



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

**UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED
30 SEPTEMBER 2020 (12 SAFAR 1442H)**

Company No. 6175-W

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

Contents	Page
Unaudited Statement of Financial Position	1
Unaudited Statements of Profit or Loss	3
Unaudited Statements of Other Comprehensive Income	5
Unaudited Statement of Changes in Equity	7
Unaudited Statements of Cash Flows	9
Notes to Interim Financial Statements	12

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020 (12 SAFAR 1442H)

	Note	Group		Bank	
		As at 30 September 2020 RM'000	As at 31 December 2019 RM'000	As at 30 September 2020 RM'000	As at 31 December 2019 RM'000
Assets					
Cash and short-term funds		1,242,047	1,011,225	1,242,047	1,011,225
Cash and placements with financial institutions		66,958	53,925	66,958	53,925
Financial investments at fair value through profit or loss	9(i)	276,195	308,793	276,195	308,793
Financial investments at fair value through other comprehensive income	9(ii)	4,792,223	4,604,824	4,789,765	4,602,399
Financial investments at amortised cost	9(iii)	105,519	103,162	105,519	103,162
Islamic derivative financial assets	10	39,360	21,859	39,360	21,859
Financing of customers	11	17,203,047	15,861,238	17,198,554	15,857,343
Other assets	12	82,479	41,670	82,163	40,780
Statutory deposits with Bank Negara Malaysia		92,008	568,768	92,008	568,768
Investment in subsidiaries		-	-	13,159	13,159
Investment properties		53,696	53,063	53,696	53,063
Right-of-use assets		40,160	48,122	33,879	41,466
Intangible assets		67,512	82,538	67,299	82,427
Property, plant and equipment		53,690	56,092	53,665	56,064
Deferred tax assets (net)	13	336	13,534	-	13,250
Total assets		24,115,230	22,828,813	24,114,267	22,827,683
Liabilities					
Deposits from customers	14	19,935,361	18,940,552	19,950,505	18,955,006
Deposits and placements of banks and other financial institutions	16	101,010	6,303	101,010	6,303
Bills and acceptances payable		6,605	8,444	6,605	8,444
Islamic derivative financial liabilities	10	156,120	77,546	156,120	77,546
Other liabilities	17	82,779	53,284	83,353	52,316
Lease Liabilities		43,961	51,659	36,284	43,823
Provision for zakat and taxation	18	3,911	9,528	3,475	9,272
Deferred tax liabilities (net)	13	25,994	-	25,993	-
Recourse obligation on financing sold to Cagamas		448,053	459,633	448,053	459,633
Subordinated sukuk	20(a)	254,226	250,532	254,226	250,532
Senior sukuk	20(b)	509,444	502,517	509,444	502,517
Total liabilities		21,567,464	20,359,998	21,575,068	20,365,392

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020 (12 SAFAR 1442H) - (CONT'D.)

	Note	Group		Bank	
		As at 30 September 2020 RM'000	As at 31 December 2019 RM'000	As at 30 September 2020 RM'000	As at 31 December 2019 RM'000
Shareholders' equity					
Share capital		1,195,000	1,195,000	1,195,000	1,195,000
Reserves		1,352,766	1,273,815	1,344,199	1,267,291
Total shareholders' equity		2,547,766	2,468,815	2,539,199	2,462,291
Total liabilities and shareholders' equity					
		24,115,230	22,828,813	24,114,267	22,827,683
Restricted investment accounts	15	-	20,000	-	20,000
Total Islamic banking asset and asset under management					
		24,115,230	22,848,813	24,114,267	22,847,683
Commitments and contingencies	34	6,823,547	6,596,494	6,823,547	6,596,494
Capital adequacy *					
CET 1 capital ratio	35	15.199%	15.998%	15.101%	15.895%
Total capital ratio	35	17.743%	18.653%	17.650%	18.555%

* 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 2019.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF PROFIT OR LOSS

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (12 SAFAR 1442H)

Group	Note	3 months ended		9 months ended	
		30 September 2020	30 September 2019	30 September 2020	30 September 2019
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	21	285,813	310,334	845,063	930,927
(Loss)/Income derived from investment of shareholders' funds	22	7,584	5,021	(12,078)	35,217
Income derived from investment of investment account funds	23	100	-	256	411
(Allowance for)/Writeback off impairment on financing	24	(4,945)	(16,028)	(39,907)	(2,926)
Writeback of impairment losses on financial investments, net	25	65	68	893	441
Writeback of/(Allowance for) impairment losses on other financial assets, net	26	(86)	1	183	(4,013)
Other expenses directly attributable to the investment of the depositors and shareholders' funds		(5,092)	(2,437)	(11,829)	(9,031)
Total distributable income		283,439	296,959	782,581	951,026
Income attributable to depositors	27	(97,342)	(133,974)	(340,996)	(422,262)
Total net income		186,097	162,985	441,585	528,764
Personnel expenses	28	(52,979)	(60,099)	(158,818)	(174,026)
Other overheads and expenditures	29	(42,296)	(51,469)	(130,608)	(149,328)
Finance costs	30	(16,442)	(16,607)	(49,184)	(49,061)
Profit before zakat and taxation		74,380	34,810	102,975	156,349
Zakat	31	(1,846)	(864)	(2,600)	(4,138)
Taxation	32	(19,859)	(9,781)	(38,785)	(40,052)
Profit for the period		52,675	24,165	61,590	112,159
Earnings per share attributable to shareholders of the Bank (sen) (basic and diluted):				10.31	9.39

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 2019.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF PROFIT OR LOSS

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (12 SAFAR 1442H)

Bank	Note	3 months ended		9 months ended	
		30 September 2020	30 September 2019	30 September 2020	30 September 2019
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	21	285,813	310,334	845,063	930,927
(Loss)/Income derived from investment of shareholders' funds	22	4,287	3,191	(17,148)	33,155
Income derived from investment of investment account funds	23	100	-	256	411
(Allowance for)/Writeback off impairment on financing	24	(4,945)	(16,028)	(39,907)	1,985
Writeback of impairment losses on financial investments, net	25	65	68	893	1,441
Writeback of/(Allowance for) impairment losses on other financial assets, net	26	(86)	1	183	(4,013)
Other expenses directly attributable to the investment of the depositors and shareholders' funds		(5,092)	(2,437)	(11,829)	(9,031)
Total distributable income		280,142	295,129	777,511	954,875
Income attributable to depositors	27	(97,381)	(134,042)	(341,183)	(422,505)
Total net income		182,761	161,087	436,328	532,370
Personnel expenses	28	(52,315)	(59,394)	(156,746)	(171,709)
Other overheads and expenditures	29	(43,183)	(51,471)	(131,642)	(149,922)
Finance costs	30	(16,337)	(16,497)	(48,863)	(48,841)
Profit before zakat and taxation		70,926	33,725	99,077	161,898
Zakat	31	(1,773)	(843)	(2,477)	(4,047)
Taxation	32	(18,757)	(9,537)	(37,053)	(39,334)
Profit for the period		50,396	23,345	59,547	118,517

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 2019.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED 30 JUNE 2020 (8 ZULKAEDAH 1441H)

<u>Group</u>	Note	3 months ended		9 months ended	
		30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Profit for the period		52,675	24,165	61,590	112,159
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Net gain on financial investments at fair value through other comprehensive income		1,439	44,675	17,706	78,034
- Net gain on change in fair value		9,961	69,976	68,834	130,673
- Changes in expected credit losses	9(ii)	(6)	(10,843)	(42)	(10,882)
- Income tax effect	13	2,948	(14,461)	(2,190)	(27,120)
- Realised gain transferred to profit or loss on disposal	21&22	(11,464)	3	(48,896)	(14,637)
Exchange fluctuation reserve		(256)	1,464	1,431	723
Items that may not be reclassified subsequently to profit or loss					
Net unrealised (loss)/gain on equity securities at fair value through other comprehensive income		1,490	1,774	(1,775)	6,736
Other comprehensive income for the period, net of tax		2,673	47,913	17,362	85,493
Total comprehensive income for the period		55,348	72,078	78,952	197,652

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 2019.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED 30 JUNE 2020 (8 ZULKAEDAH 1441H)

<u>Bank</u>	Note	3 months ended		9 months ended	
		30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Profit for the period		50,396	23,345	59,547	118,517
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Net gain on financial investments at fair value through other comprehensive income		1,439	44,675	17,706	78,621
- Net gain on change in fair value		9,961	69,977	68,834	130,944
- Changes in expected credit losses	9(ii)	(6)	(10,844)	(42)	(10,883)
- Income tax effect	13	2,948	(14,461)	(2,190)	(26,533)
- Realised gain transferred to profit or loss on disposal	21&22	(11,464)	3	(48,896)	(14,907)
Exchange fluctuation reserve		(256)	1,464	1,431	723
Items that may not be reclassified subsequently to profit or loss					
Net unrealised (loss)/gain on equity securities at fair value through other comprehensive income		1,490	1,774	(1,775)	6,736
Other comprehensive income for the period, net of tax		2,673	47,913	17,362	86,080
Total comprehensive income for the period		53,069	71,258	76,909	204,597

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 2019.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (12 SAFAR 1442H)

<u>Group</u>	Non-distributable			Distributable		Total Equity RM'000
	Ordinary shares RM'000	Fair Value Through Other Comprehensive Income Reserve RM'000	Regulatory reserve RM'000	Exchange fluctuation reserve RM'000	Retained profits RM'000	
At 1 January 2020	1,195,000	18,008	62,676	(133)	1,193,264	2,468,815
Profit for the period	-	-	-	-	61,590	61,590
Other comprehensive loss for the period	-	15,930	-	1,431	-	17,361
Total comprehensive loss for the period	-	15,930	-	1,431	61,590	78,951
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	(9,040)	-	-	9,040	-
Transfer from regulatory reserve	-	-	(424)	-	424	-
At 30 September 2020	1,195,000	24,898	62,252	1,298	1,264,318	2,547,766
At 1 January 2019	1,195,000	(39,175)	48,021	324	1,044,582	2,248,752
Profit for the period	-	-	-	-	112,159	112,159
Other comprehensive income for the period	-	84,770	-	723	-	85,493
Total comprehensive income for the period	-	84,770	-	723	112,159	197,652
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	(1,278)	-	-	1,278	-
Transfer to regulatory reserve	-	-	10,497	-	(10,497)	-
At 30 September 2019	1,195,000	44,317	58,518	1,047	1,147,521	2,446,404

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 2019.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (12 SAFAR 1442H)

	Non-distributable			Distributable		Total Equity RM'000
	Ordinary shares RM'000	Fair Value Through Other Comprehensive Income Reserve RM'000	Regulatory reserve RM'000	Exchange fluctuation reserve RM'000	Retained profits RM'000	
Bank						
At 1 January 2020	1,195,000	18,008	62,676	(133)	1,186,740	2,462,291
Profit for the period	-	-	-	-	59,547	59,547
Other comprehensive loss for the period	-	15,930	-	1,431	-	17,361
Total comprehensive loss for the period	-	15,930	-	1,431	59,547	76,908
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	(9,040)	-	-	9,040	-
Transfer from regulatory reserve	-	-	(424)	-	424	-
At 30 September 2020	1,195,000	24,898	62,252	1,298	1,255,751	2,539,199
At 1 January 2019	1,195,000	(39,762)	48,021	324	1,031,752	2,235,335
Profit for the period	-	-	-	-	118,517	118,517
Other comprehensive income for the period	-	85,357	-	723	-	86,080
Total comprehensive income for the period	-	85,357	-	723	118,517	204,597
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	(1,278)	-	-	1,278	-
Transfer from regulatory reserve	-	-	10,497	-	(10,497)	-
At 30 September 2019	1,195,000	44,317	58,518	1,047	1,141,049	2,439,932

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 2019.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (12 SAFAR 1442H)

	Note	Group		Bank	
		30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Cash flows from operating activities					
Profit before zakat and taxation		102,975	156,351	99,077	161,899
Adjustment for					
Amortisation of prepaid land and lease payment	29	-	3	-	3
Amortisation of intangible asset	29	25,043	24,724	25,043	24,705
Depreciation of property, plant and equipment	29	8,545	10,609	8,539	10,605
Loss/(Gain) on disposal of property, plant and equipment	21	21	(7)	21	(7)
Depreciation of right-of-use assets	29	9,104	4,854	8,749	4,608
Amortisation of cost on Subordinated Sukuk Issued		150	150	150	150
Fixed asset written off		5	25	5	25
Intangible asset written off		233	-	233	-
Amortisation of premium, net	21&22	18,631	(975)	18,631	(975)
Net gain from sale of financial investments at fair value through other comprehensive income	21&22	(48,896)	(25,559)	(48,896)	(25,753)
Net gain from sale of financial investment designated at FVTPL	21&22	(440)	(535)	(440)	(537)
Unrealised loss/(gain) on revaluation of financial investment designated at FVTPL	21&22	36,030	(10,278)	36,030	(10,961)
Net loss/(gain) on revaluation of foreign exchange transaction	22	(7,124)	(3,362)	(7,124)	(3,362)
Unrealised (gain)/loss from foreign exchange derivatives	22	3,082	(1,299)	3,082	(1,299)
Unrealised loss on revaluation of islamic profit rate swap	22	57,991	45,709	57,991	45,709
Unrealised gain on revaluation of hedged items	22	(64,740)	(56,478)	(64,740)	(56,478)
Fair value of financial liabilities designated at FVTPL	22	(9,051)	-	(9,051)	-
Writeback of impairment losses on financial investments, net	25	(893)	(442)	(893)	(442)
(Writeback of)/allowance for impairment losses on other financial assets, net	26	(183)	4,013	(183)	4,013
Allowance for impairment on financing	24	54,435	41,236	54,435	41,257
Financing written off	24	2,525	(11,599)	2,525	(11,599)
Fair value adjustments of investment properties		-	(1,580)	-	(1,580)
Impairment loss of investment in subsidiaries		-	-	-	(1,000)
Finance cost	30	49,185	49,059	48,863	48,839
Gross dividend income	22	(33)	(59)	(1,500)	(1,000)
Operating profit before working capital changes		236,595	224,560	230,547	226,820

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (12 SAFAR 1442H)

	Note	Group 30 September 2020 RM'000	Group 30 September 2019 RM'000	Bank 30 September 2020 RM'000	Bank 30 September 2019 RM'000
(Increase)/decrease in operating assets:					
Financial investment portfolio		(73,961)	9,914	(73,961)	35,073
Islamic derivative financial assets		(20,582)	11,167	(20,582)	11,167
Financing of customers		(1,353,109)	(664,589)	(1,352,512)	(663,172)
Statutory deposits with Bank Negara Malaysia		476,761	21,638	476,761	21,638
Other assets		661	(66,822)	122	(89,491)
Increase/(decrease) in operating liabilities:					
Deposits from customers		994,809	530,961	995,499	526,887
Deposits and placements of banks and other financial institutions		103,758	46,661	103,758	46,661
Islamic derivative financial liabilities		20,582	(11,167)	20,582	(11,167)
Bills and acceptances payable		(1,839)	1,992	(1,839)	1,992
Other liabilities		30,705	47,152	32,198	47,284
Cash generated from/(used in) operations		414,380	151,467	410,573	153,692
Finance cost on lease liabilities paid		(1,925)	(1,184)	(1,604)	(964)
Zakat paid		(3,110)	(6,250)	(3,110)	(6,195)
Tax paid		(40,821)	15,021	(39,094)	15,282
Net cash generated from/(used in) operating activities		368,524	159,054	366,765	161,815
Cash flows from investing activities					
Proceeds from disposal of financial investment in securities		4,948,600	9,848,921	4,948,600	9,848,020
Purchase of financial investment in securities		(4,999,028)	(8,969,401)	(4,998,995)	(8,969,418)
Proceeds from disposal of property, plant and equipment		410	72	410	72
Purchase of investment properties		(633)	(1,263)	(633)	(1,263)
Purchase of property, plant and equipment		(6,576)	(14,070)	(6,577)	(14,039)
Purchase of intangible asset		(10,252)	(19,137)	(10,148)	(19,027)
Purchase of additional ordinary shares in existing subsidiaries		-	-	-	(3,000)
Dividend income	22	33	60	1,500	1,000
Net cash (used in)/generated from investing activities		(67,446)	845,182	(65,843)	842,345

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (12 SAFAR 1442H)

	Group		Bank	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Cash flows from financing activities				
Dividend paid on Islamic subordinated sukuk	(21,000)	(21,000)	(21,000)	(21,000)
Repayment of lease liability	(8,856)	(4,416)	(8,700)	(4,340)
Repayment of principal for recourse obligation on financing sold to Cagamas	(11,523)	(11,648)	(11,523)	(11,648)
Repayment of finance cost for recourse obligation on financing sold to Cagamas	(15,844)	(16,378)	(15,844)	(16,378)
Net cash used in financing activities	(57,223)	(53,442)	(57,067)	(53,366)
Net increase/(decrease) in cash and cash equivalents	243,855	950,794	243,855	950,794
Cash and cash equivalents at beginning of the period	1,065,150	842,508	1,065,150	842,508
Cash and cash equivalents at end of the period	1,309,005	1,793,302	1,309,005	1,793,302
Cash and cash equivalents consist of:				
Cash and short term funds	1,242,047	1,770,366	1,242,047	1,770,366
Cash and placements with financial institutions	66,958	22,936	66,958	22,936
	1,309,005	1,793,302	1,309,005	1,793,302

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 2019.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020
(12 SAFAR 1442H)

1. Basis of preparation

The unaudited condensed financial statements during the nine-month period ended 30 September 2020 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 nine-month period ended 30 September 2020 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 2019. The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and of the Bank since the financial year ended 31 December 2019.

The significant accounting policies and methods of computation applied by the Bank are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2019 except for adoption of the following MFRSs and Interpretations of the Issues Committee ("IC Interpretations") with effective dates as follows:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: Business Combinations- Definition of Business	1 January 2020
Amendments to MFRS 101: Presentation of Financial Statements- Definition of Material	1 January 2020
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors- Definition of Material	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 16: Leases- Covid-19-related Rent Concessions	1 June 2020

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

Description	Effective for annual periods beginning on or after
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 3: Business Combinations- Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets- Onerous Contracts- Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced by MASB

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

1. Basis of preparation (cont'd.)

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

Effective date

Capital Adequacy Framework for Islamic Banks (Capital Components)
Statutory Reserve Requirement

5 February 2020
20 March 2020

2. Auditors' report on preceding annual financial statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2019 was not qualified.

3. Significant events

During the financial nine-month period ended 30 September 2020, there have been significant uncertainties noted around Malaysia's economic outlook stemming from the novel coronavirus ("Covid-19") pandemic and the sudden drop in global oil prices in early of the year.

Following this, Bank Negara Malaysia has issued a directive to all financial institutions in the country to implement the automatic granting of a six (6) months moratorium on qualifying financing as a measure to provide short term relief to eligible customers.

The Group's and the Bank's financial results for the third quarter ending 30 September 2020 have factored in the impact from Day 1 adjustment of modification loss resulting from the six (6) months automatic moratorium granted to qualifying financing customers in accordance to MFRS 9 requirement. Furthermore, the Group and the Bank have reassessed and updated the macro economic variables ("MEVs") and forecast into the MFRS 9 ECL model and accounted for the increment in the loss allowance in the current financial results. The Group and the Bank will continuously monitor and assess the developments and its economic impact.

4. Seasonal or cyclical factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors during the nine-month period ended 30 September 2020.

5. 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 nine-month period ended 30 September 2020.

6. Changes in accounting estimates

There were no material changes in estimates during the nine-month period ended 30 September 2020.

7. Dividends

There was no dividend payment during the nine-month period ended 30 September 2020.

8. Performance review and outlook

The Group posted an unaudited profit before zakat and taxation of RM103.0 million for the nine (9) months period ended 30 September 2020, lower by 34.1% from the previous corresponding period in 2019. This is largely attributed to the lower total income from investment of depositors' and shareholders' funds by RM133.3 million or 13.8%; coupled with higher charge in allowance for impairment loss on financing of RM40.0 million, as compared to RM2.9 million for the same period last year. However, it is partially offset by the lower income attributable to depositors by RM81.3 million or 19.2%, arising from lower funding cost after several cuts in the Overnight Policy Rate ("OPR") in 2020.

Total assets of the Group stood at RM24.1 billion, an expansion of 5.6% from RM22.8 billion registered in December 2019. This was mainly contributed by positive growth in financing assets, which has increased by 8.5% over a 9-month period. In addition, financial investment assets and cash short term funds have also increased in tandem with the increase in deposits from customers as at the end of September 2020.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

8. Performance review and outlook

OUTLOOK

Moving towards the end of FY2020, the economic condition continues to be a challenge to the banking sector. Domestic headwinds stemmed from: (i) weak 2Q2020 numbers reported, both GDP and corporates; (ii) swings in the glove sector following erratic news flow on vaccines, windfall tax, and US sanctions; (iii) Sabah's political tussle leading to its snap polls; and (iv) emergence of Covid-19 clusters in Kedah, Sabah and the Klang Valley. Externally, there were hiccups from: (i) souring US-China relations; (ii) vaccine setbacks; and (iii) worsening Covid-19 count globally and domestically.

Against the expected challenges of the external environment above, Bank Muamalat will continue to prioritise resilient asset quality, maintain selective balance sheet expansion in line with the Bank's risk appetite, remain focused on effective cost management and at the same time maintain its capital and liquidity strength. The Bank will remain actively engaged with the customers especially once the moratorium ends in September 2020 to ensure viable financial solutions are provided. Our Business Continuity Plan also plays an important role to ensure the continuity of our key operations and uninterrupted services to the customers.

With the 6-month moratorium ended on 30 September 2020, Bank Muamalat remains fully committed to aid customers who face financial constraints and actively engaging them to provide further financial assistance.

Moving forward, the Bank shall continue to ride on its business plan with focus on expanding in selected target market by introducing new or enhanced products and services, increasing digitalisation offerings, enhancing business outreach via regional windows and tele-sales functions and strengthening its governance through good risk management and compliance. Preserving the asset quality, intensive recovery plan as well as efficient capital and liquidity management is utmost priority to the Bank. Given the weakening outlook in the economic landscape arising from the Covid-19 pandemic and evolving developments in the marketplace, the Bank will closely monitor the situation and continue to assess the performance for possible impacts on the earnings as the condition develops. The Bank will continue to drive good business through its enhanced services as well as further assisting SME clients to maintain their business operations during this challenging business environment.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

9. Financial investments

	Note	Group		Bank	
		30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
Financial investments at fair value through profit or loss	(i)	276,195	308,793	276,195	308,793
Financial investments at fair value through other comprehensive income	(ii)	4,792,223	4,604,824	4,789,765	4,602,399
Financial investments at amortised cost	(iii)	105,519	103,162	105,519	103,162
		5,173,937	5,016,779	5,171,479	5,014,354

	Group and Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
(i) Financial investments at fair value through profit or loss		
Unquoted securities in Malaysia:		
Private equity funds	129,370	169,109
Malaysian government investment certificates	6	-
Islamic private debt securities in Malaysia	146,819	139,684
	276,195	308,793

	Group		Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
(ii) Financial investments at fair value through other comprehensive income				
Government securities and treasury bills:				
Malaysian government investment certificates	3,677,983	3,082,301	3,677,983	3,082,301
Unquoted securities:				
Islamic private debt securities in Malaysia	680,387	1,356,482	680,387	1,356,482
Cagamas bonds	25,943	51,287	25,943	51,287
Foreign Islamic private debt securities and sukuk	1	8,252	1	8,252
	706,331	1,416,021	706,331	1,416,021
Equity instruments:				
Quoted securities in Malaysia:				
Quoted shares	100,293	98,196	100,293	98,196
Unit trusts	2,458	2,425	-	-
Negotiable Islamic debt certificates	299,277	-	299,277	-
	402,028	100,621	399,570	98,196
Unquoted securities:				
Shares in Malaysia	5,881	5,881	5,881	5,881
Total financial assets at fair value through other comprehensive income	4,792,223	4,604,824	4,789,765	4,602,399

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

9. Financial investments (cont'd)

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

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

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 30 September 2020				
At 1 January 2020	119	-	37,251	37,370
Allowance made	7	-	-	7
Amount written back in respect of recoveries	(50)	-	-	(50)
Exchange differences	-	-	230	230
At 30 September 2020	76	-	37,481	37,557

	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 31 December 2019				
At 1 April 2019	122	-	33,866	33,988
Allowance made	62	-	3,343	3,405
Amount written back in respect of recoveries	(66)	-	-	(66)
Exchange differences	1	-	42	43
At 31 December 2019	119	-	37,251	37,370

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

9. Financial investments (cont'd.)

	Group and Bank	
	30 September 2020	31 December 2019
	RM'000	RM'000
(iii) Financial investments at amortised cost		
At amortised cost		
Unquoted Islamic corporate sukuk in Malaysia	145,815	144,309
Accumulated impairment losses	(40,296)	(41,147)
Total financial investments at amortised cost	105,519	103,162

(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	Total ECL
	12 Months ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	RM'000
	RM'000	RM'000	RM'000	RM'000
At 30 September 2020				
At 1 January 2020	-	41,147	-	41,147
Amount written back in respect of recoveries	-	(850)	-	(850)
At 30 September 2020	-	40,297	-	40,297
At 31 December 2019				
At 1 April 2019	1	41,419	-	41,420
Amount written back in respect of recoveries	(1)	(272)	-	(273)
At 31 December 2019	-	41,147	-	41,147

10. Islamic derivative financial instruments

The Table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded 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 September 2020			31 December 2019		
	Contract/ notional amount RM'000	Fair value		Contract/ Notional Amount RM'000	Fair value	
	Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000	
Trading derivatives:						
Foreign exchange contracts						
- Currency forwards						
Less than one year	1,353,724	1,435	(37,720)	1,294,988	2,784	(19,088)
- Currency swaps						
Less than one year	1,803,578	37,910	(6,264)	1,642,880	19,064	(4,299)
- Currency spot						
Less than one year	42,135	15	(51)	27,415	11	(66)
	3,199,437	39,360	(44,035)	2,965,283	21,859	(23,453)
Islamic profit rate swap ("IPRS")						
Unhedged IPRS	75,000	-	(328)	75,000	-	(916)
Hedged IPRS	1,200,000	-	(111,757)	1,200,000	-	(53,177)
Total	4,474,437	39,360	(156,120)	4,240,283	21,859	(77,546)

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

	30 September 2020			31 December 2019		
	Contract/ notional amount RM'000	Fair value		Contract/ Notional Amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Islamic profit rate swap (IPRS)	1,200,000	-	(111,757)	1,200,000	-	(53,177)

Fair Value hedges

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

For the nine-month period ended 30 September 2020, the Group and the Bank:-

- (i) recognised a net loss of RM58,579,722 (31 December 2019: net loss of RM28,755,380) on the hedging instrument. The total net gain on the hedged items attributable to the hedged risk amounted to RM64,740,158 (31 December 2019: net gain of RM31,261,694).

11. Financing of Customers

(i) By type and Shariah concepts

Group	Bai'		Ijarah		Bai'		Istisna'	Qard	Murabahah		Shirkah	Rahnu	Total financing
	Bithaman Ajil	Thumma	Inah	Tawarruq	Al-Dayn	Murabahah			Purchase Orderer	Mutanaqisah			
30 September 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line	-	-	3,533	626,050	-	-	-	-	-	-	-	-	629,583
Term financing:													
Home financing	1,621,232	-	-	3,089,928	-	-	10,164	-	-	-	-	-	4,721,324
Syndicated financing	-	-	-	564,761	-	-	-	-	-	-	-	-	564,761
Hire purchase receivables	83,349	348,565	-	-	-	-	-	-	191,721	-	-	-	623,635
Personal financing	59,399	-	56	4,027,517	-	-	-	-	-	-	-	-	4,086,972
Other term financing	182,724	-	2	3,536,601	-	-	47,772	265	-	75,634	-	-	3,842,998
Trust receipts	-	-	-	-	9,525	67,575	-	-	-	-	-	-	77,100
Claims on customers under acceptance credits	-	-	-	-	139,700	761,305	-	-	-	-	-	-	901,005
Staff financing	35,479	-	-	62,910	-	-	-	460	-	-	-	-	98,849
Revolving credit	-	-	-	1,499,736	-	-	-	-	-	-	-	-	1,499,736
Ar-Rahnu	-	-	-	205,837	-	-	-	-	-	-	-	48,015	253,852
Gross financing	1,982,183	348,565	3,591	13,613,340	149,225	828,880	57,936	725	191,721	75,634	48,015		17,299,815
Fair value changes arising from fair value hedge	-	-	-	93,349	-	-	-	-	-	-	-	-	93,349
	1,982,183	348,565	3,591	13,706,689	149,225	828,880	57,936	725	191,721	75,634	48,015		17,393,164
Less : Allowance for impaired financing													
-Stage 1 - 12 Months ECL	(912)	(547)	(32)	(66,079)	(176)	190,682	(418)	-	(191,680)	-	(506)		(69,668)
-Stage 2 - Lifetime ECL not credit impaired	(1,898)	(12)	(361)	(3,032)	-	(75)	(8)	-	-	-	-		(5,386)
-Stage 3 - Lifetime ECL credit impaired	(22,196)	(1,768)	(88)	(82,772)	(313)	(7,787)	(85)	-	-	-	(54)		(115,063)
Total net financing	1,957,177	346,238	3,110	13,554,806	148,736	1,011,700	57,425	725	41	75,634	47,455		17,203,047

* Included in financing of customers are financing at fair value through profit or loss amounting to RM864,174,392 which mainly consists of hedged asset that are hedged against Islamic profit rate swap.

11. Financing of Customers (cont'd.)

(i) By type and Shariah concepts

Group	Bai'	Ijarah	Inah	Tawarruq	Bai'	Murabahah	Istisna'	Qard	Murabahah to	Shirkah	Rahnu	Total
	Bithaman Ajil	Thumma			Al-Dayn				the Purchase			
31 December 2019	RM'000	Al-Bai	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Orderer	RM'000	RM'000	RM'000
Cash line	-	-	4,164	300,779	-	-	-	-	-	-	-	304,943
Term financing:												-
Home financing	1,688,503	-	-	2,807,669	-	-	9,996	-	-	-	-	4,506,168
Syndicated financing	-	-	-	553,402	-	-	-	-	-	-	-	553,402
Hire purchase receivables	88,602	408,059	-	-	-	-	-	-	80,025	-	-	576,686
Personal financing	62,283	-	155	3,357,488	-	-	-	-	-	-	-	3,419,926
Other term financing*	188,011	-	5	3,311,783	-	-	56,552	286	-	58,532	-	3,615,169
Trust receipts	-	-	-	-	37,021	39,252	-	-	-	-	-	76,273
Claims on customers under acceptance credits	-	-	-	-	131,139	905,152	-	-	-	-	-	1,036,291
Staff financing	37,700	-	-	60,831	-	-	-	114	-	-	-	98,645
Revolving credit	-	-	-	1,607,595	-	-	-	-	-	-	-	1,607,595
Ar-Rahnu	-	-	-	-	-	-	-	-	-	-	170,293	170,293
Total gross financing	2,065,099	408,059	4,324	11,999,547	168,160	944,404	66,548	400	80,025	58,532	170,293	15,965,391
Fair value changes arising from fair value hedge	-	-	-	47,689	-	-	-	-	-	-	-	47,689
	2,065,099	408,059	4,324	12,047,236	168,160	944,404	66,548	400	80,025	58,532	170,293	16,013,080
Less : Allowance for impaired financing												
At amortised cost												
-Stage 1 - 12 Months ECL	(930)	(623)	(76)	(45,410)	(150)	(840)	(148)	-	-	-	(3,165)	(51,342)
-Stage 2 - Lifetime ECL not credit impaired	(2,664)	(62)	(76)	(10,473)	-	(482)	(9)	-	-	-	-	(13,766)
-Stage 3 - Lifetime ECL credit impaired	(16,985)	(1,938)	(228)	(59,261)	-	(7,715)	(71)	-	-	-	(536)	(86,734)
Total net financing	2,044,520	405,436	3,944	11,932,092	168,010	935,367	66,320	400	80,025	58,532	166,592	15,861,238

* Included in other term financing is a financing at fair value through profit or loss amounting RM806,507,439 which mainly consists of hedged asset that are hedged against Islamic profit rate swap.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

11. Financing of Customers (cont'd.)

(i) By type and Shariah concepts

Bank	Bai' Bithaman Aji 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 Order RM'000	Rahnu RM'000	Total financing RM'000
30 September 2020											
Cash line	-	-	3,533	626,050	-	-	-	-	-	-	629,583
Term financing:											
Home financing	1,621,232	-	-	3,089,928	-	-	10,164	-	-	-	4,721,324
Syndicated financing	-	-	-	564,761	-	-	-	-	-	-	564,761
Hire purchase receivables	83,349	348,565	-	-	-	-	-	-	191,721	-	623,635
Personal financing	59,399	-	56	4,027,517	-	-	-	-	-	-	4,086,972
Other term financing	182,724	-	2	3,536,601	-	-	47,772	71,406	-	-	3,838,505
Trust receipts	-	-	-	-	9,525	67,575	-	-	-	-	77,100
Claims on customers under acceptance credits	-	-	-	-	139,700	761,305	-	-	-	-	901,005
Staff financing	35,479	-	-	62,910	-	-	-	460	-	-	98,849
Revolving credit	-	-	-	1,499,736	-	-	-	-	-	-	1,499,736
Ar-Rahnu	-	-	-	205,837	-	-	-	-	-	48,015	253,852
Gross financing	1,982,183	348,565	3,591	13,407,503	149,225	828,880	57,936	71,866	191,721	48,015	17,295,322
Fair value changes arising from fair value hedge	-	-	-	93,349	-	-	-	-	-	-	93,349
	1,982,183	348,565	3,591	13,500,852	149,225	828,880	57,936	71,866	191,721	48,015	17,388,671
Less : Allowance for impaired financing											
-Stage 1 - 12 Months ECL	(912)	(547)	(32)	(66,079)	(176)	190,682	(418)	-	(191,680)	(506)	(69,668)
-Stage 2 - Lifetime ECL not credit impaired	(1,898)	(12)	(361)	(3,032)	-	(75)	(8)	-	-	-	(5,386)
-Stage 3 - Lifetime ECL credit impaired	(22,196)	(1,768)	(88)	(82,772)	(313)	(7,787)	(85)	-	-	(54)	(115,063)
Total net financing	1,957,177	346,238	3,110	13,348,969	148,736	1,011,700	57,425	71,866	41	47,455	17,198,554

* Included in financing of customers are financing at fair value through profit or loss amounting to RM859,222,919 which mainly consists of hedged asset that are hedged against Islamic profit rate swap.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

11. Financing of Customers (cont'd.)

(i) By type and Shariah concepts

Bank	Bai'	Ijarah	Inah	Tawarruq	Bai'	Murabahah	Istisna'	Qard	Murabahah to	Rahnu	Total
	Bithaman Ajil	Thumma			AI-Dayn				the Purchase		
31 December 2019	RM'000	AI-Bai	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line	-	-	4,164	300,779	-	-	-	-	-	-	304,943
Term financing:											
Home financing	1,688,503	-	-	2,807,669	-	-	9,996	-	-	-	4,506,168
Syndicated financing	-	-	-	553,402	-	-	-	-	-	-	553,402
Hire purchase receivables	88,602	408,059	-	-	-	-	-	-	80,025	-	576,686
Personal financing	62,283	-	155	3,357,488	-	-	-	-	-	-	3,419,926
Other term financing*	188,011	-	5	3,311,783	-	-	56,552	54,923	-	-	3,611,274
Trust receipts	-	-	-	-	37,021	39,252	-	-	-	-	76,273
Claims on customers under acceptance credits	-	-	-	-	131,139	905,152	-	-	-	-	1,036,291
Staff financing	37,700	-	-	60,831	-	-	-	114	-	-	98,645
Revolving credit	-	-	-	1,607,595	-	-	-	-	-	-	1,607,595
Ar-Rahnu	-	-	-	-	-	-	-	-	-	170,293	170,293
Total gross financing	2,065,099	408,059	4,324	11,999,547	168,160	944,404	66,548	55,037	80,025	170,293	15,961,496
Fair value changes arising from fair value hedge	-	-	-	47,689	-	-	-	-	-	-	47,689
	2,065,099	408,059	4,324	12,047,236	168,160	944,404	66,548	55,037	80,025	170,293	16,009,185
Less : Allowance for impaired financing											
At amortised cost											
-Stage 1 - 12 Months ECL	(930)	(623)	(76)	(45,410)	(150)	(840)	(148)	-	-	(3,165)	(51,342)
-Stage 2 - Lifetime ECL not credit impaired	(2,664)	(62)	(76)	(10,473)	-	(482)	(9)	-	-	-	(13,766)
-Stage 3 - Lifetime ECL credit impaired	(16,985)	(1,938)	(228)	(59,261)	-	(7,715)	(71)	-	-	(536)	(86,734)
Total net financing	2,044,520	405,436	3,944	11,932,092	168,010	935,367	66,320	55,037	80,025	166,592	15,857,343

* Included in other term financing are financing at fair value through profit or loss amounting RM802,613,520 which mainly consists of hedged asset that are hedged against Islamic profit rate swap.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

11. Financing of customers (cont'd.)

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

	Group		Bank	
	30 September	31 December	30 September	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Uses of Qard fund:				
Staff financing	460	114	460	114
Other term financing	265	286	71,406	54,923
	725	400	71,866	55,037

(ii) By type of customer

	Group		Bank	
	30 September	31 December	30 September	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Domestic non-banking institutions	387,154	510,337	387,154	510,337
Domestic business enterprises:				
-Small business enterprises	452,112	329,959	452,112	329,959
-Others	4,195,452	3,936,293	4,190,959	3,932,398
Government and statutory bodies	961,701	959,703	961,701	959,703
Individuals	11,292,441	10,218,154	11,292,441	10,218,154
Other domestic entities	4,223	3,916	4,223	3,916
Foreign entities	6,733	7,029	6,733	7,029
Gross Financing	17,299,816	15,965,391	17,295,323	15,961,496

(iii) By profit rate sensitivity

	Group		Bank	
	30 September	31 December	30 September	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Fixed rate:				
Home financing	248,578	265,103	248,578	265,103
Hire purchase receivables	623,635	576,686	623,635	576,686
Others	3,253,806	3,410,858	3,249,313	3,406,963
Variable rate:				
Home financing	4,522,596	4,283,076	4,522,596	4,283,076
Others	8,651,201	7,429,668	8,651,201	7,429,668
Gross Financing	17,299,816	15,965,391	17,295,323	15,961,496

(iv) By residual contractual maturity

	Group		Bank	
	30 September	31 December	30 September	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Maturity				
- within one year	4,588,443	4,459,918	4,588,443	4,459,918
- more than one to five years	5,985,283	5,215,272	5,985,283	5,215,272
- more than five years	6,726,090	6,290,201	6,721,597	6,286,306
Gross Financing	17,299,816	15,965,391	17,295,323	15,961,496

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

11. Financing of customers (cont'd.)

(v) By sector

	Group		Bank	
	30 September	31 December	30 September	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Agriculture	106,539	95,810	106,539	95,810
Mining and quarrying	1,437	4,022	1,437	4,022
Manufacturing	931,780	759,403	931,780	759,403
Electricity, gas and water	111,263	111,836	111,263	111,836
Construction	442,009	406,526	442,009	406,526
Household	11,297,969	10,225,184	11,297,969	10,225,184
Real estate	1,261,339	1,232,208	1,261,339	1,232,208
Wholesale, retail and restaurant	1,068,082	1,010,609	1,068,082	1,010,609
Transport, storage and communication	66,451	64,563	66,451	64,564
Finance, takaful and business services	751,170	811,806	751,170	811,806
Community, social and personal services	300,076	283,722	295,583	279,826
Government and statutory bodies	961,701	959,702	961,701	959,702
Gross Financing	17,299,816	15,965,391	17,295,323	15,961,496

(vi) By geographical area

	Group		Bank	
	30 September	31 December	30 September	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Domestic	17,299,816	15,965,391	17,295,323	15,961,496
Gross Financing	17,299,816	15,965,391	17,295,323	15,961,496

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

The maximum credit exposure of the financing of customers amounts to RM700 million (31 December 2019: RM700 million). The cumulative change in fair value of the financing attributable to changes in profit rate risk amounts to a gain of RM93,348,720 (31 December 2019: a gain of RM47,689,468) and the change in fair value for the current year is a gain of RM45,659,252 (31 December 2019: a gain of RM24,644,380). The changes in fair value of the designated financing attributable to changes in profit risk have been calculated by determining the changes in profit spread implicit in the fair value of securities issued by entities with similar credit characteristics.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

11. Financing of customers (cont'd.)

Impaired financing

(i) Movements in the impaired financing

	Group		Bank	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
At 1 January 2020/ At 1 April 2019	209,166	221,216	209,166	221,216
Classified as impaired during the period	111,698	235,837	111,698	235,837
Reclassified as performing during the period	(47,547)	(123,108)	(47,547)	(123,108)
Recovered during the period	(31,184)	(63,943)	(31,184)	(63,943)
Written off during the period	(17,339)	(60,836)	(17,339)	(60,836)
Gross impaired financing	224,794	209,166	224,794	209,166
Less: Stage 3 - Lifetime ECL credit impaired	(115,064)	(86,734)	(115,064)	(86,734)
Net impaired financing	109,730	122,432	109,730	122,432
Calculation ratio of impaired financing:				
Gross financing of customers	17,299,815	15,965,391	17,295,322	15,961,496
Less: Stage 3 - Lifetime ECL credit impaired	(115,064)	(86,734)	(115,064)	(86,734)
Net financing of customers	17,184,751	15,878,657	17,180,258	15,874,762
Ratio of gross impaired financing to total financing	1.30%	1.31%	1.30%	1.31%
Net impaired financing ratio	0.64%	0.77%	0.64%	0.77%

(ii) Impaired financing by sector

	Group		Bank	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Manufacturing	31,559	2,807	31,559	2,807
Construction	834	4,778	834	4,778
Household	150,575	163,559	150,575	163,559
Real estate	19,153	18,474	19,153	18,474
Wholesale, retail and restaurant	12,477	10,379	12,477	10,379
Transport, storage and communication	7,865	7,833	7,865	7,833
Finance, takaful and business services	385	966	385	966
Community, social and personal service	1,946	370	1,946	370
	224,794	209,166	224,794	209,166

(iii) Impaired financing by geographical area

	Group		Bank	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Domestic	224,794	209,166	224,794	209,166

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

11. Financing of customers (cont'd.)

Impaired financing (cont'd.)

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

Group and Bank	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 30 September 2020				
At 1 January 2020	51,342	13,766	86,734	151,842
Transfer to Stage 1	9,256	(5,856)	(3,400)	-
Transfer to Stage 2	(820)	19,413	(18,593)	-
Transfer to Stage 3	(155)	(8,977)	9,132	-
Allowance (write back)/made	(11,540)	(12,200)	60,859	37,119
New financial assets originated	55,159	178	1	55,338
Financial assets derecognised	(33,573)	(939)	(4,989)	(39,501)
Amount written off/realised	-	-	(14,680)	(14,680)
Other movements	-	-	-	-
At 30 September 2020	69,669	5,385	115,064	190,118
At 31 December 2019				
At 1 April 2019	55,886	7,448	93,952	157,286
Transfer to Stage 1	15,195	(9,961)	(5,234)	-
Transfer to Stage 2	(1,953)	48,707	(46,754)	-
Transfer to Stage 3	(628)	(5,550)	6,178	-
Allowance (write back)/made	(29,312)	(26,565)	107,405	51,528
New financial assets originated	41,566	1,300	-	42,866
Financial assets derecognised	(29,415)	(1,613)	(10,773)	(41,801)
Amount written off/realised	-	-	(58,040)	(58,040)
Other movements	3	-	-	3
At 31 December 2019	51,342	13,766	86,734	151,842

12. Other assets

	Group		Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
Deposits	6,115	7,129	6,016	7,030
Prepayments	7,642	6,265	7,563	6,177
Foreclosed properties	9,665	9,665	9,665	9,665
Golf club membership	600	600	600	600
Other receivables	22,676	11,476	22,676	11,476
Other debtors	5,218	9,713	5,080	9,010
	85,846	44,848	85,530	43,958
Less: Accumulated impairment losses	(3,367)	(3,178)	(3,367)	(3,178)
	82,479	41,670	82,163	40,780

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

13. Deferred tax assets & liabilities

	Group		Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
At 1 January 2020/ At 1 April 2019	13,534	18,403	13,250	18,235
Recognised in the profit or loss (Note 32)	(37,002)	1,287	(37,053)	1,171
Recognised in other comprehensive income	(2,190)	(6,156)	(2,190)	(6,156)
At 30 September 2020/ At 31 December 2019	(25,658)	13,534	(25,993)	13,250

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

	Group		Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
Deferred tax assets, net	336	13,534	-	13,250
Deferred tax liabilities, net	(25,994)	-	(25,993)	-
	(25,658)	13,534	(25,993)	13,250

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

	Group		Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
Deferred tax assets	40,186	25,827	39,851	25,543
Deferred tax liabilities	(65,844)	(12,293)	(65,844)	(12,293)
	(25,658)	13,534	(25,993)	13,250

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

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

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

Deferred tax assets of the Group :

	ECL RM'000	Financial assets at FVOCI reserve RM'000	Leases RM'000	Property, plant and equipment & intangible asset RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2020	12,092	-	900	6,211	6,265	359	25,827
Recognised in profit or loss	4,725	9,320	62	121	136	(5)	14,359
Recognised in other comprehensive income	-	-	-	-	-	-	-
At 30 September 2020	<u>16,817</u>	<u>9,320</u>	<u>962</u>	<u>6,332</u>	<u>6,401</u>	<u>354</u>	<u>40,186</u>

	ECL RM'000	Financial assets at FVOCI reserve 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 April 2019	11,121	508	726	5,303	9,353	322	27,333
Recognised in profit or loss	971	-	174	908	(3,088)	37	(998)
Recognised in other comprehensive income	-	(508)	-	-	-	-	(508)
At 31 December 2019	<u>12,092</u>	<u>-</u>	<u>900</u>	<u>6,211</u>	<u>6,265</u>	<u>359</u>	<u>25,827</u>

Deferred tax liabilities of the Group :

	Financial assets at FVOCI RM'000	Financial assets at FVTPL RM'000	Property, plant and equipment and intangible asset RM'000	Total RM'000
At 1 January 2020	(5,648)	-	(6,645)	(12,293)
Recognised in profit and loss	(52,283)	-	922	(51,361)
Recognised in other comprehensive income	(2,190)	-	-	(2,190)
At 30 September 2020	<u>(60,121)</u>	<u>-</u>	<u>(5,723)</u>	<u>(65,844)</u>

	Financial assets at FVOCI RM'000	Financial assets at FVTPL RM'000	Property, plant and equipment and intangible asset RM'000	Total RM'000
At 1 April 2019	-	(65)	(8,865)	(8,930)
Recognised in profit or loss	-	65	2,220	2,285
Recognised in other comprehensive income	(5,648)	-	-	(5,648)
As at 31 December 2019	<u>(5,648)</u>	<u>-</u>	<u>(6,645)</u>	<u>(12,293)</u>

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

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

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

Deferred tax assets of the Bank:

	ECL Financing of Customers RM'000	Financial assets at FVOCI reserve RM'000	Leases RM'000	Property, plant and equipment & intangible asset RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2020	12,092	-	616	6,211	6,265	359	25,543
Recognised in profit or loss	4,725	9,320	11	121	136	(5)	14,308
Recognised in other comprehensive income	-	-	-	-	-	-	-
At 30 September 2020	<u>16,817</u>	<u>9,320</u>	<u>627</u>	<u>6,332</u>	<u>6,401</u>	<u>354</u>	<u>39,851</u>

	ECL Financing of Customers RM'000	Financial assets at FVOCI reserve 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 April 2019	11,121	508	493	5,303	9,353	322	27,100
Recognised in profit or loss	971	-	123	908	(3,088)	37	(1,049)
Recognised in other comprehensive income	-	(508)	-	-	-	-	(508)
As at 31 December 2019	<u>12,092</u>	<u>-</u>	<u>616</u>	<u>6,211</u>	<u>6,265</u>	<u>359</u>	<u>25,543</u>

Deferred tax liabilities of the Bank:

	Financing of Customers RM'000	Financial investments at FVOCI RM'000	Property, plant and equipment and intangible asset RM'000	Total RM'000
At 1 January 2020	-	(5,648)	(6,645)	(12,293)
Recognised in profit and loss	(52,283)	-	922	(51,361)
Recognised in other comprehensive income	-	(2,190)	-	(2,190)
At 30 September 2020	<u>(52,283)</u>	<u>(7,838)</u>	<u>(5,723)</u>	<u>(65,844)</u>

	Financial investments at FVOCI RM'000	Property, plant and equipment and intangible asset RM'000	Total RM'000
At 1 April 2019	-	(8,865)	(8,865)
Recognised in profit or loss	-	2,220	2,220
Recognised in other comprehensive income	(5,648)	-	(5,648)
As at 31 December 2019	<u>(5,648)</u>	<u>(6,645)</u>	<u>(12,293)</u>

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

14. Deposits from customers

(a) By type of deposits

	Group		Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
Savings Deposit				
Qard	1,135,319	938,576	1,135,319	938,576
Tawarruq	754,510	521,960	754,510	521,960
Demand Deposit				
Qard	3,158,863	2,885,821	3,161,207	2,889,975
Tawarruq	2,265,794	1,549,520	2,265,794	1,549,520
Term Deposit				
Negotiable Islamic debt certificate	204,105	629,709	204,105	629,709
General investment deposits	59,762	63,701	59,762	63,701
Short term accounts	8,195,273	2,513,814	8,195,273	2,513,814
Fixed term accounts tawarruq	4,116,068	9,796,765	4,128,868	9,807,065
Other deposits	45,667	40,686	45,667	40,686
	19,935,361	18,940,552	19,950,505	18,955,006

(b) By type of customer

	Group		Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
Government and statutory bodies	5,761,830	4,083,378	5,761,830	4,083,378
Business enterprises	4,768,684	7,708,280	4,783,829	7,722,734
Individuals	2,437,525	2,158,738	2,437,525	2,158,738
Domestic non-bank financial institutions	5,970,885	3,143,472	5,970,885	3,143,472
Domestic banking financial institutions	32,000	434,885	32,000	434,885
Others	964,437	1,411,799	964,436	1,411,799
	19,935,361	18,940,552	19,950,505	18,955,006

The maturity structure of term deposits are as follows :

	Group		Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
Due within six months	10,746,670	11,454,317	10,759,470	11,464,617
More than six months to one year	1,383,529	1,497,843	1,383,529	1,497,843
More than one year to three years	444,474	51,612	444,474	51,612
More than three years to five years	536	217	536	217
	12,575,209	13,003,989	12,588,009	13,014,289

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

15. Investment accounts of customers

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

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

	Group		Bank	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Wakalah				
Maturity				
- within one year	-	20,000	-	20,000
	-	20,000	-	20,000

(ii) By types of customer are as follows:

	Group		Bank	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Individuals	-	15,000	-	15,000
Others	-	5,000	-	5,000
	-	20,000	-	20,000

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

	Group		Bank	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Restricted investment accounts				
Shirkah Mutanaqisah Financing	-	20,000	-	20,000
Total investment	-	20,000	-	20,000

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

	Group and Bank 30 September 2020		Group and Bank 31 December 2019	
	Average profit sharing ratio (%)	Average rate of return (%)	Average profit sharing ratio (%)	Average rate of return (%)
	Investment account of customers	-	-	70.0%

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

16. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 September	31 December
	2020	2019
	RM'000	RM'000
Bank Negara Malaysia	101,010	6,303

17. Other liabilities

	Group		Bank	
	30 September	31 December	30 September	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Sundry creditors	494	1,325	494	572
Allowances for impairment losses on financing commitments and financial guarantee contracts (Note 17(a))	7,011	6,088	7,011	6,088
Provision for bonus	3,278	11,574	3,278	11,350
Accrued expenses	21,548	13,447	22,215	13,556
Accrual for directors' fees	195	-	195	-
Accrual for audit fees	1,046	1,234	1,020	1,212
Other liabilities	49,207	19,616	49,140	19,538
	82,779	53,284	83,353	52,316

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

Group and Bank	Stage 1	Stage 2	Stage 3	Total ECL
	12 Months ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
	RM'000	RM'000	RM'000	
At 30 September 2020				
At 1 January 2020	3,064	93	2,931	6,088
Transfer to Stage 1	140	(107)	(33)	-
Transfer to Stage 2	(22)	131	(108)	1
Transfer to Stage 3	(25)	(17)	43	1
Allowance made/(write back)	923	(2)	198	1,119
New financing originated or purchased	1,742	2	-	1,744
Financing derecognised	(1,141)	(8)	(233)	(1,382)
Amount written-off/realised	-	-	(557)	(557)
At 30 September 2020	4,681	92	2,241	7,014
At 31 December 2019				
At 1 April 2019	3,406	121	3,371	6,898
Transfer to Stage 1	180	(150)	(30)	-
Transfer to Stage 2	(51)	193	(142)	-
Transfer to Stage 3	(4)	(146)	150	-
Allowance (write back)/made	(286)	105	182	1
New financing originated or purchased	495	-	-	495
Financing derecognised	(676)	(30)	(461)	(1,167)
Amount written-off/realised	-	-	(139)	(139)
At 31 December 2019	3,064	93	2,931	6,088

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

18. Provision for zakat and taxation

	Group		Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
Zakat	3,673	4,182	3,475	4,108
Taxation	238	5,346	-	5,164
	3,911	9,528	3,475	9,272

19. Recourse obligation on financing sold to Cagamas

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

20. Sukuk

(a) Subordinated sukuk

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

The subordinated sukuk bears profit/dividend at 5.8% per annum, up to the date of early redemption in full of such sukuk or maturity date (15 June 2021), whichever is earlier. The dividend is payable semi-annually in June and December.

(b) Senior sukuk

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

The Senior Sukuk bears profit/dividend at 5.5% per annum, up to the date of early redemption in full of such sukuk or maturity date (25 November 2021), whichever is earlier. The dividend is payable semi-annually in May and November.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

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

Group and Bank	3 months ended		9 months ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Income derived from investment of:				
(a) Fixed term deposits	42,434	119,304	173,601	483,956
(b) Other deposits	243,379	191,030	671,462	446,971
	285,813	310,334	845,063	930,927

(a) Income derived from investment of fixed term deposits

	3 months ended		9 months ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Finance income and hibah				
Income from financing	32,019	91,454	126,002	362,279
Financial investments designated at FVTPL	279	668	1,117	3,558
Financial assets at fair value through other comprehensive income	6,446	15,437	27,574	73,445
Financial assets at amortised cost	89	286	370	564
Money at call and deposit with financial institutions	1,192	1,886	5,230	10,786
	40,025	109,731	160,293	450,632
Amortisation of premium less accretion of discounts	(1,431)	1,041	(3,628)	277
Total finance income and hibah	38,594	110,772	156,665	450,909
Other operating income				
Net gain/(loss) from sale of:				
- financial investments designated at FVTPL	38	(76)	90	280
- financial investments at fair value through other comprehensive income	1,198	3,393	9,794	13,513
Unrealised gain/(loss) on revaluation from financial investments designated at FVTPL	(71)	481	455	1,083
	1,165	3,798	10,339	14,876
Fees and commission				
Guarantee fees	58	171	236	595
Processing fees	260	48	426	1,738
Service charges and fees	408	1,223	1,704	5,494
Commission	1,949	3,292	4,231	10,344
	2,675	4,734	6,597	18,171
Total	42,434	119,304	173,601	483,956

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

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

(b) Income derived from investment of other deposits

	3 months ended		9 months ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Finance income and hibah				
Income from financing	180,623	144,508	487,354	334,594
Financial investments designated at FVTPL	1,586	1,258	4,320	3,286
Financial assets at fair value through other comprehensive income	37,697	27,118	106,653	67,832
Financial assets at amortised cost	515	325	1,430	520
Money at call and deposit with financial institutions	7,050	3,715	20,228	9,962
	<u>227,471</u>	176,924	<u>619,985</u>	416,194
Amortisation of premium less accretion of discounts	(6,861)	792	(14,033)	256
Total finance income and hibah	<u>220,610</u>	177,716	<u>605,952</u>	416,450
Other operating income				
Net gain from sale of:				
- financial investments designated at FVTPL	180	9	349	258
- financial investments at fair value through other comprehensive income	9,826	5,377	37,883	12,481
Unrealised gain on revaluation from financial investments designated at FVTPL	42	577	1,758	1,000
	<u>10,048</u>	5,963	<u>39,990</u>	13,739
Fees and commission				
Guarantee fees	333	252	914	549
Processing fees	1,107	419	1,648	1,605
Service charges and fees	2,364	2,076	6,592	5,075
Commission	8,917	4,604	16,366	9,553
	<u>12,721</u>	7,351	<u>25,520</u>	16,782
Total	<u>243,379</u>	191,030	<u>671,462</u>	446,971

The Group and the Bank recognised a modification loss on financing moratorium of RM46.2 million against the revenue during the financial year, as a result of the automatic six-month moratorium on financing repayments granted by the Bank based on announcement by Bank Negara Malaysia on 25 March 2020.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

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

Group	3 months ended		9 months ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Finance income and hibah				
Financial assets at fair value through other comprehensive income	1,999	2,696	7,437	8,719
Financial assets at amortised cost				
Money at call and deposit with financial institutions	276	414	983	1,256
	2,275	3,110	8,420	9,975
Amortisation of premium less Accretion of discounts	(324)	(120)	(969)	443
Total finance income and hibah	1,951	2,990	7,451	10,418
Other operating income				
Net (loss)/gain from foreign exchange transaction	11,995	(898)	7,124	3,362
Unrealised gain/(loss) on revaluation from foreign exchange derivatives	(9,071)	1,596	(3,082)	1,299
Unrealised (loss)/gain on revaluation from financial investments designated at FVTPL	(1,829)	(2,822)	(38,244)	8,195
Net gain/(loss) from sale of financial investments at fair value through other comprehensive income	440	(491)	1,219	(431)
Fair value of financial liabilities designated at FVTPL	4,564	-	9,051	-
Gross dividend income from investment: -shares in Malaysia	9	18	33	60
Net dividend paid for Islamic profit rate swap	(5,931)	(3,215)	(12,683)	(7,453)
Unrealised loss on revaluation of Islamic profit rate swap	(5,169)	(14,560)	(57,991)	(45,709)
Unrealised gain on revaluation from hedged items	5,549	19,435	64,740	56,478
	557	(943)	(29,833)	15,795
Fees and commission				
Corporate advisory fees	225	754	631	1,790
Service charges and fees	3,370	1,374	6,623	3,047
Commission	1,062	481	2,178	1,781
	4,657	2,609	9,432	6,618
Other income				
Rental income	419	365	893	799
(Loss)/Profit on sale of fixed assets	-	-	(21)	7
Fair value adjustments of investment properties	-	-	-	1,580
	419	365	872	2,386
Total	7,584	5,021	(12,078)	35,217

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

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

	3 months ended		9 months ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Bank				
Finance income and hibah				
Financial assets at fair value through other comprehensive income	1,999	2,696	7,437	8,719
Financial assets at amortised cost				
Money at call and deposit with financial institutions	276	414	983	1,256
	2,275	3,110	8,420	9,975
Amortisation of premium less Accretion of discounts	(324)	(120)	(969)	443
Total finance income and hibah	1,951	2,990	7,451	10,418
Other operating income				
Net (loss)/gain from foreign exchange transaction	11,995	(898)	7,124	3,362
Unrealised gain/(loss) on revaluation from foreign exchange derivatives	(9,071)	1,596	(3,082)	1,299
Unrealised (loss)/gain on revaluation from financial investments designated at FVTPL	(1,829)	(2,822)	(38,244)	8,878
Net gain from sale of financial investments at fair value through other comprehensive income	440	(495)	1,219	(241)
Fair value of financial liabilities designated at FVTPL	4,564	-	9,051	-
Gross dividend income from investment: -subsidiary	-	-	1,500	1,000
Net dividend paid for Islamic profit rate swap	(5,931)	(3,215)	(12,683)	(7,453)
Unrealised loss on revaluation of Islamic profit rate swap	(5,169)	(14,560)	(57,991)	(45,709)
Unrealised gain on revaluation from hedged items	5,549	19,435	64,740	56,478
	548	(959)	(28,366)	17,614
Fees and commission				
Corporate advisory fees	260	263	593	701
Service charges and fees	34	50	98	194
Commission	1,062	481	2,178	1,781
	1,356	794	2,869	2,676
Other income				
Rental income	432	366	919	860
(Loss)/Profit on sale of fixed assets	-	-	(21)	7
Fair value adjustments of investment properties	-	-	-	1,580
	432	366	898	2,447
Total	4,287	3,191	(17,148)	33,155

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

23. Income derived from investment of investment account funds

	3 months ended		9 months ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
Group and Bank	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Investment of account funds	-	-	-	8
Fees and commission				
Service charges and fees	100	-	256	403
Total	100	-	256	411

24. Allowance for/(Writeback of) impairment on financing

	3 months ended		9 months ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
Group	RM'000	RM'000	RM'000	RM'000
Allowance for/(Writeback of) impairment on financing of customer:				
- individual allowance made	3,083	3,179	20,556	12,674
- individual allowance written back	(1,287)	(2,500)	(1,937)	(17,838)
- collective allowance made	33,757	61,498	117,606	164,187
- collective allowance written back	(24,167)	(34,872)	(81,789)	(117,786)
Impaired financing written off	48	54	2,525	(11,599)
Impaired financing recovered	(6,489)	(11,331)	(17,054)	(26,712)
	4,945	16,028	39,907	2,926

	3 months ended		9 months ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
Bank	RM'000	RM'000	RM'000	RM'000
Allowance for/(Writeback of) impairment on financing of customer:				
- individual allowance made	3,083	3,179	20,556	12,674
- individual allowance written back	(1,287)	(2,500)	(1,937)	(17,838)
- collective allowance made	33,757	61,498	117,606	164,208
- collective allowance written back	(24,167)	(34,872)	(81,789)	(117,786)
Impaired financing written off	48	54	2,525	(11,599)
Impaired financing recovered	(6,489)	(11,331)	(17,054)	(31,644)
	4,945	16,028	39,907	(1,985)

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

25. Writeback of impairment losses on financial investments, net

Group	3 months ended		9 months ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Impairment (write back)/losses on corporate bonds included under Fair value through other comprehensive income ("FVOCI")	(3)	(21)	(43)	(35)
Impairment write back on corporate bonds included under Amortised Cost ("AC")	(62)	(47)	(850)	(406)
	<u>(65)</u>	<u>(68)</u>	<u>(893)</u>	<u>(441)</u>

Bank	3 months ended		9 months ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Impairment (write back)/losses on corporate bonds included under Fair value through other comprehensive income ("FVOCI")	(3)	(21)	(43)	(35)
Impairment write back on corporate bonds included under Amortised Cost ("AC")	(62)	(47)	(850)	(406)
Impairment write back on investment in subsidiary	-	-	-	(1,000)
	<u>(65)</u>	<u>(68)</u>	<u>(893)</u>	<u>(1,441)</u>

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

Group and Bank	3 months ended		9 months ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash and short term funds				
- ECL, net	47	(1)	(372)	(21)
Other assets				
- ECL, net	39	-	189	4,034
	<u>86</u>	<u>(1)</u>	<u>(183)</u>	<u>4,013</u>

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

27. Income attributable to depositors

Group	3 months ended		9 months ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
Mudharabah funds	227	341	682	1,043
Non-Mudharabah funds	96,783	132,339	338,870	419,651
Deposits and placements of banks and other financial institutions:				
Non-Mudharabah funds	332	1,294	1,444	1,568
	97,342	133,974	340,996	422,262

Bank	3 months ended		9 months ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
Mudharabah funds	227	341	682	1,043
Non-Mudharabah funds	96,822	132,407	339,057	419,894
Deposits and placements of banks and other financial institutions:				
Non-Mudharabah funds	332	1,294	1,444	1,568
	97,381	134,042	341,183	422,505

28. Personnel expenses

Group	3 months ended		9 months ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Salary and wages	39,751	37,424	117,252	108,728
Contribution to defined contribution plan	6,922	7,251	20,464	21,685
Social security contributions	447	404	1,289	1,171
Allowances and bonuses	922	7,465	4,622	22,390
Others	4,937	7,555	15,191	20,052
	52,979	60,099	158,818	174,026

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

28. Personnel expenses (cont'd)

	3 months ended		9 months ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
Bank	RM'000	RM'000	RM'000	RM'000
Salary and wages	39,214	36,885	115,565	107,175
Contribution to defined contribution plan	6,857	7,163	20,203	21,431
Social security contributions	433	404	1,275	1,171
Allowances and bonuses	893	7,426	4,553	21,955
Others	4,918	7,516	15,150	19,977
	52,315	59,394	156,746	171,709

29. Other overheads and expenditures

	3 months ended		9 months ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
Group	RM'000	RM'000	RM'000	RM'000
Promotion				
Advertisement and publicity	932	4,152	4,419	8,783
Others	92	2,440	796	5,647
Establishment				
Rental	119	217	256	3,439
Depreciation of property, plant and equipment	2,818	3,209	8,544	10,609
Depreciation of right-of-use assets	3,072	2,460	9,104	4,854
Amortisation of intangible assets	8,292	8,533	25,044	24,725
Amortisation of prepaid land lease payment	-	1	-	3
Information technology expenses	11,212	13,932	36,548	41,202
Repair and maintenance	1,505	1,036	2,945	3,328
Hire of equipment	1,604	938	3,431	2,849
Takaful	2,048	1,926	5,898	5,583
Utilities expenses	1,187	1,278	3,458	3,897
Security expenses	1,873	2,699	6,042	8,121
Others	1,148	970	3,552	3,217
General expenses				
Auditors' fees	124	202	331	1,022
Professional fees	797	1,225	2,531	3,370
Legal expenses	(411)	427	255	1,960
Telephone	362	463	1,497	1,398
Stationery and printing	485	437	1,159	1,500
Postage and courier	357	406	1,333	1,398
Travelling	142	467	494	1,309
Directors remuneration and Shariah Committee allowance	940	1,268	3,227	3,088
Others	3,598	2,783	9,744	8,026
	42,296	51,469	130,608	149,328

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

29. Other overheads and expenditures (cont'd)

	3 months ended		9 months ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Bank				
Promotion				
Advertisement and publicity	932	4,152	4,419	8,783
Others	92	2,435	794	5,636
Establishment				
Rental	119	217	256	3,289
Depreciation of property, plant and equipment	2,817	3,205	8,539	10,605
Depreciation of right-of-use assets	2,948	2,355	8,749	4,608
Amortisation of intangible assets	8,292	8,514	25,043	24,706
Amortisation of prepaid land lease payment	-	1	-	3
Information technology expenses	11,176	13,932	36,438	41,202
Repair and maintenance	1,410	947	2,660	3,051
Hire of equipment	1,536	841	3,233	2,560
Takaful	2,048	1,926	5,898	5,583
Utilities expenses	1,181	1,271	3,440	3,877
Security expenses	1,873	2,699	6,042	8,121
Others	1,148	970	3,552	3,217
General expenses				
Auditors' fees	124	202	331	1,022
Professional fees	755	1,033	2,264	3,098
Legal expenses	(411)	427	255	1,960
Telephone	362	463	1,497	1,397
Stationery and printing	483	432	1,150	1,487
Postage and courier	357	406	1,333	1,398
Travelling	142	465	493	1,305
Directors remuneration and Shariah Committee allowance	924	1,256	3,191	3,049
Others	4,875	3,322	12,065	9,965
	43,183	51,471	131,642	149,922

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

30 Finance cost

Group	3 months ended		9 months ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Dividend paid- subordinated sukuk	3,645	3,665	10,891	10,875
Dividend paid- senior sukuk	6,951	6,951	20,580	20,625
Financing sold to Cagamas	5,235	5,412	15,788	16,377
Finance cost of lease liabilities	611	579	1,925	1,184
	16,442	16,607	49,184	49,061

Bank	3 months ended		9 months ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Dividend paid- subordinated sukuk	3,645	3,665	10,891	10,875
Dividend paid- senior sukuk	6,951	6,951	20,580	20,625
Financing sold to Cagamas	5,235	5,412	15,788	16,377
Finance cost of lease liabilities	506	469	1,604	964
	16,337	16,497	48,863	48,841

31. Zakat

Group	3 months ended		9 months ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Provision for zakat for the year	1,846	864	2,608	4,138
Over provision in prior year	-	-	(8)	-
	1,846	864	2,600	4,138

Bank	3 months ended		9 months ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Provision for zakat for the year	1,773	843	2,477	4,047
	1,773	843	2,477	4,047

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

32. Taxation

Group	3 months ended		9 months ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Current income tax	1,154	13,767	1,376	33,811
Under/(Over) provision in prior year	17	(408)	407	(1,004)
	1,171	13,359	1,783	32,807
Deferred tax:				
Relating to origination and reversal of temporary differences	18,688	(3,649)	37,002	7,174
Over provision in prior year	-	71	-	71
	18,688	(3,578)	37,002	7,245
	19,859	9,781	38,785	40,052
Bank	3 months ended		9 months ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Current income tax	-	13,600	-	31,865
Over provision in prior year	-	(404)	-	(404)
	-	13,196	-	31,461
Deferred tax:				
Relating to origination and reversal of temporary differences	18,757	(3,730)	37,053	7,802
Over provision in prior year	-	71	-	71
	18,757	(3,659)	37,053	7,873
	18,757	9,537	37,053	39,334

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

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

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

33. Credit exposures arising from credit transactions with connected parties

	Group	
	30 September 2020 RM'000	31 December 2019 RM'000
Outstanding credit exposures with connected parties (RM'000)	<u>1,428,026</u>	<u>1,613,373</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>5.7%</u>	<u>6.7%</u>
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	<u>-</u>	<u>-</u>
	Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
Outstanding credit exposures with connected parties (RM'000)	<u>1,499,169</u>	<u>1,668,011</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>5.9%</u>	<u>7.0%</u>
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	<u>-</u>	<u>-</u>

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transaction and Exposures with Connected Parties, which are effective on 1 January 2008.

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

The credit transactions with connected parties 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.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

34. Commitments and contingencies

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

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

	Group and Bank					
	30 September 2020			31 December 2019		
The commitments and contingencies constitute the following:	Principal amount RM'000	Credit equivalent amount RM'000	Total risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Total risk weighted amount RM'000
Contingent liabilities						
Direct credit substitutes	239,930	239,930	212,327	231,450	231,450	205,352
Trade-related contingencies	29,500	5,900	246	38,679	7,736	1,494
Transaction-related contingencies	408,051	204,026	189,721	428,543	214,272	201,091
Commitments						
Credit extension commitment:						
- Maturity within one (1) year	950,680	190,136	185,307	879,658	175,932	171,477
- Maturity exceeding one (1) year	720,949	360,474	328,348	777,881	388,941	373,034
Islamic derivative financial instruments						
Foreign exchange related contracts	3,199,437	72,550	27,718	2,965,283	58,660	28,638
Profit rate related contract	1,275,000	64,075	12,815	1,275,000	71,188	14,238
	6,823,547	1,137,091	956,482	6,596,494	1,148,179	995,324

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

35. Capital adequacy

(a) Capital Adequacy Framework

- (i) Bank Negara Malaysia ("BNM") had on 6 February 2020 issued the Capital Adequacy Framework for Islamic Banks (Capital Components) on the computation of capital and capital adequacy ratios for Islamic banks. All financial institutions shall hold and maintain at all times, the following minimum capital adequacy ratios:

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

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

- (ii) Total RWA is calculated as the sum of credit RWA, market RWA, operational RWA and large exposure risk requirements as determined in accordance with Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) issued by BNM on 2 February 2018 for Islamic banks.

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

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

(b) Compliance and Application of Capital Adequacy Ratios

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

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

The minimum regulatory capital adequacy requirements for CET1, Tier 1, and Total Capital are 4.5%,

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

35. Capital adequacy (cont'd.)

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

	Group		Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
Computation of Total Risk Weighted Assets ("RWA")				
Total credit RWA	14,211,992	13,089,369	14,196,172	13,073,524
Total market RWA	60,433	35,361	60,433	35,361
Total operational RWA	1,211,794	1,218,544	1,201,219	1,206,121
Total RWA	15,484,219	14,343,274	15,457,824	14,315,006
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	1,193,264	1,193,264	1,186,740	1,186,740
Other Reserves				
Regulatory reserve	62,252	62,676	62,252	62,676
FVOCI reserve	24,898	18,008	24,898	18,008
Foreign exchange translation reserve	1,298	(133)	1,298	(133)
Regulatory Adjustment				
Deferred tax assets	(40,186)	(25,827)	(39,850)	(25,543)
Investment property gain	(5,542)	(5,542)	(5,542)	(5,542)
Regulatory reserve	(62,252)	(62,676)	(62,252)	(62,676)
FVOCI reserve	(13,694)	(9,905)	(13,694)	(9,904)
Investment in subsidiaries	-		(13,159)	(13,159)
Intangible asset (net of deferred tax liabilities)	(1,668)	(70,244)	(1,456)	(70,134)
Total Common Equity Tier-I Capital	2,353,370	2,294,621	2,334,235	2,275,333
Total Tier-I Capital	2,353,370	2,294,621	2,334,235	2,275,333
<u>Tier-II capital</u>				
Subordinated sukuk	254,226	250,532	254,226	250,532
Loss provision and regulatory reserve*	137,306	127,785	137,306	127,785
Add: Investment property gain	2,494	2,494	2,494	2,494
Total Tier-II Capital	394,026	380,811	394,026	380,811
Total Capital Base	2,747,396	2,675,432	2,728,261	2,656,144
Ratio (%)				
CET 1 Capital	15.199%	15.998%	15.101%	15.895%
Tier 1 Capital	15.199%	15.998%	15.101%	15.895%
Total Capital	17.743%	18.653%	17.650%	18.555%

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

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

35. Capital adequacy (cont'd.)

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 Banks (Risk Weighted Assets) issued on 4 August 2017 and 2 March 2017, respectively. The Group and the Bank have adopted the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk. The minimum regulatory capital adequacy requirement for Islamic Bank Common Equity Tier I capital, Tier I capital, and Total Capital are 4.5%, 6.0% and 8.0% of total RWA respectively for the current period (31 December 2019: 4.5%, 6.0% and 8.0% of total RWA).

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

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

	Group			
	30 September 2020 RM'000			31 December 2019 RM'000
	Total exposures after netting and credit risk mitigation RM'000	Total risk weighted assets RM'000	Total exposures after netting and credit risk mitigation RM'000	Total risk weighted assets RM'000
0%	5,225,360	-	5,902,452	-
20%	2,587,945	517,589	1,818,548	363,710
35%	3,424,973	1,198,741	3,110,625	1,088,719
50%	1,260,066	630,033	1,195,617	597,808
75%	3,120,458	2,340,344	3,175,251	2,381,439
100%	9,503,582	9,503,581	8,592,299	8,592,299
150%	14,470	21,705	43,596	65,394
Risk weighted assets for credit risk	25,136,854	14,211,992	23,838,388	13,089,369
Risk weighted assets for market risk		60,433		35,361
Risk weighted assets for operational risk		1,211,794		1,218,544
Total risk weighted assets		15,484,219		14,343,274

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

35. Capital adequacy (cont'd.)

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

	Bank			
	30 September 2020 RM'000	Total risk weighted assets RM'000	31 December 2019 RM'000	Total risk weighted assets RM'000
	Total exposures after netting and credit risk mitigation RM'000		Total exposures after netting and credit risk mitigation RM'000	
0%	5,225,360	-	5,902,452	-
20%	2,587,945	517,589	1,818,548	363,710
35%	3,424,973	1,198,741	3,110,625	1,088,719
50%	1,260,066	630,033	1,195,617	597,808
75%	3,120,458	2,340,344	3,175,251	2,381,439
100%	9,494,501	9,494,500	8,582,297	8,582,297
150%	9,977	14,966	39,701	59,551
Risk weighted assets for credit risk	25,123,280	14,196,172	23,824,491	13,073,524
Risk weighted assets for market risk		60,433		35,361
Risk weighted assets for operational risk		1,201,219		1,206,121
Total risk weighted assets		15,457,824		14,315,006

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

36. Fair values of financial instruments

(a) Financial instruments measured at fair value

Determination of fair value and the fair value hierarchy

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

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

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

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

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

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

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

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

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

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

Group	Quoted Market Price Level 1 RM'000	Valuation technique using		Total RM'000
		Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
30 September 2020				
Non-financial assets				
Investment properties	-	-	53,696	53,696
Financial assets				
Financial investments designated at fair value through profit and loss	-	10,435	265,759	276,194
Financial investments fair value through other comprehensive income	102,751	4,683,591	5,881	4,792,223
Derivative financial assets	-	39,360	-	39,360
Total financial assets measured at fair value	102,751	4,733,386	271,640	5,107,777
Financial liabilities				
Derivative financial liabilities	-	156,120	-	156,120
Total financial liabilities measured at fair value	-	156,120	-	156,120

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

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

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

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

Group (cont'd.)	Quoted Market Price Level 1 RM'000	Valuation technique using		Total RM'000
		Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
31 December 2019				
Non-financial assets				
Investment properties	-	-	53,063	53,063
Financial assets				
Financial investments designated at fair value through profit or loss	-	10,321	298,472	308,793
Financial investments at FVOCI	100,621	4,498,322	5,881	4,604,824
Derivative financial assets	-	21,859	-	21,859
Total financial assets measured at fair value	100,621	4,530,502	304,353	4,935,476
Financial liabilities				
Derivative financial liabilities	-	77,546	-	77,546
Total financial liabilities measured at fair value	-	77,546	-	77,546

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

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

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

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

Bank	Quoted Market Price Level 1 RM'000	Valuation technique using		Total RM'000
		Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
30 September 2020				
Non-financial assets				
Investment properties	-	-	53,696	53,696
Financial assets				
Financial investments designated at fair value through profit and loss	-	10,435	265,759	276,194
Financial investments fair value through other comprehensive income	100,293	4,683,591	5,881	4,789,765
Derivative financial assets	-	39,360	-	39,360
Total financial assets measured at fair value	100,293	4,733,386	271,640	5,105,319
Financial liabilities				
Derivative financial liabilities	-	156,120	-	156,120
Total financial liabilities measured at fair value	-	156,120	-	156,120

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

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

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

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

Bank (cont'd.)	Quoted Market Price Level 1 RM'000	Valuation technique using		Total RM'000
		Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
31 December 2019				
Non-financial assets				
Investment properties	-	-	53,063	53,063
Financial assets				
Financial investments designated at fair value through profit and loss	-	10,321	298,472	308,793
Financial investments at FVOCI	98,196	4,498,322	5,881	4,602,399
Derivative financial assets	-	21,859	-	21,859
Total financial assets measured at fair value	98,196	4,530,502	304,353	4,933,051
Financial liabilities				
Derivative financial liabilities	-	77,546	-	77,546
Total financial liabilities measured at fair value	-	77,546	-	77,546

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

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

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

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

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

	Group		Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
At 1 January 2020	304,353	321,050	304,353	321,050
Loss recognised				
in profit or loss	(32,513)	(2,954)	(32,513)	(2,954)
Purchases	-	500	-	500
Sales/ redeemed	(2,916)	(14,779)	(2,916)	(14,779)
Foreign exchange translation difference	2,717	536	2,717	536
At 30 September 2020	271,641	304,353	271,641	304,353

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

	Group	
	30 September 2020 RM'000	31 December 2019 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	(32,513)	(2,954)

	Bank	
	30 September 2020 RM'000	31 December 2019 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	(32,513)	(2,954)

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

37. Segment information

(a) Business segments (cont'd.)

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

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

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

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

Group	Business banking	Consumer banking	Treasury and investment banking	Others	Total
30 September 2020	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	225,805	430,504	156,641	20,290	833,240
Total income	125,394	228,793	38,077	99,979	492,243
(Allowance for)/writeback of impairment on financing	(7,139)	(32,766)	-	-	(39,905)
Writeback of impairment on investments	-	-	893	-	893
Allowance for impairment on other financial assets, net	-	-	(47)	230	183
Other expenses	-	-	-	(11,829)	(11,829)
Total net income	118,255	196,027	38,923	88,380	441,585
Total overhead expenses					(338,610)
Profit before zakat and taxation					102,975
Zakat					(2,600)
Taxation					(38,785)
Profit for the period					61,590

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

37. Segment information (cont'd.)

(a) Business segments (cont'd.)

Group	Business	Consumer	Treasury and investment	Others	Total
30 September 2019	banking	banking	banking	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	190,014	506,068	159,228	111,245	966,555
Total income	64,514	263,140	5,070	211,569	544,293
Writeback of impairment on financing	13,818	(16,763)	19	-	(2,926)
Writeback of impairment on investments	-	-	441	-	441
Allowance for impairment on other financial assets, net	-	-	(116)	(3,897)	(4,013)
Other expenses	-	-	-	(9,031)	(9,031)
Total net income	78,332	246,377	5,414	198,641	528,764
Total overhead expenses					(372,415)
Profit before zakat and taxation					156,349
Zakat					(4,138)
Taxation					(40,052)
Profit for the period					112,159

Bank	Business	Consumer	Treasury and investment	Others	Total
30 September 2020	banking	banking	banking	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	225,805	430,504	151,571	20,290	828,170
Total Income	125,394	228,793	32,820	99,979	486,986
(Allowance for)/writeback of impairment on financing	(7,139)	(32,766)	-	-	(39,905)
Writeback of impairment on investments	-	-	893	-	893
Allowance for impairment on other financial assets, net	-	-	(47)	230	183
Other expenses	-	-	-	(11,829)	(11,829)
Total net income	118,255	196,027	33,666	88,380	436,328
Total overhead expenses					(337,251)
Profit before zakat and taxation					99,077
Zakat					(2,477)
Taxation					(37,053)
Profit for the period					59,547

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

37. Segment information (cont'd.)

(a) Business segments (cont'd.)

Bank 30 September 2019	Business banking RM'000	Consumer banking RM'000	Treasury and investment banking RM'000	Others RM'000	Total RM'000
Revenue	190,014	506,068	157,166	111,245	964,493
Total Income	64,514	263,140	2,764	211,570	541,988
Writeback of impairment on financing	13,818	(16,763)	4,930	-	1,985
Writeback of impairment on investments	-	-	1,441	-	1,441
Allowance for impairment on other financial assets, net	-	-	(116)	(3,897)	(4,013)
Other expenses	-	-	-	(9,031)	(9,031)
Total net income	78,332	246,377	9,019	198,642	532,370
Total overhead expenses					(370,472)
Profit before zakat and taxation					161,898
Zakat					(4,047)
Taxation					(39,334)
Profit for the period					118,517

38. Comparatives

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