Registration No: 200401032872 (671380-H)

CIMB Islamic Bank Berhad

(Incorporated in Malaysia)

Reports and Financial Statements for the financial year ended 31 December 2024

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Reports and Financial Statements for the financial year ended 31 December 2024

Contents

CIMB Islamic Bank Berhad
(Incorporated in Malaysia)

Directors' Report for the financial year ended 31 December 2024

The Directors have pleasure in submitting their Report and the Audited Financial Statements of the Group and CIMB Islamic Bank Berhad ("CIMB Islamic" or "the Bank") for the financial year ended 31 December 2024.

Principal activities

The principal activities of the Bank during the financial year are Islamic banking and finance business and the provision of related financial services. The principal activities of the subsidiaries as set out in Note 14 to the Financial Statements, consist of Islamic nominees services. There was no significant change in the nature of these activities during the financial year.

Financial results

	The Group and the Bank RM'000
Profit after taxation and zakat	1,219,723

Dividend

No dividends have been paid or declared by the Group and the Bank since the financial year ended 31 December 2023.

The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2024.

Reserves, provisions and allowances

There were no material transfers to or from reserves or provisions or allowances during the financial year other than those disclosed in the Financial Statements and notes to the Financial Statements.

Share-based employee benefit plan

The Group's and the Bank's employee benefit schemes are explained in Note 47 to the Financial Statements.

Bad and doubtful financing

Before the Financial Statements of the Group and of the Bank were prepared, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad financing and the making of allowance for doubtful financing and satisfied themselves that all known bad financing had been written off and that adequate allowance had been made for doubtful financing.

At the date of this Report, the Directors are not aware of any circumstances which would render the amounts written off for bad financing, or the amount of the allowance for doubtful financing in the Financial Statements of the Group and of the Bank, inadequate to any substantial extent.

Current assets

Before the Financial Statements of the Group and of the Bank were prepared, the Directors took reasonable steps to ascertain that any current assets, other than financing, which were unlikely to realise in the ordinary course of business, including the values of current assets as shown in the accounting records of the Group and of the Bank had been written down to an amount which the current assets might be expected so to realise.

At the date of this Report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the Financial Statements of the Group and of the Bank misleading.

Valuation methods

At the date of this Report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.

Contingent and other liabilities

At the date of this Report, there does not exist:

(a) any charge on the assets of the Group or the Bank which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group or the Bank which has arisen since the end of the financial year other than in the ordinary course of banking business.

No contingent or other liability in the Group or the Bank has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Bank and its subsidiaries to meet their obligations when they fall due.

Change of circumstances

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 of the Group and of the Bank, that would render any amount stated in the Financial Statements misleading.

Items of an unusual nature

In the opinion of the Directors:

(a) the results of the Group's and the Bank's operations for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in Note 52 to the Financial Statements; and

(b) there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Bank for the financial year in which this Report is made.

Directors

The Directors of the Bank who have held office during the financial year and during the period from the end of the financial year to the date of the Report are:

Dato' Mohamed Ross Mohd Din
Ahmed Baqar Rehman
Jalalullail Othman
Ahmad Shahriman Mohd Shariff
Dr Azura Othman
Zuhaida Zulkifli
Datin Azlina Mahmad (appointed on 1 September 2024)

In accordance with Article 88 and 89 of the Bank's Constitution, Dr. Azura Othman and Puan Zuhaida Zulkifli shall retire from the Board at the forthcoming Annual General Meeting ("AGM") and being eligible, offer themselves for re-election.

In accordance with Article 75 and 90 of the Bank's Constitution, Datin Azlina Mahmad shall retire from the Board at the forthcoming AGM and being eligible, offer herself for re-election.

The names of the Directors of the Bank's subsidiaries in office since the beginning of the financial year to the date of this report are disclosed in Note 55 to the financial statements.

Directors' interests in shares and share options

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the beneficial interests of Directors who held office at the end of the financial year in the shares, share options and debentures of the ultimate holding company and its related corporation during the financial year are as follows:

	Number of ordinary shares			
	As at 1 January 2024	**Acquired/ Vested**	**Disposed**	**As at 31 December 2024**
Ultimate holding company				
CIMB Group Holdings Berhad				
Direct interest				
Ahmad Shahriman Mohd Shariff	10,747	2,671,080 (a)	(2,681,320) (b)	507

(a) Shares granted under Equity Ownership Plan ("EOP")/Vested for ESOS and SGP under LTIP
(b) Shares released from EOP account and transferred into Director's account

Other than as disclosed above, according to the Register of Directors' Shareholdings, the Directors in office at the end of the financial year did not hold any interest in shares, options over shares and debentures of the Bank, the holding company, the ultimate holding company and the Bank's related corporations during the financial year.

Directors' interests in shares and share options (Continued)

Long Term Incentive Plan ("LTIP")

The CIMB Group implemented a Long Term Incentive Plan ("LTIP") on 9 June 2021, which was approved by the shareholders at the Extraordinary General Meeting held on 15 April 2021. The LTIP is governed by the LTIP by-laws and is administered by the LTIP Committee of CIMB Group.

The LTIP is awarded to employees who hold senior management positions and key roles within the CIMB Group and its subsidiary companies, and who fulfill the eligibility criteria and have been approved for participation by the LTIP Committee. Any LTIP awards made to Executive Directors (or any persons connected to the directors) is subject to the approval of the shareholders at a general meeting.

The LTIP, which is valid for 7 years from the implementation date, comprises of 2 performance-based plans – the Employee Share Option Scheme ("ESOS") and the Share Grant Plan ("SGP").

- The ESOS is a share option scheme with a premium on the exercise price, where vesting is subject to service conditions. The LTIP Committee may, at any time within the duration of the LTIP, grant an ESOS award to eligible employees, subject to the terms and conditions of the by-laws. The ESOS shares may be settled through issuance and transfer of new shares, or other modes of settlement as provided by the by-laws.

- The SGP is a restricted share unit scheme where vesting is subject to service and performance conditions (based on return on equity targets and individual performance). The LTIP Committee may, at any time within the duration of the LTIP, grant an SGP award to eligible employees, subject to the terms and conditions of the by-laws. The SGP shares may be settled through issuance and transfer of new shares, or other modes of settlement as provided by the by-laws.

Details of LTIP are set out in Note 47 to the Financial Statements.

(i) Details of ESOS shares awarded:

Award Date	Fair Value RM	Awarded (Units'000)	Vesting Dates
9 June 2021	0.45	216,758	31 March 2024 31 March 2025
31 March 2022	0.75	8,991	31 March 2024 31 March 2025
8 September 2022	0.74	3,430	31 March 2024 31 March 2025
8 December 2022	0.81	660	31 March 2024 31 March 2025

Directors' Report
for the financial year ended 31 December 2024 (Continued)

Directors' interests in shares and share options (Continued)

The following table indicates the number and movement of ESOS shares during the financial year ended 31 December 2024:

	As at	Movement during the year			Outstanding as at	Exerciseable as at
	1 January 2024	Awarded	Exercised	Expired/ Forfeited	31 December 2024	31 December 2024
Award Date	(Units'000)	(Units'000)	(Units'000)	(Units'000)	(Units'000)	(Units'000)
9 June 2021	5,604	-	(2,696)	(307)	2,601	-
31 March 2022	101	-	(51)	-	50	-
8 September 2022	68	-	(6)	-	62	28
8 December 2022	-	-	-	-	-	-

(ii) Details of SGP shares awarded

Award Date	Fair Value RM	Awarded (Units'000)	Vesting Dates	
9 June 2021	4.65	15,748	31 March 2024	*Subject to performance conditions*
			31 March 2025	
31 March 2022	5.33	1,965	31 March 2024	
			31 March 2025	
8 September 2022	5.40	736	31 March 2024	
			31 March 2025	
8 December 2022	5.61	142	31 March 2024	
			31 March 2025	
12 January 2024	5.92	250	-	
			31 March 2025	

The following table indicates the number and movement of SGP shares during the financial year ended 31 December 2024:

	As at	Movement during the year			As at
	1 January 2024	Awarded	Vested	Forfeited	31 December 2024
Award Date	(Units'000)	(Units'000)	(Units'000)	(Units'000)	(Units'000)
9 June 2021	406	-	(184)	(33)	189
31 March 2022	22	-	(10)	(1)	11
8 September 2022	14	-	(7)	(0)	7
8 December 2022	-	-	-	-	-
12 January 2024	-	-	-	-	-

CIMB Islamic Bank Berhad
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Directors' Report
for the financial year ended 31 December 2024 (Continued)

Directors' remuneration

The remuneration in aggregate for Directors of the Group and the Bank for the financial year are as follows:

	The Group and the Bank	
	31 December 2024	31 December 2023
	RM'000	RM'000
Executive Director		
- Salary and other remuneration	**11,074**	2,982
- Benefits-in-kind	**7**	7
Non-Executive Directors		
- Fees	**747**	677
- Other remuneration	**1,445**	1,210
- Benefits-in-kind	**26**	47
Shariah Committee members		
- Fees	**495**	530
- Other remuneration	**181**	170
	13,975	5,623

The Directors and officers of the Group and of the Bank are covered by Directors and Officers liability takaful for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The takaful contribution paid during the financial year for the Group and the Bank amounted to RM345,365 (2023: RM320,653) respectively.

Directors' benefits

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in Note 44 to the Financial Statements or the fixed salary as a full time employees of the Bank) 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.

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any other arrangements to which the Bank is a party with the object or objects of enabling Directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate other than Equity Ownership Plan ("EOP") and Long Term Incentive Plan of the ultimate holding company (shown in Note 47 to the Financial Statements).

CIMB Islamic Bank Berhad
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Directors' Report
for the financial year ended 31 December 2024 (Continued)

Subsidiaries

(a) Details of subsidiaries

Details of subsidiaries are as set out in Note 14 to the Financial Statements.

(b) Subsidiaries' holding of shares in other related corporations

Details of subsidiaries' holding of shares in other related corporations are as set out in Note 14 to the Financial Statements.

Auditors' Remuneration

Auditors' remuneration of the Group and the Bank are RM668,000 and RM655,000 respectively. Details of auditors' remuneration are as set out in Note 43 to the Financial Statements.

CIMB Islamic Bank Berhad
(Incorporated in Malaysia)

Directors' Report
for the financial year ended 31 December 2024 (Continued)

2024 Business Plan and Strategy

In 2024, the Bank maintained a cautious outlook in line with the tapering of global economic growth, driven by spread compression, weaker investment environment, and macro headwinds. Our businesses continue to drive Forward23+ strategic plan in the areas of financing & CASA growth, RAROC optimization, Preferred Banking & wealth management while prudently managing costs to ensure operational efficiency.

2024 was a year of sustained growth for CIMB Islamic, supplemented by the continued implementation of 'Islamic First' strategy deployed by the Bank as well as Government support towards the Islamic Banking industry via the continued execution of various policies under the Madani Economy framework which aims to position Malaysia as a global Islamic economy leader.

Throughout the year, CIMB Islamic continued to put emphasis on strengthening its deposit and CASA franchise, Net Financing Margin (NFM) management, as well as continued focus on digital and operational resilience. Our dedication to sustainability and community engagement remained a top priority, whilst cost discipline remained an integral focal point with various initiatives across segments and divisions.

Outlook for 2025

The Bank will continue to adopt a cautious stance in 2025 due to persistent external headwinds and volatility. The geopolitical shifts over the past year may lead to potential policy and economic changes. Nevertheless, the Malaysian economy remains resilient underpinned by robust domestic consumption and broader structural growth.

The Bank's direction will be guided by the new strategic plan with a focus on delivering sustainable shareholder returns via reallocation and optimisation of capital and resources, building a stronger CASA franchise, deepening cross-selling activities, enhancing our capabilities with a focus on investing in people and technology, whilst advancing the sustainability agenda.

The Bank's core financial performance is expected to maintain a positive trajectory in 2025 in tandem with prudent asset quality and credit risk management, net financing margin (NFM) prioritisation, driving other income expansion and stringent cost management.

CIMB Islamic Bank Berhad
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Directors' Report
for the financial year ended 31 December 2024 (Continued)

Rating by External Rating Agencies

Details of the ratings of the Bank and its debt securities are as follows:

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Malaysian Rating Corporation Berhad ("MARC")	August 2024	1. Long-term Financial Institution Rating 2. Short-term Financial Institution Rating 3. RM10.0 billion Senior Sukuk Wakalah Programme 4. RM5.0 billion Tier 2 Junior Sukuk Programme	AAA MARC-1 AAA_{IS} $AA+_{IS}$	Stable
RAM Rating Services Berhad ("RAM")	August 2024	1. Long-term Financial Institution Rating 2. Short-term Financial Institution Rating 3. RM10.0 billion Senior Sukuk Wakalah Programme 4. Proposed RM10.0 billion Islamic Commercial Papers Programme	AAA P1 AAA P1	Stable
Moody's Investors Service ("Moody's")	May 2024	1. Long-term Foreign Currency Bank Deposits Rating 2. Short-term Foreign Currency Bank Deposits Rating 3. Long-term Domestic Currency Bank Deposits Rating 4. Short-term Domestic Currency Bank Deposits Rating	A3 P-2 A3 P-2	Stable

CIMB Islamic Bank Berhad
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Directors' Report
for the financial year ended 31 December 2024 (Continued)

Board Shariah Committee

Pursuant to the enterprise wide Shariah Governance Framework as provided by Bank Negara Malaysia in its Policy Document on Shariah Governance and the Islamic Financial Services Act 2013, the Board of Directors ("the Board'') is ultimately responsible and accountable for the oversight and management of Shariah matters in the Bank's operation as well as the operations of its subsidiaries that it has management control. In undertaking its duties and responsibilities relating to Shariah, the Board relies on the advice of the Board Shariah Committee ("BSC") of CIMB Group as established under the Bank.

The main responsibility of the BSC is to assist the Board in the oversight and management of all Shariah matters relating to the Islamic banking and finance business of the Bank and its subsidiaries that it has management control. The BSC operates on the authority as delegated and empowered to it by the Board and as attributed to it under relevant financial regulations and legislations.

All decisions by the Board on Shariah matters relating to its business shall be made based on the decisions, views, and opinions of the BSC.

In due regard to the decisions and advice of the BSC on Shariah matters, the Board shall give sufficient attention to the facts and basis for the Shariah decisions as well as providing fair consideration to the implications of implementing the Shariah decisions made by the BSC.

Any decision of the Board on Shariah matter shall be made based on the final decisions, views, and opinions of the BSC. All decisions of the Board and the BSC on Shariah matters shall at all times be subordinated to the decision of the Shariah Advisory Council of the relevant Malaysian financial regulators and shall take into consideration the relevant authority on Shariah matters in the relevant jurisdiction it is doing business.

The BSC shall at all times advise the Board to ensure that the Group's Islamic banking and finance business does not have elements or activities which are not permissible under Shariah.

The BSC members are as follows:

1. Associate Professor Dr. Mohamed Fairooz Abdul Khir (Chairman)
2. Professor Dr. Aishath Muneeza
3. Dr. Ahmad Sufian Che Abdullah
4. Dr. Mohammad Mahbubi Ali
5. En. Jalalullail Othman

Board Shariah Committee (Continued)

The Board hereby affirms that based on advice of the BSC, the operation of the Bank and its subsidiaries that it has management control in has been done in a manner that does not contradict with Shariah save and except for those that have been specifically disclosed in this financial report (if any). This affirmation by the Board is independently verified and confirmed by the BSC in a separate BSC Report made herein.

Meetings and Attendance

BSC convened 10 meetings during the financial year 2024 including two special meetings to cater for urgent business proposals. All BSC members have satisfied the minimum 75% attendance requirement under BNM Shariah Governance Policy Document.

Board Engagement and Trainings Attended

As part of the initiatives to strengthen the good governance and oversight function of the Board over Shariah matters, the following activities were carried out in 2024:

- Two Joint Board and BSC meetings were held in April and November 2024 respectively. The first meeting was held on 15 April 2024 deliberated the following topics:
  (i) BNM's Hajah Darurah Policy Document
  (ii) Application of Securities Commission Maqasid al-Shariah Guidance in Sukuk Pronouncement by CIMB Islamic
  (iii) BNM Submission on Assessment Survey – Way Forward to Resolve Ujrah-based Credit Card-i Issues. While the second Joint Board and BSC meeting held on 20 November 2024 discussed on Shariah Non-Compliant (SNC) Risk Horizon and Shariah Compliance Culture.

- Management had invited Prof. Dr. Younes Soualhi, Senior Researcher from ISRA and lecturer from INCEIF to deliver a training on Scholars View of Tayyib Concept : Discussion Paper.

- In addition, BSC had also organised an Offsite Meeting and discussed on i-Shares, Voluntary Carbon Credit, and Waqf-linked Sukuk.

As guided by Securities Commission's Guidelines for Shariah Advisers, BSC members had fulfilled with the minimum three SIDC's CPE approved courses on capital market during the financial year 2024.

Board Shariah Committee (Continued)

Board Engagement and Trainings Attended (Continued)

Among the training programs provided by SIDC which qualify for CPE points attended by BSC members were as follow:

- Insights into Securities Commission Malaysia's Maqasid Al-Shariah Guidance
- Cybersecurity and Data Privacy - The Fight Against Financial Crime
- Assets & Funds Management (SCLE Revision Module 10)
- Capital Market Director Programme (CMDP) Module 1: Directors as Gatekeepers of Market
- Capital Market Director Programme (CMDP) Module 2B: Business Challenges and Regulatory Expectations - What Directors Need to Know (Fund Management)

In addition to the above training programmes, the BSC members also attended and participated in the following events and training:

- 2nd Nadwah of Shariah advisers in Islamic Capital Market (2024)
- Muzakarah Penasihat Syariah 2024
- The 5th International Shariah Scholars Roundtable
- 19th International Shariah Scholars Forum
- Muzakarah on Failure Resolution of Islamic Banks, PIDM
- CIIF Chartered Fast-Track Masterclass (CFM)
- Joint Board for Group Sustainability

BSC Assessment

In compliance with BNM Shariah Governance Policy Document, the BSC undergoes the process of assessing the effectiveness of each individual BSC members and the committee as a whole annually.

Pursuant to CIMB's Annual Evaluation Manual and BNM's Corporate Governance Policy Document, CIMB is to obtain an independent perspective on the Board's effectiveness to gain insights on the Board's performance against peer Boards and best practices, once every three years. While BSC Effectiveness Assessment (BEA) is facilitated annually by Group Company Secretarial and assisted by Secretariat of Board Shariah Committee (BSC Secretariat) as per the CIMB Group Annual Evaluation Manual where it was conducted in 2024.

Directors' Report
for the financial year ended 31 December 2024 (Continued)

Board Shariah Committee (Continued)

Zakat obligations

The Bank pays business zakat by adopting the Adjusted Growth Method in line with the methodology approved by the BSC. However, the amount payable by the Bank is at the discretion of the Management and it is the Shareholder's responsibility to ensure that their own zakat obligations are fulfilled in relation to their ownership of the share.

The obligation and responsibility for specific payment of zakat on depositors fund lies with its Muslim customers only. The aforesaid is subject to the jurisdictional requirements on zakat payment as may be applicable from time to time on the Bank and its subsidiaries arising from changes to local legislation, regulation, law or market convention as the case may be. Accrual of zakat expenses (if any) in the Financial Statement of the Bank is reflective of this..

The beneficiaries of the zakat fund are determined by relevant internal CIMB policy and procedure and guideline as approved by the BSC.

Significant event during the financial year

Significant event during the financial year is disclosed in Note 52 to the Financial Statements.

Subsequent events after the financial year end

There were no other significant events subsequent to the financial year ended 31 December 2024.

CIMB Islamic Bank Berhad
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Directors' Report
for the financial year ended 31 December 2024 (Continued)

Statement of Directors' Responsibility

In preparing the Financial Statements, the Directors have ensured that the Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act 2016 have been complied with and reasonable and prudent judgements and estimates have been made.

It is the responsibility of the Directors to ensure that the Financial Statements of the Group and the Bank present a true and fair view of the financial position of the Group and the Bank as at 31 December 2024 and financial performance of the Group and the Bank for the financial year ended 31 December 2024.

The Financial Statements are prepared on a going concern basis and the Directors have ensured that proper accounting records are kept so as to enable the preparation of the Financial Statements with reasonable accuracy.

The Directors have also overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Bank and for the implementation and continued operation of adequate accounting and internal control systems for the prevention and detection of fraud and other irregularities. The system of internal controls is designed to provide reasonable and not absolute assurance for achieving certain internal control standards and helps the Group and the Bank manage the risk of failure to achieve business.

The Statement by Directors pursuant to Section 251(2) of the Companies Act 2016 is set out on page 17 of the Financial Statements.

Ultimate holding company

The Directors regard CIMB Group Holdings Berhad, a quoted company incorporated in Malaysia, as the Bank's ultimate holding company.

Statement of Directors' Responsibility (Continued)

Auditors

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

This report was approved by the Board of Directors on 14 March 2025.

Signed on behalf of the Board of Directors

Dato' Mohamed Ross Mohd Din
Director

Ahmad Shahriman Mohd Shariff
Director

Kuala Lumpur
14 March 2025

CIMB Islamic Bank Berhad
(Incorporated in Malaysia)

Statement by Directors
Pursuant to Section 251(2) of the Companies Act 2016

We, Dato' Mohamed Ross Mohd Din and Ahmad Shahriman Mohd Shariff, being two of the Directors of CIMB Islamic Bank Berhad, state that, in the opinion of the Directors, the Financial Statements set out on pages 28 to 286 are drawn up so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2024 and financial performance of the Group and of the Bank for the financial year ended 31 December 2024, in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution.

Dato' Mohamed Ross Mohd Din
Director

Ahmad Shahriman Mohd Shariff
Director

Kuala Lumpur
14 March 2025

Registration No: 200401032872 (671380-H)

CIMB Islamic Bank Berhad

(Incorporated in Malaysia)

Statutory Declaration
Pursuant to Section 251(1) of the Companies Act 2016

I, Wong Siew Fern, being the person primarily responsible for the financial management of CIMB Islamic Bank Berhad, do solemnly and sincerely declare the Financial Statements set out on pages 28 to 286 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Wong Siew Fern

Subscribed and solemnly declared by the above named Wong Siew Fern at Kuala Lumpur before me, on 14 March 2025.

Commissioner for Oaths

PESURUHJAYA SUMPAH
PJS No: W 797
Name: AZIZAM BIN AZIZAN
01.01.2023 - 31.12.2025
MALAYSIA

1-30, Jalan Pandan Prima 2,
Dataran Pandan Prima,
55100 Kuala Lumpur.

Board Shariah Committee's Report

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

We, the members of the CIMB Group Board Shariah Committee ("BSC") as established under the Bank, are responsible to advise 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.

Our main responsibility and accountability is to assist the Board in ensuring that the Bank's business does not have elements or activities which are not permissible under Shariah. In undertaking our duties, we shall follow and adhere to the decisions, views and opinions of the Shariah Advisory Council of the relevant Malaysian financial regulators for businesses undertaken in Malaysia and for businesses outside Malaysia. We shall take into consideration the decisions, views and opinions of the relevant authority on Shariah matters (if any, sanctioned by law or regulation to be followed by the Bank) in the relevant jurisdiction that the Bank is doing business.

As members of the BSC, we are responsible for providing an independent assessment and confirmation in this financial report that the operations of the Bank has been done in conformity with Shariah as has been decided and opined by us and with those Notices, Rules, Standards, Guidelines and Frameworks on Shariah matters as announced and implemented by Malaysian regulators and where relevant by the financial regulators in the relevant jurisdictions that the Bank's businesses were undertaken during the period being reported.

Our independent assessment and confirmation has been used as the basis for the Board's affirmation of the same in the Director's Report herein before.

In making our independent assessment and confirmation, we have always recognised the importance of the Bank maintaining and reinforcing the highest possible standards of conduct in all of its actions, including the preparation and dissemination of statements presenting fairly the Shariah compliant status of its businesses.

In this regard, sufficient internal controls are in place to ensure that any new Islamic financial transaction is properly authorised; the Bank's assets and liabilities under its statements of financial position are safeguarded against possible Shariah non-compliance; and that the day to day conduct of its operations does not contradict with Shariah principles.

In addition to the necessary policies and procedures the Bank has a well-defined division of responsibility by Management and the communication of Shariah policies and guidelines of business conduct to all staff.

Board Shariah Committee's Report (Continued)

Effective Shariah governance is supported mainly by qualified Shariah officers consisting of Shariah researchers as well as the advisory and consultancy function under Shariah Advisory & Governance department of Group Islamic Banking Division that supports us in our decision and deliberations, providing check and balance for all Shariah matters as presented to us by the Management. Shariah Advisory and Board Shariah Committee Secretariat Policy and Procedure are two main documents in governing the daily function of Shariah Advisory & Governance department.

CIMB Group Shariah Review Policy and Procedure were established to set out the policies for Shariah review applicable to the Islamic financial services of CIMB Group in ensuring compliance to Shariah and Islamic regulatory requirements, and handling of Shariah Non-Compliance ("SNC") events. In addition, it also sets out the procedures for Shariah review planning, execution, and SNC events reporting.

In ensuring that the activities and operations of CIMB Group are Shariah-compliant, Shariah Review conducts post review of CIMB Group's activities and operations in accordance with the annual Shariah review work plan approved by us and the respective Boards of Directors of CIMB Group. Additionally, Shariah Review conducts verification on issues escalated by the stakeholders to determine whether any particular issue contain Shariah concerns. and performs ad-hoc review as required from time to time by us and the regulators.

As for effective risk management and control, the Group adopted the strategic implementation of tiered model i.e. Three Lines of Risk Defense in governing and managing Shariah Non-Compliant risk.

Lastly, there is also a team of internal auditors who conduct periodic Shariah audits of all the Bank's banking and finance operations on a scheduled basis. The Group Corporate Assurance Division ("GCAD"), headed by the Group Chief Internal Auditor ("GCIA"), reports independently to the CIMB Group Audit Committee ("AC") and the Banking Group Audit Committee ("Banking Group AC"). GCAD operates independent of the business activities and other support units. In addition, GCAD reports on matters related to Islamic Banking and Shariah audits to the BSC. The primary responsibility of GCAD is to independently assess the adequacy, efficiency and effectiveness of the risk management, control and governance processes implemented by Management. GCAD's scope of audit coverage encompasses all business and support units, including subsidiaries and overseas branches with independent audit units. The selection of audit areas within the audit universe is based on an annual audit plan approved by the CIMB Group AC and the Banking Group AC. The annual audit plan is developed based on assessment of risks, exposures and CIMB Group strategies using a risk-based assessment methodology. GCAD also undertakes investigations and ad-hoc reviews upon request from Management, the Board, or regulators. In addition, GCAD provides audit opinion on the state of governance, internal controls, risk management practices and audit conclusion based on Level of Conformance in relation to regulatory audit or reviews, and whether objectives were met for assignments that are based on specific audit or review objectives.

Board Shariah Committee's Report (Continued)

To strengthen the compliance towards Shariah, the Bank has continuously instilled a Shariah Compliance Culture by adopting a holistic top-down approach within the organisation. At the apex, the Bank set an appropriate 'tone from the top', where the Board and BSC play their oversight role on the Shariah governance in the Bank. The Bank also held Board and BSC engagement sessions or Joint Board meeting between Board of Directors and BSC which serve as a platform for effective communication between the Board, BSC and Senior Management on oversight over Shariah governance.

The Bank also continues Shariah Capacity Building programs to inculcate strong Shariah knowledge within the Bank. The Bank has supported CIMB Islamic and CIMB Bank staff to enroll in relevant certification programs such as, Certified Shariah Advisor (CSA), Certified Professional Shariah Auditor (CPSA), Associate Qualification in Islamic Finance (AQIF), Intermediate Qualification in Islamic Finance (IQIF), Certified Qualification in Islamic Finance (CQIF), Islamic Professional Credit Certification (IPCC) and others. The Bank had also organised a training session conducted by Assoc. Prof. Dr. Mohamed Fairooz as the representative from the BSC where he shared about Maqasid al-Shariah Guidance in Islamic Capital Market.

All in all, the Management of the Bank is responsible and accountable to the Board to ensure that the businesses of the Bank are conducted in accordance with the requirement of Shariah. It is our responsibility to form an independent opinion of the state of Shariah compliance of the business and its operations and advise the Board accordingly. Based on the internal controls that have been put in place by the Management, in our opinion, to the best of our knowledge, the Bank has complied with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia and by all other financial regulators (where relevant), as well as Shariah decisions made by us, and the overall aims and operations, business, affairs and activities of CIMB Islamic are in compliance with Shariah but it has come to the BSC's attention that a material Shariah Non-Compliant event(s) has occurred within the Bank and in the process of being rectified. Details of the Shariah Non-Compliant events is as follow:

1. CIMB Islamic credit card were used by the cardholders to facilitate Shariah Non-compliant transaction i.e., monthly conventional insurance premium payment. The rectification measures to address the event are currently ongoing. The measures include, inter alia, income earned from the merchant discount fees and any other fees amounting to approximately RM41,993.85 will be channeled to the charitable bodies and the cardholders are being engaged to switch to an alternative payment method for the future premium payments.

2. An application of ijarah muntahiya bi tamlik (IMBT) contract for ijarah financing granted to the customer to finance a property under construction. The rectification measures to address the event are completed. The measures include, inter alia, conversion of IMBT contract to ijarah mawsufah fi zimmah (IMFZ) contract for the property under construction whereby the letter was issued to the customer and subsequently acknowledged by the customer, process enhancement on the document checking and control effectiveness testing (CET).

Board Shariah Committee's Report (Continued)

Apart from the above, CIMB Islamic Bank Berhad has instituted several rectification measures relating to processes and procedures to enhance control mechanism and minimise recurrence of Shariah Non-Compliant incidents.

Details of the SNC income are set out in Note 51 to the Financial Statements

In our opinion:

1. The contracts, transactions and dealings entered into by the Bank during the financial year ended 31 December 2024 that were presented to us were done in compliance with Shariah save and except for the contracts involved in the abovementioned Shariah Non-Compliant event;

2. The allocation of profit and charging of losses relating to investment accounts conformed to the basis that were approved by us in accordance with Shariah;

3. All earnings that were realised from sources or by means prohibited by Shariah have been purified according to Shariah principle; and

4. The zakat calculation is in compliance with Shariah principles.

We have assessed the independent work carried out for Shariah review and Shariah audit functions by the relevant functionaries under the established system of internal control, which included the examination, on a test basis, of each type of transaction, of relevant documentation and procedures adopted by the Bank. We are satisfied that the Management has planned and performed the necessary review and audit so as to obtain all the information and explanations which are considered necessary to provide us with sufficient evidence to give reasonable assurance that the Bank has not violated Shariah.

CIMB Islamic Bank Berhad
(Incorporated in Malaysia)

Board Shariah Committee's Report (Continued)

We, the members of the BSC, are of the opinion that the operations of the Bank for the financial year ended 31 December 2024 were conducted in conformity with Shariah.

On behalf of the Board Shariah Committee.

Associate Professor Dr. Mohamed Fairooz Abdul Khir
Chairman

Dr. Ahmad Sufian Che Abdullah
Member

Kuala Lumpur
14 March 2025

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF CIMB ISLAMIC BANK BERHAD
(Incorporated in Malaysia)
Registration No. 200401032872 (671380-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of CIMB Islamic Bank Berhad ("the Bank") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Bank, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Bank, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 28 to 286.

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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our opinion on the financial statements of the Group and of the Bank does not cover the other information 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Bank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, 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 the financial statements of the Group and of the Bank that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting 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 Group's and the Bank's ability 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.

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REPORT ON 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:

(a) 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.

(b) 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 Group's and of the Bank's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) 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 Group's or on the Bank's ability 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.

(e) 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 achieves fair presentation.

(f) 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 Group financial statements. 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF CIMB ISLAMIC BANK BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 200401032872 (671380-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

OTHER MATTER

This report is made solely to the member 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.

PRICEWATERHOUSECOOPERS PLT	NG YEE LING
LLP0014401-LCA & AF 1146	03032/01/2027 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur
14 March 2025

CIMB Islamic Bank Berhad
(Incorporated in Malaysia)

Statements of Financial Position as at 31 December 2024

	Note	The Group 2024 RM'000	The Group 2023 RM'000	The Bank 2024 RM'000	The Bank 2023 RM'000
Assets					
Cash and short-term funds	2	**8,176,370**	10,517,811	**8,176,370**	10,517,811
Reverse Collateralised Commodity Murabahah		**1,734,605**	700,067	**1,734,605**	700,067
Deposits and placements with banks and other financial institutions	3	**603,136**	138,065	**603,136**	138,065
Financial investments at fair value through profit or loss	4	**5,560,117**	3,754,473	**5,560,117**	3,754,473
Debt instruments at fair value through other comprehensive income	5	**7,229,968**	5,362,764	**7,229,968**	5,362,764
Debt instruments at amortised cost	6	**14,582,905**	13,995,085	**14,582,905**	13,995,085
Islamic derivative financial instruments	24(a)	**783,366**	357,161	**783,366**	357,161
Financing, advances and other financing/loans	7	**131,414,085**	121,476,487	**131,414,085**	121,476,487
Other assets	8	**292,310**	349,993	**292,310**	349,993
Tax recoverable		**171,233**	84,999	**171,233**	84,999
Deferred taxation	9	**253,132**	282,971	**253,132**	282,971
Amount due from holding company and ultimate holding company	10	**628,501**	635,013	**628,501**	635,013
Amounts due from related companies	11	**51**	40	**51**	40
Statutory deposits with Bank Negara Malaysia	13	**1,829,850**	1,870,210	**1,829,850**	1,870,210
Investment in subsidiaries	14	**-**	-	**11**	11
Property, plant and equipment	15	**382**	503	**382**	503
Right-of-use assets	16	**-**	569	**-**	569
Intangible assets	17	**1,176**	3,550	**1,176**	3,550
Goodwill	18	**136,000**	136,000	**136,000**	136,000
Total assets		**173,397,187**	159,665,761	**173,397,198**	159,665,772
Liabilities					
Deposits from customers	19	**109,052,424**	110,831,744	**109,052,424**	110,831,744
Investment accounts of customers	20	**24,443,310**	18,984,125	**24,443,310**	18,984,125
Deposits and placements of banks and other financial institutions	21	**4,452,779**	5,533,506	**4,452,779**	5,533,506
Collateralised Commodity Murabahah		**4,349,732**	2,229,121	**4,349,732**	2,229,121
Investment accounts due to designated financial institutions	22	**2,927,281**	3,424,851	**2,927,281**	3,424,851
Financial liabilities designated at fair value through profit or loss	23	**3,125,723**	2,821,784	**3,125,723**	2,821,784
Islamic derivative financial instruments	24(a)	**629,503**	433,440	**629,503**	433,440
Amounts due to ultimate holding company	10	**4**	-	**4**	-
Amounts due to subsidiaries	12	**-**	-	**46**	46
Amounts due to related companies	11	**348**	976	**348**	976
Other liabilities	25	**661,350**	818,080	**661,350**	818,080
Lease liabilities	26	**-**	786	**-**	786
Recourse obligation on loans and financing sold to Cagamas	27	**3,614,777**	2,822,998	**3,614,777**	2,822,998
Senior Sukuk	28	**7,741,429**	1,009,474	**7,741,429**	1,009,474
Subordinated Sukuk	29	**1,513,741**	1,109,424	**1,513,741**	1,109,424
Total liabilities		**162,512,401**	150,020,309	**162,512,447**	150,020,355

CIMB Islamic Bank Berhad

(Incorporated in Malaysia)

Statements of Financial Position as at 31 December 2024 (Continued)

		The Group		The Bank	
	Note	**2024**	2023	**2024**	2023
		RM'000	RM'000	**RM'000**	RM'000
Capital and reserves attributable to equity holder of the Bank					
Perpetual preference shares	30	**350,000**	350,000	**350,000**	350,000
Ordinary share capital	31	**1,000,000**	1,000,000	**1,000,000**	1,000,000
Reserves	32	**9,534,786**	8,295,452	**9,534,751**	8,295,417
Total equity		**10,884,786**	9,645,452	**10,884,751**	9,645,417
Total equity and liabilities		**173,397,187**	159,665,761	**173,397,198**	159,665,772
Restricted Agency Investment Account (*)	33	**16,482,284**	15,482,815	**16,482,284**	15,482,815
Total Islamic Banking asset		**189,879,471**	175,148,576	**189,879,482**	175,148,587
Commitments and contingencies	24(b)	**96,881,704**	68,795,415	**96,881,704**	68,795,415
Net assets per ordinary share attributable to owners of the Parent (RM)		**10.53**	9.30	**10.53**	9.30

* The disclosure is in accordance with the requirements of Bank Negara Malaysia's Guideline on Financial Reporting for Islamic Banking Institutions.

CIMB Islamic Bank Berhad
(Incorporated in Malaysia)

Statements of Income
for the financial year ended 31 December 2024

	Note	The Group and the Bank 2024 RM'000	2023 RM'000
Income derived from investment of depositors' funds and others	34	**6,104,805**	5,133,650
Income derived from investment of investment account	35	**1,264,446**	1,103,220
Income derived from investment of shareholder's funds	36	**750,823**	1,057,817
Modification loss	37	**(1)**	(77)
Expected credit losses on financing, advances and other financing/loans	38	**(285,313)**	(383,416)
Expected credit losses written back/(made) for commitments and contingencies	25	**27,445**	(48,126)
Other expected credit losses	39	**(36,898)**	(3,278)
Total distributable income		**7,825,307**	6,859,790
Income attributable to depositors and others	40	**(3,980,254)**	(3,629,476)
Profit distributed to investment account holder	41	**(852,394)**	(753,427)
Total net income		**2,992,659**	2,476,887
Personnel costs	42	**(32,052)**	(31,626)
Other overheads and expenditures	43	**(1,336,667)**	(1,241,559)
Profit before taxation and zakat		**1,623,940**	1,203,702
Taxation and zakat	45	**(404,217)**	(311,393)
Profit after taxation and zakat		**1,219,723**	892,309
Earnings per share (sen)			
- Basic / Diluted	46	**121.97**	89.23

Statements of Comprehensive Income
for the financial year ended 31 December 2024

	The Group and the Bank 2024 RM'000	2023 RM'000
Profit for the financial year	**1,219,723**	892,309
Other comprehensive income/(expense):		
Items that will not reclassified to profit or loss		
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	**903**	(589)
Items that may be reclassified subsequently to profit or loss		
Debt instruments at fair value through other comprehensive income	**18,363**	95,765
- Net gain from change in fair value	**37,485**	134,879
- Realised gain transferred to statement of income on disposal	**(14,155)**	(9,657)
- Changes in expected credit losses	**632**	596
- Income tax effects	**(5,599)**	(30,053)
Other comprehensive income during the financial year, net of tax	**19,266**	95,176
Total comprehensive income for the financial year	**1,238,989**	987,485

CIMB Islamic Bank Berhad
(Incorporated in Malaysia)

Statements of Changes in Equity
for the financial year ended 31 December 2024

The Group

		← Attributable to owners of the Parents										
	Note	Ordinary share capital RM'000	Fair value reserve-debt instruments at fair value through other comprehensive income RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Capital contribution by Ultimate Holding Company RM'000	Retained profits RM'000	Total RM'000 →	Perpetual preference shares RM'000	Total Equity RM'000
At 1 January 2024		1,000,000	(54,640)	(2,457)	458	210,633	(477)	4,212	8,137,723	9,295,452	350,000	9,645,452
Profit for the financial year		-	-	-	-	-	-	-	1,219,723	1,219,723	-	1,219,723
Other comprehensive expense (net of tax)		-	18,363	-	-	-	903	-	-	19,266	-	19,266
- debt instruments at fair value through other comprehensive income		-	18,363	-	-	-	-	-	-	18,363	-	18,363
- fair value changes on financial liabilities designated at fair value attributable to own credit risk reserve		-	-	-	-	-	903	-	-	903	-	903
Total comprehensive income for the financial year		-	18,363	-	-	-	903	-	1,219,723	1,238,989	-	1,238,989
Share-based payment expense	42	-	-	-	-	-	-	345	-	345	-	345
Total transactions with owners recognised directly in equity		-	-	-	-	-	-	345	-	345	-	345
Transfer to regulatory reserve		-	-	-	-	186,589	-	-	(186,589)	-	-	-
As at 31 December 2024		1,000,000	(36,277)	(2,457)	458	397,222	426	4,557	9,170,857	10,534,786	350,000	10,884,786

CIMB Islamic Bank Berhad

(Incorporated in Malaysia)

Statements of Changes in Equity
for the financial year ended 31 December 2024 (Continued)

The Group

		Attributable to owners of the Parents											
	Note	Ordinary share capital RM'000	Fair value reserve- debt instruments at fair value through other comprehensive income RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Capital contribution by Ultimate Holding Company RM'000	Retained profits RM'000	Total RM'000	Perpetual preference shares RM'000	Total Equity RM'000
At 1 January 2023		1,000,000	(150,405)	(2,457)	458	184,715	112	22	2,514	7,271,332	8,306,291	350,000	8,656,291
Profit for the financial year		-	-	-	-	-	-	-	-	892,309	892,309	-	892,309
Other comprehensive income (net of tax)		-	95,765	-	-	-	(589)	-	-	-	95,176	-	95,176
- debt instruments at fair value through other comprehensive income		-	95,765	-	-	-	-	-	-	-	95,765	-	95,765
- fair value changes on financial liabilities designated at fair value attributable to own credit risk reserve		-	-	-	-	-	(589)	-	-	-	(589)	-	(589)
Total comprehensive income/(expenses) for the financial year		-	95,765	-	-	-	(589)	-	-	892,309	987,485	-	987,485
Share-based payment expense	42	-	-	-	-	-	-	7	1,698	-	1,705	-	1,705
Shares released under Equity Ownership Plan		-	-	-	-	-	-	(29)	-	-	(29)	-	(29)
Total transactions with owners recognised directly in equity		-	-	-	-	-	-	(22)	1,698	-	1,676	-	1,676
Transfer to regulatory reserve		-	-	-	-	25,918	-	-	-	(25,918)	-	-	-
As at 31 December 2023		1,000,000	(54,640)	(2,457)	458	210,633	(477)	-	4,212	8,137,723	9,295,452	350,000	9,645,452

CIMB Islamic Bank Berhad

(Incorporated in Malaysia)

Statements of Changes in Equity
for the financial year ended 31 December 2024 (Continued)

The Bank

	Note	← Non-distributable						→	Distributable			
		Ordinary share capital RM'000	Fair value reserve- debt instruments at fair value through other comprehensive income RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Capital contribution by Ultimate Holding Company RM'000	Retained profits RM'000	Total RM'000	Perpetual preference shares RM'000	Total Equity RM'000
At 1 January 2024		1,000,000	(54,640)	(2,457)	458	210,633	(477)	4,212	8,137,688	9,295,417	350,000	9,645,417
Profit for the financial year		-	-	-	-	-	-	-	1,219,723	1,219,723	-	1,219,723
Other comprehensive expense (net of tax)		-	18,363	-	-	-	903	-	-	19,266	-	19,266
- debt instruments at fair value through other comprehensive income		-	18,363	-	-	-	-	-	-	18,363	-	18,363
- fair value changes on financial liabilities designated at fair value attributable to own credit risk reserve		-	-	-	-	-	903	-	-	903	-	903
Total comprehensive income for the financial year		-	18,363	-	-	-	903	-	1,219,723	1,238,989	-	1,238,989
Share-based payment expense	42	-	-	-	-	-	-	345	-	345	-	345
Total transactions with owners recognised directly in equity		-	-	-	-	-	-	345	-	345	-	345
Transfer to regulatory reserve		-	-	-	-	186,589	-	-	(186,589)	-	-	-
As at 31 December 2024		1,000,000	(36,277)	(2,457)	458	397,222	426	4,557	9,170,822	10,534,751	350,000	10,884,751

CIMB Islamic Bank Berhad

(Incorporated in Malaysia)

Statements of Changes in Equity for the financial year ended 31 December 2024 (Continued)

The Bank

		← Non-distributable							→	Distributable			
	Note	Ordinary share capital RM'000	Fair value reserve-debt instruments at fair value through other comprehensive income RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Capital contribution by Ultimate Holding Company RM'000	Retained profits RM'000	Total RM'000	Perpetual preference shares RM'000	Total Equity RM'000
At 1 January 2023		1,000,000	(150,405)	(2,457)	458	184,715	112	22	2,514	7,271,297	8,306,256	350,000	8,656,256
Profit for the financial year		-	-	-	-	-	-	-	-	892,309	892,309	-	892,309
Other comprehensive income (net of tax)		-	95,765	-	-	-	(589)	-	-	-	95,176	-	95,176
- debt instruments at fair value through other comprehensive income		-	95,765	-	-	-	-	-	-	-	95,765	-	95,765
- fair value changes on financial liabilities designated at fair value attributable to own credit risk reserve		-	-	-	-	-	(589)	-	-	-	(589)	-	(589)
Total comprehensive income/(expenses) for the financial year		-	95,765	-	-	-	(589)	-	-	892,309	987,485	-	987,485
Share-based payment expense	42	-	-	-	-	-	-	7	1,698	-	1,705	-	1,705
Shares released under Equity Ownership Plan		-	-	-	-	-	-	(29)	-	-	(29)	-	(29)
Total transactions with owners recognised directly in equity		-	-	-	-	-	-	(22)	1,698	-	1,676	-	1,676
Transfer to regulatory reserve		-	-	-	-	25,918	-	-	-	(25,918)	-	-	-
As at 31 December 2023		1,000,000	(54,640)	(2,457)	458	210,633	(477)	-	4,212	8,137,688	9,295,417	350,000	9,645,417

CIMB Islamic Bank Berhad
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Statements of Cash Flows
for the financial year ended 31 December 2024

	Note	The Group 2024 RM'000	The Group 2023 RM'000	The Bank 2024 RM'000	The Bank 2023 RM'000
Cash flows from operating activities					
Profit before taxation and zakat		**1,623,940**	1,203,702	**1,623,940**	1,203,702
Adjustments for:					
Depreciation of property, plant and equipment	43	**208**	348	**208**	348
Depreciation of right-of-use assets	43	**383**	569	**383**	569
Amortisation of intangible assets	43	**2,914**	985	**2,914**	985
Profit income from debt instruments at fair value through other comprehensive income	34-36	**(262,205)**	(212,132)	**(262,205)**	(212,132)
Profit income from debt instruments at amortised cost	34-36	**(613,723)**	(545,207)	**(613,723)**	(545,207)
Profit expense on lease liabilities	40	**10**	63	**10**	63
Profit expense on senior Sukuk	40	**189,627**	3,556	**189,627**	3,556
Profit expense on subordinated Sukuk	40	**49,140**	44,700	**49,140**	44,700
Profit expense on recourse obligation on loans and financing sold to Cagamas	40	**125,126**	27,236	**125,126**	27,236
Gain from disposal of debt instruments at fair value through other comprehensive income	34-36	**(14,155)**	(9,657)	**(14,155)**	(9,657)
Net gain from hedging derivatives	36	**(162)**	(108)	**(162)**	(108)
Unrealised (gain)/loss on foreign exchange	34-36	**(190,043)**	207,972	**(190,043)**	207,972
Unrealised loss/(gain) from revaluation of financial assets designated at fair value through profit or loss	34-36	**388**	(6,643)	**388**	(6,643)
Unrealised loss arising from financial liabilities designated at fair value through profit and loss	36	**21,713**	146,829	**21,713**	146,829
Unrealised gain from revaluation of Islamic derivative financial instruments	36	**(140,030)**	(186,798)	**(140,030)**	(186,798)
Accretion of discount less amortisation of premium	34-36	**(141,933)**	(73,695)	**(141,933)**	(73,695)
Expected credit losses on financing, advances and other financing/loans	38	**410,863**	461,940	**410,863**	461,940
Other expected credit lossess and impairment allowances made	39	**36,898**	3,278	**36,898**	3,278
Expected credit losses (written back)/made for commitments and contingencies	25(a)	**(27,445)**	48,126	**(27,445)**	48,126
Share-based payment expense		**345**	1,705	**345**	1,705
Modification loss	37	**1**	77	**1**	77
		1,071,860	1,116,846	**1,071,860**	1,116,846
(Increase)/Decrease in operating assets					
Financing, advances and other financing/loans		**(10,347,715)**	(14,344,855)	**(10,347,715)**	(14,344,855)
Reverse repurchase agreements		**(1,034,538)**	(196,861)	**(1,034,538)**	(196,861)
Other assets		**21,407**	136,410	**21,407**	136,410
Statutory deposits with Bank Negara Malaysia		**40,360**	(174,210)	**40,360**	(174,210)
Deposits and placements with banks and other financial institutions		**(200,128)**	1	**(200,128)**	1
Financial assets at fair value through profit or loss		**(1,633,236)**	(1,606,520)	**(1,633,236)**	(1,606,520)
Amounts due from holding company and ultimate holding company		**6,512**	(201,264)	**6,512**	(201,264)
Amounts due from related companies		**(11)**	(20)	**(11)**	(20)
(Decrease)/Increase in operating liabilities					
Deposits from customers		**(1,779,320)**	8,005,768	**(1,779,320)**	8,005,768
Investment accounts of customers		**5,459,185**	5,299,493	**5,459,185**	5,299,493
Deposits and placements from banks and other financial institutions		**(1,080,727)**	(1,875,233)	**(1,080,727)**	(1,875,233)
Collateralised Commodity Murabahah		**2,120,611**	301,395	**2,120,611**	301,395
Investment accounts due to designated financial institutions		**(497,570)**	(151,739)	**(497,570)**	(151,739)
Financial liabilities designated at fair value through profit and loss		**283,129**	(182,638)	**283,129**	(182,638)
Islamic derivative financial instruments		**(63,253)**	6,183	**(63,253)**	6,183
Amounts due to ultimate holding company		**4**	-	**4**	-
Amount due to related companies		**(628)**	221	**(628)**	221
Other liabilities		**80,983**	99,085	**80,983**	99,085
		(7,553,075)	(3,767,938)	**(7,553,075)**	(3,767,938)
Taxation and zakat paid		**(466,212)**	(516,125)	**(466,212)**	(516,125)
Net cash flows used in operating activities		**(8,019,287)**	(4,284,063)	**(8,019,287)**	(4,284,063)

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Statements of Cash Flows for the financial year ended 31 December 2024 (Continued)

	Note	The Group		The Bank	
		2024	2023	**2024**	2023
		RM'000	RM'000	**RM'000**	RM'000
Cash flows from investing activities					
Net purchase of debt instruments at amortised cost		**(550,965)**	(4,534,987)	**(550,965)**	(4,534,987)
Net purchase of debt instruments at fair value through other comprehensive income		**(1,831,774)**	(228,056)	**(1,831,774)**	(228,056)
Profit income received from purchase of debt instruments at fair value through other comprehensive income		**244,715**	206,894	**244,715**	206,894
Profit income received from debt instruments at amortised cost		**567,810**	439,841	**567,810**	439,841
Purchase of property, plant and equipment	15	**(87)**	(73)	**(87)**	(73)
Purchase of intangible assets	17	**(540)**	(3,036)	**(540)**	(3,036)
Net cash flows used in investing activities		**(1,570,841)**	(4,119,417)	**(1,570,841)**	(4,119,417)
Cash flows from financing activities					
Profit expense paid on subordinated Sukuk		**(44,822)**	(44,618)	**(44,822)**	(44,618)
Proceeds from issuance of subordinated Sukuk		**1,200,000**	-	**1,200,000**	-
Redemption of subordinated Sukuk		**(800,000)**	-	**(800,000)**	-
Profit expense paid on senior Sukuk		**(100,384)**	(39)	**(100,384)**	(39)
Proceeds from issuance of senior Sukuk		**6,620,000**	1,000,077	**6,620,000**	1,000,077
Repayment of lease liabilities		**(609)**	(609)	**(609)**	(609)
Profit expense paid on recourse obligation on loans and financing sold to Cagamas		**(125,264)**	(8,998)	**(125,264)**	(8,998)
Proceeds from recourse obligation on loans and financing sold to Cagamas		**1,273,000**	2,787,999	**1,273,000**	2,787,999
Redemption of recourse obligation on loans and financing sold to Cagamas		**(487,978)**	-	**(487,978)**	-
Net cash flows generated from financing activities		**7,533,943**	3,733,812	**7,533,943**	3,733,812
Net decrease in cash and cash equivalents		**(2,056,185)**	(4,669,668)	**(2,056,185)**	(4,669,668)
Effects of exchange rate differences		**(20,227)**	16,659	**(20,227)**	16,659
Cash and cash equivalents at beginning of the financial year		**10,655,876**	15,308,885	**10,655,876**	15,308,885
Cash and cash equivalents at end of the financial year		**8,579,464**	10,655,876	**8,579,464**	10,655,876
Cash and cash equivalents comprise :					
Cash and short-term funds	2	**8,176,370**	10,517,811	**8,176,370**	10,517,811
Deposits and placements with banks and other financial institutions	3	**603,136**	138,065	**603,136**	138,065
		8,779,506	10,655,876	**8,779,506**	10,655,876
Less: Deposits and placements with financial institutions, with original maturity of more than three months		**(200,042)**	-	**(200,042)**	-
Cash and cash equivalents at end of the financial year		**8,579,464**	10,655,876	**8,579,464**	10,655,876

* Included in taxation and zakat paid during the financial year is payment of zakat amounting to RM12 million (2023: RM15 million).

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Statements of Cash Flows for the financial year ended 31 December 2024 (Continued)

An analysis of changes in liabilities arising from financing activities for the financial year ended 31 December 2024 and 31 December 2023 are as follows:

The Group and the Bank	Senior Sukuk RM'000	Subordinated Sukuk RM'000	Lease Liabilities RM'000	Recourse obligation on loans and financing sold to Cagamas RM'000	Total RM'000
At 1 January 2024	**1,009,474**	**1,109,424**	**786**	**2,822,998**	**4,942,682**
Proceeds from issuance	**6,620,000**	**1,200,000**	**-**	**1,273,000**	**9,093,000**
Payment and redemption	**-**	**(800,000)**	**(609)**	**(487,978)**	**(1,288,587)**
Profit paid	**(100,384)**	**(44,822)**	**-**	**(125,264)**	**(270,470)**
Other non cash movement	**212,339**	**49,139**	**(177)**	**132,020**	**393,321**
At 31 December 2024	**7,741,429**	**1,513,741**	**-**	**3,614,776**	**12,869,946**

The Group and the Bank	Senior Sukuk RM'000	Subordinated Sukuk RM'000	Lease Liabilities RM'000	Recourse obligation on loans and financing sold to Cagamas RM'000	Total RM'000
At 1 January 2023	-	1,109,342	1,198	-	1,110,540
Proceeds from issuance	1,000,077	-	-	2,787,999	3,788,076
Payment and redemption	-	-	(609)	-	(609)
Profit paid	(39)	(44,618)	-	(8,998)	(53,655)
Other non cash movement	9,436	44,700	197	43,997	98,330
At 31 December 2023	1,009,474	1,109,424	786	2,822,998	4,942,682

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Summary of Material Accounting Policies for the financial year ended 31 December 2024

The following accounting policies have been used consistently in dealing with items that are considered material in relation to the Financial Statements, except as disclosed in the Financial Statements.

A Basis of preparation

The Financial Statements of the Group and the Bank have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act 2016 in Malaysia.

The Financial Statements have been prepared under historical cost convention, as modified by the revaluation of financial assets at fair value though profit or loss, debts instruments at fair value through other comprehensive income, equity instruments at fair value through other comprehensive income, derivatives financial instruments and financial liabilities designated at fair value through profit of loss.

The preparation of Financial Statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements, and the reported amounts of income and expenses during the reported period. It also requires the Directors to exercise their judgement in the process of applying the Group's and the Bank's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 53.

A Basis of preparation (Continued)

(a) Standards and amendments to published standards and interpretation that are effective and applicable to the Group and the Bank

The new accounting standards, amendments to published standards and interpretation that are effective and applicable to the Group and the Bank for the financial year beginning 1 January 2024 are as follows:

- Amendments to MFRS 101 "Non-current Liabilities with Covenants"
- IFRIC agenda decision on disclosure of revenues and expenses for reportable segments (MFRS 8 Operating segments)

The adoption of the above amendments to published standards and IFRIC agenda decision did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) Standards, amendments to published standards and interpretations that are applicable to the Group and the Bank but not yet effective

The Group and the Bank will apply these standards, amendments to published standards from:

(i) Financial year beginning on/after 1 January 2025

- Amendments to MFRS 121 'Lack of Exchangeability'

  Amendments to MFRS 121 'Lack of Exchangeability' clarify that a currency is exchangeable when an entity is able to exchange it into another currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism that creates enforceable rights and obligations. If an entity can only obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, then the currency is not exchangeable. In such cases, the entity is required to estimate the spot exchange rate at the measurement date.

  The amendments do not specify how an entity estimates the spot exchange rate, but permit an entity to use observable exchange rate without adjustment or another estimation technique, provided it could meet the objective for estimating the spot exchange rate set out in the amendments.

  The impact assessment of the amendments on the financial statements of the Group and the Bank is ongoing.

A Basis of preparation (Continued)

(b) Standards, amendments to published standards and interpretations that are applicable to the Group and the Bank but not yet effective (Continued)

The Group and the Bank will apply these standards, amendments to published standards from: (Continued)

(ii) Financial year beginning on/after 1 January 2026

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to MFRS 9 and MFRS 7

  The amendments require financial assets to be derecognised on the date the contractual rights to the cash flows expire and financial liabilities to be derecognised when obligation under the contract is discharged (i.e. the settlement date). In addition, there is an optional exception to derecognise financial liabilities before the settlement date for settlement using electronic payment systems (if specified criteria are met).

  The amendments clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest ("SPPI") criterion, add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets), and update the disclosures for equity instruments designated at fair value through other comprehensive income ("FVOCI").

  The impact assessment of the amendments on the financial statements of the Group and the Bank is ongoing.

(iii) Financial year beginning on/after 1 January 2027

- MFRS 19 Subsidiaries without Public Accountability

  MFRS 19 Subsidiaries without Public Accountability allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements.

  The impact assessment of the amendments on the financial statements of the Group and the Bank is ongoing.

A Basis of preparation (Continued)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (Continued)

The Group and the Bank will apply these standards, amendments to published standards from: (Continued)

(iii) Financial year beginning on/after 1 January 2027 (Continued)

- MFRS 18 Presentation and Disclosure in Financial Statements (replaces MFRS 101 Presentation of Financial Statements)

  The new MFRS introduces a new structure of profit or loss statement.

  Income and expenses are classified into 3 new main categories:

  - Operating category which typically includes results from the main business activities
  - Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
  - Financing category that presents income and expenses from financing liabilities

  The Group and the Bank are required to present two new specified subtotals: ‘Operating profit or loss’ and ‘Profit or loss before financing and income taxes’.

  Management-defined performance measures (“MPMs”) are disclosed in a single note and reconciled to the most similar specified subtotal in MFRS Accounting Standards.

  Changes to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.

  The impact assessment of the new standard on the financial statements of the Group and the Bank is ongoing.

  The amendments shall be applied retrospectively.

Summary of Material Accounting Policies for the financial year ended 31 December 2024 (Continued)

B Economic entities in the Group

(a) Subsidiaries

The consolidated Financial Statements include the Financial Statements of the Bank and all its subsidiaries made up to the end of the financial year.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct relevant activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations.

Under the acquisition method of accounting, the consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities assumed in the business combination are, with limited exception measured initially at their fair value on the date of acquisition.

The Group applies predecessor accounting to account for business combinations under common control. Under predecessor accounting, assets and liabilities acquired are not restated to their respective fair values. They are recognised at the carrying amounts from the consolidated financial statements of the ultimate holding company of the Group and adjusted to conform with the accounting policies adopted by the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities of the acquired entity is recognised as an adjustment to equity. No additional goodwill is recognised. The acquired entity's results and balance sheet are incorporated prospectively from the date on which the business combination between entities under common control occurred.

B Economic entities in the Group (Continued)

(a) Subsidiaries (Continued)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in acquiree (if any), and the fair value of the Group's previously held equity interest in acquiree (if any), over the fair value of the acquiree's identifiable net assets acquired is recorded as goodwill. The accounting policy for goodwill is set out in Note L. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in statement of income on the acquisition date.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquire is re-measured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in statement of income.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. On an acquisition-by-acquisition basis, the Group measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. At the end of reporting period, non-controlling interest consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests for prior years is not restated.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

All material transactions, balances and unrealised gains on transactions between group companies are eliminated and the consolidated Financial Statements reflect external transactions only. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Where necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of income, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

B Economic entities in the Group (Continued)

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss in control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in statement of income. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statement of income.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

(d) Interests in subsidiaries

In the Bank’s separate Financial Statements, investments in subsidiaries are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in statement of income.

The amounts due from subsidiaries of which the Bank does not expect repayment in the foreseeable future are considered as part of the Bank’s investments in the subsidiaries.

C Recognition of profit income and profit expense

Profit income and profit expense for all profit-bearing financial instruments are recognised within “profit income” and “profit expense” in the statement of income using the effective profit method.

The effective profit method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the profit income or profit expense over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective profit rate, the Bank takes into account all contractual terms of the financial instrument 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.

Profit income is calculated by applying effective profit rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective profit rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance).

(a) Financing

Tawarruq vis-à-vis Commodity Murabahah

Tawarruq structure for CIMB Islamic financing product consists of three (3) sales and purchases transaction. The first involves, the purchase of a commodity by the Bank from Commodity Trader 1, on cash and spot basis. Secondly, the Bank will sell the commodity using Murabahah contract, to customer on deferred basis. Subsequently, the customer will sell the commodity to Commodity Trader 2 on cash and spot basis. Finally, the customer will get a cash to finance the customer’s needs.

Ijarah

A lease contract that transfers the ownership of a usufruct of an asset to another party for a specified period in exchange for a rental. Ijarah contract may end with the transfer of the legal title of the leased asset to the lessee is called Ijarah Muntahia bi al-Tamlik (“IMBT”). Effective transfer of the legal title is a consequent to the conclusion of the lease arrangement that can be in the form of a sale or a gift of the asset to the lessee. Al-Ijarah Thumma al-Bai’ is a form of IMBT where the sale of asset to the lessee is executed at the completion of the lease period. Income is recognised on effective profit rate basis over the lease term.

Ujrah

Arrangement that involves payment of a service fee in exchange for the services rendered to customers.

C Recognition of profit income and profit expense (Continued)

(a) Financing (Continued)

Murabahah

A contract of sale of assets at a mark-up price, which includes a profit margin as agreed by the contracting parties. The price, costs and profit margin in Murabahah shall be made transparent and agreed upon between buyer and seller. Income is recognised on effective profit rate basis over the expected life of the contract based on the principal amounts outstanding.

Bai’ Bithaman Ajil

A contract of sale and purchase of an asset in which the payment of price is deferred either be paid in lump-sum or instalment basis within an agreed period of time. Income from financing shall be recognised on effective profit rate basis over the expected life of the contract based on principal amount outstanding. Meanwhile, profit expense from deposits shall be recognised on accrual basis by maturity date.

Bai’ al-’inah

A contract of sale and purchase of an asset whereby the seller sells to buyer in cash and subsequently buys back the asset at a marked up and deferred. Income is recognised on effective profit rate basis over the expected life of the contract based on principal amount outstanding.

Qard

A contract of lending a fungible asset to a customer who is bound to return an equivalent replacement. No income from financing/profit expense from deposits shall be generated/paid from the transactions.

Bai’ al- Dayn

A contract of trading of debt and the outstanding debt may be sold to the debtor or to a third party on cash basis. Income from financing shall be recognised on effective profit rate basis over the expected life of the contract based on principal amount outstanding. Meanwhile, profit expense from deposits shall be recognised on accrual basis by maturity date.

C Recognition of profit income and profit expense (Continued)

(b) Deposits from customers

Tawarruq vis-à-vis Commodity Murabahah

Tawarruq structure for the Bank's deposit product consists of three (3) sales and purchases transaction. The first involves, the purchase of a commodity by customer from Commodity Trader 1, on cash and spot basis. Secondly, the customer will sell the commodity using Murabahah contract, to the Bank on deferred basis. Subsequently, the Bank will sell the commodity to Commodity Trader 2 on cash and spot basis. Finally, Bank will get a cash to finance the Bank's activities and generate income.

Qard

A contract of lending a fungible asset to a customer who is bound to return an equivalent replacement. No income from financing/profit expense from deposits shall be generated/paid from the transactions.

(c) Placements from investment accounts

Mudharabah

A contract between a capital provider (Rabbul Mal) and an entrepreneur (Mudharib) under which the rabbul mal provides capital to be managed by the mudharib and any profit generated from the capital is shared between the rabbul mal and mudharib according to mutually agreed Profit Sharing Ratio whilst financial losses are borne by the rabbul mal provided that such losses are not due to the mudharib's negligence (taqsir), negligence (taqsir) or breach of specified terms (mukhalafah al-shurut). Mudharabah contract shall not stipulate a pre-determined fixed amount of profit to one contracting party. This contract is categorised into two types:

i) Unrestricted Mudharabah (Mudharabah Mutlaqah) is a contract in which the rabbul mal permits the mudharib to manage the venture without any specific restriction.

ii) Restricted Mudharabah (Mudharabah Muqayyadah) is a contract in which the rabbul mal imposes specific restriction on the mudharabah terms such as determination of location, period for investment, type of project and commingling of funds.

Profit shall be recognised on accrual basis by actual liquidation of assets of mudharabah contract or constructive basis according to acceptable profit recognition method which may include valuation according to acceptable market methodology, independent valuation or valuation based on estimated figures.

C Recognition of profit income and profit expense (Continued)

(c) Placements from investment accounts (Continued)

Wakalah

A contract where a party, as principal (muwakkil) authorizes another party as his agent (wakil) to perform a particular task on matters that may be delegated, with or without imposition of a fee. The profit distribution is after deducting the agency fee and any agreed performance incentive fee to the agent. The Wakalah contract may take the following forms:

i) Unrestricted agency (Wakalah Mutlaqah): an agency contract in which the principal appoints someone as agent to perform a particular task without any specific restriction or condition; or

ii) Restricted agency (Wakalah Muqayyadah): an agency contract in which the principal appoints someone as agent to perform a particular task with specific restriction or condition.

D Recognition of fees and other income

(a) Income from financing and receivables based on mutual accounting policy on Shariah contracts according to the nature of the transactions

Financing arrangement fees and commissions are recognised as income when all conditions precedent is fulfilled.

(b) Fee and other income recognition

The Group earns fee and commission income from a diverse range of products and services provided to its customers. Fee and commission income are recognised when the Group have satisfied its performance obligation in providing the promised products and services to the customer, and are recognised based on contractual rates or amount agreed with customers, and net of expenses directly related to it. The Group generally satisfy its performance obligation and recognises the fee and commission income on the following basis:

- Transaction-based fee and commission income is recognised on the completion of the transaction. Such fees include fees related to the completion of corporate advisory transactions, commissions, service charges and fees, credit card related fees and fees on financing, advances and other financing/loans. These fees constitute a single performance obligation.

D Recognition of fees and other income (Continued)

(b) Fee and other income recognition (Continued)

- For a service that is provided over a period of time, fee and commission income is recognised on an equal proportion basis over the period during which the related service is provided or credit risk is undertaken. This basis of recognition most appropriately reflects the nature and pattern of provision of these services to the customers over time. Fees for these services will be billed periodically over time. Such fees include guarantee fees.

The Group does not provide any significant credit terms to customers for the above products and services.

Directly related expenses typically include card-related expenses and sales commissions, but do not include expenses for services delivered over a period (such as service contracts) and other expenses that are not specifically related to fee and commission income transactions.

Dividends are recognised when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

Islamic derivative financial instruments are developed using Bai' Sarf contract which is a buying and selling of foreign currencies and wa'ad which is a promise for delivery or fulfillment at a future date. The derivatives products may also be structured with other contracts such as Bai' al-'Inah and Commodity Murabahah. The other income recognised comprises of mark-to-market changes on derivatives and realised gains or losses recognised upon early termination of the derivatives.

CIMB Islamic Bank Berhad

(Incorporated in Malaysia)

Summary of Material Accounting Policies for the financial year ended 31 December 2024 (Continued)

E Collateralised Commodity Murabahah

Securities obtained thru Reverse Collateralised Commodity Murabahah are securities which has been transferred to the Group and the Bank as collateral with a commitment under the agreement to return back the securities at future dates. The commitment to return the securities is reflected as an asset on the statements of financial position.

Conversely, obligations on securities transferred through Collateralised Commodity Murabahah as collateral, are securities which the Group and the Bank had transferred from their portfolio with a commitment under the agreement to be transferred back at future dates. Such financing transactions and the obligation for the securities to be transferred back are reflected as a liability on the statements of financial position.

The difference between the transfer and return price is treated as profit and accrued over the life of the Collateralised Commodity Murabahah transactions using the effective yield method.

Included in Collateralised Commodity Murabahah of the Group and the Bank are financial instruments, which are pledged as collaterals for obligations on securities sold under Collateralised Commodity Murabahah amounting to RM177,367,000 (2023: RM Nil)

F Financial assets

(a) Classification

The Group and the Bank classify their financial assets into the following measurement categories:

- Fair value (either through other comprehensive income ("OCI"), or through profit or loss), and
- Amortised cost.

The classification depends on the Group's and the Bank's business model for managing the financial assets and the contractual terms of the cash flows.

Business model assessment

The Group and the Bank conduct assessment of the objective of a business model to align with how an asset held within a portfolio is being managed. Factors that are being considered include the key objectives of a portfolio whether the business strategy is to earn contractual profit revenue, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising a portfolio through sale of assets. Other factors considered also include the frequency and volume of sales in prior periods, how the asset's performance is evaluated and reported to key management personnel.

Assessment whether contractual cash flows are solely payments of principal and profit ("SPPI")

Where the business model is to hold the financial assets to collect contractual cash flows, or to collect contractual cash flows and sell, the Group and the Bank any assess whether the financial assets' contractual cash flows represent solely payment of principal and profit. In applying the SPPI test, the Group and the Bank consider whether the contractual cash flows are consistent with a basic lending arrangement, i.e. profit includes only consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and profit.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investment in debt instruments, this will depend on the business model in which the investment is held. For investment in equity instruments, it is determined by the irrevocable election at the time of initial recognition to account for the equity investment at fair value through OCI by the Group and the Bank.

F Financial assets (Continued)

(a) Classification (Continued)

(i) Financial assets at fair value through OCI comprise of:

- Equity securities which are not held for trading, and for which the Group and the Bank have made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss, and
- Debt securities where the contractual cash flows are solely principal and profit and the objective of the Group's and the Bank's business model is achieved both by collecting contractual cash flows and selling financial assets.

(ii) The Group and the Bank classify their financial assets at amortised cost only if both of the following criteria are met:

- The asset is held within a business model with the objective of collecting the contractual cash flows, and
- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal outstanding.

(iii) The Group and the Bank classify the following financial assets at fair value through profit or loss:

- Debt investments that do not qualify for measurement at either amortised cost or fair value through comprehensive income;
- Equity investments that are held for trading, and
- Equity investments for which the entity has not elected to recognise at fair value through other comprehensive income.

(b) Recognition and initial measurement

A financial asset is recognised in the statement of financial position when the Group and the Bank become parties to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group and the Bank commit to purchase and sell the assets.

At initial recognition, the Group and the Bank measure financial assets at their fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and profit.

F Financial assets (Continued)

(c) Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Bank's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories in which the Group and the Bank classify their debt instruments.

(i) Amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit, are measured at amortised cost. Any gain or loss on a debt investment that measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Profit income from these financial assets is included in finance income using the effective profit rate method.

(ii) Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and profit, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, profit income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other operating income. When the Group and the Bank hold more than one investment in the same security, they are deemed to be disposed of on a first-in, first-out basis. Profit income from these financial assets is included in finance income using the effective profit rate method.

(iii) Fair value through profit or loss ("FVTPL")

Financial assets that do not meet the criteria for amortised cost or FVOCI or financial assets held for trading are measured at fair value through profit or loss. The Group and the Bank may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss and presented net within other operating income in the period which it arises. Profit income from these financial assets continue to be recognised in profit or loss as profit income as disclosed in its respective note.

F Financial assets (Continued)

(c) Subsequent measurement (Continued)

Equity instruments

The Group and the Bank subsequently measure all equity investments at fair value except where the management has elected, at initial recognition to irrevocably designate at equity instrument at FVOCI. Where the Group's and the Bank's management have elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other operating income when the Group's and the Bank's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other operating income in the statement of income as applicable.

(d) Reclassification of financial assets

The Group and the Bank reclassify financial assets when and only when their business model for managing those assets changes. In such cases, the Group and the Bank are required to reclassify all affected financial assets. However, it will be inappropriate to reclassify financial assets that have been designated at FVTPL, or equity instrument that have been designated at FVOCI even when there is a change in business model. Such designation are irrevocable.

(e) Modification of financing, advances and other financing/loans

The Group and the Bank may renegotiate or otherwise modify the contractual cash flows of financing, advances and other financing/loans to customers. When this happens, the Group and the Bank assesses whether or not the new terms are substantially different to the original terms. The Group and the Bank do this by considering, among others, the following factors:

- If the customer is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the customer is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the financing, advances and other financing/loans.
- Significant extension of the financing, advances and other financing/loans term when the customers is not in financial difficulty.
- Significant change in the profit rate.
- Change in the currency the financing, advances and other financing/loans is denominated in.

F Financial assets (Continued)

(e) Modification of financing, advances and other financing/loans (Continued)

- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the financing, advances and other financing/loans.

If the terms are substantially different, the Group and the Bank derecognises the original financial asset and recognises a "new" asset at fair value and recalculates a new effective profit rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group and the Bank also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in statements of income as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in statements of income. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective profit rate (or credit–adjusted effective profit rate for purchased or originated credit-impaired financial assets).

The impact of modifications of financial assets is disclosed in Note 37. The ‘phase 2’ amendments for financial assets affected by IBOR reform is disclosed in Note O.

G Financial liabilities

Financial liabilities are measured at amortised cost, except for trading liabilities and liabilities designated at fair value, which are held at fair value through profit or loss. Financial liabilities are initially recognised at fair value less transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in statement of income. Financial liabilities are derecognised when extinguished.

(a) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated at fair value through profit or loss upon initial recognition.

G Financial liabilities (Continued)

(a) Financial liabilities at fair value through profit or loss (Continued)

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. The specific Group and Bank accounting policy on derivatives is detailed in Note O.

The financial liabilities measured at fair value through profit or loss upon initial recognition are trading derivatives and financial liabilities designated at fair value.

Financial liabilities, other than those held for trading, are classified as financial liabilities designated at fair value through profit or loss if they meet one or more of the criteria set out below, and are so designated by management.

The Group and the Bank may designate financial liabilities at fair value through profit or loss when the designation:

- Eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise from measuring financial assets or financial liabilities, or recognising gains and losses on them, on different bases. Certain structured investments with embedded callable range accrual swaps are designated by the Group and the Bank under this criterion. The profit payable on these structured investments has been hedged with trading derivatives. An accounting mismatch would arise if the structured investments were accounted for at amortised cost, because the related derivatives are measured at fair value with changes in the fair value recognised in the statements of income. By designating the structured investments at fair value, the movement in the fair value of the structured investments will also be recognised in the statement of income.

- Applies to groups of financial liabilities that are managed, and their performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy; and

- Relates to financial liabilities containing one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments.

Summary of Material Accounting Policies for the financial year ended 31 December 2024 (Continued)

G Financial liabilities (Continued)

(a) Financial liabilities at fair value through profit or loss (Continued)

The fair value designation, once made is irrevocable. Designated financial liabilities are recognised when the Group and the Bank enter into the contractual provisions of the arrangements with counterparties, which is generally on trade date, and are normally derecognised when extinguished (liabilities). Measurement is initially at fair value, with transaction costs taken to the statements of income. Subsequently, the fair values are remeasured, and gains and losses from changes therein are recognised in the statements of income.

The component of fair value changes relating to the Group's and the Bank's own credit risk is recognised in OCI. Amounts recorded in OCI related to credit risk are not subject to recycling to profit or loss, but are transferred to retained earnings when realised.

The Group and the Bank determines the amount of fair value changes which are attributable to credit risk, by first determining the changes due to market conditions which give rise to market risk, and then deducting those changes from the total change in fair value of the convertible debentures. Market conditions which give rise to market risk include changes in the benchmark interest rate. Fair value movements on the conversion option embedded derivative are excluded from the assessment of market risk fair value changes.

The Group and the Bank believes that this approach most faithfully represents the amount of change in fair value due to the Group's and the Bank's own credit risk, as the changes in factors contributing to the fair value of the items other than the changes in the benchmark interest rate are not deemed to be significant.

(b) Financial liabilities at amortised cost

Financial liabilities that are not classified as fair value through profit or loss fall into this category and are measured at amortised cost. The financial liabilities measured at amortised cost are deposits from customers, investment accounts of customers, deposits and placements of banks and other financial institutions, Collateralised Commodity Murabahah, other financial liabilities in other liabilities, Senior Sukuk, subordinated Sukuk, lease liabilities and recourse obligations on financing sold to Cagamas and structured deposits. Structured deposits with embedded derivatives which are not closely related to the host contract are bifurcated and the derivatives are separately accounted for under derivatives in Note 24(a).

Deposit from customers consists of Tawarruq vis-à-vis Commodity Murabahah, Mudharabah and Qard contracts. Investment accounts of customers and investment accounts due to designated financial institutions consist of Mudharabah contracts.

The 'phase 2' amendments for financial liabilities affected by IBOR reform is disclosed in Note O.

H Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Group and the Bank test control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Collateral furnished by the Group and the Bank under standard Collateralised Commodity Murabahah transactions is not derecognised because the Group and the Bank retain substantially all the risks and rewards on the basis of the predetermined return price, and the criteria for de-recognition are therefore not met.

I Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of defaults, insolvency or bankruptcy.

J Impairment of financial assets

The Group and the Bank assess on a forward looking basis the expected credit losses (“ECL”) associated with its financial assets carried at amortised cost, FVOCI and with the exposure arising from financing commitments and financial guarantee contracts. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(i) Financial assets accounted for at amortised cost, FVOCI and with the exposure arising from financing commitments and financial guarantee contracts.

The Group and the Bank use general 3-stage approach for financial assets accounted for at amortised cost, FVOCI and with the exposure arising from financing commitments and financial guarantee contracts which reflect their credit risk and how the ECL is determined for each of those categories.

J Impairment of financial assets (Continued)

(i) Financial assets accounted for at amortised cost, FVOCI and with the exposure arising from financing commitments and financial guarantee contracts. (Continued)

A summary of the assumptions underpinning the Group's and the Bank's expected credit loss model is as follows:

(a) Stage 1: 12-months ECL
Stage 1 includes financial assets which have not had a significant increase in credit risk since initial recognition or which have low credit risk at reporting date. 12-month ECL is recognised and profit income is calculated on the gross carrying amount of the financial assets.

(b) Stage 2: Lifetime ECL – not credit impaired
Stage 2 includes financial assets which have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but do not have objective evidence of impairment. Lifetime ECL is recognised and profit income is calculated on the gross carrying amount of the financial assets.

(c) Stage 3: Lifetime ECL – credit impaired
Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. Lifetime ECL is recognised and profit income is calculated on the net carrying amount of the financial assets.

The Group and the Bank account for their credit risk by appropriately providing for ECL on a timely basis. In calculating the ECL rates, the Group and the Bank consider historical loss rates for each category of customers, and adjusts for forward looking macroeconomic data.

(ii) Other assets

The Group and the Bank apply simplified approach as permitted by MFRS 9, which requires an entity to recognise a loss allowance based on lifetime ECL at each reporting date. MFRS 9 allows the use of practical expedients when measuring ECL and states that a provision matrix is an example of such expedient for trade receivables. An entity that applies a provision matrix may use historical loss experience on its trade receivables, and adjust historical loss rates to reflect information about current conditions and reasonable and supportable forecasts of future economic conditions.

K Property, plant and equipment

Property, plant and equipment are initially stated at cost, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the items. 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the statement of income during the financial period in which they are incurred.

Capital work-in-progress are not depreciated. Other property, plant and equipment are depreciated on a straight line basis to allocate the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

Renovations	5 – 10 years or over the period of the tenancy, whichever is shorter
Office equipment, furniture and fittings:	
- Office equipment	3 – 10 years
- Furniture and fittings	5 – 10 years
General plant and machinery	5 years
Computer equipment and hardware:	
- Servers and hardware	3 – 7 years
- ATM machine	5 – 10 years
Motor vehicles	5 years

Depreciation on capital work-in-progress commences when the assets are ready for their intended use. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property, plant and equipment are reviewed for impairment at the end of each reporting period and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts and are included in other operating income.

L Intangible assets

(a) Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in profit or loss.

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that might be impaired, and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units ("CGU"), or groups of CGUs, that is expected to benefit from the business combination in which goodwill arose, identified according to operating segment.

The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Other intangible assets

Other intangible assets include computer software. Other intangible assets are initially recognised when they are separable or arise from contractual or other legal rights, the cost can be measured reliably and, in the case of intangible assets not acquired in a business combination, when it is probable that future economic benefits attributable to the assets will flow to the Group and the Bank. Acquired computer software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Intangible assets that have an indefinite useful life, or are not yet ready for use, are tested for impairment annually. This impairment test may be performed at any time during the year, provided it is performed at the same time every year. An intangible asset recognised during the current period is tested before the end of the current financial year.

Intangible assets that have a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, and are amortised over their estimated useful lives.

Intangible assets are amortised over their finite useful lives as follows:

Computer software	3 – 15 years

M Leases – the Group and the Bank as lessee

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group and the Bank (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Bank allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease term

In determining the lease term, the Group and the Bank considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Bank reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Bank and affects whether the Group and the Bank is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

ROU assets

ROU assets are initially measured at cost comprising the following:
- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Bank is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

M Leases – the Group and the Bank as lessee (Continued)

Lease liabilities (Continued)

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Amounts expected to be payable by the Group and the Bank under residual value guarantees;
- The exercise price of a purchase and extension options if the Group and the Bank is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Bank exercising that option.

Lease payments are discounted using the profit rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Bank, an incremental financing rate is used in determining the discount rate which assumes the profit rate that the Group and the Bank would have to pay to obtain financing over a similar term, the funds necessary to obtain the asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of profit on the remaining balance of the liability for each period.

The Group and the Bank presents the lease liabilities as a separate line item in the statement of financial position. Profit expense on the lease liability is presented under net financing income in the statement of income.

Short term leases and leases of low value assets

The Group and the Bank elects to apply MFRS 16 recognition exemption such as short-term leases and leases for which the underlying asset is of low value. Short-term leases are leases with a lease term of 12 months or less with no purchase option. Low-value assets comprise IT equipment and small items of office furniture with value of RM20,000 (or equivalent to USD5,000) or below. Payments associated with short-term leases of equipment and vehicles and all leases of low value assets are recognised on a straight-line basis as an expense in profit or loss.

N Leases – the Group and the Bank as lessor

As a lessor, the Group and the Bank determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group and the Bank makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group and the Bank considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

N Leases – the Group and the Bank as lessor (Continued)

(a) Finance lease

The Group and the Bank classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Bank derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investments is subject to MFRS 9 impairment. In addition, the Group and the Bank reviews regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Group and the Bank revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

(b) Operating lease

The Group and the Bank classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Bank recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term. When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of underlying asset and recognised as an expense over the lease term on the same basis as lease income.

O Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate except for assets/liabilities that are classified as Level 3 fair value hierarchy. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in the statement of income.

O Derivative financial instruments and hedge accounting (Continued)

The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group and the Bank recognise the fair value of derivatives in the statement of income immediately.

The Group and the Bank designate certain derivatives to manage its exposure to profit rate risks. The instruments used included Islamic profit rate swap

The Group and the Bank document at the inception of the hedging transaction, the risk management objective & strategy and the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 24(a).

Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the statement of income, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item is amortised to the statement of income over the period to maturity based on recalculated effective profit rate method over the period to maturity. The adjustment to the carrying amount of a hedged equity security remains as part of the carrying amount until the disposal of the equity security.

O Derivative financial instruments and hedge accounting (Continued)

Interbank offered rates

Interbank offered rates ("IBORs"), such as the London Interbank Offered Rate ("LIBOR"), play a critical role in global financial markets, serving as reference rates for derivatives, financing and securities, and as parameters in the valuation of financial instruments.

In recent years, regulators, central banks and market participants have been working towards a transition to alternative risk-free benchmark reference rates ("RFRs") and market-led working groups in respective jurisdictions have recommended alternative risk-free reference rates, which are gradually being adopted in replacement of IBORs.

In response to the uncertainty about the long-term viability of these benchmark rates, and LIBOR in particular, the International Accounting Standards Board ("IASB") has established a project to consider the financial reporting implications of the reform. The transition from IBORs is expected to have an impact on various elements of financial instrument accounting, including hedge accounting, as well as fair value methodologies and disclosures.

BNM has announced the launch of the Malaysia Overnight Rate ("MYOR") as the new alternative risk-free benchmark reference rates ("RFRs") for Malaysia and the MYOR will run in parallel to the existing Kuala Lumpur Interbank Offered Rate ("KLIBOR") with periodic reviews to ensure that the financial benchmark rates remain robust and reflective of an active underlying market. The Group and the Bank have discontinued the publication of the 2- and 12-month KLIBOR tenors, which are the least referenced rates in the market for financial contracts, on 1 January 2023. The remaining one-, three- and six-month KLIBOR tenors, will continue to reflect an active underlying market.

Impact of IBOR reform on Group's and the Bank's hedging relationship

The Group and the Bank have hedge accounted relationships referencing IBORs, with the most significant interest rate benchmarks to which the Group's and the Bank's hedging relationships are exposed to are MYR KLIBOR.

The Group's and the Bank's risk exposure that is directly affected by the interest rate benchmark reform is its fair value hedge of the following financial instruments. These hedging relationships are designated using profit rate swaps, for changes attributable to MYR KLIBOR that are respective current benchmark interest rate. Additional information about the Group's and the Bank's exposure to IBOR reform is presented in Note 24(a).

	The Group and the Bank	
Hedged items	**2024**	**2023**
Fixed rate liabilities	MYR3,100,000,000	MYR1,800,000,000
Fixed rate senior bonds	MYR7,075,000,000	MYR1,000,000,000
Fixed rate financial investments at fair value through other comprehensive income	MYR810,000,000	MYR925,000,000

O Derivative financial instruments and hedge accounting (Continued)

Impact of IBOR reform on Group's and the Bank's hedging relationship (Continued)

The Group and the Bank will continue to record any ongoing hedge ineffectiveness, including that generated by changes as a result of interest rate reform, within the Income Statement. One of the source of ineffectiveness would be due to the IBOR reform takes effect at a different time and have a different impact on the hedged items and hedging instruments.

Managing the process to transition

The Group and the Bank have established a steering committee to oversee the Group's and the Bank's IBORs transition plan. This steering committee has put in place a transition project which includes the assessment and actions necessary to accommodate the transition to RFRs as they apply internal process and systems in pricing, risk management, and valuation models, as well as managing related tax and accounting implications. The Group and the Bank are continuing to monitor market developments in relation to the transition to RFRs from IBOR rates and their impact on the Group's and the Bank's financial assets and liabilities to ensure that there are no unexpected consequences or disruption from the transition.

The Group adopted the Phase 2 amendments and applied the practical expedient to update the effective profit rate for instruments measured at amortised cost to account for the changes in contractual cash flows that is a direct consequence of interbank offered rate ("IBOR") reform. As a result, no immediate gain or loss is recognised in profit or loss.

The amendments also provide reliefs that enable and require the Group to continue the MFRS 9 hedge accounting in circumstances when the Group updates the hedge documentation to reflect changes in hedged items and hedging instruments which are required by IBOR reform.

Hedge relationships

Since 2021, the Group and the Bank have adopted the hedge accounting reliefs provided by 'phase 2' of the amendments for hedge designation. When the phase 1 amendments cease to apply, the Group and the Bank will amend its hedge designation to reflect changes which are required by IBOR reform, but only to make one or more of these changes:

(i) designate an alternative benchmark rate (contractually or non-contractually specified) as a hedged risk;
(ii) amend the description of the hedged item, including the description of the designated portion of the fair value being hedged; or
(iii) amend the description of the hedging instrument. The Group and the Bank will update its hedge documentation to reflect this change in designation by the end of the reporting period in which the changes are made.

O Derivative financial instruments and hedge accounting (Continued)

Hedge relationships (Continued)

These amendments to the hedge documentation do not require the Group and the Bank to discontinue its hedge relationships. The Group and the Bank have not made any amendments to its hedge documentation in the reporting period relating to IBOR reform.

Since 2021, changes required to systems, processes and models have been identified and fully implemented. The Group and the Bank have identified that the areas of most significant risk arising from the replacement of LIBORs are: updating systems and processes which capture LIBORs referenced contracts; amendments to those contracts, or existing fallback/transition clauses not operating as anticipated; mismatches in timing of derivatives and financing transitioning from LIBORs and the resulting impact on economic risk management; and updating hedge designations. The Group and the Bank continues to engage with industry participants and the regulator authorities, to ensure an orderly transition to RFRs and to minimise the risks arising from transition, and it will continue to identify and assess risks associated with LIBORs replacement.

Financial instruments measured using amortised cost measurement

‘Phase 2’ of the amendments requires that, for financial instruments measured using amortised cost measurement, changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised. These expedients are only applicable to changes that are required by interest rate benchmark reform, which is the case if, and only if, the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis (that is, the basis immediately preceding the change).

Where some or all of a change in the basis for determining the contractual cash flows of a financial asset and liability does not meet the above criteria, the above practical expedient is first applied to the changes required by interest rate benchmark reform, including updating the instrument’s effective interest rate. Any additional changes are accounted for in the normal way (that is, assessed for modification or derecognition, with the resulting modification gain / loss recognised immediately in profit or loss where the instrument is not derecognised).

Since 2021, the Group and the Bank have applied the practical expedients offered under ‘phase 2’ of the amendments on the financial instruments in the following section.

CIMB Islamic Bank Berhad

(Incorporated in Malaysia)

Summary of Material Accounting Policies for the financial year ended 31 December 2024 (Continued)

O Derivative financial instruments and hedge accounting (Continued)

Effect of IBOR reform

The following tables contain details of all financial instruments that the Group and the Bank holds at 31 December 2024 and 31 December 2023 which are referenced to MYR KLIBOR have not yet transitioned to alternative benchmark rates.

	The Group and the Bank			
	Notional amount of which: Have yet to transition to an alternative benchmark rate as at 31 December 2024			
	USD LIBOR		MYR KLIBOR	
	RM'000	RM'000	RM'000	RM'000
	Asset	Liability	Asset	Liability
Non-derivatives assets and liabilities				
Bonds/Sukuk and notes	-	-	-	120,000
Fixed rate financing, advances and other financing/loans	-	-	1,269,971	-
Derivatives	-	-	16,221,400	6,213,195

	The Group and the Bank			
	Notional amount of which: Have yet to transition to an alternative benchmark rate as at 31 December 2023			
	USD LIBOR		MYR KLIBOR	
	RM'000	RM'000	RM'000	RM'000
	Asset	Liability	Asset	Liability
Non-derivatives assets and liabilities				
Bonds/Sukuk and notes	-	-	30,000	-
Fixed rate financing, advances and other financing/loans	-	-	2,553,525	-
Derivatives	-	-	9,096,521	5,965,882

P Currency translations

(a) Functional and presentation currency

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Financial Statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Bank's functional and presentation currency.

(b) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as debt instruments at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in statement of income, and other changes in the carrying amount are recognised in equity.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities, such as equity instruments at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as fair value through other comprehensive income are included in the revaluation reserve of equity instruments at fair value through other comprehensive income.

Q Income and deferred taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in statement of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax expense is determined according to the tax laws of Malaysia and includes all taxes based upon the taxable profits.

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, except for; where both an asset and a liability are recognised at the same time such as leases.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences unused tax losses can be utilised.

Deferred income tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures except where the timing of the reversal of the temporary difference can be controlled by the Group and the Bank and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax related to fair value re-measurement of debt instruments at fair value through other comprehensive income and equity instruments at fair value through other comprehensive income, which is charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the statement of income together with deferred gain or loss.

Deferred income tax is determined using tax rates (and tax laws) that have been enacted at the end of each reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Summary of Material Accounting Policies for the financial year ended 31 December 2024 (Continued)

R Share capital

(a) Classification

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the contractual arrangement of the particular instrument.

(b) Share issue costs

Incremental external costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(c) Dividends

Dividends on ordinary shares and non-redeemable preference shares with discretionary dividends are recognised as a liability when the shareholders' right to receive the dividend is established.

Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

(d) Earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the Group and the Bank, excluding any costs of servicing equity other than ordinary shares.
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year and excluding treasury shares.

R Share capital (Continued)

(e) Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- The after income tax effect of profit and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

S Employee benefits

(a) Short-term employee benefits

The Group and the Bank recognise a liability and an expense for bonuses. The Group and the Bank recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Wages, salaries, paid annual leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and the Bank.

(b) Post employment benefits

Defined contribution plans

A defined contribution plan is a pension plan under which the Group and the Bank pay fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Group's and the Bank's contributions to a defined contribution plan are charged to the statement of income. Once the contributions have been paid, the Group and the Bank have no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) Other long-term employee benefits

The cost of long-term employee benefits (for example, long-term service leave) is accrued to match the rendering of services by the employees concerned using an accounting methodology similar to that for defined benefit plans for the liability which is not expected to be settled within 12 months, except that remeasurements are recognised immediately in profit or loss.

S Employee benefits (Continued)

(d) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Bank recognise termination benefits at the earlier of the following dates:

(a) when the Group and the Bank can no longer withdraw the offer of those benefits; and
(b) when the entity recognises costs for a restructuring that is within the scope of MFRS 137 and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(e) Share-based compensation benefits

Long Term Incentive Plan ("LTIP")

The Group implements a Long Term Incentive Plan ("LTIP"), which is awarded to employees who hold senior management positions and key roles within the CIMB Group and its subsidiary companies, and who fulfill the eligibility criteria and have been approved for participation by the LTIP Committee. Any LTIP awards made to Executive Directors (or any persons connected to the directors) is subject to the approval of the shareholders at a general meeting.

The LTIP, which is valid for 7 years from the implementation date, comprises of 2 performance-based plans – the Employee Share Option Scheme ("ESOS") and the Share Grant Plan ("SGP"). Details of the key features of ESOS and SGP are set out in Note 47(h).

The fair value of the employee services received in exchange for the grant of the share options and shares is recognised as an expense in the statements of income over the vesting periods of the grant with a corresponding increase to share-based payment reserve within equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options and shares granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of share options and shares that are expected to vest. At each reporting date, the Group revises its estimates of the number of share options and shares that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the statements of income, with a corresponding adjustment to share-based payment reserve in equity.

Summary of Material Accounting Policies for the financial year ended 31 December 2024 (Continued)

S Employee benefits (Continued)

(e) Share-based compensation benefits (Continued)

Employee Ownership Plan ("EOP")

CIMB Group operates an equity-settled, share-based compensation plan, where ordinary shares of CIMB Group are purchased from the market at market value and awarded to the eligible executive employees.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the award is fully released to relevant employees ('the final release date'). The fair value of the employee services received in exchange for the grant of the shares is recognised as an expense in statement of income over the period of release, based on the best available estimate of the number of shares expected to be released at each of the relevant release date. On the final release date, the estimate will be revised to equal the actual number of shares that are ultimately released to the employees.

T Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and 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"). Non financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the statement of income unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the statements of income unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

U Provisions

Provisions are recognised by the Group and the Bank when all of the following conditions have been met:

(i) the Group and the Bank have a present legal or constructive obligation as a result of past events;
(ii) it is probable that an outflow of resources to settle the obligation will be required; and
(iii) a reliable estimate of the amount of obligation can be made.

Where the Group and the Bank expect a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present values of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognised as a profit expense.

V Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group and the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified customer fails to make payments when due, in accordance with the terms of an instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure financing and other banking facilities.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value. The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Subsequent to initial recognition, financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 “Financial instruments” and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 “Revenue from Contracts with Customers”, where appropriate.

Any increase in the liability relating to guarantees is reported in the statement of income within ECL for commitments and contingencies.

W Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposit placements with original maturity of 3 months or less.

X Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Group Executive Committee as its chief operating decision-maker.

Intra-segment revenue and costs are eliminated at head office. Income and expenses directly associated with each segment are included in determining business segment performance.

Y Contingent assets and contingent liabilities

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group and the Bank. As this may result in the recognition of income that may never be realised, contingent assets are not recognised in the Group's and the Bank's Financial Statements but disclosed where inflows of economic benefits are probable but not virtually certain.

Contingent liabilities, which do not include financial guarantee contracts are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the control of the Group and the Bank; or are present obligations that have arisen from past events but are not recognised because it is not probable that settlement will require the outflow of economic benefits, or because the amount of the obligations cannot be reliably measured.

Contingent liabilities are not recognised in the Financial Statements but are disclosed unless the probability of settlement is remote.

Z Investment Accounts

Mudharabah

This category comprises restricted and unrestricted investment accounts. The placements from investment accounts that are used to fund specific financing are called Restricted Profit Sharing Investment Accounts ("RPSIA"). The RPSIA and unrestricted investment accounts are a contract based on the Shariah concept of Mudharabah between two parties, i.e. investor and entrepreneur to finance a business venture where the investor provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture will be shared based on pre-agreed ratios with the Bank as Mudharib (manager or manager of funds), and losses shall be borne solely by investors.

Wakalah

Daily Investment Account-i is a daily investment account based on a Wakalah bi al-istithmar contract, agreed between the customers as capital providers (principal) and the Bank as an investment agent whereby the Bank will channel the funds in investment assets which are Shariah compliant. The profit distribution is after deducting the agency fee and any agreed performance incentive fee to the Bank (if any). The principal may agree to the agent retaining all or part of the excess profit as performance incentive fee if the actual profit is higher than the indicative profit. Any losses (if any) shall be borne by the customer, provided that such losses are not due to the Bank's misconduct (Ta'addi), negligence (Taqsir), or breach of specific terms (Mukhalafah al-Shurut). Daily Investment Account-i is classified as unrestricted investment accounts.

AA Financing assistance scheme

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 measured as the difference between the initial carrying amount or fair value of the financing and the amount received.

The benefit of government schemes 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 cost or expenses are recognised, when the required conditions are fulfilled in accordance with MFRS 120 Accounting for Government Grants and Disclosure of Government Assistance.

CIMB Islamic Bank Berhad
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Notes to the Financial Statements for the financial year ended 31 December 2024

1 General information

The Bank is principally engaged in all aspects of Islamic banking and finance business and in the provision of related financial services. The principal activities of the significant subsidiaries as set out in Note 14 in the Financial Statements are providing Islamic nominee and custody services. Islamic banking and finance business refers generally to the acceptance of deposits and granting of financing and all other activities allowed under the Islamic Financial Services Act 2013 done in accordance with Shariah.

The immediate holding company of the Bank is CIMB Bank Berhad, a licensed bank incorporated in Malaysia and the Directors regard CIMB Group Holdings Berhad ("CIMB Group"), a quoted company incorporated in Malaysia, as the Bank's ultimate holding company.

The Bank is a licensed Islamic Bank under the Islamic Financial Services Act 2013, incorporated and domiciled in Malaysia.

The address of the Bank's registered office is at 13th Floor, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur.

The Bank's principal place of business is at 17th Floor, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur.

2 Cash and short-term funds

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Cash and balances with banks and other financial institutions	**87,628**	70,284
Money at call and deposit placements maturing within one month	**8,088,742**	10,447,527
	8,176,370	10,517,811

3 Deposits and placements with banks and other financial institutions

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Licensed Islamic banks	**403,180**	138,065
Other financial institutions	**200,042**	-
	603,222	138,065
Expected credit losses	**(86)**	-
	603,136	138,065

Expected credit losses movement for money at call and deposits and placements with banks and other financial institutions:

The Group and the Bank	**12-month expected credit losses (Stage 1) RM'000**	**Lifetime expected credit losses - not credit impaired (Stage 2) RM'000**	**Lifetime expected credit losses - credit impaired (Stage 3) RM'000**	**Total RM'000**
At 1 January 2024	**-**	**-**	**-**	**-**
Total charge to Statement of Income:	**86**	**-**	**-**	**86**
New financial assets originated	**181**	**-**	**-**	**181**
Financial assets that have been derecognised	**(95)**	**-**	**-**	**(95)**
Change in credit risk	**-**	**-**	**-**	**-**
Other movements	**-**	**-**	**-**	**-**
At 31 December 2024	**86**	**-**	**-**	**86**
The Group and the Bank				
At 1 January 2023	-	-	-	-
Total charge to Statement of Income:	(1)	-	-	(1)
New financial assets originated	47	-	-	47
Financial assets that have been derecognised	(48)	-	-	(48)
Change in credit risk	-	-	-	-
Other movements	1	-	-	1
At 31 December 2023	-	-	-	-

4 Financial investments at fair value through profit or loss

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Money market instruments		
Unquoted:		
Malaysian Government treasury bills	**277,430**	637,980
Bank Negara monetary notes	**1,530,686**	152,491
Islamic negotiable instruments of deposits	**1,791,452**	1,389,444
Government Investment Issues	**338,545**	542,492
Islamic Cagamas bonds	**353,537**	328,536
Islamic Commercial Paper	**845,315**	528,475
	5,136,965	3,579,418
Unquoted securities:		
In Malaysia		
Corporate sukuk	**423,152**	175,055
	5,560,117	3,754,473

5 Debt instruments at fair value through other comprehensive income

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Money market instruments		
Unquoted:		
Government Investment Issues	**2,263,396**	1,694,051
Islamic Cagamas bonds	**75,888**	50,695
	2,339,284	1,744,746
Unquoted securities:		
In Malaysia		
Corporate sukuk	**4,890,684**	3,618,018
	7,229,968	5,362,764

5 Debt instruments at fair value through other comprehensive income (Continued)

Included in financial investments at FVOCI of the Group and the Bank are financial instruments, which are pledged as collaterals for obligations on securities sold under Collateralised Commodity Murabahah amounting to RM Nil (2023: RM407,569,000)

Expected credit losses movement for debt instruments at fair value through other comprehensive income:

The carrying amount of debt instruments at fair value through other comprehensive income is equivalent to their fair value. The loss allowance is recognised in other comprehensive income and does not reduce the carrying amount in the statement of financial position.

The Group and the Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2024	**1,594**	**-**	**-**	**1,594**
Total charge to Statement of Income:	**632**	**-**	**-**	**632**
New financial assets purchased	**11,894**	**-**	**-**	**11,894**
Financial assets that have been derecognised	**(369)**	**-**	**-**	**(369)**
Change in credit risk	**(10,893)**	**-**	**-**	**(10,893)**
At 31 December 2024	**2,226**	**-**	**-**	**2,226**

The Group and the Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2023	998	-	-	998
Total charge to Statement of Income:	596	-	-	596
New financial assets purchased	5,460	-	-	5,460
Financial assets that have been derecognised	(274)	-	-	(274)
Change in credit risk	(4,590)	-	-	(4,590)
At 31 December 2023	1,594	-	-	1,594

5 Debt instruments at fair value through other comprehensive income (Continued)

Impact of movements in gross carrying amount on expected credit losses

2024
Net expected credit losses ("ECL") increased by RM632,000 for the Group and the Bank mainly due to recognition of gross carrying amounts ("GCA") from new financial assets purchased, offsetted by change in credit risk and financial assets that have been derecognized.

2023
Net expected credit losses ("ECL") increased by RM596,000 for the Group and the Bank mainly due to recognition of gross carrying amounts ("GCA") from new financial assets purchased, offsetted by change in credit risk and financial assets that have been derecognized.

6 Debt instruments at amortised cost

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Money market instruments		
Unquoted:		
Government Investment Issue	**5,978,111**	6,161,751
Islamic Cagamas bonds	**20,151**	35,201
Commercial papers	**180,685**	-
	6,178,947	6,196,952
Unquoted securities:		
In Malaysia		
Corporate sukuk	**8,410,904**	7,803,553
Amortisation of premium net of accretion of discount	**(6,573)**	(4,951)
Less : Expected credit losses	**(373)**	(469)
	14,582,905	13,995,085

Included in debt instruments at amortised cost is exposures to Restricted Profit Sharing Investment Accounts ("RPSIA"), as part of an arrangement between CIMB Islamic Bank Berhad and third party amounting to RM631,751,000 (31 December 2023: RM592,587,000).

Included in debt instruments at Amortised cost of the Group and the Bank are financial instruments, which are pledged as collaterals for obligations on securities sold under Collateralised Commodity Murabahah amounting to RM4,343,053,000 (2023: RM1,948,432,000).

Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

6 Debt instruments at amortised cost (Continued)

Expected credit losses movement for debt instruments at amortised cost:

The Group and the Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2024	**469**	**-**	**-**	**469**
Total charge to Statement of Income:	**(96)**	**-**	**-**	**(96)**
New financial assets purchased	**3,487**	**-**	**-**	**3,487**
Change in credit risk	**(3,583)**	**-**	**-**	**(3,583)**
At 31 December 2024	**373**	**-**	**-**	**373**

The Group and the Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - credit impaired (Stage 3) RM'000	Total RM'000
Debt instruments at amortised cost				
At 1 January 2023	418	-	-	418
Total charge to Statement of Income:	51	-	-	51
New financial assets purchased	2,440	-	-	2,440
Change in credit risk	(2,389)	-	-	(2,389)
At 31 December 2023	469	-	-	469

Impact of movements in gross carrying amount on expected credit losses

2024
The net ECL decreased by RM96,000 for the Group and the Bank is mainly due to change in credit risk, offsetted by recognition of gross carrying amounts ("GCA") from new financial assets purchased.

2023
The net ECL increased by RM51,000 for the Group and the Bank is mainly due to recognition of gross carrying amounts ("GCA") from new financial assets purchased, offsetted by change in credit risk.

6 Debt instruments at amortised cost (Continued)

Gross carrying amount movement for debt instruments at amortised cost classified as credit impaired:

	The Group and the Bank Lifetime expected credit losses - credit impaired (Stage 3) Total 2024 RM'000	Total 2023 RM'000
At 1 January	**594,678**	501,772
Other movements	**52,526**	71,956
Exchange fluctuation	**(12,352)**	20,950
At 31 December	**634,852**	594,678

7 Financing, advances and other financing/loans

31 December 2024
At amortised cost:

	The Group and the Bank							
	Sale-based contracts			Lease-based contracts		Loan contract	Others	
	Bai' Bithaman Ajil	Bai' al-'inah	Tawarruq	Ijarah Muntahiah Bi al-Tamlik*	Al-Ijarah Thumma Al-Bai'#	Qard	Ujrah	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line^	-	-	1,890,129	-	-	7,386	-	1,897,515
Term financing								
House Financing	3,269,654	-	50,904,382	921,601	-	-	-	55,095,637
Syndicated Financing	-	-	1,265,388	-	-	-	-	1,265,388
Hire purchase receivables	-	-	-	-	19,830,538	-	-	19,830,538
Other term financing	631,260	887,419	43,117,883	28,766	-	-	-	44,665,328
Bills receivable	-	-	1,097,817	-	-	-	-	1,097,817
Islamic trust receipts	-	-	15,826	-	-	-	-	15,826
Claims on customers under acceptance credits	-	-	1,208,563	-	-	-	-	1,208,563
Staff financing**	-	-	338,903	-	-	-	-	338,903
Credit card receivables	-	-	-	-	-	-	558,518	558,518
Revolving credits	-	-	7,211,539	-	-	-	-	7,211,539
Gross financing, advances and other financing/loans, at amortised cost	3,900,914	887,419	107,050,430	950,367	19,830,538	7,386	558,518	133,185,572
Fair value changes arising from fair value hedge								(187)
								133,185,385
Less: Expected credit losses								(1,771,300)
Total net financing, advances and other financing/loans								131,414,085

^ Includes current account in excess
* The Bank is the beneficial owner of the asset. The ownership of the asset will be transferred to the customer via sale at the end of the Ijarah financing.
#The Bank is the owner of the asset. The ownership of the asset will be transferred to the customer via sale at the end of the Ijarah financing.
** Includes financing to Directors of the Group and the Bank amounting to RM 3,766,850 (2023:RM 2,236,259).

7 Financing, advances and other financing/loans (Continued)

31 December 2023
At amortised cost:

	The Group and the Bank							
	Sale-based contracts			Lease-based contracts		Loan contract	Others	
	Bai' Bithaman Ajil	Bai' al-'inah	Tawarruq	Ijarah Muntahiah Bi al-Tamlik*	Al-Ijarah Thumma Al-Bai'#	Qard	Ujrah	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line^	100	157	1,600,152	-	-	11,639	-	1,612,048
Term financing								
House Financing	3,646,653	-	43,691,549	995,640	-	-	-	48,333,842
Syndicated Financing	-	-	2,050,549	-	-	-	-	2,050,549
Hire purchase receivables	-	-	-	-	17,998,019	-	-	17,998,019
Other term financing	757,895	1,058,383	40,912,823	32,457	-	-	-	42,761,558
Bills receivable	-	-	1,090,078	-	-	-	-	1,090,078
Islamic trust receipts	-	-	21,065	-	-	-	-	21,065
Claims on customers under acceptance credits	-	-	1,226,003	-	-	-	-	1,226,003
Staff financing**	-	-	310,822	-	-	-	-	310,822
Credit card receivables	-	-	-	-	-	-	302,377	302,377
Revolving credits	-	-	7,186,785	-	-	-	-	7,186,785
Gross financing, advances and other financing/loans, at amortised cost	4,404,648	1,058,540	98,089,826	1,028,097	17,998,019	11,639	302,377	122,893,146
Fair value changes arising from fair value hedge								(934)
								122,892,212
Less: Expected credit losses								(1,689,858)
Total net financing, advances and other financing/loans								121,202,354

7 Financing, advances and other financing/loans (Continued)

31 December 2023

At fair value through profit or loss:

	The Group and the Bank							
	Sale-based contracts			Lease-based contracts		Loan contract	Others	
	Bai' Bithaman Ajil	Bai' al-'inah	Tawarruq	Ijarah Muntahiah Bi al-Tamlik*	Al-Ijarah Thumma Al-Bai'#	Qard	Ujrah	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Term financing								
Syndicated Financing	-	-	274,133	-	-	-	-	274,133
Gross financing, advances and other financing/loans, at fair value through profit or loss	-	-	274,133	-	-	-	-	274,133
Total net financing, advances and other financing/loans								121,476,487

^ Includes current account in excess

* The Bank is the beneficial owner of the asset. The ownership of the asset will be transferred to the customer via sale at the end of the Ijarah financing.

#The Bank is the owner of the asset. The ownership of the asset will be transferred to the customer via sale at the end of the Ijarah financing.

** Includes financing to Directors of the Group and the Bank amounting to RM 3,766,850 (2023:RM 2,236,259).

7 Financing, advances and other financing/loans (Continued)

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Total gross financing, advances and other financing/loans		
- At amortised cost	**133,185,572**	122,893,146
- At fair value through profit or loss	**-**	274,133
	133,185,572	123,167,279

(i) By type and Shariah contracts:

(a) The Group and the Bank have undertaken fair value hedge on the profit rate risk of RM17,195,000 (2023: RM36,682,000) financing using Islamic profit rate swaps.

(b) Included in financing, advances and other financing/loans are exposures to Restricted Profit Sharing Investment Accounts ("RPSIA"), as part of an arrangement between the Bank and CIMB Bank Berhad. CIMB Bank Berhad is exposed to risks and rewards on RPSIA financing and will account for all the portfolio and individual impairment for bad and doubtful financing arising thereon.

As at 31 December 2024, the gross exposure and expected credit losses relating to RPSIA financing are RM2,928,095,000 (2023: RM3,425,929,000) and RM352,000 (2023: RM415,000) respectively.

7 Financing, advances and other financing/loans (Continued)

(i) By type and Shariah contracts: (Continued)

(c) Movement of Qard financing

	The Group and the Bank	
	2024	2023
	RM'000	RM'000
At 1 January	**11,639**	12,917
New disbursement	**1,857**	6,252
Repayment	**(6,110)**	(7,530)
At 31 December	**7,386**	11,639
Sources of Qard fund:		
Depositors' fund	**6,850**	10,825
Shareholders' fund	**536**	814
	7,386	11,639
Uses of Qard fund:		
Personal use	**446**	5,410
Business purpose	**6,940**	6,229
	7,386	11,639

(ii) By type of customer:

	The Group and the Bank	
	31 December 2024	31 December 2023
	RM'000	RM'000
Domestic non-bank financial institutions	**3,007,855**	2,697,204
Domestic business enterprises		
- Small medium enterprises	**23,726,144**	20,101,501
- Others	**10,550,118**	12,549,489
Government and statutory bodies	**1,836,729**	1,778,885
Individuals	**92,367,494**	84,082,470
Other domestic entities	**1,047,763**	968,574
Foreign entities	**649,469**	989,156
Gross financing, advances and other financing/loans	**133,185,572**	123,167,279

CIMB Islamic Bank Berhad
(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

7 Financing, advances and other financing/loans (Continued)

(iii) By profit rate sensitivity:

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Fixed rate		
- house financing	**627,836**	571,778
- hire purchase receivables	**16,887,334**	15,550,009
- others	**4,479,228**	4,351,912
Variable rate		
- house financing	**54,467,801**	47,762,064
- others	**56,723,373**	54,931,516
Gross financing, advances and other financing/loans	**133,185,572**	123,167,279

(iv) By economic purpose:

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Personal use	**2,217,146**	2,148,152
Credit card	**558,518**	302,377
Construction	**2,160,150**	1,835,359
Residential property	**56,161,122**	49,429,715
Non-residential property	**16,343,368**	13,371,150
Purchase of fixed assets other than land and building	**776,090**	1,128,934
Purchase of securities	**10,387,035**	11,972,504
Purchase of transport vehicles	**20,199,304**	18,415,703
Working capital	**23,379,996**	22,309,785
Merger and acquisition	**-**	226,166
Other purpose	**1,002,843**	2,027,434
Gross financing, advances and other financing/loans	**133,185,572**	123,167,279

7 Financing, advances and other financing/loans (Continued)

(v) By geographical distribution:

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Malaysia	**133,185,572**	123,167,279

(vi) By economic sector:

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Primary agriculture	**3,306,624**	4,073,957
Mining and quarrying	**110,669**	616,484
Manufacturing	**4,879,870**	4,594,901
Electricity, gas and water supply	**638,941**	1,527,275
Construction	**3,961,967**	3,708,735
Transport, storage and communications	**3,517,021**	3,658,743
Education, health and others	**2,861,336**	2,719,435
Wholesale and retail trade, and restaurants and hotels	**9,258,210**	7,398,277
Finance, insurance/takaful, real estate and business activities	**11,966,281**	10,457,727
Household	**92,678,518**	84,401,296
Others	**6,135**	10,449
Gross financing, advances and other financing/loans	**133,185,572**	123,167,279

7 Financing, advances and other financing/loans (Continued)

(vii) By residual contractual maturity:

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Within one year	**12,921,226**	12,671,995
One year to less than three years	**2,624,461**	2,671,603
Three years to less than five years	**8,779,644**	6,401,660
Five years and more	**108,860,241**	101,422,021
Gross financing, advances and other financing/loans	**133,185,572**	123,167,279

(viii) Credit impaired financing, advances and other financing/loans by economic purpose:

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Personal use	**19,516**	27,607
Credit cards	**7,911**	3,171
Residential property	**930,353**	1,143,198
Non-residential property	**172,316**	183,026
Purchase of fixed assets other than land and building	**7,005**	6,561
Purchase of securities	**850**	1,374
Purchase of transport vehicles	**177,890**	169,394
Working capital	**228,892**	153,551
Other purpose	**67,497**	87,992
Gross credit impaired financing, advances and other financing/loans	**1,612,230**	1,775,874

(ix) Credit impaired financing, advances and other financing/loans by geographical distribution:

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Malaysia	**1,612,230**	1,775,874

7 Financing, advances and other financing/loans (Continued)

(x) Credit impaired financing, advances and other financing/loans by economic sector:

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Primary agriculture	**4**	12,600
Mining and quarrying	**644**	1
Manufacturing	**106,196**	20,072
Electricity, gas and water supply	**1**	1
Construction	**122,591**	59,876
Transport, storage and communications	**6,544**	8,390
Education, health and others	**16,913**	17,941
Wholesale and retail trade, and restaurants and hotels	**113,507**	175,589
Finance, insurance/takaful, real estate and business activities	**72,531**	76,414
Household	**1,172,922**	1,404,914
Others	**377**	76
Gross credit impaired financing, advances and other financing/loans	**1,612,230**	1,775,874

7 Financing, advances and other financing/loans (Continued)

(xi) Movements in the expected credit losses for financing, advances and other financing/loans are as follows:

Financing, advances and other financing/loans at amortised cost:

The Group and the Bank	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2024	772,112	368,166	549,580	1,689,858
Changes in expected credit losses due to transferred within stages:	206,221	(77,025)	(129,196)	-
Transferred to Stage 1	384,972	(359,846)	(25,126)	-
Transferred to Stage 2	(178,369)	613,879	(435,510)	-
Transferred to Stage 3	(382)	(331,058)	331,440	-
Total charge to Statement of Income:	(381,205)	199,836	583,585	402,216
New financial assets originated	108,718	2,474	1,255	112,447
Financial assets that have been derecognised	(81,014)	(35,679)	-	(116,693)
Writeback in respect of full recoveries	-	-	(50,625)	(50,625)
Change in credit risk	(408,909)	233,041	632,955	457,087
Write-offs	-	(164)	(350,717)	(350,881)
Other movements	(104)	73	30,138	30,107
At 31 December 2024	597,024	490,886	683,390	1,771,300

7 Financing, advances and other financing/loans (Continued)

(xi) Movements in the expected credit losses for financing, advances and other financing/loans are as follows: (Continued)

Financing, advances and other financing/loans at amortised cost: (Continued)

The Group and the Bank (Continued)	**12-month expected credit losses (Stage 1)**	**Lifetime expected credit losses - not credit impaired (Stage 2)**	**Lifetime expected credit losses - Credit impaired (Stage 3)**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January 2023	163,249	892,799	431,605	1,487,653
Changes in expected credit losses due to transferred within stages:	665,357	(586,700)	(78,657)	-
Transferred to Stage 1	830,582	(804,974)	(25,608)	-
Transferred to Stage 2	(158,233)	572,238	(414,005)	-
Transferred to Stage 3	(6,992)	(353,964)	360,956	-
Total charge to Statement of Income:	(56,519)	62,174	452,827	458,482
New financial assets originated	94,042	2,995	22,062	119,099
Financial assets that have been derecognised	(53,357)	(31,812)	-	(85,169)
Writeback in respect of full recoveries	-	-	(39,614)	(39,614)
Change in credit risk	(97,204)	90,991	470,379	464,166
Write-offs	-	-	(280,984)	(280,984)
Other movements	25	(107)	24,789	24,707
At 31 December 2023	772,112	368,166	549,580	1,689,858

7 Financing, advances and other financing/loans (Continued)

(xii) Movements in credit impaired for financing, advances and other financing/loans.

Gross carrying amount movement of financing, advances and other financing/loans at amortised cost classified as credit impaired:

	The Group and the Bank	
	Lifetime expected credit losses - Credit impaired (Stage 3)	
	2024	2023
	RM'000	RM'000
At 1 January	**1,775,874**	1,409,337
Transfer within stages	**376,405**	717,079
New financial assets originated	**3,300**	34,616
Write-offs	**(350,717)**	(280,984)
Amount fully recovered	**(141,232)**	(112,071)
Other movements	**(51,400)**	7,897
At 31 December	**1,612,230**	1,775,874

	The Group and the Bank	
	31 December 2024	31 December 2023
Ratio of credit impaired financing to total gross financing, advances and other financing/loans	**1.21%**	1.44%

7 Financing, advances and other financing/loans (Continued)

Impact of movements in gross carrying amount on expected credit losses

2024
Stage 1 ECL decreased by RM175 million for the Group and the Bank as a result of RM48,632 million financing, advances and other financing/loans that were fully repaid, having movement in the existing account balances during the financial year, and accounts migrated from Stage 1 to Stage 2 or Stage 3 due to deterioration in credit quality offset by financing, advances and other financing/loans that were newly originated or migrated into Stage 1 from Stage 2 or Stage 3 due to credit quality improvement.

Stage 2 ECL increased by RM123 million for the Group and the Bank as a result of RM14,522 million of financing, advances and other financing/loans migrating into Stage 2 and additional disbursement, offset by financing, advances and other financing/loans that were fully repaid, having movement in the existing account balances during the financial year, and accounts migrated from Stage 2 to Stage 3 due to deterioration in credit quality and migrated to Stage 1 as a result of improved credit quality.

Stage 3 ECL increased by RM134 million for the Group and Bank as a result of RM2,026 million financing, advances and other financing/loans that were transferred into Stage 3 due to credit quality deterioration for the Group and the Bank respectively, offset by RM1,790 million financing, advances and other financing/loans for the Group and the Bank that were fully repaid, and transferred to Stage 1 or Stage 2. Changes in Stage 3 ECL is also due to financing, advances and other financing/loans which ECL mostly fully provided for that were written off during the financial year.

The amount of financing, advances and other financing/loans whose cash flows were modified of the Group and the Bank during the financial year were both RM4,308,000 respectively.

7 Financing, advances and other financing/loans (Continued)

Impact of movements in gross carrying amount on expected credit losses (Continued)

2023
Stage 1 ECL increased by RM609 million for the Group and the Bank as a result of RM63,553 million of financing, advances and other financing/loans migrating into Stage 1, additional disbursement and having movement in the existing account balances during the financial year, offset by RM39,262 million financing, advances and other financing/loans that were fully repaid, and accounts migrated from Stage 1 to Stage 2 due to deterioration in credit quality.

Stage 2 ECL decreased by RM525 million for the Group and the Bank as a result of RM22,603 million financing, advances and other financing/loans that were fully repaid, having movement in the existing account balances during the financial year, and transferred into Stage 1 or Stage 3 offset by RM12,003 million financing, advances and other financing/loans that migrated from Stage 1 to Stage 2 due to deterioration in credit quality or from Stage 3 to Stage 2 due to credit quality improvement.

Stage 3 ECL increased by RM118 million for the Group and Bank as a result of RM2,716 million financing, advances and other financing/loans that were transferred into Stage 3 due to credit quality deterioration for the Group and the Bank respectively, offset by RM2,111 million financing, advances and other financing/loans for the Group and the Bank that were fully repaid, and transferred to Stage 1 or Stage 2. Changes in Stage 3 ECL is also due to financing, advances and other financing/loans which ECL mostly fully provided for that were written off during the financial year.

The amount of financing, advances and other financing/loans whose cash flows were modified of the Group and the Bank during the financial year were both RM21,949,000 respectively.

8 Other assets

	The Group and the Bank	
	31 December 2024	31 December 2023
	RM'000	RM'000
Deposits and prepayments	**10,676**	11,921
Sundry debtors net of expected credit losses*	**170,165**	229,322
Collateral pledged for derivative transactions	**27,369**	25,250
Treasury related receivables	**59,852**	77,890
Clearing accounts	**24,248**	5,610
	292,310	349,993

* Sundry debtors net of expected credit losses of RM54,829,000 (2023: RM18,553,000).

(a) Movements of expected credit losses on sundry debtors are as follows:

(i) Under simplified approach

	The Group and the Bank	
	2024	2023
	RM'000	RM'000
At 1 January	**106**	111
Expected credit losses made/(written back) during the financial year	**17**	(5)
At 31 December	**123**	106

(ii) Under general approach

The Group and the Bank	**12-month expected credit losses (Stage 1)**	**Lifetime expected credit losses - not credit impaired (Stage 2)**	**Lifetime expected credit losses - credit impaired (Stage 3)**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January 2024	**17,913**	**-**	**534**	**18,447**
Total charge to Income Statement:	**36,259**	**-**	**-**	**36,259**
Change in credit risk	**36,259**	**-**	**-**	**36,259**
At 31 December 2024	**54,172**	**-**	**534**	**54,706**

The Group and the Bank	**12-month expected credit losses (Stage 1)**	**Lifetime expected credit losses - not credit impaired (Stage 2)**	**Lifetime expected credit losses - credit impaired (Stage 3)**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January 2023	14,083	-	1,727	15,810
Total charge to Income Statement:	3,830	-	(1,193)	2,637
Change in credit risk	3,830	-	(1,193)	2,637
At 31 December 2023	17,913	-	534	18,447

8 Other assets (Continued)

(a) Movements of expected credit losses on sundry debtors are as follows: (Continued)

(iii) Gross carrying amount movement of other assets classified as credit impaired under general approach:

Gross carrying amount movement	**The Group and the Bank Lifetime expected credit losses - credit impaired (Stage 3)**	
	2024	**2023**
	RM'000	**RM'000**
At 1 January	**534**	1,727
Other changes	-	(1,193)
At 31 December	**534**	534

Impact of movements in gross carrying amount on expected credit losses:

<u>2024</u>
Stage 1 ECL increased by RM36.3 million for the Group and the Bank due to change in credit risk.

<u>2023</u>
Stage 1 ECL increased by RM3.8 million and Stage 3 ECL decreased by RM1.2 million for the Group and the Bank due to change in credit risk.

9 Deferred taxation

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 taxes relate to the same tax authority. The following amounts are shown in the statements of financial position, after offsetting:

	The Group and the Bank	
	31 December 2024	31 December 2023
	RM'000	RM'000
Deferred tax assets	**253,132**	282,971

Further breakdown are as follows:

	31 December 2024	31 December 2023
Deferred tax assets (before offsetting)	**RM'000**	RM'000
Expected credit losses	**223,789**	253,060
Property, plant and equipment	**-**	23
Fair value reserve - Debt instruments at fair value through other comprehensive income	**12,158**	17,757
Provision for expenses	**17,609**	12,346
Lease liabilities	**-**	189
	253,556	283,375
Offsetting	**(424)**	(404)
Deferred tax assets (after offsetting)	**253,132**	282,971
Deferred tax liabilities (before offsetting)		
Right-of-use assets	**-**	(136)
Intangible assets	**(424)**	(268)
	(424)	(404)
Offsetting	**424**	404
Deferred tax liabilities (after offsetting)	**-**	-

CIMB Islamic Bank Berhad
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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

9 Deferred taxation (Continued)

The movements in deferred tax assets and liabilities during the financial year comprise the following:

The Group and the Bank	Note	Expected credit losses RM'000	Accelerated tax depreciation RM'000	Debt instruments at fair value through other comprehensive income RM'000	Intangible assets RM'000	Provision for expenses RM'000	Right-of-use assets RM'000	Lease liabilities RM'000	Other temporary differences RM'000	Total RM'000
Deferred tax assets/(liabilities)										
At 1 January 2024		253,060	23	17,757	(268)	12,346	(136)	189	-	282,971
Credited/(charged) to statements of income	45	(29,271)	(16)	-	(131)	4,739	136	(189)	(29)	(24,761)
Over/(under) provision in prior financial year		-	(7)	-	(25)	524	-	-	29	521
Transferred to equity		-	-	(5,599)	-	-	-	-	-	(5,599)
At 31 December 2024		223,789	-	12,158	(424)	17,609	-	-	-	253,132

CIMB Islamic Bank Berhad
(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

9 Deferred taxation (Continued)

The movements in deferred tax assets and liabilities during the financial year comprise the following: (Continued)

The Group and the Bank	Note	Expected credit losses RM'000	Accelerated tax depreciation RM'000	Debt instruments at fair value through other comprehensive income RM'000	Intangible assets RM'000	Provision for expenses RM'000	Right-of-use assets RM'000	Lease liabilities RM'000	Other temporary differences RM'000	Total RM'000
Deferred tax assets/(liabilities)										
At 1 January 2023		126,075	27	47,810	(114)	15,031	(240)	288	6	188,883
Credited/(charged) to statements of income	45	103,728	(4)	-	(146)	(321)	104	(99)	(4,691)	98,571
Over/(under) provision in prior financial year		23,257	-	-	(8)	(2,364)	-	-	4,685	25,570
Transferred to equity		-	-	(30,053)	-	-	-	-	-	(30,053)
At 31 December 2023		253,060	23	17,757	(268)	12,346	(136)	189	-	282,971

10 Amounts due from/(to) holding company and ultimate holding company

	The Group and the Bank	
	31 December 2024	31 December 2023
	RM'000	RM'000
Amounts due from :		
- ultimate holding company	**10**	1
- holding company	**628,491**	635,012
	628,501	635,013
Amounts due to :		
- ultimate holding company	**(4)**	-

The amounts due from holding company are unsecured, interest-free and recallable on demand.

11 Amounts due from/(to) related companies

	The Group and the Bank	
	31 December 2024	31 December 2023
	RM'000	RM'000
Amounts due from :		
- related companies	**51**	40
Amounts due to :		
- related companies	**(348)**	(976)

The amounts due from/(to) related companies are unsecured, interest-free and recallable on demand.

12 Amounts due to subsidiaries

	The Group		The Bank	
	31 December 2024	31 December 2023	**31 December 2024**	31 December 2023
	RM'000	RM'000	**RM'000**	RM'000
Amounts due to :				
- subsidiaries	**-**	-	**46**	46

Note : There is no amount due from subsidiaries

The amounts due to subsidiaries are unsecured, interest-free and recallable on demand.

13 Statutory deposits with Bank Negara Malaysia

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Statutory deposits with Bank Negara Malaysia	**1,829,850**	1,870,210

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

14 Investment in subsidiaries

	The Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Unquoted shares, at cost	**20**	20
Less: Allowance for impairment losses	**(9)**	(9)
	11	11

The table below shows the movements in allowance for impairment losses during the financial year for the Bank:

	The Bank	
	2024 RM'000	2023 RM'000
At 1 January/31 December	**9**	9

(a) The subsidiaries of the Bank are as follows:

		Percentage of equity held directly by the Bank	
		31 December 2024	31 December 2023
Name	**Principal activities**	**%**	**%**
CIMB Islamic Nominees (Tempatan) Sdn. Bhd.	Nominee services	**100**	100
CIMB Islamic Nominees (Asing) Sdn. Bhd.	Nominee services	**100**	100

All the subsidiaries are incorporated in Malaysia.

15 Property, plant and equipment

		The Group and the Bank			
2024	**Note**	**Renovations, work-in-progress, office equipment, plant and machinery, furniture and fittings RM'000**	**Motor vehicles RM'000**	**Computer equipment and hardware RM'000**	**Total RM'000**
Cost					
At 1 January		**3,454**	**387**	**19,841**	**23,682**
Additions		**10**	**-**	**77**	**87**
Disposals/Written off		**-**	**-**	**(14)**	**(14)**
At 31 December		**3,464**	**387**	**19,904**	**23,755**
Accumulated depreciation					
At 1 January		**3,069**	**387**	**19,723**	**23,179**
Charge for the financial year	43	**113**	**-**	**95**	**208**
Disposals/Written off		**-**	**-**	**(14)**	**(14)**
At 31 December		**3,182**	**387**	**19,804**	**23,373**
Net book value at 31 December		**282**	**-**	**100**	**382**

		The Group and the Bank			
2023	**Note**	**Renovations, work-in-progress, office equipment, plant and machinery, furniture and fittings RM'000**	**Motor vehicles RM'000**	**Computer equipment and hardware RM'000**	**Total RM'000**
Cost					
At 1 January		3,497	387	19,833	23,717
Additions		-	-	73	73
Disposals/Written off		(43)	-	(65)	(108)
At 31 December		3,454	387	19,841	23,682
Accumulated depreciation					
At 1 January		2,857	387	19,695	22,939
Charge for the financial year	43	255	-	93	348
Disposals/Written off		(43)	-	(65)	(108)
At 31 December		3,069	387	19,723	23,179
Net book value at 31 December		385	-	118	503

No work-in-progress for the Group and the Bank in 2024 and 2023.

16 Right-of-use assets

Carrying amount of right-of-use assets by class of underlying assets are as follows:

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Building	-	569

Additions to the right-of-use assets during the financial year is RMNil (2023: RMNil). Depreciation charge during the financial year for buildings are RM383,000 (2023:RM569,000). At 31 December 2024, the variable lease payment expense and low-value leases expense that are not included in lease liabilities are RM267,000 (2023:RM305,000) and RMNil (2023: RMNil) respectively.

17 Intangible assets

		The Group and the Bank	
	Note	**2024 RM'000**	2023 RM'000
Computer software and work-in-progress			
Cost			
At 1 January		**143,608**	140,572
Additions		**540**	3,036
At 31 December		**144,148**	143,608
Accumulated amortisation			
At 1 January		**140,058**	139,073
Amortisation for the financial year	43	**2,914**	985
At 31 December		**142,972**	140,058
Net book value at 31 December		**1,176**	3,550

The remaining amortisation period of the intangible assets is between 7.6 months and 4.2 years.

The above intangible assets include computer software under construction at cost of the Group and the Bank of RM46,124 (2023: RM1,297,580).

18 Goodwill

	The Group and the Bank	
	2024	2023
	RM'000	RM'000
Cost		
At 1 January/At 31 December	**136,000**	136,000

Goodwill is wholly allocated to the consumer banking cash-generating unit ("CGU"). This CGUs do not carry any intangible assets with indefinite useful life.

Impairment test for goodwill

Value-in-use

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the 2025 financial budgets approved by the Board of Directors, projected for four years (2025 to 2028) based on the average historical Gross Domestic Product ("GDP") growth of the country covering a four years period, revised for current economic conditions. Cash flows beyond the four years period are extrapolated using an estimated growth rate of 4.08% (2023: 4.16%). The cash flow projections are derived based on a number of key factors including the past performance and management's expectation of market developments. The discount rate used in determining the recoverable amount of all the CGU is 9.66% (2023: 10.36%). The discount rate is pre-tax and reflects the specific risks relating to the CGU.

Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of any CGU to exceed its recoverable amount.

Impairment charge

There was no impairment charge for the financial year ended 31 December 2024 and 31 December 2023.

19 Deposits from customers

(i) By type of deposits:

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
a) Savings deposit	**9,770,448**	8,944,308
Commodity Murabahah (via Tawarruq arrangement)*	**9,770,448**	8,944,308
b) Demand deposit	**21,486,388**	21,623,729
Qard	**19,514,363**	19,637,587
Commodity Murabahah (via Tawarruq arrangement)*	**1,972,025**	1,986,142
c) Term deposit	**77,246,991**	80,057,417
Commodity Murabahah Deposits-i (via Tawarruq arrangement)	**43,309,903**	50,166,877
Fixed Deposit-i (via Tawarruq arrangement)*	**32,945,518**	29,394,871
Negotiable Islamic Debt Certificate (NIDC) Hybrid (Bai' Bithamin Ajil (BBA) and Bai' al-Dayn)	**991,570**	495,669
d) Specific investment account	**24,971**	25,160
Mudharabah	**24,971**	25,160
e) Others	**523,626**	181,130
Qard	**523,626**	181,130
	109,052,424	110,831,744

*included Qard contract of RM756,962,000 (31 December 2023:RM890,124,000)

19 Deposits from customers (Continued)

(i) By type of deposits: (Continued)

The maturity structure of term deposits and specific investment accounts are as follows:

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Due within six months	**62,973,071**	63,759,645
Six months to less than one year	**13,160,533**	15,272,085
One year to less than three years	**1,111,072**	173,634
Three years to less than five years	**16,888**	866,737
Five years and more	**10,398**	10,476
	77,271,962	80,082,577

(ii) By type of customers:

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Government and statutory bodies	**6,046,440**	7,469,522
Business enterprises	**39,346,401**	43,657,808
Individuals	**36,074,228**	32,074,557
Others	**27,585,355**	27,629,857
	109,052,424	110,831,744

Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

20 Investment accounts of customers

	The Group and the Bank 31 December 2024 RM'000	31 December 2023 RM'000
Unrestricted investment accounts (Mudharabah)		
-without maturity		
Special Mudharabah Investment Account	**2,007,761**	1,665,728
Daily Investment Account-i	**178,745**	17,698
-with maturity		
Term Investment Account-i	**21,492,133**	16,659,812
Unrestricted investment accounts (Wakalah)		
-without maturity		
Daily Investment Account-i	**132,920**	48,300
Restricted investment accounts (Mudharabah)		
-with maturity		
Restricted Profit Sharing Investment Account (RPSIA)	**631,751**	592,587
	24,443,310	18,984,125

i) Movement in the investment accounts of customers:

	The Group and the Bank 2024				The Group and the Bank 2023			
	Mudharabah		Wakalah		Mudharabah		Wakalah	
	Unrestricted Investment Account RM'000	Restricted Investment Account RM'000	Unrestricted Investment Account RM'000	Total RM'000	Unrestricted Investment Account RM'000	Restricted Investment Account RM'000	Unrestricted Investment Account RM'000	Total RM'000
As at 1 January	**18,343,238**	**592,587**	**48,300**	**18,984,125**	13,155,418	501,666	27,548	13,684,632
Funding inflows/outflows								
New placement during the financial year	**26,743,825**	**-**	**108,573**	**26,852,398**	22,242,955	-	35,118	22,278,073
Redemption during the financial year	**(22,081,956)**	**-**	**(24,481)**	**(22,106,437)**	(17,631,866)	-	(14,426)	(17,646,292)
Income from investment	**981,491**	**40,211**	**3,284**	**1,024,986**	843,882	91,910	1,119	936,911
Company's share of profit								
Profit distributed to mudarib	**(307,959)**	**(454)**	**(2,756)**	**(311,169)**	(267,151)	(459)	(1,059)	(268,669)
Incentive fee	**-**	**(593)**	**-**	**(593)**	-	(530)	-	(530)
As at 31 December	**23,678,639**	**631,751**	**132,920**	**24,443,310**	18,343,238	592,587	48,300	18,984,125
Investment asset:								
House financing	**6,822,278**	**-**	**-**	**6,822,278**	4,043,013	-	-	4,043,013
Hire purchase receivables	**14,309,842**	**-**	**-**	**14,309,842**	12,062,216	-	-	12,062,216
Other term financing	**2,518,899**	**-**	**132,920**	**2,651,819**	2,235,330	-	48,300	2,283,630
Marketable securities	**-**	**631,141**	**-**	**631,141**	-	591,926	-	591,926
Miscellaneous Other Assets	**27,620**	**610**	**-**	**28,230**	2,679	661	-	3,340
Total investment	**23,678,639**	**631,751**	**132,920**	**24,443,310**	18,343,238	592,587	48,300	18,984,125

20 Investment accounts of customers (Continued)

ii) Profit Sharing Ratio and Rate of Return:

	2024		2023	
	Investment account holder		Investment account holder	
	Average profit sharing ratio (%)	**Average rate of return (%)**	Average profit sharing ratio (%)	Average rate of return (%)
Unrestricted investment accounts:				
- no specific tenure	**8.38**	**0.30**	4.19	0.15
- within 1 year	**71.89**	**3.75**	74.31	3.81
- more than 1 year	**69.45**	**2.80**	-	-

	2024			2023		
	Investment account holder			Investment account holder		
	Average profit sharing ratio (%)	**Average rate of return (%)**	**Performance incentive fee (%)**	Average profit sharing ratio (%)	Average rate of return (%)	Performance incentive fee (%)
Restricted investment accounts:						
- more than 5 years	**99.00**	**4.51**	**0.78**	99.00	4.19	0.91

iii) By type of customers:

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Government and statutory bodies	**2,010**	-
Business enterprises	**3,007,896**	2,569,571
Individuals	**20,754,595**	15,886,730
Others	**678,809**	527,824
	24,443,310	18,984,125

21 Deposits and placements of banks and other financial institutions

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Licensed investment banks	**282,258**	645,848
Licensed Islamic banks	**100,712**	400,329
Licensed banks	**2,920,611**	3,760,466
Bank Negara Malaysia	**-**	5,000
Other financial institutions	**1,149,198**	721,863
	4,452,779	5,533,506

The maturity structure of deposits and placement of banks and other financial institutions are as follows:

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Due within six months	**3,970,530**	5,364,448
Six months to one year	**482,249**	-
One year to three years	**-**	169,058
	4,452,779	5,533,506

Included in deposits and placements by BNM are amount received by the Group and the Bank under government financing scheme as part of the government support measures in response to COVID-19 pandemic for the purpose of SME financing at below market rate.

22 Investment accounts due to designated financial institutions

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Restricted investment accounts		
Mudharabah	**2,927,281**	3,424,851
By type of counterparty		
Licensed banks	**2,927,281**	3,424,851

i) Movement in the investment accounts due to designated financial institutions

Mudharabah	The Group and the Bank	
Restricted Profit Sharing Investment Account -RPSIA	**31 December 2024 RM'000**	31 December 2023 RM'000
1 January	**3,424,851**	3,576,590
Funding inflows/outflows		
Redemption during the financial year	**(623,344)**	(275,530)
Income from investment	**155,508**	161,246
Bank's share of profit		
Profit distributed to mudarib	**(1,555)**	(1,612)
Incentive fee	**(28,179)**	(35,843)
31 December	**2,927,281**	3,424,851
Investment asset:		
Other term financing	**2,537,282**	3,064,850
Miscellaneous other assets	**389,999**	360,001
Total investment	**2,927,281**	3,424,851

22 Investment accounts due to designated financial institutions (Continued)

ii) Profit Sharing Ratio, Rate of Return and Performance Incentive Fee

	2024			2023		
	Investment account holder			Investment account holder		
	Average profit sharing ratio (%)	**Average rate of return (%)**	**Performance incentive fee (%)**	Average profit sharing ratio (%)	Average rate of return (%)	Performance incentive fee (%)
Restricted investment accounts:						
- within 1 year	**99.00**	**4.51**	**0.78**	99.00	4.19	0.91

These placements are the RPSIA placed by CIMB Bank Berhad amounting to RM2,927,281,000 (2023: RM3,424,851,000) for tenures within 1 month (2023: within 1 month) at indicative profit rates from 3.68% to 4.30% per annum (2023: 3.60% to 4.01% per annum). These placements are used to fund certain specific financing. The RPSIA is a contract based on the Shariah concept of Mudharabah between two parties, i.e. investor and entrepreneur to finance a business venture where the investor provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on pre-agreed ratios. Losses shall be borne solely by the investors.

23 Financial liabilities designated at fair value through profit or loss

	The Group and the Bank	
	31 December 2024	31 December 2023
	RM'000	RM'000
Deposits from customers - structured investments	**3,125,723**	2,821,784

The Group and the Bank have issued structured investments and have designated them at fair value in accordance with MFRS 9. The Group and the Bank have the option to designate these instruments at fair value reduces an accounting mismatch, is managed by the Group and the Bank on the basis of its fair value, or includes terms that have substantive derivative characteristics.

The carrying amount of financial liabilities designated at fair value of the Group and the Bank as at 31 December 2024 were RM54,450,000 (2023: RM75,260,000) lower than the contractual amount at maturity.

24(a) Islamic derivative financial instruments

The following tables summarise the contractual underlying principal amounts of trading derivative and financial instruments held for hedging purposes. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at the date of statement of financial position and do not represent amounts at risk.

Trading derivative financial instruments are revalued on a gross position basis and the unrealised gains or losses are reflected in "Islamic Derivative Financial Instruments" Assets and Liabilities respectively.

	The Group and the Bank					
	31 December 2024			31 December 2023		
	Principal amount	**Fair values Assets**	**Fair values Liabilities**	Principal amount	Fair values Assets	Fair values Liabilities
	RM'000	**RM'000**	**RM'000**	RM'000	RM'000	RM'000
Trading derivatives						
Foreign exchange derivatives						
Currency forwards	**18,043,857**	**319,666**	**(216,697)**	12,193,722	126,388	(182,555)
Currency swaps	**22,432,871**	**242,334**	**(249,835)**	11,840,682	128,735	(99,383)
Currency spot	**406,338**	**284**	**(494)**	117,214	291	(343)
Currency option	**97,548**	**935**	**(935)**	280,105	2,561	(2,614)
Cross currency profit rate swaps	**836,319**	**55,848**	**(53,758)**	964,055	39,344	(37,018)
	41,816,933	**619,067**	**(521,719)**	25,395,778	297,319	(321,913)
Profit rate derivatives						
Islamic profit rate swaps	**8,752,818**	**17,175**	**(73,774)**	7,896,745	26,667	(103,561)
Equity related derivatives						
Equity options	**56,184**	**996**	**(996)**	27,130	510	(510)
Credit related contracts						
Total return swaps	**39,800**	**450**	**(450)**	39,800	610	(610)
Commodity derivatives						
Commodity swaps	**-**	**-**	**-**	732	15	(10)
Commodity options	**2,526,737**	**26,279**	**(26,234)**	17,035	22	(22)
	2,526,737	**26,279**	**(26,234)**	17,767	37	(32)
Hedging derivatives						
Islamic profit rate swaps	**11,036,925**	**119,399**	**(6,330)**	3,761,373	32,018	(6,814)
Total derivative assets/(liabilities)	**64,229,397**	**783,366**	**(629,503)**	37,138,593	357,161	(433,440)

24(a) Islamic derivative financial instruments (Continued)

Fair value hedge

The Group and the Bank use Islamic profit rate swaps to hedge its exposure to changes in the fair value of debt instruments at fair value through other comprehensive income, fixed rate financing, recourse obligation on loans and financing sold to Cagamas and bonds and debentures.

The Group's hedge accounting policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessment to ensure that an economic relationship exists between the hedged item and hedging instrument. The hedge effectiveness is assessed by comparing changes in the fair value of the hedged items attributable to changes in the benchmark rate of profit with changes in the fair value of the Islamic profit rate swaps.

The Group and the Bank establish the hedge ratio by matching the notional of the derivatives with the principal of the underlying being hedged. Ineffectiveness is recognised on hedge where the change in the designated component value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk. In hedges of the above profit rate risk, this may arise if differences arise between the credit risk inherent within the hedged item and the hedging instrument. The Group uses collateral/credit enhancement to mitigate the risk. However, the remaining risk can result in hedge ineffectiveness.

The main source of ineffectiveness that are expected to affect the hedging relationship during the financial year are:

- The effect of the counterparty and the Group's own credit risk on the fair value of the Islamic profit rate swaps which is not reflected in the fair value of the hedged item attributable to the change in profit rate; and

- Differences in maturities and reset dates of the Islamic profit rate swaps and the fixed rate financing.

24(a) Islamic derivative financial instruments (Continued)

Fair value hedge (Continued)

The Group and the Bank use the following items as hedging instruments in fair value hedges:

			The Group and the Bank Maturity				
31 December 2024	**Risk**	**Hedge type**	**Less than 1 month RM'000**	**1-3 months RM'000**	**3 months-1 year RM'000**	**1-5 years RM'000**	**more than 5 years RM'000**
Islamic profit rate swaps	Profit rate	Fair value Hedge	**-**	**-**	**16,925**	**4,520,000**	**6,500,000**

			The Group and the Bank Maturity				
31 December 2023	**Risk**	**Hedge type**	**Less than 1 month RM'000**	**1-3 months RM'000**	**3 months-1 year RM'000**	**1-5 years RM'000**	**more than 5 years RM'000**
Islamic profit rate swaps	Profit rate	Fair value Hedge	-	-	55,000	3,286,373	420,000

The average executed rate for profit rate swaps in hedge accounting relationships for major currencies is as follows:

	The Group and the Bank	
	31 December 2024	**31 December 2023**
MYR profit rates	**3.73%**	3.48%
USD profit rates	**3.03%**	3.03%

24(a) Islamic derivative financial instruments (Continued)

Fair value hedge (Continued)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

			The Group and the Bank					
				Fair values*				
			Nominal amount	Assets	Liabilities	Changes in fair value used for calculating hedge ineffectiveness	Hedge ineffectiveness recognised in profit or loss**	Nominal amount directly impacted by IBOR reform***
31 December 2024	**Risk**	**Hedge type**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Islamic profit rate swaps	Profit rate	Fair value hedge	**11,036,925**	**119,399**	**(6,330)**	**26,859**	**162**	**11,020,000**

			The Group and the Bank					
				Fair values*				
			Nominal amount	Assets	Liabilities	Changes in fair value used for calculating hedge ineffectiveness	Hedge ineffectiveness recognised in profit or loss**	Nominal amount directly impacted by IBOR reform***
31 December 2023	**Risk**	**Hedge type**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Islamic profit rate swaps	Profit rate	Fair value hedge	3,761,373	32,018	(6,814)	8,935	108	3,725,000

*All hedging instruments are included in the derivative asset and derivative liabilities line item in the statement of financial position.
**All hedge ineffectiveness are recognised in the 'Income derived from investment of shareholder's fund' in the statement of income.
***Of the RM11,020,000,000 nominal of islamic profit rate swaps above, RM11,020,000,000 related to MYR profit rate swaps and RMNil will mature before the anticipated MYR KLIBOR replacement in 2025.
***Of the RM3,725,000,000 nominal of Islamic profit rates swaps above, RM3,725,000,000 related to MYR Islamic profit rate swaps before the anticipated MYR KLIBOR replacement.

24(a) Islamic derivative financial instruments (Continued)

Fair value hedge (Continued)

Effect of IBOR Reform - significant assumption.

In calculating the change in fair value attributable to the hedged risk for the fixed-rate financing, the Group and the Bank have made the following assumptions that reflect its current expectations:

- The Group and the Bank have applied the assumptions afforded by IFRS/MFRS 9 6.8 where applicable.
- The Group and the Bank will cease applying IFRS/MFRS 9 6.8 prospectively when the uncertainty arises from IBOR reform is no longer exist and/or when the hedging relationship discontinued.
- No other changes to the terms of the hedged items are anticipated.

24(a) Islamic derivative financial instruments (Continued)

Fair value hedge (Continued)

The amounts relating to items designated as hedged items were as follows:

			The Group and the Bank					
31 December 2024			**Carrying amount**		**Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item**		**Change in fair value used for calculating hedge ineffectiveness**	**Accumulated amount of fair value hedge adjustments remaining in the SOFP for any hedged items that have ceased to be adjusted for hedging gains and losses**
			Assets	**Liabilities**	**Assets**	**Liabilities**		
Hedged items	**Risk**	**Hedge type**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Debt instruments at FVOCI	Profit rate	Fair value hedge	**817,583**	**-**	**6,564**	**(4,045)**	**2,163**	-
Recourse obligation on loans and financing sold to Cagamas	Profit rate	Fair value hedge	**-**	**(3,138,717)**	**-**	**(23,655)**	**(6,895)**	-
Financing, advances and other financing/loans	Profit rate	Fair value hedge	**17,008**	**-**	**-**	**(187)**	**747**	-
Bonds and debentures	Profit rate	Fair value hedge	**-**	**(7,188,653)**	**10,618**	**(39,209)**	**(22,712)**	-

			The Group and the Bank					
31 December 2023			**Carrying amount**		**Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item**		**Change in fair value used for calculating hedge ineffectiveness**	**Accumulated amount of fair value hedge adjustments remaining in the SOFP for any hedged items that have ceased to be adjusted for hedging gains and losses**
			Assets	**Liabilities**	**Assets**	**Liabilities**		
Hedged items	**Risk**	**Hedge type**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Debt instruments at FVOCI	Profit rate	Fair value hedge	929,516	-	6,574	(6,713)	12,915	-
Financing, advances and other financing/loans	Profit rate	Fair value hedge	35,748	-	-	(934)	898	-
Recourse obligation on loans and financing sold to Cagamas	Profit rate	Fair value hedge	-	(1,830,477)	-	(16,761)	(16,761)	-
Bonds and debentures	Profit rate	Fair value hedge	-	(1,009,474)	-	(5,880)	(5,880)	-

24(b) Commitments and contingencies

In the normal course of business, the Group and the Bank enter into various commitments and incur certain contingent liabilities with legal recourse to their customers.

These commitments and contingencies are not secured over the assets of the Group and the Bank, except for certain financial assets at fair value through profit or loss being pledged as credit support assets for certain over-the-counter derivative contracts.

Treasury related derivative financial instruments are revalued on a gross position basis and the unrealised gains or losses are reflected in “Derivative Financial Instruments” Assets and Liabilities respectively.

The notional/principal amount of the commitments and contingencies constitute the following:

	The Group and the Bank	
	31 December 2024	31 December 2023
	Principal amount RM'000	Principal amount RM'000
Credit-related		
Direct credit substitutes	**591,928**	518,387
Transaction-related contingent items	**1,252,135**	1,052,177
Short-term self-liquidating trade-related contingencies	**232,200**	144,821
Irrevocable commitments to extend credit:		
- maturity not exceeding one year	**20,462,363**	17,029,337
- maturity exceeding one year	**9,874,072**	12,864,150
Miscellaneous commitments and contingencies	**239,609**	47,950
Total credit-related commitments and contingencies	**32,652,307**	31,656,822

24(b) Commitments and contingencies (Continued)

	The Group and the Bank	
	31 December 2024	31 December 2023
	Principal amount	Principal amount
Treasury-related	**RM'000**	RM'000
Foreign exchange related contracts:		
- less than one year	**41,050,704**	24,247,165
- one year to five years	**463,460**	714,796
- more than five years	**302,769**	433,817
	41,816,933	25,395,778
Profit rate related contracts:		
- less than one year	**1,155,255**	518,377
- one year to five years	**10,945,395**	9,511,626
- more than five years	**7,689,093**	1,628,115
	19,789,743	11,658,118
Equity related contracts:		
- less than one year	**50,914**	1,873
- one year to five years	**5,270**	25,257
	56,184	27,130
Commodity related contract:		
- less than one year	**2,526,737**	17,767
	2,526,737	17,767
Credit related contracts:		
- one year to five years	**39,800**	39,800
	39,800	39,800
Total treasury-related commitments and contingencies	**64,229,397**	37,138,593
	96,881,704	68,795,415

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25 Other liabilities

	Note	The Group and the Bank 31 December 2024 RM'000	31 December 2023 RM'000
Accruals and other payables		**248,199**	109,569
Clearing accounts		**47,365**	344,969
Expected credit losses for financing commitments and financial guarantee contracts	(a)	**65,683**	93,333
Collateral received for derivative transactions		**88,930**	42,374
Structured deposits		**21,001**	26,116
Treasury related payables		**130,827**	132,415
Others		**59,345**	69,304
		661,350	818,080

(a) Expected credit losses movement of financing commitments and financial guarantee contracts are as follows:

The Group and the Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2024	75,142	10,474	7,717	93,333
Changes in expected credit losses due to transferred within stages:	6,144	(8,582)	2,438	-
Transferred to Stage 1	11,887	(11,774)	(113)	-
Transferred to Stage 2	(5,740)	13,777	(8,037)	-
Transferred to Stage 3	(3)	(10,585)	10,588	-
Total charge to Income Statement:	(50,381)	7,099	15,837	(27,445)
New exposures	49,684	-	375	50,059
Exposures derecognised or matured	(32,960)	(5,361)	(3,989)	(42,310)
Change in credit risk	(67,105)	12,460	19,451	(35,194)
Other movements	(23)	(54)	(128)	(205)
At 31 December 2024	30,882	8,937	25,864	65,683

25 Other liabilities (Continued)

(a) Expected credit losses movement of financing commitments and contingencies are as follows: (Continued)

The Group and the Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2023	25,092	12,017	8,038	45,147
Changes in expected credit losses due to transferred within stages:	10,339	(11,039)	700	-
Transferred to Stage 1	17,009	(14,047)	(2,962)	-
Transferred to Stage 2	(6,633)	12,413	(5,780)	-
Transferred to Stage 3	(37)	(9,405)	9,442	-
Total charge to Income Statement:	39,701	9,452	(1,027)	48,126
New exposures	44,486	264	-	44,750
Exposures derecognised or matured	(35,435)	(4,030)	(4,907)	(44,372)
Change in credit risk	30,650	13,218	3,880	47,748
Other movements	10	44	6	60
At 31 December 2023	75,142	10,474	7,717	93,333

As at 31 December 2024, the gross carrying amount of financing commitments and financial guarantee contracts that are credit impaired for the Group and the Bank is RM87,575,000 (2023: RM54,837,000).

26 Lease liabilities

	The Group and the Bank	
	31 December 2024	31 December 2023
	RM'000	RM'000
Building	-	786

27 Recourse obligation on loans and financing sold to Cagamas

This represents the proceeds received from house financing sold directly to Cagamas Berhad with recourse to the Bank. Under this agreement, 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.

28 Senior Sukuk

	Note	The Group and the Bank 31 December 2024 RM'000	31 December 2023 RM'000
RM100 million Senior Sukuk (2023/2026)	(a)	**100,357**	100,346
RM600 million Senior Sukuk (2023/2028)	(b)	**602,181**	602,115
RM300 million Senior Sukuk (2023/2030)	(c)	**301,169**	301,133
RM250 million Senior Sukuk (2024/2027)	(d)	**252,466**	-
RM300 million Senior Sukuk (2024/2029)	(e)	**303,046**	-
RM1,450 million Senior Sukuk (2024/2031)	(f)	**1,465,369**	-
RM1,500 million Senior Sukuk (2024/2034)	(g)	**1,516,294**	-
RM125 million Senior Sukuk (2024/2029)	(h)	**127,044**	-
RM700 million Senior Sukuk (2024/2032)	(i)	**711,890**	-
RM2,175 million Senior Sukuk (2024/2035)	(j)	**2,212,592**	-
RM120 million Senior Sukuk (2024/2027)	(k)	**120,430**	-
		7,712,838	1,003,594
Fair value changes arising from fair value hedges		**28,591**	5,880
		7,741,429	1,009,474

(a) RM100 million Senior Sukuk (2023/2026)

On 30 November 2023, the Bank issued RM100 million 3-year fixed rate Senior Sukuk under its RM10.0 billion Sukuk Wakalah Programme. The Senior Sukuk, which bear a profit rate of 3.95% per annum payable semi-annually, will mature on 30 November 2026.

The Bank has undertaken fair value hedge on the profit rate risk of the Senior Sukuk using Islamic profit rate swaps.

(b) RM600 million Senior Sukuk (2023/2028)

On 30 November 2023, the Bank issued RM600 million 5-year fixed rate Senior Sukuk under its RM10.0 billion Sukuk Wakalah Programme. The Senior Sukuk, which bear a profit rate of 4.02% per annum payable semi-annually, will mature on 30 November 2028.

The Bank has undertaken fair value hedge on the profit rate risk of the Senior Sukuk using Islamic profit rate swaps.

(c) RM300 million Senior Sukuk (2023/2030)

On 30 November 2023, the Bank issued RM300 million 7-year fixed rate Senior Sukuk under its RM10.0 billion Sukuk Wakalah Programme. The Senior Sukuk, which bear a profit rate of 4.31% per annum payable semi-annually, will mature on 29 November 2030.

The Bank has undertaken fair value hedge on the profit rate risk of the Senior Sukuk using Islamic profit rate swaps.

28 Senior Sukuk (Continued)

(d) RM250 million Senior Sukuk (2024/2027)

On 27 March 2024, the Bank issued RM250.0 million 3-year fixed rate Senior Sukuk under its RM10.0 billion Sukuk Wakalah Programme. The Senior Sukuk, which bears a profit rate of 3.75% per annum payable semi-annually, will mature on 26 March 2027.

The Bank has undertaken fair value hedge on the profit rate risk of the Senior Sukuk using Islamic profit rate swaps.

(e) RM300 million Senior Sukuk (2024/2029)

On 27 March 2024, the Bank issued RM300.0 million 5-year fixed rate Senior Sukuk under its RM10.0 billion Sukuk Wakalah Programme. The Senior Sukuk, which bears a profit rate of 3.86% per annum payable semi-annually, will mature on 27 March 2029.

The Bank has undertaken fair value hedge on the profit rate risk of the Senior Sukuk using Islamic profit rate swaps.

(f) RM1,450 million Senior Sukuk (2024/2031)

On 27 March 2024, the Bank issued RM1,450.0 million 7-year fixed rate Senior Sukuk under its RM10.0 billion Sukuk Wakalah Programme. The Senior Sukuk, which bears a profit rate of 4.03% per annum payable semi-annually, will mature on 27 March 2031.

The Bank has undertaken fair value hedge on the profit rate risk of the Senior Sukuk using Islamic profit rate swaps.

(g) RM1,500 million Senior Sukuk (2024/2034)

On 27 March 2024, the Bank issued RM1,500.0 million 10-year fixed rate Senior Sukuk under its RM10.0 billion Sukuk Wakalah Programme. The Senior Sukuk, which bears a profit rate of 4.13% per annum payable semi-annually, will mature on 27 March 2034.

The Bank has undertaken fair value hedge on the profit rate risk of the Senior Sukuk using Islamic profit rate swaps.

28 Senior Sukuk (Continued)

(h) RM125 million Senior Sukuk (2024/2029)

On 30 July 2024, the Bank issued RM125.0 million 5-year fixed rate Senior Sukuk under its RM10.0 billion Sukuk Wakalah Programme. The Senior Sukuk, which bears a profit rate of 3.85% per annum payable semi-annually, will mature on 30 July 2029.

The Bank has undertaken fair value hedge on the profit rate risk of the Senior Sukuk using Islamic profit rate swaps.

(i) RM700 million Senior Sukuk (2024/2032)

On 30 July 2024, the Bank issued RM700.0 million 8-year fixed rate Senior Sukuk under its RM10.0 billion Sukuk Wakalah Programme. The Senior Sukuk, which bears a profit rate of 4.00% per annum payable semi-annually, will mature on 30 July 2032.

The Bank has undertaken fair value hedge on the profit rate risk of the Senior Sukuk using Islamic profit rate swaps.

(j) RM2,175 million Senior Sukuk (2024/2035)

On 30 July 2024, the Bank issued RM2,175.0 million 11-year fixed rate Senior Sukuk under its RM10.0 billion Sukuk Wakalah Programme. The Senior Sukuk, which bears a profit rate of 4.07% per annum payable semi-annually, will mature on 30 July 2035.

The Bank has undertaken fair value hedge on the profit rate risk of the Senior Sukuk using Islamic profit rate swaps.

(k) RM120 million Senior Sukuk (2024/2027)

On 28 November 2024, the Bank issued RM120.0 million 3-year floating rate Senior Sukuk under its RM10.0 billion Sukuk Wakalah Programme. The Senior Sukuk, which bears a profit rate of 3 month KLIBOR + plus 0.23% per annum payable quarterly will mature on the profit payment date falling on or nearest to 26 November 2027.

29 Subordinated Sukuk

		The Group and the Bank	
		31 December 2024	31 December 2023
	Note	**RM'000**	RM'000
Subordinated Sukuk 2019/2029 RM800 million	(a)	**-**	808,055
Subordinated Sukuk 2022/2032 RM300 million	(b)	**301,369**	301,369
Subordinated Sukuk 2024/2034 RM1,200 million	(c)	**1,212,372**	-
		1,513,741	1,109,424

(a) Subordinated Sukuk 2019/2029 RM800 million

On 25 September 2019, the Bank had issued RM800 million Tier 2 Junior Sukuk ("the Sukuk") at par and is due on 25 September 2029, with optional redemption on 25 September 2024 or any periodic payment date thereafter. The Sukuk bears a profit rate of 3.75% per annum.

The Sukuk is part of the Basel III Tier 2 Junior Sukuk programme which was approved by the Securities Commission on 22 September 2014. Under the programme, the Bank is allowed to raise Tier 2 capital of up to RM5.0 billion nominal value outstanding at any one time.

The RM800 million Sukuk qualify as Tier 2 Capital for the purpose of the total capital ratio computation of the Bank.

On 25 September 2024, the Bank redeemed its existing RM800 million Tier 2 Junior Sukuk issued from the RM5 billion Tier 2 Junior Sukuk Programme on the first call date.

(b) Subordinated Sukuk 2022/2032 RM300 million

On 28 November 2022, the Bank had issued RM300 million Tier 2 Junior Sukuk ("the Sukuk") at par and is due on 26 November 2032, with optional redemption on 29 November 2027 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.90% per annum.

The Sukuk is part of the Basel III Tier 2 Junior Sukuk programme which was approved by the Securities Commission on 22 September 2014. Under the programme, the Bank is allowed to raise Tier 2 capital of up to RM5.0 billion in nominal value outstanding at any one time.

The RM300 million Sukuk qualify as Tier 2 Capital for the purpose of the total capital ratio computation of the Bank.

29 Subordinated Sukuk (Continued)

(c) Subordinated Sukuk 2024/2034 RM1,200 million

On 25 September 2024, the Bank had issued RM1,200 million Tier 2 Junior Sukuk ("the Sukuk") at par and is due on 25 September 2034, with optional redemption on 25 September 2029 or any periodic payment date thereafter. The Sukuk bears a profit rate of 3.84% per annum.

The Sukuk is part of the Basel III Tier 2 Junior Sukuk programme which was approved by the Securities Commission on 22 September 2014. Under the programme, the Bank is allowed to raise Tier 2 capital of up to RM5.0 billion in nominal value outstanding at any one time.

The RM1,200 million Sukuk qualify as Tier 2 Capital for the purpose of the total capital ratio computation of the Bank.

30 Perpetual preference shares

	The Group and the Bank	
	2024	2023
	RM'000	RM'000
Issued and fully paid		
Perpetual preference shares:		
At 1 January/31 December	**350,000**	350,000

The preference shares shall rank pari passu among themselves, and in priority to the ordinary shares.

Each preference share shall on a winding-up or other return of capital confer on its holder the right to receive, in priority to the holders of ordinary shares, the cash payment in full the nominal amount and premium payable of that preference share after the payment and discharge of all debts and liabilities of the Bank and the costs of winding up or such capital reduction exercise.

A preference share shall not entitle its holder to participate in the surplus assets and profits of the Bank beyond such redemption rights as are expressly set out in these Articles.

The Bank may declare dividends on any of the preference shares.

The preference shares are not convertible to ordinary shares or any other class of share of the Bank.

31 Ordinary share capital

	The Group and the Bank	
	2024	2023
	RM'000	RM'000
Issued and fully paid		
Ordinary shares:		
At 1 January/31 December	**1,000,000**	1,000,000

32 Reserves

		The Group		The Bank	
		31 December	31 December	**31 December**	31 December
		2024	2023	**2024**	2023
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Merger reserve	(a)	**(2,457)**	(2,457)	**(2,457)**	(2,457)
Capital reserve	(b)	**458**	458	**458**	458
Regulatory reserve	(c)	**397,222**	210,633	**397,222**	210,633
Capital contribution by ultimate holding company	(d)	**4,557**	4,212	**4,557**	4,212
Fair value reserve					
-Debt intruments at fair value through other comprehensive income	(e)	**(36,277)**	(54,640)	**(36,277)**	(54,640)
Other reserves					
- Own credit risk reserve	(f)	**426**	(477)	**426**	(477)
Retained earnings		**9,170,857**	8,137,723	**9,170,822**	8,137,688
		9,534,786	8,295,452	**9,534,751**	8,295,417

(a) Merger reserves, which are non-distributable, relate to the difference between the cost of the merger between the Bank and the Islamic banking operation of CIMB Bank Berhad, and the value of the net assets and reserves transferred to the Bank.

(b) Capital reserves, which are non-distributable, relate to the retained earnings of the Islamic banking business of CIMB Bank Berhad which were transferred to the Bank, arising from the business combination under common control using the predecessor basis of accounting in the financial year 2007.

(c) Regulatory reserve of the Group is maintained by the Bank, which is transferred from the retained earnings, as an additional credit risk absorbent to ensure robustness on the financing impairment assessment methodology with the adoption of MFRS 9 beginning 1 January 2018.

BNM guideline on Financial Reporting for Islamic Banking Institutions requires banking institutions to maintain in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserve of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.

32 Reserves (Continued)

(d) Capital contribution by ultimate holding company is the cost of the ordinary shares and share options of the Group's and the Bank's awarded to eligible employees of the Group and the Bank.

(e) For debt instruments at FVOCI, changes in fair value are accumulated within the financial assets at FVOCI reserve within equity. The accumulated changes in fair value are transferred to profit and loss when the investment is disposed of.

(f) Changes in fair value of financial liabilities designated at fair value relating to the Group's and the Bank's own credit risk are recognised in other comprehensive income. These changes are also accumulated within own credit risk reserve within equity.

33 Restricted Agency Investment Account

(i) The details of the Restricted Agency Investment Account ("RAIA") financing are as below. The exposures and corresponding risk weighted amount are reported in investors' financial statements.

	The Group and the Bank	
	31 December 2024	31 December 2023
	RM'000	RM'000
RAIA arrangement		
Financing and advances	**12,282,284**	12,882,815
Commitments and contingencies	**4,200,000**	2,600,000
	16,482,284	15,482,815

	The Group and the Bank	
	31 December 2024	31 December 2023
	RM'000	RM'000
Total RWA for Credit Risk	**1,241,607**	830,893
	1,241,607	830,893

RAIA arrangement is with the Bank's holding company, CIMB Bank Berhad, and the contract is based on the Wakalah principle where CIMB Bank Berhad provides the funds, whilst the assets are managed by the Bank (as the Wakeel or agent). In the arrangement, the Bank has transferred substantially all the risk and rewards of ownership of the Investment (i.e. the financing facility) to CIMB Bank Berhad. Accordingly, the underlying assets (including the undisbursed portion of the financing commitment) and allowance for impairment arising thereon, if any, are recognised and accounted for by CIMB Bank Berhad.

The recognition and derecognition of the above are in accordance to Note F and H in the financial statements of the Group and the Bank for the financial year ended 31 December 2024.

33 Restricted Agency Investment Account (Continued)

ii) Movement in the Investment Account

Wakalah	The Group and the Bank	
	31 December	31 December
Restricted Agency Investment Account -RAIA	**2024**	2023
	RM'000	RM'000
As at 1 January	**12,882,815**	11,280,429
Funding inflows/outflows		
New placement during the financial year	**600,000**	1,800,000
Redemption during the financial year	**(2,228,388)**	(138,934)
Income from investment	**1,027,857**	(58,680)
As at 31 December	**12,282,284**	12,882,815
Investment asset:		
Syndicated financing	**1,532,005**	1,531,910
Revolving credit	**-**	1,202,943
Other term financing	**10,750,279**	10,147,962
Total investment	**12,282,284**	12,882,815

iii) Rate of Return

	Investment account holder Average rate of return	
	2024	2023
	%	%
Restricted investment accounts:		
1 month or less	**3.95**	3.63
more than 1 month to 3 months	**3.83**	3.57
more than 4 years to 5 years	**4.21**	3.71
more than 5 years	**4.20**	4.15

34 Income derived from investment of depositors' funds and others

	Note	The Group and the Bank 31 December 2024 RM'000	 31 December 2023 RM'000
Income derived from investment of:			
- General investment deposits	(i)	**3,755,718**	3,498,001
- Specific investment deposits	(ii)	**988**	1,078
- Other deposits	(iii)	**2,348,099**	1,634,571
		6,104,805	5,133,650

(i) Income derived from investment of general investment deposits

	The Group and the Bank 31 December 2024 RM'000	 31 December 2023 RM'000
Financing, advances and other financing/loans:		
- Profit income	**2,818,636**	2,738,988
- Unwinding income*	**27,261**	36,218
Debt instruments at fair value through other comprehensive income	**149,704**	134,452
Debt instruments at amortised cost	**325,182**	316,252
Money at call and deposit with financial institutions	**176,547**	244,864
Reverse Collateralised Commodity Murabahah	**23,495**	16,343
	3,520,825	3,487,117
Accretion of discount less amortisation of premium	**(22,249)**	(21,261)
Other finance income for financial assets at fair value through profit or loss		
- Financial assets at fair value through profit or loss	**31,595**	61,967
- Financing, advances and other financing/loans	**3,717**	2,745
- Net accretion of discount less amortisation of premium	**98,739**	62,663
Total finance income and hibah	**3,632,627**	3,593,231
Other operating income		
Net gain/(loss) from financial assets at fair value through profit or loss:		
- realised	**5,615**	17,214
- unrealised	**(234)**	4,184
Net gain from sale of investment in debt instruments at fair value through other comprehensive income	**8,135**	6,059
Net unrealised gain/(loss) arising from financing, advances and other financings at fair value through profit or loss	**1,282**	(1,330)
Net gain from maturity of financial assets measured at amortised cost	**235**	-
Net gain/(loss) from foreign exchange transactions	**101,906**	(134,190)
	116,939	(108,063)
Fee and commission income		
- Guarantee fee	**6,152**	12,833
	3,755,718	3,498,001

**Unwinding income is income earned on impaired financial assets.*

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34 Income derived from investment of depositors' fund and others (Continued)

(ii) Income derived from investment of specific investment deposits

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Money at call and deposit with financial institutions	**988**	1,078

(iii) Income derived from investment of other deposits

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Financing, advances and other financing/loans:		
- Profit income	**1,754,507**	1,276,833
- Unwinding income*	**16,718**	16,876
Debt instruments at fair value through other comprehensive income	**93,509**	62,647
Debt instruments at amortised cost	**201,926**	147,872
Money at call and deposit with financial institutions	**110,330**	113,168
Reverse Collateralised Commodity Murabahah	**14,770**	7,790
	2,191,760	1,625,186
Accretion of discount less amortisation of premium	**(13,832)**	(9,897)
Other finance income for financial assets at fair value through profit or loss		
- Financial assets at fair value through profit or loss	**18,044**	28,853
- Financing, advances and other financing/loans	**2,097**	1,385
- Net accretion of discount less amortisation of premium	**61,544**	29,389
Total finance income and hibah	**2,259,613**	1,674,916
Other operating income		
Net gain/(loss) from financial assets at fair value through profit or loss:		
- realised	**3,444**	7,898
- unrealised	**(125)**	1,992
Net gain from sale of investment in debt instruments at fair value through other comprehensive income	**4,994**	2,915
Net unrealised gain/(loss) arising from financing, advances and other financings at fair value through profit or loss	**714**	(671)
Net gain from maturity of financial assets measured at amortised cost	**159**	-
Net gain/(loss) from foreign exchange transactions	**75,554**	(58,458)
	84,740	(46,324)
Fees and commission income		
- Guarantee fee	**3,746**	5,979
	2,348,099	1,634,571

**Unwinding income is income earned on impaired financial assets.*

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35 Income derived from investment of investment account

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Financing, advances and other financing/loans:		
- Profit income	**1,209,520**	1,048,180
- Unwinding income*	**16**	10
Debt instrument at amortised cost	**45,450**	45,679
	1,254,986	1,093,869
Accretion of discount less amortisation of premium	**8,036**	8,146
	1,263,022	1,102,015
Other operating income		
Net gain from sale of securities at amortised cost	**-**	65
Net (loss)/gain from foreign exchange transactions	**(88)**	124
	(88)	189
Fees and commission income		
- Service charge and fee	**1,508**	1,014
- Commission fee	**4**	2
	1,264,446	1,103,220

**Unwinding income is income earned on impaired financial assets.*

36 Income derived from investment of shareholder's fund

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Financing, advances and other financing/loans:		
- Profit income	**357,110**	306,250
- Unwinding income*	**3,435**	4,053
Debt instruments at fair value through other comprehensive income	**18,992**	15,033
Debt instruments at amortised cost	**41,165**	35,404
Money at call and deposits with financial institutions	**22,398**	27,302
Reverse Collateralised Commodity Murabahah	**2,988**	1,838
	446,088	389,880
Accretion of discount less amortisation of premium	**(2,818)**	(2,376)
Other finance income for financial assets at fair value through profit or loss		
- Financial assets at fair value through profit or loss	**3,890**	6,925
- Financing, advances and other financing/loans	**455**	311
- Net accretion of discount less amortisation of premium	**12,513**	7,031
Total finance income and hibah	**460,128**	401,771
Other operating income		
Net gain/(loss) from financial assets at fair value through profit or loss:		
- realised	**706**	1,912
- unrealised	**(29)**	467
Net gain from sale of investment in debt instruments at fair value through other comprehensive income	**1,026**	683
Net unrealised gain/(loss) arising from financing, advances and other financings	**156**	(150)
Net gain from maturity of financial assets measured at amortised cost	**31**	-
Net gain/(loss) from foreign exchange transactions	**13,638**	(14,926)
Net gain from hedging activities	**162**	108
Net (loss)/gain from derivative financial instruments:		
- realised	**(117,859)**	301,726
- unrealised	**140,030**	186,798
Net gain/(loss) arising from financial liabilities designated at fair value through profit or loss		
- realised	**22,447**	59,648
- unrealised	**(21,713)**	(146,829)
	38,595	389,437
Fees and commission income		
- Guarantee fee	**772**	1,432
- Service charge and fee	**144,025**	127,808
- Commission fee	**173,975**	179,530
Total fee and commission income	**318,772**	308,770
Less : Fee and commission expense	**(68,950)**	(43,197)
Net fees and commision income	**249,822**	265,573
Other income	**2,278**	1,036
	750,823	1,057,817

**Unwinding income is income earned on impaired financial assets.*

37 Modification loss

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Loss on modification of cash flows	**1**	77

38 Expected credit losses on financing, advances and other financing/loans

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Expected credit losses on financing, advances and other financing/loans at amortised cost	**402,216**	458,482
Impaired financing, advances and other financing/loans:		
- recovered	**(125,550)**	(78,524)
- written off	**8,647**	3,458
	285,313	383,416

39 Other expected credit losses made/(written back)

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Expected credit losses made/(written back) on:		
- Debt instruments at fair value through other comprehensive income	**632**	596
- Debt instruments at amortised cost	**(96)**	51
- Money at call and deposits and placements with banks and other financial institutions	**86**	(1)
- Other assets	**36,276**	2,632
	36,898	3,278

40 Income attributable to depositors and others

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Deposits from customers:		
- Mudharabah	**988**	1,078
- Non-Mudharabah	**3,136,633**	3,099,614
Deposits and placements of banks and other financial institutions:		
- Non-Mudharabah	**266,523**	284,109
Others		
- Financial liabilities designated at fair value through profit or loss	**102,982**	97,781
- Subordinated Sukuk	**49,140**	44,700
- Recourse obligation on loans and financing sold to Cagamas	**125,126**	27,236
- Structured deposits	**132**	163
- Lease liabilities	**10**	63
- Collateralised Commodity Murabahah	**109,093**	71,176
- Senior Sukuk	**189,627**	3,556
	3,980,254	3,629,476

41 Profit distributed to investment account holder

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
- Restricted	**178,212**	176,627
- Unrestricted	**674,182**	576,800
	852,394	753,427

42 Personnel costs

	The Group and the Bank	
	31 December 2024	31 December 2023
	RM'000	RM'000
Salaries, allowances and bonuses[2]	**25,852**	24,786
Pension costs (defined contribution plan)	**3,047**	2,656
Staff incentives and other staff payments	**544**	936
Medical expenses	**514**	448
Share-based expense[1]	**345**	1,698
Others	**1,750**	1,102
	32,052	31,626

[1] The long term incentive plan ("LTIP") was implemented by CIMB Group Holdings Bhd ("CIMBGH") in June 2021. The LTIP awards ordinary shares and share options of CIMBGH to eligible employees of the Group. The eligibility of participation in the LTIP shall be at the discretion of the LTIP Committee of CIMBGH and the awarded shares and share options will be vested in stages at predetermined dates subject to continued employment and performance conditions. Refer note 47(h).

[2] Included in salaries, allowances and bonuses is shared-based payment expense (EOP) of RMNil (2023: RM7,019). Refer note 47(g).

43 Other overheads and expenditures

	The Group and the Bank	
	31 December 2024	31 December 2023
	RM'000	RM'000
Establishment costs		
Depreciation of property, plant and equipment	**208**	348
Amortisation of intangible assets	**2,914**	985
Depreciation of rights-of-use assets	**383**	569
Rental	**523**	533
Repairs and maintenance	**433**	208
Utility expenses	**30**	30
Others	**7,735**	5,727
Marketing expenses		
Advertisement and publicity	**5,775**	2,222
Others	**900**	522
Administration and general expenses		
Consultancy and professional fees	**4,114**	2,423
Legal expenses	**(1,231)**	1,211
Stationery	**346**	395
Postages	**287**	196
Donation	**3,609**	6,147
Incidental expenses on banking operations	**3,535**	4,465
Takaful	**3,422**	3,183
Group service expense	**1,268,626**	1,200,217
Others	**35,058**	12,178
	1,336,667	1,241,559

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43 Other overheads and expenditures (Continued)

The personnel expenses and other overhead and expenditures include the following statutory disclosures:

	The Group		The Bank	
	31 December 2024 RM'000	31 December 2023 RM'000	**31 December 2024 RM'000**	31 December 2023 RM'000
Directors remuneration (Note 44)	**13,299**	4,923	**13,299**	4,923
Auditors' remuneration :				
PricewaterhouseCoopers PLT (audit)				
- statutory audit	**524**	542	**517**	535
- limited review	**94**	94	**94**	94
- other audit related	**-**	189	**-**	189
PricewaterhouseCoopers Malaysia (non audit)				
- tax services	**49**	44	**43**	44
- others	**1**	-	**1**	-

44 Directors and Shariah Committee Members remuneration

The Directors of the Bank in office during the financial year were as follows:

Executive Director
Ahmad Shahriman Mohd Shariff

Non-Executive Directors
Dato' Mohamed Ross Mohd Din
Ahmed Baqar Rehman
Jalalullail Othman
Dr Azura Othman
Zuhaida Zulkifli
Datin Azlina Mahmad (appointed on 1 September 2024)

The Directors and Shariah Committee members of the Group and the Bank and their total remuneration during the financial year are analysed below: (s10.16 disclose separately for each individual director)

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Executive Director		
- Salary and other remuneration	**11,074**	2,982
- Benefits-in-kind	**7**	7
Non-Executive Directors		
- Fees	**747**	677
- Other remuneration	**1,445**	1,210
- Benefits-in-kind	**26**	47
Shariah Committee members		
- Fees	**495**	530
- Other remuneration	**181**	170
	13,975	5,623

44 Directors and Shariah Committee Members remuneration (Continued)

	The Group and the Bank			
	Fees	Salary and/or other remuneration	Benefits-in-kind	Total
	RM'000	RM'000	RM'000	RM'000
2024				
Executive Directors				
Ahmad Shahriman Mohd Shariff *	**-**	**11,074**	**7**	**11,081**
Non-Executive Directors				
Dato' Mohamed Ross Mohd Din	**140**	**240**	**26**	**406**
Ahmed Baqar Rehman	**140**	**445**	**-**	**585**
Jalalullail Othman	**140**	**195**	**-**	**335**
Dr. Azura Othman	**140**	**340**	**-**	**480**
Zuhaida Zulkifli	**140**	**195**	**-**	**335**
Datin Azlina Mahmad	**47**	**30**	**-**	**77**
	747	**1,445**	**26**	**2,218**
Shariah Committee members				
Associate Prof Dr Mohamed Fairooz Abdul Khir	**135**	**37**	**-**	**172**
Associate Professor Dr. Aishath Muneeza	**90**	**35**	**-**	**125**
Dr Mohammad Mahbubi Ali	**90**	**38**	**-**	**128**
En Jalalullail Othman	**90**	**31**	**-**	**121**
Dr Ahmad Sufian Che Abdullah	**90**	**40**	**-**	**130**
	495	**181**	**-**	**676**
	1,242	**12,700**	**33**	**13,975**

** Compensation shown in the table includes an amount of RM5.3 million which arose from LTIP allocations that were attributed to the 3-year period from 2021 to 2023, and were vested/exercised in 2024. The related share based expenses have been recognised over the period of LTIP scheme.*

44 Directors and Shariah Committee Members remuneration (Continued)

	The Group and the Bank			
	Fees	Salary and/or other remuneration	Benefits-in-kind	Total
	RM'000	RM'000	RM'000	RM'000
2023				
Executive Directors				
Ahmad Shahriman Mohd Shariff	-	2,982	7	2,989
Non-Executive Directors				
Dato' Mohamed Ross Mohd Din	140	225	47	412
Ahmed Baqar Rehman	140	359	-	499
Jalalullail Othman	140	201	-	341
Dr. Azura Othman	140	280	-	420
Zuhaida Zulkifli	117	145	-	262
	677	1,210	47	1,934
Shariah Committee members				
Associate Prof Dr Mohamed Fairooz Abdul Khir	135	32	-	167
Associate Professor Dr. Aishath Muneeza	90	32	-	122
Dr Mohammad Mahbubi Ali	68	28	-	96
En Jalalullail Othman	59	15	-	74
Dr Ahmad Sufian Che Abdullah	90	32	-	122
Mr Ahmed Baqar Rehman	31	8	-	39
Professor Dr. Yousef Abdullah Al Shubaily	57	23	-	80
	530	170	-	700
	1,207	4,362	54	5,623

Note: The Directors and officers of the Group and of the Bank are covered by Directors and Officers liability takaful for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The takaful contribution paid during the financial year for the Group and the Bank amounted to RM345,365 (2023: RM320,653) respectively.

45 Taxation and zakat

	The Group and the Bank	
	31 December 2024	31 December 2023
	RM'000	RM'000
Taxation based on profit for the financial year:		
- Malaysian income tax	**371,894**	391,975
Deferred taxation (Note 9)	**24,761**	(98,571)
(Over)/under provision in prior years	**(4,438)**	2,989
	392,217	296,393
Zakat	**12,000**	15,000
	404,217	311,393

Reconciliation between tax expense and the Malaysian tax rate

Profit before taxation and zakat	**1,623,940**	1,203,702
Tax calculated at a tax rate of 24% (2023: 24%)	**389,746**	288,889
Tax effects:		
- income not subject to tax	**-**	(91)
- expenses not deductible for tax purposes	**6,909**	4,606
(Over)/under provision in prior years	**(4,438)**	2,989
Tax expense	**392,217**	296,393

46 Earnings per share

(a) Basic earnings per share

The basic earnings per ordinary share for the Group and the Bank are calculated based on the net profit for the financial year of RM1,219,723,000 (2023: RM892,309,000) respectively divided by the weighted average number of ordinary shares of 1,000,000,000 (2023: 1,000,000,000) in issue during the financial year respectively.

(b) Diluted earnings per share

The Group has no dilution in its earnings per ordinary share in the current and previous financial year as there are no dilutive potential ordinary shares.

47 Significant related party transactions and balances

For the purposes of these financial statements, parties (both companies and key management personnel) are considered to be related to the Group 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.

The Group and the Bank have related party relationships with their holding companies, subsidiaries, associates and joint ventures of holding companies and key management personnel.

47 Significant related party transactions and balances (Continued)

(a) Related parties and relationship

The related parties of, and their relationship with the Bank, are as follows:

Related parties	Relationship
CIMB Group Holdings Berhad	Ultimate holding company
CIMB Group Sdn. Bhd.	Penultimate holding company
CIMB Bank Berhad	Immediate holding company
CIMB Islamic Nominees (Tempatan) Sdn. Bhd.	Subsidiary
CIMB Islamic Nominees (Asing) Sdn. Bhd.	Subsidiary
Subsidiaries of CIMB Group Holdings Berhad as disclosed in its financial statements	Subsidiaries of ultimate holding company
Subsidiaries of CIMB Group Sdn. Bhd. as disclosed in its financial statements	Subsidiaries of penultimate holding company
Subsidiaries of CIMB Bank Berhad as disclosed in its financial statements	Subsidiaries of immediate holding company
Associates and joint venture of CIMB Group Holdings Berhad as disclosed in its financial statements	Associates and joint venture of ultimate holding company
Associates and joint venture of CIMB Group Sdn. Bhd. as disclosed in its financial statements	Associates and joint venture of penultimate holding company
Joint venture of CIMB Bank Berhad as disclosed in its financial statements	Joint venture of immediate holding company
Key management personnel	See below

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Bank either directly or indirectly. The key management personnel of the Bank include all the Directors of the Bank and its employees who make certain critical decisions in relation to the strategic direction of the Bank.

47 Significant related party transactions and balances (Continued)

(b) Related party transactions and balances of the Group and the Bank

A number of banking transactions are entered into with related parties in the normal course of business. These include financing, advances and other financing/loans, deposits, derivative transactions and other financial instruments. These transactions were carried out on agreed terms with the related party.

The Group and the Bank	Immediate and ultimate holding company RM'000	Other related companies RM'000	Key management personnel RM'000
2024			
Income			
Profit income on deposits and placement with banks and other financial institutions	2,166	-	-
Profit income on financing, advances and other financing/loans	-	-	5,724
Service charges and fees	254	24	-
Expenditure			
Profit expense on deposits and placements of banks and other financial institutions	186,829	2,217	-
Profit expense on deposits from customers and Collateralised Commodity Murabahah	-	6,855	95
Profit expense on Investment accounts due to designated financial institutions	125,774	-	-
Profit expense on subordinated sukuk	49,140	-	-
Group services expense	1,256,624	12,002	-
Others - Professional Fee, profit paid on CSA & fee sharing on financing sell down	6,182	1,177	-

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47 Significant related party transactions and balances (Continued)

(b) Related party transactions and balances of the Group and the Bank (Continued)

A number of banking transactions are entered into with related parties in the normal course of business. These include financing, advances and other financing/loans, deposits, derivative transactions and other financial instruments. These transactions were carried out on agreed terms with the related party. (Continued)

The Group and the Bank	Immediate and ultimate holding company RM'000	Other related companies RM'000	Key management personnel RM'000
2023			
Income			
Profit income on deposits and placement with banks and other financial institutions	7,193	-	-
Profit income on financing, advances and other financing/loans	-	-	4,510
Service charges and fees	89	42	-
Expenditure			
Profit expense on deposits and placements of banks and other financial institutions	212,805	2,181	-
Profit expense on deposits from customers and Collateralised Commodity Murabahah	-	596	55
Profit expense on Investment accounts due to designated financial institutions	123,791	-	-
Profit expense on subordinated sukuk	44,700	-	-
Group services expense	1,195,905	4,312	-
Others - Professional Fee, profit paid on CSA & fee sharing on financing sell down	324	238	-

47 Significant related party transactions and balances (Continued)

(b) Related party transactions and balances of the Group and the Bank (Continued)

A number of banking transactions are entered into with related parties in the normal course of business. These include financing, advances and other financing/loans, deposits, derivative transactions and other financial instruments. These transactions were carried out on agreed terms with the related party. (Continued)

The Group and the Bank	Immediate and ultimate holding company RM'000	Other related companies RM'000	Key management personnel RM'000
2024			
Amounts due from			
Current accounts, deposits and placements with banks and other financial institutions	**233,712**	**4,314**	**-**
Financing, advances and other financing/loans and Reverse Collateralised Commodity Murabahah	**-**	**-**	**8,534**
Derivatives	**492,856**	**-**	**-**
Others	**33,945**	**-**	**-**
Amounts due to			
Deposit from customers and Collateralised Commodity Murabahah	**-**	**132,870**	**6,762**
Deposits and placements of banks and other financial institutions	**2,828,985**	**79,446**	**-**
Investment accounts due to designated financial institutions	**2,927,281**	**-**	**-**
Subordinated sukuk	**1,513,741**	**-**	**-**
Derivatives	**358,862**	**-**	**-**
Others	**89,761**	**-**	**-**
Commitment and contingencies			
Foreign exchange related contracts	**23,350,091**	**-**	**-**
Equity related contracts	**28,092**	**-**	**-**
Profit rate related contracts	**16,970,074**	**-**	**-**
Commodity related contracts	**1,263,369**	**-**	**-**
Credit related contract	**19,900**	**-**	**-**

47 Significant related party transactions and balances (Continued)

(b) Related party transactions and balances of the Group and the Bank (Continued)

A number of banking transactions are entered into with related parties in the normal course of business. These include financing, advances and other financing/loans, deposits, derivative transactions and other financial instruments. These transactions were carried out on agreed terms with the related party. (Continued)

The Group and the Bank	Immediate and ultimate holding company RM'000	Other related companies RM'000	Key management personnel RM'000
2023			
Amounts due from			
Current accounts, deposits and placements with banks and other financial institutions	29,086	1,484	-
Financing, advances and other financing/loans and Reverse Collateralised Commodity Murabahah	-	-	3,797
Derivatives	269,968	-	-
Others	79,682	-	-
Amounts due to			
Deposit from customers and Collateralised Commodity Murabahah	-	39,649	6,390
Deposits and placements of banks and other financial institutions	3,474,417	84,560	-
Investment accounts due to designated financial institutions	3,424,851	-	-
Subordinated sukuk	1,109,424	-	-
Derivatives	212,607	-	-
Others	91,371	-	-
Commitment and contingencies			
Foreign exchange related contracts	14,139,427	-	-
Equity related contracts	13,565	-	-
Profit rate related contracts	9,125,878	-	-
Commodity related contracts	8,881	-	-
Credit related contract	19,900	-	-

Other related party balances are unsecured, non-profit bearing and repayable on demand.

Pursuant to the service level agreement ("SLA") entered by the Bank with its immediate holding company, CIMB Bank Berhad ("CIMB Bank"), the Bank has the right to seek indemnity from CIMB Bank against all claims, demands, fines, penalties, payment, losses, costs, damages, charges and expenses as a results of the Bank breach of the terms of the SLA, except in the case of any gross negligence or willful default on the part of the Bank or its directors, officers, employees or agents.

47 Significant related party transactions and balances (Continued)

(c) Related party expenses transaction by geographical

	31 December 2024 The Group and the Bank		
	Profit Expense RM'000	Group services expense RM'000	Others RM'000
Malaysia	**370,870**	**1,268,626**	**7,359**

	31 December 2023 The Group and the Bank		
	Profit Expense RM'000	Group services expense RM'000	Others RM'000
Malaysia	384,128	1,200,217	562

(d) Key management personnel

Key management compensation

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Salaries and other employee benefits #	**29,162**	27,202

	The Group and the Bank	
	31 December 2024 units	31 December 2023 units
Shares of the ultimate holding company awarded from EOP	**7,854**	85,959
Shares of the ultimate holding company awarded from LTIP		
- ESOS	-	-
- SGP	-	-

 # includes compensation paid by holding and other related companies

During the financial year, share based payment expenses to key management personnel of the Group and the Bank amounted to RM2,813,000 (2023: RM558,000).

Financing to Directors of the Bank amounting to RM3,766,850 (2023: RM2,236,259). Financing made to other key management personnel of the Group and the Bank are on similar terms and conditions generally available to other employees within the Group.

47 Significant related party transactions and balances (Continued)

(e) Credit transactions and exposures with connected parties

Credit exposures with connected parties as per Bank Negara Malaysia's revised 'Guidelines on Credit Transactions and Exposures with Connected Parties' which became effective in 2008 are as follows:

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Outstanding credit exposures with connected parties	**3,388,327**	2,011,838
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	**1.8%**	1.2%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	**0.0%**	0.0%

(f) Transactions with shareholders and Government

Khazanah Nasional Berhad ("KNB"), the major shareholder of the ultimate holding company, owns 21.54% of the issued capital of the ultimate holding company (2023: 23.01%). KNB is an entity controlled by the Malaysian Government. The Group and the Bank consider that, for the purpose of MFRS 124 "Related Party Disclosures", KNB and the Malaysian Government are in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government controlled bodies (collectively referred to as "government-related entities") are related parties of the Group and the Bank.

The Group and the Bank have collectively, but not individually, entered into significant transactions with other government-related entities which include but not limited to the following:

- Purchase of securities issued by government-related entities
- Financing to government-related entities
- Deposit placing with and deposit taking from government-related entities

These transactions are conducted in the ordinary course of the Group's and the Bank's business on agreed terms.

47 Significant related party transactions and balances (Continued)

(g) Equity Ownership Plan ("EOP")

The EOP was introduced on 1 April 2011 by CIMB Group where CIMB Group will grant ordinary shares of CIMB Group Holdings Berhad to selected employees of the Bank. Under the EOP, earmarked portions of variable remuneration of selected employees of the Bank will be utilised to purchase ordinary shares of CIMB Group Holdings Berhad from the open market. The purchased shares will be released progressively to the eligible employees at various dates after the purchase date, subject to continued employment. A related company will act on behalf of CIMB Group to administer the EOP and to hold the shares in trust up to the pre-determined transfer dates. The eligibility of participation in the EOP shall be at the discretion of the Group Nomination and Remuneration Committee of CIMB Group.

Upon termination of employment other than retirement, disability or death, any unreleased shares will cease to be transferable to the employee and will be disposed accordingly. In the event of retirement, disability or death of the eligible employee, the release of shares will be accelerated to the date of termination of employment and the shares will be assigned to the designated beneficiary.

The total share-based payment expense recognised in statement of income for the Group and the Bank during the financial year amounted to RMNil (2023: RM7,019).

The weighted average fair value of shares awarded under EOP which were purchased over a period of 10 trading days was RMNil per ordinary share (2023: RM5.02), based on observable market price.

Movements in the number of CIMB Group's ordinary shares awarded are as follows:

	The Group and the Bank	
	2024	2023
	Unit	Unit
	'000	'000
Shares :		
At 1 January	-	28
Awarded	-	-
Released	-	(28)
At 31 December	-	-

47 Significant related party transactions and balances (Continued)

(h) Long Term Incentive Plan ("LTIP")

The CIMB Group implemented a Long Term Incentive Plan ("LTIP") on 9 June 2021, which was approved by the shareholders at the Extraordinary General Meeting held on 15 April 2021. The LTIP is governed by the LTIP by-laws and is administered by the LTIP Committee of CIMB Group.

The LTIP is awarded to employees who hold senior management positions and key roles within the CIMB Group and its subsidiary companies, and who fulfill the eligibility criteria and have been approved for participation by the LTIP Committee. Any LTIP awards made to Executive Directors (or any persons connected to the directors) is subject to the approval of the shareholders at a general meeting.

The LTIP, which is valid for 7 years from the implementation date, comprises of 2 performance-based plans – the Employee Share Option Scheme ("ESOS") and the Share Grant Plan ("SGP").

- The ESOS is a share option scheme with a premium on the exercise price, where vesting is subject to service conditions. The LTIP Committee may, at any time within the duration of the LTIP, grant an ESOS award to eligible employees, subject to the terms and conditions of the by-laws. The ESOS shares may be settled through issuance and transfer of new shares, or other modes of settlement as provided by the by-laws.

- The SGP is a restricted share unit scheme where vesting is subject to service and performance conditions (based on return on equity targets and individual performance). The LTIP Committee may, at any time within the duration of the LTIP, grant an SGP award to eligible employees, subject to the terms and conditions of the by-laws. The SGP shares may be settled through issuance and transfer of new shares, or other modes of settlement as provided by the by-laws.

47 Significant related party transactions and balances (Continued)

(h) Long Term Incentive Plan ("LTIP") (Continued)

(i) Details of ESOS shares awarded:

Award Date	Fair Value RM	Awarded (Units'000)	Vesting Dates
9 June 2021	0.45	216,758	31 March 2024 31 March 2025
31 March 2022	0.75	8,991	31 March 2024 31 March 2025
8 September 2022	0.74	3,430	31 March 2024 31 March 2025
8 December 2022	0.81	660	31 March 2024 31 March 2025

The following table indicates the number and movement of ESOS shares during the financial year ended 31 December 2024:

	As at	Movement during the year			Outstanding as at	Exerciseable as at
	1 January 2024	Awarded	Exercised	Expired/ Forfeited	31 December 2024	31 December 2024
Award Date	(Units'000)	(Units'000)	(Units'000)	(Units'000)	(Units'000)	(Units'000)
9 June 2021	5,604	-	(2,696)	(307)	2,601	-
31 March 2022	101	-	(51)	-	50	-
8 September 2022	68	-	(6)	-	62	28
8 December 2022	-	-	-	-	-	-

The fair value of ESOS shares awarded was determined using the Black Scholes model based on the terms and conditions of ESOS awards. The fair value of ESOS shares measured, closing share price at grant date and the valuation assumptions are as follows:

	Award Date 9 June 2021	Award Date 31 March 2022	Award Date 8 September 2022	Award Date 8 December 2022
Fair value of ESOS shares (RM)	0.45	0.75	0.74	0.81
Exercise Price (RM)	4.96	5.58	5.75	5.93
Closing share price at award date (RM)	4.65	5.33	5.40	5.61
Option term	From award date until 8 June 2028	From award date until 8 June 2028	From award date until 8 June 2028	From award date until 8 June 2028
Expected volatility (%)	23.60	24.85	25.04	25.62
Risk-free rate (%)	2.87	3.50	3.82	3.69
Discounted dividend flow	2.05	1.72	1.67	1.63

47 Significant related party transactions and balances (Continued)

(h) Long Term Incentive Plan ("LTIP") (Continued)

(ii) Details of SGP shares awarded

Award Date	Fair Value RM	Awarded (Units'000)	Vesting Dates	
9 June 2021	4.65	15,748	31 March 2024 31 March 2025	*Subject to performance conditions*
31 March 2022	5.33	1,965	31 March 2024 31 March 2025	
8 September 2022	5.40	736	31 March 2024 31 March 2025	
8 December 2022	5.61	142	31 March 2024 31 March 2025	
12 January 2024	5.92	250	- 31 March 2025	

The following table indicates the number and movement of SGP shares during the financial year ended 31 December 2024:

	As at	Movement during the year			As at
	1 January 2024	Awarded	Vested	Forfeited	31 December 2024
Award Date	(Units'000)	(Units'000)	(Units'000)	(Units'000)	(Units'000)
9 June 2021	406	-	(184)	(33)	189
31 March 2022	22	-	(10)	(1)	11
8 September 2022	14	-	(7)	(0)	7
8 December 2022	-	-	-	-	-
12 January 2024	-	-	-	-	-

The fair value of SGP shares awarded was determined using the closing market price of CIMB shares on the award date, as shown below:

	Award Date	Award Date	Award Date	Award Date	Award Date
	9 June 2021	31 March 2022	8 September 2022	8 December 2022	12 January 2024
Fair value of SGP Shares (RM)	4.65	5.33	5.40	5.61	5.92
Closing share price at award date (RM)	4.65	5.33	5.40	5.61	5.92

48 Capital commitments

Capital expenditure approved by Directors but not provided for in the Financial Statements are as follows:

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Capital expenditure:		
- authorised and contracted for	**-**	512
- authorised but not contracted for	**14,136**	10,151
	14,136	10,663

Analysed as follows:

	The Group and the Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Property, plant and equipment	**638**	1,286
Computer software	**13,498**	9,377
	14,136	10,663

49 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Group Executive Committee as its chief operating decision-maker.

Segment information is presented in respect of the Group's business segment. The Group's operations are principally conducted in Malaysia and accordingly no analysis in respect of geographical segments has been presented.

The business segment results are prepared based on the Group's internal management reporting, which reflect the organisation's management reporting structure.

(i) Business segment reporting

Definition of segments

The Group has four major operation divisions that form the basis on which the Group reports its segment information.

Consumer Banking

Consumer Banking provides everyday banking solutions to individual customers covering Islamic financial products and services such as residential property financing, non-residential property financing, personal financing, hire purchase financing, credit cards, wealth management, bancatakaful, remittance and foreign exchange, deposits and internet banking services.

Commercial Banking

Commercial Banking offers products and services for customer segments comprising small and medium-scale enterprises ("SMEs") and mid-sized corporations. Their products and services include banking credit facilities, trade financing, cash management, online business banking platform, remittance and foreign exchange, as well as general deposit products.

49 Segment reporting (Continued)

(i) Business segment reporting (Continued)

Wholesale Banking

Wholesale Banking comprises Investment Banking, Corporate Banking, Treasury and Markets, Transaction Banking, and Private Banking.

- Investment Banking includes end-to-end client coverage and advisory services. Client coverage focuses on marketing and delivering solutions to corporate and financial institutional clients whereas advisory offers financial advisory services to corporations on issuance of debt restructuring, initial public offerings, secondary offerings and general corporate advisory.

- Corporate Banking offers a broad spectrum of Islamic funding solutions ranging from trade, working capital lines and capital expenditure to leveraging, merger and acquisition, leveraged and project financing. Corporate Banking's client managers partner with product specialists within the Group to provide a holistic funding solution, from cash management, trade finance, foreign exchange, custody and corporate financings, to derivatives, structured products and debt capital market.

- Treasury and Markets focuses on treasury activities and services which include foreign exchange, money market, derivatives and trading of capital market instruments. It includes the Group's equity derivatives which develops and issues new equity derivatives instruments such as structured warrants and over-the-counter options to provide investors with alternative investment avenues.

49 Segment reporting (Continued)

(i) Business segment reporting (Continued)

Wholesale Banking (Continued)

Wholesale Banking comprises Investment Banking, Corporate Banking, Treasury and Markets, Transaction Banking, and Private Banking. (Continued)

- Transaction Banking comprises Trade Finance and Cash Management which provide various trade facilities and cash management solutions.

- Private Banking offers a full suite of wealth management solutions to high net worth individuals with access to a complete range of private banking services, extending from investment to securities financing to trust services.

Group Funding

Group Funding encompasses a wide range of activities from capital, balance sheet and fixed income investments and management, as well as the funding and incubation of corporate ventures and projects.

49 Segment reporting (Continued)

(i) Business segment reporting (Continued)

31 December 2024 The Group	Commercial Banking RM'000	Consumer Banking RM'000	Wholesale Banking RM'000	Group Funding RM'000	Total RM'000
Net financing income after modification loss:					
- external	973,747	2,701,358	(1,069,879)	178,504	2,783,730
- inter-segment	(180,317)	(1,354,440)	1,469,584	65,173	-
	793,430	1,346,918	399,705	243,677	2,783,730
Other operating income	133,192	237,271	128,630	4,602	503,695
Total income	926,622	1,584,189	528,335	248,279	3,287,425
Overhead expenses	(188,360)	(724,423)	(186,607)	(269,329)	(1,368,719)
Consist of :					
Depreciation of property, plant and equipment	-	(1)	(8)	(199)	(208)
Amortisation of intangible assets	(1,157)	(1,170)	(587)	-	(2,914)
Profit before expected credit losses	738,262	859,766	341,728	(21,050)	1,918,706
Expected credit losses made on financing, advances and other financing/loans	(40,320)	(239,578)	(5,402)	(13)	(285,313)
Expected credit losses (made)/written back for commitments and contingencies	(19,673)	50,866	(3,748)	-	27,445
Other expected credit losses written back/(made)	-	-	51	(36,949)	(36,898)
Segment results	678,269	671,054	332,629	(58,012)	1,623,940
Taxation and zakat					(404,217)
Net profit for the financial year					1,219,723
Segment assets	26,932,588	91,399,744	36,580,665	17,137,787	172,050,784
Unallocated assets					1,346,403
Total assets					173,397,187
Segment liabilities	20,729,852	59,418,041	70,001,323	11,701,483	161,850,699
Unallocated liabilities					661,702
Total liabilities					162,512,401
Other segment items					
Capital expenditure	215	218	112	82	627

CIMB Islamic Bank Berhad
(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

49 Segment reporting (Continued)

(i) Business segment reporting (Continued)

31 December 2023 **The Group**	**Commercial Banking RM'000**	**Consumer Banking RM'000**	**Wholesale Banking RM'000**	**Group Funding RM'000**	**Total RM'000**
Net financing income:					
- external	767,002	2,348,680	(1,132,628)	406,977	2,390,031
- inter-segment	(71,630)	(1,114,332)	1,481,410	(295,448)	-
	695,372	1,234,348	348,782	111,529	2,390,031
Other operating income	121,370	257,974	137,281	5,051	521,676
Total income	816,742	1,492,322	486,063	116,580	2,911,707
Overhead expenses	(143,374)	(688,230)	(177,032)	(264,549)	(1,273,185)
Consist of :					
Depreciation of property, plant and equipment	-	(1)	(5)	(342)	(348)
Amortisation of intangible assets	(481)	(251)	(253)	-	(985)
Profit before expected credit losses	673,368	804,092	309,031	(147,969)	1,638,522
Expected credit losses (made)/written back on financing, advances and other financing/loans	(102,592)	(281,248)	436	(12)	(383,416)
Expected credit losses (made)/written back for commitments and contingencies	(4,385)	(47,628)	3,887	-	(48,126)
Other expected credit losses written back/(made)	-	-	1,228	(4,506)	(3,278)
Segment results	566,391	475,216	314,582	(152,487)	1,203,702
Taxation					(311,393)
Net profit for the financial year					892,309
Segment assets	23,179,158	83,162,739	35,943,310	16,022,916	158,308,123
Unallocated assets					1,357,638
Total assets					159,665,761
Segment liabilities	19,500,716	49,882,929	67,646,988	12,169,834	149,200,467
Unallocated liabilities					819,842
Total liabilities					150,020,309
Other segment items					
Capital expenditure	1,482	773	780	74	3,109

49 Segment reporting (Continued)

(i) Business segment reporting (Continued)

Basis of pricing for inter-segment transfers:

Intersegmental charges are computed on the profit-bearing assets and liabilities of each business segment with rates applied based on the profit yield curve according to the term structure of maturity.

(ii) Geographic segment reporting

	31 December 2024			
	Net financing income	**Total non-current assets**	**Total assets**	**Total liabilities**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Malaysia	**2,783,730**	**137,558**	**173,397,187**	**162,512,401**

	31 December 2023			
	Net financing income	Total non-current assets	Total assets	Total liabilities
	RM'000	RM'000	RM'000	RM'000
Malaysia	2,390,031	140,622	159,665,761	150,020,309

50 Capital adequacy

The key driving principles of the Group's and the Bank's capital management policies are to diversify its sources of capital to allocate capital efficiently, and achieve and maintain an optimal and efficient capital structure of the Group and the Bank, with the objective of balancing the need to meet the requirements of all key constituencies, including regulators, shareholders and rating agencies.

This is supported by the Capital Management Plan which is centrally supervised by the CIMB Group Executive Committee who periodically assesses and reviews the capital requirements and source of capital across the Group, taking into account all on-going and future activities that consume or create capital, and ensuring that the minimum target for capital adequacy is met. Quarterly updates on capital position of the Group and the Bank are also provided to the Board of Directors.

The capital adequacy framework applicable to the Malaysian banking entities is based on the Bank Negara Malaysia ("BNM") Capital Adequacy Framework for Islamic Banks ("CAFIB") (Capital Components), of which the latest revision was issued on 14 June 2024. The revised guidelines took effect on 14 June 2024 for all banking institutions and financial holding companies and sets up the regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III.

The risk-weighted assets of the Bank Group and the Bank are computed in accordance with the CAFIB (Basel II - Risk-Weighted Assets), of which the latest revision was issued on 18 December 2023.

The Internal Ratings Based ("IRB") Approach adopted by CIMB Islamic Bank is applied for the major credit exposures with retail exposures on Advanced IRB approach and non-retail exposures on Foundation IRB approach. The remaining credit exposures and Market Risk are on the Standardised Approach while Operational Risk is based on the Basic Indicator Approach.

50 Capital adequacy (Continued)

Capital Structure and Adequacy

The table below sets out the summary of the sources of capital and the capital adequacy ratios of the Group and the Bank as at 31 December 2024. The Group and the Bank issued various capital instruments pursuant to the respective regulatory guidelines that qualify as capital pursuant to the CAFIB (Capital Components) issued by BNM.

(a) The capital adequacy ratios of Group and the Bank are as follows:

	The Group		**The Bank**	
	31 December 2024	31 December 2023	**31 December 2024**	31 December 2023
Common equity tier 1 ratio	**14.543%**	12.996%	**14.543%**	12.996%
Tier 1 ratio	**15.066%**	13.522%	**15.065%**	13.522%
Total capital ratio	**17.749%**	15.545%	**17.749%**	15.545%

(b) The breakdown of risk-weighted assets ("RWA") by each major risk category is as follows:

	The Group		**The Bank**	
	31 December 2024	31 December 2023	**31 December 2024**	31 December 2023
	RM'000	RM'000	**RM'000**	RM'000
Credit risk	**60,540,585**	60,587,492	**60,540,722**	60,587,629
Market risk	**736,474**	759,406	**736,474**	759,406
Operational risk	**5,742,135**	5,308,225	**5,742,135**	5,307,380
Total risk-weighted assets	**67,019,194**	66,655,123	**67,019,331**	66,654,415

50 Capital adequacy (Continued)

(c) Components of Common Equity Tier 1, Additional Tier 1 and Tier 2 capitals are as follows:

	The Group		The Bank	
	31 December 2024	31 December 2023	**31 December 2024**	31 December 2023
	RM'000	RM'000	**RM'000**	RM'000
Common Equity Tier 1 capital				
Ordinary shares capital	**1,000,000**	1,000,000	**1,000,000**	1,000,000
Other reserves	**9,534,786**	8,295,452	**9,534,751**	8,295,417
Common Equity Tier 1 capital before regulatory adjustments	**10,534,786**	9,295,452	**10,534,751**	9,295,417
Less: Regulatory adjustments				
Goodwill	**(136,000)**	(136,000)	**(136,000)**	(136,000)
Intangible assets	**(752)**	(3,282)	**(752)**	(3,282)
Deferred tax assets	**(253,556)**	(283,239)	**(253,556)**	(283,239)
Regulatory reserve	**(397,222)**	(210,633)	**(397,222)**	(210,633)
Others	**(426)**	477	**(426)**	477
Common Equity Tier 1 capital after regulatory adjustments	**9,746,830**	8,662,775	**9,746,795**	8,662,740
Additional Tier 1 capital				
Perpetual preference shares	**350,000**	350,000	**350,000**	350,000
Additional Tier 1 capital before regulatory adjustments	**350,000**	350,000	**350,000**	350,000
Less: Regulatory adjustments	**-**	-	**-**	-
Additional Tier 1 capital after regulatory adjustments	**350,000**	350,000	**350,000**	350,000
Total Tier 1 capital	**10,096,830**	9,012,775	**10,096,795**	9,012,740
Tier 2 capital				
Subordinated Sukuk	**1,500,000**	1,100,000	**1,500,000**	1,100,000
Surplus of eligible provisions over expected loss	**210,788**	167,724	**210,788**	167,721
General provisions ^	**87,847**	81,031	**87,849**	81,033
Total Tier 2 capital	**1,798,635**	1,348,755	**1,798,637**	1,348,754
Total capital	**11,895,465**	10,361,530	**11,895,432**	10,361,494

50 Capital adequacy (Continued)

^ Total capital of the Group and the Bank as at 31 December 2024 have excluded general provision restricted from Tier 2 capital of RM62.5 million (2023: RM48.8 million) respectively.

In accordance with BNM’s guidelines on the recognition and Measurement of Profit Sharing Investment Account (“PSIA”) as Risk Absorbent, the credit and market risks on the assets funded by the PSIA are excluded from Total Capital Ratio calculation.

As at 31 December 2024, RPSIA assets excluded from the Total Capital Ratio calculation amounted to RM2,928,095,000 (2023: RM3,425,929,000).

51 Sources and uses of charity funds

Earnings that were realised from sources or by means prohibited by Shariah have been considered for disposal to charitable causes.

	The Group and the Bank	
	31 December 2024 RM'000	**31 December 2023 RM'000**
Sources of charity funds		
Balance as at 1 January	**-**	-
Shariah non-compliance income	**17**	-
Total sources of charity funds during the year	**17**	-
Uses of charity funds		
Contribution to non-profit organisation	**17**	-
Contribution to government agencies	**-**	-
Total uses of charity funds during the year	**17**	-
Undistributed charity funds as at 31 December	**-**	-

52 Significant events during the financial year

(a) Issuance of bonds/Sukuk

(i) On 27 March 2024, the Bank issued RM3,500 million Senior Sukuk under its RM10.0 billion Sukuk Wakalah Programme as disclosed in Note 28(d) to Note 28(g).

(ii) On 30 July 2024, the Bank issued RM3,000 million Senior Sukuk under its RM10.0 billion Sukuk Wakalah Programme as disclosed in Note 28(h) to Note 28(j).

(iii) On 28 November 2024, the Bank issued RM120 million Senior Sukuk under its RM10.0 billion Sukuk Wakalah Programme as disclosed in Note 28(k).

(b) Issuance of subordinated Sukuk

(i) On 25 September 2024, the Bank issued RM1,200 million Tier 2 Junior Sukuk under its RM5.0 billion Tier 2 Junior Sukuk Programme as disclosed in Note 29(c).

(c) Full redemption of subordinated Sukuk

(i) On 25 September 2024, CIMB Islamic redeemed its existing RM800 million 10-year non-callable 5-year Tier 2 Junior Sukuk issued under RM5.0 billion Tier 2 Junior Sukuk Programme from CIMB Bank Berhad on the first call date.

53 Critical accounting estimates and judgements in applying accounting policies

The Group and the Bank make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's and the Bank's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

(a) Expected credit loss allowance on financial assets at amortised cost and FVOCI

The expected credit loss allowance for financial assets at amortised cost and FVOCI requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. Significant judgements are required in applying the accounting requirements for measuring expected credit loss, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of expected credit loss;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated expected credit loss; and
- Establishing groups of similar financial assets for the purposes of measuring expected credit loss.

Refer to Note 54.1 Credit risk measurement for details on the key judgements and assumptions of the estimation of expected credit loss allowance for financial assets at amortised cost and FVOCI.

53 Critical accounting estimates and judgements in applying accounting policies (Continued)

(b) *Goodwill impairment*

The Group test annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note L(a) of the Summary of Material Accounting Policies.

The first step of the impairment review process requires the identification of independent operating units, dividing the Group's business into the various CGU. The goodwill is then allocated to these various CGU. The allocation is based on the areas of the business expected to benefit from the synergies derived from the acquisition.

The carrying value of the CGU, including the allocated goodwill, is compared to the higher of fair value less cost to sell and value in use to determine whether any impairment exists. Detailed calculations may need to be carried out taking into consideration changes in market in which a business operates. In the absence of readily available market price data, this calculation is usually based upon discounting expected pre-tax cash flows at the individual CGU's pre-tax discount rate, which reflect the specific risks relating to the CGU. This requires exercise of judgement. Refer to Note 18 for details of these assumptions and the potential impact of changes to the assumptions. Changes to the assumptions used by management, particularly the discount rate and the terminal growth rate, may significantly affect the results of the impairment.

Value-in-use does not reflect future cash outflows or related cost savings (for example reductions in staff costs) or benefits that are expected to arise from a future restructuring to which an entity is not yet committed.

53 Critical accounting estimates and judgements in applying accounting policies (Continued)

(c) *Fair value of financial instruments*

The majority of the Group’s and the Bank’s financial instruments reported at fair value are based on quoted and observable market prices. Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, payment rates and default rate assumptions for asset backed securities. The valuation of financial instruments is described in more detail in Note 54.4.

54 Financial Risk Management

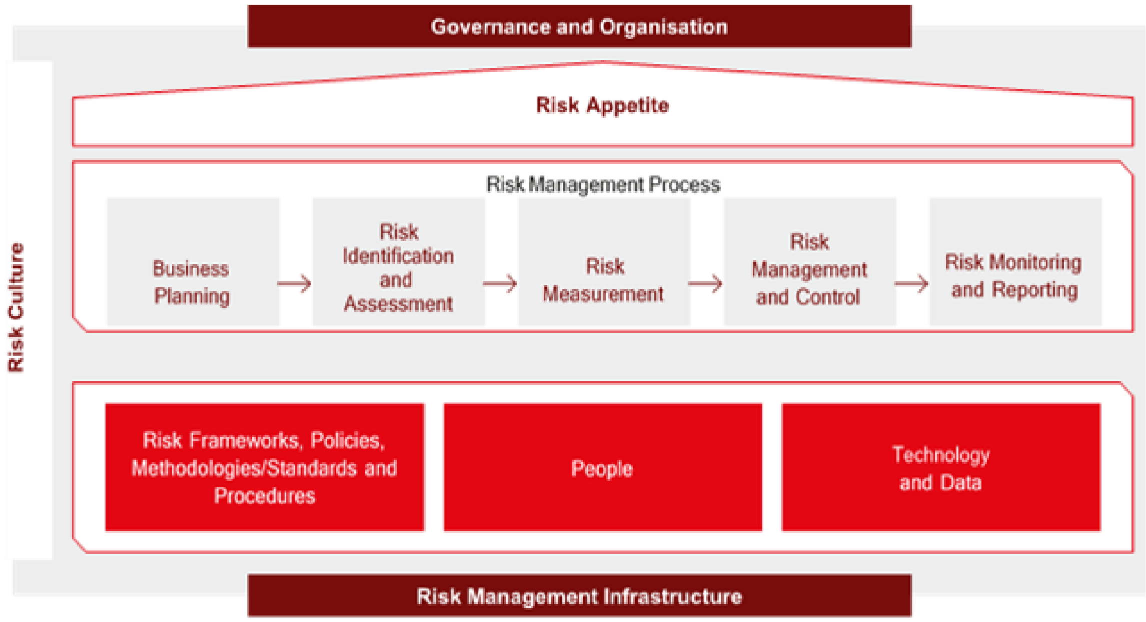
(a) Financial risk management objectives and policies

The Group embraces risk management as an integral part of the Group's strategy, business, operations and decision-making process. In ensuring that the Group achieves optimum returns whilst operating within a sound business environment, the risk management teams are involved at the early stage of the strategy discussion and risk-taking process by providing independent inputs, including relevant valuations and scenario analysis, credit evaluations, new product assessments and quantification of capital requirements and risk return analysis/simulations. These inputs enable the business units to assess the risk-vs-reward of their propositions.

(b) Enterprise Wide Risk Management Framework ("EWRM")

The Group employs a Group Enterprise-Wide Risk Management ("EWRM") framework as a standardised approach to effectively manage its risk and opportunities. The Group EWRM framework provides the Board and management with tools to anticipate and manage both the existing and potential risks, taking into consideration evolving risk profiles as dictated by changes in business strategies, the external environment and/or regulatory environment.

The key components of the Group's EWRM framework are represented in the diagram below:



54 Financial Risk Management (Continued)

(b) Enterprise Wide Risk Management Framework ("EWRM") (Continued)

The design of the Group EWRM framework incorporates a complementary 'top-down strategic' and 'bottom-up tactical' risk management approach.

The key features of the Group EWRM include:

a) **Risk Culture:** The Group embraces risk management as an integral part of its culture and decision-making processes. The Group's risk management philosophy is embodied in the Three Lines-of-Defence approach, whereby risks are managed initially from the onset of risk-taking activity. There is clear accountability of risk ownership across the Group.

b) **Governance & Organisation**: A strong governance structure is important to ensure an effective and consistent implementation of the Group EWRM framework. The Board is ultimately responsible for the Group's strategic direction, which is supported by the risk appetite and relevant risk management frameworks, policies, methodologies/standards and procedures. The Board is assisted by various risk committees and control functions in ensuring that the Group's risk management framework is effectively implemented.

c) **Risk Appetite**: It is defined as the amount and type of risks that the Group is able and willing to accept in pursuit of its strategic and business objectives. Risk appetite is set in conjunction with the annual strategy and business planning process to ensure appropriate alignment between strategy, growth aspirations, operating plans, capital and risk.

d) **Risk Management Process**:

- Business Planning: Risk management is central to the business planning process, including setting frameworks for risk appetite, risk posture and new products/ business activities.

- Risk Identification & Assessment: Risks are systematically identified and assessed through the robust application of the Group's risk frameworks, policies, methodologies/standards and procedures.

- Risk Measurement: Risks are measured and aggregated using the Group-wide methodologies across each of the risk types, including stress testing.

54 Financial Risk Management (Continued)

(b) Enterprise Wide Risk Management Framework ("EWRM") (Continued)

d) **Risk Management Process: (Continued)**

- Risk Management and Control: Risk management limits and controls are used to manage risk exposures within the risk appetite set by the Board. Risk management limits and controls are regularly monitored and reviewed in the face of evolving business needs, market conditions and regulatory changes. This can be achieved by positioning various control tools to reduce the likelihood of an occurrence or the impact of the risk. The various control tools are accepting, treating, transferring and/or terminating the risk.

- Risk Monitoring and Reporting: Is defined as the amount and type of risks that the Group is able and willing to accept in pursuit of its strategic and business objectives. Risk appetite is set in conjunction with the annual strategy and business planning processes to ensure appropriate alignment between strategy, growth aspirations, operating plans, capital and risk.

e) **Risk Management Infrastructure:**

- Risk Frameworks, Policies, Methodologies/Standards and Procedures addressing all areas of material risks: Frameworks provide broad objectives and overarching risk management architecture for managing risks. Well-defined risk policies by risk type provide the principles by which the Group manages its risks. Methodologies/Standards provide specific directions that help support and enforce policies. Procedures provide more detailed guidance to assist with the implementation of policies.

- People: Attracting the right talent and skill is key to ensuring a well-functioning Group EWRM Framework. The organization continuously evolves and proactively responds to the increasing complexity of the Group as well as the economic and regulatory environment.

- Technology and Data: Appropriate technology and sound data management support risk management activities.

54 Financial Risk Management (Continued)

(c) Risk Governance

At the apex of the governance structure are the respective Boards of entities within the Group, which decides on the entity's risk appetite corresponding to its business strategies. Each Board Risk and Compliance Committee ("BRCC") reports directly to the respective Boards and assumes responsibility on behalf of the respective Boards for the supervision of risk management and control activities. Each BRCC determines the relevant entity's risk strategies and policies, keeping them aligned with the principles within the risk appetite. Each BRCC also oversees the implementation of the Group EWRM framework, provides strategic guidance and reviews the decisions of the Group Risk and Compliance Committee ("GRCC").

To facilitate the effective implementation of the Group EWRM framework, the BRCC has established various specialised/sub-risk committees within the Group, each with distinct lines of responsibilities and functions, which are clearly defined in the terms of reference.

The responsibility of risk management supervision and control is delegated to the GRCC, which reports directly to the BRCC. The GRCC, comprising senior management of the Group, performs the oversight function for the overall management of risks. The GRCC is supported by specialised/sub-risk committees, namely Group Credit Committee ("GCC"), Group Market and Conduct Risk Committee("GMCRC"), Group Operational & Resiliency Risk Committee, Group Asset Liability Management Committee, Group Asset Quality Committee, Group Basel Steering Committee, Management Product Approval Committee for Treasury Products, and Management Product Approval Committee for Non-Treasury Products, each addressing one or more of the following:

- Credit risk, defined as the possibility of losses due to an obligor, market counterparty or an issuer of securities or other instruments held, failing to perform its contractual obligations to the Group;
- Market risk, defined as any fluctuations in the value of financial instruments due to changes in market risk factors such as profit rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility;
- Liquidity and Funding risk, defined as the current and potential risk to earnings, shareholders' funds or reputation arising from the inability to efficiently meet its present and future (both anticipated and unanticipated) funding needs or regulatory obligations when they come due, which may adversely affect its daily operations and incur unacceptable losses;
- Rate of return risk in the banking book, which is the current and potential risk to the Group's earning and economic value arising from movement in profit rates;

54 Financial Risk Management (Continued)

(c) Risk Governance (Continued)

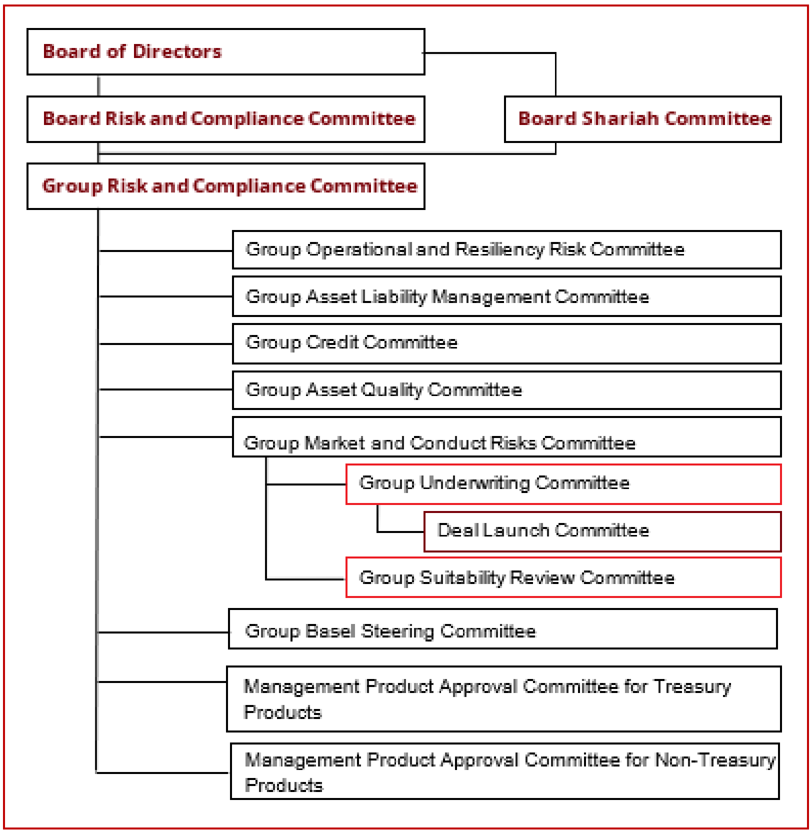
- Capital risk, defined as the risk of a bank not having sufficient capital to withstand potential losses suffered in its operations. Capital is important as it can be used to pay depositors, customers, creditors, and other claimants in case there is insufficient liquidity during a crisis;
- Model risk is defined as the type of risk that the method used to measure or quantify the bank's material risk is not accurate due to deterioration of model, hence limiting the usefulness and application of the model itself. It also covers improper implementation and improper usage of methods developed to quantify risk;
- Operational risk, defined as the risk of loss resulting from inadequate or failed processes, people and systems, or from external events. It includes legal risk but excludes strategic and Shariah non-compliance risks;
- Fraud risk, defined as the risk of loss resulting from an act or course of deception or omission with the intention to conceal, omit, distort, misrepresent, falsify or etc. to: (i) gain unlawful/illegal/unfair personal advantages, (ii) induce another individual(s) to surrender willing/unwilling of a legal right/possession or (iii) damage another individual(s) resulting in a loss to another;
- Reputation risk is defined as the current or prospective risk to earnings and capital arising from the adverse perception by the stakeholders about the Group's business practices, conduct or financial condition. Such adverse perception, whether true or not, may impair public confidence in the Group, result in costly litigation, or lead to a decline in its customer base, business, revenue or share price.
- Technology risk, is the risk of loss resulting from inadequate or weaknesses in strategy, people, process, technology (including emerging technologies e.g. Cloud Artificial Intelligence etc.) or external events, which includes cyber risks, financial risk, regulatory/compliance risk and the risk of reputational loss/damage;
- Outsourcing risk, defined as the risk emanating from outsourcing arrangements that could result in a disruption to business operations, financial loss or reputational damage to the Group. As the organization moves towards Third Party Risk Management, the definition above will extend to non-outsourced service providers which the organization places reliance on to operate and deliver services to our customers;

54 Financial Risk Management (Continued)

(c) Risk Governance (Continued)

- Shariah Non Compliance ("SNC") risk, defined as the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which CIMB Group may suffer arising from failure to comply with Shariah requirements determined by Shariah Advisory Council ("SAC") of BNM and Securities Commission ("SC"), including standards on Shariah matters issued by BNM pursuant to Section 29(1) of the IFSA, or decisions or advice by Board Shariah Committee ("BSC") of CIMB Islamic Bank; or other Shariah regulatory authorities of the jurisdictions where the Group operates;
- Regulatory compliance risk, defined as the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which CIMB Group may suffer arising from possible failure to comply with the applicable laws and regulations of the jurisdictions in which the Group operates; and
- Sustainability risk, defined as the risk of financial and non-financial impact arising from environmental, social and ethical issues stemming from transactions and/or activities associated with a business relation and its operations, and/or the Group's own internal operations and employees.

The structure of CIMB Group Risk Committees is depicted in the following chart:



54 Financial Risk Management (Continued)

(c) Risk Governance (Continued)

The overseas subsidiaries' risk committees are set-up in a similar structure in their respective jurisdictions. Whilst recognising the autonomy of the local jurisdiction and compliance to local requirements, the Group strives to ensure a consistent and standardised approach in its risk governance process. As such, the Group and regional committees have consultative and advisory responsibilities on regional matters across the Group as regulators allow. This structure increases regional communication and sharing of technical knowledge and best practice. It further enhances support towards managing and responding to risk management issues, thus providing the Board with a comprehensive view of the activities within the Group.

In addition to the CIMB Group Risk Committees, the Group has established a Group Sustainability and Governance Committee ("GSGC") consisting of Independent Directors to assist the Board in fulfilling its responsibilities in advocating and fostering a culture/DNA of sustainability, ethical conduct, and integrity across the Group.

Sustainability is also embedded in the roles and responsibilities of various Board Committees. To ensure information-symmetry and consensus across all Board Committees and entity boards, with regards to the direction and progress of the Group's sustainability and climate change strategy deliberated at the GSGC, selected GSGC members and business units such as Group Sustainability are responsible for providing relevant updates and inputs to the various Board Committees and entity boards on a periodic basis.

54 Financial Risk Management (Continued)

Risk Governance (Continued)

Three Lines-of-Defence

The Group's risk management culture is embodied through the adoption of the Three Lines-of-Defence philosophy, whereby risks are managed initially from the onset of risk-taking activities. This is to ensure clear accountability of risks across the Group and Group Risk as an enabler of business units. As a first line-of-defence, the line management (including key Business Pillars and Enablers) is primarily responsible for risk management on a day-to-day basis by taking appropriate actions to mitigate risks through effective controls. There is an embedded Risk Control Unit (RCU) within the first line-of-defence, which provides advice, support, and assurance for risk & compliance related matters within the Business Pillars and Enablers. The second line-of-defence provides oversight and performs independent monitoring of business activities with reporting to the Management to ensure that our Group conducts business and operates within the approved appetite and is in compliance with the regulations. The third line-of-defence is Group Corporate Assurance Division ("GCAD") who provides independent assurance of the adequacy and effectiveness of the internal controls and risk management processes.

The Roles of Group Chief Risk Officer ("CRO") and Group Risk Division ("GRD")

Within the second line-of-defence is GRD, a function independent of business units. It assists the Group's management and stakeholders in the monitoring and controlling of risk exposures within the Board-approved risk appetite statement.

GRD is headed by the Group CRO, appointed by the Board to lead the Group-wide risk management functions, including implementation of the Group EWRM framework. The Group CRO:

a) Actively engages the respective Boards and senior management on risk management issues and initiatives; and

b) Maintains an oversight on risk management functions across all entities within the Group. In each key country of operations, there is a local CRO or Head of Risk Management, whose main functions are to assess and manage the enterprise risk and liaise with regulators in the respective countries.

54 Financial Risk Management (Continued)

(c) Risk Governance (Continued)

The Roles of Group Chief Risk Officer ("CRO") and Group Risk Divsion ("GRD") (Continued)

The organisational structure of Group Risk is made up of two major components, namely the CRO and the Risk Centres of Excellence ("CoE"):

a) CRO

- The Group CRO is supported by the CROs who oversee the risk management functions in overseas branches and banking subsidiaries.
- CRO's main function is to assess and manage the enterprise risk and liaise with regulators in the respective country/entity under his/her purview.
- For countries where a CRO is not present and/or not required, a local Head of Risk Management is appointed to be the overall risk coordinator for that country.

b) Risk Centres of Excellence

- These are specialised teams of risk officers responsible for the active oversight of Group-wide functional risk management and the teams support respective CROs in the various geographies.
- The Risk CoEs consist of Asset Liability Management, Credit Risk, Market Risk, Non-Financial Risk Management (comprising Operational, Business Continuity Management, Technology, Outsourcing & Fraud Risk Management), Shariah Risk Management and Enterprise Risk and Infrastructure CoEs.

54 Financial Risk Management (Continued)

(c) Risk Governance (Continued)

The Roles of Group Chief Risk Officer ("CRO") and Group Risk Division ("GRD") (Continued)

b) Risk Centres of Excellence (Continued)

i. Asset Liability Management CoE

The Asset Liability Management CoE recommends the framework and policies for the independent assessment, measurement, monitoring and reporting of liquidity and funding risk and rate of return risk in the banking book. It conducts regular stress testing on the Group's liquidity and rate of return risk profile, by leveraging on the standardised infrastructure it has designed, built and implemented across the region. It provides the framework and tools for maintenance of the early warning system indicators and contingency funding plan by business owners across the Group.

ii. Credit Risk CoE

The Credit Risk CoE consists of Retail and Non-Retail credit risk and is dedicated to the identification and assessment, measurement, management, monitoring and reporting of credit risk in the Group. The scope under the CoE function include areas ranging from development of credit risk policies, procedures and standards to advance portfolio analytics, and use of credit risk modelling (including rollout of alternative credit underwriting models leveraging on machine learning techniques for retail portfolios).

iii. Market Risk CoE

The Market Risk CoE recommends the framework and policies for the independent assessment, measurement and monitoring of market risk. This is operationalised through the review of treasury positions versus limits framework, performing Mark-to-Market valuation, validation of financial models, calculating Value-at-Risk ("VaR") and market risk capital, as well as performing stress testing.

54 Financial Risk Management (Continued)

(c) Risk Governance (Continued)

The Roles of Group Chief Risk Officer ("CRO") and Group Risk Division ("GRD") (Continued)

b) Risk Centres of Excellence (Continued)

iv. Non-Financial Risk Management CoE

The Non-Financial Risk Management ("NFRM") CoE ensures the first line-of-defence manages their operational risk by providing an operational risk framework that enables them to identify, assess, manage and report their operational risks.

The team also provides constructive challenge and assessment to the first line-of-defence's execution of the operational risk framework and acts as a consultant with the Group in providing operational risk expertise and reporting to senior management.

v. The Shariah Risk Management CoE

The Shariah Risk Management (SRM) CoE facilitates the process of identifying, measuring, controlling and monitoring SNC risks inherent in the Group's Islamic banking business and services. It formulates, recommends and implements appropriate SRM policies and procedures; as well as develops and implements processes to mitigate SNC risk and conducts training to enhance level of awareness on SNC risk.

54 Financial Risk Management (Continued)

(c) Risk Governance (Continued)

The Roles of Group Chief Risk Officer ("CRO") and Group Risk Division ("GRD") (Continued)

b) Risk Centres of Excellence (Continued)

vi. Enterprise Risk And Infrastructure CoE

The Enterprise Risk and Infrastructure CoE ensures the Group's compliance to capital adequacy and single counterparty exposure limit ("SCEL") regulatory requirements, including Basel and underwriting model development, implementation and validation of risk models, and management of risk data for credit risk measurement and risk reporting across the Group. In addition, the climate risk unit within the CoE is responsible for working with Group Sustainability, various risk CoEs and business units to implement climate risk management at an enterprise level, in support of the Group's 2050 net-zero ambition, which is to transition all operational and attributable greenhouse gas emissions from the Group's financing and investment portfolios in alignment with net-zero pathways by 2050.

Sustainability risk (including climate risk) is recognised as a principal and cross-cutting risk that manifests itself through existing risk types. Due to the cross-cutting nature of Sustainability risk, the implementation of Group-wide ustainability governance framework is currently spearheaded and managed by Group Sustainability as the Sustainability CoE, which sits outside of Group Risk. Notwithstanding this, Sustainability risk has been and will continue to be integrated into the Group's existing risk management frameworks.

Strategies and Processes for Various Risk Management

These information are available in later sections for each Credit Risk, Market Risk and Liquidity Risk.

54 Financial Risk Management (Continued)

54.1 Credit Risk

Credit is defined as the possibility of losses due to an obligor or market counterparty or an issuer of securities or other instruments held, failing to perform its contractual obligations to the Group.

Credit risk is inherent in banking activities and arises from traditional financing activities through financing facilities, trade finance as well as commitments to support client's obligation to third parties, e.g. guarantees or kafalah contracts. In derivatives, sales and trading activities, credit risk arises from the possibility that the Group's counterparties will be unable or unwilling to fulfil their obligation on transactions on or before settlement dates.

Credit Risk Management

Without effective credit risk management, the impact of the potential losses can be overwhelming. The purpose of credit risk management is to keep credit risk exposure to an acceptable level vis-à-vis the capital, and to ensure the returns commensurate with risks.

Consistent with the Three Lines-of-Defence model on risk management where risks are managed initially from the onset of risk-taking activities, the Group implemented the risk-based delegated authority framework. This promotes clarity of risk accountability whereby the business unit, being the first line-of-defence, manages risk in a proactive manner and Group Risk being independent from the business units, functions as the second line-of-defence. This enhances the collaboration between Group Risk and the business units.

The risk-based delegated authority framework encompasses joint delegated authority, enhanced credit approval process and a clear set of policies and procedures that defines the limits and types of authority designated to the specific individuals.

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

Credit Risk Management (Continued)

The Group adopts a multi-tiered credit approving authority spanning from the delegated authorities at business level, joint delegated authorities between business units and Group Risk, to the various credit committees. The credit approving committees are set up to enhance the efficiency and effectiveness of the credit oversight as well as the credit approval process for all credit applications originating from the business units. For corporate, commercial and private banking financings, credit applications are independently evaluated by Credit Risk- (Non-Retail) CoE team prior to submission to the joint delegated authority or the relevant committees for approval; certain business units' officers are delegated with credit approving authority to approve low valued credit facilities. In addition, for financing to sectors and clients that are exposed to high environmental and social risks, the Sustainability CoE conducts due diligence from an environmental and social point of view. For retail financing, Consumer Credit Operations evaluates and approves the credit applications according to the designated delegated authority; higher financings limits will be approves by joint delegated authority or relevant committees.

The GRCC with the support of Group Credit Committee, other relevant credit committees as well as Group Risk, is responsible for ensuring adherence to the Board's approved risk appetite and risk exposure. This, amongst others, includes reviewing and analysing portfolio trends, asset quality, watch-list reporting and policy reviews. The committee is also responsible for articulating key credit risks and its mitigating controls.

Adherence to and compliance with country sector limit, single customer and country and global counterparty limits, are approaches adopted to address concentration risk to any large sector or industry, or to a particular counterparty group or individual. In view of the tightening regulations around climate change and to support the Group's Net Zero commitment by 2050, a climate overlay focusing on sector sensitivity to transition risks (which references the Transition Risk Heatmap developed under United Nations Environment Program Finance Initiative) was integrated into Group Risk's Country Sector Limit Methodology for 2024. In order to ensure sustainability considerations are accounted for in the early stages of business planning, an overall sustainability rating was also developed and applied alongside other risk factors as part of the Risk Posture setting for 2024 to set the high level risk direction for the Group and its entities before the formal budget process starts.

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

Credit Risk Management (Continued)

Adherence to the above established credit limits is monitored daily by Group Risk, which combines all exposures for each counterparty or group, including off balance sheet items and potential exposures. For retail products, portfolio limits are monitored monthly by Group Risk.

It is the Group policy that all exposures must be rated or scored based on the appropriate internal rating models, where available. Retail exposures are managed on a portfolio basis and the risk rating models are designed to assess the credit worthiness and the likelihood of the obligors to pay their obligations, performed by way of statistical analysis from credit bureau and demographic information of the obligors. The risk rating models for non-retail exposures are designed to assess the credit worthiness of the corporations or entities in paying their obligations, derived from both quantitative and qualitative risk factors such as financial history and demographics or company profile. These rating models are developed and implemented to standardise and enhance the credit underwriting and decision-making process for the Group’s retail and non-retail exposures.

Credit reviews and rating are conducted on the non-retail credit exposures at minimum on an annual basis and more frequently when material information on the obligor or other external factors is made available.

The exposures are actively monitored, reviewed on a regular basis and reported regularly to the GRCC and BRCC. Asset quality is closely monitored so that deteriorating exposures are identified, analysed and discussed with the relevant business units for appropriate remedial actions including recovery actions, if required.

The Group recognises that our financing activities may have an impact on the environment and society and such impact may in turn result in potential financial and reputational risks to the Group. Our sustainable financing approach integrates environmental, social and economic/ethical considerations into our credit risk assessment process for our financing practices and capital raising transactions, whereby clients and transactions identified to have high sustainability risk or potential concern are subject to a structured due diligence and escalation process. Refer to the section on Sustainability Risk for further details.

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

Credit Risk Management (Continued)

The Group quantifies credit concentration risk by leveraging on the credit VaR engine, CreditMetrics. Using the CreditMetrics approach, the portfolio's Value at Risk is estimated after taking into account effects of portfolio diversification across obligors and sectors. Hence, the risk computed covers both default/credit migration risk as well as credit concentration risk (single name and sector concentration).

Credit Risk Mitigation

The employment of various credit risk mitigation techniques such as appropriate credit structuring, and posting of collateral and/or third party support form an integral part of the credit risk management process. Credit risk mitigants are taken where possible and are considered secondary recourse to the obligor for the credit risk underwritten.

i) Collaterals/Securities

All extension of secured credit facilities deemed prudent, must be appropriately and adequately collateralised. A credit proposal is considered secured only when the entire proposal is fully covered by approved collateral/securities within their approved margins as set out in the relevant credit policy standard. GCC or the relevant credit approving authority is empowered to approve any inclusion of new acceptable collaterals/securities.

Recognised collaterals include both financial and physical assets. Financial collaterals consist of mainly cash deposits, quoted shares, unit trusts and sukuk/securities, while physical collateral includes land, buildings and vehicles. Guarantors accepted are in line with BNM's CAFIB (Risk-Weighted Assets) guidelines. Eligible credit protection is also used to mitigate credit losses in the event that the obligor/counterparty defaults.

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

Credit Risk Mitigation (Continued)

ii) Collateral Valuation and Management

The Group has in place policies which govern the determination of eligibility of various collaterals including credit protection, to be considered for credit risk mitigation which includes the minimum operational requirements that are required for the specific collaterals to be considered as effective risk mitigants.

The collateral is valued periodically ranging from daily to annually, depending on the type of collateral. Specifically for real estate properties, a procedure for valuation of real estate properties is established to ensure adequate policies and procedures are in place for efficient and proper conduct of valuation of real estate properties and other related activities in relation to the interpretation, monitoring and management of valuation of real estate properties.

iii) Netting

In mitigating the counterparty credit risks in foreign exchange and derivative transactions, the Group enters into master agreements that provide for closeout netting with counterparties, whenever possible. A master agreement that governs all transactions between two parties, creates greater legal certainty that the netting of outstanding obligations can be enforced upon termination of outstanding transactions if an event of default occurs.

iv) Portfolio diversification for better clarity

The Group avoids unwanted credit or market risk concentrations by diversifying the portfolios through a number of measures. Amongst others, there are guidelines in place relating to maximum exposure to any products, counterparty, sectors and country.

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

Credit Risk Measurement

The measurement of expected credit loss allowance under the MFRS 9's three-stage approach is to recognise lifetime expected credit loss allowance for financial instrument for which there has been a significant increase in credit risk since initial origination or is credit-impaired as at the reporting date. The financial instrument which has not undergone any significant deterioration shall be recognised with 12-month expected credit loss allowance.

Under the three-stage approach, the financial instrument is allocated into three stages based on the relative movement in the credit risk.

- Stage 1 includes financial instruments that neither have a significant increase in credit risk since initial recognition nor credit-impaired as at reporting date. For these assets, 12-month expected credit loss allowance are recognised.
- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime expected credit loss allowance are recognised.
- Stage 3 includes financial instruments that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit loss allowance are recognised.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their expected credit loss allowance is always measured on a lifetime basis (Stage 3).

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard on the measurement of allowances are:

(i) Significant increase in credit risk ("SICR")

The assessment of SICR shall be a multifactor and holistic analysis and based on a mixture of quantitative and/or qualitative information. To determine whether the risk of default of a financing has increased significantly since initial recognition, the current risk of default at the reporting date is compared with the risk of default at initial recognition.

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

Credit Risk Measurement (Continued)

(i) Significant increase in credit risk (“SICR”) (Continued)

Retail

A retail financing, advances and other financing/loans is perceived to have experienced significant increase in credit risk when the asset meets one of the following criteria:

- Past due for more than 1 month on its contractual payment;
- Habitual delinquent;
- Modified under Agensi Kaunseling dan Pengurusan Kredit (“AKPK”) scheme and subject to monitoring period.

Non-retail

The stage allocation will be performed at customer level. A customer is considered to have credit risk increased significantly since initial recognition if any of the following criteria is met:

- Significant downgrade of internal rating;
- Customer on watchlist and exhibits weaknesses which, if uncorrected, will potentially become a non-performing account in the next 12 months;
- Past due for more than 1 month on its contractual payment;
- Habitual delinquent.

Treasury

A debt instrument is considered to have credit risk increased significantly since initial recognition if any of the following criteria is met:

- Significant downgrade of internal rating;
- Customer on watchlist and exhibits weaknesses which will potentially become a non-performing account in the next 12 months;
- Margin call or force selling trigger not regularalised within the stipulated period (applicable to option premium financing only).

The Group has not used the low credit risk exemption for any financial instruments for the financial year ended 31 December 2024 and 31 December 2023. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the Management.

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

Credit Risk Measurement (Continued)

(ii) Definition of credit impaired

Financing, advances and other financing/loans

The Group classified a financing, advances and other financing/loans as impaired when it meets one or more of the following criteria:

(a) Where the principal or profit or both of the credit facility is past due for more than 90 days or 3 months;

(b) In the case of revolving credit facilities (e.g. cashline facilities), where the outstanding amount has remained in excess of the approved limit for a period of more than 90 days or 3 months;

(c) Where the amount is past due or the outstanding amount has been in excess of the approved limit for 90 days or 3 months or less, and the credit facility exhibits weaknesses in accordance with the Group's internal credit risk rating framework; or

(d) As soon as a default occurs where the principal and /or profit payments are scheduled on intervals of 3 months or longer.

For the purpose of ascertaining the period in arrears:
- Payment on each of the instalment amount must be made in full. A partial payment made on an instalment amount shall be deemed to be still in arrears; and
- Where a moratorium on credit facilities is granted in relation to the rescheduling and restructuring exercise due to specific and exceptional circumstances as set in the Group's internal policy, the determination of period in arrears shall exclude the moratorium period granted.

(e) Force Impaired Credit Facilities

The credit facility is force impaired due to various reasons which may include the following: PN17 classification by Bursa, bankruptcy/winding up orders, appointment of Independent Financial Advisor/Liquidator/Receivers & Managers, ceased operations and/or suspended with no likelihood of resuming in the next 12 months, business viability is affected with payment capability in doubt resulting in going concern issue in the near term, etc. In the event where a credit facility is not in default or past due but force impaired, the credit facility shall be classified as impaired upon approval by GAQC.

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

Credit Risk Measurement (Continued)

(ii) Definition of credit impaired (Continued)

Financing, advances and other financing/loans (Continued)

(f) Cross Default

When an obligor/counterparty has multiple credit facilities with the Group and cross default obligation applies, an assessment of provision is required under which default of one debt/financing obligation triggers default on another debt/financing obligation (cross default). Where there is no right to set off clause is available, assessment of provision needs to be performed on individual credit facility level instead of consolidated obligor/counterparty level.

Sukuk and other debt instruments measured at amortised cost or FVOCI

The financial instruments are classified as impaired when it meets one or more of the following criteria:

- Sukuk that have an internal rating of 14 and above shall be classified as impaired upon approval by relevant approval authority. Impaired credits must be graded / classified with the appropriate regulatory financing grading(s).
- Sukuk which are force impaired and approved by Group Asset Quality Committee will be subject to individual impairment assessment.
- When an obligor/counterparty has multiple financing, advances and other financing/loans/sukuk with the Group and cross default obligation applies, an assessment of provision is required under which default of one debt obligation triggers default on another debt obligation (cross default). Where there is no right to set off clause is available, an assessment of provision needs to be performed on individual financing, advances and other financing/loans/sukuk level instead of consolidated obligor/counterparty level.

54.1 Credit Risk (Continued)

Credit Risk Measurement (Continued)

(iii) Definition of default

Financing, advances and other financing/loans

The Group defines a financial instrument as in default when it meets one or more of the following criteria:

- Credit-impaired;
- Restructured accounts by AKPK scheme;
- Write-off / charged-off accounts;
- Repossessed accounts (applicable for hire purchase financings only);
- Force disposed accounts (applicable for non-voluntary Amanah Saham Bumiputera (“ASB”) financing only).

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (“PD”), Exposure at Default (“EAD”) and Loss given Default (“LGD”) throughout the Group’s expected loss calculations for financing, advances and other financing/loans.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

Sukuk and other debt instruments measured at amortised cost or FVOCI

The default criteria is fully aligned with external rating agency’s default definition as the Group has chosen to benchmark external data for modelling purposes:

- Failure to make principal and/or profit payment under the contractual terms, which is not remedied within the grace period.
- Bankruptcy filings, administration, receivership, liquidation, winding-up or cessation of business of issuer/obligor.
- Failure to honor corporate-guarantee obligations provided to subsidiaries.
- Distressed exchange offer (e.g. extended maturities, lower coupons and etc.).
- Change in payment terms of a credit arrangement or indenture imposed by the sovereign that results in a diminished financial obligation.

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

Credit Risk Measurement (Continued)

(iv) Measuring ECL - inputs, assumptions and estimation techniques

The Group assesses on a forward looking basis the expected credit losses ("ECL") associated with its advances and financing. The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The 12-month or lifetime ECL reflects multiple forward-looking scenarios and is weighted based on the probability of occurrence for each scenario. The ECL can be assessed and measured either on collective or individual basis.

For collective assessment, the ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. The three components are multiplied together to calculate an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective profit rate or an approximation thereof.

For individual assessment, the ECL allowance is determined by comparing the outstanding exposure with the present value of cash flow which is expected to be received from the customer.

<u>Probability of Default</u>

The PD represents the likelihood of a customer will be unable to meet its financial obligation either over the next 12 months (12-month PD) or over the remaining lifetime (Lifetime PD) of the obligation.

The PD is derived based on the modelling approach of which statistical analysis and expert judgement was performed to identify the risk parameters which correlate with the historical observed default. The model relies on the risk parameters and its correlation with the historical observed default to predict the 12-month PD. The Lifetime PD is developed using forecasted MEV with the application of survival probabilities up to maturity of the financing facility.

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

Credit Risk Measurement (Continued)

(iv) Measuring ECL - inputs, assumptions and estimation techniques (Continued)

Exposure at Default

EAD is the total amount that the Group is exposed to at the time the customer defaults.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayment financings, this is based on the contractual repayments owed by the customer over a 12 month or remaining maturity.
- For revolving products the exposure at default is predicted by taking current disbursed balance and adding a "credit conversion factor" which allows for the expected disbursement of the remaining limit by the time of default.

Loss Given Default

LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.

- For unsecured products, LGD's are typically set at product level due to the limited differentiation in recoveries achieved across different customers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

The assumptions underlying the ECL calculation are monitored and reviewed periodically. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

Credit Risk Measurement (Continued)

(v) Forward-looking information incorporated into the ECL models

The estimation of ECL incorporates forward-looking information. The Group has performed statistical analysis based on historical experience and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. The relationship of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of PD and LGD. These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables are sourced from Group's Economics team.

The Group applies three economic scenarios to reflect an unbiased probability-weighted range of possible future outcome in estimating ECL:

Base case: This represents 'most likely outcome' of future economic conditions which is aligned with information used by the Group for other purposes such as budgeting and stress testing.

Best and Worst case: This represents the 'upside' and 'downside' outcome of future economic conditions.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to some degree of inherent uncertainty and therefore the actual outcomes may be different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and are appropriately representative of the range of possible scenarios. The scenario weightage, number of scenarios and their attributes are reassessed periodically.

The Group and the Bank have also identified the key economic variables and carried out sensitivity assessment of ECL for financing, advances and other financing/loans (including undisbursed financing, advances and other financing/loans) and treasury sukuk in relation to the changes in these key economic variables while all other variables remain constant. The sensitivity factors used are derived based on expected standard deviation determined for each key economic variables to assess the impact on the ECL of the Group and the Bank.

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

Credit Risk Measurement (Continued)

(v) Forward-looking information incorporated into the ECL models (Continued)

The key economic variables used for the ECL sensitivity assessment:

Key variables:	31 December 2024 Changes (+/- bps)	31 December 2023 Changes (+/- bps)
GDP growth	75	50
Equity market index	300	50
Housing Price Index (HPI)	75	50
Overnight policy rate (OPR)	25	50

	The Group and the Bank (Writeback)/made 31 December 2024		The Group and the Bank Writeback 31 December 2023	
	RM'000	RM'000	RM'000	RM'000
	+	-	+	-
Impact on expected credit losses	(13,957)	25,127	(257)	(2,349)

The impact captures the non-linearity and offsetting effect arising from the correlation of variables with the ECL and does not reflect any overlay or adjustment which could potentially be put in place as a result of the change in macroeconomics.

(vi) Grouping of exposure for ECL measured on collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

In performing this grouping, there must be sufficient information for the Group to be statistically credible. Where sufficient information is not available internally, the Group has considered benchmarking internal/external supplementary data to use for modelling purposes.

The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk and Modelling team.

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

Credit Risk Measurement (Continued)

Write off policy

Write-off is usually taken when relevant recovery actions have been exhausted or further recovery is not economically feasible or justifiable. When a financing, advances and other financing/loans or debt instrument is deemed uncollectible, it is written off against the related allowance for impairment. Such financing, advances and other financing/loans are either written off in full or partially after taking into consideration the realisable value of collateral (if any) and when in the judgement of the Management, there is no prospect of recovery. All write-offs must be approved by the Board or its delegated authorities.

The Group and the Bank may write-off financing, advances and other financing/loans or debt instrument that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the financial year ended 31 December 2024 was RM326 million (2023: RM219 million) for the Group and the Bank.

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

Credit Risk Measurement (Continued)

Modification of financing, advances and other financing/loans

Where the original contractual terms of a financial asset have been modified and the instrument has not been derecognised, the resulting modification loss is recognised in the income statements with a corresponding decrease in the gross carrying value of the asset.

If the modification involved a concession that the Group would not otherwise consider, the instrument is considered to be credit impaired and is considered forborne. ECL for modified financial assets that have not been derecognised and are not considered to be credit-impaired will be recognised on a 12-month basis, or a lifetime basis, if there is a significant increase in credit risk.

These assets are assessed to determine whether there has been a significant increase in credit risk subsequent to the modification. The risk of default of such financing, advances and other financing/loans after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original financing, advances and other financing/loans. The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

Credit Risk Measurement (Continued)

Off-Balance Sheet Exposures and Counterparty Credit Risk (CCR)

Off-Balance Sheet exposures are exposures such as derivatives, trade facilities and undisbursed commitments. The Group adopts the Current Exposure method to compute the capital requirement for CCR under BNM's guidelines on CAFIB (Risk-Weighted Assets).

i) Credit Risk Mitigation

For credit derivatives and swaps transactions, the Group enters into master agreement with counterparties, whenever possible. Further, the Group may also enter into Credit Support Annexes, International Swaps and Derivatives Association Agreement ("CSA") with counterparties. The net credit exposure with each counterparty is monitored based on the threshold agreed in the master agreement and the Group may request for additional margin for any exposures above the agreed threshold, in accordance with the terms specified in the relevant CSA or the master agreement. The eligibility of collaterals and frequency calls are negotiated with the counterparty and endorsed by GCC or the relevant credit approving authority.

ii) Treatment of Rating Downgrade

In the event of a one-notch downgrade of rating, based on the terms of the existing CSA and exposure as at 31 December 2024 and 31 December 2023, there was no requirement for additional collateral to be posted.

On the other hand, counterparty rating is being monitored and in the event of a rating downgrade, remedial actions such as revision of the counterparty credit limit, suspension of the limit or the request for additional collateral may be taken.

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

54.1.1 Maximum exposure to credit risk (without taking into account any collateral held or other credit enhancements)

For financial assets reflected in the statement of financial position, the exposure to credit risk equals their carrying amount. For financial guarantees and similar contract granted, it is the maximum amount that the Group and the Bank would have to pay if the guarantees were called upon. For credit related commitments and contingents that are irrevocable over the life of the respective facilities, it is generally the full amount of the committed facilities.

All financial assets of the Group and the Bank are subject to credit risk except for cash in hands, securities instruments in financial investments at fair value through profit or loss, unit trust in debt instruments at fair value through other comprehensive income, equity instruments at fair value through other comprehensive income, statutory deposits with central banks as well as non-financial assets.

	The Group and the Bank	
	31 December 2024	**31 December 2023**
	RM'000	**RM'000**
Financial guarantees	**498,641**	410,004
Credit related commitments and contingencies	**32,153,666**	31,246,818
	32,652,307	31,656,822

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for net financing, advances and other financing/loans for the Group and the Bank is 76.4% (2023: 72.6%) while the financial effect of collateral for derivatives for the Group and the Bank is 80.0% (2023: 81.9%). The financial effects of collateral held for the remaining financial assets are insignificant.

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for net financing, advances and other financing/loans that are credit impaired as at 31 December 2024 for the Group and the Bank is 81.5% (2023: 77.9%).

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

54.1.2 Offsetting financial assets and financial liabilities

(a) Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements - by type

	Gross amounts of recognised financial assets in the statement of financial position RM'000	Gross amounts of offsetted financial liabilities in the statement of financial position RM'000	Net amounts of financial assets in the statement of financial position RM'000	Related amounts not offsetted in the statement of financial position: Financial instruments RM'000	Related amounts not offsetted in the statement of financial position: Financial collaterals RM'000	Net amount RM'000
The Group and the Bank						
31 December 2024						
Financial assets						
Reverse Collateralised Commodity Murabahah	**1,734,605**	**-**	**1,734,605**	**-**	**(1,588,414)**	**146,191**
Derivative assets	**783,366**	**-**	**783,366**	**(562,229)**	**(64,283)**	**156,854**
Total	**2,517,971**	**-**	**2,517,971**	**(562,229)**	**(1,652,697)**	**303,045**
31 December 2023						
Financial assets						
Reverse Collateralised Commodity Murabahah	700,067	-	700,067	-	(684,466)	15,601
Derivative assets	357,161	-	357,161	(269,431)	(23,144)	64,586
Total	1,057,228	-	1,057,228	(269,431)	(707,610)	80,187

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

54.1.2 Offsetting financial assets and financial liabilities (Continued)

(b) Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements - by type

	Gross amounts of recognised financial liabilities in the statement of financial position RM'000	Gross amounts of offsetted financial assets in the financial position RM'000	Net amounts of financial liabilities in the statement of financial position RM'000	Related amounts not offsetted in the statement of financial position		
				Financial instruments RM'000	Financial collaterals RM'000	Net amount RM'000
The Group and the Bank						
31 December 2024						
Financial liabilities						
Collateralised Commodity Murabahah	**4,349,732**	**-**	**4,349,732**	**(4,349,732)**	**-**	**-**
Derivative liabilities	**629,503**	**-**	**629,503**	**(562,229)**	**-**	**67,274**
Total	**4,979,235**	**-**	**4,979,235**	**(4,911,961)**	**-**	**67,274**
31 December 2023						
Financial liabilities						
Collateralised Commodity Murabahah	2,229,121	-	2,229,121	(2,229,121)	-	-
Derivative liabilities	433,440	-	433,440	(269,431)	-	164,009
Total	2,662,561	-	2,662,561	(2,498,552)	-	164,009

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

54.1.3 Concentration of risks of financial assets with credit risk exposure

A concentration of 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 or other conditions.

(a) Geographical sectors

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2024 and 31 December 2023 are as follows:

	The Group 31 December 2024						
	Malaysia	Indonesia	Singapore	United States	United Kingdom	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	8,155,438	2,466	4,600	5,825	467	7,574	8,176,370
Reverse Collateralised Commodity Murabahah	1,734,605	-	-	-	-	-	1,734,605
Deposits and placements with banks and other financial institutions	603,136	-	-	-	-	-	603,136
Financial assets at fair value through profit or loss	5,560,117	-	-	-	-	-	5,560,117
Debt instruments at fair value through other comprehensive income	7,229,968	-	-	-	-	-	7,229,968
Debt instruments at amortised cost	14,582,905	-	-	-	-	-	14,582,905
Islamic derivative financial instruments	764,577	-	-	-	-	18,789	783,366
Financing, advances and other financing/loans	131,414,085	-	-	-	-	-	131,414,085
Other assets	174,637	-	8,446	-	-	170	183,253
Amount due from holding company and ultimate holding company	628,501	-	-	-	-	-	628,501
Amount due from related companies	4	-	46	-	1	-	51
Financial guarantees	498,641	-	-	-	-	-	498,641
Credit related commitments and contingencies	31,632,049	105	49,603	-	742	471,167	32,153,666
Total credit exposures	202,978,663	2,571	62,695	5,825	1,210	497,700	203,548,664

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

54.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

(a) Geographical sectors (Continued)

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2024 and 31 December 2023 are as follows: (Continued)

	The Group 31 December 2023						
	Malaysia	Indonesia	Singapore	United States	United Kingdom	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	10,477,625	1,132	4,163	28,161	1,017	5,713	10,517,811
Reverse Collateralised Commodity Murabahah	700,067	-	-	-	-	-	700,067
Deposits and placements with banks and other financial institutions	138,065	-	-	-	-	-	138,065
Financial assets at fair value through profit or loss	3,754,473	-	-	-	-	-	3,754,473
Debt instruments at fair value through other comprehensive income	5,362,764	-	-	-	-	-	5,362,764
Debt instruments at amortised cost	13,995,085	-	-	-	-	-	13,995,085
Islamic derivative financial instruments	355,406	-	-	-	-	1,755	357,161
Financing, advances and other financing/loans	121,476,487	-	-	-	-	-	121,476,487
Other assets	317,717	-	5,049	-	-	-	322,766
Amount due from holding company and ultimate holding company	635,013	-	-	-	-	-	635,013
Amount due from related companies	32	-	-	-	8	-	40
Financial guarantees	410,004	-	-	-	-	-	410,004
Credit related commitments and contingencies	31,042,365	22,647	29,814	-	1,082	150,910	31,246,818
Total credit exposures	188,665,103	23,779	39,026	28,161	2,107	158,378	188,916,554

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

54.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

(a) Geographical sectors (Continued)

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2024 and 31 December 2023 are as follows: (Continued)

	The Bank 31 December 2024						
	Malaysia	Indonesia	Singapore	United States	United Kingdom	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	8,155,438	2,466	4,600	5,825	467	7,574	8,176,370
Reverse Collateralised Commodity Murabahah	1,734,605	-	-	-	-	-	1,734,605
Deposits and placements with banks and other financial institutions	603,136	-	-	-	-	-	603,136
Financial assets at fair value through profit or loss	5,560,117	-	-	-	-	-	5,560,117
Debt instruments at fair value through other comprehensive income	7,229,968	-	-	-	-	-	7,229,968
Debt instruments at amortised cost	14,582,905	-	-	-	-	-	14,582,905
Islamic derivative financial instruments	764,577	-	-	-	-	18,789	783,366
Financing, advances and other financing/loans	131,414,085	-	-	-	-	-	131,414,085
Other assets	174,637	-	8,446	-	-	170	183,253
Amount due from holding company and ultimate holding company	628,501	-	-	-	-	-	628,501
Amount due from related companies	4	-	46	-	1	-	51
Financial guarantees	498,641	-	-	-	-	-	498,641
Credit related commitments and contingencies	31,632,049	105	49,603	-	742	471,167	32,153,666
Total credit exposures	202,978,663	2,571	62,695	5,825	1,210	497,700	203,548,664

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

54.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

(a) Geographical sectors (Continued)

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2024 and 31 December 2023 are as follows: (Continued)

	The Bank 31 December 2023						
	Malaysia RM'000	Indonesia RM'000	Singapore RM'000	United States RM'000	United Kingdom RM'000	Others RM'000	Total RM'000
Cash and short-term funds	10,477,625	1,132	4,163	28,161	1,017	5,713	10,517,811
Reverse Collateralised Commodity Murabahah	700,067	-	-	-	-	-	700,067
Deposits and placements with banks and other financial institutions	138,065	-	-	-	-	-	138,065
Financial assets at fair value through profit or loss	3,754,473	-	-	-	-	-	3,754,473
Debt instruments at fair value through other comprehensive income	5,362,764	-	-	-	-	-	5,362,764
Debt instruments at amortised cost	13,995,085	-	-	-	-	-	13,995,085
Islamic derivative financial instruments	355,406	-	-	-	-	1,755	357,161
Financing, advances and other financing/loans	121,476,487	-	-	-	-	-	121,476,487
Other assets	317,717	-	5,049	-	-	-	322,766
Amount due from holding company and ultimate holding company	635,013	-	-	-	-	-	635,013
Amount due from related companies	32	-	-	-	8	-	40
Financial guarantees	410,004	-	-	-	-	-	410,004
Credit related commitments and contingencies	31,042,365	22,647	29,814	-	1,082	150,910	31,246,818
Total credit exposures	188,665,103	23,779	39,026	28,161	2,107	158,378	188,916,554

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

54.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

(b) Industry sectors

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2024 and 31 December 2023 based on the industry sectors of the counterparty are as follows:

The Group
31 December 2024

	Cash and short-term funds RM'000	Reverse Collateralised Commodity Murabahah RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial assets at fair value through profit or loss RM'000	Debt instruments at fair value through other comprehensive income RM'000	Debt instruments at amortised cost RM'000	Islamic derivative financial instruments RM'000	Other financial assets* RM'000	Financing, advances and other financing/ loans RM'000	Total RM'000
Primary agriculture	-	-	-	-	70,201	25,349	-	-	3,305,407	3,400,957
Mining and quarrying	-	-	-	-	127,424	634,852	6,022	-	110,096	878,394
Manufacturing	-	-	-	-	100,567	-	959	-	4,784,954	4,886,480
Electricity, gas and water supply	-	-	-	-	649,689	714,706	-	-	638,071	2,002,466
Construction	-	-	-	855,490	303,293	653,196	4	-	3,892,815	5,704,798
Transport, storage and communications	-	-	-	-	145,975	305,281	121	-	3,502,480	3,953,857
Education, health and others	-	-	-	-	-	-	-	-	2,850,492	2,850,492
Wholesale and retail trade, and restaurants and hotels	-	-	-	-	-	-	-	-	9,081,671	9,081,671
Finance, takaful, real estate and business activities	8,176,370	1,617,341	603,136	4,088,653	2,780,809	4,268,238	585,044	811,805	11,939,160	34,870,556
Others										
Household	-	-	-	-	-	-	-	-	91,303,217	91,303,217
Others	-	117,264	-	615,974	3,052,010	7,981,283	191,216	-	5,722	11,963,469
	8,176,370	1,734,605	603,136	5,560,117	7,229,968	14,582,905	783,366	811,805	131,414,085	170,896,357

*Other financial assets include amount due from holding company, related companies and other financial assets.

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

54.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

(b) Industry sectors (Continued)

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2024 and 31 December 2023 based on the industry sectors of the counterparty are as follows: (Continued)

The Group
31 December 2023

	Cash and short-term funds RM'000	Reverse Collateralised Commodity Murabahah RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial assets at fair value through profit or loss RM'000	Debt instruments at fair value through other comprehensive income RM'000	Debt instruments at amortised cost RM'000	Islamic derivative financial instruments RM'000	Other financial assets* RM'000	Financing, advances and other financing/ loans RM'000	Total RM'000
Primary agriculture	-	-	-	-	95,789	25,424	-	-	4,057,409	4,178,622
Mining and quarrying	-	-	-	-	69,361	594,678	-	-	614,859	1,278,898
Manufacturing	-	-	-	-	110,329	-	828	-	4,562,592	4,673,749
Electricity, gas and water supply	-	-	-	20,338	415,003	684,716	-	-	1,526,177	2,646,234
Construction	-	-	-	-	186,863	100,652	55	-	3,673,145	3,960,715
Transport, storage and communications	-	-	-	498,348	95,893	993,658	1,231	-	3,646,241	5,235,371
Education, health and others	-	-	-	-	-	-	-	-	2,705,236	2,705,236
Wholesale and retail trade, and restaurants and hotels	-	-	-	-	-	-	-	-	7,213,319	7,213,319
Finance, takaful, real estate and business activities	10,517,811	700,067	138,065	2,055,316	1,612,191	3,461,150	291,181	957,819	10,421,005	30,154,605
Others										
Household	-	-	-	-	-	-	-	-	83,046,202	83,046,202
Others	-	-	-	1,180,471	2,777,335	8,134,807	63,866	-	10,302	12,166,781
	10,517,811	700,067	138,065	3,754,473	5,362,764	13,995,085	357,161	957,819	121,476,487	157,259,732

*Other financial assets include amount due from holding company, related companies and other financial assets.

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

54.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

(b) Industry sectors (Continued)

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2024 and 31 December 2023 based on the industry sectors of the counterparty are as follows: (Continued)

The Bank
31 December 2024

	Cash and short-term funds	Reverse Collateralised Commodity Murabahah	Deposits and placements with banks and other financial institutions	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Debt instruments at amortised cost	Islamic derivative financial instruments	Other financial assets *	Financing, advances and other financing/ loans	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Primary agriculture	-	-	-	-	70,201	25,349	-	-	3,305,407	3,400,957
Mining and quarrying	-	-	-	-	127,424	634,852	6,022	-	110,096	878,394
Manufacturing	-	-	-	-	100,567	-	959	-	4,784,954	4,886,480
Electricity, gas and water supply	-	-	-	-	649,689	714,706	-	-	638,071	2,002,466
Construction	-	-	-	855,490	303,293	653,196	4	-	3,892,815	5,704,798
Transport, storage and communications	-	-	-	-	145,975	305,281	121	-	3,502,480	3,953,857
Education, health and others	-	-	-	-	-	-	-	-	2,850,492	2,850,492
Wholesale and retail trade, and restaurants and hotels	-	-	-	-	-	-	-	-	9,081,671	9,081,671
Finance, takaful, real estate and business activities	8,176,370	1,617,341	603,136	4,088,653	2,780,809	4,268,238	585,044	811,805	11,939,160	34,870,556
Others										
Household	-	-	-	-	-	-	-	-	91,303,217	91,303,217
Others	-	117,264	-	615,974	3,052,010	7,981,283	191,216	-	5,722	11,963,469
	8,176,370	1,734,605	603,136	5,560,117	7,229,968	14,582,905	783,366	811,805	131,414,085	170,896,357

* Other financial assets include amount due from holding company, related companies and other financial assets.

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

54.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

(b) Industry sectors (Continued)

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2024 and 31 December 2023 based on the industry sectors of the counterparty are as follows: (Continued)

The Bank
31 December 2023

	Cash and short-term funds RM'000	Reverse Collateralised Commodity Murabahah RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial assets at fair value through profit or loss RM'000	Debt instruments at fair value through other comprehensive income RM'000	Debt instruments at amortised cost RM'000	Islamic derivative financial instruments RM'000	Other financial assets * RM'000	Financing, advances and other financing/ loans RM'000	Total RM'000
Primary agriculture	-	-	-	-	95,789	25,424	-	-	4,057,409	4,178,622
Mining and quarrying	-	-	-	-	69,361	594,678	-	-	614,859	1,278,898
Manufacturing	-	-	-	-	110,329	-	828	-	4,562,592	4,673,749
Electricity, gas and water supply	-	-	-	20,338	415,003	684,716	-	-	1,526,177	2,646,234
Construction	-	-	-	-	186,863	100,652	55	-	3,673,145	3,960,715
Transport, storage and communications	-	-	-	498,348	95,893	993,658	1,231	-	3,646,241	5,235,371
Education, health and others	-	-	-	-	-	-	-	-	2,705,236	2,705,236
Wholesale and retail trade, and restaurants and hotels	-	-	-	-	-	-	-	-	7,213,319	7,213,319
Finance, takaful, real estate and business activities	10,517,811	700,067	138,065	2,055,316	1,612,191	3,461,150	291,181	957,819	10,421,005	30,154,605
Others										
Household	-	-	-	-	-	-	-	-	83,046,202	83,046,202
Others	-	-	-	1,180,471	2,777,335	8,134,807	63,866	-	10,302	12,166,781
	10,517,811	700,067	138,065	3,754,473	5,362,764	13,995,085	357,161	957,819	121,476,487	157,259,732

* Other financial assets include amount due from holding company, related companies and other financial assets.

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

54.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

(b) Industry sectors (Continued)

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for financial guarantees and credit related commitments and contingencies, based on the industry sectors of the counterparty are as follows:

	The Group and the Bank			
	31 December 2024		**31 December 2023**	
	Financial guarantees RM'000	**Credit related commitments and contingencies RM'000**	**Financial guarantees RM'000**	**Credit related commitments and contingencies RM'000**
Primary agriculture	**4,024**	**906,790**	1,818	1,133,583
Mining and quarrying	**9,594**	**259,190**	3,739	280,422
Manufacturing	**88,423**	**2,682,418**	86,643	2,109,534
Electricity, gas and water supply	**23,535**	**3,959,332**	23,585	2,952,105
Construction	**152,250**	**4,485,542**	118,381	3,963,506
Transport, storage and communications	**17,634**	**1,907,662**	14,844	1,944,517
Education, health and others	**13,202**	**911,640**	4,311	949,388
Wholesale and retail trade, and restaurants and hotels	**165,742**	**3,449,373**	138,448	2,550,246
Finance, takaful, real estate and business activities	**24,092**	**3,702,488**	16,265	2,975,659
Others				
Household	**145**	**9,888,546**	1,970	12,386,937
Others	**-**	**685**	-	921
	498,641	**32,153,666**	410,004	31,246,818

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

54.1.4 Credit quality of financial assets

(a) Financial assets using General 3-stage approach

Where expected credit loss model is applied, the credit quality of financial instruments subject to credit risk are assessed by reference to internal rating system adopted by the Group and the Bank, as summarised below:

Financing, advances and other financing/loans and financing commitment and financial guarantees

Rating classification	Internal rating label
Good	1 to 17
Satisfactory	18 to 25
Impaired	26 and above

Other financial instruments

Rating classification	Internal rating label
Investment grade (IG)	1 to 10
Non-investment grade	11 to 25
Impaired	26 and above

Other financial instruments include cash and short-term funds, deposits and placements with banks and other financial institutions, reverse collateralised Commodity Murabahah, debt instruments at fair value through other comprehensive income, debt instruments at amortised cost, amount due from intercompany balances and other assets.

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

54.1.4 Credit quality of financial assets (Continued)

(a) Financial assets using General 3-stage approach (Continued)

Credit quality description can be summarised as follows:

Good – There is a high likelihood of the asset being recovered in full and therefore, of no cause for concern to the Group and the Bank.

Satisfactory – There is concern over the counterparty's ability to make payments when due. However, these have not yet converted to actual delinquency and the counterparty is continuing to make payments when due and is expected to settle all outstanding amounts of principal and profit.

Investment Grade – It refers to the credit quality of the financial asset where there is a relatively low risk of credit default as the issuer of the financial asset has a high likelihood to meet payment obligations.

Non-investment Grade – There is concern over the credit quality of the financial asset due to the issuer's ability to repay its obligation when due.

No rating – This includes exposures under the Standardised Approach and those where ratings are not available and portfolio average were applied.

Impaired – Refers to the asset that is being impaired.

Sovereign – Refers to exposures relate to government and central bank.

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

54.1.4 Credit quality of financial assets (Continued)

(a) Financial assets using General 3-stage approach (Continued)

The following table disclose an analysis of the credit risk exposure of financial assets for which an expected credit losses ("ECL") is recognised.

The Group and the Bank	12-month ECL (Stage 1) RM'000	Lifetime ECL-not credit impaired (Stage 2) RM'000	Lifetime ECL-credit impaired (Stage 3) RM'000	Total RM'000
Cash and short-term fund and deposits and placement with banks and other financial institutions				
2024				
Sovereign	**220**	-	-	**220**
Investment grade	**185,911**	-	-	**185,911**
Non-investment grade	**2,077**	-	-	**2,077**
No rating	**8,591,384**	-	-	**8,591,384**
Gross carrying amount	**8,779,592**	-	-	**8,779,592**
Total ECL	**(86)**	-	-	**(86)**
Net carrying amount	**8,779,506**	-	-	**8,779,506**
2023				
Sovereign	47	-	-	47
Investment grade	68,054	-	-	68,054
Non-investment grade	2,183	-	-	2,183
No rating	10,585,592	-	-	10,585,592
Gross carrying amount	10,655,876	-	-	10,655,876
Total ECL	-	-	-	-
Net carrying amount	10,655,876	-	-	10,655,876

Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

54.1.4 Credit quality of financial assets (Continued)

(a) Financial assets using General 3-stage approach (Continued)

The following table disclose an analysis of the credit risk exposure of financial assets for which an expected credit losses ("ECL") is recognised. (Continued)

The Group and the Bank	12-month ECL (Stage 1) RM'000	Lifetime ECL-not credit impaired (Stage 2) RM'000	Lifetime ECL-credit impaired (Stage 3) RM'000	Total RM'000
Reverse Collateralised Commodity Murabahah, at amortised cost				
2024				
No rating	**1,734,605**	**-**	**-**	**1,734,605**
Gross carrying amount	**1,734,605**	**-**	**-**	**1,734,605**
Total ECL	**-**	**-**	**-**	**-**
Net carrying amount	**1,734,605**	**-**	**-**	**1,734,605**
2023				
No rating	700,067	-	-	700,067
Gross carrying amount	700,067	-	-	700,067
Total ECL	-	-	-	-
Net carrying amount	700,067	-	-	700,067

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

54.1.4 Credit quality of financial assets (Continued)

(a) Financial assets using General 3-stage approach (Continued)

The following table disclose an analysis of the credit risk exposure of financial assets for which an expected credit losses ("ECL") is recognised. (Continued)

The Group and the Bank	12-month ECL (Stage 1) RM'000	Lifetime ECL-not credit impaired (Stage 2) RM'000	Lifetime ECL-credit impaired (Stage 3) RM'000	Total RM'000
Debt instruments at fair value through other comprehensive income				
2024				
Sovereign	**3,841,992**	-	-	**3,841,992**
Investment grade	**2,044,107**	-	-	**2,044,107**
Non-investment grade	**1,343,869**	-	-	**1,343,869**
Gross carrying amount*	**7,229,968**	-	-	**7,229,968**
Total ECL ^^	**(2,226)**	-	-	**(2,226)**
Net carrying amount	**7,227,742**	-	-	**7,227,742**
2023				
Sovereign	2,896,165	-	-	2,896,165
Investment grade	1,091,789	-	-	1,091,789
Non-investment grade	1,374,810	-	-	1,374,810
Gross carrying amount*	5,362,764	-	-	5,362,764
Total ECL ^^	(1,594)	-	-	(1,594)
Net carrying amount	5,361,170	-	-	5,361,170

* This represents the fair value of the securities.

^^ The ECL is recognised in other comprehensive income instead of in the statement of financial position as the carrying amount of debt instruments at fair value through other comprehensive income are equivalent to their fair value.

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

54.1.4 Credit quality of financial assets (Continued)

(a) Financial assets using General 3-stage approach (Continued)

The following table disclose an analysis of the credit risk exposure of financial assets for which an expected credit losses ("ECL") is recognised. (Continued)

The Group and the Bank	**12-month ECL (Stage 1)**	**Lifetime ECL-not credit impaired (Stage 2)**	**Lifetime ECL-credit impaired (Stage 3)**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Debt instruments at amortised cost				
2024				
Sovereign	**11,642,691**	**-**	**-**	**11,642,691**
Investment grade	**1,792,782**	**-**	**-**	**1,792,782**
Non-investment grade	**512,953**	**-**	**-**	**512,953**
Impaired	**-**	**-**	**634,852**	**634,852**
Gross carrying amount	**13,948,426**	**-**	**634,852**	**14,583,278**
Total ECL	**(373)**	**-**	**-**	**(373)**
Net carrying amount	**13,948,053**	**-**	**634,852**	**14,582,905**
2023				
Sovereign	11,892,473	-	-	11,892,473
Investment grade	848,993	-	-	848,993
Non-investment grade	659,410	-	-	659,410
Impaired	-	-	594,678	594,678
Gross carrying amount	13,400,876	-	594,678	13,995,554
Total ECL	(469)	-	-	(469)
Net carrying amount	13,400,407	-	594,678	13,995,085

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

54.1.4 Credit quality of financial assets (Continued)

(a) Financial assets using General 3-stage approach (Continued)

The following table disclose an analysis of the credit risk exposure of financial assets for which an expected credit losses ("ECL") is recognised. (Continued)

The Group and the Bank	12-month ECL (Stage 1) RM'000	Lifetime ECL-not credit impaired (Stage 2) RM'000	Lifetime ECL-credit impaired (Stage 3) RM'000	Total RM'000
Financing, advances and other financing/loans at amortised cost				
2024				
Good	**75,756,704**	**625,055**	**-**	**76,381,759**
Satisfactory	**31,318,604**	**7,518,795**	**-**	**38,837,399**
Impaired	**-**	**-**	**1,612,230**	**1,612,230**
No rating	**16,124,461**	**229,536**	**-**	**16,353,997**
Gross carrying amount	**123,199,769**	**8,373,386**	**1,612,230**	**133,185,385**
Total ECL	**(597,024)**	**(490,886)**	**(683,390)**	**(1,771,300)**
Net carrying amount	**122,602,745**	**7,882,500**	**928,840**	**131,414,085**
2023				
Good	76,622,212	1,536,350	-	78,158,562
Satisfactory	22,537,806	4,668,650	-	27,206,456
Impaired	-	-	1,775,874	1,775,874
No rating	15,552,431	198,889	-	15,751,320
Gross carrying amount	114,712,449	6,403,889	1,775,874	122,892,212
Total ECL	(772,112)	(368,166)	(549,580)	(1,689,858)
Net carrying amount	113,940,337	6,035,723	1,226,294	121,202,354
Other assets				
2024				
Sovereign	**116,266**	**-**	**-**	**116,266**
Investment grade	**76,951**	**-**	**-**	**76,951**
Impaired	**-**	**-**	**534**	**534**
No rating	**28,884**	**-**	**-**	**28,884**
Gross carrying amount	**222,101**	**-**	**534**	**222,635**
Total ECL	**(54,172)**	**-**	**(534)**	**(54,706)**
Net carrying amount	**167,929**	**-**	**-**	**167,929**
2023				
Sovereign	207,586	-	-	207,586
Investment grade	89,913	-	-	89,913
Impaired	-	-	534	534
No rating	13,229	-	-	13,229
Gross carrying amount	310,728	-	534	311,262
Total ECL	(17,913)	-	(534)	(18,447)
Net carrying amount	292,815	-	-	292,815

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

54.1.4 Credit quality of financial assets (Continued)

(a) Financial assets using General 3-stage approach (Continued)

The following table disclose an analysis of the credit risk exposure of financial assets for which an expected credit losses ("ECL") is recognised. (Continued)

The Group and the Bank	**12-month ECL (Stage 1)**	**Lifetime ECL-not credit impaired (Stage 2)**	**Lifetime ECL-credit impaired (Stage 3)**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Intercompany balances				
2024				
Investment grade	**628,552**	**-**	**-**	**628,552**
Gross carrying amount	**628,552**	**-**	**-**	**628,552**
Total ECL	**-**	**-**	**-**	**-**
Net carrying amount	**628,552**	**-**	**-**	**628,552**
2023				
Investment grade	635,024	-	-	635,024
No rating	29	-	-	29
Gross carrying amount	635,053	-	-	635,053
Total ECL	-	-	-	-
Net carrying amount	635,053	-	-	635,053

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

54.1.4 Credit quality of financial assets (Continued)

(a) Financial assets using General 3-stage approach (Continued)

The following table disclose an analysis of the credit risk exposure of financial assets for which an expected credit losses ("ECL") is recognised. (Continued)

The Group and the Bank	12-month ECL (Stage 1) RM'000	Lifetime ECL-not credit impaired (Stage 2) RM'000	Lifetime ECL-credit impaired (Stage 3) RM'000	Total RM'000
Financing commitments and financial guarantee contracts				
2024				
Good	**18,691,111**	**110,906**	**-**	**18,802,017**
Satisfactory	**2,156,403**	**329,579**	**-**	**2,485,982**
Impaired	**-**	**-**	**81,779**	**81,779**
No rating	**11,281,321**	**1,208**	**-**	**11,282,529**
Gross carrying amount	**32,128,835**	**441,693**	**81,779**	**32,652,307**
Total ECL	**(30,882)**	**(8,937)**	**(25,864)**	**(65,683)**
Net carrying amount	**32,097,953**	**432,756**	**55,915**	**32,586,624**
2023				
Good	19,755,795	295,783	-	20,051,578
Satisfactory	2,648,079	191,293	-	2,839,372
Impaired	-	-	56,609	56,609
No rating	8,706,125	3,138	-	8,709,263
Gross carrying amount	31,109,999	490,214	56,609	31,656,822
Total ECL	(75,142)	(10,474)	(7,717)	(93,333)
Net carrying amount	31,034,857	479,740	48,892	31,563,489

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

54.1.4 Credit quality of financial assets (Continued)

(a) Financial assets using General 3-stage approach (Continued)

(i) Analysis of credit quality of financing, advances and other financing/loans by product

The Group and the Bank

2024

	Financing, advances and other financing/loans at amortised cost								
	Cashline RM'000	Term financing RM'000	Bill receivable RM'000	Islamic trust receipts RM'000	Claims on customers under acceptance credits RM'000	Staff financing RM'000	Credit card receivables RM'000	Revolving credits RM'000	Total gross carrying amount RM'000
12-month ECL (Stage 1)	1,537,318	112,529,395	784,802	11,791	1,012,461	338,656	532,369	6,452,977	123,199,769
- Good	764,583	68,749,851	410,454	3,726	435,880	338,275	222,512	4,831,423	75,756,704
- Satisfactory	170,966	30,693,217	46,562	946	106,607	-	294,386	5,920	31,318,604
- No rating	601,769	13,086,327	327,786	7,119	469,974	381	15,471	1,615,634	16,124,461
Lifetime ECL not credit-impaired (Stage 2)	320,755	6,823,199	306,588	3,131	185,164	247	18,253	716,049	8,373,386
- Good	85,223	365,748	21,846	-	37,295	-	149	114,794	625,055
- Satisfactory	221,047	6,242,427	284,742	3,131	147,869	247	18,077	601,255	7,518,795
- No rating	14,485	215,024	-	-	-	-	27	-	229,536
Lifetime ECL credit-impaired (Stage 3)	39,442	1,504,110	6,427	904	10,938	-	7,896	42,513	1,612,230
- Impaired	39,442	1,504,110	6,427	904	10,938	-	7,896	42,513	1,612,230
Total	1,897,515	120,856,704	1,097,817	15,826	1,208,563	338,903	558,518	7,211,539	133,185,385

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

54.1.4 Credit quality of financial assets (Continued)

(a) Financial assets using General 3-stage approach (Continued)

(i) Analysis of credit quality of financing, advances and other financing/loans by product (Continued)

The Group and the Bank
2023

	Financing, advances and other financing/loans at amortised cost								
	Cashline RM'000	Term financing RM'000	Bill receivable RM'000	Islamic trust receipts RM'000	Claims on customers under acceptance credits RM'000	Staff financing RM'000	Credit card receivables RM'000	Revolving credits RM'000	Total gross carrying amount RM'000
12-month ECL (Stage 1)	1,358,124	103,707,578	880,616	20,108	996,763	310,380	289,243	7,149,637	114,712,449
- Good	761,539	69,061,445	601,649	11,408	648,332	310,221	112,628	5,114,990	76,622,212
- Satisfactory	122,559	22,193,316	16,681	253	31,150	-	168,835	5,012	22,537,806
- No rating	474,026	12,452,817	262,286	8,447	317,281	159	7,780	2,029,635	15,552,431
Lifetime ECL not credit-impaired (Stage 2)	218,849	5,722,818	204,990	95	210,658	385	9,938	36,156	6,403,889
- Good	91,128	1,118,958	166,151	95	156,600	385	20	3,013	1,536,350
- Satisfactory	113,527	4,419,194	38,839	-	54,058	-	9,889	33,143	4,668,650
- No rating	14,194	184,666	-	-	-	-	29	-	198,889
Lifetime ECL credit-impaired (Stage 3)	35,075	1,712,638	4,472	862	18,582	57	3,196	992	1,775,874
- Impaired	35,075	1,712,638	4,472	862	18,582	57	3,196	992	1,775,874
Total	1,612,048	111,143,034	1,090,078	21,065	1,226,003	310,822	302,377	7,186,785	122,892,212

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

54.1.4 Credit quality of financial assets (Continued)

(b) Financial assets using simplified approach

Analysis of other assets by credit rating

The credit quality of other assets that are assessed by reference to internal rating system adopted by the Group and the Bank. Where internal rating system is not applied, external credit rating by major credit rating agencies will be adopted, as summarised below:

The Group and the Bank

Rating classification	Internal rating label	External credit rating
Investment grade (IG)	1 to 10	AAA to BBB-
Non-investment grade	11 to 28	BB+ and below

The following tables are analysis of the credit risk exposure of other assets using simplified approach:

The Group and the Bank

	Investment grade (AAA to BBB-)	No rating	Gross carrying amount	ECL	Net carrying amount
	RM'000	RM'000	RM'000	RM'000	RM'000
2024					
Other assets	**-**	**15,447**	**15,447**	**(123)**	**15,324**
Total	**-**	**15,447**	**15,447**	**(123)**	**15,324**
2023					
Other assets	-	30,057	30,057	(106)	29,951
Total	-	30,057	30,057	(106)	29,951

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

54.1.4 Credit quality of financial assets (Continued)

(b) Financial assets using simplified approach (Continued)

Analysis of other assets by credit rating (Continued)

Credit quality description can be summarised below:

Investment Grade – It refers to the credit quality of the financial asset where there is a relatively low risk of credit default as the issuer of the financial asset has a high likelihood to meet payment obligations.

Non-investment Grade – There is concern over the credit quality of the financial asset due to the issuer’s ability to repay its obligation when due.

No rating – This includes exposures where ratings are not available and portfolio average were applied.

Sovereign – Refers to exposures relate to government and central bank.

Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

54.1.5 Repossessed collateral

The Group and the Bank have not taken possession of any collateral held as security.

54.1.6 Modification of financing, advances and other financing/loans

The following table provides information on financial assets that were modified while they had a loss allowance measured at an amount equal to lifetime ECL – not credit impaired (Stage 2):

	The Group and the Bank	
	31 December 2024	31 December 2023
	RM'000	RM'000
Amortised cost before modification	**4,308**	7,306
Modification loss	**(1)**	(23)
Amortised cost after modification	**4,307**	7,283

Gross carrying amounts of financing, advances and other financing/loans of the Group and the Bank as at 31 December 2024, for which loss allowance has changed to 12-month measurement during the financial year amounting to RM Nil (31 December 2023: RM326,000) respectively.

54 Financial Risk Management (Continued)

54.1 Credit Risk (Continued)

54.1.7 Overlays and adjustments for expected credit losses

In the post-COVID-19 environment, the Group continued to apply overlays and post-model adjustments to address economic uncertainties and external risks including, but not limited to, international trade trends, the prevailing effects of high policy rates and inflation, as well as the potential consequences of global geopolitical tensions for the adequacy of the overall level of ECL for the financial year ended 31 December 2024.

These overlays and post-model adjustments were applied to reflect the latest macroeconomic outlook not captured in the modelled outcome and the potential impact on delinquencies and defaults arising from the potential risks mentioned above.

The overlays and post-model adjustments involved a significant level of judgement and have reflected the management's views on the severity of post-pandemic impacts and paths to recovery in the forward-looking assessment of ECL estimation.

The impact of these overlays and post-model adjustments is estimated at the portfolio level, which remains outside the core MFRS 9 process and amounts to RM366.0 million (2023: RM582.3 million) of the Group’s ECL on loans, advances/financing (including undrawn loans, advances/financing). Total overlays for ECL inclusive of the macro-economic adjustments is maintained by the Group within loans, advances/financing as at 31 December 2024.

54 Financial Risk Management (Continued)

54.2 Market Risk

Market risk is defined as fluctuations in the value of financial instruments due to changes in market risk factors such as profit rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatilities.

Market Risk Management ("MRM")

The Group hedges the exposures to market risk by employing various strategies, including the use of derivative instruments.

The Group adopts various measures as part of the risk management process. The GRCC with the assistance of GMCRC and its delegated committees ensure that the risk exposures undertaken by the Group is within the risk appetite approved by the Board.

Market Risk CoE is responsible for measuring and controlling the Group's market risk through robust measurement and market risk limit monitoring while facilitating business growth within a controlled and transparent risk management framework. Market Risk CoE evaluates the market exposures using the applicable market price and pricing model. The valuation process is carried out with the independent price verification requirements to ensure that financial assets/liabilities are recorded at fair value. The valuation methods and models used are validated by risk management quantitative analysts to assess their applicability relative to market conditions.

The Group adopts the VaR methodology as an approach in the measurement of market risk. VaR is a statistical measure of the potential losses that could occur as a result of movements in market rates and prices over a specified time horizon within a given confidence level. The usage of market VaR by risk type based on 1-day holding period of the Group's and the Bank's trading exposures as at 31 December 2024 is shown in Note 54.2.1.

54 Financial Risk Management (Continued)

54.2 Market Risk (Continued)

Market Risk Management ("MRM") (Continued)

Stress testing is conducted to capture the potential market risk exposures from an unexpected market movement. In formulating stress scenarios, consideration is given to various aspects of the market; for example, identification of areas where unexpected losses can occur and areas where historical correlation may no longer hold true.

In addition to the above, Market Risk CoE undertakes the monitoring and oversight process at Treasury & Markets' trading floors, which include reviewing and analysing treasury trading activities vis-à-vis changes in the financial markets, monitoring limit usage, assessing limit adequacy and verifying transaction prices.

Capital Treatment for Market Risk

At present, the Group adopts the Standardised Approach to compute market risk capital requirement under BNM's guidelines on Capital Adequacy Framework for Islamic Banks ("CAFIB") (Risk-Weighted Assets).

54 Financial Risk Management (Continued)

54.2 Market Risk (Continued)

54.2.1 VaR

The usage of market VaR by risk type based on 1-day holding period of the Group's and the Bank's trading exposures are set out below:

	The Group		The Bank	
	31 December 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
VaR				
Foreign exchange risk	**221**	1,063	**221**	1,063
Profit rate risk	**854**	1,221	**854**	1,221
Total	**1,075**	2,284	**1,075**	2,284
Total shareholder's funds	**10,884,786**	9,645,452	**10,884,751**	9,645,417
Percentage over shareholder's funds	**0.01%**	0.02%	**0.01%**	0.02%

54.2.2 Profit rate risk

Profit rate risk relates to the potential adverse impact on the net profit income arising from the changes in profit rates. One of the primary sources of profit rate risk is the repricing mismatches between profit earning assets and profit bearing liabilities. Profit rate risk is measured and reported at various levels through various techniques including Earnings-at-Risk ("EaR").

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.2 Market Risk (Continued)

54.2.2 Profit rate risk (Continued)

(a) The tables below summarise the Group's and the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates:

The Group 31 December 2024	Non-trading book								
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Financial assets									
Cash and short-term funds	8,165,377	-	-	-	-	-	10,993	-	8,176,370
Reverse Collateralised Commodity Murabahah	1,115,475	301,278	-	309,025	-	-	8,827	-	1,734,605
Deposits and placements with banks and other financial institutions	-	402,817	199,914	-	-	-	405	-	603,136
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	5,560,117	5,560,117
Debt instruments at fair value through other comprehensive income	14,998	40,036	35,083	541,719	2,999,549	3,528,505	70,078	-	7,229,968
Debt instruments at amortised cost	25,002	164,977	390,099	760,030	5,403,805	7,589,879	249,113	-	14,582,905
Islamic derivative financial instruments	-	-	-	225	32,454	86,720	-	663,967	783,366
Financing, advances and other financing/loans	105,732,604	2,843,392	771,254	98,795	6,150,649	15,817,391	-	-	131,414,085
Other assets	27,369	-	-	-	-	-	155,884	-	183,253
Amount due from holding company and ultimate holding company	-	-	-	-	-	-	628,501	-	628,501
Amount due from related companies	-	-	-	-	-	-	51	-	51
Total financial assets	**115,080,825**	**3,752,500**	**1,396,350**	**1,709,794**	**14,586,457**	**27,022,495**	**1,123,852**	**6,224,084**	**170,896,357**

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.2 Market Risk (Continued)

54.2.2 Profit rate risk (Continued)

(a) The tables below summarise the Group's and the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

The Group 31 December 2024	Non-trading book: Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Financial liabilities									
Deposits from customers	54,855,387	21,606,907	18,061,977	12,498,879	888,737	10,307	1,130,230	-	109,052,424
Investment accounts of customers	3,931,239	6,536,126	7,371,843	5,660,764	621,395	-	321,943	-	24,443,310
Deposits and placements of banks and other financial institutions	2,493,281	1,350,635	110,000	478,748	-	-	20,115	-	4,452,779
Collateralised Commodity Murabahah	1,216,512	1,878,960	1,236,934	-	-	-	17,326	-	4,349,732
Investment accounts due to designated financial institutions	2,923,060	-	-	-	-	-	4,221	-	2,927,281
Financial liabilities designated at fair value through profit or loss	-	851	48,556	8,989	3,105,438	-	16,339	(54,450)	3,125,723
Islamic derivative financial instruments	-	-	-	-	6,330	-	-	623,173	629,503
Amount due to ultimate holding company	-	-	-	-	-	-	4	-	4
Amount due to related companies	-	-	-	-	-	-	348	-	348
Other liabilities	89,670	196	147	-	19,900	-	547,187	-	657,100
Recourse obligation on loans and financing sold to Cagamas	-	-	-	473,000	2,316,053	807,625	18,099	-	3,614,777
Sukuk	-	120,000	-	-	1,379,721	6,148,871	92,837	-	7,741,429
Subordinated sukuk	-	-	-	-	1,500,000	-	13,741	-	1,513,741
Total financial liabilities	65,509,149	31,493,675	26,829,457	19,120,380	9,837,574	6,966,803	2,182,390	568,723	162,508,151
Net profit sensitivity gap	49,571,676	(27,741,175)	(25,433,107)	(17,410,586)	4,748,883	20,055,692		5,655,361	
Financial guarantees and commitments and contingencies			`						
Financial guarantees	-	-	-	-	-	-	498,641	-	498,641
Credit related commitments and contingencies	-	-	-	-	-	-	32,153,666	-	32,153,666
Treasury related commitments and contingencies (hedging)	-	-	-	16,925	4,520,000	6,500,000	-	-	11,036,925
Net profit sensitivity gap	-	-	-	16,925	4,520,000	6,500,000	32,652,307	-	43,689,232

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.2 Market Risk (Continued)

54.2.2 Profit rate risk (Continued)

(a) The tables below summarise the Group's and the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

The Group 31 December 2023	Non-trading book Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Financial assets									
Cash and short-term funds	10,509,055	-	-	-	-	-	8,756	-	10,517,811
Reverse Collateralised Commodity Murabahah	100,697	302,308	-	292,273	-	-	4,789	-	700,067
Deposits and placements with banks and other financial institutions	-	137,670	-	-	-	-	395	-	138,065
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	3,754,473	3,754,473
Debt instruments at fair value through other comprehensive income	59,992	60,036	-	135,603	2,732,741	2,321,804	52,588	-	5,362,764
Debt instruments at amortised cost	4,997	45,012	175,223	695,866	5,297,390	7,573,397	203,200	-	13,995,085
Islamic derivative financial instruments	-	-	176	249	29,355	2,238	-	325,143	357,161
Financing, advances and other financing/loans	95,640,086	2,975,469	1,649,066	128,324	5,035,993	16,047,549	-	-	121,476,487
Other assets	25,250	-	-	-	-	-	297,516	-	322,766
Amount due from holding company and ultimate holding company	-	-	-	-	-	-	635,013	-	635,013
Amount due from related companies	-	-	-	-	-	-	40	-	40
Total financial assets	106,340,077	3,520,495	1,824,465	1,252,315	13,095,479	25,944,988	1,202,297	4,079,616	157,259,732

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.2 Market Risk (Continued)

54.2.2 Profit rate risk (Continued)

(a) The tables below summarise the Group's and the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

The Group 31 December 2023	←		Non-trading book				→		
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Financial liabilities									
Deposits from customers	56,180,672	20,909,019	16,697,138	15,160,507	1,030,709	10,384	843,315	-	110,831,744
Investment accounts of customers	3,662,911	4,390,680	5,022,693	5,037,556	521,316	-	348,969	-	18,984,125
Deposits and placements of banks and other financial institutions	1,684,751	3,346,279	310,000	-	169,058	-	23,418	-	5,533,506
Collateralised Commodity Murabahah	382,395	867,519	971,765	-	-	-	7,442	-	2,229,121
Investment accounts due to designated financial institutions	3,420,221	-	-	-	-	-	4,630	-	3,424,851
Financial liabilities designated at fair value	381	-	1,702	10,755	2,861,593	7,868	14,745	(75,260)	2,821,784
Islamic derivative financial instruments	-	-	-	-	4,878	1,936	-	426,626	433,440
Amount due to related companies	-	-	-	-	-	-	976	-	976
Other liabilities	42,914	4,109	1,456	-	19,900	-	744,135	-	812,514
Lease liabilities	-	-	-	786	-	-	-	-	786
Recourse obligation on loans and financing sold to Cagamas	-	-	-	488,000	2,316,760	-	18,238	-	2,822,998
Sukuk	-	-	-	-	703,694	302,185	3,595	-	1,009,474
Subordinated sukuk	-	-	-	800,000	300,000	-	9,424	-	1,109,424
Total financial liabilities	65,374,245	29,517,606	23,004,754	21,497,604	7,927,908	322,373	2,018,887	351,366	150,014,743
Net profit sensitivity gap	40,965,832	(25,997,111)	(21,180,289)	(20,245,289)	5,167,571	25,622,615		3,728,250	
Financial guarantees and commitments and contingencies									
Financial guarantees	-	-	-	-	-	-	410,004	-	410,004
Credit related commitments and contingencies	-	-	-	-	-	-	31,246,818	-	31,246,818
Treasury related commitments and contingencies (hedging)	-	-	25,000	30,000	3,286,373	420,000	-	-	3,761,373
Net profit sensitivity gap	-	-	25,000	30,000	3,286,373	420,000	31,656,822	-	35,418,195

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54 Financial Risk Management (Continued)

54.2 Market Risk (Continued)

54.2.2 Profit rate risk (Continued)

(a) The tables below summarise the Group's and the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

The Bank 31 December 2024	Non-trading book								
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Financial assets									
Cash and short-term funds	8,165,377	-	-	-	-	-	10,993	-	8,176,370
Reverse Collateralised Commodity Murabahah	1,115,475	301,278	-	309,025	-	-	8,827	-	1,734,605
Deposits and placements with banks and other financial institutions	-	402,817	199,914	-	-	-	405	-	603,136
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	5,560,117	5,560,117
Debt instruments at fair value through other comprehensive income	14,998	40,036	35,083	541,719	2,999,549	3,528,505	70,078	-	7,229,968
Debt instruments at amortised cost	25,002	164,977	390,099	760,030	5,403,805	7,589,879	249,113	-	14,582,905
Islamic derivative financial instruments	-	-	-	225	32,454	86,720	-	663,967	783,366
Financing, advances and other financing/loans	105,732,604	2,843,392	771,254	98,795	6,150,649	15,817,391	-	-	131,414,085
Other assets	27,369	-	-	-	-	-	155,884	-	183,253
Amount due from holding company and ultimate holding company	-	-	-	-	-	-	628,501	-	628,501
Amount due from related companies	-	-	-	-	-	-	51	-	51
Total financial assets	**115,080,825**	**3,752,500**	**1,396,350**	**1,709,794**	**14,586,457**	**27,022,495**	**1,123,852**	**6,224,084**	**170,896,357**

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.2 Market Risk (Continued)

54.2.2 Profit rate risk (Continued)

(a) The tables below summarise the Group's and the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

The Bank 31 December 2024	←		Non-trading book			→			
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Financial liabilities									
Deposits from customers	54,855,387	21,606,907	18,061,977	12,498,879	888,737	10,307	1,130,230	-	109,052,424
Investment accounts of customers	3,931,239	6,536,126	7,371,843	5,660,764	621,395	-	321,943	-	24,443,310
Deposits and placements of banks and other financial institutions	2,493,281	1,350,635	110,000	478,748	-	-	20,115	-	4,452,779
Collateralised Commodity Murabahah	1,216,512	1,878,960	1,236,934	-	-	-	17,326	-	4,349,732
Investment accounts due to designated financial institutions	2,923,060	-	-	-	-	-	4,221	-	2,927,281
Financial liabilities designated at fair value through profit or loss	-	851	48,556	8,989	3,105,438	-	16,339	(54,450)	3,125,723
Islamic derivative financial instruments	-	-	-	-	6,330	-	-	623,173	629,503
Amount due to ultimate holding company	-	-	-	-	-	-	4	-	4
Amount due to subsidiaries	-	-	-	-	-	-	46	-	46
Amount due to related company	-	-	-	-	-	-	348	-	348
Other liabilities	89,670	196	147	-	19,900	-	547,187	-	657,100
Recourse obligation on loans and financing sold to Cagamas	-	-	-	473,000	2,316,053	807,625	18,099	-	3,614,777
Sukuk	-	120,000	-	-	1,379,721	6,148,871	92,837	-	7,741,429
Subordinated sukuk	-	-	-	-	1,500,000	-	13,741	-	1,513,741
Total financial liabilities	65,509,149	31,493,675	26,829,457	19,120,380	9,837,574	6,966,803	2,182,436	568,723	162,508,197
Net profit sensitivity gap	49,571,676	(27,741,175)	(25,433,107)	(17,410,586)	4,748,883	20,055,692		5,655,361	
Financial guarantees and commitments and contingencies									
Financial guarantees	-	-	-	-	-	-	498,641	-	498,641
Credit related commitments and contingencies	-	-	-	-	-	-	32,153,666	-	32,153,666
Treasury related commitments and contingencies (hedging)	-	-	-	16,925	4,520,000	6,500,000	-	-	11,036,925
Net profit sensitivity gap	-	-	-	16,925	4,520,000	6,500,000	32,652,307	-	43,689,232

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.2 Market Risk (Continued)

54.2.2 Profit rate risk (Continued)

(a) The tables below summarise the Group's and the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

The Bank	Non-trading book								
31 December 2023	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Financial assets									
Cash and short-term funds	10,509,055	-	-	-	-	-	8,756	-	10,517,811
Reverse Collateralised Commodity Murabahah	100,697	302,308	-	292,273	-	-	4,789	-	700,067
Deposits and placements with banks and other financial institutions	-	137,670	-	-	-	-	395	-	138,065
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	3,754,473	3,754,473
Debt instruments at fair value through other comprehensive income	59,992	60,036	-	135,603	2,732,741	2,321,804	52,588	-	5,362,764
Debt instruments at amortised cost	4,997	45,012	175,223	695,866	5,297,390	7,573,397	203,200	-	13,995,085
Islamic derivative financial instruments	-	-	176	249	29,355	2,238	-	325,143	357,161
Financing, advances and other financing/loans	95,640,086	2,975,469	1,649,066	128,324	5,035,993	16,047,549	-	-	121,476,487
Other assets	25,250	-	-	-	-	-	297,516	-	322,766
Amount due from holding company and ultimate holding company	-	-	-	-	-	-	635,013	-	635,013
Amount due from related companies	-	-	-	-	-	-	40	-	40
Total financial assets	106,340,077	3,520,495	1,824,465	1,252,315	13,095,479	25,944,988	1,202,297	4,079,616	157,259,732

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.2 Market Risk (Continued)

54.2.2 Profit rate risk (Continued)

(a) The tables below summarise the Group's and the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

The Bank 31 December 2023	Non-trading book Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Financial liabilities									
Deposits from customers	56,180,672	20,909,019	16,697,138	15,160,507	1,030,709	10,384	843,315	-	110,831,744
Investment accounts of customers	3,662,911	4,390,680	5,022,693	5,037,556	521,316	-	348,969	-	18,984,125
Deposits and placements of banks and other financial institutions	1,684,751	3,346,279	310,000	-	169,058	-	23,418	-	5,533,506
Collateralised Commodity Murabahah	382,395	867,519	971,765	-	-	-	7,442	-	2,229,121
Investment accounts due to designated financial institutions	3,420,221	-	-	-	-	-	4,630	-	3,424,851
Financial liabilities designated at fair value through profit or loss	381	-	1,702	10,755	2,861,593	7,868	14,745	(75,260)	2,821,784
Islamic derivative financial instruments	-	-	-	-	4,878	1,936	-	426,626	433,440
Amount due to subsidiaries	-	-	-	-	-	-	46	-	46
Amount due to related company	-	-	-	-	-	-	976	-	976
Other liabilities	42,914	4,109	1,456	-	19,900	-	744,135	-	812,514
Lease liabilities	-	-	-	786	-	-	-	-	786
Recourse obligation on loans and financing sold to Cagamas	-	-	-	488,000	2,316,760	-	18,238	-	2,822,998
Sukuk	-	-	-	-	703,694	302,185	3,595	-	1,009,474
Subordinated sukuk	-	-	-	800,000	300,000	-	9,424	-	1,109,424
Total financial liabilities	65,374,245	29,517,606	23,004,754	21,497,604	7,927,908	322,373	2,018,933	351,366	150,014,789
Net profit sensitivity gap	40,965,832	(25,997,111)	(21,180,289)	(20,245,289)	5,167,571	25,622,615		3,728,250	
Financial guarantees and commitments and contingencies									
Financial guarantees	-	-	-	-	-	-	410,004	-	410,004
Credit related commitments and contingencies	-	-	-	-	-	-	31,246,818	-	31,246,818
Treasury related commitments and contingencies (hedging)	-	-	25,000	30,000	3,286,373	420,000	-	-	3,761,373
Net profit sensitivity gap	-	-	25,000	30,000	3,286,373	420,000	31,656,822	-	35,418,195

54 Financial Risk Management (Continued)

54.2 Market Risk (Continued)

54.2.2 Profit rate risk (Continued)

(b) Sensitivity of profit and reserves

(i) Sensitivity of profit

The table below shows the sensitivity of the Group's and the Bank's banking book to movement in profit rates:

	The Group and the Bank			
	31 December 2024		31 December 2023	
	Increase/(Decrease)		Increase/(Decrease)	
	+ 100 basis points RM'000	- 100 basis points RM'000	+ 100 basis points RM'000	- 100 basis points RM'000
Impact to profit (after tax)	**31,403**	**(31,403)**	(5,308)	5,308

Sensitivity is measured using the EaR methodology. The treatments and assumptions applied are based on the contractual repricing maturity and remaining maturity of the products, whichever is earlier. Items with indefinite repricing maturity are treated based on the earliest possible repricing date. The actual dates may vary from the repricing profile allocated due to factors such as pre-mature withdrawals, prepayment and others.

A 100 bps parallel rate movement is applied to the yield curve to model the potential impact on profit in the next 12 months from policy rate change.

The projection assumes that profit rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on profit of some rates changing while others remain unchanged. The projections also assume that all other variables are held constant and are based on a constant reporting date position and that all positions run to maturity.

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.2 Market Risk (Continued)

54.2.2 Profit rate risk (Continued)

(b) Sensitivity of profit and reserves (Continued)

(ii) Sensitivity of reserves

The table below shows the sensitivity of the Group's and the Bank's banking book to movement in profit rates:

	The Group and the Bank			
	31 December 2024		31 December 2023	
	Increase/(Decrease)		Increase/(Decrease)	
	+ 100 basis points	- 100 basis points	+ 100 basis points	- 100 basis points
	RM'000	RM'000	RM'000	RM'000
Impact to revaluation reserve - debt instruments at fair value through other comprehensive income	**(3,690)**	**3,690**	(2,695)	2,695

A 100 bps parallel rate movement is applied to the yield curve to model the potential impact on reserves in the next 12 months from changes in risk free rates. The impact on reserves arises from changes in valuation of financial investments at fair value through other comprehensive income following movements in risk free rates.

The projection assumes that all other variables are held constant. It also assumes a constant reporting date position and that all positions run to maturity.

The above sensitivities of profit and reserves do not take into account the effects of hedging and do not incorporate actions that the Group and the Bank would take to mitigate the impact of this profit rate risk. In practice, the Group and the Bank proactively seeks to mitigate the effect of prospective profit movements.

54 Financial Risk Management (Continued)

54.2 Market Risk (Continued)

54.2.3 Foreign exchange risk

The Group and the Bank are exposed to transactional foreign exchange exposures which are exposures on assets and liabilities denominated in currencies other than the functional currency of the transacting entity.

The Group and the Bank take minimal exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group manages its exposure to foreign exchange currencies at each entity level.

(a) The table below summarises the net foreign exchange positions of the Group and the Bank by major currencies profile of the Group and the Bank:

	The Group 31 December 2024					
	MYR RM'000	USD RM'000	SGD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial assets						
Cash and short-term funds	7,524,829	598,199	8,880	44,462	651,541	8,176,370
Reverse Collateralised Commodity Murabahah	1,421,974	-	-	312,631	312,631	1,734,605
Deposits and placements with banks and other financial institutions	199,956	403,180	-	-	403,180	603,136
Financial assets at fair value through profit or loss	3,682,901	1,877,216	-	-	1,877,216	5,560,117
Debt instruments at fair value through other comprehensive income	7,229,968	-	-	-	-	7,229,968
Debt instruments at amortised cost	13,948,053	634,852	-	-	634,852	14,582,905
Islamic derivative financial instruments	(5,648,785)	8,366,616	(1,667,546)	(266,919)	6,432,151	783,366
Financing, advances and other financing/loans	130,619,204	718,700	-	76,181	794,881	131,414,085
Other assets	183,180	5	-	68	73	183,253
Amount due from holding company and ultimate holding company	628,470	-	-	31	31	628,501
Amount due from related companies	51	-	-	-	-	51
	159,789,801	12,598,768	(1,658,666)	166,454	11,106,556	170,896,357

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.2 Market Risk (Continued)

54.2.3 Foreign exchange risk (Continued)

(a) The table below summarises the net foreign exchange positions of the Group and the Bank by major currencies profile of the Group and the Bank: (Continued)

	The Group 31 December 2024					
Financial liabilities	MYR RM'000	USD RM'000	SGD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Deposits from customers	103,566,739	5,230,313	16,002	239,370	5,485,685	109,052,424
Investment accounts of customers	23,811,559	631,751	-	-	631,751	24,443,310
Deposits and placements of banks and other financial institutions	2,265,478	1,754,925	-	432,376	2,187,301	4,452,779
Collateralised Commodity Murabahah	4,349,732	-	-	-	-	4,349,732
Investment accounts due to designated financial institutions	2,927,281	-	-	-	-	2,927,281
Financial liabilities designated at fair value through profit or loss	3,125,723	-	-	-	-	3,125,723
Islamic derivative financial instruments	(2,029,841)	4,923,568	(1,688,279)	(575,945)	2,659,344	629,503
Amount due to ultimate holding company	4	-	-	-	-	4
Amount due to related companies	348	-	-	-	-	348
Other liabilities	514,507	42,623	12,687	87,283	142,593	657,100
Recourse obligation on loans and financing sold to Cagamas	3,614,777	-	-	-	-	3,614,777
Sukuk	7,741,429	-	-	-	-	7,741,429
Subordinated sukuk	1,513,741	-	-	-	-	1,513,741
	151,401,477	12,583,180	(1,659,590)	183,084	11,106,674	162,508,151
Financial guarantees	491,752	6,889	-	-	6,889	498,641
Credit related commitments and contingencies	30,819,226	1,095,926	2,302	236,212	1,334,440	32,153,666
	31,310,978	1,102,815	2,302	236,212	1,341,329	32,652,307

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.2 Market Risk (Continued)

54.2.3 Foreign exchange risk (Continued)

(a) The table below summarises the net foreign exchange positions of the Group and the Bank by major currencies profile of the Group and the Bank: (Continued)

	The Group 31 December 2023					
	MYR RM'000	USD RM'000	SGD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial assets						
Cash and short-term funds	10,082,148	336,537	6,878	92,248	435,663	10,517,811
Reverse Collateralised Commodity Murabahah	405,390	-	-	294,677	294,677	700,067
Deposits and placements with banks and other financial institutions	-	138,065	-	-	138,065	138,065
Financial assets at fair value through profit or loss	3,498,736	255,737	-	-	255,737	3,754,473
Debt instruments at fair value through other comprehensive income	5,362,764	-	-	-	-	5,362,764
Debt instruments at amortised cost	13,400,407	594,678	-	-	594,678	13,995,085
Islamic derivative financial instruments	3,766,791	(6,060,043)	2,298,137	352,276	(3,409,630)	357,161
Financing, advances and other financing/loans	120,305,401	1,152,568	-	18,518	1,171,086	121,476,487
Other assets	319,116	1,865	691	1,094	3,650	322,766
Amount due from holding company and ultimate holding company	629,494	5,518	-	1	5,519	635,013
Amount due from related companies	40	-	-	-	-	40
	157,770,287	(3,575,075)	2,305,706	758,814	(510,555)	157,259,732

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.2 Market Risk (Continued)

54.2.3 Foreign exchange risk (Continued)

(a) The table below summarises the net foreign exchange positions of the Group and the Bank by major currencies profile of the Group and the Bank: (Continued)

	The Group 31 December 2023					
	MYR RM'000	USD RM'000	SGD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial liabilities						
Deposits from customers	109,013,894	1,633,782	11,418	172,650	1,817,850	110,831,744
Investment accounts of customers	18,391,538	592,587	-	-	592,587	18,984,125
Deposits and placements of banks and other financial institutions	2,433,309	2,717,695	-	382,502	3,100,197	5,533,506
Collateralised Commodity Murabahah	2,229,121	-	-	-	-	2,229,121
Investment accounts due to designated financial institutions	3,424,851	-	-	-	-	3,424,851
Financial liabilities designated at fair value through profit or loss	2,821,784	-	-	-	-	2,821,784
Islamic derivative financial instruments	6,366,318	(8,403,673)	2,288,975	181,820	(5,932,878)	433,440
Amount due to related companies	976	-	-	-	-	976
Other liabilities	804,667	1,660	5,145	1,042	7,847	812,514
Lease liabilities	786				-	786
Recourse obligation on loans and financing sold to Cagamas	2,822,998	-	-	-	-	2,822,998
Sukuk	1,009,474	-	-	-	-	1,009,474
Subordinated sukuk	1,109,424	-	-	-	-	1,109,424
	150,429,140	(3,457,949)	2,305,538	738,014	(414,397)	150,014,743
Financial guarantees	409,672	332	-	-	332	410,004
Credit related commitments and contingencies	30,469,993	630,321	2,714	143,790	776,825	31,246,818
	30,879,665	630,653	2,714	143,790	777,157	31,656,822

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.2 Market Risk (Continued)

54.2.3 Foreign exchange risk (Continued)

(a) The table below summarises the net foreign exchange positions of the Group and the Bank by major currencies profile of the Group and the Bank: (Continued)

The Bank
31 December 2024

	MYR RM'000	USD RM'000	SGD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial assets						
Cash and short-term funds	7,524,829	598,199	8,880	44,462	651,541	8,176,370
Reverse Collateralised Commodity Murabahah	1,421,974	-	-	312,631	312,631	1,734,605
Deposits and placements with banks and other financial institutions	199,956	403,180	-	-	403,180	603,136
Financial assets at fair value through profit or loss	3,682,901	1,877,216	-	-	1,877,216	5,560,117
Debt instruments at fair value through other comprehensive income	7,229,968	-	-	-	-	7,229,968
Debt instruments at amortised cost	13,948,053	634,852	-	-	634,852	14,582,905
Islamic derivative financial instruments	(5,648,785)	8,366,616	(1,667,546)	(266,919)	6,432,151	783,366
Financing, advances and other financing/loans	130,619,204	718,700	-	76,181	794,881	131,414,085
Other assets	183,180	5	-	68	73	183,253
Amount due from holding company and ultimate holding company	628,470	-	-	31	31	628,501
Amount due from related companies	51	-	-	-	-	51
	159,789,801	12,598,768	(1,658,666)	166,454	11,106,556	170,896,357

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.2 Market Risk (Continued)

54.2.3 Foreign exchange risk (Continued)

(a) The table below summarises the net foreign exchange positions of the Group and the Bank by major currencies profile of the Group and the Bank: (Continued)

The Bank 31 December 2024	MYR RM'000	USD RM'000	SGD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial liabilities						
Deposits from customers	103,566,739	5,230,313	16,002	239,370	5,485,685	109,052,424
Investment accounts of customers	23,811,559	631,751	-	-	631,751	24,443,310
Deposits and placements of banks and other financial institutions	2,265,478	1,754,925	-	432,376	2,187,301	4,452,779
Collateralised Commodity Murabahah	4,349,732	-	-	-	-	4,349,732
Investment accounts due to designated financial institutions	2,927,281	-	-	-	-	2,927,281
Financial liabilities designated at fair value through profit or loss	3,125,723	-	-	-	-	3,125,723
Islamic derivative financial instruments	(2,029,841)	4,923,568	(1,688,279)	(575,945)	2,659,344	629,503
Amount due to ultimate holding company	4	-	-	-	-	4
Amount due to subsidiaries	46	-	-	-	-	46
Amount due to related companies	348	-	-	-	-	348
Other liabilities	514,507	42,623	12,687	87,283	142,593	657,100
Recourse obligation on loans and financing sold to Cagamas	3,614,777	-	-	-	-	3,614,777
Sukuk	7,741,429	-	-	-	-	7,741,429
Subordinated sukuk	1,513,741	-	-	-	-	1,513,741
	151,401,523	12,583,180	(1,659,590)	183,084	11,106,674	162,508,197
Financial guarantees	491,752	6,889	-	-	6,889	498,641
Credit related commitments and contingencies	30,819,226	1,095,926	2,302	236,212	1,334,440	32,153,666
	31,310,978	1,102,815	2,302	236,212	1,341,329	32,652,307

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.2 Market Risk (Continued)

54.2.3 Foreign exchange risk (Continued)

(a) The table below summarises the net foreign exchange positions of the Group and the Bank by major currencies profile of the Group and the Bank: (Continued)

	The Bank 31 December 2023					
	MYR RM'000	USD RM'000	SGD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial assets						
Cash and short-term funds	10,082,148	336,537	6,878	92,248	435,663	10,517,811
Reverse Collateralised Commodity Murabahah	405,390	-	-	294,677	294,677	700,067
Deposits and placements with banks and other financial institutions	-	138,065	-	-	138,065	138,065
Financial assets at fair value through profit or loss	3,498,736	255,737	-	-	255,737	3,754,473
Debt instruments at fair value through other comprehensive income	5,362,764	-	-	-	-	5,362,764
Debt instruments at amortised cost	13,400,407	594,678	-	-	594,678	13,995,085
Islamic derivative financial instruments	3,766,791	(6,060,043)	2,298,137	352,276	(3,409,630)	357,161
Financing, advances and other financing/loans	120,305,401	1,152,568	-	18,518	1,171,086	121,476,487
Other assets	319,116	1,865	691	1,094	3,650	322,766
Amount due from holding company and ultimate holding company	629,494	5,518	-	1	5,519	635,013
Amount due from related companies	40	-	-	-	-	40
	157,770,287	(3,575,075)	2,305,706	758,814	(510,555)	157,259,732

54 Financial Risk Management (Continued)

54.2 Market Risk (Continued)

54.2.3 Foreign exchange risk (Continued)

(a) The table below summarises the net foreign exchange positions of the Group and the Bank by major currencies profile of the Group and the Bank: (Continued)

	The Bank 31 December 2023					
Financial liabilities	**MYR RM'000**	**USD RM'000**	**SGD RM'000**	**Others RM'000**	**Total non-MYR RM'000**	**Grand total RM'000**
Deposits from customers	109,013,894	1,633,782	11,418	172,650	1,817,850	110,831,744
Investment accounts of customers	18,391,538	592,587	-	-	592,587	18,984,125
Deposits and placements of banks and other financial institutions	2,433,309	2,717,695	-	382,502	3,100,197	5,533,506
Collateralised Commodity Murabahah	2,229,121	-	-	-	-	2,229,121
Investment accounts due to designated financial institutions	3,424,851	-	-	-	-	3,424,851
Financial liabilities designated at fair value through profit or loss	2,821,784	-	-	-	-	2,821,784
Islamic derivative financial instruments	6,366,318	(8,403,673)	2,288,975	181,820	(5,932,878)	433,440
Amount due to subsidiaries	46	-	-	-	-	46
Amount due to related companies	976	-	-	-	-	976
Other liabilities	804,667	1,660	5,145	1,042	7,847	812,514
Lease liabilities	786	-	-	-	-	786
Recourse obligation on loans and financing sold to Cagamas	2,822,998	-	-	-	-	2,822,998
Sukuk	1,009,474	-	-	-	-	1,009,474
Subordinated sukuk	1,109,424	-	-	-	-	1,109,424
	150,429,186	(3,457,949)	2,305,538	738,014	(414,397)	150,014,789
Financial guarantees	409,672	332	-	-	332	410,004
Credit related commitments and contingencies	30,469,993	630,321	2,714	143,790	776,825	31,246,818
	30,879,665	630,653	2,714	143,790	777,157	31,656,822

54 Financial Risk Management (Continued)

54.2 Market Risk (Continued)

54.2.3 Foreign exchange risk (Continued)

(b) Sensitivity of profit

The table below shows the sensitivity of the Group's and the Bank's profit to movement in foreign exchange rates:

	The Group and the Bank			
	31 December 2024		31 December 2023	
	1% appreciation in foreign currency	1% depreciation in foreign currency	1% appreciation in foreign currency	1% depreciation in foreign currency
	Increase/(decrease)		Increase/(decrease)	
	RM'000	RM'000	RM'000	RM'000
Impact to profit (after tax)	**105**	**(105)**	(693)	693
USD	**97**	**(97)**	(966)	966
THB	**7**	**(7)**	8	(8)
HKD	**(9)**	**9**	38	(38)
GBP	**2**	**(2)**	234	(234)
JPY	**(1)**	**1**	(3)	3
SGD	**18**	**(18)**	(5)	5
EUR	**(76)**	**76**	(38)	38
AUD	**(27)**	**27**	(49)	49
Others	**94**	**(94)**	88	(88)

The impact on profit arises from transactional exposures while the impact on reserves arises from net investment hedge from parallel shifts in foreign exchange rates.

The projection assumes that foreign exchange rates move by the same amount and, therefore, do not reflect the potential impact on profit of some rates changing while others remain unchanged. The projections also assume that all other variables are held constant and are based on a constant reporting date position and that all positions run to maturity.

54 Financial Risk Management (Continued)

54.3 Liquidity Risk

Liquidity and funding risk is defined as the current and potential risk to earnings, shareholders fund or reputation arising from the Group's inability to efficiently meet its present and future (both anticipated and unanticipated) funding or regulatory obligations when they are due, which may adversely affect its daily operations and incur unacceptable losses. Liquidity risk arises from mismatches in the timing of cash flows.

The objective of the Group's liquidity risk management is to ensure that the Group can meet its cash obligations in a timely and cost-effective manner. To this end, the Group's liquidity risk management policy is to maintain high quality and well diversified portfolios of liquid assets and sources of funds under both business as usual and stress conditions. Due to its large delivery network and marketing focus, the Group is able to maintain a diversified core deposit base comprising savings, demand and term deposits, thus providing the Group with a stable large funding base from individuals. SMEs, corporates and financial institutions segments. The Group maintains some buffers of liquidity throughout the year to ensure safe and sound operations from a strategic, structural and tactical perspective.

The day-to-day responsibility for liquidity risk management and control in each individual entity is delegated to the respective Country Asset Liability Management Committee, which subsequently reports to Group Asset Liability Management Committee. The Group Asset Liability Management Committee meets at least once a month to discuss the liquidity risk and funding profile of the Group. The key liquidity risk metrics comprise of internal liquidity gaps or cashflow maturity profile mismatches under business as usual and stress scenarios, regulatory liquidity coverage ratio ("LCR") and Net Stable Funding Ratio ("NSFR") which are measured and monitored regularly. LCR is a quantitative regulatory requirement which seeks to ensure that banking institutions hold sufficient High Quality Liquid Assets ("HQLA") to withstand an acute liquidity stress scenario over a 30-calendar-days horizon. The Group monitors and reports LCR and NSFR based on the BNM LCR and NSFR Policy Document dated 25 August 2016 and 31 July 2019 respectively. The effective date for NSFR is 1 July 2021. As part of its ordinary course of business, the Bank maintains the LCR and NSFR above the regulatory requirements. In addition, liquidity risk stress testing under various scenarios covering bank-specific (idiosyncratic), market-wide and combined crises is performed regularly to identify sources of potential liquidity strain. Liquidity risk positions based on balance sheet forecasts and relevant risk drivers are projected to help business planning.

54 Financial Risk Management (Continued)

54.3 Liquidity Risk (Continued)

In addition to regulatory limits, liquidity risk undertaken by the Group is governed by a set of established liquidity risk limits and appetite. Management Action Triggers ("MATs") have been established to alert the Management to potential and emerging liquidity pressures. The Group's Liquidity Risk Management Policy is subjected to periodic review. The assumptions, risk limits and appetite are regularly reviewed in response to regulatory changes, changing business needs and market conditions.

The Asset-Liability Management function, which is responsible for the independent monitoring of our Group's liquidity risk profile, works closely with Treasury and Markets in its surveillance on market conditions. Business units are responsible for establishing and maintaining strong business relations with their respective depositors and key providers of funds. Overseas branches and subsidiaries should seek to be self-sufficient in funding at all times. Treasury and Markets only acts as a global provider of funds on a needs or contingency basis. Each entity has to prudently manage its liquidity position to meet its daily operating needs.

The Group's Contingency Funding Plan ("CFP") is in place to alert and enable the senior management to act effectively and efficiently during a liquidity or funding crisis and under adverse market conditions. The CFP is subjected to regular testing.

54 Financial Risk Management (Continued)

54.3 Liquidity Risk (Continued)

54.3.1 Contractual maturity of assets and liabilities

The table below analyses the assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity dates in accordance with the BNM Guidelines:

	The Group 31 December 2024							
	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	No-specific maturity	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets								
Cash and short-term funds	8,176,370	-	-	-	-	-	-	8,176,370
Reverse Collateralised Commodity Murabahah	1,119,448	302,526	-	312,631	-	-	-	1,734,605
Deposits and placements with banks and other financial institutions	-	403,180	199,956	-	-	-	-	603,136
Financial assets at fair value through profit or loss	1,332,249	2,711,162	873,967	237,883	127,372	277,484	-	5,560,117
Debt instruments at fair value through other comprehensive income	29,259	69,152	61,786	541,719	2,999,549	3,528,503	-	7,229,968
Debt instruments at amortised cost	52,881	323,250	453,060	760,030	5,403,805	7,589,879	-	14,582,905
Islamic derivative financial instruments	175,544	171,714	134,942	103,134	66,828	131,204	-	783,366
Financing , advances and other financing/loans	5,692,358	1,702,449	933,142	1,843,699	12,992,006	108,250,431	-	131,414,085
Other assets	292,310	-	-	-	-	-	-	292,310
Deferred taxation	-	-	-	-	-	-	253,132	253,132
Tax recoverable	-	-	-	-	-	-	171,233	171,233
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	1,829,850	1,829,850
Amount due from holding company and ultimate holding company	628,501	-	-	-	-	-	-	628,501
Amount due from related companies	51	-	-	-	-	-	-	51
Goodwill	-	-	-	-	-	-	136,000	136,000
Intangible assets	-	-	-	-	-	-	1,176	1,176
Property, plant and equipment	-	-	-	-	-	-	382	382
Total assets	17,498,971	5,683,433	2,656,853	3,799,096	21,589,560	119,777,501	2,391,773	173,397,187

54 Financial Risk Management (Continued)

54.3 Liquidity Risk (Continued)

54.3.1 Contractual maturity of assets and liabilities (Continued)

The table below analyses the assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity dates in accordance with the BNM Guidelines: (Continued)

	The Group 31 December 2024							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	55,793,371	21,690,915	18,125,099	12,543,995	888,737	10,307	-	109,052,424
Investment accounts of customers	4,242,818	6,546,490	7,371,843	5,660,764	621,395	-	-	24,443,310
Deposits and placements of banks and other financial institutions	2,503,737	1,359,667	110,627	478,748	-	-	-	4,452,779
Collateralised Commodity Murabahah	1,224,356	1,886,859	1,238,517	-	-	-	-	4,349,732
Investment accounts due to designated financial institutions	2,927,281	-	-	-	-	-	-	2,927,281
Financial liabilities designated at fair value through profit or loss	9,860	7,330	48,556	8,989	3,050,988	-	-	3,125,723
Islamic derivative financial instruments	110,565	155,581	127,303	103,134	94,030	38,890	-	629,503
Amount due to ultimate holding company	4	-	-	-	-	-	-	4
Amount due to related companies	348	-	-	-	-	-	-	348
Other liabilities	641,107	196	147	-	19,900	-	-	661,350
Recourse obligation on loans and financing sold to Cagamas	14,901	3,198	-	473,000	2,316,053	807,625	-	3,614,777
Sukuk	51,526	37,605	3,707	-	1,499,721	6,148,870	-	7,741,429
Subordinated sukuk	-	12,372	1,369	-	1,500,000	-	-	1,513,741
Total liabilities	67,519,874	31,700,213	27,027,168	19,268,630	9,990,824	7,005,692	-	162,512,401
Net liquidity gap	(50,020,903)	(26,016,780)	(24,370,315)	(15,469,534)	11,598,736	112,771,809	2,391,773	

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.3 Liquidity Risk (Continued)

54.3.1 Contractual maturity of assets and liabilities (Continued)

The table below analyses the assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity dates in accordance with the BNM Guidelines: (Continued)

The Group 31 December 2023	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	10,517,811	-	-	-	-	-	-	10,517,811
Reverse Collateralised Commodity Murabahah	101,362	302,595	-	296,110	-	-	-	700,067
Deposits and placements with banks and other financial institutions	-	138,065	-	-	-	-	-	138,065
Financial assets at fair value through profit or loss	462,174	1,485,535	715,588	229,706	645,423	216,047	-	3,754,473
Debt instruments at fair value through other comprehensive income	73,308	82,250	17,057	135,603	2,732,742	2,321,804	-	5,362,764
Debt instruments at amortised cost	28,452	160,787	239,193	695,866	5,297,390	7,573,397	-	13,995,085
Islamic derivative financial instruments	109,147	69,938	28,187	2,013	96,867	51,009	-	357,161
Financing , advances and other financing/loans	4,908,406	1,505,922	872,502	1,610,236	12,362,853	100,216,568	-	121,476,487
Other assets	349,993	-	-	-	-	-	-	349,993
Deferred taxation	-	-	-	-	-	-	282,971	282,971
Tax recoverable	-	-	-	-	-	-	84,999	84,999
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	1,870,210	1,870,210
Amount due from holding company and ultimate holding company	635,013	-	-	-	-	-	-	635,013
Amount due from related companies	40	-	-	-	-	-	-	40
Goodwill	-	-	-	-	-	-	136,000	136,000
Right-of-use assets	-	-	-	-	-	-	569	569
Intangible assets	-	-	-	-	-	-	3,550	3,550
Property, plant and equipment	-	-	-	-	-	-	503	503
Total assets	17,185,706	3,745,092	1,872,527	2,969,534	21,135,275	110,378,825	2,378,802	159,665,761

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.3 Liquidity Risk (Continued)

54.3.1 Contractual maturity of assets and liabilities (Continued)

The table below analyses the assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity dates in accordance with the BNM Guidelines: (Continued)

	The Group 31 December 2023							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	56,817,040	21,001,051	16,766,039	15,206,521	1,030,709	10,384	-	110,831,744
Investment accounts of customers	3,940,608	4,461,952	5,022,693	5,037,556	521,316	-	-	18,984,125
Deposits and placements of banks and other financial institutions	1,689,049	3,364,397	311,002	-	169,058	-	-	5,533,506
Collateralised Commodity Murabahah	385,059	870,900	973,162	-	-	-	-	2,229,121
Investment accounts due to designated financial institutions	3,424,851	-	-	-	-	-	-	3,424,851
Financial liabilities designated at fair value through profit or loss	8,941	6,185	1,702	10,755	2,786,333	7,868	-	2,821,784
Islamic derivative financial instruments	119,874	79,140	41,863	1,926	147,576	43,061	-	433,440
Amount due to related companies	976	-	-	-	-	-	-	976
Other liabilities	796,981	752	147	-	20,200	-	-	818,080
Lease liabilities	-	-	-	786	-	-	-	786
Recourse obligation on loans and financing sold to Cagamas	15,438	2,800	-	488,000	2,316,760	-	-	2,822,998
Sukuk	-	-	3,595	-	703,694	302,185	-	1,009,474
Subordinated sukuk	-	8,055	1,369	800,000	300,000	-	-	1,109,424
Total liabilities	67,198,817	29,795,232	23,121,572	21,545,544	7,995,646	363,498	-	150,020,309
Net liquidity gap	(50,013,111)	(26,050,140)	(21,249,045)	(18,576,010)	13,139,629	110,015,327	2,378,802	

54 Financial Risk Management (Continued)

54.3 Liquidity Risk (Continued)

54.3.1 Contractual maturity of assets and liabilities (Continued)

The table below analyses the assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity dates in accordance with the BNM Guidelines: (Continued)

	The Bank 31 December 2024							
	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	No-specific maturity	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets								
Cash and short-term funds	8,176,370	-	-	-	-	-	-	8,176,370
Reverse Collateralised Commodity Murabahah	1,119,448	302,526	-	312,631	-	-	-	1,734,605
Deposits and placements with banks and other financial institutions	-	403,180	199,956	-	-	-	-	603,136
Financial assets at fair value through profit or loss	1,332,249	2,711,162	873,967	237,883	127,372	277,484	-	5,560,117
Debt instruments at fair value through other comprehensive income	29,259	69,152	61,786	541,719	2,999,549	3,528,503	-	7,229,968
Debt instruments at amortised cost	52,881	323,250	453,060	760,030	5,403,805	7,589,879	-	14,582,905
Islamic derivative financial instruments	175,544	171,714	134,942	103,134	66,828	131,204	-	783,366
Financing , advances and other financing/loans	5,692,358	1,702,449	933,142	1,843,699	12,992,006	108,250,431	-	131,414,085
Other assets	292,310	-	-	-	-	-	-	292,310
Deferred taxation	-	-	-	-	-	-	253,132	253,132
Tax recoverable	-	-	-	-	-	-	171,233	171,233
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	1,829,850	1,829,850
Investment in subsidiaries	-	-	-	-	-	-	11	11
Amount due from holding company and ultimate holding company	628,501	-	-	-	-	-	-	628,501
Amount due from related companies	51	-	-	-	-	-	-	51
Goodwill	-	-	-	-	-	-	136,000	136,000
Intangible assets	-	-	-	-	-	-	1,176	1,176
Property, plant and equipment	-	-	-	-	-	-	382	382
Total assets	**17,498,971**	**5,683,433**	**2,656,853**	**3,799,096**	**21,589,560**	**119,777,501**	**2,391,784**	**173,397,198**

54 Financial Risk Management (Continued)

54.3 Liquidity Risk (Continued)

54.3.1 Contractual maturity of assets and liabilities (Continued)

The table below analyses the assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity dates in accordance with the BNM Guidelines: (Continued)

	The Bank 31 December 2024							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	55,793,371	21,690,915	18,125,099	12,543,995	888,737	10,307	-	109,052,424
Investment accounts of customers	4,242,818	6,546,490	7,371,843	5,660,764	621,395	-	-	24,443,310
Deposits and placements of banks and other financial institutions	2,503,737	1,359,667	110,627	478,748	-	-	-	4,452,779
Collateralised Commodity Murabahah	1,224,356	1,886,859	1,238,517	-	-	-	-	4,349,732
Investment accounts due to designated financial institutions	2,927,281	-	-	-	-	-	-	2,927,281
Financial liabilities designated at fair value through profit or loss	9,860	7,330	48,556	8,989	3,050,988	-	-	3,125,723
Islamic derivative financial instruments	110,565	155,581	127,303	103,134	94,030	38,890	-	629,503
Amount due to ultimate holding company	4	-	-	-	-	-	-	4
Amount due to subsidiaries	46	-	-	-	-	-	-	46
Amount due to related companies	348	-	-	-	-	-	-	348
Other liabilities	641,107	196	147	-	19,900	-	-	661,350
Recourse obligation on loans and financing sold to Cagamas	14,901	3,198	-	473,000	2,316,053	807,625	-	3,614,777
Sukuk	51,526	37,605	3,707	-	1,499,721	6,148,870	-	7,741,429
Subordinated sukuk	-	12,372	1,369	-	1,500,000	-	-	1,513,741
Total liabilities	**67,519,920**	**31,700,213**	**27,027,168**	**19,268,630**	**9,990,824**	**7,005,692**	**-**	**162,512,447**
Net liquidity gap	**(50,020,949)**	**(26,016,780)**	**(24,370,315)**	**(15,469,534)**	**11,598,736**	**112,771,809**	**2,391,784**	

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.3 Liquidity Risk (Continued)

54.3.1 Contractual maturity of assets and liabilities (Continued)

The table below analyses the assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity dates in accordance with the BNM Guidelines: (Continued)

The Bank
31 December 2023

	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	No-specific maturity	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets								
Cash and short-term funds	10,517,811	-	-	-	-	-	-	10,517,811
Reverse Collateralised Commodity Murabahah	101,362	302,595	-	296,110	-	-	-	700,067
Deposits and placements with banks and other financial institutions	-	138,065	-	-	-	-	-	138,065
Financial assets at fair value through profit or loss	462,174	1,485,535	715,588	229,706	645,423	216,047	-	3,754,473
Debt instruments at fair value through other comprehensive income	73,308	82,250	17,057	135,603	2,732,742	2,321,804	-	5,362,764
Debt instruments at amortised cost	28,452	160,787	239,193	695,866	5,297,390	7,573,397	-	13,995,085
Islamic derivative financial instruments	109,147	69,938	28,187	2,013	96,867	51,009	-	357,161
Financing , advances and other financing/loans	4,908,406	1,505,922	872,502	1,610,236	12,362,853	100,216,568	-	121,476,487
Other assets	349,993	-	-	-	-	-	-	349,993
Deferred taxation	-	-	-	-	-	-	282,971	282,971
Tax recoverable	-	-	-	-	-	-	84,999	84,999
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	1,870,210	1,870,210
Investment in subsidiaries	-	-	-	-	-	-	11	11
Amount due from holding company and ultimate holding company	635,013	-	-	-	-	-	-	635,013
Amount due from related companies	40	-	-	-	-	-	-	40
Goodwill	-	-	-	-	-	-	136,000	136,000
Right-of-use assets	-	-	-	-	-	-	569	569
Intangible assets	-	-	-	-	-	-	3,550	3,550
Property, plant and equipment	-	-	-	-	-	-	503	503
Total assets	17,185,706	3,745,092	1,872,527	2,969,534	21,135,275	110,378,825	2,378,813	159,665,772

54 Financial Risk Management (Continued)

54.3 Liquidity Risk (Continued)

54.3.1 Contractual maturity of assets and liabilities (Continued)

The table below analyses the assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity dates in accordance with the BNM Guidelines: (Continued)

The Bank 31 December 2023	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	56,817,040	21,001,051	16,766,039	15,206,521	1,030,709	10,384	-	110,831,744
Investment accounts of customers	3,940,608	4,461,952	5,022,693	5,037,556	521,316	-	-	18,984,125
Deposits and placements of banks and other financial institutions	1,689,049	3,364,397	311,002	-	169,058	-	-	5,533,506
Collateralised Commodity Murabahah	385,059	870,900	973,162	-	-	-	-	2,229,121
Investment accounts due to designated financial institutions	3,424,851	-	-	-	-	-	-	3,424,851
Financial liabilities designated at fair value through profit or loss	8,941	6,185	1,702	10,755	2,786,333	7,868	-	2,821,784
Islamic derivative financial instruments	119,874	79,140	41,863	1,926	147,576	43,061	-	433,440
Amount due to subsidiaries	46	-	-	-	-	-	-	46
Amount due to related companies	976	-	-	-	-	-	-	976
Other liabilities	796,981	752	147	-	20,200	-	-	818,080
Lease liabilities	-	-	-	786	-	-	-	786
Recourse obligation on loans and financing sold to Cagamas	15,438	2,800	-	488,000	2,316,760	-	-	2,822,998
Sukuk	-	-	3,595	-	703,694	302,185	-	1,009,474
Subordinated sukuk	-	8,055	1,369	800,000	300,000	-	-	1,109,424
Total liabilities	67,198,863	29,795,232	23,121,572	21,545,544	7,995,646	363,498	-	150,020,355
Net liquidity gap	(50,013,157)	(26,050,140)	(21,249,045)	(18,576,010)	13,139,629	110,015,327	2,378,813	

54 Financial Risk Management (Continued)

54.3 Liquidity Risk (Continued)

54.3.2 Contractual maturity of financial liabilities on an undiscounted basis

Non-derivative financial liabilities

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow.

The Group
31 December 2024

	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
Non-derivative financial liabilities								
Deposits from customers	55,822,909	21,825,500	18,372,740	12,911,011	1,008,632	18,326	-	109,959,118
Investment accounts of customers	4,245,555	6,588,545	7,471,647	5,803,759	736,395	-	-	24,845,901
Deposits and placements of banks and other financial institutions	2,505,707	1,368,074	111,097	487,484	-	-	-	4,472,362
Collateralised Commodity Murabahah	1,224,356	1,886,859	1,238,517	-	-	-	-	4,349,732
Investment accounts due to designated financial institutions	2,933,050	-	-	-	-	-	-	2,933,050
Financial liabilities designated at fair value through profit or loss	10,173	17,860	74,686	60,616	3,363,432	-	-	3,526,767
Amount due to ultimate holding company	4	-	-	-	-	-	-	4
Amount due to related companies	348	-	-	-	-	-	-	348
Other liabilities	636,858	197	149	-	19,900	-	-	657,104
Recourse obligation on loans and financing sold to Cagamas	34,651	18,677	26,572	546,160	2,673,131	956,351	-	4,255,542
Senior Sukuk	61,831	71,609	21,615	154,278	2,658,558	7,143,003	-	10,110,894
Subordinated sukuk	-	22,977	7,330	30,680	1,713,846	-	-	1,774,833
	67,475,442	31,800,298	27,324,353	19,993,988	12,173,894	8,117,680	-	166,885,655
Financial guarantees	498,641	-	-	-	-	-	-	498,641
Credit related commitments and contingencies	20,383,735	295,152	312,519	281,479	1,073,199	9,807,582	-	32,153,666
	20,882,376	295,152	312,519	281,479	1,073,199	9,807,582	-	32,652,307

54 Financial Risk Management (Continued)

54.3 Liquidity Risk (Continued)

54.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)

Non-derivative financial liabilities (Continued)

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow. (Continued)

The Group
31 December 2023

	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
Non-derivative financial liabilities								
Deposits from customers	56,846,555	21,137,021	17,012,632	15,682,202	1,202,301	19,165	-	111,899,876
Investment accounts of customers	3,943,899	4,492,137	5,102,985	5,190,453	680,860	-	-	19,410,334
Deposits and placements of banks and other financial institutions	1,690,014	3,391,491	314,020	-	169,058	-	-	5,564,583
Collateralised Commodity Murabahah	385,059	870,900	973,162	-	-	-	-	2,229,121
Investment accounts due to designated financial institutions	3,431,804	-	-	-	-	-	-	3,431,804
Financial liabilities designated at fair value through profit or loss	194	13,902	24,474	59,318	3,069,021	7,861	-	3,174,770
Amount due to related companies	976	-	-	-	-	-	-	976
Other liabilities	654,523	4,247	1,474	301	70,259	81,755	-	812,559
Lease liabilities	-	197	197	396	-	-	-	790
Recourse obligation on loans and financing sold to Cagamas	18,486	10,403	18,788	545,462	2,654,910	-	-	3,248,049
Senior Sukuk	-	-	20,556	20,668	859,896	328,010	-	1,229,130
Subordinated sukuk	-	15,041	7,370	822,574	344,100	-	-	1,189,085
	66,971,510	29,935,339	23,475,658	22,321,374	9,050,405	436,791	-	152,191,077
Financial guarantees	410,004	-	-	-	-	-	-	410,004
Credit related commitments and contingencies	16,920,256	121,744	94,899	236,763	938,968	12,934,188	-	31,246,818
	17,330,260	121,744	94,899	236,763	938,968	12,934,188	-	31,656,822

54 Financial Risk Management (Continued)

54.3 Liquidity Risk (Continued)

54.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)

Non-derivative financial liabilities (Continued)

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow. (Continued)

The Bank 31 December 2024	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
Non-derivative financial liabilities								
Deposits from customers	55,822,909	21,825,500	18,372,740	12,911,011	1,008,632	18,326	-	109,959,118
Investment accounts of customers	4,245,555	6,588,545	7,471,647	5,803,759	736,395	-	-	24,845,901
Deposits and placements of banks and other financial institutions	2,505,707	1,368,074	111,097	487,484	-	-	-	4,472,362
Collateralised Commodity Murabahah	1,224,356	1,886,859	1,238,517	-	-	-	-	4,349,732
Investment accounts due to designated financial institutions	2,933,050	-	-	-	-	-	-	2,933,050
Financial liabilities designated at fair value through profit or loss	10,173	17,860	74,686	60,616	3,363,432	-	-	3,526,767
Amount due to ultimate holding company	4	-	-	-	-	-	-	4
Amount due to subsidiaries	46	-	-	-	-	-	-	46
Amount due to related companies	348	-	-	-	-	-	-	348
Other liabilities	636,858	197	149	-	19,900	-	-	657,104
Recourse obligation on loans and financing sold to Cagamas	34,651	18,677	26,572	546,160	2,673,131	956,351	-	4,255,542
Other borrowings								
Senior Sukuk	61,831	71,609	21,615	154,278	2,658,558	7,143,003	-	10,110,894
Subordinated sukuk	-	22,977	7,330	30,680	1,713,846	-	-	1,774,833
	67,475,488	31,800,298	27,324,353	19,993,988	12,173,894	8,117,680	-	166,885,701
Financial guarantees	498,641	-	-	-	-	-	-	498,641
Credit related commitments and contingencies	20,383,735	295,152	312,519	281,479	1,073,199	9,807,582	-	32,153,666
	20,882,376	295,152	312,519	281,479	1,073,199	9,807,582	-	32,652,307

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.3 Liquidity Risk (Continued)

54.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)

Non-derivative financial liabilities (Continued)

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow. (Continued)

The Bank 31 December 2023	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
Non-derivative financial liabilities								
Deposits from customers	56,846,555	21,137,021	17,012,632	15,682,202	1,202,301	19,165	-	111,899,876
Investment accounts of customers	3,943,899	4,492,137	5,102,985	5,190,453	680,860	-	-	19,410,334
Deposits and placements of banks and other financial institutions	1,690,014	3,391,491	314,020	-	169,058	-	-	5,564,583
Collateralised Commodity Murabahah	385,059	870,900	973,162	-	-	-	-	2,229,121
Investment accounts due to designated financial institutions	3,431,804	-	-	-	-	-	-	3,431,804
Financial liabilities designated at fair value through profit or loss	194	13,902	24,474	59,318	3,069,021	7,861	-	3,174,770
Amount due to subsidiaries	46	-	-	-	-	-	-	46
Amount due to related companies	976	-	-	-	-	-	-	976
Other liabilities	654,523	4,247	1,474	301	70,259	81,755	-	812,559
Lease liabilities	-	197	197	396	-	-	-	790
Recourse obligation on loans and financing sold to Cagamas	18,486	10,403	18,788	545,462	2,654,910	-	-	3,248,049
Other borrowings								
Senior Sukuk	-	-	20,556	20,668	859,896	328,010	-	1,229,130
Subordinated sukuk	-	15,041	7,370	822,574	344,100	-	-	1,189,085
	66,971,556	29,935,339	23,475,658	22,321,374	9,050,405	436,791	-	152,191,123
Financial guarantees	410,004	-	-	-	-	-	-	410,004
Credit related commitments and contingencies	16,920,256	121,744	94,899	236,763	938,968	12,934,188	-	31,246,818
	17,330,260	121,744	94,899	236,763	938,968	12,934,188	-	31,656,822

54 Financial Risk Management (Continued)

54.3 Liquidity Risk (Continued)

54.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)

Derivative financial liabilities

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities.

All trading derivatives, whether net or gross settled are analysed based on the expected maturity as the contractual maturity is not considered to be essential to the understanding of the timing of the cash flows. The amounts disclosed in respect of such contracts are the fair values.

Hedging derivatives are disclosed based on remaining contractual maturities as the contractual maturities of such contracts are essential for an understanding of the timing of the cash flows. The amounts disclosed in respect of such contracts are the contractual undiscounted cash flows.

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.3 Liquidity Risk (Continued)

54.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)

Derivative financial liabilities (Continued)

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis:

	The Group and the Bank 31 December 2024							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	(935)	-	-	-	-	-	-	(935)
- Profit rate derivatives	(73,774)	-	-	-	-	-	-	(73,774)
- Equity related derivatives	(996)	-	-	-	-	-	-	(996)
- Commodity related derivatives	(26,234)	-	-	-	-	-	-	(26,234)
- Credit related contracts	(450)	-	-	-	-	-	-	(450)
Hedging derivatives:								
- Profit rate derivatives	(478)	(68)	9	(910)	(5,306)	-	-	(6,753)
	(102,867)	(68)	9	(910)	(5,306)	-	-	(109,142)

54 Financial Risk Management (Continued)

54.3 Liquidity Risk (Continued)

54.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)

Derivative financial liabilities (Continued)

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis: (Continued)

	The Group and the Bank 31 December 2023							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	(2,614)	-	-	-	-	-	-	(2,614)
- Profit rate derivatives	(103,561)	-	-	-	-	-	-	(103,561)
- Equity related derivatives	(510)	-	-	-	-	-	-	(510)
- Commodity related derivatives	(32)	-	-	-	-	-	-	(32)
- Credit related contracts	(610)	-	-	-	-	-	-	(610)
Hedging derivatives:								
- Profit rate derivatives	(455)	(54)	(86)	(1,029)	(5,567)	92	-	(7,099)
	(107,782)	(54)	(86)	(1,029)	(5,567)	92	-	(114,426)

54 Financial Risk Management (Continued)

54.3 Liquidity Risk (Continued)

54.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)

Derivative financial liabilities (Continued)

The Group's and the Bank's derivatives that will be settled on a gross basis include foreign exchange derivatives, such as currency forward, currency swap, and cross currency profit rate swaps.

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow:

	The Group and the Bank 31 December 2024	
	Up to 1 month RM'000	Total RM'000
Derivative financial liabilities		
Trading derivatives		
Foreign exchange derivatives	(520,784)	(520,784)
	(520,784)	(520,784)

54 Financial Risk Management (Continued)

54.3 Liquidity Risk (Continued)

54.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)

Derivative financial liabilities (Continued)

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

	The Group and the Bank 31 December 2023	
	Up to 1 month RM'000	Total RM'000
Derivative financial liabilities		
Trading derivatives		
Foreign exchange derivatives	(319,299)	(319,299)
	(319,299)	(319,299)

54 Financial Risk Management (Continued)

54.4 Fair value estimation

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.

54.4.1 Determination of fair value and fair value hierarchy

The fair value hierarchy has the following levels:

Level 1 — Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 — Inputs to the valuation methodology include:
- Quoted prices for similar assets and liabilities in active markets; or
- Quoted prices for identical or similar assets and liabilities in non-active markets; or
- Inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 — One or more inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Assets/Liabilities are classified as Level 1 when the valuation is based on quoted prices for identical assets or liabilities in active markets.

Assets/Liabilities are regarded as being quoted in an active market if the prices are readily available from a published and reliable source and those prices represent actual and regularly occurring market transactions on an arm’s length basis.

When fair value is determined using quoted prices of similar assets/liabilities in active markets or quoted prices of identical or similar assets and liabilities in non-active markets, such assets/liabilities are classified as Level 2. In cases where quoted prices are generally not available, the Group determines fair value based upon valuation techniques that use market parameters as inputs. Most valuation techniques employ observable market data, including but not limited to yield curves, equity prices, volatilities and foreign exchange rates.

54 Financial Risk Management (Continued)

54.4 Fair value estimation (Continued)

54.4.1 Determination of fair value and fair value hierarchy (Continued)

Assets/Liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data. Such inputs are determined based on observable inputs of a similar nature, historical observations or other analytical techniques.

If prices or quotes are not available for an instrument or a similar instrument, fair value will be established by using valuation techniques or Mark-to-Model. Judgment may be required to assess the need for valuation adjustments to appropriately reflect unobservable parameters. The valuation models shall also consider relevant transaction data such as maturity. The inputs are then benchmarked and extrapolated to derive the fair value.

Valuation Model Review and Approval

- Fair valuation of financial instruments is determined either through Mark-to-Market or Mark-to-Model methodology, as appropriate;

- Market Risk Management is mandated to perform Mark-to-Market, Mark-to-Model and rate reasonableness verification. Market price and/or rate sources for Mark-to-Market are validated by Market Risk Management as part and parcel of market data reasonableness verification;

- Valuation methodologies for the purpose of determining Mark-to-Model prices will be verified by Group Risk Management Quantitative analysts before submitting to the Group Market and Conduct Risks Committee ("GMCRC") for approval;

- Mark-to-Model process shall be carried out by Market Risk Management in accordance with the approved valuation methodologies. Group Risk Management Quantitative analysts are responsible for independent evaluation and validation of the Group's financial models used for valuation;

- Group Risk Management Quantitative analysts are the guardian of the financial models and valuation methodologies. Market rate sources and model inputs for the purpose of Mark-to-Model must be verified by Group Risk Management Quantitative analysts and approved by Regional Head, Market Risk Management and/or the GMCRC;

54 Financial Risk Management (Continued)

54.4 Fair value estimation (Continued)

54.4.1 Determination of fair value and fair value hierarchy (Continued)

Valuation Model Review and Approval (Continued)

- Model risk and unobservable parameter reserve must be considered to provide for the uncertainty of the model assumptions;

- The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer; and

- Independent price verification process shall be carried out by Market Risk Management to ensure that financial assets and liabilities are recorded at fair value.

The following table represents assets and liabilities measured at fair value and classified by level with the following fair value hierarchy:

	The Group and the Bank Fair Value		
	Level 2 RM'000	Level 3 RM'000	Carrying amount RM'000
31 December 2024			
Recurring fair value measurements			
Financial assets			
Financial assets at fair value through profit or loss			
-Money market instruments	5,136,965	-	5,136,965
-Unquoted securities	423,152	-	423,152
Debt instruments at fair value through other comprehensive income			
-Money market instruments	2,339,284	-	2,339,284
-Unquoted securities	4,890,684	-	4,890,684
Derivative financial instruments:			
-Trading derivatives	662,971	996	663,967
-Hedging derivatives	119,399	-	119,399
Total	13,572,455	996	13,573,451
Recurring fair value measurements			
Financial liabilities			
Derivative financial instruments:			
-Trading derivatives	622,177	996	623,173
-Hedging derivatives	6,330	-	6,330
Financial liabilities designated at fair value through profit or loss	3,125,723	-	3,125,723
Total	3,754,230	996	3,755,226

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.4 Fair value estimation (Continued)

54.4.1 Determination of fair value and fair value hierarchy (Continued)

The following table represents assets and liabilities measured at fair value and classified by level with the following fair value hierarchy: (Continued)

	The Group and the Bank Fair Value		
	Level 2 RM'000	Level 3 RM'000	Carrying amount RM'000
31 December 2023			
Recurring fair value measurements			
Financial assets			
Financial assets at fair value through profit or loss			
-Money market instruments	3,579,418	-	3,579,418
-Unquoted securities	175,055	-	175,055
Debt instruments at fair value through other comprehensive income			
-Money market instruments	1,744,746	-	1,744,746
-Unquoted securities	3,618,018	-	3,618,018
Derivative financial instruments:			
-Trading derivatives	324,633	510	325,143
-Hedging derivatives	32,018	-	32,018
Financing, advances and other financing/loans at fair value through profit or loss	274,133	-	274,133
Total	9,748,021	510	9,748,531
Recurring fair value measurements			
Financial liabilities			
Derivative financial instruments:			
-Trading derivatives	426,116	510	426,626
-Hedging derivatives	6,814	-	6,814
Financial liabilities designated at fair value through profit or loss	2,821,784	-	2,821,784
Total	3,254,714	510	3,255,224

54 Financial Risk Management (Continued)

54.4 Fair value estimation (Continued)

54.4.1 Determination of fair value and fair value hierarchy (Continued)

The following represents the changes in Level 3 instruments for the financial year ended 31 December 2024 and 31 December 2023 for the Group and the Bank:

	Financial Assets	**Financial Liabilities**
	Derivative financial instruments	**Derivative financial instruments**
	Trading derivatives RM'000	**Trading derivatives RM'000**
The Group and the Bank		
At 1 January 2024	**510**	**(510)**
Total gains recognised in statement of income	**42**	**27**
Purchases	**504**	**(591)**
Settlements	**(60)**	**78**
At 31 December 2024	**996**	**(996)**
Total gains recognised in statement of income for financial year ended 31 December 2024 under:		
- net other income	**42**	**27**
Change in unrealised gains recognised in statement of income relating to assets held on 31 December 2024 under "net other income"	**78**	**4**

	Financial Assets	**Financial Liabilities**
	Derivative financial instruments	**Derivative financial instruments**
	Trading derivatives RM'000	**Trading derivatives RM'000**
The Group and the Bank		
At 1 January 2023	-	-
Total gains/(losses) recognised in statement of income	205	(141)
Purchases	342	(423)
Settlements	(37)	54
At 31 December 2023	510	(510)
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2023 under:		
- net other income	205	(141)
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2023 under "net other income"	227	(148)

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Notes to the Financial Statements for the financial year ended 31 December 2024 (Continued)

54 Financial Risk Management (Continued)

54.4 Fair value estimation (Continued)

54.4.2 Fair value of financial assets and liabilities measured at amortised cost

The following table analyse within the fair value hierarchy the Group's assets and liabilities' fair value as at 31 December 2024 and 31 December 2023 where the fair value does not approximate to carrying amount in the statement of financial position:

		The Group and the Bank Fair Value	
	Carrying amount RM'000	Level 2 RM'000	Total RM'000
31 December 2024			
Assets			
Reverse Collateralised Commodity Murabahah	**1,734,605**	**1,726,581**	**1,726,581**
Debt instruments at amortised cost	**14,582,905**	**14,776,194**	**14,776,194**
Financing, advances and other financing/loans	**131,414,085**	**131,459,562**	**131,459,562**
Total	**147,731,595**	**147,962,337**	**147,962,337**
Liabilities			
Deposits from customers	**109,052,424**	**109,050,608**	**109,050,608**
Investment accounts of customers	**24,443,310**	**24,468,488**	**24,468,488**
Deposits and placements of banks and other financial institutions	**4,452,779**	**4,447,524**	**4,447,524**
Recourse obligation on loans and financing sold to Cagamas	**3,614,777**	**3,601,711**	**3,601,711**
Senior Sukuk	**7,741,429**	**7,660,545**	**7,660,545**
Subordinated Sukuk	**1,513,741**	**1,510,145**	**1,510,145**
Total	**150,818,460**	**150,739,021**	**150,739,021**

54 Financial Risk Management (Continued)

54.4 Fair value estimation (Continued)

54.4.2 Fair value of financial assets and liabilities measured at amortised cost (Continued)

The following table analyse within the fair value hierarchy the Group's assets and liabilities' fair value as at 31 December 2024 and 31 December 2023 where the fair value does not approximate to carrying amount in the statement of financial position: (Continued)

		The Group and the Bank Fair Value	
	Carrying amount RM'000	Level 2 RM'000	Total RM'000
31 December 2023			
Assets			
Reverse Collateralised Commodity Murabahah	700,067	691,815	691,815
Debt instruments at amortised cost	13,995,085	14,213,265	14,213,265
Financing, advances and other financing/loans	121,202,354	121,559,698	121,559,698
Total	135,897,506	136,464,778	136,464,778
Liabilities			
Deposits from customers	110,831,744	110,881,716	110,881,716
Investment accounts of customers	18,984,125	19,030,370	19,030,370
Deposits and placements of banks and other financial institutions	5,533,506	5,521,785	5,521,785
Recourse obligation on loans and financing sold to Cagamas	2,822,998	2,861,590	2,861,590
Senior Sukuk	1,009,474	1,034,762	1,034,762
Subordinated Sukuk	1,109,424	1,118,224	1,118,224
Total	140,291,271	140,448,447	140,448,447

54 Financial Risk Management (Continued)

54.4 Fair value estimation (Continued)

54.4.2 Fair value of financial assets and liabilities measured at amortised cost (Continued)

The fair values are based on the following methodologies and assumptions:

Short-term funds and placements with financial institutions

For short-term funds and placements with financial institutions with maturities of less than six months, the carrying value is a reasonable estimate of fair value. For deposits and placements with maturities of six months and above, the estimated fair value is based on discounted cash flows using prevailing Islamic money market profit rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

Debt instruments at amortised cost

The estimated fair value is generally based on quoted and observable market prices. Where there is no ready market in certain securities, the Group and the Bank establish fair value by using valuation techniques. These include the use of recent arm’s length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Other assets

The fair value of other assets approximates the carrying value less impairment allowance at the statement of financial position date.

Financing, advances and other financing/loans

For variable rate financing, the carrying value is generally a reasonable estimate of fair value.

For fixed rate financing with maturities of six months or more, the fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of financing with similar credit risks and maturities.

The fair values of impaired variable and fixed rate financing are represented by their carrying value, net of individual impairment allowance being the expected recoverable amount.

54 Financial Risk Management (Continued)

54.4 Fair value estimation (Continued)

54.4.2 Fair value of financial assets and liabilities measured at amortised cost (Continued)

Amount due (to)/from subsidiaries and related companies and amount due (to)/from holding company and ultimate holding company

The estimated fair values of the amount due (to)/from subsidiaries and related companies and amount due (to)/from ultimate holding company approximate the carrying values as the balances are either recallable on demand or are based on the current rates for such similar financing.

Deposits from customers

For deposits from customers with maturities of less than six months, the carrying amounts are a reasonable estimate of their fair value. For deposit with maturities of six months or more, fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits from customers.

Investment accounts of customers and investment accounts due to designated financial institutions

The estimated fair values of investment accounts of customers and investment accounts due to designated financial institutions with maturities of less than six months approximate the carrying values. For placements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market profit rates for placements with similar remaining period to maturities.

Deposits and placements of banks and other financial institutions

The estimated fair values of deposits and placements of banks and other financial institutions with maturities of less than six months approximate the carrying values. For deposits and placements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market profit rates for deposits and placements with similar remaining period to maturities.

54 Financial Risk Management (Continued)

54.4 Fair value estimation (Continued)

54.4.2 Fair value of financial assets and liabilities measured at amortised cost (Continued)

Collateralised Commodity Murabahah

The estimated fair values of Collateralised Commodity Murabahah with maturities of less than six months approximate the carrying values. For Collateralised Commodity Murabahah with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market rates with similar remaining period to maturity.

Other liabilities

The fair value of other liabilities approximates the carrying value at the statement of financial position date.

Lease liabilities

The estimated fair value of lease liabilities approximates the carrying value at the statement of financial position date.

Recourse obligation on loans and financing sold to Cagamas

The estimated fair values of loans and financing sold to Cagamas with maturities of less than six months approximate the carrying values. For loans and financing sold to Cagamas with maturities six months or more, the fair values are estimated based on discounted cash flows using prevailing market rates for loans and financing sold to Cagamas with similar risk profile.

Senior Sukuk

The estimated fair values of Sukuk with maturities of less than six months approximate the carrying values. For Sukuk with maturities six months or more, the fair values are estimated based on discounted cash flows using prevailing market rates for Sukuk with similar risk profile.

Subordinated Sukuk

The fair values for the quoted subordinated Sukuk are obtained from quoted market prices while the fair values for unquoted subordinated Sukuk are estimated based on discounted cash flow models.

54 Financial Risk Management (Continued)

54.4 Fair value estimation (Continued)

54.4.2 Fair value of financial assets and liabilities measured at amortised cost (Continued)

Credit related commitment and contingencies

The net fair value of these items was not calculated as estimated fair values are not readily ascertainable. These financial instruments generally relate to credit risks and attract fees in line with market prices for similar arrangements. They are not presently sold nor traded. The fair value may be represented by the present value of fees expected to be received, less associated costs.

54.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3)

Certain credit derivatives products where valuation inputs are unobservable are valued using analytic/semi-analytic pricing models that model credit default with other market variables such as foreign exchange ("FX") rates in a mathematically and theoretically consistent framework. These valuation models are the usual market standard used in credit derivatives pricing.

Credit derivatives inputs deemed to trigger Level 3 classification:

- Correlation between Credit and FX

Actual transactions, where available, are used to regularly recalibrate such unobservable parameters.

For the purpose of Model Reserve, the following ranges (where applicable) are proposed to be used for calculating such reserves:

- Credit and FX correlation (reserve on a Level 3 input) -

    1. Short Quanto CDS position shocked with larger negative correlation.
    2. Long Quanto CDS position shocked with larger positive correlation.

54 Financial Risk Management (Continued)

54.4 Fair value estimation (Continued)

54.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3) (Continued)

- FX Volatility (reserve on valuation model) -

  1. Long volatility shocked with lower volatility.
  2. Short volatility shocked with higher volatility.

Equity derivatives which primarily include over-the-counter options on individual or basket of shares or market indices are valued using option pricing models such as Black-Scholes and Monte Carlo Simulations.

These models are calibrated with the inputs which include underlying spot prices, dividend and yield curves. A Level 3 input for equity options is historical volatility i.e. volatility derived from the shares' historical prices. The magnitude and direction of the impact to the fair value depend on whether the Group is long or short the exposure.

- Higher volatility will result in higher fair value for net long positions.
- Higher volatility will result in lower fair value for net short positions.

54 Financial Risk Management (Continued)

54.4 Fair value estimation (Continued)

54.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3) (Continued)

The Group and the Bank **Description**	**Fair value assets RM'000**	**Fair value liabilities RM'000**	**Valuation technique(s)**	**Unobservable inputs**	**Range of unobservable input**	**Inter-relationship between significant unobservable inputs and fair value measurement**
Derivative financial instruments						
- Equity derivatives						
2024	**996**	**(996)**	**Option pricing**	**Equity volatility**	**16.38% to 46.70%**	**Higher volatility results in higher/lower fair value depending on the net long/short positions**
2023	510	(510)	Option pricing	Equity volatility	17.14% to 20.33%	Higher volatility results in higher/lower fair value depending on the net long/short positions

Sensitivity analysis for Level 3

The sensitivity of the fair value of equity derivatives to the movement in significant unobservable input is insignificant for the financial year ended 31 December 2024 and 31 December 2023.

55 Directors of subsidiaries of the Bank

The following is the list of directors who served on the Boards of the subsidiaries of the Group since the beginning of the current financial year to the date of the Directors' Report:

Name of Company	**Name of Directors**
CIMB Islamic Nominees (Asing) Sdn Bhd	1. Rosmawarni Abdul Samad 2. Datin Ezreen Eliza Zulkiplee
CIMB Islamic Nominees (Tempatan) Sdn Bhd	1. Rosmawarni Abdul Samad 2. Datin Ezreen Eliza Zulkiplee

56 Authorisation for issue of Financial Statements

The Financial Statements have been authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 14 March 2025.