

# MEDIA RELEASE

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Group Corporate Communications  
17<sup>th</sup> Floor, Menara Bank Islam  
No. 22 Jalan Perak  
50450 Kuala Lumpur  
Telephone 03 2088 8000  
Facsimile 03 2088 8110  
[www.bankislam.com.my](http://www.bankislam.com.my)

## **BANK ISLAM RELEASES NEW TERM INVESTMENT ACCOUNT PRODUCTS UNDER THE ISLAMIC FINANCIAL SERVICES ACT 2013**

**KUALA LUMPUR, Monday, [1 June 2015]:** Bank Islam Malaysia Berhad (Bank Islam) today rolled out 3 new investment account products and became the first Islamic bank to offer such products that comply with the guidelines set by the Islamic Financial Services Act 2013 (IFSA)

Two of the products are available to corporate customers nationwide from today. They are the “Special Investment Account (Mudarabah) (“SIA Mudarabah”)” and “Waheed Investment Account (Wakalah) (“WIA Wakalah”)” which have been re-designed and reclassified in accordance to IFSA 2013.

The third product, the Al-Awfar Account caters to the needs of individuals; Al-Awfar was previously offered as a savings product and has been re-designed with new terms and features and reclassified as an investment account. This product will be available from 3 June 2015.

The implementation of IFSA (2013) brought about the need to re-classify existing deposit products based on the underlying Shariah contracts to differentiate between deposit and investment accounts. Under the IFSA 2013, all existing Islamic deposit products that apply the Shariah contracts of Mudarabah, Musharakah and Wakalah are now classified as investment products. The Islamic deposit account is protected by PIDM whilst the investment account is backed by the Bank’s portfolio of assets. .

Dato’ Sri Zukri Samat, Group Chief Executive Officer of BIMB Holdings and Managing Director of Bank Islam, said: *“As the first Islamic bank in Malaysia, we are proud to embark on this journey towards enhancing the value proposition of Islamic finance*

*and the vibrancy of the industry by providing more Shariah-compliant investment channels. To fulfil the IFSA requirements, Bank Islam has engaged in a major enhancement exercise of its existing products in 2014 while focusing on innovating new products. In fact, since 2013 we have already put in place resources and infrastructure to develop new investment products. One of the key milestones achieved for the industry was the launch of Al-Ansar on 2 April 2015, the first Restricted Investment Account (RIA), which was introduced with a strategic collaboration with Lembaga Tabung Haji. In addition, we have continuously organised series of engagements with our corporate clients to aid understanding of the investment account products which are developed based on the risk sharing principles. IFSA is indeed a catalyst in the evolution of Islamic finance.”*

Bank Islam’s Chief Strategy Officer/Head of Managing Director’s Office, Encik Hizamuddin Jamalluddin, at a special media briefing to explain the new products said: *“With the introduction of these innovative financial products, Bank Islam now provides a wider range of Shariah-compliant investment options with differing risk-return profiles to our depositors and investors. This will also allow Bank Islam to lead the expansion of the traditional role of Islamic banks from credit provider to investment intermediary.”*

SIA Mudarabah and WIA Wakalah are both housed under the Unrestricted Investment Account (URIA) whereby the investor (known as the Investment Account Holder) provides the Bank with a mandate to make decisions on his behalf without specifying any particular restrictions or conditions.

Bank Islam will manage the capital provided by the investor towards investment activities as it deems fit, with no participation required from the investor. Arising from the changes of the product features, investors are required to understand the risk profile before committing to any investment contract.

For products under Mudarabah and Wakalah Shariah contracts (SIA Mudarabah, WIA Wakalah), Bank Islam uses its secured financing portfolio i.e. its house financing portfolio which mitigates the level of risk.

Under these investment account products, the returns commensurate the risk profile of the assets. In this case, the investor will enjoy the rate of return from our house financing portfolio based on the agreed profit sharing ratio.

In general, Bank Islam is expecting the rate of return for investment products to be higher than regular deposits. .

The different Shariah contracts provide different profit payment methods.

For SIA Mudarabah, the profit of the investment will be distributed upon maturity based on the pre-determined profit-sharing ratio mutually agreed by the investor and the Bank and will be based on the performance of the underlying assets.

For WIA Wakalah, profit payable will be based on the actual performance of the investment compared with the expected profit rate agreed upon between the investors and the Bank. In the event where the actual return exceeds the expected, the investor will receive profit based on his expected return rate. Meanwhile, in the event that the actual return is lower than expected, the investor will receive profit based on the actual return rate.

The investor will be provided with risk management controls over their portfolio and legal and operational activities such as asset allocation, valuation, as well as monitoring performance as outlined in the BNM's Investment Account Policy. Bank Islam will also manage investors' asset allocation to safeguard the investment portfolio in times of adversity in the markets.

For the Al-Awfar Account, the encouragement factor is in the form of reward and the chance to win monthly and quarterly prize draws as well as the RM1.0 million cash prize during campaign period.

Al-Awfar Account customers will continue to enjoy debit card benefits such as unlimited withdrawals based on the balance and to make withdrawals at any MEPS ATM nationwide or VISA ATM worldwide.

“With careful consideration of all risk factors in the market, Bank Islam is providing Shariah-compliant investment services with utmost caution to ensure a commendable, if not the best, profit return to our investors and depositors,” Encik Hizamuddin said.

For further information, please visit [www.bankislam.com.my](http://www.bankislam.com.my)

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**About Bank Islam Malaysia Berhad**

Bank Islam Malaysia Berhad was established in 1983 as the nation’s first Islamic bank. To date, the Bank has a network of 141 branches and more than 1200 self-service terminals nationwide. To meet the diversity of the public’s financial needs, Bank Islam offers more than 70 *Shariah*-based banking products and services which cater to Muslims and non-Muslims. For more information on Bank Islam products and services, visit [www.bankislam.com.my](http://www.bankislam.com.my) or call Bank Islam Call Centre at 03-26 900 900.

**For further information, please contact:**

<p><b>Wan Norkhairi Wan Samad</b> Head, Group Corporate Communications BIMB Holdings Berhad/Bank Islam Malaysia Berhad 17<sup>th</sup> Floor, Menara Bank Islam No. 22, Jalan Perak 50450 Kuala Lumpur Tel: 03-2782 1232 Mobile: 019-339 4491 Fax: 03-2781 2998 Email: <a href="mailto:wnorkhairi@bankislam.com.my">wnorkhairi@bankislam.com.my</a> Web: <a href="http://www.bankislam.com.my">www.bankislam.com.my</a></p>	<p><b>Omar Atin</b> Group Corporate Communications BIMB Holdings Berhad 31<sup>st</sup> Floor, Menara Bank Islam No. 22, Jalan Perak 50450 Kuala Lumpur Tel.: 03-2781 2943 Mobile: 019-391 9144 Fax: 03-2781 2998 Email: <a href="mailto:omar@bimbholdings.com">omar@bimbholdings.com</a> Web: <a href="http://www.bimbholdings.com">www.bimbholdings.com</a></p>
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