

PRESIDENT & CHIEF EXECUTIVE OFFICER'S STATEMENT



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the name of Allah, the Most Gracious, the Most Merciful

السلام عليكم ورحمة الله وبركاته

Peace Be Upon You and Mercy of Allah and His Blessings

KHAIRUL KAMARUDIN

President & Chief Executive Officer

DEAR STAKEHOLDERS,

It is both a privilege and a responsibility to present Bank Muamalat's performance for the financial year ended 31 December 2024. This year, marking our 25th anniversary, underscored our enduring resilience and our commitment to serving all Malaysians, aptly captured by the guiding theme of "Safeguarding Futures, Empowering Lives".

Our vision remains to be the preferred Islamic financial services provider. This ambition extends beyond financial metrics; it is about offering comprehensive, Shariah-compliant services, and striving to be a leading Islamic bank that creates meaningful and measurable value—financially, socially, and spiritually—for all our stakeholders.

PERFORMANCE REVIEW: HIGHLIGHTS OF THE YEAR

In 2024, our objectives were clear, and our execution was focused, reflecting our commitment to sustainable growth in a dynamic environment. Our core strategic intent was to position the Bank for long-term competitiveness and value creation through responsible financing and digital innovation.

Specific strategic advancements were rolled out along with promotions and campaigns celebrating our 25th anniversary milestone. To enhance customer journeys, we soft-launched the ATLAS Digital Banking to our staff, improved customer service on social media, upgraded our i-Muamalat online portal and mobile banking, and enhanced Muamalat Corporate Transaction Banking (MCTB) to include statutory features such as Employee Provident Fund (EPF), income tax, and social security. This led to significant customer growth: Retail customers grew 13.8% y-o-y, Non-bumi SMEs financing value grew to become 34% of total SME financing, and we onboarded 1,007 new non-retail customers.

Concurrently, we diligently streamlined internal processes, achieving faster turnaround times in disbursements and documentation—all geared towards serving our customers more efficiently. This led to achieving a market-competitive turnaround time (TAT) of 99.3% for all retail products disbursements in FY2024.

In building a future that prioritises environmental, social and governance goals, our progress includes fostering inclusive growth and social finance by expanding access to finance for SMEs, supporting education and affordable housing through initiatives like iTEKAD, waqf, and Jariah Fund. Our efforts in Climate Change and Environmental Stewardship include alignment with net zero by 2050, integrating climate risk by supporting clients' green transition, and selectively managing exposure in high-carbon sectors. We continued to ensure responsible governance and risk management by embedding ESG across frameworks, and actively engaged with stakeholders for transparency.

We also introduced innovative Shariah-compliant products, notably partnering with INCEIF University to support the education sector via the Muamalat Education Financing, and introduced third party Wakalah Zakat for individuals and organisations, furthering our commitment to social welfare.

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FINANCIAL REVIEW: RESILIENCE AND PROGRESS

The consistent double-digit revenue growth, achieved despite a volatile economic environment, stands as a testament to our collective efforts and resilience towards sustainable growth.

We delivered robust total revenue growth of 20.8% at the Group level, rising from RM1.78 billion to RM2.15 billion. This was supported by a 21.6% expansion in gross funded income, stemming from yield optimisation and consistent financing growth, complemented by a 7.9% year-on-year increase in core fee-based income driven by forex and wealth management activities. Despite funding pressures, the Bank recorded a Profit Before Tax (PBT) of RM129.3 million. In addition, we are pleased to report a healthy double-digit financing growth of 14.12%, primarily within the household sector.

Our deposit growth truly reflects the increasing trust placed in Bank Muamalat by the Malaysian public. We are deeply grateful that total deposits grew by 11.17%, with a notable 3.89% increase in Current Account and Savings Account (CASA) deposits. Individual depositors, in particular, contributed a significant 45.06% growth, a clear indicator of our improved brand positioning and the effectiveness of our marketing campaigns in resonating with their needs.

We have also maintained sound asset quality, keeping our gross impaired financing ratio at a healthy 1.05%, well below the industry average of 1.44%, thereby contributing to portfolio resilience. Our capital management remained prudent, with a Tier 1 Capital ratio of 12.41% and a Total Capital ratio of 16.74%, ensuring a robust capital base to support growth and meet regulatory requirements.

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STRATEGIC REVIEW: RISING TO EXCEL

Bank Muamalat's RISE26+ long-term growth strategy is anchored by five key aspirations, each designed to ensure we are building a truly sustainable and impactful future. It involves continuous scenario analysis, robust talent pipeline development and a dynamic digital transformation roadmap, ensuring alignment with Malaysia's socio-economic direction. This strategic approach is supported by a risk management framework that goes beyond mere compliance, embedding risk management into product design, customer onboarding, and strategic reviews.

Our strategic aspirations focus on:

Delivering **Sustainable Shareholders' Return** through optimised financial performance, positioning us as an **Islamic Bank for All** by offering accessible, Shariah-compliant services to all societal segments. We are embracing **Next Generation and Agile Banking** through digital transformation to provide seamless, future-ready experiences. Internally, we strive to be a **High Performing Organisation** by cultivating a performance-driven culture through talent development and operational excellence. Crucially, we actively **Promote Value-Based Intermediation (VBI) and Sustainability**, guided by VBI principles to create positive social, economic, and environmental impact through responsible and ethical practices.

 More details on pages 44 to 49

Among our notable achievements in 2024, the soft-launch of ATLAS, our digital banking app, stands as a significant step. This pilot programme for our dedicated staff marked a meaningful progression in our digital transformation journey. The internal roll out of the app allowed employees to experience the app first-hand and provide valuable feedback to shape its future enhancements. ATLAS is envisioned as more than just a digital platform; it is a Shariah-compliant digital banking solution designed to blend innovation with convenience, equipped with robust cybersecurity architecture and frictionless onboarding features.

Our differentiation lies in a "Digital Enablement with a Human Touch" approach, a philosophy I believe in deeply. While we are accelerating digital transformation to make Islamic banking accessible anytime, anywhere, our branches and dedicated advisory teams remain vital, ready to support complex or relationship-driven needs. This approach allows us to strike a balance between convenience and genuine care.

Going further, safeguarding our stakeholders is a critical aspect of our operations, particularly with the progression of our digital banking and the rising tide of cyber threats, necessitating robust cyber resilience. To this end, we are actively enhancing our Cyber Resilience Framework and have established the Zero Trust maturity model. These measures, alongside our robust cybersecurity and data privacy practices, form a foundational pillar, aiming to ensure a secure and convenient experience for our customers, whose trust is paramount. Regulatory expectation from BNM and other financial authorities also drives our adherence to stringent cyber controls, which we embrace as a standard of excellence.

Similarly, sustainability is about being "future-fit." Rising ESG disclosure and sustainable finance mandates align with our shareholders' goals. We recognise that clients increasingly seek purpose-driven banking that extends beyond financial returns, and we are aware that climate risk poses significant financial risks across credit quality, asset valuations, and operational resilience. We have diligently begun cultivating a culture of sustainability awareness through regular Climate Change & Principal-based Taxonomy (CCPT) awareness sessions and tailored training for account managers, focusing on high-carbon sectors and improving ESG scorecard classifications. We have also developed an ESG Scorecard that integrates CCPT categorisation.

Through our corporate social responsibility (CSR) initiatives, financial education outreach, and continuous partnerships, we actively reinforce our brand as a trusted partner in community and financial empowerment. Anchoring it all is our commitment to sustainable Islamic finance, exemplified by social finance initiatives like iTEKAD and our recent memorandum with the Malaysian Association for the Blind (MAB), supports visually impaired communities and contributes to over 59,000 potential beneficiaries—an impact we are truly proud of.



CREATING VALUE FOR OUR STAKEHOLDERS

Building and protecting stakeholder trust is vital, as reputation is a bank's most valuable currency, a fact proudly underscored by Bank Muamalat receiving the World Islamic Banking Excellence Award – World Muslim Leadership Forum (WMLF) 2024; and our improved Brand Health rank to 4th from 7th (FY2022) among Islamic banks.

I am deeply proud of how Bank Muamalat continued to positively impact all our key stakeholders, demonstrating our sincere commitment to every segment of society. Here are the highlights of value delivered in FY2024:

S1 Shareholders & Investors

We delivered consistent performance, contributing to a strong Group **total revenue growth of 20.4%**. We maintained high standards of transparency and corporate governance, essential for building investor confidence and fostering long-term value creation. Whistleblowing was also proactively encouraged through the **dedicated Muamalat Ethics Line**, ensuring consistent enforcement and escalation to Board level.

S4 Regulatory Agencies & Statutory Bodies

We continuously reviewed and enhanced our compliance and risk management tools, systems, and processes, ensuring effective compliance delivery and robust governance. Strong oversight is provided at Board level through the Board Risk & Compliance Committee and an independent Shariah Committee, underscoring our unwavering commitment to integrity. We have deployed an ESG scorecard that integrates the CCPT categorisation within the credit application system. Working closely with BNM and other authorities, we provided necessary insights through our **active involvement in JC3**, which has led to the development of the questionnaires for the SME segment. Internally, we have added two new SDGs in our sustainability considerations: SDG1: No Poverty and SDG2: Zero Hunger, reflecting our collaborative spirit and commitment to national objectives. We continued to foster a **culture of ethical conduct and Shariah compliance** through constant awareness via newsletters, emails, and mandatory training in compliance, risk, and Shariah matters. Our commitment to accountability is further reinforced by **factoring risk, compliance, and Shariah non-compliance into the Bank's KPI scorecard** at both individual and departmental levels.

S2 Customers

We expanded our market reach with Personal Financing 3, enhanced i-Muamalat apps for QR payments, and introduced various co-branding credit cards. Collaborations with CARRO and CARSOME also grew our presence in the used car segment. Our social media customer service now facilitates **24/7 engagement across key platforms**. To foster financial literacy, we launched 'Bank Muamalat Live TikTok' and introduced two AI ambassador-mascots, Ringgit Rayyan and Mumu Cat, in July 2024. Crucially, customer feedback from all digital and physical touchpoints is actively integrated into business strategies, reflecting our unwavering commitment to truly listening.

S5 Local Communities

Our continuous collaborations with various state agencies and small businesses under the **iPUSH and iTEKAD programmes** demonstrated our pursuit of societal well-being. We expanded iTEKAD and iPUSH to other states, and **disbursed RM2.3 million from our Tabung Mawaddah fund** to aid *asnaf* and non-*asnaf* communities in social, educational, and health matters. Furthermore, we have also **launched four Jariah Fund programmes** with non-governmental organisations and conducted ongoing **financial scam awareness programmes** in collaboration with Polis Diraja Malaysia (PDRM) and SOCSO.

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Employees

We invested in strengthening our leadership pipeline and talent pool through extensive training and HR digitalisation. We proudly launched the **Leadership Development Programme** and adopted the **Future Skills Framework** by the Asian Institute of Chartered Bankers, preparing our team for future challenges. Our employees have gone through **78 training hours per person**, indicating our commitment to upskilling and reskilling the staff. We have also streamlined HR processes further with a **dedicated mobile app** that included mobile attendance, online training application and a more user-friendly features for the staff to experience.

LEADING WITH PURPOSE

At Bank Muamalat, we believe that when purpose guides strategy, performance follows. This belief fuels our commitment to lead with integrity, empathy and impact.

For Bank Muamalat, leading with purpose resonates far beyond profit. This means aligning profitability with societal values, balancing risks with innovation, and translating strategy into action with a motivated, capable and knowledgeable workforce.

We invest in attracting, developing, and retaining the right talent by positioning Bank Muamalat as a purpose-led employer, one that deeply emphasises Islamic values, nation-building, digital transformation, and financial inclusion. We proactively collaborate with universities and professional bodies to access certified talent pools and develop impactful programmes like the Muamalat Young Leaders Programme (MyLEAP) for our talented graduate trainees.

Developing and empowering our people at every level is crucial; I believe in nurturing talent, creating abundant opportunities for growth, and trusting individuals to lead within their areas of strength. We focus intently on leadership pipeline development, identifying critical roles for succession such as C-suites, strategic roles, and heads of departments. For these roles, we create Individual Development Plans (IDPs) that are closely aligned with business needs, and we proactively identify high-potential employees to nurture their growth. Furthermore, we are investing significantly in digital upskilling and reskilling in areas like AI, data analytics, Islamic fintech, value-based intermediation, and sustainability.

Last but not least, we actively encourage cross-industry collaborations, external learning, and promote work-life balance through comprehensive wellness programmes and enriching religious talks, ensuring our people thrive. Ultimately, we strive to future-proof the Bank together, continuously building capabilities and foresight with the right people, guided by the right values, as one unified team.

OUR PRIORITIES AND VISION FOR 2025 AND BEYOND

Looking ahead to 2025 and beyond, we are proactively addressing critical trends and potential threats. These include economic volatility and credit risks, which we are tackling by rebalancing our portfolio and strengthening our underwriting. We are also accelerating our digital transformation to respond to the rise of digital-only banking and managing intensifying cybersecurity risks through robust compliance and regular drills. Furthermore, we are embedding ESG into our risk frameworks in response to evolving regulatory shifts, and addressing talent and digital skill gaps with future-ready workforce planning.

For the 2025 financial year, our strategic priorities are focused on ensuring sustainable profit growth. This will be achieved through portfolio rebalancing for enhanced yield, leveraging new growth engines such as MCTB and ATLAS Digital Banking, implementing stringent cost containment measures, and achieving operational finesse to deliver superior service and build brand loyalty.

Our journey is underpinned by deep purpose, unwavering integrity, and profound care for every stakeholder. Our customer-first approach prioritises trust, transparency, and alignment with personal values, driven by continuous feedback. We are committed to reinventing customer experiences through digital transformation. Protecting trust remains foundational through our robust Cybersecurity Strategic Plan and Zero Trust Maturity Model, ensuring security at every organisational level and prioritising customer privacy and data protection. These are non-negotiable commitments. Additionally, we are deeply committed to delivering ethical values to society and the environment through our Sustainability agenda, continuously integrating ESG and Maqasid Al-Shariah into our strategy to support a green and inclusive economy.



Towards this vision, our business strategy, risk management framework, and long-term planning are meticulously integrated to secure a sustainable and thriving future for Bank Muamalat and for all Malaysians. This holistic approach aims to ensure institutional resilience, strategic agility, stakeholder confidence, and sustainable value creation through digital resilience, community impact, and comprehensive ESG integration. We will pursue targeted growth with purpose, balancing our portfolio for optimal funding costs and profitability, accelerating core fee income, and broadening our Shariah-compliant offerings to meet the evolving needs of individuals, corporates and SMEs. Our commitment extends to investing in digital transformation to enhance operational efficiency and improve customer experience, embedding ESG and social finance as core offerings, and differentiating ourselves through trust, service, and relevance, rather than merely pricing.

In the coming years, Bank Muamalat aspires to be **the preferred Islamic bank across retail, corporates and SME segments in Malaysia**, innovating Shariah-compliant offerings tailored to local needs. We aim to evolve dynamically into a digital-first Islamic bank, offering seamless Shariah-compliant digital banking experiences. Fundamentally, we will drive social finance and financial inclusion with renewed vigour,

expanding initiatives such as iTEKAD, iPUSH, waqf, Jariah Fund to reinforce our commitment to community empowerment and socio-economic development within Malaysia, and indeed, the broader global Islamic finance industry.

On behalf of the Management, I extend my deepest gratitude to our esteemed Board of Directors for their invaluable guidance and unwavering support. We also express our sincere appreciation to our shareholders for their continued trust and confidence in Bank Muamalat. To our dedicated employees, your hard work, commitment, and resilience have been instrumental in our achievements. And to our valued customers, thank you for your continued loyalty and for choosing us as your trusted Islamic financial partner.

As we move forward, we remain committed to leading with purpose, guided by our values and strengthened by the trust of our stakeholders.

We pray that Allah SWT continues to bless our efforts. Wassalam.

KHAIRUL KAMARUDIN

President & Chief Executive Officer