BANK ISLAM

IMPORTANT/DISCLAIMER

THIS IS AN INVESTMENT ACCOUNT PRODUCT THAT IS TIED TO THE PERFORMANCE OF THE ALLOCATED ASSETS, AND IS NOT A DEPOSIT PRODUCT. THIS PRODUCT IS NOT PROTECTED BY PIDM.

PRODUCT DISCLOSURE SHEET

Please read and understand this Product Disclosure Sheet together with the Terms and Conditions of the product before you apply and decide to accept Al-Awfar Account.

AL-AWFAR ACCOUNT

Date:

BRIEF INFORMATION ON THE PRODUCT

1. What is this product about?

Product	Al-Awfar Account
Applicable Shariah Contract	**Mudarabah:** A form of contract between the capital provider (*rabbul mal*) and an entrepreneur (*mudarib*) under which the *rabbul mal* provides capital to be managed by the *mudarib* and any profit generated from the capital is shared between the *rabbul mal* and *mudarib* according to mutually agreed profit sharing ratio whilst financial losses are borned by the *rabbul mal* provided that such losses are not due to the *mudarib's* misconduct, negligence, or breach of specific terms. **Hibah:** A transfer of ownership of an asset from a donor (*wahib)* to a recipient *(mawhub lahu)* without any consideration Under this Al- Awfar Account, the Investment Account Holder (IAH) as the capital provider or *rabbul mal* shall provide capital to be managed by the Bank as the entreprenuer or *mudarib* with a view of sharing profits arising from the investment activities managed by the Bank. Al-Awfar product offers opportunity to win prize draw under the Shariah contract of Hibah. Each investment must be an active account to be eligible for the prize draw. The Bank has the absolute discretion to review the criteria, eligibility, entry requirement, and frequency of the draw whatsoever from time to time as the Bank considers appropriate. Cash prizes will be credited into the Al-Awfar Account within 14 working days from the date of the Bank's announcement of the prize winner. For further details, kindly refer to the Terms and Condition of Al-Awfar product.
Type of Investment Account	**"Unrestricted Investment Account"** refers to a type of investment account where the IAH provides the Bank with the mandate to make the ultimate decision without specifying any particular restrictions or conditions. **"Investment Account"** as defined under the Islamic Financial Services Act 2013 (IFSA) means an account under which money is paid and accepted for the purposes of investment, including for the provision of finance, in accordance with Shariah on terms that there is no express or implied obligation to repay the money in full and – (a) either only the profits, or both the profits or losses, thereon shall be shared between the person paying the money and the person accepting the money; or (b) with or without any return. For the purpose of this Al-Awfar Account, and based on the Shariah principle of *mudarabah*, the investment account holder and the Bank will share any profits deriving from the investment activities managed by the Bank whilst financial losses will be borne by the investment account holder solely. Al-Awfar Account also offers opportunity to receive cash prizes from the Bank through monthly, quarterly and regional draws.
Parties Involved in the Investment Activities and Their Roles and Responsibilities	The parties involved are the investment account holder as capital provider and the Bank as the entreprenuer. The Bank as entreprenuer will be responsible to manage the capital provided by the investment account holder towards investment activities as it deems fit. The investment account holder will not be involved in the investment activities.

PRODUCT SUITABILITY

2. Who is this product suitable for?

Target Market	• Individuals (Residents and Non-Residents) • Non-individuals (Business/ Other entities)
Account Type	Individual, Joint, Trust, Association, Societies, Partnership, Limited Liability Partnership, Sole-proprietor, Religious Bodies, Mosque, School/ University, Club and any other types of account as determined by the Bank
Risk on Investment Principal	Investment principal is not guaranteed
Period to Hold Investment	No maturity date and flexible withdrawal allowed
Investment Limit	No investment limit

KEY PRODUCT FEATURES

3. What am I investing in?

Investment Objective, Strategy and Policy

Objective	To invest in a low risk IA that encourage savings while having opportunity to win prizes via monthly, quarterly and regional draws.
Strategy	Secured retail financial asset.
Policy	Bank Islam is compliant with regulatory/ statutory requirements for operating its banking business in Malaysia.

Risk Assessment on the Performance of the Investment Assets

Proactive management of the secured retail financial asset portfolio and quarterly performance reports of the investment portfolio can be viewed via Bank Islam website.

Minimum Initial Investment Amount

RM100.00

Investment Tenure

- No fixed minimum or maximum tenure.
- IAH is free to withdraw from or increase investment in the Al-Awfar Account.

Profit Sharing Ratio and Calculation

Profit Sharing Ratio (PSR)	
IAH (%)	**Bank (%)**
2	98

Formula:

Cumulative Daily Balance for the Month x Gross Rate (%) x PSR (%) x Number of Days in The Month / 365

Where:

Rate = The annual gross rate of return ('R') is the rate in which the profit sharing for *mudarabah*-based investment is being made. The actual return paid to IAHs will be based on the agreed PSR on the prevailing "R". The gross rate of return changes at every 16th of the month.

Illustration:

Date of Account Opened	=	01/06/2021
Date of Month End	=	30/06/2021
Number of Days in the Month	=	30 days
Cumulative Daily Balance For The Month	=	RM10,000
Gross Rate	=	3%
Profit sharing ratio	=	2:98
Profit proceeds	=	RM10,000 x 3% x 2% x 30/365
	=	RM0.49

Profit Payment Method	Profit will be credited into customer's account every month end or upon closing of the account.
Key Terms and Conditions	• The investment account holder shall maintain a minimum balance of RM50 in the account at all times. • If the account is used to facilitate Cash Line-i Facility, the minimum balance requirement is not applicable and zero balance is allowed. • Special Terms for facilitation of Cash Line-i Facility can be referred below.
Special Terms for facilitation of Cash Line-i	If the account is used to facilitate Cash Line-i Facility, below are the special terms outlined for this product: 1. Mudarabah contract will cease when the account balance is zero; 2. Upon existence of available balance in the account, the Mudarabah contract is reactivated by conduct; and 3. The contracted Profit Sharing Ratio (PSR) that has been mutually agreed between investment account holder and the Bank will be applicable on the available balance in the Mudarabah account. **Note:** If you need further information regarding Cash Line-i Facility, please refer to the respective Cash Line-i Facility's Product Disclosure Sheet (PDS).

4. What are the possible outcomes of my investment?

The investment account holder may gain from the positive performance of the dedicated secured retail financial asset portfolio as a result of the increased in the accrual profit earned. The investment account holder may lose any part of or all of his/ her investment in case of failure of the underlying investment portfolio to perform as expected.

AL-AWFAR FUND 1 – THREE (3) YEARS PERFORMANCE TREND			
RM'Million	**Fund Size**	**ROA**	**ROI**
Dec 2018	RM 2,413.3 mil	5.36%	0.10%
Dec 2019	RM 2,880.0 mil	4.70%	0.09%
Dec 2020	RM 4,446.6 mil	3.14%	0.05%

Notes:
ROA – Return on Assets
ROI – Return on Investment

Important Notice: Past performance of the investment is not an indication of its future performance.

5. What are the key risks associated with this product?

The Bank will apply risk management controls over portfolio, legal and operational activities; including asset allocation, liquidity adherence to investment objective and parameters, valuation, monitoring performance and others as per guided in the BNM's Investment Account Policy. Notwithstanding the above, in times of adversity in the markets the Bank may manage its asset allocation to safeguard the investment portfolio provided that such investment is within the investment objectives of the Fund.

As such, you are advised to carefully consider all risk factors before making an investment decision. Investment account holders will be exposed to the following risks:

i. **Market risk** : refers to the potential impact of adverse price movements (e.g. profit rate, foreign exchange rates or equity prices, where applicable) on the economic value of an asset;

ii. **Credit risk :** refers to the potential that the Bank fails to meet its obligations to investment account holder in accordance with agreed terms and conditions;

iii. **Liquidity risk:** refers to the potential loss arising from the liquidity risk for investment account holder where there shall be lesser return and possible capital erosion.

iv. **Operational risk:** refers to the potential loss resulting from inadequate or failed internal processes, people and systems or external events.

v. **Legal risk:** Investment account holders should ensure that, in entering into this investment it is not in breach of any laws, regulations, contractual or any other legal limitations that may apply to investors. This investment is issued subject to all applicable laws, regulations and guidelines. In the event of change in such laws, regulations or guidelines, Bank Islam may be obliged to change some or all the terms and conditions of the investment, including the possibility of an early termination.

FEES & CHARGES

6. What are the fees and charges involved?

Items	Charges	Rate / Amount
Request for Statement	Per page	RM5.00
Early Closure of Account	Within 3 months	RM20.00
Dormant Account	With balances up to RM5.00	Account will be closed and the balance will be absorbed by the Bank as service charge.
Other Fees & Charges	Please refer to the Bank's website at www.bankislam.com for the products/ services related fees and charges.	

Note: The IAH agrees that the Bank shall be entitled to charge a fee for any of its services provided to the IAH at the rates imposed by the Bank (as approved by Bank Negara Malaysia and subject to Shariah rules and principles) and as set out in the PDS and/or at the Bank's website.

VALUATIONS

7. Where valuations strategy and frequency are published?

Valuation will be carried out at minimum on monthly basis in line with the recognition and measurement criteria of the applicable Malaysian Financial Reporting Standards (MFRS). IAH(s) will be able to obtain information pertaining to the investment account from Bank Islam's website at www.bankislam.com.

CONTACT INFORMATION

8. Who should I contact for further information or to lodge a complaint?

- If you wish to make any queries or complaint on the products or services provided by us, you may contact us at:
  Contact Centre & Feedback Channel
  Bank Islam Malaysia Berhad
  17th Floor, Menara Bank Islam
  No 22, Jalan Perak,
  50450 Kuala Lumpur
  Tel: 03-2690 0900
  Fax: *03-2782 1337*
  Email: feedbackchannel@bankislam.com.my; or

- If your query or complaints is not satisfactorily resolved by us, you may contact Bank Negara Malaysia LINK or BNM TELELINK:
  (a) via phone to : 1-300-88-5465 (1-300-88-LINK)
  (b) via fax to : +603-2174 1515
  (c) via email to : bnmtelelink@bnm.gov.my
  (d) via letter to : Laman Informasi Nasihat dan Khidmat (LINK)
  Bank Negara Malaysia
  P.O. Box 10922
  50929 Kuala Lumpur

Note: Information contained herein is accurate as of the time of publishing and subject to change in accordance with applicable rules, regulations or guidelines issued by Bank Negara Malaysia from time to time.

WARNING:
THE RETURNS ON THIS INVESTMENT ACCOUNT DEPENDS ON THE PERFORMANCE OF THE ALLOCATED ASSETS. THE PRINCIPAL AND RETURNS ARE NOT GUARANTEED AND INVESTMENT ACCOUNT HOLDER RISKS EARNING NO RETURNS AT ALL OR LOSING PART OR THE ENTIRE PRINCIPAL SUM INVESTED. THIS INVESTMENT ACCOUNT IS NOT PROTECTED BY PIDM.

The information provided in this disclosure sheet is valid as at May 2021.