



بنك معاملات

Bank Muamalat

Abridged Report 2017



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VISION & MISSION

- To Become the Preferred Islamic Financial Service Provider
- 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 Bank Muamalat 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".

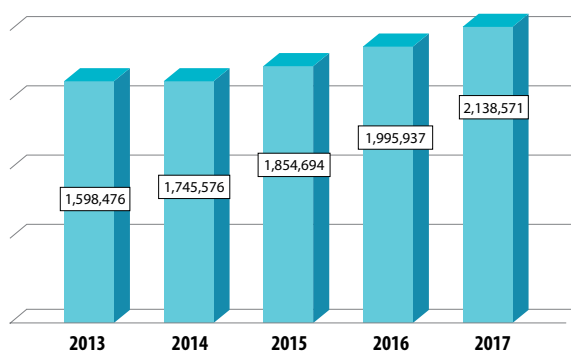
An hour glass embedded in the centre within the logo design stands for the time which is the essence of a bank. Investments grow over time. Two colours are used within the logo. Sultan blue, a royal colour is used to provide a feeling of strength and confidence. Orange is a warm and exciting colour. 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

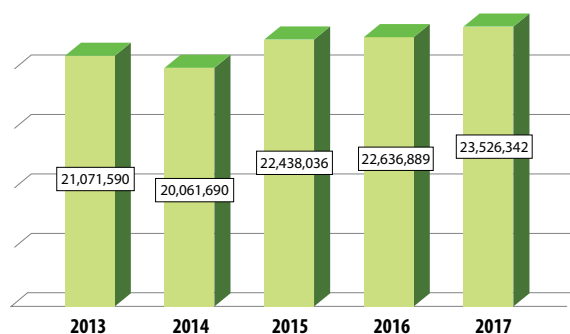
	2007	2008	Jan 2009 - Mar 2010	2011 Restated	2012 Restated	2013	2014	2015	2016	2017
Total Shareholders Fund (RM'000)	737,331	702,236	1,319,131	1,348,286	1,401,004	1,598,476	1,745,576	1,854,694	1,995,937	2,138,571
Profit/(Loss) Before Tax (RM'000)	64,238	44,068	142,061	186,785	103,006	235,963	208,284	121,966	167,233	170,536
Profit/(Loss) After Tax (RM'000)	48,138	31,951	98,834	120,433	69,244	167,936	151,564	89,280	131,909	149,907
Total Assets (RM'000)	13,808,090	14,398,645	16,733,420	18,659,940	20,504,037	21,071,590	20,061,690	22,438,036	22,636,889	23,526,342
Total Deposits (RM'000)	12,172,868	12,447,970	14,920,856	16,216,173	18,151,087	18,744,179	17,629,228	19,544,549	19,643,428	19,917,482
Total Financing (RM'000)	5,870,585	6,427,747	7,037,126	7,495,007	9,064,271	10,352,626	11,899,691	13,414,670	14,512,877	14,918,272
No of Branches	48	48	49	51	58	59	59	59	61	62
No of Service Centres/Kiosk	3	5	6	4	2	7	7	7	1	1
No of Offshore Branches/Labuan	1	1	1	1	1	1	1	1	1	1
No of Staff	1,454	1,419	1,584	1,763	1,929	2,099	2,135	1,987	1,703	1,733
Return on Asset (%) - Pretax	0.47	0.31	0.73	1.06	0.53	1.14	1.01	0.57	0.74	0.74
Return on Equity (%) - Pretax	8.86	6.12	11.24	15.24	7.49	15.73	12.46	6.78	8.69	8.25

10 YEARS FINANCIAL HIGHLIGHTS

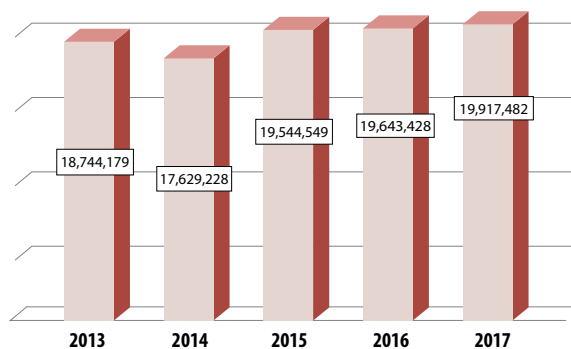
Total Shareholders Fund (RM '000)



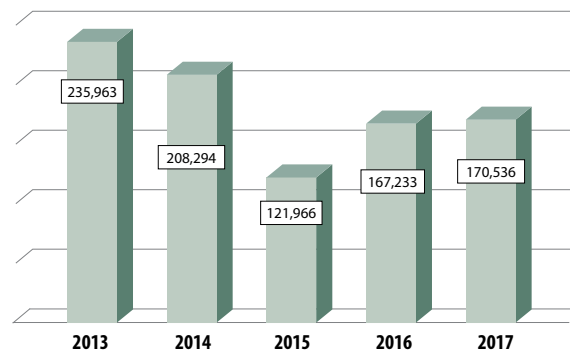
Total Asset (RM '000)



Total Deposits (RM '000)



Profit Before Tax (RM '000)



SUMMARY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

as at 31 March 2017 (03 Rejab 1438H)

	Group		Bank	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Assets				
Cash and short-term funds	1,027,742	1,008,391	1,027,742	1,008,391
Cash and placements with financial institutions	22,183	60,710	22,183	60,710
Investment accounts due from designated financial institution	382	-	382	-
Financial investments designated at fair value through profit or loss	197,208	186,355	197,208	177,322
Financial investments available-for-sale	6,131,416	5,700,165	6,081,533	5,700,012
Financial investments held-to-maturity	142,168	140,608	142,168	140,608
Islamic derivative financial assets	55,948	40,601	55,948	40,601
Financing of customers	14,918,272	14,512,877	14,937,856	14,522,194
Other assets	121,907	71,909	120,285	77,236
Statutory deposits with Bank Negara Malaysia	698,636	703,261	698,636	703,261
Investment in subsidiaries	-	-	8,055	8,055
Investment properties	38,778	32,529	38,778	32,529
Intangible assets	109,510	121,121	109,120	120,563
Property, plant and equipment	52,309	58,127	52,270	58,050
Prepaid land lease payments	231	235	231	235
Deferred tax assets (net)	9,652	-	9,652	-
Total assets	23,526,342	22,636,889	23,502,047	22,649,767
Liabilities				
Deposits from customers	19,917,482	19,643,428	19,929,759	19,664,220
Deposits and placements of banks and other financial institutions	561,654	442,252	561,654	442,252
Bills and acceptances payable	9,196	29,350	9,196	29,350
Islamic derivative financial liabilities	63,088	49,359	63,088	49,359
Other liabilities	56,376	64,981	55,854	64,657
Provision for zakat and taxation	4,806	4,935	4,677	4,512
Deferred tax liabilities (net)	7,086	568	-	568
Subordinated sukuk	253,964	406,079	253,964	406,079
Senior sukuk	514,119	-	514,119	-
Total liabilities	21,387,771	20,640,952	21,392,311	20,660,997

SUMMARY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION_(Cont'd)

as at 31 March 2017 (03 Rejab 1438H)

	Group		Bank	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Shareholders' equity				
Share capital	1,195,000	1,195,000	1,195,000	1,195,000
Reserves	943,571	800,937	914,736	793,770
Total shareholders' equity	2,138,571	1,995,937	2,109,736	1,988,770
Total liabilities and shareholders' equity	23,526,342	22,636,889	23,502,047	22,649,767
Restricted investment accounts	424	-	7,705	-
Total Islamic banking asset and asset under management	23,526,766	22,636,889	23,509,752	22,649,767
Commitments and contingencies	7,355,488	8,014,896	7,355,488	8,014,896
Capital adequacy *				
CET 1 capital ratio	14.35%	13.13%	14.15%	13.03%
Total capital ratio	16.69%	15.37%	16.50%	15.28%

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

SUMMARY STATEMENTS OF PROFIT OR LOSS

for the year ended 31 March 2017 (03 Rejab 1438H)

	Group		Bank	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	1,172,695	1,110,382	1,172,695	1,110,382
Income derived from investment of investment account funds	36	-	36	-
Income derived from investment of shareholders' funds	43,028	99,646	45,975	90,609
Allowance for impairment on financing	(64,615)	(59,322)	(69,548)	(53,322)
Reversal/(provision) for commitments and contingencies	2,282	(2,870)	2,282	(2,870)
Impairment loss on investments	(16,899)	(22,790)	(16,899)	(21,119)
Other expenses directly attributable to the investment of the depositors and shareholders' funds	(7,826)	(5,564)	(7,826)	(5,564)
Total distributable income	1,128,701	1,119,482	1,126,715	1,118,116
Income attributable to depositors	(581,793)	(586,500)	(582,130)	(586,967)
Total net income	546,908	532,982	544,585	531,149
Personnel expenses	(178,281)	(183,500)	(176,188)	(180,753)
Other overheads and expenditures	(172,513)	(161,626)	(171,800)	(161,897)
Finance cost	(25,578)	(20,623)	(25,578)	(20,623)
Profit before zakat and taxation	170,536	167,233	171,019	167,876
Zakat	(4,463)	(4,375)	(4,402)	(4,197)
Taxation	(16,166)	(30,949)	(15,942)	(29,259)
Profit for the year	149,907	131,909	150,675	134,420
Earnings per share attributable to shareholders of the Bank (sen) (basic and diluted):	12.54	11.04		

SUMMARY STATEMENTS OF OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2017 (03 Rejab 1438H)

	Group		Bank	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Profit for the year	149,907	131,909	150,675	134,420
Other comprehensive (loss)/income:				
Items that may be reclassified subsequently to profit or loss				
Net unrealised gain/(loss) on revaluation of financial investments available-for-sale	2,805	24,437	(26,717)	24,437
Gain transferred to statement of profit or loss upon disposal	(17,982)	(10,250)	(17,982)	(10,250)
Income tax relating to net (loss)/gain on financial investments available-for-sale	3,667	(3,383)	10,753	(3,383)
Exchange fluctuation reserve	4,237	(1,470)	4,237	(1,470)
Other comprehensive (loss)/ income for the year, net of tax	(7,273)	9,334	(29,709)	9,334
Total comprehensive income for the year	142,634	141,243	120,966	143,754

SUMMARY OF CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2017 (03 Rejab 1438H)

	<-----Non-distributable----->			<--Distributable-->		
	Ordinary shares	Statutory reserve*	Exchange fluctuation reserve	Available- for-sale reserve	Retained profits	Total equity
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2016	1,195,000	582,822	(2,054)	212	219,957	1,995,937
Profit for the year	-	-	-	-	149,907	149,907
Other comprehensive income/(loss) for the year	-	-	4,237	(11,510)	-	(7,273)
Total comprehensive income for the year	-	-	4,237	(11,510)	149,907	142,634
Transfer to statutory reserve	-	75,336	-	-	(75,336)	-
At 31 March 2017	1,195,000	658,158	2,183	(11,298)	294,528	2,138,571
At 1 April 2015	1,195,000	515,612	(584)	(10,592)	155,258	1,854,694
Profit for the year	-	-	-	-	131,909	131,909
Other comprehensive (loss)/ income for the year	-	-	(1,470)	10,804	-	9,334
Total comprehensive income for the year	-	-	(1,470)	10,804	131,909	141,243
Transfer to statutory reserve	-	67,210	-	-	(67,210)	-
At 31 March 2016	1,195,000	582,822	(2,054)	212	219,957	1,995,937

*The statutory reserve is maintained in compliance with BNM Guideline of Capital Funds for Islamic Banks and is not distributable as dividends.

SUMMARY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2017 (03 Rejab 1438H)

	<-----Non-distributable----->			<--Distributable-->		
	Ordinary shares	Statutory reserve*	Exchange fluctuation reserve	Available- for-sale reserve	Retained profits	Total equity
Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2016	1,195,000	581,225	(2,054)	212	214,387	1,988,770
Profit for the year	-	-	-	-	150,675	150,675
Other comprehensive income/(loss) for the year	-	-	4,237	(33,946)	-	(29,709)
Total comprehensive income for the year	-	-	4,237	(33,946)	150,675	120,966
Transfer to statutory reserve	-	75,336	-	-	(75,336)	-
At 31 March 2017	1,195,000	656,561	2,183	(33,734)	289,726	2,109,736
At 1 April 2015	1,195,000	514,015	(584)	(10,592)	147,177	1,845,016
Profit for the year	-	-	-	-	134,420	134,420
Other comprehensive (loss)/ income for the year	-	-	(1,470)	10,804	-	9,334
Total comprehensive income for the year	-	-	(1,470)	10,804	134,420	143,754
Transfer to statutory reserve	-	67,210	-	-	(67,210)	-
At 31 March 2016	1,195,000	581,225	(2,054)	212	214,387	1,988,770

* The statutory reserve is maintained in compliance with BNM Guideline of Capital Funds for Islamic Banks and is not distributable as dividends.

SUMMARY STATEMENTS OF CASH FLOWS

for the year ended 31 March 2017 (03 Rejab 1438H)

	Group		Bank	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before zakat and taxation	170,536	167,233	171,019	167,876
Adjustment for:				
Amortisation of prepaid land lease payments	4	4	4	4
Amortisation of intangible assets	26,599	23,312	26,401	23,117
Depreciation of property, plant and equipment	18,686	20,302	18,648	20,264
Gain on sale of property, plant and equipment	(553)	(232)	(553)	(232)
Amortisation of cost on subordinated sukuk and senior sukuk issued	67	-	67	-
Property, plant and equipment written off	6	20	6	20
Amortisation of premium less accretion of discount	(1,812)	848	(1,812)	848
Net gain from sale of financial investments available-for-sale	(17,982)	(10,250)	(17,982)	(10,250)
Net gain from sale of financial investments designated at FVTPL	(894)	(617)	(894)	(617)
Unrealised loss/(gain) from financial investment at FVTPL	15,547	(36,331)	6,514	(36,331)
Net gain on revaluation of foreign exchange transaction	(16,708)	(9,653)	(16,708)	(9,653)
Net loss from foreign exchange derivatives	3,793	3,822	3,793	3,822
Unrealised (gain)/loss on revaluation of Islamic profit rate swap	(5,413)	3,097	(5,413)	3,097
Unrealised loss/(gain) on revaluation of hedged items	7,454	(4,470)	7,454	(4,470)
Gain from derecognition of fair value of hedged items	(1,772)	(7,052)	(1,772)	(7,052)
Impairment loss on investments	16,899	22,790	16,899	22,790
Impairment writeback on investment in a subsidiary	-	-	-	(1,671)
Fair value adjustments of investment properties	(1,821)	(1,644)	(1,821)	(1,644)
Net allowance for impairment on financing	75,778	68,165	80,711	68,165
Financing written off	1,689	18,321	1,689	18,321
(Writeback)/Provision for commitments and contingencies	(2,282)	2,870	(2,282)	2,870
Finance cost	25,578	20,623	25,578	20,623
Gross dividend income	(1,904)	(1,614)	(4,712)	(1,612)
Operating profit before working capital changes	311,495	279,544	304,834	278,285

SUMMARY STATEMENTS OF CASH FLOWS (Cont'd)

for the year ended 31 March 2017 (O3 Rejab 1438H)

	Group		Bank	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
(Increase)/decrease in operating assets:				
Investment accounts due from designated financial institution	(382)	-	(382)	-
Islamic derivative financial assets	(19,140)	(13,948)	(19,140)	(13,948)
Financial investments portfolio	(81,937)	(1,196)	(41,937)	(1,196)
Financing of customers	(468,545)	(1,183,385)	(503,746)	(1,176,586)
Statutory deposits with Bank Negara Malaysia	4,625	54,460	4,625	54,460
Other assets	(326)	22,187	6,020	16,108
(Increase)/decrease in operating liabilities:				
Deposits from customers	274,054	98,879	265,539	97,611
Deposits and placements of banks and other financial institutions	119,402	33,416	119,402	33,416
Islamic derivative financial liabilities	19,142	13,973	19,142	13,973
Bills and acceptances payable	(20,154)	(38,373)	(20,154)	(38,373)
Other liabilities	(28,667)	(31,412)	(28,866)	(32,269)
Cash generated from/(used in) operations	109,567	(765,855)	105,337	(768,519)
Zakat paid	(4,430)	(3,347)	(4,237)	(3,121)
Tax paid	(22,178)	(32,387)	(21,187)	(30,101)
Net cash generated from/(used in) operating activities	82,959	(801,589)	79,913	(801,741)

SUMMARY STATEMENTS OF CASH FLOWS_(Cont'd)

for the year ended 31 March 2017 (03 Rejab 1438H)

	Group		Bank	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities				
Proceeds from disposal of investment in securities	8,523,225	7,273,089	8,523,225	7,273,089
Purchase of financial investment in securities	(8,931,888)	(6,561,266)	(8,931,680)	(6,561,112)
Proceeds from disposal of property, plant and equipment	558	242	558	242
Purchase of property, plant and equipment	(12,635)	(9,241)	(12,635)	(9,241)
Purchase of intangible assets	(15,232)	(17,254)	(15,202)	(17,254)
Purchase of investment properties	(4,428)	(22,838)	(4,428)	(22,838)
Dividend income	1,904	1,614	4,712	1,612
Net cash (used in)/generated from investing activities	(438,496)	664,346	(435,450)	664,498
Cash flows from financing activities				
Dividend paid on Islamic subordinated sukuk	(17,670)	(20,600)	(17,670)	(20,600)
Redemption of subordinated sukuk	(400,000)	-	(400,000)	-
Additional issuance of subordinated sukuk	754,031	-	754,031	-
Net cash generated from/(used in) financing activities	336,361	(20,600)	336,361	(20,600)
Net decrease in cash and cash equivalents	(19,176)	(157,843)	(19,176)	(157,843)
Cash and cash equivalents at beginning of year	1,069,101	1,226,944	1,069,101	1,226,944
Cash and cash equivalents at end of year	1,049,925	1,069,101	1,049,925	1,069,101
Cash and cash equivalents consist of:				
Cash and short term funds	1,027,742	1,008,391	1,027,742	1,008,391
Cash and placements with financial institutions	22,183	60,710	22,183	60,710
	1,049,925	1,069,101	1,049,925	1,069,101

REPORT OF THE SHARIAH COMMITTEE

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

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

We have reviewed the principles and the contracts relating to the transactions and applications introduced by the Bank during the year ended 31 March 2017. We have also conducted our review to form an opinion as to whether the Bank has complied with the Shariah principles and with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia, as well as Shariah decisions made by us.

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

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

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

1. the contracts, transactions and dealings entered into by the Bank during the year ended 31 March 2017 that we have reviewed are in compliance with the Shariah principles;
2. the allocation of profit and charging of losses relating to investment accounts conform to the basis that had been approved by us in accordance with Shariah principles;
3. all earnings that have been realised from sources or by means prohibited by the Shariah principles have been identified and excluded from the Bank's income and were disposed for charitable causes; and
4. the calculation and distribution of zakat is in compliance with Shariah principles.

We, the members of the Shariah Committee of Bank Muamalat Malaysia Berhad, to the best of our knowledge, do hereby confirm that the operations of the Bank for the year ended 31 March 2017 have been conducted in conformity with the Shariah principles.

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

Azizi Che Seman
Chairman of Shariah Committee

Engku Ahmad Fadzil Engku Ali
Member of Shariah Committee

Kuala Lumpur, Malaysia
8 June 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BANK MUAMALAT MALAYSIA BERHAD (Incorporated in Malaysia)

Report on the abridged financial statements

Opinion

The abridged financial statements, which comprise the summary statement of financial position as at 31 March 2017, the summary statement of profit or loss and other comprehensive income, summary statement of changes in equity and summary cash flow statement for the year then ended, and related notes, are derived from the audited financial statements of Bank Muamalat Malaysia Berhad for the year ended 31 March 2017.

In our opinion, the accompanying abridged financial statements are consistent, in all material respects, with the audited financial statements, in accordance with presentation and disclosure requirements as prescribed by Bank Negara Malaysia.

Abridged financial statements

The abridged financial statements do not contain all the disclosures required by the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. Reading the abridged financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements of Bank Muamalat Malaysia Berhad and the auditor's report thereon.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 8 June 2017.

Directors' responsibility for the abridged financial statements

The directors are responsible for the preparation of the abridged financial statements in accordance with presentation and disclosure requirements as prescribed by Bank Negara Malaysia.

Auditors' responsibility

Our responsibility is to express an opinion on whether the abridged financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with Malaysian Approved Standard on Auditing (ISA) 810 (Revised), "Engagements to Report on Summary Financial Statements".

Restriction on use

Our report on the abridged financial statements of Bank Muamalat Malaysia Berhad for the year ended 31 March 2017 is issued in compliance with Bank Negara Malaysia Guidelines and for no other purpose

Ernst & Young
AF:0039
Chartered Accountants

Muhammad Syarizal Bin Abdul Rahim
No. 03157/01/2019 J
Chartered Accountant

Kuala Lumpur, Malaysia
8 June 2017