

Duties and Responsibilities of the Shariah Committee

The Bank's activities are subject to the Shariah compliance and conformation by the Shariah Committee consisting of minimum five (5) members appointed by the Board of Director for a two (2) years term. The duties and responsibilities of the Shariah Committee are governed by the Shariah Governance Framework for Islamic Financial Institution issued by the Bank Negara Malaysia (BNM). 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, and responsible and accountable for all Shariah decisions, opinions and views provided by them.
- 2) **Advise to the Board and Bank including the Bank's subsidiaries**
The Shariah Committee is expected to advise the Board, Management including the Bank's subsidiaries and provide input to the Bank on Shariah matters in order for the Bank 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 the Bank and to ensure that the contents do not contain any elements which are not in line with Shariah.
- 4) **Endorse and validate relevant documentations**
To ensure that the products of the Bank 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 the Bank 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 the Bank to consult the Shariah Advisory Council of Bank Negara Malaysia (SAC of BNM) on Shariah matters that could not be resolved.

In cases where there are uncertainties and differences of opinions, the Bank 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 of BNM 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 relating to Islamic financial business or any Shariah issues arising from the Bank'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 the Bank and the court or the arbitrator. In the event where the decision given by the Bank'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 the Bank make reference to the SAC for further deliberation, or where the Bank submits applications to the Bank for new product approval.
- 9) Provide the Bank with guidelines and advice on religious matters to ensure that the Bank's overall activities are in line with Shariah.
- 10) Make decisions on matters arising from existing and future activities of the Bank which have religious repercussions.
- 11) Report to the shareholders and the depositors that all the Bank's activities are in accordance with Shariah.
- 12) Provide Shariah advisory and consultancy services in all matters relating to Bank's products, transactions and activities as well as other businesses involving the Bank.
- 13) Scrutinize and endorse the annual financial report of the Bank.
- 14) Provide training to the staff as well as notes or relevant materials for their reference.
- 15) Represent the Bank or to attend any meetings with the SAC or other relevant bodies concerning any Shariah issues relating to the Bank.
- 16) The Shariah Committee shall maintain the confidentiality of the BMMB's internal information and shall responsible for the safe guarding of confidential information. He or she should maintain all information in strict confidence, except when disclosure is authorized by the ank or required by law.
- 17) The Shariah Committee shall ensure the quality and consistency of the Shariah decisions.