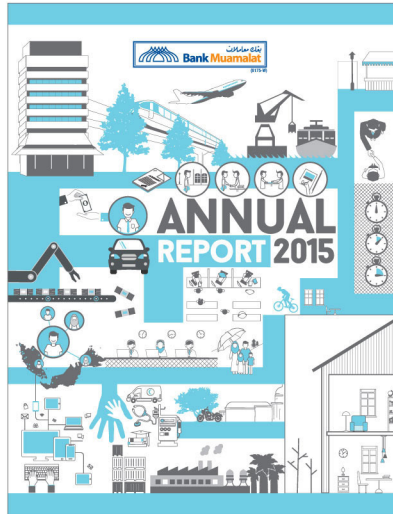


ANNUAL REPORT 2015



At Bank Muamalat, we are committed to, and responsible for, the **PEOPLE** closest to us; **OUR CUSTOMERS, OUR EMPLOYEES** and **OUR COMMUNITY**.

We value our **CUSTOMERS** and strive to meet the financial needs by delivering timely and exemplary services in the most ethical and professional manner.

Our **EMPLOYEES** are our biggest asset. We value each employee's unique contribution to the growth of the bank. We are determined to create a rewarding and healthy working environment in support of both their professional as well as personal lives.

We believe in giving back to the **COMMUNITY**. We take our social responsibility seriously and committed to enhance the living standards of those around us through programmes and engagements that goes beyond our profit orientation.

In our journey as a responsible Islamic Financial Services Provider; this year's cover and theme reflects our continuous effort in championing Islamic banking products through education.

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VISION

To Become the Preferred Islamic Financial Service Provider

MISSION

To Deliver Best Value to the Stakeholders

VALUE

Care • Respect • Integrity • Innovative
• Service Oriented



Bank Muamalat's logo and identity are essentially formed by a dynamic line in a continuous motion. The principal objective of efficiency and dynamism are reflected by this single line. The single line signifies an efficient, clear and focused vision. This reflects the strong relationship between the bank and its customers.

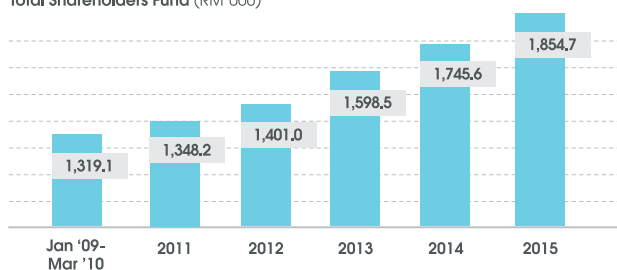
The dome is a basic design element of Islamic architecture. It is used to signify the place for prayers and shelter. This represents the products and services that **Bank Muamalat** can offer to its customers. The five domes are representative of the five tenets of Islam and the five times Muslims are called to pray. The five points are also used in relation to the five principles of the Rukun Negara, giving a truly Malaysian objective to its existence. The linkage of the five domes with a single line signifies networking of **Bank Muamalat** and the relationship between **Bank Muamalat**, customers and its external environment. This networking and togetherness translate the very meaning of Muamalat itself, which is "relationship between mankind".

An hour glass embedded in the centre within the logo design stands for the time which is the essence of a bank. Investments grow over time. Two colours are used within the logo. Sultan blue, a royal colour is used to provide a feeling of strength and confidence. Orange is a warm and exciting colour. It gives light and signifies growth. The orange is used to signify the warmth of **Bank Muamalat** which is in continuous growth, never static but always dynamic.

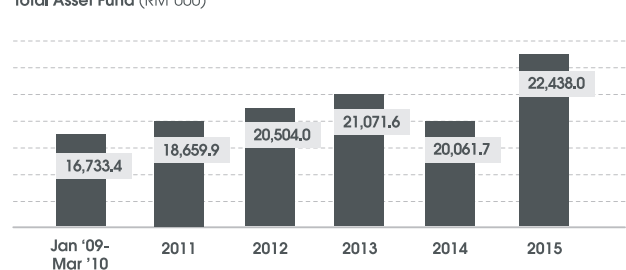
10 Years Financial Highlights (2005-2015) – GROUP

	2005	2006	2007	2008	Jan 2009 - Mar 2010	2011 Restated	2012 Restated	2013	2014	2015
Total Shareholders Fund (RM'000)	523,683	713,126	737,331	702,236	1,319,131	1,348,286	1,401,004	1,598,476	1,745,576	1,854,694
Profit/(Loss) Before Tax (RM'000)	41,251	103,409	64,238	44,068	142,061	186,785	103,006	235,963	208,284	121,966
Profit/(Loss) After Tax (RM'000)	32,328	72,520	48,138	31,951	98,834	120,433	69,244	167,936	151,564	89,280
Total Assets (RM'000)	10,269,647	13,450,636	13,808,090	14,398,645	16,733,420	18,659,940	20,504,037	21,071,590	20,061,690	22,438,036
Total Deposits (RM'000)	9,373,971	12,178,691	12,172,868	12,447,970	14,920,856	16,216,173	18,151,087	18,744,179	17,629,228	19,544,549
Total Financing (RM'000)	4,154,021	5,373,343	5,870,585	6,427,747	7,037,126	7,495,007	9,064,271	10,352,626	11,899,691	13,414,670
No of Branches	42	43	48	48	49	51	58	59	59	59
No of Service Centres/Kiosk	6	6	3	5	6	4	2	7	7	7
No of Offshore Branches/Labuan	1	1	1	1	1	1	1	1	1	1
No of Staff	1,145	1,380	1,454	1,419	1,584	1,763	1,929	2,099	2,135	1,987
Return on Asset (%) - Pretax	0.45	0.87	0.47	0.31	0.73	1.06	0.53	1.14	1.01	0.57
Return on Equity (%) - Pretax	8.00	16.72	8.86	6.12	11.24	15.24	7.49	15.73	12.46	6.78

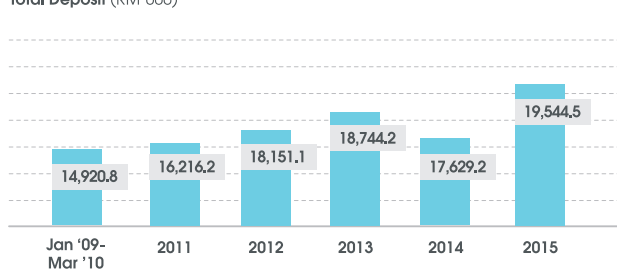
Total Shareholders Fund (RM'000)



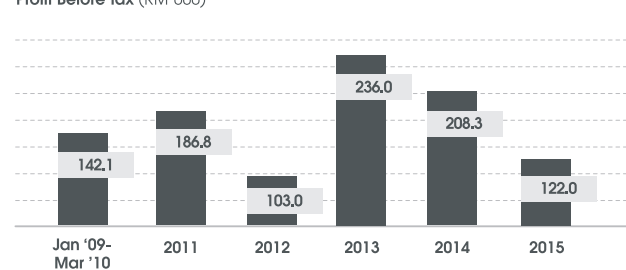
Total Asset Fund (RM'000)



Total Deposit (RM'000)



Profit Before Tax (RM'000)



Corporate Information

BOARD OF DIRECTORS

Chairman

Tan Sri Dato' Dr. Mohd Munir Abdul Majid

Members

Dato' Sri' Che Khalib Mohamad Noh
Dato' Mohamed Hazlan Mohamed Hussain
Dato' Haji Mohd Redza Shah Abdul Wahid
Haji Mohd Izani Ghani
Hisham Zainal Mokhtar
(resigned w.e.f. 30 June 2014)
Haji Abdul Jabbar Abdul Majid
Tengku Dato' Seri Hasmuddin Tengku Othman
Dato' Azmi Abdullah
Dato' Haji Kamil Khalid Ariff
Azura Othman (appointed w.e.f. 24 April 2015)

COMPANY SECRETARY

Nora Shikhen Ramli (LS 01587)

REGISTERED OFFICE

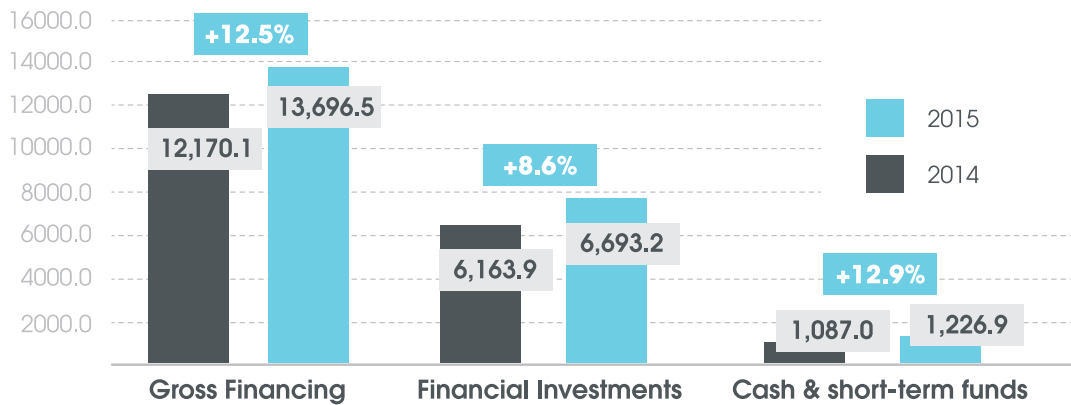
20th Floor, Menara Bumiputra
Jalan Melaka
50100 Kuala Lumpur
Tel: 603-2615 7069
Fax: 603-2693 3367

AUDITORS

Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

Asset Performance

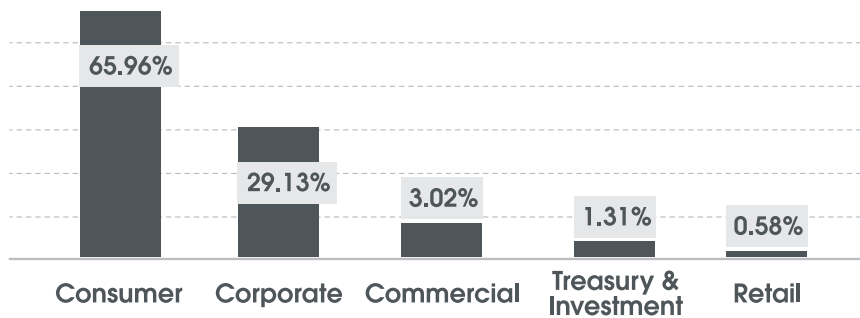
Asset Portfolio
RM'000



Financing by Business Segments

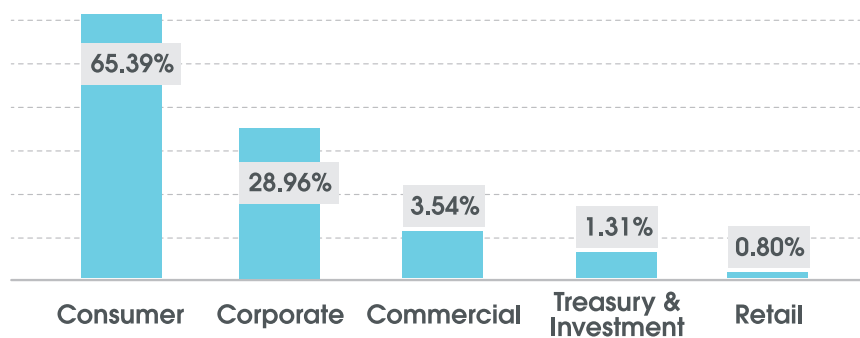
FY **2014**

Grand Total **100%**

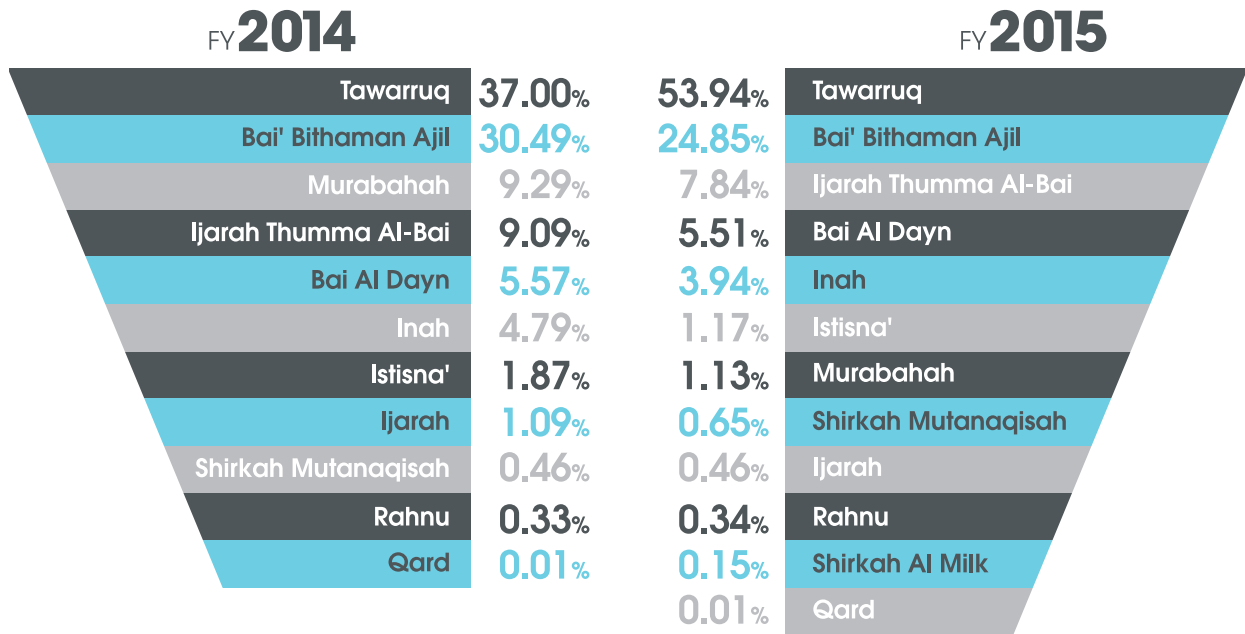


FY **2015**

Grand Total **100.00%**

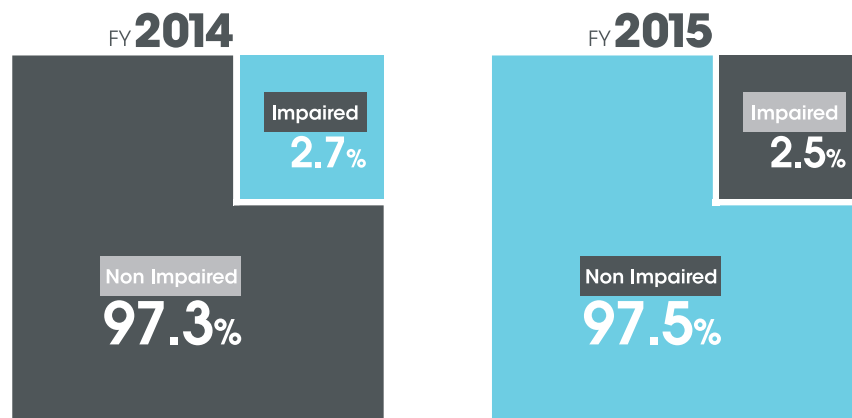


Financing by Islamic Contract

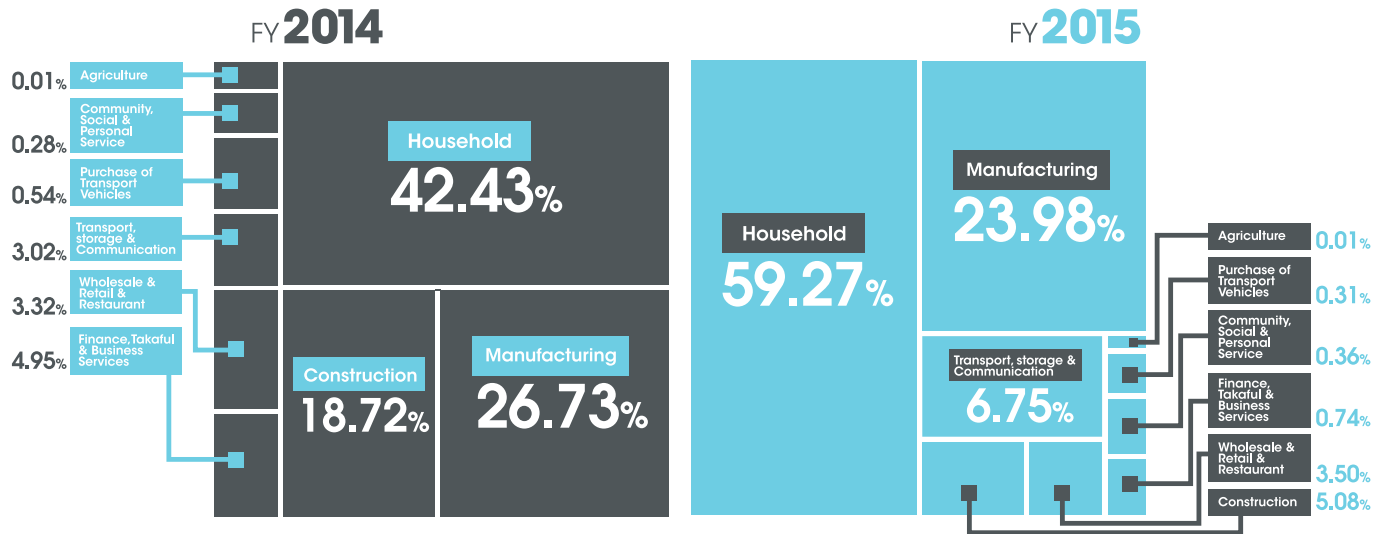


Asset Quality

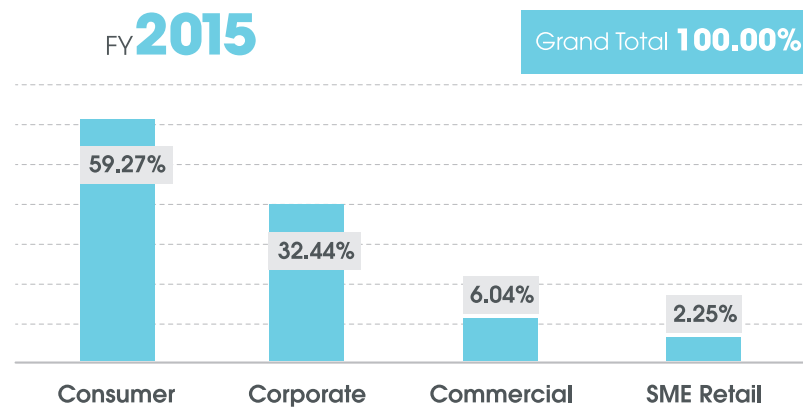
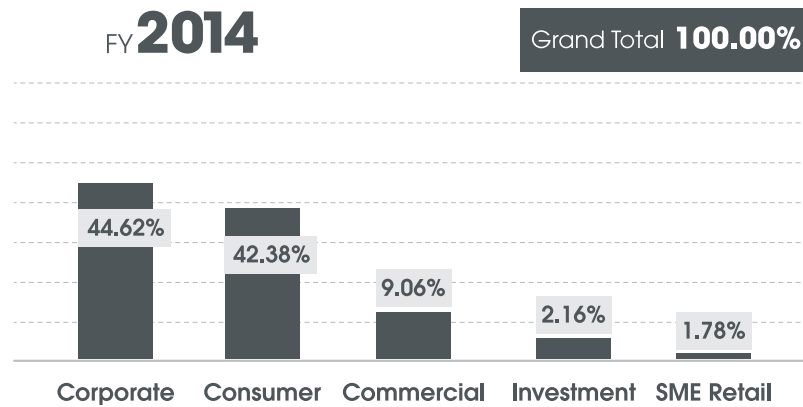
COMPONENTS	2011 RM million	2012 RM million	2013 RM million	2014 RM million	2015 RM million
Gross impaired financing	378.3	446.3	265.4	325.7	339.7
Gross impaired financing ratio	4.8%	2.9%	2.5%	2.7%	2.5%
Financing loss reserve ratio	89.0%	87.8%	102.2%	83.3%	83.3%
Collective assessment ratio	3.1%	2.9%	2.3%	1.6%	1.8%



Impaired Financing by Sector



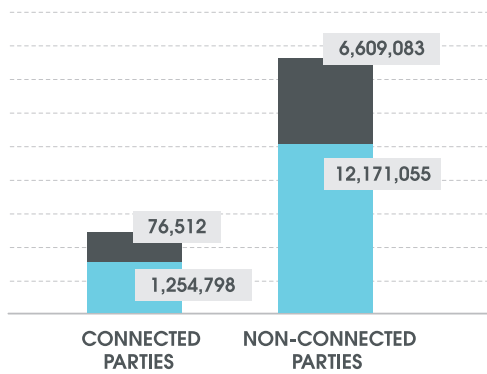
Impaired Financing by Business



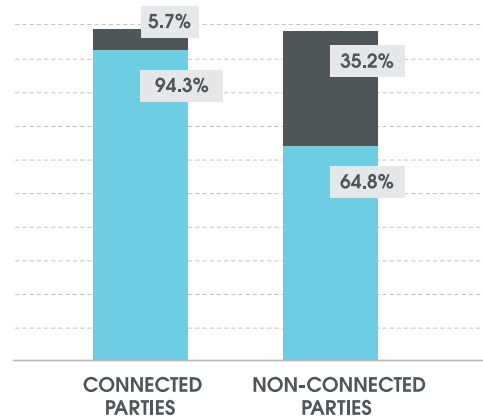
Connected Party

As at end of FY2015, connected parties exposures accounted for 5.5% of the total outstanding credit exposures of RM24 billion. The amount stood at 62% against the Bank Muamalat's capital base of RM2.14 billion. Both measurements were well below the threshold limit set by Bank Negara Malaysia.

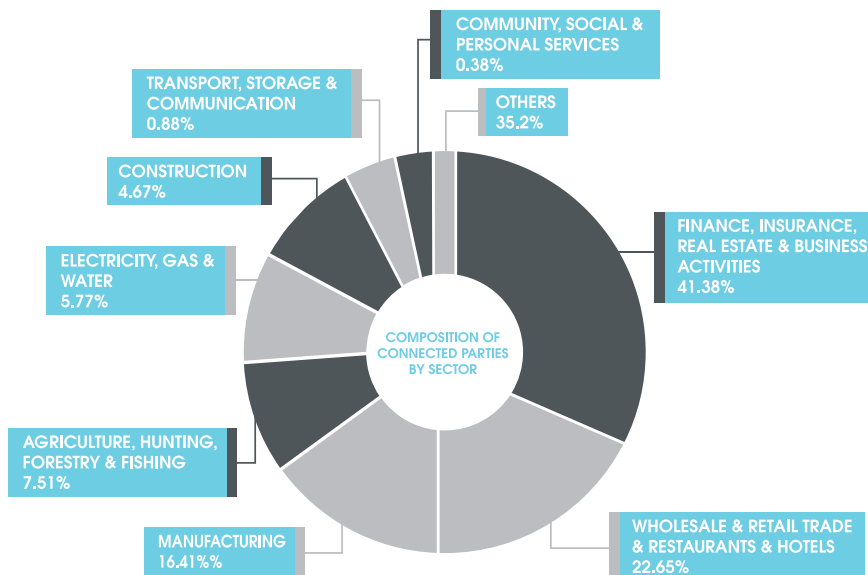
CONNECTED PARTIES EXPOSURE BY FINANCIAL INSTRUMENT AS AT MARCH 2015 (RM'000)



CONNECTED PARTIES VS NON CONNECTED PARTIES EXPOSURE AS AT MARCH 2015



CONNECTED PARTIES EXPOSURE BY SECTOR AS AT MARCH 2015





Bank Muamalat sedia bersaing

Oleh FADZIL ZAINOL
Kuala Lumpur 21 Dis. - Bank Muamalat Malaysia Bhd. (Bank Muamalat) yakin mampu menghadapi persaingan sengit industri perbankan konvensional. Bank Muamalat mempunyai kelebihan berbanding bank-bank Islam sub-nasional kerana tenaga kerja yang mahir dan berpengalaman. Bank Muamalat juga mempunyai kelebihan berbanding bank-bank Islam sub-nasional kerana tenaga kerja yang mahir dan berpengalaman.



Kami percaya aspek ini akan meningkatkan lagi kelebihan kami untuk memenangi persaingan bagi jangka masa panjang

MOHD. REDZA SHAH ABDUL WAHID
Ketua Pegawai Eksekutif Bank Muamalat Malaysia Bhd.

Muamalat銀行
KLIA 2設貨幣兌換櫃台
Bank Muamalat telah membuka pejabat penukaran wang di Lapangan Terbang Antarabangsa Kuala Lumpur 2 (KLIA 2). Pejabat ini menyediakan perkhidmatan penukaran wang antarabangsa kepada pelanggan bank. Pejabat ini beroperasi setiap hari dari pukul 08.00 hingga 18.00. Muamalat Bank juga menyediakan perkhidmatan penukaran wang antarabangsa kepada pelanggan bank.

3 bank dapat anugerah CGC
Bank Muamalat, Maybank dan Standard Chartered telah menerima anugerah CGC (Customer Growth Champion) oleh Bank Negara Malaysia. Anugerah ini diberikan kepada bank-bank yang menunjukkan prestasi terbaik dalam meningkatkan jumlah pelanggan dan pendapatan.

PUNB sasar salur RM300j pinjaman 2015

Sasaran tinggi mahu bantu usahawan PKS
Bank Muamalat Malaysia Bhd. (Bank Muamalat) menargetkan untuk menyalurkan pinjaman sebanyak RM300 juta kepada usahawan PKS (Perusahaan Kecil dan Sederhana) pada tahun 2015. Bank Muamalat akan menawarkan pelbagai jenis produk pembiayaan kepada usahawan PKS.



Kerjasama strategik urus harta pusaka

Kuala Lumpur Bank Muamalat Malaysia Bhd (Bank Muamalat) menyasarkan 20 peratus daripada 700,000 pelanggan sedia adanya untuk mendapatkan perkhidmatan urus harta pusaka. Bank Muamalat akan bekerjasama dengan syarikat insurans untuk menawarkan perkhidmatan urus harta pusaka kepada pelanggan.



RM20j untuk Skim Mikro

Perancangan Bank Muamalat bagi tahun kewangan berakhir 31 Mac 2015
Bank Muamalat telah mengumumkan perancangan kewangan untuk tahun kewangan berakhir 31 Mac 2015. Bank Muamalat akan menyalurkan RM20 juta untuk Skim Mikro kepada usahawan mikro. Bank Muamalat juga akan menawarkan perkhidmatan pembiayaan kepada usahawan mikro.



Bank Muamalat sasar 40% pembiayaan pinjaman

Bank Muamalat sasar 40% pembiayaan pinjaman kepada usahawan PKS. Bank Muamalat akan menawarkan pelbagai jenis produk pembiayaan kepada usahawan PKS. Bank Muamalat juga akan menawarkan perkhidmatan pembiayaan kepada usahawan PKS.

Bank Muamalat sedia bersaing

Bank Muamalat sedia bersaing dengan bank-bank Islam sub-nasional. Bank Muamalat mempunyai kelebihan berbanding bank-bank Islam sub-nasional kerana tenaga kerja yang mahir dan berpengalaman. Bank Muamalat juga mempunyai kelebihan berbanding bank-bank Islam sub-nasional kerana tenaga kerja yang mahir dan berpengalaman.

Kerjasama strategik urus harta pusaka

Bank Muamalat bekerjasama dengan syarikat insurans untuk menawarkan perkhidmatan urus harta pusaka kepada pelanggan. Bank Muamalat akan bekerjasama dengan syarikat insurans untuk menawarkan perkhidmatan urus harta pusaka kepada pelanggan.

RM20j untuk Skim Mikro

Bank Muamalat akan menyalurkan RM20 juta untuk Skim Mikro kepada usahawan mikro. Bank Muamalat juga akan menawarkan perkhidmatan pembiayaan kepada usahawan mikro.

Bank Muamalat sasar 40% pembiayaan pinjaman

Bank Muamalat sasar 40% pembiayaan pinjaman kepada usahawan PKS. Bank Muamalat akan menawarkan pelbagai jenis produk pembiayaan kepada usahawan PKS. Bank Muamalat juga akan menawarkan perkhidmatan pembiayaan kepada usahawan PKS.

Media Highlights

two years a... was just 15... "It's nec... daily tops 300... Cummins p... one billion s...



K-HAMS 23 JANUARI 2014 | SINAR HARIAN

Great Eastern Takaful partners Bank Muamalat



Great Eastern Takaful Bhd (GETB) is expanding its reach and potential customers with bancatakaful distribution agreement with Bank Muamalat Malaysia Bhd with its 700,000 customer base. The sister company of conventional insurance market leader Great Eastern Life Assurance (M) Bhd (GELB) sees the partnership as a way to expand its distribution channel currently dominated by an agency force of about 6,000 takaful agents. "As our partner, Bank Muamalat will have access to our range of products which will help enhance their product offerings to their range of customers."

Bank Muamalat Bank Oh Yeah!

长达12个月的“Muamalat Bank Oh Yeah!”有奖竞赛已圆满结束，瓜拉登嘉楼的31岁商人扎非里成为竞赛大奖得主，赢取100万令吉奖金。这项奖品总值480万令吉的竞赛是在去年4月1日至今年3月31日进行。Muamalat Bank Oh Yeah! 户口并存入至少1千令吉，即可自动参赛，无需表格或标语。此竞赛共有500份奖品，包括首奖100万令吉、次奖50万令吉、20万令吉、47份1万令吉安慰奖及每月奖品（现金、轿车与资讯科技产品）。

Bank Muamalat guna kekuatan DRB-Hicom

Bank Muamalat Malaysia Bhd. (Bank Muamalat) kini memperkukuhkan lagi sekutu dan bawahan DRB-Hicom. Dalam pada itu juga, DRB-Hicom memperkukuhkan syarikat anak perusahaannya. Bank Muamalat Malaysia Bhd. (Bank Muamalat) kini memperkukuhkan lagi sekutu dan bawahan DRB-Hicom. Dalam pada itu juga, DRB-Hicom memperkukuhkan syarikat anak perusahaannya.

35 kanak-kanak sertai aktiviti Cabaran KidZania



Kuala Lumpur: Kagum dengan kesungguhan Norlina Alawi, 42, yang membesarkan 35 kanak-kanak seperti anak sendiri, menarik perhatian Bank Muamalat Malaysia Bhd (Bank Muamalat) untuk menghiburkan kanak-kanak berkenaan di KidZania, di sini, semalam. Menerusi aktiviti 'Cabaran KidZania', kanak-kanak terbahit diberi pendedahan mengenai kehidupan dewasa dengan mencuba pelbagai jenis pekerjaan yang mampu merangsang minda, sekali gus menggalakan mereka untuk berfikir. Bagi Norlina yang mesra di-sapa sebagai mama, peluang itu bukannya sekadar berhibur semata-mata, tetapi berharap anak-anugerah yang dididiknya itu memperoleh input positif dalam membantu kehidupan harian. "Saya tidak pernah membezakan mereka dengan tujuh anak saya yang lain dan berharap menerusi aktiviti menghiburkan ini dapat membe-

Belum muktamadkan pembeli

KOTA KINABALU 14 Jan. - DRB-Hicom Bhd. belum memutuskan nak membeli atau tidak Bank Muamalat Malaysia Bhd. (Bank Muamalat) untuk memperkukuhkan lagi sekutu dan bawahan DRB-Hicom. Bank Muamalat Malaysia Bhd. (Bank Muamalat) belum memutuskan nak membeli atau tidak Bank Muamalat Malaysia Bhd. (Bank Muamalat) untuk memperkukuhkan lagi sekutu dan bawahan DRB-Hicom.

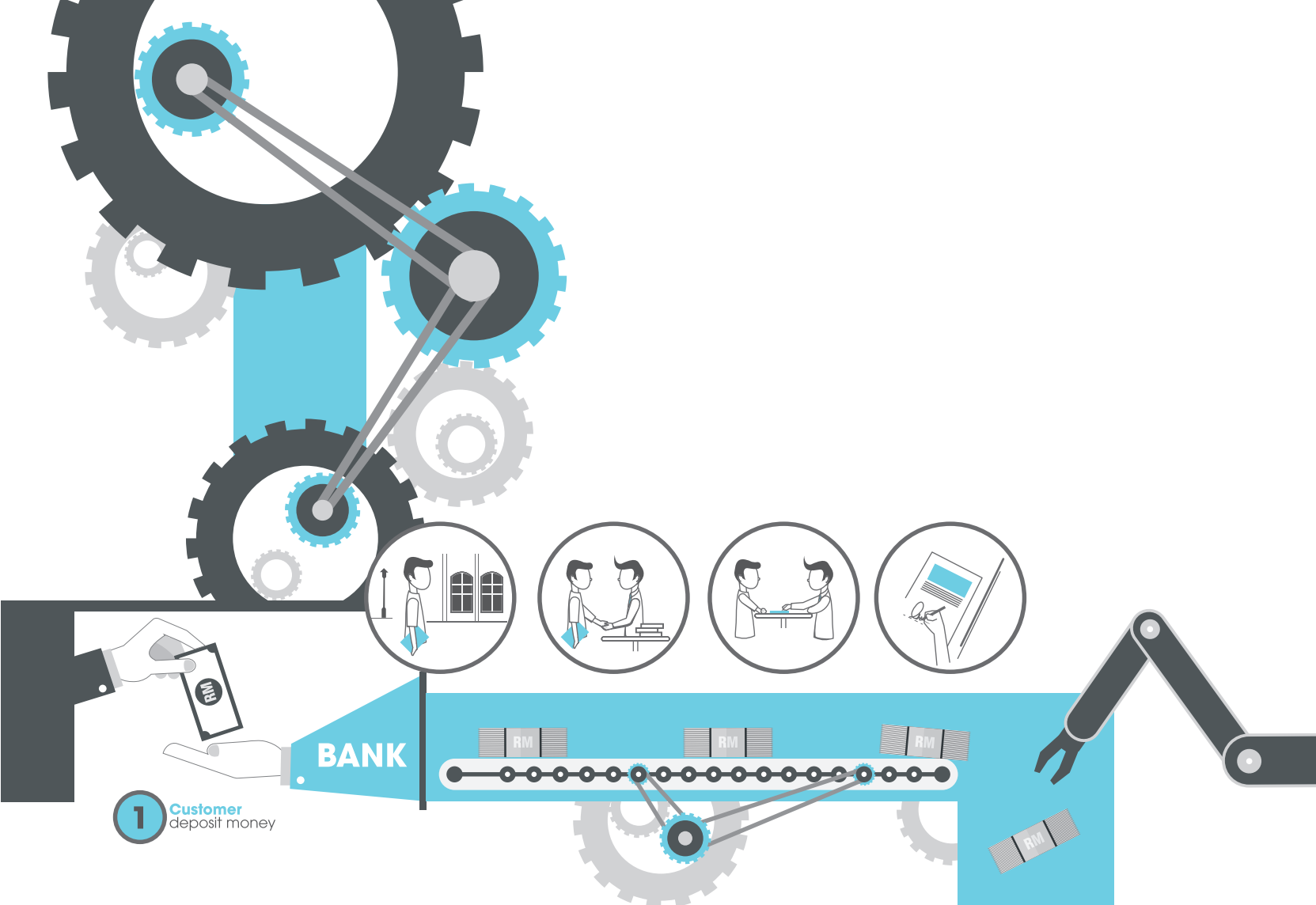
Bank Muamalat sasar pinjaman PKS naik 20 peratus

Bank Muamalat Malaysia Bhd menyasar portfolio pinjaman kepada kewangan Perusahaan Kecil Sederhana (PKS) meningkat 20 peratus kepada RM1.2 bilion pada tahun kewangan berakhir 31 Mac 2015. Ketua Eksekutifnya, Datuk Mohd Redza Shah, berkata sasaran itu disandarkan strategi syarikat tahun ini untuk memberikan lebih tumpuan kepada segmen berkeupayaan yang mampu membayar balik pinjaman. Pada tahun ini, bank itu akan meningkatkan jumlah bagi portfolio ini, katanya. "Langkah ini bertujuan meningkatkan pemahaman (MU) dan persekitaran (MU) kepada pelanggan PKS. Pada majlis itu, bank itu akan meningkatkan jumlah bagi portfolio ini, katanya."

SAVINGS & CURRENT ACCOUNT

WADI'AH

Safe keeping contract in which a party entrusted his property to another party for safe keeping and to be returned upon request



1 Customer deposit money



2 The Bank request permission to utilise the funds from customer



3 Any profit generated from the funds belongs to the Bank . Hibah, if any may be given to the customer at the Bank's discretion

Board of Directors

Haji Mohd Izani Ghani

Dato' Sri
Che Khalib Mohamad Noh

Tengku Dato' Seri Hasmuddin
Tengku Othman

Dato' Haji Mohd Redza Shah
Abdul Wahid

Tan Sri Dato' Dr.
Mohd Munir Abdul Majid





Profile of Board of Directors



Tan Sri Dato' Dr. Mohd Munir Abdul Majid
Chairman

Tan Sri Dato' Dr Mohd Munir Abdul Majid is Chairman of Bank Muamalat and was appointed to the Board of Bank Muamalat on 3 June 2008. He is also the Chairman of Veto Committee.

He obtained a B.Sc (Econ) from the London School of Economics and Political Science (LSE) in 1971 where he also obtained his Ph.D in International Relations in 1978. He taught at the Department of International Relations in LSE from 1972-1975. He was a research analyst for Daiwa Europe NV in London from 1975-1978.

Dr Munir joined the New Straits Times (NST) at the end of 1978 as a leader writer and progressed to become the Group Editor. During his time at NST, he published numerous articles on national and international politics, and economics. (He continues to write, now as a columnist for The Star, Malaysia's leading English language newspaper). He left NST in 1986 to become the CEO of a small merchant bank, Pertanian Baring Sanwa (PBS), whose name he changed to Commerce International Merchant Bankers (CIMB) which was then transformed into one of Malaysia's leading merchant banks. He was invited by the Government of Malaysia to establish and become the first and founding Executive Chairman of the Securities Commission in 1993, where he served for two terms until 1999.

As the founding executive chairman he was instrumental in shaping the legal and regulatory framework of the capital markets, as well as introducing the country's first code of corporate governance. During this time, he was the chairman of the emerging markets committee of the International Organisation of Securities Commissions (IOSCO). In 1997, he received the Cranfield Management Excellence award.

After leaving the Securities Commission, he served as a Senior Independent Non-Executive Director of Telekom Malaysia Berhad for 4 years until June 2004, and was the chairman of its mobile subsidiary Celcom (M) Berhad from 2002-2004. In June 2004, Dr Munir joined Malaysia Airlines

Board of Directors and in August he was appointed its Non-Executive Chairman until July 2011.

He became the Chairman of Bank Muamalat in 2008. In February 2014, Dr. Munir was appointed Chairman of CIMB Asean Research Institute and also joined the board of the Institute of Strategic and International Studies (ISIS) Malaysia. He is the Chairman of the Asean Business Advisory Council – Malaysia Chapter and the chairman of the Council region-wide in 2015. He is currently the President of the Asean Business Club and also the Co-chair of the Malaysia-America Foundation, which seeks to deepen relations between the two countries.

Dr. Munir was the founder President of the Kuala Lumpur Business Club (2003-2008). In May 2004, he was appointed a member of the Court of Fellows of the Malaysian Institute of Management.

In December 2005, he was made an Honorary Fellow of the LSE and was appointed Visiting Senior Fellow at LSE IDEAS in 2008 (Centre for International Affairs, Diplomacy and Strategy) where he started the Southeast Asia International Affairs Programme and led the programme until 2012. He has written for IDEAS publications and published in International Politics, a British academic journal. A collection of his articles was published in a book, 9/11 and the Attack on Muslims. He is a member of the International Institute of Strategic Studies.

Dr Munir received his early education at St Mark's Primary School in Butterworth and the Bukit Mertajam High School in the state of Penang. He received his upper secondary education at the Royal Military College in Sungei Besi near Kuala Lumpur where he was awarded the Commandant's Prize for being the best all-round student in 1967. He left for London the next year.

Profile of Board of Directors



Dato' Sri Che Khalib Mohamad Noh Non-Independent Non-Executive Director

Dato' Sri Che Khalib Mohamad Noh was appointed as a Non-Independent Non-Executive Director of Bank Muamalat nominated by DRB-HICOM Berhad on 27 August 2012. He is a member of Remuneration, Nomination and Veto Committees.

Dato' Sri Che Khalib is currently the Group Managing Director of MMC Corporation Berhad. He was the former President and Chief Executive Officer of Tenaga Nasional Bhd (TNB), prior to his position as the Chief Operating Officer - Finance, Strategy & Planning of DRB-HICOM Berhad.

A qualified accountant, Dato' Sri Che Khalib is a member of the Malaysian Institute of Accountants (CA, M) and also a Fellow of the Association of Chartered Certified Accountants (FCCA, UK) United Kingdom.

Dato' Sri Che Khalib began his career with Messrs Ernst & Young in 1989 and later joined Bumiputra Merchant Bankers Berhad. He was previously a member of the Board and the Executive Committee of Khazanah Nasional Berhad from year 2000 to 2004. He also served as a Board member within the United Engineers Malaysia (UEM) Group of companies and Bank Industri & Teknologi Malaysia Berhad.

He currently sits on the Board of Gas Malaysia Berhad, Zelan Berhad, Malakoff Corporation Berhad, Johor Port Berhad, MMC Engineering Group Berhad, NCB Holdings Bhd, Aliran Ihsan Resources Berhad, Pos Malaysia Berhad and several private limited companies.



Dato' Mohamed Hazlan Mohamed Hussain

Non-Independent Non-Executive Director

Dato' Mohamed Hazlan Mohamed Hussain was appointed as a Non-Independent Non-Executive Director of Bank Muamalat, nominated by DRB-HICOM Berhad on 27 August 2012. He is a member of Board Muamalat Banking Solutions Steering Committee.

He is currently the Group Director of Services and Education of DRB-HICOM Berhad. Prior to this appointment, he was the Group Director for Commercial Division, Prasarana Group since November 2011. Dato' Mohamed Hazlan has held various high ranking positions in diverse organisations including Group Director for Bus Division, Chief Operating Officer, RapidKL, Chief Corporate Strategist of Offshore Works Sdn. Bhd. and Chief Operating Officer of Posmel, Pos Malaysia Berhad from 2007 until 2009.

He started his career with Arnold Hill & Co Chartered Accountants in London, United Kingdom since 1988 until 1993. With extensive experience and expertise in trust management and audit, he returned and joined Projek Lebuhraya Utara Selatan Berhad (PLUS) where he led the establishment of Internal Audit Department in 1994. In 1998, he led the Toll Department before he was promoted to Regional Manager II managing Operations for Central Region in the same year. He later became the General Manager of Operations Division in September 1999 until 2003 and was promoted as a Senior General Manager in 2004.

He graduated from Imperial College of Science and Technology, University of London majoring in Civil Engineering leading to Bachelor of Engineering.

Profile of Board of Directors



Dato' Haji Mohd Redza Shah Abdul Wahid

Chief Executive Officer/Executive Director

Dato' Haji Mohd Redza Shah Abdul Wahid is currently Chief Executive Officer (CEO) of Bank Muamalat and was appointed to the Board of Bank Muamalat on 1 November 2008.

He holds a Bachelor of Science in Economics in Industry and Trade (Honours) from London School of Economics, University of London in 1986 and Master of Science Economics in International Banking and Finance from University of Wales, Cardiff.

Dato' Haji Mohd Redza Shah became an Associate Chartered Accountant (ACA) whilst he started his career with Touche Ross & Co, London (now known as Deloitte & Touche) in 1988 as Trainee Accountant. At the end of 1992 he joined Arab Malaysian Corporation Berhad as an Internal Audit Manager and progressed to become the Corporate Finance Manager.

He then joined Khazanah Nasional Berhad when it commenced operations in July 1994 as a Senior Finance Manager and later moved to Silterra Malaysia Sdn Bhd, a subsidiary of Khazanah Nasional Berhad as Chief Financial Officer. He left Silterra Malaysia Sdn Bhd to spearhead Tradewinds Corporation Berhad as the Group CEO from September 2002 to November 2005 and Acting CEO of Tradewinds (M) Berhad where he served from May 2004 until November 2005, prior to his position as Group Chief Operating Officer of DRB-HICOM Berhad.

Dato' Haji Mohd Redza Shah also sits on the Board of Malaysian Electronic Payment System Sdn Bhd (MEPS), Islamic Banking & Finance Institute Malaysia (IBFIM) and Bank Muamalat's subsidiaries. He was recently appointed as director of Raed Holding Sdn Bhd, an entity to manage the operation of the Islamic Investment Account, which is under the purview of BNM. Dato' Haji Mohd Redza Shah is also the President of Association of Islamic Banking Institutions Malaysia.



Haji Mohd Izani Ghani

Non-Independent Non-Executive Director

Haji Mohd Izani Ghani was appointed as a Non-Independent Non-Executive Director of Bank Muamalat Malaysia Berhad nominated by Khazanah Nasional Berhad (Khazanah), on 1 March 2009. He is a member of Remuneration, Nomination and Board Risk Management Committees of Bank Muamalat.

He graduated from the London School of Economics and Political Science in 1991 with BSc (Economics) specialising in Accounting and Finance. After graduating from LSE, he pursued his professional accounting qualification from the Association of Chartered Certified Accountants and admitted to fellowship in 2000. He is also a member of Malaysian Institute of Accountants.

He is currently the Executive Director/Chief Financial Officer of Khazanah. On Islamic finance initiatives, he was deeply involved in the issuance of the world's first exchangeable sukuk for USD750 million in 2006, followed by other landmark sukuk transactions in SGD and Renminbi currencies in 2010 and 2011 respectively. In relation to RM funding, he was instrumental in the setting up of various sukuk programmes at Khazanah. In June 2015, his team launched and priced world's first Sustainable and Responsible Investment Sukuk to fund Trust Schools in Malaysia.

His first exposure to the corporate world was in 1993 when he joined the then Renong Group. In 1999, he joined the concession holder of Putrajaya township development, Putrajaya Holdings Sdn Bhd to assist in the financing for the construction of the Government office buildings and staff quarters. He left Putrajaya Holdings in 2005 to join Khazanah.

He is also a director of Malaysia Airports Holdings Berhad and Fajr Capital Limited.

Profile of Board of Directors



Haji Abdul Jabbar Abdul Majid Non-Independent Non-Executive Director

Haji Abdul Jabbar Abdul Majid was appointed as an Independent Non-Executive Director of Bank Muamalat since 13 October 2004. Subsequently, he has been re-designated as a Non-Independent Non-Executive Director by Bank Negara Malaysia on 12 October 2013. He is a Fellow Member of the Institute of Chartered Accountants, Australia, as well as a member of the Malaysian Institute of Accountants. He was a member of the Executive Council of the Malaysian Institute of Certified Public Accountants (MICPA).

He is the member of Board Audit, Remuneration, Nomination, Board Risk Management and Veto Committees.

Haji Abdul Jabbar began his career in 1974 as Senior Manager in the Internal Audit and Organisation Department of Bank Pertanian Malaysia. In 1977, he joined KPMG Malaysia as Manager and was admitted to the partnership two years later. In 1993, he was promoted to Deputy Senior Partner and was made Senior Partner in 1995, a position he held until his retirement in 2000.

Haji Abdul Jabbar then joined Malaysia Derivatives Exchange Berhad in 2001 and retired as Executive Chairman on 28 February 2004. He was the former president of MICPA. He was an Adjunct Professor of the Faculty of Economics and Accounting of the International Islamic University and a member of the Senate of the Open University Malaysia Board.

He also sits on the Board of Opcom Holdings Berhad.



Tengku Dato' Seri Hasmuddin Tengku Othman

Independent Non-Executive Director

Tengku Dato' Seri Hasmuddin Tengku Othman was appointed as a Non-Independent Non-Executive Director of Bank Muamalat since 18 April 2006 and was subsequently redesignated to Independent Non-Executive Director by Bank Negara Malaysia on 16 February 2009.

He is the Chairman of Board Audit and Nomination Committees and is a member of Board Risk Management and Remuneration Committees.

Tengku Dato' Seri Hasmuddin holds a Bachelor of Laws (Hons) from University of Malaya and was admitted to the Bar in 1987. He is a practicing lawyer and is currently the principal partner of Messrs Hisham, Sobri & Kadir. His areas of expertise include various aspects of Islamic banking and finance, corporate banking and project financing, corporate matters, corporate Muamalat Islamic banking and litigation as well as matters relating to Syariah.

He is a director of a number of companies including Aliran Ihsan Resources Berhad, Institut Jantung Negara Sdn Bhd, HSK Corporate Advisory & Consultancy and Rangkaian Hotel Seri Malaysia Sdn Bhd.

He is also the Chairman of the Task Force on AIBIM National Land Code Steering Committee and Member of Jawatankuasa Pemantauan dan Pengawasan Syarikat Jaminan Pembiayaan Perniagaan Berhad.

He is active in social and charitable activities and has been appointed as trustee for Yayasan Munarah, Tuanku Najihah Foundation, Yayasan Institut Quran Kuala Lumpur, Tabung Amanah Pesakit Malaysia, Institut Quran Tuanku Jaafar and Yayasan Kolej Islam Sultan Alam Shah.

Profile of Board of Directors



Dato' Azmi Abdullah

Independent Non-Executive Director

Dato' Azmi Abdullah was appointed as an Independent Non-Executive Director of Bank Muamalat since 16 September 2009. He is the Chairman of Remuneration and Board Risk Management Committees and member of Nomination, Board Audit, Board Muamalat Banking Solutions Steering and Veto Committees.

Prior to joining Bank Muamalat, he was the First Managing Director/Chief Executive Officer of SME Bank for over 4 years and the Managing Director/Chief Executive Officer of Bumiputera-Commerce Bank Berhad, where he served for more than 26 years in various departments.

Dato' Azmi graduated with a B.A. (Hons) Degree in Economics from Universiti Kebangsaan Malaysia (UKM) in 1974. He was conferred Honorary Doctorate in Business Administration from Universiti Kebangsaan Malaysia in 2006 and presently a Director of UKM Holdings Sdn Bhd. He also sits as a Director in Kumpulan Wang Persaraan (Diperbadankan), APFT Berhad, ECS Solution Sdn Bhd, Trans National Insurance Broker Sdn Bhd and a member of the Board and Investment Committee of Amanah Raya Berhad.



Dato' Haji Kamil Khalid Ariff

Independent Non-Executive Director

Dato' Haji Kamil Khalid Ariff was appointed as an Independent Non-Executive Director of Bank Muamalat on 29 September 2011. He is the Chairman of Board Muamalat Banking Solutions Steering Committee and member of Board Risk Management and Board Audit Committees.

He graduated with MBA in International Business from Michigan, USA in 1979. Prior to this, he obtained Bsc in Management from Syracuse University, New York and the Diploma in Public Administration from ITM. His last position was as the Managing Director/Chief Executive Officer of Mahkota Technologies Sdn Bhd (formerly known as General Electric Company of the UK) – dealing mainly in the electrical engineering/supply Industry. Upon his recent retirement, he has been retained as Advisor to the Mahkota Group. He was also a Chairman/Director of several other private companies.

In the last 30 years, he has served in numerous Management and Board positions in several large corporate entities namely The New Straits Times, Kumpulan Perangsang Selangor Bhd, Kumpulan Guthrie Bhd and Idris Hydraulic Bhd. During this time, he was exposed to various multi facet industries which were advertising and publishing, trading, manufacturing and engineering. He was also the founder Director of the Kuala Lumpur Tin Market, which he, as part of a Government Steering Committee, help set up in the mid 1980s.

Dato' Haji Kamil Khalid is also the Chairman of Uni.Asia General Insurance Berhad and sits on the Board of Gibraltar BSN Life Malaysia Berhad, Pramerica BSN Holdings Sdn Bhd and Indah Water Konsortium and its several Board Committees as an Independent Director.

Profile of Board of Directors



Azura Othman Independent Non-Executive Director

Azura was appointed as an Independent Non-Executive Director of Bank Muamalat on 24 April 2015. She is a member of Board Audit and Veto Committees.

Azura graduated with a degree in Accounting and Finance from the London School of Economics and Political Science. She is also a Fellow of ACCA (UK), a member of Malaysian Institute of Accountant and a practicing member of the Association of Chartered Islamic Finance Professionals (ACIFP). She is currently a PhD candidate at the International Centre of Education in Islamic Finance (INCEIF).

Currently, she is the Chief Executive Officer of ACIFP, a professional standard setting body for Islamic finance practitioners. She was a former Executive Director of PricewaterhouseCoopers Taxation Services, Malaysia. She has over 19 years of experience as a tax consultant and in engagements relating to Islamic Finance, working together with the Malaysian Ministry of Finance, Inland Revenue Board and BNM. Her major assignments include formulating the tax incentives for Malaysia as the International Islamic Financial Centre (MIFC).

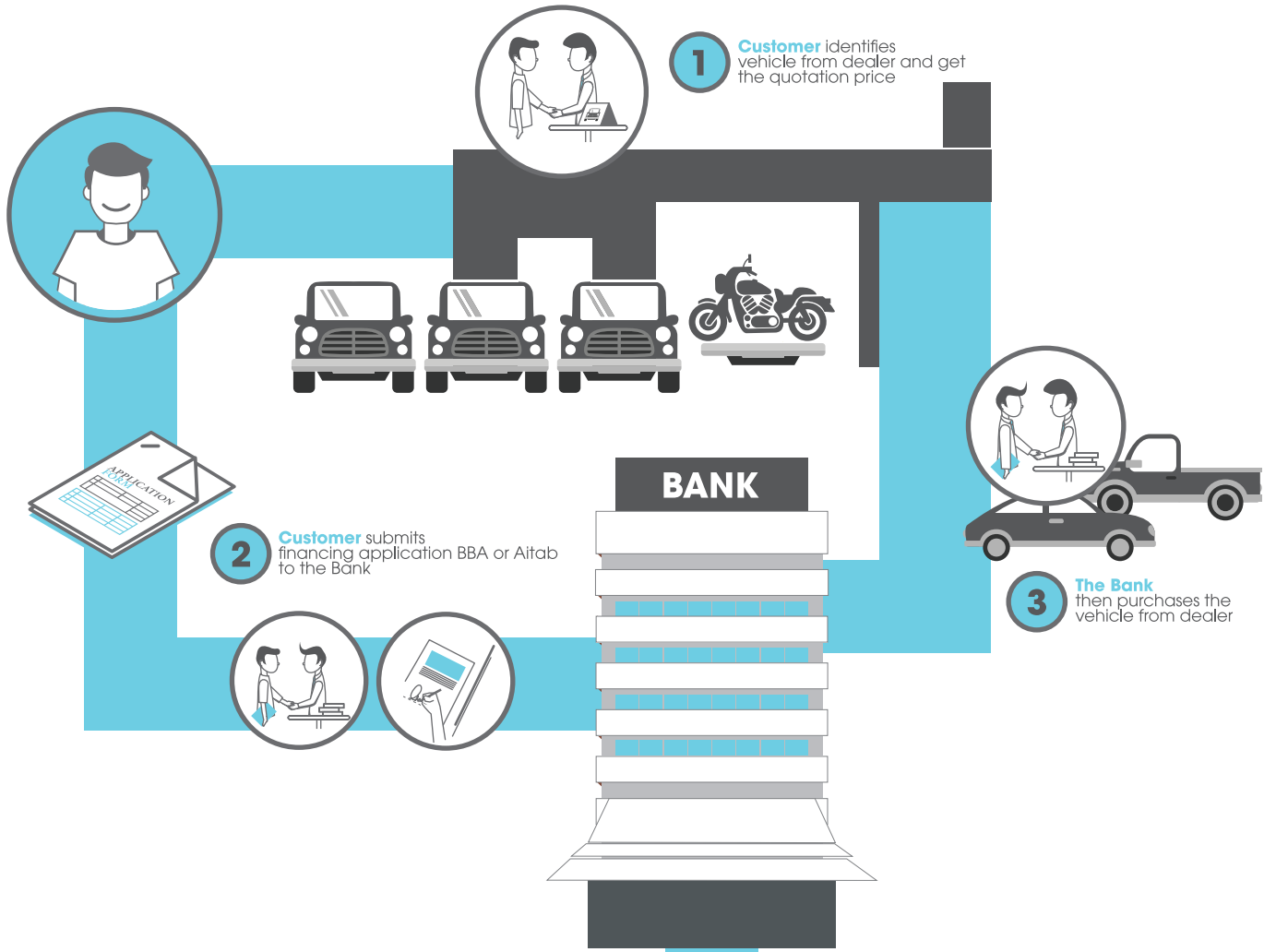
VEHICLE FINANCING*-i*

BAI' BITHAMAN AJIL (BBA)

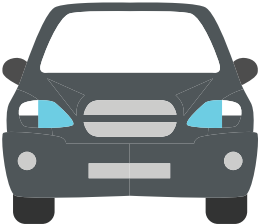
Sale contract based on deferred payment at certain price

AL-IJARAH THUMMA AL-BAI' (AITAB)

Ijarah refers to a lease or service contract that involves benefit/ usufruct of certain asset or work for an agreed payment or commission within an agreed period



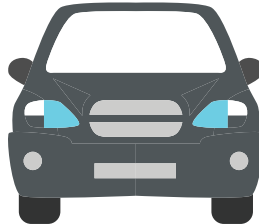
AITAB



The Bank rents out vehicle to **customer** as per agreed rental amount.

Customer utilises vehicle and pays monthly rentals until total rental amount is fully paid.

BBA



The Bank sells and the **Customer** purchases the vehicle from the Bank at Sale Price based on BBA concept and **Customer** will pay the Sale Price on deferred payment

At end of tenure customer enters Purchase and Sale agreement with **The Bank** through Bai' Mu'atah (sale by conduct) **The Bank** uplifts its ownership claim on the vehicle.

For early settlement cases, a rebate on the unearned rental income will be granted and the settlement amount will construe as our Selling Price.

Shariah Committee

Ustaz Engku Ahmad Fadzil
Engku Ali

Dr. Wan Marhaini Wan Ahmad

Prof. Madya
Dr. Mohamad Sabri Haron

Ustaz Azizi Che Seman

SS Datuk Dr. Zulkifli Mohamad Al-Bakri

Dr. Ab Halim Muhammad

Ustaz Haji Azizi Che Seman Chairman

Ustaz Haji Azizi Che Seman is currently a lecturer at the Islamic Studies Academy, University of Malaya, a position he has held since 2002. He has been with Bank Muamalat since 1 April 2005. Until now, he is entrusted to be the Chairman for Bank Muamalat's Shariah Committee. He has also been appointed as Shariah Advisor of AIBIM. In terms of qualification, he is now pursuing his studies in the field of Islamic capital market. He holds a Master Degree in Economics from International Islamic University of Malaysia in 2001 and a Bachelor of Islamic Studies from University Malaya in 1996. His specialisation areas are in Islamic Capital Market, Islamic Economics, Fiqh Muamalat and Islamic Research Methodology. Besides his function in Shariah advisory, he also contributes his ideas and experiences in the development of Bank Muamalat's IT system.



Ustaz Engku Ahmad Fadzil Engku Ali

Ustaz Engku Ahmad Fadzil Engku Ali has obtained his early education at The Malay College Kuala Kangsar from 1982 until 1986. He later furthered his study in Laws and successfully obtained his Bachelor's Degree in Laws (Second Class Honors Upper) from the International Islamic University of Malaysia in 1993. In the subsequent year, he graduated from the same university with a Bachelor's Degree in Shariah Law (First Class Honors). He was called to the bar, admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya in 1995. He then pursued his studies at Jordan University and in the year 2000, he successfully obtained a Masters Degree in Islamic Judiciary. Since then until October 2014, he served as a lecturer at the International Islamic University of Malaysia. Some of the subjects that he taught at the university were Islamic Law of Successions, Islamic Jurisprudence and Islamic Criminal Laws. He is now pursuing his PhD at the University of Malaya in Multi-level Marketing from the perspective of the Islamic Law. He has been a member of Bank Muamalat's Shariah Committee since 2005.



Prof. Madya Dr. Mohamad Sabri Haron

Prof. Madya Dr. Mohamad Sabri Haron is a lecturer at the Centre of General Studies, National University of Malaysia. He is also an Associate Senior Fellow at Institute of West Asian Studies. He obtained a Diploma in Islamic Studies from Kolej Sultan Zainal Abidin in 1985 and Bachelor of Islamic Studies (al-Quran and al-Sunnah) from National University of Malaysia in 1988. He completed his Master of Comparative Law at International Islamic University of Malaysia in 1993. He succeeded in obtaining his PhD in Islamic Law (Fiqh and Usul Fiqh) in 1998 from University of Jordan. He has been with Bank Muamalat since December 2003. His specialisation areas are in Islamic Economics and Islamic Civilisation. He has also been seconded to the Securities Commission as the Senior Manager in Islamic Capital market starting from 1 June 2009 until 31 May 2010.



Profile of Shariah Committee



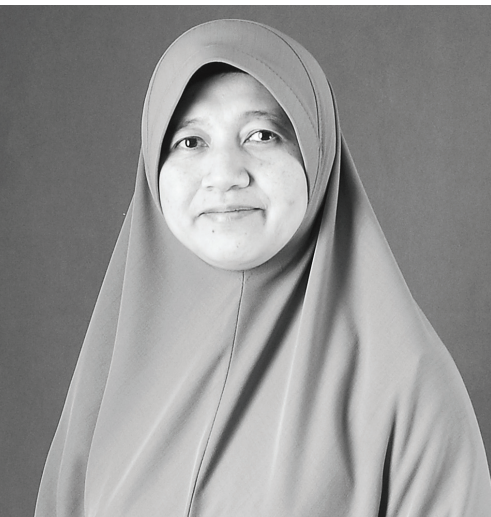
Dr. Ab Halim Muhammad

Dr. Ab. Halim Muhammad graduated in 1972 with a Bachelor's Degree of Shari'ah from Al-Azhar University, Cairo Egypt and completed his studies in PhD of Shari'ah at St. Andrews University Scotland in 1977. He served as a lecturer and became the Head of Department of Quran & Sunnah, Faculty of Islamic Studies Universiti Kebangsaan Malaysia. Some of the subjects that he taught were Islamic Jurisprudence (Muamalat, Islamic Banking & Islamic Finance and Takaful), Principles of Islamic Jurisprudence and Islamic Criminal Laws. He was the first Chairman of Shariah Committee of Bank Muamalat prior to joining National Shariah Advisory Council of Bank Negara Malaysia in 2004. He has been re-appointed as a member of Bank Muamalat's Shariah Committee since 30 November 2009. He was also a member of Shariah Committee of Security Commission and currently he is Shariah Committee of ASDI Unit Trust Terengganu, Apex Unit Trust and Reit Johor. Recently, he has been appointed as Ahli Jamaah Ulama' Majlis Agama Islam Negeri Kelantan.



SS Datuk Dr. Zulkifli Mohamad Al-Bakri

SS Datuk Dr. Zulkifli Mohamad Al-Bakri obtained his early education at Sek. Men. Agama (Atas) Sultan Zainal Abidin, Terengganu and furthered his study in a Bachelor's Degree at Universiti Islam Madinah, Arab Saudi prior to entering Universiti Ilmu-Ilmu Islam Dan Arab, Syria to finish his Masters. He succeeded in obtaining his PhD at USM, Pulau Pinang in 2004. He served as a lecturer in Universiti Sains Islam Malaysia from 2006-2009. He is now focusing more on writing and has written many books in Fatwa, Islamic Law and Islamic Jurisprudence. He has a vast experience in Islamic Banking as he was formerly the Chairman of Shariah Committee of Bank Pertanian Malaysia prior to joining Bank Muamalat on 1 April 2011. He is also an expert and capable in providing fatwa, as he served as a member of Fatwa's Committee for state of Negeri Sembilan and the Chairman for Shariah Committee in World Fatwa Management and Research Institute (INFAD) at USIM. He also frequently appears in the local television and radio programme on various Islamic fields. He was proclaimed as Mufti Wilayah Persekutuan effective 20 June 2014.



Dr. Wan Marhaini Wan Ahmad

Dr. Wan Marhaini Wan Ahmad is currently a senior lecturer at the Finance and Banking Department, University of Malaya, a position she has held since 2002. She completed her doctorate in Zakat Investment at the University of Edinburgh, United Kingdom in 2012. She received a Master's Degree in Economics from International Islamic University of Malaysia in 2002 and has a degree in Shariah from the Academy of Islamic Studies University of Malaya in 1996. Her research interests lies in the area of Fiqh Muamalat, Islamic Economics, Islamic Finance and Banking. In the University of Malaya, she has experiences teaching both Islamic and conventional economics and finance for both undergraduate and Masters programmes (MBA and MM). Currently, she teaches principles of Islamic economics and Islamic finance as well as the applications of modern Islamic banking, takaful and Islamic capital market. Prior to joining Bank Muamalat, she has served as a Shariah Committee member for EONCAP Islamic Bank Berhad from April until November 2011.

Hadith:

“May Allah have mercy on the tolerant man when he buys, when he sells and when he demands payment”.

Al-Bukhari

Terms of Reference

Objective/Purpose

These terms of references were prepared to inform and notify the appointed Shariah Committee on all relevant matters pertaining to their duties, processes and procedures.

Authority

These Terms of reference are governed by the IFSA 2013 (including any amendment that will be made from time to time) (“Laws and Regulations”).

Duties, Responsibilities & Accountability of the Shariah Committee

The main duties and responsibilities of the Shariah Committee are as follows:

- (1) **Responsibility and accountability**
The Shariah Committee is expected to understand that in the course of discharging the duties and responsibilities as a Shariah Committee member must be in accordance with Laws and Regulations in respect of duties and obligations of the Shariah Committee member, and responsible and accountable for all Shariah decisions, opinions and views provided by them.
- (2) **Advise to the Board and Bank Muamalat including Bank Muamalat’s subsidiaries**
The Shariah Committee is expected to advise the Board, Management including Bank Muamalat’s subsidiaries and provide input to Bank Muamalat on Shariah matters in order for Bank Muamalat to comply with Shariah principles at all times.
- (3) **Endorse Shariah policies and procedures**
The Shariah Committee is expected to endorse Shariah policies and procedures prepared by Bank Muamalat and to ensure that the contents do not contain any element which is not in line with Shariah.

- (4) **Endorse and validate relevant documentations**
To ensure that the products of Bank Muamalat comply with Shariah principles, the Shariah Committee must approve:
 - i. the terms and conditions contained in the forms, contracts, agreements or other legal documentations used in executing the transactions; and
 - ii. the product manual, marketing advertisements, sales illustrations and brochures used to describe the product.
- (5) **Assess work carried out by Shariah review and Shariah audit**
To assess the work carried out by Shariah review and Shariah audit in order to ensure compliance with Shariah matters which forms part of their duties in providing their assessment of Shariah compliance and assurance information in the annual report.
- (6) **Assist related parties on Shariah matters**
The related parties of Bank Muamalat such as its legal counsel, auditor or consultant may seek advice on Shariah matters from the Shariah Committee and the Shariah Committee is expected to provide the necessary assistance to the requesting party.

(7) Shariah Advisory Council, Bank Negara Malaysia

The Shariah Committee may advise Bank Muamalat to consult the Shariah Advisory Council of Bank Negara Malaysia (SAC) on Shariah matters that could not be resolved.

In cases where there are uncertainties and differences of opinions, Bank Muamalat may seek advice and refer for a ruling from the SAC. The request for advice shall be communicated through the Secretariat of the SAC.

Members of the Shariah Committee must not act in a manner that would undermine the rulings and decisions made by the SAC or the committee they represent. They are required to respect and observe the published Shariah rulings issued by the SAC and shall not go against the decisions of the committee that they represent in public.

In cases of disputes and court proceedings related to Islamic financial business or any Shariah issues arising from Bank Muamalat's business operations, both the court and the arbitrator shall take into consideration the published rulings of the SAC or refer such issues to the SAC for its ruling. Any ruling made by the SAC arising from a reference made shall be binding on Bank Muamalat and the court or the arbitrator. In the event where the decision given by Bank Muamalat's Shariah Committee is different from the ruling given by the SAC, the rulings of the SAC shall prevail. However, the Shariah Committee is allowed to adopt a more stringent Shariah decision.

(8) Provide Written Shariah Opinions

The Shariah Committee is required to provide written Shariah opinions in circumstances where Bank Muamalat make reference to the SAC for further deliberation, or where Bank Muamalat submits applications to Bank Muamalat for new product approval.

(9) Provide Bank Muamalat with guidelines and advice on religious matters to ensure that Bank Muamalat's overall activities are in line with Shariah.

(10) Make decisions on matters arising from existing and future activities of Bank Muamalat which have religious repercussions.

(11) Report to the shareholders and the depositors that all Bank Muamalat's activities are in accordance with Shariah.

(12) Provide Shariah advisory and consultancy services in all matters relating to Bank Muamalat's products, transactions and activities as well as other businesses involving Bank Muamalat.

(13) Scrutinize and endorse the annual financial report of Bank Muamalat.

(14) Provide training to the staff as well as notes or relevant materials for their reference.

(15) Represent Bank Muamalat or to attend any meetings with the SAC or other relevant bodies concerning any Shariah issues relating to Bank Muamalat.

(16) The Shariah Committee shall maintain the confidentiality of Bank Muamalat's internal information and shall be responsible for the safe guarding of confidential information. He or she should maintain all information in strict confidence, except when disclosure is authorized by Bank Muamalat or required by law.

(17) The Shariah Committee shall ensure the quality and consistency of the Shariah decisions.



Statement

from The Chairman of
Shariah Committee

In line with its vision to become the preferred Islamic financial services provider, Bank Muamalat has set distinguished example in the industry as one of the leading Islamic banks. The Committee's and Bank Muamalat's adherence to the Shariah Governance Framework (SGF) for Islamic Financial Institutions (IFI) issued by Bank Negara Malaysia (BNM) has placed Bank Muamalat among the best Islamic Financial Institution in terms of Shariah governance. Bank Muamalat has exemplified initiatives in promoting Shariah not only in the domain of its product offerings but encompassing all aspects in the organisation.

As Shariah Committee of Bank Muamalat, we have given our utmost dedication to quality and demonstrated our commitment to ensure Shariah compliance in the products, process, documentations, marketing, IT systems and other related matters. With the assistance of other SGF organs within Bank Muamalat, we believe that we have played our role to oversee Shariah matters related to Bank Muamalat's business operations and activities. Besides regular banking businesses, the Committee also supports the development of other Shariah based products and services initiated by Bank Muamalat namely *wakaf*, *rahn*, *zakat* and *qardh* to fulfill the need of the Ummah at large. Bank Muamalat has increasingly involved on wakaf land projects and corporate social responsibility over the years and this is what differentiates us from other entities.

Now, we are challenged by the new law, the Islamic Financial Services Act 2013 (IFSA) which has been enforced in June 2013. The IFSA has been characterised as "omnibus" financial legislation, that repeals the Islamic Banking Act 1983 and the Takaful Act 1984; which combines the Islamic financial and takaful services under the aforementioned acts in a similar fashion. The IFSA provides the regulation and supervision of IFI, payment systems and other relevant entities. It also provides the oversight of the Islamic money market and Islamic foreign exchange market to promote financial stability and compliance with Shariah.

Pursuant to the enforcement of Islamic Financial Services Act 2013 (IFSA), certain changes are to be made in Bank Muamalat such as the transition of saving based account and *Mudarabah* based account which challenges the operation of Bank Muamalat. However, the positive perspective has to be set in mind as the changes will make Islamic banking more progressive. Currently, Bank Muamalat is moving forward to the development of some new products that will be offered in line with IFSA requirement.

During the FY 2015, Muamalat Banking Solution (MBS) project is the main transformation agenda of Bank Muamalat and poised to transform it into an innovative and competitive player in the financial market. It involves the replacement of the former core banking system and supporting applications with a single integrated, comprehensive and complete suite of Shariah compliant banking solution. Decommissioning the legacy system and replacing it with this new integrated system will improve efficiency in distribution and delivery. The MBS project will minimise human errors, system will be automated and proper and sequence of aqad can be ensured. Alhamdulillah, it was a smooth and successful transition for which all those involved can be proud and are to be congratulated.

We would like to extend our warmest congratulations to the Board of Directors and the Management for their genuine concern and strong passion to ensure not only the productivity and profitability of Bank Muamalat, but also to assure the dictates and requirements of Shariah are properly observed and adhered to. Indeed, we are very thankful and proud of such cooperation received, especially from the Management and generally from the staff, in providing the Committee with adequate information and materials in ensuring our deliberations on each issue would be resolved accordingly. We also congratulate Bank Muamalat as the MBS project has become a reality and Insya'Allah will benefit Bank Muamalat to gain its mission and vision.

It is highly hoped and reasonably anticipated that Bank Muamalat becomes more relevant in this increasingly challenging industry while upholding the Shariah implementations and applications in the Islamic banking and business without undermining the never-ending quest for the ultimate goal of gaining Allah's blessing and pleasure.

Thank you

Regards

Ustaz Haji Azizi Che Seman
Chairman, Shariah Committee

Senior Management

PeerMohamed Ibramsha

Chief Operating Officer
(Operations Division)

Adinor Mohamed Yunus

Chief Risk Officer

Jamilah Abdul Sallam

EVP, Human Capital Division

Hafni Mohd Said

EVP, Finance Division

Gary Chin

EVP, ICT Division





Profile of Senior Management



PeerMohamed Ibramsha Chief Operating Officer - Operations Division

PeerMohamed is currently the Chief Operating Officer – Operations Division and his current portfolio covers Operations Division, Business Process & Transformation Department, Security & Safety Department, Trade Finance Department, Treasury Processing & Settlement Department and Data Quality Department. He holds a Bachelor's Degree in Accountancy and is also a member of Malaysian Institute of Accountant and a Fellow Certified Practising Accountant (FCPA) with CPA Australia. He has been with Bank Muamalat since November 2008. Prior to this, he was the CFO of Alam Flora Sdn Bhd for approximately 2 years and CFO of Glenmarie Properties Sdn Bhd Group of companies for approximately 10 years.

Mashitah Haji Osman Chief Operating Officer, Business Division

Mashitah is a holder of a Master's Degree in Business Administration from University of Wales and has over 30 years of experience in Investment Banking. She was named one of the top 15 female movers and shakers in the Shariah finance industry by Islamic Finance Asia.

She joined Bank Islam in November 2006 to set up and head the Corporate Investment Banking Division, encompasses 3 distinct departments offering corporate finance, debt capital market and corporate banking products and services. Prior to Bank Islam, she was attached to RHB Investment Bank Berhad to lead the Islamic Finance department mainly specialising in Islamic Debt Capital Market.

In September 2014, she joined Bank Muamalat as Chief Operating Officer to oversee the business operations of Deposit, Consumer, Business Banking and Investment Banking.



Haji Ismail Ibrahim
Executive Vice President, Credit Management

Haji Ismail joined Bank Muamalat as an Executive Vice President, CEO's Office in April 2012 and was subsequently redesignated to Executive Vice President, Operations on 1 February 2013 with direct oversight of Business Process & Transformation, Credit Operations, Document Management, Compliance, Treasury Processing & Settlement and Trade Finance Departments. He was redesignated to Executive Vice President, Credit Management Division since 9 September 2014.

Prior to joining Bank Muamalat, Haji Ismail was on the Board of Kuwait Finance House (Malaysia) Berhad as an Independent Non-Executive Director. He started his career in Agro Bank Malaysia Berhad (formerly known as Bank Pertanian Malaysia Berhad), and later moved to United Overseas Bank (Malaysia) Berhad [formerly known as Chung Khiaw Bank (Malaysia) Berhad/Lee Wah Bank Limited] and Affin Bank Berhad (formerly known as Perwira Habib Bank Berhad).

In 1992, he joined Public Bank Berhad as the Director, Credit Operations overseeing credit evaluation, credit administration and loan recovery. He was also the pioneer staff in the development of Islamic banking in Public Bank Berhad and played a key role in the establishment of Public Islamic Bank Berhad, a wholly owned subsidiary of Public Bank Berhad.

He was appointed as the Chief Executive Officer of Public Islamic Bank and remained on the post until his retirement in January 2011. Haji Ismail brings with him a wealth of 42 years of banking experience in areas of credit evaluation, loan recovery, credit administration, branch management and Islamic banking operations.



Adinor Mohamed Yunus
Chief Risk Officer & Head of Risk Management

Adinor is currently the Chief Risk Officer with direct oversight of Risk Management Department, Credit Assessment Department, and the Regional Approving Center which is the central approving unit for all consumer financings. He also serves as a member of the Management Committee, Executive Risk Management Committee, Investment Committee, IT Steering Committee and Asset Liability Committee.

He has spent more than 20 years in the Treasury and Capital Markets at various banks in Kuala Lumpur and Jakarta. His last appointment was the Head of Group Treasury at Bank Pembangunan Malaysia Berhad, prior to joining Bank Muamalat in 2011.

He holds a Bachelor' of Business Administration (Accounting and Finance) and a Master of Business Administration from Loyola University, USA

Profile of Senior Management



Syed Alwi Mohamed Sultan

Executive Vice President, Corporate Services Division

Syed Alwi is the Executive Vice President, Corporate Services Division at Bank Muamalat with direct oversight of Product Development and Innovation Department and Shariah Department. He serves as a member of the Management Committee, Executive Risk Management Committee, Investment Committee and Asset Liability Committee. He also sits as a Board member of Muamalat Invest Sdn. Bhd, a wholly owned subsidiary of Bank Muamalat.

Prior to joining Bank Muamalat, Syed Alwi was the Managing Director and Head of Islamic Banking, Asia Pacific at BNP Paribas, Director of Islamic Origination at Standard Chartered Saadiq Malaysia Berhad and Vice President, Corporate Banking-Asia at The Islamic Bank of Asia Limited, Singapore. Syed Alwi has more than seventeen (17) years of working experience in the Islamic financial services industry, both as a consultant and a banker. He has been involved in arranging and structuring several syndicated Islamic facilities, Sukuk transactions and Islamic derivative transactions for clients in Asia Pacific and Middle East.

He is an Accounting graduate and also holds an MBA in Islamic Finance (First Class) from the International Islamic University Malaysia.

Gary Chin

Executive Vice President, Information Communication Technology Division

Gary is currently the Executive Vice President of Information Communication Technology Division, Bank Muamalat. He holds a Bachelor of Science in Computer Science and Statistics from Sydney University in 1986, and Post Graduate Diploma in Electrical Engineering majoring in Communications.

He is a leading expert in the IT Networking and Communication industry, in the APAC region. Technically competent with numerous ICT Engineering and Training certifications on most leading industry products, specialising in mobility, voice over IP, routing and switching technology.

Gary has more than 28 years in ICT with international exposure and technically certified and competent Consultant for many major Networking and Communications companies, with expertise in integrating data and voice networks.



Hafni Mohd Said

Executive Vice President, Finance Division

Hafni is currently the Executive Vice President of Finance Division, Bank Muamalat. He holds a Bachelor of Commerce (Accounting) from Dalhousie University, Halifax, Canada, and in 2008 he completed his Master in Business Administration (Finance) from Universiti Putra Malaysia.

He joined Bank Muamalat in July 2010 as the Chief Internal Auditor and has been given a new role in Finance Division of Bank Muamalat since October 2014.

Prior to joining Bank Muamalat, Hafni started his working career with RHB Bank Berhad as a Management Trainee since completion of his bachelor's degree in 1992, and his last position at RHB Bank Berhad was as the Vice President, Head of Islamic Banking & Subsidiaries Audit Department.



Jamilah Abdul Sallam

Executive Vice President, Human Capital

Jamilah is the Executive Vice President of Human Capital Division, Bank Muamalat. She holds a Master's degree of Arts in Human Resources Management from University of Lincolnshire & Humberside, United Kingdom.

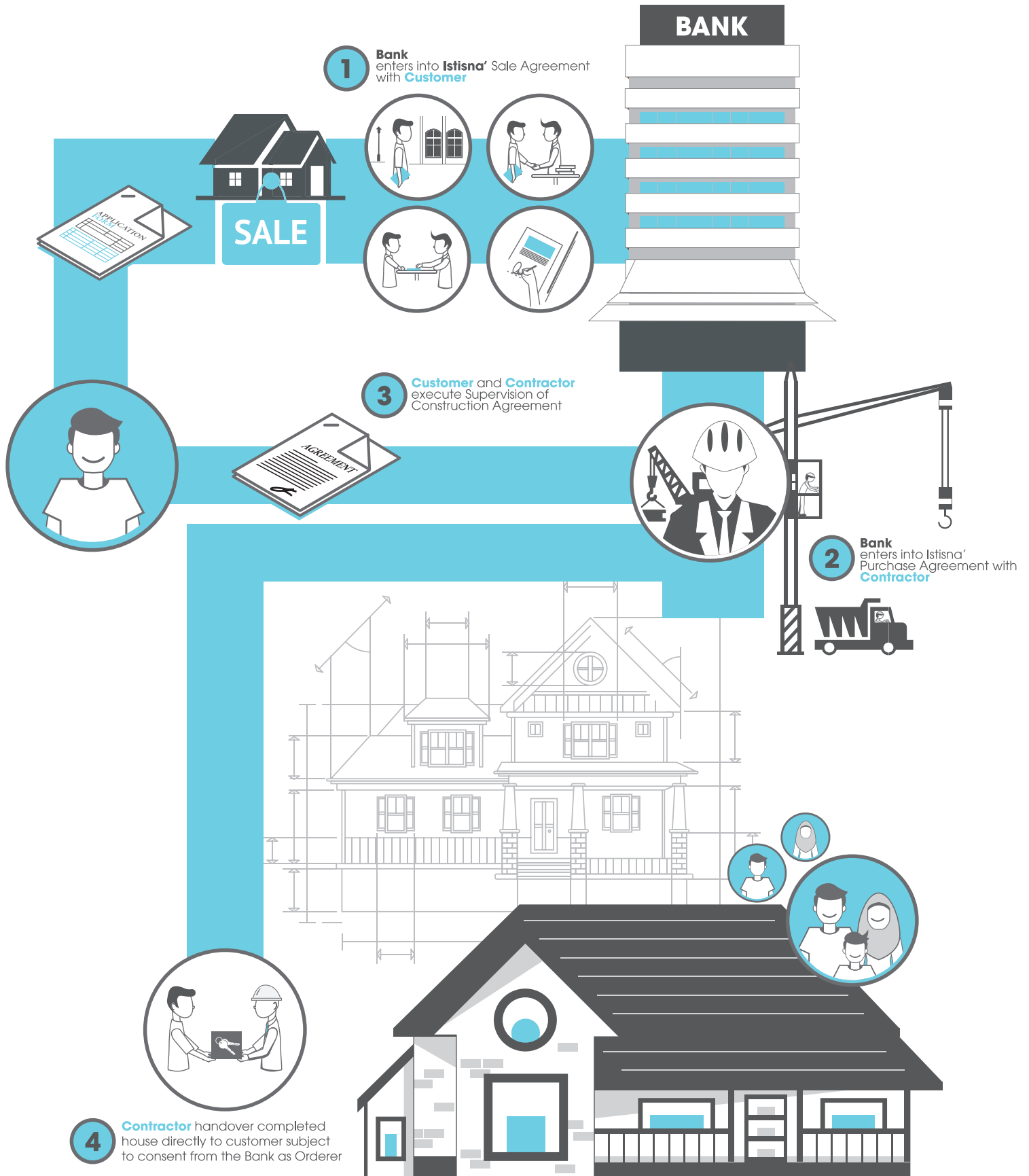
With more than 27 years of experience as an HR practitioner in the financial services industry, Jamilah has in-depth knowledge in Human Resources Management. Her areas of expertise include Strategic HR Management, Organisational Development and Change Management, Compensation and Benefits Strategies, Performance Management, Employee Relations and Training & Development.

Prior to joining Bank Muamalat, Jamilah was the General Manager, Human Resources in Bank Islam Malaysia Berhad and Senior Vice President of Human Resources at RHB Investment Bank Berhad.

HOUSE FINANCING-i

ISTISNA'

Sale contract by way of order for certain product with certain specifications and certain mode of delivery and payment (either in cash or deferred)





Chairman's Statement

TAN SRI DATO' DR. MOHD MUNIR ABDUL MAJID
Chairman



Best Advisory Family Takaful Sales Campaign
performance by Great Eastern Takaful



Top Institutional Unit Trust Adviser (IUTA) Qualifier
in unit trust sales by IFAST

Dear Fellow Stakeholders,

Over many years now, I would typically begin the Chairman's Statement with a review of the business environment and the performance and activities of Bank Muamalat during the past year. For the year 2014, however, I wish to take a few moments to reflect on the tragedies involving the missing MH370, the crashed MH17 plane, the tragic floods that hit many parts of Malaysia in December 2014, the Air Asia and other tragedies that affected Malaysians of all walks of life. Our condolences go out to all those affected. These tragedies brought the best out of us too, as I proudly witnessed the relentless efforts by the staff of Bank Muamalat responding to these tragedies. They were all nothing against the magnitude of the calamities, but even feeble efforts show we are above all part of the communities that we serve and that these communities are at the centre of our world.

Getting back to the norm of my usual Chairman's Statement, let me note the global economy in 2014 continued to show serious structural problems - weighed down by low growth, high debt and high unemployment. Six years after the start of the Western financial crisis, the global economic recovery continued to rely heavily on accommodative monetary policies in advanced economies, which were intended to support economic growth by encouraging economic risk taking. Whilst the benefits of monetary easing became more evident in some economies, it has also resulted in growth in global debt in many countries, raising the ratio of global debt to global GDP by 17%, by some estimates. These higher levels of debt threaten financial stability and pose a greater risk of a crisis.

In 2014, the Malaysian economy recorded a stronger growth of 6.0% (2013: 4.7%), driven by continued strength in private domestic demand and improved performance in the external trade sector. In July 2014, the Monetary Policy Committee (MPC) raised the Overnight Policy Rate (OPR) by 25 basis points to 3.25%, the first adjustment since May 2011 with the dual aim of maintaining steady economic growth whilst mitigating any risk of financial imbalance. Inflation rate averaged 3.2% in 2014, an increase from the 2.1% of 2013, driven mainly by domestic cost factors arising from upward adjustments in the prices of selected previously price-administered items such as petrol, sugar and electricity.

The banking sector remained intensely competitive with

rising cost of funds creating a low margin environment and tougher requirements on regulatory compliance. However, prudential regulations especially with regards to tighter regulatory capital requirements have created a banking sector with strong capitalisation and ample liquidity. The Islamic financial sector continued its growth momentum as it grew by 12% in 2014 to account for 25.6% of total banking system assets and is thus marching steadily towards the target of 40% of banking system assets by 2020.

FINANCIAL RESULTS

Against the above backdrop, I am pleased to report that Bank Muamalat did commendably well as it posted a higher revenue of RM1.072 billion, a 6.8% increase from the revenue of the previous financial year. This was mainly driven by its stable financing growth as well as contributions from fee based income. Nevertheless, due to increased cost of funds and large impairment charges on financing during the year, the Profit Before Tax (PBT) declined by 41% to RM122 million and the Return on Equity (RoE) was dragged down to 6.78% compared to 12.46% in the previous financial year.

Bank Muamalat's gross financing increased by 12.5% driven predominantly by an 18.5% increase in residential property. The financing portfolio was RM13.7 billion at the end of the financial year. For FY 2014, Bank Muamalat's total assets stood at RM22.4 billion.

The capital position of Bank Muamalat remained solid with a Total Capital Ratio of 16.10% and Common Equity Tier 1 ratio of 13.30%, well above the minimum requirements under Basel III guidelines. Bank Muamalat's gross impaired financing ratio continued to improve and as at March 2015, the ratio stood at 2.5%, an improvement from the 2.7% in 2014. The downward trend is expected to continue further as Bank Muamalat maintains its focus on robust credit analysis and control process and credit risk policies.

Bank Muamalat continued its active engagement in diversifying its funding base and easing concentration risk concerns. One of the initiatives was the 'Oh Yeah' deposit campaign which had the impact of growing total deposits to RM19.6 billion as at March 2015 from RM17.6 billion in the preceding year. The Financing to Deposit ratio was registered at a healthy level of 70.1%.

Chairman's Statement



PROGRESS AND CHALLENGES

I am delighted to inform that in June 2014, Bank Muamalat recorded an important breakthrough as it successfully completed the installation of its new core banking system - the Muamalat Banking System - a single integrated, comprehensive and complete suite of Shariah compliant core banking solution. This new core banking system will set the foundation for Bank Muamalat to achieve accelerated growth through improved efficiency and enhanced product roll out that is tailored to meet the needs of customer requirements.

Bank Muamalat extended its successful deposit campaign, 'Oh Yeah 2' campaign, with the emphasis to diversify sources of deposit and grow our customer base. This second edition of the savings campaign managed to accumulate a total savings in excess of RM380 million with more than 41,000 new accounts registered.

In line with Bank Muamalat's strategy to garner larger contribution from fee based businesses, Bank Muamalat expanded its Ar-Rahnu (pawn broking) business and strengthened its wealth management, bancatakaful and Investment banking services. The Ar-Rahnu business continues to contribute credible fee-based income to the top line and Bank Muamalat will continue to monitor ways to optimize the resources for this business. Currently, our Ar-Rahnu services are available at 27 branches nationwide. Our wealth management business also witnessed a sterling performance as it exceeded its target during the financial year amid market and regulatory headwinds. I am delighted to note that Muamalat LifeHEBAT Campaign managed to surpass Great Eastern Takaful 2015 financial year target by 131% within just 7 months. This achievement has been acknowledged as the best advisory family takaful sales campaign performance by Great Eastern Takaful in their history of Bancatakaful sales. Bank Muamalat was also crowned as the Top Institutional Unit Trust Adviser (IUTA) Qualifier in unit trust sales by IFAST at its recent Global Wealth Advisers Symposium. Bank Muamalat has also become the first Islamic bank to implement an integrated platform model that allows customers to access a broader selection of Shariah compliant unit trusts funds through Bank Muamalat's branches nationwide.

We started our first Bureau de Change (BDC) business which was opened at the KLIA2 terminal last year. Despite the tragic events that affected tourism business in Malaysia during the year, the BDC business has shown encouraging

Chairman's Statement

volatilities in the interest rate, credit and currency markets. Our Investment banking activities will continue to concentrate on origination of private debt securities and spearhead the bank's initiatives on Musharakah based partnerships.

We have over the last few years consciously strengthened our risk management practices and instilled stronger risk management culture. Towards this end, we will continue to improve our tools and systems to enable us to make sound decisions that will inspire confidence from our stakeholders, namely our customers, shareholders and regulators.

Moving forward, we are clearly focused on managing our costs to improve efficiency, diversifying our sources of revenue, profit and growth through product innovation, customer service and technological improvements. Customers are the core of banking services thus we will ensure our product roll-out and services are tailored towards the various customer segments that we serve. People are the key component of our organisation, thus we will invest in our human capital resources and ensure we retain and channel talent towards realising their true potential. Finally, we will continue being a bank of the community for the community and give back to the communities that we serve through our corporate responsibility initiatives.

ACKNOWLEDGEMENT

In June 2014, Encik Hisham Zainal Mokhtar resigned from the board. We have benefitted from his vast experience and we would like to thank him for his contribution.

I would like to take this opportunity to welcome Puan Azura Othman as a member of the Board of Directors. Her tenure as Non-Executive Director was effective beginning April 2015. We are fortunate to benefit from her 19 years of experience as a tax consultant and numerous involvements relating to Islamic Finance, working together with the Malaysian Ministry of Finance and Bank Negara Malaysia.

On behalf of the Board, I would like to sincerely express thanks to the management team and all members of staff at Bank Muamalat for their leadership, commitment and hard work towards making Bank Muamalat a bank of choice for our customers and look forward to their continued contribution in the years ahead. I would also like to record my appreciation to my fellow Board members for

their guidance, counsel, insights and support.

I wish to thank the relevant authorities, in particular Bank Negara Malaysia, the Securities Commission and the Ministry of Finance for their continuing guidance and assistance.

I would also like to extend my gratitude to our customers for their continued support and loyalty. May Allah bless our efforts and provide us with His continued sustenance.

Yours Sincerely,

Tan Sri Dato' Dr Mohd Munir Abdul Majid

“...Truly many are the partners
(in business) who wrong each
other: Not so do those who
believe and work deeds of
righteousness, and how few
are they!...”

(Sad: 24)





A building is not just a building but a foot print of an organisation. It breathes; it grows as part of the community surrounding it. Its past present and future is a legacy of retold, told and untold stories...its failure, its success has been imprinted on its walls and in time it rises to be stronger.

As like any other bank, Bank Muamalat has been here serving the community with all its financial needs. For the past 15 years Bank Muamalat has grown in time with the community. Always striving to provide better and more efficient services, including offering a wide range of products.

1

In October 2014, Bank Muamalat turned 15 years. Can you share with us a bit of history about Bank Muamalat and how you became the CEO?

I still remember this as clear as day. It was back in 1998, and the financial crisis had hit us very hard. I was then a Senior Manager at Khazanah and remember very well attending a meeting between Khazanah and MOF officials strategising ways moving forward for Bank Bumiputra to identify a possibility at further capital injected by Khazanah. Hardly 6 months had passed, Khazanah was approved by Bank of Commerce on the mandate to merge Bank of Commerce (BOC) with Bank Bumiputra Malaysia Berhad (BBMB) and by the time, there were already a MOU signed between BOC and BBMB. The rest, I guess is history as this was the start of the birth of the Bumiputra Commerce Group and Bank Muamalat Malaysia Berhad.

Bank Muamalat was born out of the desire of the Government to want to see competition within the Islamic Banking Framework as Bank Islam had existed then for more than 15 years and Islamic Banking had not made significant inroads in the conventional demand industry. 1,000 of the Bank Bumiputra staff were given another hope by the Government granting this 2nd Islamic license to Bank Muamalat. The Government's commitment to Bank Muamalat is enormous and very noble.

In the year 2008, the entrance of our current shareholder to support the growth of the Bank saw another additional capital injection of RM500 million being made by both DRB-Hicom and Khazanah.

It was a bit of a surprise to me when I was appointed as the CEO of Bank Muamalat, as I was involved in the recruitment of the CEO for Bank Muamalat. And in the process somehow rather I was selected as the CEO. Bank Muamalat is one of DRB's biggest acquisitions at that time. DRB-Hicom had sent 6 of its best people seconded to Bank Muamalat to assist in the first few years and as for me, I took it as a personal challenge.

As any other organisations, the first year I was with the bank, there were a lot of challenges and issues that needed rectification. One of the major challenges was to gain the regulators confidence in how we should turn around the bank and we presented our business plan but they were not convinced. We then did a quick win to tackle our NPF. Alhamdulillah, we managed to tackle the NPF of the bank from a high 4% to a low 1%. Roles of Chief Risk Officer and Chief Compliance Officer were introduced to strengthen the controls function. At the same time, we started to have regular communications with the employees to ensure they are engaged with our business plan. And in doing so, we managed to win the confidence of the regulators and stakeholders.

One of the most memorable achievements is when we managed to breakthrough the profit figure by reaching the RM200 million in PBT within two years and increased the credit rating from the central bank.

Moving forward, we will continue to practice Islamic Banking in its truest form and continue to be an example for the entire community in Malaysia. We are a small Bank and we are small enough to make changes and create bigger impact.

2

What has happened in the last 15 years?

A lot really... As I was very much a part of Bank Muamalat's history right from the onset. Khazanah's investment in Bank Bumiputra had more than paid off. The 16% shares of CAHB that is used to hold is now worth billions, BBMB Securities was sold together with Bumiputra Merchant and the value of its 30% stake in Bank Muamalat has more than doubled. From a Bank that was born in the most difficult times, we have more than survived and are beginning to make a mark in the market. Alhamdulillah, profits have surged beyond RM200 million, when it comes to waqf we are the market envy and we have the most modern IT system today in the banking industry in Malaysia.

Despite the increasingly challenging landscape, we have achieved a great deal in many areas which include improvement in infrastructure, people, processes as well as our products & services and this has contributed to our improved balance sheet and financial position.

Our products and services are not just meant for Muslims, it is in fact for all and this is part of our effort to have a better engagement beyond the Muslim community. Right now, 13% of our more than 800,000 customers are non-Muslim and this is a great achievement to us.

Infrastructure wise, many of our branches have been renovated with a new look and feel to provide for a better customer experience in line with the fast changing customer needs.

In looking to improve and streamline our processes, we have embraced the Six Sigma programme which you can normally see being practiced at manufacturing companies. We believe the same concept can be applied to our bank and this was evidenced by the reduction in our turn-around time for a number of key processes which are now comparable to industry standards.

In terms of products, we at Bank Muamalat aim to make a difference when we create our products and go beyond profit orientation towards enriching our community. Over the years, we have, amongst others, launched products that help customers to consolidate their debt at a lower profit rate, we have Ar-Rahnu to cater to the needs of the lower income group, we have micro credit facility to assist small and medium entrepreneurs and the most recent, we have the Waqf fund wherein we offer our customers the channel and the opportunity to invest in a noble cause for the afterlife.

These are some of the improvements you can see at our Bank. We have strengthened our foundation and we believe all our efforts have put us on a stronger footing in ensuring sustainable growth and performance.

3

Last year Bank Muamalat implemented its new core banking system. Can you tell us a bit about that?

Muamalat Banking Solution (MBS) as we call it, involves the replacement of the current core banking system and supporting applications with a single integrated, comprehensive and complete suite of Shariah compliant banking solution. We aim to meet the following objectives:-

- a) Single System Platform and Seamless Intergration
- b) Streamlined Business Operation
- c) Improve Customer Service Satisfaction
- d) Single Customer View
- e) Improve Product Time to Market

The MBS programme kicked off on 13 December 2012 and the ‘Go Live’ date was on 16 June 2014. It took extraordinary people to make this happen. All work had been done throughout the 2 years and it was time to raise the curtains. Some issues had surfaced at the very last minute, however the team managed to resolve the issues.

Lots of things had prevailed throughout this programme, ordinary people could transform to be superheroes and teamwork was at a ‘Magnificent 5’ standard. Through good communications and encouragement, everybody worked voluntarily without much fuss and with great determination. This small little bank that was a menace to the authorities for many years with so many problems had turned the corner and redefined IT Transformation in the region. Our ATM TCP/IP is the first in the market and is the envy of others! Indeed this was a turnaround...

4

Your plans for Bank Muamalat in the next 5 years.

We will continue to embrace our long term aspiration to be the preferred Islamic financial institution and this requires continuous efforts to upgrade our service delivery as well as infrastructure to enable us to be at the forefront.

And over the next few years, we will look at the possibility of going into the regional market. As a start, we might begin with collaborations rather than investment, with a view of maybe taking a stake in the market later on.

As for products and services, we are looking towards developing products/services that are competitive not only in terms of returns, but also to serve the needs of corporate social responsibility. Waqf services that we are running now, is a unique example; a free-of-charge service offered to customers which in turn would contribute to the development of certain sectors in the country and in our case, the education and health sectors. This is what we call Ethical Banking. Although we might have to sacrifice a little bit of extra return but it is profitable in the longer term as we could win the customers’ loyalty through this kind of products. And yes, we want to be the Champion in Ethical Banking.

“It is Allah who send forth the Winds, so that they raise up the Clouds, and We drive them to a Land that is dead, and revive the earth therewith after its death; even so (will be) the Resurrection!”

(Fatir: 9)

TERM/ PERSONAL/ PROPERTY/ REVOLVING/ FINANCING-i

TAWARRUQ

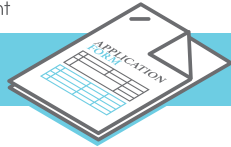
Tawarruq consists of two sale and purchase contracts where the first involves the sale of an asset to a purchaser on a deferred basis and the subsequent sale involves sale of the asset to a third party on a cash basis.



1 **Customer** will request to purchase the commodity from the Bank at the facility amount



2 **The Bank** will then purchase the commodity from **1st trader**



BANK

3 **The Bank** will then sell the commodity to the customer at **Murabahah** sale price on deferred payment



4 **The Customer** will then appoint the Bank as an agent to sell the commodity to **2nd trader** at commodity cost.



6 The proceeds from the sale will then be disbursed to the **customer**



5 **The Bank** as an agent of the customer will then sell the commodity to **2nd trader** at the commodity cost.



Consumer Banking



The key portfolios-namely mortgage, personal financing and automobile financing on an aggregate basis registered a double digit growth surpassing the RM1 billion mark in net growth.

Attar Salleh
Head, Consumer Banking Division

Consumer Banking continued to perform well for the FY2015, bringing in revenue of RM555.8 million for Bank Muamalat. The result was driven by a strong growth in financing portfolio, and implementation of strategic initiatives that led to expanded revenue streams.

The Consumer Banking landscape in Malaysia was challenging in 2014, as financing spreads remained compressed owing to low financing pricing across the industry, property cooling measures and prudential credit policies due to higher household debt.

Bank Muamalat's Consumer Banking performed well during the year, despite the fierce competitive pricing environment. Financing income was higher due to the 10% robust growth in financing, driven by our core segment, residential mortgages, which grew 19% year-on-year. On the other hand, the non-funded income also grew well with accelerated performance from wealth management business.

On the deposit front, Bank Muamalat's core deposits grew by 3% on annual basis and the composition of CASA expanded further to 32%, slightly higher than last FY's 29%.

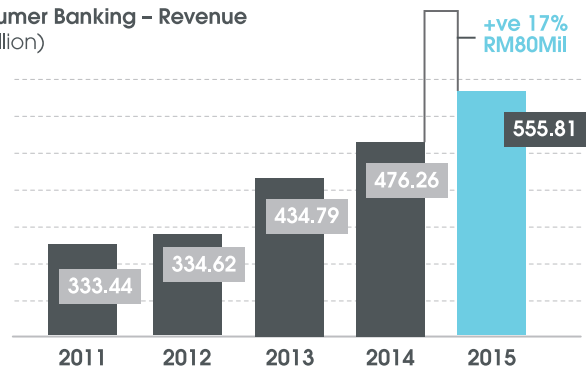
CONSUMER BANKING



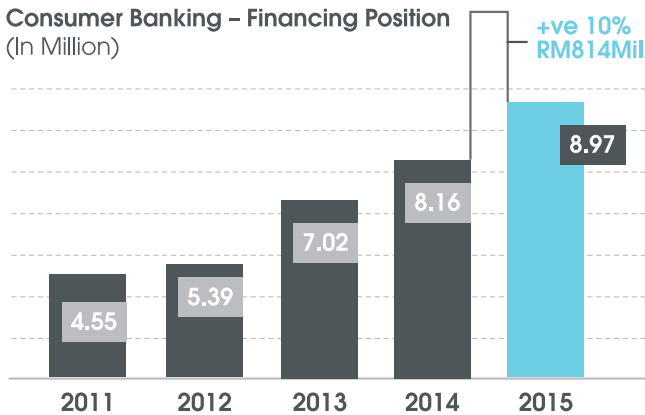
Overall, Consumer Banking recorded a strong growth in revenue to reach RM542.6 million, growing 14% higher than the RM476.26 million in the previous year and remains the largest revenue contributor to Bank Muamalat.

Net financing growth increased by 10%, with Mortgage rising at a faster pace this year. Mortgage has grown to account for 51% of total Consumer Banking financing portfolio, followed by Personal Financing at 35% and Auto Financing at 10%.

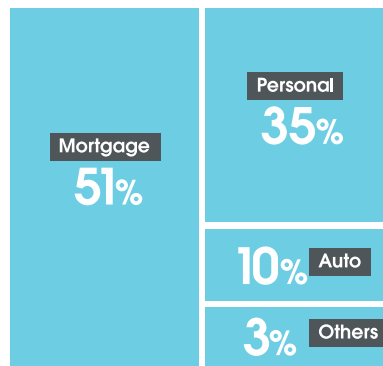
Consumer Banking – Revenue
(In Million)



Consumer Banking – Financing Position
(In Million)



Consumer Banking – Financing Position

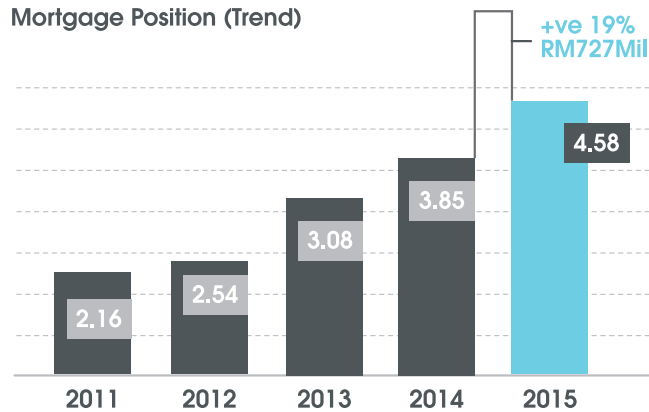


During the year, Bank Muamalat further strengthened its value proposition by enhancing the features of its full suite of products, increasing cross-selling and product bundling and analytics-driven marketing campaigns. Bank Muamalat also streamlined the credit processes to deliver better customer service. Meanwhile, Bank Muamalat will continue to look for operational efficiencies across the network and better sales productivity to further reduce the cost-to-income ratio.

Consumer Banking

MORTGAGE

Mortgage Position (Trend)



Although market conditions for the real estate sector is on downwards bias since mid-2013, mortgage recorded a robust growth of 19% year-on-year, driven by demand for housing from the middle working-age population as well as the rising trends in the urban lifestyle.

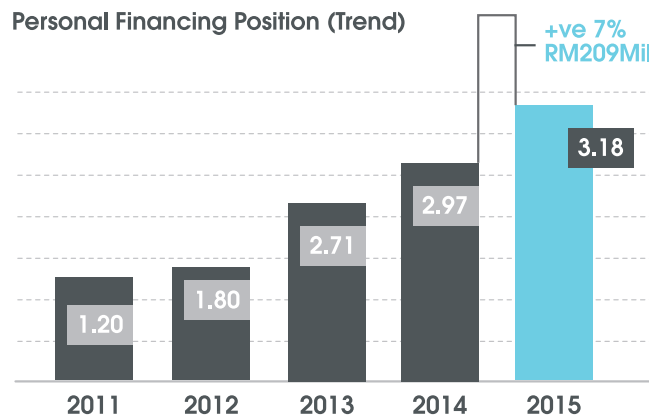
During the FY2015, Bank Muamalat offered customers an enhanced product called the SMART Mortgage 1Hutang which bundled extra cash features to cater for debt consolidation, investment and house renovation.

Other strategies to enhance financing on mortgage are to focus on collaboration with selected developers, to mix and balance between primary and secondary portfolios as well as improving yield through product-bundling and cross-selling initiatives.

Moving forward, Bank Muamalat will focus on financing quality and sales productivity especially in the prime and sub urban areas to further enhance the customer base.

PERSONAL FINANCING

Personal Financing Position (Trend)



Personal financing continues to contribute positively to consumer banking's revenue. For FY2015, the segment has contributed 7% year-on-year growth or RM211 million to overall gross financing.

Continuous efforts from road shows and briefings on financial planning and debt management to targeted market segment have continued to bring in customers and retain existing customers via anti-attribution programmes.

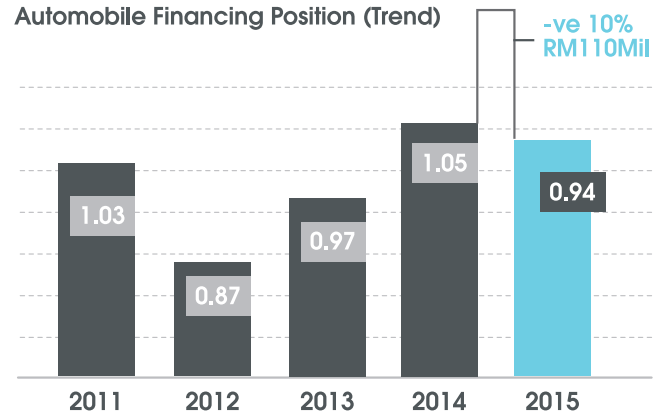
Our personal financing product via deduction at source, has grown into a healthy portfolio that enables us to implement better marketing strategies and remain competitive at all times. Concurrently, Bank Muamalat will continue to improve the credit risk framework to ensure that impaired financing ratio is kept low.

AUTOMOBILE FINANCING

The hire purchase business continues to shrink further, registering a negative growth of 10%. The trend is a result of reduction in emphasis on hire purchase business in order to increase the consumer financing portfolio overall yield.

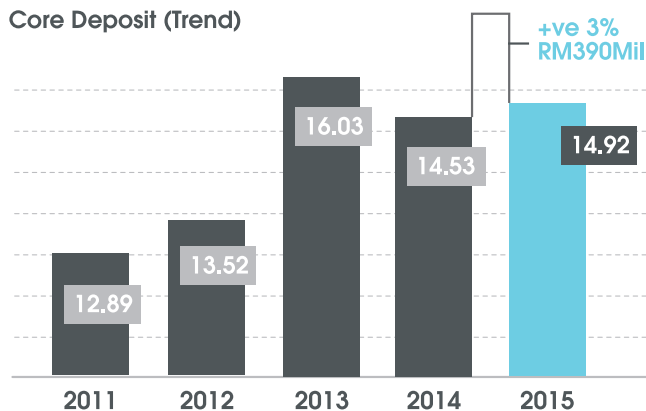
Bank Muamalat's focus on auto financing will remain on increasing its financing base in new passenger vehicle financing under Auto BBA product.

Automobile Financing Position (Trend)

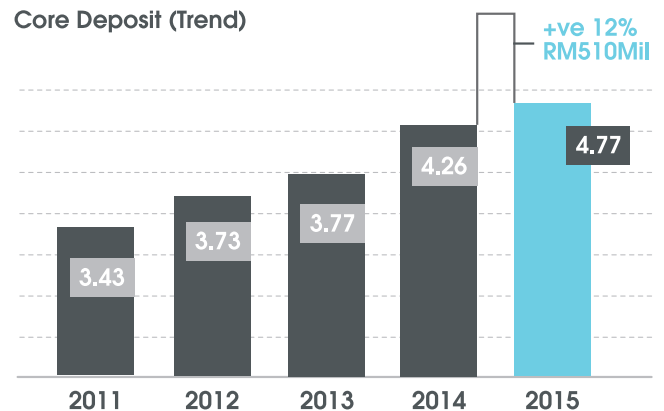


DEPOSITS

Core Deposit (Trend)



Core Deposit (Trend)



Core Deposit Composition (In Million)



Consumer Banking

AR RAHNU BUSINESS

Currently, Ar Rahnun business has been established at 27 of our branches. The Ar-Rahnun financing outstanding and safe keeping fee income as at FY2015 stood at RM46.9 million and RM6.1 million respectively as compared to RM40.7 million and RM8.1 million in FY2014, respectively. The declining trend in price of gold since early 2014 has impacted the overall market sentiment of Ar Rahnun business.

The Ar-Rahnun business will be expanded to another 13 selected branches, and the income from this initiative is expected to contribute between 10% to 15% of Bank Muamalat’s fee income.

WEALTH MANAGEMENT

Figure 1: FY 2015 MMI CASA UT Ratio
(In Million)

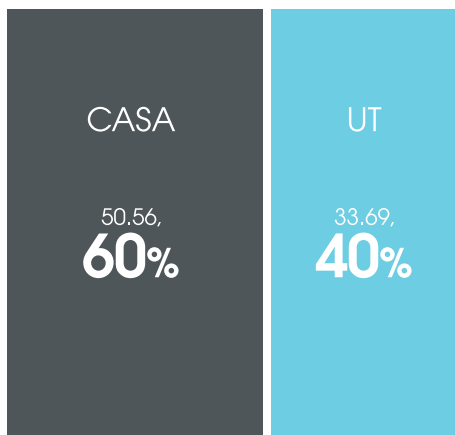
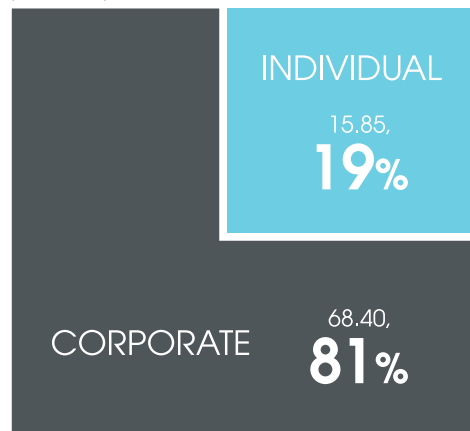


Figure 1: FY 2015 MMI Corporate vs Individual Investment (MYR)
(In Million)



Our LifeHEBAT Campaign saw a tremendous increase in our Regular Family Takaful business, which is expected to continue to register similar growth platform for the current financial year.

Hadith:

“Whoever dies free from pride, deceit and debt, will enter Paradise”

(Ad-Darimi, Ibn Majah, At-Tirmidhi)

Business Banking

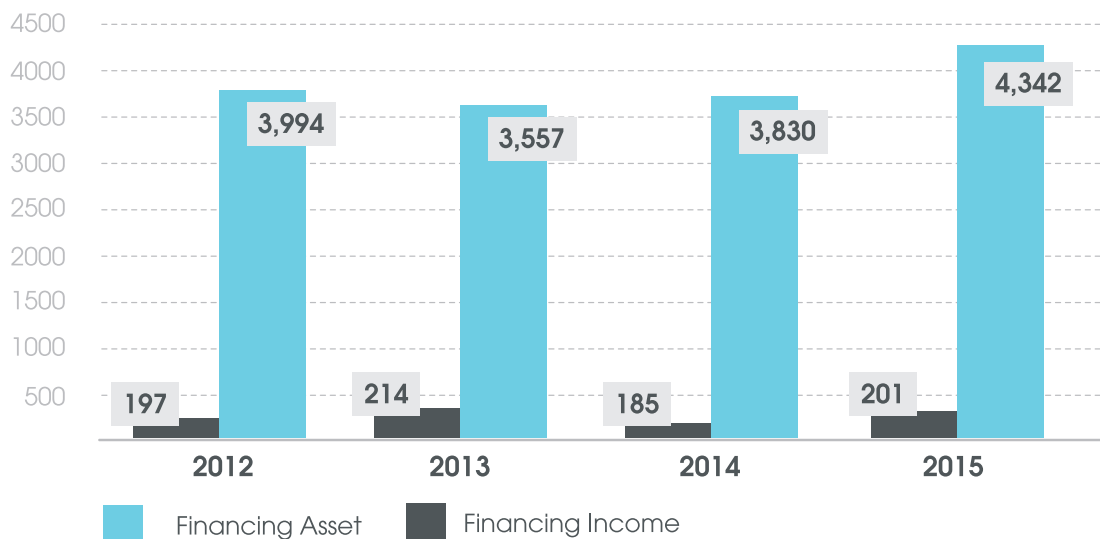


FY2015 was a challenging year for Business Banking Division (BBD) with economic uncertainties causing Bank Muamalat to be selective in its new financing and concentration in certain industries.

Nor Hamidah Abd Bakar
Acting Head, Business Banking Division

Despite this backdrop, the Division continued to improve Financing Assets from RM3,830 million to RM4,342 million, a 13.4% increase. This was a larger increase compared to FY2014, where the growth was 7.7%. The resulting financing income was also larger at RM201 million, an improvement of 8.2%. The division also continued its commendable fee recognition with RM8.8 million in FY2015, albeit slightly reduced from RM10.4 million in FY2014. The fee income was partly lower by a change in Bank Muamalat's policy towards implementing FRS139 standards, whereby the fees collected upfront for Bank Guarantees (BG) are now amortised over the BG tenure.

Business Banking Division Financing Assets and Income Trend



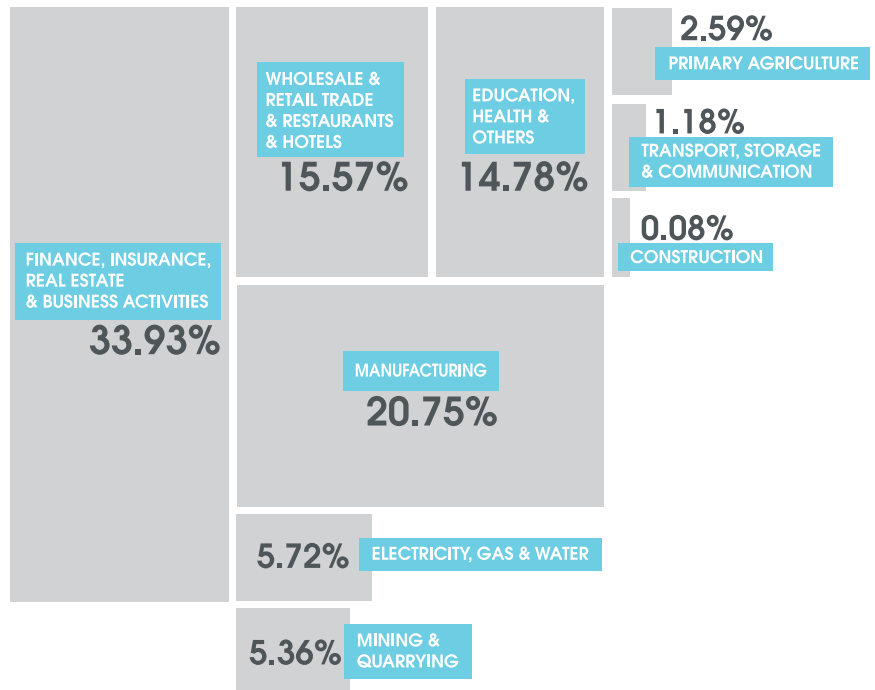
The improvement in Financing Assets in FY2015 was supported by strengthening of bilateral financing relationships. Nevertheless, the Division continues to actively look for opportunities in infrastructure, Private Financing Initiatives (PFI) and township financing in order to book quality long term assets with minimal risk of non-completion.

The Division's corporate financing was mostly concentrated in the finance, insurance, real estate and business services (33.9%), manufacturing (20.8%) and wholesale and retail trade (15.6%) sectors while for commercial financing, the sectors were mainly catered to construction (30.9%), finance, insurance, real estate and business services (22.2%) and wholesale and retail trade (13.9%). Despite these statistics, the department has been prudent in its real estate exposure, mostly coming from the lower risk affordable residential and township properties in high growth regions such as the Central Region and Penang.

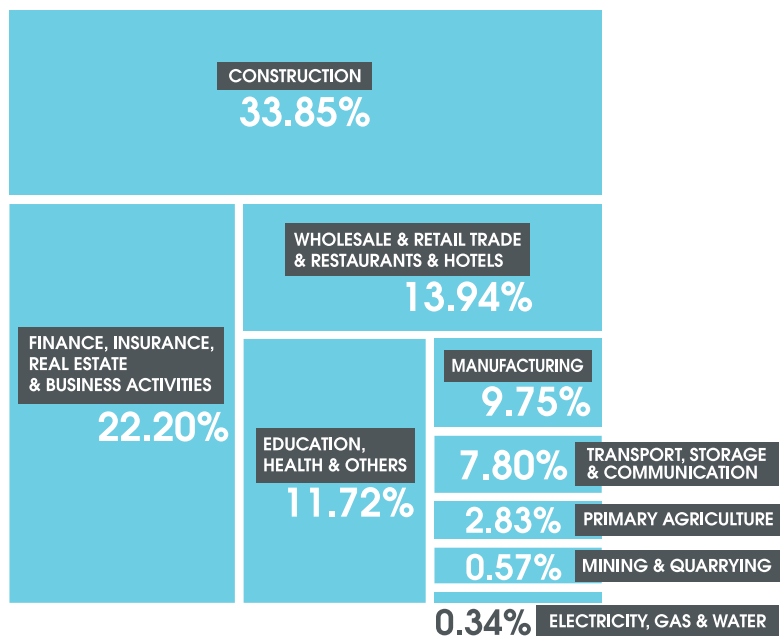
In terms of deposits, the Division recorded a total deposit growth of RM623 million in FY2015 or a 34.8% improvement from FY2014. The growth was a sterling improvement over FY2014, whereby the growth was only RM61 million or 3.5% over FY2013. Total deposits reached RM2,412 million consisting of current accounts (CAs) of RM908 million (92% y-o-y) and Fixed Term Accounts (FTAs) of RM1,504 million (14% increase). The Division is supported by the Government Desk, whose function is to improve deposits especially CAs through promoting Bank Muamalat's Corporate Internet Banking, cultivating relationships with government ministries and assisting them with their cash management.

Business Banking Division Financing Sectors

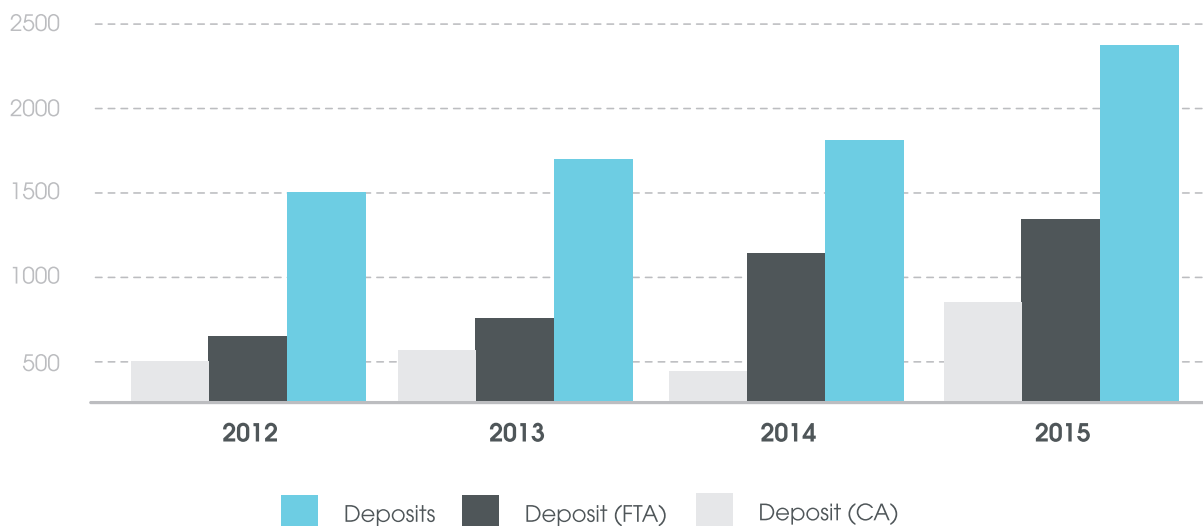
Corporate



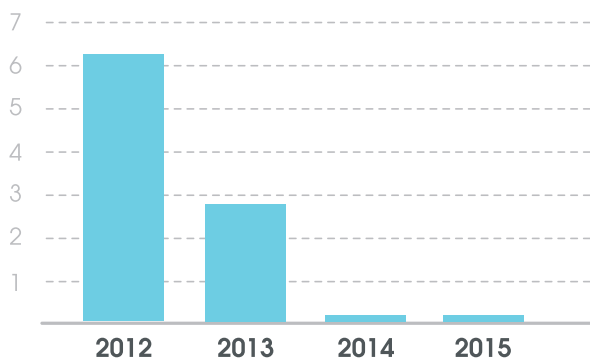
Commercial



Business Banking Division Deposits



Business Banking Division NPF Ratio



For FY2015, BBD processed a massive RM5,933 million worth of financing applications. This is a commendable achievement for our lean team. Nevertheless, Bank Muamalat has been prudent with its credit processing and continues to concentrate on utilisation and asset quality. The Division improved its overall utilisation from 64% in FY2014 to 72% in FY2015. On the other hand, the Division's Non Performing Financing (NPF) ratio reduced to 2.9% in FY2015 from 4.4% in FY2014 and has been on a reducing trend for the past few years. The Delinquent Ratio was also low for the division at 0.2%.

MOVING FORWARD

For the new Financial Year, BBD will continue to strengthen its position by concentrating on yield improvement and asset quality, amid continued economic uncertainties which are expected in 2016. To further improve efficiency, a new structure will be implemented with three main sections of Corporate Banking, Commercial Banking and Regional Banking. The SME Retail and Retail Business Banking sections will be absorbed under the new Commercial Banking section in order to synergise resources and cross-selling opportunities. With the new strategies in place, BBD forecasts minimal Financing Assets growth but higher margins overall and lower delinquent and NPF ratios.

“Those who devour usury will not stand except as stand one whom the Evil one by his touch Hath driven to madness. That is because they say: “Trade is like usury,” but Allah hath permitted trade and forbidden usury. Those who after receiving direction from their Lord, desist, shall be pardoned for the past; their case is for Allah (to judge); but those who repeat (The offence) are companions of the Fire: They will abide therein (for ever).”

(Al-Baqarah: 275)

Treasury and Capital Markets



Risk appetites started to improve somewhat in early 2015 amid growing expectation the Fed will not be aggressive when it actually starts to hike interest rates given the fragile growth situation elsewhere.

Adi Asri Baharom
Head, Treasury and Capital Markets Division

Treasury & Capital Markets performed reasonably well in a year that was fraught with challenges. Global financial markets continued to be volatile amid uncertainty over the policy direction of the U.S. Federal Reserve. Market participants were generally of the view that the Fed will start hiking interest rates soon after the end of its Quantitative Easing (QE) program in October 2014. The US Dollar gained ground as investors positioned for higher interest rates. The unexpected sharp drop in oil prices, however, reversed sentiment, with most central banks easing monetary policy as the threat of inflation subsided and prospects for global economic growth became tepid. The risk aversion that followed buoyed the US Dollar. Treasuries saw net buying, with the 10-year yield dipping below 1.70 percent in January 2015.

The significant drop in oil prices, coupled with the general strength of the US Dollar saw the Ringgit being sold off on concern that Government's deficit target will be compromised. The Ringgit climbed to a 3.70 high against the US Dollar in March 2015.

The Malaysian government yield curve also saw correction with the 10-year government bonds yielding more than 4.20 percent in December 2014 before settling town to 3.90 percent by end March 2015. The local yield curve, however, has been 'artificially' flat since October 2014 as

short term cash rates gapped up as banks competed for wholesale funding to comply with LCR requirements. Margin compression was exacerbated as CASA growth remained flat and industry LD ratios jumped to about 90 percent.

Bank Muamalat's wholesale funding costs crept up significantly towards the latter part of the financial year but were moderated by a commendable growth in CASA and arbitrage from an almost threefold increase in foreign currency customer placements. Bank Muamalat's LCR was well above regulatory levels throughout the last financial year. The investment portfolio valuation improved significantly as the local yield curve eased into the first quarter of 2015. Income from Foreign Exchange activities also registered a significant increase from the previous year.

OUTLOOK FOR 2015/2016

Risk appetites started to improve somewhat in early 2015 amid growing expectation the Fed will not be aggressive when it actually starts to hike interest rates given the fragile growth situation elsewhere. Oil prices stabilised to between US\$50-US\$60 by the end of first quarter of 2015 while large fund inflows helped to maintain 10-year MGS yields at around 3.90 percent.



Going forward, we expect financial markets volatility to remain, driven by the developments in the U.S. We expect to see another round of fund outflows as the Fed is expected to undertake its first rate hike post the sub-prime crisis before the end of 2015.

Barring any further shocks to oil prices, the Ringgit is expected to be stable against major currencies but may give further ground against a resurgent US Dollar. Inflationary pressure from the recent GST implementation is expected to be modest while monetary policy should remain accommodative with no change in the OPR in 2015.

The prospect of a 'lift off' by the Fed puts us again on a cautious stance in our investment portfolio positioning for the coming financial year. Our strategy of 'short duration' and emphasis on funding and asset liquidity will be maintained while foreign exchange activities will continue to focus on customer flows.

Investment Banking



Particularly in respect of fund raising for various infrastructure projects under the Government's Economic Transformation Programme.

Michael Ariff Salleh
Head, Investment Banking Department

The investment banking arena remained extremely competitive throughout the financial year, with a subdued economic and business environment resulting in limited opportunities, mostly emanating from the public, Government-linked (GLC) and blue-chip corporate sectors. Given the traditional dominance of the larger local and foreign players in this space, the Investment Banking Department faced considerable challenges in establishing deal flows to further its aspiration to become one of the leading Islamic investment banking houses in the country.

Against such a backdrop, the department turned in a commendable performance in securing several mandates across both the debt and equity capital markets and private equity business segments. Noteworthy deals in the debt capital market include acting as Principal Adviser for the restructuring of a RM5.8 billion Sukuk for a highway concessionaire in Johor and Joint Lead Arranger of a RM450.0 million Sukuk for an independent power producer (IPP) in Sabah.

In the equity capital market, Bank Muamalat clinched a coveted Underwriter role for Malakoff Corporation Berhad's RM2.7 billion listing exercise, Malaysia's largest IPO for 2015 at the time. Meanwhile, two new private equity investments were concluded – one in an integrated healthcare service and facilities provider in Singapore and the other in an integrated transportation and logistics service provider in Perak, with the former realising a 16.5% per annum return during the financial year.

Looking ahead, challenging economic conditions and depressed capital market activities are seen as continuing to be the predominant features of the investment banking landscape, where the public sector, GLCs and top-tier corporates are expected to remain as the primary source of business opportunities, particularly in respect of fund raising for various infrastructure projects under the Government's Economic Transformation Programme.

In cognisance of this, strategic focus moving forward will be skewed towards project and syndicated financing transactions which, apart from their financing assets generation potential, carry attractive fee propositions. At the same time, the department will continue to leverage on its unique bank-based private equity business for structured investment opportunities that command inherently higher returns. A new income stream is also poised to open up in the year ahead pursuant to the Bank's Investment Account initiatives, while expansion into the corporate finance (equity) market is under near term consideration as well, albeit on a cautious approach with market conditions a key determining factor.

In order to be able to realise these opportunities, plans are in place to strengthen the department's manpower resources with skilled and experienced personnel, aimed at enhancing existing capabilities whilst maximising value-add for clients, thus increasing Bank Muamalat's competitiveness and prospects of securing mandates to further establish itself as a leading player in the domestic investment banking scene.

Musharakah

Property Investment (MPI)



The memorandum is meant for both parties to jointly develop waqf land nationwide based on the Musharakah concepts.

Zahrul Azmi Zakaria
Head, Musharakah Property Investment Department

Musharakah Property Investment was established in 2011 and mainly focusing on direct property acquisition, property investment and property development activities.

‘Musharakah’ is an Arabic word which literally means sharing. Technically, Musharakah is a contract between the partners to contribute capital to an enterprise or a venture, whether existing or new, or to an owner of a real estate. Profits generated by the venture or real estate or asset are shared in accordance with the terms of the Musharakah agreement, while losses are shared in proportion to each partner’s share of capital.

Bank Muamalat has taken a step further with the Memorandum of Understanding between Bank Muamalat and UDA Waqf Sdn Bhd (“UDA Group of Companies”), signed on 25th January 2015. The memorandum is meant for both parties to jointly develop waqf land nationwide based on the Musharakah concepts.

The development of waqf land will improve the socio-economics of Muslims by providing opportunities for them to participate in the economic activities from waqf development process.

To date, we have several property developments activities in Seberang Jaya, Pulau Pinang and Ipoh, Perak Darul Ridzuan that will be executed within FY2015/2016.

Muamalat Invest Sdn Bhd (MISB)



Investments are continued to be made into building infrastructure and resources in order to position itself as a key player in the wholesale Islamic capital market space.

Sharifatul Hanizah Said Ali
CEO, Muamalat Invest Sdn Bhd

MISB a wholly owned subsidiary of Bank Muamalat, was incorporated on 22 April 1999 with a paid up capital of RM10 million. MISB has been licensed as a Fund Management company by Securities Commission Malaysia since 6 December 2005 and was accorded an Islamic Fund Management licence in September 2010.

MISB provides Shariah compliant investment management services which include:-

- Management of discretionary investment mandates for asset classes covering equity and Sukuk; and
- Provision of wholesale fund products for investments in various asset classes i.e. Islamic money market instruments, Shariah compliant equities and Sukuk.

For FY2015, MISB continues to grow its Assets under Management (AUM) to approximately RM2.7 billion from approximately RM1.8 billion in FY2014. This translates to an increase of approximately 50% year-on-year. Investments are continued to be made into building infrastructure and resources in order to position itself as a key player in the

wholesale Islamic capital market space.

At present, MISB through its series of Islamic wholesale funds has captured around 11% of the total Islamic wholesale fund Net Asset Value (NAV) based on Summary of Statistic-Wholesale Funds in Malaysia issued by Securities Commission Malaysia.

MISB is also embarking on efforts to diversify asset classes for products offered and it is expected to launch a series of Sukuk funds later this year catering to the Islamic wholesale institutional and corporate investors.

Muamalat

Venture Sdn Bhd (MVSB)



Looking ahead, further improvement is forecasted for FY2016 as the more recent joint venture branches with PKB start to turn in profits.

Hafni Mohd Said
EVP, Finance Division

Bank Muamalat, through its subsidiary MVSB and under the supervision of Strategic Liaison Management Office (SLMO), began venturing into Musharakah Mutanaqisah (Diminishing Partnership) arrangements in 2008, with Permodalan Kelantan Berhad (PKB), an established and well known participant in the Islamic Pawn Broking or Ar-Rahnu sector, as its first partner.

During FY2015, the partnership with PKB doubled from 6 joint venture branches; Jelawat, Wakaf Che Yeh, Pasir Mas, Tanah Merah, Pasir Puteh and Guchil in Kelantan; to 12, with the addition of another 2 branches in Kelantan which are Gua Musang and Kota Bahru and 4 in Sabah namely Sandakan, Putatan, Api-Api and Tawau. In view of the positive achievements to date, further expansion of the partnership with PKB is proposed for FY2016 with 4 new joint venture branches currently planned in Sabah.

Apart from PKB, MVSB has since 2013 been in partnership with Metro Money Exchange Sdn Bhd (MEX), which is actively involved in the Wholesale Money Exchange business, supplying currency to local banks and Bureau de Change (BDC). MEX is currently the supplier of currency for Bank Muamalat's BDC in KLIA and KLIA 2. Being volume-oriented with thin margins, the currency exchange business in FY2015 was considerably affected by external events which led to a decrease in tourism activities and

in turn a corresponding drop in demand for currency exchange.

For FY2015, MVSB's share of profit from the PKB and MEX partnerships improved to RM5.2 million from RM2.2 million the previous year, with the total outstanding investment as at financial year end increased to RM69.5 million from RM55.6 million previously. Looking ahead, further improvement is forecasted for FY2016 as the more recent joint venture branches with PKB start to turn in profits. Meanwhile, MVSB will look to identify new ventures and new partners as it strives to grow the Musharakah business even further towards enhancing its contribution to Bank Muamalat.

Business Process & Transformation



Key focus area such as processes on Structure Personal Financing were improved, therefore seeing an improvement on its turnaround time by 70% from previous performance.

Noor Hayati Abu Yaziz @ Mohamad
Head, Business Process & Transformation Department

ACHIEVEMENT

Series of sequentially designed initiatives were introduced for FY2015 to further inculcate the Culture of Continuous Improvement. This is more critical since the migration of the new technology platform via IT transformation.

The focus is aimed at delivering more customer focused initiatives and at the same time sustaining the engagement from all stakeholders within Bank Muamalat. Programmes such as “Win & Share” & “Idea Buzz” were introduced to drive engagement from all with cross functional improvement initiatives run by Lead Specialist in Quality & Improvement. These programmes have translated to RM6.6 million of cost savings.

64 initiatives were completed under the “Win & Share” programme covering areas from various departments. 11 quick wins were implemented post MBS or IT transformation to further enhance our deliverables to the customer. Key focus area such as processes on Structure Personal Financing were improved, therefore seeing an improvement on its turnaround time by 70% from previous performance. Simple quick wins implemented have also reduced the waiting time at our branches significantly by 20%, thus allowing our branches to focus on better sales & service delivery.

Between January to March 2015, Operation & Process Change has conducted 12 sessions of Bankwide Workshops on the development of Bank Muamalat’s documents management. To ensure the operational and functional processes are documented and Policy, SOP or User Guides are sufficiently developed, Bankwide Process Review exercise has been established.

MUAMALAT ONLINE MANUAL system readiness provides user with a secured collaboration and ensured security of the bank’s controlled documents. It also allows users to create, amend and enhance the policy, SOP and User Guide.

ACTIVITIES CONDUCTED IN FY 2015

Some of the key activities/initiatives conducted for FY2015:

- 4 Aug 2014** Improved initiative, Win & Share and Idea Buzz soft launched via ICP and CCD internal blast.

- 30 Sep 2014** Bank Muamalat 15th Anniversary Night Celebration, celebrated Bank Muamalat's long service employee as well as our shareholders.

- 21 Oct 2014** Marked 4th time participation in DRB-Hicom 5S Workplace Organisation. Bank Muamalat has achieved 6th placing with 89.5% Higher Gold points among other DRB Hicom companies.

- Sep 2014 – Feb 2015** Business Process Redesign for Branches has taken place at Taman Melawati Branch, BOCC and SPICK.

- 7 Mar 2015** Lead and coordinate the participation of Bank Muamalat for DRB ICC/QIT Convention FY 2015.

- 20 Jan – 4 Mar 2015** Established process review exercise for Bankwide Operation & Process Change. This on-going initiative involves all departments/divisions in Bank Muamalat.

MOVING FORWARD

3 years Quality & Process Excellence Roadmap was prepared to set further requirement in implementing continuous improvement culture. We look forward to having the following initiatives to further enhance the service delivery & customer experience:

- a. Bank Muamalat Annual Quality Convention
- b. Stakeholder Engagement
- c. ISO Certification
- d. Execution of key improvement projects identified in pipeline database



ICT Division



The Promise of Better Times In Sight...

Gary Chin
EVP, Information Communication & Technology Division

The need for a new core banking system was evident and after almost 15 years of modification, it was becoming increasingly difficult to cope with the existing legacy system. Multiple, disparate, aging systems are getting expensive to run and has inhibited the timely launching of new products, resulting in poor customer experiences. The time for change has come upon us, for us to upgrade one core banking system; and Muamalat Banking Solution (MBS) was the means for this change. The programme kicked off in December 2012 upon the appointment of core banking system vendors.

With MBS came the promise of better times to come. It was set to raise productivity through system efficiencies, improve deliveries and enhance service quality. In short, it was an investment towards the future sustainability of Bank Muamalat and its vision to be the preferred Islamic financial services provider.

POST MBS: THE DAWN OF A NEW ERA...

Having kicked off the project in December 2012, the long awaited transformation was finally completed and the system went “live” on 16 June 2014. This was certainly a crucial moment in Bank Muamalat’s 15 years and the system cutover went on without any major problems. This was due largely to the advanced planning and effective leadership from the MBS management team as well as

the commitment from the staff in general. Clearly the trust Bank Muamalat’s Board had in the dedication and experience of its own staff to lead the project was well justified.

MBS programme is beyond a core banking system replacement. It changes the legacy processes and ways of doing things in a more effective manner. With successful MBS implementation, Bank Muamalat is now equipped with the following capabilities:

NEW TECHNOLOGY AND INFRASTRUCTURE

- Establishment of new Tier-3 Data Center and Disaster Recovery Center.
- Robust IT Infrastructure which consists of new servers and network appliances technology to support the business growth, system availability and consistent system response time.
- New state-of-the-art security devices such as firewall and IPS technology for advance security perimeter defense.
- Fully redundant high speed network links with bandwidth optimiser at data centers to accommodate existing and future system requirement.
- Upgrade of network bandwidth at head office, site offices and branches to assure swift system response time and excellent service delivery to customers.

- Upgrade of user workstations to new hardware and operating system to increase productivity.
- Leverage and optimise of server and storage hardware utilisation through virtualization technology.
- Upgrade of back office support system and other delivery channel to support better fulfillment of internal and external needs.

REDUCED COST AND COMPLEXITY

- Better control of IT Infrastructure and simplified system integration.
- Consolidation of various legacy systems into a common platform and database resulted less complexity, hardware and lower operating cost to manage.
- Centralised full-fledged web based front line system simplified system delivery at branches.
- Parameter driven banking solution allowing rapid changes to be made to the product and its processes; allowing flexible and faster product time to market delivery.

ENHANCE PROCESSES AND EFFICIENCIES

- Fully integrated, end-to-end workflow accelerated the financing application process.
- Straight through processing for 3rd party payment system to ensure faster turn-around- time.
- Automation of manual legacy processes eliminated task redundancy and increase productivity.

DATA CONSOLIDATION AND REPORTING

- Single customer CIF record for holistic view of customer relationship management and cross selling initiative.
- Centralise Data Warehouse delivers accurate data source for regulatory reporting and analytics requirement.
- Dashboard reporting offers management with accurate real time information and better decision making.

With a clear mandate from top management, IT and business leaders are now focused on Bank Muamalat's core business objectives. IT system is now ready to support world-class processes, facilitate corporate-wide decision making by supplying better data, help the business develop better insights about customers, and provide an accurate and up-to-date view of its financial and logistics position. MBS platform has delivered a unified information system to link all divisions to collaborate and develop better business strategy moving forward.

The dedication, commitment and resolution displayed by the staff were definitely an inspiration to all and demonstrated the internal capabilities of Bank Muamalat to undertake a project of this magnitude. With MBS in place, Bank Muamalat can now spread its wings and unleash its potential to take advantage of the vast opportunities within the financial landscape.

Customer Service



Holding strong to our commitment in Customer Excellence, Customer Service will continue to build strong lasting friendships with the customers which continues to be the main foundation of the business.

Azihan Othman
Head, Customer Service Department

Customer Service is a journey not a destination

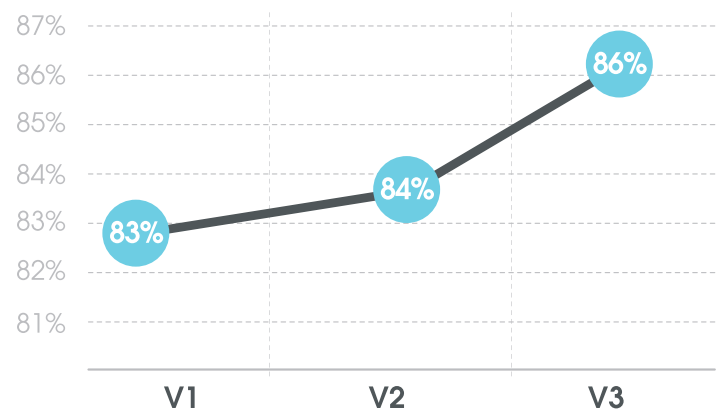
In the true spirit of Bank Muamalat, Customer Service fully embraces its 5 shared core values, namely Care, Integrity, Innovative, Service Oriented and Respect.

Understanding that connecting to customers on an emotional level is the key in establishing a lasting relationship, Bank Muamalat goes beyond simply delivering product and services, and focus on developing strong bonds with the customers. Bank Muamalat continues to strive on promoting a positive and customer-centric environment that enhances customers' experience, promotes sales and ensures customer loyalty in most aspects of its activities.

With the new MBS system implemented in June 2014, Customer Service took the central role of highlighting and providing meaningful feedback on common and recurring issues raised by customers for further enhancement of the system. Improvement in timeline in managing and responding to any input, queries and feedback from customers to 2 working days from the previous 14 days was also a major milestone for the department.

Mystery Shopper Programme continues to be an important measurement of Bank Muamalat's level of customer service. During the year under review, the survey was conducted at all 60 Bank Muamalat branches with 3 visits per branch. The service index revealed an increasing trend during the programme which shows consistency of service at the branches. The average score of service index for FY2015 is commendable at 84%.

Service Index Trending



“Make things easy for the people, and do not make it difficult for them, and make them calm (with glad tidings) and do not repulse (them)”

- Hadith Al-Bukhari

A Customer Satisfaction Survey was also conducted to gauge customers’ opinion of Bank Muamalat’s level of service as well as on the range of products offered. The results of both Mystery Shopper Programme and Customer Satisfaction Survey were compared with the two top banks in Malaysia for benchmarking purposes.

In line with the objective towards transforming Bank Muamalat into a sales-driven culture, the Telemarketing team was established within Customer Service department, with the following objectives:-

- As an additional income-generating avenue for Bank Muamalat;
- Cross-selling of its various products and services;
- Promoting seamless banking process where customers can do banking via channels such as telephone (mobile), internet, fax, ATM and mail; and
- Attracting younger generations to bank with Bank Muamalat through easy and convenient process.

Another initiative undertaken by the department in order to provide further convenience to its customers is to have all inbound calls to branches centralised at the Contact Centre under Customer Service Department. Customers only need to call a central number (toll-free line 1-300-88-8787) for all their enquiries and feedback. The long operating hours of the Contact Centre (6 am – 12 midnight daily, 7 days a week) will enable customers to call Bank Muamalat at their own convenience.

The journey to success requires Bank Muamalat to be steadfast (Istiqamah) and committed in its efforts to deliver the best value to its stakeholders. Holding strong to our commitment in Customer Excellence, Customer Service will continue to build strong lasting friendships with the customers which continues to be the main foundation of the business.

Shariah



Shariah department plays an important role in providing advisory function to the Bank as well as performing in-depth research and studies on Shariah matters.

Mohd Izuwan Mahyudin
Head, Shariah Department

SHARIAH ADVISORY & SECRETARIAT SECTION:

The section acts as secretariat to the Shariah Committee (SC) and has been providing Shariah advisory and consultation.

The role of Shariah Secretariat in performing secretariat function to the SC comprises of providing input and support to the SC which includes coordinating meetings, compiling proposal papers, disseminating Shariah decisions to relevant stakeholders, engaging with relevant parties who seek further deliberations on issues from the SC and ensuring the welfare of SC members is accordingly served.

In terms of Shariah advisory and consultancy roles, the functions are to assist and provide advice to the relevant parties based on the decision of the SC, includes pre-product approval, operation process, documentations, activities of Business Unit, Support Unit, Bank Muamalat's subsidiaries and external clients (upon request).

During FY2015, several initiatives have been conducted including further development of Share Point Portal which contains data and record management on products and services as approved by the SC for easy reference by the Shariah Governance Organs and SC within Bank Muamalat's

premise, issuance of updated and new documents of General Shariah Decision on selected topics to all staff, organising familiarisation programme on products and operational process involved in banking activities and managing Training Needs Analysis for SC.

Among the challenges faced by our section and SC during this financial year is to give full commitment for testing and exercise of MBS project, particularly in providing Shariah advisory via review and assessment as well as participating in MBS sessions. In addition, we were also challenged by the post enforcement of IFSA 2013 that repealed the Islamic Banking Act 1983 which highlights new insight including the legislated duty on Islamic banks to ensure end to end Shariah compliance, and transition of Islamic Deposits. IFSA also enables issuances of Shariah Standards & Practice Guides in which we are giving full commitment in reviewing the standard and analysing any gaps.

SHARIAH RESEARCH & DEVELOPMENT SECTION:

The role of Shariah Research is to perform in-depth research and studies on Shariah matters, including providing day-to-day Shariah advice and consultancy to relevant parties, especially those involved in the product development process. For FY2015, a total of 43 research papers have been completed comprising Shariah issues, product development and special request by Shariah Committee and other parties.

Apart from our in-house research, Bank Muamalat goes the extra mile with the establishment of strategic alliances with International Islamic University of Malaysia (IIUM) and University Sains Islam Malaysia (USIM) through research grants, details as follows:-

University	Research Grant	Duration	Status
IIUM	Best Practices in Shariah Risk Management: Empirical Study of Malaysian Islamic Financial Institutions	6 months	Completed
USIM	Knowledge Transfer Program – Shariah Audit	2 years	In progress

For FY2015, Bank Muamalat has collaborated with Telaga Biru Sdn Bhd (TBSB) in a publication project under the sponsorship and supervision of Bank Muamalat. This collaboration has published two books entitled “Pelbagai Hukum Muamalat” on Deposit and Financing. On the other hand, one of the research papers granted to IIUM entitled “An Empirical Study of the Effectiveness of the Shariah Governance Framework SGF (2010)” has been published by International Shariah Research Academy for Islamic Finance (ISRA).

Human Capital



A strong performance culture backed by our 5 core values - Care, Respect, Integrity, Innovative and Service Oriented, becomes our aspiration as we move forward in the most competitive era of the financial industry.

Jamilah Abdul Sallam
EVP, Human Capital Division

To fulfill the vision of becoming the preferred Islamic financial services provider, Bank Muamalat requires great people to work with us. At Bank Muamalat, attracting and retaining talent is the most important part of corporate responsibility and people strategies.

To drive Bank Muamalat into the future phases of growth, it adopts a holistic approach towards hiring, developing and motivating employees, and aligning workforce with a common set of core values to influence behavior and shape the corporate culture of Bank Muamalat's operations.

As Bank Muamalat believes that the people is the most important asset in ensuring Bank Muamalat's growth moving forward, business-oriented skills and highly competent candidates are what Bank Muamalat requires in the medium and long term.

ATTRACTING AND RETAINING TALENT

Bank Muamalat's success depends on its ability to attract, develop and retain the best talent at every level, which is becoming increasingly challenging for the banking industry.

Bank Muamalat continues to hire bright and dynamic individuals to support its business growth. As at April 2015, Bank Muamalat's headcount stands at 2,000 employees and

continues to recruit employees from diverse backgrounds to support the business' needs and also to share the vision and the commitment to performance.

As for Bank Muamalat's efforts to attract new talent, we focus in two areas:

- I) **Internal Talent**
Bank Muamalat assesses the potential of employees as part of the integrated people development cycle and to identify successors for critical roles. Employees and managers discuss their career ambitions and jointly consider next steps.
- II) **External Talent**
Bank Muamalat works closely with universities to attract highly talented candidates. For critical and highly specialised areas, Bank Muamalat will source them from the market.

TALENT STRATEGY

Bank Muamalat needs to develop and retain skilled and productive workforce in order to maintain a profitable and sustainable business. Bank Muamalat's strategy is to offer development opportunities for these employees.

There are several approaches taken by Bank Muamalat to attract and retain talent. In supporting the emerging talent, Bank Muamalat provides them with numerous training programmes to improve their knowledge and skills.

As part of Bank Muamalat's Talent Management process, an annual review of people plans for Bank Muamalat business and support units have been undertaken by Bank Muamalat.

The review focuses on:-

- i) Talent pipeline and succession planning;
- ii) Employee development initiatives and readiness of the employee in supporting business operations and growth plans; and
- iii) Talent Development programmes in each business and support units.

Bank Muamalat plans to develop talented and highly skilled professionals through tailor-made training and developmental training programmes. This is to ensure continuity in Bank Muamalat's workforce and retain the required knowledge, skills and competencies of the employees.

As Bank Muamalat grows, it has become more committed to further develop the employees' supervisory and leadership skills to ensure they meet the requirement of the organisation.

TRAINING & DEVELOPMENT

Continuous training is vital for the employees to gain insight, enhance their knowledge and improve their leadership as well as technical skills in discharging their responsibilities effectively and to keep abreast with the development in the banking industry. All employees are encouraged to attend at least two (2) training courses/ seminar within a financial year.

Throughout the year, employees are provided with the opportunity to be trained in an on-going basis in areas relating to banking and financial industry.

EMPLOYEE ENGAGEMENT

Regular communications is fundamental for employee engagement.

Bank Muamalat uses its annual Bank-wide employee survey to assess engagement levels and identify opportunities to improve ways of working and support employees to do their best.

From the survey, the employees' scores are calculated to provide key indicators of how committed employees are to Bank Muamalat and our customers.

PERFORMANCE MANAGEMENT SYSTEM (PMS)

Developing Bank Muamalat's people is a crucial part of its human resources process. Every year, Bank Muamalat uses the People Performance Management process to align its business targets with employee's individual development plans and to define the actions required in order to achieve the short-term goal as well as longer-term career development.

Bank Muamalat has further refined the PMS to incentivise and drive productivity among our employees.

Identifying talent and Bank Muamalat's succession planning process completes the annual cycle, ensuring further career opportunities for high-potential employees and their participation in specific development programmes.

During the year under review, Bank Muamalat's employees' attrition rate was 7% which is below the industry average. This reflects a high level of commitment and satisfaction.

Corporate Responsibility

Corporate Social Responsibility goes hand in hand with Islamic banking or ethical banking and it is defined as corporate initiative to assess and take responsibility for the company's effects on the environment and impact on social welfare. The term generally applies to company effort that goes beyond what may be required by regulators or environmental protection groups. Corporate social responsibility may also be referred to as "corporate citizenship" and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change.

At Bank Muamalat, our slogan is "Do Something Good Everyday" and this is reflected in our Corporate Social Responsibility for the year 2014.

CR @ THE WORKPLACE

What is an organisation without its people? In Bank Muamalat, the people are our backbone that moves the organisation to be where we are today and Bank Muamalat emphasise in promoting continuous learning & development and health & safety programme. Bank Muamalat also promotes in creating a working environment free from discrimination and harassment. The investments we undertake to continuously improve workplace standards solidify our reputation as a socially responsible company and an envious workplace. Our employees are treated with utmost respect and dignity across their gender, cultural and individual divides. As a way of saying thanks, Bank Muamalat has run a few CR @ the workplace programme.

Bank Muamalat Sports & Recreation Club

As part of Bank Muamalat's effort in striking a work life balance for its employees, a sports & recreational club has been introduced known as Bank Muamalat Sports & Recreation Club (SRC) and as part of its first initiative of activities, SRC launched its Sihat@Muamalat Programme which initiates aerobic classes and a Gym for workout.

"Bubur Lambuk" Distribution

During the Ramadan month, Bank Muamalat initiated a "bubur lambuk" distribution to 930 staff in HQ.

"Bual Bicara Israk & Mikraj 2014"

In celebration of the Isra' & Mikraj, Bank Muamalat organised a talk entitled "Israk & Mikraj Menjana Peribadi Bertaqwa". The talk was hosted by Ustaz Zulhazwan Ismail and the panelist was Mr Sham Kamikaze and Ustaz Dr. Roslan Mohamed from Universiti Malaya.

Lambaian Kaabah 2014

Bank Muamalat in its effort to appreciate its people have long introduced Lambaian Kaabah programme. This programme is a programme that provides an opportunity for the staff to perform their Umrah. This year Bank Muamalat has sent 10 staff and their spouses for the said purpose.

CR @ COMMUNITY

Corporate Responsibility for the community is the heart of Bank Muamalat. This ongoing commitment has been a part of Bank Muamalat's fabric since our earliest days. We hold strongly to our belief in making a positive and sustainable impact to the communities we operate in. Our business helps support economic growth through expansion of products and services, employment and the creation of knowledgeable workers. We believe that we can contribute significantly in enhancing the living standards of the community through initiatives such as sponsorships, charitable contributions, disaster relief efforts.

Emergency Rescue Team to KELANTAN

This year, due to the flood situation in Kelantan, Bank Muamalat has initiated a Bank Muamalat Malaysia Berhad Emergency Rescue Team. This team was sent to assist the staff that was affected in the east coast area as well as the

public. Part of their services was to clean up homes and supply basic necessities.

Charity Free Market – Back to School Programme for the Orphanage

The “Charity Free Market – Back to School” programme for the Orphanage was held in the month of December 2014. This charity programme was partly funded by the staff amounting to RM35,366.00 and was organised in a bazaar concept at level 6, Menara Bumiputra.

CR @ MARKETPLACE

Bank Muamalat is committed to being a responsible corporate citizen not only with the community but as well as our business partners. Hence, we strive at building long term relationships based on clarity of purpose, integrity, respect, honesty and fairness. Programmes such as friendly golf, bowling and other sports activities are being held occasionally.

Recreational Retreat at Belum Rainforest Resort With Jabatan Akauantan Negara Malaysia, organised by Business Banking Division.

Bank Muamalat organised a recreational retreat to Belum Rainforest Resort which was participated by 65 participants from Business Banking Division and various departments of Jabatan Akauntan Negara Malaysia (JANM). Among the activities in this event were Discover the Royal Belum Rainforest, Search for the Rafflesia Spot, Visit to the Orang Asli Village at Kampung Aman Damai, Picnic Lunch at the Sungai Ruok Waterfall and Bamboo Rafting.

CR @ ENVIRONMENT

15th Anniversary CSR: Beach Cleaning, Mangroves Planting & River Cruise.

As part of Bank Muamalat’s efforts to instill “Love thy Nature” spirit and in conjunction with its 15th Anniversary, Bank Muamalat organised a beach cleaning, mangroves planting & river cruise activity. This effort is Bank Muamalat’s initiative to increase the environmental awareness amongst the staff and it was participated by 60 staff lead by the CEO himself, Y.Bhg Dato Haji Mohd Redza Shah.

CSR goes hand in hand with

Islamic banking or ethical banking and it is defined as corporate initiative to assess and take responsibility for the company’s effects on the environment and impact on social welfare.

Corporate Responsibility



Respect the
victims of MH17
and MH370

Zoo Negara:
Volunteer
Programme

“So fear Allah as much as ye can; listen and obey and spend in charity for the benefit of your own soul and those saved from the covetousness of their own souls—they are the ones that achieve prosperity”.

(Surah At Taghabin:16)





Calendar of Events

17-23 Jan 2014	RoadShow 2014
23 Jan 2014	MOU Signing Ceremony with Kuala Lumpur Indian And Malay Chambers
30 Jan 2014	Doa Selamat @ PJ Branch
07 Feb 2014	Continuous Improvement Annual Ceremony Dinner
04 Mar 2014	Ceremony of Wakaf Donation for Islam Makmur Haemodialysis Centre, Kuantan, Pahang
08 Mar 2014	Independence Mothers and Berusaha 1 Malaysia Seminar Programme
Apr 2014	Forum Perdana Kem Terendak
07 Apr 2014	Forum Perdana at Pulapol, Jalan Semarak
10 Apr 2014	Official Launch of Sports & Recreational Club Bus Handover Ceremony to Badan Kebajikan Taman Pengasih Sultan Hj Ahmad Shah Forum Perdana for Hari Ulang Tahun Tentera Darat ke – 81 at Kem Terendak, Melaka Eurasia Tour 2014
19 Apr 2014	Golf Muhibah with ATM
05 May 2014	Oh Yeah Prize Giving Ceremony
06 May 2014	Signing Ceremony between Bank Muamalat and USIM
28 May 2014	Wakaf Donation for Sekolah Rendah Islam Al-Huda dan Institusi Latihan Ilmuan Al-Quran (ILIQ) Ceremony
29 May 2014	Forum Perdana @ I-CAM Pekan and Site Visit to Volkswagen & Mercedes Assembly Plant
06 Jun 2014	The Official Launch of BizSTAR-I
17 Jun 2014	Aquaria Adventure with PDK4 Children
18 Jun 2014	Bank Muamalat Collaborates with My Angkasa Amanah
25 Jun 2014	The Official Opening Of Bank Muamalat Bureau De Change



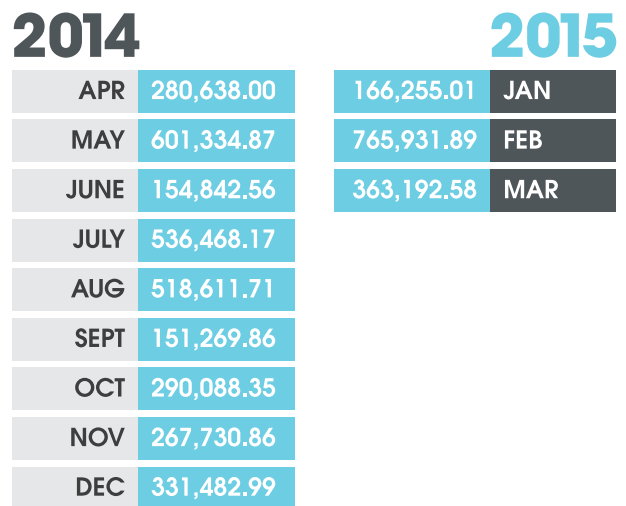
26 Jun 2014	Lambaian Kaabah
13 Jul 2014	Launch of Surau Irshadiah, Sungai Bakap, Pulau Pinang
22 Aug 2014	MH17 Malaysia Mourning Day
23 Aug 2014	Community Service Programme with Zoo Negara
02 Sep 2014	Strategic Collaboration Between Bank Muamalat and Bank of London and The Middle East
12 Oct 2014	Wakaf Selangor Muamalat: Van Handover to Madrasah Uthmaniah, Pulau Pinang
21 Oct 2014	The BURSA Bull Charge Run
22 Oct 2014	15th Anniversary BMMB Golf @ Seri Menanti
04 Nov 2014	Signing & Launching of Bank Muamalat & GETSBY
10-12 Nov 2014	KLIFF 2014
22 Nov 2014	15th Anniversary Beach Cleaning, Mangrove Planting & River Cruise
27 Nov 2014	Wakaf Selangor Muamalat: Penyerahan Gas Nitrogen ke PPUKM, Cheras
Nov 2014	Forum Perdana Masjid Cina Ipoh
12 Dec 2014	Back to School Bazaar
20 Jan 2015	UDA signing Ceremony
23 Jan 2015	Oh Yeah Prize Giving Ceremony
07 Feb 2015	Golf With PDRM
10 Feb 2015	Chinese New Year Dinner with Staff
01 Mar 2015	Spot My Bank
28 Mar 2015	Earth Hour

Wakaf Selangor Muamalat

Wakaf Selangor Muamalat (WSM) has been in the market for 3 years since its inception on 27 September 2012. Since then, WSM received overwhelming response from the public. As at FY2015, total wakaf fund collected was RM10,682,566 while total collection for FY2015 alone was RM4,427,846. For FY2015, WSM through its Joint Management Committee (JMC) between Bank Muamalat and Perbadanan Wakaf Selangor (PWS) has approved RM2,917,197 and disbursed RM2,499,082 in wakaf projects.

Chart 1: Monthly collection of WSM Fund from April 2014 to March 2015

No	Beneficiaries of WSM Aid	Type of Aid	Value in Ringgit (RM)
1	Sekolah Kebangsaan Manggol Bongor, Megat Dewa, Kodiang, Kedah	LCD Projector	2,650.00
2	Sekolah Rendah Islam (SERI) Al Huda, Gombak, Selangor	School Building	498,000.00
3	Persatuan Institusi Tahfiz Al-Quran Selangor (PITAS)	School Van	78,254.38
4	Madrasah Uthmaniah, Pulau Pinang	School Van	79,654.38
5	Pusat Kanser PPUKM-MAKNA, PPUKM, Cheras, Selangor	Nitrogen Storage Tank	254,900.00
Total contribution			758,158.76



Sek. Keb. Manggol Bongor, Kedah



Sek Ren Islam Al – Huda, Gombak



Madrasah Uthmaniah, Pulau Pinang



Pusat Kanser PPUKM-MAKNA, Cheras

Tabung Mawaddah

Tabung Mawaddah (TM) Committee has been in operation since 2002, dedicated to aid and implement charitable activities to 8 Asnaf recipients (Fakir, Miskin, Amil, Muallaf, Riqab, Gharimin, Fisabillah and Musafir) and non-asnaf recipients. TM is funded by zakat and alms (sadaqah) sources contributed by Bank Muamalat and the staff. The portion for the non-Asnaf recipients are funded via sadaqah sources.

The objectives of TM Committee's establishment are:

- to provide assistance and financial aid to the needy;
- to ensure that each donation, charity and alms reach the targeted groups;
- to carry out Bank Muamalat's corporate social responsibilities
- to the society on the basis of Maslahah Ammah;
- to instill the spirit and caring nature of Malaysian society creation of a harmonious society; and
- to practice the teaching of Islam in helping the needy.

Besides a one off contribution, TM also provides monthly allocation for:

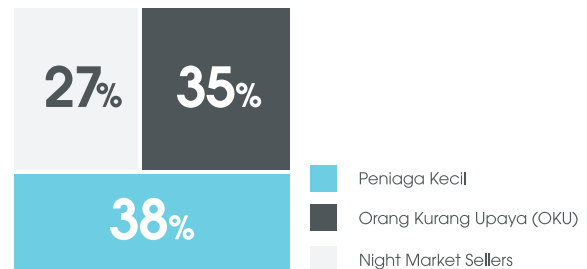
- Food for homeless programme;
- Micro credit scheme to aid small entrepreneur;
- Maahad Tahfiz Mawaddah, Lembah Beringin, Hulu Selangor;
- Masih Ada Yang Sayang (MAYs) community programmes;
- Programme Dakwah Serantau, Yayasan Amal Malaysia; and
- Monthly aid to the 8 Asnaf recipients

TABUNG MAWADDAH MICRO FINANCING FUND

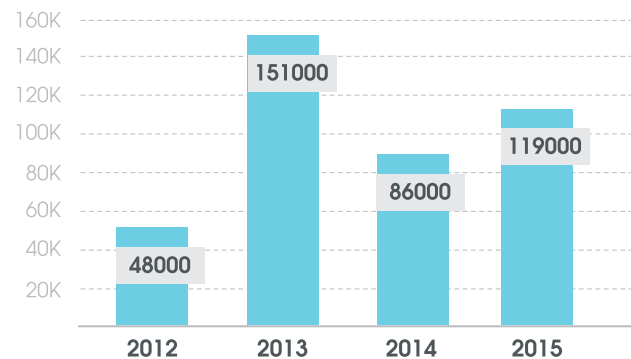
Offered under the concept of Qardhul Hassan (no profit changed) which targeted to assist the poor or needy individuals who are about to start-up a new business or expand their existing business with minimum loan of RM600 and maximum up to RM10,000 of loan amount.

The repayment plan is based on their affordability with a tenure of up to 3 years. As at March 2015, we have 216 individuals under review with total financing amount of RM404,000.

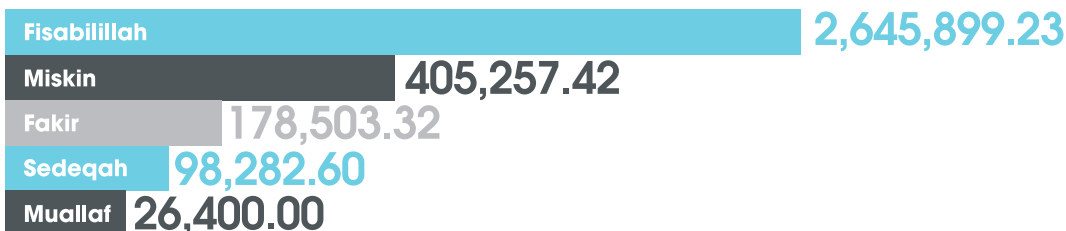
Profile Customers



DISBURSEMENT TREND (RM)



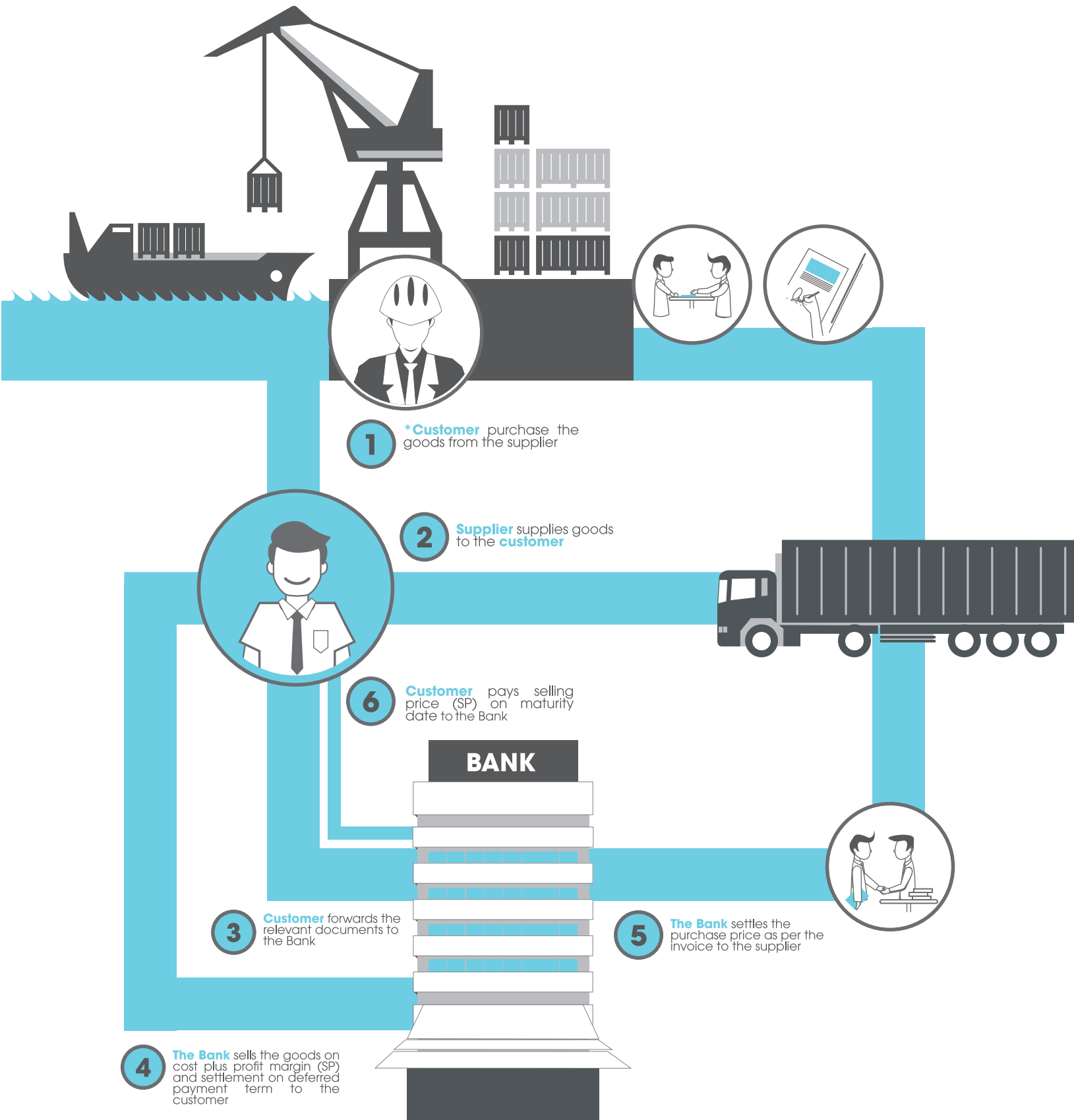
ASNAF



WORKING CAPITAL FINANCING-i

MURABAHAH

Murabahah is a 'cost plus' sale contract. It is a facility granted to customer for financing their short term working capital requirement by way of lump sum deferred payment cost plus profit.



* For this arrangement, the Customer is acting as the Bank's agent to purchase the goods on behalf of the Bank.

Statement on Corporate Governance

The Board of Bank Muamalat acknowledges that good corporate governance practices form the cornerstone of an effective and responsible organisation. The Board is fully committed to the recommendations of the Malaysian Code of Corporate Governance (the Revised Code) as well as the Guidelines on Corporate Governance for Licensed Islamic Banks (Revised BNM/GP1-i) issued by BNM.

Therefore the Board continuously strives to ensure that best practices are adopted in establishing accountability and integrity of the Board and Management. Hence the Board will continue to ensure that the right leadership, policy, strategy and internal controls, are well in place in order to continuously deliver and sustain Bank Muamalat's value propositions for the benefit of its stakeholders generally and at the same time, ensure continuing momentum towards reaching Bank Muamalat's aspirations to become the preferred Islamic financial services provider.

BOARD OF DIRECTORS

Board Structure, Composition and Processes

The present size and composition of the Board is well balanced. As presently constituted, the Board has the stability, continuity and commitment as well as the capacity to discharge its responsibilities effectively.

The Board currently comprises 10 members, 1 CEO/ Executive Director and 9 Non- Executive Directors, of which 5 are Independent Directors. The Non-Independent Non- Executive Directors are the representatives of the shareholders namely DRB-HICOM Berhad and Khazanah Nasional Berhad. The current composition of the Board is in compliance with the Revised BNM/GP1-I as more than one-third of the Board members are Independent Directors.

The Non- Executive Directors do not participate in the day-to-day management of Bank Muamalat and do not

engage in any business dealing or other relationship with Bank Muamalat in order that they are capable of exercising independent judgement and act in the best interest of Bank Muamalat and its shareholders.

A brief profile of each member of the Director is presented on pages 16 to 26 of this Annual Report.

Directors' Code of Ethics

The Directors continue to observe a code of ethics based on the code of conduct expected of Directors of financial institutions as set out in the BNM/GP7- Part 1 Code of Ethics: Guidelines on the Code of Conduct for Directors, Officers and Employees in the Banking Industry and the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

Roles & Responsibilities of the Board

The Board has the responsibility of ensuring the strategic guidance of Bank Muamalat, the effective monitoring of management, and accountability to Bank Muamalat and shareholders. In discharging their duties, the Board act on well-informed basis, in good faith, with due diligence and care, and in the best interests of Bank Muamalat and stakeholders.

The Directors in discharging their duties and responsibilities are constantly mindful of the public interests and concerns of the business community, particularly those of customers, shareholders and all other stakeholders.

The key duties of the Board include the following:-

- Review and approve strategies, business plans and significant policies and monitor management's performance in implementing them;

- Set corporate values and clear lines of responsibility and accountability that are communicated throughout the organisation;
- Ensure competent management;
- Ensure that the operation of the Islamic bank are conducted prudently, and within the framework of relevant laws and policies;
- Ensures that the Islamic bank established comprehensive risk management policies, process and infrastructure, to manage the various types of risks;
- Institute comprehensive policies, process and infrastructure to ensure Shariah compliance in all aspects of the Islamic bank's operations, products and activities;
- Set up an effective internal audit department, staffed with qualified internal audit personnel to perform internal audit function, covering the financial, management and Shariah Audit;
- Establish procedure to avoid self-serving practices and conflicts of interest including dealing of any form with related entities;
- Ensure protection of the interests of the depositors, particularly investment account holders;
- Establish and ensure the effective functioning of various board committees;
- Ensure the Islamic bank has a beneficial influence on the economic well-being of its community;
- Ensure development, implementation and maintain an effective oversight over Bank Muamalat's Data Management and MIS Framework and ensure that the MIS Framework is aligned with business and risk strategies of the Bank;
- Ensure establishment and adherence to the internal policies governing risk concentrations by reviewing it annually. The independent review is to be conducted regularly to verify compliance to the prudential limit and standards set by Bank Muamalat as well as the established internal policies;
- Ensure approval and oversight of Bank Muamalat's capital management framework and its related policies, processes and strategies;
- Ensure approval of capital allocation on risk-adjusted basis appropriate levels of capital is maintained in line with the approved Risk Appetite and risk profile; and
- Ensure approval of proposed issuance, call or redemption of any capital instruments and ordinary shares and for proposed dividend payments and reinvestment.

Directors may also seek independent professional advice, at Bank Muamalat's expense, when deemed necessary for the proper discharge of their duties.

Board Meetings and Access to Information

Bank Muamalat's Board Meetings are scheduled in advance before the end of the financial year, specifically before the end of the calendar year, so as to allow members of the Board to plan ahead and fit the coming years' Board and Board Committees meetings into their respective schedules.

The Board meets every month with additional meetings convened as and when urgent issues and/or important decisions are required to be taken between the scheduled meetings. Scheduled Board meetings are structured with a pre-set agenda.

The Directors are provided with the agenda and the meeting papers containing information relevant to the matters to be deliberated in advance of the meeting dates for their perusal. At each meeting, the Board receives updates from the respective Chairmen/representatives of the Board Audit Committee and Board Risk Management Committee on matters that have been deliberated at both committees, as well as on matters that require attention.

The Board has direct access to the information of Bank Muamalat through the Senior Management as well as the services of the Company Secretary. The Company

Statement on Corporate Governance

Secretary also ensures that a quorum is present at the commencement of each Board and Committees meeting in order to constitute a valid meeting.

The Board convened 13 meetings for the FY2015 and the attendance of each director in office during the financial year is set out below:-

Directors	Number of meetings		
	Held	Attended	%
Tan Sri Dato' Dr Mohd Munir Abdul Majid (Chairman/Independent Non-Executive Director)	13	13	100
Dato' Sri Che Khalib Mohamad Noh (Non-Independent Non-Executive Director)	13	9	69
Dato' Mohamed Hazlan Mohamed Hussain (Non-Independent Non-Executive Director)	13	12	92
Dato' Haji Mohd Redza Shah Abdul Wahid (Executive Director/Chief Executive Officer)	13	13	100
Haji Mohd Izani Ghani (Non-Independent Non-Executive Director)	13	13	100
Hisham Zainal Mokhtar (Non-Independent Non-Executive Director) *resigned w.e.f. 30 June 2014	5	4	80
Haji Abdul Jabbar Abdul Majid (Non-Independent Non-Executive Director)	13	12	92
Tengku Dato' Seri Hasmuiddin Tengku Othman (Independent Non-Executive Director)	13	11	85
Dato' Azmi Abdullah (Independent Non-Executive Director)	13	13	100
Dato' Haji Kamil Khalid Ariff (Independent Non-Executive Director)	13	12	92

Training Programme for Directors

The Board assumes the responsibility to further enhance the skills and knowledge of the members on the relevant new laws and regulations and changing commercial risks, as well as to keep abreast with developments in the financial services industry. Each director attends at least one training programme, which is to be specifically identified by Bank Muamalat for its directors during the financial year.

Board Appointment Process

Bank Muamalat is governed by the Revised BNM/GP1-i in respect of the appointment of new directors and the re-appointment of its existing directors upon the expiry of their respective tenures of office as approved by BNM. All appointment of directors is subject to the approval by BNM.

The primary responsibility of the directors' appointment/re-appointment has been delegated to the Board Nomination

Committee. The Board Nomination Committee comprises exclusively of non-executive directors, with the Chairman and the majority of whom are independent. In line with the Revised BNM/GP1-i, the Board Nomination Committee recommends to the Board suitable candidates for directorships and appointment of key senior personnel of the Bank and relevant subsidiaries. The Board Nomination Committee also ensures candidates satisfy the relevant requirements on the skills and core competencies of a director and are deemed fit and proper to be appointed as director in accordance with the Fit and Proper criteria.

The Board Nomination Committee has, during the year under review evaluated and recommended the appointment of Azura Othman as an independent non executive director to the Board of Bank Muamalat.

The Board considers that the recent appointment of the above director who brings her own unique skills, experience and knowledge in the commercial sector with exposure in the financial related industry will ensure that the critical competencies gaps identified by the Board are appropriately addressed and provide fresh insights that would help Bank Muamalat overcome challenges ahead.

Re-election of Directors

In accordance with Bank Muamalat's Articles of Association, all directors are subject to retirement by rotation at due intervals of rotation. Being eligible they may offer themselves for re-election, a process that enables the shareholders to vote them back into office.

Directors who are appointed as additional directors or to fill casual vacancies during the year are subject to re-election by the shareholders at the next Annual General Meeting following their appointment.

Annual Board Assessment

One of the broad responsibilities of the Board Nomination Committee is to provide a formal and transparent procedure for the assessment of effectiveness of individual directors and the Board as a whole. In line with the Revised BNM/GP1-i and for this purpose, the Board Nomination Committee had conducted and established clear selection criteria, processes and procedures to assess each director's ability to contribute to the effective decision making of the Board. In addition, assessment would also be undertaken to gauge the effectiveness of the relevant Board Committees.

The annual board assessment exercise was primarily based upon the answers to a customised questionnaire which was prepared internally. The Board Nomination Committee upon its recent annual review carried out is satisfied that the size of Bank Muamalat's Board is optimum and there is an appropriate mix of knowledge, aptitude and core competencies in the composition of the Board. All the Directors comply with the "fit and proper" criteria as established by BNM in the Revised BNM/GP1-i.

Statement on Corporate Governance

BOARD COMMITTEES

The Board has established several Board Committees whose compositions and terms of reference are in accordance with the Revised BNM/GP1-i as well as best practices prescribed by the Revised Code.

The Board Committees in the Bank are as follows:-

1. Board Audit Committee

The Board Audit Committee comprises exclusively of Non-Executive Directors of the Board, responsible to fulfill the oversight function in relation to the adequacy and integrity of system of internal controls and financial reporting, risk management and compliance with internal policies, procedures and external applicable rules and regulations.

The Board Audit Committee is authorised by the Board to investigate any activities within its Terms of Reference and has unrestricted access to both the internal and external auditors and Senior Management team of Bank Muamalat.

The composition of the Board Audit Committee and the attendance of the meetings held in the year under review are as follows:-

Directors	Number of meetings		
	Held	Attended	%
Tengku Dato' Seri Hasmuiddin Tengku Othman (Chairman/Independent Non-Executive Director)	16	16	100
Haji Abdul Jabbar Abdul Majid (Non-Independent Non-Executive Director)	16	16	100
Hisham Zainal Mokhtar (Non-Independent Non-Executive Director) *resigned w.e.f. 30 June 2014	2	2	100
Dato' Azmi Abdullah (Independent Non-Executive Director)	16	15	94
Dato' Haji Kamil Khalid Ariff (Independent Non-Executive Director)	16	16	100

The objectives and activities carried out by the Board Audit Committee during the year under review are summarised in the Statement of Internal Control as stated in pages 106 to 108 of this Annual Report.

2. Board Nomination Committee

The Board Nomination Committee provides a formal and transparent procedure for the appointment of directors, CEO and members of Shariah Committee as well as assessment of effectiveness of board as a whole, Shariah Committee members and performance of CEO and key senior management officers.

The Board Nomination Committee comprises of Non-Executive Directors and the Chairman who is independent. Meetings are held as and when required for the Board Nomination Committee to deliberate on related matters. The members of the Nomination Committee and the attendance for the year under review are as follows:-

Directors	Number of meetings		
	Held	Attended	%
Tengku Dato' Seri Hasmuddin Tengku Othman (Chairman/Independent Non-Executive Director)	11	11	100
Dato' Sri Che Khalib Mohamad Noh (Non-Independent Non-Executive Director)	11	6	55
Haji Mohd Izani Ghani (Non-Independent Non-Executive Director)	11	11	100
Hisham Zainal Mokhtar (Non-Independent Non-Executive Director) *resigned w.e.f. 30 June 2014	3	2	67
Haji Abdul Jabbar Abdul Majid (Non-Independent Non-Executive Director)	11	11	100
Dato' Azmi Abdullah (Independent Non-Executive Director)	11	10	91

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

- Establishes minimum requirements for the Board that is, the required mix of skills, experience, qualification and other core competencies required of a director. The Board Nomination Committee is also responsible for establishing minimum requirements for the CEO.
- Recommends and assesses the nominees for directorship, board committee members, and Shariah Committee members as well as the CEO.
- Oversees the overall composition of the Board, in terms of the appropriate size and skills, and balance between executive directors, non-executive directors and independent directors through annual review.
- Recommends to the Board the removal of a director/CEO/Shariah Committee member from the Board/management/committee if the director/CEO/Shariah Committee member is ineffective, errant and negligent in discharging his responsibilities.
- Establishes a mechanism for the annual formal assessment on the effectiveness of the board as a whole, assessment of the performance individual directors, the performance of the CEO and other key senior management officers (Executive Vice President (EVP) and above).
- Oversees the appointment, management succession planning and performance evaluation of key senior management officers.

Statement on Corporate Governance

- Recommends to the board the removal of key senior management officers if they are ineffective, errant and negligent in discharging their responsibilities.

3. Board Remuneration Committee

The Board Remuneration Committee provides a formal and transparent procedure for developing a remuneration policy for Directors, CEO and key senior management officers and ensuring that Bank Muamalat’s compensation package is competitive and consistent with its culture, objectives and strategies.

In addition, the Board Remuneration Committee is also responsible for developing remuneration policy for the Shariah Committee members that commensurate with their roles and responsibilities. The Board Remuneration Committee will then recommend the proposed remuneration package to the Board for its approval.

The composition and the attendance for the year under review of the Board Remuneration Committee are as follows:-

Directors	Number of meetings		
	Held	Attended	%
Dato’ Azmi Abdullah (Chairman/Independent Non-Executive Director)	8	8	100
Dato’ Sri Che Khalib Mohamad Noh (Non-Independent Non-Executive Director)	8	5	63
Haji Mohd Izani Ghani (Non-Independent Non-Executive Director)	8	8	100
Haji Ismail Ibrahim (Non-Independent Non-Executive Director) *resigned w.e.f. 30 June 2014	3	2	67
Haji Abdul Jabbar Abdul Majid (Non-Independent Non-Executive Director)	8	8	100
Tengku Dato’ Seri Hasmuddin Tengku Othman (Independent Non-Executive Director)	8	8	100

The specific responsibilities of the Board Remuneration Committee include amongst others, the following:-

- Provide a formal and transparent procedure for developing the remuneration for directors, board committee members, CEO, Shariah committee and key senior management officers and to ensure that their compensation is competitive and consistent with Bank Muamalat’s culture, objectives and strategy.
- Recommend to the Board on the policies, strategies and framework for Bank Muamalat in relation to the remuneration, rewards and benefits.
- Recommend the remuneration of the Shariah Committee members for the full board’s approval. The remuneration shall commensurate and reflect the roles and responsibilities of the Shariah Committee.

4. Board Risk Management Committee

The Board Risk Management Committee is authorised to oversee Management's activities in managing credit, market, liquidity, operational, legal and other risk and to ensure that the risk management process is in place and functioning. In addition, the Board Risk Management Committee is also responsible for ensuring that a comprehensive risk management infrastructure is in place for managing the risk associated with Mudharabah and Musharakah financing or investments.

The composition and the attendance for the year under review of the Board Risk Management Committee are as follows:-

Directors	Number of meetings		
	Held	Attended	%
Dato' Azmi Abdullah (Chairman/Independent Non-Executive Director)	14	14	100
Haji Mohd Izani Ghani (Non-Independent Non-Executive Director)	14	10	71
Haji Abdul Jabbar Abdul Majid (Non-Independent Non-Executive Director)	14	12	86
Tengku Dato' Seri Hasmuddin Tengku Othman (Independent Non-Executive Director)	14	14	100
Dato' Haji Kamil Khalid Ariff (Independent Non-Executive Director)	14	14	100

The objectives and activities carried out by the Board Risk Management Committee during the year under review are summarised in the Risk Management Statement as stated in pages 109 to 117 of this Annual Report.

5. Shariah Committee

The Shariah Committee was established in accordance with the requirements of the Islamic Financial Services Act 2013 as well as Bank Muamalat's Articles of Association, which prescribe the setting up a Shariah body to ensure that Bank Muamalat's conduct its affairs in accordance with the Shariah principles. Members of the Shariah Committee are scholars renowned for their knowledge and experience in Fiqh Muamalat.

Further details of this Shariah Committee are set out on Pages 30 to 37 of this Annual Report.

Statement on Corporate Governance

6. Board Muamalat Banking Solutions Committee

In addition to the above committees, the Board has also established a Board Muamalat Banking Solutions Committee (Board MBS Committee). The Special Board committee is formed to provide direction, guidance and oversight for IT solutions development, implementation and maintenance for the Bank and also to provide recommendation to the Board on the proposed solution.

The composition and the attendance for the year under review of the Board MBS Committee are as follows:-

Directors	Number of meetings		
	Held	Attended	%
Dato' Haji Kamil Khalid Ariff (Chairman/Independent Non-Executive Director)	14	14	100
Dato' Mohamed Hazlan Mohamed Hussain (Chairman/Non-Independent Non-Executive Director)	14	14	100
Hisham Zainal Mokhtar (Non-Independent Non-Executive Director) *resigned w.e.f. 30 June 2014	7	1	14
Dato' Azmi Abdullah (Independent Non-Executive Director)	14	14	100

The specific responsibilities of the Board MBS Committee include amongst others, the following:-

- To provide direction, guidance and oversight for IT solutions development, implementation and maintenance for Bank Muamalat.
- To ensure the MBS solution aligns in accordance to the business objectives and needs and to be implemented according to the project schedule.
- To ensure proper project management including project organisation, kick-off, tracking and monitoring is carried out.
- To provide the oversight function on the provision of adequate and competent resources in terms of manpower and financials for the implementation.

The MBS Go-Live cut over date was on 16 June 2014 and the Special Board Committee has been disbanded since April 2015.

7. Internal Audit and Control Activities

The Board has the overall responsibility for maintaining a system of internal controls that provides reasonable assurance of effective and efficient operations and compliance with laws and regulations, as well as internal procedures and guidelines.

The Statement on Internal Control and activities of Bank Muamalat are summarized on page 106 to 108 of this Annual Report.

8. Related Party Transactions

The details of related party transactions of Bank Muamalat are disclosed on pages 218 to 219 under the Audited Financial Statement for the financial year ended 31 March 2015 of this Annual Report.

9. Management Reports

At every Board meeting, a progress report on the on-going projects of Bank Muamalat pertaining to products and services, information technology, recruitment, human resource, policies and procedures, regulatory requirement as well as income and expenses are submitted to the Board for review.

10. Corporate Responsibility

As part of its shared values, Bank Muamalat is continuously developing and strengthening its relationship with the community. Through its Corporate Responsibility initiatives, Bank Muamalat willingly gives back to the community not just in monetary terms but also through the provision of products, services as well as educating the public on the importance of Islamic financial services through a series of 'ceramahs'.

Further details of the Corporate Responsibility Initiatives are set out on Pages 86 to 89 of this Annual Report.

Statement on Internal Controls

The Statement on Internal Controls is made pursuant to best practices as defined by Malaysian Code on Corporate Governance 2012 by Securities Commission to include in its Annual Report a statement about the state of its internal control. The statement is crucial as it outlines the processes to be adopted by the Board in reviewing the adequacy and effectiveness of internal control system of Bank Muamalat.

RESPONSIBILITY

The Board recognises the importance of maintaining a sound system of internal controls and risk management practices as well as reviewing their adequacy and effectiveness to safeguard shareholders value. Robust and dynamic risk management and internal controls are vital in ensuring stability of the business in facing rapid changes of business operations today. The Board reviews and is ultimately responsible for the adequacy and integrity of the internal controls systems in Bank Muamalat in addressing business and operational risks. The Board diligently exercises overall responsibility in ensuring that Bank Muamalat's system of internal controls is adequate and effective to manage the risk profiles within Bank Muamalat's risk appetite. It is pertinent to note that, such a system is designed to manage Bank Muamalat's key areas of risks within an acceptable risk appetite, rather than to guarantee total elimination of risk of failure to achieve Bank Muamalat's objectives and goals. As such, the

system of internal controls can only provide a reasonable rather than an absolute assurance against risk of material misstatements on financial information and records or against fraud or losses. The concept of reasonable assurance also acknowledges that the control procedures cost should not exceed the expected benefits. The Board is of the opinion that, for the period under review up to the issuance date of the annual report and financial statements, the system of internal controls in place at Bank Muamalat is appropriate and adequate to safeguard the stakeholders' interest and its assets. The control structure and process which have been instituted throughout Bank Muamalat are reviewed and enhanced from time to time as to suit the changes in Bank Muamalat's business environment and risk appetite. As at the date of approval of this statement, the improvement of the internal controls system remained in place.

Board Audit Committee (“BAC”)

The Board Audit Committee (“BAC”) has the authority and is empowered by the Board of Bank Muamalat to review the adequacy and effectiveness of the internal controls system and risk management framework implemented by Bank Muamalat and its subsidiary companies.

- Convene meetings or meet with members of the Management, Internal Auditors, External Auditors, and Officers of Bank Muamalat or outside counsel.
- Conduct or authorise investigations to be carried out into any matter within the scope of the BAC’s duties.
- Appoint, employ, and oversee the work of public accounting firm in conducting the annual financial audit, whose partners subsequently would report directly on outcome of the work to the BAC.
- Review connected party transactions and related party transactions, as well as review any write off request from the Management.
- Review and discuss with the Management and the External Auditors on results of the audits, and all matters required to be communicated to the BAC under generally accepted accounting standards.
- Review all significant findings, observations, recommendations, and action plans reported by the Internal Auditors, Management, External Auditors, and Regulators. In addition, status of actions taken by the Management on observations raised by the above-mentioned parties are being tracked at the Audit Resolution Monitoring Committee (“ARMC”), which Minutes of the ARMC meetings are presented for BAC’s deliberation.

Internal Audit Function

The BAC is supported by the Internal Audit Department (“IAD”), which forms an integral part of the governance processes in Bank Muamalat. The Internal Auditors evaluate and contribute to the improvement of governance, risk management, and control processes using a systematic and disciplined approach. The IAD assists BAC by providing reasonable assurance and value-added recommendations on the adequacy, and effectiveness of the system of internal controls and financial reporting, and compliance with internal policies, procedures, and external applicable rules and regulations. The IAD conducts independent risk-based audits based on annual audit plan approved by BAC.

In preparation of the audit plan, IAD has taken the business strategy, objectives, risk, and internal control environment of Bank Muamalat, and activities of its operating and support units into consideration. The IAD evaluates the associated risks, internal controls, and compliance matters through a structured risk-based audit approach and periodic audit on units, branches, and key business processes of which, the frequency is determined by the level of risk assessed, and the IAD provides independent and objective reports for BAC’s review and deliberation in their periodic meetings.

OTHER KEY ELEMENTS OF INTERNAL CONTROLS

The other key elements incorporated by the Board, which contributes to an effective internal controls system includes:

Organisation Structure

Establishment of a formalised organisation structure that provides clear demarcation of reporting and responsibility for ensuring proper assignment of authorities, segregation of duties, and accountability towards Bank Muamalat.

Business Plan and Budget

Annual business plan and budget are prepared and submitted to the Board for approval, where performance achievements are reviewed against the targeted results on monthly basis to allow corrective actions to be taken to mitigate risks. The Board reviews regular reports from the Management on the key financial and operating statistics, as well as legal and regulatory matters.

Policies and Procedures

The Board approves any changes or updates to Bank Muamalat's policies. Bank Muamalat's policies and procedures are established and formalised to ensure compliance with internal controls and the relevant laws and regulations, which are set out in the respective manuals, guidelines, and directives issued by Bank Muamalat and the regulatory authorities that updated from time to time.

Defined authority limits have been established for each level within Bank Muamalat to approve acquisition and disposals of assets, approval of credit items, writing off operational and credit items, as well as approving expenses. In regards to Bank Muamalat's commitment towards its Whistle Blowing Policy, the Board has established Muamalat Ethics Line to enable employees to raise concerns in a responsible manner regarding any unprofessional or unethical conduct, and to have such concerns properly investigated. All disclosures under this Policy will be managed by a third party appointed by Bank Muamalat and will be treated as strictly confidential.

Statement on Risk Management

Bank Muamalat's management of risk is undertaken in an integrated approach, which essentially looks at a broad spectrum of risks inherent in Bank Muamalat's business operations and manages them under an established governance and oversight structure.

As a financial institution, Bank Muamalat encounters various forms of risks in its day-to-day business activities. Key inherent risks in the financial services are credit, market, liquidity, operational, strategic and business risks. In addition, Bank Muamalat also faces the risk of Shariah non-compliance, an important and unique risk faced by full-fledged Islamic Financial Institutions (IFI). Failure to effectively manage these risks could potentially lead to dire consequences such as financial losses, regulatory breaches and adverse public perception that may give rise to crisis of confidence.

Hence, it is imperative for these risks to be managed in a holistic and timely manner. To achieve this, Bank Muamalat conducts ongoing analysis of its risk profile against current and projected operating conditions. Appropriate risk management strategies are then formulated and implemented under an established governance structure to ensure prompt monitoring, review and response.

BUSINESS CONDITIONS

In 2014 and continuing into the early 2015, the financial services industry saw growing challenges in the form of rising funding and operational costs, continued margin compression, volatility in currencies and commodity prices, and dampening consumer demand. Banks were reporting a slowdown in financing growth and this has been largely attributed to weaker consumer sentiments coupled with tighter regulatory prudential measures introduced to control household debt levels.

Amidst global economic and geopolitical uncertainties,

tighter capital and liquidity standards are adding on to the increasingly complex financial landscape which has resulted in higher need for regulatory compliance and adoption of more cost efficient approaches. These have necessitated the build-up of substantial infrastructure and related capabilities in the form of systems, processes and expertise, and have sent financial institutions scrambling into further consolidation mode and in pursuit of lower-cost and sustainable funding sources.

Locally, BNM has introduced revisions to its CAFIB¹

¹The Capital Adequacy Framework for Islamic Banks (CAFIB) issued on 27 June 2013 and its related documents.

Statement on Risk Management

guidelines, which is modeled after the BCBS's revised capital and liquidity reform measures (generally referred to as the Basel III reform package). The new capital and liquidity standards came into effect on 1 January 2013 and are being implemented under a gradual phase-in transitional arrangement until its full compliance in year 2019. As banks rush to comply with the minimum liquidity (LCR) requirement which shall become mandatory in June 2015, the banking sector saw intense competition for stable deposits, which in turn resulted in higher cost of funds.

In the run-up to the Basel III² implementation, Bank Muamalat has taken early steps to ensure compliance to these regulatory requirements. To address its funding and liquidity requirements, Bank Muamalat has formulated and implemented several strategies to reduce its reliance on wholesale deposits and to increase more stable sources of funding. These include intensifying acquisition of stable deposits such as consumer/retail SME CASA, building on the DRB group synergy to tap for deposits from group companies and employees, and sourcing for longer-term funding alternatives. A dedicated department and taskforce were specifically set up to initiate, execute and oversee these deposit drive initiatives.

The capital standards under the revised CAFIB guidelines are primarily aimed at enhancing the quality of capital held by banks in support of their business activities and risk profile. To maximise absorption of potential losses, banks are required to hold higher amounts of capital buffers and high quality capital instruments. As these forms of capital would entail higher cost, Bank Muamalat has formulated and implemented a strategic action plan to ensure regulatory compliance and achieve optimal capital utilisation.

The Islamic Financial Services Act 2013 (IFSA), which came into force in June 2013, has brought about various changes to the local banking scene. Aimed at strengthening and

promoting the country as a major Islamic financial hub, the IFSA is a comprehensive legal framework that amalgamates the previous legislative acts and other related BNM guidelines on banking and takaful. It integrates corporate and Shariah governance, in alignment with global best practices, and enforces them as a substantive law.

Under the IFSA, IFIs are required to comply with the Shariah and operational standards issued by BNM and other applicable regulatory bodies, which essentially covers all facets of the IFIs' business objectives, operations and product offerings. One of the key elements of the IFSA is the enforcement of end-to-end Shariah compliance in every aspect of the IFIs' operations. In business dealings, IFIs are required to ensure that all Shariah contracts comply with the Shariah rules and principles and sufficiently reflect the underlying risks and rewards of the financial transactions.

Pursuant to the IFSA³, IFIs are required to distinguish their deposit products from investments, thus pushing for greater diversification of their product offerings and services. Deposits previously structured under mudharabah concept are considered as investments and has to be segregated from other types of deposits. Banks have until June 2015 to fully transition the affected deposit products and come up with mudharabah and musyarakah-based investment accounts as new offerings to would-be investors. The move is seen as providing greater flexibility and opportunity for IFIs to broaden and diversify its product structures and explore possibilities for more capital relief in the form of specific asset-backed investment accounts.

Bank Muamalat has initiated a review of its products, services and processes to ensure compliance to the regulatory requirements and has accordingly developed alternative deposit products as well as investment accounts for its customers. While the transition of deposit accounts are expected to be smooth, introduction of

²The rules are detailed out in the documents Basel III: A global regulatory framework for more resilient banks and banking systems, Basel III: International framework for liquidity risk measurement, standards and monitoring, and subsequent additional documents issued by the Basel Committee on Banking Supervision (BCBS).

³The Islamic Financial Services Act 2013 repeals the Islamic Banking Act 1983 and the Takaful Act 1984 and incorporates elements from the Payment System Act 2003 and the Exchange Control Act 1953.

Statement on Risk Management

the new investment accounts is projected to undergo a gradual familiarisation and acceptance phase, particularly as the market has to be accustomed to the non-capital protected feature of the investment products.

MANAGING RISKS

Bank Muamalat formulates risk management strategies to ensure that risks are effectively addressed and managed. Risk strategies are also developed with the aim of balancing risks with business objectives and ensuring that the growth plans are well supported by a defined and effective risk infrastructure.

Among the key strategies are to establish a comprehensive risk infrastructure and a risk assessment and monitoring framework. The risk assessment framework is a systematic and ongoing process of identifying, evaluating, monitoring, managing and responding to existing and emerging risks in line with Bank Muamalat's business objectives as well as changes in the operating and regulatory environments. Embedded in the risk infrastructure is the risk management approach and processes where through these processes, Bank Muamalat is able to identify and measure significant risks, define its risk appetite, and finally, formulate appropriate strategies to manage and mitigate them.

Following the conversion of Bank Muamalat's key core banking systems under the Muamalat Banking Solution (MBS) implementation in mid 2014, Bank Muamalat has embarked onto the next phase of the MBS project which covers the essential risk analytics and management system. Deemed as a key addition to the risk infrastructure, the newly acquired systems would address and enhance Bank Muamalat's future risk management capabilities to meet new challenges and the growing regulatory compliance needs. These include the credit risk datamart, market risk and asset-liability management (ALM) systems, and enhancement of the operational risk assessment and loss data management system.

Another important risk management element is the existence of a strong risk culture. Bank Muamalat aims to cultivate and internalise this positive and proactive approach towards addressing risk through an ongoing

process of awareness-building, educating, and open communication with the various stakeholders within the organisation. Constant engagement is maintained between the risk management team and the business units to facilitate and foster greater understanding and cooperation towards better risk management.

RISK GOVERNANCE

Bank Muamalat's risk governance structure is based on a distributed function approach, where risk governance and management is taken under three distinct lines of defence. The first line of defence in managing risks lies within the business units where risks are directly undertaken and assumed in the day-to-day business activities and operation. As front-liners, the business units are responsible for carrying out the established processes for identifying, mitigating and managing risks within their respective environment in alignment with Bank Muamalat's strategic targets.

The second line of defence, which comprises the risk management control functions and compliance, ensures the independent oversight and management of all material risks undertaken by Bank Muamalat. The risk management function provides specialised resources for developing risk frameworks, policies, methodologies and tools for risk identification, measurement and control. It also provides the control function, which monitors the risks by using various key indicators and reports, guided by the established risk appetite and tolerance limits.

Finally, the third line of defence, which involves internal audit, provides the independent review and assurance on the adequacy of the risk management processes and effectiveness of the first two lines of defence in fulfilling their mandates.

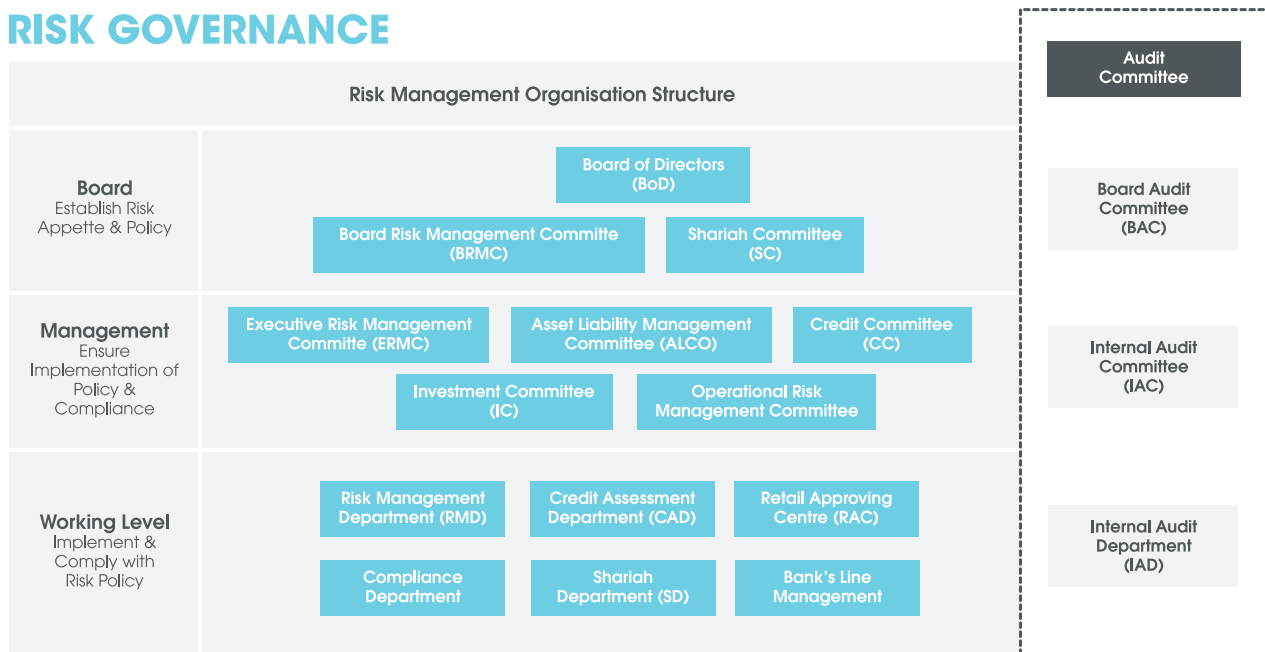
Statement on Risk Management

RISK MANAGEMENT ORGANISATION STRUCTURE

The risk governance structure comprises board and management level committees as well as risk control units, which are guided by a reporting hierarchy to enforce the overall governance and oversight of Bank Muamalat’s risks. Each committee and control unit has its own defined responsibilities and delegated authorities.

The Board holds the ultimate responsibility for the overall risk governance and management. This includes determination of risk strategies, defining the risk appetite and ensuring effective of control and monitoring of risks. The Board is also responsible for ensuring the risk management structure is clearly defined and performs effectively.

RISK GOVERNANCE



The Board is supported by two board-level committees, namely the Board Risk Management Committee (BRMC) and the Shariah Committee (SC), each with distinct roles and responsibilities. The committees, through the authorities delegated by the Board, execute and implement Bank Muamalat’s strategies, policies and methodologies and ensure that these are kept in line with the Board’s vision.

The BRMC is a board-level forum that focuses and deliberates on all risk management issues. The committee oversees and ensures the effective management of risks and enforcement of the approved risk tolerances and limits. It is also responsible for the review and assessment of the

existing risk management framework for its adequacy and for ensuring that a robust infrastructure and systems as well as resources are in place to monitor risk and capital positions.

Shariah compliance management is enforced by the Board through the SC. The SC functions independently from the Board and is tasked with the responsibility of understanding Shariah issues in all activities assumed by Bank Muamalat. The SC also serves as advisory to the Board and the management team on all Shariah matters. Shariah management and compliance has to be closely aligned to ensure Bank Muamalat has a full view of all risks

and is able to put in place an integrated and end-to-end Shariah compliance management.

At the management level, specialised risk committees have been set up to oversee specific risk areas and perform the control functions. These cover the asset-liability management, credit evaluation and management, investment management, and operational risk management. To support the above committees, a dedicated Risk Management Department has been formed to carry out the day-to-day risk management functions, independent from business lines and targets.

RISK APPETITE

Bank Muamalat's risk appetite framework comprises a governance structure and a set of risk appetite statements (RAS) which are outlined based on the stakeholders' expectation. It serves as a foundation for Bank Muamalat's risk culture and sets out the principles and policies to guide business activities and decision making process towards achieving an optimal balance between risk and return.

The RAS incorporates Bank Muamalat's key performance indicators such as earnings volatility, liquidity and capital ratios. At the strategic level, Bank Muamalat's tolerance for earnings volatility and liquidity are clearly stated to facilitate appropriate governance and oversight. Tolerance on liquidity is set based on thresholds on key liquidity ratios. The risk appetite also defines Bank Muamalat's risk capacity in terms of the capital levels required to support its business activities as well as the capital buffers deemed adequate to meet regulatory and strategic requirements.

Regarded as a key cornerstone of the risk management framework, Bank Muamalat formulates strategic and business plans in alignment with the Board-approved risk appetite statements. Aside for business planning, the RAS is also applied in developing risk management strategies. As it provides the basis for Bank Muamalat's risk-taking boundaries, risk tolerance limits and measures are formulated based on the approved risk appetite and serve as a reference point for all risk taking and monitoring activities. In the event a risk boundary is approached or

breached, the tolerance limit will trigger the appropriate actions needed to address the situation. The business-level RAS are jointly developed with the business lines and the actual performance are measured and monitored against the risk appetite on a regular basis.

CAPITAL MANAGEMENT

Bank Muamalat's capital strategies and approach in managing capital risk is embedded in the capital management framework. Developed in accordance with the capital standards as outlined in the BNM's CAFIB guidelines, Bank Muamalat's capital management framework adopts forward-looking and risk-based approaches and principles.

The main capital management objective is to ensure that capital resources are efficiently used while striving for business and strategic targets. To achieve this, Bank Muamalat assesses its capital requirements and develops an annual capital plan. The plan contains a capital forecast covering a three-year planning cycle to ensure that sufficient capital is maintained to meet business needs and to support the risks associated with these activities.

To assess the capital requirement, Bank Muamalat applies the regulatory Standardised Approach for credit and market risks and the Basic Indicator Approach for operational risk for the measurement and quantification of its risk-weighted assets. As prescribed under the ICAAP, other possible major risks that are not covered under these measurement approaches are also assessed to determine further capital requirement, if any.

Bank Muamalat's capital position is closely monitored against the capital plans and internal capital targets to ensure that they remain within set targets or to trigger preemptive or remedial actions, if deemed necessary. Bank Muamalat conducts regular stress tests to evaluate the impact of specific macro-economic and risk factors on its capital adequacy levels and for formulation of appropriate capital management strategies.

Stress testing is performed to identify early warning signs

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and potential risk events that may adversely impact Bank Muamalat's risk profile and business direction. It is also used to determine the appropriate capital buffers needed to be maintained to ensure that Bank Muamalat does not breach the minimum regulatory ratios under actual and stressed scenarios.

The capital planning and management framework is also used to ensure that adequate capital buffer is held under normal and projected adverse conditions. Hence, the annual capital plan addresses any capital issuance requirements, capital instrument composition and maturity profile, and capital crisis contingency planning.

Internal Capital Assessment Adequacy Process (ICAAP)

The capital management framework documents the key capital management policies, principles, processes and responsibilities that are to be applied in capital planning and management as well as for capital adequacy assessment as required under the Internal Capital Adequacy Assessment Process (ICAAP).

Capital planning and management is integrated with risk management where the comprehensive risk assessment conducted on all risk areas is used in the capital adequacy assessment to study its impact on Bank Muamalat's capital standing. The risk and capital assessment entails the identification of material risks inherent in business activities and the effectiveness of controls put in place to mitigate and manage these risks.

In the ICAAP, which is conducted in conjunction with the strategic and business planning process, Bank Muamalat determines the level of capital to be allocated for business growth, in line with the targeted profit and Risk Adjusted Return on Capital (RAROC), and the required capital buffers. Additionally, internal capital targets are set in the annual capital plan and used as an ongoing monitoring and management mechanism to ensure capital levels are maintained at the approved levels

CREDIT RISK MANAGEMENT

Credit risk is defined as the risk of a financial loss if any customer or counterparty fails to meet its obligations to Bank Muamalat as they fall due. It is a primary source of risk to Bank Muamalat, arising mainly from retail and wholesale financing exposures which form the bulk of Bank Muamalat's assets. It covers all financing exposures, including guarantees and irrevocable undrawn facilities, and financial assets, such as investment securities held in Bank Muamalat's banking book. To a lesser degree, Bank Muamalat is also exposed to other forms of credit risk, such as those arising from settlement balances with market counterparties.

To manage credit risk, Bank Muamalat has put in place an established and comprehensive framework comprising of policies, processes, measurement methodologies, and an oversight structure. Credit underwriting and management is governed by a set of credit-related policies, namely the Credit Risk Policy (CRP) and Guidelines to Credit Risk Policies (GCRP), and related operating procedures. They outline Bank Muamalat's policies on credit risk such as financing underwriting standards, pricing policy, risk rating, approving authority limits, prudential limits, risk mitigation, review process, rehabilitation and restructuring, and provisioning for impaired financing. The policies are reviewed and updated regularly to ensure its continued relevance and effectiveness.

The credit risk management approach involves the measurement, mitigation and management of credit risk exposures at every stage of the credit process. At credit origination, the business units are guided by the underwriting standards, credit rating models and the pricing policy. Credit underwriting proposals are then subjected to independent evaluation and risk assessment prior to approval. At the approval stage, the approving authority levels and limits are clearly defined to ensure that credit decision making are undertaken under a prudent and proper governance structure. These authority limits are approved by the Board and are subject to periodic review to ensure its effectiveness and compliance.

Bank Muamalat monitors and manages the credit exposures based on concentration and portfolio segments to ensure that they are kept within the approved risk appetite and risk tolerance levels. Monthly exposure review and analytical reports are produced and tabled to the risk management committees for deliberation. The reports also provide the basis for formulation of risk management strategies and policies.

Exposures to delinquent and problematic financing are managed by an independent department that focuses and specialises on restructuring and recovery activities. A set of early warning triggers are used to identify potentially distressed financing accounts and to facilitate initiation of remedial actions. The exposure is actively monitored to ensure delinquency is kept within tolerable limits.

MARKET RISK & ASSET-LIABILITY MANAGEMENT

Market risk is the risk of losses resulting from movements in market rates, foreign exchange rates, and equity and commodity prices, which adversely impact Bank Muamalat’s earnings and capital positions.

Exposure to market risk arises from trading and non-trading activities. Bank Muamalat’s risk management framework addresses both market risk and asset-liability management, where market risk exposures are managed and controlled in order to optimise return on risk while maintaining a market profile consistent with Bank Muamalat’s strategic plan.

The framework covers key risk management practices such as risk identification, measurement, mitigation, monitoring and control and includes a formal governance and oversight structure. An independent market risk control function is responsible for measuring risk exposures according to the established policies and guidelines and reports to the ALCO Working Committee on a monthly basis. Balance sheet and capital management issues and strategies are discussed at the ALCO and later escalated with recommended action plans to the ERM, BRMC and Board respectively.

The above market risk and ALM management process is governed by the Market Risk & ALM Policies and Guidelines (MRAPG) and Trading Book Policy Statement (TBPS).

RATE OF RETURN RISK

Rate of return risk refers to the variability of Bank Muamalat assets and liabilities resulting from the volatility of the market benchmark rates, both in the trading and banking books. Such changes can adversely affect both Bank Muamalat’s earnings and its economic value.

To assess and manage the exposure, Bank Muamalat uses various measurement tools and analyses to study the impact of market rate changes on earnings and balance sheet profile. Among these are the earnings at risk (‘EaR’), economic value of equity (‘EVE’) and re-pricing gap analysis. In addition, the value at risk (VaR) approach is used to estimate the maximum potential loss of the investment portfolio over a specified time.

Risk tolerance limits are then built along these sensitivity measurements to manage and mitigate the related risk exposures. Bank Muamalat actively manages the following rate of return risks:

Risks	Definition
Re-pricing Risk	Timing differences in maturity and re-pricing of Bank’s assets and liabilities
Yield Curve Risk	Unanticipated yield curve shifts that has adverse impact on Bank’s income and economic values
Basis Risk	Arises from imperfect correlation in the adjustment of rates earned and paid on different instruments with otherwise similar re-pricing characteristics
Optionality/ Embedded Option Risk	The risk arising from options embedded in Bank’s assets, liabilities and off-balance sheet portfolio

LIQUIDITY RISK

Liquidity risk is the risk of Bank Muamalat’s failure to provide adequate financial resources to fund increases

Statement on Risk Management

in its assets or to meet payment obligations as they fall due. This leads to an inability to support normal business activity and meet liquidity regulatory requirements. It is imperative for Bank Muamalat to ensure that there is sufficient availability of cash and liquid assets to meet these short-term and long-term obligations and this is conducted through an active and effective management of its balance sheet.

For ongoing management and monitoring of the liquidity and funding positions, Bank Muamalat establishes risk tolerances and limits within applicable risk appetite metrics, monthly reporting of its asset, liability and liquidity positions and a comprehensive liquidity crisis contingency plan and action framework.

The primary focus of Bank Muamalat's liquidity management is to assess all cash inflows against outflows to identify the potential for any net shortfall going forward. This includes funding requirements for off-balance sheet commitments.

Bank Muamalat pays particular attention to its ability to cover any shortfall in liquidity for up to 1-month time period followed by a medium-term assessment of liquidity of up to one year. The measurement and limits used to monitor and manage the liquidity risk are as prescribed under the BNM's liquidity framework, namely the New Liquidity Framework (NLF), Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). To mitigate the risk, Bank Muamalat employs a funding diversification strategy and establishes a liquidity contingency plan.

To ensure its readiness in dealing with a liquidity crisis, Bank Muamalat has set up a pre-crisis management framework with a build-in and structured crisis response mechanism, which allows for quick identification of potential liquidity crisis before it occurs. The process involves continuous monitoring of various indicators which acts as early-warning signals of impending crisis situations of different severity levels.

OPERATIONAL RISK MANAGEMENT

Operational risk is defined as the risk of losses resulting from inadequate or failed internal processes, people, and systems, and/or from various external events. The objective of Operational Risk Management (ORM) is to effectively manage risks to minimise possible financial losses arising from these operational lapses.

Bank Muamalat has established an Incident Management Data Collection (IMDC) and reporting system where all material loss incidents, potential loss or near miss incidents are immediately reported and recorded. The IMDC report is designed as a tool to report and capture information on all incidents that may give rise to operational losses, including Shariah and regulatory non-compliances.

Bank Muamalat has also instituted the Risk and Control Self Assessment (RCSA) process which is a forward looking approach in assessing operational risk to identify and close any control gaps prevalent in the business processes. In addition, Key Risk Indicators (KRI) are built into the business processes to facilitate the monitoring and tracking of operational risk exposures over time.

The management of operational risks is targeted at preventing risk events and damages (by in-process and managerial controls), handling critical situations (via contingency plans and business continuity management (BCM)) and mitigating potential losses (collaterals). The applied risk management system and controls are in line with Bank Muamalat's level of operational risks and internal standard operating procedures. By establishing and operating a system of control procedures that commensurate with its risks, Bank Muamalat limits its exposures to an acceptable level in accordance with its risk appetite.

In relation to operational risk management, the key risk organs which plays a critical role in the overall integrated risk management framework are the Operational Risk Management unit, Operational Risk Management Committee (ORMC), Internal Audit, Compliance and the business lines.

SHARIAH RISK MANAGEMENT

Shariah non-compliance risk is defined as the risk that arises from Bank Muamalat's failure to comply with the Shariah rules and principles as determined by the relevant Shariah regulatory councils or committees.

To manage Shariah risk, Bank Muamalat has established the Shariah Risk Management Unit (SRMU) as part of its integrated risk management framework, in accordance with BNM's regulatory requirement as outlined under the Shariah Governance Framework (SGF). The SRMU is responsible for the management of Shariah risk and ensures that Shariah risk areas, which may interrelate with operational risk, credit risk and market risk, are proactively identified, assessed and controlled, and subsequently reported to the management and Board on a timely basis.

Main responsibilities of the SRMU include formulation of policies and guidelines on Shariah risk management and identification and assessment of Shariah non-compliance risks in business operations, activities, products and services.

Other functions performed by the SRMU are as follows:

- Assess effectiveness of existing controls and recommend appropriate controls or mitigation plan;
- Assess new and existing products, services and operating procedures from Shariah risk perspective;
- Monitor for possible Shariah non-compliance risk and report to the Board, Shariah Committee and management;
- Identify potential income or profit arising from business operations and activities that could not be recognised as a halal (lawful in Shariah) income to Bank Muamalat due to non-adherence with Shariah requirements;
- Formulate procedures on cleansing of non-halal income and monitor the de-recognition process; and
- Conduct training and awareness programme on Shariah risk to inculcate a Shariah compliance risk culture.

The management and mitigation of Shariah risks is undertaken and governed by the Shariah Management and Compliance Framework, Guidelines on New Product Approvals and related Shariah risk management policies, procedures and general decisions.

Risk mitigation for Shariah inherent risks covers efforts taken to reduce the probability/likelihood or consequences of a threat. Shariah risk may be avoided when Bank Muamalat refuses to accept the risk event by not engaging in the Shariah non-compliance activities that would lead to financial loss due to Shariah non-compliant income.

REPUTATIONAL RISK MANAGEMENT

Strategic risk is defined as the risk of unexpected negative developments in Bank Muamalat's results stemming from its fundamental strategic and business decisions. Reputational risk is the risk of loss arising from negative perception of Bank Muamalat's image by the public and its stakeholders, which could adversely impact shareholder value.

In assessing strategic risk, Bank Muamalat looks at risks associated with its current and future business plans and strategies. These may include plans for entering into new businesses, expansion of existing products and services, and enhancement or replacement of infrastructure, such as those involving information technology, networking and outsourcing.

Reputational risk generally arises from failure to effectively manage all other types of risks. Bank Muamalat therefore places high importance on its overall risk governance and in particular, on ensuring compliance to the Shariah tenets. As a full-fledged Islamic financial institution, negative perception on the part of its customers and other stakeholders could lead to significant and sustained brand damage and other adverse consequences.

Managing reputational risk is therefore the responsibility of all individuals within the organisation, particularly those who are directly involved in making commercial decisions in their respective functions or business lines.

Statement on Compliance

Bank Muamalat recognises that regulatory compliance risk and obligations have to be managed proactively and effectively, with the culture of compliance embedded across all business activities of Bank Muamalat.

As with any other financial services provider, Bank Muamalat is exposed to the risk of impairment to its business model, reputation and financial condition from failure to comply with laws and regulations, internal policies and procedures, as well as the expectations of stakeholders. This encompasses the compliance risk faced by Bank Muamalat. In operating its business as a compliant financial services provider, Bank Muamalat upholds the adoption and practice of good corporate governance. These principles serve as an important guide for Bank Muamalat as it continuously evolves to meet the growing demands of compliance best practices.

Compliance is the collective responsibility of the respective Boards, Senior Management and each and every employee of Bank Muamalat. Furthermore, there is a dedicated officer and compliance team in each of the applicable entity. Hence, everyone concerned is expected to promote self-regulation and be accountable for his or her own activities while maintaining ethical principles and behavior in everything that he or she does.

The Board, CEO and senior Management have adopted the Compliance Framework and Charter built on the following principles:

- Commitment to comply with the relevant legal and regulatory requirements;
- Dedicated compliance function coordinates the management of Bank Muamalat's compliance risk; implement a compliance programme across Bank Muamalat to ensure effective operations of Compliance Framework; and
- Embedding the Compliance Framework within the operations of Bank Muamalat, thus making regulatory compliance risk management an

integral part of Bank Muamalat's business activities.

The Board and management of Bank Muamalat further pledges to ensure the implementation of the following drivers of effective compliance culture:

Leadership principle

- Full commitment by all staff in ensuring compliance risk and requirement are effectively administered; and
- Sufficient provision and appropriate resources for the compliance programme.

Culture principle

- Compliance culture is consciously promoted bank-wide; and
- All staff are continuously engaged to ensure they inculcate compliance awareness and discharge their duties effectively to ensure their respective units comply with regulatory and internal requirements.

Training and Communication Principle

- Compliance knowledge and awareness are constantly reinforced and communicated; and
- Compliance competency and training needs are recognised and addressed.

Compliance Risk Identification & Assessment Principle

- Red flags and compliance risks are proactively identified; and
- Early warning system i.e self auditing is in place to identify compliance requirements.

Compliance Management and Mitigation Principle

- Effective policies, processes and internal controls are in place to mitigate non-compliance risk; and
- Policies and procedures are communicated to ensure that they are comprehended.

Compliance Monitoring Principle

- Performance of compliance controls and compliance programme are monitored, measured and reported; and
- Compliance programme are reviewed on a regular basis and constantly enhanced.

Compliance Reporting and Resolution Principle

- Appropriate methods are established and maintained to identify, capture, escalate, analyse and respond to issues or contravention associated with compliance requirements.

ANTI MONEY LAUNDERING AND COUNTER FINANCING OF TERRORISM (AML/CFT)

Bank Muamalat also explicitly recognises the importance of maintaining continuous efforts and initiatives in assisting the Government and BNM in combating illicit and money laundering activities as well as financing of terrorism activities through the use of the banking system. With infrastructure and processes in place, Bank Muamalat has demonstrated its full commitment and support in ensuring compliance with Anti-Money Laundering and Anti-Terrorism Financing Act, 2001 (AMLATFA) as one of the responsible Reporting Institution (RI). The building blocks of the infrastructure are the AML/CFT Policy and the Internal Guidelines that sets out the following:

- Roles, responsibilities and accountabilities of all employees in combating money laundering and terrorism activities;
- Regular education and training to instill staff awareness on the importance of AML/CFT so as to assist in preventing and detecting suspicious activities;
- Customer Due Diligence process to proactively identified and profile the customers based on selected key criteria;
- Use of subscribed database and management information system for on-going screening of customers transactions to facilitate timely

detection and reporting of the suspicious activities to Financial Intelligence Enforcement Department (FIED) and BNM;

- Assist the enforcement agencies in providing required information and suspicious transaction in a timely manner;
- Maintain record keeping of all identification and transactions details in accordance with statutory requirements;
- Avenue to escalate and deliberate issues surrounding AML/CFT on monthly basis with Senior Management and the Board to reaffirm the commitment and enhance the oversight function;
- Regular independent review by internal and external parties to assess the adequacy, effectiveness of the internal controls and state of compliance with the policy and guidelines; and
- Strict enforcement of appropriate disciplinary action based on established disciplinary procedures on employees who are found to have contravened with such policy and guidelines.

All entities, business units and branches within Bank Muamalat are strongly committed in complying with the AML/CFT Policy and Internal Guidelines as well as the applicable regulations and legislations.

Code of Conduct & Ethical Principles

Bank Muamalat is committed to maintaining the highest standards of conduct at the workplace and in business engagements. Our business must be conducted fairly, professionally, impartially and in full compliance of Shariah principles.

The Code and Ethic/Conduct reflects and reinforces Bank Muamalat's values as an Islamic Bank and it is designed to assist the stakeholders in understanding the ethical principles:

- Uphold good reputation and public confidence by providing 100% Shariah Compliant products and services as a preferred Islamic financial service provider;
- Treat all stakeholders which includes the employees, business partners, customers and communities with full respect and dignity and appreciate the diversity of our workforce;
- Adhere to all rules and regulation including Statutory Regulatory Requirements, Shariah Principles as well as Bank Muamalat's internal policy and guidelines;
- Protects all customers' information from improper disclosure, abuse or loss. However, the customer information may be made available to third parties with the written consent of the respective customer or when disclosure is authorised by Governmental or judicial bodies or agencies or our regulators, but Bank Muamalat will only do so under proper authority;
- Work in a professional manner for the benefit of customers during the relationship, whereby Bank Muamalat is responsible for the protection of the financial interests of the customer; and
- Do the right thing at all times without compromise and as a preferred Islamic financing provider, Bank Muamalat is very clear, truthful and accurate in what we say and do.

As a custodian of public fund, Bank Muamalat is committed to protect and monitor consumer deposits/savings and other similar financial assets through the development of control systems with high level of efficiency and effectiveness to reduce fraud, embezzlement or misuse. In view of that, Bank Muamalat has invested in a more efficient core banking system to replace the existing platform where the bank-wide migration has been launched in the middle of June 2014.

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