



Bank Muamalat Malaysia Berhad
196501000376 (6175-W)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2024

196501000376 (6175-W)

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

Contents	Page
Directors' report	1 - 11
Statement by Directors	12
Statutory declaration	12
Report of the Shariah Committee	13 - 14
Independent auditors' report	15 - 18
Consolidated statement of financial position	19 - 20
Statement of financial position	21 - 22
Statements of profit or loss	23
Statements of other comprehensive income	24
Consolidated statement of changes in equity	25
Statement of changes in equity	26
Statements of cash flows	27 - 31
Notes to the financial statements	32 - 209

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

Directors' Report

In the name of Allah, The Most Beneficent, The Most Merciful

The Directors have pleasure in submitting their report together with the audited financial statements of Bank Muamalat Malaysia Berhad ("the Bank") and its subsidiaries (together referred to as "the Group") for the financial year ended 31 December 2024.

Principal activities

The Bank is principally engaged in Islamic banking business and the provision of related financial services. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

Immediate and ultimate holding company

The immediate holding and ultimate holding companies of the Bank are DRB-HICOM Berhad and Etika Strategi Sdn. Bhd. respectively, both of which are incorporated in Malaysia. DRB-HICOM Berhad, is a public limited liability company listed on the Main Market of Bursa Malaysia Securities Berhad. DRB-HICOM Berhad holds 70% of the Bank's shares, whilst the remaining 30% is held by Khazanah Nasional Berhad.

Subsidiaries

The details of the Bank's subsidiaries are disclosed in Note 11 to the financial statements.

Results

	Group	Bank
	RM'000	RM'000
Profit before zakat and taxation	129,316	128,554
Zakat	(8,825)	(8,576)
Taxation	(34,350)	(32,414)
Profit for the year	86,141	87,564

In the opinion of the Directors, the results of the operations of the Group and of the Bank during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

Dividends

No dividend has been paid or declared by the Bank since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the current financial year.

196501000376 (6175-W)

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

Directors of the Group and the Bank

Directors who served during the financial year until the date of this report are:

Bank Muamalat Malaysia Berhad

Tan Sri Tajuddin Atan
Johari Abdul Muid
Tan Sri Che Khalib Mohamad Noh
Dato' Ibrahim Taib
Ainol Roznain Yaacob
Md. Khairuddin Hj. Arshad
Mohd Razlan Mohamed
Roshidah Abdullah

Muamalat Invest Sdn. Bhd.

Md. Khairuddin Hj. Arshad
Roshidah Abdullah
Khairul Kamarudin
Khadijah Sairah Ibrahim (appointed on 9 December 2024)
Mohd Faruk Abdul Karim (resigned on 13 April 2024)

Muamalat Venture Sdn. Bhd.

Khairul Kamarudin
Amirul Nasir Abdul Rahim

Muamalat Nominees (Asing) Sdn. Bhd.

Khairul Kamarudin
Amirul Nasir Abdul Rahim

Muamalat Nominees (Tempatan) Sdn. Bhd.

Khairul Kamarudin
Amirul Nasir Abdul Rahim

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

Directors' interests in shares

The interests and deemed interests in the shares of the Bank and of its related corporations of those who were Directors at the financial year end as recorded in the Register of Directors' Shareholding are:

	Number of ordinary shares of RM1.00 each			
	At 1.1.2024	Acquired	Disposed	At 31.12.2024
Interest in the immediate holding company, DRB-HICOM Berhad:				
Tan Sri Che Khalib Mohamad Noh				
- spouse	3,500 ^	-	-	3,500 ^

^ Deemed interest in shares in the immediate holding company held by spouse pursuant to Section 59(11)(c) of the Companies Act 2016.

Other than as disclosed above, none of the Directors holding office at the end of the financial year ended 31 December 2024 had any interest in shares in the Bank or its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director has received nor become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors from or the fixed salary of a full-time employee of the Bank as shown in Note 36 to the financial statements or from related corporations) by reason of a contract made by the Bank or a related corporation with the Director or with a firm of which, the Director is a member, or with a company in which the Director has a substantial financial interest.

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2024 are as follows:

	From the Bank RM'000	From the subsidiary companies RM'000
Directors of the Bank:		
Director fees	1,829	40
Director's other emoluments	1,169	16
Estimated money value of any other benefits	41	-
	<u>3,039</u>	<u>56</u>

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

Directors' benefits (cont'd.)

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Bank was a party, whereby Directors might acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate.

Issue of shares

There were no changes to the issued and paid-up capital during the financial year.

Indemnity and takaful cost

Directors' and Officers' liability takaful is in place to protect the Directors and Officers of the Group and of the Bank against potential costs and liabilities arising from claims brought against the Directors and Officers. The Bank has maintained a Directors' and Officers' liability takaful up to an aggregate limit of RM40.0 million against any liability incurred by the Directors and Officers. The gross amount of takaful contribution paid by the Bank for the Directors and Officers of Bank Muamalat Malaysia Berhad ("BMMB") and its subsidiaries for the current financial year was RM230,000.

Other statutory information

- (a) Before the statements of profit or loss, statements of other comprehensive income and statements of financial position of the Group and of the Bank were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) As at the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render:
 - (i) the amount written off for bad debts, or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Bank inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Bank misleading.
- (c) As at the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.

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

Other statutory information (cont'd.)

- (d) As at the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Bank which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Bank that has arisen since the end of the financial year and which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group and of the Bank which has arisen since the end of the financial year other than those arising in the normal course of business of the Group and of the Bank.
- (f) In the opinion of the Directors:
 - (i) no contingent liability or other liability of the Group or the Bank has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group or of the Bank to meet their obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Bank for the financial year in which this report is made.

Compliance with Bank Negara Malaysia's Policy Documents on Financial Reporting for Islamic Banking Institutions

In the preparation of the financial statements, the Directors have taken reasonable steps to ensure that the preparation of the financial statements of the Group and of the Bank are in compliance with the Bank Negara Malaysia's Policy Documents on Financial Reporting for Islamic Banking Institutions and the Policy Documents on Credit Risk.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

Business review 2024

For the financial year ended 31 December 2024, the Group recorded a Profit Before Zakat and Taxation of RM129.3 million, a decrease of RM166.3 million or 56.3% as compared to the previous corresponding financial year end.

The Group has demonstrated a commendable growth in revenue for the financial year under review, surging by 20.4% to RM2.1 billion, primarily driven by a rise in financing income from the growth in gross financing and the increase in average profit rate under yield optimisation initiatives. The Group also sees its investment income increased as compared to the previous corresponding financial year end from the increase in investment balances and its acquisitions of Treasury papers with higher yield.

The net income for the financial year ended 31 December 2024 decreased by 7.0% due to an increase in income attributable to depositors, which has increased by RM262.5 million or 31.6% as compared to the previous corresponding financial year end, consistent with other industry players due to high deposit market rate, which leads to high funding costs and compression in margin. While allowance for impairment losses was higher by RM170.2 million mainly due to additional impairment incurred on non-retail financing accounts.

Total operating expenses for the year recorded an increase of RM101.3 million or 20.5% to RM596.2 million. The increase was due to higher personnel expenses by RM47.2 million attributable to an increase in cost related to the staff collective agreement, staff medical expenses due to the inflation in the medical industry and increase in information technology expenses.

Finance Cost increased by 4.8% from RM82.2 million in the financial year ended 31 December 2023 to RM86.2 million recorded in the financial year ended 31 December 2024 which was mainly contributed by the additional financing sold to Cagamas.

The Group's total assets recorded a double digit annual growth of 11.8% for the financial year ended 31 December 2024, to stand at RM43.7 billion, largely spurred by growth in financing.

Gross financing to customers grew by RM4.0 billion or 14.1% to RM32.6 billion for the year under review mainly from the growth in Retail segment, while customer deposits and investment accounts stood at RM36.7 billion, an increase of RM3.7 billion or 11.1% as compared to the previous corresponding financial year end.

The Group continues to maintain its internal and minimum regulatory capital adequacy requirement, with the CET 1, Tier 1 and Total Capital Ratio standing at 11.04%, 12.41% and 16.74% respectively.

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

Prospects and forecast

In 2024, the Malaysian economy demonstrated notable resilience and steady progress, building on its robust recovery trajectory from previous years. Throughout the year, GDP growth averaged 5.1%, an acceleration from 3.6% from the previous year, bolstered by strong domestic consumption and a surge in both private and public investments. In certain quarters of the year, both private and public investments saw strong growth, highlighting ongoing efforts by businesses and the government to enhance future productivity through capacity expansion. These developments are expected to bolster the economy's potential in the near term.

In addition to strong real economy indicators, the Malaysian ringgit showed favorable performance in 2024, appreciating by 2.9% against the US dollar and earning recognition as the best-performing currency among emerging markets for the year. Meanwhile, the FBMKLCI index rose by 13.0% in 2024 after three consecutive quarters of declines, reflecting renewed investor confidence in Malaysia's economic prospects, supported by the implementation of structural reforms designed to enhance growth potential over the medium to long term.

Looking ahead to 2025, projections indicate that Malaysia is well-positioned to sustain its growth momentum. Following the October tabling of Budget 2025, the government indicated its 2025 GDP growth forecast of 4.5% to 5.5%. On the supply side, the services sector is expected to uphold its position as the main driver of growth, supported by a recovery in tourism, sustained export demand, and the acceleration of ICT-related activities. On the demand side, growth will be buoyed by strong private sector expenditure and stable global trade. In line with this, Bank Negara Malaysia ("BNM") is expected to maintain an accommodative monetary policy stance to support domestic demand while ensuring price stability. With inflationary pressures remaining manageable and fiscal consolidation efforts continuing, a supportive policy environment will encourage business investment and household spending, reinforcing economic resilience in the year ahead.

Premised on the above financial landscape, the Bank is expecting a better performance for 2025 and will continue to focus on delivering sustainable shareholders' return by growing its revenues through its strategic initiatives across its operations. Concurrently, the Bank will selectively grow its financing book whilst continuing to defend its low-cost funding base. The Bank also aims to enable Islamic banks for all through customer base diversification and continue to expand its digital propositions.

196501000376 (6175-W)

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

Rating by external rating agencies

Details of the Bank's ratings are as follows:

Rating Agency	Date	Classification	Rating
RAM Rating Services Berhad	August 2024	Long term	A2
		Short term	P1
		Subordinated Sukuk	A3
		Outlook	Stable
Malaysian Rating Corporation Berhad	October 2024	Long term	A+
		Short term	MARC-1
		Senior Sukuk	A+
		Additional Tier-1 Sukuk	BBB
		Outlook	Stable

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

Disclosure of Shariah Committee

The Bank's business activities are required to be in full compliance with the Shariah requirements, as governed and guided by the Shariah Committee ("SC"). The duties and responsibilities of the Shariah Committee are prescribed by the Shariah Governance Policy Document ("SGPD") issued by Bank Negara Malaysia ("BNM"). The key responsibilities of the Shariah Committee are as follows:

- (a) To have a charter that sets out the mandate, responsibilities and procedures of the SC including matters reserved for its decision or advice.
- (b) To provide objective and sound advice to the Bank to ensure that its aims and operations, business, affairs and activities are in compliance with Shariah. This includes:-
 - (i) to provide a decision or advice to the Bank on the application of any rulings of the Shariah Advisory Council ("SAC") or standards on Shariah matters that are applicable to the operations, business, affairs and activities of the Bank;
 - (ii) to provide a decision or advice on matters which require a reference to be made to the SAC;
 - (iii) to provide a decision or advice on the operations, business, affairs and activities of the Bank which may trigger a Shariah non-compliance event;
 - (iv) to deliberate and affirm any Shariah non-compliance finding by any relevant functions; and
 - (v) to endorse rectification measure to address any Shariah non-compliance event.
- (c) To be accountable for the quality, accuracy and soundness of its own decision or advice.
- (d) To establish a robust methodology to guide its decision-making process. The SC must take into account relevant business and risk practices in arriving at a decision or advice.
- (e) Where the SC has reason to believe that any Shariah issues or matter may affect the safety and soundness of the Bank, the SC must immediately update the Board of Directors ("BOD") on such matter.
- (f) In cases where the SAC has not made any rulings on a particular matter or the SC is not able to arrive at a decision or advice, the Bank shall refer to the SAC for a ruling in accordance with *Manual Rujukan Institusi Kewangan Islam kepada Majlis Penasihat Syariah*. Any requests for a ruling or advice shall be communicated through the Secretariat of the SAC.

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

Disclosure of Shariah Committee (cont'd.)

- (g) In the event where the SC decides or advises to place additional restrictions on the operations, business, affairs and activities of the Bank in applying the SAC rulings, the Bank must:-
 - (i) document the deliberations and justifications of the SC decision or advice;
 - (ii) ascertain the BOD's views on the decision or advice made by the SC with regards to the SAC ruling; and
 - (iii) ensure immediate notification to the BNM of such decision or advice.
- (h) The Bank shall ensure that any records of the SC's decision or advice to be submitted to the BNM, including a rectification plan to address a Shariah non-compliance event (under section 28(3) of the Islamic Financial Services Act ("IFSA") 2013), is supported with key deliberations, rationale and any significant concerns or dissenting views to the decision or advice.
- (i) In the event that the SC delegates any of its responsibilities to any persons or functions:-
 - (i) The Bank must ensure that the mandate, areas of delegated authority and operating procedures are set out clearly in the SC's charter and the Bank's internal policies;
 - (ii) The Bank must establish reporting arrangements to keep the SC informed of the work, key deliberations and decisions on the delegated matters; and
 - (iii) The SC must remain fully accountable for the decisions and any ensuing implications arising from the delegated responsibility.
- (j) To exercise objectivity in coming up with the SC judgment and be free from associations or circumstances that may impair the exercise of professional objectivity. In fulfilling the responsibility, a SC member must ensure that the judgement in arriving at a Shariah decision or advice is not affected by other professional commitments.
- (k) To devote sufficient time to prepare for and attend SC meetings.
- (l) To ensure consistency in providing the SC views and must not act in manner that would undermine the rulings of the SAC or any decisions of the SC that they represent.
- (m) To disclose the nature and extent of the SC interest that constitutes or gives rise to a conflict or potential conflict of interest upon the appointment, re-appointment or as soon as there is any changes in SC circumstances that may affect SC status.
- (n) To continuously develop a reasonable understanding of the business and operations of the Bank and keep abreast with relevant market and regulatory developments. The chairman of the SC must lead efforts to manage the SC's developmental plans.

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

Zakat obligations

The Bank pays zakat on its business to the state zakat authorities based on the growth model method as approved by the Shariah Committee. The Bank does not pay zakat on behalf of the shareholders or depositors, unless upon request by the shareholders or depositors.

For the year ended 31 December 2024, the Group and the Bank have allocated an amount of RM8.9 million and RM8.7 million respectively, as provision for zakat on its business.

Auditors and auditors' remuneration

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration related to the statutory audit of the Group and of the Bank for the financial year is RM965,000 and RM945,000 respectively.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors dated 27 March 2025.



Tan Sri Tajuddin Atan
Chairman



Roshidah Abdullah
Director

Kuala Lumpur, Malaysia

196501000376 (6175-W)

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

Statement by Directors

Pursuant to Section 251(2) of the Companies Act, 2016

In the name of Allah, The Most Beneficent, The Most Merciful

We, Tan Sri Tajuddin Atan and Roshidah Abdullah, being two (2) of the Directors of Bank Muamalat Malaysia Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 19 to 209 are drawn up in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2024 and of the results and the cash flows of the Group and of the Bank for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors dated 27 March 2025.



Tan Sri Tajuddin Atan
Chairman



Roshidah Abdullah
Director

Kuala Lumpur, Malaysia


Statutory declaration

Pursuant to Section 251(1)(b) of the Companies Act, 2016

In the name of Allah, The Most Beneficent, The Most Merciful

I, Amirul Nasir Abdul Rahim, being the officer primarily responsible for the financial management of Bank Muamalat Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 19 to 209 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Amirul Nasir Abdul Rahim (I.C No. 840830-14-6087) at Kuala Lumpur in Federal Territory on 27 March 2025.



Amirul Nasir Abdul Rahim

Before me,

Commissioner for Oaths



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

Report of the Shariah Committee

In the name of Allah, The Most Beneficent, The Most Merciful

In compliance with the letter of appointment, we are required to submit the following report:

We have reviewed the principles and the contracts relating to the transactions and applications introduced by the Bank during the year ended 31 December 2024. We have also conducted our review to form an opinion as to whether the Bank has complied with the Shariah principles and with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia and Securities Commission Malaysia, as well as Shariah decisions made by us.

We, the members of the Shariah Committee as established under the Bank, are responsible to assist the Board in the oversight and management of Shariah matters in the operation of the Bank. Although the Board is ultimately responsible and accountable for all Shariah matters under the Bank, the Board relies on our independent advice on the same.

The Management of the Bank is primarily responsible to ensure that the Bank conducts its business in accordance with Shariah principles. It is our responsibility to form an independent opinion, based on our review of the operations of the Bank and to report to you.

We planned and performed our review by obtaining all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Bank has not violated the Shariah principles and to rectify to our reasonable satisfaction the matters that required improvements toward Shariah compliance.

To the best of our knowledge based on the information provided to us and discussions and decisions transpired and made in the meetings of or attended by the Shariah Committee of the Bank as have been detailed out in the relevant minutes of meetings and taking into account the advices and opinions given by the relevant experts, bodies and authorities, we are of the opinion that:

- (a) the contracts, transactions and dealings entered into by the Bank during the year ended 31 December 2024 that we have reviewed are in compliance with Shariah principles;
- (b) the allocation of profit and charging of losses relating to investment accounts conform to the basis that had been approved by us in accordance with Shariah principles;
- (c) all earnings that have been realised from sources or by means prohibited by Shariah principles have been identified and excluded from the Bank's income and were disposed for charitable causes; and
- (d) the financial statements of the Bank for the year ended 31 December 2024 together with the calculation of zakat disclosed to us are in compliance with Shariah principles.

196501000376 (6175-W)

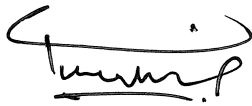
Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

Report of the Shariah Committee (cont'd.)

We, the members of the Shariah Committee of Bank Muamalat Malaysia Berhad, to the best of our knowledge, do hereby confirm that the overall operations, business, affairs and activities of the Bank for the year ended 31 December 2024 are in compliance with Shariah principles.

No Shariah non-compliance events were reported during the year.

Signed on behalf of the Shariah Committee of Bank Muamalat Malaysia Berhad.



Dr. Yusri Mohamad
Chairman of Shariah Committee



Dr. Mohd Shahid Mohd Noh
Member of Shariah Committee

Kuala Lumpur, Malaysia
27 March 2025



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BANK MUAMALAT MALAYSIA BERHAD

(Registration No.: 196501000376 (6175-W))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bank Muamalat Malaysia Berhad, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Bank, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 19 to 209.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2024, and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Bank in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.



Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Bank are responsible for the other information. The other information comprises the information included in the Directors' Report and Report of the Shariah Committee, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Bank does not cover the Directors' Report and Report of the Shariah Committee and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the Directors' Report and Report of the Shariah Committee and, in doing so, consider whether the Directors' Report and Report of the Shariah Committee is materially inconsistent with the financial statements of the Group and of the Bank or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report and Report of the Shariah Committee, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Bank are responsible for the preparation of financial statements of the Group and of the Bank that give a true and fair view in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Bank, the Directors are responsible for assessing the ability of the Group and of the Bank to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Bank or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Bank as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Bank.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Bank to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Bank Muamalat Malaysia Berhad
(Registration No.: 196501000376 (6175-W))
Independent Auditors' Report for the
Financial Year Ended 31 December 2024

Other Matter

This report is made solely to the members of the Bank, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya, Malaysia

Date: 27 March 2025

Chan Kah Mun
Approval Number: 03350/01/2026 J
Chartered Accountant

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

Consolidated statement of financial position as at 31 December 2024 (29 Jamadil Akhir 1446H)

		Group	
	Note	2024	2023
		RM'000	RM'000
Assets			
Cash and short-term funds	4 (a)	2,116,600	3,039,191
Deposits and placements with licensed financial institutions	4 (b)	502,166	-
Financial investments at fair value through profit or loss ("FVTPL")	5 (i)	14,888	33,707
Financial investments at fair value through other comprehensive income ("FVOCI")	5 (ii)	7,569,971	6,505,466
Financial investments at amortised cost	5 (iii)	-	116,871
Islamic derivative financial assets	6	14,496	12,819
Financing of customers	7	32,349,349	28,347,644
Other assets	9	85,670	133,707
Statutory deposits with Bank Negara Malaysia	10	680,000	583,809
Investment properties	12	58,886	56,756
Intangible assets	13	137,200	123,096
Right-of-use assets	15.1 (c)	43,008	36,113
Property, plant and equipment	14	56,184	46,615
Deferred tax assets	16	33,438	24,483
Total assets		43,661,856	39,060,277
Liabilities			
Deposits from customers	17	36,462,088	32,795,736
Investment accounts of customers	18	245,707	247,689
Deposits and placements of banks and other financial institutions	19	838,721	529,634
Bills and acceptances payable	20	6,027	13,773
Islamic derivative financial liabilities	6	17,309	21,519
Other liabilities	21	146,970	100,640
Lease liabilities	15.1 (a)	45,496	38,469
Provision for zakat and taxation	22	8,929	10,647
Recourse obligation on financing sold to Cagamas	23	1,584,301	1,058,745
Subordinated sukuk	24	807,369	806,924
Total liabilities		40,162,917	35,623,776

196501000376 (6175-W)

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

Consolidated statement of financial position as at 31 December 2024 (29 Jamadil Akhir 1446H) (cont'd.)

		Group	
	Note	2024	2023
		RM'000	RM'000
Shareholders' equity			
Share capital	25	1,195,000	1,195,000
Reserves	27	1,955,184	1,892,746
Equity attributable to owners of the Bank		3,150,184	3,087,746
Perpetual Sukuk	26	348,755	348,755
Total Equity		3,498,939	3,436,501
Total liabilities and shareholders' equity		43,661,856	39,060,277
Restricted investment accounts	18	20	32
Total Islamic banking asset and asset under management		43,661,876	39,060,309
Commitments and contingencies	46	6,095,308	5,650,858
Capital adequacy *	51		
CET 1 capital ratio		11.040%	11.401%
Tier 1 capital ratio		12.414%	12.848%
Total capital ratio		16.743%	17.343%

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

The accompanying notes form an integral part of the financial statements.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

Statement of financial position as at 31 December 2024 (29 Jamadil Akhir 1446H)

		Bank	
		2024	2023
	Note	RM'000	RM'000
Assets			
Cash and short-term funds	4 (a)	2,116,600	3,039,191
Deposits and placements with licensed financial institutions	4 (b)	502,166	-
Financial investments at fair value through profit or loss ("FVTPL")	5 (i)	12,209	31,096
Financial investments at fair value through other comprehensive income ("FVOCI")	5 (ii)	7,569,971	6,505,466
Financial investments at amortised cost	5 (iii)	-	116,871
Islamic derivative financial assets	6	14,496	12,819
Financing of customers	7	32,344,273	28,343,392
Other assets	9	84,793	132,866
Statutory deposits with Bank Negara Malaysia	10	680,000	583,809
Investment in subsidiaries	11	13,159	13,159
Investment properties	12	58,886	56,756
Intangible assets	13	136,994	122,811
Right-of-use assets	15.1 (c)	43,008	36,113
Property, plant and equipment	14	56,164	46,580
Deferred tax assets	16	33,433	23,943
Total assets		43,666,152	39,064,872
Liabilities			
Deposits from customers	17	36,476,922	32,811,802
Investment accounts of customers	18	245,707	247,689
Deposits and placements of banks and other financial institutions	19	838,721	529,634
Bills and acceptances payable	20	6,027	13,773
Islamic derivative financial liabilities	6	17,309	21,519
Other liabilities	21	146,886	101,105
Lease liabilities	15.1 (a)	45,496	38,469
Provision for zakat and taxation	22	8,661	10,320
Recourse obligation on financing sold to Cagamas	23	1,584,301	1,058,745
Subordinated sukuk	24	807,369	806,924
Total liabilities		40,177,399	35,639,980

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

Statement of financial position as at 31 December 2024 (29 Jamadil Akhir 1446H) (cont'd.)

		Bank	
	Note	2024	2023
		RM'000	RM'000
Shareholders' equity			
Share capital	25	1,195,000	1,195,000
Reserves	27	1,944,998	1,881,137
Equity attributable to owners of the Bank		3,139,998	3,076,137
Perpetual Sukuk	26	348,755	348,755
Total shareholders' equity		3,488,753	3,424,892
Total liabilities and shareholders' equity		43,666,152	39,064,872
Restricted investment accounts	18	20	32
Total Islamic banking asset and asset under management		43,666,172	39,064,904
Commitments and contingencies	46	6,095,308	5,650,858
Capital adequacy *	51		
CET 1 capital ratio		10.958%	11.319%
Tier 1 capital ratio		12.334%	12.767%
Total capital ratio		16.665%	17.269%

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

The accompanying notes form an integral part of the financial statements.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

Statements of profit or loss

For the year ended 31 December 2024 (29 Jamadil Akhir 1446H)

		Group		Bank	
		2024	2023	2024	2023
	Note	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	28	2,089,730	1,733,875	2,089,730	1,733,875
Income derived from investment of investment accounts funds	29	10,520	11,316	10,520	11,316
Income derived from investment of shareholders' funds	30	47,862	39,463	47,252	43,936
Allowance for impairment losses on financing	31	(158,354)	(33,260)	(158,354)	(33,260)
Allowance for impairment losses on financial investments, net	32	(44,783)	(526)	(44,783)	(526)
Allowance for impairment losses on other financial assets, net	33	(932)	(105)	(932)	(105)
Other expenses directly attributable to the investment of the depositors and shareholders' funds		(37,925)	(46,149)	(37,925)	(46,149)
Total distributable income		1,906,118	1,704,614	1,905,508	1,709,087
Income attributable to depositors	34	(1,094,284)	(831,807)	(1,094,613)	(832,164)
Income attributable to investment account holders		(209)	(240)	(209)	(240)
Total net income		811,625	872,567	810,686	876,683
Personnel expenses	35	(354,192)	(306,957)	(351,999)	(304,291)
Other overheads and expenditures	38	(241,963)	(187,853)	(243,979)	(189,462)
Finance costs	39	(86,154)	(82,174)	(86,154)	(82,174)
Profit before zakat and taxation		129,316	295,583	128,554	300,756
Zakat	40	(8,825)	(10,227)	(8,576)	(9,929)
Taxation	41	(34,350)	(73,541)	(32,414)	(72,781)
Profit for the year		86,141	211,815	87,564	218,046
Earnings per share attributable to shareholders of the Bank (sen) (basic):	42	7.21	17.73		

The accompanying notes form an integral part of the financial statements.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

Statements of other comprehensive income
For the year ended 31 December 2024 (29 Jamadil Akhir 1446H)

		Group		Bank	
	Note	2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Profit for the year		86,141	211,815	87,564	218,046
Other comprehensive (loss)/income:					
Items that may be reclassified subsequently to profit or loss					
Net (loss)/gain on financial investments at FVOCI		(4,063)	25,520	(4,063)	25,520
- Net gain on change in fair value		10,252	54,076	10,252	54,076
- Changes in expected credit losses	5 (ii)	23	526	23	526
- Income tax effect	16	(76)	(8,852)	(76)	(8,852)
- Realised gain transferred to profit or loss on disposal of debts instruments	28 & 30	(14,262)	(20,230)	(14,262)	(20,230)
Exchange fluctuation reserve	27	1,382	(1,475)	1,382	(1,475)
Items that may not be reclassified subsequently to profit or loss					
Net unrealised gain/(loss) on equity securities at FVOCI		1,325	(34,718)	1,325	(34,718)
Other comprehensive loss for the year, net of tax		(1,356)	(10,673)	(1,356)	(10,673)
Total comprehensive income for the year		84,785	201,142	86,208	207,373

The accompanying notes form an integral part of the financial statements.

196501000376 (6175-W)

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

Consolidated statement of changes in equity
For the year ended 31 December 2024 (29 Jamadil Akhir 1446H)

Group	Non-distributable					Distributable	
	Ordinary shares RM'000	Perpetual Sukuk RM'000	Regulatory reserve RM'000	Exchange fluctuation reserve RM'000	FVOCI reserve RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2024	1,195,000	348,755	155,747	1,591	(6,966)	1,742,374	3,436,501
Profit for the year	-	-	-	-	-	86,141	86,141
Other comprehensive income/(loss) for the year	-	-	-	1,382	(2,738)	-	(1,356)
Total comprehensive income/(loss) for the year	-	-	-	1,382	(2,738)	86,141	84,785
Transfer of fair value changes recognised for equity instruments (elected as FVOCI) upon derecognition	-	-	-	-	(1,933)	1,933	-
Transfer to regulatory reserve	-	-	(10,343)	-	-	10,343	-
Transaction with Owners							
Distribution paid to Perpetual Sukuk holders	-	-	-	-	-	(22,347)	(22,347)
At 31 December 2024	1,195,000	348,755	145,404	2,973	(11,637)	1,818,444	3,498,939
At 1 January 2023	1,195,000	-	94,239	3,066	(1,342)	1,595,641	2,886,604
Profit for the year	-	-	-	-	-	211,815	211,815
Other comprehensive (loss)/income for the year	-	-	-	(1,475)	(9,198)	-	(10,673)
Total comprehensive (loss)/income for the year	-	-	-	(1,475)	(9,198)	211,815	201,142
Transfer of fair value changes recognised for equity instruments (elected as FVOCI) upon derecognition	-	-	-	-	3,574	(3,574)	-
Net issuance of Perpetual Sukuk	-	348,755	-	-	-	-	348,755
Transfer from regulatory reserve	-	-	61,508	-	-	(61,508)	-
At 31 December 2023	1,195,000	348,755	155,747	1,591	(6,966)	1,742,374	3,436,501

The accompanying notes form an integral part of the financial statements.

196501000376 (6175-W)

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

Statement of changes in equity
For the year ended 31 December 2024 (29 Jamadil Akhir 1446H)

	Non-distributable					Distributable	
Bank	Ordinary shares RM'000	Perpetual Sukuk RM'000	Regulatory reserve RM'000	Exchange fluctuation reserve RM'000	FVOCI reserve RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2024	1,195,000	348,755	155,747	1,592	(6,966)	1,730,764	3,424,892
Profit for the year	-	-	-	-	-	87,564	87,564
Other comprehensive income/(loss) for the year	-	-	-	1,382	(2,738)	-	(1,356)
Total comprehensive income/(loss) for the year	-	-	-	1,382	(2,738)	87,564	86,208
Transfer of fair value changes recognised for equity instruments (elected as FVOCI) upon derecognition	-	-	-	-	(1,933)	1,933	-
Transfer to regulatory reserve	-	-	(10,343)	-	-	10,343	-
Transaction with Owners							
Distribution paid to Perpetual Sukuk holders	-	-	-	-	-	(22,347)	(22,347)
At 31 December 2024	1,195,000	348,755	145,404	2,974	(11,637)	1,808,257	3,488,753
At 1 January 2023	1,195,000	-	94,239	3,067	(1,342)	1,577,800	2,868,764
Profit for the year	-	-	-	-	-	218,046	218,046
Other comprehensive (loss)/income for the year	-	-	-	(1,475)	(9,198)	-	(10,673)
Total comprehensive (loss)/income for the year	-	-	-	(1,475)	(9,198)	218,046	207,373
Transfer of fair value changes recognised for equity instruments (elected as FVOCI) upon derecognition	-	-	-	-	3,574	(3,574)	-
Net issuance of Perpetual Sukuk	-	348,755	-	-	-	-	348,755
Transfer from regulatory reserve	-	-	61,508	-	-	(61,508)	-
At 31 December 2023	1,195,000	348,755	155,747	1,592	(6,966)	1,730,764	3,424,892

The accompanying notes form an integral part of the financial statements.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

Statements of cash flows

For the year ended 31 December 2024 (29 Jamadil Akhir 1446H)

		Group		Bank	
		31 December	31 December	31 December	31 December
		2024	2023	2024	2023
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit before zakat and taxation		129,316	295,583	128,554	300,756
Adjustment for:					
Unwinding of financial liabilities	30 (a)	4,429	1,664	4,429	1,664
Amortisation of intangible assets	38	35,629	33,563	35,550	33,483
Depreciation of property, plant and equipment	38	10,167	10,664	10,152	10,646
Gain on sale of property, plant and equipment	30	(10)	-	(10)	-
Gain from termination of right-of-use asset	30	(73)	(3)	(73)	(3)
Depreciation of right-of-use assets	38	11,519	11,152	11,519	11,152
Amortisation of cost on subordinated sukuk issued		422	422	422	422
Property, plant and equipment written off	38	4	6	4	6
Intangible assets written off	38	4	64	4	64
Amortisation of premium (net)	28 & 30	31,393	40,444	31,393	40,444
Net gain from sale of financial investments at FVOCI	28 & 30	(14,262)	(20,230)	(14,262)	(20,230)
Net gain from sale of financial investments at FVTPL	28	(21)	(77)	(21)	(77)
Unrealised loss/(gain) on revaluation of financial investment at FVTPL	28 & 30	15,204	(3,420)	15,215	(3,422)
Net gain on revaluation of foreign exchange transaction	30	(22,739)	(9,713)	(22,739)	(9,713)
Net gain from foreign exchange derivatives	30	(5,887)	(10,164)	(5,887)	(10,164)
Fair value adjustments of investment properties	30	(2,130)	(192)	(2,130)	(192)
Allowance for impairment on financing	31	158,354	33,260	158,354	33,260
Allowance for impairment losses on financial investments, net	32	44,783	526	44,783	526
Allowance for impairment on other financial assets, net	33	932	105	932	105

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

Statements of cash flows

For the year ended 31 December 2024 (29 Jamadil Akhir 1446H) (cont'd.)

		Group		Bank	
		31 December 2024	31 December 2023	31 December 2024	31 December 2023
Note		RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities (cont'd.)					
Profit income from financial investments		(282,407)	(230,677)	(282,407)	(230,677)
Finance costs	39	86,154	82,174	86,154	82,174
Dividend income	30	(69)	(68)	(6,000)	(11,000)
Operating profit before working capital changes		200,712	235,083	193,936	229,224
(Increase)/decrease in operating assets:					
Islamic derivative financial assets		4,210	1,592	4,210	1,592
Financing of customers		(4,160,059)	(4,363,837)	(4,159,235)	(4,370,239)
Statutory deposits with Bank Negara Malaysia		(96,191)	(166,718)	(96,191)	(166,718)
Other assets		68,564	(114,003)	68,599	(113,660)
Increase/(decrease) in operating liabilities:					
Deposits from customers		3,666,352	6,475,127	3,665,120	6,471,449
Deposits and placements of banks and other financial institutions		304,658	224,582	304,658	224,582
Investment accounts of customers		(1,982)	(53,469)	(1,982)	(53,469)
Islamic derivative financial liabilities		(4,210)	(1,592)	(4,210)	(1,592)
Bills and acceptances payable		(7,746)	(6,445)	(7,746)	(6,445)
Other liabilities		71,070	4,517	70,194	6,680
Cash generated from operations		45,378	2,234,837	37,353	2,221,404
Finance cost on lease liabilities	39	(2,019)	(1,839)	(2,019)	(1,839)
Zakat paid		(10,519)	(4,723)	(10,235)	(4,264)
Tax paid		(68,146)	(57,678)	(66,394)	(55,718)
Net cash (used in)/ from operating activities		(35,306)	2,170,597	(41,295)	2,159,583

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

Statements of cash flows

For the year ended 31 December 2024 (29 Jamadil Akhir 1446H) (cont'd.)

Note	Group		Bank	
	31 December 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
Cash flows from investing activities				
Proceeds from disposal of investment in securities	7,375,024	4,204,818	7,374,994	4,204,818
Purchase of financial investment in securities	(8,365,791)	(5,366,573)	(8,365,724)	(5,366,506)
Proceeds from disposal of property, plant and equipment	10	-	10	-
Purchase of property, plant and equipment	14 (9,044)	(7,822)	(9,044)	(7,821)
Purchase of intangible assets	13 (60,433)	(47,669)	(60,433)	(47,656)
Proceeds of profit income from financial investments	267,262	245,832	267,283	245,833
Dividend income	30 69	68	6,000	11,000
Net cash used in investing activities	(792,903)	(971,346)	(786,914)	(960,332)
Dividend paid on Islamic subordinated sukuk	(38,490)	(38,490)	(38,490)	(38,490)
Payment of lease liabilities	(11,313)	(11,158)	(11,313)	(11,158)
Proceed from recourse obligation on financing sold to Cagamas	752,232	500,000	752,232	500,000
Payment of principal for recourse obligation on financing sold to Cagamas	(229,587)	(177,363)	(229,587)	(177,363)
Payment of finance cost for recourse obligation on financing sold to Cagamas	(42,711)	(39,005)	(42,711)	(39,005)
Distribution paid to Perpetual Sukuk holders	(22,347)	-	(22,347)	-
Proceeds from issuance of Perpetual Sukuk	-	348,755	-	348,755
Net cash generated from financing activities	407,784	582,739	407,784	582,739
Net increase in cash and cash equivalents	(420,425)	1,781,990	(420,425)	1,781,990
Cash and cash equivalents at beginning of year	3,039,191	1,257,201	3,039,191	1,257,201
Cash and cash equivalents at end of year	2,618,766	3,039,191	2,618,766	3,039,191
Cash and cash equivalents consist of:				
Cash and short-term funds	4 (a) 2,116,600	3,039,191	2,116,600	3,039,191
Cash and placements with financial institutions	4 (b) 502,166	-	502,166	-
	2,618,766	3,039,191	2,618,766	3,039,191

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

Statements of cash flows

For the year ended 31 December 2024 (29 Jamadil Akhir 1446H) (cont'd.)

(a) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's and the Bank's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Bank's statement of cash flows as cash flows from financing activities.

Group and Bank	Subordinated sukuk		Recourse obligation on financing sold to Cagamas	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At 1 January 2024 / 2023	806,924	806,596	1,058,745	733,174
Net changes from financing cash flows:				
Dividend paid on Islamic subordinated sukuk	(38,490)	(38,490)	-	-
Proceed from recourse obligation on financing sold to Cagamas	-	-	752,232	500,000
Payment of principal for recourse obligation on financing sold to Cagamas	-	-	(229,587)	(177,363)
Payment of finance cost for recourse obligation on financing sold to Cagamas	-	-	(42,711)	(39,005)
	768,434	768,106	1,538,679	1,016,806
Other changes:				
Amortisation of cost on sukuk issued	422	422	-	-
Finance cost	38,513	38,396	45,622	41,939
At end of the financial year	807,369	806,924	1,584,301	1,058,745

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

Statements of cash flows

For the year ended 31 December 2024 (29 Jamadil Akhir 1446H) (cont'd.)

(a) Reconciliation of liabilities arising from financing activities: (cont'd.)

Group and Bank	Lease Liabilities	
	2024	2023
	RM'000	RM'000
At 1 January	38,469	37,433
Net changes from financing cash flows:		
Payments for the profit portion of lease liabilities	(2,019)	(1,839)
Payments for the principal portion of lease liabilities	(11,313)	(11,158)
	25,137	24,436
Other changes:		
Finance cost	2,019	1,839
Lease modification	18,149	11,332
Currency translation	(3)	6
Termination	(657)	(133)
Additions	852	989
At 31 December	45,497	38,469

(b) Cash outflows for leases as a lessee

Group and Bank	2024	2023
	RM'000	RM'000
Included in net cash from operating activities:		
Payment relating to leases of low-value assets	463	403
Finance cost paid in relation to lease liabilities	2,019	1,839
Included in net cash from financing activities:		
Payment of lease liabilities	11,313	11,158
Total cash outflows for leases	13,795	13,400

The accompanying notes form an integral part of the financial statements.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

Notes to the financial statements - 31 December 2024 (29 Jamadil Akhir 1446H)

Corporate information

The Bank is a licensed Islamic Bank under the Islamic Financial Services Act, 2013 ("IFSA"), incorporated and domiciled in Malaysia. The registered office and principal place of business of the Bank is located at 30th Floor, Menara Bumiputra, Jalan Melaka, 50100 Kuala Lumpur.

The Bank is principally engaged in Islamic banking business and the provision of related financial services. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

The immediate holding and ultimate holding companies of the Bank are DRB-HICOM Berhad and Etika Strategi Sdn. Bhd. respectively, both of which are incorporated in Malaysia. DRB-HICOM Berhad, is a public limited liability company listed on the Main Market of Bursa Malaysia Securities Berhad. DRB-HICOM Berhad holds 70% of the Bank's shares, whilst the remaining 30% is held by Khazanah Nasional Berhad.

The consolidated financial statements of the Bank as of and for the year ended 31 December 2024 comprise the Bank and its subsidiaries (together referred to as "the Group").

The financial statements were authorised for issuance by the Board of Directors in accordance with a resolution of the Board of Directors on 27 March 2025.

1. Basis of preparation

1.1 Statement of compliance

The financial statements of the Group and of the Bank have been prepared in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRS Accounting Standards that have been issued but have not been adopted by the Group and the Bank:

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

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

1. Basis of preparation (cont'd.)

1.1 Statement of compliance (cont'd.)

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*
- Amendments that are part of Annual Improvements – Volume 11:
 - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
 - Amendments to MFRS 7, *Financial Instruments: Disclosures*
 - Amendments to MFRS 9, *Financial Instruments*
 - Amendments to MFRS 10, *Consolidated Financial Statements*
 - Amendments to MFRS 107, *Statement of Cash Flows*
- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Bank plans to apply the abovementioned accounting standards, interpretations and amendments, where applicable:

- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.
- from the annual period beginning on 1 January 2026 for the amendments that are effective for annual periods beginning on or after 1 January 2026.
- from the annual period beginning on 1 January 2027 for the amendments that are effective for annual periods beginning on or after 1 January 2027.

The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impact to the current period and prior period financial statements of the Group and of the Bank.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

1. Basis of preparation (cont'd.)

1.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured based on the measurement bases stated below:

Items	Measurement bases
Islamic derivative financial instruments	Fair value
Fair value through profit or loss ("FVTPL")	Fair value
Fair value through other comprehensive income ("FVOCI")	Fair value
Investment properties	Fair value

1.3 Functional and presentation currencies

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Bank's functional currency and has been rounded to the nearest thousand ("RM'000"), except when otherwise indicated.

1.4 Use of estimates and judgements

The preparation of the financial statements in conformity with MFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than Note 3 - Significant accounting judgement, estimates and assumptions.

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

2. Material accounting policies

(a) Investment in subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Bank's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in statement of profit or loss.

(b) Financial assets

(i) Initial recognition and subsequent measurement

The Group and the Bank classify all of their financial assets based on the business model for managing the assets and the assets' contractual cash flow characteristics. All financial assets are recognised initially at fair value plus directly attributable transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

The categories of financial assets under MFRS 9 *Financial Instruments* are as follows:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVTPL")

(1) Financial assets at amortised cost

The Group and the Bank measure financial assets at amortised cost if both of the following conditions are met:

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit ("SPPP") on the principal amount outstanding; and
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

The details of these conditions are outlined below:

(i) The SPPP test

As a first step of its classification process, the Group and the Bank assess the contractual terms of financial assets to identify whether they meet the SPPP test.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

2. Material accounting policies (cont'd.)

(b) Financial assets (cont'd.)

(i) Initial recognition and subsequent measurement (cont'd.)

(1) Financial assets at amortised cost (cont'd.)

The details of these conditions are outlined below: (cont'd.)

(i) The SPPP test (cont'd.)

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there were payments of principal or amortisation of the premium/discount).

The most significant elements of profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPP assessment, the Group and the Bank apply judgement and consider relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

In contrast, contractual terms that introduce a more than *de minimis* exposure to risks or volatility in the contractual cash flows that are unrelated to a basic financing arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

(ii) Business model assessment

The Group and the Bank determine its business model at the level that best reflects how groups of financial assets are managed to achieve its business objective.

The Group's and the Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

2. Material accounting policies (cont'd.)

(b) Financial assets (cont'd.)

(i) Initial recognition and subsequent measurement (cont'd.)

(1) Financial assets at amortised cost (cont'd.)

The details of these conditions are outlined below: (cont'd.)

(ii) Business model assessment (cont'd.)

- The way the performance of the business model and the financial assets held within that business model are evaluated and reported to the key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- The way the managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- The expected frequency, value and timing of sales which are also important aspects of the Group's and the Bank's assessment.
- The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's and the Bank's original expectations, the Group and the Bank do not change the classification of the remaining financial assets held in that business model, but incorporate such information when assessing newly originated or newly purchased financial assets going forward.

Included in financial assets at amortised cost are cash and short-term funds, deposits and placements with licensed financial institutions, financial investments at amortised cost, financing of customers, statutory deposits with Bank Negara Malaysia and a portion of other assets as disclosed in the respective notes to the financial statements.

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

2. Material accounting policies (cont'd.)

(b) Financial assets (cont'd.)

(i) Initial recognition and subsequent measurement (cont'd.)

(2) Financial assets at fair value through other comprehensive income ("FVOCI")

The Group and the measure financial assets at FVOCI when both of the following conditions are met:

- The contractual terms of the financial assets meet the SPPP test; and
- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in the Other Comprehensive Income ("OCI"). Profit income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. Where the Group and the Bank hold more than one investment in the same security, they are deemed to be disposed off on a first-in-first-out basis. Upon derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Equity instruments are normally measured at FVTPL. However, for non-traded equity instruments, with an irrevocable option at inception, the Group and the Bank measure the changes through FVOCI (without recycling profit or loss upon derecognition).

Included in financial assets at FVOCI are certain equity and debt instruments.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

2. Material accounting policies (cont'd.)

(b) Financial assets (cont'd.)

(i) Initial recognition and subsequent measurement (cont'd.)

(3) Financial assets at fair value through profit or loss (“FVTPL”)

Financial assets at FVTPL are those that are held-for-trading and have been either designated by the Group and the Bank upon initial recognition or are mandatorily required to be measured at fair value under MFRS 9 *Financial Instruments*.

The Group and the Bank designate an instrument at FVTPL upon initial recognition when one of the following criteria is met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Included in financial assets at FVTPL are financial investments at FVTPL, financial assets designated upon initial recognition, financing of customers and Islamic derivatives financial investments.

Subsequent to initial recognition, financial assets held-for-trading and financial assets designated at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recognised in profit or loss under the caption of ‘other operating income’.

(ii) Reclassifications

Reclassifications of financial assets are made when, and only when, the business model for those assets changes. Such changes are expected to be infrequent and arise as a result of significant external or internal changes such as the termination of a line of business or management buy-over.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

2. Material accounting policies (cont'd.)

(b) Financial assets (cont'd.)

(iii) Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from asset have expired.
- The Group and the Bank have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either:
- The Group and the Bank have transferred substantially all the risks and rewards of the asset; or
- The Group and the Bank have neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the financial asset.

When the Group and the Bank have transferred their rights to receive cash flows from a financial asset or have entered into a pass through arrangement, and have neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the financial asset, the financial asset is recognised to the extent of the Group's and the Bank's continuing involvement in the financial asset. In that case, the Group and the Bank also recognise an associated liability. The transferred asset and associated liability are measured on a basis that reflects the rights and obligations that the Group and the Bank have retained.

(iv) Impairment of financial assets

The MFRS 9 *Financial Instruments* impairment requirements are based on an Expected Credit Loss ("ECL") model. The ECL model applies to financial assets measured at amortised cost or at FVOCI (with recycling to profit or loss), irrevocable financing commitments and financial guarantee contracts, and financing of customers and debt instruments held by the Group and the Bank. The ECL model also applies to contract assets under MFRS 15 *Revenue from Contracts with Customers* and lease receivables under MFRS 117 *Leases*.

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

2. Material accounting policies (cont'd.)

(b) Financial assets (cont'd.)

(iv) Impairment of financial assets (cont'd.)

The measurement of ECL involves increased complexity and judgement that include:

(1) Determining a significant increase in credit risk since initial recognition

The assessment of significant deterioration since initial recognition is critical in establishing the point of switching between the requirement to measure an allowance based on 12-month ECL and one that is based on lifetime ECL. The quantitative and qualitative assessments are required to estimate the significant increase in credit risk by comparing the risk of a default occurring on the financial assets as at reporting date with the risk of default occurring on the financial assets as at the date of initial recognition.

The criteria for determining whether credit risk has increase significantly vary by portfolio and include quantitative factors such as delinquency, historical delinquency trend, changes in credit ratings and qualitative factors as well as a backstop based on delinquency. For retail portfolio, a combination of delinquency, historical delinquency trend and qualitative factors are used to determine significant increase in credit risk. For non-retail portfolio, internally derived credit ratings have been identified as representing the best available determinant of credit risk whilst for financial securities, external ratings attributed by external agencies are used.

The assessment of significant deterioration since initial recognition is critical in establishing the point of switching between the requirement to measure an allowance based on 12-month ECL and one that is based on lifetime ECL. The quantitative and qualitative assessments are required to estimate the significant increase in credit risk by comparing the risk of a default occurring on the financial assets as at reporting date with the risk of default occurring on the financial assets as at the date of initial recognition.

The Group and the Bank assigns each counterparty, financial securities and financial instrument, credit rating at initial recognition based on available information about the counterparty, financial securities and financial instrument. Credit risk is deemed to have increase significantly if the credit rating has significantly deteriorate at the reporting date relative to the credit rating at the date of initial recognition.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

2. Material accounting policies (cont'd.)

(b) Financial assets (cont'd.)

(iv) Impairment of financial assets (cont'd.)

(1) Determining a significant increase in credit risk since initial recognition (cont'd.)

Nevertheless, regardless of the change in credit rating, a backstop is applied and a financial asset is considered to have experienced a significant increase in credit risk if the financial asset is more than 30 days past due on its contractual payments. In addition, the Group and the Bank may determine that an exposure has demonstrated a significant increase in credit risk based on certain qualitative factors using its expert credit judgement and, where possible, relevant historical experience that are considered to be indicative of such increase whose effect may not otherwise be fully reflected in its quantitative factors.

The Group and the Bank has not used the low credit risk exemption for any financial assets in the current financial year.

The Group and the Bank apply a 3-stage approach based on the change in credit quality since initial recognition:

3-Stage Approach	Stage 1	Stage 2	Stage 3
	Performing	Under-performing	Non-performing
ECL Approach	12-month ECL	Lifetime ECL	Lifetime ECL
Criterion	No significant increase in credit risk	Credit risk increased significantly	Credit-impaired assets
Recognition of profit income	On gross carrying amount	On gross carrying amount	On net carrying amount

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

2. Material accounting policies (cont'd.)

(b) Financial assets (cont'd.)

(iv) Impairment of financial assets (cont'd.)

(2) ECL Measurement

There are three (3) main components to measure ECL, which include: (i) probability of default ("PD") model; (ii) loss given default ("LGD") model; and (iii) exposure at default ("EAD") model.

MFRS 9 *Financial Instruments* does not distinguish between individual assessment and collective assessment. Therefore, the Group and the Bank have decided to continue to measure the impairment mainly on an individual transaction basis for financial assets that are deemed to be individually significant.

(3) Expected life

Lifetime ECL must be measured over the expected life of the financial asset. This is restricted to the maximum contractual life and takes into account expected prepayment, extension, call and similar options, except for certain revolving financial instruments such as overdraft. The expected life for these revolving facilities generally refers to their behavioural life.

(4) Forward looking information

ECL are the unbiased probability-weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions. The reasonable and supportable forward looking information is based on the collation of macroeconomic data obtained from various external sources, such as, but not limited to regulators, government and foreign ministries as well as independent research organisations.

Where applicable, the Bank incorporates forward-looking adjustments in credit risk factors of PD and LGD used in the ECL calculation; taking into account the impact of multiple probability-weighted future forecast economic scenarios.

Embedded in ECL is a broad range of forward-looking information as economic inputs, such as:

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

2. Material accounting policies (cont'd.)

(b) Financial assets (cont'd.)

(iv) Impairment of financial assets (cont'd.)

(4) Forward looking information (cont'd.)

- Consumer Price Index;
- Unemployment rates;
- Overnight Policy Rate;
- Private consumption;
- Public consumption; and
- Gold price.

The Bank applies the following three (3) alternative macroeconomic scenarios to reflect an unbiased probability-weighted range of possible future outcomes in estimating ECL:

Base scenario: This scenario reflects that current macroeconomic conditions continue to prevail; and

Upside and Downside scenarios: These scenarios are set relative to the base scenario, reflecting best and worst-case macroeconomic conditions based on subject matter expert's best judgement from current economic conditions.

(5) Financial investments at FVOCI

The ECL for financial investments measured at FVOCI does not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to profit and loss upon derecognition of the assets.

(6) Valuation of collateral held as security for financial assets

The amount and type of collateral required depends on assessment of credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types and collateral and valuation parameters.

The main types of collateral obtained by the Group and the Bank are as follows:

- For home financing - mortgages over residential properties;

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

2. Material accounting policies (cont'd.)

(b) Financial assets (cont'd.)

(iv) Impairment of financial assets (cont'd.)

(6) Valuation of collateral held as security for financial assets (cont'd.)

- For syndicated financing - charges over the properties being financed;
- For vehicle financing - charges over the vehicles financed; and
- For other financing - charges over business assets such as premises, inventories, trade receivables or deposits.

(7) Impairment process – written off accounts

Where a financing is uncollectible, it is written off against the related allowances for impairment. Such financing are written off after the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of the amounts previously written off are recognised in the statements of profit or loss.

(8) Impairment of other financial assets

The Group and the Bank apply the MFRS 9 *Financial Instruments* simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for other financial assets. The simplified approach excludes tracking of changes in credit risk.

(v) Determination of fair value

For financial instruments measured at fair value, the fair value is determined by reference to quoted market prices or by using valuation models. For financial instruments with observable market prices, which are traded in active markets, the fair values are based on their quoted market price or dealer price quotations.

For all other financial instruments, fair value is determined using appropriate valuation techniques. In such cases, the fair values are estimated using discounted cash flow models and option pricing models, and based on observable data in respect of similar financial instruments and using inputs (such as yield curves) existing as at reporting date. The Bank generally uses widely recognised valuation models with market observable inputs for the determination of fair values, due to the low complexity of financial instruments held; with exception to investment in private equity funds.

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

2. Material accounting policies (cont'd.)

(c) Financial liabilities

(i) Date of recognition

All financial liabilities are initially recognised on the trade date, i.e. the date that the Group and the Bank become a party to the contractual provision of the instruments.

(ii) Initial recognition and subsequent measurement

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are classified as either financial liabilities at FVTPL or at amortised cost.

(1) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities held-for-trading include derivatives entered into by the Group and the Bank that do not meet the hedge accounting criteria. Derivative liabilities are initially and subsequently measured at fair value, with any resultant gains or losses recognised in statements of profit or loss. Net gains or losses on derivatives include exchange differences.

(2) Financial liabilities at amortised cost

The Group's and the Bank's financial liabilities at amortised cost include deposits from customers, deposits and placements of banks and other financial institutions, debt securities, bills and acceptances payable, recourse obligation on financing sold to Cagamas and other liabilities.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is redeemed or otherwise extinguished. When an existing financial liability is replaced by another from the same financier on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statements of profit or loss.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

2. Material accounting policies (cont'd.)

(d) Investment properties

Investment properties, comprising principally land and shop lots, are held for long-term rental yields or for capital appreciation or both, and are not occupied by the Group and the Bank.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, representing open-market value determined annually by registered independent valuer having appropriate recognised professional qualification. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group and the Bank use alternative valuation methods such as recent prices of less active markets or discounted cash flow projections. Changes in fair values are recorded in statements of profit or loss in the year in which they arise.

On disposal of an investment property, or when it is permanently withdrawn from use or no future economic benefits are expected from its disposal, it shall be derecognised. The difference between the net disposal proceeds and the carrying amount is recognised in statements of profit or loss in the period of the retirement or upon disposal.

(e) Intangible assets

Intangible assets include computer software and software under development.

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group and the Bank. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses, except for software under development which are not subject to amortisation, until the assets are ready for their intended use.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

2. Material accounting policies (cont'd.)

(e) Intangible assets (cont'd.)

The useful lives of intangible assets are assessed as either finite or infinite. Intangible assets with finite lives are amortised over the useful economic life. Intangibles with finite lives or not yet available for use are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation year and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangible asset are accounted for by changing the amortisation year or method, as appropriate and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statements of profit or loss in the expense category consistent with the function of the intangible asset.

Amortisation of intangible asset is provided for on a straight-line basis over the estimated useful lives of the assets, as follows:

- Computer software is amortised over its estimated finite useful lives ranging from five (5) to ten (10) years.

(f) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Bank recognise such parts as individual assets with specific useful lives and depreciation respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statements of profit or loss as incurred.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has unlimited useful life and therefore is not depreciated. Work-in-progress property, plant and equipment are also not depreciated until the assets are ready for their intended use.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

2. Material accounting policies (cont'd.)

(f) Property, plant and equipment (cont'd.)

Depreciation of other property, plant and equipment is provided for on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings on freehold land	40 years
Buildings on leasehold land and leasehold land	40 years or remaining life of the lease, whichever is shorter
Office Building	40 years
Furniture, fixtures and fittings	6 to 7 years
Renovations	5 years
Motor vehicles	5 years
Computer equipment	3 to 5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in statements of profit or loss.

(g) Leases

(a) Classification

At inception of a contract, the Group and the Bank assesses whether a contract is, or contains, a lease arrangement based on whether the contract that conveys to the user (the lessee) the right to control the use of an identified asset for a period of time in exchange for consideration.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

2. Material accounting policies (cont'd.)

(g) Leases (cont'd.)

(b) Recognition and initial measurement

(i) The Group and the Bank as lessee

The Group and the Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use ("ROU") asset

The Group and the Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the assets, as follows:

Office building	2 to 3 years
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If ownership of the leased asset is transferred to the Group and the Bank at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment in accordance with Note 2.2(j) on impairment of non-financial assets.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

2. Material accounting policies (cont'd.)

(g) Leases (cont'd.)

(b) Recognition and initial measurement (cont'd.)

(i) The Group and the Bank as lessee (cont'd.)

Lease liabilities

At the commencement date of the lease, the Group and the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Bank and payments of penalties for terminating the lease, if the lease term reflects the Group and the Bank exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Bank uses its incremental profit rate at the lease commencement date because the profit rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of profit and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

2. Material accounting policies (cont'd.)

(g) Leases (cont'd.)

(b) Recognition and initial measurement (cont'd.)

(i) The Group and the Bank as lessee (cont'd.)

Short-term leases and leases of low-value assets

The Group and the Bank applies the short-term lease recognition exemption to its short-term leases of office building (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office building that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(ii) The Group and the Bank as lessor

Leases in which the Group and the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statements of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

2. Material accounting policies (cont'd.)

(h) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Bank's functional currency.

(ii) Foreign currency transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Bank and its subsidiaries, and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the date of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in statements of profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under exchange fluctuation reserve in equity.

The exchange fluctuation reserve is reclassified from equity to statements of profit or loss of the Group and of the Bank on disposal of the foreign operations.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in statements of profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

2. Material accounting policies (cont'd.)

(h) Foreign currencies (cont'd.)

(iii) Foreign operations

The results and financial position of the Group's and the Bank's foreign operations, whose functional currencies are not the presentation currency, are translated into the presentation currency at average exchange rates for the year, which approximates the exchange rates at the date of the transaction, and at the closing exchange rate as at reporting date respectively. All resulting exchange differences are taken directly to other comprehensive income and are subsequently recognised in the statements of profit or loss upon disposal of the foreign operations.

(i) Provision for liabilities

Provisions are recognised when the Group and the Bank have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(j) Impairment of non-financial assets

The Group and the Bank assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Bank make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

2. Material accounting policies (cont'd.)

(j) Impairment of non-financial assets (cont'd.)

In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in the statements of profit or loss. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in statements of profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances with banks and other financial institutions, and short-term deposits with original maturity tenor of less than three (3) months that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

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

2. Material accounting policies (cont'd.)

(l) Contingent liabilities and contingent assets

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Bank. The Group and the Bank do not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(m) Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Bank. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group and the Bank pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the statements of profit or loss, as they are incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

2. Material accounting policies (cont'd.)

(n) Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Bank and the income can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Profit and income from financing

For all financial assets measured at amortised cost, profit bearing financial assets classified as FVOCI and financial assets designated at FVTPL, profit income or expense is recorded using the effective profit rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, payment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective profit rate, but not future credit losses.

For impaired financial assets, profit/financing income continues to be recognised using the effective profit rate, to the extent that it is probable that the profit can be recovered.

(1) Bai' Bithaman Ajil

This contract involves the purchase and sale of an asset by the Bank to the customer on a deferred payment basis either to be paid in lump sum or instalment basis within an agreed period of time at a price which includes a profit margin agreed by both parties. Financing income is recognised on effective profit rate basis over the period of the contract based on the principal amount outstanding.

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

2. Material accounting policies (cont'd.)

(n) Income recognition

(i) Profit and income from financing (cont'd.)

(2) Ijarah Thumma Al-Bai'

This contract involves lease ending with transfer of ownership from the lessor to the lessee in the form of sale transaction based on agreed terms and conditions. There are two (2) contracts involved in this arrangement. The first contract is Ijarah where the lessee enjoys the usufruct of the assets for an agreed rental during an agreed period of time while the ownership remains with the lessor. The second contract is the sale contract which may take place at the end of the Ijarah period or at any point of time during the period subject to the agreed terms and conditions between the contracting parties. Financing income is recognised on effective profit rate basis over the lease term.

(3) Bai' Inah

This contract involves sale and purchase of an asset whereby the Bank sells an asset to the customer on a deferred basis and subsequently buys back the asset at a cash price lower than the deferred sales price. Financing income is recognised on effective profit rate basis over the period of the contract based on the principal amount outstanding.

(4) Tawarruq

This contract relates to the arrangement that involves a purchase of an asset or commodity based on Murabahah contract on deferred term and a subsequent sale of the same asset to a third party in order to obtain cash. The commodity trading fee incurred in the Tawarruq arrangement is borne by the Bank and is recognised as an expense in the statements of profit or loss, as they are incurred. Financing income is recognised on effective profit rate basis over the expected life of the contract based on the principal amount outstanding.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

2. Material accounting policies (cont'd.)

(n) Income recognition (cont'd.)

(i) Profit and income from financing (cont'd.)

(5) Bai' Al-Dayn

This contract involves the sale and purchase of securities or debt certificates which conforms with the Shariah ruling. Securities or debt certificates are issued by a debtor to a creditor as evidence of indebtedness. Income from financing shall be recognised on effective profit rate basis over the expected life of the contract based on principal amount outstanding.

(6) Murabahah

This contract involves the sale of goods or assets by the Bank at a mark-up price to the customer, which includes a profit margin as agreed by both parties. The price, costs and profit margin in Murabahah shall be made transparent and agreeable by both parties. This contract applies to the Bank's financing and advances products whilst the Bank's Commodity Murabahah term deposit product is based on the contract of Murabahah and Tawarruq.

Financing income under this contract is recognised on effective profit rate basis over the period of the contract based on the principal amount outstanding.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

2. Material accounting policies (cont'd.)

(n) Income recognition (cont'd.)

(i) Profit and income from financing (cont'd.)

(7) Istisna'

Istisna' contract can be established between a Bank and contractor, developer, or producer that allows the Bank to make progress payments as construction progresses. Istisna' financing is provided in the form of advance progress payments to the customer who builds, manufactures, constructs or develops the object of sale. Upon completion of the project, the asset is delivered to parties who have earlier on agreed to take delivery of the asset. Financing income is recognised on effective profit rate basis over the period of the contract based on the principal amount outstanding.

(8) Qard

Qard is a contract of loan between two (2) parties on the basis of social welfare or to fulfil a short-term financial need of the borrower. The amount of payment must be equivalent to the amount borrowed. It is, however, legitimate for a borrower to pay more than the amount borrowed as long as it is not stated or agreed at the point of contract. As such, no accrual of income is recognised for this contract.

(9) Musyarakah Mutanaqisah

In Musyarakah Mutanaqisah contract, the customer and the Bank jointly acquire and own the asset. The Bank then leases its equity or share of asset to the customer on the basis of Ijarah. The customer is given the right to acquire the Bank's equity in the asset periodically. Financing income is accounted for on the basis of reducing balance on a time apportioned basis that reflects the effective yield of the asset.

Financing income under this contract is recognised on effective profit rate basis over the period of the contract based on the principal amount outstanding.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

2. Material accounting policies (cont'd.)

(n) Income recognition (cont'd.)

(ii) Fee and other income recognition

Financing arrangement, management and participation fees, underwriting commissions, guarantee fees and brokerage fees are recognised as income based on accrual on time apportionment method. Fees from advisory and corporate finance activities are recognised at net of service taxes and discounts on completion of each stage of the assignment.

Dividend income from securities is recognised when the Bank's right to receive payment is established.

(o) Income and deferred taxes

Income tax for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

2. Material accounting policies (cont'd.)

(o) Income and deferred taxes (cont'd.)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the financial position date. Deferred tax is recognised as income or expense and included in the statements of profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(p) Zakat

The Bank pays zakat on its business to the state zakat authorities, based on the growth model method as approved by the Shariah Committee. The Bank does not pay zakat on behalf of the shareholders or depositors, unless upon request by the shareholders or depositors.

(q) Fair value measurement

The Group and the Bank measure financial instruments such as financial assets at FVTPL, financial investments at FVOCI and derivatives, and non-financial assets such as investment properties at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

2. Material accounting policies (cont'd.)

(q) Fair value measurement (cont'd.)

The principal or the most advantageous market must be accessible by the Group and the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would be willing to use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Bank use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical instruments;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement, which is directly (i.e. prices) or indirectly (i.e. derived from prices) observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Bank determine whether transfers have occurred between fair value hierarchy levels by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The fair value of financial instruments and further details are disclosed in Note 48.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

2. Material accounting policies (cont'd.)

(r) Government financing scheme and government financing facility

Financing under a government scheme is recognised and measured in accordance with MFRS 9 *Financial Instruments*, with the benefit at a below market and concession rate is measured as the difference between the initial carrying amount or fair value of the financing and the amount received. Government financing facility is measured in accordance with the amount received.

The benefit of a financing or a facility under a government scheme that addresses identified costs or expenses incurred by the Group and the Bank is recognised in the profit or loss in the same financial period when the costs or expenses are recognised, when the required conditions are fulfilled in accordance with MFRS 120 *Accounting for Government Grants and Disclosure of Government Assistance*.

(s) Investment accounts

Investment accounts are either:

i. Unrestricted investment accounts

An unrestricted investment account ("UA") refers to a type of investment account where the investment account holder ("IAH") provides the Bank with the mandate to make the ultimate decision without specifying any particular restrictions or conditions. The UA is structured under Mudarabah contracts.

Impairment allowances required on the assets for investment accounts are charged to and borne by the investors.

ii. Restricted investment accounts

Restricted investment account ("RIA") refers to a type of investment account where the IAH provides a specific investment mandate to the Bank such as purpose, asset class, economic sector and period of investment.

RIA is accounted for as off-balance sheet as the Bank has no risk and reward in respect of the assets related to the RIA or to the residual cash flows from those assets. RIA is a type of restricted investment account based on the Mudarabah contract where the IAH and the Bank agree to share the profit generated from the assets funded by the RIA based on an agreed profit sharing ratio ("PSR"), while losses shall be borne by the IAH.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

3. Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires the Management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Although these estimates are based on the Management's best knowledge of current events and actions, actual results may differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving higher degree of judgment and complexity, are as follows:

3.1 Impairment of financial investments portfolio (Notes 5 and 32)

The Group and the Bank review their debt instruments at FVOCI, and financial investments at amortised cost under MFRS 9 *Financial Instruments*, which requires the recognition of ECL at each reporting date to reflect change in credit risk of the financial investments not at FVTPL. MFRS 9 *Financial Instruments* incorporates forward-looking and historical, current and forecasted information into ECL estimation.

In carrying out the impairment review, the following Management's judgements are required:

- (i) Determination whether the investment is impaired based on certain indicators, such as, amongst others, difficulties of the issuers or obligors, deterioration of the credit quality of the issuers or obligors; and
- (ii) Determination of ECL that reflect:
 - (a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
 - (b) The time value of money; and
 - (c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

3. Significant accounting judgments, estimates and assumptions (cont'd.)

3.2 Impairment of financing of customers (Notes 7 and 31)

The Group and the Bank review individually its significant financing of customers at each reporting date to assess whether an impairment loss should be recorded in the statement of profit or loss. In particular, Management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Group and the Bank make judgements about the customer's financial situation and the net realisable value of collateral. These estimates are based on assumptions on a number of factors and actual results may differ, resulting in future changes to the allowances.

The Group's and the Bank's ECL calculations under MFRS 9 *Financial Instruments* are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- (i) Criteria for assessing if there has been a significant increase in credit risk and the qualitative assessment;
- (ii) The segmentation of financial assets when ECL is assessed on a collective basis;
- (iii) Development of ECL models, including the various formulas and the choice of inputs;
- (iv) Determination of associations between macroeconomic scenarios and economic inputs, such as, unemployment levels and collateral values, and the effect on PDs, LGDs, and EADs including macroeconomic factors as disclosed in Note 47(a)(iii); and
- (v) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

Financing that have been assessed individually but for which no impairment is required as well as all individually insignificant financing need to be assessed collectively, in groups of assets with similar credit risk characteristic. This is to determine whether impairment should be made due to incurred loss events for which there is objective evidence but effects of which are not yet evident. The collective assessment takes into account of data from the financing portfolios (such as credit quality, levels of arrears, credit utilisation, financing to collateral ratios, etc.) and judgments on the effect of concentrations of risks (such as the performance of different individual groups).

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

3. Significant accounting judgments, estimates and assumptions (cont'd.)

3.3 Fair value estimation of financial investments at FVTPL and FVOCI (Notes 5(i) and 5(ii))

For financial instruments measured at fair value, where the fair values cannot be derived from active markets, these fair values are determined using a variety of valuation techniques, including the use of mathematical models. Whilst the Group and the Bank generally use widely recognised valuation models with market observable inputs, judgement is required where market observable data are not available. Such judgement normally incorporate assumptions that other market participants would use in their valuations, including assumptions on profit rate yield curves, exchange rates, volatilities and prepayment and default rates.

3.4 Taxation (Note 41)

Significant Management's judgement is required in estimating the provision for income taxes, as there may be differing interpretations of tax law for which the final outcome will not be established until a later date. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process may involve seeking the advice of experts, where appropriate. Where the final liability for taxation being assessed by the Inland Revenue Board is different from the amounts that were initially recorded, these differences will affect the income tax expense and deferred tax provisions in the period in which the estimate is revised or when the final tax liability is established.

4. (a) Cash and short-term funds

	Note	Group and Bank	
		2024 RM'000	2023 RM'000
Cash and balances with banks and other financial institutions		330,115	213,235
Money at call and interbank placements maturing within one month		<u>1,787,040</u>	<u>2,826,214</u>
		2,117,155	3,039,449
Allowances for impairment loss	(i)	<u>(555)</u>	<u>(258)</u>
		<u>2,116,600</u>	<u>3,039,191</u>

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

4. (a) Cash and short-term funds (cont'd.)

- (i) Analysis of changes in allowances for impairment losses on cash and short-term funds are as follows:

Group and Bank	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12-Month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
2024				
At 1 January 2024	258	-	-	258
Allowance made (Note 33)	1,060	-	-	1,060
Amount written back	(763)	-	-	(763)
At 31 December 2024	555	-	-	555
2023				
At 1 January 2023	153	-	-	153
Allowance made (Note 33)	276	-	-	276
Amount written back	(171)	-	-	(171)
At 31 December 2023	258	-	-	258

(b) Deposits and placements with licensed financial institutions

	Group and Bank	
	2024 RM'000	2023 RM'000
Licensed Islamic banks	502,166	-

The weighted average effective profit rate and weighted average maturity of deposits and placements with financial institutions as at 31 December 2024 for the Group and the Bank were 3.66% per annum and 48 days (2023: nil).

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

5. Financial investments

		Group		Bank	
		2024	2023	2024	2023
	Note	RM'000	RM'000	RM'000	RM'000
Financial investments at FVTPL	(i)	14,888	33,707	12,209	31,096
Financial investments at FVOCI	(ii)	7,569,971	6,505,466	7,569,971	6,505,466
Financial investments at amortised cost	(iii)	-	116,871	-	116,871
		7,584,859	6,656,044	7,582,180	6,653,433

		Group		Bank	
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
(i) Financial investments at FVTPL					
Unquoted securities in Malaysia:					
Islamic private debt securities		7,700	27,122	7,700	27,122
Unit trusts		7,188	6,585	4,509	3,974
		14,888	33,707	12,209	31,096

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

5. Financial investments (cont'd.)

	Group and Bank	
	2024	2023
	RM'000	RM'000
(ii) Financial investments at FVOCI		
Debt instruments:		
Government securities and treasury bills:		
Malaysian government investment certificates	<u>3,932,518</u>	<u>4,278,305</u>
Unquoted securities:		
Islamic private debt securities in Malaysia	2,671,595	1,370,104
Cagamas sukuk	749,164	473,926
Bank Negara Malaysia Bills and Notes	-	199,865
	<u>3,420,759</u>	<u>2,043,895</u>
Equity instruments:		
Quoted securities in Malaysia:		
Quoted shares	<u>136,877</u>	<u>75,381</u>
Unquoted securities:		
Private equity funds	75,186	103,254
Shares in Malaysia	4,631	4,631
	<u>79,817</u>	<u>107,885</u>
Total financial investments at FVOCI	<u>7,569,971</u>	<u>6,505,466</u>

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

5. Financial investments (cont'd.)

(ii) Financial investments at FVOCI (cont'd.)

Movements in the allowances for impairment losses on debt instruments at FVOCI of the Group and the Bank are as follows:

Group and Bank	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12-Month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
2024				
At 1 January 2024	49	-	22,667	22,716
Allowance made (Note 32)	81	-	13	94
Amount written back in respect of recoveries (Note 32)	(71)	-	-	(71)
At 31 December 2024	59	-	22,680	22,739
2023				
At 1 January 2023	56	-	22,134	22,190
Allowance made (Note 32)	208	-	533	741
Amount written back in respect of recoveries (Note 32)	(215)	-	-	(215)
At 31 December 2023	49	-	22,667	22,716

(iii) Financial investments at amortised cost

	Group and Bank	
	2024 RM'000	2023 RM'000
At amortised cost		
Unquoted Islamic corporate sukuk in Malaysia	76,698	148,809
Less: Accumulated impairment losses	(76,698)	(31,938)
Total financial investments at amortised cost	-	116,871

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

5. Financial investments (cont'd.)

(iii) Financial investments at amortised cost (cont'd.)

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 RM'000
	12-Month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
Group and Bank				
2024				
At 1 January 2024	-	-	31,938	31,938
Allowance made (Note 32)	-	-	44,760	44,760
At 31 December 2024	-	-	76,698	76,698
2023				
At 1 January 2023	-	-	34,185	34,185
Management overlay redesignated	-	-	(2,247)	(2,247)
At 31 December 2023	-	-	31,938	31,938

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Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

6. Islamic derivative financial assets/(liabilities)

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

Group and Bank	2024			2023		
	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
Foreign exchange contracts:						
- Currency forwards						
Less than one year	1,095,377	9,672	(13,709)	931,445	362	(16,555)
- Currency swaps						
Less than one year	726,063	4,789	(3,594)	1,317,642	12,451	(4,671)
- Currency spot						
Less than one year	29,168	35	(6)	38,276	6	(293)
Total	1,850,608	14,496	(17,309)	2,287,363	12,819	(21,519)

196501000376 (6175-W)

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

7. Financing of customers

(i) By type and Shariah contracts

Group 2024	Bai' Bithaman Ajil RM'000	Ijarah Thumma Al-Bai RM'000	Inah RM'000	Tawarruq RM'000	Bai' Al-Dayn RM'000	Murabahah RM'000	Istisna' RM'000	Qard RM'000	Murabahah to the Purchase Orderer RM'000	Musarakah Mutanaqisah RM'000	Total financing RM'000
Cash line	-	-	827	638,497	-	-	-	-	-	-	639,324
Term financing:											
Home financing	996,133	-	-	10,921,314	-	-	86,758	-	-	-	12,004,205
Syndicated financing	-	-	-	482,076	-	-	-	-	-	-	482,076
Hire purchase receivables	27,888	728,158	-	-	-	-	-	-	1,497,154	-	2,253,200
Personal financing	25,548	-	-	8,383,684	-	-	-	-	-	-	8,409,232
Other term financing	75,718	-	-	4,203,305	-	-	-	-	-	44,798	4,323,821
Trust receipts	-	-	-	-	17,747	33,721	-	-	-	-	51,468
Claims on customers under acceptance credits	-	-	-	-	233,213	1,048,183	-	-	-	-	1,281,396
Staff financing	13,055	-	-	123,844	-	-	-	90	898	-	137,887
Revolving financing	-	-	-	2,354,330	-	-	-	-	-	-	2,354,330
Credit card	-	-	-	105,248	-	-	-	-	-	-	105,248
Ar-Rahnu	-	-	-	551,566	-	-	-	-	-	-	551,566
Total gross financing	1,138,342	728,158	827	27,763,864	250,960	1,081,904	86,758	90	1,498,052	44,798	32,593,753
Fair value changes arising from fair value hedge ¹	-	-	-	10,868	-	-	-	-	-	-	10,868
	1,138,342	728,158	827	27,774,732	250,960	1,081,904	86,758	90	1,498,052	44,798	32,604,621
Less : Allowance for impaired financing At amortised cost											
-Stage 1 - 12-Month ECL	(971)	(849)	(18)	(112,861)	(230)	(1,049)	(387)	-	(3,479)	-	(119,844)
-Stage 2 - Lifetime ECL not credit impaired	(365)	(38)	-	(36,233)	-	(104)	(36)	-	(463)	-	(37,239)
-Stage 3 - Lifetime ECL credit impaired	(1,716)	(219)	(160)	(88,270)	(4,738)	(2,556)	-	-	(530)	-	(98,189)
Total net financing ²	1,135,290	727,052	649	27,537,368	245,992	1,078,195	86,335	90	1,493,580	44,798	32,349,349

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

² Included in total net financing are financing at fair value through profit or loss amounting RM337,972,000 (2023: RM354,740,000) which mainly consists of the BNM established financing facility to provide relief and support recovery for SMEs in the services sector affected by the containment measures since June 2020.

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Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

7. Financing of customers (cont'd.)

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

Group 2023	Bai' Bithaman Ajil RM'000	Ijarah Thumma Al-Bai RM'000	Inah RM'000	Tawarruq RM'000	Bai' Al-Dayn RM'000	Murabahah RM'000	Istisna' RM'000	Qard RM'000	Murabahah to the Purchase Orderer RM'000	Musarakah Mutanaqisah RM'000	Total financing RM'000
Cash line	-	-	861	482,351	-	-	-	-	-	-	483,212
Term financing:											
Home financing	1,107,372	-	-	8,315,860	-	-	8,171	-	-	-	9,431,403
Syndicated financing	-	-	-	546,137	-	-	-	-	-	-	546,137
Hire purchase receivables	40,272	88,859	-	-	-	-	-	-	1,413,961	-	1,543,092
Personal financing	28,982	-	-	8,119,470	-	-	-	-	-	-	8,148,452
Other term financing	95,598	-	-	4,227,205	-	-	-	-	-	54,033	4,376,836
Trust receipts	-	-	-	-	64,514	24,950	-	-	-	-	89,464
Claims on customers under acceptance credits	-	-	-	-	225,680	1,125,408	-	-	-	-	1,351,088
Staff financing	16,229	-	-	63,947	-	-	-	84	-	-	80,260
Revolving financing	-	-	-	2,080,702	-	-	-	-	-	-	2,080,702
Credit card	-	-	-	58,625	-	-	-	-	-	-	58,625
Ar-Rahnu	-	-	-	366,919	-	-	-	-	-	-	366,919
Total gross financing	1,288,453	88,859	861	24,261,216	290,194	1,150,358	8,171	84	1,413,961	54,033	28,556,190
Fair value changes arising from fair value hedge ¹	-	-	-	13,974	-	-	-	-	-	-	13,974
	1,288,453	88,859	861	24,275,190	290,194	1,150,358	8,171	84	1,413,961	54,033	28,570,164
Less : Allowance for impaired financing											
At amortised cost											
-Stage 1 - 12-Month ECL	(1,586)	(626)	(6)	(112,424)	(195)	(725)	(11)	-	(4,665)	-	(120,238)
-Stage 2 - Lifetime ECL not credit impaired	(447)	(161)	(46)	(22,127)	(11)	(163)	(3)	-	(300)	-	(23,258)
-Stage 3 - Lifetime ECL credit impaired	(4,276)	(224)	(184)	(71,418)	(2,624)	-	-	-	(298)	-	(79,024)
Total net financing ²	1,282,144	87,848	625	24,069,221	287,364	1,149,470	8,157	84	1,408,698	54,033	28,347,644

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

² Included in total net financing are financing at fair value through profit or loss amounting RM354,740,000 (2022: RM365,831,000) which mainly consists of the BNM established financing facility to provide relief and support recovery for SMEs in the services sector affected by the containment measures since June 2020.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

7. Financing of customers (cont'd.)**(i) By type and Shariah contracts (cont'd.)**

Bank 2024	Bai' Bithaman Ajil RM'000	Ijarah Thumma Al-Bai RM'000	Inah RM'000	Tawarruq RM'000	Bai' Al-Dayn RM'000	Murabahah RM'000	Istisna' RM'000	Qard RM'000	Murabahah to the Purchase Orderer RM'000	Total financing RM'000
Cash line	-	-	827	638,497	-	-	-	-	-	639,324
Term financing:										
Home financing	996,133	-	-	10,921,314	-	-	86,758	-	-	12,004,205
Syndicated financing	-	-	-	482,076	-	-	-	-	-	482,076
Hire purchase receivables	27,888	728,158	-	-	-	-	-	-	1,497,154	2,253,200
Personal financing	25,548	-	-	8,383,684	-	-	-	-	-	8,409,232
Other term financing	75,718	-	-	4,203,305	-	-	-	39,722	-	4,318,745
Trust receipts	-	-	-	-	17,747	33,721	-	-	-	51,468
Claims on customers										
under acceptance credits	-	-	-	-	233,213	1,048,183	-	-	-	1,281,396
Staff financing	13,055	-	-	123,844	-	-	-	90	898	137,887
Revolving financing	-	-	-	2,354,330	-	-	-	-	-	2,354,330
Credit card	-	-	-	105,248	-	-	-	-	-	105,248
Ar-Rahnu	-	-	-	551,566	-	-	-	-	-	551,566
Total gross financing	1,138,342	728,158	827	27,763,864	250,960	1,081,904	86,758	39,812	1,498,052	32,588,677
Fair value changes arising from fair value hedge ¹	-	-	-	10,868	-	-	-	-	-	10,868
	1,138,342	728,158	827	27,774,732	250,960	1,081,904	86,758	39,812	1,498,052	32,599,545
Less : Allowance for impaired financing										
At amortised cost										
-Stage 1 - 12-Month ECL	(971)	(849)	(18)	(112,861)	(230)	(1,049)	(387)	-	(3,479)	(119,844)
-Stage 2 - Lifetime ECL not credit impaired	(365)	(38)	-	(36,233)	-	(104)	(36)	-	(463)	(37,239)
-Stage 3 - Lifetime ECL credit impaired	(1,716)	(219)	(160)	(88,270)	(4,738)	(2,556)	-	-	(530)	(98,189)
Total net financing ²	1,135,290	727,052	649	27,537,368	245,992	1,078,195	86,335	39,812	1,493,580	32,344,273

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

² Included in total net financing are financing at fair value through profit or loss amounting RM332,896,000 (2023: RM350,490,000) which mainly consists of the BNM established financing facility to provide relief and support recovery for SMEs in the services sector affected by the containment measures since June 2020.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

7. Financing of customers (cont'd.)

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

Bank 2023	Bai' Bithaman Ajil RM'000	Ijarah Thumma Al-Bai RM'000	Inah RM'000	Tawarruq RM'000	Bai' Al-Dayn RM'000	Murabahah RM'000	Istisna' RM'000	Qard RM'000	Murabahah to the Purchase Orderer RM'000	Total financing RM'000
Cash line	-	-	861	482,351	-	-	-	-	-	483,212
Term financing:										
Home financing	1,107,372	-	-	8,315,860	-	-	8,171	-	-	9,431,403
Syndicated financing	-	-	-	546,137	-	-	-	-	-	546,137
Hire purchase receivables	40,272	88,859	-	-	-	-	-	-	1,413,961	1,543,092
Personal financing	28,982	-	-	8,119,470	-	-	-	-	-	8,148,452
Other term financing	95,598	-	-	4,227,205	-	-	-	49,781	-	4,372,584
Trust receipts	-	-	-	-	64,514	24,950	-	-	-	89,464
Claims on customers under acceptance credits	-	-	-	-	225,680	1,125,408	-	-	-	1,351,088
Staff financing	16,229	-	-	63,947	-	-	-	84	-	80,260
Revolving financing	-	-	-	2,080,702	-	-	-	-	-	2,080,702
Credit card	-	-	-	58,625	-	-	-	-	-	58,625
Ar-Rahnu	-	-	-	366,919	-	-	-	-	-	366,919
Total gross financing	1,288,453	88,859	861	24,261,216	290,194	1,150,358	8,171	49,865	1,413,961	28,551,938
Fair value changes arising from fair value hedge ¹	-	-	-	13,974	-	-	-	-	-	13,974
	1,288,453	88,859	861	24,275,190	290,194	1,150,358	8,171	49,865	1,413,961	28,565,912
Less : Allowance for impaired financing										
At amortised cost										
-Stage 1 - 12-Month ECL	(1,586)	(626)	(6)	(112,424)	(195)	(725)	(11)	-	(4,665)	(120,238)
-Stage 2 - Lifetime ECL not credit impaired	(447)	(161)	(46)	(22,127)	(11)	(163)	(3)	-	(300)	(23,258)
-Stage 3 - Lifetime ECL credit impaired	(4,276)	(224)	(184)	(71,418)	(2,624)	-	-	-	(298)	(79,024)
Total net financing ²	1,282,144	87,848	625	24,069,221	287,364	1,149,470	8,157	49,865	1,408,698	28,343,392

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

² Included in total net financing are financing at fair value through profit or loss amounting RM350,490,000 (2022: RM355,178,000) which mainly consists of the BNM established financing facility to provide relief and support recovery for SMEs in the services sector affected by the containment measures since June 2020.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

7. Financing of customers (cont'd.)

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

	Group	
	2024	2023
	RM'000	RM'000
Uses of Qard fund:		
Staff financing	90	84
	<u>90</u>	<u>84</u>
	Bank	
	2024	2023
	RM'000	RM'000
Staff financing	90	84
Other term financing	39,722	49,781
	<u>39,812</u>	<u>49,865</u>

(ii) By type of customer

	Group	
	2024	2023
	RM'000	RM'000
Domestic non-banking institutions	600,150	430,184
Domestic business enterprises		
- Small business enterprises	534,693	1,239,745
- Others	6,572,626	5,614,844
Government and statutory bodies	926,616	919,210
Individuals	23,946,937	20,337,871
Other domestic entities	9,378	10,367
Foreign entities	3,353	3,969
Gross financing	<u>32,593,753</u>	<u>28,556,190</u>

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

7. Financing of customers (cont'd.)

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

	Bank	
	2024	2023
	RM'000	RM'000
Domestic non-banking institutions	600,150	430,184
Domestic business enterprises		
- Small business enterprises	534,693	1,239,745
- Others	6,567,550	5,610,592
Government and statutory bodies	926,616	919,210
Individuals	23,946,937	20,337,871
Other domestic entities	9,378	10,367
Foreign entities	3,353	3,969
Gross financing	32,588,677	28,551,938

(iii) By profit rate sensitivity

	Group	
	2024	2023
	RM'000	RM'000
Fixed rate:		
Home financing	1,145,936	316,947
Hire purchase receivables	2,253,200	1,543,092
Others	2,172,642	2,213,794
Variable rate:		
Home financing	10,858,269	9,114,456
Others	16,163,706	15,367,901
Gross financing	32,593,753	28,556,190

	Bank	
	2024	2023
	RM'000	RM'000
Fixed rate:		
Home financing	1,145,936	316,947
Hire purchase receivables	2,253,200	1,543,092
Others	2,167,566	2,209,542
Variable rate:		
Home financing	10,858,269	9,114,456
Others	16,163,706	15,367,901
Gross financing	32,588,677	28,551,938

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

7. Financing of customers (cont'd.)

(iv) By sector

	Group	
	2024	2023
	RM'000	RM'000
Agriculture	103,950	100,083
Mining and quarrying	38,009	34,411
Manufacturing	972,488	1,109,710
Electricity, gas and water	182,517	133,870
Construction	1,102,478	909,472
Household	23,950,290	20,341,841
Real estate	841,689	1,158,661
Wholesale, retail and restaurant	1,112,201	1,050,243
Transport, storage and communication	358,348	176,407
Finance, takaful and business services	2,551,486	2,190,259
Community, social and personal service	454,054	432,023
Government and statutory bodies	926,243	919,210
Gross financing	32,593,753	28,556,190

	Bank	
	2024	2023
	RM'000	RM'000
Agriculture	103,950	100,083
Mining and quarrying	38,009	34,411
Manufacturing	972,488	1,109,710
Electricity, gas and water	182,517	133,870
Construction	1,102,478	909,472
Household	23,950,290	20,341,841
Real estate	841,689	1,158,661
Wholesale, retail and restaurant	1,112,201	1,050,243
Transport, storage and communication	358,348	176,407
Finance, takaful and business services	2,551,486	2,190,259
Community, social and personal service	448,978	427,771
Government and statutory bodies	926,243	919,210
Gross financing	32,588,677	28,551,938

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

7. Financing of customers (cont'd.)

(v) By residual contractual maturity

	Group	
	2024	2023
	RM'000	RM'000
Maturity		
- within one year	4,526,060	3,876,883
- more than one to five years	4,329,825	4,015,089
- more than five years	23,737,868	20,664,218
Gross financing	32,593,753	28,556,190

	Bank	
	2024	2023
	RM'000	RM'000
Maturity		
- within one year	4,526,060	3,876,883
- more than one to five years	4,329,825	4,015,089
- more than five years	23,732,792	20,659,966
Gross financing	32,588,677	28,551,938

(vi) By geographical area

	Group	
	2024	2023
	RM'000	RM'000
Domestic	32,593,753	28,556,190
Gross financing	32,593,753	28,556,190

	Bank	
	2024	2023
	RM'000	RM'000
Domestic	32,588,677	28,551,938
Gross financing	32,588,677	28,551,938

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

7. Financing of customers (cont'd.)

(vii) By economic purpose

	Group	
	2024	2023
	RM'000	RM'000
Purchase of securities	213,953	421,627
Purchase of transport vehicles	2,257,859	1,549,459
Purchase of landed properties of which:		
– residential	11,390,720	8,890,541
– non-residential	373,591	372,509
Purchase of fixed assets (excluding landed properties)	303,268	330,147
Personal use	9,597,339	8,998,836
Construction	732,919	989,354
Working capital	6,537,606	6,159,316
Other purposes	1,186,498	844,401
Gross financing	32,593,753	28,556,190

	Bank	
	2024	2023
	RM'000	RM'000
Purchase of securities	213,953	421,627
Purchase of transport vehicles	2,257,859	1,549,459
Purchase of landed properties of which:		
– residential	11,390,720	8,890,541
– non-residential	373,591	372,509
Purchase of fixed assets (excluding landed properties)	303,268	330,147
Personal use	9,597,339	8,998,836
Construction	732,919	989,354
Working capital	6,532,530	6,155,064
Other purposes	1,186,498	844,401
Gross financing	32,588,677	28,551,938

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

7. Financing of customers (cont'd.)

(viii) Movements in the gross carrying amount of financing of customers

Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
At 1 January 2024	27,485,765	804,196	266,229	28,556,190
Total transfer within stages:				
Transfer to Stage 1	293,689	(267,381)	(26,308)	-
Transfer to Stage 2	(945,572)	982,633	(37,061)	-
Transfer to Stage 3	(254,131)	(85,273)	339,404	-
New financing originated	11,578,349	-	-	11,578,349
Financing derecognised	(7,187,076)	(152,625)	(39,730)	(7,379,431)
Amount written off	-	-	(161,355)	(161,355)
At 31 December 2024	<u>30,971,024</u>	<u>1,281,550</u>	<u>341,179</u>	<u>32,593,753</u>
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2023				
At 1 January 2023	23,535,334	517,179	205,957	24,258,470
Total transfer within stages:				
Transfer to Stage 1	187,666	(172,213)	(15,453)	-
Transfer to Stage 2	(648,971)	658,537	(9,566)	-
Transfer to Stage 3	(170,976)	(63,338)	234,314	-
New financing originated	11,383,186	-	3,924	11,387,110
Financing derecognised	(6,800,474)	(135,969)	(50,920)	(6,987,363)
Amount written off	-	-	(102,027)	(102,027)
At 31 December 2023	<u>27,485,765</u>	<u>804,196</u>	<u>266,229</u>	<u>28,556,190</u>

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

7. Financing of customers (cont'd.)

(viii) Movements in the gross carrying amount of financing of customers (cont'd.)

Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
At 1 January 2024	27,481,513	804,196	266,229	28,551,938
Total transfer within stages:				
Transfer to Stage 1	293,689	(267,381)	(26,308)	-
Transfer to Stage 2	(945,572)	982,633	(37,061)	-
Transfer to Stage 3	(254,131)	(85,273)	339,404	-
New financing originated	11,577,525	-	-	11,577,525
Financing derecognised	(7,187,076)	(152,625)	(39,730)	(7,379,431)
Amount written off	-	-	(161,355)	(161,355)
At 31 December 2024	<u>30,965,948</u>	<u>1,281,550</u>	<u>341,179</u>	<u>32,588,677</u>
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2023				
At 1 January 2023	23,524,680	517,179	205,957	24,247,816
Total transfer within stages:				
Transfer to Stage 1	187,666	(172,213)	(15,453)	-
Transfer to Stage 2	(648,971)	658,537	(9,566)	-
Transfer to Stage 3	(170,976)	(63,338)	234,314	-
New financing originated	11,383,186	-	3,924	11,387,110
Financing derecognised	(6,794,072)	(135,969)	(50,920)	(6,980,961)
Amount written off	-	-	(102,027)	(102,027)
At 31 December 2023	<u>27,481,513</u>	<u>804,196</u>	<u>266,229</u>	<u>28,551,938</u>

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

7. Financing of customers (cont'd.)

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

Group and Bank	12-Month ECL RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total ECL RM'000
2024				
At 1 January 2024	120,238	23,258	79,024	222,520
Transfer to Stage 1	14,360	(5,978)	(8,382)	-
Transfer to Stage 2	(10,476)	21,390	(10,914)	-
Transfer to Stage 3	(14,601)	(2,751)	17,352	-
Changes in credit risk	(33,953)	1,896	184,380	152,323
New financing originated	60,777	-	-	60,777
Financing derecognised	(16,501)	(576)	(1,916)	(18,993)
Amount written off	-	-	(161,355)	(161,355)
At 31 December 2024	119,844	37,239	98,189	255,272
	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total ECL RM'000
2023				
At 1 January 2023	128,896	25,667	103,918	258,481
Transfer to Stage 1	22,350	(16,303)	(6,047)	-
Transfer to Stage 2	(9,361)	13,428	(4,067)	-
Transfer to Stage 3	(9,028)	(3,346)	12,374	-
Changes in credit risk	(47,784)	4,356	83,440	40,012
New financing originated	59,787	-	900	60,687
Financing derecognised	(24,622)	(544)	(12,697)	(37,863)
Amount written off	-	-	(98,797)	(98,797)
At 31 December 2023	120,238	23,258	79,024	222,520

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

8. Impaired financing

(i) Movements in the impaired financing

	Group RM'000	Bank RM'000
2024		
At 1 January 2024	266,229	266,229
Classified as impaired during the year	339,404	339,404
Reclassified as performing during the year	(63,369)	(63,369)
Recovered during the year	(39,730)	(39,730)
Written off during the year	(161,355)	(161,355)
Gross impaired financing	341,179	341,179
Less: Stage 3 - Lifetime ECL credit impaired	(98,189)	(98,189)
Net impaired financing	242,990	242,990

Calculation ratio of impaired financing:

Gross financing of customers	32,593,753	32,588,677
Less: Stage 3 - Lifetime ECL credit impaired	(98,189)	(98,189)
	32,495,564	32,490,488

Ratio of gross impaired financing to total financing	1.05%	1.05%
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Net impaired financing ratio	0.75%	0.75%
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2023

At 1 January 2023	205,957	205,957
Classified as impaired during the year	238,238	238,238
Reclassified as performing during the year	(25,019)	(25,019)
Recovered during the year	(50,920)	(50,920)
Written off during the year	(102,027)	(102,027)
Gross impaired financing	266,229	266,229
Less: Stage 3 - Lifetime ECL credit impaired	(79,024)	(79,024)
	187,205	187,205

Calculation ratio of impaired financing:

Gross financing of customers	28,556,190	28,551,938
Less: Stage 3 - Lifetime ECL credit impaired	(79,024)	(79,024)
Net financing of customers	28,477,166	28,472,914

Ratio of gross impaired financing to total financing	0.93%	0.93%
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Net impaired financing ratio	0.66%	0.66%
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Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

8. Impaired financing (cont'd.)

(ii) Impaired financing by geographical area

	Group and Bank	
	2024	2023
	RM'000	RM'000
Domestic	341,179	266,229

(iii) Impaired financing by sector

	Group and Bank	
	2024	2023
	RM'000	RM'000
Agriculture	76	295
Manufacturing	14,353	6,519
Construction	6,466	5,837
Household	234,347	199,191
Real estate	9,887	11,168
Electricity, gas and water	240	491
Wholesale and retail and restaurant	47,757	27,359
Transport, storage and communication	10,712	6,855
Finance, takaful and business services	13,422	7,991
Community, social and personal service	3,919	523
	341,179	266,229

(iv) Impaired financing by economic purpose

	Group and Bank	
	2024	2023
	RM'000	RM'000
Purchase of securities	3	75
Purchase of transport vehicles	6,143	1,969
Purchase of landed properties of which:		
- Residential	132,837	98,630
- Non-residential	12,593	16,775
Personal use	95,109	88,204
Working capital	93,030	56,044
Other purposes	1,464	4,532
	341,179	266,229

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

9. Other assets

	Note	Group	
		2024 RM'000	2023 RM'000
Deposits		7,162	7,005
Prepayments		32,418	16,485
Tax recoverable		26,103	1,363
Golf club membership		500	500
Other receivables		21,347	109,579
		<u>87,530</u>	<u>134,932</u>
Less: Accumulated impairment losses	a	(1,860)	(1,225)
		<u>85,670</u>	<u>133,707</u>

		Bank	
		2024 RM'000	2023 RM'000
Deposits		7,129	6,972
Prepayments		32,355	16,255
Tax recoverable		25,771	1,357
Golf club membership		500	500
Other receivables		20,898	109,007
		<u>86,653</u>	<u>134,091</u>
Less: Accumulated impairment losses	a	(1,860)	(1,225)
		<u>84,793</u>	<u>132,866</u>

(a) Movements in the accumulated impairment losses are as follows:

	Group and Bank	
	2024 RM'000	2023 RM'000
At 1 January	(1,225)	(1,225)
Allowance made (Note 33)	(635)	-
At 31 December	<u>(1,860)</u>	<u>(1,225)</u>

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

10. Statutory deposits with Bank Negara Malaysia

The statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) and Section 26(3) of the Central Bank of Malaysia Act, 2009, the amounts of which are determined at set percentages of total eligible liabilities.

11. Investment in subsidiaries

	Bank	
	2024	2023
	RM'000	RM'000
Unquoted shares at cost - in Malaysia	13,823	13,823
Less: Accumulated impairment losses	(664)	(664)
	13,159	13,159

Details of the subsidiary companies that are all incorporated in Malaysia are as follows:

Name	Principal activities	Percentage of equity held		Paid up capital	
		2024	2023	2024	2023
		%	%	RM	RM
Muamalat Invest Sdn. Bhd.	Provision of Islamic Fund Management Services	100	100	13,000,000	13,000,000
Muamalat Venture Sdn. Bhd.	Islamic Venture Capital	100	100	100,002	100,002
Muamalat Nominees (Tempatan) Sdn. Bhd.	Dormant	100	100	2	2
Muamalat Nominees (Asing) Sdn. Bhd.	Dormant	100	100	2	2

The companies above are audited by a firm of chartered accountants, KPMG PLT, Malaysia

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

12. Investment properties

Group and Bank	Freehold	Building on	
2024	land	freehold	Total
	RM'000	land	RM'000
		RM'000	RM'000
At 1 January 2024	14,431	42,325	56,756
Change in fair value recognised in profit or loss (Note 30)	770	1,360	2,130
At 31 December 2024	15,201	43,685	58,886
2023			
At 1 January 2023	14,431	42,133	56,564
Change in fair value recognised in profit or loss (Note 30)	-	192	192
At 31 December 2023	14,431	42,325	56,756

- i) The Group's and the Bank's investment properties consist of a few units of commercial properties and a few pieces of undeveloped freehold commercial land.
- ii) As at 31 December 2024, the fair values of the properties are based on valuations performed by Raine & Horne International Zaki + Partners Sdn. Bhd., an accredited independent valuer. A valuation approach as guided by the Malaysian Valuation Standards as issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, has been applied.
- iii) Description of valuation techniques used and key inputs to valuation on investment properties:

Types of investment properties	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
- Buildings on freehold land - Freehold land	Direct comparison method ("DCM")	Selling price per square foot ("psf") of comparable properties sold adjusted for location, size and shape of land, planning provisions, land tenure, title restrictions and any other characteristics.	The estimated fair value would increase (decrease) if selling price per square foot ("psf") of comparable properties is higher or (lower).

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

12. Investment properties (cont'd.)

- iv) Investment properties comprise a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of between 3-5 years. Subsequent renewals are negotiated with the lessee and on average renewal periods are 3 years. The Group and the Bank does not charge variable lease payments that do not depend on an index or rate.
- v) Other income/expenses recognised in profit or loss in relation to investment properties

	Group and Bank	
	2024	2023
	RM'000	RM'000
Lease income	<u>829</u>	<u>524</u>
Direct operating expenses		
- Income generating investment properties	16	31
- Non-income generating investment properties	<u>309</u>	<u>396</u>

- vi) Fair value of investment properties are categorised as follows:

	Level 3	Total
	RM'000	RM'000
Group and Bank		
2024		
Freehold land	15,201	15,201
Building on freehold land	<u>43,685</u>	<u>43,685</u>
	<u>58,886</u>	<u>58,886</u>
2023		
Freehold land	14,431	14,431
Building on freehold land	<u>42,325</u>	<u>42,325</u>
	<u>56,756</u>	<u>56,756</u>

There is no transfer into/out of Level 3 fair value during the financial year (2023: nil).

- vii) Valuation processes applied for Level 3 fair value

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuation company provides the fair value of the Bank's investment property portfolio every twelve (12) months.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

13. Intangible assets

Group	Computer software RM'000	Software under development RM'000	Total RM'000
2024			
Cost			
At 1 January 2024	406,455	16,530	422,985
Additions	2,425	58,008	60,433
Write-off (Note 38)	-	(4)	(4)
Reclassification	26,968	(26,968)	-
Transfer to property, plant and equipment	-	(10,696)	(10,696)
At 31 December 2024	435,848	36,870	472,718
Accumulated amortisation			
At 1 January 2024	299,889	-	299,889
Charge for the year (Note 38)	35,629	-	35,629
At 31 December 2024	335,518	-	335,518
Carrying amount as at 31 December 2024	100,330	36,870	137,200
2023			
Cost			
At 1 January 2023	355,001	22,168	377,169
Additions	2,312	45,357	47,669
Write-off (Note 38)	-	(64)	(64)
Reclassification	49,142	(49,142)	-
Transfer to property, plant and equipment	-	(1,789)	(1,789)
At 31 December 2023	406,455	16,530	422,985
Accumulated amortisation			
At 1 January 2023	266,326	-	266,326
Charge for the year (Note 38)	33,563	-	33,563
At 31 December 2023	299,889	-	299,889
Carrying amount as at 31 December 2023	106,566	16,530	123,096

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

13. Intangible assets (cont'd.)

Bank	Computer software RM'000	Software under development RM'000	Total RM'000
2024			
Cost			
At 1 January 2024	405,054	16,530	421,584
Additions	2,425	58,008	60,433
Write-off (Note 38)	-	(4)	(4)
Reclassification	26,968	(26,968)	-
Transfer to property, plant and equipment	-	(10,696)	(10,696)
At 31 December 2024	<u>434,447</u>	<u>36,870</u>	<u>471,317</u>
Accumulated amortisation			
At 1 January 2024	298,773	-	298,773
Charge for the year (Note 38)	35,550	-	35,550
At 31 December 2024	<u>334,323</u>	<u>-</u>	<u>334,323</u>
Carrying amount as at 31 December 2024	<u>100,124</u>	<u>36,870</u>	<u>136,994</u>
2023			
Cost			
At 1 January 2023	353,613	22,168	375,781
Additions	2,299	45,357	47,656
Write-off (Note 38)	-	(64)	(64)
Reclassification	49,142	(49,142)	-
Transfer to property, plant and equipment	-	(1,789)	(1,789)
At 31 December 2023	<u>405,054</u>	<u>16,530</u>	<u>421,584</u>
Accumulated amortisation			
At 1 January 2023	265,290	-	265,290
Charge for the year (Note 38)	33,483	-	33,483
At 31 December 2023	<u>298,773</u>	<u>-</u>	<u>298,773</u>
Carrying amount as at 31 December 2023	<u>106,281</u>	<u>16,530</u>	<u>122,811</u>

196501000376 (6175-W)

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

14. Property, plant and equipment

Group	Building on freehold land RM'000	Office building RM'000	Furniture, fixtures and fittings RM'000	Motor vehicle RM'000	Computer equipment RM'000	Renovation RM'000	Work-in- progress RM'000	Total RM'000
2024								
Cost								
At 1 January 2024	19,209	19,389	97,935	2,769	109,176	84,369	48	332,895
Additions	-	-	1,823	233	2,125	474	4,389	9,044
Write-off (Note 38)	-	-	(316)	-	(1,354)	-	-	(1,670)
Disposals	-	-	-	(9)	(615)	-	-	(624)
Reclassification	-	-	2,591	-	-	1,846	(4,437)	-
Transfer from intangible assets	-	-	-	-	10,696	-	-	10,696
At 31 December 2024	19,209	19,389	102,033	2,993	120,028	86,689	-	350,341
Accumulated depreciation								
At 1 January 2024	3,414	9,309	91,661	2,318	101,277	78,301	-	286,280
Charge for the year (Note 38)	480	485	2,226	229	4,416	2,331	-	10,167
Write-off (Note 38)	-	-	(314)	-	(1,352)	-	-	(1,666)
Disposals	-	-	-	(9)	(615)	-	-	(624)
At 31 December 2024	3,894	9,794	93,573	2,538	103,726	80,632	-	294,157
Carrying amount as at 31 December 2024	15,315	9,595	8,460	455	16,302	6,057	-	56,184

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

14. Property, plant and equipment (cont'd.)

Group	Building on freehold land RM'000	Office building RM'000	Furniture, fixtures and fittings RM'000	Motor vehicle RM'000	Computer equipment RM'000	Renovation RM'000	Work-in- progress RM'000	Total RM'000
2023								
Cost								
At 1 January 2023	19,209	19,389	96,286	2,769	105,416	80,955	55	324,079
Additions	-	-	1,729	-	1,993	1,030	3,070	7,822
Write-off (Note 38)	-	-	(773)	-	(21)	-	-	(794)
Disposals	-	-	-	-	(1)	-	-	(1)
Reclassification	-	-	693	-	-	2,384	(3,077)	-
Transfer from intangible assets	-	-	-	-	1,789	-	-	1,789
At 31 December 2023	19,209	19,389	97,935	2,769	109,176	84,369	48	332,895
Accumulated depreciation								
At 1 January 2023	2,934	8,824	90,165	2,032	96,905	75,545	-	276,405
Charge for the year (Note 38)	480	485	2,263	286	4,394	2,756	-	10,664
Write-off (Note 38)	-	-	(767)	-	(21)	-	-	(788)
Disposals	-	-	-	-	(1)	-	-	(1)
At 31 December 2023	3,414	9,309	91,661	2,318	101,277	78,301	-	286,280
Carrying amount as at 31 December 2023	15,795	10,080	6,274	451	7,899	6,068	48	46,615

196501000376 (6175-W)

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

14. Property, plant and equipment (cont'd.)

Bank	Building on freehold land RM'000	Office building RM'000	Furniture, fixtures and fittings RM'000	Motor vehicle RM'000	Computer equipment RM'000	Renovation RM'000	Work-in- progress RM'000	Total RM'000
2024								
Cost								
At 1 January 2024	19,209	19,389	97,819	2,769	108,950	84,309	48	332,493
Additions	-	-	1,823	233	2,125	474	4,389	9,044
Write-off (Note 38)	-	-	(316)	-	(1,354)	-	-	(1,670)
Disposals	-	-	-	(9)	(615)	-	-	(624)
Reclassification	-	-	2,591	-	-	1,846	(4,437)	-
Transfer from intangible assets	-	-	-	-	10,696	-	-	10,696
At 31 December 2024	19,209	19,389	101,917	2,993	119,802	86,629	-	349,939
Accumulated depreciation								
At 1 January 2024	3,414	9,309	91,482	2,318	101,147	78,243	-	285,913
Charge for the year (Note 38)	480	485	2,225	229	4,402	2,331	-	10,152
Write-off (Note 38)	-	-	(314)	-	(1,352)	-	-	(1,666)
Disposals	-	-	-	(9)	(615)	-	-	(624)
At 31 December 2024	3,894	9,794	93,393	2,538	103,582	80,574	-	293,775
Carrying amount as at 31 December 2024	15,315	9,595	8,524	455	16,220	6,055	-	56,164

196501000376 (6175-W)

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

14. Property, plant and equipment (cont'd.)

Bank	Building on freehold land RM'000	Office building RM'000	Furniture, fixtures and fittings RM'000	Motor vehicle RM'000	Computer equipment RM'000	Renovation RM'000	Work-in- progress RM'000	Total RM'000
2023								
Cost								
At 1 January 2023	19,209	19,389	96,170	2,769	105,191	80,895	55	323,678
Additions	-	-	1,729	-	1,992	1,030	3,070	7,821
Write-off (Note 38)	-	-	(773)	-	(21)	-	-	(794)
Disposals	-	-	-	-	(1)	-	-	(1)
Reclassification	-	-	693	-	-	2,384	(3,077)	-
Transfer from intangible assets	-	-	-	-	1,789	-	-	1,789
At 31 December 2023	19,209	19,389	97,819	2,769	108,950	84,309	48	332,493
Accumulated depreciation								
At 1 January 2023	2,934	8,824	89,988	2,032	96,791	75,487	-	276,056
Charge for the year (Note 38)	480	485	2,261	286	4,378	2,756	-	10,646
Write-off (Note 38)	-	-	(767)	-	(21)	-	-	(788)
Disposals	-	-	-	-	(1)	-	-	(1)
At 31 December 2023	3,414	9,309	91,482	2,318	101,147	78,243	-	285,913
Carrying amount as at 31 December 2023	15,795	10,080	6,337	451	7,803	6,066	48	46,580

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

15. Leases

15.1 The Group and the Bank as a lessee

The Group and the Bank have leases for leasehold land, building and office equipment. Lease contracts are typically made for fixed periods of one (1) to three (3) years, but may have extension options.

With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statements of financial position as a right-of-use asset and a lease liability.

Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term.

(a) Lease liabilities

	Profit rate (%)	Group and Bank	
		2024	2023
		RM'000	RM'000
Non-current	4.5	36,451	25,415
Current	4.5	9,045	2,863
Current	5.5	-	10,191
		45,496	38,469

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

15. Leases (cont'd.)

15.1 The Group and the Bank as a lessee (cont'd.)

(b) Lease payments not recognised as a liability

The Group and the Bank have elected not to recognise a lease liability for short-term leases (leases with an expected term of twelve (12) months or less) or for leases of low-value assets. Payments made under such leases are expensed on a straight-line basis.

The expenses relating to payments not included in the measurement of the lease liability during the financial year is as follows:

	Group and Bank	
	2024	2023
	RM'000	RM'000
Expenses relating to leases of low-value assets (included in administrative expenses)	463	403

As at the reporting date, the Group and the Bank were committed to low-value assets and the total commitment was RM225,000 (2023: RM237,000).

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

15. Leases (cont'd.)**15.1 The Group and the Bank as a lessee (cont'd.)****(c) Right-of-use assets**

The net book values of right-of-use assets are recognised and the movements during the year are shown as follows:

Group and Bank	Leasehold Land RM'000	Building RM'000	Office Equipment RM'000	Total RM'000
At 1 January 2024	201	33,103	2,809	36,113
Additions	-	852	-	852
Depreciation charge (Note 38)	(4)	(8,857)	(2,658)	(11,519)
Lease modification	-	18,140	9	18,149
Termination	-	(584)	-	(584)
Exchange difference	-	(3)	-	(3)
At 31 December 2024	197	42,651	160	43,008

Group and Bank	Leasehold Land RM'000	Building RM'000	Office Equipment RM'000	Total RM'000
At 1 January 2023	205	29,352	5,511	35,068
Additions	-	989	-	989
Depreciation charge (Note 38)	(4)	(8,511)	(2,637)	(11,152)
Lease modification	-	11,397	(65)	11,332
Termination	-	(130)	-	(130)
Exchange difference	-	6	-	6
At 31 December 2023	201	33,103	2,809	36,113

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

15. Leases (cont'd.)

15.2 The Group and the Bank as a lessor

The Group and the Bank have entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of between one (1) and five (5) years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rentals receivable under commitments and non-cancellable operating leases at the reporting date are as follows:

	Group	
	2024	2023
	RM'000	RM'000
Not later than 1 year	443	1,129
Later than 1 year but not later than 5 years	245	2,257
	688	3,386
	Bank	
	2024	2023
	RM'000	RM'000
Not later than 1 year	563	1,249
Later than 1 year but not later than 5 years	365	2,497
	928	3,746

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

16. Deferred tax assets/(liabilities)

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
At 1 January	24,483	36,442	23,943	36,442
Recognised in the profit or loss (Note 41)	9,031	(3,107)	9,566	(3,647)
Recognised in other comprehensive income	(76)	(8,852)	(76)	(8,852)
At 31 December	33,438	24,483	33,433	23,943

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 statements of financial position as follows:

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets, net	33,438	24,483	33,433	23,943

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

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	51,615	42,929	51,454	42,389
Deferred tax liabilities	(18,177)	(18,446)	(18,021)	(18,446)
	33,438	24,483	33,433	23,943

Effect of offsetting due to different entities are not presented.

196501000376 (6175-W)

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

16. Deferred tax assets/(liabilities) (cont'd.)

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

Deferred tax assets of the Group:

	Financial investments at FVOCI RM'000	ECL RM'000	Leases RM'000	Property, plant and equipment & intangible assets RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
2024							
At 1 January 2024	5,438	22,623	588	1,940	12,111	229	42,929
Recognised in profit or loss	-	1,719	57	(1,940)	9,155	(229)	8,762
Recognised in other comprehensive income	(76)	-	-	-	-	-	(76)
At 31 December 2024	5,362	24,342	645	-	21,266	-	51,615
	Financial investments at FVOCI RM'000	ECL RM'000	Leases RM'000	Property, plant and equipment & intangible assets RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
2023							
At 1 January 2023	13,742	22,873	617	4,263	11,177	248	52,920
Recognised in profit or loss	548	(250)	(29)	(2,323)	934	(19)	(1,139)
Recognised in other comprehensive income	(8,852)	-	-	-	-	-	(8,852)
At 31 December 2023	5,438	22,623	588	1,940	12,111	229	42,929

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

16. Deferred tax assets/(liabilities) (cont'd.)

Deferred tax liabilities of the Group:

	Property, plant and equipment & intangible assets RM'000	Other temporary differences RM'000	Total RM'000
2024			
At 1 January 2024	(18,446)	-	(18,446)
Recognised in profit or loss	392	(123)	269
At 31 December 2024	<u>(18,054)</u>	<u>(123)</u>	<u>(18,177)</u>
		Property, plant and equipment & intangible assets RM'000	Total RM'000
2023			
At 1 January 2023		(16,478)	(16,478)
Recognised in profit or loss		(1,968)	(1,968)
At 31 December 2023		<u>(18,446)</u>	<u>(18,446)</u>

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

16. Deferred tax assets/(liabilities) (cont'd.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (cont'd.)

Deferred tax assets of the Bank:

	Financial investments at FVOCI RM'000	ECL RM'000	Leases RM'000	Property, plant and equipment & intangible assets RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
2024							
At 1 January 2024	4,890	22,623	612	1,922	12,113	229	42,389
Recognised in profit or loss	-	1,719	31	(1,922)	9,117	196	9,141
Recognised in other comprehensive income	(76)	-	-	-	-	-	(76)
At 31 December 2024	<u>4,814</u>	<u>24,342</u>	<u>643</u>	<u>-</u>	<u>21,230</u>	<u>425</u>	<u>51,454</u>
	Financial investments at FVOCI RM'000	ECL RM'000	Leases RM'000	Property, plant and equipment & intangible assets RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
2023							
At 1 January 2023	13,742	22,873	616	4,263	11,177	249	52,920
Recognised in profit or loss	-	(250)	(4)	(2,341)	936	(20)	(1,679)
Recognised in other comprehensive income	(8,852)	-	-	-	-	-	(8,852)
At 31 December 2023	<u>4,890</u>	<u>22,623</u>	<u>612</u>	<u>1,922</u>	<u>12,113</u>	<u>229</u>	<u>42,389</u>

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

16. Deferred tax assets/(liabilities) (cont'd.)

Deferred tax liabilities of the Bank:

	Property, plant and equipment & intangible assets RM'000	Total RM'000
At 1 January 2024	(18,446)	(18,446)
Recognised in profit or loss	425	425
At 31 December 2024	<u>(18,021)</u>	<u>(18,021)</u>
At 1 January 2023	(16,478)	(16,478)
Recognised in profit or loss	(1,968)	(1,968)
At 31 December 2023	<u>(18,446)</u>	<u>(18,446)</u>

17. Deposits from customers

(i) By types of deposits

	Group 2024 RM'000	2023 RM'000
Savings deposits		
Qard	881,921	863,230
Tawarruq	<u>774,783</u>	<u>716,342</u>
	1,656,704	1,579,572
Demand deposits		
Qard	4,451,933	4,044,951
Tawarruq	<u>4,508,695</u>	<u>4,596,899</u>
	8,960,628	8,641,850
Term deposits		
Mudarabah		
General investment deposits	3,021	3,087
Tawarruq		
Short-term accounts	13,026,965	14,039,111
Fixed-term accounts	<u>12,755,158</u>	<u>8,412,594</u>
	25,785,144	22,454,792
Other deposits	<u>59,612</u>	<u>119,522</u>
	36,462,088	32,795,736

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

17. Deposits from customers (cont'd.)

(i) By types of deposits (cont'd.)

	Bank	
	2024	2023
	RM'000	RM'000
Savings deposits		
Qard	881,921	863,230
Tawarruq	774,783	716,342
	<u>1,656,704</u>	<u>1,579,572</u>
Demand deposits		
Qard	4,455,967	4,047,217
Tawarruq	4,508,695	4,596,899
	<u>8,964,662</u>	<u>8,644,116</u>
Term deposits		
Mudarabah		
General investment deposits	3,021	3,087
Tawarruq		
Short-term accounts	13,026,965	14,039,111
Fixed-term accounts	12,765,958	8,426,394
	<u>25,795,944</u>	<u>22,468,592</u>
Other deposits	59,612	119,522
	<u>36,476,922</u>	<u>32,811,802</u>

(ii) By types of customer

	Group	
	2024	2023
	RM'000	RM'000
Government and statutory bodies	18,012,756	16,453,954
Business enterprises	9,900,199	8,865,238
Individuals	3,473,936	2,394,751
Domestic non-bank financial institutions	3,811,556	3,840,718
Domestic banking financial institutions	65,783	91,727
Others	1,197,858	1,149,348
	<u>36,462,088</u>	<u>32,795,736</u>

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

17. Deposits from customers (cont'd.)

(ii) By types of customer (cont'd.)

	Bank	
	2024	2023
	RM'000	RM'000
Government and statutory bodies	18,012,756	16,453,954
Business enterprises	9,915,033	8,881,304
Individuals	3,473,936	2,394,751
Domestic non-bank financial institutions	3,811,556	3,840,718
Domestic banking financial institutions	65,783	91,727
Others	1,197,858	1,149,348
	<u>36,476,922</u>	<u>32,811,802</u>

The maturity structure of term deposits are as follows:

	Group	
	2024	2023
	RM'000	RM'000
Due within six months	18,929,790	18,796,012
More than six months to one year	6,145,805	2,662,142
More than one year to three years	414,587	699,818
More than three years to five years	294,962	296,820
	<u>25,785,144</u>	<u>22,454,792</u>

	Bank	
	2024	2023
	RM'000	RM'000
Due within six months	18,940,590	18,809,812
More than six months to one year	6,145,805	2,662,142
More than one year to three years	414,587	699,818
More than three years to five years	294,962	296,820
	<u>25,795,944</u>	<u>22,468,592</u>

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

18. Investment accounts of customers

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

	Group and Bank	
	2024	2023
	RM'000	RM'000
Unrestricted investment accounts:		
Mudarabah		
Without maturity		
- SURIA	<u>245,707</u>	<u>247,689</u>
Restricted investment accounts:		
Mudarabah		
Maturity		
- within one year	<u>20</u>	<u>32</u>

RIA is a type of restricted investment account based on the Mudarabah contract where the IAH and the Bank agree to share the profit generated from the assets funded by the RA based on an agreed profit sharing ratio ("PSR"), while losses shall be borne by the IAH. RIA amounting to RM20,000 (2023: RM32,000) is accounted for as off-balance sheet as the Bank has passed its rights and obligations in respect of the assets related to the RIA or the residual cash flows from those assets to the IAH.

(ii) By types of customer are as follows:

	Group and Bank	
	2024	2023
	RM'000	RM'000
Unrestricted investment accounts:		
Individuals	245,707	247,255
Non-individuals	-	434
	<u>245,707</u>	<u>247,689</u>
Restricted investment accounts:		
Individuals	<u>20</u>	<u>32</u>

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

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

(iii) Movement of investment accounts of customers:

Group and Bank	Unrestricted investment accounts Mudarabah RM'000	Restricted investment accounts Mudarabah RM'000
2024		
At 1 January 2024	247,689	32
New placements	2,169,944	20
Income from investments	10,520	-
Profit distributed	(209)	-
Redemption	(2,182,237)	(32)
At 31 December 2024	<u>245,707</u>	<u>20</u>
2023		
At 1 January 2023	301,158	79
New placements	1,817,186	32
Income from investments	11,316	-
Profit distributed	(240)	-
Redemption	(1,881,731)	(79)
At 31 December 2023	<u>247,689</u>	<u>32</u>

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

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

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

	Group and Bank	
	2024	2023
	RM'000	RM'000
Unrestricted investment accounts:		
Home financing	245,707	247,689
Total investment	245,707	247,689
Restricted investment accounts:		
Term financing	20	32
Total investment	20	32

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

	Group and Bank		Group and Bank	
	2024		2023	
	Average profit sharing ratio (%)	Average rate of return (%)	Average profit sharing ratio (%)	Average rate of return (%)
Unrestricted investment accounts	2.0%	0.09%	2.0%	0.09%
Restricted investment accounts	95.0%	0.00%	95.0%	0.00%

19. Deposits and placements of banks and other financial institutions

	Group and Bank	
	2024	2023
	RM'000	RM'000
Non-Mudarabah		
Bank Negara Malaysia	385,413	345,666
Licensed banks	453,308	183,968
	838,721	529,634

Included in these balances are the BNM funds received under government financing schemes for the purpose of SME lending at a below market and concession rate with 5.5 years to 8.5 years of maturity to be repaid between 2026 and 2031. The gross amount received from BNM of RM313,527,000 (2023: RM313,530,000) are net against the fair value gain arising from the placement of funds with the Group and the Bank. The fair value is applied to address the financial and accounting impact incurred from financing at concession rates to SMEs and for COVID-19 related relief measures.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

20. Bills and acceptances payable

Bills and acceptances payable represent the Group's and the Bank's own bills and acceptances rediscounted and outstanding in the market.

21. Other liabilities

	Note	Group	
		2024 RM'000	2023 RM'000
Sundry creditors		1,783	853
Allowances for impairment losses on financing commitments and financial guarantee contracts	a	9,588	10,231
Provision for bonus		39,687	25,246
Accrued expenses		41,231	18,233
Accrual for audit fees		785	640
Other liabilities		53,896	45,437
		146,970	100,640

	Note	Bank	
		2024 RM'000	2023 RM'000
Sundry creditors		1,783	853
Allowances for impairment losses on financing commitments and financial guarantee contracts	a	9,588	10,231
Provision for bonus		39,533	25,111
Accrued expenses		40,247	18,187
Accrual for audit fees		765	620
Other liabilities		53,896	45,546
Amount due to subsidiaries	b	1,074	557
		146,886	101,105

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

21. Other liabilities (cont'd.)

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

Group and Bank	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total ECL RM'000
2024				
At 1 January 2024	8,121	410	1,700	10,231
Transfer to Stage 1	57	(7)	(50)	-
Transfer to Stage 2	(196)	231	(35)	-
Transfer to Stage 3	(579)	(16)	595	-
New financial assets originated Financing commitment	4,589	-	-	4,589
derecognised	(3,294)	(94)	(441)	(3,829)
Changes in credit risk	(1,489)	204	1,064	(221)
Amount written off	-	-	(1,182)	(1,182)
At 31 December 2024	<u>7,209</u>	<u>728</u>	<u>1,651</u>	<u>9,588</u>

Group and Bank	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total ECL RM'000
2023				
At 1 January 2023	8,165	118	1,385	9,668
Transfer to Stage 1	2,125	(2,081)	(44)	-
Transfer to Stage 2	(599)	915	(316)	-
Transfer to Stage 3	(1)	(71)	72	-
New financial assets originated Financing commitment	5,685	274	-	5,959
derecognised	(3,134)	(196)	(306)	(3,636)
Changes in credit risk	(4,123)	1,444	1,710	(969)
Amount written off	-	-	(801)	(801)
Other movements	3	7	-	10
At 31 December 2023	<u>8,121</u>	<u>410</u>	<u>1,700</u>	<u>10,231</u>

- (b) Amount due to subsidiaries is unsecured and repayable on demand.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

22. Provision for zakat and taxation

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Zakat	8,924	10,618	8,661	10,320
Taxation	5	29	-	-
	8,929	10,647	8,661	10,320

23. 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.

24. Subordinated sukuk

Subordinated sukuk as at 31 December 2024 relates to two tranches of Subordinated Sukuk Murabahah (Series 2 and Series 3) which qualifies for Tier 2 capital under BNM's Policy Document on Capital Adequacy Framework for Islamic Banks (Capital Components). The sukuk carries a tenure of 10 years from the issue date, callable on the 5th anniversary date from the issue date and on every profit payment date thereafter. Table below depicts a summary of the current Subordinated Sukuk Murabahah.

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

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

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

25. Share capital

Group and Bank	Number of shares		Amount	
	2024 '000	2023 '000	2024 RM'000	2023 RM'000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares				
At 1 January / 31 December	1,195,000	1,195,000	1,195,000	1,195,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Bank.

26. Perpetual Sukuk

On 19 September 2023, the Bank established a perpetual Sukuk Wakalah Programme of RM5.0 billion in nominal value under the Shariah principle of Wakalah Bi Al-Istithmar ("Sukuk Wakalah Programme") for the issuance of (i) Senior Sukuk Wakalah ("Senior Sukuk Wakalah") and/or (ii) Tier-2 Subordinated Sukuk Wakalah ("Tier 2 Sukuk Wakalah") and/or (iii) Additional Tier-1 Capital Sukuk Wakalah ("AT-1 Sukuk Wakalah") which was lodged with the Securities Commission Malaysia on 24 August 2023.

On 29 September 2023, the Bank issued RM350.0 million of AT-1 Sukuk Wakalah under its Sukuk Wakalah Programme to fund its Islamic financing activities, working capital requirements and/or investment activities. As of the reporting date, the AT-1 Sukuk Wakalah is recognised as equity due to the payment of any distribution or redemption is at the sole discretion of the Bank.

27. Reserves

	Note	Group	
		2024 RM'000	2023 RM'000
Regulatory reserve	(a)	145,404	155,747
Retained profits	(b)	1,818,444	1,742,374
Exchange fluctuation reserve	(c)	2,973	1,591
FVOCI reserve	(d)	(11,637)	(6,966)
		1,955,184	1,892,746

	Note	Bank	
		2024 RM'000	2023 RM'000
Regulatory reserve	(a)	145,404	155,747
Retained profits	(b)	1,808,257	1,730,764
Exchange fluctuation reserve	(c)	2,974	1,592
FVOCI reserve	(d)	(11,637)	(6,966)
		1,944,998	1,881,137

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

27. Reserves (cont'd.)

(a) Regulatory reserve

Regulatory reserve is maintained in aggregate, loss allowance for non-credit impaired exposures (commonly known as Stage 1 and Stage 2 provisions) that has been assessed and recognised in accordance with MFRS Accounting Standards and which has been transferred from the retained profits, of no less than 1% of total credit exposures, net of loss allowances for credit-impaired exposures, in accordance with BNM's Policy Document on Financial Reporting for Islamic Banking Institutions issued on 29 April 2022.

(b) Retained profits

The Bank may distribute dividends out of its entire retained profits as at 31 December 2024 under the single tier system.

(c) Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(d) Fair value through other comprehensive income

This represent the cumulative fair value changes, net of tax, of fair value through other comprehensive income financial assets until they are disposed of or impaired.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

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

	Group and Bank	
	2024	2023
	RM'000	RM'000
Income derived from investment of:		
(i) Fixed-term accounts	634,833	444,571
(ii) Other deposits	1,454,897	1,289,304
	2,089,730	1,733,875

(i) Income derived from investment of fixed-term accounts

	Group and Bank	
	2024	2023
	RM'000	RM'000
Finance income and hibah:		
Income from financing	515,403	359,112
Financial investments at FVTPL	542	2,164
Financial investments at FVOCI	81,012	53,648
Financial investments at amortised cost	1,691	1,419
Money at call and deposit with financial institutions	15,566	8,947
	614,214	425,290
Amortisation of premium, net	(9,316)	(10,088)
Total finance income and hibah	604,898	415,202
of which:		
Income from impaired financing	4,735	3,662

Other operating income

Net gain from sale of:		
- financial investments at FVTPL	6	20
- debt instruments at FVOCI	4,330	5,186
Unrealised (loss)/gain on revaluation of financial investments at FVTPL	(4,785)	780
	(449)	5,986

Fees and commission

Guarantee fees	647	561
Processing fees	1,436	1,708
Service charges and fees	5,023	5,614
Commission	23,278	15,500
	30,384	23,383
Total	634,833	444,571

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

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

(ii) Income derived from investment of other deposits

	Group and Bank	
	2024	2023
	RM'000	RM'000
Finance income and hibah		
Income from financing	1,181,185	1,041,465
Financial investments at FVTPL	1,243	6,275
Financial investments at FVOCI	185,660	155,584
Financial investments at amortised cost	3,875	4,115
Money at call and deposit with financial institutions	35,675	25,947
	<u>1,407,638</u>	<u>1,233,386</u>
Amortisation of premium, net	(21,349)	(29,256)
Total finance income and hibah	<u>1,386,289</u>	<u>1,204,130</u>
of which:		
Income from impaired financing	<u>10,851</u>	<u>8,392</u>
Other operating income		
Net gain from sale of:		
- financial investments at FVTPL	15	57
- debt instruments at FVOCI	9,924	15,040
Unrealised (loss)/gain on revaluation of financial investments at FVTPL	(10,965)	2,262
	<u>(1,026)</u>	<u>17,359</u>
Fees and commission		
Guarantee fees	1,483	1,628
Processing fees	3,291	4,954
Service charges and fees	11,512	16,281
Commission	53,348	44,952
	<u>69,634</u>	<u>67,815</u>
Total	<u>1,454,897</u>	<u>1,289,304</u>

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

29. Income derived from investment of investment accounts' funds

	Group and Bank	
	2024	2023
	RM'000	RM'000
Finance income and hibah		
Income from financing	10,520	11,316

30. Income derived from investment of shareholders' funds

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financial investments at FVOCI	8,384	7,472	8,384	7,472
Money at call and deposit with financial institutions	1,512	2,499	1,512	2,499
Amortisation of premium, net	(728)	(1,100)	(728)	(1,100)
Total finance income and hibah	9,168	8,871	9,168	8,871
Other operating income				
Net gain on revaluation of foreign exchange transaction	22,739	9,713	22,739	9,713
Net gain from foreign exchange derivatives	5,887	10,164	5,887	10,164
Unwinding of financial liabilities (note (a))	(4,429)	(1,664)	(4,429)	(1,664)
Net gain from sale of debt instruments at FVOCI	8	4	8	4
Unrealised gain on revaluation of financial investments at FVTPL	546	378	535	380
Gross dividend income				
- unquoted shares in Malaysia	69	68	-	-
- subsidiary	-	-	6,000	11,000
	24,820	18,663	30,740	29,597

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

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

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Fees and commission				
Corporate advisory fees	2,834	2,566	2,390	3,142
Service charges and fees	6,327	7,225	121	69
Commission	1,364	1,097	1,364	1,096
	10,525	10,888	3,875	4,307
Other income				
Rental income	1,136	845	1,256	965
Gain from sale of property, plant and equipment	10	1	10	1
Gain from termination of right-of-use asset	73	3	73	3
Fair value adjustments of investment properties (Note 12)	2,130	192	2,130	192
	3,349	1,041	3,469	1,161
Total	47,862	39,463	47,252	43,936

- (a) In 2023, the Group and the Bank received additional tranche of RM15.0 million for Targeted Relief and Recovery Facility ("TRRF") from the Government for the purpose of financing to SMEs at below market/concession rates. The financing by the Group and the Bank is to provide support for SMEs in sustaining business operations, safeguard jobs and encourage domestic investments during the COVID-19 pandemic.

The fair value gain arising from the placement of funds under the Special Relief Facility, PENJANA Tourism Fund and TRRF since 2020 that were recognised in the profit or loss, totalling to RM31,758,000 (2023: RM31,758,000) for the Group and the Bank, were applied to address the financial and accounting impact incurred by the Group and the Bank for COVID-19 related relief measures. Net unwinding of the fair value gain equivalent to the cost of these funds amounting to RM4,429,000 for the current year (2023: RM1,664,000).

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

31. Allowance for impairment on financing

	Group and Bank	
	2024	2023
	RM'000	RM'000
Expected credit losses on advances and financing made/(written back):		
Financing and advances		
- Stage 1	(1,306)	2,412
- Stage 2	14,299	4,965
- Stage 3	51,037	8,648
Impaired financing written off	130,616	49,144
Impaired financing recovered	(36,292)	(31,909)
	158,354	33,260

32. Allowance for impairment losses on financial investments, net

	Group and Bank	
	2024	2023
	RM'000	RM'000
Allowance for/(write-back of) impairment losses on debt instruments at FVOCI (Note 5(ii))		
- Allowance made	94	741
- Amount written back in respect of recoveries	(71)	(215)
Allowance for impairment losses on debt instruments at amortised cost (Note 5(iii))	44,760	-
	44,783	526

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

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

	Group and Bank	
	2024	2023
	RM'000	RM'000
Allowance for impairment losses on other financial assets		
Cash and short-term funds (Note 4(a)(i))		
- Allowance made	1,060	276
- Amount written back	(763)	(171)
Other financial assets	635	-
	932	105

34. Income attributable to depositors

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudarabah funds	46	96	46	96
- Non-Mudarabah funds	1,068,877	819,758	1,069,206	820,115
Deposits and placements of banks and other financial institutions				
- Non-Mudarabah funds	25,361	11,953	25,361	11,953
	1,094,284	831,807	1,094,613	832,164

35. Personnel expenses

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Salary and wages	219,350	198,452	217,974	196,862
Contribution to Employees' Provident Fund	42,284	38,132	42,070	37,866
Social security contributions	2,695	2,477	2,695	2,477
Allowances and bonuses	43,386	32,243	43,276	32,057
Chief Executive Officers, Directors and Shariah Committee members' remuneration (Note 36)	7,264	6,633	6,839	6,125
Others	39,213	29,020	39,145	28,904
	354,192	306,957	351,999	304,291

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

36. CEOs, Directors and Shariah Committee members' remuneration

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
(a) Chief Executive Officers				
Salaries and wages	1,793	1,835	1,464	1,464
Bonus	1,291	1,073	1,291	1,073
Other emoluments	510	496	470	432
Benefits-in-kind	88	78	88	78
	3,682	3,482	3,313	3,047
(b) Non-Executive Directors				
Fees	1,869	1,559	1,829	1,504
Benefits-in-kind	41	76	41	76
Other emoluments	1,185	1,028	1,169	1,010
	3,095	2,663	3,039	2,590
(c) Shariah Committee members				
Allowance	487	488	487	488
Total	7,264	6,633	6,839	6,125
Total (excluding benefits-in-kind)	7,135	6,479	6,710	5,971

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

36. CEOs, Directors and Shariah Committee members' remuneration (cont'd.)

The total remuneration (including benefits-in-kind) of the CEOs, Directors and Shariah Committee members' of the Group are as follows:

<=====Remuneration received from the Group=====>

Group	Salary	Fees	Bonus	Other Emoluments	Benefits-in-kind	Total
2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Note 36(a):						
Chief Executive Officer:						
Khairul Kamarudin	1,464	-	1,291	470	88	3,313
Chief Executive Officer of the subsidiaries:						
Khadijah Sairah Ibrahim	329	-	-	40	-	369
Total Chief Executive Officers' remuneration	1,793	-	1,291	510	88	3,682
Note 36(b):						
Non-Executive Directors:						
Tan Sri Tajuddin Atan	-	429	-	54	41	524
Tan Sri Che Khalib Mohamad Noh	-	200	-	96	-	296
Dato' Ibrahim Taib	-	200	-	131	-	331
Md. Khairuddin Hj. Arshad	-	200	-	197	-	397
Johari Abdul Muid	-	200	-	250	-	450
Mohd Razlan Mohamed	-	200	-	186	-	386
Roshidah Abdullah	-	200	-	146	-	346
Ainol Roznain Yaacob	-	200	-	109	-	309
Directors of the subsidiaries:						
Roshidah Abdullah	-	20	-	8	-	28
Md. Khairuddin Hj. Arshad	-	20	-	8	-	28
Total Directors' remuneration	-	1,869	-	1,185	41	3,095
Total Chief Executive Officers and Directors' remuneration	1,793	1,869	1,291	1,695	129	6,777

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

36. CEOs, Directors and Shariah Committee members' remuneration (cont'd.)

The total remuneration (including benefits-in-kind) of the CEOs, Directors and Shariah Committee members' of the Group are as follows: (cont'd.)

<=====Remuneration received from the Group=====>

Group	Salary	Fees	Bonus	Other Emoluments	Benefits-in-kind	Total
2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Note 36(c) :						
Shariah Committee:						
Dr. Yusri Mohamad	-	66	-	25	1	92
Dr. Ahmad Zakirullah						
Mohamed Shaarani	-	60	-	18	1	79
Dr. Muhamad Azhari Wahid	-	60	-	18	1	79
Dr. Mohd Shahid Mohd Noh	-	60	-	18	1	79
Dr. Badruddin Bin Hj.						
Ibrahim	-	60	-	18	1	79
Khairun Najmi Bin Saripudin	-	60	-	18	1	79
Total Shariah Committee members' remuneration	-	366	-	115	6	487

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

36. CEOs, Directors and Shariah Committee members' remuneration (cont'd.)

The total remuneration (including benefits-in-kind) of the CEOs, Directors and Shariah Committee members' of the Group are as follows: (cont'd.)

<=====Remuneration received from the Group=====>

Group 2023	Salary RM'000	Fees RM'000	Bonus RM'000	Other Emoluments RM'000	Benefits- in-kind RM'000	Total RM'000
Note 36(a):						
Chief Executive Officer						
Khairul Kamarudin	1,464	-	1,073	432	78	3,047
Chief Executive Officer of the subsidiaries:						
Mohd Faruk Abdul Karim	371	-	-	64	-	435
Total Chief Executive Officers' remuneration	<u>1,835</u>	<u>-</u>	<u>1,073</u>	<u>496</u>	<u>78</u>	<u>3,482</u>
Note 36(b) :						
Non-Executive Directors:						
Tan Sri Tajuddin Atan	-	428	-	62	76	566
Tan Sri Che Khalib Mohamad Noh	-	161	-	97	-	258
Dato' Ibrahim Taib	-	161	-	115	-	276
Md. Khairuddin Hj. Arshad	-	161	-	178	-	339
Johari Abdul Muid	-	161	-	216	-	377
Mohd Razlan Mohamed	-	161	-	157	-	318
Roshidah Abdullah	-	161	-	122	-	283
Ainol Roznain Yaacob	-	110	-	63	-	173
Directors of the subsidiaries:						
Roshidah Abdullah	-	20	-	6	-	26
Md. Khairuddin Hj. Arshad	-	20	-	6	-	26
Fakihah Azahari	-	8	-	3	-	11
Dato' Adnan Alias	-	7	-	3	-	10
Total Directors' remuneration	<u>-</u>	<u>1,559</u>	<u>-</u>	<u>1,028</u>	<u>76</u>	<u>2,663</u>
Total Chief Executive Officers and Directors' remuneration	<u>1,835</u>	<u>1,559</u>	<u>1,073</u>	<u>1,524</u>	<u>154</u>	<u>6,145</u>

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

36. CEOs, Directors and Shariah Committee members' remuneration (cont'd.)

The total remuneration (including benefits-in-kind) of the CEOs, Directors and Shariah Committee members' of the Group are as follows: (cont'd.)

<=====Remuneration received from the Group=====>

Group 2023	Salary RM'000	Fees RM'000	Bonus RM'000	Other Emoluments RM'000	Benefits- in-kind RM'000	Total RM'000
Note 36(c) :						
Shariah Committee:						
Azizi Che Seman	-	17	-	9	1	27
Dr. Ahmad Zakirullah						
Mohamed Shaarani	-	60	-	16	1	77
Dr. Muhamad Azhari Wahid	-	60	-	16	1	77
Dr. Mohd Shahid Mohd Noh	-	60	-	14	1	75
Dr. Yusri Mohamad	-	62	-	18	1	81
Dr. Badruddin Bin Hj.						
Ibrahim	-	60	-	15	1	76
Khairun Najmi Bin Saripudin	-	60	-	14	1	75
Total Shariah Committee members' remuneration	-	379	-	102	7	488

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

36. CEOs, Directors and Shariah Committee members' remuneration (cont'd.)

The total remuneration (including benefits-in-kind) of the CEOs, Directors and Shariah Committee members' of the Bank are as follows:

<===== Remuneration received from the Bank =====>

Bank	Salary	Fees	Bonus	Other Emoluments	Benefits-in-kind	Total
2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000

Note 36(a):

Chief Executive Officer

Khairul Kamarudin	1,464	-	1,291	470	88	3,313
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Total Chief Executive

Officer's remuneration	1,464	-	1,291	470	88	3,313
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Note 36(b):

Non-Executive Directors:

Tan Sri Tajuddin Atan	-	429	-	54	41	524
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Tan Sri Che Khalib	-	-	-	-	-	-
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Mohamad Noh	-	200	-	96	-	296
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Dato' Ibrahim Taib	-	200	-	131	-	331
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Md. Khairuddin Hj. Arshad	-	200	-	197	-	397
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Johari Abdul Muid	-	200	-	250	-	450
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Mohd Razlan Mohamed	-	200	-	186	-	386
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Roshidah Abdullah	-	200	-	146	-	346
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Ainol Roznain Yaacob	-	200	-	109	-	309
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Total Directors'

remuneration	-	1,829	-	1,169	41	3,039
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Total Chief Executive

Officer and Directors'	1,464	1,829	1,291	1,639	129	6,352
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remuneration

Note 36(c):

Shariah Committee:

Dr. Yusri Mohamad	-	66	-	25	1	92
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Dr. Ahmad Zakirullah	-	-	-	-	-	-
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Mohamed Shaarani	-	60	-	18	1	79
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Dr. Muhamad Azhari Wahid	-	60	-	18	1	79
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Dr. Mohd Shahid Mohd Noh	-	60	-	18	1	79
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Dr. Badruddin Bin Hj.	-	60	-	18	1	79
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Ibrahim	-	-	-	-	-	-
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Khairun Najmi Bin Saripudin	-	60	-	18	1	79
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Total Shariah Committee

members' remuneration	-	366	-	115	6	487
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Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

36. CEOs, Directors and Shariah Committee members' remuneration (cont'd.)

The total remuneration (including benefits-in-kind) of the CEOs, Directors and Shariah Committee members' of the Bank are as follows: (cont'd.)

<===== Remuneration received from the Bank =====>

Bank 2023	Salary RM'000	Fees RM'000	Bonus RM'000	Other Emoluments RM'000	Benefits- in-kind RM'000	Total RM'000
Note 36(a):						
Chief Executive Officer						
Khairul Kamarudin	1,464	-	1,073	432	78	3,047
Total Chief Executive Officer's remuneration	<u>1,464</u>	<u>-</u>	<u>1,073</u>	<u>432</u>	<u>78</u>	<u>3,047</u>

Note 36(b):

Non-Executive Directors:

Tan Sri Tajuddin Atan	-	428	-	62	76	566
Tan Sri Che Khalib						
Mohamad Noh	-	161	-	97	-	258
Dato' Ibrahim Taib	-	161	-	115	-	276
Md. Khairuddin Hj. Arshad	-	161	-	178	-	339
Johari Abdul Muid	-	161	-	216	-	377
Mohd Razlan Mohamed	-	161	-	157	-	318
Roshidah Abdullah	-	161	-	122	-	283
Ainol Roznain Yaacob	-	110	-	63	-	173
Total Directors' remuneration	<u>-</u>	<u>1,504</u>	<u>-</u>	<u>1,010</u>	<u>76</u>	<u>2,590</u>
Total Chief Executive Officer and Directors' remuneration	<u>1,464</u>	<u>1,504</u>	<u>1,073</u>	<u>1,442</u>	<u>154</u>	<u>5,637</u>

Note 36(c):

Shariah Committee:

Azizi Che Seman	-	17	-	9	1	27
Dr. Ahmad Zakirullah						
Mohamed Shaarani	-	60	-	16	1	77
Dr. Muhamad Azhari Wahid	-	60	-	16	1	77
Dr. Mohd Shahid Mohd Noh	-	60	-	14	1	75
Dr. Yusri Mohamad	-	62	-	18	1	81
Dr. Badruddin Bin Hj. Ibrahim	-	60	-	15	1	76
Khairun Najmi Bin Saripudin	-	60	-	14	1	75
Total Shariah Committee members' remuneration	<u>-</u>	<u>379</u>	<u>-</u>	<u>102</u>	<u>7</u>	<u>488</u>

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

37. Key management personnel remuneration

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly.

The remuneration of Chief Executive Officers' and other key members of management during the financial year was as follows:

	Group	
	2024	2023
	RM'000	RM'000
Short-term employees benefits (salary, bonus, allowances)	13,831	10,457
Included in the total key management personnel are:		
Chief Executive Officers' remuneration (Note 36(a))	3,682	3,482

Number of employees categorised as key management personnel of the Group as at 31 December 2024 was 16 (2023: 12).

	Bank	
	2024	2023
	RM'000	RM'000
Short-term employees benefits (salary, bonus, allowances)	13,462	10,022
Included in the total key management personnel are:		
Chief Executive Officer's remuneration (Note 36(a))	3,313	3,047

Number of employees categorised as key management personnel of the Bank as at 31 December 2024 was 15 (2023: 11).

38. Other overheads and expenditures

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Marketing				
Advertisement and publicity	14,682	7,725	14,682	7,725
Donation and sponsorship	663	284	663	284
Others	1,493	846	1,487	844
	16,838	8,855	16,832	8,853

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

38. Other overheads and expenditures (cont'd.)

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Establishment				
Rental	463	403	463	403
Depreciation of right-of-use assets (Note 15)	11,519	11,152	11,519	11,152
Depreciation of property, plant and equipment (Note 14)	10,167	10,664	10,152	10,646
Amortisation of intangible assets (Note 13)	35,629	33,563	35,550	33,483
Information technology expenses	82,295	58,990	82,098	58,802
Repair and maintenance	6,145	4,318	6,142	4,314
Hire of equipment	6,924	5,339	6,504	4,976
Takaful	11,694	7,301	11,694	7,301
Utilities expenses	5,515	5,643	5,482	5,610
Security expenses	10,451	8,543	10,451	8,543
Others	6,351	4,944	6,350	4,944
	187,153	150,860	186,405	150,174
General expenses				
Auditors' fees				
- statutory audit				
- KPMG PLT	965	640	945	620
- regulatory related services				
- KPMG PLT	20	20	-	-
- others				
- Local affiliates of KPMG PLT	46	45	33	33
Professional fees	4,666	2,848	4,510	2,660
Legal expenses	496	452	496	452
Telephone	1,413	1,324	1,412	1,323
Stationery and printing	1,980	1,825	1,972	1,823
Postage and courier	3,679	3,226	3,679	3,226
Travelling	2,113	1,907	2,113	1,907
Property, plant and equipment written off (Note 14)	4	6	4	6
Intangible assets written off (Note 13)	4	64	4	64
Others	22,586	15,781	25,574	18,321
	37,972	28,138	40,742	30,435
	241,963	187,853	243,979	189,462

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

39. Finance costs

	Group and Bank	
	2024	2023
	RM'000	RM'000
Subordinated sukuk	38,513	38,396
Financing sold to Cagamas	45,622	41,939
Lease charges	2,019	1,839
	86,154	82,174

40. Zakat

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Provision of zakat for the year	8,924	10,618	8,661	10,320
Over provision in prior year	(99)	(391)	(85)	(391)
	8,825	10,227	8,576	9,929

41. Taxation

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Current income tax	43,324	71,967	41,904	70,604
Under/(Over) provision in prior years	57	(1,533)	76	(1,470)
	43,381	70,434	41,980	69,134
Deferred tax: (Note 16)				
Relating to origination and reversal of temporary differences	(9,731)	1,749	(9,718)	2,312
Under provision in prior years	700	1,358	152	1,335
	(9,031)	3,107	(9,566)	3,647
	34,350	73,541	32,414	72,781

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

41. Taxation (cont'd.)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Bank is as follows:

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	129,316	295,583	128,554	300,756
Taxation at Malaysian statutory tax rate 24%	31,036	70,940	30,853	72,181
Income not subject to tax	(533)	(141)	(3,037)	(953)
Expenses not deductible for tax purposes	3,090	2,917	4,370	1,690
Under/(over) provision of income tax in prior years	57	(1,533)	76	(1,472)
Under provision of deferred tax in prior years	700	1,358	152	1,335
Income tax expense for the year	34,350	73,541	32,414	72,781

42. Earnings per share

	Group	
Basic and diluted	2024	2023
	RM'000	RM'000
Profit attributable to ordinary equity holders of the Bank (RM'000)	86,141	211,815
Weighted average number of ordinary shares in issue ('000)	1,195,000	1,195,000
Basic earnings per share (sen)	7.21	17.73

There were no diluted shares at the end of reporting period, accordingly diluted earnings per share is not presented.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

43. Dividends

The Directors did not declare any final dividend for the financial year ended 31 December 2024.

44. Significant related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group and the Bank if the Group or the Bank has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Bank and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Bank have related party relationships with substantial shareholders, subsidiaries and key management personnel. The Group's and the Bank's significant transactions and balances with related parties are as follows:

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Holding company				
Expenditure				
- hibah on deposits	7,382	3,202	7,382	3,202
Amounts due to				
- deposits	151,513	119,216	151,513	119,216
Subsidiaries				
Income				
- dividend income	-	-	6,000	11,000
- rental income	-	-	120	120
- management fee	-	-	1,924	2,380
Expenditure				
- fund management fee	-	-	2,130	2,097
- profit sharing incentive	-	-	746	422
- hibah on deposits	-	-	329	357
Amounts due from				
- financing	-	-	39,722	49,781
Amounts due to				
- management fee / profit sharing incentive	-	-	1,074	557
- deposits	-	-	14,832	16,066

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

44. Significant related party transactions (cont'd.)

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Key management personnel and Directors				
Amounts due to				
- deposits	13,761	5,829	13,761	5,829
Amounts due from				
- financing	4,529	29	4,529	29
Related companies*				
Income				
- profit on financing	27,627	28,199	27,627	28,199
Expenditure				
- hibah on deposits	13,384	7,408	13,384	7,408
- seconded staff salary and related expenses	374	-	374	-
- mailing and courier service	2,325	2,462	2,325	2,462
- software license fee	412	-	412	-
- rental (offsite ATM and branch)	10	12	10	12
- purchase of fixed assets	233	153	233	153
- marketing expenses	16	273	16	273
- repair and maintenance	4	122	4	122
- others	497	42	497	42
Amounts due to				
- deposits	461,134	303,686	461,134	303,686
Amounts due from				
- financing	599,387	589,410	599,387	589,410

* Related companies are companies within DRB-HICOM Berhad Group and Khazanah Nasional Berhad Group.

- The transactions of the Group and the Bank with related parties were sourced within Malaysia.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

45. Credit exposures arising from credit transactions with connected parties

	Group	
	2024	2023
	RM'000	RM'000
Outstanding credit exposures with connected parties	3,051,929	2,485,242
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	6.7%	6.1%
Percentage of outstanding credit exposures with connected parties which are non-performing or in default	0.0%	0.0%
	Bank	
	2024	2023
	RM'000	RM'000
Outstanding credit exposures with connected parties	3,091,651	2,689,309
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	6.8%	6.6%
Percentage of outstanding credit exposures with connected parties which are non-performing or in default	0.0%	0.0%

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

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

The above-mentioned credit transactions with connected parties 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 connected parties are not less than that normally required of other persons.

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Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

46. Commitments and contingencies

In the normal course of business, the Group and the Bank make various commitments and incur 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					
	2024			2023		
	Principal	Credit	Total risk-	Principal	Credit	Total risk-
	amount	equivalent	weighted	amount	equivalent	weighted
	RM'000	amount	amount	RM'000	amount	amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The commitments and contingencies constitute the following:						
Contingent liabilities						
Direct credit substitutes	643,892	643,892	630,620	491,244	491,244	480,156
Trade-related contingencies	676,873	135,375	1,745	96,919	19,384	1,527
Transaction related contingencies	442,614	221,307	210,053	413,280	206,640	195,471
Commitments						
Credit extension commitment:						
- Maturity within one (1) year	748,737	149,747	132,074	994,501	198,900	142,547
- Maturity exceeding one (1) year	1,382,862	691,431	363,400	1,307,511	653,756	394,962
Other miscellaneous commitments & contingencies	349,722	57,459	43,094	60,040	-	-
Islamic derivative financial instruments						
Foreign exchange related contracts	1,850,608	45,625	36,350	2,287,363	38,933	19,355
	6,095,308	1,944,836	1,417,336	5,650,858	1,608,857	1,234,018

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies

Overview

The integrated risk management system enables the Group and the Bank to achieve a single view of risks across its various business operations and in order to gain strategic competitive advantage from its capabilities. It can be described as the strategy and technique of managing risks by taking a holistic approach towards risk management process, which includes risk identification, measurement and management. It also aims at integrating the control and optimisation of the principal risk areas of Market Risk ("MR"), Asset and Liability Management ("ALM"), Credit Risk ("CR"), Operational Risk ("OR") and Shariah Compliance Risk; and building the requisite risk management organisation, infrastructure, process and technology with the objective of advancing the Group and the Bank towards value protection and creation.

Generally, the objectives of the Group's and the Bank's integrated risk management system include the following:

- Identifying all the risks exposures and their impact;
- Establishment of sound policies and procedures in line with the Group's and Bank's strategy, lines of business and nature of operations;
- Set out an enterprise-wide organisation structure and defining the appropriate roles and responsibilities; and
- Instill the risk culture within the Group and the Bank.

Risk governance

A stable enterprise-level organisation structure for risk management is necessary to ensure a uniform view of risks across the Group and the Bank and form strong risk governance.

The Board of Directors has the overall responsibility for understanding the risks undertaken by the Group and the Bank and ensuring that these risks are properly managed. While the Board of Directors is ultimately responsible for risk management of the Group and the Bank, it has entrusted the Board Risk & Compliance Committee ("BRCC") to carry out its functions. BRCC, which is chaired by an independent director of the Board, oversees the overall management of risks.

The execution of the Board's risk strategies and policies is the responsibility of the Group's and the Bank's Management and the conduct of these functions are being exercised under a management committee structure, namely, the Executive Risk Management Committee ("ERMC"), which is chaired by the Chief Executive Officer ("CEO"). The Committee focuses on the overall business strategies and day-to-day business operations of the Group and the Bank in respect of risk management.

In addition, as an Islamic Bank, a Shariah Committee ("SC") is set up as an independent external body to decide on Shariah issues and simultaneously to assist towards risk mitigation and compliance with the Shariah principles.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

Risk governance (cont'd.)

There are other risk committees set up at the Management level to oversee specific risk areas and control function of which the following are the details:

Committee	Objective
Asset & Liability Committee ("ALCO")	To ensure that all strategies conform to the Bank's risk appetite and levels of exposure as determined by the BRCC. These include areas of capital management, funding and liquidity management and market risk.
Credit Committee ("CC")	To manage the direction of the Bank's business exposures. These include authority to decide on new and/or additional exposures and review the direction of existing exposure.
Investment Committee ("IC")	To manage the Bank's investments and decide on new and/or additional investment in securities and/or other Treasury investment-related activities.
Enterprise Risk Management Committee ("ERMC")	To manage threats / risk and strategic opportunities that arise from both internal and external factors and have an impact on the Bank's strategic objectives/goals.
Operational Risk Management Committee ("ORMC")	To ensure effective implementation of Operational Risk Management Framework.
Business Continuity Management Committee ("BCMC")	To ensure effective implementation of Business Continuity Programme and endorse Business Continuity Plan.
Asset Quality Impairment Committee ("AQIC")	To deliberate the conduct of Corporate, Commercial and SME account and to assess the account's financial health, adequacy of provision and accuracy of accounts classification (Early Care, High Risk or Impaired). The outcome will be presented to CC for approval.
Model Validation Committee ("MVAC")	To challenge the model development and model validation in compliance with credit risk models, whether internally or externally developed and validated. The outcome of MVAC will be presented to ERM and BRCC for approval.
Credit Risk Management Committee ("CRMC")	To ensure financing activities are in line with the Bank's credit risk appetite and policies and to deliberate on the effectiveness of the credit risk mitigation.
Information Technology Steering Committee ("ITSC")	To ensure technology and cyber activities are in line with the regulatory requirements, best practices, the Bank's Technology Risk Management framework, Cyber Resilience Framework and risk appetite of technology and cyber.

To carry out the day-to-day risk management functions, a dedicated Risk Management Department ("RMD") and Technology and Cyber Risk Department ("TCRD") that are independent of profit and volume target, exists to support the above committees.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

Categories of financial instruments

The tables below provide an analysis of financial instruments categorised as follows:

- (a) Amortised cost ("AC")
- (b) Fair value through other comprehensive income ("FVOCI")
- (c) Fair value through profit or loss ("FVTPL")

	Carrying amount RM'000	Amortised cost RM'000	FVOCI RM'000	FVTPL RM'000
2024				
Group				
Financial assets				
Cash and short-term funds	2,116,600	2,116,600	-	-
Deposits and placements with licensed financial institutions	502,166	502,166	-	-
Financial investments	7,584,859	-	7,569,971	14,888
Islamic derivative financial assets	14,496	-	-	14,496
Financing of customers	32,349,349	32,011,377	-	337,972
Statutory deposits with Bank Negara Malaysia	680,000	680,000	-	-
Other financial assets *	26,649	26,649	-	-
	43,274,119	35,336,792	7,569,971	367,356
Financial liabilities				
Deposits from customers	36,462,088	36,462,088	-	-
Investment accounts of customers	245,707	245,707	-	-
Deposits and placements of banks and other financial institutions	838,721	838,721	-	-
Bills and acceptances payable	6,027	6,027	-	-
Islamic derivative financial liabilities	17,309	-	-	17,309
Other financial liabilities	146,970	146,970	-	-
Lease liabilities	45,496	45,496	-	-
Recourse obligation on financing sold to Cagamas	1,584,301	1,584,301	-	-
Subordinated sukuk	807,369	807,369	-	-
	40,153,988	40,136,679	-	17,309

* These balances exclude balances which are not within the scope of MFRS 9, *Financial Instruments*.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

Categories of financial instruments (cont'd.)

	Carrying amount RM'000	Amortised cost RM'000	FVOCI RM'000	FVTPL RM'000
2023				
Group				
Financial assets				
Cash and short-term funds	3,039,191	3,039,191	-	-
Financial investments	6,656,044	116,871	6,505,466	33,707
Islamic derivative financial assets	12,819	-	-	12,819
Financing of customers	28,347,644	27,992,904	-	354,740
Statutory deposits with Bank Negara Malaysia	583,809	583,809	-	-
Other financial assets *	115,359	115,359	-	-
	38,754,866	31,848,134	6,505,466	401,266
Financial liabilities				
Deposits from customers	32,795,736	32,795,736	-	-
Investment accounts of customers	247,689	247,689	-	-
Deposits and placements of banks and other financial institutions	529,634	529,634	-	-
Bills and acceptances payable	13,773	13,773	-	-
Islamic derivative financial liabilities	21,519	-	-	21,519
Other financial liabilities	100,640	100,640	-	-
Lease liabilities	-	-	-	-
Recourse obligation on financing sold to Cagamas	1,058,745	1,058,745	-	-
Subordinated sukuk	806,924	806,924	-	-
	35,574,660	35,553,141	-	21,519

* These balances exclude balances which are not within the scope of MFRS 9, *Financial Instruments*.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

Categories of financial instruments (cont'd.)

	Carrying amount RM'000	Amortised cost RM'000	FVOCI RM'000	FVTPL RM'000
2024				
Bank				
Financial assets				
Cash and short-term funds	2,116,600	2,116,600	-	-
Deposits and placements with licensed financial institutions	502,166	502,166	-	-
Financial investments	7,582,180	-	7,569,971	12,209
Islamic derivative financial assets	14,496	-	-	14,496
Financing of customers	32,344,273	32,011,377	-	332,896
Statutory deposits with Bank Negara Malaysia	680,000	680,000	-	-
Other financial assets *	26,167	26,167	-	-
	43,265,882	35,336,310	7,569,971	359,601
Financial liabilities				
Deposits from customers	36,476,922	36,476,922	-	-
Investment accounts of customers	245,707	245,707	-	-
Deposits and placements of banks and other financial institutions	838,721	838,721	-	-
Bills and acceptances payable	6,027	6,027	-	-
Islamic derivative financial liabilities	17,309	-	-	17,309
Other financial liabilities	146,886	146,886	-	-
Lease liabilities	45,496	45,496	-	-
Recourse obligation on financing sold to Cagamas	1,584,301	1,584,301	-	-
Subordinated sukuk	807,369	807,369	-	-
	40,168,738	40,151,429	-	17,309

* These balances exclude balances which are not within the scope of MFRS 9, *Financial Instruments*.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

Categories of financial instruments (cont'd.)

	Carrying amount RM'000	Amortised cost RM'000	FVOCI RM'000	FVTPL RM'000
2023				
Bank				
Financial assets				
Cash and short-term funds	3,039,191	3,039,191	-	-
Financial investments	6,653,433	116,871	6,505,466	31,096
Islamic derivative financial assets	12,819	-	-	12,819
Financing of customers	28,343,392	27,992,902	-	350,490
Statutory deposits with Bank Negara Malaysia	583,809	583,809	-	-
Other financial assets *	114,754	114,754	-	-
	38,747,398	31,847,527	6,505,466	394,405
Financial liabilities				
Deposits from customers	32,811,802	32,811,802	-	-
Investment accounts of customers	247,689	247,689	-	-
Deposits and placements of banks and other financial institutions	529,634	529,634	-	-
Bills and acceptances payable	13,773	13,773	-	-
Islamic derivative financial liabilities	21,519	-	-	21,519
Other financial liabilities	101,105	101,105	-	-
Lease liabilities	-	-	-	-
Recourse obligation on financing sold to Cagamas	1,058,745	1,058,745	-	-
Subordinated sukuk	806,924	806,924	-	-
	35,591,191	35,569,672	-	21,519

* These balances exclude balances which are not within the scope of MFRS 9, *Financial Instruments*.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(a) Credit risk

Credit risk is defined as the potential loss to the Group and the Bank as a result of defaults in payment by counterparties via financing and investing activities. The Group and the Bank comprehend that credit risk is inherent in its credit products activities such as credit financing facilities activities (funded/non-funded facilities); treasury activities (including inter-bank money market, money and capital trading, foreign exchange); and investment banking activities (including underwriting of corporate sukuk issuance).

The Group's and the Bank's RMD and Senior Management, via ERM, implement and execute strategies and policies in managing credit risk to ensure that the Bank's exposure to credit is always kept within the Group's and the Bank's risk appetite parameters, and that the Group and the Bank are able to identify its risk tolerance levels. The administration of credit risk is governed by a full set of credit-related policies such as Credit Risk Policy ("CRP"), Guidelines to Credit Risk Policies ("GCRP"), product manuals and standard operating procedures.

Credit exposures are controlled via a thorough credit assessment process which include, among others, assessing the adequacy of the identified source of payments and/or income generation from the counterparty, as well as determining the appropriate structure for financing.

As a supporting tool for the assessment, the Group and the Bank adopt credit risk rating (internal/external) mechanisms. The internal risk rating/grading mechanism is consistent with the nature, size and complexity of the Group's and the Bank's activities. It is also in compliance with the regulatory authority's requirements. Where applicable, the external rating assessment will be applied. This is provided by more than one of the selected reputable External Credit Assessment Institutions ("ECAI").

To mitigate credit concentration risks, the Group and the Bank set exposure limits to individual/single customer, groups of related customers, connected parties, global counterparty, industry/sector and other various funded and non-funded exposures. This is monitored and enforced throughout the credit delivery process.

The Group and the Bank also introduced the Credit Risk Mitigation Techniques ("CRMT") to ascertain the strength of collaterals and securities pledged for financing. The technique outlines the criteria for the eligibility and valuation as well as the monitoring process of the collaterals and securities pledged.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

The Group's and the Bank's credit risk disclosures also cover past due and impaired financing including the approaches in determining the individual and collective impairment provisions.

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

(i) Maximum credit risk exposures and credit risk concentration

The following tables present the Group's and the Bank's maximum exposure to credit risk (without taking account of any collateral held or other credit enhancements) for each class of financial assets, including derivatives with positive fair values, and commitments and contingencies. Where financial assets are recorded at fair value, the amounts shown represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values. Included in commitments and contingencies are contingent liabilities and credit commitments. For contingent liabilities, the maximum exposures to credit risk is the maximum amount that the Group or the Bank would have to pay if the obligations for which the instruments are issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of undrawn credit granted to customers and derivative financial instruments.

A concentration credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic and other conditions.

By sector analysis

The presented analysis of credit risk concentration relates to financial assets, including derivatives with positive fair values, and commitments and contingencies, subject to credit risk and are based on the sector in which the counterparties are engaged (for non-individual counterparties) or the economic purpose of the credit exposure (for individuals). The exposures to credit risk are presented without taking into account of any collateral held or other credit enhancements.

196501000376 (6175-W)

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(i) Maximum credit risk exposures and credit risk concentration (cont'd.)

By sector analysis (cont'd.)

Group 2024	Government and statutory bodies RM'000	Finance, takaful and business services RM'000	Agriculture, manufacturing, wholesale, retail and restaurant RM'000	Construction and real estate RM'000	Transport, storage and communication RM'000	Household RM'000	Others RM'000	Total RM'000
On-balance sheet exposures								
Cash and short-term funds	-	2,116,600	-	-	-	-	-	2,116,600
Deposits and placements with licensed financial institutions	-	502,166	-	-	-	-	-	502,166
Financial investments at FVTPL	-	-	-	-	-	-	14,888	14,888
Financial investments at FVOCI	4,100,765	1,169,956	50,452	210,034	640,027	-	1,398,737	7,569,971
Islamic derivative financial assets	7,957	4,825	1,714	-	-	-	-	14,496
Financing of customers	936,362	2,533,867	2,167,419	1,935,806	356,390	23,748,359	671,146	32,349,349
Statutory deposits with Bank Negara Malaysia	680,000	-	-	-	-	-	-	680,000
Other financial assets *	-	-	-	-	-	-	26,649	26,649
	5,725,084	6,327,414	2,219,585	2,145,840	996,417	23,748,359	2,111,420	43,274,119
Commitments and contingencies								
Contingent liabilities	-	141,582	243,003	509,471	69,215	2,597	797,511	1,763,379
Commitments	-	270,702	456,369	369,219	67,268	623,353	344,688	2,131,599
Other Miscellaneous Commitment and Contingent Liabilities	-	401	32,862	20,465	1,127	294,867	-	349,722
Islamic derivative financial instruments	894,550	780,300	175,758	-	-	-	-	1,850,608
	894,550	1,192,985	907,992	899,155	137,610	920,817	1,142,199	6,095,308
Total credit exposures	6,619,634	7,520,399	3,127,577	3,044,995	1,134,027	24,669,176	3,253,619	49,369,427

* These balances exclude balances which are not within the scope of MFRS 9, *Financial Instruments*.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(i) Maximum credit risk exposures and credit risk concentration (cont'd.)

By sector analysis (cont'd.)

Group 2023	Government and statutory bodies RM'000	Finance, takaful and business services RM'000	Agriculture, manufacturing, wholesale, retail and restaurant RM'000	Construction and real estate RM'000	Transport, storage and communication RM'000	Household RM'000	Others RM'000	Total RM'000
On-balance sheet exposures								
Cash and short-term funds	-	3,039,191	-	-	-	-	-	3,039,191
Financial investments at FVTPL	-	5,112	-	-	-	-	28,595	33,707
Financial investments at FVOCI	4,635,767	700,591	595,821	61,400	-	-	511,887	6,505,466
Financial investments at amortised cost	-	-	116,871	-	-	-	-	116,871
Islamic derivative financial assets	-	12,819	-	-	-	-	-	12,819
Financing of customers	932,836	2,175,152	2,282,361	2,060,395	174,721	20,158,899	563,280	28,347,644
Statutory deposits with Bank Negara Malaysia	583,809	-	-	-	-	-	-	583,809
Other financial assets *	-	-	-	-	-	-	115,359	115,359
	6,152,412	5,932,865	2,995,053	2,121,795	174,721	20,158,899	1,219,121	38,754,866
Commitments and contingencies								
Contingent liabilities	86,689	63,660	171,419	424,536	172,983	3,988	78,168	1,001,443
Commitments	65,303	141,698	296,178	278,498	36,416	845,440	638,479	2,302,012
Other Miscellaneous Commitment and Contingent Liabilities	-	753	2,632	22,678	150	4,767	29,060	60,040
Islamic derivative financial instruments	-	1,350,626	936,737	-	-	-	-	2,287,363
	151,992	1,556,737	1,406,966	725,712	209,549	854,195	745,707	5,650,858
Total credit exposures	6,304,404	7,489,602	4,402,019	2,847,507	384,270	21,013,094	1,964,828	44,405,724

* These balances exclude balances which are not within the scope of MFRS 9, *Financial Instruments*.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(i) Maximum credit risk exposures and credit risk concentration (cont'd.)

By sector analysis (cont'd.)

Bank 2024	Government and statutory bodies RM'000	Finance, takaful and business services RM'000	Agriculture, manufacturing, wholesale, retail and restaurant RM'000	Construction and real estate RM'000	Transport, storage and communication RM'000	Household RM'000	Others RM'000	Total RM'000
On-balance sheet exposures								
Cash and short-term funds	-	2,116,600	-	-	-	-	-	2,116,600
Deposits and placements with licensed financial institutions	-	502,166	-	-	-	-	-	502,166
Financial investments at FVTPL	-	-	-	-	-	-	12,209	12,209
Financial investments at FVOCI	4,100,765	1,169,956	50,452	210,034	640,027	-	1,398,737	7,569,971
Islamic derivative financial assets	7,957	4,825	1,714	-	-	-	-	14,496
Financing of customers	936,362	2,533,867	2,167,419	1,935,806	356,390	23,748,359	666,070	32,344,273
Statutory deposits with Bank Negara Malaysia	680,000	-	-	-	-	-	-	680,000
Other financial assets *	-	-	-	-	-	-	26,167	26,167
	5,725,084	6,327,414	2,219,585	2,145,840	996,417	23,748,359	2,103,183	43,265,882
Commitments and contingencies								
Contingent liabilities	-	141,582	243,003	509,471	69,215	2,597	797,511	1,763,379
Commitments	-	270,702	456,369	369,219	67,268	623,353	344,688	2,131,599
Other Miscellaneous Commitment and Contingent Liabilities	-	401	32,862	20,465	1,127	294,867	-	349,722
Derivative financial instruments	894,550	780,300	175,758	-	-	-	-	1,850,608
	894,550	1,192,985	907,992	899,155	137,610	920,817	1,142,199	6,095,308
Total credit exposures	6,619,634	7,520,399	3,127,577	3,044,995	1,134,027	24,669,176	3,245,382	49,361,190

* These balances exclude balances which are not within the scope of MFRS 9, *Financial Instruments*.

196501000376 (6175-W)

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(i) Maximum credit risk exposures and credit risk concentration (cont'd.)

By sector analysis (cont'd.)

Bank 2023	Government and statutory bodies RM'000	Finance, takaful and business services RM'000	Agriculture, manufacturing, wholesale, retail and restaurant RM'000	Construction and real estate RM'000	Transport, storage and communication RM'000	Household RM'000	Others RM'000	Total RM'000
On-balance sheet exposures								
Cash and short-term funds	-	3,039,191	-	-	-	-	-	3,039,191
Financial investments at FVTPL	-	5,112	-	-	-	-	25,984	31,096
Financial investments at FVOCI	4,635,767	700,591	595,821	61,400	-	-	511,887	6,505,466
Financial investments at amortised cost	-	-	116,871	-	-	-	-	116,871
Islamic derivative financial assets	-	12,819	-	-	-	-	-	12,819
Financing of customers	932,836	2,175,154	2,282,361	2,060,395	174,721	20,158,899	559,026	28,343,392
Statutory deposits with Bank Negara Malaysia	583,809	-	-	-	-	-	-	583,809
Other financial assets *	-	-	-	-	-	-	114,754	114,754
	6,152,412	5,932,867	2,995,053	2,121,795	174,721	20,158,899	1,211,651	38,747,398
Commitments and contingencies								
Contingent liabilities	86,689	63,660	171,419	424,536	172,983	3,988	78,168	1,001,443
Commitments	65,303	141,698	296,178	278,498	36,416	845,440	638,479	2,302,012
Other Miscellaneous Commitment and Contingent Liabilities	-	753	2,632	22,678	150	4,767	29,060	60,040
Derivative financial instruments	-	1,350,626	936,737	-	-	-	-	2,287,363
	151,992	1,556,737	1,406,966	725,712	209,549	854,195	745,707	5,650,858
Total credit exposures	6,304,404	7,489,604	4,402,019	2,847,507	384,270	21,013,094	1,957,358	44,398,256

* These balances exclude balances which are not within the scope of MFRS 9, *Financial Instruments*.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(i) Maximum credit risk exposures and credit risk concentration (cont'd.)

By geographical analysis

The analysis of credit concentration risk of financial assets and commitments and contingencies of the Group and the Bank categorised by geographical distribution (based on the geographical location where the credit risk resides) are as follows:

	Group		Bank	
	Domestic	Labuan	Domestic	Labuan
	RM'000	RM'000	RM'000	RM'000
2024				
On-Balance Sheet				
Exposures				
Cash and short-term funds	2,069,181	47,419	2,069,181	47,419
Deposits and placements with licensed financial institutions	502,166	-	502,166	-
Financial investments at FVTPL	14,888	-	12,209	-
Financial investments at FVOCI	7,494,785	75,186	7,494,785	75,186
Islamic derivative financial assets	14,496	-	14,496	-
Financing of customers	32,349,349	-	32,344,273	-
Statutory deposits with Bank Negara Malaysia	680,000	-	680,000	-
Other financial assets *	26,646	3	26,164	3
	43,151,511	122,608	43,143,274	122,608
Commitments and contingencies				
Contingent liabilities	1,763,379	-	1,763,379	-
Commitments	2,131,599	-	2,131,599	-
Other Miscellaneous Commitment and Contingent Liabilities	349,722	-	349,722	-
Islamic derivative financial instruments	1,850,608	-	1,850,608	-
	6,095,308	-	6,095,308	-
Total credit exposures	49,246,819	122,608	49,238,582	122,608

* These balances exclude balances which are not within the scope of MFRS 9, *Financial Instruments*.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(i) Maximum credit risk exposures and credit risk concentration (cont'd.)

By geographical analysis (cont'd.)

The analysis of credit concentration risk of financial assets and commitments and contingencies of the Group and the Bank categorised by geographical distribution (based on the geographical location where the credit risk resides) are as follows: (cont'd.)

	Group		Bank	
	Domestic	Labuan	Domestic	Labuan
	RM'000	RM'000	RM'000	RM'000
2023				
On-Balance Sheet				
Exposures				
Cash and short-term funds	3,038,783	408	3,038,783	408
Financial investments at FVTPL	28,595	5,112	25,984	5,112
Financial investments at FVOCI	6,402,212	103,254	6,402,212	103,254
Financial investments at amortised cost	116,871	-	116,871	-
Islamic derivative financial assets	12,819	-	12,819	-
Financing of customers	28,347,644	-	28,343,392	-
Statutory deposits with Bank Negara Malaysia	583,809	-	583,809	-
Other financial assets *	115,356	3	114,751	3
	<u>38,646,089</u>	<u>108,777</u>	<u>38,638,621</u>	<u>108,777</u>
Commitments and contingencies				
Contingent liabilities	1,001,443	-	1,001,443	-
Commitments	2,302,012	-	2,302,012	-
Other Miscellaneous Commitment and Contingent Liabilities	60,040	-	60,040	-
Islamic derivative financial instruments	2,287,363	-	2,287,363	-
	<u>5,650,858</u>	<u>-</u>	<u>5,650,858</u>	<u>-</u>
Total credit exposures	<u>44,296,947</u>	<u>108,777</u>	<u>44,289,479</u>	<u>108,777</u>

* These balances exclude balances which are not within the scope of MFRS 9, *Financial Instruments*.

196501000376 (6175-W)

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(ii) Credit quality for financing of customers

The credit quality for financing of customers is managed by the Group and the Bank using internal credit ratings. The table below shows the credit quality for financing of customers exposed to credit risk, based on the Group's and the Bank's internal credit ratings.

Financing of customers are analysed as follows:

Group 2024	Neither past due nor impaired Good RM'000	Satisfactory RM'000	Past due but not impaired RM'000	Impaired financing RM'000	Total RM'000
Term financing					
- Home financing	10,894,099	521,719	447,825	140,562	12,004,205
- Personal financing	7,885,358	243,561	198,342	81,971	8,409,232
- Hire purchase receivables	2,200,669	22,898	23,490	6,143	2,253,200
- Syndicated financing	482,076	-	-	-	482,076
- Other term financing	4,097,458	109,705	42,331	74,327	4,323,821
Other financing	4,944,827	117,431	31,653	38,176	5,132,087
	30,504,487	1,015,314	743,641	341,179	32,604,621
Less:					
-Stage 1 - 12-Month ECL	(117,596)	(2,248)	-	-	(119,844)
-Stage 2 - Lifetime ECL not credit impaired	-	(19,811)	(17,428)	-	(37,239)
-Stage 3 - Lifetime ECL credit impaired	-	-	-	(98,189)	(98,189)
Total net financing	30,386,891	993,255	726,213	242,990	32,349,349

196501000376 (6175-W)

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(ii) Credit quality for financing of customers

The credit quality for financing of customers is managed by the Group and the Bank using internal credit ratings. The table below shows the credit quality for financing of customers exposed to credit risk, based on the Group's and the Bank's internal credit ratings. (cont'd.)

Financing of customers are analysed as follows: (cont'd.)

Group 2023	Neither past due nor impaired Good RM'000	Satisfactory RM'000	Past due but not impaired RM'000	Impaired financing RM'000	Total RM'000
Term financing					
- Home financing	8,691,993	273,525	256,585	107,181	9,329,284
- Personal financing	7,835,162	112,155	131,878	69,256	8,148,451
- Hire purchase receivables	1,523,090	6,555	11,477	1,969	1,543,091
- Syndicated financing	546,137	-	-	-	546,137
- Other term financing	4,338,930	34,459	32,479	56,015	4,461,883
Other financing	4,495,049	4,757	9,704	31,808	4,541,318
	<u>27,430,361</u>	<u>431,451</u>	<u>442,123</u>	<u>266,229</u>	<u>28,570,164</u>
Less:					
-Stage 1 - 12-Month ECL	(119,065)	(1,173)	-	-	(120,238)
-Stage 2 - Lifetime ECL not credit impaired	-	(12,545)	(10,713)	-	(23,258)
-Stage 3 - Lifetime ECL credit impaired	-	-	-	(79,024)	(79,024)
Total net financing	<u>27,311,296</u>	<u>417,733</u>	<u>431,410</u>	<u>187,205</u>	<u>28,347,644</u>

196501000376 (6175-W)

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(ii) Credit quality for financing of customers (cont'd.)

The credit quality for financing of customers is managed by the Group and the Bank using internal credit ratings. The table below shows the credit quality for financing of customers exposed to credit risk, based on the Group's and the Bank's internal credit ratings. (cont'd.)

Financing of customers are analysed as follows: (cont'd.)

Bank 2024	Neither past due nor impaired Good RM'000	Satisfactory RM'000	Past due but not impaired RM'000	Impaired financing RM'000	Total RM'000
Term financing					
- Home financing	10,894,099	521,719	447,825	140,562	12,004,205
- Personal financing	7,885,358	243,561	198,342	81,971	8,409,232
- Hire purchase receivables	2,200,669	22,898	23,490	6,143	2,253,200
- Syndicated financing	482,076	-	-	-	482,076
- Other term financing	4,092,382	109,705	42,331	74,327	4,318,745
Other financing	4,944,827	117,431	31,653	38,176	5,132,087
	30,499,411	1,015,314	743,641	341,179	32,599,545
Less:					
-Stage 1 - 12-Month ECL	(117,596)	(2,248)	-	-	(119,844)
-Stage 2 - Lifetime ECL not credit impaired	-	(19,811)	(17,428)	-	(37,239)
-Stage 3 - Lifetime ECL credit impaired	-	-	-	(98,189)	(98,189)
Total net financing	30,381,815	993,255	726,213	242,990	32,344,273

196501000376 (6175-W)

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(ii) Credit quality for financing of customers (cont'd.)

The credit quality for financing of customers is managed by the Group and the Bank using internal credit ratings. The table below shows the credit quality for financing of customers exposed to credit risk, based on the Group's and the Bank's internal credit ratings. (cont'd.)

Financing of customers are analysed as follows: (cont'd.)

Bank	Neither past due nor impaired		Past due	Impaired	Total
2023	Good	Satisfactory	but not	financing	
	RM'000	RM'000	impaired	RM'000	RM'000
Term financing					
- Home financing	8,691,993	273,525	256,585	107,181	9,329,284
- Personal financing	7,835,163	112,155	131,878	69,256	8,148,452
- Hire purchase receivables	1,523,090	6,555	11,477	1,969	1,543,091
- Syndicated financing	546,137	-	-	-	546,137
- Other term financing	4,334,677	34,459	32,479	56,015	4,457,630
Other financing	4,495,049	4,757	9,704	31,808	4,541,318
	27,426,109	431,451	442,123	266,229	28,565,912
Less:					
-Stage 1 - 12-Month ECL	(119,065)	(1,173)	-	-	(120,238)
-Stage 2 - Lifetime ECL not credit impaired	-	(12,547)	(10,711)	-	(23,258)
-Stage 3 - Lifetime ECL credit impaired	-	-	-	(79,024)	(79,024)
Total net financing	27,307,044	417,731	431,412	187,205	28,343,392

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(ii) Credit quality for financing of customers (cont'd.)

Neither past due nor impaired

Financing of customers which are neither past due nor impaired are categorised into the following grades:

- "Good grade" refers to financing of customers which are neither past due nor impaired in the last six (6) months and have never undergone any rescheduling or restructuring exercise previously.
- "Satisfactory grade" refers to financing of customers which may have been past due but not impaired or impaired during the last six (6) months or have undergone a rescheduling or restructuring exercise previously.

Past due but not impaired

Past due but not impaired financing of customers refers to instances where the customer has failed to make principal or profit payment or both after the contractual due date for more than one (1) day but less than three (3) months.

Ageing analysis of past due but not impaired is as follows:

Group and Bank	1 - 2 months RM'000	>2 - 3 months RM'000	Total RM'000
2024			
Term financing			
- Home financing	447,041	784	447,825
- Personal financing	194,662	3,680	198,342
- Hire purchase receivables	23,355	135	23,490
- Other term financing	41,645	686	42,331
Other financing	30,144	1,509	31,653
Total	736,847	6,794	743,641
2023			
Term financing			
- Home financing	256,314	271	256,585
- Personal financing	129,747	2,131	131,878
- Hire purchase receivables	11,318	159	11,477
- Other term financing	31,554	925	32,479
Other financing	9,656	48	9,704
Total	438,589	3,534	442,123

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(ii) Credit quality for financing of customers (cont'd.)

Past due but not impaired (cont'd.)

The following table presents an analysis of the past due but not impaired financing by economic purpose.

Group and Bank

	2024	2023
	RM'000	RM'000
Purchase of transport vehicles	23,490	11,477
Purchase of landed properties of which:		
– residential	425,010	238,530
– non-residential	15,572	12,596
Personal use	219,701	151,997
Construction	965	649
Working capital	53,407	23,055
Other purpose	5,496	3,819
	743,641	442,123

Collateral and other credit enhancements

The amount and type of collateral required depends on assessment of credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained by the Group and the Bank are as follows:

- For home financing - mortgages over residential properties;
- For syndicated financing - charges over the properties being financed;
- For hire purchase receivables - charges over the vehicles financed; and
- For other financing - charges over business assets such as premises, inventories, trade receivables or deposits.

The financial effect of collateral (i.e. quantification of the extent to which collateral and other credit enhancements mitigate credit risk) held for financing of customers for the Group and the Bank are at 51.24% and 51.25% respectively as at 31 December 2024 (45.47% and 45.48% respectively as at 31 December 2023). Meanwhile, the financial effect of collateral held for other financial assets is not significant.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(ii) Credit quality for financing of customers (cont'd.)

Collateral and other credit enhancements (cont'd.)

As at 31 December 2024, the fair value of collateral that the Group and the Bank hold relating to financing of non-retail customers determined to be impaired amounts to RM83,639,000 (2023: RM51,677,000). The collateral consists of cash, securities, letters of guarantee, and properties.

The following table presents credit exposure from home financing that are credit impaired by ranges of financing-to-value ("FTV"). FTV is calculated as the ratio of the gross amount of the financing to the value of the collateral.

	Group and Bank	
	2024	2023
	RM'000	RM'000
FTV Ratio		
Less than 51%	18,289	18,467
51-70%	11,502	17,091
More than 70%	110,770	73,096
Total	140,561	108,654

Reposessed collateral

It is the Group's and the Bank's policy that dictates disposal of reposessed collateral to be carried out in an orderly manner. The proceeds are used to reduce or pay the outstanding balance of financing and securities. Collateral reposessed are subject to disposal as soon as it is practical to do so. Foreclosed properties are recognised in other assets on the statement of financial position. At present, the Group and the Bank do not occupy reposessed properties for its own business use.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(iii) Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 2(b)(iv) Material accounting policies and in Note 3 Significant accounting judgements, estimates and assumptions.

The probability weights for each scenario are determined using forecasted GDP growth rate as GDP reflects the overall condition of the economy. The information is sourced internally from the Bank's Economics Department.

The following table shows the forecast of the key forward-looking economic variables used in each of the economic scenarios for the ECL calculations for financial year ended 31 December 2024.

Key Variable	ECL Scenario	Assigned Probabilities (%)	2024 (Actual)	2025 (Forecast)	2026 (Forecast)
Consumer Price Index (YOY%)	Base case	70.00%	1.91%	2.50%	2.60%
	Upside	20.00%	1.91%	2.80%	2.90%
	Downside	10.00%	1.91%	1.80%	1.75%
Unemployment Rate (%)	Base case	70.00%	3.60%	3.30%	3.30%
	Upside	20.00%	3.60%	3.10%	3.00%
	Downside	10.00%	3.60%	4.30%	4.50%
Overnight Policy Rate (%)	Base case	70.00%	3.00%	3.00%	3.00%
	Upside	20.00%	3.00%	3.50%	3.50%
	Downside	10.00%	3.00%	2.00%	2.00%
Private Consumption (YOY %)	Base case	70.00%	5.95%	6.20%	6.50%
	Upside	20.00%	5.95%	6.50%	6.80%
	Downside	10.00%	5.95%	3.80%	3.50%
Public Consumption (YOY %)	Base case	70.00%	3.64%	4.70%	5.00%
	Upside	20.00%	3.64%	6.20%	7.00%
	Downside	10.00%	3.64%	3.00%	4.00%
Gold Price (USD/oz)	Base case	70.00%	2503.38	2550.00	2600.00
	Upside	20.00%	2503.38	2650.00	2700.00
	Downside	10.00%	2503.38	1500.00	1200.00

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(iii) Analysis of inputs to the ECL model under multiple economic scenarios

The following table shows the forecast of the key forward-looking economic variables used in each of the economic scenarios for the ECL calculations for financial year ended 31 December 2023.

Key Variable	ECL Scenario	Assigned Probabilities (%)	2023 (Actual)	2024 (Forecast)	2025 (Forecast)
Consumer Price Index (YOY%)	Base case	70.00%	1.95%	2.70%	2.50%
	Upside	20.00%	1.95%	3.00%	3.50%
	Downside	10.00%	1.95%	6.00%	5.50%
Unemployment Rate (%)	Base case	70.00%	3.40%	3.60%	3.40%
	Upside	20.00%	3.40%	3.30%	3.20%
	Downside	10.00%	3.40%	4.60%	4.40%
Overnight Policy Rate (%)	Base case	70.00%	3.00%	2.75%	3.00%
	Upside	20.00%	3.00%	3.25%	3.75%
	Downside	10.00%	3.00%	1.50%	2.50%
Private Consumption (YOY %)	Base case	70.00%	4.60%	5.77%	6.23%
	Upside	20.00%	4.60%	7.00%	8.00%
	Downside	10.00%	4.60%	3.30%	4.00%
Public Consumption (YOY %)	Base case	70.00%	5.80%	2.89%	2.07%
	Upside	20.00%	5.80%	5.00%	6.20%
	Downside	10.00%	5.80%	2.60%	3.00%
Gold Price (USD/oz)	Base case	70.00%	1848.49	2050.00	2100.00
	Upside	20.00%	1848.49	2147.86	2252.75
	Downside	10.00%	1848.49	1758.60	1485.10

196501000376 (6175-W)

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(iv) Credit quality for financial investments

Set out below are the credit quality for financial investments (non-money market instruments - debt securities) analysed by ratings from external credit ratings agencies:

Group and Bank	Financial investments at amortised cost Non-Money Market Instruments - Debt Securities		Financial investments at FVOCI Non-Money Market Instruments - Debt Securities	
	Domestic Ratings RM'000	Total RM'000	Domestic Ratings RM'000	Total RM'000
2024				
AAA+ to AA-	-	-	1,256,288	1,256,288
Unrated	-	-	68,660	68,660
Defaulted	-	-	546	546
Sovereign	-	-	6,027,783	6,027,783
Total	-	-	7,353,277	7,353,277
2023				
AAA+ to AA-	-	-	672,206	672,206
BBB+ to BB-	-	-	10,218	10,218
Unrated	116,871	116,871	78,904	78,904
Defaulted	-	-	13	13
Sovereign	-	-	5,560,859	5,560,859
Total	116,871	116,871	6,322,200	6,322,200

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

(iv) Credit quality for financial investments and other financial assets (cont'd.)

The ratings shown for debt securities are based on the ratings assigned to the specific debt issuance. As at the reporting date and prior year, none of the financial investments mentioned above are past due, except for defaulted corporate sukuk of the Group and the Bank held under financial investments at fair value through other comprehensive income with carrying amount of RM546,000 (2023: RM13,000), which have been fully provided for.

(b) Market risk

Market risk refer to the potential loss arising from adverse movements in market variables such as rate of return, foreign exchange rate, equity prices and commodity prices.

Types of market risk

(i) Traded market risk

Traded market risk, primarily rate of return risk and credit spread risk, exists in the Group's and the Bank's trading positions held for the purpose of benefiting from short-term price movements, which are conducted primarily by the treasury operations.

Risk measurement approach

The Group's and the Bank's traded market risk framework comprises market risk policies and practices, delegation of authority, market risk limits and valuation methodologies. The Group's and the Bank's traded market risk for its profit-sensitive fixed income instruments is measured by the present value of a one basis point change ("PV01") and is monitored independently by the Treasury Middle Office ("TMO") on a daily basis against approved market risk limits. In addition, the TMO is also responsible to monitor and report on limit excesses and the daily mark-to-market valuation of fixed income securities. The market risk limits are determined after taking into account the risk appetite and the risk-return relationship and are periodically reviewed by Risk Management Department. Changes to market risk limits must be approved by the Board of Directors. The trading positions and limits are regularly reported to the ALCO. The Group and the Bank maintain its policy of prohibiting exposures in trading financial derivative positions unless with the prior specific approval of the Board of Directors.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk

The Group's and the Bank's core non-traded market risk refers to the rate of return risk in the Group's and the Bank's Islamic banking business, foreign exchange risk, and equity risk.

Rate of return risk

Rate of return risk refers to the potential loss of income arising from changes in market rates in regards to return on assets and on the returns payable on funding. The risk arises from option portfolios embedded in the Group's and the Bank's assets and liabilities.

Rate of return risk emanates from the repricing mismatches of the Group's and the Bank's banking assets and liabilities and also from the Group's and the Bank's investment of its surplus funds.

Risk measurement approach

The primary objective in managing the rate of return risk is to manage the volatility in the Group's and the Bank's net profit income ("NPI") and economic value of equity ("EVE"), whilst balancing the cost of such hedging activities on the current revenue streams. This shall be achieved in a variety of ways that involve the offsetting of positions against each other for any matching assets and liabilities, the acquisition of new financial assets and liabilities to narrow the mismatch in profit rate sensitive assets and liabilities, and entering into derivative financial instruments which have the opposite effects.

The Group and the Bank use various tools including repricing gap reports, sensitivity analysis, and income scenario simulations to measure its rate of return risk. The impact on earnings and EVE is considered at all times in measuring the rate of return risk and is subject to limits approved by the Board of Directors.

The following tables indicate the effective profit rates at the reporting date and the Group's and the Bank's sensitivity to profit rates by time band based on the earlier of contractual repricing date and maturity date. Actual repricing dates may differ from contractual repricing dates due to prepayment of financing or early withdrawal of deposits.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Group 2024	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
ASSETS									
Cash and short-term funds	1,785,250	-	-	-	-	331,350	-	2,116,600	3.2%
Deposits and placements with licensed financial institutions	-	500,000	-	-	-	2,166	-	502,166	3.7%
Financial investments at FVTPL	-	-	6,071	-	-	8,817	-	14,888	5.0%
Financial investments at FVOCI	-	35,041	927,951	4,715,583	1,600,598	215,612	75,186	7,569,971	3.6%
Islamic derivative financial assets	-	-	-	-	-	-	14,496	14,496	-
Financing of customers:									
- non-impaired	26,691,865	27,777	189,072	1,882,941	3,339,556	132,233	-	32,263,444	5.5%
- impaired*	-	-	-	-	-	85,905	-	85,905	-
Other non-profit sensitive balances	-	-	-	-	-	1,094,386	-	1,094,386	-
TOTAL ASSETS	28,477,115	562,818	1,123,094	6,598,524	4,940,154	1,870,469	89,682	43,661,856	
LIABILITIES AND EQUITY									
Deposits from customers	17,662,698	5,145,623	11,942,014	708,439	-	1,003,314	-	36,462,088	3.2%
Investment accounts of customers	-	-	-	-	-	245,707	-	245,707	0.1%
Deposits and placements of banks and other financial institutions	340,729	111,819	-	5,000	-	381,173	-	838,721	4.7%
Bills and acceptances payable	-	-	-	-	-	6,027	-	6,027	-
Islamic derivative financial liabilities	-	-	-	-	-	-	17,309	17,309	-
Recourse obligation on financing sold to Cagamas	-	-	1,027,786	550,000	-	6,515	-	1,584,301	4.0%
Subordinated sukuk	-	-	-	-	800,000	7,369	-	807,369	4.8%
Other non-profit sensitive balances	-	-	-	-	-	201,395	-	201,395	-
TOTAL LIABILITIES	18,003,427	5,257,442	12,969,800	1,263,439	800,000	1,851,500	17,309	40,162,917	
TOTAL PROFIT SENSITIVITY GAP	10,473,688	(4,694,624)	(11,846,706)	5,335,085	4,140,154	18,969	72,373	3,498,939	

* This is arrived at after deducting impairment allowances from the gross impaired financing.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Group 2023	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
ASSETS									
Cash and short-term funds	2,825,374	-	-	-	-	213,817	-	3,039,191	3.1%
Financial investments at FVTPL	-	-	5,020	21,800	-	6,887	-	33,707	3.5%
Financial investments at FVOCI	209,867	10,031	1,204,296	3,895,101	942,615	243,556	-	6,505,466	3.5%
Financial investments at amortised cost	-	-	-	-	116,853	18	-	116,871	1.3%
Islamic derivative financial assets	-	-	-	-	-	-	12,819	12,819	-
Financing of customers:									
- non-impaired (net)	22,200,028	1,619,202	565,342	1,692,823	1,952,794	130,250	-	28,160,439	5.5%
- impaired (net)	-	-	-	-	-	187,205	-	187,205	-
Other non-profit sensitive balances	-	-	-	-	-	1,004,579	-	1,004,579	-
TOTAL ASSETS	25,235,269	1,629,233	1,774,658	5,609,724	3,012,262	1,786,312	12,819	39,060,277	
LIABILITIES AND EQUITY									
Deposits from customers	10,876,039	6,133,585	7,690,589	7,450,142	-	645,381	-	32,795,736	3.0%
Investment accounts of customers	-	-	-	-	-	247,689	-	247,689	0.1%
Deposits and placements of banks and other financial institutions	183,600	-	-	-	-	346,034	-	529,634	5.8%
Bills and acceptances payable	-	-	-	-	-	13,773	-	13,773	-
Islamic derivative financial liabilities	-	-	-	-	-	-	21,519	21,519	-
Recourse obligation on financing sold to Cagamas	-	-	200,000	855,138	-	3,607	-	1,058,745	4.2%
Subordinated sukuk	-	-	-	800,000	-	6,924	-	806,924	4.7%
Other non-profit sensitive balances	-	-	-	-	-	149,756	-	149,756	-
TOTAL LIABILITIES	11,059,639	6,133,585	7,890,589	9,105,280	-	1,413,164	21,519	35,623,776	
TOTAL PROFIT SENSITIVITY GAP	14,175,630	(4,504,352)	(6,115,931)	(3,495,556)	3,012,262	373,148	(8,700)	3,436,501	

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Bank 2024	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
ASSETS									
Cash and short-term funds	1,785,250	-	-	-	-	331,350	-	2,116,600	3.2%
Deposits and placements with licensed financial institutions	-	500,000	-	-	-	2,166	-	502,166	3.7%
Financial investments at FVTPL	-	-	6,071	-	-	6,138	-	12,209	5.0%
Financial investments at FVOCI	-	35,041	927,951	4,715,583	1,600,598	215,612	75,186	7,569,971	3.6%
Islamic derivative financial assets	-	-	-	-	-	-	14,496	14,496	-
Financing of customers:									
- non-impaired	26,691,865	27,777	189,072	1,882,941	3,339,556	127,157	-	32,258,368	5.5%
- impaired*	-	-	-	-	-	85,905	-	85,905	-
Other non-profit sensitive balances	-	-	-	-	-	1,106,437	-	1,106,437	-
TOTAL ASSETS	28,477,115	562,818	1,123,094	6,598,524	4,940,154	1,874,765	89,682	43,666,152	
LIABILITIES AND EQUITY									
Deposits from customers	17,671,498	5,147,623	11,942,014	708,439	-	1,007,348	-	36,476,922	3.2%
Investment accounts of customers	-	-	-	-	-	245,707	-	245,707	0.1%
Deposits and placements of banks and other financial institutions	340,729	111,819	-	5,000	-	381,173	-	838,721	4.7%
Bills and acceptances payable	-	-	-	-	-	6,027	-	6,027	-
Islamic derivative financial liabilities	-	-	-	-	-	-	17,309	17,309	-
Recourse obligation on financing sold to Cagamas	-	-	1,027,786	550,000	-	6,515	-	1,584,301	4.0%
Subordinated sukuk	-	-	-	-	800,000	7,369	-	807,369	4.8%
Other non-profit sensitive balances	-	-	-	-	-	201,043	-	201,043	-
TOTAL LIABILITIES	18,012,227	5,259,442	12,969,800	1,263,439	800,000	1,855,182	17,309	40,177,399	
TOTAL PROFIT SENSITIVITY GAP	10,464,888	(4,696,624)	(11,846,706)	5,335,085	4,140,154	19,583	72,373	3,488,753	

* This is arrived at after deducting impairment allowances from the gross impaired financing.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)**(b) Market risk (cont'd.)****Types of market risk (cont'd.)****(ii) Non-traded market risk (cont'd.)****Rate of return risk (cont'd.)**

**Bank
2023**

ASSETS

	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
Cash and short-term funds	2,825,374	-	-	-	-	213,817	-	3,039,191	3.1%
Financial investments at FVTPL	-	-	5,020	21,800	-	4,276	-	31,096	3.5%
Financial investments at FVOCI	209,867	10,031	1,204,296	3,895,101	942,614	243,557	-	6,505,466	3.5%
Financial investments at amortised cost	-	-	-	-	116,853	18	-	116,871	1.3%
Islamic derivative financial assets	-	-	-	-	-	-	12,819	12,819	-
Financing of customers:									
- non-impaired (net)	22,200,028	1,619,202	565,342	1,692,823	1,952,795	125,997	-	28,156,187	5.5%
- impaired (net)	-	-	-	-	-	187,205	-	187,205	-
Other non-profit sensitive balances	-	-	-	-	-	1,016,037	-	1,016,037	-
TOTAL ASSETS	25,235,269	1,629,233	1,774,658	5,609,724	3,012,262	1,790,907	12,819	39,064,872	

LIABILITIES AND EQUITY

Deposits from customers	10,876,039	6,133,585	7,690,589	7,450,142	-	661,447	-	32,811,802	3.0%
Investment accounts of customers	-	-	-	-	-	247,689	-	247,689	0.0%
Deposits and placements of banks and other financial institutions	183,600	-	-	-	-	346,034	-	529,634	5.8%
Bills and acceptances payable	-	-	-	-	-	13,773	-	13,773	-
Islamic derivative financial liabilities	-	-	-	-	-	-	21,519	21,519	-
Recourse obligation on financing sold to Cagamas	-	-	200,000	855,138	-	3,607	-	1,058,745	4.2%
Subordinated sukuk	-	-	-	800,000	-	6,924	-	806,924	4.7%
Other non-profit sensitive balances	-	-	-	-	-	149,894	-	149,894	-
TOTAL LIABILITIES	11,059,639	6,133,585	7,890,589	9,105,280	-	1,429,368	21,519	35,639,980	
TOTAL PROFIT SENSITIVITY GAP	14,175,630	(4,504,352)	(6,115,931)	(3,495,556)	3,012,262	361,539	(8,700)	3,424,892	

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

47. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Effects of rate of return risk

- Earnings at Risk ("EAR")

The focus of analysis is more on the impact of changes in rate of return on accrual or reported earnings. Variation in earnings such as reduced earnings or outright losses can threaten the financial stability of the Group and the Bank by undermining its capital adequacy and reducing market confidence.

- Economic Value of Equity ("EVE")

Economic value of an instrument represents an assessment of present value of its expected net cash flows, discounted to reflect market rates. Economic value of the Group and the Bank can be viewed as the present value of the Group's and the Bank's expected net cash flows, which can be defined as the expected cash flows on assets minus the expected cash flows on liabilities plus the expected net cash flows on off-balance sheet position. The sensitivity of the Group's and the Bank's economic value to fluctuation in rate of return is particularly an important consideration of shareholders and Management.

- Value at Risk ("VaR")

VaR approach is used to estimate the maximum potential loss of the investment portfolio over a specified time.

Rate of return risk measurement

- Gap analysis

Repricing gap analysis measures the difference or gap between the absolute value of rate of return sensitive assets and rate of return sensitive liabilities, which are expected to experience changes in contractual rates (re-priced) over the residual maturity period or on maturity.

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

47. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Rate of return risk measurement (cont'd.)

- Gap analysis (cont'd.)

A rate sensitive gap greater than one (>1) implies that the rate of return in sensitive assets is greater than the rate of return in sensitive liabilities. As rate of return rises, the income on assets will increase faster than the funding costs, resulting in higher spread income.

A rate sensitive gap less than one (<1) suggests a higher ratio of rate of return in sensitive liabilities than in sensitive assets. If rate of returns rises, funding costs will grow at a faster rate than the income on assets, resulting in a fall in spread income (net rate of return income).

- Simulation analysis

Detail assessments on the potential effects of changes in rate of return on the Group's and the Bank's earnings are carried out by simulating future path of rate of returns and also their impact on cash flows.

Simulation analysis will also be used to evaluate the impact of possible decisions on the following:

- Product pricing changes;
- New product introduction;
- Derivatives and hedging strategies; and
- Changes in the asset-liability mix.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Sensitivity analysis for rate of return risk

The analysis measures the increase or decline in earnings and economic value for upward and downward rate shocks, which are consistent with shocks applied in the stress test for measuring:

Increase/(decrease) in basis points	Group		Bank	
	-50 Basis Points	+50 Basis Points	-50 Basis Points	+50 Basis Points
	RM'000	RM'000	RM'000	RM'000
Impact on Earnings:				
2024				
MYR	(35,940)	35,940	(35,890)	35,890
USD	2,304	(2,304)	2,304	(2,304)
EUR	222	(222)	222	(222)
2023				
MYR	(34,610)	34,610	(34,545)	34,545
USD	1,828	(1,828)	1,828	(1,828)
EUR	(1)	1	(1)	1
Impact on Equity:				
2024				
MYR	92,673	(92,673)	92,670	(92,670)
USD	(189)	189	(189)	189
EUR	(12)	12	(12)	12
2023				
MYR	70,741	(70,741)	70,737	(70,737)
USD	(152)	152	(152)	152
EUR	1	(1)	1	(1)

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Foreign exchange risk

Foreign exchange ("FX") risk arises as a result of movements in relative currencies due to the Group's and the Bank's operations in business activities, trading activities and structural foreign exchange exposures from foreign investments and capital management activities.

Generally, the Group and the Bank are exposed to three (3) types of foreign exchange risk, namely, translation risk, transactional risk and economic risk, which are managed in accordance with the market risk policy and limits. The FX translation risks are mitigated as the assets are funded in the same currency. The Group and the Bank control their FX exposures by transacting in permissible currencies. The Group and the Bank have an internal Foreign Exchange Net Open Position ("FX NOP") to measure, control and monitor their FX risk, and implement FX hedging strategies to minimise FX exposures. Stress testing is conducted periodically to ensure sufficient capital to buffer the FX risk.

The table below analyses the net foreign exchange positions of the Group and the Bank by major currencies, which are mainly in United States Dollar, Australian Dollar, Swiss Franc, Euro, the Great Britain Pound, Japanese Yen and Canadian Dollar. The "others" foreign exchange risk include mainly exposures to United Arab Emirates Dirham, Qatari Rial and Singapore Dollar.

Group 2024	Malaysian Ringgit RM'000	United States Dollar RM'000	Australian Dollar RM'000	Swiss Franc RM'000	Euro RM'000	Great Britain Pound RM'000	Japanese Yen RM'000	Canadian Dollar RM'000	Others RM'000	Total RM'000
Assets										
Cash and short-term funds	1,791,333	137,966	1,438	68,565	56,260	2,130	40,072	4,388	14,448	2,116,600
Deposits and placements with licensed financial institutions	502,166	-	-	-	-	-	-	-	-	502,166
Financial investments at FVTPL	14,888	-	-	-	-	-	-	-	-	14,888
Financial investments at FVOCI	7,494,786	75,185	-	-	-	-	-	-	-	7,569,971
Financial investments at amortised cost	-	-	-	-	-	-	-	-	-	-
Islamic derivative financial assets	14,496	-	-	-	-	-	-	-	-	14,496
Financing of customers	32,331,321	18,028	-	-	-	-	-	-	-	32,349,349
Other financial assets *	26,646	3	-	-	-	-	-	-	-	26,649
Statutory deposits with Bank Negara Malaysia	680,000	-	-	-	-	-	-	-	-	680,000
Total financial assets	42,855,636	231,182	1,438	68,565	56,260	2,130	40,072	4,388	14,448	43,274,119

* These balances exclude balances which are not within the scope of MFRS 9, *Financial Instruments*.

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Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Foreign exchange risk (cont'd.)

Group 2024 (cont'd.)	Malaysian Ringgit RM'000	United States Dollar RM'000	Australian Dollar RM'000	Swiss Franc RM'000	Euro RM'000	Great Britain Pound RM'000	Japanese Yen RM'000	Canadian Dollar RM'000	Others RM'000	Total RM'000
Liabilities										
Deposits from customers	36,106,253	180,682	27	-	154,071	79	-	-	20,976	36,462,088
Investment accounts of customers	245,707	-	-	-	-	-	-	-	-	245,707
Deposits and placements of banks and other financial institutions	435,417	356,359	-	-	46,945	-	-	-	-	838,721
Bills and acceptances payable	6,027	-	-	-	-	-	-	-	-	6,027
Islamic derivative financial liabilities	17,309	-	-	-	-	-	-	-	-	17,309
Other financial liabilities	146,364	616	-	-	67	(77)	-	-	-	146,970
Lease liabilities	45,391	105	-	-	-	-	-	-	-	45,496
Recourse obligation on financing sold to Cagamas	1,584,301	-	-	-	-	-	-	-	-	1,584,301
Subordinated sukuk	807,369	-	-	-	-	-	-	-	-	807,369
Total financial liabilities	39,394,138	537,762	27	-	201,083	2	-	-	20,976	40,153,988
Net on-balance sheet open position	3,461,498	(306,580)	1,411	68,565	(144,823)	2,128	40,072	4,388	(6,528)	3,120,131

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Foreign exchange risk (cont'd.)

Group 2023	Malaysian Ringgit RM'000	United States Dollar RM'000	Australian Dollar RM'000	Swiss Franc RM'000	Euro RM'000	Great Britain Pound RM'000	Japanese Yen RM'000	Canadian Dollar RM'000	Others RM'000	Total RM'000
Assets										
Cash and short-term funds	2,881,495	117,764	783	1,231	5,668	1,558	20,068	5,580	5,044	3,039,191
Financial investments at FVTPL	33,707	-	-	-	-	-	-	-	-	33,707
Financial investments at FVOCI	6,402,211	103,255	-	-	-	-	-	-	-	6,505,466
Financial investments at amortised cost	116,871	-	-	-	-	-	-	-	-	116,871
Islamic derivative financial assets	12,819	-	-	-	-	-	-	-	-	12,819
Financing of customers	28,341,202	6,102	-	-	340	-	-	-	-	28,347,644
Other financial assets *	583,809	-	-	-	-	-	-	-	-	583,809
Statutory deposits with Bank Negara Malaysia	115,356	3	-	-	-	-	-	-	-	115,359
Total financial assets	38,487,470	227,124	783	1,231	6,008	1,558	20,068	5,580	5,044	38,754,866

* These balances exclude balances which are not within the scope of MFRS 9, *Financial Instruments*.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Foreign exchange risk (cont'd.)

Group 2023 (cont'd.)	Malaysian Ringgit RM'000	United States Dollar RM'000	Australian Dollar RM'000	Swiss Franc RM'000	Euro RM'000	Great Britain Pound RM'000	Japanese Yen RM'000	Canadian Dollar RM'000	Others RM'000	Total RM'000
Liabilities										
Deposits from customers	32,488,762	303,168	14	-	671	3,101	-	-	20	32,795,736
Investment accounts of customers	247,689	-	-	-	-	-	-	-	-	247,689
Deposits and placements of banks and other financial institutions	345,666	183,968	-	-	-	-	-	-	-	529,634
Bills and acceptances payable	13,773	-	-	-	-	-	-	-	-	13,773
Islamic derivative financial liabilities	21,519	-	-	-	-	-	-	-	-	21,519
Other financial liabilities	330,048	(265,873)	769	1,231	5,337	(1,543)	20,068	-	10,603	100,640
Lease liabilities	38,335	134	-	-	-	-	-	-	-	38,469
Recourse obligation on financing sold to Cagamas	1,058,745	-	-	-	-	-	-	-	-	1,058,745
Subordinated sukuk	806,924	-	-	-	-	-	-	-	-	806,924
Total financial liabilities	35,351,461	221,397	783	1,231	6,008	1,558	20,068	-	10,623	35,613,129
Net on-balance sheet open position	3,136,009	5,727	-	-	-	-	-	5,580	(5,579)	3,141,737

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Foreign exchange risk (cont'd.)

Bank 2024	Malaysian Ringgit RM'000	United States Dollar RM'000	Australian Dollar RM'000	Swiss Franc RM'000	Euro RM'000	Great Britain Pound RM'000	Japanese Yen RM'000	Canadian Dollar RM'000	Others RM'000	Total RM'000
Assets										
Cash and short-term funds	1,791,333	137,966	1,438	68,565	56,260	2,130	40,072	4,388	14,448	2,116,600
Deposits and placements with licensed financial institutions	502,166	-	-	-	-	-	-	-	-	502,166
Financial investments at FVTPL	12,209	-	-	-	-	-	-	-	-	12,209
Financial investments at FVOCI	7,494,786	75,185	-	-	-	-	-	-	-	7,569,971
Financial investments at amortised cost	-	-	-	-	-	-	-	-	-	-
Islamic derivative financial assets	14,496	-	-	-	-	-	-	-	-	14,496
Financing of customers	32,326,245	18,028	-	-	-	-	-	-	-	32,344,273
Other financial assets *	26,164	3	-	-	-	-	-	-	-	26,167
Statutory deposits with Bank Negara Malaysia	680,000	-	-	-	-	-	-	-	-	680,000
Total financial assets	42,847,399	231,182	1,438	68,565	56,260	2,130	40,072	4,388	14,448	43,265,882

* These balances exclude balances which are not within the scope of MFRS 9, *Financial Instruments*.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Foreign exchange risk (cont'd.)

Bank 2024 (cont'd.)	Malaysian Ringgit RM'000	United States Dollar RM'000	Australian Dollar RM'000	Swiss Franc RM'000	Euro RM'000	Great Britain Pound RM'000	Japanese Yen RM'000	Canadian Dollar RM'000	Others RM'000	Total RM'000
Liabilities										
Deposits from customers	36,121,087	180,682	27	-	154,071	79	-	-	20,976	36,476,922
Investment accounts of customers	245,707	-	-	-	-	-	-	-	-	245,707
Deposits and placements of banks and other financial institutions	435,417	356,359	-	-	46,945	-	-	-	-	838,721
Bills and acceptances payable	6,027	-	-	-	-	-	-	-	-	6,027
Islamic derivative financial liabilities	17,309	-	-	-	-	-	-	-	-	17,309
Other financial liabilities	146,280	616	-	-	67	(77)	-	-	-	146,886
Lease liabilities	45,391	105	-	-	-	-	-	-	-	45,496
Recourse obligation on financing sold to Cagamas	1,584,301	-	-	-	-	-	-	-	-	1,584,301
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Subordinated sukuk	807,369	-	-	-	-	-	-	-	-	807,369
Total financial liabilities	39,408,888	537,762	27	-	201,083	2	-	-	20,976	40,168,738
Net on-balance sheet open position	3,438,511	(306,580)	1,411	68,565	(144,823)	2,128	40,072	4,388	(6,528)	3,097,144

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Foreign exchange risk (cont'd.)

Bank 2023	Malaysian Ringgit RM'000	United States Dollar RM'000	Australian Dollar RM'000	Swiss Franc RM'000	Euro RM'000	Great Britain Pound RM'000	Japanese Yen RM'000	Canadian Dollar RM'000	Others RM'000	Total RM'000
Assets										
Cash and short-term funds	2,881,495	117,764	783	1,231	5,668	1,558	20,068	5,580	5,044	3,039,191
Financial investments at FVTPL	31,096	-	-	-	-	-	-	-	-	31,096
Financial investments at FVOCI	6,402,211	103,255	-	-	-	-	-	-	-	6,505,466
Financial investments at amortised cost	116,871	-	-	-	-	-	-	-	-	116,871
Islamic derivative financial assets	12,819	-	-	-	-	-	-	-	-	12,819
Financing of customers	28,336,950	6,102	-	-	340	-	-	-	-	28,343,392
Other financial assets *	583,809	-	-	-	-	-	-	-	-	583,809
Statutory deposits with Bank Negara Malaysia	114,751	3	-	-	-	-	-	-	-	114,754
Total financial assets	38,480,002	227,124	783	1,231	6,008	1,558	20,068	5,580	5,044	38,747,398

* These balances exclude balances which are not within the scope of MFRS 9, *Financial Instruments*.

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Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Foreign exchange risk (cont'd.)

Bank 2023 (cont'd.)	Malaysian Ringgit RM'000	United States Dollar RM'000	Australian Dollar RM'000	Swiss Franc RM'000	Euro RM'000	Great Britain Pound RM'000	Japanese Yen RM'000	Canadian Dollar RM'000	Others RM'000	Total RM'000
Liabilities										
Deposits from customers	32,504,828	303,168	14	-	671	3,101	-	-	20	32,811,802
Investment accounts of customers	247,689	-	-	-	-	-	-	-	-	247,689
Deposits and placements of banks and other financial institutions	345,666	183,968	-	-	-	-	-	-	-	529,634
Bills and acceptances payable	13,773	-	-	-	-	-	-	-	-	13,773
Islamic derivative financial liabilities	21,519	-	-	-	-	-	-	-	-	21,519
Other financial liabilities	330,512	(265,873)	769	1,231	5,337	(1,543)	20,068	-	10,604	101,105
Lease liabilities	38,335	134	-	-	-	-	-	-	-	38,469
Recourse obligation on financing sold to Cagamas	1,058,745	-	-	-	-	-	-	-	-	1,058,745
Subordinated sukuk	806,924	-	-	-	-	-	-	-	-	806,924
Total financial liabilities	35,367,991	221,397	783	1,231	6,008	1,558	20,068	-	10,624	35,629,660
Net on-balance sheet open position	3,112,011	5,727	-	-	-	-	-	5,580	(5,580)	3,117,738

Foreign currency risk

Foreign exchange risk arises from the movements in exchange rates that adversely affect the revaluation of the Group and the Bank foreign currency positions.

	Group and Bank			
	2024		2023	
	1% appreciation RM'000	1% depreciation RM'000	1% appreciation RM'000	1% depreciation RM'000
Impact to profit after tax and reserves	3,414	(3,414)	(57)	57

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Foreign exchange risk (cont'd.)

Interpretation of impact

The Group and the Bank measure the foreign exchange sensitivity based on the foreign exchange net open positions (including foreign exchange structural position) under an adverse movement in all foreign currencies against reporting currency (MYR). The result implies that the Group and the Bank may be subjected to additional translation (loss)/gain if MYR appreciated/depreciated against other currencies or vice versa.

(c) Liquidity and funding risk

Liquidity and funding risk is the potential inability of the Group and the Bank to meet its funding requirements arising from cash flow mismatches at a reasonable cost while market liquidity risk refers to the Group's and the Bank's potential inability to liquidate positions quickly and with insufficient volumes, at a reasonable price.

The Group and the Bank monitor the maturity profile of assets and liabilities so that adequate liquidity is maintained at all times. The Group's and the Bank's ability to maintain a stable liquidity profile is primarily due to its success in retaining and growing its customer deposits base.

The marketing strategy of the Group and the Bank has ensured a balanced mix of deposits level. Stability of the deposits base thus minimises the Group's and the Bank's dependency on volatile short-term receiving. Considering the effective maturities of deposits are based largely on retention history (behavioral method) and in view of the ready availability of liquidity investments, the Group and the Bank are able to ensure that sufficient liquidity is always available whenever necessary.

The Asset & Liability Committee ("ALCO") chaired by the Chief Executive Officer, is being conducted on monthly basis, which purpose is to review the Liquidity Gap Profile of the Group and the Bank. In addition, the Group and the Bank apply the liquidity stress test which addresses strategic issues concerning liquidity risk.

The tables depicted in the following pages are the analysis of assets and liabilities of the Group and the Bank as at 31 December 2024 based on remaining contractual maturities.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(c) Liquidity and funding risk (cont'd.)

(i) Maturity analysis of assets, liabilities, commitments and contingencies based on remaining contractual maturity:

Group 2024	On demand or up to 1 month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 Year RM'000	Total RM'000
Assets						
Cash and short-term funds	2,116,600	-	-	-	-	2,116,600
Deposits and placements with licensed financial institution	-	502,166	-	-	-	502,166
Financial investments at FVTPL	-	-	-	14,888	-	14,888
Financial investments at FVOCI	-	35,574	352,544	582,061	6,599,792	7,569,971
Islamic derivative financial assets	1,280	815	7,369	5,032	-	14,496
Financing of customers	658,964	668,895	305,246	2,782,243	27,934,001	32,349,349
Statutory deposits with Bank Negara Malaysia	-	-	-	-	680,000	680,000
Other financial assets *	55	-	-	26,594	-	26,649
Total financial assets	2,776,899	1,207,450	665,159	3,410,818	35,213,793	43,274,119
Liabilities						
Deposits from customers	18,460,450	5,182,191	5,904,482	6,145,805	769,160	36,462,088
Investment accounts of customers	245,707	-	-	-	-	245,707
Deposits and placements of banks and other financial institutions	341,353	111,955	-	-	385,413	838,721
Bills and acceptances payable	-	6,027	-	-	-	6,027
Islamic derivative financial liabilities	1,201	10,559	168	5,381	-	17,309
Other financial liabilities	44,099	-	-	111,800	-	155,899
Lease liabilities	963	1,320	2,274	4,488	36,451	45,496
Recourse obligation on financing sold to Cagamas	-	-	729,330	301,635	553,336	1,584,301
Subordinated sukuk	7,160	-	989	-	799,220	807,369
Total financial liabilities	19,100,933	5,312,052	6,637,243	6,569,109	2,543,580	40,162,917
Net maturity mismatch	(16,324,034)	(4,104,602)	(5,972,084)	(3,158,291)	32,670,213	3,111,202
Commitments and contingencies						
Contingent liabilities	19,210	26,417	55,850	160,978	1,500,924	1,763,379
Commitments	303,384	191,893	68,142	57,493	1,510,687	2,131,599
Other Miscellaneous Commitment and Contingent Liabilities	54,266	-	-	-	295,456	349,722
Islamic derivative financial instruments	310,472	333,361	60,718	631,512	514,545	1,850,608
Total commitments and contingencies	687,332	551,671	184,710	849,983	3,821,612	6,095,308

* These balances exclude balances which are not within the scope of MFRS 9, *Financial Instruments*.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(c) Liquidity and funding risk (cont'd.)

(i) Maturity analysis of assets, liabilities, commitments and contingencies based on remaining contractual maturity: (cont'd.)

Group 2023	On demand or up to 1 month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 Year RM'000	Total RM'000
Assets						
Cash and short-term funds	3,039,191	-	-	-	-	3,039,191
Financial investments at FVTPL	-	-	-	5,112	28,595	33,707
Financial investments at FVOCI	210,096	10,151	287,832	925,973	5,071,414	6,505,466
Financial investments at amortised cost	-	-	-	-	116,871	116,871
Islamic derivative financial assets	11,849	479	458	33	-	12,819
Financing of customers	1,004,227	1,547,564	1,442,189	2,476,305	21,877,359	28,347,644
Statutory deposits with Bank Negara Malaysia	-	-	-	-	583,809	583,809
Other financial assets *	80,749	-	-	34,610	-	115,359
Total financial assets	4,346,112	1,558,194	1,730,479	3,442,033	27,678,048	38,754,866
Liabilities						
Deposits from customers	17,810,344	6,165,904	5,080,239	2,662,939	1,076,310	32,795,736
Investment accounts of customers	247,689	-	-	-	-	247,689
Deposits and placements of banks and other financial institutions	184,018	-	200	-	345,416	529,634
Bills and acceptances payable	-	13,773	-	-	-	13,773
Islamic derivative financial liabilities	4,767	9,470	7,282	-	-	21,519
Other financial liabilities	22,867	-	-	77,773	-	100,640
Lease liabilities	893	1,730	2,578	5,189	28,079	38,469
Recourse obligation on financing sold to Cagamas	-	-	201,783	-	856,962	1,058,745
Subordinated sukuk	7,092	-	1,034	-	798,798	806,924
Total financial liabilities	18,277,670	6,190,877	5,293,116	2,745,901	3,105,565	35,613,129
Net maturity mismatch	(13,931,558)	(4,632,683)	(3,562,637)	696,132	24,572,483	3,141,737
Commitments and contingencies						
Contingent liabilities	19,840	20,572	159,329	125,479	676,223	1,001,443
Commitments	326,208	117,712	58,297	48,590	1,751,205	2,302,012
Other Miscellaneous Commitment and Contingent Liabilities	55,321	124	-	1	4,594	60,040
Islamic derivative financial instruments	358,856	892,179	824,010	212,318	-	2,287,363
Total commitments and contingencies	760,225	1,030,587	1,041,636	386,388	2,432,022	5,650,858

* These balances exclude balances which are not within the scope of MFRS 9, *Financial Instruments*.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(c) Liquidity and funding risk (cont'd.)

(i) Maturity analysis of assets, liabilities, commitments and contingencies based on remaining contractual maturity: (cont'd.)

Bank 2024	On demand or up to 1 month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 Year RM'000	Total RM'000
Assets						
Cash and short-term funds	2,116,600	-	-	-	-	2,116,600
Deposits and placements with licensed financial institution	-	502,166	-	-	-	502,166
Financial investments at FVTPL	-	-	-	12,209	-	12,209
Financial investments at FVOCI	-	35,574	352,544	582,061	6,599,792	7,569,971
Islamic derivative financial assets	1,280	815	7,369	5,032	-	14,496
Financing of customers	658,964	668,895	305,246	2,782,243	27,928,925	32,344,273
Statutory deposits with Bank Negara Malaysia	-	-	-	-	680,000	680,000
Other financial assets *	-	-	-	26,167	-	26,167
Total financial assets	2,776,844	1,207,450	665,159	3,407,712	35,208,717	43,265,882
Liabilities						
Deposits from customers	18,473,284	5,184,191	5,904,482	6,145,805	769,160	36,476,922
Investment accounts of customers	245,707	-	-	-	-	245,707
Deposits and placements of banks and other financial institutions	341,353	111,955	-	-	385,413	838,721
Bills and acceptances payable	-	6,027	-	-	-	6,027
Islamic derivative financial liabilities	1,201	10,559	168	5,381	-	17,309
Other financial liabilities	43,860	-	-	111,687	-	155,547
Lease liabilities	963	1,320	2,274	4,488	36,451	45,496
Recourse obligation on financing sold to Cagamas	-	-	729,330	301,635	553,336	1,584,301
Subordinated sukuk	7,160	-	989	-	799,220	807,369
Total financial liabilities	19,113,528	5,314,052	6,637,243	6,568,996	2,543,580	40,177,399
Net maturity mismatch	(16,336,684)	(4,106,602)	(5,972,084)	(3,161,284)	32,665,137	3,088,483
Commitments and contingencies						
Contingent liabilities	19,210	26,417	55,850	160,978	1,500,924	1,763,379
Commitments	303,384	191,893	68,142	57,493	1,510,687	2,131,599
Other Miscellaneous Commitment and Contingent Liabilities	54,266	-	-	-	295,456	349,722
Islamic derivative financial instruments	310,472	333,361	60,718	631,512	514,545	1,850,608
Total commitments and contingencies	687,332	551,671	184,710	849,983	3,821,612	6,095,308

* These balances exclude balances which are not within the scope of MFRS 9, *Financial Instruments*.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(c) Liquidity and funding risk (cont'd.)

(i) Maturity analysis of assets, liabilities, commitments and contingencies based on remaining contractual maturity: (cont'd.)

Bank 2023	On demand or up to 1 month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 Year RM'000	Total RM'000
Assets						
Cash and short-term funds	3,039,191	-	-	-	-	3,039,191
Financial investments at FVTPL	-	-	-	5,112	25,984	31,096
Financial investments at FVOCI	210,096	10,151	287,833	925,973	5,071,413	6,505,466
Financial investments at amortised cost	-	-	-	-	116,871	116,871
Islamic derivative financial assets	11,851	479	457	32	-	12,819
Financing of customers	1,004,227	1,547,564	1,442,189	2,476,305	21,873,107	28,343,392
Statutory deposits with Bank Negara Malaysia	-	-	-	-	583,809	583,809
Other financial assets *	80,749	-	-	34,005	-	114,754
Total financial assets	4,346,114	1,558,194	1,730,479	3,441,427	27,671,184	38,747,398
Liabilities						
Deposits from customers	17,821,410	6,167,904	5,083,239	2,662,939	1,076,310	32,811,802
Investment accounts of customers	247,689	-	-	-	-	247,689
Deposits and placements of banks and other financial institutions	184,018	-	200	-	345,416	529,634
Bills and acceptances payable	-	13,773	-	-	-	13,773
Islamic derivative financial liabilities	4,767	9,470	7,282	-	-	21,519
Other financial liabilities	23,374	-	-	77,731	-	101,105
Lease liabilities	893	1,730	2,578	5,189	28,079	38,469
Recourse obligation on financing sold to Cagamas	-	-	201,783	-	856,962	1,058,745
Subordinated sukuk	7,092	-	1,034	-	798,798	806,924
Total financial liabilities	18,289,243	6,192,877	5,296,116	2,745,859	3,105,565	35,629,660
Net maturity mismatch	(13,943,129)	(4,634,683)	(3,565,637)	695,568	24,565,619	3,117,738
Commitments and contingencies						
Contingent liabilities	19,840	20,572	159,329	125,479	676,223	1,001,443
Commitments	326,208	117,712	58,297	48,590	1,751,205	2,302,012
Other Miscellaneous Commitment and Contingent Liabilities	55,321	124	-	1	4,594	60,040
Islamic derivative financial instruments	358,856	892,179	824,010	212,318	-	2,287,363
Total commitments and contingencies	760,225	1,030,587	1,041,636	386,388	2,432,022	5,650,858

* These balances exclude balances which are not within the scope of MFRS 9, *Financial Instruments*.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(c) Liquidity and funding risk (cont'd.)

(ii) Maturity analysis of financial liabilities on an undiscounted basis

The following tables show the contractual undiscounted cash flows payable for financial liabilities by remaining contractual maturities. The financial liabilities in the tables depicted in the following pages will not agree to the balances reported in the statement of financial position as the tables incorporate all contractual cash flows, on an undiscounted basis, relating to both principal and profit payments. The contractual maturity profile does not necessarily reflect the behavioural cash flows.

The cash flows of commitments and contingent liabilities are not presented on an undiscounted basis as the total outstanding contractual amounts do not represent future cash requirements since the Group and the Bank expect many of these contingencies to expire or be unconditionally cancelled without being called or drawn upon and many of the contingent liabilities are reimbursable by customers.

Group	On demand or up to 1 month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 Year RM'000	Total RM'000
2024						
Non-derivative liabilities						
Deposits from customers	18,467,016	5,215,305	5,994,636	6,332,995	850,049	36,860,001
Investment accounts of customers	245,707	-	-	-	-	245,707
Deposits and placements of banks and other financial institutions	341,999	112,778	-	-	385,413	840,190
Bills and acceptances payable	-	6,027	-	-	-	6,027
Other financial liabilities	44,099	-	-	102,873	-	146,972
Lease liabilities	1,129	1,851	2,742	5,347	39,456	50,525
Recourse obligation on financing sold to Cagamas	-	-	738,730	312,261	640,673	1,691,664
Subordinated sukuk	7,995	-	11,250	19,245	1,016,182	1,054,672
Derivative liabilities	1,201	10,559	168	5,381	-	17,309
Total financial liabilities	19,109,146	5,346,520	6,747,526	6,778,102	2,931,773	40,913,067

196501000376 (6175-W)

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(c) Liquidity and funding risk (cont'd.)

(ii) Maturity analysis of financial liabilities on an undiscounted basis (cont'd.)

Group 2023	On demand or up to 1 month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 Year RM'000	Total RM'000
Non-derivative liabilities						
Deposits from customers	17,819,989	6,206,051	5,160,652	2,748,282	1,186,488	33,121,462
Investment accounts of customers	247,689	-	-	-	-	247,689
Deposits and placements of banks and other financial institutions	184,586	-	200	-	345,416	530,202
Bills and acceptances payable	-	13,773	-	-	-	13,773
Other financial liabilities	22,867	-	-	77,773	-	100,640
Lease liabilities	1,033	2,001	2,960	5,867	30,394	42,255
Recourse obligation on financing sold to Cagamas	-	-	204,069	-	910,739	1,114,808
Subordinated sukuk	7,995	-	11,250	19,245	1,051,834	1,090,324
Derivative liabilities	4,767	9,470	7,282	-	-	21,519
Total financial liabilities	18,288,926	6,231,295	5,386,413	2,851,167	3,524,871	36,282,672

196501000376 (6175-W)

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(c) Liquidity and funding risk (cont'd.)

(ii) Maturity analysis of financial liabilities on an undiscounted basis (cont'd.)

Bank 2024	On demand or up to 1 month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 Year RM'000	Total RM'000
Non-derivative liabilities						
Deposits from customers	18,483,900	5,217,317	5,994,636	6,332,995	850,049	36,878,897
Investment accounts of customers	245,707	-	-	-	-	245,707
Deposits and placements of banks and other financial institutions	341,999	112,778	-	-	385,413	840,190
Bills and acceptances payable	-	6,027	-	-	-	6,027
Other financial liabilities	43,860	-	-	103,026	-	146,886
Lease liabilities	1,129	1,851	2,742	5,347	39,456	50,525
Recourse obligation on financing sold to Cagamas	-	-	738,730	312,261	640,673	1,691,664
Subordinated sukuk	7,995	-	11,250	19,245	1,016,182	1,054,672
Derivative liabilities	1,201	10,559	168	5,381	-	17,309
Total financial liabilities	19,125,791	5,348,532	6,747,526	6,778,255	2,931,773	40,931,877

196501000376 (6175-W)

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(c) Liquidity and funding risk (cont'd.)

(ii) Maturity analysis of financial liabilities on an undiscounted basis (cont'd.)

Bank 2023	On demand or up to 1 month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 Year RM'000	Total RM'000
Non-derivative liabilities						
Deposits from customers	17,831,079	6,208,064	5,163,675	2,748,282	1,186,488	33,137,588
Investment accounts of customers	247,689	-	-	-	-	247,689
Deposits and placements of banks and other financial institutions	184,586	-	200	-	345,416	530,202
Bills and acceptances payable	-	13,773	-	-	-	13,773
Other financial liabilities	23,374	-	-	77,731	-	101,105
Lease liabilities	1,033	2,001	2,960	5,867	30,394	42,255
Recourse obligation on financing sold to Cagamas	-	-	204,069	-	910,739	1,114,808
Subordinated sukuk	7,995	-	11,250	19,245	1,051,834	1,090,324
Derivative liabilities	4,767	9,470	7,282	-	-	21,519
Total financial liabilities	18,300,523	6,233,308	5,389,436	2,851,125	3,524,871	36,299,263

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

47. Financial risk management objectives and policies (cont'd.)

(d) Operational risk

Operational risk is defined as the risk of losses resulting from inadequate or failed internal processes and systems, human factors, and/or from various external events. The objective of operational risk management ("ORM") is to effectively manage these risks to minimise possible financial losses arising from operational lapses. In relation to ORM, the key risk organs which play a critical role in the overall integrated risk management framework are the ORM unit, Operational Risk Management Committee ("ORMC"), Internal Audit, Compliance, and the business lines.

The operational risk management processes include establishment of system of internal controls, identification and assessment of operational risk inherent in new and existing products, processes and systems, regular disaster recovery and business continuity planning and simulations, self-compliance audit, and operational risk incident reporting and data collection.

48. Fair value measurements

(a) Financial instruments measured at fair value

Determination of fair value and the fair value hierarchy

- Level 1 - Quoted (unadjusted) market prices in active markets for identical instruments;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is either directly (i.e. prices) or indirectly (i.e. derived from prices), observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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 and non-financial instruments 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 Group and the Bank generally uses widely recognised valuation techniques with market observable inputs for the determination of fair value, which require minimal Management's judgement and estimation, due to the low complexity of the financial instruments held.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

48. Fair value measurements (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 level 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	
2024				
Financial assets				
Financial investments at FVTPL	-	7,188	7,700	14,888
Financial investments at FVOCI	136,877	7,353,277	79,817	7,569,971
Islamic derivative financial assets	-	14,496	-	14,496
Total financial assets measured at fair value	136,877	7,374,961	87,517	7,599,355
Financial liabilities				
Islamic derivative financial liabilities	-	17,309	-	17,309
Total financial liabilities measured at fair value	-	17,309	-	17,309

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

48. Fair value measurements (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 level within the fair value hierarchy: (cont'd)

Group	<u>Valuation technique using:</u>			Total
	Quoted Market Price Level 1 RM'000	Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
2023				RM'000
Financial assets				
Financial investments at FVTPL	6,585	5,112	22,010	33,707
Financial investments at FVOCI	75,381	6,322,200	107,885	6,505,466
Islamic derivative financial assets	-	12,819	-	12,819
Total financial assets measured at fair value	81,966	6,340,131	129,895	6,551,992
Financial liabilities				
Islamic derivative financial liabilities	-	21,519	-	21,519
Total financial liabilities measured at fair value	-	21,519	-	21,519

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

48. Fair value measurements (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 level within the fair value hierarchy: (cont'd)

Bank	<u>Valuation technique using:</u>			Total
	Quoted Market Price Level 1 RM'000	Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
2024				RM'000
Financial assets				
Financial investments at FVTPL	-	4,509	7,700	12,209
Financial investments at FVOCI	136,877	7,353,277	79,817	7,569,971
Islamic derivative financial assets	-	14,496	-	14,496
Total financial assets measured at fair value	<u>136,877</u>	<u>7,372,282</u>	<u>87,517</u>	<u>7,596,676</u>
Financial liabilities				
Islamic derivative financial liabilities	-	17,309	-	17,309
Total financial liabilities measured at fair value	<u>-</u>	<u>17,309</u>	<u>-</u>	<u>17,309</u>

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

48. Fair value measurements (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 level within the fair value hierarchy: (cont'd)

Bank	<u>Valuation technique using:</u>			Total
	Quoted Market Price Level 1 RM'000	Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
2023				RM'000
Financial assets				
Financial investments at FVTPL	3,974	5,112	22,010	31,096
Financial investments at FVOCI	75,381	6,322,200	107,885	6,505,466
Islamic derivative financial assets	-	12,819	-	12,819
Total financial assets measured at fair value	79,355	6,340,131	129,895	6,549,381
Financial liabilities				
Islamic derivative financial liabilities	-	21,519	-	21,519
Total financial liabilities measured at fair value	-	21,519	-	21,519

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

48. Fair value measurements (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 a reconciliation of Level 3 fair values:

	Group and Bank	
	2024	2023
	RM'000	RM'000
At 1 January	129,895	321,240
(Loss)/Gain recognised in statements of profit or loss	(14,310)	135
Loss recognised in statements of other comprehensive income	(5,527)	(35,570)
Disposals	-	(162,066)
Redemption	(19,904)	-
Foreign exchange translation difference	(2,637)	6,156
At 31 December	87,517	129,895

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

48. Fair value measurements (cont'd.)

(b) Financial instruments not carried at fair value

The estimated fair values of those on-balance sheet financial assets and financial liabilities as at the reporting date approximate their carrying amounts as shown in the statement of financial position, except for the financial assets and liabilities as disclosed below.

Group	Level 1	Level 2	Level 3	Total	Carrying
2024	RM'000	RM'000	RM'000	fair value	Amount
				RM'000	RM'000
Financial assets					
Financing of customers	-	-	32,102,764	32,102,764	32,349,349
Financial liabilities					
Deposits from customers	-	-	36,477,844	36,477,844	36,462,088
Deposits and placements of banks and other financial institutions	-	-	838,721	838,721	838,721
Subordinated sukuk	-	815,556	-	815,556	807,369
2023					
Financial assets					
Financial investments at amortised cost	-	-	114,920	114,920	116,871
Financing of customers	-	-	28,305,700	28,305,700	28,347,644

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

48. Fair value measurements (cont'd.)

(b) Financial instruments not carried at fair value (cont'd.)

Group	Level 1	Level 2	Level 3	Total	Carrying
2023	RM'000	RM'000	RM'000	fair value	Amount
				RM'000	RM'000
Financial liabilities					
Deposits from customers	-	-	31,453,489	31,453,489	32,795,736
Deposits and placements of banks and other financial institutions	-	-	529,634	529,634	529,634
Subordinated sukuk	-	813,225	-	813,225	806,924
<hr/>					
Bank	Level 1	Level 2	Level 3	Total	Carrying
2024	RM'000	RM'000	RM'000	fair value	Amount
				RM'000	RM'000
Financial assets					
Financing of customers	-		32,013,255	32,013,255	32,344,273
<hr/>					
Financial liabilities					
Deposits from customers	-	-	36,492,678	36,492,678	36,476,922
Deposits and placements of banks and other financial institutions	-	-	838,721	838,721	838,721
Subordinated sukuk	-	815,556	-	815,556	807,369
<hr/>					

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

48. Fair value measurements (cont'd.)

(b) Financial instruments not carried at fair value (cont'd.)

Bank 2023	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying Amount RM'000
Financial assets					
Financial investments at amortised cost	-	-	114,920	114,920	116,871
Financing of customers	-	-	28,247,382	28,247,382	28,343,392
Financial liabilities					
Deposits from customers	-	-	31,467,289	31,467,289	32,811,802
Deposits and placements of banks and other financial institutions	-	-	529,634	529,634	529,634
Subordinated sukuk	-	813,225	-	813,225	806,924

Fair value is the estimated amount at which a financial asset or liability can be exchanged between two (2) parties under normal market conditions. However, for certain assets such as financing and deposits, the respective fair values are not readily available as there is no open market where these instruments are traded. The fair values for these instruments are estimated based on the assumptions depicted below. These methods are subjective in nature, therefore, the fair values presented may not be indicative of the actual realisable value.

Fair value information has been disclosed for the Group's and the Bank's investments in equity instruments that are carried at cost because fair value cannot be measured reliably. The Group and the Bank do not intend to dispose of this investment in the foreseeable future.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

48. Fair value measurements (cont'd.)

(b) Financial instruments not carried at fair value (cont'd.)

Financing of customers

The fair values of financing of customers not designated as hedged item are estimated based on expected future cash flows of contractual instalment payments, discounted at applicable and prevailing rates at reporting date offered for similar facilities to new customers with similar credit profiles. In respect of non-performing financing, the fair values are deemed to approximate the carrying values, which are net of allowance for impairment losses.

Deposits from customers and deposits and placements of banks and other financial institutions

The fair values of deposits from customers and deposits and placements of banks and other financial institutions with maturities of less than one year are estimated to approximate their carrying values due to the relatively short maturity of these instruments. The fair values of deposits from customers and deposits and placements of banks and other financial institutions with remaining maturities of more than one year are estimated based on discounted cash flows using applicable rates currently offered for deposits with similar remaining maturities.

Subordinated sukuk

The fair values of subordinated obligations are estimated by discounting the expected future cash flows using the applicable prevailing profit rates for financing with similar risk profiles.

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

49. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows:

Group and Bank	Gross amount of recognised financial assets/ (financial liabilities) RM'000	Gross amount set off in the statement of financial position RM'000	Net amount presented in the statement of financial position RM'000	Amount not set off in the statement of financial position		Net amount RM'000
				Amount related to recognised financial instruments RM'000	Amount related to financial collateral RM'000	
2024						
Derivative assets	14,496	-	14,496	-	-	14,496
Derivative liabilities	(17,309)	-	(17,309)	-	-	(17,309)
2023						
Derivative assets	12,819	-	12,819	-	-	12,819
Derivative liabilities	(21,519)	-	(21,519)	-	-	(21,519)

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to off-set the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

The amount not set-off in the statement of financial position relate to transactions where:

- (i) the counterparty has an offsetting exposure with the Group and the Bank and a master netting or similar arrangements is in place with a right to set off only in the event of default, insolvency or bankruptcy; and
- (ii) cash or securities are received or cash pledged in respect of the transaction described above.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

50. Capital and other commitments

Capital expenditure approved by the Directors but not provided for in the financial statements amounted to:

	Group	
	2024	2023
	RM'000	RM'000
Approved and contracted for	21,486	9,299
Approved but not contracted for	95,008	170,225
	116,494	179,524

	Bank	
	2024	2023
	RM'000	RM'000
Approved and contracted for	21,486	9,299
Approved but not contracted for	95,008	170,243
	116,494	179,542

51. Capital adequacy

- (a) The core capital ratios and risk-weighted capital ratios of the Group and the Bank are as follows:

	Group	
	2024	2023
	RM'000	RM'000
Computation of total risk-weighted assets ("RWA")		
Total credit RWA	23,914,985	22,739,787
Less: Credit risk absorbed by profit-sharing investment account ("PSIA")	(117,142)	(126,607)
Total market RWA	105,498	77,388
Total operational RWA	1,559,286	1,508,264
Total RWA	25,462,627	24,198,832

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

51. Capital adequacy (cont'd.)

- (a) The core capital ratios and risk-weighted capital ratios of the Group and the Bank are as follows: (cont'd.)

	Group	
	2024	2023
	RM'000	RM'000
Computation of capital ratios		
<u>Tier 1 capital</u>		
Share capital	1,195,000	1,195,000
Retained profits	1,818,444	1,742,374
Other Reserves		
Regulatory reserve	145,404	155,747
FVOCI reserve	(11,637)	(6,966)
Foreign exchange translation reserve	2,973	1,591
Less: Regulatory Adjustment		
Deferred tax assets	(51,615)	(42,929)
Investment property gain	(10,493)	(8,363)
Regulatory reserve	(145,404)	(155,747)
Cumulative gains of financing measured at FVTPL	(12,655)	(17,084)
Intangible assets (net of deferred tax liabilities)	(119,023)	(104,651)
Total Common Equity Tier 1 Capital	2,810,994	2,758,972
<u>Additional Tier 1 Capital</u>		
Perpetual Sukuk	350,000	350,000
Total Tier 1 Capital	3,160,994	3,108,972
<u>Tier 2 capital</u>		
Subordinated sukuk	800,000	800,000
Loss provision and regulatory reserve*	297,473	284,124
Add: Investment property gain	4,722	3,763
Total Tier 2 Capital	1,102,195	1,087,887
Total Capital Base	4,263,189	4,196,859
<u>Ratio (%)</u>		
CET 1 Capital	11.040%	11.401%
Tier 1 Capital	12.414%	12.848%
Total Capital	16.743%	17.343%

- * Tier 2 Capital comprise collective allowance on non-impaired financing customers and regulatory reserve, subject to maximum of 1.25% of total credit risk-weighted assets less credit risk absorbed by profit sharing investment account.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

51. Capital adequacy (cont'd.)

- (a) The core capital ratios and risk-weighted capital ratios of the Group and the Bank are as follows: (cont'd.)

	Bank	
	2024	2023
	RM'000	RM'000
Computation of total risk-weighted assets ("RWA")		
Total credit RWA	23,903,796	22,729,923
Less: Credit risk absorbed by profit-sharing investment account ("PSIA")	(117,142)	(126,607)
Total market RWA	105,498	77,388
Total operational RWA	1,549,255	1,483,198
Total RWA	<u>25,441,407</u>	<u>24,163,902</u>
Computation of capital ratios		
<u>Tier 1 capital</u>		
Share capital	1,195,000	1,195,000
Retained profits	1,808,257	1,730,764
Other Reserves		
Regulatory reserve	145,404	155,747
FVOCI reserve	(11,637)	(6,966)
Foreign exchange translation reserve	2,974	1,592
Regulatory Adjustment		
Deferred tax assets	(51,454)	(42,389)
Investment property gain	(10,493)	(8,363)
Regulatory reserve	(145,404)	(155,747)
Investment in subsidiaries	(13,159)	(13,159)
Cumulative gains of financing measured at FVTPL	(12,655)	(17,084)
Intangible assets (net of deferred tax liabilities)	(118,973)	(104,365)
Total Common Equity Tier 1 Capital	<u>2,787,860</u>	<u>2,735,030</u>
<u>Additional Tier 1 Capital</u>		
Perpetual Sukuk	350,000	350,000
Total Tier 1 Capital	<u>3,137,860</u>	<u>3,085,030</u>
<u>Tier 2 capital</u>		
Subordinated sukuk	800,000	800,000
Loss provision and regulatory reserve*	297,333	284,124
Add: Investment property gain	4,722	3,763
Total Tier 2 Capital	<u>1,102,055</u>	<u>1,087,887</u>
Total Capital Base	<u>4,239,915</u>	<u>4,172,917</u>

- * Tier 2 Capital comprise collective allowance on non-impaired financing customers and regulatory reserve, subject to maximum of 1.25% of total credit risk-weighted assets less credit risk absorbed by profit sharing investment account.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

51. Capital adequacy (cont'd.)

- (a) The core capital ratios and risk-weighted capital ratios of the Group and the Bank are as follows: (cont'd.)

	Bank	
	2024	2023
	RM'000	RM'000
Computation of capital ratios (cont'd.)		
<u>Ratio (%)</u>		
CET 1 Capital	10.958%	11.319%
Tier 1 Capital	12.334%	12.767%
Total Capital	16.665%	17.269%

The capital adequacy ratios 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 14 June 2024 and 18 December 2023, respectively. The Group and 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 1 capital, Tier 1 capital, and Total Capital are 4.5%, 6.0% and 8.0% of total RWA, respectively, for the current year (2023: 4.5%, 6.0% and 8.0% of total RWA).

- (b) Credit risk disclosure by risk weights of the Group and the Bank, are as follows:

	Group			
	2024		2023	
	Total exposures after netting and credit risk mitigation	Total risk weighted assets	Total exposures after netting and credit risk mitigation	Total risk weighted assets
	RM'000	RM'000	RM'000	RM'000
0%	14,036,021	-	12,045,012	-
20%	4,416,488	883,298	2,414,622	482,924
35%	3,919,976	1,371,991	3,749,471	1,312,315
50%	1,475,609	737,804	1,239,287	619,644
75%	3,403,765	2,552,824	3,706,671	2,780,003
100%	18,236,206	18,236,206	17,402,222	17,402,222
150%	88,575	132,862	95,120	142,679
Risk-weighted assets for credit risk	45,576,640	23,914,985	40,652,405	22,739,787
Less: Credit risk absorbed by PSIA		(117,142)		(126,607)
		23,797,843		22,613,180

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

51. Capital adequacy (cont'd.)

(b) Credit risk disclosure by risk weights of the Group and the Bank, are as follows: (cont'd.)

	Bank			
	2024		2023	
	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%	14,036,021	-	12,045,012	-
20%	4,416,488	883,298	2,414,622	482,924
35%	3,919,976	1,371,991	3,749,471	1,312,315
50%	1,475,609	737,804	1,239,287	619,644
75%	3,403,765	2,552,824	3,706,671	2,780,003
100%	18,232,631	18,232,631	17,398,736	17,398,736
150%	83,499	125,248	90,867	136,301
Risk-weighted assets for credit risk	45,567,989	23,903,796	40,644,666	22,729,923
Less: Credit risk absorbed by PSIA		(117,142)		(126,607)
		23,786,654		22,603,316

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

51. Capital adequacy (cont'd.)

Capital management

Board of Directors holds the ultimate responsibility in approving the capital management strategy. At the Management level, capital management strategy review is a periodic exercise that is under the purview of Asset & Liability Committee ("ALCO"). The said exercise refers to an assessment of the Bank's capital requirement vis-à-vis the development of the Bank as well as broad environment, i.e. regulatory and macroeconomic setting.

The Bank has adopted the Standardised Approach for the measurement of credit and market risks, and the Basic Indicator Approach for operational risk, in compliance with BNM's requirements vis-à-vis the Capital Adequacy Framework for Islamic Bank. In addition, the stress testing process forecast the Bank's capital requirements under plausible and worst case stress scenarios to assess the Bank's capital to withstand the shocks.

52. Segment information

(a) Business segments

The Group and the Bank are 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 receivable, micro financing, wealth management and bancatakaful products, where the Bank act as an intermediary to takaful companies.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

52. Segment information (cont'd.)

(a) Business segments (cont'd.)

(iii) Treasury 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.

Others include investment banking and other business segments which consists of rental services, none of which is of sufficient size to be reported separately.

Group	Business	Consumer	Treasury		
2024	banking	banking	banking	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	<u>436,225</u>	<u>1,368,167</u>	<u>331,465</u>	<u>12,255</u>	<u>2,148,112</u>
Total income	140,649	493,638	(25,628)	444,960	1,053,619
Allowance for impairment losses on financing	(65,640)	(92,714)	-	-	(158,354)
Allowance for impairment losses on financial investments, net	-	-	(44,783)	-	(44,783)
Allowance for impairment losses on other financial assets, net	-	-	(932)	-	(932)
Other expenses	-	-	-	(37,925)	(37,925)
Total net income	75,009	400,924	(71,343)	407,035	811,625
Total overhead expenses					<u>(682,309)</u>
Profit before zakat and taxation					129,316
Zakat					(8,825)
Taxation					<u>(34,350)</u>
Profit for the year					<u>86,141</u>

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

52. Segment information (cont'd.)

(a) Business segments (cont'd.)

Group	Business	Consumer	Treasury		
2023	banking	banking	banking	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	387,893	1,114,898	271,235	10,628	1,784,654
Total Income	196,275	359,168	34,067	363,097	952,607
Write-back off/(allowance for) impairment losses on financing	1,316	(35,855)	1,279	-	(33,260)
Allowance for impairment losses on financial investments, net	-	-	(526)	-	(526)
Allowance for impairment losses on other financial assets, net	-	-	(105)	-	(105)
Other expenses	-	-	-	(46,149)	(46,149)
Total net income	197,591	323,313	34,715	316,948	872,567
Total overhead expenses					(576,984)
Profit before zakat and taxation					295,583
Zakat					(10,227)
Taxation					(73,541)
Profit for the year					211,815

Bank	Business	Consumer	Treasury		
2024	banking	banking	banking	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	436,225	1,368,167	331,465	11,645	2,147,502
Total Income	140,649	493,638	(25,628)	444,021	1,052,680
Allowance for impairment losses on financing	(65,640)	(92,714)	-	-	(158,354)
Allowance for impairment losses on financial investments, net	-	-	(44,783)	-	(44,783)
Allowance for impairment losses on other financial assets, net	-	-	(932)	-	(932)
Other expenses	-	-	-	(37,925)	(37,925)
Total net income	75,009	400,924	(71,343)	406,096	810,686
Total overhead expenses					(682,132)
Profit before zakat and taxation					128,554
Zakat					(8,576)
Taxation					(32,414)
Profit for the year					87,564

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

52. Segment information (cont'd.)

(a) Business segments (cont'd.)

Bank 2023	Business banking RM'000	Consumer banking RM'000	Treasury banking RM'000	Others RM'000	Total RM'000
Revenue	387,893	1,114,898	271,235	15,101	1,789,127
Total Income	196,275	359,168	34,067	367,213	956,723
Write-back of/(allowance for) impairment losses on financing	1,316	(35,855)	1,279	-	(33,260)
Allowance for impairment losses on financial investments, net	-	-	(526)	-	(526)
Allowance for impairment losses on other financial assets, net	-	-	(105)	-	(105)
Other expenses	-	-	-	(46,149)	(46,149)
Total net income	197,591	323,313	34,715	321,064	876,683
Total overhead expenses					(575,927)
Profit before zakat and taxation					300,756
Zakat					(9,929)
Taxation					(72,781)
Profit for the year					218,046

53. Shariah disclosures

(a) Shariah governance

Overview

The Group's and the Bank's shariah governance structure are governed by BNM's Policy Document on Shariah Governance which came into effect on 1 April 2020 and any related guidelines issued by the authorities, subject to variations and amendments from time to time.

In this context, Shariah non-compliance risk defined as the risk that arises from the Group's and the Bank's failure to comply with the Shariah rules and principles determined by the Shariah Committee ("SC") of the Group and the Bank and relevant Shariah Authorities ("SA") committees.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

53. Shariah disclosures (cont'd.)

(a) Shariah governance (cont'd.)

Overview (cont'd.)

This risk is managed through the Bank Muamalat Malaysia Berhad ("BMMB") Shariah Governance Policy, which was endorsed by the SC and approved by the Board of Directors. The policy is drawn up in accordance to BNM's Policy Document on Shariah Governance.

To ensure the operations and business activities of the Group and the Bank remain consistent with Shariah principles and requirements, the Group and the Bank have established an internal SC and an internal Shariah organisation, which consists of the Shariah Department, Shariah Audit under the Internal Audit Department, Shariah Review under Regulatory Advisory & Compliance Division, and Shariah Risk under the Risk Management Department.

Rectification Process of Shariah Non-Compliance Income ("SNCI") and Unidentified Funds

Policy on Management of Shariah Non-Compliance Income was formulated pursuant to BNM's Policy Document on Shariah Governance, which defines the principles and practices to be applied by the Bank in managing its SNCI.

SNCI is an income generated from any transactions that breaches the governing Shariah principles and requirements as determined by the Group's and the Bank's SC and/or other Shariah Authorities ("SA").

The SA are as follows:

- Shariah Advisory Council of Bank Negara Malaysia.
- Shariah Advisory Council of Securities Commission Malaysia.
- Any other relevant Shariah resolutions and rulings as prescribed and determined by the SC of the Group and the Bank from time to time.

(i) Shariah non-compliance income and events

2024	No. of event	RM
Shariah non-compliance events/income during the year	-	-
2023	No. of event	RM
Shariah non-compliance events/income during the year	2	150

Any reported SNCI will be utilised to fund charitable activities as guided by SC of the Bank.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

53. Shariah disclosures (cont'd.)

(a) Shariah governance (cont'd.)

(ii) Unidentified fund / earning prohibited by Shariah

During the normal course of the Group's and the Bank's daily operations, there could be certain funds received by the Group and the Bank where the source is not clear or uncertain, and/or prohibited by Shariah. These funds are therefore not recognised as income and are retained in the Maslahah Ammah account. The utilisation of the funds follow the similar procedures set for the SNCI funds.

No unidentified fund were reported during the year.

	2024 RM'000	2023 RM'000
At 1 January	<u>14</u>	<u>431</u>
Sources of charity funds		
Unidentified fund/earning prohibited by Shariah, during the year (*)	- [*]	- [*]
Uses of charity funds		
Contribution to non-profit organisation	<u>(14)</u>	<u>(417)</u>
Undistributed charity funds at 31 December	<u>-</u>	<u>14</u>

* Represent Nil (2023:RM150)

(b) Recognition and measurement by main class of Shariah contracts

The recognition and measurement of each main class of Shariah contract is dependent on the nature of the products, either financing or deposit product. The accounting policies for each of these products are disclosed in their respective policies.