The unaudited condensed financial statements for the financial period ended 30 June 2023 of Bank Muamalat Malaysia Berhad ("BMMB" or "the Bank") and its subsidiaries ("the Group") have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act, 2016 in Malaysia.

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

The financial statements of the Group and of the Bank are prepared under the historical cost basis except for the following assets and liabilities that are stated at fair values: financial investments at fair value through other comprehensive income ("FVOCI"), financial investments at fair value through profit or loss ("FVTPL"), 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 2023 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"). These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board, Bank Negara Malaysia Guidelines ("BNM"), and the principles of Shariah.

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

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

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

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1. Basis of preparation (cont'd)

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

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

2. Auditors' report on preceding annual financial statements

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

3. Seasonal or cyclical factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors during the financial period ended 30 June 2023.

4. Unusual items

There were no unusual items affecting the assets, liabilities, equity, net income or cashflows of the Group and of the Bank during the financial period ended 30 June 2023.

5. Changes in accounting estimates

There were no material changes in estimates during the financial period ended 30 June 2023.

6. Dividends

There was no dividend payment during the financial period ended 30 June 2023.

7. Performance review and outlook

For the six (6) months period ended 30 June 2023, the Group recorded a profit before zakat and taxation of RM111.2 million, lower by 22.7% as compared to the RM143.7 million recorded in the previous corresponding period.

During the period under review, the net financing and other income grew 6.9% to RM423.9 million mainly due to marked increase in total financing of customers. Despite this growth, the Group also sees its income attributable to depositors and investment account holders increase by RM184.0 million due to high deposit market rate environment causing margin compression. Allowance for impairment losses was higher by RM19.8 million consistent with the increasing trend of credit cost across the banking industries.

Total Group assets grew by 12.3% to RM35.4 billion, as compared to RM31.5 billion as at the financial year end closing in December 2022. This was mainly contributed by the positive growth in total gross financing of customers by RM1.6 billion (6.7%). Total deposits from customers recorded an increase of 11.6% in tandem with increase in total assets.

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

The Group's capital ratios remained stable with CET 1 Capital and Total Capital Ratio stood at 11.673% and 16.441% respectively.

Economic review and outlook in the 2H2023

The reopening of the economy since October 2021 has allowed economic activities to be livelier as businesses and households have returned to their norms. Following this, the Malaysian economy was able to grow at a healthy pace of 5.6% during the first quarter of 2023. The main underpinning factors include consumption and investment among the public and the private sectors. Most notably was the consumer spending which grew by 5.9% as labour market condition remain supportive to consumption activities. This was reflected by the persistent decline in the unemployment rate from 4.2% in January 2022 to 3.5% as of May this year. This would mean more Malaysians are getting employed and have been receiving steady income. The reopening of China's economy since December last year also saw higher airport passenger traffic which rose by a whopping 102.7% to 31.9 million during January to May this year. In particular, the international airport passenger traffic was accelerating 419.2% to 13.7 million passengers for the first five months of 2023. The rise in tourism related activities certainly have the spillover effects to other industries namely the services-oriented sector. This could be seen from the retail trade and accommodation sector which recorded 14.5% and 55.7% year-on-year growth in the 1Q2023.

In light of the improvement in the Malaysian economy, the BNM through its Monetary Policy Committee ("MPC") has raised the Overnight Policy Rate ("OPR") by 25 basis points to 3.00% on 3 May 2023. The latest assessment by the MPC members suggest that the domestic economy has remained resilient and will continue to be the linchpin for the overall economic growth. Additionally, the inflation rate has also moderated to 2.8% y-o-y in May after rising to a high of 4.7% during August last year which indicates that Malaysia's central bank has demonstrated their credibility to control inflation via its monetary policy.

Going forward, the external sector is likely to be the key challenge for the country as tight liquidity condition globally is expected to have an impact to global demand. The US Federal Reserve has been adamant to maintain their restrictive monetary policy which has led to the 500 basis points hike in Fed Funds Rate since March last year. This has resulted in lower inflation rate to 3.00% in June after reaching a 40-year high of 9.1% in June last year. While inflation rate has been trending lower, business sentiments have become increasingly guarded as the major central banks continue to demonstrate their resolve to bring the inflation rate towards their 2% goal. This may have implication to the cost of borrowings along with higher operating expenditure. On the same note, China's government has been proactively prescribing policy support to ensure their overall economic growth will reach the 5.0% target for 2023 as they endure a challenging prospect in the real estate markets. For instance, the People's Bank of China (PBOC) has cut the one-year medium term lending facility by 10 basis points to 2.65% on 14 June this year in a bid to keep sufficient liquidity in the system.

As such, the Malaysian economy is expected to record slower growth this year at 4.5% in 2023 after growing by 8.7% in 2022. The domestic demand will be the key driver for growth as expansionary fiscal policy along with accommodative monetary stance by the BNM will be the supporting factor. The implementation of Budget 2023 measures with total allocation of RM388.1 billion, the largest ever in history will helped promote private and public investment activities. Rail related projects such as MRT3, LRT3 and ECRL as well as expressways like Pan Borneo Sabah and Sarawak Highways are the key infrastructure projects that will keep Malaysia's domestic demand to grow, providing the necessary buffer against external headwinds. Given this, the current economic landscape is expected to benefit Bank Muamalat in respect to financing activities especially for the consumer, commercial and corporate segments. Additionally, the BNM is expected to maintain their accommodative monetary policy stance which can be beneficial to the cost of funds among the financial institutions.

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8. Financial investments

		Group		Bank	
		30 June 2023	31 December 2022	30 June 2023	31 December 2022
		RM'000	RM'000	RM'000	RM'000
	Note				
Financial investments at fair value through profit or loss	(i)	338,758	182,089	336,181	179,544
Financial investments at fair value through other comprehensive income	(ii)	5,742,151	5,211,651	5,742,151	5,211,651
Financial investments at amortised cost	(iii)	118,020	113,589	118,020	113,589
		6,198,929	5,507,329	6,196,352	5,504,784
		Group		Bank	
		30 June 2023	31 December 2022	30 June 2023	31 December 2022
		RM'000	RM'000	RM'000	RM'000
(i) Financial investments at fair value through profit or loss					
Unquoted securities in Malaysia:					
Islamic private debt securities in Malaysia		332,552	175,950	332,552	175,950
Unit trusts		6,206	6,139	3,629	3,594
		338,758	182,089	336,181	179,544
		Group		Bank	
		30 June 2023	31 December 2022	30 June 2023	31 December 2022
		RM'000	RM'000	RM'000	RM'000
(ii) Financial investments at fair value through other comprehensive income					
Debt instruments:					
Government securities and treasury bills:					
Malaysian government investment certificates		4,333,970	4,690,779	4,333,970	4,690,779
Unquoted securities:					
Islamic private debt securities in Malaysia		889,239	313,686	889,239	313,686
Cagamas sukuk		299,926	-	299,926	-
		1,189,165	313,686	1,189,165	313,686
Equity instruments:					
Quoted securities in Malaysia:					
Quoted shares		68,386	56,783	68,386	56,783
Money market instruments:					
Unquoted securities:					
Private equity funds		145,999	145,772	145,999	145,772
Shares in Malaysia		4,631	4,631	4,631	4,631
		150,630	150,403	150,630	150,403
Total financial assets at fair value through other comprehensive income		5,742,151	5,211,651	5,742,151	5,211,651

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8. Financial investments (cont'd)

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

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

	Stage 1	Stage 2	Stage 3	
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total ECL RM'000
At 30 June 2023				
At 1 January 2023	56	-	22,134	22,190
Allowance made	169	-	-	169
Amount written back in respect of recoveries	(132)	-	-	(132)
At 30 June 2023	93	-	22,134	22,227

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

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8. Financial investments (cont'd.)

Group and Bank
30 June 2023 31 December 2022
RM'000 RM'000

(iii) Financial investments at amortised cost

At amortised cost

Unquoted Islamic corporate sukuk in Malaysia	149,958	147,774
less: Accumulated impairment losses	(31,938)	(34,185)
Total financial investments at amortised cost	118,020	113,589

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

	Stage 1	Stage 2	Stage 3	
	12 Months ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total ECL
	RM'000	RM'000	RM'000	RM'000
At 30 June 2023				
At 1 January 2023	-	-	34,185	34,185
Transfer to Stage 3				
Management overlay redesignated	-	-	(2,247)	(2,247)
At 30 June 2023	-	-	31,938	31,938
	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 2022				
At 1 January 2022	-	39,640	-	39,640
Transfer to Stage 3	-	(39,640)	39,640	-
Net writeback	-	-	(5,455)	(5,455)
Allowance made	-	-	6,457	6,457
Management overlay redesignated	-	-	(11,912)	(11,912)
At 31 December 2022	-	-	34,185	34,185

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9. Islamic derivative financial instruments

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

	Group and Bank					
	30 June 2023			31 December 2022		
	Contract/ notional amount RM'000	Fair value		Contract/ Notional Amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives:						
Foreign exchange contracts						
- Currency forwards						
Less than one year	863,892	27,701	(2,613)	787,210	936	(20,833)
- Currency swaps						
Less than one year	617,369	2,162	(14,702)	986,752	3,263	(2,251)
- Currency spot						
Less than one year	15,272	7	(33)	12,468	48	(27)
Total	1,496,533	29,870	(17,348)	1,786,430	4,247	(23,111)

10. Financing of Customers

(i) By type and Shariah concepts

Group 30 June 2023	Bai' Bithaman Ajil RM'000	Ijarah Thumma Al-Bai RM'000	Inah RM'000	Tawarruq RM'000	Bai' Al-Dayn RM'000	Murabahah RM'000	Istisna' RM'000	Qard RM'000	Murabahah to the Purchase Orderer RM'000	Shirkah Mutanaqisah RM'000	Total financing RM'000
Cash line	-	-	948	465,082	-	-	-	-	-	-	466,030
Term financing:											
Home financing	1,163,346	-	-	7,066,423	-	-	8,327	-	-	-	8,238,096
Syndicated financing	-	-	-	542,102	-	-	-	-	-	-	542,102
Hire purchase receivables	47,131	116,860	-	-	-	-	-	-	993,011	-	1,157,002
Personal financing	30,561	-	-	7,471,434	-	-	-	-	-	-	7,501,995
Other term financing	110,801	-	-	4,283,220	-	-	-	-	-	66,140	4,460,161
Trust receipts	-	-	-	-	69,051	17,198	-	-	-	-	86,249
Claims on customers under acceptance credits	-	-	-	-	300,468	953,883	-	-	-	-	1,254,351
Staff financing	17,750	-	-	65,319	-	-	-	492	-	-	83,561
Revolving credit	-	-	-	1,764,890	-	-	-	-	-	-	1,764,890
Credit card	-	-	-	31,377	-	-	-	-	-	-	31,377
Ar-Rahnu	-	-	-	323,449	-	-	-	-	-	-	323,449
Gross financing	1,369,589	116,860	948	22,013,296	369,519	971,081	8,327	492	993,011	66,140	25,909,263
Fair value changes arising from fair value hedge ¹	-	-	-	15,526	-	-	-	-	-	-	15,526
	1,369,589	116,860	948	22,028,822	369,519	971,081	8,327	492	993,011	66,140	25,924,789
Less : Allowance for impaired financing											
-Stage 1 - 12 Months ECL	(1,456)	(223)	(5)	(127,133)	(285)	(942)	(12)	-	(531)	-	(130,587)
-Stage 2 - Lifetime ECL not credit impaired	(441)	(13)	(61)	(16,778)	(7,480)	(2,952)	-	-	(96)	-	(27,821)
-Stage 3 - Lifetime ECL credit impaired	(6,327)	(672)	(187)	(123,905)	(1,129)	(57)	-	-	(312)	-	(132,589)
Total net financing ²	1,361,365	115,952	695	21,761,006	360,625	967,130	8,315	492	992,072	66,140	25,633,792

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

² Included in total net financing are financing at fair value through profit or loss amounting RM373,055,081 (2022: RM365,831,000) which mainly consists of the BNM established financing facility to provide relief and support recovery for SMEs in the services sector affected by the containment measures since June 2020.

10. Financing of Customers (cont'd.)

(i) By type and Shariah concepts

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

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

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

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10. Financing of Customers (cont'd.)

(i) By type and Shariah concepts

Bank 30 June 2023	Bai' Bithaman Ajil RM'000	Ijarah Thumma Al-Bai RM'000	Inah RM'000	Tawarruq RM'000	Bai' Al-Dayn RM'000	Murabahah RM'000	Istisna' RM'000	Qard RM'000	Murabahah to the Purchase Orderer RM'000	Total financing RM'000
Cash line	-	-	948	465,082	-	-	-	-	-	466,030
Term financing:										
Home financing	1,163,346	-	-	7,066,423	-	-	8,327	-	-	8,238,096
Syndicated financing	-	-	-	542,102	-	-	-	-	-	542,102
Hire purchase receivables	47,131	116,860	-	-	-	-	-	-	993,011	1,157,002
Personal financing	30,561	-	-	7,471,434	-	-	-	-	-	7,501,995
Other term financing	110,801	-	-	4,283,219	-	-	-	57,671	-	4,451,691
Trust receipts	-	-	-	-	69,051	17,198	-	-	-	86,249
Claims on customers under acceptance credits	-	-	-	-	300,468	953,883	-	-	-	1,254,351
Staff financing	17,750	-	-	65,319	-	-	-	492	-	83,561
Revolving credit	-	-	-	1,764,890	-	-	-	-	-	1,764,890
Credit card	-	-	-	31,377	-	-	-	-	-	31,377
Ar-Rahnu	-	-	-	323,449	-	-	-	-	-	323,449
Total gross financing	1,369,589	116,860	948	22,013,295	369,519	971,081	8,327	58,163	993,011	25,900,793
Fair value changes arising from fair value hedge ¹	-	-	-	15,526	-	-	-	-	-	15,526
	1,369,589	116,860	948	22,028,821	369,519	971,081	8,327	58,163	993,011	25,916,319
Less : Allowance for impaired financing										
-Stage 1 - 12 Months ECL	(1,456)	(223)	(5)	(127,133)	(285)	(942)	(12)	-	(531)	(130,587)
-Stage 2 - Lifetime ECL not credit impaired	(441)	(13)	(61)	(16,778)	(7,480)	(2,952)	-	-	(96)	(27,821)
-Stage 3 - Lifetime ECL credit impaired	(6,327)	(672)	(187)	(123,905)	(1,129)	(57)	-	-	(312)	(132,589)
Total net financing ²	1,361,365	115,952	695	21,761,005	360,625	967,130	8,315	58,163	992,072	25,625,322

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

² Included in total net financing are financing at fair value through profit or loss amounting RM364,123,542 (2022: RM355,178,000) which mainly consists of the BNM established financing facility to provide relief and support recovery for SMEs in the services sector affected by the containment measures since June 2020.

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10. Financing of Customers (cont'd.)

(i) By type and Shariah concepts

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

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

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

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10. Financing of customers (cont'd.)

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

	Group		Bank	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Uses of Qard fund:				
Staff financing	492	107	492	107
Other term financing	-	-	57,671	62,698
	492	107	58,163	62,805

(ii) By type of customer

	Group		Bank	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Domestic non-banking institutions	675,882	603,207	675,882	603,207
Domestic business enterprises:				
-Small business enterprises	995,556	901,304	995,556	901,304
-Others	4,946,215	4,756,693	4,937,745	4,746,039
Government and statutory bodies	919,662	929,165	919,662	929,165
Individuals	18,355,584	17,052,946	18,355,584	17,052,946
Other domestic entities	11,346	9,821	11,346	9,821
Foreign entities	5,018	5,334	5,018	5,334
Gross Financing	25,909,263	24,258,470	25,900,793	24,247,816

(iii) By profit rate sensitivity

	Group		Bank	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Fixed rate:				
Home financing	147,862	154,064	147,862	154,064
Hire purchase receivables	1,157,001	919,322	1,157,001	919,322
Others	2,604,920	3,069,535	2,596,450	3,058,881
Variable rate:				
Home financing	8,187,703	7,324,663	8,187,703	7,324,663
Others	13,811,777	12,790,886	13,811,777	12,790,886
Gross Financing	25,909,263	24,258,470	25,900,793	24,247,816

(iv) By residual contractual maturity

	Group		Bank	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Maturity				
- within one year	5,923,775	5,777,502	5,923,775	5,777,502
- more than one to five years	9,538,121	8,216,388	9,538,121	8,216,388
- more than five years	10,447,367	10,264,580	10,438,897	10,253,926
Gross Financing	25,909,263	24,258,470	25,900,793	24,247,816

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10. Financing of customers (cont'd.)

(v) By sector

	Group		Bank	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Agriculture	98,287	97,891	98,287	97,891
Mining and quarrying	8,659	5,365	8,659	5,365
Manufacturing	970,745	968,623	970,745	968,623
Electricity, gas and water	116,346	115,809	116,346	115,809
Construction	629,270	574,334	629,270	574,334
Household	18,360,612	17,058,280	18,360,612	17,058,280
Real estate	994,462	1,014,423	994,462	1,014,423
Wholesale, retail and restaurant	1,019,836	1,049,368	1,019,836	1,049,368
Transport, storage and communication	186,529	191,077	186,529	191,077
Finance, takaful and business services	2,000,012	1,651,457	2,000,011	1,651,456
Community, social and personal services	604,843	602,678	596,374	592,025
Government and statutory bodies	919,662	929,165	919,662	929,165
Gross Financing	25,909,263	24,258,470	25,900,793	24,247,816

(vi) By geographical area

	Group		Bank	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Domestic	25,909,263	24,258,470	25,900,793	24,247,816
Gross Financing	25,909,263	24,258,470	25,900,793	24,247,816

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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
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At 1 January 2023/ 2022	205,957	172,073	205,957	172,073
Classified as impaired during the period	240,788	277,388	240,788	277,388
Reclassified as performing during the period	(104,012)	(78,832)	(104,012)	(78,832)
Recovered during the period	(35,432)	(88,666)	(35,432)	(88,666)
Written off during the period	(20,177)	(43,931)	(20,177)	(43,931)
Derecognised	-	(32,075)	-	(32,075)
Gross impaired financing	287,124	205,957	287,124	205,957
Less: Stage 3 - Lifetime ECL credit impaired	(132,589)	(103,918)	(132,589)	(103,918)
Net impaired financing	154,535	102,039	154,535	102,039

Calculation ratio of impaired financing:

Gross financing of customers	25,909,263	24,258,470	25,900,793	24,247,816
Less: Stage 3 - Lifetime ECL credit impaired	(132,589)	(103,918)	(132,589)	(103,918)
Net financing of customers	25,776,674	24,154,552	25,768,204	24,143,898

Ratio of gross impaired financing to
total financing

1.11%	0.85%	1.11%	0.85%
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Net impaired financing ratio

0.60%	0.42%	0.60%	0.42%
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(ii) Impaired financing by sector

	Group		Bank	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Manufacturing	20,184	22,502	20,184	22,502
Construction	5,377	3,527	5,377	3,527
Household	217,426	148,280	217,426	148,280
Electricity, gas and water	4,417	3,951	4,416	3,951
Real estate	12,306	14,263	12,306	14,263
Wholesale, retail and restaurant	20,558	9,317	20,559	9,317
Mining and quarrying	-	1	-	1
Transport, storage and communication	1,772	1,554	1,772	1,554
Finance, takaful and business services	4,128	1,956	4,128	1,956
Community, social and personal service	956	606	956	606
	287,124	205,957	287,124	205,957

(iii) Impaired financing by geographical area

	Group		Bank	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Domestic	287,124	205,957	287,124	205,957

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10. Financing of customers (cont'd.)

Impaired financing (cont'd.)

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

Group and Bank	Stage 1	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 2023				
At 1 January 2023	128,896	25,667	103,918	258,481
Transfer to Stage 1	23,679	(22,383)	(1,296)	-
Transfer to Stage 2	(7,122)	35,678	(28,556)	-
Transfer to Stage 3	(113)	(6,342)	6,455	-
Allowance (write back)/made	(27,606)	(10,108)	73,384	35,670
New financial assets originated	61,429	-	-	61,429
Financial assets derecognised	(48,579)	5,309	(1,157)	(44,427)
Amount written off/realised	-	-	(20,159)	(20,159)
Other movements	3	-	-	3
At 30 June 2023	130,587	27,821	132,589	290,997
At 31 December 2022				
At 1 January 2022	116,768	34,046	76,134	226,948
Transfer to Stage 1	21,595	(16,691)	(4,904)	-
Transfer to Stage 2	(13,744)	30,858	(17,114)	-
Transfer to Stage 3	(299)	(21,230)	21,529	-
Allowance (write back)/made	(21,430)	(641)	75,476	53,405
New financial assets originated	127,358	-	-	127,358
Financial assets derecognised	(101,357)	(675)	(3,285)	(105,317)
Amount written off/realised	-	-	(43,918)	(43,918)
Other movements	5	-	-	5
At 31 December 2022	128,896	25,667	103,918	258,481

11. Other assets

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Deposits	6,977	6,956	6,944	6,856
Prepayments	12,138	11,423	11,924	11,370
Tax recoverable	20,709	14,779	20,709	14,779
Golf club membership	500	500	500	500
Other receivables	27,005	12,258	26,770	11,913
	67,329	45,916	66,847	45,418
Less: Accumulated impairment losses	(1,225)	(1,225)	(1,225)	(1,225)
	66,104	44,691	65,622	44,193

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12. Deferred tax assets & liabilities

	Group		Bank	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
At 1 January 2023/ 2022	36,442	42,504	36,442	42,504
Recognised in the profit or loss (Note 31)	(4,278)	(7,131)	(4,281)	(7,131)
Recognised in other comprehensive income	(5,601)	1,069	(5,601)	1,069
At 30 June 2023/ At 31 December 2022	26,563	36,442	26,560	36,442

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position as follows:

	Group		Bank	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets, net	26,563	36,442	26,560	36,442
	26,563	36,442	26,560	36,442

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

	Group		Bank	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	42,675	52,920	42,672	52,920
Deferred tax liabilities	(16,112)	(16,478)	(16,112)	(16,478)
	26,563	36,442	26,560	36,442

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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 2023	13,742	22,873	617	4,263	11,177	248	52,920
Recognised in profit or loss	9	998	(27)	266	(5,887)	(3)	(4,644)
Recognised in other comprehensive income	(5,601)	-	-	-	-	-	(5,601)
At 30 June 2023	8,150	23,871	590	4,529	5,290	245	42,675

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

Deferred tax liabilities of the Group :

	Property, plant and equipment and intangible asset RM'000	Total RM'000
At 1 January 2023	(16,478)	(16,478)
Recognised in profit and loss	366	366
At 30 June 2023	(16,112)	(16,112)

	Property, plant and equipment and intangible asset RM'000	Total RM'000
At 1 January 2022	(15,666)	(15,666)
Recognised in profit or loss	(812)	(812)
As at 31 December 2022	(16,478)	(16,478)

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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 2023	13,742	22,873	616	4,263	11,177	249	52,920
Recognised in profit or loss	-	998	(2)	245	(5,886)	(2)	(4,647)
Recognised in other comprehensive income	(5,601)	-	-	-	-	-	(5,601)
At 30 June 2023	8,141	23,871	614	4,508	5,291	247	42,672

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

Deferred tax liabilities of the Bank:

	Property, plant and equipment and intangible asset RM'000	Total RM'000
At 1 January 2023	(16,478)	(16,478)
Recognised in profit and loss	366	366
At 30 June 2023	(16,112)	(16,112)

	Property, plant and equipment and intangible asset RM'000	Total RM'000
At 1 January 2022	(15,666)	(15,666)
Recognised in profit or loss	(812)	(812)
As at 31 December 2022	(16,478)	(16,478)

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13. Deposits from customers

(a) By type of deposits

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Savings Deposit				
Qard	945,946	932,819	945,946	932,819
Tawarruq	772,121	698,568	772,121	698,568
Demand Deposit				
Qard	3,973,520	4,126,248	3,980,237	4,134,692
Tawarruq	3,877,366	3,198,943	3,877,366	3,198,943
Term Deposit				
General investment deposits	9,152	9,332	9,152	9,332
Short term accounts	12,816,369	10,942,745	12,816,369	10,942,745
Fixed term accounts tawarruq	6,872,165	6,318,541	6,882,965	6,329,841
Other deposits	110,654	93,413	110,654	93,413
	29,377,293	26,320,609	29,394,810	26,340,353

(b) By type of customer

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Government and statutory bodies	14,392,010	12,672,289	14,392,010	12,672,289
Business enterprises	7,402,808	5,771,109	7,420,325	5,790,855
Individuals	2,316,432	2,546,608	2,316,432	2,546,608
Domestic non-bank financial institutions	4,080,312	4,226,716	4,080,312	4,226,716
Domestic banking financial institutions	115,792	51,553	115,792	51,553
Others	1,069,939	1,052,334	1,069,939	1,052,332
	29,377,293	26,320,609	29,394,810	26,340,353

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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
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Due within six months	17,349,379	15,664,196	17,360,179	15,675,496
More than six months to one year	1,781,918	711,644	1,781,918	711,644
More than one year to three years	373,874	843,919	373,874	843,919
More than three years to five years	192,515	50,859	192,515	50,859
	19,697,686	17,270,618	19,708,486	17,281,918

14. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 June	31 December
	2023	2022
	RM'000	RM'000
Non-Mudharabah		
Bank Negara Malaysia	334,233	303,388
Other financial institutions	251,097	-
	585,330	303,388

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

15. Investment accounts of customers

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

	Group		Bank	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Unrestricted investment account				
Mudarabah				
Without maturity				
- Savings	284,623	301,158	284,623	301,158
Restricted investment accounts:				
Mudarabah				
Maturity				
- within one year	53	79	53	79

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

(i) Investment account analysed by maturity portfolio are as follows (cont'd.)

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

(ii) By types of customer are as follows:

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Unrestricted investment accounts:				
Individuals	284,623	301,158	284,623	301,158
Restricted investment accounts:				
Individuals	53	79	53	79

(iii) Movement of investment accounts of customers:

	Group and Bank 30 June 2023		Group and Bank 31 December 2022	
	Unrestricted investment accounts Mudarabah RM'000	Restricted investment accounts Mudarabah RM'000	Unrestricted investment accounts Mudarabah RM'000	Restricted investment accounts Mudarabah RM'000
At 1 January 2023/ 2022	301,158	79	216,978	132
Net movement	(16,535)	-	84,180	-
New placement	-	12	-	41
Redemption	-	(38)	-	(94)
At 30 June 2023/December 2022	284,623	53	301,158	79

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

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Unrestricted investment accounts:				
Home financing	284,623	301,158	284,623	301,158
Total investment	284,623	301,158	284,623	301,158
Restricted investment accounts:				
Term financing	53	79	53	79
Total investment	53	79	53	79

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

	Group and Bank 30 June 2023		Group and Bank 31 December 2022	
	Average profit sharing ratio (%)	Average rate of return (%)	Average profit sharing ratio (%)	Average rate of return (%)
Unrestricted investment accounts	2.0%	0.08%	2.0%	0.07%
Restricted investment accounts	95.0%	0.00%	95.0%	0.00%

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16. Other liabilities

	Group		Bank	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Sundry creditors	2,057	2,476	2,057	2,476
Allowances for impairment losses on financing commitments and financial guarantee contracts (Note 16(a))	12,256	9,668	12,256	9,668
Provision for bonus	5,509	25,786	5,509	25,786
Accrued expenses	14,468	18,429	11,200	16,754
Accrual for directors' fees	360	-	360	-
Accrual for audit fees	335	217	322	194
Other liabilities	41,079	39,547	40,952	39,547
	76,064	96,123	72,656	94,425

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

Group and Bank	Stage 1 12 Months ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total ECL RM'000
At 30 June 2023				
At 1 January 2023	8,165	118	1,385	9,668
Transfer to Stage 1	63	(63)	-	-
Transfer to Stage 2	(357)	549	(192)	-
Transfer to Stage 3	(1)	(35)	36	-
Allowance (write back)/made	(1,097)	2,051	273	1,227
New financing originated or purchased	3,131	-	-	3,131
Financing derecognised	(1,544)	(158)	(73)	(1,775)
Other movements	3	2	-	5
At 30 June 2023	8,363	2,464	1,429	12,256
At 31 December 2022				
At 1 January 2022	5,206	133	616	5,955
Transfer to Stage 1	213	(116)	(97)	-
Transfer to Stage 2	(168)	236	(68)	-
Transfer to Stage 3	(1)	(367)	368	-
Allowance (write back)/made	(543)	376	809	642
New financing originated or purchased	5,767	-	-	5,767
Financing derecognised	(2,309)	(144)	(243)	(2,696)
At 31 December 2022	8,165	118	1,385	9,668

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17. Provision for zakat and taxation

	Group		Bank	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Zakat	3,401	5,114	3,287	4,655
Taxation	500	689	-	-
	3,901	5,803	3,287	4,655

18. Recourse obligation on financing sold to Cagamas

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

19. Sukuk

Subordinated sukuk

Subordinated sukuk as at 30 June 2023 relates to two tranches of Subordinated Sukuk Murabahah (Series 2 and Series 3) which qualifies as Tier2 capital under the BNM Policy Document on Capital Adequacy Framework for Islamic Banks (Capital Components). The sukuk carries a tenure of 10 years from the issue date, callable on the 5th anniversary date from the Issue date and on every profit payment date thereafter. Table below depicts a summary of the current Subordinated Sukuk Murabahah.

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

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

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

Group and Bank	3 months ended		6 months ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(a) Fixed term deposits	101,645	72,818	186,213	149,020
(b) Other deposits	320,416	235,020	610,792	449,187
	422,061	307,838	797,005	598,207

(a) Income derived from investment of fixed term deposits

	3 months ended		6 months ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Income from financing	81,732	60,242	151,434	122,590
Financial investments designated at FVTPL	681	420	1,152	884
Financial assets at fair value through other comprehensive income	11,840	9,804	22,292	21,316
Financial assets at amortised cost	333	531	641	686
Money at call and deposit with financial institutions	2,391	694	3,761	1,531
	96,977	71,691	179,280	147,007
Amortisation of premium less accretion of discounts	(2,564)	(2,787)	(4,937)	(6,109)
Total finance income and hibah	94,413	68,904	174,343	140,898
Other operating income				
Net gain from sale of:				
- financial investments designated at FVTPL	4	4	4	8
- financial investments at fair value through other comprehensive income	2,088	(5)	2,424	84
Unrealised gain/(loss) on revaluation from financial investments designated at FVTPL	151	(180)	283	(276)
	2,243	(181)	2,711	(184)
Fees and commission				
Guarantee fees	131	126	251	255
Processing fees	533	9	948	168
Service charges and fees	906	758	1,883	1,665
Commission	3,419	3,202	6,077	6,218
	4,989	4,095	9,159	8,306
Total	101,645	72,818	186,213	149,020

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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	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Income from financing	257,385	194,286	496,712	369,514
Financial investments designated at FVTPL	2,162	1,360	3,778	2,665
Financial assets at fair value through other comprehensive income	37,232	31,898	73,118	64,251
Financial assets at amortised cost	1,046	1,631	2,103	2,067
Money at call and deposit with financial institutions	7,630	2,265	12,335	4,616
	305,455	231,440	588,046	443,113
Amortisation of premium less accretion of discounts	(8,047)	(9,077)	(16,193)	(18,413)
Total finance income and hibah	297,408	222,363	571,853	424,700
Other operating income				
Net gain from sale of:				
- financial investments designated at FVTPL	13	13	13	23
- financial investments at fair value through other comprehensive income	6,797	5	7,950	254
Unrealised gain/(loss) on revaluation from financial investments designated at FVTPL	476	(563)	929	(831)
	7,286	(545)	8,892	(554)
Fees and commission				
Guarantee fees	410	406	822	768
Processing fees	1,686	60	3,110	506
Service charges and fees	2,820	2,470	6,182	5,025
Commission	10,806	10,266	19,933	18,742
	15,722	13,202	30,047	25,041
Total	320,416	235,020	610,792	449,187

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

Group	3 months ended		6 months ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Finance income and hibah				
Financial assets at fair value through other comprehensive income	1,721	1,923	3,865	4,358
Financial assets at amortised cost				
Money at call and deposit with financial institutions	568	278	1,285	536
	<u>2,289</u>	<u>2,201</u>	<u>5,150</u>	<u>4,894</u>
Amortisation of premium less				
Accretion of discounts	(275)	(375)	(582)	(747)
Total finance income and hibah	<u>2,014</u>	<u>1,826</u>	<u>4,568</u>	<u>4,147</u>
Other operating income				
Net (loss)/gain from foreign exchange transaction	(8,820)	1,033	(23,794)	3,145
Unrealised gain/(loss) on revaluation from foreign exchange derivatives	12,819	313	31,387	(388)
Unrealised gain/(loss) on revaluation from financial investments designated at FVTPL	6	(3,546)	33	(1,599)
Fair value (loss)/gain of financial liabilities designated at FVTPL	(908)	(1,418)	480	(2,995)
Return/(loss) of a financial investment at fair value through other comprehensive income	-	(380)	-	(407)
Gross dividend income from investment:				
-shares in Malaysia	17	8	33	14
Net dividend paid for Islamic profit rate swap	-	(5,803)	-	(11,845)
Unrealised gain on revaluation of Islamic profit rate swap	-	20,396	-	37,532
Unrealised loss on revaluation from hedged items	-	(18,618)	-	(37,940)
	<u>3,114</u>	<u>(8,015)</u>	<u>8,139</u>	<u>(14,483)</u>
Fees and commission				
Corporate advisory fees	362	529	779	956
Service charges and fees	2,398	1,601	4,187	5,881
Commission	233	1,675	493	3,114
	<u>2,993</u>	<u>3,805</u>	<u>5,459</u>	<u>9,951</u>
Other income				
Rental income	184	222	517	492
Loss on sale of fixed assets	-	-	1	-
	<u>184</u>	<u>222</u>	<u>518</u>	<u>492</u>
Total	<u>8,305</u>	<u>(2,162)</u>	<u>18,684</u>	<u>107</u>

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

	3 months ended		6 months ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Bank				
Finance income and hibah				
Financial assets at fair value through other comprehensive income	1,721	1,923	3,865	4,358
Financial assets at amortised cost				
Money at call and deposit with financial institutions	568	278	1,285	536
	<u>2,289</u>	<u>2,201</u>	<u>5,150</u>	<u>4,894</u>
Amortisation of premium less				
Accretion of discounts	(275)	(375)	(582)	(747)
Total finance income and hibah	<u>2,014</u>	<u>1,826</u>	<u>4,568</u>	<u>4,147</u>
Other operating income				
Net (loss)/gain from foreign exchange transaction	(8,820)	1,033	(23,794)	3,145
Unrealised gain/(loss) on revaluation from foreign exchange derivatives	12,819	313	31,387	(388)
Unrealised gain/(loss) on revaluation from financial investments designated at FVTPL	6	(3,546)	35	(1,599)
Fair value (loss)/gain of financial liabilities designated at FVTPL	(908)	(1,418)	480	(2,995)
Return/(loss) of a financial investment at fair value through other comprehensive income	-	(380)	-	(407)
Gross dividend income from investment:				
-subsidiary	3,000	1,000	8,000	2,000
Net dividend paid for Islamic profit rate swap	-	(5,803)	-	(11,845)
Unrealised gain on revaluation of Islamic profit rate swap	-	20,396	-	37,532
Unrealised loss on revaluation from hedged items	-	(18,618)	-	(37,940)
	<u>6,097</u>	<u>(7,023)</u>	<u>16,108</u>	<u>(12,497)</u>
Fees and commission				
Corporate advisory fees	564	311	744	513
Service charges and fees	20	19	35	39
Commission	233	1,675	493	3,114
	<u>817</u>	<u>2,005</u>	<u>1,272</u>	<u>3,666</u>
Other income				
Rental income	214	252	577	552
Loss on sale of fixed assets	-	-	1	-
	<u>214</u>	<u>252</u>	<u>578</u>	<u>552</u>
Total	<u>9,142</u>	<u>(2,940)</u>	<u>22,526</u>	<u>(4,132)</u>

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22. Income derived from investment of investment account funds

Group and Bank	3 months ended		6 months ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Income from financing	3,175	2,729	6,274	4,816
	3,175	2,729	6,274	4,816

23. Allowance for impairment on financing

Group	3 months ended		6 months ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Allowance for/(Writeback of) impairment on financing of customer:				
- individual allowance made	2,831	1,767	4,453	3,273
- individual allowance written back	(416)	271	(1,227)	(228)
- collective allowance made	103,167	54,083	204,423	103,459
- collective allowance written back	(82,190)	(43,516)	(154,634)	(81,555)
Impaired financing written off	35	113	19	149
Impaired financing recovered	(7,697)	(8,361)	(18,168)	(16,481)
	15,730	4,357	34,866	8,617

Bank	3 months ended		6 months ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Allowance for/(Writeback of) impairment on financing of customer:				
- individual allowance made	2,831	1,767	4,453	3,273
- individual allowance written back	(416)	271	(1,227)	(228)
- collective allowance made	103,167	54,083	204,423	103,459
- collective allowance written back	(82,190)	(43,516)	(154,634)	(81,555)
Impaired financing written off	35	113	19	149
Impaired financing recovered	(7,697)	(8,361)	(18,168)	(16,481)
	15,730	4,357	34,866	8,617

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24. Allowance for impairment losses on financial investments, net

Group	3 months ended		6 months ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Impairment losses/(write back) on corporate bonds included under Fair value through other comprehensive income ("FVOCI")	43	(21)	37	1
Impairment losses on corporate bonds included under Amortised Cost ("AC")	-	6,462	-	6,539
	43	6,441	37	6,540

Bank	3 months ended		6 months ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Impairment losses/(write back) on corporate bonds included under Fair value through other comprehensive income ("FVOCI")	43	(21)	37	1
Impairment losses on corporate bonds included under Amortised Cost ("AC")	-	6,462	-	6,539
	43	6,441	37	6,540

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

Group and Bank	3 months ended		6 months ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cash and short term funds - ECL, net	77	(29)	137	81

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26. Income attributable to depositors

Group	3 months ended		6 months ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
Mudharabah funds	34	68	68	142
Non-Mudharabah funds	196,124	99,351	373,838	195,949
Deposits and placements of banks and other financial institutions:				
Non-Mudharabah funds	4,978	43	6,221	43
	201,136	99,462	380,127	196,134

Bank	3 months ended		6 months ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
Mudharabah funds	34	68	68	142
Non-Mudharabah funds	196,202	99,405	373,996	196,067
Deposits and placements of banks and other financial institutions:				
Non-Mudharabah funds	4,978	43	6,221	43
	201,214	99,516	380,285	196,252

27. Personnel expenses

Group	3 months ended		6 months ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Salary and wages	53,245	45,674	100,890	90,184
Contribution to defined contribution plan	9,424	8,616	18,545	17,820
Social security contributions	620	481	1,226	952
Allowances and bonuses	2,575	6,171	11,535	11,626
Others	8,099	6,204	13,530	10,977
	73,963	67,146	145,726	131,559

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27. Personnel expenses (cont'd)

	3 months ended		6 months ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
Bank	RM'000	RM'000	RM'000	RM'000
Salary and wages	52,710	45,107	99,821	89,052
Contribution to defined contribution plan	9,333	8,522	18,364	17,634
Social security contributions	620	481	1,226	952
Allowances and bonuses	2,551	6,158	11,488	11,621
Others	8,063	6,184	13,485	10,944
	73,277	66,452	144,384	130,203

28. Other overheads and expenditures

	3 months ended		6 months ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
Group	RM'000	RM'000	RM'000	RM'000
Promotion				
Advertisement and publicity	2,992	1,167	4,536	2,914
Others	414	561	780	741
Establishment				
Rental	85	(23)	205	93
Depreciation of property, plant and equipment	2,698	2,913	5,362	5,820
Depreciation of right-of-use assets	2,791	3,213	5,540	5,248
Amortisation of intangible assets	8,066	5,944	15,744	11,567
Information technology expenses	14,298	12,634	29,359	25,064
Repair and maintenance	1,235	1,248	2,112	2,656
Hire of equipment	1,967	1,283	3,137	2,482
Takaful	1,092	2,800	3,331	4,563
Utilities expenses	1,437	1,290	2,747	2,471
Security expenses	2,345	2,263	4,491	3,780
Others	1,363	1,047	2,562	2,166
General expenses				
Auditors' fees	174	135	336	155
Professional fees	1,034	853	1,543	1,745
Legal expenses	55	376	84	539
Telephone	332	314	662	633
Stationery and printing	485	449	896	849
Postage and courier	800	492	1,531	953
Travelling	321	148	550	222
Directors remuneration and Shariah Committee allowance	694	872	1,425	1,371
Others	3,831	3,355	7,675	7,353
	48,509	43,334	94,608	83,385

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28. Other overheads and expenditures (cont'd)

	3 months ended		6 months ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Bank				
Promotion				
Advertisement and publicity	2,992	1,167	4,536	2,914
Others	414	561	779	741
Establishment				
Rental	85	(23)	205	93
Depreciation of property, plant and equipment	2,713	2,909	5,354	5,812
Depreciation of right-of-use assets	2,791	3,213	5,540	5,248
Amortisation of intangible assets	8,026	5,942	15,704	11,566
Information technology expenses	14,249	12,600	29,265	24,996
Repair and maintenance	1,235	1,235	2,112	2,643
Hire of equipment	1,882	1,227	2,982	2,369
Takaful	1,092	2,800	3,331	4,563
Utilities expenses	1,428	1,296	2,731	2,471
Security expenses	2,345	2,263	4,491	3,780
Others	1,363	1,047	2,562	2,166
General expenses				
Auditors' fees	174	135	336	155
Professional fees	986	801	1,435	1,625
Legal expenses	55	376	84	539
Telephone	331	314	661	633
Stationery and printing	485	449	895	846
Postage and courier	800	492	1,531	953
Travelling	321	148	550	222
Directors remuneration and Shariah Committee allowance	671	859	1,375	1,344
Others	4,187	3,857	8,504	8,348
	48,625	43,668	94,963	84,027

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29. Finance cost

Group	3 months ended		6 months ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Dividend paid- subordinated sukuk	9,639	5,620	19,164	11,183
Financing sold to Cagamas	9,739	5,728	17,307	10,676
Finance cost of lease liabilities	470	561	922	970
	19,848	11,909	37,393	22,829

Bank	3 months ended		6 months ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Dividend paid- subordinated sukuk	9,639	5,620	19,164	11,183
Financing sold to Cagamas	9,739	5,728	17,307	10,676
Finance cost of lease liabilities	470	561	922	970
	19,848	11,909	37,393	22,829

30. Zakat

Group	3 months ended		6 months ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Provision for zakat for the year	1,836	2,141	3,010	3,944
	1,836	2,141	3,010	3,944

Bank	3 months ended		6 months ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Provision for zakat for the year	1,646	1,759	2,896	3,502

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31. Taxation

Group	3 months ended		6 months ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Current income tax	6,894	14,616	23,635	36,837
	<u>6,894</u>	<u>14,616</u>	<u>23,635</u>	<u>36,837</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	8,513	6,088	3,705	5,637
Relating to (increase)/reduction in Malaysian income tax rate	-	-	-	5,966
Over provision in prior year	548	-	573	-
	<u>9,061</u>	<u>6,088</u>	<u>4,278</u>	<u>11,603</u>
	<u>15,955</u>	<u>20,704</u>	<u>27,913</u>	<u>48,440</u>
Bank	3 months ended		6 months ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Current income tax	6,486	14,244	22,811	35,452
	<u>6,486</u>	<u>14,244</u>	<u>22,811</u>	<u>35,452</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	9,089	6,088	4,281	5,637
Relating to (increase)/reduction in Malaysian income tax rate	-	-	-	5,966
	<u>9,089</u>	<u>6,088</u>	<u>4,281</u>	<u>11,603</u>
	<u>15,575</u>	<u>20,332</u>	<u>27,092</u>	<u>47,055</u>

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 2022: 24%) of the estimated assessable profit for the period.

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32. Credit exposures arising from credit transactions with connected parties

	Group	
	30 June 2023 RM'000	31 December 2022 RM'000
Outstanding credit exposures with connected parties (RM'000)	2,359,959	2,053,363
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	7.2%	7.1%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	-	-
	Bank	
	30 June 2023 RM'000	31 December 2022 RM'000
Outstanding credit exposures with connected parties (RM'000)	2,417,630	2,116,061
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	7.3%	7.3%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	-	-

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transaction and Exposures with Connected Parties, which 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 2023			31 December 2022		
	Principal amount RM'000	Credit equivalent amount RM'000	Total risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Total risk weighted amount RM'000
The commitments and contingencies constitute the following:						
Contingent liabilities						
Direct credit substitutes	402,630	402,630	389,774	400,079	400,079	382,342
Trade-related contingencies	96,625	19,325	311	99,507	19,901	2,421
Transaction-related contingencies	361,309	180,653	170,452	555,343	277,672	267,420
Commitments						
Credit extension commitment:						
- Maturity within one (1) year	866,001	173,200	147,140	636,084	127,217	135,215
- Maturity exceeding one (1) year	1,288,571	644,286	482,685	1,151,968	575,984	423,632
Other miscellaneous commitments & contingencies	232,241	21,593	16,194	152,232	13,754	10,316
Islamic derivative financial instruments						
Foreign exchange related contracts	1,496,533	50,812	42,381	1,786,430	25,347	13,764
	4,743,910	1,492,499	1,248,937	4,781,643	1,439,954	1,235,110

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34. Capital adequacy

(a) Capital Adequacy Framework

- (i) Bank Negara Malaysia ("BNM") had 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 Standardised 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 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Computation of Total Risk Weighted Assets ("RWA")				
Total credit RWA	20,901,914	19,525,603	20,886,110	19,506,523
Less: Credit risk absorbed by profit-sharing investment account ("PSIA")	(123,201)	(135,099)	(123,201)	(135,099)
Total market RWA	58,667	23,153	58,667	23,153
Total operational RWA	1,512,426	1,460,879	1,481,718	1,424,839
Total RWA	22,349,806	20,874,536	22,303,294	20,819,416
Computation of Capital Ratio				
<u>Tier-I capital</u>				
Share capital	1,195,000	1,195,000	1,195,000	1,195,000
Retained profits	1,595,641	1,595,641	1,577,800	1,577,800
Other Reserves				
Regulatory reserve	110,621	94,239	110,621	94,239
FVOCI reserve	21,331	(1,342)	21,331	(1,342)
Foreign exchange translation reserve	999	3,066	1,000	3,067
Regulatory Adjustment				
Deferred tax assets	(42,675)	(52,920)	(42,672)	(52,920)
Investment property gain	(8,171)	(8,171)	(8,171)	(8,171)
Regulatory reserve	(110,621)	(94,239)	(110,621)	(94,239)
FVOCI reserve	(11,732)	-	(11,732)	-
Cumulative gains of financing measured at FVTPL	(21,480)	(21,455)	(21,480)	(21,455)
Property revaluation gains	-	-	-	-
Investment in subsidiaries	-	-	(13,159)	(13,159)
Intangible asset (net of deferred tax liabilities)	(102,109)	(94,363)	(101,785)	(94,013)
Total Common Equity Tier-I Capital	2,626,804	2,615,456	2,596,132	2,584,807
Total Tier-I Capital	2,626,804	2,615,456	2,596,132	2,584,807
<u>Tier-II capital</u>				
Subordinated sukuk	800,000	800,000	800,000	800,000
Loss provision and regulatory reserve*	269,319	248,955	269,319	248,955
Add: Investment property gain	3,677	3,677	3,677	3,677
Total Tier-II Capital	1,072,996	1,052,632	1,072,996	1,052,632
Total Capital Base	3,699,800	3,668,088	3,669,128	3,637,439
Ratio (%)				
CET 1 Capital	11.753%	12.529%	11.640%	12.415%
Tier 1 Capital	11.753%	12.529%	11.640%	12.415%
Total Capital	16.554%	17.572%	16.451%	17.471%

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

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34. Capital adequacy (cont'd.)

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

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

	Group			
	30 June 2023 RM'000		31 December 2022 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%	8,677,306	-	6,865,619	-
20%	5,516,241	1,103,248	4,612,135	922,427
35%	2,292,763	802,467	2,410,334	843,617
50%	1,260,359	630,179	1,171,097	585,548
75%	3,474,491	2,605,868	3,329,057	2,496,793
100%	15,450,863	15,450,863	14,388,397	14,388,397
150%	206,193	309,289	192,548	288,821
Risk weighted assets for credit risk	36,878,216	20,901,914	32,969,187	19,525,603
Less: Credit risk absorbed by PSIA		(123,201)		(135,099)
Risk weighted assets for market risk		58,667		23,153
Risk weighted assets for operational risk		1,512,426		1,460,879
Total risk weighted assets		<u>22,349,806</u>		<u>20,874,536</u>

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34. Capital adequacy (cont'd.)

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

	Bank			
	30 June 2023 RM'000		31 December 2022 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%	8,677,306	-	6,865,619	-
20%	5,516,241	1,103,248	4,612,135	922,427
35%	2,292,763	802,467	2,410,334	843,617
50%	1,260,359	630,179	1,171,097	585,548
75%	3,474,491	2,605,868	3,329,057	2,496,793
100%	15,447,763	15,447,763	14,385,298	14,385,298
150%	197,723	296,585	181,894	272,840
Risk weighted assets for credit risk	36,866,646	20,886,110	32,955,434	19,506,523
Less: Credit risk absorbed by PSIA		(123,201)		(135,099)
Risk weighted assets for market risk		58,667		23,153
Risk weighted assets for operational risk		1,481,718		1,424,839
Total risk weighted assets		<u>22,303,294</u>		<u>20,819,416</u>

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35. Fair values of financial instruments

(a) Financial instruments measured at fair value

Determination of fair value and the fair value hierarchy

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

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

Level 2 - valuation techniques based on observable inputs: inputs other than quoted prices included within Level 1 that are observable for the instrument, whether directly (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 2023				
Non-financial assets				
Investment properties	-	-	56,564	56,564
Financial assets				
Financial investments designated at fair value through profit and loss	6,206	156,390	176,162	338,758
Financial investments fair value through other comprehensive income	68,386	5,523,136	150,629	5,742,151
Derivative financial assets	-	29,870	-	29,870
Total financial assets measured at fair value	74,592	5,709,396	326,791	6,110,779
Financial liabilities				
Derivative financial liabilities	-	17,348	-	17,348
Total financial liabilities measured at fair value	-	17,348	-	17,348

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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 2022				
Non-financial assets				
Investment properties	-	-	56,564	56,564
Financial assets				
Financial investments designated at fair value through profit or loss	6,138	5,114	170,837	182,089
Financial investments at FVOCI	56,783	5,004,465	150,403	5,211,651
Derivative financial assets	-	4,247	-	4,247
Total financial assets measured at fair value	62,921	5,013,826	321,240	5,397,987
Financial liabilities				
Derivative financial liabilities	-	23,111	-	23,111
Total financial liabilities measured at fair value	-	23,111	-	23,111

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

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

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

Bank	Quoted Market Price Level 1 RM'000	Valuation technique using		Total RM'000
		Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
30 June 2023				
Non-financial assets				
Investment properties	-	-	56,564	56,564
Financial assets				
Financial investments designated at fair value through profit and loss	3,629	156,390	176,162	336,181
Financial investments fair value through other comprehensive income	68,386	5,523,136	150,629	5,742,151
Derivative financial assets	-	29,870	-	29,870
Total financial assets measured at fair value	72,015	5,709,396	326,791	6,108,202
Financial liabilities				
Derivative financial liabilities	-	17,348	-	17,348
Total financial liabilities measured at fair value	-	17,348	-	17,348

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

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

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

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

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

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
At 1 January 2023/2022	321,240	315,621	321,240	315,621
(Loss)/Gain recognised in profit or loss	5,228	(27,352)	5,228	(27,352)
Purchases	2,056	23,352	2,056	23,352
Sales/ redeemed	(10,165)	-	(10,165)	-
Foreign exchange translation difference	8,432	9,619	8,432	9,619
At 30 June 2023/ 31 December 2022	326,791	321,240	326,791	321,240

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

	Group and Bank	
	30 June 2023 RM'000	31 December 2022 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	5,228	(27,354)

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36. Segment information

(a) Business segments

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

- (i) Business banking - this segment comprises the full range of products and services offered to business customers in the region, ranging from large corporates and the public sector and also commercial enterprises. The products and services offered include long-term financing such as project financing, short-term credit (e.g. Muamalat Cashline and trade financing), and fee-based services (e.g. cash management).
- (ii) Consumer banking - this segment comprises the full range of products and services offered to individual customers in Malaysia, including savings accounts, current accounts, fixed term accounts, remittance services, internet banking services, cash management services, consumer financing such as mortgage financing, personal financing, hire purchases financing, micro financing, wealth management and bancatakaful products.
- (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 2023	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	183,556	511,053	126,610	744	821,963
Total income	91,401	216,284	31,046	102,986	441,717
Writeback of/(Allowance for) impairment on financing	1,114	(37,210)	1,230	-	(34,866)
Allowance for impairment losses on investments	-	-	(37)	-	(37)
Allowance for impairment on other financial assets, net	-	-	(137)	-	(137)
Other expenses	-	-	-	(17,780)	(17,780)
Total net income	92,515	179,074	32,102	85,206	388,897
Total overhead expenses					(277,727)
Profit before zakat and taxation					111,170
Zakat					(3,010)
Taxation					(27,913)
Profit for the period					80,247

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36. Segment information (cont'd.)

(a) Business segments (cont'd.)

Group	Business	Consumer	Treasury and	Others	Total
30 June 2022	banking	banking	investment		
	RM'000	RM'000	banking	RM'000	RM'000
			RM'000		
Revenue	135,595	395,223	84,272	(11,960)	603,130
Total income	73,395	226,074	25,271	82,169	406,909
Writeback of/(Allowance for) impairment on financing	7,997	(16,614)	-	-	(8,617)
Writeback of impairment losses on investments	-	-	(6,540)	-	(6,540)
Writeback of impairment on other financial assets, net	-	-	(81)	-	(81)
Other expenses	-	-	-	(10,172)	(10,172)
Total net income	81,392	209,460	18,650	71,997	381,499
Total overhead expenses					(237,773)
Profit before zakat and taxation					143,726
Zakat					(3,944)
Taxation					(48,440)
Profit for the period					91,342

Bank	Business	Consumer	Treasury and	Others	Total
30 June 2023	banking	banking	investment		
	RM'000	RM'000	banking	RM'000	RM'000
			RM'000		
Revenue	183,556	511,053	130,453	743	825,805
Total Income	91,401	216,284	34,730	102,986	445,401
Writeback of/(Allowance for) impairment on financing	1,114	(37,210)	1,230	-	(34,866)
Allowance for impairment losses on investments	-	-	(37)	-	(37)
Allowance for impairment on other financial assets, net	-	-	(137)	-	(137)
Other expenses	-	-	-	(17,780)	(17,780)
Total net income	92,515	179,074	35,786	85,206	392,581
Total overhead expenses					(276,740)
Profit before zakat and taxation					115,841
Zakat					(2,896)
Taxation					(27,092)
Profit for the period					85,853

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36. Segment information (cont'd.)

(a) Business segments (cont'd.)

Bank 30 June 2022	Business banking RM'000	Consumer banking RM'000	Treasury and investment banking RM'000	Others RM'000	Total RM'000
Revenue	135,595	395,223	80,033	(11,960)	598,891
Total Income	73,395	226,074	20,914	82,169	402,552
Writeback of/(Allowance for) impairment on financing	7,997	(16,614)	-	-	(8,617)
Writeback of impairment losses on investments	-	-	(6,540)	-	(6,540)
Writeback of impairment on other financial assets, net	-	-	(81)	-	(81)
Other expenses	-	-	-	(10,172)	(10,172)
Total net income	81,392	209,460	14,293	71,997	377,142
Total overhead expenses					(237,059)
Profit before zakat and taxation					140,083
Zakat					(3,502)
Taxation					(47,055)
Profit for the period					89,526