



بنك مودة

Bank Muamalat



LAPORAN TAHUNAN
2003 ANNUAL REPORT



R A S I O N A L *Rationale*

Seni Islam Timurid (1370-1507) digunakan untuk menghiasi kulit hadapan Laporan Tahunan Bank Muamalat 2003. Keratan kepingan asal jubin yang diambil dari Shir-dar Madrasa (Uzbekistan) telah dilukis semula menggunakan cat 'acrylic'. Seni Timurid mempamerkan keunikan elemen warna terang yang digunakan untuk mewakili kekuatan serta keteguhan.

Ukiran unik ini juga mencerminkan warna Bank Muamalat, hanya sejajar dengan strategi dan kesungguhan kami dalam perniagaan dan bagaimana kami mengaitkan bentuk seni yang indah ini dengan strategi operasi kami.

The Islamic art of Timurid (1370-1507) is used to decorate the cover of the Bank Muamalat 2003 Annual Report. The original piece of cut tiles mosaic taken from the Shir-dar Madrasa (Uzbekistan) has been redrawn using acrylic paint. The Timurid art exhibits the unique use of strong colours and bold element and this is used to represent Bank Muamalat's agility and strength. Inspired by the unique form of the inscription which reflects the colours of Bank Muamalat, the cover design represents the form Bank Muamalat business strategies are aligned to. It indicates our passion for business and how we emulate the exquisite form of art into our operational strategies.

VISI *Vision*

Menjadi sebuah Bank Islam yang Kukuh, Progresif dan Moden dengan penawaran produk-produk dan perkhidmatan yang inovatif, berkualiti dan kompetitif.

To be a Strong, Progressive and Modern Islamic Bank offering innovative, quality and competitive products and services.

MISI *Mission*

Membina sebuah Bank Islam yang moden, dinamik dan kukuh yang menawarkan alternatif berdaya maju berbanding sistem konvensional dan menyumbang kepada pembangunan Malaysia moden.

To build the Bank into a modern, dynamic and strong Islamic Bank that would play a role in providing a viable alternative to the conventional system and contribute to the development of modern Malaysia.

K A N D U N G A N

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LEMBAGA PENGARAH
Board of Directors

Dari kiri ke kanan (duduk)
From left to right (sitting)

DATIN AZIZAH MOHD JAAFAR
DATO' ISMAIL SHAHLUDIN
ENCIK FAZLUR RAHMAN EBRAHIM

Dari kiri ke kanan (berdiri)
From left to right (standing)

TUAN HAJI IDRUS ISMAIL
DATO' OTHIMAN ABDULLAH
ENCIK MOHAMED ISMAIL MOHAMED SHARIF
ENCIK ASHARI AYUB
DATIUK MOHD KIAMIL JAMIL
ENCIK ISMAIL IBRAHIM

Tiada dalam gambar
Not in picture

DR. AZI UDDIN AHMAD
ENCIK ABDUL JABBAR ABDUL MAJID





DATO' ISMAIL BIN SHAHUDIN

Y. Bhg. Dato' Ismail Shahudin merupakan Pengarah Tidak Bebas Bank Muamalat semenjak 17 Mac 2004 dan seterusnya dilantik sebagai Pengerusi Bank mulai 30 Mac 2004. Beliau ialah seorang ahli Lembaga Pengarah MMC Corporation Berhad dengan menyandang jawatan Ketua Eksekutif Kumpulan. Y. Bhg. Dato' Ismail memperolehi Ijazah Sarjana Muda Ekonomi (Kepujian) dari Universiti Malaya. Setelah tamat pengajian pada tahun 1974 beliau menyertai ESSO Malaysia Berhad dan bertugas selama 5 tahun di Bahagian Kewangan. Beliau kemudian menyertai Citibank Malaysia pada tahun 1979 dan telah berkhidmat di Ibu Pejabat Bank tersebut di New York pada tahun 1984 sebagai sebahagian dari pasukan dalam Bahagian Asia Pasifik. Sekembalinya beliau ke Malaysia pada tahun 1986, beliau telah dilantik sebagai Naib Presiden dan Ketua Kumpulan Sektor Awam dan Institusi Kewangan di Citibank Malaysia. Pada tahun 1988, beliau berkhidmat di United Asian Bank Berhad (UAB) sebagai Timbalan Pengurus Besar sehingga 1992 apabila UAB diambalih oleh Bank of Commerce. Beliau kemudiannya telah menyertai Maybank sebagai Pengurus Besar, Bahagian Perbankan Korporat. Pada September 1997, beliau dilantik sebagai Pengarah Eksekutif Maybank. Beliau meninggalkan Maybank pada Julai 2002 untuk menyandang jawatan sekarang sebagai Ketua Eksekutif Kumpulan MMC Corporation Berhad.

Y. Bhg. Dato' Ismail Shahudin juga merupakan Ahli Lembaga Pengarah MMC Engineering Group Berhad, Kramat Tin Dredging Berhad, Malaysia Smelting Corporation Berhad, Malakoff Berhad, Troch Malaysia Berhad dan UTM Berhad.

Y. Bhg. Dato' Ismail Shahudin was appointed as a Non-Independent Director of Bank Muamalat since 17 March 2004. Subsequently he was appointed as the Chairman of the Bank on 30 March 2004. Currently he sits on the Board of Directors of MMC Corporation Berhad as the Group Chief Executive. Y. Bhg. Dato' Ismail holds a Bachelor of Economics (Hons.) degree from University of Malaya. Upon graduation in 1974, he joined ESSO Malaysia Berhad and served for 5 years within its Finance Division. Thereafter, he joined Citibank Malaysia in 1979 and served at the Bank's Headquarters in New York in 1984 as part of the team in the Asia Pacific Division. Upon his return to Malaysia in 1986, he was appointed as Vice President & Group Head of Public Sector and Financial Institutions Group in Citibank Malaysia. In 1988 he served United Asian Bank Berhad (UAB) as its Deputy General Manager until 1992 when UAB was taken over by Bank of Commerce. Subsequently, he joined Maybank as its General Manager, Corporate Banking Division. In September 1997, he was appointed as the Executive Director of Maybank. He left Maybank in July 2002 to assume his current post as the Group Chief Executive for MMC Corporation Berhad.

Y. Bhg. Dato' Ismail Shahudin also sits on the Boards of MMC Engineering Group Berhad, Kramat Tin Dredging Berhad, Malaysia Smelting Corporation Berhad, Malakoff Berhad, Troch Malaysia Berhad and UTM Berhad.



ENCIK FAZLUR RAHMAN EBRAHIM

Encik Fazlur Rahman Ebrahim menyertai perkhidmatan Bank sebagai Presiden/Ketua Pegawai Eksekutif pada 28 Januari 2003. Sebelum perantakan ini beliau merupakan Pengurus Besar T, Operasi di Pengurusan Danaharta Nasional Berhad. Beliau berpengalaman lebih dari 20 tahun dalam bidang perbankan setelah berkhidmat dengan Bank Bumiputra Malaysia Berhad (BBMB) dalam pelbagai bidang tugas termasuk mengurus Cawangan Utama Kuala Lumpur dan sebagai Ketua Bahagian Perbankan Korporat dan pernah bertugas di Bumiputra Merchant Bankers Berhad. Encik Fazlur berkelulusan Sarjana Muda Pentadbiran Perniagaan pada tahun 1980 dan menamatkan Sarjana dalam Pentadbiran Perniagaan (Kewangan) pada tahun 1986 semasa masih berkhidmat dengan BBMB.

Encik Fazlur Rahman kini adalah Presiden Persatuan Institusi-Institusi Perbankan Islam Malaysia (AIBIM).

Encik Fazlur Rahman Ebrahim joined the Bank as President/Chief Executive Officer on 28 January 2003. Prior to this appointment, he was the General Manager T, Operations of Pengurusan Danaharta Nasional Berhad. He has more than 20 years experience in banking, having served in the then-Bank Bumiputra Malaysia Berhad (BBMB) in various capacities including managing Kuala Lumpur Main Branch and heading the bank's Corporate Banking Division as well as a stint of duty at Bumiputra Merchant Bankers Berhad. Encik Fazlur obtained his Bachelor in Business Administration in 1980 and completed his Master in Business Administration (Finance) in 1986 while still serving BBMB.

Encik Fazlur Rahman is currently the President of Islamic Banking Institutions of Malaysia (AIBIM).

Y. Bhg Datin Azizah Mohd Jaafar adalah Pengarah Bebas Bank Muamalat semenjak 17 September 2001. Berkelulusan Akauntan Bertauliah, beliau adalah seorang fellow Institut Akauntan Bertauliah di England & Wales. Beliau juga adalah ahli Persatuan Akauntan Awam Bertauliah, Malaysia (MACPA).

Kerjaya beliau dalam perkhidmatan Kerajaan termasuk menyandang beberapa jawatan di Jabatan Amanah Raya, Perbendaharaan Persekutuan, Kementerian Kesihatan dan Jabatan Akauntan Negara, dengan jawatan terakhirnya sebagai Timbalan Akauntan Negara. Dari tahun 1981 hingga 1992, beliau telah dipinjamkan ke Suruhanjaya Perdagangan Komoditi sebagai Timbalan Pesuruhjaya. Di antara 1995 hingga 2000, beliau berkhidmat dengan Jabatan Suruhanjaya Sekuriti dan Jabatan Pelaburan dan Pengeluaran. Beliau kini adalah seorang pensyarah secara sambilan di salah sebuah universiti tempatan.

Y. Bhg Datin Azizah Mohd Jaafar is an Independent Director of Bank Muamalat since September 17, 2001. She is a fellow of the Institute of Chartered Accountants in England & Wales. She is also a member of the Malaysian Association of Chartered Public Accountants (MACPA).

Her career in the Government sector included various positions held, among others, the Public Trustee Department, the Federal Treasury, the Ministry of Health and the Accountant General's Department where she last served as the Deputy Accountant General. From 1981 to 1992 she was seconded as Deputy Commissioner of Commodities Trading with the Commodities Trading Commission. Between 1995 and 2000 she served with the Securities Commission Department and the Investment & Issues Department. She is currently a part-time Lecturer at a local university.



DATIN AZIZAH MOHD JAAFAR



ENCIK ISMAIL IBRAHIM

Encik Ismail Ibrahim adalah pemegang Ijazah Perakaunan daripada Universiti Kebangsaan Malaysia pada 1985. Beliau menyandang jawatan Pengurus Kanan Khazanah Nasional Berhad semenjak 1997. Beliau menyertai Khazanah Nasional Berhad sebagai Akauntan/Pengurus Kewangan pada tahun 1995. Beliau memulakan kerjaya pada 1985 dengan berkhidmat di Jabatan Akauntan Negara dengan menyandang jawatan Akauntan Perbendaharaan di Bahagian Pelaburan dan Pinjaman dan sebagai Timbalan Pengarah di Bahagian Pengurusan Dana. Beliau juga merupakan ahli Institut Akauntan Malaysia.

Beliau dilantik sebagai Pengarah Tidak Bebas Bank Muamalat pada 23 Mac 2001. Beliau juga merupakan Ahli Jawatankuasa Audit Bank.

Encik Ismail Ibrahim holds a degree in Accounting from the University Kebangsaan Malaysia in 1985. He is currently the Senior Manager of Khazanah Nasional Berhad, a position he held since 1997. He joined Khazanah Nasional Berhad as Accountant/Finance Manager in 1995. He started his career in 1985 with the Accountant General's Department during which he served as Treasury Accountant in the Investment and Loans Division and as Assistant Director in the Funds Management Division. He is a member of the Malaysian Institute of Accountants.

He was appointed as a Non-Independent Director of Bank Muamalat on March 23, 2001. He is also a member of the Bank's Audit Committee.

Y. Bhg Dato' Othman Abdullah ialah seorang Pengarah Bebas Bank Muamalat semenjak 22 Januari 2002. Beliau mula berkhidmat sebagai Akauntan Perbendaharaan di Jabatan Akauntan Negara Malaysia pada 1 April 1977. Dari 1 Januari 1987 hingga 30 Jun 1993, beliau telah dipinjamkan ke Lembaga Elektrik Sabah sebagai Timbalan Pengurus Besar (Kewangan). Kini berkhidmat sebagai Akauntan Negara (Operasi) di Jabatan Akauntan Negara Malaysia.

Y. Bhg Dato' Othman Abdullah was appointed as an Independent Director of Bank Muamalat since January 22, 2002. He started his career as Treasury Accountant at Accountant General's Department commencing April 1, 1977. From January 1, 1987 to June 30, 1993, he was seconded to Sabah Electricity Board as Deputy General Manager (Finance). Currently he is Accountant General (Operation) at Accountant General's Department, Malaysia.



DATO' OTHMAN ABDULLAH



ENCIK MOHAMED ISMAIL
MOHAMED SHARIFF

Encik Mohamed Ismail Mohamed Shariff adalah seorang Pengarah Tidak Bebas Bank Muamalat semenjak 5 Januari 2001. Beliau berkelulusan LL B. (Hons) (S'pore), LL.M. (King's London), FCIArb (UK) of Lincoln's Inn, Barrister-at-law dan peguambela dan peguamcara di Mahkamah Tinggi Malaya dan Mahkamah Agung Republik Singapura.

Beliau telah melibatkan diri selama 32 tahun dalam bidang guaman dan terlibat dalam perbankan Islam semenjak pengenalannya di Malaysia pada tahun 1983.

Encik Mohamed Ismail juga mengajar secara sambilan dalam bidang Undang-Undang di Universiti Malaya dan Universiti Islam Antarabangsa Malaysia. Beliau pernah mengemukakan kertas kerja berkaitan perundangan perbankan Islam dalam beberapa persidangan dan seminar dan pernah menulis artikel-artikel mengenainya.

Beliau pernah berkhidmat dalam beberapa badan sukarela dan juga dalam Jawatankuasa Majlis Peguam

Encik Mohamed Ismail Mohamed Shariff was appointed as a Non-independent Director of Bank Muamalat since January 5, 2001. He holds LL B. (Hons) (S'pore), LL.M. (King's London), FCIArb (UK) of Lincoln's Inn, Barrister-at-law, Advocate & Solicitor of the High Court of Malaya and of the Supreme Court of the Republic of Singapore.

He has been in private legal practice for 32 years and has been involved in Islamic Banking since its introduction in Malaysia in 1983.

Encik Mohamed Ismail was a part-time lecturer in law at the University of Malaya and also at the International Islamic University of Malaysia. He has delivered papers on Islamic Banking Law at numerous conferences and seminars and has written articles on the same subject.

He has served in many social organizations and also in the local Bar Committee.

Encik Ashari Ayub Pengarah Bebas menyertai Lembaga Pengarah Bank Muamalat pada 24 Julai 2001. Beliau adalah ahli kepada Persatuan Akauntan Awam Bertauliah Malaysia dan Institut Akauntan Malaysia.

Beliau adalah rakan kongsi kanan di dalam firma perakaunan antarabangsa sebelum bersara pada tahun 1994. Buat masa ini beliau merupakan Ahli Lembaga Pengarah dalam beberapa syarikat swasta dan syarikat tersenarai.

Encik Ashari Ayub an Independent Director joined the Board of Directors of Bank Muamalat in July 24, 2001. He is a member of both the Malaysian Association of Certified Public Accountants and the Malaysian Institute of Accountants.

He was a Senior Partner with an International Accounting firm prior to his retirement in 1994. He is currently on the Board of Directors of several private and public companies.



ENCIK ASHARI AYUB



DATUK MOHD KHAMIL, JAMIL

Y. Bhg Datuk Mohd Khamil Jamil Pengarah Tidak Bebas dilantik ke Lembaga Pengarah pada 20 April 2004. Beliau berkelulusan LLB (Hons) daripada University of London pada tahun 1980 dan mendapat Barrister-at-law (Hons) dari The Gray's Inn, United Kingdom pada tahun 1983.

Beliau memulakan kerjayanya dengan Bank Bumiputra Malaysia Berhad (BBMB) dan pernah menjawat beberapa jawatan kerani dengan yang terakhir sebagai Penolong Pengurus Besar, BBMB Kewangan, Hong Kong, sebuah anak syarikat BBMB. Beliau diterima ke Majlis Peguam Malaysia pada September 1990 dan menjadi rakan kongsi beberapa firma guaman sebelum mencuba bidang perniagaan sendiri pada tahun 2001.

Beliau merupakan Ahli Lembaga Pengarah PERNAS International Holdings Berhad dan United Malayan Land Berhad, kedua-duanya tersenarai di Papan Utama, Bursa Malaysia.

Y. Bhg Datuk Mohd Khamil Jamil a Non-Independent Director was appointed to the Board of Directors on April 20, 2004. He graduated from University of London with LLB (Hons) in 1980. He completed his Barrister-at-law (Hons) at The Gray's Inn, United Kingdom in 1983.

He started his career with Bank Bumiputra Malaysia Berhad (BBMB) where he has held several senior positions, the last being Assistant General Manager, BBMB Finance Hong Kong Ltd, a subsidiary company of BBMB. He was called to the Malaysian Bar in September 1990 prior to becoming a partner of several legal firms before venturing into his own business in 2001.

He also sits on the Board of PERNAS International Holdings Berhad and United Malayan Land Berhad, both listed on Main Board of Bursa Malaysia.



DR. AZIUDDIN AHMAD

Dr. Aziuddin, 48, telah dilantik sebagai Pengarah Tidak Bebas Bank Muamalat pada 24 Ogos 2004. Beliau berkelulusan Sarjana Muda (Kepujian) dalam Kejuruteraan Elektrik dan Elektronik daripada Kings College, London pada tahun 1977 dan Sarjana dalam Kejuruteraan Reaktor Nuklear daripada Queen Mary College London pada tahun 1979 dan Doktor Falsafah dalam Reactor Neutron Physics daripada Imperial College London pada tahun 1982. Sekembali ke Malaysia, beliau telah berkhidmat di Pusat Penyelidikan Atomic Tun Ismail dan beliau telah kembali semula ke Kings College untuk belajar sepenuh masa dalam bidang undang-undang dari tahun 1989 – 1992. Beliau kemudiannya dianugerahkan Cameron Waller Prize dalam bidang Perundangan pada 1991.

Pada tahun 1987, Dr. Aziuddin menyertai sektor perkhidmatan kewangan dan semenjak 1994, beliau adalah pemegang Lesen Wakil Pengurusan Dana (Fund Management Representative's License) dan mempraktikkan kewangan Islam.

Beliau telah memberi perkhidmatan nasihat dalam pembiayaan Islam dan korporat kepada Pengerusi Pengasas Yayasan AlBukhary. Beliau juga adalah Ahli Lembaga Pengarah di MMC Corporation Berhad. Beliau juga merupakan Penasihat Kewangan Kumpulan bagi syarikat-syarikat Kumpulan Sapura. Beliau dilantik sebagai Ahli Panel Penasihat Pelaburan Tabung Haji semenjak 2001. Beliau juga merupakan Ahli Lembaga Pengarah bagi Pengurusan Aset Amanah Raya Sdn Bhd (Amanah Raya Asset Management Sdn Bhd). Dr. Aziuddin kini adalah Fellow Yayasan AlBukhary.

Dari Jun 2002 hingga Mei 2003, Dr. Aziuddin adalah profesor tambahan di Fakulti Kejuruteraan, Universiti Putra Malaysia dalam bidang Kejuruteraan dan Masyarakat yang merangkumi cabang pengajian yang luas seperti keusahawanan, Tadbir Urus Korporat, Pengurusan Kewangan, Etika, Nilai & Moral yang diperlukan dalam perniagaan.

Semenjak 2003, beliau adalah pensyarah tambahan di Pusat Dialog Peradaban di Universiti Malaya. Beliau kini mengajar dalam bidang Sains dan Teknologi – Polisi dan Strategi kepada pelajar-pelajar Sarjana di Universiti Malaya.

Dr. Aziuddin berminat dalam pendidikan, ekonomi politik, kewangan Islam dan pembangunan sumber manusia. Pembacaan dan kajian beliau merangkumi 'New Sciences of Quantum Theory, Complexity Chaos, Cosmology & Parapsychology' dan hubungannya dengan 'Mysticism, Ontology, Eschatology, Consciousness' dan Al Tawhid.

Dr. Aziuddin, 48 years of age has been appointed as a Non-Independent Director of BMMB on 24 August 2004. Graduated in 1977 with a Bachelor Degree (Honours) in Electrical & Electronics Engineering from Kings College London, Masters in Nuclear Reactor Science & Engineering from Queen Mary College London in 1979, and Doctor of Philosophy in Reactor Neutron Physics from Imperial College London in 1982.

Back in Malaysia he served at the Tun Ismail Atomic Research Centre (Malaysian Institute of Nuclear Technology) before returning again to Kings College London to read Law full-time from 1989 – 1992. He was awarded the Cameron Waller Prize in Law in 1991.

In 1987, Dr. Aziuddin entered the financial services sector and since 1994, has been a holder of a Fund Management Representative's License and practising Islamic Finance. He had provided Islamic & corporate finance advisory services to the Founder Chairman of AlBukhary Foundation. He also sat as a Member of the Board of Directors of MMC Corporation Berhad. He was also the Group Financial Adviser to the Sapura Group of Companies. Since October 2001 he was appointed an Investment Panel Member at Lembaga Tabung Haji. He is also a Board Director of Amanah Raya Asset Management Sdn Bhd. Dr. Aziuddin is currently a Fellow of the AlBukhary Foundation.

From June 2002 to May 2003, Dr. Aziuddin was Adjunct Professor at the Faculty of Engineering Universiti Putra Malaysia where he taught Engineering & Society, covering diverse topics such as entrepreneurship, corporate governance, management, finance ethics, values & moral expected in business.

Since March 2003 he is Adjunct Professor at the Centre for Civilisation Dialogue University Malaya. He currently teaches Science & Technology, Policy & Strategy to University of Malaya Masters students.

Dr. Aziuddin's current applied interest is in Education, Political-Economy, Islamic Finance and Human Development. His reading and research interests cover the New Sciences of Quantum Theory, Complexity, Chaos, Cosmology & Parapsychology and their relationships with Mysticism, Ontology, Eschatology, Consciousness and Al Tawhid.



ENCIK ABDUL JABBAR
ABDUL MAJID

Encik Abdul Jabbar Abdul Majid merupakan Pengarah Bebas Bank Muamalat yang dilantik pada 13 Oktober 2004. Beliau juga adalah ahli Lembaga Pengarah Bukan Eksekutif Tradewinds Corporation Berhad (sebelumnya dikenali sebagai Pemas International Holdings Berhad) semenjak 21 Januari 2003. Beliau juga adalah Pengarah Malakoff Berhad, Perusahaan Otomobil Nasional Berhad (Proton), Opcom Holdings Berhad dan beberapa lagi syarikat awam tidak tersenarai dan syarikat-syarikat persendirian.

Encik Abdul Jabbar merupakan ahli Institute Chartered Accountants, Australia dan Malaysian Institute of Certified Public Accountants. Kerjaya beliau termasuk perkhidmatan selama 2 tahun di Bank Pertanian Malaysia pada awal tahun 70an diikuti 21 tahun perkhidmatan di KPMG Malaysia dengan jawatan sebagai rakan kongsi kanan dari 1995 – 2000.

Encik Abdul Jabbar Abdul Majid, is an Independent Director of Bank Muamalat since 13 October 2004. Currently he sits on the Board of Directors of Tradewinds Corporation Berhad (formerly known as Pemas International Holdings Berhad) as a Non-Executive Independent Director since 21 January 2003. He is also a director of Malakoff Berhad, Perusahaan Otomobil Nasional Berhad (Proton), Opcom Holdings Berhad and a few other Public-unlisted and private companies.

Encik Abdul Jabbar is a member of the Institute of Chartered Accountants, Australia and the Malaysian Institute of Certified Public Accountants. His career includes a two-year stint with Bank Pertanian Malaysia in the early 70's followed by 21 years at KPMG Malaysia where he was a Senior Partner from 1995-2000.

Tuan Haji Idrus Ismail merupakan Setiausaha Syarikat dan Penasihat Undang-Undang Bank. Beliau yang berkelayakan dalam bidang ekonomi dan perundangan pernah berkhidmat dengan sebuah institusi kewangan yang tersenarai dan mula berkhidmat di Bank Muamalat Malaysia Berhad pada bulan Mac 2001.

Tuan Haji Idrus Ismail is the Company Secretary and in-house counsel of the Bank. He is qualified in economics and law and was previously with a listed financial institution prior to joining Bank Muamalat Malaysia Berhad in March 2001.



TUAN HAJI IDRUS ISMAIL

RINGKASAN PENYATA KEWANGAN

Financial Highlights

	1999*	2000**	2001	2002	2003
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Jumlah Dana Pemegang Saham <i>Total Shareholders' Funds</i>	303,099	311,135	329,051	349,434	353,020
Keuntungan Sebelum Cukai dan Zakat <i>Profit Before Taxation and Zakat</i>	14,354	8,240	18,375	15,640	7,267
Keuntungan Selepas Cukai dan Zakat <i>Profit After Taxation and Zakat</i>	13,354	8,036	17,916	18,728	3,586
Jumlah Aset <i>Total Assets</i>	3,508,818	5,121,428	5,438,666	6,565,769	7,315,942
Jumlah Deposit <i>Total Deposits</i>	3,031,825	4,326,464	4,965,251	6,029,351	6,846,533
Jumlah Pembiayaan <i>Total Financing</i>	1,083,937	1,813,481	2,091,802	2,317,405	2,270,795
Bil. Cawangan *** <i>No. of Branches</i>	40	40	40	40	40
Bil. Pusat Perkhidmatan <i>No. of Service Centres</i>	-	5	6	6	7
Bil. Cawangan Luar Pesisir / Labuan <i>No. of Offshore Branches / Labuan</i>	-	1	1	1	1
Bil. Pekerja <i>No. of Staff</i>	1,000	1,132	1,154	1,174	1,244

Tempoh / Period
 * Dis 1999 - Mac 2000
 ** Apr 2000 - Dis 2000
 *** Feb 2004 - 41 law.

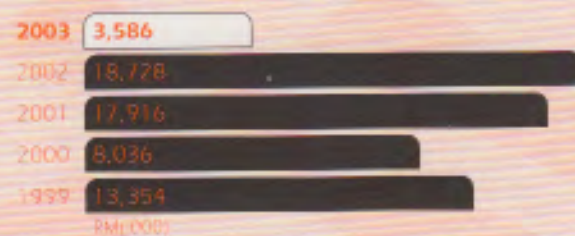
JUMLAH DANA PEMEGANG SAHAM
Total Shareholders' Funds



KEUNTUNGAN SEBELUM CUKAI DAN ZAKAT
Profit Before Taxation and Zakat



KEUNTUNGAN SELEPAS CUKAI DAN ZAKAT
Profit After Taxation and Zakat

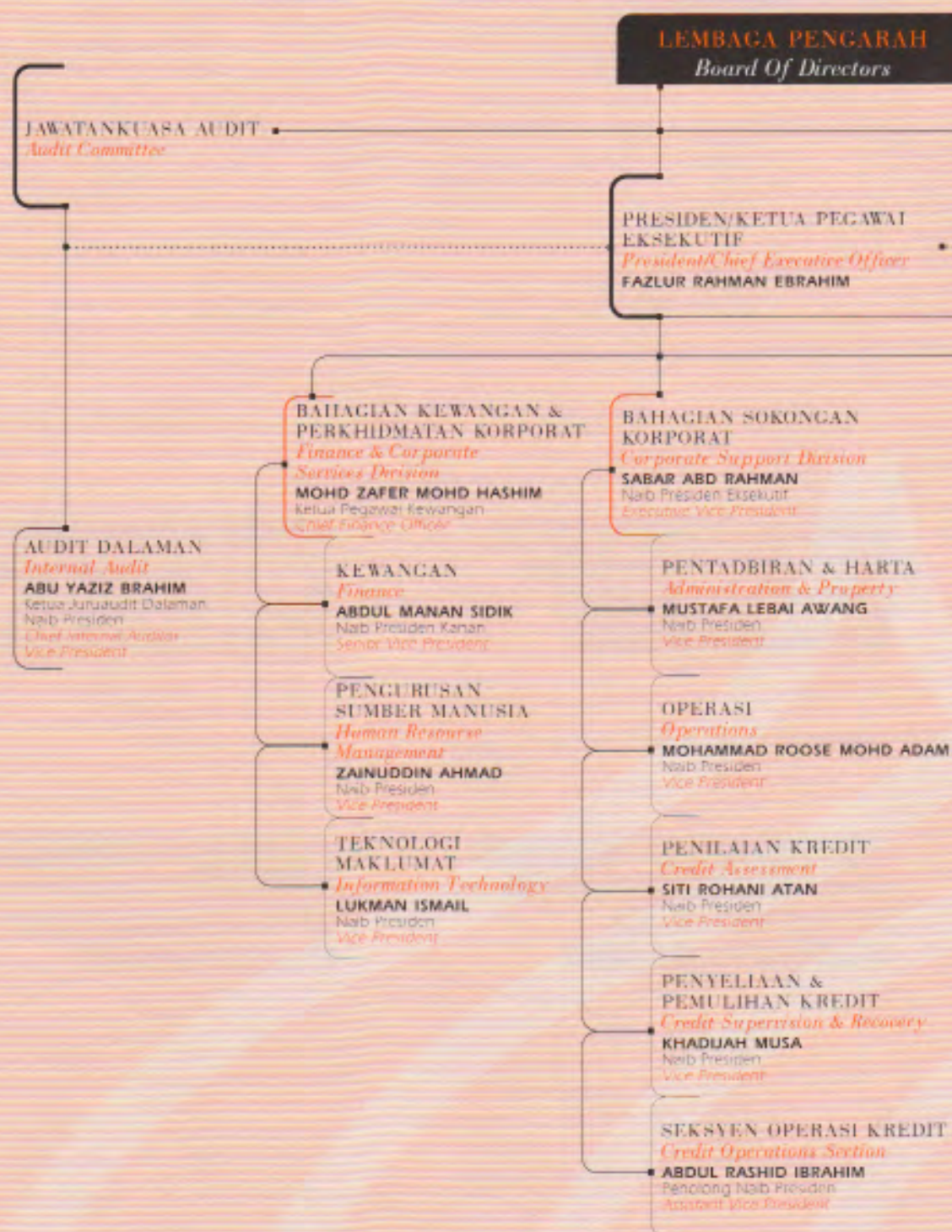


JUMLAH ASET
Total Assets



STRUKTUR ORGANISASI

Organisation Structure



KESETLAUSAHAAN SYARIKAT & UNDANG-UNDANG

Company Secretarial & Legal

IDRUS ISMAIL
Naib Presiden Kanan
Senior Vice President

MAJLIS PENASIHAT SYARIAH

Syariah Advisory Council

PA merangkap AHLI STRATEGI KORPORAT

PA cum Corporate Strategist

ADISSADIKIN ALI
Penolong Naib Presiden
Assistant Vice President

BAHACIAN PERBANKAN RUNCIT

Retail Banking Division

ABD RASID ABD KADIR
Naib Presiden Eksekutif
Executive Vice President

PERBANKAN KONSUMER

Consumer Banking

YUNOS ABD GHANI
Naib Presiden
Vice President

PEJABAT KAWASAN TENGAH

Regional Office Central

SALLEH ABDULLAH
Naib Presiden
Vice President

PEJABAT KAWASAN UTARA

Regional Office Northern

AZADDIN NGAH TASIR
Naib Presiden
Vice President

PEJABAT KAWASAN SELATAN

Regional Office Southern

HASSAN ALI
Naib Presiden
Vice President

PEMBANGUNAN USAHAWAN

Entrepreneur Development

ZAINAL ABIDIN MOHD TAHIR
Naib Presiden
Vice President

PENGURUSAN & PRESTASI CAWANGAN

Branch Management & Performance

JAMALUDIN SALLEH
Naib Presiden
Vice President

PERBANKAN PELABURAN

Investment Banking

MA'AMOR CHE ALIAS
Naib Presiden Kanan
Senior Vice President

PERBANKAN KORPORAT

Corporate Banking

SYED ABDULL AZIZ JAILANI SYED KECHIK
Naib Presiden Kanan
Senior Vice President

PERBANKAN KOMERSIL

Commercial Banking

ZAKARIA SAAD
Naib Presiden Kanan
Senior Vice President

PERBENDAHARAAN

Treasury

FAHIRURAZI YAACOB
Naib Presiden Kanan
Senior Vice President

KOMUNIKASI KORPORAT

Corporate Communications

BADRUDDIN OTHMAN
Naib Presiden Kanan
Senior Vice President

PROJEK KHAS

Special Projects

MOHD BUSTAMIN ISMAIL
Naib Presiden Kanan
Senior Vice President

PENGURUSAN RISIKO

Risk Management

BADRUL HISHAM MOHD SALLEH
Naib Presiden
Vice President

PERBANKAN ANTARABANGSA

International Banking

ABDUL RAIS MAJID
Naib Presiden Kanan
Senior Vice President

MAJLIS PENASIHAT SYARIAH
Syariah Advisory Council

Dari kiri ke kanan (duduk)

From left to right (sitting)

ASSOC. PROF. DR. SHAMSIAH MOHAMAD
ASSOC. PROF. DR. ABDUL HALIM MUHAMMAD
ASST. PROF. DR. ENGGU RABIHA ADAWIAH ENGGU ALI

Dari kiri ke kanan (berdiri)

From left to right (standing)

DR. MOHAMAD SABRI HARON
DR. MOHD. ALI HJ. BAHAROM
ASST. PROF. DR. AZNAN HASAN
ASSOC. PROF. MD. SALEH HJ. MD. @ HJ. AHMAD



Lembaga Pengarah Bank Muamalat Malaysia Berhad menggunakan tangkakerja Tadbir Urus Korporat seperti termaktub di dalam Kod Tadbir Urus Malaysia dan juga amalan terbaik antarabangsa. Walaupun Bank Muamalat bukanlah sebuah entiti yang tersenarai, ia beriltizam untuk menentukan Tadbir Urus Korporat yang tinggi piawaiannya dapat dipenuhi.

Sebuah Lembaga Pengarah yang efektif menerajui Bank. Lembaga Pengarah bertanggungjawab ke atas hala tuju strategik Bank dan kendalian tatacara Bank yang tertib. Ia mempunyai tanggungjawab terakhir dalam semua tatacara yang berkaitan operasi Perbankan.

Lembaga Pengarah terdiri daripada sembilan orang ahli dengan lima Pengarah Bebas dan empat Pengarah mewakili pemegang saham iaitu Bukhary Capital Sdn Bhd dan Khazanah Nasional Berhad. Lembaga Pengarah mematuhi kriteria Pengarah-Pengarah Bebas seperti terdapat di dalam Garis Panduan Bank Negara Malaysia 1 (GP 1) dan Garis Panduan Bank Negara Malaysia mengenai Jawatankuasa Lembaga, kelayakan dan latihan pengarah serta tanggungjawab pengarah-pengarah bebas berlandaskan 7 Jun 2003.

Ahli-ahli Lembaga Pengarah kini merangkumi individu-individu yang mempunyai kecekapan dan pengalaman yang pelbagai. Lembaga Pengarah mengkaji penyata kewangan Bank, prestasi unit-unit perniagaan, isu-isu strategik dan korporat dan faktor-faktor yang berkaitan dengan potensi risiko dalam urusan perniagaan Bank.

Lembaga Pengarah bermesyuarat mengikut jadual setiap bulan dan mesyuarat khas boleh juga diadakan jika perlu. Kertas-kertas untuk Lembaga Pengarah dihantar terlebih dahulu sebelum mesyuarat bagi menentukan perbincangan dapat diadakan dengan perumpuan yang jitu dan konstruktif.

Majlis Penasihat Syariah telah ditubuhkan mengikut kehendak Akta Perbankan Islam dan Tata Urus Persatuan Bank Muamalat yang menjelaskan penubuhan badan Syariah bagi menjalankan urusannya mengikut prinsip-prinsip Syariah. Ahli-ahli Majlis Penasihat Syariah terdiri daripada ilmuwan yang dikenali kerana ilmu peghetaahuan dan pengalaman dalam fiqh Muamalat.

JAWATANKUASA DI BAWAH LEMBAGA PENGARAH

Sejajar dengan amalan Tadbir Urus Korporat yang baik, empat buah jawatankuasa telah ditubuhkan iaitu Jawatankuasa Cadangan Perlantikan, Jawatankuasa Ganjaran, Jawatankuasa Lembaga Pengurusan Risiko dan Jawatankuasa Audit. Terdiri dari ahli-ahli daripada Lembaga Pengarah, jawatankuasa-jawatankuasa ini akan membincangkan hal-hal yang berhubung dengan pengarah-pengarah dan pengurusan kanan Bank.

1. JAWATANKUASA CADANGAN PERLANTIKAN

Jawatankuasa ini bertanggungjawab menyediakan prosedur rasmi dan telus untuk melantik pengarah-pengarah dan Ketua Pegawai Eksekutif serta menilai kecekapan setiap pengarah, Lembaga secara keseluruhannya, dan prestasi Ketua Pegawai Eksekutif serta pegawai-pegawai Pengurusan Kanan.

Fungsi utama Jawatankuasa di atas adalah untuk mencadangkan kepada Lembaga Pengarah, calon-calon untuk dilantik sebagai pengarah tambahan, memenuhi kekosongan jawatan biasa, menjalankan kajian semula tahunan terhadap pengarah-pengarah bukan eksekutif dan melakukan penilaian tahunan terhadap Lembaga Pengarah secara keseluruhannya.

Jawatankuasa ini diketuai oleh Encik Mohamed Ismail Mohamed Shariff, sementara ahli-ahli yang lain ialah Encik Ashari Ayub, Dato' Othman Abdullah, Encik Ismail Ibrahim dan Datuk Mohd Khamil Jamil.

2. JAWATANKUASA GANJARAN

Jawatankuasa ini bertanggungjawab menyediakan prosedur rasmi dan telus untuk mewujudkan polisi ganjaran bagi Pengarah-pengarah, Ketua Pegawai Eksekutif dan pegawai-pegawai Pengurusan Kanan serta memastikan ganjaran tersebut adalah kompetitif dan konsisten dengan budaya, objektif dan strategi perbankan Islam.

Jawatankuasa ini diberi kuasa untuk mencadangkan kepada Lembaga mengenai jumlah ganjaran untuk pengarah-pengarah eksekutif dan bukan eksekutif serta fi untuk jawatankuasa-jawatankuasa Lembaga.

Jawatankuasa ini dipengerusikan oleh Encik Mohamed Ismail Mohamed Shariff, sementara ahli-ahli yang lain ialah Encik Ismail Ibrahim, Dato' Othman Abdullah dan Datuk Mohd Khamil Jamil.

3. JAWATANKUASA LEMBAGA PENGURUSAN RISIKO

Jawatankuasa ini bertanggungjawab untuk menyelia aktiviti Pengurusan Kanan dalam pengurusan kredit, pasaran, mudah tunai (kecairan), operasi, perundangan dan lain-lain risiko dan memastikan proses pengurusan risiko adalah tersedia dan berfungsi.

Jawatankuasa ini dipengerusikan oleh Y.Bhg Datin Azidah Mohd Jaafar dan ahli-ahli lain ialah Encik Ashari Ayub, Encik Ismail Ibrahim, Encik Mohamed Ismail Mohamed Shariff dan Datuk Mohd Khamil Jamil.

4. JAWATANKUASA AUDIT

Jawatankuasa Audit membantu Lembaga Pengarah dalam tanggungjawab menyelia proses laporan kewangan, sistem kawalan dalaman, proses audit dan proses pemantauan segala pematuhan undang-undang, peraturan dan kod tata tertib.

Corporate Governance

The Board of Directors of Bank Muamalat Malaysia Berhad (BMMB) adopts the corporate governance framework as stipulated in the Malaysian Code of Corporate Governance, as well as international best practices. Although not a public listed entity, Bank Muamalat nonetheless is committed to ensuring the highest standards of corporate governance are observed.

An effective Board leads the Bank. The Board is responsible for the strategic direction of the bank and the proper business conduct. It has the ultimate responsibility for all matters affecting banking operations.

The Board comprises nine members with five independent Directors and four representing Shareholders namely, Bukhary Capital Sdn Bhd and Khazariah Nasional Berhad. The Board complies with the criteria of independent Directors as provided in the Bank Negara Malaysia Gais Panduan 1 (GP 1) and Bank Negara Malaysia GP on Board Committees, qualifications and training of Directors and responsibilities of independent Directors dated 2 June 2003.

The current Board comprises members with a mix of competence and experience. The Board reviews the financial statements of the Bank, the performance of business units, strategic and corporate issues and factors relating to potential risks in the business of the Bank.

The Board of Directors meets on a scheduled basis once every month and special Board meetings may also be convened should the need arise. Board papers are sent in advance ahead of Board meetings to facilitate focused and constructive discussions.

The Syariah Advisory Council (SAC) was established in accordance with the requirements of the Islamic Banking Act as well as the Bank's Articles of Association, which prescribe the setting up of a Syariah body to ensure the Bank conducts its affair in accordance with the Syariah Principles. Members of the SAC are scholars renown for their knowledge and experience in fiqh Muamalat.

BOARD COMMITTEES

In line with good governance, four Board committees were set up. Comprising members from the Board of Directors, these Committees are the Nomination Committee, Remuneration Committee, Board Risk Management Committee and Audit Committee. With the members from the Board of Directors, these Committees would convene on matters pertaining to the directors and senior management personnel of the Bank.

1. NOMINATION COMMITTEE

This Committee is to provide a formal and transparent procedure for the appointment of directors and chief executive officer as well as assessment of effectiveness of individual directors, the Board as a whole and the performance of Chief Executive Officer and key Senior Management officers.

The Committee's principal functions are to recommend to the Board candidates for appointment as additional directors, to fill up casual vacancies, to carry out an annual review of the non-executive directors and to perform an annual assessment of the Board as a whole.

The Committee is headed by Encik Mohamed Ismail Mohamed Shariff and the other members are Encik Ashari Ayub, Datuk Osman Abouilah, Encik Ismail Ibrahim and Datuk Mohd Khalil Jami.

2. REMUNERATION COMMITTEE

This Committee is to provide a formal and transparent procedure for developing a remuneration policy for Directors, Chief Executive Officer and key Senior Management officers and ensuring that compensation is competitive and consistent with the Islamic bank's culture, objectives and strategy.

The Committee is authorized to recommend to the Board the remuneration of the Executive Directors and Non-Executive Directors of the Board, as well as the fees of the Board Committees.

The Committee is chaired by Encik Mohamed Ismail Mohamed Shariff and the other members are Encik Ismail Ibrahim, Dato' Othman Abdullah and Datuk Mohd Khamil Jamil.

3. BOARD RISK MANAGEMENT COMMITTEE

The Committee is to oversee Senior Management's activities in managing credit, market, liquidity, operational, legal and other risks and to ensure that the risk management process is in place and functioning.

The Committee is chaired by Y.Bhg. Datin Anzah Mohd Jaafar and the other members are Encik Ashari Ayub, Encik Ismail Ibrahim, Encik Mohamed Ismail Mohamed Shariff and Datuk Mohd Khamil Jamil.

4. AUDIT COMMITTEE

The Audit Committee shall assist the Board of Directors in its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the Bank's process for monitoring compliance with laws and regulations and the code of conduct.

JAWATANKUASA AUDIT
Audit Committee



DATIN AZIZAH MOHD JAAFAR



ENCIK ASHARI AYUB



**ENCIK MOHAMED ISMAIL,
MOHAMED SHARIFF**



ENCIK ISMAIL IBRAHIM



TUAN HAJI ABU YAZIZ IBRAHIM
KETUA JURUAUDIT DALAMAN (TURUT HADIR)
CHIEF INTERNAL AUDITOR (IN ATTENDANCE)



TUAN HAJI IDRUS ISMAIL
SEKRETARIS
SECRETARY

Jawatankuasa Audit membantu Lembaga Pengarah dalam tanggungjawab menyelia proses laporan kewangan, sistem kawalan dalaman, proses audit dan proses pemantauan segala pematuhan undang-undang, peraturan dan kod tata tertib.

KEAHLIAN

Jawatankuasa Audit dianggotai ahli-ahli Lembaga Pengarah yang majoritinya mesti terdiri daripada ahli-ahli bebas. Sekurang-kurangnya seorang ahli mesti mempunyai kepakaran dalam bidang kewangan atau perakaunan. Jawatankuasa ini terdiri daripada :

Encik Ashari Ayub

Encik Ismail Ibrahim

Datin Azizah Mohd Jaafar

Encik Mohamed Ismail Mohamed Shariff

BIDANG KUASA

Jawatankuasa Audit mempunyai kuasa untuk mengadakan atau memberi kuasa bagi menyasat sebarang perkara di dalam bidang tanggungjawabnya. Ia diberi kuasa untuk -

- Melantik penasihat luaran, akauntan atau lain-lain untuk memberi nasihat kepada jawatankuasa atau membantu dalam menjalankan sesuatu penyiasatan.
- Meminta maklumat yang diperlukan daripada kakitangan dan mereka dikehendaki bekerjasama dengan jawatankuasa ini atau dengan pihak luar.
- Mengadakan perjumpaan dengan ahli-ahli Pengurusan, juruaudit luaran atau penasihat luar, apabila perlu.

TUGAS DAN TANGGUNGJAWAB

Tugas dan tanggungjawab utama jawatankuasa adalah seperti berikut :-

- Mengkaji isu-isu penting yang timbul dari perakaunan dan laporan termasuk transaksi-transaksi yang rumit atau kompleks dan bidang-bidang yang memerlukan pertimbangan yang matang serta mengkaji pengumuman terkini pihak profesional dan pihak berkuasa.
- Mengkaji penyata kewangan tahunan dan menilai samada ia lengkap, selari dengan maklumat yang diketahui oleh ahli jawatankuasa dan mencerminkan prinsip-prinsip perakaunan yang sesuai.
- Mengkaji sistem kawalan dalaman Bank mengenai laporan kewangan tahunan dan sementara, termasuk keselamatan dan kawalan dalam bidang teknologi maklumat.
- Mengkaji bersama pihak Pengurusan dan Ketua Audit Dalaman mengenai fungsi audit dalaman. Mengkaji bidang dan pendekatan juruaudit luaran termasuk menyelaraskan tugas audit dengan audit dalaman.
- Mengkaji prestasi juruaudit luaran dan menjalankan tugas melantik atau melepaskan juruaudit. Dalam jangkawaktu yang tetap, mengadakan perjumpaan secara berasingan dengan juruaudit luaran untuk membincangkan isu-isu yang jawatankuasa atau juruaudit berpendapat perlu dibincangkan tanpa kehadiran pihak Pengurusan.

- Mengkaji keberkesanan sistem kawalan dalaman.
- Secara tetap, melaporkan kepada Lembaga Pengarah mengenai aktiviti-aktiviti jawatankuasa, isu-isu dan cadangan-cadangan yang berkaitan.

Dalam tahun 2003, sebelas (11) mesyuarat Jawatankuasa Audit dan dua (2) mesyuarat Khas Jawatankuasa Audit diadakan. Kehadiran ahli-ahli jawatankuasa adalah seperti berikut :-

Encik Ashari Ayub	13/13
Encik Ismail Ibrahim	12/13
Datin Azidah Mohd Jaafar	13/13
Encik Mohamed Ismail Mohamed Shariff	11/13

FUNGSI AUDIT DALAMAN

Jawatankuasa Audit dibantu oleh Jabatan Audit Dalaman Bank. Jabatan ini merupakan jabatan penting dalam pasukan Pengurusan Bank. Ia akan membantu Bank dalam melaksanakan tugas-tugasnya secara berkesan dengan menyediakan tahap perkhidmatan bernilai tambah yang munasabah.

Jabatan Audit Dalaman melaksanakan fungsi-fungsi audit dalaman berasaskan kepada pelan audit yang telah dikaji oleh Jawatankuasa Audit. Pelan tersebut akan mengambikira kawalan dalaman, persekitaran risiko, hala tuju strategik dan objektif setiap unit operasi di dalam Bank. Jawatankuasa Audit Lembaga Pengarah mengkaji laporan audit dalaman yang disediakan oleh jabatan tersebut dan pihak Pengurusan akan mengambil tindakan ke atas syor yang dikemukakan.

Jabatan ini akan mempertingkatkan teknik pengauditan berasaskan risiko dan menggunakan tanda aras ini serta membandingkannya dengan amalan-amalan terbaik dalam audit dalaman yang digunapakai oleh entiti penyedia perkhidmatan kewangan lain.

PENYATA KAWALAN DALAMAN

Jawatankuasa Audit Lembaga Pengarah menyedari tentang perlu dan pentingnya satu sistem kawalan dalaman yang kukuh. Kawalan dalaman merupakan satu proses yang dicipta untuk memberi jaminan yang munasabah berhubung kejayaan Bank mencapai objektifnya dalam kategori berikut :-

- Keberkesanan dan kecekapan operasi
- Kebolehpercayaan laporan kewangan
- Pematuhan undang-undang dan peraturan yang bersangkutan

Sebagai satu proses, Kawalan Dalaman merupakan satu siri tindakan yang mempengaruhi aktiviti dan budaya Bank. Ia mempunyai lima komponen iaitu:

- Kawalan persekitaran
- Penilaian risiko
- Aktiviti-aktiviti kawalan
- Maklumat dan Komunikasi dan
- Pemantauan

Pengurusan kanan memberi definisi serta memaklumkan mengenai persekitaran kawalan dalaman iaitu "menentukan rentak di peringkat atas" melalui komitmen mereka kepada kecekapan, integriti dan nilai-nilai etika. Tindakan-tindakan yang digunapakai ini mempengaruhi perjalanan semua aktiviti Bank, termasuk polisi harian dan sikap kakitangan.

Pihak pengurusan mengenalpasti dan menganalisis risiko yang berkaitan dengan operasi, laporan kewangan dan objektif pematuhannya. Pengurusan mewujudkan aktiviti kawalan melalui polisi dan prosedur, mengenalpasti risiko dan menentukan objektif laporan dan pematuhan dapat dilaksanakan. Mereka mengatur sistem informasi dan komunikasi bagi menentukan semua kakitangan menerima mesej yang jelas mengenai peranan masing-masing dalam Sistem Kawalan Dalaman.

Jabatan Audit Dalaman dipertanggungjawabkan untuk memastikan bahawa proses-proses yang sedang berjalan bagi mengawal operasi di seluruh Bank, diatur rapi dan berfungsi secara efektif. Jabatan Audit Dalaman juga bertanggungjawab untuk melaporkan kepada pihak Pengurusan dan Jawatankuasa Audit Lembaga Pengarah mengenai kecukupan serta keberkesanan sistem kawalan dalaman Bank, bersama-sama pandangan, nasihat dan cadangan bagi memperbaiki sistem tersebut.

Jawatankuasa Audit Lembaga Pengarah bertanggungjawab untuk memantau, menyelia dan menilai tugas-tugas dan tanggungjawab pihak Pengurusan, Jabatan Audit Dalaman dan juruaudit luaran kerana tugas-tugas dan tanggungjawab tersebut adalah sebahagian daripada proses mengawal operasinya. Jawatankuasa ini juga bertanggungjawab menentukan semua isu penting yang dilaporkan oleh juruaudit dalaman, juruaudit luaran dan penasihat-penasihat luar yang lain telah ditangani dengan memuaskan. Akhirnya, jawatankuasa ini juga bertanggungjawab untuk melaporkan kepada Lembaga Pengarah mengenai semua perkara penting berhubung proses pengawalan Bank.

Audit Committee

The Audit Committee shall assist the Board of Directors in its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the Bank's process for monitoring compliance with laws and regulations and the code of conduct.

MEMBERSHIP

The Audit Committee consists of members of the Board of Directors of whom the majority shall be independent members. At least one member shall have the expertise in finance or accounting. The Committee comprises the following:

Encik Ashari Ayub

Encik Ismail Ibrahim

Datin Amrah Mohd Jaafar

Encik Mohamed Ismail Mohamed Sharif

AUTHORITY

The Audit Committee has authority to conduct or authorize investigations into any matter within the scope of its responsibility. It is empowered to:

- Employ outside counsel, accountants or others to advise the committee or to assist in the conduct of an investigation.*
- Seek any information it requires from employees, all of whom are deemed to cooperate with the committee or any external parties employed by the committee.*
- Meet with member of management, external auditors or outside counsel, as necessary.*

DUTIES AND RESPONSIBILITIES

The primary duties and responsibilities of the Committee are as follows:

- To review significant accounting and reporting issues, including complex or unusual transactions and highly judgemental areas, and recent professional and regulatory pronouncements.*
- To review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.*
- To review the Bank's internal control over annual and interim financial reporting, including information technology security and control.*
- To review with management and the Head of Internal Audit the internal audit function.*
- To review the external auditors' audit scope and approach, including coordination of audit effort with internal audit.*
- To review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors. On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believed should be discussed in the absence of management.*

Audit Committee

- *To review the effectiveness of the internal control system*
- *To regularly report to the Board of Directors about committee activities, issues and related recommendations*

In 2003, there were eleven (11) Audit Committee meetings and two (2) Special Audit Committee meetings. The details of attendance of the Committee members are as follows:

<i>Erick Ashari Ayub</i>	<i>13/13</i>
<i>Erick Ismail Ibrahim</i>	<i>12/13</i>
<i>Datin Azzah Mohd Jaafar</i>	<i>13/13</i>
<i>Erick Mohamed Ismail Mohamed Shariff</i>	<i>11/13</i>

INTERNAL AUDIT FUNCTION

The Audit Committee is supported by the Internal Audit Department. The department forms an important part of the management team. It will assist the Bank in its effective discharge of responsibilities by providing reasonable assurance and value added service.

The Internal Audit Department undertakes internal audit functions based on an audit plan that is reviewed by the Audit Committee. The audit plan will take into consideration the internal controls, risk environment, strategic direction and objectives of the operating units of the Bank. The Audit Committee of the Board deliberates upon internal audit reports prepared by the department and Management duly acts upon audit recommendations.

The Department will further enhance its risk-based auditing techniques and benchmarks it against the best practices in internal auditing for financial services entities.

STATEMENT ON INTERNAL CONTROL

The Audit Committee of the Board recognizes the need for, and the value of, a strong system of internal control. Internal control is a process designed to provide reasonable assurance regarding the achievement of the Bank's objectives in the following categories:

- *Effectiveness and efficiency of operations*
- *Reliability of financial reporting*
- *Compliance with applicable laws and regulations*

As a process, internal control is a series of actions that permeate the Bank's activities and culture. It has five major components namely:

- *Control Environment;*
- *Risk Assessment;*
- *Control Activities;*
- *Information and Communication; and*
- *Monitoring*

Senior management defines and communicates the internal control environment, i.e. the "tone at the top," by their commitment to competence, integrity, and ethical values. These choices pervade the structure of all Bank's activities, including day-to-day policies and the attitude of employees.

Management identifies and analyzes risks in association with their operational, financial reporting and compliance objectives. They develop control activities, i.e., policies and procedures, to identify risk and to ensure that their reporting and compliance objectives are met. They arrange information and communication systems so that all personnel receive a clear message regarding their roles in the internal control system.

The Internal Audit Department is charged with the responsibility for ascertaining that the on-going processes for controlling operations throughout the Bank are adequately designed and are functioning in an effective manner. Internal Audit Department is also responsible for reporting to management and the Audit Committee of the Board on the adequacy and effectiveness of the Bank's systems of internal control, together with ideas, counsel, and recommendations to improve the systems.

The Audit Committee of the Board is responsible for monitoring, overseeing, and evaluating the duties and responsibilities of management, the Internal Audit Department, and the external auditors as those duties and responsibilities relate to the Bank's processes for controlling its operations. The committee is also responsible for determining that all major issues reported by internal auditor, the external auditor, and other outside advisors have been satisfactorily resolved. Finally, the committee is responsible for reporting to the full Board of Directors all important matters pertaining to the Bank's controlling processes.

Bank secara strategik menadbir risiko melalui pengurusan risiko yang bersepadu untuk membolehkannya mencapai satu rumusan mengenai risiko bagi digunakan keseluruhannya operasi perniagaannya. Secara dasarnya Bank mengambil pendekatan holistik terhadap pengenalaian risiko, pengukuran dan pengurusan melalui usaha-usaha kawalan risiko bersepadu, organisasinya, prasarana serta proses. Usaha-usaha meningkatkan amalan risiko dapat dicapai melalui program kesedaran serta penanaman budaya pengurusan risiko yang proaktif.

Sementara Lembaga Pengarah bertanggungjawab atas pengurusan risiko Bank secara dasarnya, Jawatankuasa Lembaga Pengurusan Risiko (JLPR) telah dipertanggungjawabkan untuk menjalankan semua fungsi ini. Walaupun tugas telah diserahkan kepada Jawatankuasa ini, Lembaga Pengarah masih bertanggungjawab sepenuhnya.

JLPR yang dipengerusikan oleh seorang pengarah bebas, mengawasi pengurusan keseluruhan risiko yang meliputi risiko pasaran, aset liabiliti, kredit dan operasi. Di antara tanggungjawab JLPR ialah:-

- Mengkaji dan mencadangkan falsafah pengurusan risiko dan strategi kepada Lembaga;
- Mengkaji dan meluluskan polisi pengurusan risiko Bank, kawalan dan sistem;
- Memastikan tugas melapor dan susunan tanggungjawab jelas dan bebas dalam semua aktiviti perniagaan serta fungsi pengurusan risiko;
- Memupuk budaya pengurusan risiko yang proaktif di Bank agar proses pengurusan risiko diamalkan dalam aktiviti perniagaan harian;
- Meluluskan kaedah mengukur dan menguruskan risiko berhubung dengan perniagaan dan aktiviti operasi Bank; dan
- Mengkaji secara berkala pendedahan risiko di Bank selari dengan strategi dan objektif pengurusan risiko.

Pelaksanaan polisi risiko yang diluluskan Lembaga Pengarah dipertanggungjawabkan kepada pengurusan Bank dan fungsi ini dijalankan oleh sebuah Jawatankuasa iaitu Jawatankuasa Eksekutif Pengurusan Risiko (JEPR). Presiden/Ketua Pegawai Eksekutif mempengerusikan JEPR. Jawatankuasa ini menumpukan kepada strategi perniagaan dan operasi harian keseluruhan Bank yang bersangkutan dengan pengurusan risiko. Untuk menjalankan fungsi harian pengurusan risiko, Jabatan Pengurusan Risiko khusus yang bebas dan sasaran keuntungan dan jumlah perniagaan, membantu Jawatankuasa ini. Jabatan ini melaporkan segala tugasannya kepada JLPR dan bertanggungjawab pentadbirannya kepada Presiden/Ketua Pegawai Eksekutif.

Risk Management

The Bank strategically manages risk through an integrated risks management effort that enables it to achieve a single view of risks across its various business operations. In essence, the Bank has taken a holistic approach towards risk identification, measurement and management through integrated risk control efforts, organization, infrastructure and processes. This is being sustained through common risk awareness and instilling proactive risk management culture within the organization.

While the Board of Directors is ultimately responsible for risk management of the Bank, it has entrusted the Board Risk Management Committee (BRMC) to carry out its functions. Although the responsibilities have been delegated, the Board still remains accountable.

BRMC, which is chaired by an independent director of the Board, oversees the overall management of all risks covering market risk management, asset liability management, credit risk management and operational risk management. Its responsibilities include:

- *To review and recommend risk management philosophy and strategy to the Board;*
- *To review and approve the Bank's risk management policies, controls and systems;*
- *To ensure that there are clear and independent reporting lines and responsibilities for the overall business activities and risk management functions;*
- *To cultivate a proactive risk management culture within the Bank so that risk management processes are applied in the day-to-day business activities;*
- *To approve risk methodologies for measuring and managing risk arising from the Bank's business and operational activities; and*
- *To periodically review risk exposure of the Bank in line with its risk strategies and objectives.*

Execution of the Board risk policies are the responsibilities of the Bank's management and the conduct of these functions are being exercised under a committee structure i.e. namely Executive Risk Management Committee (ERMC). The President/Chief Executive Officer chairs ERMC. The Committee focuses on the overall business strategies and daily business operations of the Bank in respect of risk management. To carry out the day-to-day risk management function, a dedicated Risk Management Department (RMD) that is independent of profit and volume targets supports the Committee. RMD reports functionally to the BRMC, and administratively to the President/Chief Executive Officer.

Bagi pihak Lembaga Pengarah sukacita saya membentangkan Laporan Tahunan dan Penyata Kewangan yang diaudit untuk Bank Muamalat Malaysia Berhad bagi tahun kewangan berakhir 31 Disember 2003.

PERSEKITARAN OPERASI

Tahun 2003, boleh dianggap tahun yang sukar bagi kebanyakan negara dengan perang ke atas Iraq dan penularan wabak SARS, mencetus peristiwa yang mempunyai impak yang besar kepada sektor perkhidmatan dan pembuatan. Kerosotan berpanjangan nilai matawang USD berbanding Euro dan beberapa mata wang utama lain juga membimbangkan banyak perniagaan.

Walaupun dilanda gejala tersebut, ekonomi Malaysia menunjukkan ketahanannya terhadap perkembangan luaran, malah ekonomi mendapat manfaat dari persekitaran global yang lebih baik, terutamanya pada suku kedua tahun tersebut. Peningkatan dalam aktiviti-aktiviti ekonomi pada keseluruhannya, menyaksikan Keluaran Dalam Negara Kasar (KDNK) berkembang sebanyak 5.7% berbanding unjuran sebanyak 4.1% sebelumnya, dengan pertumbuhan dicatat di semua sektor.

Kadar faedah yang rendah dalam pasaran Malaysia pada 2003 telah memberi kesan positif kepada pinjaman Konsumer dan Runcit sektor perbankan, yang berkembang dengan kadar menggalakkan berbanding perkembangan yang dicatat pada tahun sebelumnya. Pinjaman kenderaan perumpang dan pinjaman peribadi meningkat 32% dan 10% masing-masing, manakala pinjaman perumahan kekal di antara 15% dan 16%.

PENCAPAIAN KEWANGAN

Bank mencatat keuntungan sebelum cukai dan zakat yang lebih rendah sebanyak RM7.3 juta berbanding RM15.6 juta yang dicatat pada tahun 2002. Pendapatan operasi mencatat penurunan sebanyak 2.4% kepada RM316.6 juta, manakala perbelanjaan operasi meningkat sebanyak 19.9% kepada RM140 juta daripada RM116.7 juta pada tahun 2002. Penurunan perolehan disebabkan menguncupnya pelaburan menjelang setengah tahun kedua 2003 ekoran daripada pasaran pelaburan yang lemah, manakala peningkatan perbelanjaan sebahagian besarnya disebabkan oleh kerugian pembuyaan dan peruntukan, perbelanjaan ICT serta sumbangan yang dibuat kepada tabung persaraan kakitangan apabila Bank menerapkan kaedah Lembaga Piawaian Perakaunan Malaysia 29 (MMSB) yang berkaitan dengan faedah kakitangan. Perkembangan yang ketara juga berlaku pada tahun ini apabila Bank memeterai perjanjian dengan Kesatuan Kakitangan bagi menggantikan skim faedah sediaada dengan sumbangan tambahan kepada Kumpulan Wang Simpanan Pekerja (KWSP) yang memerlukan Bank membuat peruntukan tambahan sebanyak RM7.7 juta untuk skim ini.

ASET

Jumlah aset Bank meningkat 11.4% kepada RM7.3 bilion daripada RM6.6 bilion pada tahun 2002. Ia merupakan objektif Bank untuk mengekalkan pertumbuhan aset yang mantap sebagai usaha meneruskan sumbangan bermakna bagi meningkatkan jatah pasaran dan campuran portfolio asetnya.



DATO' ISMAIL BIN SHAHUDIN

PEMBIAYAAN

Jumlah pembiayaan kasar menurun sebanyak 1.8% kepada RM2.27 bilion dari RM2.31 bilion pada tahun 2002. Penurunan dalam pembiayaan ini disebabkan sebahagian besarnya oleh pelupusan aset pembiayaan yang lapuk. Di sebalik penurunan ini, pembiayaan Konsumer dan Runcit bagi pembelian kenderaan pengangkutan dan kredit pengguna menunjukkan pertumbuhan positif. Pembiayaan hartanah tetap dan bukan tetap tinggal, yang telah diberi penekanan menjelang penghujung 2003 meningkat sebanyak 1.9%. Perkembangan positif dalam pembiayaan Konsumer dan Runcit ini adalah selaras dengan strategi tujuannya Bank bagi meningkatkan jajah pasaran daripada sektor ini.

DEPOSIT

Deposit daripada pelanggan meningkat sebanyak 13.6% kepada RM6.8 bilion dari RM6.0 bilion pada tahun 2002. Pertumbuhan juga dilihat dari campuran deposit dengan akaun semasa dan akaun simpanan, yang merupakan sumber dana yang murah, masing-masing mencatat peningkatan sebanyak 36.4% dan 6.9%.

KUALITI ASET

Kadar pembiayaan tidak berbayar kasar yang mencatat penurunan ketara sebanyak 6.6% daripada 7.8% pada penghujung 2002, mencerminkan peningkatan dalam mutu pengurusan aset pembiayaan Bank.

KECUKUPAN MODAL

Nisbah Modal Berwajaran Bank mencatat penurunan daripada 11.08% kepada 10.15% akibat pertumbuhan aset. Kedudukan ini masih selesa bagi

menyokong pelan perniagaan Bank.

RANGKAIAN BANK

Rangkaian cawangan Bank kini terdiri daripada 41 cawangan dan 7 pusat perkhidmatan. Cawangan ke-41 telah dibuka pada Februari 2004 di Pusat Pentadbiran Kerajaan yang baru, Putrajaya bagi memberi kemudahan kepada pusat pentadbiran baru, komuniti perniagaan dan perkhidmatan sokongan serta individu.

SUMBER MANUSIA

Jumlah kakitangan pada penghujung 2003 adalah 1,244 berbanding 1,174 pada penghujung 2002. Perantaraan terpilih sepanjang tahun tersebut adalah bagi mengisi jawatan di Jabatan Perbankan Perniagaan dan Jabatan Pelaburan, yang sudah dipersiapkan untuk menyusun semula kedudukan strategi perniagaannya. Latihan dalam semua aspek operasi disediakan di Akademi Latihan Bank yang terletak di Ibu Pejabat dan juga di institusi luar dalam bidang khusus yang berkaitan dengan operasi Bank.

INISIATIF STRATEGIK

Dalam Pelan Strategik Korporat untuk 2004 - 2005, Bank telah menetapkan visi, misi dan hala tuju masa depannya. Dalam Pelan Strategik tersebut, Bank telah menetapkan halatuju melalui penyusunan semula kedudukannya untuk menjadi pemain utama dalam bidang Pelaburan serta Perbankan Konsumer dan Runcit, manakala penglibatan dalam Perbankan Perniagaan dan Pembangunan. Usaha akan terus diperkukuhkan bagi merealisasikan jajah pasarnya. Perbankan Konsumer dan Runcit disasarkan untuk meningkat dari 40% daripada keseluruhan portfolio kepada 50% pada tahun 2004. Bank sedang

meleaksanakan program perubahan yang dikenali sebagai Program Transformasi Muamalat (MTP) sebagai inisiatif penting bagi mencapai objektif ini.

MTP adalah usaha penjejajaran semula secara progresif, proses, struktur, sumber manusia dan sistem untuk mencapai tahap yang efisien dalam pengurusan sumber-sumber Bank bagi memaksimumkan keuntungan. Penerapan model perniagaan baru akan memberi faedah kepada Perbankan Konsumer dan Runcit. Ia akan menghasilkan kualiti, kecekapan, ketepatan dan kecekapan melalui bantuan infrastruktur IT yang moden dan kakitangan terlatih dalam bidang jualan dan pemasaran. Program ini dijangka sedia untuk dilaksanakan mulai penghujung suku ketiga 2004.

PENGURUSAN RISIKO

Risiko sememangnya wujud dalam perniagaan perbankan. Pengurusan risiko yang mantap merupakan asas bagi operasi perbankan yang cermat dan berjaya. Dalam bulan Ogos 2003, Bank telah melantik sebuah firma ternama untuk membantu menyiapkan rangka kerja pengurusan risiko bersepadu bagi menyediakan pendekatan yang sistematik terhadap pengurusan risiko keseluruhan Bank, ia juga bertujuan menyokong kehendak dan peraturan-peraturan Bank Negara dan Jawatankuasa Basel mengenai persetujuan modal baru dan pada masa yang sama menyumbang kepada pembinaan tenaga kerja dari persekitaran yang memahami urusan risiko. Selari dengan aspirasi pengurusan risiko, Bank Muamalat telah menyusun tugas dan tanggungjawab organisasi dalam menguruskan risiko. Di peringkat Lembaga Pengarah, Jawatankuasa Lembaga Pengurusan Risiko (JLPR) yang dianggotai

pengarah bukan eksekutif dengan pengarah bebas sebagai pengerusi, akan menyelia isu-isu polisi yang berkaitan dengan pengurusan risiko. Di peringkat pengurusan, Jawatankuasa Eksekutif Pengurusan Risiko (JEPR) memberi tumpuan kepada pelaksanaan strategi risiko dan polisi yang diluluskan oleh JLPR. Presiden/Ketua Pegawai Eksekutif mempengerusi jawatankuasa ini dengan ahli-ahlinya dianggotai beberapa pengurusan kanan penting Bank. JEPR menghalusi bidang-bidang utama risiko iaitu risiko kredit, risiko pasaran, risiko operasi dan aset liabiliti.

Untuk melaksanakan tugas pengurusan risiko harian, sebuah jabatan khusus, Jabatan Pengurusan Risiko (JPR) yang bebas dari unit-unit lain dan juga tidak terikat dengan sasaran volum dan keuntungan, telah ditubuhkan. JPR bertanggungjawab langsung kepada JLPR dan kepada Presiden/Ketua Pegawai Eksekutif.

Dengan terhasilnya rangkakerja ini, Bank akan berada dalam kedudukan baik bagi mengurangkan faktor risiko secara terancang dan teratur dalam semua urusan Bank, selaras dengan amalan terbaik.

SYARIKAT PEMEGANG

Peristiwa penting yang berlaku selepas berakhirnya tahun kewangan ialah apabila terjadi pertukaran pemegang saham Bank dengan Bukhary Capital Sdn Bhd mengambilalih 70% daripada modal saham Bank yang menjadikan ia syarikat induk Bank dan Khazanah Nasional Berhad memegang 30% modal saham selebihnya.

PROSPEK

Ramai berpendapat keadaan ekonomi global untuk 2004 adalah lebih cerah. Amerika Syarikat, penjana ekonomi

global yang mencatat pertumbuhan sebanyak 4% bagi suku pertama 2004 meletakkan harapan yang tinggi kepada ekonomi dunia. United Kingdom dan Jepun juga menunjukkan prospek ekonomi jangka pendek yang positif, manakala China dan India berprestasi baik dan dijangka dapat menyokong permintaan produk dan perkhidmatan yang meningkat.

Pada 2003, ekonomi Malaysia berkembang sebanyak 5.2% yang merintis jalan kepada momentum pertumbuhan yang lebih pantas dalam tahun 2004. Ekonomi dijangka mencatat kadar pertumbuhan yang lebih tinggi di antara 6.0% dan 6.5% pada tahun 2004. Kadar inflasi dijangka terus rendah pada tahun ini yang pasti akan memberi manfaat kepada peserta industri runcit kerana kadar faedah yang terus rendah. Pembiayaan Peribadi dijangka meningkat dari 5.1% pada 2003 kepada 8.1% pada tahun ini, dan ia akan membantu menjana pertumbuhan ekonomi Malaysia terutamanya dalam sektor Konsumer dan Runcit.

Dengan prospek ekonomi yang lebih kukuh, aktiviti perbankan Islam di Malaysia dijangka akan mengalami pertumbuhan pesat melebihi 9.7% dari keseluruhan sistem perbankan yang dicatat pada 2003. Penyertaan bank-bank Islam baru di samping memberi persaingan sihat kepada bank-bank Islam yang sedia ada, ia akan memperdalam dan memperluaskan aktiviti-aktiviti perbankan Islam di Malaysia. Persediaan Bank Muamalat pada 2003 bagi mengkhususkan diri dalam perbankan Konsumer dan Runcit dan Perbankan Peleburan telah menyediakannya untuk mempercepatkan pertumbuhan perniagaan bagi tahun 2004 dan seterusnya.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin menyampaikan rasa terutang budi kepada Y.Bhg Datuk Ismail Haji Ahmad, Pengerusi Lembaga Pengarah, yang tempoh perkhidmatannya tamat pada 29 Mac 2004. Saya juga mengambil peluang ini mengucapkan selamat datang kepada ahli baru, Y. Bhg Datuk Khamil Jamil yang menyertai Lembaga Pengarah pada 20 April 2004, Dr. Aziuddin Ahmad pada 24 Ogos 2004 dan Encik Abdul Jabbar Abdul Majid pada 13 Oktober 2004.

Lembaga Pengarah juga ingin merakamkan penghargaan atas sumbangan ahli-ahli Lembaga Pengarah, berbagai jawatankuasa Lembaga Pengarah dan ahli-ahli Majlis Perasihat Syariah atas sumbangan dan dedikasi dalam khidmat mereka kepada Bank. Kepada ahli-ahli Pengurusan dan seluruh warga Bank, Lembaga Pengarah ingin menyampaikan rasa terutang budinya atas sokongan dan kerjasama bekerja sebagai satu pasukan demi manfaat Bank. Lembaga Pengarah juga ingin menyampaikan penghargaan kepada Kementerian Kewangan, Bank Negara Malaysia, Khazanah Nasional Berhad, Commerce Asset Holdings Berhad dan Bukhary Capital Sdn Bhd atas sokongan dan pendoan mereka. Kepada para pelanggan dan rakan niaga, pihak Bank menghargai sokongan dan kesetiaan mereka. Semangat kerjasama yang dipupuk sepanjang tahun, diharap dapat dikukuhkan lagi di tahun-tahun mendatang demi kemajuan dan kebaikan semua pihak yang berkepentingan dalam Bank, insya Allah.

DATO' ISMAIL SHAHUDIN
Pengerusi

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statement of Bank Muamalat Malaysia Berhad for the financial year ended 31 December 2003.

OPERATING ENVIRONMENT

The year 2003 can be regarded as a difficult year for most economies with the Iraq war and the outbreak of SARS events, that have had significant impacts on services and manufacturing sectors. The prolonged steady depreciation of US Dollar relative to the Euro and several other key currencies were also of concerns to businesses.

Despite these negative events, the Malaysian economy showed its resilience to these external developments and in fact the economy benefited from the more favourable global environment especially in the second half of the year. Increase in general economic activities saw Malaysian Gross Domestic Product (GDP) expand by 5.2% against earlier forecast of 4.1% with growth registered across all sectors.

Low prevailing interest rate in the Malaysian market in 2003 had a positive impact on the consumer and retail loans of the banking sector, which expanded at an encouraging rate compared with the expansion recorded in the previous year. Passenger car loans and personal loans increased by 37% and 10% respectively, while housing loans were maintained between 15% and 16%.

FINANCIAL HIGHLIGHTS

The Bank recorded a lower profit before taxation and zakat of RM7.3 million against RM15.6 million recorded in

2002. Operating revenue declined by 7.4% to RM316.6 million while operating expenses increased by 19.9% to RM140 million from RM116.2 million in 2002. The decline in revenue was attributed to a drop in investment income towards the second half of 2003 due to weak investment market, while increase in expenses were attributed mainly to financing loss and provision, expenditure on ICT as well as contribution made to staff retirement funds with the adoption of Malaysian Accounting Standard Board (MASB 29) in respect of employees benefits. A significant development also took place during the year when the Bank entered into an agreement with its staff union to replace existing benefit scheme with additional contributions to Employees Provident Funds (EPF); hence the Bank made an additional provision of RM7.2 million for this scheme.

ASSETS

Total assets of the Bank grew by 11.4% to RM7.3 billion from RM6.6 billion in 2002. If it is the Bank's objective to maintain steady growth in the assets with a view to continue making significant contribution towards increasing market share and portfolio mix of its assets.

FINANCING

The total gross financing declined by 1.8% to RM2.27 billion from RM2.31 billion in 2002. The setback in financing growth was attributed mainly to writing off bad financing assets. Despite this decline, Consumer and Retail financing for purchase of transport vehicle and consumption credit showed positive growth. Purchase of residential and non-residential property, which were given emphasis only towards the end

of 2003, increased by 1.9%. These positive developments in Consumer and Retail financing are in tandem with the Bank's strategic direction to increase the market share from this sector.

DEPOSITS

Deposits from customers grew by 13.6% to RM6.8 billion from RM6.0 billion in 2002. The growth in deposit was also reflected in deposit mix as current and saving deposits, which represented cheaper sources of funds, recorded increases of 36.4% and 6.9% respectively.

ASSET QUALITY

Net non-performing financing reduced quite significantly to 6.6% from 7.8% as at the end of 2002, reflecting improved management of the Bank's financing assets.

CAPITAL ADEQUACY

The Bank's Weighted Capital Ratio declined from 11.08% to 10.15% as a result of asset growth. The position is still comfortable to support the Bank's business plan.

BANK'S NETWORK

The Bank's branch network currently is made of 41 branches and 7 service centres. The 47th branch was opened in February 2004 at Malaysia's new state capital, Putrajaya to cater to the needs of a new administrative capital, business community, its support services and individuals.

HUMAN RESOURCE

Total staff strength at the end of 2003 stood at 1,244 against staff strength of 1,174 at the end of 2002. The selective

recruitment during the year was for the purpose of beefing up investment and business banking posts, which have been prepared to reposition their business strategies. Training in all aspects of operations were provided at the Bank's Academy located at its Head Office and at other training institutions for specific subjects related to the Bank's operations.

STRATEGIC INITIATIVES

The Bank in its Corporate Strategic Plan for 2004-2005, sets its vision, mission and goals for the future. Its strategic direction is to reposition itself as a niche player in Investment, Consumer and Retail Banking, while the involvement in Business Banking and Entrepreneur Development will continue to be strengthened in order to retain the Bank's market share.

Consumer and Retail Banking is targeted to increase from the existing 40% of the total portfolio to about 50% in the year 2005. The Bank is embarking on a change program called "Muamalat Transformation Program" (MTP) as an important initiative to achieve the objectives. MTP is a progressive realigning of the Bank's processes, structure, manpower and system in order to arrive at an efficient management of Bank's resources to maximize profitability. The application of the new business model will enable Consumer and Retail banking financing to benefit from this initiative, which will see quality, efficiency, accuracy and speed being achieved with the assistance of modern IT infrastructure and a trained sales and marketing force. The programme is expected to be ready for full implementation beginning the third quarter of 2004.

RISK MANAGEMENT

Risk is inherent in the banking business. Sound risk management is a cornerstone of prudence and successful banking operations. The Bank in August 2003, appointed an established accounting firm to develop an Integrated Risk Management Framework for Bank Muamalat, which will help provide a systematic approach to bank-wide risk management, support regulatory requirement of the Central Bank and the Basel Committee New Capital Accord and at the same time, contribute to building a risk-intelligent workforce and environment.

In line with its risk management aspiration, Bank Muamalat has rationalised and realigned its risk organisational responsibilities. At the Board level, the Board Risk Management Committee (BRMC), which comprises non-executive directors with an independent director as the chairman, will oversee the policy issues with regards to risk management. At Management level, the Executive Risk Management Committee (ERMC) focuses on executing the risk strategies and policies approved by BRMC. The President/Chief Executive Officer chairs the Committee and its members comprise several key senior management of the Bank. ERMC deliberates on key risk areas namely, credit risk, market risk, operational risk and asset-liability risk.

To carry out the day-to-day risk management function, a dedicated Risk Management Department (RMD) that is independent of other units and not subject to volume and profit targets, has been established. This RMD reports directly to BRMC and President/Chief Executive Officer. With the completion of the exercise, the Bank

would be in a position to mitigate all risks in a planned and structured manner throughout the Bank, in line with best practices.

HOLDING COMPANY

A significant event that took place subsequent to the end of financial year was the change in share holding of the Bank, when Bokhary Capital Sdn. Bhd. acquired 70% of the share capital of the Bank, thus making it the holding company of the Bank with Khasanah Nasional Berhad holding the remaining 30% of the share capital.

PROSPECTS

Consensus on Global Economic outlook for 2004 is more optimistic. The United States of America, the engine of global economy, grew by about 4% for the first quarter of 2004, which led the way for high optimism placed on the world economy. The United Kingdom and Japan are also showing positive short term economic prospects while China and India are doing well and are expected to support world demands for products and services.

In 2003, the Malaysian economy expanded by 5.2% setting the right tone for a bigger momentum in 2004. The economy is expected to record a higher growth rate of between 6.0% and 6.5% in 2004. Inflation rate would continue to be low this year, which would definitely benefit the retail industry players, as the market interest rate continues to be low. Private consumption is expected to grow from 5.1% in 2003 to 6.1% this year, hence this would be the primary engine of growth for the Malaysian economy especially in the Consumer and Retail sector.

With a strong economy ahead, Islamic banking activities in Malaysia are expected to experience a more rapid growth from the present contribution of 9.7% of the total assets of the banking system in 2003. The entry of new Islamic banks will post a healthy competition to the existing Islamic banks and will provide depth and breadth to the Islamic banking activities in Malaysia. Preparations made by the Bank in 2003 to niche itself in Consumer and Retail Banking and Investment Banking have opened opportunities for it to accelerate its business growth for 2004 and beyond.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend our heartfelt gratitude to Y. Bhg. Datuk Ismail bin Haji Ahmad, Chairman of the Board whose terms of service ended on March 29, 2004. I would also like to take this opportunity to welcome a new member, Y. Bhg. Datuk Mohd. Khamil Jamil who joined the Board on April 20, 2004, Dr. Azuddin Ahmad on August 24, 2004 and Enok Abdul Jabbar Abdul Hamid on October 13, 2004.

The Board also wishes to acknowledge the contributions of Members of the Board, various Board committees and Syariah Advisory Council for their contributions and dedication in their services to the Bank. To the Management members and all staff of the Bank, the Board wishes to express its indebtedness for the support and cooperation in working together as a team for the benefits of the Bank. The Board also wishes to extend the Bank's gratitude to the Ministry of Finance, Bank Negara Malaysia, Khazanah Nasional Berhad, Commerce Asset Holdings Berhad and Bukhary Capital Sdn. Bhd. for their support and

guidance. To our customers and business partners, the Bank is appreciative of their support and loyalty. The spirit of cooperation that has been nurtured during the year hopefully would strengthen further for years to come, for progress and well-being of all the stakeholders of the Bank. Insha Allah.

DATO' ISMAIL SHAHUDIN
Chairman

KAJIAN UMUM

Tahun 2003 boleh distilahkan sebagai tahun peralihan kepada Bank apabila ia perlu mengkaji kedudukannya, meneliti semula model perniagaannya dan memperbaiki semua kelemahan yang dikenalpasti wujud semenjak penubuhannya.

Dari sudut pembiayaan, kurangnya penumpuan kepada pembiayaan Konsumer dan Runcit terutama pembiayaan perumahan, menyebabkan penurunan secara berterusan sektor ini kerana pelanggan beralih kepada kemudahan pembiayaan lebih murah yang ditawarkan oleh institusi kewangan lain. Pembiayaan Dagangan dan Pembiayaan Kontrak juga menunjukkan penurunan dari segi kualiti. Disebabkan pembiayaan ini tidak bercagar, peruntukan bagi pembiayaan tidak berbayar (NPF) telah dibuat pada tahun 2002 dan 2003. Walaupun pertumbuhan deposit adalah mantap semenjak penubuhan Bank, rendahnya pertumbuhan pembiayaan bagi menandingi pertumbuhan berterusan dalam deposit, mengakibatkan peluang-peluang memaksimumkan keuntungan tidak dapat digunakan dari dana lebihan ini. Ditambah dengan kos operasi yang meningkat termasuk kos kakitangan, perpindahan cawangan, perbelanjaan ICT dan juga keuntungan yang terus menurun, mulailah tahun 2003 Bank perlu menyusun semula strategi dan memperbaiki kelemahan-kelemahan yang ada agar dapat terus bergerak ke hadapan.

INISIATIF DALAM TAHUN 2003

Situasi yang dialami Bank mendorong pihak Pengurusan mengkaji semula model perniagaannya, mencari peluang-peluang perniagaan baru,

menilai proses operasi dan perniagaannya untuk mencapai produktiviti maksimum bagi mengekalkan daya saingnya.

Pendekatan yang digunakan ialah melalui penglibatan awal kakitangan yang dilakukan melalui beberapa siri perbincangan yang mencakupi pelbagai bidang operasi Bank dengan matlamat untuk mendapatkan komitmen mereka bagi merumuskan Pelan Strategi Bank untuk tahun 2003 dan seterusnya.

Tindakan-tindakan yang diambil termasuk:

a) Pertumbuhan agresif dalam pembiayaan Konsumer dan Runcit

Nisbah pembiayaan berbanding deposit berlogar sekitar 40% dan dengan perbelanjaan pengguna yang meningkat, Bank melihat peluang terbuka untuk membina sektor ini segera, terutamanya dalam pembiayaan perumahan. Jabatan Perbankan Konsumer telah diberi tugas mengkaji semula produk-produk bagi tujuan menawarkan pakej yang kompetitif setara dengan pasaran. Dengan itu, pada Mac 2003, Pembiayaan Perumahan Pelbagai Peringkat telah diperkenalkan, diikuti dengan Pembiayaan Peribadi pada bulan April. Pembiayaan Kenderaan dimulakan dengan projek perintis pada bulan Mei 2003 di Lembah Kelang dan diperkenalkan ke seluruh cawangan pada bulan Ogos 2003.

Latihan kakitangan dalam pengetahuan produk dan pemasaran diberi penekanan menjelang setengah tahun kedua 2003, manakala satu program yang



ENCIK FAZLUR RAHMAN ERRAHIM

dinamakan Minggu Muamalat dilancarkan pada bulan Ogos 2003 bagi memperkenalkan produk dan perkhidmatan yang dipertingkatkan kepada masyarakat. Ia telah diperkukuhkan lagi dengan satu program meriyemai budaya perkhidmatan agar kualiti perkhidmatan menjadi simbol utamanya. Kempen-kempen publisiti dan pengiklanan yang dipergiatkan menjelang suku ketiga tahun 2003, berhasil meningkatkan pembiayaan pengangkutan, kredit pengguna dan pembelian harta kediaman.

Bagi menghadapi persaingan yang sengit, satu pasukan yang dianggotai kakitangan dan diketuai seorang perunding sepenuh masa, telah ditubuhkan untuk mengkaji semula struktur pembiayaan Bank yang sedia ada. Satu program perubahan yang dikenali sebagai Program Transformasi Muamalat telah dilancarkan pada bulan Januari 2004. Program ini memerlukan Bank melihat semula amalan terbaik dalam dunia perbankan dan mencadangkan perubahan dalam struktur, proses dan sistem sedia ada. Ia bertujuan memastikan proses kredit terutamanya dalam Konsumer dan Runcit dari peringkat penerimaan permohonan hingga ke pembayaran, diautomasikan untuk memastikan keseragaman dalam keputusan yang dibuat dan kepantasan dalam penyampaiannya. Pasukan ini dijangka menyiapkan tugas mereka menjelang suku ketiga tahun 2004. Latihan kakitangan, persiapan mendirikan pusat jualan dan persediaan infrastruktur IT yang sesuai, menjadi aktiviti paling penting kepada Bank.

bj) Mempercepatkan Pertumbuhan Perolehan

ii) Jabatan Perbankan Pelaburan

Dengan perkembangan pesat dalam Pasaran Modal Islam di Malaysia semerjak 2001, Bank mengambil peluang memperkukuhkan struktur dan kakitangan Jabatan Perbankan Pelaburan melalui program penyusunan semula Jabatan pada Jun 2003. Menjelang Oktober 2003, Bank telah menempatkan satu pasukan pelbagai disiplin dan pengalaman. Mereka ditawarkan terma-terma perkhidmatan yang setanding dengan amalan industri. Jabatan Perbankan Pelaburan ditempatkan di bangunan yang berasingan bagi membolehkan mereka bebas dan menggunakan inovasi tersendiri dalam pendekatan penjagaan mereka. Jabatan ini telah menempa nama dan urusniaga dalam aktiviti Pasaran Modal Islam, Nasihat Korporat dan Perkhidmatan Perundingan, dan sudah bersedia untuk aktif dalam Tawaran Awam Awal, Penasihat Bebas dan pelbagai aktiviti lain. Tugas-tugas Jabatan ini diperkukuhkan lagi dengan satu unit perbankan luar pesisir di Labuan yang memberi perkhidmatan di dalam matawang asing. Jabatan Perbankan Pelaburan dijangka meningkatkan fi dalam 2004, yang pada 2003, ia telah menyumbang sebanyak RM3.3juta kepada perolehan Bank.

Pihak Pengurusan sukacita melaporkan, Bank telah dianugerahkan tempat ketiga dalam kategori 'Top Lead Manager 2003-Islamic Category' oleh Rating Agency Malaysia (RAM) yang memberi semangat kepada Bank amnya dan Jabatan Perbankan Pelaburan khasnya.

ii) Jabatan Ferbendaharaan

Jabatan Perbendaharaan dan Antarabangsa terus memberi penekanan kepada aspek data, pelaburan, dan operasi dagangan dan ia telah berhasil menyumbang kepada perolehan melalui kepelbagaian penggunaan dana walaupun dalam keadaan kecairan yang tinggi di pasaran. Dalam tahun 2003, Jabatan ini telah menghasilkan perolehan kasar sebanyak RM120 juta. Jabatan Perbendaharaan bekerjasama secara sinergi dengan Jabatan Perbankan Pelaburan melalui penyertaan aset pasaran modal yang ditajajamin oleh Jabatan Pelaburan. Jabatan ini turut memberi khidmat kepada pelanggan yang mempunyai dagangan antarabangsa dan transaksi pembayaran di samping penglibatan dalam transaksi pertukaran wang asing secara runcit. Perbankan Peribadi dan pengurusan kekayaan akan diperkenalkan, sementara penyertaan dalam pasaran modal dan pertukaran asing akan dipergiatkan.

iii) Lain-Lain Perkhidmatan

Pendapatan berasaskan fi dari operasi dan pembiayaan dagangan juga diberi penekanan. Pada Julai 2003, Bank dan Takaful Nasional Sdn Bhd (TN) menandatangani satu perkongsian bijak yang membolehkan Bank menjual 13 produk TN kepada orang ramai melalui kaunter-kaunternya yang menghasilkan pendapatan komisen. Lain-lain perjanjian agensi termasuk sebagai agen pembayaran zakat juga ditandatangani bagi meningkatkan pendapatan bukan pembiayaan dan peningkatan deposit Bank.

c) Peningkatan Kualiti Aset dan Pemulihan

Untuk meningkatkan kualiti aset, Bank telah menukutkan dua jabatan berasingan iaitu Jabatan Pengawasan dan Pemulihan Kredit pada April 2003 dan Jabatan Penilaian Kredit pada April 2004. Apabila rangkakerja Pengurusan Risiko telah selesai dilaksanakan nanti, Bank dijangka mempunyai polisi mengenai risiko yang komprehensif yang dapat diterapkan dalam jabatan-jabatan ini.

Dalam tahun 2003, program latihan bagi memperkukuhkan kemahiran kredit telah diberikan kepada pegawai-pegawai berkaitan. Pengetahuan mengenai perniagaan pelanggan, penilaian yang teliti terhadap semua kertas cadangan pembiayaan, teknik-teknik kajian dan pemulihan juga diberikan kepada semua pegawai Bank.

Jabatan-jabatan lain yang turut menyumbang kepada peningkatan kualiti aset ialah:-

ii) Jabatan Pembangunan Usahawan

Semenjak penubuhannya pada bulan April 2003, Jabatan ini telah memainkan peranan penting dalam menganjur latihan kepada usahawan samada pelanggan Bank atau tidak, dalam bidang perniagaan, motivasi dan juga khidmat nasihat kewangan. Program-program ini telah diterima baik dan ia merupakan saluran penting kepada usahawan-usahawan ini untuk membina kepekaan masing-masing. Dalam 2003, seramai 763 usahawan telah diberi latihan. Pihak Bank berhasrat untuk membangun dan memupuk pelanggan-pelanggan berpotensi ini untuk menjadi pengusaha IKS

yang mantap. Bekerjasama dengan Jabatan Perbankan Perniagaan, Jabatan ini berharap dapat membina satu kumpulan IKS yang cekap dan moden yang akhirnya akan menjadi tulang belakang untuk membantu membina ekonomi perindustrian yang kukuh.

iii) Jabatan Penilaian Kredit

Peningkatan dalam kualiti aset akan terus dicapai apabila penilaian dalam kertas cadangan kredit dan pelbagai unit operasi dibuat oleh Jabatan yang bebas. Pencapaian piawaian tinggi dalam kertas cadangan kredit dan pengumpulan pengalaman dari pelbagai unit operasi ekoran darinya, merupakan faktor positif dalam peningkatan kualiti kredit Bank.

iv) Jabatan Pengawasan dan Pemulihan Kredit

Penubuhan sebuah jabatan khusus dengan fungsi pengawasan dan pemulihan yang jelas, di samping tugas-tugas mengawas fungsi kredit daripada semua unit operasi, telah menghasilkan pengurusan yang lebih baik dalam fungsi-fungsi kredit dan aktiviti pemulihan. Usaha untuk mengurangkan kadar pembiayaan bermasalah dan mempercepatkan pemulihan atau bayaran semula, telah mengurangkan kadar pembiayaan bermasalah dalam tahun 2003.

v) Seksyen Operasi Kredit

Fungsi-fungsi pentadbiran kredit termasuk pengeluaran pembiayaan dan fungsi menyimpan dokumen cagaran dipusatkan di bawah seksyen ini, yang mempertingkatkan kecekapan pentadbiran kredit

vi) Jabatan Pengurusan Risiko

Penubuhan Jabatan ini pada April 2003 hasil dari penerimaan Rangkakerja Pengurusan Risiko selaras dengan kehendak Basel II, telah meletakkan pengurusan risiko Bank dalam asas yang betul bagi membantu meningkatkan kualiti kredit khususnya dan lain-lain profil risiko amnya. Usaha awal Bank mulai tahun 2003, menyediakan asas rangkakerja pengurusan risiko yang kukuh untuk dilaksanakan sepenuhnya pada tahun-tahun mendatang.

vii) Pejabat-pejabat Kawasan dan Cawangan-Cawangan

Pejabat-Pejabat Kawasan sebagai penyelia, terus menyelia prestasi cawangan-cawangan bagi memastikan pematuhan kepada polisi dan garis panduan Bank. Cawangan-cawangan telah diberikan tugas untuk memasarkan dengan lebih rancak produk Konsumer dan Runcit yang berkualiti melalui siri-lawatan, pameran, teklimat dan lain-lain program membina hubungan pelanggan. Peranan pejabat-pejabat kawasan akan diperkukuhkan lagi terutamanya untuk memandu cawangan-cawangan dalam inisiatif pemasaran.

viii) Peranan Jabatan-Jabatan Sokongan

Jabatan-jabatan sokongan diberi tugas untuk membantu mencapai objektif Bank.

ix) Jabatan Teknologi Maklumat

Jabatan Teknologi Maklumat Bank memainkan peranan yang penting

dalam mempertingkatkan khidmat IT dan dalam memantau perjanjian perkhidmatan yang disediakan oleh penyedia perkhidmatan di bawah sistem Aitel. Sebagai ahli Malaysia Electronic Payment System (MEPS), Jabatan ini memainkan peranan penting dalam memberi perkhidmatan MEPS Cash dan Giro kepada orang ramai bagi menentukan penggunaan meluas terhadap mesin-mesin ATM Bank. Jabatan ini akan berorientasikan perniagaan dan menentukan semua unit perniagaan Bank mendapat manfaat sepenuhnya dan MTP. Untuk tahun 2003, perbelanjaan IT merupakan bahagian besar dalam perbelanjaan Bank yang meningkat dari RM11.8 juta dalam tahun 2002 kepada RM19.4 juta dalam tahun 2003, iaitu peningkatan sebanyak 64.4%. Latihan kakitangan dalam bidang IT akan terus diberikan penekanan oleh Jabatan ini.

iii) Jabatan Pengurusan Sumber Manusia

Dalam tahun 2003, 70 kakitangan tambahan telah diambil bagi memperkukuhkan Jabatan Peleburan dan Perbankan Perniagaan. Kakitangan kontrak juga diambil untuk memasarkan produk Konsumer dan Runcit berasaskan komisen.

Latihan teknikal dan pengurusan juga disediakan bertujuan membina kepakaran dalam bidang jualan dan pemasaran. Pengenalan Sistem Pengurusan Prestasi dalam 2003 untuk menilai dan memberi ganjaran kepada kakitangan, adalah satu pendekatan bagi membina tenaga kerja yang cekap dan produktif.

Satu peristiwa penting dalam pengurusan sumber manusia adalah

keputusan Bank untuk menyelesaikan isu-ganjaran persaraan kakitangan dengan sumbangan terdahulu dibayar terus ke dalam akaun mereka di KWSP. Bayaran ganjaran persaraan kakitangan, seterusnya akan dibuat melalui sumbangan tambahan kepada KWSP secara bulanan yang akan melepaskan Bank daripada tanggungjawab menguruskan dana ganjaran persaraan tersebut. Walaupun sumbangan tambahan sebanyak RM7.2 juta ini membawa impak kepada keuntungan 2003, pelan ini membolehkan Bank dan kakitangan bergerak ke hadapan dengan pasti apabila isu manfaat kakitangan ini dapat diselesaikan.

iii) Jabatan Kewangan

Jabatan Kewangan yang memainkan peranan utama dalam menghasilkan pelan kewangan dan melaksanakan kawalan bajet, telah menyumbang kepada pengurusan kewangan berhemat yang mengemudi Bank dalam kendalian unusniaganya. Jabatan ini akan terus memastikan semua polisi perakaunan dan garis panduan berkaitan dipatuhi sepenuhnya dan prestasi kewangan Bank diselia dengan lebih cermat.

iv) Jabatan Operasi

Peranan Jabatan Operasi bagi menyelia operasi harian cawangan-cawangan telah dikukuhkan melalui perantaraan seorang pegawai yang berpengalaman sebagai Ketuanya. Jabatan ini juga memainkan peranan yang penting dalam hubungan operasinya dengan Bank Negara Malaysia.

v) Jabatan Pengurusan dan Prestasi Cawangan

Jabatan yang ditubuhkan pada bulan Mei 2003, diberi tugas memantau prestasi cawangan-cawangan dan juga tugas-tugas mengkaji penubuhan saluran penyampaian alternatif bagi mencapai objektif Bank.

vii) Jabatan Audit Dalaman

Jabatan Audit Dalaman merupakan tunggak kekuatan dalam memberikan khidmatnya dengan bimbingan Jawatankuasa Audit Lembaga Pengarah. Tugas-tugasnya sebagai Juruaudit Bank di samping memandu dan memimpin semua unit beroperasi dengan lebih berkesan, akan diperkukuhkan. Untuk tujuan ini, audit kendalian sendiri akan diperkenalkan yang akan membantu mempertingkatkan keberkesanan dan kecekapan tugas-tugas audit Bank.

vii) Jabatan Komunikasi Korporat

Jabatan ini memainkan peranan aktif dalam membantu meningkatkan perniagaan dan imej Bank pada tahun 2003. Program pengiklanan dalam akhbar utama termasuk akhbar Cina, majalah dan media pengiklanan di bawah garisan, serta pameran dilaksanakan. Hasil dari program kesedaran ini adalah positif dan usaha pemasaran susulan oleh pasukan pemasaran Bank, telah menunjukkan kejayaan. Pelaksanaan visual yang konsisten dengan perenjolan warna dan logo sebagai tema utama, telah meningkatkan kesedaran terhadap jenama Bank, produk dan perkhidmatannya.

Komunikasi dalaman juga diberi penekanan oleh Bank. Mesaj

mingguan Presiden dan lain-lain buletin dalaman, merupakan saluran komunikasi yang digunakan untuk menambah pengetahuan, memberingkatkan rasa bangga, kesetiaan dan semangat kekitaan kepada semua kakitangan.

Sumbangan jabatan-jabatan keseluruhannya merupakan usaha penting Bank untuk mengukuhkan dan menempatkan dirinya sebagai pemain utama perbankan Islam di negara.

LANGKAH KE HADAPAN

Pelan Strategik Korporat untuk memperkukuhkan perniagaan Bank bagi tahun 2004 dan seterusnya dirumpukan kepada tujuh isu strategik utama:

a) Model Perniagaan

Bank mempunyai matlamat untuk meletakkan dirinya sebagai pemain utama dalam Perbankan Pelaburan dan Konsumer dan Runcit. Pasukan Perbankan Pelaburan yang terdiri daripada kakitangan peibagai disiplin ditubuhkan pada 2003 dan telah beroperasi sepenuhnya. Perbankan Konsumer dan Runcit juga dirombak untuk menawarkan produk yang kompetitif di pasaran. Proses kerja yang dibantu IT di bawah Program Transformasi Muamalat pada suku ketiga 2004, akan membolehkan perbankan Konsumer dan Runcit menyediakan perkhidmatan terbaik sebagai pilihan utama kepada pelanggan dan akan dikenali kerana keselesaan, kecekapan dan kelepatan perkhidmatannya.

b) Pertumbuhan dan Keuntungan

Bank bermatlamat untuk mencapai 50% pembiayaan Konsumer dan Runcit pada 2004 dan

meningkatkan kepada 60% pada 2005. Usaha memobilisasi jumlah dan campuran deposit daripada sumber yang luas, akan diteruskan dengan lebih gigih.

Inisiatif untuk meningkatkan pendapatan berasaskan fi melalui Jabatan Perbankan Pelaburan dan melalui penjualan insurans serta lain-lain pendapatan berasaskan komisen, akan dilaksanakan dengan lebih aktif.

Peningkatan keseluruhan dalam pembiayaan bercagar mempunyai impak atas peruntukan, sekizung meningkatkan keuntungan. Pulangan Atas Aset dan Pulangan Atas Ekuiti dalam 2004 dan seterusnya.

c) Keberkesanan dan Kecekapan Operasi

Usaha untuk meningkat dan memperkukuhkan pentadbiran dan sistem serta kawalan operasi, akan dilaksanakan. Pengemaskinian proses kerja, aliran kerja, sistem pengukuran produktiviti dan sistem penyampaian, diharap akan menghasilkan nisbah kos kepada pendapatan yang lebih baik. Struktur kos yang lebih baik yang berpandukan kepada piewaian industri, juga akan dilaksanakan.

d) Kualiti Aset

Dengan beroperasi unit-unit dan kakitangan yang terlatih, Bank mengunjur peningkatan dalam kualiti aset melalui penurunan kadar NPF daripada 6.6% atau kurang dalam 2004 dan kepada 5.0% atau kurang pada 2005.

e) Pengurusan Risiko

Penggunaan Rangkakerja Pengurusan Risiko selaras dengan

kehendak Basel II dan Garispanduan Bank Negara Malaysia, akan meletakkan Bank di kedudukan yang sesuai untuk melegakan risiko Bank selaras dengan amalan terbaik Persediaan awal Bank sejak 2003, memberi ia pormulaan yang baik untuk pelaksanaan pada 2004.

f) Sumber Manusia

Pengurusan Sumber Manusia akan berorientasikan perniagaan, dengan tujuan melengkapkan pengetahuan kakitangan, kemahiran dan motivasi bagi membantu menggerakkan produktiviti Bank. Penerapan budaya jualan melalui program perubahan dijangka akan mengemudi kakitangan menjadi tenaga kerja yang efisien dan profesional.

g) Komunikasi

Program komunikasi dalaman dan luaran telah dimulakan pada 2003 dan akan diperluaskan lagi dalam usaha untuk menyebarkan informasi yang konsisten, tepat dan kena pada waktunya kepada kakitangan dan juga orang awam. Saluran komunikasi yang lain akan digunakan sepenuhnya untuk mencapai jangkauan masyarakat yang lebih luas dalam negara.

Isu-isu strategik ini akan dapat dicapai melalui program-program berikut -

ii) Program Transformasi Muamalat (MTP)

Program ini bertujuan untuk mensejajarkan proses, struktur, tenaga manusia dan sistem bagi mencapai pengkhususan dan kecekapan dalam operasi Bank. MTP akan meletakkan Bank pada kedudukan yang baik untuk bersaing dengan industri secara berkesan terutamanya dalam sektor Konsumer dan Runcit.

ii) Pembangunan Produk dan Pemasaran

Unit pembangunan khas di bawah Jabatan Perbankan Konsumer telah mengenalpasti pasaran khusus terutamanya produk yang mempunyai nilai tanggapan tinggi. Ia telah menggariskan strategi harga bagi memperolehi jatan pasaran di dalam sektor Konsumer dan Runcit

iii) Saluran penyampaian

Jangkauan pelanggan yang maksimum melalui pelbagai saluran selain dari rangkaian cawangan, juga sedang diusahakan. Saluran penyampaian dalam bentuk pusat perkhidmatan, pondok jualan, agen jualan, francais di samping kemudahan di bawah e-banking akan dikaji dalam 2004 dan seterusnya.

iv) Perkhidmatan Pelanggan

Pembentukan Pivotal Perkhidmatan Pelanggan untuk semua proses perniagaan sedang diusahakan, manakala, aktiviti jualan dan perkhidmatan pelanggan adalah ilmu yang akan diberi keutamaan dalam program-program latihan.

v) Keuntungan

Strategi harga yang jelas, rangkaian pasaran dan pencapaian kualiti perkhidmatan unggul akan digunakan bagi meningkatkan margin keuntungan. Keuntungan juga akan tercapai melalui kaedah kawalan kos dan keberkesanan nya akan dihasilkan melalui proses MTP.

vi) Pertumbuhan

Pertumbuhan dalam pasaran Konsumer dan Runcit akan dicapai

melalui pakatan strategik dengan organisasi-organisasi yang bereputasi. Jualan silang produk kepada pelanggan sedia ada dan perkhidmatan pengurusan kekayaan, juga akan diperkenalkan. Pembiayaan untuk perniagaan runcit bagi memenuhi permintaan pengusaha berpotensi di persekitaran Bank juga akan diberi keutamaan.

Pembiayaan IKS akan dipergiatkan bagi membantu membangunkan usahawan berpotensi. Hubungan perbankan menyeluruh akan terus dibina dengan pelanggan korporat dan komersil yang berpotensi dan digarap melalui jualan silang produk dan perkhidmatan Bank.

Perbankan Pelaburan telah mulai aktif untuk mendapatkan mandat dari pelanggan yang luas dalam usaha meningkatkan pendapatan berasaskan fi yang lumayan. Jabatan Perbankan Pelaburan dan Perbankan Korporat akan menyelaraskan aktiviti mereka bagi menyediakan perkhidmatan menyeluruh kepada pelanggan yang sama.

Peluang meningkatkan pendapatan berasaskan fi melalui produk-produk sesuai dan pakatan kerjasama bagi meningkatkan pertumbuhan, akan dipelopori pada 2004 dan seterusnya diperkukuhkan lagi apabila sistem dan prosedur di bawah MTP sudah tersedia.

vii) Kualiti Aset

Latihan kredit akan disesuaikan dengan fungsi baru di bawah MTP. Rangkakerja Pengurusan Risiko, fungsi pengauditan kredit, pengukuhan polisi dan prosedur adalah bidang yang akan diperkemasakan seterusnya.

viii) Pembangunan Sumber Manusia dan Peningkatan Produktiviti

Aktiviti mengenalpasti kakitangan berkemahiran dan pemertanian semula mereka dalam struktur baru di bawah MTP adalah antara tugas Jabatan ini yang mencabar. Penggunaan tenaga kerja optimal dan pengurusan prestasi akan digarap untuk membina ahli perbankan yang berkualiti tinggi.

ix) Pengurusan Risiko

Bank telah menerapkan Rangkakerja Pengurusan Risiko yang bersepadu untuk memastikan ia menggunakan polisi risiko yang dapat menjamin risiko pasaran, perniagaan, operasi kredit dan risiko-risiko lain. Perantikan Pegawai Risiko Kredit dan Pengurus Penilaian Kredit akan memastikan kualiti kredit dikendalikan di tahap yang tinggi.

x) Imej Korporat

Aktiviti pengiklanan dan penjenamaan korporat yang terancang akan dilaksanakan secara agresif bagi membina imej Bank sebagai Bank yang kompetitif dan moden untuk rakyat Malaysia.

Bank akan terus menyumbang kepada program sosio-ekonomi sebagai sebahagian daripada tanggungjawab sosialnya. Ia juga akan terus menerima delegasi luar negara yang ingin mempelajari Perbankan Islam di Malaysia.

xi) Bidang Kuasa

Isu-isu mengenai had kuasa meluluskan pembiayaan sesuai dengan struktur dan proses baru, akan diselaraskan bagi memastikan

kecepatan dan kecekapan dicapai mengikut rentak senario perbankan yang berubah.

xiii) Komunikasi Perubahan

Usaha-usaha untuk menukar model, struktur dan pendekatan perniagaan memerlukan strategi komunikasi yang konsisten. Tugas ini akan dilaksanakan sepenuhnya dengan menggunakan pelbagai saluran. Ia akan mendekatkan kakitangan Bank di semua peringkat dan membentuk warga berpengetahuan yang dapat menyesuaikan diri dengan perubahan yang berlaku di sekeliling mereka.

Sebagai sebuah organisasi, Ketua Pegawai Eksekutif pada awal 2004 telah dilantik sebagai Presiden, Persatuan Institusi-Institusi Perbankan Islam Malaysia (AIBIM) yang memberi peluang kepada Bank menyumbang secara berkesan kepada pembangunan Perbankan dan Kewangan Islam di Malaysia.

Dengan tersedianya semua strategi dan pelan tindakan, yang kebanyakannya bermula di tahun 2003, prestasi Bank bagi tahun 2004 dan 2005 khususnya dijangka akan meningkat dengan ketara. Usaha-usaha ini akan meletakkan Bank pada asas yang stabil dan memberikan ia kekuatan menghadapi saingan dari institusi perbankan Islam baru dan gergasi dari perbankan konvensional. Pertumbuhan dan keuntungan akan memberi nilai tambah kepada semua yang berkepentingan: pemegang saham, kakitangan, masyarakat umum dan pemerintah.

PENGHARGAAN

Saya ingin mengambil kesempatan mengucapkan terima kasih kepada pemegang-pemegang saham yang memberi kepercayaan kepada kami untuk menjalankan tugas-tugas Bank terutamanya dalam waktu-waktu yang getir. Panduan yang diberikan telah membantu Presiden/Ketua Pegawai Eksekutif dan kakitangan melaksanakan perubahan di dalam Bank.

Kepada ahli-ahli Lembaga Pengarah, yang sokongan mereka memberi kami kekuatan, saya ingin menyampaikan penghargaan. Kepada Y. Bhg Dato' Ismail Shahudin, Pengerusi baru, semua kakitangan ingin mengucapkan selamat datang dan kepada Pengerusi sebelumnya, Y. Bhg Datuk Ismail Haji Ahmad, perkhidmatan beliau selama empat tahun dengan Bank Muamalat adalah paling berharga di dalam perkembangan Bank. Kepada Ahli-ahli Majlis Penasihat Syariah, juruaudit, Bank Negara Malaysia, pelanggan dan semua yang terlibat dalam apa jua bentuk, saya ingin merakamkan penghargaan.

Kepada semua kakitangan, yang sama-sama menghadapi masa senang dan susah sewaktu menjalankan tugas, terutamanya dalam suasana perubahan Bank yang belum selesai, terima kasih atas komitmen dan dedikasi anda.

Semoga Allah swt memberkati usaha kita mempertingkatkan kecemerlangan demi menyumbang khidmat bakti sesama manusia dan kepadaNya.

FAZLUR RAHMAN EBRAHIM

Presiden/Ketua Pegawai Eksekutif

President / Chief Executive Officer's Review of Operations

GENERAL OVERVIEW

The year 2003 could be best described as a year of transition for the Bank when it was necessary to re-look at its position, reassess its business model and build on from weaknesses it encountered along the way since its inception.

From the financing side, the less emphasis given to Consumer and Retail financing especially house financing, led to a steady decline in this sector on account of redemptions from customers who switched to cheaper financing facilities from other financial institutions. Trade Finance and Contract Financing also showed some deterioration in quality and as they were not security-based, provisions for non-performing financing (NPF) had to be made, thus resulting in provisions for NPF made in 2002 and 2003. Although the growth of deposits has been steady since the Bank's inception, the lag in financing growth to match the steady increase in deposits led to a great opportunity loss in terms of excess funds not fully utilized to reap the benefits thereof. With increasing operating cost including staff, branch relocations, ICT expenditure and a declining profit, the Bank, beginning 2003 had to re-strategize itself and address these weaknesses in order to move forward.

INITIATIVES TAKEN IN 2003

The situation confronted by the Bank has led the Management to re-look at its business model, find new business opportunities, review operations and business processes in order to maximize productivity and remain competitive.

The approach taken was to get early staff involvement and this was done

through a series of brainstorming sessions covering all areas of the Bank's operations with the aim of getting staff commitment to formulate the Bank's Strategic Plans for the year 2003 onwards.

Measures undertaken included the following:-

a) Aggressive Growth in Consumer and Retail Financing

With a financing to deposit ratio hovering around 40% and the up-trend in Malaysian consumer spending, the Bank sees the opportunity in building up this sector immediately especially in house financing. The Consumer Banking Department was given the task to review products and offer competitive packages to match the market. Thus, by March 2003, Multi-Tiered House Financing was introduced, followed by Personal Financing in April. Vehicle Financing started as a pilot project in May 2003 in the Klang Valley, and introduced to all branches by August 2003.

Staff training in product knowledge and marketing were given prominence towards the second half of 2003, while a programme called Muamalat Week was launched in August 2003 to introduce the Bank's revitalized products and services to the public. This was enhanced by a programme to instill a service-oriented culture that aimed to set service quality as its trademark. Publicity campaigns and advertisements were intensified towards the third quarter of 2003, resulting in increase in the financing of transport, consumption credit and purchase of residential property.

In facing stiff competition, a team of internal staff headed by a full time advisor was set up to review the Bank's existing financing structure. A change programme called Muamalat Transformation Programme (MTP) was launched in January 2004. The programme required the Bank to re-look at best practices in the banking world and recommend structures, processes and systems that will ensure credit processes especially in Consumer and Retail from initiation to repayment are automated to achieve consistency in decisions and speed in delivery. The team is expected to complete its work for implementation towards third quarter of 2004. Staff training, preparations of sales outlets and putting the IT infrastructure in place, became top priority in the Bank.

b) Accelerate Revenue Growth

i) Investment Banking Department

With the sharp rise in the Islamic Capital Market in Malaysia since 2001, the Bank seized the opportunity to enhance its investment banking structure and personnel by revamping it in June 2003. By October 2003, the Bank had engaged a team of multi-disciplinary and experienced personnel whose terms of service provide incentives comparable to the industry practice. The Investment Banking Department is housed in a separate building to allow for independence and innovation in their business approach. The Department has made inroads in name and deals in Islamic Capital Market activities, corporate advisory and consultancy services, while preparing itself to be active in initial public offering, independent advisory,

and hosts of other services. The Department's roles are complemented by an offshore banking unit in Labuan that provides foreign currency denominated services. The Investment Banking Department is expected to enhance fees in 2004, which in 2003, it contributed RM3.3 million to the Bank's revenue.

The Management is happy to report that the Bank was awarded third place under Top Lead Manager 2003 – Islamic Category, by Rating Agency Malaysia, which is a morale booster to the Bank generally, and to Investment Banking Department, specifically.

ii) Treasury Department

Treasury and International Banking continued to emphasize on funding, investing and trading operations and it managed to generate equitable returns by diversifying funding mix profile amidst ample liquidity in the market. For 2003, it generated a gross revenue of RM120 million. Treasury Department worked synergistically with Investment Banking Department through subscription of capital market assets underwritten by the latter. The Department also supported the Bank's customers' international trade and payment transactions as well as retail exchange business in its activities. Private banking and wealth management will be introduced, while its presence in capital market and foreign exchange market will be further intensified.

iii) Other Services

Fee-based income from operations and trade finance was also given emphasis. In July 2003, the Bank

entered into smart partnership with Takaful Nasional Sdn Bhd (TN) in which thirteen TN products were offered for sale to the public through the Bank's counters on commission basis. Other agency agreements including acting as Zakat agents were signed to help boost Bank's non-financing income and deposits.

c) Improved Asset Quality and Recovery

To improve asset quality, the Bank established two separate departments namely Credit Supervision and Recovery in April 2003 and Credit Assessment in April 2004. On completion of the Risk Management Framework, the Bank is expected to put in place a comprehensive policy on risks that would be applied throughout these Departments.

For 2003, training programmes to enhance credit skills were given to relevant officers. Knowledge on customers' businesses, stringent assessment of financing proposals, review and recovery techniques were imparted to executives throughout the Bank.

Other departments contributing to improve asset quality are:

i) Entrepreneur Development Department

Since its establishment in April 2003, the Department has played an important role in spearheading training to existing entrepreneurs whether customers or not, in areas of business, motivation and financial advisory services. The programmes have been well received and they are becoming an important avenue for entrepreneurs to build their expertise.

In 2003, a total of 263 entrepreneurs were trained. The Bank expects to build and nurture these potential clients into established SMEs. Working closely with Business Banking Department, the Department hopes to build a core of competent and modern SMEs that will eventually form a strong backbone to help build a resilient industrial economy.

ii) Credit Assessment Department

Improvements in asset quality will be further achieved when assessment of credit proposals will be made by an independent Credit Assessment Department, which would review proposals received from various operating units. The development of standards in credit proposals and subsequent lessons learnt from the operating units will be a positive factor in the Bank's improved credit quality.

iii) Credit Supervision and Recovery Department

The establishment of a specialized department with defined supervision and recovery functions and its close monitoring of the Bank's credit from all operating units, have resulted in a better management of credit and recovery functions. Efforts to reduce delinquent financing and speed up recovery have shown results with decline in Non-Performing Financing position during the 2003 financial year.

iv) Credit Operations Section

The credit administration functions including disbursement and security safekeeping are centralized at this section, resulting in efficiency in the Bank's credit administration.

v) Risk Management Department

The establishment of the Department in April 2003 pursuant to the acceptance of the risk management framework in accordance with Basel II requirements, places the Bank's risk management in the right frame to help improve its credit quality specifically and other risk profiles generally. The Bank's early start in 2003 puts its Risk Management Framework on a strong footing for full operations in years to come.

vi) Area Offices and Branches

Area offices as supervisors continued to monitor performance of branches to ensure adherence and compliance with policies and guidelines. Branches have been given the task to market for quality Consumer and Retail financing more vigorously through calls, exhibitions, talks and other relationship-building programmes. The role of Area Offices will be further enhanced especially to guide branches in marketing initiatives.

d) Roles of Supporting Departments

Supporting departments were also given tasks to help achieve the Bank's objective.

ii) Information Technology Department

The Bank's IT Department has played an important role in upgrading the Bank's IT services and in monitoring the service level agreement provided by the service provider in the Bank's Aitel System. Being a member of Malaysia Electronic Payment System (MEPS), the Department played an

important role in providing MEPS Cash and Giro services to the public, which will ensure wide utilization of the Bank's ATM machines. The Department will be business-driven and will ensure business units benefit fully from the Bank's Muamalat Transformation Programmes. For the year 2003, IT expenditure formed a major portion of the Bank's expenses, which increased from RM11.8 million in 2002 to RM19.4 million in 2003, an increase of 64.4% over the period. Training of staff in IT will continue to be given emphasis by the Department.

iii) Human Resource Management Department

In 2003, an additional 70 staff were recruited to meet the needs of beefing up investment and business banking posts. Other contract staff were recruited to market Consumer and Retail products based on commissions.

Training for both technical and managerial skills were conducted with focus on building sales and marketing expertise. Introduction of Performance Management System in 2003 to assess staff and reward them accordingly was a measure to help build competent and productive staff force.

An important milestone with respect to Human Resource Management was the decision to settle the staff gratuity issue with payments of dues to the staff paid direct into their EPF accounts. Future gratuity payments would be made in the form of additional contributions to EPF on monthly basis, thus freeing the Bank from the management of gratuity

fund. While the contributions of additional RM7.2 million had direct effect on 2003 profitability, the plan allows the Bank and the staff to move forward on a stronger footing with the settlement of this staff benefit issue.

iii) Finance Department

Finance Department, which played a major role in drawing up the financial plan and implementing the budgetary control, had contributed to financial prudence that guided the Bank in its business.

The Department will continue to ensure that all accounting policies and relevant guidelines are strictly observed and financial performance of the Bank closely monitored.

iv) Operations Department

The role of the Operations Department to oversee the day-to-day operations of the branches has been strengthened with the placement of an experienced officer as its head. It also played an important role in the operational relationship with Bank Negara Malaysia.

v) Branch Management and Performance Department

The Department, which was set up in May 2003, was given the task to monitor performance of branches and also entrusted with the role to study the setting up of alternative delivery channels in achieving the Bank's objectives.

vii) Internal Audit Department

The Internal Audit Department has been a tower of strength in its role guided by the Audit Committee of the Board. Its function as the Bank's auditor in addition to the role to guide and develop all units into more efficient operations will be enhanced. For this, self-assessment audit will be introduced, which will help to further develop a more efficient and effective audit of the Bank.

viii) Corporate Communications Department

The Department played an active role in helping to boost business and image of the Bank in 2003. Advertisements in major newspapers including Chinese newspapers, magazines, below the line media and expositions were undertaken. The awareness programmes have been positive and follow-up marketing efforts by the Bank's marketing teams, have brought results. Projection of consistent visuals with colour and logo as the central theme, paved the way for higher brand awareness about the Bank and its products and services.

Internal communication was also given emphasis by the Bank. The President's weekly e-mail messages and other internal bulletins were communication channels used to instil knowledge, pride, loyalty and sense of belonging to all the staff.

The contributions of these Departments as a group are important efforts to strengthen the Bank's quest to reposition itself as a leading Islamic banking player in the country.

MOVING FORWARD

The Corporate Strategic Plan to reposition the Bank's business for 2004 onwards centers around seven key strategic issues:

a) Business Model

The Bank aims to position itself as a niche Bank by focusing mainly in Investment Banking and Consumer and Retail Banking. A multi-disciplinary Investment Banking team was set in 2003 and it is fully operational. Consumer and Retail Banking has been revamped with new competitive products offered to the market. The implementation of IT-assisted processes developed under Muamalat Transformation Programme in the third quarter of 2004, will enable the Consumer and Retail banking to deliver superior service as a first choice to customers and be recognized for its convenience, speed and accuracy.

b) Growth and Profitability

The Bank aims to achieve its asset mix with 50% Consumer and Retail financing in 2004 and to increase it to 60% in 2005. Deposits mobilization in terms of amount and mix will be vigorously pursued from a wide spectrum of sources.

The initiatives to increase fee-based income through Investment Banking Department and through sales of insurance and other commission income, will be undertaken more actively.

The overall increase in asset-backed financing will have the effect of reduced provisioning which will see the Bank's profit as well as Return on

Asset and Return on Equity improve significantly in 2004 onwards.

c) Operational Effectiveness and Efficiency

Measures to upgrade and strengthen administrative and operational system and controls through improved business processes, workflows, productivity measurement and delivery system will see cost to income ratio improve significantly. Improvements in cost structure in line with industry standards will be undertaken.

d) Asset Quality

With the operational units in place and staff trained, the Bank foresees improvements in asset quality through reduced NPF position from 6.6% in 2003 to 6.0% or less in 2004 and 5.0% or less in 2005.

e) Risk Management

The adoption of Risk Management Framework in line with Basel II requirement and Bank Negara Malaysia guidelines, will place the Bank in a position to mitigate risks bank-wide comparable to best practices. Preparation by the Bank since early 2003, gives it a head start for implementation in 2004 onwards.

f) Human Resource

Human Resource Management will be business driven with activities to equip staff with knowledge, skills and motivation to help boost productivity of the Bank. The adoption of a sale culture through change management is expected to steer the staff into a more efficient and professional workforce.

g) Communications

External and internal communications programmes already begun in 2003 will be further enhanced in order to disseminate consistent, accurate and timely information to the staff and the public. Other channels of communications will be utilized to reach a wider audience in the country.

These strategic issues will be achieved through the following programmes:-

i) Muamalat Transformation Programme (MTP)

This programme, to realign processes, structure, manpower and system, aims at achieving specialization and efficiency in the Bank's operations. MTP will place the Bank in a better position to compete with the industry effectively in the Consumer and Retail sector.

ii) Product and Market Development

A special product development unit under Consumer Banking Department has identified specific market niches especially products with high perceived values and has adopted pricing strategy to carve market share in Consumer and Retail sector.

iii) Delivery Channels

Maximum customer reach through channels other than branch network is being explored. Delivery channels in the form of service centers, sales outlets, sales agents, franchisees in addition to various facilities available in e-banking will be examined in 2004 onwards.

iv) Customer Service

Customer Service Standards for all business processes are being drawn up while sales and customer service will be given priority in training programmes.

v) Profitability

A clear pricing strategy, market linkages and superior service quality will be adopted to improve profit margin. Profitability will be achieved through cost control measures while efficiency will be improved through the MTP processes.

vi) Growth

Growth in Consumer and Retail market will be achieved through strategic tie-ups with reputable organizations. Cross-selling of products to present customers and the introduction of wealth management will be pursued. Retail business-to-serve to the needs of potential operators within the Bank's vicinity is also being given priority.

SME financing will be further intensified to help develop potential businessmen. Total banking relationship will continue to be built with corporate and commercial clients where cross-selling of products and services are potential growth areas.

Investment Banking activities are fully operational to secure mandates from a wide client-base in order to benefit from the lucrative fee-based income. Investment and Corporate Banking Departments will coordinate their activities to provide total banking solutions to common customers.

Other fee-based income opportunities through suitable product and service tie-ups to enhance growth will be introduced in 2004 onwards when systems and procedures under MTP are in place.

vii) Asset Quality

Credit training will be tailored to meet new functions under MTP. Risk Management Framework, credit auditing functions, improved policies and procedures are areas that will be enhanced to improve asset quality.

viii) Human Resource Development and Productivity Improvements

Identification of skills and redeployment of staff in the new MTP structure will be among the more challenging tasks the Department will perform. Establishment of optimal staffing levels and performance management will be undertaken to develop bankers of the highest quality.

ix) Risk Management

The Bank has adopted an Integrated Risk Management Framework to ensure that it only assumes bankable risks within the overall risk tolerance policy covering market, business, credit, operations and other risks. The appointment of Credit Risk Officer and Credit Assessment Manager will ensure that credit quality is maintained at the highest level.

x) Corporate Image

Planned advertising and corporate branding exercise will be undertaken more aggressively to build the Bank's image as a

competitive and modern banking entity for all Malaysians.

The Bank will continue to contribute to socio-economic programmes as part of its Social obligation. It will continue to play host to foreign delegations wanting to learn about Islamic Banking in Malaysia.

xij Empowerment

Issues of approval authority limits in line with new structures and processes will be realigned to provide speed and efficiency required in a changing banking scenario.

xij Change Communications

The overall efforts to change business model, structure and approaches will require the adoption of a consistent communication strategy. The tasks will be vigorously pursued through various channels that will link all ranks in the Bank's hierarchy into a network of informed Bank personnel adaptable to changes happening within its domain.

As an organization, the Chief Executive Officer, in early 2004 was elected as the President of Association of Islamic Banking Institutions Malaysia (AIBIM), which gives the Bank the opportunity to contribute effectively to the development of Islamic banking and finance in Malaysia. With all the strategies and action plans in place, most of which started in 2003, the year 2004 and 2005 in particular will see the Bank's performance improve significantly. These efforts will place the Bank on a stable footing and provide a strong foundation to face the onslaught of new Islamic financial institutions and the giants from the conventional banking community. Growth and

profitability will add value to all the Bank's stakeholders, the shareholders, the staff, the general public and the government of the day.

ACKNOWLEDGEMENT

I would like to take this opportunity to thank the Shareholders for believing in us to carry the work of the Bank, especially during this difficult time. Their guidance has helped the Chief Executive Officer and staff to spearhead changes in the Bank.

To the Board members, whose support has given us the strength, I wish to pay gratitude. To Y. Bhg Dato' Ismail Siahudin, the new Chairman, all staff wish a warm welcome and to the former Chairman, Y. Bhg Datuk Ismail bin Haji Ahmad, his service of four years to Bank Muamalat has been most valuable in the development of the Bank. To Syarifah Advisory Council members, the Auditors, Bank Negara Malaysia, customers and all those involved in one way or another, I wish to record my appreciation.

To all staff of the Bank, who have gone through thick and thin, in the course of working, especially during this unsettled period of changes happening in the Bank, thank you for your commitment and dedication.

May Allah SWT bless us all in our pursuit of excellence in the service to mankind and to Him.

FAZLUR RAHMAN EBRAHIM
President/Chief Executive Officer

PERISTIWA - PERISTIWA PENTING
Important Events



25 - 29 Jun / June
 Menyerlah Ekspo Keusahawanan Nasional.
Participated in National Entrepreneur Expo (EKNA 2003)



30 Januari / January
 Sesi Perbincangan - Melangkah ke
 Hadapan.
Brainstorming Session - The Way Forward



1 Julai / July
 Pakatan Strategik antara Bank Muamalat
 Malaysia Berhad dan Takaful Nasional Sdn Bhd.
*Strategic Alliance between Bank
 Muamalat Malaysia Berhad and Takaful Nasional
 Sdn Bhd*



11 - 13 Julai / July
 Perbincangan di Port Dickson -
 mengenalpasti isu dan mencari strategi
 mengukuhkan perbankan konsumen
 di Bank.
*Retreat at Port Dickson - brainstorming on
 various issues and finding strategies to
 enhance consumer banking business in
 the Bank*



6 Ogos / August
 Majlis Koktel untuk pelanggan korporat
 di Palace of the Golden Horses.
*Cocktail Reception for corporate
 customers held at Palace of the
 Golden Horses*

PERISTIWA - PERISTIWA PENTING
Important Events



23 - 30 Ogos / August
Pameran Sepanjang Minggu Muamalat.
Expo during Muamalat Week



23 Ogos / August
Sumbangan kepada pelajar di bawah program Masih Ada Yang Sayang.
Contribution to needy students under Masih Ada Yang Sayang Programme



27 Ogos / August
Pelancaran Kempen Senyum dan Salam.
Launching of Senyum and Salam Campaign



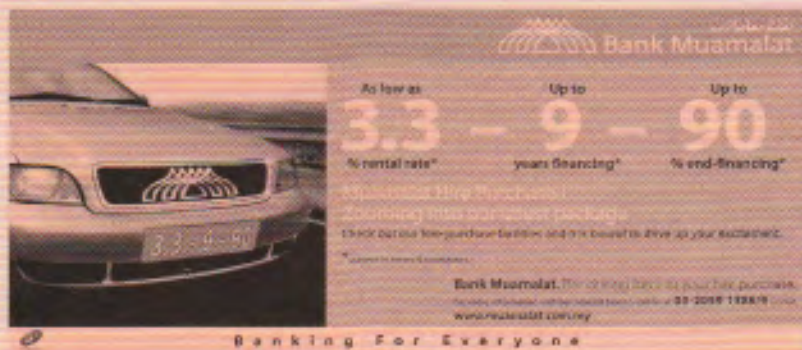
26 September / September
Penyertaan dalam Minggu Perbankan Islam dan Takaful 2003.
Participation in Islamic Banking and Takaful Week 2003



10 Disember / December
Anugerah Citrawangsa Malaysia - Iklan Radio.
Citrawangsa Malaysia Award - Radio Advertisement

IKLAN- IKLAN DI AKHBAR
DALAM TAHUN 2003

Newspaper Advertisements In 2003



Bank Muamalat

As low as **3.3** % rental rate* Up to **9** years financing* Up to **90** % end-financing*

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Joining into our car package
CHECK out our low purchase fee and hire board to drive up your excitement.

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Banking For Everyone



Bank Muamalat

Secure your dream home as we guard your interests.

Muamalat Home Financing | **Home Financing** | **Home Financing**

Being able to secure your dream home for you is our goal, and we guarantee that you'll be able to afford it. Our Home Financing package is designed to help you achieve your dream home, it's that simple for you. Our Home Financing package is designed to help you achieve your dream home, it's that simple for you.

Bank Muamalat, The passage to your home. Kuala Lumpur. For more information and our latest offers, call us at **03-2059 1388/9** or visit www.muamalat.com.my

Banking For Everyone



Bank Muamalat

Kunci kepada keperluan kewangan sambil kami melindungi kepentingan anda.

Muamalat Kemudahan Finansi | **Home Financing** | **Home Financing**

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Home Financing | **Home Financing** | **Home Financing**

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為全民服務之銀行



Bank Muamalat

Enjoy the comforts of life as we guard your interests.

Home Financing | **Home Financing** | **Home Financing**

Bank Muamalat, The passage to your home. Kuala Lumpur. For more information and our latest offers, call us at **03-2059 1388/9** or visit www.muamalat.com.my

Banking For Everyone

■ Aggressive effort: Bank Muamalat's aggressive expansion

Bank Muamalat eyes 30pc loan growth for this year



Bank Muamalat aims to increase its loan portfolio by 30 per cent this year, according to its aggressive expansion strategy.

Bank Muamalat unjur pembiayaan runcit lebih RM2b akhir tahun ini



Bank Muamalat unjur pembiayaan runcit lebih RM2b akhir tahun ini, menunjukkan pertumbuhan yang pesat dalam sektor ini.

Tokoh korporat membeli Bank Muamalat



Tokoh korporat membeli Bank Muamalat sebagai langkah untuk meningkatkan kehadiran bank ini di pasaran korporat.

Bank Muamalat to take services online

Bank Muamalat has announced plans to take its services online, aiming to improve customer convenience and expand its reach.



Bank Muamalat unjur biayai naik 30 peratus

Bank Muamalat unjur biayai naik 30 peratus, mencerminkan komitmen bank untuk meningkatkan pembiayaan kepada pelanggan.

Bukhary Cap buys 70pc of Bank Muamalat

Bukhary Capital has acquired a 70 per cent stake in Bank Muamalat, marking a significant milestone in the bank's ownership structure.

CAHB pact on Bank Muamalat stake sale

CAHB has reached a pact regarding the sale of Bank Muamalat's stake, ensuring a smooth transition of ownership.

Bank Muamalat awaits go-ahead for sale of stake

Bank Muamalat is awaiting a go-ahead for the sale of its stake, with all parties involved working towards a successful completion of the transaction.

40pc share: Bayer Bukhary Capital 'is ready'

Bayer Bukhary Capital is ready to acquire a 40 per cent share in Bank Muamalat, as part of its strategic investment plan.

Bank Muamalat sedia khidmat kutipan zakat

Bank Muamalat is now ready to provide zakat collection services, supporting the community and promoting Islamic banking practices.



Bank Muamalat set to play big role

Bank Muamalat is set to play a big role in the financial sector, particularly in Islamic banking and community development.

Bank Muamalat set to play big role in Islamic banking

Bank Muamalat is set to play a big role in Islamic banking, offering a range of Shariah-compliant financial products and services.

Bank Muamalat 銀行簡介

Bank Muamalat is a leading Islamic bank in Malaysia, offering a wide range of financial services including deposits, loans, and investment products. The bank is committed to providing Shariah-compliant solutions for its customers.

Bank Muamalat is a member of the Islamic Finance Bank Group, which includes Bank Muamalat Berhad, Bank Muamalat Finance Berhad, and Bank Muamalat Islamic Finance Berhad.

Bank Muamalat is committed to providing Shariah-compliant solutions for its customers. The bank offers a wide range of financial services, including deposits, loans, and investment products. Bank Muamalat is a member of the Islamic Finance Bank Group, which includes Bank Muamalat Berhad, Bank Muamalat Finance Berhad, and Bank Muamalat Islamic Finance Berhad.

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L A P O R A N P E N G A R A H

BANK MUAMALAT MALAYSIA BERHAD (Diperbadankan di Malaysia)

LAPORAN PENGARAH

Pengarah-Pengarah dengan ini membentangkan laporan mereka beserta dengan akaun-akaun yang telah diaudit bagi tahun kewangan berakhir 31 Disember 2003.

KEGIATAN UTAMA

Kegiatan-kegiatan utama Bank adalah berurusan di dalam Perbankan Islam dan perkhidmatan kewangan yang berkaitan dengannya.

Kegiatan utama subsidiari-subsidiari dinyatakan dalam Nota 11 kepada penyata kewangan.

Tiada perubahan yang ketara dalam kegiatan tersebut pada tahun kewangan semasa.

KEPUTUSAN

RM'000

Keuntungan bersih pada tahun ini

3,586

Pengarah-Pengarah berpendapat bahawa keputusan yang diperolehi dari hasil kendalian Bank sepanjang tahun kewangan ini adalah tidak terjejas dengan ketarannya oleh sebarang butiran, urusan atau peristiwa penting dan luar jangkaan. Tiada pindahan penting kepada atau daripada rizab dan peruntukan pada tahun semasa selain daripada yang dinyatakan di dalam penyata perubahan dalam ekuiti.

DIVIDEN

Tiada sebarang dividen yang dibayar atau diisytiharkan oleh Bank semenjak tahun kewangan sebelumnya. Pengarah-Pengarah tidak mencadangkan sebarang bayaran dividen pada tahun kewangan semasa.

PARA PENGARAH

Para Pengarah yang berkhidmat semenjak tarikh laporan yang lalu dan tarikh laporan ini adalah:

Datuk Ismail Haji Ahmad
Mohamed Ismail Mohamed Shariff
Ismail Ibrahim
Ashari Ayub
Datin Azzah Bte. Mohd. Jaafar
Dato' Othman Abdullah
Fazlur Rahman Ebrahim
Dato' Ismail Shahudin (dilantik pada 17 Mac 2004)
Jamil Hajar Abdul Muttalib (meletak jawatan pada 13 Januari 2004)
Dato' Azmi Abdullah (meletak jawatan pada 13 Januari 2004)

IMBUHAN PENGARAH

Tidak terdapat sebarang ketetapan dibuat di akhir tahun kewangan ataupun sepanjang tahun kewangan di mana pihak Bank mengambil bahagian yang membolehkan Pengarah-Pengarah mendapat imbuhan melalui perolehan saham atau debentur Bank atau mana-mana badan korporat.

Sejak berakhirnya tahun kewangan yang lalu, tiada Pengarah yang menerima atau berhak menerima sebarang imbuhan (selain dari manafaat yang termasuk dalam ganjaran yang tertera dalam Nota 21 - penyata kewangan] disebabkan oleh kontrak yang dibuat oleh Bank atau dengan firma di mana Pengarah adalah ahli atau dengan syarikat di mana Pengarah mempunyai kepentingan kewangan yang ketara.

GANJARAN PENGARAH

Tiada Pengarah Bank yang menyanggah jawatan di akhir tahun kewangan telah menerima ganjaran seperti yang ternyata dalam Seksyen 134, Akta Syarikat 1965 melalui perolehan saham Bank atau mana-mana badan korporat.

LAIN-LAIN BUTIRAN BERKANUN

- (a) Sebelum penyata pendapatan dan lembaran imbangan Bank disediakan, para Pengarah telah mengambil langkah-langkah yang munasabah seperti berikut:
- (i) Menentukan telah mengambil tindakan sewajarnya berhubung dengan menghapuskan pembiayaan lapuk dan membuat peruntukan terhadap pembiayaan tidak dibayar dan berpuas hati bahawa kesemua pembiayaan yang dikenalpasti lapuk telah dihapuskan dan peruntukan yang mencukupi telah dibuat terhadap pembiayaan tidak dibayar; dan
 - (ii) Memastikan bahawa sebarang aset semasa di mana nilainya tidak mungkin diperolehi sepertimana yang terdapat di dalam rekod-rekod akaun melalui urusan biasa, telah dikurangkan nilainya kepada jumlah yang dijangka boleh diperolehi.
- (b) Pada tarikh laporan ini disediakan, Pengarah-Pengarah tidak menjangkakan sebarang keadaan yang mempamerkan:
- (i) Jumlah menghapuskan pembiayaan lapuk, atau jumlah peruntukan bagi pembiayaan tidak dibayar dalam penyata kewangan Bank tidak mencukupi ke peringkat yang menjejaskan; dan
 - (ii) Nilai atas aset semasa di dalam penyata kewangan Bank mengelirukan.
- (c) Pada tarikh laporan ini disediakan, Pengarah-Pengarah tidak menjangkakan sebarang keadaan yang sekiranya timbul, boleh menyebabkan kepatuhan kepada kaedah-kaedah penilaian yang sedia ada ke atas aset-aset atau liabiliti-liabiliti di dalam akaun Bank mengelirukan dan tidak sesuai.
- (d) Pada tarikh laporan ini, Pengarah-Pengarah tidak mempunyai maklumat tentang sebarang kaedah yang tidak dinyatakan di dalam laporan ini atau akaun-akaun Bank, yang menyebabkan mana-mana akaun yang dinyatakan dalam akaun-akaun ini mengelirukan.
- (e) Pada tarikh laporan ini, tidak wujud:
- (i) Sebarang gadaian ke atas aset Bank yang timbul sejak berakhirnya tahun kewangan yang menjamin liabiliti-liabiliti pihak lain; atau
 - (ii) Sebarang liabiliti kontingen Bank yang timbul sejak berakhirnya tahun kewangan selain daripada urusan biasa perbankan.
- (f) Pengarah-Pengarah berpendapat:
- (i) Tidak ada liabiliti kontingen atau lain-lain liabiliti Bank yang telah atau mungkin berkuatkuasa dalam tempoh dua belas bulan selepas berakhirnya tempoh kewangan ini, yang menurut pendapat Pengarah-Pengarah akan atau boleh menjejaskan keupayaan Bank untuk menepati obligasi tersebut bila tiba masanya; dan
 - (ii) Tidak timbul sebarang butiran, urusan atau peristiwa penting dan luar jangkaan yang memberi kesan langsung atas hasil kendalian Bank bagi tahun kewangan laporan ini telah dibuat.

PROSPEK BAGI 2004

Ekonomi Malaysia menunjukkan prestasi kukuh dalam tahun 2003 dengan Keluaran Dalam Negara Kasar (KDNG) berkembang pada kadar 5.2% berbanding ramalan 4.1%. Sektor pembuatan merupakan penyumbang penting kepada pertumbuhan ekonomi 2003. Perkembangan sektor eksport telah membantu kepada pemulihan dengan lebih akaun semasa dan rizab antarabangsa terus meningkat. Redanya serangan Wabak Sindrom Pernafasan Akut (SARS), tamatnya peperangan Iraq dan pemilihan pemimpin baru Malaysia pada akhir bulan Oktober 2003, telah mendorong suasana yang mantap untuk pertumbuhan ekonomi negara.

Sumbangan terpenting dalam prestasi ekonomi Malaysia pada tahun 2003 adalah dari aktiviti pembiayaan runcit dan konsumen. Peningkatan penggunaan perabot dan keupayaan pengguna yang tinggi menyebabkan permintaan untuk pembiayaan perumahan, kenderaan, perniagaan kad kredit dan pembiayaan persendirian telah menunjukkan pertumbuhan yang kukuh sejajar dengan pengukuhan ekonomi.

Perkembangan positif khususnya pada penghujung tahun 2003 telah memberi laluan untuk memperbaharui keyakinan dalam pertumbuhan ekonomi 2004 yang dijangka berkembang di antara 6.0% hingga 6.5%.

PELAN PERNIAGAAN 2004

Berpandukan keyakinan ini, Bank Muamalat mengambil peluang untuk memeriksa semula kedudukannya bagi merumus strategi baru untuk meningkatkan pertumbuhan dalam dua segmen pasaran iaitu Perbankan Runcit dan Konsumer dan Pasaran Modal Islam.

Pihak Bank bercadang untuk meningkatkan Pembiayaan Runcit dan Konsumer kepada 50% pada 2004 dan 60% pada tahun 2005 dalam portfolio pembiayaannya. Usaha ini akan dicapai melalui satu program perubahan, yang melibatkan rombakan rangkaian cawangan dan Ibu Pejabat kepada suatu unit utama dan diperkukuhkan dengan infrastruktur IT bagi meningkatkan kecekapan, keupayaan dan keuntungan. Proses perubahan ini akan mengambil masa satu tahun dengan keupayaan pekerja yang cekap dalam bidang IT, jualan dan pemasaran. Dengan menggunakan pendekatan ini, pihak Bank akan dapat secara berterusan merajana perolehan yang tinggi dan teguh dalam pasaran.

Pihak Bank akan mempertingkatkan lagi pembabitannya dalam Pasaran Modal Islam. Jabatan Pelaburan telah pun diubahsuai dan dilengkapi dengan keupayaan tenaga profesional yang berpengalaman. Bagi mengukuhkan pasaran di segmen ini, pihak Bank akan berusaha untuk mendapatkan mandat dan memainkan peranan yang aktif sebagai penerbit dan pengurus instrumen kewangan Islam. Aktiviti-aktiviti ini dijangka akan meningkatkan pendapatan berasaskan fi.

Walaupun keupayaan dalam dua segmen pasaran ini sedang diperkukuhkan, pihak Bank akan terus memainkan peranan aktif dalam pembiayaan perniagaan dan juga akan menyumbang kepada kemajuan IKS melalui program latihan dan khidmat nasihat.

Pihak Bank sedar bahawa pesaing-pesaing juga cuba merebut peluang dalam sektor kewangan ini. Oleh itu Bank perlu membangunkan sumber manusia yang berkebolehan dalam pemasaran dan berbudaya maju untuk melaksanakan tugas-tugas khusus di bawah program baru perubahan ini. Dengan persaingan yang hebat dari segi produk dan perkhidmatan dari sistem konvensional, pihak Bank akan meningkatkan jangkauan dan kepelbagaian produk yang berdaya saing untuk memenuhi permintaan masyarakat Malaysia moden.

PERUBAHAN DALAM PEGANGAN SYARIKAT

Dalam tahun kewangan, Bank menganggap Khazanah Nasional Berhad, syarikat yang diperbadankan di Malaysia dan terhad oleh saham yang dipegang, sebagai syarikat pemegang.

Setelah berakhirnya tahun kewangan, syarikat pemegang Bank adalah Bukhary Capital Sdn Bhd (sebelumnya dikenali sebagai Hasrat Padu Sdn Bhd), berikutan dengan pengambilalihan 70% daripada dana pemegang saham Bank.

JURUAUDIT

Juruaudit, Ernst & Young, telah menyatakan kesanggupan mereka untuk dilantik semula.

Ditandatangani bagi pihak Lembaga Pengarah berseesuaian dengan resolusi Lembaga Pengarah.

DATO' ISMAIL SHAHUDIN

FAZLUR RAHMAN EBRAHIM

Kuala Lumpur, Malaysia
29 Mac 2004

PENYATA PENGARAH

PENYATA PENGARAH-PENGARAH MENGIKUT KEHENDAK SEKSYEN 169(15) AKTA SYARIKAT 1965

Kami, **DATO' ISMAIL SHAHUDIN** dan **FAZLUR RAHMAN EBRAHIM**, dua daripada Pengarah-Pengarah **BANK MUAMALAT MALAYSIA BERHAD**, dengan ini menyatakan bahawa pada pendapat Pengarah-Pengarah, penyata kewangan yang dibentangkan di muka surat 58 hingga 87 disediakan mengikut piawaian perakaunan yang diluluskan di Malaysia dan peruntukan-peruntukan dalam Akta Syarikat 1965, diubahsuai oleh Garispanduan Bank Negara Malaysia bagi menepati kehendak prinsip-prinsip Syariah, sedemikian untuk memberi gambaran yang benar dan saksama terhadap penyata kewangan Bank pada 31 Disember 2003 dan keputusan-keputusan dan aliran tunai pada akhir tahun.

Ditandatangani bagi pihak Lembaga Pengarah bersesuaian dengan resolusi Lembaga Pengarah.

DATO' ISMAIL SHAHUDIN

FAZLUR RAHMAN EBRAHIM

Kuala Lumpur, Malaysia
29 Mac 2004

AKAUN BERKANUN MENGIKUT KEHENDAK SEKSYEN 169(16) AKTA SYARIKAT 1965

Saya, **ABDUL MANAN SIDIK**, pegawai utama yang bertanggungjawab ke atas pengurusan kewangan **BANK MUAMALAT MALAYSIA BERHAD**, dengan ikhlas mengaku bahawa penyata kewangan Bank yang dibentangkan di muka surat 58 hingga 87 adalah pada sebaik-baik pengetahuan dan kepercayaan saya, adalah betul dan saya membuat pengakuan ini dengan penuh kesedaran bahawa ianya benar, dan menurut peruntukan-peruntukan Akta Akaun Berkanun, 1960.

Ditandatangani dan diakui oleh
ABDUL MANAN SIDIK
di Kuala Lumpur dalam Wilayah Persekutuan
pada 29 Mac 2004.

ABDUL MANAN SIDIK

Di hadapan saya,

Pesuruhjaya Sumpah

LAPORAN MAJLIS PENASIHAT SYARIAH

LAPORAN MAJLIS PENASIHAT SYARIAH

Kami Ahli Penasihat Syariah Bank Muamalat Malaysia Berhad, dengan ini mengesahkan bahawa sepanjang pengetahuan kami, operasi perbankan Bank untuk tahun berakhir 31 Disember 2003 adalah bertepatan dan selari dengan kehendak Syara'.

Bagi pihak Majlis Penasihat Syariah,

Prof. Madya Dr Abdul Halim Muhammad
Pengerusi

Hj. Idrus Ismail
Setiausaha

Kuala Lumpur, Malaysia
29 Mac 2004

LAPORAN JURUAUDIT KEPADA AHLI-AHLI BANK MUAMALAT MALAYSIA BERHAD

Kami telah mengaudit penyata kewangan yang tertera di halaman 58 hingga 87. Penyediaan penyata kewangan ini adalah tanggungjawab para Pengarah Bank. Tanggungjawab kami adalah memberi pendapat ke atas penyata kewangan berdasarkan pengauditan kami.

Kami telah menjalankan pengauditan mengikut piawaian pengauditan yang telah diluluskan di Malaysia. Piawaian-Piawaian tersebut memerlukan kami merancang dan melaksanakan pengauditan supaya memperoleh kepastian yang munasabah bahawa penyata kewangan tersebut adalah bebas dari salah nyata yang penting. Sesuatu audit itu merangkumi pemeriksaan, secara ujian, bukti yang berkaitan dengan jumlah dan pernyataan di dalam penyata kewangan. Audit juga termasuk penilaian prinsip-prinsip perakaunan yang digunakan dan anggaran-anggaran penting yang dibuat oleh para Pengarah, beserta dengan penilaian yang menyeluruh terhadap penyata kewangan yang dibentangkan. Kami percaya bahawa pengauditan kami memberi asas yang wajar terhadap pendapat kami.

Pada pendapat kami,

- (a) penyata kewangan ini telah disediakan mengikut peruntukan Akta Syarikat, 1965 dan piawaian perakaunan yang telah diluluskan di Malaysia yang diubahsuai untuk menepati prinsip-prinsip Syariah dan Garispanduan Bank Negara Malaysia serta memberi pandangan yang benar dan saksama terhadap:
- (i) kedudukan urusan kewangan Bank pada 31 Disember 2003 dan keputusan Bank serta aliran wang tunai Bank bagi tahun yang berakhir pada tarikh tersebut; dan
- (ii) perkara-perkara yang dikehendaki di bawah Seksyen 169, Akta Syarikat, 1965 yang perlu diambilkira dalam penyata kewangan Bank tersebut; dan
- (b) perkara-perkara perakaunan dan rekod-rekod lain serta daftar-daftar yang dikehendaki oleh Akta Syarikat, 1965 supaya disimpan oleh Bank dengan sempurna menurut peruntukan-peruntukan Akta tersebut.

Ernst & Young
AF: 0039
Akauntan Awam

Dato' Nordin bin Baharuddin
No. 837/03/04(UJ)
Rakan Kongsi

Kuala Lumpur, Malaysia
29 Mac 2004

LEMBARAN IMBANGAN

LEMBARAN IMBANGAN PADA 31 DISEMBER 2003 (7 ZULKAEDAH 1424)

	Nota	2003 RM'000	2002 RM'000
ASET			
Wang tunai dan dana jangka pendek	3	31,813	39,963
Deposit dan penempatan dengan institusi-institusi kewangan lain	4	2,042,600	1,635,761
Sekuriti Dagangan	5	704,971	689,584
Sekuriti Pelaburan	6	2,047,011	1,733,130
Pembiayaan pelanggan	7	2,140,966	2,160,042
Deposit berkanun dengan Bank Negara Malaysia	8	205,127	175,327
Lain-lain aset belum terima	9	41,074	36,351
Harta dan peralatan	10	59,700	62,265
Pelaburan dalam anak-anak syarikat	11	5	5
Jumlah terhutang dari syarikat berkaitan	12	29,105	29,054
Aset cukai tertunda (bersih)	13	13,570	4,287
Jumlah Aset		<u>7,315,942</u>	<u>6,565,769</u>
LIABILITI			
Obligasi faedah persaraan	14	16,275	6,540
Deposit dari pelanggan	15	6,846,533	6,029,351
Deposit dan penempatan oleh institusi-institusi kewangan lain	16	-	104,006
Bil-bil dan penerimaan harus dibayar		59,125	31,350
Lain-lain tanggungan belum bayar	17	40,480	44,633
Peruntukan Zakat		509	455
Jumlah Liabiliti		<u>6,962,922</u>	<u>6,216,335</u>
DANA PEMEGANG SAHAM			
Modal saham	18	225,846	225,846
Rizab		<u>127,174</u>	<u>123,588</u>
		<u>353,020</u>	<u>349,434</u>
JUMLAH LIABILITI DAN DANA PEMEGANG SAHAM		<u>7,315,942</u>	<u>6,565,769</u>
ILTIZAM DAN LUAR JANGKAAN	26	<u>1,740,247</u>	<u>1,240,379</u>

Nota-nota disertakan merupakan sebahagian daripada penyata kewangan.

P E N Y A T A P E N D A P A T A N

PENYATA PENDAPATAN BAGI TAHUN BERAKHIR 31 DISEMBER 2003 (7 ZULKAEDAH 1424)

	Nota	2003 RM'000	2002 RM'000
Pendapatan hasil daripada pelaburan dana pendeposit	19(a)	270,731	281,715
Pendapatan kepada pendeposit		<u>(136,519)</u>	<u>(162,707)</u>
		134,212	119,008
Pendapatan hasil daripada pelaburan dana pemegang saham	19(b)	14,917	14,891
Pendapatan kepada pemegang saham		149,129	133,899
Lain-lain pendapatan		<u>31,004</u>	<u>27,894</u>
Jumlah pendapatan operasi		180,133	161,793
Kerugian pembiayaan dan peruntukan, selepas bayaran balik	20(a)	<u>(32,890)</u>	<u>(29,398)</u>
		147,243	132,395
Lain-lain perbelanjaan operasi	20(b)	<u>(132,798)</u>	<u>(116,755)</u>
Keuntungan operasi		14,445	15,640
Kos penyelesaian faedah persaraan	14(a)	<u>(7,178)</u>	-
Keuntungan sebelum cukai dan zakat		7,267	15,640
Zakat	23	<u>(410)</u>	1,395
Cukai	24	<u>(3,271)</u>	<u>(7,418)</u>
Keuntungan bersih bagi tahun kewangan		<u>3,586</u>	<u>9,617</u>
Perolehan sesaham (sen)	25	<u>1.59</u>	<u>4.26</u>

Nota-nota disertakan merupakan sebahagian daripada penyata kewangan.

PENYATA PERUBAHAN EKUITI

PENYATA PERUBAHAN EKUITI BAGI TAHUN BERAKHIR 31 DISEMBER 2003 (7 ZULKAEDAH 1424)

	Saham Modal RM'000	Rizab Berkanun* RM'000	Keuntungan Terkumpul RM'000	Jumlah RM'000	Total RM'000
Baki pada 1 Januari 2002					
Seperti dinyatakan sebelumnya	225,846	51,698	10,394	41,113	329,051
Pelarasan tahun terdahulu (Nota 28)	-	-	-	10,766	10,766
Baki pada 1 Januari 2002 (dinyatakan semula)	225,846	51,698	10,394	51,879	339,817
Keuntungan bersih tahun semasa	-	-	-	9,617	9,617
Pindahan kepada Rizab Berkanun	-	9,364	-	(9,364)	-
Baki pada 31 Disember 2002	225,846	61,062	10,394	52,132	349,434
Baki pada 1 Januari 2003					
Seperti dinyatakan sebelumnya	225,846	61,062	10,394	50,477	347,779
Pelarasan tahun terdahulu (Nota 28)	-	-	-	1,655	1,655
Baki pada 1 Januari 2003 (dinyatakan semula)	225,846	61,062	10,394	52,132	349,434
Keuntungan bersih tahun semasa	-	-	-	3,586	3,586
Pindahan kepada Rizab Berkanun	-	1,793	-	(1,793)	-
Pindahan kepada Keuntungan Terkumpul	-	-	(10,394)	10,394	-
Baki pada 31 Disember 2003	225,846	62,855	-	64,319	353,020

* Rizab berkanun dikekalkan selaras dengan peruntukan oleh Akta Perbankan Islam, 1983 dan tidak diagihkan sebagai dividen.

Nota-nota disertakan merupakan sebahagian daripada penyata kewangan.

PENYATA ALIRAN TUNAI

PENYATA ALIRAN TUNAI BAGI TAHUN BERAKHIR 31 DISEMBER 2003 (7 ZULKAEDAH 1424)

	2003 RM'000	2002 RM'000
ALIRAN TUNAI DARI AKTIVITI PELABURAN		
Keuntungan sebelum zakat dan cukai	1,267	15,640
Pelarasan bagi:		
Peningkatan diskaun ditolak pelunasan premium	(49,459)	(29,609)
Susutnilai	16,028	11,434
Peruntukan pembiayaan lapuk dan ragu, selepas bayaran baik	32,890	29,398
Peruntukan faedah persaraan	9,735	2,632
Peruntukan/(Diambilkira semula) rosotnilai pelaburan	1,856	(1,015)
Dividen dari sekuriti dagangan dan sekuriti pelaburan	(19,507)	(52,146)
Keuntungan dari jualan harta, kilang dan peralatan	(6)	-
Kerugian dari hapuskira harta, kilang dan peralatan	-	710
Keuntungan hasil penjualan sekuriti dagangan dan sekuriti pelaburan	(13,855)	(33,237)
Kerugian operasi sebelum perubahan modal kerja	(15,051)	(56,193)
Penurunan/(penambahan) pembiayaan pelanggan	52,644	(191,425)
Penambahan dalam lain-lain penerimaan	(51,966)	(13,892)
Penambahan dalam jumlah terhutang dari syarikat berkaitan	(51)	(43,904)
Penambahan dalam deposit berkanun dengan Bank Negara Malaysia	(29,800)	(24,548)
Penambahan dalam sekuriti dagangan dan sekuriti pelaburan	(329,268)	-
Penambahan deposit dari pelanggan	817,182	1,064,100
(Penurunan)/penambahan dalam deposit dan penempatan bank dan lain-lain institusi kewangan	(104,006)	104,006
Penurunan dalam jualan sekuriti di bawah perjanjian belibalik	-	(43,475)
Penambahan dalam bil dan penerimaan belum bayar	27,775	10,645
(Penambahan)/penurunan dalam lain-lain pembayaran	(4,153)	(17,115)
Penambahan dalam obligasi faedah persaraan	-	2,632
Aliran tunai dijanakan daripada aktiviti-aktiviti operasi	363,306	790,831
Pembayaran cukai	(12,314)	-
Pembayaran zakat	(356)	(459)
Tunai bersih yang dijana dari aktiviti-aktiviti operasi	350,636	790,372

**PENYATA ALIRAN TUNAI
BAGI TAHUN BERAKHIR 31 DISEMBER 2003 (7 ZULKAEDAH 1424)**

	2003	2002
	RM'000	RM'000
ALIRAN TUNAI DARI AKTIVITI PELABURAN		
Pembelian Harta, Kilang dan Peralatan (bersih)	(13,483)	(19,168)
Perolehan dari jualan Harta, Kilang dan Peralatan	29	-
Pembelian sekuriti dagangan dan sekuriti pelaburan	(651,900)	(377,376)
Perolehan dari jualan sekuriti dagangan dan sekuriti pelaburan	693,900	34,309
Dividen diterima dari sekuriti dagangan dan sekuriti pelaburan	19,507	52,146
Tunai bersih yang dijana dari/diguna dalam] aktiviti pelaburan	<u>48,053</u>	<u>(310,089)</u>
KENAIKAN BERSIH DI DALAM TUNAI DAN TUNAI SETARA	398,689	480,283
TUNAI DAN TUNAI SETARA PADA AWAL TAHUN	1,675,724	1,195,441
TUNAI DAN TUNAI SETARA PADA AKHIR TAHUN	<u>2,074,413</u>	<u>1,675,724</u>
Tunai dan tunai setara terdiri dari:		
Tunai dan dana jangka pendek	31,813	39,963
Deposit dan penempatan dengan institusi-institusi kewangan	2,042,600	1,635,761
	<u>2,074,413</u>	<u>1,675,724</u>

Nota-nota disertakan merupakan sebahagian daripada penyata kewangan.

NOTA-NOTA KEPADA PENYATA KEWANGAN 31 DISEMBER 2003 (7 ZULKAEDAH 1424)

1. MAKLUMAT KORPORAT

Bank berurusan dalam semua aspek perbankan Islam dan perniagaan kewangan dan peruntukan bagi perkhidmatan yang berkaitan. Perbankan Islam dan perniagaan kewangan merujuk secara amnya kepada penerimaan deposit dan pemberian pembiayaan menurut kehendak prinsip-prinsip Syariah.

Tiada sebarang perubahan ketara dalam kegiatan-kegiatan berkenaan di sepanjang tahun kewangan.

Kegiatan-kegiatan utama anak-anak syarikat adalah seperti lampiran di Nota 11 kepada penyata kewangan.

Bank adalah perbankan Islam berlesen di bawah Akta Perbankan Islam, 1983, ditubuhkan dan bermastautin di Malaysia. Alamat bagi pejabat berdaftar Bank ialah Tingkat 28, Menara Bumiputra, Jalan Meleka, 50100, Kuala Lumpur, Malaysia.

Jumlah kakutangan pada 31 Disember 2003 adalah 1,190 (31 Disember 2002: 1,174).

Laporan kewangan ini dinyatakan dalam Ringgit Malaysia.

Laporan ini disahkan setelah mendapat mandat dari Lembaga Pengarah, bertepatan dengan resolusi pengarah pada 29 Mac 2004.

2. DASAR-DASAR PERAKAUNAN PENTING

(a) Asas penyediaan penyata kewangan

Akaun-akaun Bank telah disediakan menurut piawaian perakaunan yang diluluskan di Malaysia dan menurut peruntukan-peruntukan Akta Syarikat, 1965, diubahsuai menurut kehendak prinsip-prinsip Syariah dan Garispanduan Bank Negara Malaysia.

Pada tahun kewangan berakhir 31 Disember 2003, Bank buat pertama kali telah mengamalkan piawaian Lembaga Piawaian Perakaunan Malaysia ("MASB").

MASB 25 - Cukai Pendapatan

MASB 27 - Kos Peminjaman

MASB 29 - Manfaat Pekerja

MASB I-I - Pembentangan Penyata Kewangan bagi Institusi Kewangan Islam

Kesan penggunaan MASB 25 dan MASB 29 ke atas baki permulaan telah diringkaskan di dalam Penyata Perubahan Ekuiti dan Nota 28 di penyata kewangan. Penggunaan MASB 27 tidak memberi apa-apa kesan ke atas penyata kewangan. Kesan penggunaan MASB I - I adalah seperti yang terdapat di Nota 2(b).

(b) Pengiktirafan Pendapatan

Pendapatan diiktiraf mengikut kaedah asas akrual.

Pendapatan daripada pembiayaan pelanggan diiktiraf berasaskan kaedah kadar pulangan tetap. Pendapatan termasuk pelunasan premium dan peningkatan diskaun. Pendapatan daripada sekuriti dagangan dan pelaburan diiktiraf berasaskan kadar hasil efektif.

Jika akaun pembiayaan pelanggan bertukar kepada tidak berbayar, pendapatan digantung sehingga ianya direalisasi pada asas tunai. Akaun pelanggan dianggap tidak berbayar jika pembayaran semula tertunggak selama lebih enam bulan.

Polisi penggantungan pendapatan ini adalah menurut Garis Panduan Bank Negara Malaysia mengenai penggantungan faedah atas pinjaman tidak berbayar dan peruntukan untuk pembiayaan lapuk dan ragu. BNM/GP3.

Bermula dari tahun kewangan semasa, dengan penggunaan MASB I - I, Bank telah menukar dasar pengiktirafan pendapatan dari asas tunai kepada asas akrual. Kesan perubahan ini adalah peningkatan dalam pendapatan yang diiktiraf pada tahun ini sebanyak RM11,994,584.

Perubahan dalam polisi perakaunan telah digunapakai prospektif memandangkan hasil pelarasan bagi tahun sebelumnya tidak dapat dikenalpasti.

(c) Pengiktirafan Yuran-yuran dan lain-lain pendapatan

Pengaturan pembiayaan, yuran pengurusan dan penyertaan, komisen penajajaminan dan yuran broker diiktiraf sebagai pendapatan berasaskan pengaturan berkontrak. Yuran jaminan diiktiraf sebagai pendapatan di atas terbitan jaminan. Yuran dari kegiatan khidmat nasihat dan kewangan korporat diiktiraf hasil bersih cukai perkhidmatan dan diskaun di atas penyempurnaan setiap penyerahan hak.

Pendapatan dividen dari sekuriti dagangan dan pelaburan diiktiraf apabila hak Bank untuk menerima pembayaran dipastikan.

(d) Peruntukan Pembiayaan Lapuk dan Ragu

Peruntukan-peruntukan khusus disediakan untuk pembiayaan lapuk dan ragu, yang telah dikaji semula secara individu dan dengan khususnya dikenalpasti sebagai sub-standard, ragu dan lapuk.

Peruntukan am juga disediakan berdasarkan peratusan yang ditetapkan ke atas portfolio pembiayaan untuk menampung kerugian yang tidak dapat dikenalpasti dengan khususnya.

Pembiayaan yang tidak berbayar atau sebahagian daripadanya yang dikelaskan sebagai lapuk adalah dihapuskan selepas mengambilkira nilai cagaran yang boleh dihasilkan, jika ada, apabila pihak pengurusan berpendapat tiada prospek pungutan semula.

(e) Pelaburan dalam anak-anak syarikat

Pelaburan dalam anak-anak syarikat dinyatakan dalam kos.

Di atas pelupusan pelaburan tersebut, perbezaan diantara hasil pelupusan bersih dan amaun dibawa diiktiraf di dalam penyata pendapatan.

Seperti yang dibenarkan dalam perenggan 5(4)(b)(i) Jadual 9 dari Akta Syarikat, 1965, penyata kewangan anak-anak syarikat tidak disalurkan kerana Pengarah-pengarah berpendapat bahawa ia tidak membawa nilai sebenar kepada ahli-ahli Bank memandangkan jumlah penglibatan yang tidak ketara.

(f) Sekuriti Dagangan

Sekuriti dagangan adalah sekuriti-sekuriti yang boleh dipasarkan, dibeli dan dipegang dengan tujuan untuk dijual balik dalam jangka pendek, dan dinyatakan pada nilai terendah di antara kos dan nilai pasaran. Penambahan atau pengurangan dalam amaun dibawa oleh sekuriti dagangan dikredit atau dicaj dalam penyata pendapatan. Bagi pelupusan sekuriti dagangan, perbezaan diantara hasil pelupusan bersih dan jumlah dibawa dicaj atau dikredit dalam penyata pendapatan.

Pemindahan, jika ada, di antara sekuriti dagangan dan sekuriti pelaburan dibuat pada nilai terendah di antara kos dan nilai pasaran.

(g) Sekuriti Pelaburan

Sekuriti pelaburan adalah sekuriti-sekuriti yang diperolehi dan dipegang untuk hasil atau pertumbuhan modal atau untuk memenuhi kehendak kecairan aset minima menurut Seksyen 16 Akta Bank dan Institusi-Institusi Kewangan, 1989, dan lazimnya dipegang hingga matang.

Sijil Pelaburan Kerajaan Malaysia, Bon-bon Islam Cagamas, lain-lain Sekuriti Islam Kerajaan, dan Sekuriti Hutang Islam dipegang sebagai pelaburan dinyatakan pada kos tetapi dipinda untuk pelunasan premium atau peningkatan diskaun sehingga tarikh matang. Lain-lain pelaburan sebut harga dinyatakan pada nilai terendah di antara kos dan nilai pasaran.

Pelaburan tak tercalat dinyatakan pada kos dan di mana sesuai, dipinda untuk pelunasan premium atau peningkatan diskaun sehingga tarikh matang. Peruntukan dibuat bagi penyusutan nilai yang kekal di mana dirasakan sesuai.

Penambahan atau pengurangan dalam amaun dibawa oleh sekuriti pelaburan telah dikredit atau dicaj kepada penyata pendapatan. Bagi pelupusan sekuriti pelaburan, perbezaan di antara hasil pelupusan bersih dan amaun dibawa telah dikredit atau dicaj kepada penyata pendapatan.

(h) Harta, Kilang dan Peralatan dan Susutnilai

Harta, Kilang dan Peralatan dinyatakan pada nilai kos ditolak susutnilai terkumpul dan kerugian rosot nilai, jika ada. Polisi bagi pengiktirafan dan pengukuran kerugian rosot nilai adalah bersesuaian dengan Nota 2 (o). Tanah pegangan bebas dan kerja-kerja yang masih dalam pelaksanaan tidak disusutnilaikan. Susutnilai untuk lain-lain aset dikira untuk memansuhkan kos mengikut kaedah susutan tetap ke atas anggaran jangka hayat bolehguna bagi aset-aset berkenaan. Kadar susutnilai tahunan yang utama adalah seperti berikut:

Bangunan	2.5%
Tanah pajakan jangka panjang	2.5%
Perabot pejabat dan peralatan	15%
Pembaikan bangunan dan pengubahsuaian	20%
Kenderaan bermotor	20%
Peralatan komputer	20% - 33.3%

Di atas pelupusan harta, kilang dan peralatan, perbezaan di antara hasil pelupusan bersih dan jumlah dibawa diiktiraf di dalam penyata pendapatan.

(i) Matawang asing

Urusniaga dalam matawang asing diterjemahkan ke Ringgit Malaysia pada kadar pertukaran pada tarikh urusniaga tersebut atau pada kadar kontrak di mana sesuai. Aset dan tanggungan matawang pada nilai matawang asing pada tarikh lembaran imbangan dinyatakan pada kadar tukaran asing pada tarikh tersebut. Keuntungan atau kerugian yang timbul dari urusniaga matawang asing diiktiraf hanya apabila direalisasi bagi mematuhi prinsip-prinsip Syariah.

Kadar penutupan yang digunakan pada akhir tahun adalah:

	2003 RM	2002 RM
US Dollar (USD)	3.825	3.800
Great Britain Pound (GBP)	6.330	6.092
Euro Dollar (Euro)	4.384	3.981
Japanese Yen (JPY1000)	37.030	32.021
Singapore Dollar (SGD)	2.185	2.189
Australian Dollar (AUD)	2.558	2.149

(j) Bil dan Penerimaan Belum bayar

Bil dan penerimaan belum bayar mewakili bil-bil dan penerimaan kepunyaan bank sendiri yang didiskaun semula dan masih berada di pasaran.

(k) Cukai Pendapatan

Cukai pendapatan ke atas keuntungan atau kerugian bagi tahun kewangan meliputi cukai tahun semasa dan cukai tertunda. Cukai semasa adalah jangkaan jumlah cukai pendapatan perlu bayar berkaitan keuntungan bercukai bagi tahun kewangan dan dikira menggunakan kadar cukai yang telah diwartakan pada tarikh lembaran imbangan.

Cukai tertunda diperuntukkan dengan menggunakan kaedah tanggungan untuk semua perbezaan masa terhasil pada tarikh lembaran imbangan di antara kadar cukai aset dan tanggungan dan amaun dibawa dalam penyata kewangan. Tanggungan cukai tertunda diiktiraf bagi semua perbezaan bersifat sementara boleh cukai dan aset cukai tertunda diiktiraf bagi semua perbezaan bersifat sementara boleh tolak, kerugian cukai belum guna dan kredit cukai belum guna, sehingga ke tahap pada mana hanya berkemungkinan keuntungan boleh cukai boleh diperolehi di mana perbezaan bersifat sementara boleh tolak, kerugian cukai belum guna dan kredit cukai belum guna boleh digunakan. Cukai tertunda tidak diiktiraf jika perbezaan bersifat sementara terbit dan muhibah atau muhibah negatif atau pada permulaan pengiktirafan aset atau tanggungan di mana urusniaga bukan gabungan perniagaan, dan pada masa urusniaga hanya tidak mempengaruhi keuntungan perakaunan dan keuntungan yang boleh dikenakan cukai.

Cukai tertunda diukur pada kadar cukai jangkaan yang digunakan dalam tempoh di mana aset direalisasi atau tanggungan diselesaikan, berdasarkan kadar cukai diwartakan atau sebahagian besarnya diwartakan pada tarikh lembaran imbangan. Cukai tertunda diiktiraf dalam penyata pendapatan, kecuali hanya terhasil dari urusniaga yang diiktiraf terus dalam ekuiti, di mana cukai tertunda akan dicaj atau dikredit terus ke dalam ekuiti, atau apabila hanya terhasil dari gabungan perniagaan di mana hanya adalah pengambilalihan, yang mana cukai tertunda ini akan menghasilkan muhibah atau muhibah negatif.

Sebelum penggunaan MASB 25 Cukai Pendapatan pada 1 Januari 2003, cukai tertunda diperuntukkan menggunakan kaedah tanggungan berkaitan perbezaan masa yang ketara dan aset cukai tertunda tidak diiktiraf, melainkan ada jangkaan munasabah lainya akan direalisasi. Pertukaran polisi perakaunan ini telah dikira retrospektif dan kesan pertukaran adalah seperti didedahkan dalam Nota 28.

(l) Zakat

Ini mewakili zakat yang wajib dibayar oleh Bank selaras dengan prinsip-prinsip Syariah dan dipersetujui oleh Majlis Penasihat Syariah.

(m) Rizab Persamaan Keuntungan

Rizab Persamaan Keuntungan merujuk kepada jumlah yang dikeluarkan dari pendapatan kasar bagi memastikan tahap pulangan tertentu kepada pendeposit selaras dengan "Rangkakerja bagi Kadar Pulangan" Bank Negara Malaysia. Rizab Persamaan Keuntungan dinyatakan di bawah lain-lain penerimaan belum bayar.

(n) Tunai dan Tunai Setara

Tunai dan tunai setara terdiri daripada wang tunai dan deposit penempatan dengan bank, dana jangka pendek dan pelaburan jangka pendek berkecairan tinggi yang sedia ditukar kepada tunai dan yang tertakluk kepada risiko dalam perubahan nilai tidak ketara.

(o) Rosot nilai aset

Nilai pegangan aset, selain daripada aset cukai tertunda dan aset kewangan, disemak semula pada setiap tarikh lembaranimbangan, untuk menentukan samada terdapat sebarang petunjuk adanya rosot nilai. Jika petunjuk tersebut wujud, rosot nilai dikira dengan membandingkan nilai pegangan aset dengan jumlah penampungan. Jumlah penampungan adalah lebih besar antara harga jualan bersih dan nilaigunaannya, yang mana diukur dengan merujuk kepada aliran tunai hadapan terdiskaun.

Kerugian rosot nilai diiktiraf serta merta sebagai perbelanjaan dalam penyata pendapatan. Penarikbalikan kerugian rosot nilai diiktiraf pada tahun sebelumnya dilaporkan apabila kerugian rosot nilai aset tersebut tidak lagi wujud atau telah berkurangan.

(p) Faedah Pekerja

(i) Faedah jangka pendek

Upah, gaji, bonus dan caruman keselamatan sosial diiktiraf sebagai perbelanjaan dalam tahun di mana perkhidmatan berkaitan ditawarkan oleh pekerja.

(ii) Pelan caruman wajib

Seperti dituntut oleh undang-undang, syarikat-syarikat di Malaysia mencarum kepada skim pencen negeri dan Kumpulan Wang Simpanan Pekerja. Caruman-caruman tersebut diiktiraf sebagai perbelanjaan di dalam penyata kewangan apabila terjadi.

(iii) Pelan manfaat wajib

Bank menyumbang kepada dana wajib, Skim Manfaat Persaraan ("the Scheme") untuk pekerja-pekerja yang layak. Skim wajib Bank ditentukan berdasarkan penilaian beraktuari tiga tahun sekali di mana jumlah manfaat yang telah didapati pekerja sebagai pulangan khidmat mereka dalam tahun semasa dan tahun-tahun sebelumnya telah dianggarkan. Manfaat tersebut didiskaun menggunakan Kaedah Kredit Projek untuk menentukan nilai semasa. Keuntungan atau kerugian aktuari diiktiraf sebagai pendapatan atau perbelanjaan ke atas jangkaan hayat kerja hitung panjang bagi pekerja-pekerja yang turut serta, apabila keuntungan atau kerugian aktuari tidak teriktiraf terkumpul untuk Skim melebihi 10% dari nilai semasa manfaat wajib dan nilai saksama aset rancangan. Kos perkhidmatan yang lepas diiktiraf serta merta sehingga kepada manfaat telah diletak hak, dan kecuali dilunaskan berdasarkan kaedah garisan lurus ke atas tempoh hitung panjang sehingga manfaat pindaan menjadi letak hak.

Jumlah diiktiraf di dalam lembaranimbangan mewakili nilai semasa manfaat wajib diselaraskan untuk keuntungan dan kerugian aktuari tidak diiktiraf dan kos perkhidmatan yang lepas tidak diiktiraf, dan dikurangkan oleh nilai saksama aset rancangan. Mana-mana aset terhasil dari perkiraan ini terhad kepada jumlah bersih manfaat ekonomi dalam bentuk bayar balik atau pengurangan bagi sumbangan kepada pelan di masa hadapan.

Polisi-polisi di atas mengikut MASB 29 Manfaat Pekerja telah digunapakai bermula 1 Januari 2003. Perubahan polisi perakaunan telah diambil kira retrospektif dan kesan-kesannya didedahkan dalam Nota-nota 14 dan 28.

(q) Instrumen Kewangan

Instrumen kewangan diiktiraf di dalam lembaranimbangan apabila Bank telah menjadi satu kumpulan kepada peruntukan kontrak instrumen. Polisi perakaunan ke atas pengiktirafan dan pengukuran instrumen-instrumen ini didedahkan di dalam polisi-polisi perakaunan yang berkaitan.

Instrumen kewangan diklasifikasikan sebagai tanggungan atau ekuiti mengikut perjanjian kontrak. Dividen, keuntungan dan kerugian berkaitan instrumen kewangan diklasifikasikan sebagai tanggungan, dilapurkan sebagai perbelanjaan atau pendapatan. Pembahagian kepada pemegang instrumen kewangan dicaj terus kepada ekuiti. Instrumen kewangan telah diseimbangkan apabila Bank mempunyai hak kuatkuasa sah untuk menyeimbangkan dan berhajat untuk melunaskan atas dasar bersih atau untuk merealisasi aset dan melunaskan tanggungan serentak.

3. WANG TUNAI DAN DANA JANGKA PENDEK

Wang tunai dan baki di bank dan institusi-institusi kewangan lain

	2003 RM'000	2002 RM'000
	<u>31,813</u>	<u>39,963</u>

4. DEPOSIT DAN PENEMPATAN DENGAN INSTITUSI-INSTITUSI KEWANGAN

	2003 RM'000	2002 RM'000
Bank berlesen	100	105,991
Syarikat Kewangan berlesen	20,000	-
Lain-lain Institusi Kewangan	-	30,000
Bank Negara Malaysia	2,022,500	1,499,770
	<u>2,042,600</u>	<u>1,635,761</u>

5. SEKURITI DAGANGAN

	2003 RM'000	2002 RM'000
Instrumen Pasaran Wang :		
Bil. penerimaan Islam	<u>704,971</u>	<u>689,584</u>

6. SEKURITI PELABURAN

	2003 RM'000	2002 RM'000
Instrumen pasaran wang:		
Sijil Pelaburan Kerajaan Malaysia	268,618	323,057
Bon kupon sifar	257,359	213,675
Sekuriti hutang swasta Islam	413,655	407,467
Lain-lain sekuriti hutang Islam	1,086,033	769,186
	<u>2,025,665</u>	<u>1,713,385</u>
Peningkatan diskaun ditolak peluasan premium	27,648	24,191
Tolak: Peruntukan rosot nilai bagi lain-lain sekuriti hutang Islam	(6,302)	(4,446)
	<u>2,047,011</u>	<u>1,733,130</u>

Nilai pasaran instrumen pasaran wang:

Sijil Pelaburan Kerajaan Malaysia	280,298	332,700
Bon kupon sifar	270,105	233,240
Sekuriti hutang swasta Islam	412,109	416,350
Lain-lain sekuriti hutang Islam	1,066,311	766,258
	<u>2,028,823</u>	<u>1,748,548</u>

Struktur kematangan bagi instrumen pasaran wang yang dipegang untuk pelaburan adalah seperti berikut:

	2003 RM'000	2002 RM'000
Matang dalam tempoh satu tahun	1,431,323	790,000
Satu tahun hingga tiga tahun	357,771	555,288
Tiga tahun hingga lima tahun	156,020	197,773
Lebih dari lima tahun	80,551	370,324
	<u>2,025,665</u>	<u>1,713,385</u>

7. PEMBIAYAAN PELANGGAN

	2003 RM'000	2002 RM'000
Bai' Bithaman Ajil	1,095,841	1,118,291
Ijarah	150,485	166,096
Murabahah	542,219	515,715
Musyarakah	495	521
Mudharabah	1,602	834
Istisna	354,255	356,076
Lain-lain konsep pembiayaan	125,898	154,922
Pembiayaan Kasar Pelanggan	2,270,795	2,312,405
Peruntukan untuk pembiayaan lapuk dan ragu	(129,829)	(152,363)
Pembiayaan bersih pelanggan	<u>2,140,966</u>	<u>2,160,042</u>

(i) Pecahan pembiayaan kasar pelanggan mengikut kematangan pembayaran balik adalah seperti berikut:

	2003	2002
	RM'000	RM'000
Matang dalam tempoh satu tahun	589,601	600,405
Satu tahun hingga tiga tahun	450,737	458,996
Tiga tahun hingga lima tahun	94,757	96,493
Lebih dari lima tahun	1,135,700	1,156,511
	<u>2,270,795</u>	<u>2,312,405</u>

(ii) Pembiayaan pelanggan dianalisis mengikut tujuan ekonomi adalah seperti berikut:

	2003	2002
	RM'000	RM'000
Pertanian	35,704	32,422
Perlombongan dan kuari		1,593
Perkilangan	483,260	541,862
Elektrik, gas dan air	20,021	83,767
Pembinaan	443,376	432,468
Pembelian hartanah yang mana:		
- Kediaman	772,414	759,550
- Bukan kediaman	163,716	179,023
Perdagangan am	94,199	116,950
Pengangkutan, penyimpanan dan komunikasi	18,530	6,516
Kewangan, insuran dan perkhidmatan perniagaan	37,052	22,424
Pembelian sekuriti	37,961	-81,675
Pembelian kenderaan pengangkutan	63,497	7,178
Kredit penggunaan	65,961	14,892
Lain-lain	20,104	32,085
	<u>2,270,795</u>	<u>2,312,405</u>

(iii) Pergerakan dalam pembiayaan tidak dibayar adalah seperti berikut:

Baki pada 1 Januari	291,498	238,734
Pembiayaan dikelaskan sebagai tidak dibayar bagi tahun tersebut	138,633	153,793
Pungutan semula pembiayaan tidak dibayar bagi tahun tersebut	(42,626)	(33,251)
Pembiayaan tidak dibayar dikelaskan sebagai dibayar bagi tahun tersebut	(94,109)	(67,503)
Jumlah dihapuskan bagi tahun tersebut	(55,424)	(275)
Baki pada 31 Disember	<u>237,972</u>	<u>291,498</u>
Sebagai % pembiayaan kasar	10.48%	12.61%
Jumlah bersih pembiayaan tidak dibayar	143,685	172,030
Sebagai % pembiayaan bersih	6.60%	7.84%

(iv) Pergerakan dalam peruntukan pembiayaan lapuk dan ragu adalah seperti berikut:

	2003	2002
	RM'000	RM'000
Peruntukan Am		
Baki pada 1 Januari	32,895	29,979
Peruntukan pada tahun tersebut	2,647	2,916
Baki pada 31 Disember	<u>35,542</u>	<u>32,895</u>
Sebagai % pembiayaan kasar ditolak peruntukan khusus	1.6%	1.5%

	2003	2002
	RM'000	RM'000
Peruntukan Khusus		
Baki pada 1 Januari	119,468	93,206
Peruntukan pada tahun tersebut	50,524	32,749
Jumlah diambil kira semula setelah diperolehi kembali	(20,281)	(6,267)
Jumlah dihapuskan	(55,424)	(220)
Baki pada 31 Disember	<u>94,287</u>	<u>119,468</u>

8. DEPOSIT BERKANUN DENGAN BANK NEGARA MALAYSIA

Deposit berkanun tanpa faedah disimpan dengan Bank Negara Malaysia menurut Seksyen 37(1)(c), Akta Bank Pusat Malaysia Ordinan 1958 (1994 - disemak semula), di mana jumlahnya ditentukan sebagai peratusan daripada jumlah liabiliti yang layak.

9. LAIN-LAIN BELUM TERIMA

	2003 RM'000	2002 RM'000
Wang cagaran	1,686	1,312
Pra-pembayaran	1,608	2,795
Penerimaan pendapatan	18,737	9,234
Pungutan semula cukai	2,706	3,185
Sibermutang lain-lain	16,337	19,825
	<u>41,074</u>	<u>36,351</u>

10. HARTA DAN PERALATAN

Kos	Tanah pajakan jangka panjang RM'000	Tanah dan bangunan milik bebas RM'000	Peralatan pejabat, Bangunan kelengkapan, pejabat perabot dan Kerja-kerja masih di dalam pembangunan		Jumlah RM'000	
			Bangunan pejabat jangka panjang RM'000	perabot dan kenderaan bermotor RM'000		
Pada Januari 2003	303	3,163	14,092	68,334	3,375	89,267
Penambahan	-	-	-	8,463	5,020	13,483
Pengelasan semula	-	-	-	5,050	(5,050)	-
Pelupusan	-	-	-	(44)	-	(44)
Pada 31 Disember 2003	<u>303</u>	<u>3,163</u>	<u>14,092</u>	<u>81,803</u>	<u>3,345</u>	<u>102,706</u>
Susutnilai terkumpul						
Pada Januari 2003	13	249	1,154	25,586	-	27,002
Caj pada tahun ini	4	87	345	15,592	-	16,028
Pelupusan	-	-	-	(24)	-	(24)
Pada 31 Disember 2003	<u>17</u>	<u>336</u>	<u>1,499</u>	<u>41,154</u>	<u>-</u>	<u>43,006</u>
Nilai buku bersih						
Pada 31 Disember 2003	<u>286</u>	<u>2,827</u>	<u>12,593</u>	<u>40,649</u>	<u>3,345</u>	<u>59,700</u>
Pada 31 Disember 2002	<u>290</u>	<u>2,914</u>	<u>12,938</u>	<u>42,748</u>	<u>3,375</u>	<u>62,265</u>
Caj susutnilai pada 2002	<u>4</u>	<u>79</u>	<u>352</u>	<u>10,999</u>	<u>-</u>	<u>11,434</u>

11. PELABURAN DALAM ANAK-ANAK SYARIKAT

	2003 RM'000	2002 RM'000
Saham tak tercatat pada kos - di luar Malaysia	5	5

Anak-anak syarikat Bank adalah seperti berikut:

Nama	Kegiatan utama	Tempat diperbadankan	Kepentingan ekuiti efektif		Tahun kewangan berakhir
			2003	2002	
Muamalat Nominees (Tempatan) Sdn. Bhd.	tidak aktif	Malaysia	100%	100%	31 Disember
Muamalat Nominees (Asing) Sdn. Bhd.	tidak aktif	Malaysia	100%	100%	31 Disember

12. SYARIKAT INDUK DAN SYARIKAT-SYARIKAT BERKAITAN

Dalam tahun kewangan semasa, pengarah-pengarah menganggap Khazanah Nasional Berhad, syarikat diperbadankan di Malaysia dan terhad oleh saham sebagai syarikat induk.

Berikutan berakhirnya tahun kewangan semasa, syarikat induk Bank adalah Bukhary Capital Sdn. Bhd. (dulunya dikenali sebagai Hasrat Padu Sdn. Bhd.), susulan dari pengambilalihan 70% dari modal saham Bank.

Syarikat berkaitan di dalam penyata kewangan ini merujuk kepada ahli-ahli kumpulan Commerce Asset-Holding Berhad yang memegang 30% ekuiti Bank pada tahun kewangan semasa.

13. ASET CUKAI TERTUNDA (BERSIH)

	2003 RM'000	2002 RM'000
Baki pada 1 Januari	4,287	10,842
Penarikbalikan perbezaan bersifat sementara	5,571	-
Diiktiraf di dalam penyata pendapatan	3,712	(6,555)
Baki pada 31 Disember	<u>13,570</u>	<u>4,287</u>

Cukai aset dan tanggungan tertunda diselaraskan apabila terdapat hak kuatkuasa sah untuk menyeimbangkan aset cukai semasa terhadap tanggungan cukai semasa dan apabila cukai pendapatan tertunda berhubung dengan penguatkuasa fiskal yang serupa. Jumlah berikut setelah diselaraskan dengan sewajarnya ditunjukkan di dalam lembaran imbalan:

	2003 RM'000	2002 RM'000
Aset cukai tertunda	17,391	13,679
Tanggungan cukai tertunda	(3,821)	(9,392)
	<u>13,570</u>	<u>4,287</u>

Komponen dan pergerakan aset dan tanggungan cukai tertunda dalam tahun kewangan sebelum diselaraskan adalah seperti berikut:

Aset cukai tertunda Bank:

	Peruntukan Pembiayaan Lapuk dan Ragu RM'000	Peruntukan bagi tanggungan RM'000	Lain-lain perbezaan sementara RM'000	Jumlah RM'000
Baki pada 1 Januari 2003	9,211	3,761	1,207	13,679
Diiktiraf di dalam penyata pendapatan	741	3,108	(137)	3,712
Baki pada 31 Disember 2003	<u>9,952</u>	<u>6,369</u>	<u>1,070</u>	<u>17,391</u>

Tanggungan cukai tertunda Bank:

	Elaun Modal dipercepatkan RM'000
Baki pada 1 Januari 2003	9,392
Penarikbalikan perbezaan bersifat sementara	(5,571)
Baki pada 31 Disember 2003	<u>3,821</u>

14. OBLIGASI FAEDAH PERSARAAN

Bank menyumbang kepada dana wajib, Skim Manfaat Persaraan (Skim) untuk pekerja-pekerjanya yang layak. Sumbangan kepada skim tersebut hendaklah dibuat kepada dana yang diuruskan berasingan. Di bawah skim tersebut, pekerja-pekerja yang layak diberi hak ke atas manfaat persaraan yang dikira oleh Bank apabila mencapai umur persaraan 55 tahun (wanita) dan 60 tahun (lelaki).

Jumlah diiktiraf di dalam lembaranimbangan adalah ditentukan seperti berikut:

	2003 RM'000	2002 RM'000
Faedah pemberian hak	28,564	-
Nilai semasa obligasi dana faedah wajib	-	18,829
Nilai berpatutan aset Skim	(12,289)	(12,289)
Tanggungan bersih	<u>16,275</u>	<u>6,540</u>

Jumlah diiktiraf di dalam lembaranimbangan adalah seperti berikut:

Kos perkhidmatan semasa	1,263	1,263
Kos dibawa	1,294	1,294
Kos penyelesaian (Nota 14(a))	7,178	-
Jumlah, termasuk di dalam lain-lain perbelanjaan operasi	<u>9,735</u>	<u>2,557</u>

Pergerakan di dalam tanggungan bersih pada tahun semasa adalah seperti berikut:

	2003 RM'000	2002 RM'000
Baki pada 1 Januari	6,540	3,983
Jumlah diiktiraf di dalam penyata pendapatan	9,735	2,557
Baki pada 31 Disember	<u>16,275</u>	<u>6,540</u>

Anggapan aktuari utama yang digunakan:

	2003 %	2002 %
Kadar diskaun	-	7
Pertambahan gaji purata hadapan	-	5

(a) Kos penyelesaian

Pada 1 Disember 2003, Bank telah memeterai perjanjian dengan kesatuan pekerja untuk menggantikan Skim dengan pertambahan caruman di dalam KWSP.

Bersangkutan itu, pihak Bank bersetuju untuk membayar faedah gratuity yang berhak ke atas pekerja-pekerjanya kepada KWSP yang bernilai sebanyak RM28.56 juta berdasarkan penilaian beraktuari pada 31 Disember 2003 selama tempoh 10 tahun atau kurang. Dividen akan dibayar oleh Bank di atas jumlah terhutang kepada KWSP pada kadar bersamaan kadar dividen KWSP selama tempoh tersebut.

15. DEPOSIT DARI PELANGGAN

	2003 RM'000	2002 RM'000
Dana bukan Al Mudharabah:		
Deposit semasa	1,422,147	1,042,919
Deposit simpanan	399,031	373,121
Sijil hutang Islam boleh niaga	8,841	8,841
Lain-lain deposit	33,604	22,794
	<u>1,863,623</u>	<u>1,447,675</u>
Dana Al Mudharabah:		
Akaun Pelaburan Am	3,827,659	4,251,245
Akaun Pelaburan Khas	1,155,251	330,431
Jumlah deposit	<u>6,846,533</u>	<u>6,029,351</u>

(i) Struktur kematangan Sijil Hutang Islam Boleh Niaga dan Dana Mudharabah adalah seperti berikut:

Matang dalam tempoh enam bulan	3,840,505	2,605,414
Enam bulan hingga satu tahun	308,992	1,885,526
Satu tahun hingga tiga tahun	820,415	84,170
Tiga tahun hingga lima tahun	11,221	15,407
Lebih dari lima tahun	10,618	-
	<u>4,991,751</u>	<u>4,590,517</u>

(ii) Punca deposit adalah dari pelanggan berikut :

	2003 RM'000	2002 RM'000
Kerajaan dan badan berkanun	2,890,045	2,944,628
Badan perniagaan	2,506,642	1,684,705
Individu	666,331	626,647
Lain-lain	783,515	773,871
	<u>6,846,533</u>	<u>6,029,851</u>

16. DEPOSIT DAN PENEMPATAN DARI BANK DAN INSTITUSI-INSTITUSI KEWANGAN LAIN

	2003 RM'000	2002 RM'000
Bank berlesen	-	104,006

17. LAIN-LAIN BELUM BAYAR

	2003 RM'000	2002 RM'000
Akruan	19,366	32,916
Kreditor pelbagai	6,450	1,595
Peruntukan	10,128	835
Sipiutang lain	4,536	9,287
	<u>40,480</u>	<u>44,633</u>

Lain-lain belum bayar untuk tahun 2003 termasuk jumlah RM3.8 juta (2002: RM4.2 juta) dalam Rizab Persamaan Keuntungan.

18. SAHAM MODAL

	2003 RM'000	2002 RM'000
(a) Dibenarkan :		
4,000,000,000 saham biasa pada RM1.00 setiap satu	<u>4,000,000</u>	<u>4,000,000</u>
(b) Diterbitkan dan dibayar penuh :		
225,846,000 saham biasa RM 1.00 setiap satu	<u>225,846</u>	<u>225,846</u>

19.(a) PENDAPATAN HASIL DARI PELABURAN DANA PENDEPOSIT

	2003	2002
	RM'000	RM'000
Pendapatan dari pembiayaan	155,989	133,734
Peningkatan diskaun ditolak pelunasan premium	67,066	47,041
Pendapatan dari penempatan pasaran wang	16,254	43,596
Pendapatan pelaburan:		
-Keuntungan daripada jualan sekuriti pelaburan	12,438	31,338
Dividen kasar dari:		
-Sekuriti Dagangan	38	-
-Sekuriti Pelaburan	18,495	30,043
Peruntukan masuk kira semula untuk pengurangan nilai sekuriti	-	957
Pindahan dari/(kepada) Rizab Persamaan Keuntungan	451	(4,994)
	<u>270,731</u>	<u>281,715</u>

(b) PENDAPATAN HASIL DARI PELABURAN DANA PENDEPOSIT

	2003	2002
	RM'000	RM'000
Pendapatan dari pembiayaan	8,595	8,103
Peningkatan diskaun ditolak pelunasan premium	3,742	3,039
Pendapatan dari penempatan pasaran wang	896	2,642
Pendapatan pelaburan:		
-Keuntungan daripada jualan sekuriti pelaburan	685	1,899
Dividen kasar dari:		
-Sekuriti Dagangan	1	-
-Sekuriti Pelaburan	973	1,632
Peruntukan masuk kira semula bagi pengurangan nilai sekuriti	-	58
Dipindah dari/(kepada) Rizab Persamaan Keuntungan	25	(2,482)
	<u>14,917</u>	<u>14,891</u>

20. PERBELANJAAN

	2003	2002
	RM'000	RM'000
(a) Kerugian Pembiayaan dan Peruntukan		
Peruntukan pembiayaan lapuk dan ragu:		
- peruntukan khusus dibuat bagi tahun ini (pemulihan bersih)	30,243	26,482
- peruntukan am dibuat bagi tahun ini	2,647	2,916
	<u>32,890</u>	<u>29,398</u>

(b) Perbelanjaan Overhead

	2003	2002
	RM'000	RM'000
Kos personel (Nota 20(c))	62,442	58,239
Ganjaran juruaudit	100	80
Susutnilai Harta, Kilang dan Peralatan	16,028	11,434
Ganjaran Pengarah (Nota 21)	844	767
Ganjaran Ahli Majlis Penasihat Syariah (Nota 22)	73	53
Sewa premis	5,097	4,924
Perbelanjaan teknologi maklumat dan komunikasi	19,359	11,757
Hapuskira Harta, Kilang dan Peralatan,	-	710
Peruntukan faedah persaraan	2,557	4,593
Lain-lain perbelanjaan	26,298	24,198
	<u>132,798</u>	<u>116,755</u>

(c) Kos Personel

Upah dan gaji	42,336	41,392
EPF	5,826	5,434
SOCSSO	380	374
Lain-lain	13,900	11,039
	<u>62,442</u>	<u>58,239</u>

21. GANJARAN PENGARAH

	2003	2002
	RM'000	RM'000
Pengarah Eksekutif/Ketua Pegawai Eksekutif		
- Gaji dan lain-lain ganjaran	468	415
	<u>468</u>	<u>415</u>
Pengarah bukan Eksekutif		
- Yuran	168	168
- Lain-lain ganjaran	208	184
	<u>376</u>	<u>352</u>

22. GANJARAN AHLI MAJLIS PENASIHAT SYARIAH

	2003 RM'000	2002 RM'000
Yuran	60	45
Lain-lain elaun	13	8
	<u>73</u>	<u>53</u>

23. ZAKAT

	2003 RM'000	2002 RM'000
Peruntukan zakat berdasarkan keputusan tahunan:		
- Semasa	(410)	(455)
- Terlebihi peruntukan tahun-tahun sebelum	-	1,850
	<u>(410)</u>	<u>1,395</u>

24. CUKAI

	2003 RM'000	2002 RM'000
Perbelanjaan cukai bagi tahun tersebut	6,983	-
Kekurangan peruntukan tahun sebelum	-	863
Cukai tertunda berkaitan permulaan dan penarikbalikan perbezaan sementara (bersih)	(3,712)	6,555
	<u>3,271</u>	<u>7,418</u>

Penyesuaian perbelanjaan cukai pendapatan disesuaikan untuk keuntungan sebelum cukai pada kadar cukai pendapatan berkanun kepada perbelanjaan cukai pendapatan pada kadar cukai pendapatan efektif Bank adalah seperti berikut:

	2003 RM'000	2002 RM'000
Keuntungan sebelum cukai	7,267	15,640
Cukai mengikut kadar cukai di Malaysia 28% (2002: 28%)	2,035	4,379
Pendapatan terkecuali cukai	(167)	-
Perbelanjaan tidak dibenarkan bagi tujuan cukai	1,403	2,176
Aset cukai tertunda tidak diiktiraf ke atas elaun modal belum serap di bawa ke hadapan	-	-
Peruntukan terkurang pada tahun-tahun terdahulu	-	863
Perbelanjaan cukai semasa	<u>3,271</u>	<u>7,418</u>

Pada 7 Mac 2003, Menteri Kewangan sebagaimana yang diperuntukkan di bawah Seksyen 129 Akta Cukai Pendapatan, 1967 meminta pihak Bank menyerah kembali kerugian perniagaan belum serap sebanyak RM1.45 bilion. Pemindahan kerugian perniagaan belum serap masih tertakluk pada keputusan pihak-pihak terbabit.

25. PEROLEHAN SESAHAM

Perolehan sesaham bagi Bank telah dikira berdasarkan keuntungan selepas cukai dan zakat bagi tahun semasa dibahagi jumlah saham biasa terbitan Bank bagi tempoh semasa, seperti berikut:

	2003 RM'000	2002 RM'000
Keuntungan tahun semasa selepas cukai dan zakat	3,586	9,617
Jumlah saham biasa terbitan ('000)	225,846	225,846
Perolehan sesaham asas (sen)	1.59	4.26

Seperti
dinyatakan
semula

26. ILTIZAM DAN LUAR JANGKAAN

Dalam urusanniaga biasa, Bank membuat pelbagai iltizam dan menghadapi liabiliti luar jangkaan tertentu yang mempunyai kesan perundangan terhadap pelanggan-pelanggannya. Tiada kerugian ketara dijangka akan berlaku akibat daripada urusanniaga ini.

Pendedahan risiko berujaran Bank pada 31 Disember 2003 adalah seperti berikut:

	2003		2002	
	Jumlah Prinsipal RM '000	Jumlah Kredit Setara RM '000	Jumlah Prinsipal RM '000	Jumlah Kredit Setara RM '000
iltizam dan luar jangkaan mengandungi perkara-perkara berikut:				
Gantian kredit langsung	90,046	90,046	-	-
Luar jangkaan berkaitan perdagangan	46,313	9,263	86,173	17,24
Luar jangkaan berkaitan urusanniaga tertentu	961,509	480,755	603,650	301,825
Pembiayaan perumahan dijual secara terus dan tidak terus kepada Cagamas dengan tuntutan	44,667	44,667	47,311	47,311
Iltizam memberi kredit tidak boleh mansuh dengan kematangan asal tidak melebihi satu tahun	243,714	-	189,945	-
Iltizam memberi kredit tidak boleh mansuh dengan kematangan asal melebihi satu tahun	242,087	121,044	248,079	124,040
Kontrak berkaitan pertukaran matawang asing	111,911	-	65,221	-
	<u>1,740,247</u>	<u>745,775</u>	<u>1,240,379</u>	<u>490,110</u>

27. KECUKUPAN MODAL

Nisbah kecukupan modal Bank adalah seperti berikut:

	Seperti dinyatakan semula	
	2003 RM'000	2002 RM'000
Modal Tahap I		
Modal saham berbayar	225,846	225,846
Rizab Berkanun	62,855	61,062
Rizab Am		10,394
Keuntungan terkumpul	64,319	52,132
Tolak: Aset cukai tertunda	(13,570)	(4,287)
Jumlah Modal Tahap I	339,450	345,147
Modal Tahap II		
Peruntukan am bagi pembiayaan lapuk dan ragu	35,542	32,895
Tolak: Pelaburan dalam syarikat-syarikat subsidiari	(5)	(5)
Modal dasar	<u>374,967</u>	<u>378,037</u>
Nisbah modal teras	10.15%	11.08%
Nisbah modal berwajaran risiko	11.22%	12.13%

Pecahan aset berwajaran risiko dalam pelbagai kategori wajaran risiko:

	2003		2002	
	Prinsipal RM'000	Wajaran Risiko RM'000	Prinsipal RM'000	Wajaran Risiko RM'000
0%	3,813,157	-	3,180,387	-
10%	82,670	8,267	112,670	11,267
20%	979,520	195,904	1,067,399	213,480
50%	772,714	386,357	790,455	395,228
100%	2,752,736	2,752,736	2,495,937	2,495,937
	<u>8,400,797</u>	<u>3,343,264</u>	<u>7,616,818</u>	<u>3,115,912</u>

28. PERUBAHAN DALAM DASAR-DASAR PERAKAUNAN DAN PENYELERASAN TAHUN SEBELUM

(a) Perubahan dalam dasar-dasar perakaunan

Dalam tahun kewangan semasa, Bank telah mengamalkan empat piawaian MASB baru, yang efektif bermula 1 Januari 2003. Perubahan dalam dasar-dasar perakaunan yang menghasilkan penyelarasan bagi tahun sebelumnya dibincangkan di bawah:

(i) MASB 25: Cukai Pendapatan

Di bawah piawaian MASB 25, tanggungan cukai tertunda diiktiraf bagi semua perbezaan percukaian sementara. Dahulu, tanggungan cukai tertunda dibuat ke atas akaun perbezaan masa hanya sehingga tanggungan cukai dijangka akan dirbalisasi dalam masa terdekat. Dalam pada itu, pihak Bank telah memulakan pengiktirafan ke atas aset cukai tertunda bagi semua pengurangan perbezaan masa, di mana adalah mungkin kecukupan keuntungan bercukai akan tersedia yang mana pengurangan perbezaan sementara boleh digunakan. Dahulu, aset cukai tertunda tidak diiktiraf melainkan kemungkinan munasabah yang hanya direalisasikan.

ii) MASB 29: Manfaat Pekerja

Penggunaan MASB 29 telah dikira retrospektif.

iii) MASB i-1: Pembentangan Penyata Kewangan bagi Institusi Kewangan Islam

Dalam tahun-tahun terdahulu, pendapatan dikira atas dasar tunai. Selepas pengamalan piawaian ini, pendapatan dikira menggunakan asas akrual perakaunan. Perubahan dalam dasar perakaunan telah diumumkan secara prospek memandangkan penyelarasan bagi tempoh-tempoh sebelum tidak dapat ditentukan dengan munasabah.

(b) Penyelarasan tahun sebelum

Perubahan dalam dasar-dasar perakaunan akibat dari amalan piawaian MASB 25 dan MASB 29 telah digunakan secara retrospektif dan perbandingan telah dinyatakan semula. Kesan perubahan dalam dasar-dasar perakaunan adalah seperti berikut:

	2003 RM'000	2002 RM'000
Kesan ke atas keuntungan terkumpul		
Baki pada 1 Januari, seperti dinyatakan dahulu	50,477	41,113
Kesan ke atas amalan piawaian MASB 25	4,287	10,842
Kesan ke atas amalan piawaian MASB 29	[2,632]	[76]
Baki pada 1 Januari, seperti dinyatakan semula	<u>52,132</u>	<u>51,879</u>
Kesan ke atas keuntungan bersih bagi tahun semasa		
Keuntungan bersih sebelum perubahan dalam dasar perakaunan	9,609	18,728
Kesan ke atas amalan piawaian MASB 25	3,712	[6,555]
Kesan ke atas amalan piawaian MASB 29	[9,735]	[2,556]
Keuntungan bersih bagi tahun semasa	<u>3,586</u>	<u>9,617</u>

29. PERBANDINGAN

Perbandingan berikut telah dinyatakan semula dan dikelaskan semula untuk menunjukkan perubahan dalam dasar-dasar perakaunan seperti diterangkan di dalam Nota 28 dan untuk diselaraskan dengan pembentangan tahun semasa.

	Seperti dinyatakan semula RM'000	Seperti dinyatakan dahulu RM'000
Lembaranimbangan		
Obligasi faedah persaraan	6,540	3,908
Aset cukai tertunda	<u>4,287</u>	<u>-</u>
Penyata Pendapatan		
Lain-lain perbelanjaan operasi	116,755	114,199
Percukalan	<u>7,418</u>	<u>863</u>

30. POLISI DAN OBJEKTIF PENGURUSAN RISIKO KEWANGAN

Strategi pengurusan risiko Bank bertujuan untuk memastikan bahawa risiko yang ditanggung telah diuruskan dengan baik di dalam lingkungan risiko yang ditetapkan. Dengan kelulusan Lembaga Pengarah, pihak Bank telah meletakkan satu keupayaan pengurusan risiko bersepadu yang bermatlamat mencapai satu rumusan terhadap risiko daripada pelbagai jenis risiko dalam operasi perniagaan Bank dan seterusnya membolehkan Bank mencapai kelebihan bersaing secara strategik melalui keupayaan pengurusan. Ini adalah selari dengan usul BASEL II.

Risiko Pasaran

Risiko pasaran adalah kemungkinan perubahan nilai yang disebabkan oleh ketidaktentuan pergerakan dalam kadar atau harga pasaran seperti perubahan dalam kadar pertukaran wang asing, kadar pulangan, harga ekuiti dan juga harga komoditi.

Risiko Kredit

Risiko kredit terbit dari kemungkinan seorang pelanggan atau pihak yang berurusan tidak dapat menyelesaikan tanggungan kewangannya dengan pihak Bank, samada dalam bentuk kemudahan kewangan yang diberikan atau dalam bentuk kontrak di mana pihak Bank ada mendapat keuntungan.

Risiko Kecairan

Risiko kecairan dirujuk sebagai kegagalan Bank untuk memenuhi keperluan penyediaan dana dalam jangka pendek disebabkan oleh kematangan aliran tunai yang tidak sepadan dan ketidakupayaan menukar aset kepada nilai penuh tunai dengan segera.

Risiko Operasi

Risiko operasi adalah risiko kerugian kepada Bank yang berpunca dari ketidakcekapan atau kegagalan dalam menjalankan proses pengawasan dalaman, sumber manusia dan sistem, atau disebabkan oleh pengaruh luaran yang tidak dijangka.

Jawatankuasa Lembaga Pengurusan Risiko ("JLPR")

JLPR bertanggungjawab bagi keberkesanan fungsi pengurusan risiko bersepadu di dalam Bank. Sebagai ahli jawatankuasa Lembaga, ia bertindak dalam bidang kuasa yang dipertanggungjawabkan untuk memutuskan atau memberi cadangan kepada ahli Lembaga Pengarah di atas isu-isu pengurusan risiko. Ahli-ahlinya terdiri daripada tiga pengarah bukan eksekutif bebas dan dua pengarah bukan eksekutif bukan bebas, dengan seorang dari pengarah bukan eksekutif bebas bertindak sebagai pengerusi jawatankuasa.

Fungsi utama JLPR termasuk mengkaji semula dan mencadangkan strategi pengurusan risiko kepada Lembaga; untuk mengkaji semula dan meluluskan polisi risiko pengurusan; untuk mengawasi keseluruhan pengurusan bagi semua risiko meliputi risiko pasaran, pengurusan aset dan liabiliti, risiko kredit dan risiko operasi; untuk meluluskan pengkaedahan risiko bagi mengukur dan menguruskan risiko dan meluluskan pelan luar jangkaan bagi menangani pelbagai peristiwa dan malapetaka dalaman/luaran yang melampau.

Jawatankuasa Eksekutif Pengurusan Risiko ("JEPR")

Secara keseluruhannya Lembaga Pengarah dan JLPR bertanggungjawab untuk mengasaskan strategi risiko dan polisi-polisi Bank. Manakala, pelaksanaan strategi dan polisi ini pula adalah tanggungjawab JEPR. Jawatankuasa ini dipengerusikan oleh Presiden/ Ketua Pegawai Eksekutif dan ahli-ahlinya terdiri daripada ahli-ahli pengurusan kanan termasuk Ketua Pegawai Risiko. Jawatankuasa ini memfokus terhadap keseluruhan strategi perniagaan dan operasi perniagaan harian Bank yang berkait rapat dengan pengurusan risiko.

Tanggungjawab JEPR juga termasuk pengurusan risiko secara menyeluruh daripada urusan perniagaan harian hingga ke perspektif operasi; melaksanakan strategi dan polisi pengurusan risiko sebagaimana yang telah ditentukan oleh Lembaga Pengarah dan JLPR serta memastikannya dipatuhi; mengkaji semula polisi pengurusan risiko, kawalan dan sistem; menanam satu budaya pengurusan risiko yang proaktif di dalam Bank; memberi nasihat kepada JLPR dan Jabatan Pengurusan Risiko di atas impak pengukuran risiko dalam strategi perniagaan.

31. NILAI MUNASABAH BAGI ASET DAN LIABILITI KEWANGAN

Jadual di bawah meringkaskan amaun dibawa dan nilai munasabah aset dan liabiliti kewangan Bank.

	2003		2002	
	Amaun dibawa RM'000	Nilai berpatutan RM'000	Amaun dibawa RM'000	Nilai berpatutan RM'000
Aset				
Wang tunai dan dana jangka pendek	31,813	31,813	39,963	39,963
Deposit dan penempatan dengan lain-lain institusi kewangan	2,042,600	2,042,600	1,635,761	1,635,761
Sekuriti Dagangan	704,971	704,971	689,584	689,584
Sekuriti Pelaburan	2,047,011	2,028,823	1,733,130	1,748,518
Pembiayaan pelanggan	2,140,966	2,140,966	2,160,042	2,160,042
Deposit berkanun dengan Bank Negara Malaysia	205,127	205,127	175,327	175,327
Lain-lain penerimaan	41,074	41,074	36,351	36,351
Jumlah terhutang dari syarikat berkaitan	29,105	29,105	29,054	29,054
Jumlah Aset	7,242,667	7,224,479	6,499,212	6,514,630
Liabiliti				
Deposit dari pelanggan	6,846,533	6,846,533	6,029,351	6,029,351
Deposit dan penempatan oleh lain-lain institusi kewangan	-	-	104,006	104,006
Bil. dan penerimaan belum bayar	59,125	59,125	31,350	31,350
Lain-lain pembayaran	42,978	42,978	50,846	50,846
Jumlah Liabiliti	6,948,636	6,948,636	6,215,553	6,215,553

Nilai munasabah adalah anggaran amaun yang mana aset atau liabiliti kewangan boleh ditukar antara dua pihak di bawah keadaan pasaran yang normal. Walau bagaimanapun, untuk aset tertentu umpamanya pembiayaan dan deposit, nilai munasabah tidak tersedia kerana tidak ada pasaran terbuka di mana instrumen ini diniagakan. Nilai munasabah untuk instrumen ini dianggarkan berdasarkan andaian di bawah. Kaedah ini adalah subjektif, oleh itu nilai munasabah yang dipamerkan mungkin tidak menunjukkan nilai boleh dicapai sebenar.

Wang tunai dan dana jangka pendek

Untuk instrumen jangka pendek ini, amaun dibawa adalah anggaran berpatutan untuk nilai munasabah.

Deposit dan penempatan dengan lain-lain institusi kewangan

Untuk instrumen jangka pendek ini, amaun dibawa adalah anggaran berpatutan untuk nilai munasabah.

Sekuriti dagangan dan pelaburan

Nilai pasaran bagi sekuriti-sekuriti ini mewakili nilai munasabah. Bank tidak berniat untuk melupuskan sekuriti pelaburannya di bawah harga kos. Peruntukan untuk rosot nilai dibuat sekiranya terdapat rosot nilai kekal.

Pembiayaan pelanggan

Nilai munasabah portfolio pembiayaan adalah berdasarkan kepada perwatakan kredit individu. Anggaran peruntukan kerugian pembiayaan termasuk pertimbangan dalam premium risiko yang boleh digunakan untuk pelbagai pembiayaan berdasarkan beberapa faktor seperti situasi semasa pelanggan dan tagaran yang diperolehi. Seterusnya, peruntukan kerugian pembiayaan dianggap anggaran berpatutan bagi keperluan diskaun yang diperlukan untuk mencerminkan kesan risiko kredit. Amaun dibawa untuk pembiayaan adalah anggaran berpatutan bagi nilai munasabah.

Deposit berkanun dengan Bank Negara Malaysia

Untuk instrumen jangka pendek ini, amaun dibawa adalah anggaran berpatutan untuk nilai munasabah.

Lain-lain penerimaan

Untuk instrumen jangka pendek ini, amaun dibawa adalah anggaran berpatutan untuk nilai munasabah.

Jumlah terhutang dari syarikat berkaitan

Untuk instrumen jangka pendek ini, amaun dibawa adalah anggaran berpatutan untuk nilai munasabah.

Deposit dari pelanggan

Untuk instrumen jangka pendek ini, amaun dibawa adalah anggaran berpatutan untuk nilai munasabah.

Deposit dan penempatan oleh lain-lain institusi kewangan

Untuk instrumen jangka pendek ini, amaun dibawa adalah anggaran berpatutan untuk nilai munasabah.

Bil dan penerimaan belum bayar

Untuk instrumen jangka pendek ini, amaun dibawa adalah anggaran berpatutan untuk nilai munasabah.

Lain-lain pembayaran

Untuk instrumen jangka pendek ini, amaun dibawa adalah anggaran berpatutan untuk nilai munasabah.

32. MAKLUMAT BERSEGMEN

Maklumat kewangan mengikut kegiatan tidak dikemukakan kerana kegiatan Bank adalah di dalam perkhidmatan Perbankan Islam di Malaysia sahaja.

33. PENYATA PENARAFAN

Tiada penarafan ke atas Bank dilakukan oleh agensi luar.

Directors' Report

BANK MUAMALAT MALAYSIA BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Bank for the financial year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The principal activities of the Bank are Islamic banking business and related financial services.

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

There have been no significant changes in these activities during the financial year.

RESULTS

	RM'000
Net profit for the year	3,586

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

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

DIVIDEND

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

DIRECTORS

The names of the directors of the Bank in office since the date of the last report and at the date of this report are:

Datuk Ismail Haji Ahmad
Mohamed Ismail Mohamed Shariff
Ismail Ibrahim
Ashari Ayub
Datin Azizah Bte. Mohd. Jaafar
Dato' Othman Abdullah
Fazlur Rahman Ebrahim
Dato' Ismail Shahudin (Appointed on 17 March 2004)
Jamil Hajar Abdul Muttalib (Resigned on 13 January 2004)
Dato' Azmi Abdullah (Resigned on 13 January 2004)

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director of the Bank has received or become entitled to receive benefits (other than directors' remuneration as disclosed in Note 21 to the financial statements) 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.

DIRECTORS' INTEREST

None of the directors who held office at the end of the financial year had, according to the register required to be kept under Section 134 of the Companies Act 1965, an interest in shares of the Bank or its related corporations.

OTHER STATUTORY INFORMATION

(a) Before the income statement and balance sheet of the Bank were made out, the directors took reasonable steps:

- (i) to ascertain that proper actions had been taken in relation to the writing off of bad financing and the making of provisions for doubtful financing and have satisfied themselves that all known bad financing had been written off and that adequate provisions had been made for bad and doubtful financing; and
- (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

- (i) the amount written off for bad financing, or the amount of the provision for bad and doubtful financing in the financial statements of the Bank inadequate to any substantial extent; and
- (ii) the values attributed to current assets in the financial statements of the Bank misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuations of assets or liabilities of the Bank misleading or inappropriate.

(d) 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 Bank which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

- (i) any charge on the assets of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Bank which has arisen since the end of the financial year.

(f) In the opinion of the directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Bank to meet its obligations as and when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Bank for the financial year in which this report is made.

PROSPECTS FOR 2004

The Malaysian economy performed well in 2003 with Gross Domestic Product's (GDP) growth of 5.2% against the original forecast of 4.1%. Manufacturing sector contributed substantially to the growth of the economy of 2003. The performance of the export sector contributed to the recovery with current account surpluses and international reserves growing continuously. The abating SARS epidemic, the end of the Iraq war and the appointment of new leadership in Malaysia at the end of October 2003, have come at the right moment to boost the country's confidence in its performance.

Of importance in the performance of the Malaysian economy in 2003 was the contribution of Retail and Consumer financing. With growth in household consumption and higher disposable income, demands for house financing, car financing, credit cards and personal financing showed a steady growth in tandem with the economic upturn.

The positive development especially towards the end of 2003 paved the way for a renewed confidence in the economic growth for 2004, which is projected to grow between 6.0% to 6.5%.

BUSINESS PLAN 2004

Buoyed by this confidence, Bank Muamalat seized the opportunity to relook at its position and formulated new strategies to niche itself in two growth sectors namely Retail and Consumer Financing and Islamic Capital Market.

The Bank aims to build up its portfolio in Retail and Consumer Financing to 50% in 2004 and 60% by 2005 of the total financing portfolio. This will be achieved through a transformation programme, which will revamp branches and Head Office into specialized units backed by a strong IT to maximize efficiency, productivity and profitability. The transformation process will take one year with the building up of staff competency in processes, IT, sales and marketing. With this approach, the Bank envisages a higher and more stable earnings from this market.

On Islamic Capital Market, the Bank's involvement will be further deepened. The Investment Banking Department has been revamped and staffed by experienced professionals. As this market segment is set to expand, the Bank will endeavor to secure mandates and play more active role as arrangers and managers. These activities are expected to boost our fee-based income.

While building a niche in these two market segments, the Bank will still continue to play its roles in business financing and will contribute to the advancement of SMEs through training and advisory service programmes it is undertaking.

Recognising the competitive environment the Bank is operating in, it is building human resource capability in marketing and work culture to meet the specialised functions under the new transformation programmes. With competitive products and services comparable to the conventional system, the Bank will expand its products reach and will be able to withstand the challenges and the demands of the modern Malaysian society.

CHANGE IN HOLDING COMPANY

During the financial year, the directors regard Khazanah Nasional Berhad, a company incorporated in Malaysia and limited by shares as the holding company.

Subsequent to the end of the financial year, the holding company of the Bank is Bukhary Capital Sdn. Bhd. (formerly known as Hasrat Padu Sdn Bhd), following its acquisition of 70% of the share capital of the Bank.

AUDITORS

The auditors, Ernst & Young, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors

DATO' ISMAIL SHAHUDIN

FAZLUR RAHMAN EBRAHIM

Kuala Lumpur, Malaysia
Dated: 29 March 2004

Statement By Directors

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **DATO' ISMAIL SHAHUDIN** and Fazlur Rahman Ebrahim, being two of the directors of **BANK MUAMALAT MALAYSIA BERHAD**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 96 to 122 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965, modified to comply with the principles of Syariah and Bank Negara Malaysia Guidelines, so as to give a true and fair view of the financial position of the Bank as at 31 December 2003 and of the results and cash flows of the Bank for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors

DATO' ISMAIL SHAHUDIN

FAZLUR RAHMAN EBRAHIM

Kuala Lumpur, Malaysia
Dated: 29 March 2004

Statutory Declaration

STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Abdul Manan Sidik, being the officer primary responsible for the financial management of **BANK MUAMALAT MALAYSIA BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 96 to 122 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Decalarations Act 1960.

Subscribed and solemnly declared by the abovenamed
ABDUL MANAN SIDIK
at Kuala Lumpur in Federal Territory
on

ABDUL MANAN SIDIK

Before me,

Commissioner for Oaths
Kuala Lumpur
Malaysia
Dated: 29 March 2004

REPORT OF THE SYARIAH ADVISORY COUNCIL

We, the Syariah Advisory Council of Bank Muamalat Malaysia Berhad, do hereby confirm that in our opinion, the operations of the Bank for the year ended 31 December 2003 have been conducted in conformity with the Syariah principles.

Signed on behalf of the Syariah Advisory Council,

Prof. Madya Dr Abdul Halim Muhammad
Chairman

Hj. Idrus Ismail
Secretary

Kuala Lumpur, Malaysia
29 March 2004

Report of The Auditors

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

We have audited the accompanying financial statements set out on pages 96 to 122. These financial statements are the responsibility of the Bank's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965, and applicable Approved Accounting Standards in Malaysia modified to comply with the principles of Syariah and Bank Negara Malaysia guidelines, so as to give a true and fair view of:
 - (i) the financial position of the Bank as at 31 December 2003 and of the results and the cash flows of the Bank for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Bank; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Bank have been properly kept in accordance with the provisions of the Act.

Ernst & Young

AF 0039

Chartered Accountants

Kuala Lumpur, Malaysia

Dated: 29 March 2004

Dato' Nordin bin Baharuddin

No. 837/03/04(J)

Partner

Balance Sheet

BALANCE SHEET AS AT 31 DECEMBER 2003 (7 ZULKAEDAH 1424)

	Note	2003 RM'000	2002 RM'000
ASSETS			
Cash and short term funds	3	31,813	39,963
Deposits and placements with other financial institutions	4	2,042,600	1,635,761
Dealing securities	5	704,971	689,584
Investment securities	6	2,047,011	1,733,130
Financing of customers	7	2,140,966	2,160,042
Statutory deposits with Bank Negara Malaysia	8	205,127	175,327
Other receivables	9	41,074	36,351
Property and equipment	10	59,700	62,265
Investment in subsidiary companies	11	5	5
Due from related companies	12	29,105	29,054
Deferred tax asset (net)	13	13,570	4,287
Total assets		<u>7,315,942</u>	<u>6,565,769</u>
LIABILITIES			
Retirement benefit obligations	14	16,275	6,540
Deposits from customers	15	6,846,533	6,029,351
Deposits and placements of other financial institutions	16	-	104,006
Bills and acceptances payable		59,125	31,350
Other payables	17	40,480	44,633
Provision for zakat		509	455
Total liabilities		<u>6,962,922</u>	<u>6,216,335</u>
SHAREHOLDERS' FUNDS			
Share capital	18	225,846	225,846
Reserves		<u>127,174</u>	<u>123,588</u>
		<u>353,020</u>	<u>349,434</u>
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		<u>7,315,942</u>	<u>6,565,769</u>
COMMITMENTS AND CONTINGENCIES	26	<u>1,740,247</u>	<u>1,240,379</u>

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

Income Statement

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2003 (7 ZULKAEDAH 1424)

	Note	2003 RM'000	2002 RM'000
Income derived from investment of depositors' funds	19(a)	270,731	281,715
Income attributable to depositors		(136,519)	(162,707)
		134,212	119,008
Income derived from investment of shareholders' funds	19(b)	14,917	14,891
Income attributable to shareholders		149,129	133,899
Other income		31,004	27,894
Total operating income		180,133	161,793
Financing losses and provisions, net of recoveries	20(a)	(32,890)	(29,398)
		147,243	132,395
Other operating expenses	20(b)	(132,798)	(116,755)
Operating profit		14,445	15,640
Retirement benefit settlement cost	14(a)	(7,178)	-
Profit before zakat and taxation		7,267	15,640
Zakat	23	(410)	1,395
Taxation	24	(3,271)	(7,418)
Net profit for the year		3,586	9,617
Earnings per share (sen)	25	1.59	4.26

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

Statement of Changes In Equity

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2003 (7 ZULKAEDAH 1424)

	Share Capital RM'000	Statutory Reserve* RM'000	General Reserve RM'000	Retained Profit RM'000	Total RM'000
At 1 January 2002					
As previously stated	225,846	51,698	10,394	41,113	329,051
Prior year adjustments (Note 28)	-	-	-	10,766	10,766
At 1 January 2002 (restated)	225,846	51,698	10,394	51,879	339,817
Net profit for the year	-	-	-	9,617	9,617
Transfer to statutory reserve	-	9,364	-	(9,364)	-
At 31 December 2002	225,846	61,062	10,394	52,132	349,434
At 1 January 2003					
As previously stated	225,846	61,062	10,394	50,477	347,779
Prior year adjustments (Note 28)	-	-	-	1,655	1,655
At 1 January 2003 (restated)	225,846	61,062	10,394	52,132	349,434
Net profit for the year	-	-	-	3,586	3,586
Transfer to statutory reserve	-	1,793	-	(1,793)	-
Transfer to retained profit	-	-	(10,394)	10,394	-
At 31 December 2003	225,846	62,855	-	61,319	353,020

* The Statutory reserves are maintained in compliance with the provision of Islamic Banking Act, 1983 and are not distributable as dividends.

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

Cash Flow Statement

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2003 (7 ZULKAEDAH 1424)

	2003 RM'000	2002 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before zakat and taxation	7,267	15,640
Adjustments for:		
Accretion of discounts less amortisation of premiums	149,459	(29,609)
Depreciation	16,028	11,434
Provision for bad and doubtful financing, net of recovery	32,890	29,398
Provision for retirement benefits	9,735	2,632
Provision for/(writeback of) diminution in value of investments	1,856	(1,015)
Dividend from dealing and investment securities	(19,507)	(52,146)
Gain on disposal of property, plant and equipment	(6)	-
Loss on write off of property, plant and equipment	-	710
Gain on sale of dealing and investment securities	(13,855)	(33,237)
Operating loss before working capital changes	(15,051)	(56,193)
Decrease/(increase) in financing of customers	52,644	(191,425)
Increase in other receivables	(51,966)	(13,892)
Increase in due from related company	(511)	(43,904)
Increase in statutory deposits with Bank Negara Malaysia	(29,800)	(24,548)
Increase in dealing and investing securities	(329,268)	-
Increase in deposits from customers	817,182	1,064,100
(Decrease)/increase in deposits and placements of banks and other financial institutions	(104,006)	104,006
Decrease in obligations and securities sold under repo	-	(43,475)
Increase in bills and acceptances payable	27,775	10,645
(Decrease)/increase in other payables	(4,153)	(17,115)
Increase in retirement benefit obligations	-	2,632
Cash generated from operating activities	363,306	790,831
Taxes paid	(12,314)	-
Zakat paid	(356)	(459)
Net cash generated from operating activities	350,636	790,372

CONTINUED

	2003	2002
	RM'000	RM'000
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (net)	(13,483)	(19,168)
Proceeds from disposal of property, plant and equipment	29	-
Purchase of dealing and investments securities	(651,900)	(377,376)
Proceeds from disposal of dealing and investments securities	693,900	31,309
Dividend from dealing and investment securities	19,507	52,146
Net cash generated from/(used in) investing activities	<u>48,053</u>	<u>(310,089)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	398,689	480,283
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	1,675,724	1,195,441
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>2,074,413</u>	<u>1,675,724</u>
Cash and cash equivalents comprise:		
Cash and short term funds	31,813	39,963
Deposits and placements with financial institutions	2,042,600	1,635,761
	<u>2,074,413</u>	<u>1,675,724</u>

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

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2003 (7 ZULKAEDAH 1424)

1. CORPORATE INFORMATION

The Bank is principally engaged in all aspects of Islamic banking and finance business and in the provision of related services. Islamic banking and finance business refers generally to the acceptance of deposits and granting of financing in accordance with Syariah principles.

There have been no significant changes in the nature of these activities during the financial year.

The principal activities of the subsidiaries are as disclosed in Note 11 to the financial statements.

The Bank is a licensed Islamic Bank under the Islamic Banking Act, 1983, incorporated and domiciled in Malaysia. The registered office of the Bank is located at 28th Floor, Menara Bumiputra, Jalan Melaka, 50100, Kuala Lumpur, Malaysia.

The total number of employees at 31 December 2003 are 1,190 (31 December 2002: 1,174).

The financial statements are expressed in Ringgit Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 March 2004.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Bank have been prepared in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965, modified to comply with the principles of Syariah and Bank Negara Malaysia Guidelines.

During the financial year ended 31 December 2003, the Bank adopted the following Malaysian Accounting Standards Board ("MASB") Standards for the first time:

- MASB 25 - Income Taxes
- MASB 27 - Borrowing Costs
- MASB 29 - Employee Benefits
- MASB I-1 - Presentation of Financial Statement of Islamic Financial Institutions

The effects of adopting MASB 25 and MASB 29 on the opening balances are summarised in the Statement of Changes in Equity and Note 28 to the financial statements. The adoption of MASB 27 did not give rise to any impact on the financial statements. The effects of adopting MASB I-1 are as disclosed in Note 2(b).

(b) Income Recognition

Income is recognised on an accrual basis.

Income from financing of customers are recognised based on the constant rate of return method. Income includes the amortisation of premium and accretion of discount. Income from dealing and investment securities are recognised on an effective yield basis.

Where a customer's financing account becomes non-performing, income is suspended until it is realised on a cash basis. Customers' accounts are deemed to be non-performing where repayments are in arrears for more than six months.

The policy on suspension of income is in compliance with Bank Negara Malaysia's Guidelines on the suspension of interest on non-performing loan and provision for bad and doubtful debts financing, BNM/GP3.

Effective from the current financial year, with the adoption of MASB I-1, the Bank has changed the basis of income recognition from cash basis to accrual basis. The effect of this change is an increase in income recognised during the year of RM11,994,584.

The change in accounting policy has been adopted prospectively as the resulting adjustments to prior periods are not reasonably determinable.

(c) Fee and Other Income Recognition

Financing arrangement, management and participation fees, underwriting commissions and brokerage fees are recognised as income based on contractual arrangements. Guarantee fee is recognised as income upon issuance of the guarantee. Fees from advisory and corporate finance activities are recognised net of service taxes and discounts on completion of each stage of the assignment.

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

(d) Provision for Bad and Doubtful Financing

Specific provisions are made for doubtful debt and financing, which have been individually reviewed and specifically identified as sub standard, doubtful or bad.

A general provision based on a percentage of the financing portfolio is also made to cover possible losses which are not specifically identified.

An uncollectable financing or portion of a financing classified as bad is written off after taking into consideration the realisable value of collateral, if any, when in the judgement of the management, there is no prospect of recovery.

(e) Investment in Subsidiaries

Investment in subsidiary companies are stated at cost.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

As permitted by paragraph 5(4)(b)(i) of the Ninth Schedule of the Companies Act, 1965, the financial statements of the subsidiaries are not consolidated as the directors are of the opinion that it would be of no real value to members of the Bank, in view of the insignificant amounts involved.

(f) Dealing Securities

Dealing securities are marketable securities that are acquired and held with the intention of resale in the short term, and are stated at the lower of cost and market value on a portfolio basis. Increases or decreases in the carrying amount of dealing securities are credited or charged to the income statement. On disposal of the dealing securities, the differences between the net disposal proceeds and their carrying amounts are charged or credited to the income statement.

Transfers, if any, between dealing and investment securities are made at the lower of cost and market value.

(g) Investment Securities

Investment securities are securities that are acquired and held for yield or capital growth or to meet minimum liquid assets requirement pursuant to Section 16 of the Islamic Banking Act 1983, and are usually held to maturity.

Malaysian Government Investment Issues, Cagamas Islamic Bonds, other Government Islamic securities, and Islamic Debt Securities held for investment are stated at cost adjusted for amortisation of premium or accretion of discount to maturity dates. Other quoted investments are stated at the lower of cost and market value.

Unquoted investments are stated at cost and where applicable, adjusted for amortisation of premium or accretion of discount to maturity dates. Provision is made for permanent diminution in value where considered appropriate.

Increases or decreases in the carrying amount of investment securities are credited or charged to the income statement. On disposal of the investment securities, the differences between the net disposal proceeds and their carrying amounts are charged or credited to the income statement.

(h) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2-(j). Freehold land and capital work in progress is not depreciated. Depreciation of other assets is calculated to write off the cost on a straight line basis over the estimated useful lives of the assets concerned. The principal annual rates of depreciation are:

Buildings	2.5%
Long leasehold land	2.5%
Office furniture and equipment	15%
Building improvements and renovations	20%
Motor vehicles	20%
Computer equipment	20% - 33.3%

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

(i) Foreign Currency

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the date of transaction or at contracted rates where applicable. Foreign currency monetary assets and liabilities at the balance sheet date are stated at the rate of exchange ruling at the balance sheet date. Gains or losses arising from foreign currency transactions are only recognised when realised to comply with the principles of Syariah.

The principal closing rates used at the end of the year are

	2003 RM	2002 RM
US Dollar (USD)	3.825	3.800
Great Britain Pound (GBP)	6.330	6.092
Euro Dollar (Euro)	4.384	3.981
Japanese Yen (JPY 1000)	32.030	32.021
Singapore Dollar (SGD)	2.185	2.189
Australian Dollar (AUD)	2.558	2.149

(j) Bills and Acceptances Payable

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

(k) Income Tax

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

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

Prior to the adoption of MASB 25 Income Taxes on 1 January 2003, deferred tax was provided for using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was reasonable expectation of their realisation. This change in accounting policy has been accounted for retrospectively and the effects of this change are disclosed in Note 28.

(l) Zakat

This represents tithes payable by the Bank to comply with principles of Syariah and as approved by the Syariah Advisory Council.

(m) Profit Equalisation Reserve ("PER")

PER refers to the amount appropriated out of the total gross income in order to maintain a certain level of return to depositors in conformity with Bank Negara Malaysia's "The Framework of the Rate of Return". PER is reflected under other payables of the Bank.

(n) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and bank balances and short-term funds and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(o) Impairment of Assets

At each balance sheet date, the Bank reviews the carrying amounts of its assets, other than deferred tax assets and financial assets, to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(p) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Bank.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(iii) Defined benefit plans

The Bank contributes to a funded, defined Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Bank's obligations scheme are determined based on triennial actuarial valuation where the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted using the Project Credit Method in order to determine its present value. Actuarial gain or losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the Scheme exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service cost, and the present value of any economic benefits in the form of refunds or reductions in future contribution to the plan.

The above policies in accordance with MASB 29 Employees Benefits have been adopted, with effect from 1 January 2003. The change in accounting policy has been accounted for retrospectively and the effects are disclosed in Notes 14 and 28.

(q) Financial Instruments

Financial instruments are recognised in the balance sheet when the Bank has become a party to the contractual provisions of the instrument. The accounting policies on recognition and measurement of these items are disclosed in their respective accounting policies.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual agreement. Dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Bank has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. CASH AND SHORT TERM FUNDS

	2003	2002
	RM'000	RM'000
Cash and balances with banks and other financial institutions	<u>31,813</u>	<u>39,963</u>

4. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	2003	2002
	RM'000	RM'000
Licensed banks	100	105,991
Licensed finance companies	20,000	
Other financial institutions	-	30,000
Bank Negara Malaysia	2,022,500	1,499,770
	<u>2,042,600</u>	<u>1,635,761</u>

5. DEALING SECURITIES

	2003	2002
	RM'000	RM'000
Money market instruments:		
Islamic accepted bills	<u>704,971</u>	<u>689,584</u>

6. INVESTMENT SECURITIES

	2003	2002
	RM'000	RM'000
Money market instruments:		
Malaysian Government Investment Certificates	268,618	323,057
Zero coupon bonds	257,359	213,675
Islamic private debt securities	413,655	407,467
Other Islamic debt securities	1,086,033	769,186
	2,025,665	1,713,385
Accretion of discounts less amortisation of premiums	27,648	24,191
Less: Provision for diminution in value of other Islamic debt securities	(6,302)	(4,446)
	<u>2,047,011</u>	<u>1,733,130</u>
Market value of money market instruments:		
Malaysian Government Investment Certificates	280,298	332,700
Zero coupon bonds	270,105	233,240
Islamic private debt securities	412,109	416,350
Other Islamic debt securities	1,066,311	766,258
	<u>2,028,823</u>	<u>1,748,548</u>

The maturity structure of money market instruments held for investments:

	2003	2002
	RM'000	RM'000
Maturing within one year	1,431,323	790,000
One year to three years	357,771	555,288
Three years to five years	156,020	197,773
Over five years	80,551	170,324
	<u>2,025,665</u>	<u>1,713,385</u>

7. FINANCING OF CUSTOMERS

	2003	2002
	RM'000	RM'000
Bai' Bithaman Ajil	1,095,841	1,118,291
Ijarah	150,485	166,096
Murabahah	542,219	515,715
Musyarakah	495	521
Mudharabah	1,602	834
Istisna	354,255	356,026
Other Islamic concepts of financing	125,898	154,922
	<u>2,270,795</u>	<u>2,312,405</u>
Provision for bad and doubtful financing	(129,829)	(152,363)
Net financing of customers	<u>2,140,966</u>	<u>2,160,042</u>

(i) Breakdown of the gross financing of customers to period of maturity for repayment by customers are as follows:

	2003	2002
	RM'000	RM'000
Maturing within one year	589,601	600,405
One year to three years	450,737	458,996
Three years to five years	94,757	96,493
Over five years	1,135,700	1,156,511
	<u>2,270,795</u>	<u>2,312,405</u>

(ii) Breakdown of the gross financing of customers analysed by their economic purposes are as follows:

	2003 RM'000	2002 RM'000
Agriculture	35,704	32,422
Mining and quarrying	-	1,593
Manufacturing	483,260	541,862
Electricity, gas and water	20,021	83,767
Construction	443,376	432,468
Purchase of landed property of which are:		
- Residential	772,414	759,550
- Non-residential	183,716	179,023
General Commerce	94,159	116,950
Transport, storage and communication	18,530	6,516
Finance, insurance and business service	32,052	22,424
Purchase of securities	37,961	81,675
Purchase of transport vehicles	63,497	7,178
Consumption credit	65,961	14,892
Others	20,104	32,085
	<u>2,270,795</u>	<u>2,317,405</u>

(iii) Movement in the non-performing financing are as follows:

As at 1 January	291,498	238,734
Total financing classified during the year	138,633	153,793
Recoveries during the year	(42,626)	(33,251)
Performing during the year	(94,109)	(67,503)
Written off during the year	(55,424)	(275)
As at 31 December	<u>237,972</u>	<u>291,498</u>
As % of gross financing	10.48%	12.61%
Total net non-performing financing	143,685	172,030
As % of net financing	6.60%	7.84%

(iv) Movements in the provision for bad and doubtful financing are as follows:

	2003 RM'000	2002 RM'000
General Provision		
As at 1 January	32,895	29,979
Provision made during the year	2,647	2,916
As at 31 December	<u>35,542</u>	<u>32,895</u>
As % of gross financing less specific provision	1.6%	1.5%

	2003	2002
	RM'000	RM'000
Specific Provision		
As at 1 January	119,468	93,206
Provision made during the year	50,524	32,749
Amount written back in respect of recoveries	(20,281)	(6,267)
Amount written off	(55,424)	(220)
As at 31 December	<u>94,287</u>	<u>119,468</u>

8. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (revised 1994), the amounts of which are determined at set percentages of total eligible liabilities.

9. OTHER RECEIVABLES

	2003	2002
	RM'000	RM'000
Deposits	1,686	1,312
Prepayments	1,608	2,795
Income receivable	18,737	9,234
Tax recoverable	2,706	3,185
Other debtors	16,337	19,825
	<u>41,074</u>	<u>36,351</u>

10. PROPERTY AND EQUIPMENT

	Long leasehold land RM'000	Freehold land and building RM'000	Office building and long leasehold land RM'000	Furniture, fixtures, fitting, motor vehicle and equipment RM'000	Renovation work in progress RM'000	Total RM'000
Cost						
At January 2003	303	3,163	14,092	68,334	3,375	89,267
Additions	-	-	-	8,463	5,020	13,483
Reclassification	-	-	-	5,050	(5,050)	-
Disposals	-	-	-	(44)	-	(44)
At 31 December 2003	303	3,163	14,092	81,803	3,345	102,706
Accumulated Depreciation						
At January 2003	13	249	1,154	25,586	-	27,002
Charge for the year	4	87	345	15,592	-	16,028
Disposals	-	-	-	(24)	-	(24)
At 31 December 2003	17	336	1,499	41,154	-	43,006
Net Book Value						
At 31 December 2003	286	2,827	12,593	40,649	3,345	59,700
At 31 December 2002	290	2,914	12,938	42,748	3,375	62,265
Depreciation charge for 2002						
	4	79	352	10,999	-	11,434

11. INVESTMENT IN SUBSIDIARY COMPANIES

	2003 RM'000	2002 RM'000
Unquoted shares at cost in Malaysia	5	5

Details of the subsidiaries of the Bank are as follows:

Name	Principal activity	Place of incorporation	Effective equity interest		Financial year ended
			2003	2002	
Muamalat Nominees (Tempatan) Sdn. Bhd.	Dormant	Malaysia	100%	100%	31 December
Muamalat Nominees (Asing) Sdn. Bhd.	Dormant	Malaysia	100%	100%	31 December

12. HOLDING AND RELATED COMPANIES

During the financial year, the directors regard Khazanah Nasional Berhad, a company incorporated in Malaysia and limited by shares as the holding company.

Subsequent to the end of the financial year, the holding company of the Bank is Bukhary Capital Sdn. Bhd. (formerly known as Hasrat Padu Sdn. Bhd.), following its acquisition of 70% of the share capital of the Bank.

Related companies in these financial statements refer to members of the Commerce Asset-Holding Berhad group of companies which held 30% of the equity of the Bank during the financial year.

13. DEFERRED TAX ASSET (NET)

	2003 RM'000	2002 RM'000
At 1 January	4,287	10,842
Reversal of temporary differences	5,571	-
Recognised in the income statement	3,712	(6,555)
At 31 December	<u>13,570</u>	<u>4,287</u>

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

	2003 RM'000	2002 RM'000
Deferred tax assets	17,391	13,679
Deferred tax liabilities	(3,821)	(9,392)
	<u>13,570</u>	<u>4,287</u>

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

Deferred Tax Assets of the Bank:

	Provision for Bad and Doubtful Financing RM'000	Provision for Liabilities RM'000	Other Temporary Differences RM'000	Total RM'000
At 1 January 2003	9,211	3,261	1,207	13,679
Recognised in the income statement	741	3,108	(137)	3,712
At 31 December 2003	<u>9,952</u>	<u>6,369</u>	<u>1,070</u>	<u>17,391</u>

Deferred Tax Liabilities of the Bank:

	Accelerated Capital Allowances RM'000
At 1 January 2003	9,392
Reversal of temporary differences	(5,571)
At 31 December 2003	<u>3,821</u>

14. RETIREMENT BENEFIT OBLIGATIONS

The Bank contributes to a funded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. Contributions to the Scheme are to be made to a separately administered fund. Under the Scheme, eligible employees are entitled to retirement benefits to be calculated by the Bank on attainment of the retirement age of 55 (female) and 60 (male).

The amounts recognised in the balance sheet are determined as follows:

	2003 RM'000	2002 RM'000
Vested benefits	28,564	-
Present value of funded defined benefit obligations	-	18,829
Fair value of Scheme assets	(12,289)	(12,289)
Net liability	<u>16,275</u>	<u>6,540</u>

The amounts recognised in the balance sheet are determined as follows:

Current service cost	1,263	1,263
Carrying cost	1,294	1,294
Settlement cost (Note 14(a))	7,178	-
Total, include in other operating expenses	<u>9,735</u>	<u>2,557</u>

Movements in the net liability in the current year were as follows:

	2003	2002
	RM'000	RM'000
At 1 January	6,540	3,983
Amounts recognised in the income statement	9,735	2,557
At 31 December	<u>16,275</u>	<u>6,540</u>

Principal actuarial assumptions used:

	2003	2002
	%	%
Discount rate	—	7
Future average salary increases	—	5

(a) Settlement Cost

On 1 December 2003, the Bank entered into an agreement with its staff union to replace the Scheme with additional contributions to EPF.

In connection therewith, the Bank agreed to pay vested gratuity benefits entitled to the employees to EPF valued at RM28.56 million based on actuarial valuation as at 31 December 2003 over a period of 10 years or earlier. Dividend will be paid by the Bank on the amount due to EPF at a rate equal to that of EPF's dividend rate over the period.

15. DEPOSITS FROM CUSTOMERS

	2003	2002
	RM'000	RM'000
Non Mudharabah Fund:		
Demand deposits	1,422,147	1,042,919
Savings deposits	399,031	373,121
Negotiable Islamic Debt Certificate	8,841	8,841
Others	33,604	22,794
	<u>1,863,623</u>	<u>1,447,675</u>
Mudharabah Fund:		
General Investment Account	3,827,659	4,251,245
Special Investment Account	1,155,251	330,431
Total Deposits	<u>6,846,533</u>	<u>6,029,351</u>

(i) Maturity structure of Negotiable Islamic Debt Certificate and Mudharabah Fund are as follows:

Due within six months	3,840,505	2,605,414
Six months to one year	308,992	1,885,526
One year to three years	820,415	84,170
Three years to five years	11,221	15,407
Over five years	10,618	-
	<u>4,991,751</u>	<u>4,590,517</u>

(ii) The deposits are sourced from the following customers:

	2003	2002
	RM'000	RM'000
Government and statutory bodies	2,890,045	2,944,628
Business enterprises	2,506,642	1,684,205
Individuals	666,331	626,647
Others	783,515	773,871
	<u>6,846,533</u>	<u>6,029,351</u>

16. DEPOSIT AND PLACEMENTS OF FINANCIAL INSTITUTIONS

	2003	2002
	RM'000	RM'000
Licensed banks	-	104,006

17. OTHER PAYABLES

	2003	2002
	RM'000	RM'000
Accruals	19,366	32,916
Sundry creditors	6,450	1,595
Provisions	10,128	835
Other payables	4,536	9,287
	<u>40,480</u>	<u>44,633</u>

Other payables during the period include an amount of RM3.8 million (2002: RM4.2 million) in respect of Profit Equalisation Reserve

18. SHARE CAPITAL

	2003	2002
	RM'000	RM'000
(a) Authorised:		
4,000,000,000 ordinary shares of RM 1.00 each	<u>4,000,000</u>	<u>4,000,000</u>
(b) Issued and fully paid:		
225,846,000 ordinary shares of RM 1.00 each	<u>225,846</u>	<u>225,846</u>

19.(a) INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

	2003	2002
	RM'000	RM'000
Income from financing	155,989	133,734
Accretion of discounts less amortisation of premiums	67,066	47,041
Income from money market placements	16,254	43,596
Investment income:		
-Gains from sale of investment securities	12,438	31,338
Gross dividends from:		
-Dealing securities	38	-
-Investment securities	18,495	30,043
Write-back provision for diminution in value of securities	-	957
Transferred from/(to) Profit Equalisation Reserve ("PER")	451	(4,994)
	<u>270,731</u>	<u>281,715</u>

(b) INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	2003	2002
	RM'000	RM'000
Income from financing	8,595	8,103
Accretion of discounts less amortisation of premiums	3,742	3,039
Income from money market placements	896	2,642
Investment income:		
-Gains from sale of investment securities	685	1,899
Gross dividends from:		
-Dealing securities	1	-
-Investment securities	973	1,632
Write-back provision for diminution in value of securities	-	58
Transferred from/(to) Profit Equalisation Reserve ("PER")	25	(2,482)
	<u>14,917</u>	<u>14,891</u>

20. EXPENDITURE

	2003	2002
	RM'000	RM'000
(a) Financing loss and provision		
Provision for bad and doubtful financing:		
- specific provision made during the year (net of recovery)	30,243	26,482
- general provision made during the year	2,647	2,916
	<u>32,890</u>	<u>29,398</u>

(b) Overhead Expenses

	2003	2002
	RM'000	RM'000
Personnel costs (Note 20(c))	62,442	58,239
Auditors' remuneration	100	80
Depreciation of property, plant and equipment	16,028	11,434
Directors' remuneration (Note 21)	844	767
Syariah Advisory Council Members' remuneration (Note 22)	73	53
Rental of premises	5,097	4,924
Information, communication and technology expenditure	19,359	11,757
Property, plant and equipment written off	-	710
Provision for retirement benefits	2,557	4,593
Other expenses	26,298	24,198
	<u>132,798</u>	<u>116,755</u>

(c) Personnel Costs

Wages and salaries	42,336	41,392
EPF	5,826	5,434
SOCSSO	380	374
Others	13,900	11,039
	<u>62,442</u>	<u>58,239</u>

21. DIRECTORS' REMUNERATION

	2003	2002
	RM'000	RM'000
Executive Director/Chief Executive Officer	468	415
- Salaries and other remuneration	<u>468</u>	<u>415</u>
Non Executive Directors		
- Fees	168	168
- Other remuneration	208	184
	<u>376</u>	<u>352</u>

22. SYARIAH ADVISORY COUNCIL MEMBERS' REMUNERATION

	2003 RM'000	2002 RM'000
Fees	60	45
Allowances	13	8
	<u>73</u>	<u>53</u>

23. ZAKAT

	2003 RM'000	2002 RM'000
Provision for zakat based on result for the year:		
- Current	(410)	(455)
Overprovision in prior years	-	1,850
	<u>(410)</u>	<u>1,395</u>

24. TAXATION

	2003 RM'000	2002 RM'000
Tax expense for the year	6,983	-
Underprovision in prior years	-	863
Deferred tax relating to origination and reversal of temporary differences (net)	(3,712)	6,555
	<u>3,271</u>	<u>7,418</u>

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

	2003 RM'000	2002 RM'000
Profit before taxation	<u>7,267</u>	<u>15,640</u>
Taxation at Malaysian statutory tax rate 28% (2002: 28%)	2,035	4,379
Income not subject to tax	(167)	-
Expenses not deductible for tax purposes	1,403	2,176
Deferred tax asset not recognised on unabsorbed capital allowance carried forward	-	-
Underprovision in prior years	-	863
Tax expense for the year	<u>3,271</u>	<u>7,418</u>

On 7 March 2003, The Minister of Finance as empowered under Section 129 of Income Tax Act, 1967 requested that the Bank surrender its unabsorbed business losses of RM1.45 billion. The transfer of the unabsorbed business losses is still subject to finalisation by the relevant parties.

25. EARNINGS PER SHARE

The earnings per share for the Bank has been calculated based on the profit after taxation and zakat for the year divided by the number of ordinary shares in issue of the Bank during the period, as follows:

	As restated	
	2003	2002
	RM'000	RM'000
Profit for the year after taxation and zakat	3,586	9,617
Number of ordinary shares in issue ('000)	225,846	225,846
Basic earnings per share (sen)	1.59	4.26

26. COMMITMENTS AND CONTINGENCIES

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

Risk weighted exposures of the Bank as at 31 December 2003 are as follows:

	2003		2002	
	Principal Amount RM '000	Credit Equivalent Amount RM '000	Principal Amount RM '000	Credit Equivalent Amount RM '000
The commitments and contingencies constitute the following:				
Direct Credit substitutes	90,046	90,046	-	-
Trade-related Contingencies	16,313	9,263	86,173	17,234
Transaction Related Contingencies	961,509	480,755	603,650	301,825
Housing financing sold directly and indirectly to Cagamas with recourse	44,667	44,667	47,311	47,311
Credit Extension Commitment with original maturity not exceeding one year	243,714	-	189,945	-
Credit Extension Commitment with original maturity exceeding one year	242,087	121,044	248,079	124,040
Foreign Exchange Related Contract	111,911	-	65,221	-
	<u>1,740,247</u>	<u>745,775</u>	<u>1,240,379</u>	<u>490,410</u>

27. CAPITAL ADEQUACY

The capital adequacy ratio of the Bank is as follows:

	2003 RM'000	As restated 2002 RM'000
Tier-I capital		
Paid-up share capital	225,846	225,846
Statutory Reserve	62,855	61,067
General Reserve	-	10,394
Retained Profit	64,319	52,137
Less: Deferred tax asset	(13,570)	(4,287)
Total Tier-I Capital	<u>339,450</u>	<u>345,147</u>
Tier-II capital		
General provision for bad and doubtful financing	35,542	32,895
Less: Investment in subsidiary companies	(5)	(5)
Capital Base	<u>374,987</u>	<u>378,037</u>
Core capital ratio	10.15%	11.08%
Risk-weighted capital ratio	11.22%	12.13%

Breakdown of risk weighted assets in the various categories of risk weights:

	2003		2002	
	Principal RM'000	Risk- Weighted RM'000	Principal RM'000	Risk- Weighted RM'000
0%	3,813,157	-	3,180,387	-
10%	82,670	8,267	112,670	11,267
20%	979,520	195,904	1,067,399	213,480
50%	772,714	386,357	790,455	395,228
100%	2,752,736	2,752,736	2,495,937	2,495,937
	<u>8,400,797</u>	<u>3,343,264</u>	<u>7,646,848</u>	<u>3,115,912</u>

28. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS

(a) Changes in Accounting Policy

During the financial year, the Bank applied four new MASB Standards, which became effective from 1 January 2003. The changes in accounting policies which resulted in prior year adjustments are discussed below:

i) MASB 25: Income Taxes

Under MASB Standard 25, deferred tax liabilities are recognised for all taxable temporary differences. Previously, deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future. In addition, the Bank has commenced recognition of deferred tax assets for all deductible temporary differences, when it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised. Previously, deferred tax assets were not recognised unless the expected realisation was reasonably certain.

ii) MASB 29: Employees Benefits

The adoption of MASB 29 has been accounted for retrospectively.

iii) MASB I-1, Presentation of Financial Statements of Islamic Financial Institutions

In prior years, income were recognised on a cash basis. Following the adoption of this standard, income was accounted for using the accrual basis of accounting. The change in accounting policy has been adopted prospectively as the resulting adjustments to prior periods are not reasonably determinable.

(b) Prior Year Adjustments

The changes in accounting policies as a result of the adoption of MASB Standards 25 and 29 have been applied retrospectively and comparatives have been restated. The effects of the changes in these accounting policies are as follows:

	2003 RM'000	2002 RM'000
Effect on retained profits:		
At 1 January, as previously stated	50,477	41,113
Effects of adopting MASB Standard 25	4,287	10,842
Effects of adopting MASB Standard 29	(2,632)	(76)
At 1 January, as restated	<u>52,132</u>	<u>51,879</u>
Effect on net profit for the year:		
Net profit before changes in accounting policies	9,609	18,728
Effects of adopting MASB Standard 25	3,712	(6,555)
Effects of adopting MASB Standard 29	(9,735)	(2,556)
Net profit for the year	<u>3,586</u>	<u>9,617</u>

29. COMPARATIVES

The following comparatives have been restated and reclassified to reflect the changes in accounting policies as explained in Note 28 and to conform with current year's presentation:

	As restated RM'000	As previously stated RM'000
Balance Sheet		
Retirement benefit obligations	6,540	3,908
Deferred tax asset	4,287	-
Income Statement		
Other operating expenses	116,755	114,199
Taxation	7,418	863

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Bank's risk management strategy seeks to ensure that risks undertaken are well managed within the boundaries of its risk appetite. With the approval by the Board, the bank has put in place an integrated risk management capability that enable the Bank to achieve a single view of risks across its various business operations and to gain strategic competitive advantage from its management capabilities. This is inline with BASLE II recommendation.

Market Risk

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

Credit Risk

Credit risk arises from the possibility that a customer or counterparty may be unable to meet its financial obligations to the Bank, either from a facility granted or a contract in which the Bank has a gain position.

Liquidity Risk

Liquidity risk refers to the inability for the Bank to meet its funding requirements arising from cash flow mismatches and its inability to liquidate position quickly and in sufficient volumes.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Bank manages risks strategically through the following risk committees.

Board Risk Management Committee ("BRMC")

BRMC is primarily responsible for effective functioning of the integrated risk management function within the Bank. As a committee of the Board, it acts with the delegated authority to decide or make recommendations to the Board of Directors on risk management issues. Its members comprise of three independent non-executive directors and two non-independent non-executive directors, of which one of the independent non-executive director act as the committee chairman.

The key functions of the BRMC includes to review and recommend risk management strategies to the Board; to review and approve risk management policies; to oversee the overall management of all risks covering market risk, asset and liability management, credit risk and operational risk; to approve risk methodologies for measuring and managing risks and to approve contingency plan for dealing with various extreme internal/external events and disasters.

Executive Risk Management Committee ("ERMC")

The Board and BRMC have the overall responsibility for establishing the risk strategies and the policies of the Bank. Execution of these strategies and policies are the responsibilities of the ERMC. The President/Chief Executive Officer, with members comprise of senior members of the management including the Chief Risk Officer, chairs the committee. The committee focuses on the overall business strategies and daily business operations of the Bank in respect of risk management.

Among the responsibilities of ERMC includes overall responsibility for management of risks from a day-to-day business and operational perspective; to execute risk management strategies and policies as set by the Board and BRMC and ensure compliance thereof; to review risk management policies, controls and systems; to cultivate a proactive risk management culture within the Bank; to provide advisory to the BRMC and Risk Management Department on impact of risk measures on business strategies.

31. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The following table summarises the carrying amounts and fair values of financial assets and liabilities of the Bank.

	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Assets				
Cash and short term funds	31,813	31,813	39,963	39,963
Deposits and placements with other financial institutions	2,042,600	2,042,600	1,635,761	1,635,761
Dealing securities	704,971	704,971	689,584	689,584
Investment securities	2,047,011	2,028,823	1,733,130	1,748,548
Financing of customers	2,140,966	2,140,966	2,160,042	2,160,042
Statutory deposits with Bank Negara Malaysia	205,127	205,127	175,327	175,327
Other receivables	41,074	41,074	36,351	36,351
Due from related company	29,105	29,105	29,054	29,054
Total Assets	7,242,667	7,224,479	6,499,212	6,514,630
Liabilities				
Deposits from customers	6,846,533	6,846,533	6,029,351	6,029,351
Deposits and placements of other financial institutions	-	-	104,006	104,006
Bills and acceptances payable	59,125	59,125	31,350	31,350
Other payables	42,978	42,978	50,846	50,846
Total Liabilities	6,948,636	6,948,636	6,215,553	6,215,553

Fair value is the estimated amount at which a financial asset or liability can be exchanged between two parties under normal market conditions. However, for certain assets such as financing and deposits, fair values are not readily available as there is no open market where these instruments are traded. The fair values for these instruments are estimated based on the assumptions below. These methods are subjective in nature therefore the fair values presented may not be indicative of the actual realisable value.

Cash and short term funds

For these short term instruments, the carrying amount is a reasonable estimate of fair value.

Deposits and placements with other financial institutions

For these short term instruments, the carrying amount is a reasonable estimate of fair value.

Investment and dealing securities

The market value of these securities represents its fair value. The Bank has no intention to dispose its investment securities for amounts below their costs. Provision for impairment is provided when there is a permanent impairment loss.

Financing to customers

The fair value of the financing portfolio is based on the credit characteristics of the individual financing. The estimation of the provision for financing losses includes consideration of risk premiums applicable to various types of financing based on factors such as the current situation of the borrower and collateral obtained. Accordingly, the provision for financing losses is considered a reasonable estimate of the discount required to reflect the impact of the credit risk. The carrying amount of financing is a reasonable estimate of fair value.

Statutory deposits with Bank Negara Malaysia

For these short term instruments, the carrying amount is a reasonable estimate of fair value.

Other receivables

For these short term instruments, the carrying amount is a reasonable estimate of fair value.

Due from related company

For these short term instruments, the carrying amount is a reasonable estimate of fair value.

Deposits from customers

For these short term instruments, the carrying amount is a reasonable estimate of fair value.

Deposits and placements of other financial institutions

For these short term instruments, the carrying amount is a reasonable estimate of fair value.

Bills and acceptances payable

For these short term instruments, the carrying amount is a reasonable estimate of fair value.

Other payables

For these short term instruments, the carrying amount is a reasonable estimate of fair value.

32. SEGMENTAL INFORMATION

The financial information by segments is not presented as the Bank's activities are only in Islamic Banking services in Malaysia.

33. RATING

No rating has been conducted by external agencies on the Bank.



بنك مواملات
Bank Muamalat

Bank Muamalat Malaysia Berhad (6175-W)

Laporan Tahunan 2003 Annual Report