



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

**Directors' Report and Audited Financial Statements**  
**31 December 2025**

**196501000376 (6175-W)**

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

<b>Contents</b>	<b>Page</b>
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 - 204

196501000376 (6175-W)

**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 2025.

**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**

	<b>Group</b>	<b>Bank</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before zakat and taxation	<b>307,087</b>	<b>308,417</b>
Zakat	<b>(9,805)</b>	<b>(9,674)</b>
Taxation	<b>(73,535)</b>	<b>(70,038)</b>
Profit for the year	<b>223,747</b>	<b>228,705</b>

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.

**196501000376 (6175-W)**

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

**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.

**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  
Dato' Ibrahim Taib  
Md. Khairuddin Hj Arshad  
Mohd Razlan Mohamed  
Roshidah Abdullah  
Dato' Suhana Dewi Selamat (appointed on 1 October 2025)  
Tan Sri Che Khalib Mohamad Noh (resigned on 27 August 2025)  
Ainol Roznain Yaacob (resigned on 30 September 2025)

**Muamalat Invest Sdn Bhd**

Md. Khairuddin Hj Arshad  
Roshidah Abdullah  
Khadijah Sairah Ibrahim  
Amirul Nasir Abdul Rahim (appointed on 1 January 2026)  
Datuk Khairul Kamarudin (resigned on 1 January 2026)

**Muamalat Venture Sdn Bhd**

Datuk Khairul Kamarudin  
Amirul Nasir Abdul Rahim

**Muamalat Nominees (Asing) Sdn Bhd**

Datuk Khairul Kamarudin  
Amirul Nasir Abdul Rahim

**Muamalat Nominees (Tempatan) Sdn Bhd**

Datuk Khairul Kamarudin  
Amirul Nasir Abdul Rahim

**196501000376 (6175-W)**

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

**Directors' interests in shares**

According to the Register of Director's shareholding, none of the Directors holding office at the end of the financial year ended 31 December 2025 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 2025 are as follows:

	<b>From the Bank RM'000</b>	<b>From the subsidiary companies RM'000</b>
<b>Directors of the Bank:</b>		
Director fees	1,594	40
Director's other emoluments	1,068	20
Estimated money value of any other benefits	72	-
	<u>2,734</u>	<u>60</u>

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.

**196501000376 (6175-W)**

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

**Issue of shares and debentures**

There were no changes to the issued and paid-up capital during the financial year and there were no debentures issued 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 RM210,000.

**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 and Credit Risk**

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 Credit Risk.

**196501000376 (6175-W)**

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

**Business review 2025**

The financial year ended 31 December 2025 marked a step change in the Group's earnings trajectory, with profit before tax and zakat increasing to RM307.1 million (2024: RM129.3 million). This performance reflects the steady execution of the Group's strategic priorities — strengthening income generation, proactively improving asset quality through lower impairment charges, and maintaining disciplined cost management.

While net income margin decreased slightly to 2.02% (2024: 2.06%) amid competitive pressures, overall profitability strengthened, with return on equity (ROE PBT) improving to 8.55% (2024: 3.73%). The results demonstrate continued progress towards building a more resilient and sustainable earnings base.

Total revenue rose by RM143.3 million, or 6.7%, to RM2.291 billion in 2025 underpinned by higher contributions from both financing and investment activities. Financing income rose by 5.5% to RM1.8 billion, in line with higher financing volumes and improved portfolio yields, amidst OPR cut in July 2025. Investment income also recorded a 16.4% increase to RM291.1 million, supported by favourable investment returns.

Credit quality showed marked improvement during the year. Allowance for impairment on financing reduced substantially to RM82.7 million from RM158.4 million in 2024, mainly attributable to lower individual assessment provisions and higher recoveries of bad debts. Consequently, the Group's cost of credit improved to 0.25% (2024: 0.52%), reflecting strengthened asset quality and prudent risk management.

Cost of Funds (COF) continue to improve from 3.26% in 2024 to 3.18% in 2025, from improved product mix and pricing. The 5.7% increase in income attributable to depositors and investment account holders is consistent with industry-wide trends in 2025 and growing deposit base. The current account and savings account (CASA) ratio stood at 32.7% (2024: 29.12%), supporting a stable and diversified funding base.

Operating expenses remained well controlled. Personnel expenses declined by RM9.0 million, while other overheads and finance costs increased moderately, reflecting higher business activity. Overall cost discipline was maintained, with the cost-to-income ratio improving to 55.20% (2024: 58.69%).

The Group's total assets increased by RM2.00 billion to RM45.67 billion as at 31 December 2025, mainly driven by growth in financing of customers, which rose by RM1.42 billion to RM33.77 billion, reflecting continued financing expansion and stronger business origination during the year. Liquidity buffers also strengthened, with cash and short-term funds increasing by RM472.4 million, while financial investments grew by RM395.2 million, supporting balance sheet resilience.

On the liabilities side, total liabilities increased by RM1.82 billion to RM41.98 billion, primarily due to higher deposits from customers, which rose by RM928.0 million amid continued deposit mobilisation efforts. The new Term Investment Accounts, recorded under investment accounts of customers, increased by RM936.0 million to support the Bank's funding needs, while offering moderate and consistent returns through investments in the retail financing portfolio with low to moderate risk. Overall, the funding structure remained well diversified and largely customer-deposit driven.

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

**Business review 2025 (cont'd.)**

Shareholders' equity strengthened by RM186.86 million to RM3.69 billion, supported mainly by higher retained earnings following improved profitability in 2025. Consequently, the Group's capital position improved, with the CET1 capital ratio increasing to 12.273% (2024: 11.040%) and the Tier 1 capital ratio rising to 13.694% (2024: 12.414%). The stronger capital and liquidity positions place the Group in a sound position to support future growth while maintaining prudent risk and capital management.

**Prospects and forecast**

Malaysia's economic growth accelerated to 5.7% year-on-year in the fourth quarter of 2025, delivering a stronger-than-expected year-end outcome and exceeding market expectations. The pickup from 5.2% in the previous quarter reflects broad-based sectoral support. On a quarter-on-quarter seasonally adjusted basis, growth moderated to 3.0% following an exceptionally strong third quarter, indicating that momentum remained intact even as the pace of expansion normalised toward year-end.

The services sector expanded by 5.4% year-on-year, underpinned by wholesale and retail trade, transport and storage, and accommodation-related segments—consistent with resilient domestic demand and sustained tourism activity. Manufacturing growth accelerated to 6.0%, driven by firmer output in electrical and electronic products alongside food processing and metal-related industries, pointing to improving momentum across export-oriented and process industries. Construction continued to register a double-digit growth of 11.9%, albeit moderating for 4 consecutive quarters from its recent peak in 4Q2025 (20.7%). The strong performance in recent periods has been partly supported by robust data centre-related construction, driven by significant foreign and private investment into hyperscale and cloud infrastructure, as well as by growth in residential and industrial building activity. Agriculture rebounded strongly, expanding by 5.1%, reflecting improved oil palm output and steadier livestock activity, providing a cyclical lift to headline growth after earlier softness. These gains more than offset a moderation in mining output, where growth slowed to 1.1% amid softer crude and natural gas production toward year-end.

Looking ahead, growth is expected to moderate in 2026 following a stronger-than-anticipated 2025 outturn. While domestic demand remains broadly supportive—underpinned by labour-market resilience, consumption and an active investment pipeline—the external environment is likely to remain a drag. The unwinding of earlier front-loading effects and the full-year impact of higher US tariffs are expected to weigh on export performance and net trade. Taken together, the strong finish to 2025 provides a buffer entering the new year, but softer external conditions and a more challenging global backdrop point to a more measured growth trajectory ahead.

For the Bank, the prevailing growth environment should continue to provide a supportive backdrop for financing and lending activities, particularly in domestically oriented and investment-linked segments. At the same time, heightened external uncertainties warrant close monitoring, as shifts in trade conditions and investment sentiment could affect business activity and overall credit demand.

**196501000376 (6175-W)**

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

**Rating by external rating agencies**

Details of the Bank's ratings are as follows:

<b>Rating Agency</b>	<b>Date</b>	<b>Classification</b>	<b>Rating</b>
RAM Rating Services Berhad	August 2025	Long term Short term Subordinated Sukuk Outlook	A2 P1 A3 Stable
Malaysian Rating Corporation Berhad	August 2025	Long term Short term Senior Sukuk Additional Tier-1 Sukuk Outlook	A+ MARC-1 A+ BBB+ 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 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, reappointment 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.

196501000376 (6175-W)

**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 2025, the Group and the Bank have allocated an amount of RM9,800,000 and RM9,670,000 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 RM1,237,000 and RM1,211,000 respectively.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors dated 24 March 2026.



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 204 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 2025 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 24 March 2026.



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 204 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 24 March 2026.



Amirul Nasir Abdul Rahim

Before me,



Commissioner for Oaths

NO 43, LEBUH AMPANG  
50100 KUALA LUMPUR

**196501000376 (6175-W)**

**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 2025. 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 2025 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 will be disposed for charitable causes; and
- (d) the financial statements of the Bank for the year ended 31 December 2025 together with the calculation of zakat disclosed to us are in compliance with Shariah principles.

196501000376 (6175-W)

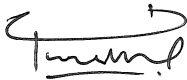
**Bank Muamalat Malaysia Berhad  
(Incorporated in Malaysia)**

**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 2025 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  
24 March 2026.



**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants  
Level 10, KPMG Tower  
8, First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388  
Fax +60 (3) 7721 3399  
Website [www.kpmg.com.my](http://www.kpmg.com.my)

# **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 2025 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 204.

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 2025, 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"), as applicable to audits of financial statements of public interest entities, 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 are 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 2025

### 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.

A handwritten signature in black ink, appearing to be 'KPMG PLT'.

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

Petaling Jaya, Malaysia

Date: 24 March 2026

A handwritten signature in black ink, appearing to be 'Chan Kah Mun'.

**Chan Kah Mun**  
Approval Number: 03350/01/2028 J  
Chartered Accountant

196501000376 (6175-W)

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

**Consolidated statement of financial position as at 31 December 2025 (10 Rejab 1447H)**

		Group	
	Note	2025 RM'000	2024 RM'000
<b>Assets</b>			
Cash and short-term funds	4 (a)	<b>2,588,998</b>	2,116,600
Deposits and placements with licensed financial institutions	4 (b)	<b>501,361</b>	502,166
Financial investments at fair value through profit or loss ("FVTPL")	5 (i)	<b>72,173</b>	14,888
Financial investments at fair value through other comprehensive income ("FVOCI")	5 (ii)	<b>7,907,895</b>	7,569,971
Islamic derivative financial assets	6	<b>13,549</b>	14,496
Financing of customers	7	<b>33,770,816</b>	32,349,349
Other assets	9	<b>117,157</b>	85,670
Statutory deposits with Bank Negara Malaysia	10	<b>365,000</b>	680,000
Investment properties	12	<b>60,786</b>	58,886
Intangible assets	13	<b>151,809</b>	137,200
Right-of-use assets	15.1 (c)	<b>46,978</b>	43,008
Property, plant and equipment	14	<b>53,622</b>	56,184
Deferred tax assets	16	<b>16,082</b>	33,438
<b>Total assets</b>		<b>45,666,226</b>	43,661,856
<b>Liabilities</b>			
Deposits from customers	17	<b>37,390,060</b>	36,462,088
Investment accounts of customers	18	<b>1,212,983</b>	245,707
Deposits and placements of banks and other financial institutions	19	<b>966,945</b>	838,721
Obligation on financial assets sold under repurchase agreement	5 (ii)	<b>100,037</b>	-
Bills and acceptances payable	20	<b>11,375</b>	6,027
Islamic derivative financial liabilities	6	<b>26,972</b>	17,309
Other liabilities	21	<b>197,668</b>	146,970
Lease liabilities	15.1 (a)	<b>49,898</b>	45,496
Provision for zakat and taxation	22	<b>10,689</b>	8,929
Recourse obligation on financing sold to Cagamas	23	<b>1,205,940</b>	1,584,301
Subordinated sukuk	24	<b>807,858</b>	807,369
<b>Total liabilities</b>		<b>41,980,425</b>	40,162,917

196501000376 (6175-W)

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

**Consolidated statement of financial position as at 31 December 2025 (10 Rejab 1447H) (cont'd.)**

		<b>Group</b>	
	<b>Note</b>	<b>2025</b>	<b>2024</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Shareholders' equity</b>			
Share capital	25	<b>1,195,000</b>	1,195,000
Reserves	27	<b>2,142,046</b>	1,955,184
<b>Equity attributable to owners of the Bank</b>		<b>3,337,046</b>	3,150,184
Perpetual Sukuk	26	<b>348,755</b>	348,755
<b>Total Equity</b>		<b>3,685,801</b>	3,498,939
<b>Total liabilities and shareholders' equity</b>		<b>45,666,226</b>	43,661,856
<b>Restricted investment accounts</b>	18	<b>20</b>	20
<b>Total Islamic banking asset and asset under management</b>		<b>45,666,246</b>	43,661,876
<b>Commitments and contingencies</b>	46	<b>6,240,259</b>	6,095,308
<b>Capital adequacy *</b>	51		
CET 1 capital ratio		<b>12.273%</b>	11.040%
Tier 1 capital ratio		<b>13.694%</b>	12.414%
Total capital ratio		<b>18.134%</b>	16.743%

\* 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.

196501000376 (6175-W)

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

**Statement of financial position as at 31 December 2025 (10 Rejab 1447H)**

		<b>Bank</b>	
		<b>2025</b>	<b>2024</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>			
Cash and short-term funds	4 (a)	<b>2,588,998</b>	2,116,600
Deposits and placements with licensed financial institutions	4 (b)	<b>501,361</b>	502,166
Financial investments at fair value through profit or loss ("FVTPL")	5 (i)	<b>70,277</b>	12,209
Financial investments at fair value through other comprehensive income ("FVOCI")	5 (ii)	<b>7,907,895</b>	7,569,971
Islamic derivative financial assets	6	<b>13,549</b>	14,496
Financing of customers	7	<b>33,770,816</b>	32,344,273
Other assets	9	<b>157,479</b>	84,793
Statutory deposits with Bank Negara Malaysia	10	<b>365,000</b>	680,000
Investment in subsidiaries	11	<b>13,159</b>	13,159
Investment properties	12	<b>60,786</b>	58,886
Intangible assets	13	<b>151,487</b>	136,994
Right-of-use assets	15.1 (c)	<b>46,978</b>	43,008
Property, plant and equipment	14	<b>53,610</b>	56,164
Deferred tax assets	16	<b>16,101</b>	33,433
<b>Total assets</b>		<b>45,717,496</b>	43,666,152
<b>Liabilities</b>			
Deposits from customers	17	<b>37,447,369</b>	36,476,922
Investment accounts of customers	18	<b>1,212,983</b>	245,707
Deposits and placements of banks and other financial institutions	19	<b>966,945</b>	838,721
Obligation on financial assets sold under repurchase agreement	5 (ii)	<b>100,037</b>	-
Bills and acceptances payable	20	<b>11,375</b>	6,027
Islamic derivative financial liabilities	6	<b>26,972</b>	17,309
Other liabilities	21	<b>197,877</b>	146,886
Lease liabilities	15.1 (a)	<b>49,898</b>	45,496
Provision for zakat and taxation	22	<b>9,670</b>	8,661
Recourse obligation on financing sold to Cagamas	23	<b>1,205,940</b>	1,584,301
Subordinated sukuk	24	<b>807,858</b>	807,369
<b>Total liabilities</b>		<b>42,036,924</b>	40,177,399

196501000376 (6175-W)

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

**Statement of financial position as at 31 December 2025 (10 Rejab 1447H) (cont'd.)**

		<b>Bank</b>	
	<b>Note</b>	<b>2025</b>	<b>2024</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Shareholders' equity</b>			
Share capital	25	<b>1,195,000</b>	1,195,000
Reserves	27	<b>2,136,817</b>	1,944,998
<b>Equity attributable to owners of the Bank</b>		<b>3,331,817</b>	3,139,998
Perpetual Sukuk	26	<b>348,755</b>	348,755
<b>Total shareholders' equity</b>		<b>3,680,572</b>	3,488,753
<b>Total liabilities and shareholders' equity</b>		<b>45,717,496</b>	43,666,152
<b>Restricted investment accounts</b>	18	<b>20</b>	20
<b>Total Islamic banking asset and asset under management</b>		<b>45,717,516</b>	43,666,172
<b>Commitments and contingencies</b>	46	<b>6,240,259</b>	6,095,308
<b>Capital adequacy *</b>	51		
CET 1 capital ratio		<b>12.180%</b>	10.958%
Tier 1 capital ratio		<b>13.599%</b>	12.334%
Total capital ratio		<b>18.033%</b>	16.665%

\* 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.

196501000376 (6175-W)

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

**Statements of profit or loss**  
**For the year ended 31 December 2025 (10 Rejab 1447H)**

		Group		Bank	
	Note	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Income derived from investment of depositors' funds and others	28	<b>2,198,376</b>	2,089,730	<b>2,198,376</b>	2,089,730
Income derived from investment of investment account funds	29	<b>29,003</b>	10,520	<b>29,003</b>	10,520
Income derived from investment of shareholders' funds	30	<b>64,010</b>	47,862	<b>64,412</b>	47,252
Allowance for impairment losses on financing	31	<b>(82,694)</b>	(158,354)	<b>(82,694)</b>	(158,354)
Allowance for impairment losses on financial investments, net	32	<b>(2)</b>	(44,783)	<b>(2)</b>	(44,783)
Allowance for impairment losses on other financial assets, net	33	<b>367</b>	(932)	<b>367</b>	(932)
Other expenses directly attributable to the investment of the depositors and shareholders' funds		<b>(55,090)</b>	(37,925)	<b>(55,090)</b>	(37,925)
<b>Total distributable income</b>		<b>2,153,970</b>	1,906,118	<b>2,154,372</b>	1,905,508
Income attributable to depositors	34	<b>(1,145,758)</b>	(1,094,284)	<b>(1,146,160)</b>	(1,094,613)
Income attributable to investment account holders		<b>(11,612)</b>	(209)	<b>(11,612)</b>	(209)
<b>Total net income</b>		<b>996,600</b>	811,625	<b>996,600</b>	810,686
Personnel expenses	35	<b>(345,186)</b>	(354,192)	<b>(343,009)</b>	(351,999)
Other overheads and expenditures	38	<b>(250,332)</b>	(241,963)	<b>(251,179)</b>	(243,979)
Finance costs	39	<b>(93,995)</b>	(86,154)	<b>(93,995)</b>	(86,154)
<b>Profit before zakat and taxation</b>		<b>307,087</b>	129,316	<b>308,417</b>	128,554
Zakat	40	<b>(9,805)</b>	(8,825)	<b>(9,674)</b>	(8,576)
Taxation	41	<b>(73,535)</b>	(34,350)	<b>(70,038)</b>	(32,414)
<b>Profit for the year</b>		<b>223,747</b>	86,141	<b>228,705</b>	87,564
Earnings per share attributable to shareholders of the Bank (sen) (basic):	42	<b>18.72</b>	7.21		

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

196501000376 (6175-W)

Bank Muamalat Malaysia Berhad  
(Incorporated in Malaysia)

Statements of other comprehensive income  
For the year ended 31 December 2025 (10 Rejab 1447H)

	Note	Group		Bank	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Profit for the year</b>		<b>223,747</b>	86,141	<b>228,705</b>	87,564
<b>Other comprehensive (loss)/income:</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Net (loss)/gain on financial investments at FVOCI		<b>47,020</b>	(4,063)	<b>47,020</b>	(4,063)
- Net gain on change in fair value		<b>90,245</b>	10,252	<b>90,245</b>	10,252
- Changes in expected credit losses	5 (ii)	<b>2</b>	23	<b>2</b>	23
- Income tax effect	16	<b>(15,047)</b>	(76)	<b>(15,047)</b>	(76)
- Realised gain transferred to profit or loss on disposal of debts instruments	28 & 30	<b>(28,180)</b>	(14,262)	<b>(28,180)</b>	(14,262)
Exchange fluctuation reserve	27	<b>5,120</b>	1,382	<b>5,119</b>	1,382
<b>Items that may not be reclassified subsequently to profit or loss</b>					
Net unrealised (loss)/gain on equity securities at FVOCI		<b>(66,861)</b>	1,325	<b>(66,861)</b>	1,325
<b>Other comprehensive loss for the year, net of tax</b>		<b>(14,721)</b>	(1,356)	<b>(14,722)</b>	(1,356)
<b>Total comprehensive income for the year</b>		<b>209,026</b>	84,785	<b>213,983</b>	86,208

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 2025 (10 Rejab 1447H)

Group	Non-distributable				Distributable		Total equity RM'000
	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	
<b>At 1 January 2025</b>	<b>1,195,000</b>	<b>348,755</b>	<b>145,404</b>	<b>2,973</b>	<b>(11,637)</b>	<b>1,818,444</b>	<b>3,498,939</b>
Profit for the year	-	-	-	-	-	223,747	223,747
Other comprehensive income/(loss) for the year	-	-	-	5,120	(19,841)	-	(14,721)
Total comprehensive income/(loss) for the year	-	-	-	5,120	(19,841)	223,747	209,026
Transfer of fair value changes recognised for equity instruments (elected as FVOCI) upon derecognition	-	-	-	-	16,295	(16,295)	-
Transfer to regulatory reserve	-	-	(22,912)	-	-	22,912	-
<b>Transaction with Owners</b>							
Distribution paid to Perpetual Sukuk holders	-	-	-	-	-	(22,164)	(22,164)
<b>At 31 December 2025</b>	<b>1,195,000</b>	<b>348,755</b>	<b>122,492</b>	<b>8,093</b>	<b>(15,183)</b>	<b>2,026,644</b>	<b>3,685,801</b>
<b>At 1 January 2024</b>	<b>1,195,000</b>	<b>348,755</b>	<b>155,747</b>	<b>1,591</b>	<b>(6,966)</b>	<b>1,742,374</b>	<b>3,436,501</b>
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	-
<b>Transaction with Owners</b>							
Distribution paid to Perpetual Sukuk holders	-	-	-	-	-	(22,347)	(22,347)
<b>At 31 December 2024</b>	<b>1,195,000</b>	<b>348,755</b>	<b>145,404</b>	<b>2,973</b>	<b>(11,637)</b>	<b>1,818,444</b>	<b>3,498,939</b>

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 2025 (10 Rejab 1447H)

	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
<b>Bank</b>							
<b>At 1 January 2025</b>	<b>1,195,000</b>	<b>348,755</b>	<b>145,404</b>	<b>2,974</b>	<b>(11,637)</b>	<b>1,808,257</b>	<b>3,488,753</b>
Profit for the year	-	-	-	-	-	228,705	228,705
Other comprehensive income/(loss) for the year	-	-	-	5,119	(19,841)	-	(14,722)
Total comprehensive income/(loss) for the year	-	-	-	5,119	(19,841)	228,705	213,983
Transfer of fair value changes recognised for equity instruments (elected as FVOCI) upon derecognition	-	-	-	-	16,295	(16,295)	-
Transfer to regulatory reserve	-	-	(22,912)	-	-	22,912	-
<b>Transaction with Owners</b>							
Distribution paid to Perpetual Sukuk holders	-	-	-	-	-	(22,164)	(22,164)
<b>At 31 December 2025</b>	<b>1,195,000</b>	<b>348,755</b>	<b>122,492</b>	<b>8,093</b>	<b>(15,183)</b>	<b>2,021,415</b>	<b>3,680,572</b>
<b>At 1 January 2024</b>	<b>1,195,000</b>	<b>348,755</b>	<b>155,747</b>	<b>1,592</b>	<b>(6,966)</b>	<b>1,730,764</b>	<b>3,424,892</b>
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	-
<b>Transaction with Owners</b>							
Distribution paid to Perpetual Sukuk holders	-	-	-	-	-	(22,347)	(22,347)
<b>At 31 December 2024</b>	<b>1,195,000</b>	<b>348,755</b>	<b>145,404</b>	<b>2,974</b>	<b>(11,637)</b>	<b>1,808,257</b>	<b>3,488,753</b>

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 2025 (10 Rejab 1447H)

	Note	Group		Bank	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Cash flows from operating activities</b>					
Profit before zakat and taxation		<b>307,087</b>	129,316	<b>308,417</b>	128,554
Adjustment for:					
Unwinding of financial liabilities	30	<b>6,614</b>	4,429	<b>6,614</b>	4,429
Amortisation of intangible assets	38	<b>36,838</b>	35,629	<b>36,760</b>	35,550
Depreciation of property, plant and equipment	38	<b>11,427</b>	10,167	<b>11,415</b>	10,152
Gain on sale of property, plant and equipment	30	<b>(198)</b>	(10)	<b>(198)</b>	(10)
Gain from termination of right-of-use asset	30	<b>(10)</b>	(73)	<b>(10)</b>	(73)
Depreciation of right-of-use assets	38	<b>11,805</b>	11,519	<b>11,805</b>	11,519
Amortisation of cost on subordinated sukuk issued		<b>422</b>	422	<b>422</b>	422
Property, plant and equipment written off	38	<b>65</b>	4	<b>65</b>	4
Intangible assets written off	38	<b>129</b>	4	-	4
Amortisation of premium (net)	28 & 30	<b>39,611</b>	31,393	<b>39,611</b>	31,393
Net gain from sale of financial investments at FVOCI	28 & 30	<b>(28,180)</b>	(14,262)	<b>(28,180)</b>	(14,262)
Net gain from sale of financial investments at FVTPL	28	<b>(193)</b>	(21)	<b>(193)</b>	(21)
Unrealised loss/(gain) on revaluation of financial investment at FVTPL	28 & 30	<b>5,886</b>	15,204	<b>5,886</b>	15,215
Net gain on revaluation of foreign exchange transaction	30	<b>(46,540)</b>	(22,739)	<b>(46,540)</b>	(22,739)
Unrealised loss/(gain) from foreign exchange derivatives	30	<b>10,610</b>	(5,887)	<b>10,610</b>	(5,887)
Profit attributable to obligation on financial assets sold under repurchase agreement		<b>3,110</b>	-	<b>3,110</b>	-
Fair value adjustments of investment properties	30	<b>(1,900)</b>	(2,130)	<b>(1,900)</b>	(2,130)
Allowance for impairment losses on financial investments, net	32	<b>2</b>	44,783	<b>2</b>	44,783
Allowance for impairment losses on financing	31	<b>82,694</b>	158,354	<b>82,694</b>	158,354

196501000376 (6175-W)

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

**Statements of cash flows**

For the year ended 31 December 2025 (10 Rejab 1447H) (cont'd.)

	Note	Group		Bank	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Cash flows from operating activities</b> (cont'd.)					
Allowance for impairment losses on other financial assets, net	33	(367)	932	(367)	932
Profit income from financial investments	28 & 30	(308,200)	(282,407)	(308,200)	(282,407)
Finance costs	39	93,995	86,154	93,995	86,154
Dividend income	30	(59)	(69)	(15,900)	(6,000)
Operating profit before working capital changes		<b>224,648</b>	200,712	<b>209,918</b>	193,936
(Increase)/decrease in operating assets:					
Financing of customers		(1,504,161)	(4,160,059)	(1,509,237)	(4,159,235)
Statutory deposits with Bank Negara Malaysia		315,000	(96,191)	315,000	(96,191)
Other assets		20,538	68,565	(11,662)	68,600
Increase/(decrease) in operating liabilities:					
Deposits from customers		927,972	3,666,352	970,447	3,665,120
Deposits and placements of banks and other financial institutions		121,610	304,658	121,610	304,658
Investment accounts of customers		967,276	(1,982)	967,276	(1,982)
Bills and acceptances payable		5,348	(7,746)	5,348	(7,746)
Other liabilities		40,873	71,070	41,449	70,194
Cash generated from operations		<b>1,119,104</b>	45,379	<b>1,110,149</b>	37,354
Finance cost on lease liabilities	39	(2,238)	(2,019)	(2,238)	(2,019)
Zakat paid		(8,929)	(10,519)	(8,665)	(10,235)
Tax paid		(61,076)	(68,146)	(58,750)	(66,394)
Tax refunded		559	-	539	-
<b>Net cash generated from/(used in) operating activities</b>		<b>1,047,420</b>	(35,305)	<b>1,041,035</b>	(41,294)

196501000376 (6175-W)

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

**Statements of cash flows**

For the year ended 31 December 2025 (10 Rejab 1447H) (cont'd.)

	Note	Group		Bank	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Cash flows from investing activities</b>					
Proceeds from disposal of financial investments		<b>4,879,433</b>	7,375,024	<b>4,879,433</b>	7,374,994
Purchase of financial investments		<b>(5,292,379)</b>	(8,365,791)	<b>(5,292,379)</b>	(8,365,724)
Proceeds from disposal of property, plant and equipment		<b>199</b>	10	<b>199</b>	10
Purchase of property, plant and equipment	14	<b>(8,274)</b>	(9,044)	<b>(8,270)</b>	(9,044)
Purchase of intangible assets	13	<b>(52,233)</b>	(60,433)	<b>(51,910)</b>	(60,433)
Proceeds of profit income from financial investments		<b>304,017</b>	267,262	<b>303,234</b>	267,283
Dividend income received	30	<b>59</b>	69	<b>6,900</b>	6,000
<b>Net cash used in investing activities</b>		<b>(169,178)</b>	(792,903)	<b>(162,793)</b>	(786,914)
<b>Cash flows from financing activities</b>					
Dividend paid on Islamic subordinated sukuk		<b>(38,489)</b>	(38,490)	<b>(38,489)</b>	(38,490)
Payment of lease liabilities		<b>(11,361)</b>	(11,314)	<b>(11,361)</b>	(11,314)
Proceed from obligation on financial assets sold under repurchase agreement		<b>4,906,731</b>	-	<b>4,906,731</b>	-
Payment of principal for obligation on financial assets sold under repurchase agreement		<b>(4,807,158)</b>	-	<b>(4,807,158)</b>	-
Payment of finance cost for obligation on financial assets sold under repurchase agreement		<b>(2,646)</b>	-	<b>(2,646)</b>	-
Proceed from recourse obligation on financing sold to Cagamas		<b>852,711</b>	752,232	<b>852,711</b>	752,232
Payment of principal for recourse obligation on financing sold to Cagamas		<b>(1,230,495)</b>	(229,587)	<b>(1,230,495)</b>	(229,587)
Payment of finance cost for recourse obligation on financing sold to Cagamas		<b>(53,778)</b>	(42,711)	<b>(53,778)</b>	(42,711)
Distribution paid to Perpetual Sukuk holders		<b>(22,164)</b>	(22,347)	<b>(22,164)</b>	(22,347)
<b>Net cash (used in)/generated from financing activities</b>		<b>(406,649)</b>	407,783	<b>(406,649)</b>	407,783
<b>Net increase in cash and cash equivalents</b>		<b>471,593</b>	(420,425)	<b>471,593</b>	(420,425)
<b>Cash and cash equivalents at beginning of year</b>		<b>2,618,766</b>	3,039,191	<b>2,618,766</b>	3,039,191
<b>Cash and cash equivalents at end of year</b>		<b>3,090,359</b>	2,618,766	<b>3,090,359</b>	2,618,766
<b>Cash and cash equivalents consist of:</b>					
Cash and short-term funds	4 (a)	<b>2,588,998</b>	2,116,600	<b>2,588,998</b>	2,116,600
Cash and placements with financial institutions	4 (b)	<b>501,361</b>	502,166	<b>501,361</b>	502,166
		<b>3,090,359</b>	2,618,766	<b>3,090,359</b>	2,618,766

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

**Statements of cash flows**

**For the year ended 31 December 2025 (10 Rejab 1447H) (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.

<b>Group and Bank</b>	<b>Lease Liabilities Group and Bank</b>	
	<b>2025 RM'000</b>	<b>2024 RM'000</b>
At 1 January	45,496	38,469
Net changes from financing cash flows:		
Payments for the profit portion of lease liabilities	(2,238)	(2,019)
Payments for the principal portion of lease liabilities	(11,361)	(11,314)
	<u>31,897</u>	<u>25,136</u>
Other changes:		
Finance cost	2,238	2,019
Lease modification	14,576	18,149
Currency translation	(10)	(3)
Termination	(324)	(657)
Additions	1,521	852
At 31 December	<u>49,898</u>	<u>45,496</u>

(b) Cash outflows for leases as a lessee

<b>Group</b>	<b>2025 RM'000</b>	<b>2024 RM'000</b>
Included in net cash from operating activities:		
Payment relating to leases of low-value assets	7,632	7,387
Finance cost paid in relation to lease liabilities	2,238	2,019
Included in net cash from financing activities:		
Payment of lease liabilities	11,361	11,314
Total cash outflows for leases	<u>21,231</u>	<u>20,720</u>
<b>Bank</b>	<b>2,025 RM'000</b>	<b>2,024 RM'000</b>
Included in net cash from operating activities:		
Payment relating to leases of low-value assets	7,118	6,967
Finance cost paid in relation to lease liabilities	2,238	2,019
Included in net cash from financing activities:		
Payment of lease liabilities	11,361	11,314
Total cash outflows for leases	<u>20,717</u>	<u>20,300</u>

196501000376 (6175-W)

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

**Statements of cash flows**

**For the year ended 31 December 2025 (10 Rejab 1447H) (cont'd.)**

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

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. (cont'd.)

Group and Bank	Obligation on financial assets sold under repurchase agreement		Subordinated Sukuk		Recourse obligation on financing sold to Cagamas	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At 1 January	-	-	807,369	806,924	1,584,301	1,058,745
Net changes from financing cash flows:						
Dividend paid on Islamic subordinated sukuk	-	-	(38,489)	(38,490)	-	-
Proceed from recourse obligation on financing sold to Cagamas	-	-	-	-	852,711	752,232
Payment of principal for recourse obligation on financing sold to Cagamas	-	-	-	-	(1,230,495)	(229,587)
Payment of finance cost for recourse obligation on financing sold to Cagamas	-	-	-	-	(53,778)	(42,711)
Proceed from obligation on financial assets sold under repurchase agreement	4,906,731	-	-	-	-	-
Payment of principal for obligation on financial assets sold under repurchase agreement	(4,807,158)	-	-	-	-	-
Payment of finance cost for obligation on financial assets sold under repurchase agreement	(2,646)	-	-	-	-	-
	<b>96,927</b>	-	<b>768,880</b>	768,434	<b>1,152,739</b>	1,538,679
Other changes:						
Amortisation of cost on subordinated sukuk issued	-	-	422	422	-	-
Finance cost	-	-	38,556	38,513	53,201	45,622
Profit attributable to obligation on financial assets sold under repurchase agreement	3,110	-	-	-	-	-
At 31 December	<b>100,037</b>	-	<b>807,858</b>	807,369	<b>1,205,940</b>	1,584,301

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

**196501000376 (6175-W)**

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

**Notes to the financial statements - 31 December 2025 (10 Rejab 1447H)**

### **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 2025 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 24 March 2026.

## **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 the 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.

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

**1. Basis of preparation (cont'd.)**

**1.1 Statement of compliance (cont'd.)**

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 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*
- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Translation to a Hyperinflationary Presentation Currency*

***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*

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

**1. Basis of preparation (cont'd.)**

**1.1 Statement of compliance (cont'd.)**

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

- 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 above mentioned 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, except as mentioned below:

**MFRS 18, *Presentation and Disclosure in Financial Statements***

- MFRS 18 will replace MFRS 101, *Presentation of Financial Statements* and applies for annual periods beginning on or after 1 January 2027. The new accounting standard introduces the following key requirements:
  - Entities are required to classify all income and expenses into five categories in the statement of profit and loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal.
  - Management - defined performance measures ("MPMs") are disclosed in a single note in the financial statements.
  - Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group and the Bank are currently assessing the impact of adopting MFRS 18.

**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:

<b>Items</b>	<b>Measurement bases</b>
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 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 Group and the Bank assign each counterparty, financial security and financial instrument, credit rating at initial recognition based on available information about the counterparty, financial security and financial instrument. Credit risk is deemed to have increase significantly if the credit rating has significantly deteriorated 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;
- Gold price; and
- Oil 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 Group and 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
-----------------	--------------

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(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 units 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 (cont'd.)**

**(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.

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

**(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 contractor 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.

**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.)**

**(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) Murabahah to the Purchase Orderer**

Murabahah to the Purchase Orderer is a financing arrangement whereby the Bank purchases goods upon the customer's request and subsequently sells them to the customer at a predetermined profit margin, with payment on a deferred basis.

Financing income from Murabahah transactions is recognised when the significant risks and rewards of ownership have been transferred to the customer, which typically occurs upon execution of the Murabahah sale contract. The profit margin is recognised over the financing period using the effective profit rate method.

**(10) 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 and 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 and Wakalah Bi Al-Istithmar 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

- (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 statements 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 advise 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**

		<b>Group and Bank</b>	
		<b>2025</b>	<b>2024</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and balances with banks and other financial institutions		<b>226,119</b>	330,115
Money at call and interbank placements maturing within one month		<b>2,363,067</b>	1,787,040
		<b>2,589,186</b>	2,117,155
Allowances for impairment loss	<b>(i)</b>	<b>(188)</b>	<b>(555)</b>
		<b>2,588,998</b>	<b>2,116,600</b>

**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	
<b>2025</b>				
At 1 January 2025	555	-	-	555
Allowance written back (Note 33)	(367)	-	-	(367)
At 31 December 2025	188	-	-	188
<b>2024</b>				
At 1 January 2024	258	-	-	258
Allowance made (Note 33)	297	-	-	297
At 31 December 2024	555	-	-	555

**(b) Deposits and placements with licensed financial institutions**

	Group and Bank	
	2025 RM'000	2024 RM'000
Licensed Islamic banks	501,361	502,166

The weighted average effective profit rate and weighted average maturity of deposits and placements with licensed financial institutions as at 31 December 2025 for the Group and the Bank were 3.27% per annum and 62 days (2024: 3.66% per annum and 48 days).

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

**5. Financial investments**

	Note	Group		Bank	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Financial investments at FVTPL	(i)	72,173	14,888	70,277	12,209
Financial investments at FVOCI	(ii)	7,907,895	7,569,971	7,907,895	7,569,971
		<b>7,980,068</b>	<b>7,584,859</b>	<b>7,978,172</b>	<b>7,582,180</b>

	Note	Group		Bank	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>(i) Financial investments at FVTPL</b>					
<b>Government securities and treasury bills:</b>					
Malaysian government investment certificates					
		50,576	-	50,576	-
<b>Unquoted securities in Malaysia:</b>					
Islamic private debt securities					
		-	7,700	-	7,700
Unit trusts					
		21,597	7,188	19,701	4,509
		<b>72,173</b>	<b>14,888</b>	<b>70,277</b>	<b>12,209</b>

Group and Bank	
2025	2024
RM'000	RM'000

**(ii) Financial investments at FVOCI**

**Debt instruments:**

**Government securities and treasury bills:**

Malaysian government investment certificates	<b>5,290,606</b>	3,932,518
--	------------------	-----------

**Unquoted securities:**

Islamic private debt securities in Malaysia	<b>1,753,436</b>	2,671,595
Cagamas sukuk	<b>764,164</b>	749,164
	<b>2,517,600</b>	3,420,759

**Equity instruments:**

**Quoted securities in Malaysia:**

Quoted shares	<b>84,863</b>	136,877
---------------	---------------	---------

**Unquoted securities:**

Private equity funds	<b>10,195</b>	75,186
Shares in Malaysia	<b>4,631</b>	4,631
	<b>14,826</b>	79,817

<b>Total financial investments at FVOCI</b>	<b>7,907,895</b>	7,569,971
---	------------------	-----------

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

**5. Financial investments (cont'd.)**

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

Included in financial investments at FVOCI of the Group and the Bank are Malaysian government investment certificates, which are pledged as collateral for obligation on financial assets sold under repurchase agreement.

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

	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	
<b>Group and Bank</b>				
<b>2025</b>				
At 1 January 2025	59	-	22,680	22,739
Allowance made (Note 32)	37	-	-	37
Amount written back in respect of recoveries (Note 32)	(35)	-	-	(35)
At 31 December 2025	61	-	22,680	22,741
<b>2024</b>				
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

196501000376 (6175-W)

**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	2025			2024		
	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	1,055,679	6,181	(26,934)	1,095,377	9,672	(13,709)
- Currency swaps						
Less than one year	485,799	7,317	(34)	726,063	4,789	(3,594)
- Currency spot						
Less than one year	29,924	51	(4)	29,168	35	(6)
<b>Total</b>	<b>1,571,402</b>	<b>13,549</b>	<b>(26,972)</b>	<b>1,850,608</b>	<b>14,496</b>	<b>(17,309)</b>

196501000376 (6175-W)

Bank Muamalat Malaysia Berhad  
(Incorporated in Malaysia)

7. Financing of customers

(i) By type and Shariah contracts

Group 2025	Bai' Bithaman Ajil RM'000	Ijarah Thumma Al-Bai RM'000	Bai' 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	-	-	937	837,118	-	-	-	-	-	838,055
Term financing:										
Home financing	906,181	-	-	11,674,572	-	-	165,088	-	-	12,745,841
Syndicated financing	-	-	-	442,048	-	-	-	-	-	442,048
Hire purchase receivables	17,213	1,014,577	-	-	-	-	-	-	2,126,951	3,158,741
Personal financing	22,721	-	-	7,966,828	-	-	-	-	-	7,989,549
Other term financing	56,939	-	-	3,893,776	-	-	-	-	-	3,950,715
Trust receipts	-	-	-	-	10,635	20,730	-	-	-	31,365
Claims on customers under acceptance credits	-	-	-	-	233,706	1,234,999	-	-	-	1,468,705
Staff financing	10,188	-	-	153,827	-	-	1,003	67	2,042	167,127
Revolving financing	-	-	-	2,160,623	-	-	-	-	-	2,160,623
Credit card	-	-	-	185,159	-	-	-	-	-	185,159
Ar-Rahnu	-	-	-	969,964	-	-	-	-	-	969,964
Total gross financing	1,013,242	1,014,577	937	28,283,915	244,341	1,255,729	166,091	67	2,128,993	34,107,892
Fair value changes arising from fair value hedge <sup>1</sup>	-	-	-	7,763	-	-	-	-	-	7,763
	1,013,242	1,014,577	937	28,291,678	244,341	1,255,729	166,091	67	2,128,993	34,115,655
Less : Allowance for impaired financing At amortised cost										
-Stage 1 - 12-Month ECL	(666)	(2,165)	(25)	(98,693)	(93)	(1,017)	(679)	-	(4,551)	(107,889)
-Stage 2 - Lifetime ECL not credit impaired	(206)	(317)	-	(80,925)	-	(14)	(145)	-	(685)	(82,292)
-Stage 3 - Lifetime ECL credit impaired	(1,506)	(431)	-	(146,796)	(1,138)	(2,647)	(278)	-	(1,862)	(154,658)
Total net financing <sup>2</sup>	1,010,864	1,011,664	912	27,965,264	243,110	1,252,051	164,989	67	2,121,895	33,770,816

<sup>1</sup> 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.

<sup>2</sup> Included in total net financing are financing at fair value through profit or loss amounting RM288,554,000 (2024: RM337,972,000) 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.

196501000376 (6175-W)

Bank Muamalat Malaysia Berhad  
(Incorporated in Malaysia)

7. Financing of customers (cont'd.)

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

Group 2024	Bai' Bithaman Ajil RM'000	Ijarah Thumma Al-Bai RM'000	Bai' 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 <sup>1</sup>	-	-	-	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 <sup>2</sup>	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

<sup>1</sup> 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.

<sup>2</sup> 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.

196501000376 (6175-W)

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

**7. Financing of customers (cont'd.)**

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

<b>Bank</b>	<b>Bai'</b>	<b>Ijarah</b>	<b>Bai'</b>	<b>Tawarruq</b>	<b>Bai'</b>	<b>Murabahah</b>	<b>Istisna'</b>	<b>Qard</b>	<b>Murabahah to</b>	<b>Total</b>
<b>2025</b>	<b>Bithaman</b>	<b>Thumma</b>	<b>Inah</b>	<b>RM'000</b>	<b>Al-Dayn</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>the Purchase</b>	<b>financing</b>
	<b>Ajil</b>	<b>Al-Bai</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>Orderer</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>							<b>RM'000</b>	<b>RM'000</b>
Cash line	-	-	937	837,118	-	-	-	-	-	838,055
Term financing:										
Home financing	906,181	-	-	11,674,572	-	-	165,088	-	-	12,745,841
Syndicated financing	-	-	-	442,048	-	-	-	-	-	442,048
Hire purchase receivables	17,213	1,014,577	-	-	-	-	-	-	2,126,951	3,158,741
Personal financing	22,721	-	-	7,966,828	-	-	-	-	-	7,989,549
Other term financing	56,939	-	-	3,893,776	-	-	-	-	-	3,950,715
Trust receipts	-	-	-	-	10,635	20,730	-	-	-	31,365
Claims on customers under acceptance credits	-	-	-	-	233,706	1,234,999	-	-	-	1,468,705
Staff financing	10,188	-	-	153,827	-	-	1,003	67	2,042	167,127
Revolving financing	-	-	-	2,160,623	-	-	-	-	-	2,160,623
Credit card	-	-	-	185,159	-	-	-	-	-	185,159
Ar-Rahnu	-	-	-	969,964	-	-	-	-	-	969,964
<b>Total gross financing</b>	<b>1,013,242</b>	<b>1,014,577</b>	<b>937</b>	<b>28,283,915</b>	<b>244,341</b>	<b>1,255,729</b>	<b>166,091</b>	<b>67</b>	<b>2,128,993</b>	<b>34,107,892</b>
Fair value changes arising from fair value hedge <sup>1</sup>	-	-	-	7,763	-	-	-	-	-	7,763
	<b>1,013,242</b>	<b>1,014,577</b>	<b>937</b>	<b>28,291,678</b>	<b>244,341</b>	<b>1,255,729</b>	<b>166,091</b>	<b>67</b>	<b>2,128,993</b>	<b>34,115,655</b>
Less : Allowance for impaired financing At amortised cost										
-Stage 1 - 12-Month ECL	(666)	(2,165)	(25)	(98,693)	(93)	(1,017)	(679)	-	(4,551)	(107,889)
-Stage 2 - Lifetime ECL not credit impaired	(206)	(317)	-	(80,925)	-	(14)	(145)	-	(685)	(82,292)
-Stage 3 - Lifetime ECL credit impaired	(1,506)	(431)	-	(146,796)	(1,138)	(2,647)	(278)	-	(1,862)	(154,658)
<b>Total net financing<sup>2</sup></b>	<b>1,010,864</b>	<b>1,011,664</b>	<b>912</b>	<b>27,965,264</b>	<b>243,110</b>	<b>1,252,051</b>	<b>164,989</b>	<b>67</b>	<b>2,121,895</b>	<b>33,770,816</b>

<sup>1</sup> 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.

<sup>2</sup> Included in total net financing are financing at fair value through profit or loss amounting RM288,554,000 (2024: RM332,896,000) 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.

196501000376 (6175-W)

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

**7. Financing of customers (cont'd.)**

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

<b>Bank 2024</b>	<b>Bai' Bithaman Ajil RM'000</b>	<b>Ijarah Thumma Al-Bai RM'000</b>	<b>Bai' Inah RM'000</b>	<b>Tawarruq RM'000</b>	<b>Bai' Al-Dayn RM'000</b>	<b>Murabahah RM'000</b>	<b>Istisna' RM'000</b>	<b>Qard RM'000</b>	<b>Murabahah to the Purchase Orderer RM'000</b>	<b>Total financing RM'000</b>
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
<b>Total gross financing</b>	<b>1,138,342</b>	<b>728,158</b>	<b>827</b>	<b>27,763,864</b>	<b>250,960</b>	<b>1,081,904</b>	<b>86,758</b>	<b>39,812</b>	<b>1,498,052</b>	<b>32,588,677</b>
Fair value changes arising from fair value hedge <sup>1</sup>	-	-	-	10,868	-	-	-	-	-	10,868
	<b>1,138,342</b>	<b>728,158</b>	<b>827</b>	<b>27,774,732</b>	<b>250,960</b>	<b>1,081,904</b>	<b>86,758</b>	<b>39,812</b>	<b>1,498,052</b>	<b>32,599,545</b>
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)
<b>Total net financing<sup>2</sup></b>	<b>1,135,290</b>	<b>727,052</b>	<b>649</b>	<b>27,537,368</b>	<b>245,992</b>	<b>1,078,195</b>	<b>86,335</b>	<b>39,812</b>	<b>1,493,580</b>	<b>32,344,273</b>

<sup>1</sup> 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.

<sup>2</sup> 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.)

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Uses of Qard fund:		
Staff financing	67	90
	<u>67</u>	<u>90</u>
	<b>Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Staff financing	67	90
Other term financing	-	39,722
	<u>67</u>	<u>39,812</u>

## (ii) By type of customer

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic non-banking institutions	657,618	600,150
Domestic business enterprises		
- Small business enterprises	1,633,636	534,693
- Others	6,466,266	6,572,626
Government and statutory bodies	946,702	926,616
Individuals	24,391,994	23,946,937
Other domestic entities	8,176	9,378
Foreign entities	3,500	3,353
<b>Gross financing</b>	<u>34,107,892</u>	<u>32,593,753</u>

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

**7. Financing of customers (cont'd.)**

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

	<b>Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic non-banking institutions	<b>657,618</b>	600,150
Domestic business enterprises		
- Small business enterprises	<b>1,633,636</b>	534,693
- Others	<b>6,466,266</b>	6,567,550
Government and statutory bodies	<b>946,702</b>	926,616
Individuals	<b>24,391,994</b>	23,946,937
Other domestic entities	<b>8,176</b>	9,378
Foreign entities	<b>3,500</b>	3,353
<b>Gross financing</b>	<b>34,107,892</b>	<b>32,588,677</b>

**(iii) By profit rate sensitivity**

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate:		
Home financing	<b>1,247,880</b>	1,145,936
Hire purchase receivables	<b>3,158,741</b>	2,253,200
Others	<b>3,163,881</b>	2,172,642
Variable rate:		
Home financing	<b>11,497,961</b>	10,858,269
Others	<b>15,039,429</b>	16,163,706
<b>Gross financing</b>	<b>34,107,892</b>	<b>32,593,753</b>

	<b>Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate:		
Home financing	<b>1,247,880</b>	1,145,936
Hire purchase receivables	<b>3,158,741</b>	2,253,200
Others	<b>3,163,881</b>	2,167,566
Variable rate:		
Home financing	<b>11,497,961</b>	10,858,269
Others	<b>15,039,429</b>	16,163,706
<b>Gross financing</b>	<b>34,107,892</b>	<b>32,588,677</b>

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

## 7. Financing of customers (cont'd.)

## (iv) By sector

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Agriculture	107,923	103,950
Mining and quarrying	57,606	38,009
Manufacturing	973,410	972,488
Electricity, gas and water	232,187	182,517
Construction	1,252,560	1,102,478
Household	25,592,288	23,950,290
Real estate	705,520	841,689
Wholesale, retail and restaurant	1,297,796	1,112,201
Transport, storage and communication	478,898	358,348
Finance, takaful and business services	2,219,439	2,551,486
Community, social and personal service	243,912	454,054
Government and statutory bodies	946,353	926,243
<b>Gross financing</b>	<b>34,107,892</b>	<b>32,593,753</b>

	<b>Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Agriculture	107,923	103,950
Mining and quarrying	57,606	38,009
Manufacturing	973,410	972,488
Electricity, gas and water	232,187	182,517
Construction	1,252,560	1,102,478
Household	25,592,288	23,950,290
Real estate	705,520	841,689
Wholesale, retail and restaurant	1,297,796	1,112,201
Transport, storage and communication	478,898	358,348
Finance, takaful and business services	2,219,439	2,551,486
Community, social and personal service	243,912	448,978
Government and statutory bodies	946,353	926,243
<b>Gross financing</b>	<b>34,107,892</b>	<b>32,588,677</b>

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

## 7. Financing of customers (cont'd.)

## (v) By residual contractual maturity

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturity		
- within one year	4,568,187	4,526,060
- more than one to five years	5,352,465	4,329,825
- more than five years	24,187,240	23,737,868
<b>Gross financing</b>	<b>34,107,892</b>	<b>32,593,753</b>

	<b>Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturity		
- within one year	4,568,187	4,526,060
- more than one to five years	5,352,465	4,329,825
- more than five years	24,187,240	23,732,792
<b>Gross financing</b>	<b>34,107,892</b>	<b>32,588,677</b>

## (vi) By geographical area

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic	34,107,892	32,593,753
<b>Gross financing</b>	<b>34,107,892</b>	<b>32,593,753</b>

	<b>Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic	34,107,892	32,588,677
<b>Gross financing</b>	<b>34,107,892</b>	<b>32,588,677</b>

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

**7. Financing of customers (cont'd.)**

**(vii) Movements in the gross carrying amount of financing of customers**

<b>Group</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>2025</b>				
At 1 January 2025	30,971,024	1,281,550	341,179	32,593,753
Total transfer within stages:				
Transfer to Stage 1	537,754	(491,676)	(46,078)	-
Transfer to Stage 2	(1,109,855)	1,143,018	(33,163)	-
Transfer to Stage 3	(235,863)	(146,363)	382,226	-
New financing originated	9,320,827	-	-	9,320,827
Financing derecognised	(7,465,191)	(184,625)	(66,383)	(7,716,199)
Amount written-off	-	-	(90,489)	(90,489)
At 31 December 2025	<b>32,018,696</b>	<b>1,601,904</b>	<b>487,292</b>	<b>34,107,892</b>
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>2024</b>				
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	<b>30,971,024</b>	<b>1,281,550</b>	<b>341,179</b>	<b>32,593,753</b>

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

## 7. Financing of customers (cont'd.)

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

<b>Bank</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>2025</b>				
At 1 January 2025	30,965,948	1,281,550	341,179	32,588,677
Total transfer within stages:				
Transfer to Stage 1	537,754	(491,676)	(46,078)	-
Transfer to Stage 2	(1,109,855)	1,143,018	(33,163)	-
Transfer to Stage 3	(235,863)	(146,363)	382,226	-
New financing originated	9,325,903	-	-	9,325,903
Financing derecognised	(7,465,191)	(184,625)	(66,383)	(7,716,199)
Amount written-off	-	-	(90,489)	(90,489)
At 31 December 2025	<b>32,018,696</b>	<b>1,601,904</b>	<b>487,292</b>	<b>34,107,892</b>
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>2024</b>				
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	<b>30,965,948</b>	<b>1,281,550</b>	<b>341,179</b>	<b>32,588,677</b>

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

## 7. Financing of customers (cont'd.)

## (viii) Movements in the loss allowance for financing of customers

Group and Bank	12-Month	Lifetime ECL	Lifetime	Total ECL
	ECL	not credit	ECL credit	
	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
<b>2025</b>				
At 1 January 2025	119,844	37,239	98,189	255,272
Transfer to Stage 1	25,240	(11,402)	(13,838)	-
Transfer to Stage 2	(12,586)	22,012	(9,426)	-
Transfer to Stage 3	(30,596)	(5,532)	36,128	-
Changes in credit risk	(33,929)	41,188	137,596	144,855
New financing originated	55,079	-	-	55,079
Financing derecognised	(15,163)	(1,213)	(3,502)	(19,878)
Amount written off	-	-	(90,489)	(90,489)
At 31 December 2025	<b>107,889</b>	<b>82,292</b>	<b>154,658</b>	<b>344,839</b>
<b>2024</b>				
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	<b>119,844</b>	<b>37,239</b>	<b>98,189</b>	<b>255,272</b>

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

**8. Impaired financing**

**(i) Movements in the impaired financing**

	<b>Group RM'000</b>	<b>Bank RM'000</b>
<b>2025</b>		
At 1 January 2025	341,179	341,179
Classified as impaired during the year	382,226	382,226
Reclassified as performing during the year	(79,241)	(79,241)
Recovered during the year	(66,383)	(66,383)
Written off during the year	(90,489)	(90,489)
Gross impaired financing	<u>487,292</u>	<u>487,292</u>
Less: Stage 3 - Lifetime ECL credit impaired	(154,658)	(154,658)
Net impaired financing	<u><b>332,634</b></u>	<u><b>332,634</b></u>

**Calculation ratio of impaired financing:**

Gross financing of customers	<b>34,107,892</b>	<b>34,107,892</b>
Less: Stage 3 - Lifetime ECL credit impaired	(154,658)	(154,658)
Net financing of customers	<u><b>33,953,234</b></u>	<u><b>33,953,234</b></u>

Ratio of gross impaired financing to total financing	<u><b>1.43%</b></u>	<u><b>1.43%</b></u>
--	---------------------	---------------------

Net impaired financing ratio	<u><b>0.98%</b></u>	<u><b>0.98%</b></u>
------------------------------	---------------------	---------------------

**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	<u>341,179</u>	<u>341,179</u>
Less: Stage 3 - Lifetime ECL credit impaired	(98,189)	(98,189)
Net impaired financing	<u><b>242,990</b></u>	<u><b>242,990</b></u>

**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)
Net financing of customers	<u><b>32,495,564</b></u>	<u><b>32,490,488</b></u>

Ratio of gross impaired financing to total financing	<u><b>1.05%</b></u>	<u><b>1.05%</b></u>
--	---------------------	---------------------

Net impaired financing ratio	<u><b>0.75%</b></u>	<u><b>0.75%</b></u>
------------------------------	---------------------	---------------------

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

**8. Impaired financing (cont'd.)**

**(ii) Impaired financing by geographical area**

	<b>Group and Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic	<b>487,292</b>	<b>341,179</b>

**(iii) Impaired financing by sector**

	<b>Group and Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Agriculture	<b>938</b>	<b>76</b>
Manufacturing	<b>7,206</b>	<b>14,353</b>
Construction	<b>28,238</b>	<b>6,466</b>
Household	<b>367,993</b>	<b>234,347</b>
Real estate	<b>10,200</b>	<b>9,887</b>
Electricity, gas and water	<b>261</b>	<b>240</b>
Wholesale, retail and restaurant	<b>50,220</b>	<b>47,757</b>
Transport, storage and communication	<b>7,369</b>	<b>10,712</b>
Finance, takaful and business services	<b>10,105</b>	<b>13,422</b>
Community, social and personal service	<b>4,762</b>	<b>3,919</b>
	<b>487,292</b>	<b>341,179</b>

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

**9. Other assets**

	Note	Group	
		2025 RM'000	2024 RM'000
Deposits		7,287	7,162
Prepayments		73,529	32,418
Tax recoverable		16,279	26,103
Golf club membership		500	500
Other receivables		21,422	21,347
		<u>119,017</u>	<u>87,530</u>
Less: Accumulated impairment losses	a	<u>(1,860)</u>	<u>(1,860)</u>
		<u>117,157</u>	<u>85,670</u>

		Bank	
		2025 RM'000	2024 RM'000
Deposits		7,254	7,129
Prepayments		73,456	32,355
Tax recoverable		16,230	25,771
Dividend receivable from subsidiaries		9,000	-
Amount due from subsidiaries	b	32,076	-
Golf club membership		500	500
Other receivables		20,823	20,898
		<u>159,339</u>	<u>86,653</u>
Less: Accumulated impairment losses	a	<u>(1,860)</u>	<u>(1,860)</u>
		<u>157,479</u>	<u>84,793</u>

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

	Group and Bank	
	2025 RM'000	2024 RM'000
At 1 January	(1,860)	(1,225)
Allowance made (Note 33)	-	(635)
At 31 December	<u>(1,860)</u>	<u>(1,860)</u>

(b) Amount due from subsidiaries are unsecured and repayable on demand.

**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**

	<b>Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares at cost - in Malaysia	<b>13,823</b>	13,823
Less: Accumulated impairment losses	<b>(664)</b>	(664)
	<b>13,159</b>	13,159

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

<b>Name</b>	<b>Principal activities</b>	<b>Percentage of equity held</b>		<b>Paid up capital</b>	
		<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
		<b>%</b>	<b>%</b>	<b>RM</b>	<b>RM</b>
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**

<b>Group and Bank</b>	<b>Freehold</b>	<b>Building on</b>	<b>Total</b>
<b>2025</b>	<b>land</b>	<b>freehold</b>	<b>land</b>
<b>At fair value</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2025	15,201	43,685	58,886
Change in fair value recognised in profit or loss (Note 30)	800	1,100	1,900
At 31 December 2025	<u>16,001</u>	<u>44,785</u>	<u>60,786</u>
<b>2024</b>			
<b>At fair value</b>			
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	<u>15,201</u>	<u>43,685</u>	<u>58,886</u>

- 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 2025, 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:

<b>Types of investment properties</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
<ul style="list-style-type: none"> <li>- Buildings on freehold land</li> <li>- Freehold land</li> </ul>	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 up to 3 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:

	<b>Group and Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Lease income	<u>188</u>	<u>829</u>
Direct operating expenses		
- Income generating investment properties	50	16
- Non-income generating investment properties	<u>387</u>	<u>309</u>

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

<b>Group and Bank</b>	<b>Level 3</b>	<b>Total</b>
<b>2025</b>	<b>RM'000</b>	<b>RM'000</b>
Freehold land	16,001	16,001
Building on freehold land	<u>44,785</u>	<u>44,785</u>
	<u>60,786</u>	<u>60,786</u>
 <b>2024</b>		
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>

There is no transfer into/out of Level 3 fair value during the financial year (2024: 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**

<b>Group</b>	<b>Computer software RM'000</b>	<b>Software under development RM'000</b>	<b>Total RM'000</b>
<b>2025</b>			
<b>Cost</b>			
At 1 January 2025	435,848	36,870	472,718
Additions	834	51,399	52,233
Write-off (Note 38)	(1,386)	-	(1,386)
Reclassification	68,662	(68,662)	-
Transfer to property, plant and equipment (Note 14)	-	(657)	(657)
At 31 December 2025	<u>503,958</u>	<u>18,950</u>	<u>522,908</u>
<b>Accumulated amortisation</b>			
At 1 January 2025	335,518	-	335,518
Charge for the year (Note 38)	36,838	-	36,838
Write-off (Note 38)	(1,257)	-	(1,257)
At 31 December 2025	<u>371,099</u>	<u>-</u>	<u>371,099</u>
<b>Carrying amount as at 31 December 2025</b>	<u><b>132,859</b></u>	<u><b>18,950</b></u>	<u><b>151,809</b></u>
<b>2024</b>			
<b>Cost</b>			
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 (Note 14)	-	(10,696)	(10,696)
At 31 December 2024	<u>435,848</u>	<u>36,870</u>	<u>472,718</u>
<b>Accumulated amortisation</b>			
At 1 January 2024	299,889	-	299,889
Charge for the year (Note 38)	35,629	-	35,629
At 31 December 2024	<u>335,518</u>	<u>-</u>	<u>335,518</u>
<b>Carrying amount as at 31 December 2024</b>	<u><b>100,330</b></u>	<u><b>36,870</b></u>	<u><b>137,200</b></u>

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

## 13. Intangible assets (cont'd.)

<b>Bank</b>	<b>Computer software RM'000</b>	<b>Software under development RM'000</b>	<b>Total RM'000</b>
<b>2025</b>			
<b>Cost</b>			
At 1 January 2025	434,447	36,870	471,317
Additions	511	51,399	51,910
Reclassification	68,662	(68,662)	-
Transfer to property, plant and equipment (Note 14)	-	(657)	(657)
At 31 December 2025	<u>503,620</u>	<u>18,950</u>	<u>522,570</u>
<b>Accumulated amortisation</b>			
At 1 January 2025	334,323	-	334,323
Charge for the year (Note 38)	36,760	-	36,760
At 31 December 2025	<u>371,083</u>	<u>-</u>	<u>371,083</u>
<b>Carrying amount as at 31 December 2025</b>	<b><u>132,537</u></b>	<b><u>18,950</u></b>	<b><u>151,487</u></b>
<b>2024</b>			
<b>Cost</b>			
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 (Note 14)	-	(10,696)	(10,696)
At 31 December 2024	<u>434,447</u>	<u>36,870</u>	<u>471,317</u>
<b>Accumulated amortisation</b>			
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>
<b>Carrying amount as at 31 December 2024</b>	<b><u>100,124</u></b>	<b><u>36,870</u></b>	<b><u>136,994</u></b>

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
<b>2025</b>								
<b>Cost</b>								
At 1 January 2025	19,209	19,389	102,033	2,993	120,028	86,689	-	350,341
Additions	-	-	3,407	286	2,310	540	1,731	8,274
Write-off (Note 38)	-	-	(4,038)	(160)	(6,532)	-	-	(10,730)
Disposals	-	-	-	(469)	(3,273)	-	-	(3,742)
Reclassification	-	-	562	-	-	1,148	(1,710)	-
Transfer from intangible assets (Note 13)	-	-	-	-	657	-	-	657
At 31 December 2025	19,209	19,389	101,964	2,650	113,190	88,377	21	344,800
<b>Accumulated depreciation</b>								
At 1 January 2025	3,894	9,794	93,573	2,538	103,726	80,632	-	294,157
Charge for the year (Note 38)	480	485	2,511	230	5,655	2,066	-	11,427
Write-off (Note 38)	-	-	(3,980)	(160)	(6,525)	-	-	(10,665)
Disposals	-	-	-	(469)	(3,272)	-	-	(3,741)
At 31 December 2025	4,374	10,279	92,104	2,139	99,584	82,698	-	291,178
<b>Carrying amount as at 31 December 2025</b>	14,835	9,110	9,860	511	13,606	5,679	21	53,622

196501000376 (6175-W)

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
<b>2024</b>								
<b>Cost</b>								
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 (Note 13)	-	-	-	-	10,696	-	-	10,696
At 31 December 2024	19,209	19,389	102,033	2,993	120,028	86,689	-	350,341
<b>Accumulated depreciation</b>								
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
<b>Carrying amount as at 31 December 2024</b>	15,315	9,595	8,460	455	16,302	6,057	-	56,184

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
<b>2025</b>								
<b>Cost</b>								
At 1 January 2025	19,209	19,389	101,917	2,993	119,802	86,629	-	349,939
Additions	-	-	3,403	286	2,310	540	1,731	8,270
Write-off (Note 38)	-	-	(4,038)	(160)	(6,532)	-	-	(10,730)
Disposals	-	-	-	(469)	(3,273)	-	-	(3,742)
Reclassification	-	-	562	-	-	1,148	(1,710)	-
Transfer from intangible assets (Note 13)	-	-	-	-	657	-	-	657
At 31 December 2025	19,209	19,389	101,844	2,650	112,964	88,317	21	344,394
<b>Accumulated depreciation</b>								
At 1 January 2025	3,894	9,794	93,393	2,538	103,582	80,574	-	293,775
Charge for the year (Note 38)	480	485	2,510	229	5,644	2,067	-	11,415
Write-off (Note 38)	-	-	(3,980)	(160)	(6,525)	-	-	(10,665)
Disposals	-	-	-	(469)	(3,272)	-	-	(3,741)
At 31 December 2025	4,374	10,279	91,923	2,138	99,429	82,641	-	290,784
<b>Carrying amount as at 31 December 2025</b>	14,835	9,110	9,921	512	13,535	5,676	21	53,610

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
<b>2024</b>								
<b>Cost</b>								
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 (Note 13)	-	-	-	-	10,696	-	-	10,696
At 31 December 2024	19,209	19,389	101,917	2,993	119,802	86,629	-	349,939
<b>Accumulated depreciation</b>								
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
<b>Carrying amount as at</b>								
<b>31 December 2024</b>	15,315	9,595	8,524	455	16,220	6,055	-	56,164

**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 (2024: 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

	<b>Profit rate</b>	<b>Group and Bank</b>	
	(%)	<b>2025</b>	<b>2024</b>
		<b>RM'000</b>	<b>RM'000</b>
Non-current	4.5	<b>38,147</b>	36,451
Current	4.5	<b>11,751</b>	9,045
		<b><u>49,898</u></b>	<b><u>45,496</u></b>

(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:

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Expenses relating to leases of low-value assets (included in administrative expenses)	<b><u>7,632</u></b>	<b><u>7,387</u></b>

	<b>Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Expenses relating to leases of low-value assets (included in administrative expenses)	<b><u>7,118</u></b>	<b><u>6,967</u></b>

**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		Office	Total
	Land	Building	Equipment	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2025	197	42,651	160	43,008
Additions	-	1,521	-	1,521
Depreciation charge (Note 38)	(4)	(9,240)	(2,561)	(11,805)
Lease modification	-	7,060	7,516	14,576
Termination	-	(314)	-	(314)
Exchange difference	-	(8)	-	(8)
At 31 December 2025	193	41,670	5,115	46,978

	Leasehold		Office	Total
	Land	Building	Equipment	
	RM'000	RM'000	RM'000	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

**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 three (3) years (2024: one (1) and two (2) years). All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

The Group and the Bank lease out a portion of its buildings to third parties under operating lease. These buildings are classified as property, plant and equipment as the portion held for rental is not significant.

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

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Not later than 1 year	<b>561</b>	443
Later than 1 year but not later than 3 years	<b>1,023</b>	245
	<b>1,584</b>	688
	<b>Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Not later than 1 year	<b>681</b>	563
Later than 1 year but not later than 3 years	<b>1,263</b>	365
	<b>1,944</b>	928

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

**16. Deferred tax assets/(liabilities)**

	<b>Group</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January	<b>33,438</b>	24,483	<b>33,433</b>	23,943
Recognised in the profit or loss (Note 41)	<b>(2,309)</b>	9,031	<b>(2,285)</b>	9,566
Recognised in other comprehensive income	<b>(15,047)</b>	(76)	<b>(15,047)</b>	(76)
At 31 December	<b>16,082</b>	33,438	<b>16,101</b>	33,433

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:

	<b>Group</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deferred tax assets, net	<b>16,082</b>	33,438	<b>16,101</b>	<b>33,433</b>

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

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

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

Group	Net balance	Recognised	Recognised	Balance as at 31 December 2025		
				at 1 January	in profit or loss	in OCI
2025	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI	5,362	-	(15,047)	(9,685)	-	(9,685)
ECL	24,342	5,439	-	29,781	29,781	-
Leases	645	102	-	747	747	-
Property, plant and equipment & intangible assets	(18,054)	(9,101)	-	(27,155)	-	(27,155)
Provision for liabilities	21,266	1,333	-	22,599	22,599	-
Other temporary differences	(123)	(82)	-	(205)	-	(205)
Tax assets/(liabilities) before set-off	33,438	(2,309)	(15,047)	16,082	53,127	(37,045)
Set-off of tax	-	-	-	-	(37,045)	37,045
Tax assets	33,438	(2,309)	(15,047)	16,082	16,082	-
Group	Net balance	Recognised	Recognised	Balance as at 31 December 2024		
				at 1 January	in profit or loss	in OCI
2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI	5,438	-	(76)	5,362	5,362	-
ECL	22,623	1,719	-	24,342	24,342	-
Leases	588	57	-	645	645	-
Property, plant and equipment & intangible assets	(16,506)	(1,548)	-	(18,054)	-	(18,054)
Provision for liabilities	12,111	9,155	-	21,266	21,266	-
Other temporary differences	229	(352)	-	(123)	-	(123)
Tax assets/(liabilities) before set-off	24,483	9,031	(76)	33,438	51,615	(18,177)
Set-off of tax	-	-	-	-	(18,177)	18,177
Tax assets	24,483	9,031	(76)	33,438	33,438	-

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

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

Deferred tax assets and liabilities prior to offsetting are summarised as follows: (cont'd.)

Bank 2025	Net balance at 1 January RM'000	Recognised in profit or loss RM'000	Recognised in OCI RM'000	Balance as at 31 December 2025		
				Net RM'000	Deferred tax assets RM'000	Deferred tax liabilities RM'000
Financial investments at FVOCI	4,814	-	(15,047)	(10,233)	-	(10,233)
ECL	24,342	5,439	-	29,781	29,781	-
Leases	643	103	-	746	746	-
Property, plant and equipment & intangible assets	(18,021)	(9,110)	-	(27,131)	-	(27,131)
Provision for liabilities	21,230	1,365	-	22,595	22,595	-
Other temporary differences	425	(82)	-	343	343	-
Tax assets/(liabilities) before set-off	33,433	(2,285)	(15,047)	16,101	53,465	(37,364)
Set-off of tax	-	-	-	-	(37,364)	37,364
Tax assets	33,433	(2,285)	(15,047)	16,101	16,101	-
				Balance as at 31 December 2024		
Bank 2024	Net balance at 1 January RM'000	Recognised in profit or loss RM'000	Recognised in OCI RM'000	Net RM'000	Deferred tax assets RM'000	Deferred tax liabilities RM'000
Financial investments at FVOCI	4,890	-	(76)	4,814	4,814	-
ECL	22,623	1,719	-	24,342	24,342	-
Leases	612	31	-	643	643	-
Property, plant and equipment & intangible assets	(16,524)	(1,497)	-	(18,021)	-	(18,021)
Provision for liabilities	12,113	9,117	-	21,230	21,230	-
Other temporary differences	229	196	-	425	425	-
Tax assets/(liabilities) before set-off	23,943	9,566	(76)	33,433	51,454	(18,021)
Set-off of tax	-	-	-	-	(18,021)	18,021
Tax assets	23,943	9,566	(76)	33,433	33,433	-

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

**17. Deposits from customers**

(i) **By types of deposits**

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Savings deposits</b>		
Qard	<b>926,213</b>	881,921
Tawarruq	<b>846,597</b>	774,783
	<b>1,772,810</b>	1,656,704
<b>Demand deposits</b>		
Qard	<b>4,316,801</b>	4,451,933
Tawarruq	<b>6,164,713</b>	4,508,695
	<b>10,481,514</b>	8,960,628
<b>Term deposits</b>		
Mudarabah		
General investment deposits	-	3,021
Tawarruq		
Short-term accounts	<b>11,862,617</b>	13,026,965
Fixed-term accounts	<b>13,200,296</b>	12,755,158
	<b>25,062,913</b>	25,785,144
<b>Other deposits</b>	<b>72,823</b>	59,612
	<b>37,390,060</b>	36,462,088

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

## 17. Deposits from customers (cont'd.)

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

	<b>Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Savings deposits</b>		
Qard	926,213	881,921
Tawarruq	846,597	774,783
	<u>1,772,810</u>	<u>1,656,704</u>
<b>Demand deposits</b>		
Qard	4,348,310	4,455,967
Tawarruq	6,164,713	4,508,695
	<u>10,513,023</u>	<u>8,964,662</u>
<b>Term deposits</b>		
Mudarabah		
General investment deposits	-	3,021
Tawarruq		
Short-term accounts	11,862,617	13,026,965
Fixed-term accounts	13,226,096	12,765,958
	<u>25,088,713</u>	<u>25,795,944</u>
<b>Other deposits</b>	<u>72,823</u>	<u>59,612</u>
	<u><b>37,447,369</b></u>	<u><b>36,476,922</b></u>

## (ii) By types of customer

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Government and statutory bodies	18,719,204	18,012,756
Business enterprises	11,159,706	9,912,020
Individuals	3,520,732	3,473,936
Domestic non-bank financial institutions	2,574,574	3,799,735
Domestic banking financial institutions	69,595	65,783
Others	1,346,249	1,197,858
	<u>37,390,060</u>	<u>36,462,088</u>

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

## 17. Deposits from customers (cont'd.)

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

	<b>Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Government and statutory bodies	<b>18,719,204</b>	18,012,756
Business enterprises	<b>11,205,817</b>	9,915,033
Individuals	<b>3,520,732</b>	3,473,936
Domestic non-bank financial institutions	<b>2,585,772</b>	3,811,556
Domestic banking financial institutions	<b>69,595</b>	65,783
Others	<b>1,346,249</b>	1,197,858
	<b><u>37,447,369</u></b>	<u>36,476,922</u>

The maturity structure of term deposits are as follows:

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Due within six months	<b>18,819,055</b>	18,929,790
More than six months to one year	<b>5,925,240</b>	6,145,805
More than one year to three years	<b>318,152</b>	414,587
More than three years to five years	<b>466</b>	294,962
	<b><u>25,062,913</u></b>	<u>25,785,144</u>

	<b>Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Due within six months	<b>18,844,855</b>	18,940,590
More than six months to one year	<b>5,925,240</b>	6,145,805
More than one year to three years	<b>318,152</b>	414,587
More than three years to five years	<b>466</b>	294,962
	<b><u>25,088,713</u></b>	<u>25,795,944</u>

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

**18. Investment accounts of customers**

(i) **By type and Shariah contracts**

	<b>Group and Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Unrestricted investment accounts:</b>		
<b>Mudarabah</b>		
Without maturity	277,033	245,707
<b>Wakalah</b>		
Maturity		
- within one year	935,950	-
	<u>1,212,983</u>	<u>245,707</u>
<b>Restricted investment accounts ("RIA"):</b>		
<b>Mudarabah</b>		
Maturity		
- within one year	20	20

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. RIA amounting to RM20,000 (2024: RM20,000) 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**

<b>Group and Bank</b>	<b>Unrestricted investment accounts</b>			<b>Restricted investment accounts</b>
	<b>Mudarabah</b>	<b>Wakalah</b>	<b>Total</b>	<b>Mudarabah</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2025</b>				
Individuals	273,511	808,680	1,082,191	20
Business enterprises	3,265	101,865	105,130	-
Others	257	25,405	25,662	-
	<u>277,033</u>	<u>935,950</u>	<u>1,212,983</u>	<u>20</u>
<b>2024</b>				
Individuals	245,707	-	245,707	20
	<u>245,707</u>	<u>-</u>	<u>245,707</u>	<u>20</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			Restricted investment accounts
	Mudarabah RM'000	Wakalah RM'000	Total RM'000	Mudarabah RM'000
<b>2025</b>				
At 1 January 2025	245,707	-	245,707	20
New placements	3,442,606	1,012,945	4,455,551	-
Income from investments	11,043	17,960	29,003	-
Profit distributed	(234)	(11,378)	(11,612)	-
Wakalah fee	-	(6,582)	(6,582)	-
Redemption	(3,422,089)	(76,995)	(3,499,084)	-
At 31 December 2025	<u>277,033</u>	<u>935,950</u>	<u>1,212,983</u>	<u>20</u>
<b>2024</b>				
At 1 January 2024	247,689	-	247,689	32
New placements	2,169,944	-	2,169,944	20
Income from investments	10,520	-	10,520	-
Profit distributed	(209)	-	(209)	-
Redemption	(2,182,237)	-	(2,182,237)	(32)
At 31 December 2024	<u>245,707</u>	<u>-</u>	<u>245,707</u>	<u>20</u>

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

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

(iv) The allocation of investment assets:

	<b>Group and Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Unrestricted investment accounts:</b>		
Home financing	277,033	245,707
Personal financing	<b>935,950</b>	-
<b>Total investment</b>	<b>1,212,983</b>	<b>245,707</b>
<b>Restricted investment accounts:</b>		
Term financing	20	20
<b>Total investment</b>	<b>20</b>	<b>20</b>

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

	<b>Group and Bank</b>		<b>Group and Bank</b>	
	<b>2025</b>		<b>2024</b>	
	<b>Average</b>	<b>Average</b>	<b>Average</b>	<b>Average</b>
	<b>profit</b>	<b>rate</b>	<b>profit</b>	<b>rate</b>
	<b>sharing</b>	<b>of return</b>	<b>sharing</b>	<b>of return</b>
	<b>ratio</b>	<b>ratio</b>	<b>ratio</b>	<b>ratio</b>
	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
<b>Unrestricted investment accounts</b>				
Mudarabah	2.0%	0.09%	2.0%	0.09%
Wakalah	-	3.11%	-	-
<b>Restricted investment accounts</b>				
Mudarabah	<b>95.0%</b>	<b>0.00%</b>	<b>95.0%</b>	<b>0.00%</b>

**19. Deposits and placements of banks and other financial institutions**

	<b>Group and Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-Mudarabah</b>		
Bank Negara Malaysia	381,987	385,413
Licensed banks	<b>584,958</b>	453,308
	<b>966,945</b>	<b>838,721</b>

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 of RM269,652,000 (2024: RM313,527,000).

**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**

		<b>Group</b>	
	<b>Note</b>	<b>2025</b>	<b>2024</b>
		<b>RM'000</b>	<b>RM'000</b>
Sundry creditors		9,185	1,783
Allowances for impairment losses on financing commitments and financial guarantee contracts	a	8,553	9,588
Provision for bonus		39,883	39,687
Accrued expenses		46,442	41,231
Accrual for audit fees		707	785
Other liabilities		92,898	53,896
		<b>197,668</b>	<b>146,970</b>

		<b>Bank</b>	
	<b>Note</b>	<b>2025</b>	<b>2024</b>
		<b>RM'000</b>	<b>RM'000</b>
Sundry creditors		9,185	1,783
Allowances for impairment losses on financing commitments and financial guarantee contracts	a	8,553	9,588
Provision for bonus		39,883	39,533
Accrued expenses		45,889	40,247
Accrual for audit fees		681	765
Other liabilities		92,827	53,896
Amount due to subsidiaries	b	859	1,074
		<b>197,877</b>	<b>146,886</b>

**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	Lifetime ECL	Lifetime	Total ECL
	ECL	not credit	ECL credit	
	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
<b>2025</b>				
At 1 January 2025	7,209	728	1,651	9,588
Transfer to Stage 1	282	(76)	(206)	-
Transfer to Stage 2	(186)	292	(106)	-
Transfer to Stage 3	(254)	(115)	369	-
New financing commitment originated	2,195	-	-	2,195
Financing commitment derecognised	(1,437)	(67)	(485)	(1,989)
Changes in credit risk	(2,678)	225	1,594	(859)
Amount written off	-	-	(382)	(382)
At 31 December 2025	<b>5,131</b>	<b>987</b>	<b>2,435</b>	<b>8,553</b>

Group and Bank	12-Month	Lifetime ECL	Lifetime	Total ECL
	ECL	not credit	ECL credit	
	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
<b>2024</b>				
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 financing commitment originated	4,589	-	-	4,589
Financing commitment 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	<b>7,209</b>	<b>728</b>	<b>1,651</b>	<b>9,588</b>

- (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	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Zakat	9,800	8,924	9,670	8,661
Taxation	889	5	-	-
	<b>10,689</b>	<b>8,929</b>	<b>9,670</b>	<b>8,661</b>

**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 2025 relates to two tranches of Subordinated Sukuk Murabahah (Series 2 and Series 3) which qualifies for Tier 2 capital under the BNM Policy Document on Capital Adequacy Framework for Islamic Banks (Capital Components). The sukuk carries a tenure of 10 years from the issue date, callable on the 5th anniversary date from the issue date and on every profit payment date thereafter. Table below depicts a summary of the current Subordinated Sukuk Murabahah.

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

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

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

**25. Share capital**

	Number of shares		Amount	
	2025	2024	2025	2024
Group and Bank	'000	'000	RM'000	RM'000
<b>Issued and fully paid shares with no par value classified as equity instruments:</b>				
<b>Ordinary shares</b>				
At 1 January / 31 December	<b>1,195,000</b>	1,195,000	<b>1,195,000</b>	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 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	
		2025	2024
		RM'000	RM'000
Regulatory reserve	(a)	122,492	145,404
Retained profits	(b)	2,026,644	1,818,444
Exchange fluctuation reserve	(c)	8,093	2,973
FVOCI reserve	(d)	(15,183)	(11,637)
		<b>2,142,046</b>	<b>1,955,184</b>
		<hr/>	
		Bank	
		2025	2024
		RM'000	RM'000
Regulatory reserve	(a)	122,492	145,404
Retained profits	(b)	2,021,415	1,808,257
Exchange fluctuation reserve	(c)	8,093	2,974
FVOCI reserve	(d)	(15,183)	(11,637)
		<b>2,136,817</b>	<b>1,944,998</b>

**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 2025 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 represents 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 (cont'd.)**

**(ii) Income derived from investment of other deposits**

	<b>Group and Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Finance income and hibah</b>		
Income from financing	<b>1,145,250</b>	1,181,185
Financial investments at FVTPL	<b>2,053</b>	1,243
Financial investments at FVOCI	<b>191,832</b>	185,660
Financial investments at amortised cost	<b>-</b>	3,875
Money at call and deposit with financial institutions	<b>34,427</b>	35,675
	<b>1,373,562</b>	1,407,638
Amortisation of premium, net	<b>(25,312)</b>	(21,349)
Total finance income and hibah	<b>1,348,250</b>	1,386,289
of which:		
Income from impaired financing	<b>12,787</b>	10,851
<b>Other operating income</b>		
Net gain from sale of:		
- financial investments at FVTPL	<b>125</b>	15
- financial investments at FVOCI	<b>18,182</b>	9,924
Unrealised loss on revaluation of financial investments at FVTPL	<b>(3,930)</b>	(10,965)
	<b>14,377</b>	(1,026)
<b>Fees and commission</b>		
Guarantee fees	<b>1,407</b>	1,483
Processing fees	<b>1,751</b>	3,291
Service charges and fees	<b>12,629</b>	11,512
Commission	<b>42,976</b>	53,348
	<b>58,763</b>	69,634
<b>Total</b>	<b>1,421,390</b>	1,454,897

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

**29. Income derived from investment of investment account funds**

	Group and Bank	
	2025	2024
	RM'000	RM'000
<b>Finance income and hibah</b>		
Income from financing	<b>29,003</b>	10,520

**30. Income derived from investment of shareholders' funds**

	Group		Bank	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
<b>Finance income and hibah</b>				
Financial investments at FVOCI	<b>8,330</b>	8,384	<b>8,330</b>	8,384
Money at call and deposit with financial institutions	<b>1,370</b>	1,512	<b>1,370</b>	1,512
Amortisation of premium, net	<b>(462)</b>	(728)	<b>(462)</b>	(728)
Total finance income and hibah	<b>9,238</b>	9,168	<b>9,238</b>	9,168
<b>Other operating income</b>				
Gains/(losses) on foreign exchange:				
- realised	<b>46,540</b>	22,739	<b>46,540</b>	22,739
- unrealised	<b>(10,610)</b>	5,887	<b>(10,610)</b>	5,887
Unwinding of financial liabilities	<b>(6,614)</b>	(4,429)	<b>(6,614)</b>	(4,429)
Net gain from sale of financial investments at FVOCI	<b>59</b>	8	<b>59</b>	8
Unrealised gain on revaluation of financial investments at FVTPL	<b>191</b>	546	<b>192</b>	535
Gross dividend income				
- unquoted shares in Malaysia	<b>59</b>	69	-	-
- subsidiary	-	-	<b>15,900</b>	6,000
	<b>29,625</b>	24,820	<b>45,467</b>	30,740

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

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

	Group		Bank	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
<b>Fees and commission</b>				
Corporate advisory fees	2,613	2,834	5,455	2,390
Service charges and fees	18,468	6,327	66	121
Commission	1,469	1,364	1,469	1,364
	<b>22,550</b>	<b>10,525</b>	<b>6,990</b>	<b>3,875</b>
<b>Other income</b>				
Rental income	489	1,136	609	1,256
Gain from sale of property, plant and equipment	198	10	198	10
Gain from termination of right-of-use asset	10	73	10	73
Fair value adjustments of investment properties (Note 12)	1,900	2,130	1,900	2,130
	<b>2,597</b>	<b>3,349</b>	<b>2,717</b>	<b>3,469</b>
<b>Total</b>	<b>64,010</b>	<b>47,862</b>	<b>64,412</b>	<b>47,252</b>

**31. Allowance for impairment on financing**

	Group and Bank	
	2025	2024
	RM'000	RM'000
Expected credit losses on advances and financing made/(written back):		
Financing and advances		
- Stage 1	4,067	10,129
- Stage 2	40,133	1,430
- Stage 3	135,203	183,087
Impaired financing recovered	(96,709)	(36,292)
	<b>82,694</b>	<b>158,354</b>

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

**32. Allowance for impairment losses on financial investments, net**

	<b>Group and Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Allowance for/(write-back of) impairment losses on financial investments at FVOCI, net (Note 5(ii))		
- Allowance made	37	94
- Amount written back in respect of recoveries	(35)	(71)
Allowance for impairment losses on financial investments at amortised cost	-	44,760
	<b>2</b>	<b>44,783</b>

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

	<b>Group and Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Allowance for impairment losses on other financial assets		
Cash and short-term funds (Note 4(a)(i))	(367)	297
Other financial assets	-	635
	<b>(367)</b>	<b>932</b>

**34. Income attributable to depositors**

	<b>Group</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers				
- Mudarabah funds	16	46	16	46
- Non-Mudarabah funds	1,114,559	1,068,877	1,114,961	1,069,206
Deposits and placements of banks and other financial institutions				
- Non-Mudarabah funds	28,073	25,361	28,073	25,361
Obligation on financial assets sold under repurchase agreement	3,110	-	3,110	-
	<b>1,145,758</b>	<b>1,094,284</b>	<b>1,146,160</b>	<b>1,094,613</b>

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

**35. Personnel expenses**

	Group		Bank	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Salary and wages	<b>223,549</b>	219,350	<b>222,271</b>	217,974
Contribution to Employees' Provident Fund	<b>42,618</b>	42,284	<b>42,426</b>	42,070
Social security contributions	<b>3,043</b>	2,695	<b>3,043</b>	2,695
Allowances and bonuses	<b>24,026</b>	43,386	<b>24,048</b>	43,276
Chief Executive Officers, Directors and Shariah Committee members' remuneration (Note 36)	<b>7,082</b>	7,264	<b>6,451</b>	6,839
Others	<b>44,868</b>	39,213	<b>44,770</b>	39,145
	<b>345,186</b>	354,192	<b>343,009</b>	351,999

**36. CEOs, Directors and Shariah Committee members' remuneration**

	Group		Bank	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
<b>(a) Chief Executive Officers</b>				
Salaries and wages	<b>2,054</b>	1,793	<b>1,550</b>	1,464
Bonus	<b>1,218</b>	1,291	<b>1,218</b>	1,291
Other emoluments	<b>475</b>	510	<b>413</b>	470
Benefits-in-kind	<b>95</b>	88	<b>90</b>	88
	<b>3,842</b>	3,682	<b>3,271</b>	3,313
<b>(b) Non-Executive Directors</b>				
Fees	<b>1,634</b>	1,869	<b>1,594</b>	1,829
Benefits-in-kind	<b>72</b>	41	<b>72</b>	41
Other emoluments	<b>1,088</b>	1,185	<b>1,068</b>	1,169
	<b>2,794</b>	3,095	<b>2,734</b>	3,039
<b>(c) Shariah Committee members</b>				
Allowance	<b>446</b>	487	<b>446</b>	487
Total	<b>7,082</b>	7,264	<b>6,451</b>	6,839
Total (excluding benefits-in-kind)	<b>6,915</b>	7,135	<b>6,289</b>	6,710

**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:

Group 2025	<=====Remuneration received from the Group=====>					
	Salary RM'000	Fees RM'000	Bonus RM'000	Emoluments RM'000	Other Benefits- in-kind RM'000	Total RM'000
Note 36(a):						
<b>Chief Executive Officer:</b>						
Datuk Khairul Kamarudin	1,550	-	1,218	413	90	3,271
<b>Chief Executive Officer of the subsidiaries:</b>						
Khadijah Sairah Ibrahim	504	-	-	62	5	571
<b>Total Chief Executive Officers' remuneration</b>	<b>2,054</b>	<b>-</b>	<b>1,218</b>	<b>475</b>	<b>95</b>	<b>3,842</b>
Note 36(b):						
<b>Non-Executive Directors:</b>						
Tan Sri Tajuddin Atan	-	345	-	50	72	467
Tan Sri Che Khalib Mohamad Noh	-	132	-	68	-	200
Dato' Ibrahim Taib	-	200	-	122	-	322
Md. Khairuddin Hj. Arshad	-	200	-	201	-	401
Johari Abdul Muid	-	200	-	241	-	441
Mohd Razlan Mohamed	-	200	-	182	-	382
Roshidah Abdullah	-	200	-	140	-	340
Ainol Roznain Yaacob*	-	117	-	64	-	181
Dato' Suhana Dewi Selamat*	-	-	-	-	-	-
<b>Directors of the subsidiaries:</b>						
Roshidah Abdullah	-	20	-	10	-	30
Md. Khairuddin Hj. Arshad	-	20	-	10	-	30
<b>Total Directors' remuneration</b>	<b>-</b>	<b>1,634</b>	<b>-</b>	<b>1,088</b>	<b>72</b>	<b>2,794</b>
<b>Total Chief Executive Officers and Directors' remuneration</b>	<b>2,054</b>	<b>1,634</b>	<b>1,218</b>	<b>1,563</b>	<b>167</b>	<b>6,636</b>

\* With effective from 1 August 2025, no remuneration shall be paid in lieu of Khazanah Nasional Berhad's ("Khazanah") waiver of Director's fees and meeting allowances to its Nominee Director, who is a Khazanah employee. The said waiver applies to all Khazanah's investee companies.

**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.)

Group 2025	<=====Remuneration received from the Group=====>					
	Salary RM'000	Fees RM'000	Bonus RM'000	Emoluments RM'000	Other Benefits- in-kind RM'000	Total RM'000
Note 36(c):						
<b>Shariah Committee:</b>						
Dr. Yusri Mohamad	-	66	-	16	1	83
Dr. Ahmad Zakirullah						
Mohamed Shaarani	-	60	-	12	1	73
Dr. Muhamad Azhari Wahid	-	60	-	12	1	73
Dr. Mohd Shahid Mohd Noh	-	60	-	12	1	73
Dr. Badruddin Bin Hj. Ibrahim	-	60	-	10	1	71
Khairun Najmi Bin Saripudin	-	60	-	12	1	73
<b>Total Shariah Committee members' remuneration</b>	-	<b>366</b>	-	<b>74</b>	<b>6</b>	<b>446</b>

**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.)

Group 2024	<=====Remuneration received from the Group=====>					
	Salary RM'000	Fees RM'000	Bonus RM'000	Emoluments RM'000	Other Benefits- in-kind RM'000	Total RM'000
Note 36(a):						
<b>Chief Executive Officer</b>						
Datuk Khairul Kamarudin	1,464	-	1,291	470	88	3,313
<b>Chief Executive Officer of the subsidiaries:</b>						
Khadijah Sairah Ibrahim	329	-	-	40	-	369
<b>Total Chief Executive Officers' remuneration</b>	<b>1,793</b>	<b>-</b>	<b>1,291</b>	<b>510</b>	<b>88</b>	<b>3,682</b>
Note 36(b):						
<b>Non-Executive Directors:</b>						
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
<b>Directors of the subsidiaries:</b>						
Roshidah Abdullah	-	20	-	8	-	28
Md. Khairuddin Hj. Arshad	-	20	-	8	-	28
<b>Total Directors' remuneration</b>	<b>-</b>	<b>1,869</b>	<b>-</b>	<b>1,185</b>	<b>41</b>	<b>3,095</b>
<b>Total Chief Executive Officers and Directors' remuneration</b>	<b>1,793</b>	<b>1,869</b>	<b>1,291</b>	<b>1,695</b>	<b>129</b>	<b>6,777</b>

**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.)

Group 2024	<=====Remuneration received from the Group=====>					
	Salary RM'000	Fees RM'000	Bonus RM'000	Emoluments RM'000	Other Benefits- in-kind RM'000	Total RM'000
Note 36(c):						
<b>Shariah Committee:</b>						
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
<b>Total Shariah Committee members' remuneration</b>	-	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 Bank are as follows:

Bank 2025	<===== Remuneration received from the Bank =====>					Total RM'000
	Salary RM'000	Fees RM'000	Bonus RM'000	Other Emoluments RM'000	Benefits- in-kind RM'000	
Note 36(a):						
<b>Chief Executive Officer</b>						
Datuk Khairul Kamarudin	1,550	-	1,218	413	90	3,271
<b>Total Chief Executive Officer's remuneration</b>	<b>1,550</b>	<b>-</b>	<b>1,218</b>	<b>413</b>	<b>90</b>	<b>3,271</b>
Note 36(b):						
<b>Non-Executive Directors:</b>						
Tan Sri Tajuddin Atan	-	345	-	50	72	467
Tan Sri Che Khalib						
Mohamad Noh	-	132	-	68	-	200
Dato' Ibrahim Taib	-	200	-	122	-	322
Md. Khairuddin Hj. Arshad	-	200	-	201	-	401
Johari Abdul Muid	-	200	-	241	-	441
Mohd Razlan Mohamed	-	200	-	182	-	382
Roshidah Abdullah	-	200	-	140	-	340
Ainol Roznain Yaacob*	-	117	-	64	-	181
Dato' Suhana Dewi Selamat*	-	-	-	-	-	-
<b>Total Directors' remuneration</b>	<b>-</b>	<b>1,594</b>	<b>-</b>	<b>1,068</b>	<b>72</b>	<b>2,734</b>
<b>Total Chief Executive Officer and Directors' remuneration</b>	<b>1,550</b>	<b>1,594</b>	<b>1,218</b>	<b>1,481</b>	<b>162</b>	<b>6,005</b>

\* With effective from 1 August 2025, no remuneration shall be paid in lieu of Khazanah Nasional Berhad's ("Khazanah") waiver of Director's fees and meeting allowances to its Nominee Director, who is a Khazanah employee. The said waiver applies to all Khazanah's investee companies.

Note 36(c):

**Shariah Committee:**

Dr. Yusri Mohamad	-	66	-	16	1	83
Dr. Ahmad Zakirullah						
Mohamed Shaarani	-	60	-	12	1	73
Dr. Muhamad Azhari Wahid	-	60	-	12	1	73
Dr. Mohd Shahid Mohd Noh	-	60	-	12	1	73
Dr. Badruddin Bin Hj. Ibrahim	-	60	-	10	1	71
Khairun Najmi Bin Saripudin	-	60	-	12	1	73
<b>Total Shariah Committee members' remuneration</b>	<b>-</b>	<b>366</b>	<b>-</b>	<b>74</b>	<b>6</b>	<b>446</b>

**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.)

Bank 2024	<===== Remuneration received from the Bank =====>					
	Salary RM'000	Fees RM'000	Bonus RM'000	Emoluments RM'000	Other Benefits- in-kind RM'000	Total RM'000
Note 36(a):						
<b>Chief Executive Officer</b>						
Datuk Khairul Kamarudin	1,464	-	1,291	470	88	3,313
<b>Total Chief Executive Officer's remuneration</b>	<b>1,464</b>	<b>-</b>	<b>1,291</b>	<b>470</b>	<b>88</b>	<b>3,313</b>
Note 36(b):						
<b>Non-Executive Directors:</b>						
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
<b>Total Directors' remuneration</b>	<b>-</b>	<b>1,829</b>	<b>-</b>	<b>1,169</b>	<b>41</b>	<b>3,039</b>
<b>Total Chief Executive Officer and Directors' remuneration</b>	<b>1,464</b>	<b>1,829</b>	<b>1,291</b>	<b>1,639</b>	<b>129</b>	<b>6,352</b>
Note 36(c):						
<b>Shariah Committee:</b>						
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
<b>Total Shariah Committee members' remuneration</b>	<b>-</b>	<b>366</b>	<b>-</b>	<b>115</b>	<b>6</b>	<b>487</b>

**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:

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Short-term employees benefits (salary, bonus, allowances)	<b>14,966</b>	13,831
Included in the total key management personnel are:		
Chief Executive Officers' remuneration (Note 36(a))	<b>3,842</b>	3,682

Number of employees categorised as key management personnel of the Group as at 31 December 2025 was 17 (2024: 16).

	<b>Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Short-term employees benefits (salary, bonus, allowances)	<b>14,395</b>	13,462
Included in the total key management personnel are:		
Chief Executive Officer's remuneration (Note 36(a))	<b>3,271</b>	3,313

Number of employees categorised as key management personnel of the Bank as at 31 December 2025 was 16 (2024: 15).

**38. Other overheads and expenditures**

	<b>Group</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Marketing</b>				
Advertisement and publicity	<b>10,923</b>	14,682	<b>10,886</b>	14,682
Donation and sponsorship	<b>394</b>	663	<b>394</b>	663
Others	<b>921</b>	1,493	<b>918</b>	1,487
	<b>12,238</b>	16,838	<b>12,198</b>	16,832

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

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

	Group		Bank	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
<b>Establishment</b>				
Rental	551	463	551	463
Depreciation of right-of-use assets (Note 15)	11,805	11,519	11,805	11,519
Depreciation of property, plant and equipment (Note 14)	11,427	10,167	11,415	10,152
Amortisation of intangible assets (Note 13)	36,838	35,629	36,760	35,550
Information technology expenses	90,781	82,295	90,381	82,098
Repair and maintenance	6,137	6,145	6,137	6,142
Hire of equipment	7,081	6,924	6,567	6,504
Takaful	10,564	11,694	10,564	11,694
Utilities expenses	5,514	5,515	5,482	5,482
Security expenses	9,391	10,451	9,391	10,451
Others	6,259	6,351	6,259	6,350
	<b>196,348</b>	<b>187,153</b>	<b>195,312</b>	<b>186,405</b>
<b>General expenses</b>				
Auditors' fees				
- statutory audit				
- KPMG PLT	1,237	965	1,211	945
- regulatory related services				
- KPMG PLT	20	20	-	-
- others				
- Local affiliates of KPMG PLT	59	46	46	33
Professional fees	3,762	4,666	3,631	4,510
Legal expenses	423	496	423	496
Telephone	1,536	1,413	1,535	1,412
Stationery and printing	1,908	1,980	1,905	1,972
Postage and courier	4,188	3,679	4,188	3,679
Travelling	2,241	2,113	2,237	2,113
Property, plant and equipment written off (Note 14)	65	4	65	4
Intangible assets written off (Note 13)	129	4	-	4
Others	26,178	22,586	28,428	25,574
	<b>41,746</b>	<b>37,972</b>	<b>43,669</b>	<b>40,742</b>
	<b>250,332</b>	<b>241,963</b>	<b>251,179</b>	<b>243,979</b>

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

**39. Finance costs**

	<b>Group and Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Subordinated sukuk	<b>38,556</b>	38,513
Financing sold to Cagamas	<b>53,201</b>	45,622
Lease charges	<b>2,238</b>	2,019
	<b>93,995</b>	<b>86,154</b>

**40. Zakat**

	<b>Group</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Provision of zakat for the year	<b>9,801</b>	8,924	<b>9,670</b>	8,661
Under/(Over) provision in prior year	<b>4</b>	(99)	<b>4</b>	(85)
	<b>9,805</b>	<b>8,825</b>	<b>9,674</b>	<b>8,576</b>

**41. Taxation**

	<b>Group</b>		<b>Bank</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current income tax	<b>73,186</b>	43,324	<b>70,098</b>	41,904
(Over)/Under provision in prior years	<b>(1,960)</b>	57	<b>(2,345)</b>	76
	<b>71,226</b>	<b>43,381</b>	<b>67,753</b>	<b>41,980</b>
Deferred tax: (Note 16)				
Relating to origination and reversal of temporary differences	<b>(43)</b>	(9,731)	<b>(72)</b>	(9,718)
Under provision in prior years	<b>2,352</b>	700	<b>2,357</b>	152
	<b>2,309</b>	<b>(9,031)</b>	<b>2,285</b>	<b>(9,566)</b>
	<b>73,535</b>	<b>34,350</b>	<b>70,038</b>	<b>32,414</b>

**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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit before taxation	<b>307,087</b>	129,316	<b>308,417</b>	128,554
Taxation at Malaysian statutory tax rate of 24% (2024: 24%)	<b>73,701</b>	31,036	<b>74,020</b>	30,853
Income not subject to tax	<b>(2,476)</b>	(533)	<b>(8,105)</b>	(3,037)
Expenses not deductible for tax purposes	<b>1,918</b>	3,090	<b>4,111</b>	4,370
(Over)/Under provision of income tax in prior years	<b>(1,960)</b>	57	<b>(2,345)</b>	76
Under provision of deferred tax in prior years	<b>2,352</b>	700	<b>2,357</b>	152
Income tax expense for the year	<b>73,535</b>	34,350	<b>70,038</b>	32,414

**42. Earnings per share**

Basic and diluted	Group	
	2025 RM'000	2024 RM'000
Profit attributable to ordinary equity holders of the Bank (RM'000)	<b>223,747</b>	86,141
Weighted average number of ordinary shares in issue ('000)	<b>1,195,000</b>	1,195,000
Basic earnings per share (sen)	<b>18.72</b>	7.21

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 2025.

#### 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	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
<b>Holding company</b>				
<b>Expenditure</b>				
- hibah on deposits	5,090	7,382	5,090	7,382
<b>Amounts due to</b>				
- deposits	229,120	151,513	229,120	151,513
<b>Subsidiaries</b>				
<b>Income</b>				
- dividend income	-	-	15,900	6,000
- rental income	-	-	120	120
- management fee	-	-	4,974	1,924
<b>Expenditure</b>				
- fund management fee	-	-	2,013	2,130
- profit sharing incentive	-	-	304	746
- hibah on deposits	-	-	402	329
<b>Amounts due from</b>				
- financing	-	-	32,076	39,722
- dividend income	-	-	9,000	-
<b>Amounts due to</b>				
- management fee / profit sharing incentive	-	-	542	1,074
- deposits	-	-	57,309	14,832

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

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

	Group		Bank	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
<b>Key management personnel and Directors</b>				
<b>Amounts due to</b>				
- deposits	<b>3,673</b>	13,761	<b>3,671</b>	13,761
<b>Amounts due from</b>				
- financing	<b>5,339</b>	4,529	<b>4,921</b>	4,529
<b>Related companies*</b>				
<b>Income</b>				
- profit on financing	<b>100,464</b>	99,197	<b>100,464</b>	99,197
<b>Expenditure</b>				
- hibah on deposits	<b>44,780</b>	50,755	<b>44,780</b>	50,755
- seconded staff salary and related expenses	-	374	-	374
- mailing and courier service	<b>2,545</b>	2,325	<b>2,545</b>	2,325
- software license fee	<b>10</b>	412	<b>10</b>	412
- rental (offsite ATM and branch)	<b>9</b>	10	<b>9</b>	10
- purchase of fixed assets	<b>362</b>	233	<b>362</b>	233
- marketing expenses	<b>1,008</b>	16	<b>1,008</b>	16
- repair and maintenance	<b>365</b>	4	<b>365</b>	4
- others	<b>283</b>	497	<b>283</b>	497
<b>Amounts due to</b>				
- deposits	<b>1,471,797</b>	1,004,109	<b>1,471,797</b>	1,004,109
<b>Amounts due from</b>				
- financing	<b>2,148,862</b>	2,151,296	<b>2,148,862</b>	2,151,296

\* Related companies are companies within the DRB-HICOM Berhad Group and companies subject to common control or significant influence.

- 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**

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Outstanding credit exposures with connected parties	<b>2,605,493</b>	3,051,929
Percentage of outstanding credit exposures with connected parties as proportion of total credit exposures	<b>5.4%</b>	6.7%
Percentage of outstanding credit exposures with connected parties which are non-performing or in default	<b>0.0%</b>	0.0%
	<b>Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Outstanding credit exposures with connected parties	<b>2,759,846</b>	3,091,651
Percentage of outstanding credit exposures with connected parties as proportion of total credit exposures	<b>5.8%</b>	6.8%
Percentage of outstanding credit exposures with connected parties which are non-performing or in default	<b>0.0%</b>	0.0%

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

Credit transactions and exposures with connected parties as disclosed above include 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.

**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:

	<b>Group and Bank</b>					
	<b>2025</b>	<b>2024</b>	<b>Total risk</b>	<b>2025</b>	<b>2024</b>	<b>Total risk</b>
<b>Principal</b>	<b>Credit</b>	<b>-weighted</b>	<b>Principal</b>	<b>Credit</b>	<b>-weighted</b>	<b>Principal</b>
<b>amount</b>	<b>equivalent</b>	<b>amount</b>	<b>amount</b>	<b>equivalent</b>	<b>amount</b>	<b>amount</b>
<b>RM'000</b>	<b>amount</b>	<b>RM'000</b>	<b>RM'000</b>	<b>amount</b>	<b>RM'000</b>	<b>RM'000</b>
The commitments and contingencies constitute the following:						
<b>Contingent liabilities</b>						
Direct credit substitutes	<b>964,294</b>	<b>964,294</b>	<b>933,859</b>	643,892	643,892	630,620
Trade-related contingencies	<b>387,443</b>	<b>77,489</b>	<b>9,422</b>	676,873	135,375	1,745
Transaction related contingencies	<b>496,576</b>	<b>248,288</b>	<b>233,613</b>	442,614	221,307	210,053
<b>Commitments</b>						
Credit extension commitment:						
- Maturity within one (1) year	<b>906,304</b>	<b>181,261</b>	<b>161,252</b>	748,737	149,747	132,074
- Maturity exceeding one (1) year	<b>1,352,362</b>	<b>676,181</b>	<b>311,145</b>	1,382,862	691,431	363,400
Other miscellaneous commitments & contingencies	<b>561,878</b>	<b>90,151</b>	<b>67,750</b>	349,722	57,459	43,094
<b>Islamic derivative financial instruments</b>						
Foreign exchange related contracts	<b>1,571,402</b>	<b>37,100</b>	<b>28,005</b>	1,850,608	45,625	36,350
	<b>6,240,259</b>	<b>2,274,764</b>	<b>1,745,046</b>	6,095,308	1,944,836	1,417,336

**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:

<b>Committee</b>	<b>Objective</b>
<b>Asset &amp; Liability Committee ("ALCO")</b>	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.
<b>Credit Committee ("CC")</b>	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.
<b>Investment Committee ("IC")</b>	To manage the Bank's investments and decide on new and/or additional investment in securities and/or other Treasury investment-related activities.
<b>Enterprise Risk Management Committee ("ERMCo")</b>	To manage threats/risks and strategic opportunities that arise from both internal and external factors and have an impact on the Bank's strategic objectives/goals.
<b>Operational Risk Management Committee</b>	To ensure effective implementation of Operational Risk Management Framework.
<b>Asset Quality Impairment Committee ("AQIC")</b>	To deliberate the conduct of Corporate, Commercial and SME accounts and to assess the accounts' financial health, adequacy of provision and accuracy of account classification (Early Care, High Risk or Impaired). The outcome will be presented to CC for approval.
<b>Model Validation Committee ("MVAC")</b>	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 ERMC and BRCC for approval.
<b>Credit Risk Management Committee ("CRMC")</b>	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.
<b>Recovery Management Team ("RMT")</b>	To manage the implementation, communication and strategy selection in accordance with the Bank's Recovery Plan Document.
<b>Climate Risk Working Group ("CRWG")</b>	To ensure the compliance with climate risk obligations, driving climate risk-related strategies, and managing climate risk to strengthen the Bank's resilience.

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
<b>2025</b>				
<b>Group</b>				
<b>Financial assets</b>				
Cash and short-term funds	2,588,998	2,588,998	-	-
Deposits and placements with licensed financial institutions	501,361	501,361	-	-
Financial investments	7,980,068	-	7,907,895	72,173
Islamic derivative financial assets	13,549	-	-	13,549
Financing of customers	33,770,816	33,482,262	-	288,554
Statutory deposits with Bank Negara Malaysia	365,000	365,000	-	-
Other financial assets *	26,849	26,849	-	-
	<b>45,246,641</b>	<b>36,964,470</b>	<b>7,907,895</b>	<b>374,276</b>
<b>Financial liabilities</b>				
Deposits from customers	37,390,060	37,390,060	-	-
Investment accounts of customers	1,212,983	1,212,983	-	-
Deposits and placements of banks and other financial institutions	966,945	966,945	-	-
Obligation on financial assets sold under repurchase agreement	100,037	100,037	-	-
Bills and acceptances payable	11,375	11,375	-	-
Islamic derivative financial liabilities	26,972	-	-	26,972
Other financial liabilities	197,668	197,668	-	-
Lease liabilities	49,898	49,898	-	-
Recourse obligation on financing sold to Cagamas	1,205,940	1,205,940	-	-
Subordinated sukuk	807,858	807,858	-	-
	<b>41,969,736</b>	<b>41,942,764</b>	<b>-</b>	<b>26,972</b>

\* 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
<b>2024</b>				
<b>Group</b>				
<b>Financial assets</b>				
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	-	-
	<b>43,274,119</b>	<b>35,336,792</b>	<b>7,569,971</b>	<b>367,356</b>
<b>Financial liabilities</b>				
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	-	-
	<b>40,153,988</b>	<b>40,136,679</b>	<b>-</b>	<b>17,309</b>

\* 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
<b>2025</b>				
<b>Bank</b>				
<b>Financial assets</b>				
Cash and short-term funds	2,588,998	2,588,998	-	-
Deposits and placements with licensed financial institutions	501,361	501,361	-	-
Financial investments	7,978,172	-	7,907,895	70,277
Islamic derivative financial assets	13,549	-	-	13,549
Financing of customers	33,770,816	33,482,262	-	288,554
Statutory deposits with Bank Negara Malaysia	365,000	365,000	-	-
Other financial assets *	67,293	67,293	-	-
	<b>45,285,189</b>	<b>37,004,914</b>	<b>7,907,895</b>	<b>372,380</b>
<b>Financial liabilities</b>				
Deposits from customers	37,447,369	37,447,369	-	-
Investment accounts of customers	1,212,983	1,212,983	-	-
Deposits and placements of banks and other financial institutions	966,945	966,945	-	-
Obligation on financial assets sold under repurchase agreement	100,037	100,037	-	-
Bills and acceptances payable	11,375	11,375	-	-
Islamic derivative financial liabilities	26,972	-	-	26,972
Other financial liabilities	197,877	197,877	-	-
Lease liabilities	49,898	49,898	-	-
Recourse obligation on financing sold to Cagamas	1,205,940	1,205,940	-	-
Subordinated sukuk	807,858	807,858	-	-
	<b>42,027,254</b>	<b>42,000,282</b>	<b>-</b>	<b>26,972</b>

\* 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
<b>2024</b>				
<b>Bank</b>				
<b>Financial assets</b>				
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	-	-
	<b>43,265,882</b>	<b>35,336,310</b>	<b>7,569,971</b>	<b>359,601</b>
<b>Financial liabilities</b>				
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	-	-
	<b>40,168,738</b>	<b>40,151,429</b>	<b>-</b>	<b>17,309</b>

\* 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 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.

**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 2025	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
<b>On-balance sheet exposures</b>								
Cash and short-term funds	-	2,588,998	-	-	-	-	-	2,588,998
Deposits and placements with licensed financial institutions	-	501,361	-	-	-	-	-	501,361
Financial investments at FVTPL	50,576	-	-	-	-	-	21,597	72,173
Financial investments at FVOCI	5,341,769	1,037,403	56,674	150,399	406,190	-	915,460	7,907,895
Islamic derivative financial assets	-	7,753	5,784	-	-	-	12	13,549
Financing of customers	953,594	2,209,125	2,358,106	1,930,385	476,536	25,312,003	531,067	33,770,816
Statutory deposits with Bank Negara Malaysia	365,000	-	-	-	-	-	-	365,000
Other financial assets *	-	-	-	-	-	-	26,849	26,849
	<b>6,710,939</b>	<b>6,344,640</b>	<b>2,420,564</b>	<b>2,080,784</b>	<b>882,726</b>	<b>25,312,003</b>	<b>1,494,985</b>	<b>45,246,641</b>
<b>Commitments and contingencies</b>								
Contingent liabilities	1	175,574	376,588	730,189	54,914	3,737	507,310	1,848,313
Commitments	102,382	383,567	445,661	404,258	74,238	299,504	549,056	2,258,666
Other miscellaneous commitment and contingencies	648	7,521	43,817	29,282	1,117	478,309	1,184	561,878
Islamic derivative financial liabilities	812,199	525,538	233,648	17	-	-	-	1,571,402
	<b>915,230</b>	<b>1,092,200</b>	<b>1,099,714</b>	<b>1,163,746</b>	<b>130,269</b>	<b>781,550</b>	<b>1,057,550</b>	<b>6,240,259</b>
<b>Total credit exposures</b>	<b>7,626,169</b>	<b>7,436,840</b>	<b>3,520,278</b>	<b>3,244,530</b>	<b>1,012,995</b>	<b>26,093,553</b>	<b>2,552,535</b>	<b>51,486,900</b>

\* 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 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
<b>On-balance sheet exposures</b>								
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
	<b>5,725,084</b>	<b>6,327,414</b>	<b>2,219,585</b>	<b>2,145,840</b>	<b>996,417</b>	<b>23,748,359</b>	<b>2,111,420</b>	<b>43,274,119</b>
<b>Commitments and contingencies</b>								
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 contingencies	-	401	32,862	20,465	1,127	294,867	-	349,722
Islamic derivative financial liabilities	894,550	780,300	175,758	-	-	-	-	1,850,608
	<b>894,550</b>	<b>1,192,985</b>	<b>907,992</b>	<b>899,155</b>	<b>137,610</b>	<b>920,817</b>	<b>1,142,199</b>	<b>6,095,308</b>
<b>Total credit exposures</b>	<b>6,619,634</b>	<b>7,520,399</b>	<b>3,127,577</b>	<b>3,044,995</b>	<b>1,134,027</b>	<b>24,669,176</b>	<b>3,253,619</b>	<b>49,369,427</b>

\* 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.)

<b>Bank 2025</b>	<b>Government and statutory bodies RM'000</b>	<b>Finance, takaful and business services RM'000</b>	<b>Agriculture, manufacturing, wholesale, retail and restaurant RM'000</b>	<b>Construction and real estate RM'000</b>	<b>Transport, storage and communication RM'000</b>	<b>Household RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>On-balance sheet exposures</b>								
Cash and short-term funds	-	2,588,998	-	-	-	-	-	2,588,998
Deposits and placements with licensed financial institutions	-	501,361	-	-	-	-	-	501,361
Financial investments at FVTPL	50,576	-	-	-	-	-	19,701	70,277
Financial investments at FVOCI	5,341,769	1,037,403	56,674	150,399	406,190	-	915,460	7,907,895
Islamic derivative financial assets	-	7,753	5,784	-	-	-	12	13,549
Financing of customers	953,594	2,209,125	2,358,106	1,930,385	476,536	25,312,003	531,067	33,770,816
Statutory deposits with Bank Negara Malaysia	365,000	-	-	-	-	-	-	365,000
Other financial assets *	-	-	-	-	-	-	67,293	67,293
	<b>6,710,939</b>	<b>6,344,640</b>	<b>2,420,564</b>	<b>2,080,784</b>	<b>882,726</b>	<b>25,312,003</b>	<b>1,533,533</b>	<b>45,285,189</b>
<b>Commitments and contingencies</b>								
Contingent liabilities	1	175,574	376,588	730,189	54,914	3,737	507,310	1,848,313
Commitments	102,382	383,567	445,661	404,258	74,238	299,504	549,056	2,258,666
Other miscellaneous commitment and contingencies	648	7,521	43,817	29,282	1,117	478,309	1,184	561,878
Islamic derivative financial liabilities	812,199	525,538	233,648	17	-	-	-	1,571,402
	<b>915,230</b>	<b>1,092,200</b>	<b>1,099,714</b>	<b>1,163,746</b>	<b>130,269</b>	<b>781,550</b>	<b>1,057,550</b>	<b>6,240,259</b>
<b>Total credit exposures</b>	<b>7,626,169</b>	<b>7,436,840</b>	<b>3,520,278</b>	<b>3,244,530</b>	<b>1,012,995</b>	<b>26,093,553</b>	<b>2,591,083</b>	<b>51,525,448</b>

\* 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 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
<b>On-balance sheet exposures</b>								
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
	<b>5,725,084</b>	<b>6,327,414</b>	<b>2,219,585</b>	<b>2,145,840</b>	<b>996,417</b>	<b>23,748,359</b>	<b>2,103,183</b>	<b>43,265,882</b>
<b>Commitments and contingencies</b>								
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 contingencies	-	401	32,862	20,465	1,127	294,867	-	349,722
Islamic derivative financial liabilities	894,550	780,300	175,758	-	-	-	-	1,850,608
	<b>894,550</b>	<b>1,192,985</b>	<b>907,992</b>	<b>899,155</b>	<b>137,610</b>	<b>920,817</b>	<b>1,142,199</b>	<b>6,095,308</b>
<b>Total credit exposures</b>	<b>6,619,634</b>	<b>7,520,399</b>	<b>3,127,577</b>	<b>3,044,995</b>	<b>1,134,027</b>	<b>24,669,176</b>	<b>3,245,382</b>	<b>49,361,190</b>

\* 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 RM'000	Labuan RM'000	Domestic RM'000	Labuan RM'000
<b>2025</b>				
<b>On-Balance Sheet Exposures</b>				
Cash and short-term funds	2,588,446	552	2,588,446	552
Deposits and placements with licensed financial institutions	501,361	-	501,361	-
Financial investments at FVTPL	72,173	-	70,277	-
Financial investments at FVOCI	7,897,700	10,195	7,897,700	10,195
Islamic derivative financial assets	13,549	-	13,549	-
Financing of customers	33,770,816	-	33,770,816	-
Statutory deposits with Bank Negara Malaysia	365,000	-	365,000	-
Other financial assets *	26,846	3	67,290	3
	<b>45,235,891</b>	<b>10,750</b>	<b>45,274,439</b>	<b>10,750</b>
<b>Commitments and contingencies</b>				
Contingent liabilities	1,848,313	-	1,848,313	-
Commitments	2,258,666	-	2,258,666	-
Other miscellaneous commitment and contingencies	561,878	-	561,878	-
Islamic derivative financial liabilities	1,571,402	-	1,571,402	-
	<b>6,240,259</b>	<b>-</b>	<b>6,240,259</b>	<b>-</b>
<b>Total credit exposures</b>	<b>51,476,150</b>	<b>10,750</b>	<b>51,514,698</b>	<b>10,750</b>

\* 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 RM'000	Labuan RM'000	Domestic RM'000	Labuan RM'000
<b>2024</b>				
<b>On-Balance Sheet Exposures</b>				
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
	<b>43,151,511</b>	<b>122,608</b>	<b>43,143,274</b>	<b>122,608</b>
<b>Commitments and contingencies</b>				
Contingent liabilities	1,763,379	-	1,763,379	-
Commitments	2,131,599	-	2,131,599	-
Other miscellaneous commitment and contingencies	349,722	-	349,722	-
Islamic derivative financial liabilities	1,850,608	-	1,850,608	-
	<b>6,095,308</b>	<b>-</b>	<b>6,095,308</b>	<b>-</b>
<b>Total credit exposures</b>	<b>49,246,819</b>	<b>122,608</b>	<b>49,238,582</b>	<b>122,608</b>

\* 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:

<b>Group</b>	<b>Neither past due nor impaired</b>		<b>Past due</b>	<b>Impaired</b>	<b>Total</b>
<b>2025</b>	<b>Good</b>	<b>Satisfactory</b>	<b>but not</b>	<b>financing</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>impaired</b>	<b>RM'000</b>	<b>RM'000</b>
			<b>RM'000</b>		
Term financing					
- Home financing	11,176,975	780,073	573,571	215,222	12,745,841
- Personal financing	7,253,993	375,942	228,141	131,473	7,989,549
- Hire purchase receivables	3,055,198	48,732	47,680	7,131	3,158,741
- Syndicated financing	442,048	-	-	-	442,048
- Other term financing	3,695,993	102,666	56,020	96,036	3,950,715
Other financing	5,636,870	127,875	26,587	37,429	5,828,761
	<b>31,261,077</b>	<b>1,435,288</b>	<b>931,999</b>	<b>487,291</b>	<b>34,115,655</b>
Less:					
- Stage 1 - 12-Month ECL	(104,395)	(3,494)	-	-	(107,889)
- Stage 2 - Lifetime ECL not credit impaired	-	(63,233)	(19,059)	-	(82,292)
- Stage 3 - Lifetime ECL credit impaired	-	-	-	(154,658)	(154,658)
Total net financing	<b>31,156,682</b>	<b>1,368,561</b>	<b>912,940</b>	<b>332,633</b>	<b>33,770,816</b>

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.)

<b>Group 2024</b>	<b>Neither past due nor impaired Good RM'000</b>	<b>Satisfactory RM'000</b>	<b>Past due but not impaired RM'000</b>	<b>Impaired financing RM'000</b>	<b>Total RM'000</b>
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
	<b>30,504,487</b>	<b>1,015,314</b>	<b>743,641</b>	<b>341,179</b>	<b>32,604,621</b>
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	<b>30,386,891</b>	<b>993,255</b>	<b>726,213</b>	<b>242,990</b>	<b>32,349,349</b>

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.)

<b>Bank 2025</b>	<b>Neither past due nor impaired Good RM'000</b>	<b>Satisfactory RM'000</b>	<b>Past due but not impaired RM'000</b>	<b>Impaired financing RM'000</b>	<b>Total RM'000</b>
Term financing					
- Home financing	11,176,975	780,073	573,571	215,222	12,745,841
- Personal financing	7,253,993	375,942	228,141	131,473	7,989,549
- Hire purchase receivables	3,055,198	48,732	47,680	7,131	3,158,741
- Syndicated financing	442,048	-	-	-	442,048
- Other term financing	3,695,993	102,666	56,020	96,036	3,950,715
Other financing	5,636,870	127,875	26,587	37,429	5,828,761
	<b>31,261,077</b>	<b>1,435,288</b>	<b>931,999</b>	<b>487,291</b>	<b>34,115,655</b>
Less:					
- Stage 1 - 12-Month ECL	(104,395)	(3,494)	-	-	(107,889)
- Stage 2 - Lifetime ECL not credit impaired	-	(63,233)	(19,059)	-	(82,292)
- Stage 3 - Lifetime ECL credit impaired	-	-	-	(154,658)	(154,658)
Total net financing	<b>31,156,682</b>	<b>1,368,561</b>	<b>912,940</b>	<b>332,633</b>	<b>33,770,816</b>

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.)

<b>Bank 2024</b>	<b>Neither past due nor impaired Good RM'000</b>	<b>Satisfactory RM'000</b>	<b>Past due but not impaired RM'000</b>	<b>Impaired financing RM'000</b>	<b>Total RM'000</b>
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
	<b>30,499,411</b>	<b>1,015,314</b>	<b>743,641</b>	<b>341,179</b>	<b>32,599,545</b>
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	<b>30,381,815</b>	<b>993,255</b>	<b>726,213</b>	<b>242,990</b>	<b>32,344,273</b>

**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:

<b>Group and Bank</b>	<b>1 - 2 months RM'000</b>	<b>&gt;2 - 3 months RM'000</b>	<b>Total RM'000</b>
<b>2025</b>			
Term financing			
- Home financing	572,509	1,062	573,571
- Personal financing	222,655	5,486	228,141
- Hire purchase receivables	47,483	197	47,680
- Other term financing	45,685	10,335	56,020
Other financing	19,337	7,250	26,587
<b>Total</b>	<b>- 907,669</b>	<b>24,330</b>	<b>931,999</b>
<b>2024</b>			
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
<b>Total</b>	<b>- 736,847</b>	<b>6,794</b>	<b>743,641</b>

**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**

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 51.08% as at 31 December 2025 (51.24% and 51.25% respectively as at 31 December 2024). 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 2025, 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 RM76,965,000 (2024: RM83,639,000). 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.

	<b>Group and Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>FTV Ratio</b>		
Less than 51%	<b>16,287</b>	18,289
51-70%	<b>13,986</b>	11,502
More than 70%	<b>184,949</b>	110,771
Total	<b>215,222</b>	140,562

**Repossessed collateral**

It is the Group's and the Bank's policy that dictates disposal of repossessed collateral to be carried out in an orderly manner. The proceeds are used to reduce or pay the outstanding balance of financing. Collateral repossessed are subject to disposal as soon as it is practical to do so. At present, the Group and the Bank do not occupy repossessed 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 the financial year ended 31 December 2025.

Key Variable	ECL Scenario	Assigned Probabilities (%)	2025 (Actual)	2026 (Forecast)	2027 (Forecast)
Consumer Price Index (YOY%)	Base case	70.00%	1.40%	2.20%	2.50%
	Upside	20.00%	1.40%	2.90%	3.00%
	Downside	10.00%	1.40%	1.20%	1.00%
Unemployment Rate (%)	Base case	70.00%	2.90%	3.05%	3.00%
	Upside	20.00%	2.90%	2.70%	2.60%
	Downside	10.00%	2.90%	4.50%	4.80%
Overnight Policy Rate (%)	Base case	70.00%	2.75%	2.75%	3.00%
	Upside	20.00%	2.75%	3.50%	3.75%
	Downside	10.00%	2.75%	1.75%	1.50%
Private Consumption (YOY %)	Base case	70.00%	5.00%	5.00%	6.00%
	Upside	20.00%	5.00%	6.80%	7.00%
	Downside	10.00%	5.00%	3.50%	3.00%
Public Consumption (YOY %)	Base case	70.00%	7.10%	5.00%	5.30%
	Upside	20.00%	7.10%	7.00%	7.50%
	Downside	10.00%	7.10%	4.00%	4.30%
Gold Price (USD/oz)	Base case	70.00%	4322.36	3300.00	3450.00
	Upside	20.00%	4322.36	3700.00	4000.00
	Downside	10.00%	4322.36	1200.00	1100.00
Oil Price (USD/Bbl)	Base case	70.00%	60.49	70.00	75.00
	Upside	20.00%	60.49	95.00	100.00
	Downside	10.00%	60.49	50.00	45.00

**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**

**31 December 2024**

<b>Key Variable</b>	<b>ECL Scenario</b>	<b>Assigned Probabilities (%)</b>	<b>2024 (Actual)</b>	<b>2025 (Forecast)</b>	<b>2026 (Forecast)</b>
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.)**

**(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:

<b>Group and Bank</b>	<b>Financial investments at FVOCI</b>	
	<b>Non-Money Market Instruments - Debt</b>	
	<b>Domestic</b>	<b>Total</b>
	<b>Ratings</b>	
	<b>RM'000</b>	<b>RM'000</b>
<b>2025</b>		
AAA+ to AA-	<b>1,183,959</b>	<b>1,183,959</b>
Unrated	<b>69,490</b>	<b>69,490</b>
Defaulted	<b>546</b>	<b>546</b>
Sovereign	<b>6,554,211</b>	<b>6,554,211</b>
<b>Total</b>	<b>7,808,206</b>	<b>7,808,206</b>
<b>2024</b>		
AAA+ to AA-	1,256,288	1,256,288
Unrated	68,660	68,660
Defaulted	546	546
Sovereign	6,027,783	6,027,783
<b>Total</b>	<b>7,353,277</b>	<b>7,353,277</b>

**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 FVOCI with carrying amount of RM546,000 (2024: RM546,000), 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 the 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 2025	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 %
<b>ASSETS</b>									
Cash and short-term funds	2,360,733	-	-	-	-	228,265	-	2,588,998	2.8%
Deposits and placements with licensed financial institutions	-	400,000	100,000	-	-	1,361	-	501,361	3.3%
Financial investments at FVTPL	-	-	-	-	-	21,597	50,576	72,173	-
Financial investments at FVOCI	-	400,394	1,133,025	5,453,480	737,746	183,250	-	7,907,895	3.5%
Islamic derivative financial assets	-	-	-	-	-	-	13,549	13,549	-
Financing of customers:									
- non-impaired	26,132,657	24,748	234,376	3,298,424	3,806,219	131,940	-	33,628,364	5.3%
- impaired*	-	-	-	-	-	142,452	-	142,452	-
Other non-profit sensitive balances	-	-	-	-	-	811,434	-	811,434	-
<b>TOTAL ASSETS</b>	<b>28,493,390</b>	<b>825,142</b>	<b>1,467,401</b>	<b>8,751,904</b>	<b>4,543,965</b>	<b>1,520,299</b>	<b>64,125</b>	<b>45,666,226</b>	
<b>LIABILITIES AND EQUITY</b>									
Deposits from customers	18,885,630	6,760,160	11,173,361	300,865	-	270,044	-	37,390,060	3.0%
Investment accounts of customers	283,866	14,711	903,183	-	-	11,223	-	1,212,983	3.1%
Deposits and placements of banks and other financial institutions	584,270	-	-	-	-	382,675	-	966,945	3.5%
Obligation on financial assets sold under repurchase agreement	-	99,573	-	-	-	464	-	100,037	3.1%
Bills and acceptances payable	-	-	-	-	-	11,375	-	11,375	-
Islamic derivative financial liabilities	-	-	-	-	-	-	26,972	26,972	-
Recourse obligation on financing sold to Cagamas	-	-	-	1,200,001	-	5,939	-	1,205,940	3.8%
Subordinated sukuk	-	-	500,000	-	300,000	7,858	-	807,858	4.8%
Other non-profit sensitive balances	-	-	-	-	-	258,255	-	258,255	-
<b>TOTAL LIABILITIES</b>	<b>19,753,766</b>	<b>6,874,444</b>	<b>12,576,544</b>	<b>1,500,866</b>	<b>300,000</b>	<b>947,833</b>	<b>26,972</b>	<b>41,980,425</b>	
<b>TOTAL PROFIT SENSITIVITY GAP</b>	<b>8,739,624</b>	<b>(6,049,302)</b>	<b>(11,109,143)</b>	<b>7,251,038</b>	<b>4,243,965</b>	<b>572,466</b>	<b>37,153</b>	<b>3,685,801</b>	

\* 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 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 %
<b>ASSETS</b>									
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	-
<b>TOTAL ASSETS</b>	<b>28,477,115</b>	<b>562,818</b>	<b>1,123,094</b>	<b>6,598,524</b>	<b>4,940,154</b>	<b>1,870,469</b>	<b>89,682</b>	<b>43,661,856</b>	
<b>LIABILITIES AND EQUITY</b>									
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	-
<b>TOTAL LIABILITIES</b>	<b>18,003,427</b>	<b>5,257,442</b>	<b>12,969,800</b>	<b>1,263,439</b>	<b>800,000</b>	<b>1,851,500</b>	<b>17,309</b>	<b>40,162,917</b>	
<b>TOTAL PROFIT SENSITIVITY GAP</b>	<b>10,473,688</b>	<b>(4,694,624)</b>	<b>(11,846,706)</b>	<b>5,335,085</b>	<b>4,140,154</b>	<b>18,969</b>	<b>72,373</b>	<b>3,498,939</b>	

\* 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.)

<b>Bank 2025</b>	<b>Up to 1 month RM'000</b>	<b>&gt;1-3 months RM'000</b>	<b>&gt;3-12 months RM'000</b>	<b>1-5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Non-profit sensitive RM'000</b>	<b>Trading books RM'000</b>	<b>Total RM'000</b>	<b>Effective profit rate %</b>
<b>ASSETS</b>									
Cash and short-term funds	2,360,733	-	-	-	-	228,265	-	2,588,998	2.8%
Deposits and placements with licensed financial institutions	-	400,000	100,000	-	-	1,361	-	501,361	3.3%
Financial investments at FVTPL	-	-	-	-	-	19,701	50,576	70,277	-
Financial investments at FVOCI	-	400,394	1,133,025	5,453,480	737,746	183,250	-	7,907,895	3.5%
Islamic derivative financial assets	-	-	-	-	-	-	13,549	13,549	-
Financing of customers:									
- non-impaired	26,132,657	24,748	234,376	3,298,424	3,806,219	131,940	-	33,628,364	5.3%
- impaired*	-	-	-	-	-	142,452	-	142,452	-
Other non-profit sensitive balances	-	-	-	-	-	864,600	-	864,600	-
<b>TOTAL ASSETS</b>	<b>28,493,390</b>	<b>825,142</b>	<b>1,467,401</b>	<b>8,751,904</b>	<b>4,543,965</b>	<b>1,571,569</b>	<b>64,125</b>	<b>45,717,496</b>	
<b>LIABILITIES AND EQUITY</b>									
Deposits from customers	18,936,739	6,766,360	11,173,361	300,865	-	270,044	-	37,447,369	3.0%
Investment accounts of customers	283,866	14,711	903,183	-	-	11,223	-	1,212,983	3.1%
Deposits and placements of banks and other financial institutions	584,270	-	-	-	-	382,675	-	966,945	3.5%
Obligation on financial assets sold under repurchase agreement	-	99,573	-	-	-	464	-	100,037	3.1%
Bills and acceptances payable	-	-	-	-	-	11,375	-	11,375	-
Islamic derivative financial liabilities	-	-	-	-	-	-	26,972	26,972	-
Recourse obligation on financing sold to Cagamas	-	-	-	1,200,001	-	5,939	-	1,205,940	3.8%
Subordinated sukuk	-	-	500,000	-	300,000	7,858	-	807,858	4.8%
Other non-profit sensitive balances	-	-	-	-	-	257,445	-	257,445	-
<b>TOTAL LIABILITIES</b>	<b>19,804,875</b>	<b>6,880,644</b>	<b>12,576,544</b>	<b>1,500,866</b>	<b>300,000</b>	<b>947,023</b>	<b>26,972</b>	<b>42,036,924</b>	
<b>TOTAL PROFIT SENSITIVITY GAP</b>	<b>8,688,515</b>	<b>(6,055,502)</b>	<b>(11,109,143)</b>	<b>7,251,038</b>	<b>4,243,965</b>	<b>624,546</b>	<b>37,153</b>	<b>3,680,572</b>	

\* 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.)

<b>Bank 2024</b>	<b>Up to 1 month RM'000</b>	<b>&gt;1-3 months RM'000</b>	<b>&gt;3-12 months RM'000</b>	<b>1-5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Non-profit sensitive RM'000</b>	<b>Trading books RM'000</b>	<b>Total RM'000</b>	<b>Effective profit rate %</b>
<b>ASSETS</b>									
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	-
<b>TOTAL ASSETS</b>	<b>28,477,115</b>	<b>562,818</b>	<b>1,123,094</b>	<b>6,598,524</b>	<b>4,940,154</b>	<b>1,874,765</b>	<b>89,682</b>	<b>43,666,152</b>	
<b>LIABILITIES AND EQUITY</b>									
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	-
<b>TOTAL LIABILITIES</b>	<b>18,012,227</b>	<b>5,259,442</b>	<b>12,969,800</b>	<b>1,263,439</b>	<b>800,000</b>	<b>1,855,182</b>	<b>17,309</b>	<b>40,177,399</b>	
<b>TOTAL PROFIT SENSITIVITY GAP</b>	<b>10,464,888</b>	<b>(4,696,624)</b>	<b>(11,846,706)</b>	<b>5,335,085</b>	<b>4,140,154</b>	<b>19,583</b>	<b>72,373</b>	<b>3,488,753</b>	

\* 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.)**

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 RM'000	+50 Basis Points RM'000	-50 Basis Points RM'000	+50 Basis Points RM'000
<b>Impact on Earnings:</b>				
<b>2025</b>				
MYR	(33,634)	33,634	(33,513)	33,513
USD	1,561	(1,561)	1,561	(1,561)
<b>2024</b>				
MYR	(35,940)	35,940	(35,890)	35,890
USD	2,304	(2,304)	2,304	(2,304)
EUR	222	(222)	222	(222)
<b>Impact on Equity:</b>				
<b>2025</b>				
MYR	88,794	(88,794)	88,786	(88,786)
USD	(82)	82	(82)	82
<b>2024</b>				
MYR	92,673	(92,673)	92,670	(92,670)
USD	(189)	189	(189)	189
EUR	(12)	12	(12)	12

**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 controls its 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 its FX risk, and implements 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.

Group	Malaysian Ringgit RM'000	United	Australian	Swiss		Great	Japanese	Canadian		Total RM'000
		States Dollar RM'000	Dollar RM'000	Franc RM'000	Euro RM'000	Britain Pound RM'000	Yen RM'000	Dollar RM'000	Others RM'000	
<b>2025</b>										
<b>Assets</b>										
Cash and short-term funds	2,386,605	144,457	2,187	2,295	5,832	2,159	36,618	3,218	5,627	2,588,998
Deposits and placements with licensed financial institutions	501,361	-	-	-	-	-	-	-	-	501,361
Financial investments at FVTPL	72,173	-	-	-	-	-	-	-	-	72,173
Financial investments at FVOCI	7,897,700	10,195	-	-	-	-	-	-	-	7,907,895
Islamic derivative financial assets	13,549	-	-	-	-	-	-	-	-	13,549
Financing of customers	33,768,439	2,377	-	-	-	-	-	-	-	33,770,816
Other financial assets *	26,846	3	-	-	-	-	-	-	-	26,849
Statutory deposits with Bank Negara Malaysia	365,000	-	-	-	-	-	-	-	-	365,000
<b>Total financial assets</b>	<b>45,031,673</b>	<b>157,032</b>	<b>2,187</b>	<b>2,295</b>	<b>5,832</b>	<b>2,159</b>	<b>36,618</b>	<b>3,218</b>	<b>5,627</b>	<b>45,246,641</b>

\* 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.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

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

Foreign exchange risk (cont'd.)

Group 2025 (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
<b>Liabilities</b>										
Deposits from customers	37,267,627	121,909	58	-	370	80	-	-	16	37,390,060
Investment accounts of customers	1,212,983	-	-	-	-	-	-	-	-	1,212,983
Deposits and placements of banks and other financial institutions	682,309	284,636	-	-	-	-	-	-	-	966,945
Obligation on financial assets sold under repurchase agreement	100,037	-	-	-	-	-	-	-	-	100,037
Bills and acceptances payable	11,375	-	-	-	-	-	-	-	-	11,375
Islamic derivative financial liabilities	26,972	-	-	-	-	-	-	-	-	26,972
Other financial liabilities	197,128	545	-	-	69	(74)	-	-	-	197,668
Lease liabilities	49,734	164	-	-	-	-	-	-	-	49,898
Recourse obligation on financing sold to Cagamas	1,205,940	-	-	-	-	-	-	-	-	1,205,940
Subordinated sukuk	807,858	-	-	-	-	-	-	-	-	807,858
<b>Total financial liabilities</b>	<b>41,561,963</b>	<b>407,254</b>	<b>58</b>	<b>-</b>	<b>439</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>41,969,736</b>
<b>Net on-balance sheet open position</b>	<b>3,469,710</b>	<b>(250,222)</b>	<b>2,129</b>	<b>2,295</b>	<b>5,393</b>	<b>2,153</b>	<b>36,618</b>	<b>3,218</b>	<b>5,611</b>	<b>3,276,905</b>

196501000376 (6175-W)

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

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
<b>Assets</b>										
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
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
<b>Total financial assets</b>	<b>42,855,636</b>	<b>231,182</b>	<b>1,438</b>	<b>68,565</b>	<b>56,260</b>	<b>2,130</b>	<b>40,072</b>	<b>4,388</b>	<b>14,448</b>	<b>43,274,119</b>

\* 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 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
<b>Liabilities</b>										
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
<b>Total financial liabilities</b>	<b>39,394,138</b>	<b>537,762</b>	<b>27</b>	<b>-</b>	<b>201,083</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>20,976</b>	<b>40,153,988</b>
<b>Net on-balance sheet open position</b>	<b>3,461,498</b>	<b>(306,580)</b>	<b>1,411</b>	<b>68,565</b>	<b>(144,823)</b>	<b>2,128</b>	<b>40,072</b>	<b>4,388</b>	<b>(6,528)</b>	<b>3,120,131</b>

196501000376 (6175-W)

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 2025	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
<b>Assets</b>										
Cash and short-term funds	2,386,605	144,457	2,187	2,295	5,832	2,159	36,618	3,218	5,627	2,588,998
Deposits and placements with licensed financial institutions	501,361	-	-	-	-	-	-	-	-	501,361
Financial investments at FVTPL	70,277	-	-	-	-	-	-	-	-	70,277
Financial investments at FVOCI	7,897,700	10,195	-	-	-	-	-	-	-	7,907,895
Islamic derivative financial assets	13,549	-	-	-	-	-	-	-	-	13,549
Financing of customers	33,768,439	2,377	-	-	-	-	-	-	-	33,770,816
Other financial assets *	67,290	3	-	-	-	-	-	-	-	67,293
Statutory deposits with Bank Negara Malaysia	365,000	-	-	-	-	-	-	-	-	365,000
<b>Total financial assets</b>	<b>45,070,221</b>	<b>157,032</b>	<b>2,187</b>	<b>2,295</b>	<b>5,832</b>	<b>2,159</b>	<b>36,618</b>	<b>3,218</b>	<b>5,627</b>	<b>45,285,189</b>

\* 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.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

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

Foreign exchange risk (cont'd.)

Bank 2025 (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
<b>Liabilities</b>										
Deposits from customers	37,324,936	121,909	58	-	370	80	-	-	16	37,447,369
Investment accounts of customers	1,212,983	-	-	-	-	-	-	-	-	1,212,983
Deposits and placements of banks and other financial institutions	682,309	284,636	-	-	-	-	-	-	-	966,945
Obligation on financial assets sold under repurchase agreement	100,037	-	-	-	-	-	-	-	-	100,037
Bills and acceptances payable	11,375	-	-	-	-	-	-	-	-	11,375
Islamic derivative financial liabilities	26,972	-	-	-	-	-	-	-	-	26,972
Other financial liabilities	197,337	545	-	-	69	(74)	-	-	-	197,877
Lease liabilities	49,734	164	-	-	-	-	-	-	-	49,898
Recourse obligation on financing sold to Cagamas	1,205,940	-	-	-	-	-	-	-	-	1,205,940
Subordinated sukuk	807,858	-	-	-	-	-	-	-	-	807,858
<b>Total financial liabilities</b>	<b>41,619,481</b>	<b>407,254</b>	<b>58</b>	<b>-</b>	<b>439</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>42,027,254</b>
<b>Net on-balance sheet open position</b>	<b>3,450,740</b>	<b>(250,222)</b>	<b>2,129</b>	<b>2,295</b>	<b>5,393</b>	<b>2,153</b>	<b>36,618</b>	<b>3,218</b>	<b>5,611</b>	<b>3,257,935</b>

196501000376 (6175-W)

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
<b>Assets</b>										
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
Cash and placements with 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
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
<b>Total financial assets</b>	<b>42,847,399</b>	<b>231,182</b>	<b>1,438</b>	<b>68,565</b>	<b>56,260</b>	<b>2,130</b>	<b>40,072</b>	<b>4,388</b>	<b>14,448</b>	<b>43,265,882</b>

\* 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.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

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

Foreign exchange risk (cont'd.)

Bank	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
<b>2024 (cont'd.)</b>										
<b>Liabilities</b>										
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
Subordinated sukuk	807,369	-	-	-	-	-	-	-	-	807,369
<b>Total financial liabilities</b>	<b>39,408,888</b>	<b>537,762</b>	<b>27</b>	<b>-</b>	<b>201,083</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>20,976</b>	<b>40,168,738</b>
<b>Net on-balance sheet open position</b>	<b>3,438,511</b>	<b>(306,580)</b>	<b>1,411</b>	<b>68,565</b>	<b>(144,823)</b>	<b>2,128</b>	<b>40,072</b>	<b>4,388</b>	<b>(6,528)</b>	<b>3,097,144</b>

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 1% appreciation RM'000	2024 1% depreciation RM'000	2023 1% appreciation RM'000	2023 1% depreciation RM'000
Impact to profit after tax and reserves	1,928	(1,928)	3,414	(3,414)

**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 a 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 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:

<b>Group 2025</b>	<b>On demand or up to 1 month RM'000</b>	<b>&gt;1-3 Months RM'000</b>	<b>&gt;3-6 Months RM'000</b>	<b>&gt;6-12 Months RM'000</b>	<b>&gt;1 Year RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>						
Cash and short-term funds	2,588,998	-	-	-	-	2,588,998
Deposits and placements with licensed financial institutions	-	401,154	100,207	-	-	501,361
Financial investments at FVTPL	-	50,576	-	-	21,597	72,173
Financial investments at FVOCI	546	403,726	146,219	998,500	6,358,904	7,907,895
Islamic derivative financial assets	7,609	4,126	1,453	361	-	13,549
Financing of customers	789,668	703,978	455,597	2,457,654	29,363,919	33,770,816
Statutory deposits with Bank Negara Malaysia	-	-	-	-	365,000	365,000
Other financial assets *	26,849	-	-	-	-	26,849
<b>Total financial assets</b>	<b>3,413,670</b>	<b>1,563,560</b>	<b>703,476</b>	<b>3,456,515</b>	<b>36,109,420</b>	<b>45,246,641</b>
<b>Liabilities</b>						
Deposits from customers	18,980,747	6,798,851	5,349,944	5,925,339	335,179	37,390,060
Investment accounts of customers	283,981	14,895	174,816	739,291	-	1,212,983
Deposits and placements of banks and other financial institutions	584,958	-	48,530	-	333,457	966,945
Obligation on financial assets sold under repurchase agreement	-	100,037	-	-	-	100,037
Bills and acceptances payable	11,375	-	-	-	-	11,375
Islamic derivative financial liabilities	10,540	5,705	9,724	1,003	-	26,972
Other financial liabilities	197,668	-	-	-	-	197,668
Lease liabilities	965	1,940	2,921	5,926	38,146	49,898
Recourse obligation on financing sold to Cagamas	-	-	-	-	1,205,940	1,205,940
Subordinated sukuk	7,165	-	1,051	-	799,642	807,858
<b>Total financial liabilities</b>	<b>20,077,399</b>	<b>6,921,428</b>	<b>5,586,986</b>	<b>6,671,559</b>	<b>2,712,364</b>	<b>41,969,736</b>
<b>Net maturity mismatch</b>	<b>(16,663,729)</b>	<b>(5,357,868)</b>	<b>(4,883,510)</b>	<b>(3,215,044)</b>	<b>33,397,056</b>	<b>3,276,905</b>
<b>Commitments and contingencies</b>						
Contingent liabilities	19,366	42,737	61,541	153,071	1,571,598	1,848,313
Commitments	121,319	120,632	96,114	71,783	1,848,818	2,258,666
Other miscellaneous commitment and contingencies	61,058	2,554	892	-	497,374	561,878
Islamic derivative financial liabilities	524,655	308,641	455,822	282,284	-	1,571,402
<b>Total commitments and contingencies</b>	<b>726,398</b>	<b>474,564</b>	<b>614,369</b>	<b>507,138</b>	<b>3,917,790</b>	<b>6,240,259</b>

\* 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:

<b>Group 2024</b>	<b>On demand or up to 1 month RM'000</b>	<b>&gt;1-3 Months RM'000</b>	<b>&gt;3-6 Months RM'000</b>	<b>&gt;6-12 Months RM'000</b>	<b>&gt;1 Year RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>						
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	-	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
<b>Total financial assets</b>	<b>2,776,899</b>	<b>1,207,450</b>	<b>665,159</b>	<b>3,410,818</b>	<b>35,213,793</b>	<b>43,274,119</b>
<b>Liabilities</b>						
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
<b>Total financial liabilities</b>	<b>19,100,933</b>	<b>5,312,052</b>	<b>6,637,243</b>	<b>6,569,109</b>	<b>2,543,580</b>	<b>40,162,917</b>
<b>Net maturity mismatch</b>	<b>(16,324,034)</b>	<b>(4,104,602)</b>	<b>(5,972,084)</b>	<b>(3,158,291)</b>	<b>32,670,213</b>	<b>3,111,202</b>
<b>Commitments and contingencies</b>						
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 contingencies	54,266	-	-	-	295,456	349,722
Islamic derivative financial liabilities	310,472	333,361	60,718	631,512	514,545	1,850,608
<b>Total commitments and contingencies</b>	<b>687,332</b>	<b>551,671</b>	<b>184,710</b>	<b>849,983</b>	<b>3,821,612</b>	<b>6,095,308</b>

\* 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.)**

**(c) Liquidity and funding risk (cont'd.)**

(i) Maturity analysis of assets, liabilities, commitments and contingencies based on remaining contractual maturity: (cont'd.)

<b>Bank 2025</b>	<b>On demand or up to 1 month RM'000</b>	<b>&gt;1-3 Months RM'000</b>	<b>&gt;3-6 Months RM'000</b>	<b>&gt;6-12 Months RM'000</b>	<b>&gt;1 Year RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>						
Cash and short-term funds	2,588,998	-	-	-	-	2,588,998
Deposits and placements with licensed financial institutions	-	401,154	100,207	-	-	501,361
Financial investments at FVTPL	-	50,576	-	-	19,701	70,277
Financial investments at FVOCI	546	403,726	146,219	998,500	6,358,904	7,907,895
Islamic derivative financial assets	7,609	4,126	1,453	361	-	13,549
Financing of customers	789,668	703,978	455,597	2,457,654	29,363,919	33,770,816
Statutory deposits with Bank Negara Malaysia	-	-	-	-	365,000	365,000
Other financial assets *	67,793	-	-	-	-	67,793
<b>Total financial assets</b>	<b>3,454,614</b>	<b>1,563,560</b>	<b>703,476</b>	<b>3,456,515</b>	<b>36,107,524</b>	<b>45,285,689</b>
<b>Liabilities</b>						
Deposits from customers	19,031,857	6,805,051	5,349,944	5,925,338	335,179	37,447,369
Investment accounts of customers	283,981	14,895	174,816	739,291	-	1,212,983
Deposits and placements of banks and other financial institutions	584,958	-	48,530	-	333,457	966,945
Obligation on financial assets sold under repurchase agreement	-	100,037	-	-	-	100,037
Bills and acceptances payable	11,375	-	-	-	-	11,375
Islamic derivative financial liabilities	10,540	5,706	9,724	1,002	-	26,972
Other financial liabilities	197,877	-	-	-	-	197,877
Lease liabilities	965	1,940	2,921	5,926	38,146	49,898
Recourse obligation on financing sold to Cagamas	-	-	-	-	1,205,940	1,205,940
Subordinated sukuk	7,165	-	1,051	-	799,642	807,858
<b>Total financial liabilities</b>	<b>20,128,718</b>	<b>6,927,629</b>	<b>5,586,986</b>	<b>6,671,557</b>	<b>2,712,364</b>	<b>42,027,254</b>
<b>Net maturity mismatch</b>	<b>(16,674,104)</b>	<b>(5,364,069)</b>	<b>(4,883,510)</b>	<b>(3,215,042)</b>	<b>33,395,160</b>	<b>3,258,435</b>
<b>Commitments and contingencies</b>						
Contingent liabilities	19,366	42,737	61,541	153,071	1,571,598	1,848,313
Commitments	121,319	120,632	96,114	71,783	1,848,818	2,258,666
Other miscellaneous commitment and contingencies	61,058	2,554	892	-	497,374	561,878
Islamic derivative financial liabilities	524,655	308,641	455,822	282,284	-	1,571,402
<b>Total commitments and contingencies</b>	<b>726,398</b>	<b>474,564</b>	<b>614,369</b>	<b>507,138</b>	<b>3,917,790</b>	<b>6,240,259</b>

\* 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.)

<b>Bank 2024</b>	<b>On demand or up to 1 month RM'000</b>	<b>&gt;1-3 Months RM'000</b>	<b>&gt;3-6 Months RM'000</b>	<b>&gt;6-12 Months RM'000</b>	<b>&gt;1 Year RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>						
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	-	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
<b>Total financial assets</b>	<b>2,776,844</b>	<b>1,207,450</b>	<b>665,159</b>	<b>3,407,712</b>	<b>35,208,717</b>	<b>43,265,882</b>
<b>Liabilities</b>						
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
<b>Total financial liabilities</b>	<b>19,113,528</b>	<b>5,314,052</b>	<b>6,637,243</b>	<b>6,568,996</b>	<b>2,543,580</b>	<b>40,177,399</b>
<b>Net maturity mismatch</b>	<b>(16,336,684)</b>	<b>(4,106,602)</b>	<b>(5,972,084)</b>	<b>(3,161,284)</b>	<b>32,665,137</b>	<b>3,088,483</b>
<b>Commitments and contingencies</b>						
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 contingencies	54,266	-	-	-	295,456	349,722
Islamic derivative financial liabilities	310,472	333,361	60,718	631,512	514,545	1,850,608
<b>Total commitments and contingencies</b>	<b>687,332</b>	<b>551,671</b>	<b>184,710</b>	<b>849,983</b>	<b>3,821,612</b>	<b>6,095,308</b>

\* 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.

<b>Group</b>	<b>On demand or</b>	<b>&gt;1-3</b>	<b>&gt;3-6</b>	<b>&gt;6-12</b>	<b>&gt;1 Year</b>	<b>Total</b>
<b>2025</b>	<b>up to 1 month</b>	<b>Months</b>	<b>Months</b>	<b>Months</b>	<b>RM'000</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>		
<b>Non-derivative liabilities</b>						
Deposits from customers	19,021,267	6,838,212	5,428,291	6,099,088	371,390	37,758,248
Investment accounts of customers	283,996	14,973	177,714	761,346	-	1,238,029
Deposits and placements of banks and other financial institutions	585,995	-	48,530	-	333,457	967,982
Bills and acceptances payable	11,375	-	-	-	-	11,375
Other financial liabilities	197,668	-	-	-	-	197,668
Lease liabilities	1,147	2,295	3,426	6,836	41,079	54,783
Recourse obligation on financing sold to Cagamas	-	-	-	-	1,350,395	1,350,395
Obligation on financial assets sold under repurchase agreement	-	100,366	-	-	-	100,366
Subordinated sukuk	7,995	-	11,250	19,245	997,414	1,035,904
<b>Derivative liabilities</b>	<b>10,540</b>	<b>5,706</b>	<b>9,724</b>	<b>1,002</b>	<b>-</b>	<b>26,972</b>
<b>Total financial liabilities</b>	<b>20,119,983</b>	<b>6,961,552</b>	<b>5,678,935</b>	<b>6,887,517</b>	<b>3,093,735</b>	<b>42,741,722</b>

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.)

<b>Group 2024</b>	<b>On demand or up to 1 month RM'000</b>	<b>&gt;1-3 Months RM'000</b>	<b>&gt;3-6 Months RM'000</b>	<b>&gt;6-12 Months RM'000</b>	<b>&gt;1 Year RM'000</b>	<b>Total RM'000</b>
<b>Non-derivative liabilities</b>						
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
<b>Derivative liabilities</b>	1,201	10,559	168	5,381	-	17,309
<b>Total financial liabilities</b>	<b>19,109,146</b>	<b>5,346,520</b>	<b>6,747,526</b>	<b>6,778,102</b>	<b>2,931,773</b>	<b>40,913,067</b>

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.)

<b>Bank 2025</b>	<b>On demand or up to 1 month RM'000</b>	<b>&gt;1-3 Months RM'000</b>	<b>&gt;3-6 Months RM'000</b>	<b>&gt;6-12 Months RM'000</b>	<b>&gt;1 Year RM'000</b>	<b>Total RM'000</b>
<b>Non-derivative liabilities</b>						
Deposits from customers	19,040,926	6,844,445	5,428,291	6,099,088	371,390	37,784,140
Investment accounts of customers	283,996	14,973	177,714	761,346	-	1,238,029
Deposits and placements of banks and other financial institutions	585,995	-	48,530	-	333,457	967,982
Bills and acceptances payable	11,375	-	-	-	-	11,375
Other financial liabilities	197,877	-	-	-	-	197,877
Lease liabilities	1,147	2,295	3,426	6,836	41,079	54,783
Recourse obligation on financing sold to Cagamas	-	-	-	-	1,350,395	1,350,395
Obligation on financial assets sold under repurchase agreement	-	100,366	-	-	-	100,366
Subordinated sukuk	7,995	-	11,250	19,245	997,414	1,035,904
<b>Derivative liabilities</b>	<b>10,540</b>	<b>5,706</b>	<b>9,724</b>	<b>1,002</b>	<b>-</b>	<b>26,972</b>
<b>Total financial liabilities</b>	<b>20,139,851</b>	<b>6,967,785</b>	<b>5,678,935</b>	<b>6,887,517</b>	<b>3,093,735</b>	<b>42,767,823</b>

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.)

<b>Bank 2024</b>	<b>On demand or up to 1 month RM'000</b>	<b>&gt;1-3 Months RM'000</b>	<b>&gt;3-6 Months RM'000</b>	<b>&gt;6-12 Months RM'000</b>	<b>&gt;1 Year RM'000</b>	<b>Total RM'000</b>
<b>Non-derivative liabilities</b>						
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
<b>Derivative liabilities</b>	1,201	10,559	168	5,381	-	17,309
<b>Total financial liabilities</b>	<b>19,125,791</b>	<b>5,348,532</b>	<b>6,747,526</b>	<b>6,778,255</b>	<b>2,931,773</b>	<b>40,931,877</b>

**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	<u>Valuation technique using:</u>			Total RM'000
	Quoted Market Price Level 1 RM'000	Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
<b>2025</b>				
<b>Financial assets</b>				
Financial investments at FVTPL	-	72,173	-	72,173
Financial investments at FVOCI	84,863	7,808,206	14,826	7,907,895
Islamic derivative financial assets	-	13,549	-	13,549
Financing of customers	-	-	288,554	288,554
Total financial assets measured at fair value	<b>84,863</b>	<b>7,893,928</b>	<b>303,380</b>	<b>8,282,171</b>
<b>Financial liabilities</b>				
Islamic derivative financial liabilities	-	26,972	-	26,972
Total financial liabilities measured at fair value	-	26,972	-	26,972

**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 RM'000
	Quoted Market Price Level 1 RM'000	Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
<b>2024</b>				
<b>Financial assets</b>				
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
Financing of customers	-	-	337,972	337,972
Total financial assets measured at fair value	136,877	7,374,961	425,489	7,937,327
<b>Financial liabilities</b>				
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)

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	
<b>2025</b>				<b>RM'000</b>
<b>Financial assets</b>				
Financial investments at FVTPL	-	70,277	-	70,277
Financial investments at FVOCI	84,863	7,808,206	14,826	7,907,895
Islamic derivative financial assets	-	13,549	-	13,549
Financing of customers	-	-	288,554	288,554
Total financial assets measured at fair value	<b>84,863</b>	<b>7,892,032</b>	<b>303,380</b>	<b>8,280,275</b>
<b>Financial liabilities</b>				
Islamic derivative financial liabilities	-	26,972	-	26,972
Total financial liabilities measured at fair value	-	26,972	-	26,972

**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 RM'000
	Quoted Market Price Level 1 RM'000	Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
<b>2024</b>				
<b>Financial assets</b>				
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
Financing of customers	-	-	332,896	332,896
Total financial assets measured at fair value	<u>136,877</u>	<u>7,372,282</u>	<u>420,413</u>	<u>7,929,572</u>
<b>Financial liabilities</b>				
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 a reconciliation of Level 3 fair values:

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January</b>	<b>425,489</b>	484,635
Loss recognised in statements of profit or loss	<b>(12,320)</b>	(21,843)
Loss recognised in statements of other comprehensive income	<b>(58,070)</b>	(5,527)
Redemption	<b>(44,798)</b>	(29,139)
Foreign exchange translation difference	<b>(6,921)</b>	(2,637)
<b>At 31 December</b>	<b>303,380</b>	425,489
	<hr/>	
	<b>Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January</b>	<b>420,413</b>	480,385
Loss recognised in statements of profit or loss	<b>(12,320)</b>	(21,844)
Loss recognised in statements of other comprehensive income	<b>(58,070)</b>	(5,527)
Redemption	<b>(39,722)</b>	(29,964)
Foreign exchange translation difference	<b>(6,921)</b>	(2,637)
<b>At 31 December</b>	<b>303,380</b>	420,413
	<hr/>	

**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.

<b>Group</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	<b>Carrying</b>
<b>2025</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>fair value</b>	<b>amount</b>
				<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>					
Financing of customers	-	-	32,865,373	32,865,373	33,482,262
<b>Financial liabilities</b>					
Deposits from customers	-	-	37,399,799	37,399,799	37,390,060
Deposits and placements of banks and other financial institutions	-	-	966,945	966,945	966,945
Subordinated sukuk	-	815,748	-	815,748	807,858
<b>2024</b>					
<b>Financial assets</b>					
Financing of customers	-	-	31,764,792	31,764,792	32,011,377

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

## 48. Fair value measurements (cont'd.)

## (b) Financial instruments not carried at fair value (cont'd.)

<b>Group</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	<b>Carrying</b>
<b>2024</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>fair value</b>	<b>amount</b>
				<b>RM'000</b>	<b>RM'000</b>
<b>Financial liabilities</b>					
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
<hr/>					
<b>Bank</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	<b>Carrying</b>
<b>2025</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>fair value</b>	<b>amount</b>
				<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>					
Financing of customers	-	-	33,153,927	33,153,927	33,482,262
<hr/>					
<b>Financial liabilities</b>					
Deposits from customers	-	-	37,457,108	37,457,108	37,447,369
Deposits and placements of banks and other financial institutions	-	-	966,945	966,945	966,945
Subordinated sukuk	-	815,748	-	815,748	807,858
<hr/>					

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

## 48. Fair value measurements (cont'd.)

## (b) Financial instruments not carried at fair value (cont'd.)

<b>Bank 2024</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total fair value RM'000</b>	<b>Carrying amount RM'000</b>
<b>Financial assets</b>					
Financing of customers	-		31,680,359	31,680,359	32,011,377
<b>Financial liabilities</b>					
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

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.

**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.

196501000376 (6175-W)

**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	
<b>2025</b>						
Derivative assets	13,549	-	13,549	-	-	13,549
Derivative liabilities	(26,972)	-	(26,972)	-	-	(26,972)
<b>2024</b>						
Derivative assets	14,496	-	14,496	-	-	14,496
Derivative liabilities	(17,309)	-	(17,309)	-	-	(17,309)

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:

	<b>Group and Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Approved and contracted for	7,002	21,486
Approved but not contracted for	<b>141,158</b>	95,008
	<b>148,160</b>	116,494

**51. Capital adequacy**

(a) The core capital ratios and risk-weighted capital ratios of the Group and the Bank are as follows:

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Computation of total risk-weighted assets ("RWA")</b>		
Total credit RWA	<b>24,153,813</b>	23,914,985
Less: Credit risk absorbed by profit-sharing investment account ("PSIA")	<b>(1,114,082)</b>	(117,142)
Total market RWA	<b>83,806</b>	105,498
Total operational RWA	<b>1,508,404</b>	1,559,286
Total RWA	<b>24,631,941</b>	25,462,627

**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.)

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Computation of capital ratios</b>		
<b><u>Tier-1 capital</u></b>		
Share capital	<b>1,195,000</b>	1,195,000
Retained profits	<b>2,026,644</b>	1,818,444
<b>Other Reserves</b>		
Regulatory reserve	<b>122,492</b>	145,404
FVOCI reserve	<b>(15,183)</b>	(11,637)
Foreign exchange translation reserve	<b>8,093</b>	2,973
<b>Less: Regulatory Adjustment</b>		
Deferred tax assets	<b>(41,407)</b>	(51,615)
Investment property gain	<b>(12,393)</b>	(10,493)
Regulatory reserve	<b>(122,492)</b>	(145,404)
Cumulative gains of financing measured at FVTPL	<b>(11,140)</b>	(12,655)
Intangible asset (net of deferred tax liabilities)	<b>(126,484)</b>	(119,023)
<b>Total Common Equity Tier-1 Capital</b>	<b><u>3,023,130</u></b>	<u>2,810,994</u>
<b><u>Additional Tier-1 capital</u></b>		
Perpetual Sukuk	<b><u>350,000</u></b>	<u>350,000</u>
<b>Total Tier-1 Capital</b>	<b><u>3,373,130</u></b>	<u>3,160,994</u>
<b><u>Tier-2 capital</u></b>		
Subordinated sukuk	<b>800,000</b>	800,000
Loss provision and regulatory reserve*	<b>287,997</b>	297,473
Add: Investment property gain	<b>5,577</b>	4,722
<b>Total Tier-2 Capital</b>	<b><u>1,093,574</u></b>	<u>1,102,195</u>
<b>Total Capital Base</b>	<b><u>4,466,704</u></b>	<u>4,263,189</u>
<b><u>Ratio (%)</u></b>		
CET 1 Capital	<b>12.273%</b>	11.040%
Tier 1 Capital	<b>13.694%</b>	12.414%
Total Capital	<b>18.134%</b>	16.743%

\* 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.)

	<b>Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Computation of total risk-weighted assets ("RWA")</b>		
Total credit RWA	<b>24,192,227</b>	23,903,796
Less: Credit risk absorbed by profit-sharing investment account ("PSIA")	<b>(1,114,082)</b>	(117,142)
Total market RWA	<b>83,806</b>	105,498
Total operational RWA	<b>1,509,588</b>	1,549,255
Total RWA	<b>24,671,539</b>	25,441,407
<b>Computation of capital ratios</b>		
<b><u>Tier-1 capital</u></b>		
Share capital	<b>1,195,000</b>	1,195,000
Retained profits	<b>2,021,415</b>	1,808,257
<b>Other Reserves</b>		
Regulatory reserve	<b>122,492</b>	145,404
FVOCI reserve	<b>(15,183)</b>	(11,637)
Foreign exchange translation reserve	<b>8,093</b>	2,974
<b>Regulatory Adjustment</b>		
Deferred tax assets	<b>(41,426)</b>	(51,454)
Investment property gain	<b>(12,393)</b>	(10,493)
Regulatory reserve	<b>(122,492)</b>	(145,404)
Investment in subsidiaries	<b>(13,159)</b>	(13,159)
Cumulative gains of financing measured at FVTPL	<b>(11,140)</b>	(12,655)
Intangible asset (net of deferred tax liabilities)	<b>(126,162)</b>	(118,973)
<b>Total Common Equity Tier- 1 Capital</b>	<b>3,005,045</b>	2,787,860
<b><u>Additional Tier-1 Capital</u></b>		
Perpetual Sukuk	<b>350,000</b>	350,000
<b>Total Tier-1 Capital</b>	<b>3,355,045</b>	3,137,860
<b><u>Tier-2 capital</u></b>		
Subordinated sukuk	<b>800,000</b>	800,000
Loss provision and regulatory reserve*	<b>288,477</b>	297,333
Add: Investment property gain	<b>5,577</b>	4,722
<b>Total Tier-2 Capital</b>	<b>1,094,054</b>	1,102,055
<b>Total Capital Base</b>	<b>4,449,099</b>	4,239,915

\* 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.)

	<b>Bank</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Computation of capital ratios (cont'd.)</b>		
<b><u>Ratio (%)</u></b>		
CET 1 Capital	<b>12.180%</b>	10.958%
Tier 1 Capital	<b>13.599%</b>	12.334%
Total Capital	<b>18.033%</b>	16.665%

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 Standardised Approach (2024: 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 (2024: 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:

	<b>Group</b>			
	<b>2025</b>			<b>2024</b>
	<b>Total exposures after netting and credit risk mitigation RM'000</b>	<b>Total risk -weighted assets RM'000</b>	<b>Total exposures after netting and credit risk mitigation RM'000</b>	<b>Total risk -weighted assets RM'000</b>
0%	15,244,436	-	14,036,021	-
20%	4,864,457	972,891	4,416,488	883,298
35%	3,930,557	1,375,695	3,919,976	1,371,991
50%	1,713,221	856,611	1,475,609	737,804
75%	4,875,133	3,656,350	3,403,765	2,552,824
100%	17,211,260	17,211,260	18,236,206	18,236,206
150%	54,004	81,006	88,575	132,862
<b>Risk-weighted assets for credit risk</b>	<b>47,893,068</b>	<b>24,153,813</b>	<b>45,576,640</b>	<b>23,914,985</b>
<b>Less: Credit risk absorbed by PSIA</b>		<b>(1,114,082)</b>		<b>(117,142)</b>
		<b>23,039,731</b>		<b>23,797,843</b>

**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			
	2025			2024
	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%	15,244,436	-	14,036,021	-
20%	4,864,457	972,891	4,416,488	883,298
35%	3,930,557	1,375,695	3,919,976	1,371,991
50%	1,713,221	856,611	1,475,609	737,804
75%	4,875,133	3,656,350	3,403,765	2,552,824
100%	17,249,674	17,249,674	18,232,631	18,232,631
150%	54,004	81,006	83,499	125,248
<b>Risk-weighted assets for credit risk</b>	<b>47,931,482</b>	<b>24,192,227</b>	<b>45,567,989</b>	<b>23,903,796</b>
<b>Less: Credit risk absorbed by PSIA</b>		<b>(1,114,082)</b>		<b>(117,142)</b>
		<b>23,078,145</b>		<b>23,786,654</b>

**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 acts 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.

<b>Group 2025</b>	<b>Business banking RM'000</b>	<b>Consumer banking RM'000</b>	<b>Treasury banking RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
Revenue	<b>444,340</b>	<b>1,441,785</b>	<b>381,491</b>	<b>23,773</b>	<b>2,291,389</b>
<b>Total income</b>	<b>213,957</b>	<b>496,904</b>	<b>50,214</b>	<b>372,944</b>	<b>1,134,019</b>
Allowance for impairment losses on financing	<b>43,922</b>	<b>(127,877)</b>	<b>1,261</b>	-	<b>(82,694)</b>
Allowance for impairment losses on financial investments, net	-	-	<b>(2)</b>	-	<b>(2)</b>
Allowance for impairment losses on other financial assets, net	-	-	<b>367</b>	-	<b>367</b>
Other expenses	-	-	-	<b>(55,090)</b>	<b>(55,090)</b>
<b>Total net income</b>	<b>257,879</b>	<b>369,027</b>	<b>51,840</b>	<b>317,854</b>	<b>996,600</b>
Total overhead expenses					<b>(689,513)</b>
<b>Profit before zakat and taxation</b>					<b>307,087</b>
Zakat					<b>(9,805)</b>
Taxation					<b>(73,535)</b>
<b>Profit for the year</b>					<b>223,747</b>

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

## 52. Segment information (cont'd.)

## (a) Business segments (cont'd.)

<b>Group 2024</b>	<b>Business banking RM'000</b>	<b>Consumer banking RM'000</b>	<b>Treasury banking RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
Revenue	436,225	1,368,167	331,465	12,255	2,148,112
<b>Total Income</b>	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)
<b>Total net income</b>	75,009	400,924	(71,343)	407,035	811,625
Total overhead expenses					(682,309)
<b>Profit before zakat and taxation</b>					129,316
Zakat					(8,825)
Taxation					(34,350)
<b>Profit for the year</b>					86,141

<b>Bank 2025</b>	<b>Business banking RM'000</b>	<b>Consumer banking RM'000</b>	<b>Treasury banking RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
Revenue	444,340	1,441,786	381,491	24,174	2,291,791
<b>Total Income</b>	213,957	496,904	50,214	372,944	1,134,019
Allowance for impairment losses on financing	43,922	(127,877)	1,261	-	(82,694)
Allowance for impairment losses on financial investments, net	-	-	(2)	-	(2)
Allowance for impairment losses on other financial assets, net	-	-	367	-	367
Other expenses	-	-	-	(55,090)	(55,090)
<b>Total net income</b>	257,879	369,027	51,840	317,854	996,600
Total overhead expenses					(688,183)
<b>Profit before zakat and taxation</b>					308,417
Zakat					(9,674)
Taxation					(70,038)
<b>Profit for the year</b>					228,705

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

**52. Segment information (cont'd.)**

**(a) Business segments (cont'd.)**

<b>Bank 2024</b>	<b>Business banking RM'000</b>	<b>Consumer banking RM'000</b>	<b>Treasury banking RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
Revenue	436,225	1,368,167	331,465	11,645	2,147,502
<b>Total Income</b>	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)
<b>Total net income</b>	75,009	400,924	(71,343)	406,096	810,686
Total overhead expenses					(682,132)
<b>Profit before zakat and taxation</b>					128,554
Zakat					(8,576)
Taxation					(32,414)
<b>Profit for the year</b>					<b>87,564</b>

**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 come 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's 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 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**

<b>2025</b>	<b>No. of event</b>	<b>RM</b>
Shariah non-compliance events/income during the year	-	-
	<hr/>	<hr/>
<b>2024</b>	<b>No. of event</b>	<b>RM</b>
Shariah non-compliance events/income during the year	-	-
	<hr/>	<hr/>

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.

Examples of unidentified funds are cash excess discovered at branch counter and automated teller machines ("ATM"), and unidentified credit balances, whilst earning prohibited by Shariah were interest income derived from Nostro accounts.

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January</b>	-	14
<b>Sources of charity funds</b>		
Unidentified fund/earning prohibited by Shariah, during the year	<b>26</b>	-
<b>Uses of charity funds</b>		
Contribution to non-profit organisation	-	(14)
<b>Undistributed charity funds at 31 December</b>	<b>26</b>	-

**(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.