

PLEASE READ THIS RISK DISCLOSURE STATEMENT CAREFULLY. BY ACCESSING AND USING THE AL SALAM INVEST DIGITAL TRADING PLATFORM (THE "**PLATFORM**"), YOU ACKNOWLEDGE THAT YOU HAVE READ THIS RISK DISCLOSURE STATEMENT AND AGREE TO AND UNDERSTAND THE RISKS APPLICABLE TO AL SALAM'S SERVICES OFFERED ON THE PLATFORM.

The risk of loss in trading in Sharia compliant global equities, exchange traded funds, Sukuks, mutual funds or any other Sharia compliant asset classes ("**Transactions**"), as and when such asset classes are made available to you through the Platform, can be substantial. You should therefore carefully consider whether such Transactions, either entered into directly by you, or through Al Salam Bank BSC ("**ASB**") on a discretionary and/or non-discretionary basis through the Platform, is suitable for you in light of your trading/ investment objectives, financial circumstances, your risk tolerance levels as well as your prior trading/investment experience. In considering whether to trade or invest, you should inform yourself and be aware of the risks generally, and in particular should note the following:

Interest rate risk

There is a possibility that an investor may experience losses in his invested portfolio due to change in interest rates. The purchase and sale along with mark to market of fixed income securities forming part of his portfolio on the Platform may result in either profit or loss as the value of the underlying securities may change inversely with interest rates. As the prices of fixed income securities in a model portfolio change to rise in interest rates, the value of the portfolio may decline.

Market/Price Risk

There is a possibility that an investor may experience losses due to changes in market prices of securities forming part of his portfolio, as the market value of a fund can be uncertain due to price fluctuations. There is a risk of the portfolio / fund losing value due to a decline in the prices of securities, which may happen rapidly or unpredictably. The value of the fund / portfolio or its underlying asset classes can fluctuate over a period of time due to general market conditions, economic changes, or other events that impact large portions of the market such as political events and natural calamities, as a result the value of the fund / portfolio may increase thereby resulting in profit or decrease thereby resulting in losses.

Other Jurisdictions

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk, as such markets may offer different or diminished investor protection. Before you trade, you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of the regulatory authorities or markets in other jurisdictions where your transactions have been effected.

Currency Risks

The profit or loss in transactions denominated in foreign currencies (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the trade to another currency.

Electronic Trading

Trading on an electronic trading system may differ from trading in an open-outcry market and from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system, including the failure of hardware and software and internet. ASB does not control signal power, its reception or routing via the internet, or the configuration of your equipment or reliability of its connection, and cannot be responsible for communication failures, distortions, or delays when trading via the internet. The result of any system failure may be that your order is either not executed according to your instructions or not executed at all.

Off Exchange Transactions

In some jurisdictions, firms are permitted to effect off-exchange transactions, the firm with which the client may deal may be acting as a counterparty to the transaction. As a result, it may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or assess the exposure to risk, therefore, such transactions may involve higher risk. In addition, off exchange transactions may be less regulated or subject to a separate regulatory regime therefore, before you undertake such transactions, you should familiarize yourself with applicable rules and attendant risks.

Commissions and Other Charges

Before you begin to trade or invest, you should obtain a clear explanation of all commissions, fees, and other charges for which you will be liable, as these charges will affect your net profit (if any) or increase your loss.

Liquidity Risk

This is the possibility for an investor to experience losses due to the inability to sell or convert assets into cash immediately. These may be caused by different reasons, such as trading in securities with small or few outstanding issues, absence of buyers, limited buy / sell activity, or underdeveloped capital market. Liquidity risk occurs when certain securities in the portfolio may be difficult or impossible to sell at a particular time,.

Credit Risk/Default Risk

This is the possibility for an investor to experience losses due to a borrower's failure to pay principal and / or profit in a timely manner on instruments such as sukuk or other forms of Sharia compliant securities which the borrower issued and forms part of the investor's portfolio. This inability of the borrower to make good on its financial obligations may have resulted from adverse changes in its financial condition, thus, lowering the credit quality of the sukuk, and consequently lowering the price (market / price risk) which contributes to the difficulty in selling such sukuk. It also includes risk of a counterparty defaulting on a contract to deliver its obligation either in cash or securities. This is the risk of losing value in the sukuk which forms part of the portfolio in the event the borrower defaults on his obligation or in the case of counterparty when it fails to deliver on the agreed trade. This decline in the value of the fund / portfolio happens because the default / failure would make the price of the security go down and may make the security difficult to sell.

Country Risk

This is the possibility for an investor to experience losses arising from trading/investments in Sharia compliant securities issued by / in foreign countries (and forming part of funds / portfolios in the Platform) due to the political, economic, and social structures of such countries. There are risks in foreign investments due to the possible internal and external conflicts, currency devaluations, foreign ownership limitations and tax increases of the foreign country involved which are difficult to predict but must be taken into account in making such investments. Likewise, brokerage commissions and other fees may be higher in foreign securities. The procedures and rules governing foreign transactions and custody of securities may also involve delays in payment, delivery, or recovery of investments. For complex investment products, said instruments can be subject to sudden and sharp falls in market value such that you may lose your entire investment

Index-Tracking Risk

Specifically for index-tracker investments, this is the risk of the portfolio not matching or not achieving a high degree of correlation with the return of an index because of operating and other fund-management related expenses.

Legal / Structural / Regulatory Risk

All trading/investments done through the Platform could be exposed to legal, structural, or regulatory risk. Any returns on trading/ are at risk from legal or regulatory actions and changes which may alter the profit derived from an investment, amongst other things. Changes to the legal environment may make trading/ investment illegal that was previously acceptable. Risks of this nature are unpredictable and can depend upon a variety of factors, including political and economic considerations.

In addition, the laws and regulations with which an investor may be familiar may not exist in places in which the trading/investments are made, or such laws and regulations may be inconsistently applied or interpreted. There is no guarantee that an investor will receive a satisfactory remedy from judicial proceedings in overseas markets in the event of a breach of law, regulation, or dispute.

Due to the nature of the contractual relationship between ASB and the investor, the investor will have a contractual relationship with the counterparty only and its rights will therefore be limited to contractual remedies against the counterparty only.

The legal terms applicable to trading/investment product may contain provisions which could run counter to an investor's interests such as the ability to change the terms on which the investment is made unilaterally.

Operational Risk

Operational risks have the ability to impact all financial products and these risks include disruption to or malfunctioning of electronic systems essential for running of business. Also, there are risks in respect of the poor running or operation of a business and the change in personnel or organisations.

Acknowledgement

By entering into any and all transactions via the Platform, you confirm, acknowledge, and agree that you have read and fully understood this Risk Disclosure Statement and all ancillary documents, the nature of the transaction via the Platform and the terms and conditions governing the transaction. Moreover, you further confirm, acknowledge, and agree that:

- (i) you are familiar with and are fully aware of the risks related to the transaction;
- (ii) you are willing to take all such risks;
- (iii) you are capable of bearing a full loss of the amounts invested as a result of or in connection with any transaction entered into via the Platform with ASB; and
- (iv) neither ASB nor any of its officers, employees or agents have made any recommendation or given any advice as to the terms and profitability of the transaction.

Accordingly, you agree that you are and shall at all times be fully responsible for any transaction you choose to enter into, and that you shall not have relied on any communication from ASB.

Disclaimer

ASB DOES NOT OFFER TAX ADVICE OF ANY NATURE AND WHILST WE MAY PROVIDE INFORMATION OR EXPRESS OPINIONS FROM TIME TO TIME, SUCH INFORMATION OR OPINIONS ARE NOT OFFERED AS TAX ADVICE. YOU SHOULD DECIDE UPON ANY DEALING ONLY AFTER HAVING MADE ALL SUCH ENQUIRIES AND ASSESSMENTS AS YOU CONSIDER APPROPRIATE, AND YOU SHOULD PLACE NO RELIANCE ON ALSALAM TO GIVE ADVICE OR MAKE RECOMMENDATIONS.

IF YOU ARE IN ANY DOUBT ABOUT THE RISKS INVOLVED IN ANY TRADING OR INVESTMENT ARRANGEMENTS OR YOU ARE UNCERTAIN OF OR HAVE NOT UNDERSTOOD ANY ASPECT OF THIS RISK DISCLOSURE STATEMENT, YOU SHOULD SEEK INDEPENDENT PROFESSIONAL ADVICE.

YOU ALSO CONFIRM THAT YOU ARE AWARE OF AND FULLY UNDERSTAND ALL APPLICABLE LAWS TO WHICH YOU ARE SUBJECT TO AND THAT YOU ARE ENTITLED AND/OR AUTHORISED UNDER OR BY SUCH LAWS, REGULATIONS AND/OR DIRECTIVES TO ENTER INTO ANY TRANSACTION YOU CHOOSE TO ENTER INTO.

THIS RISK DISCLOSURE STATEMENT CANNOT DISCLOSE ALL THE RISKS AND OTHER SIGNIFICANT ASPECTS OF EQUITIES, EXCHANGE TRADED FUNDS, SUKUKS AND MUTUAL FUNDS OR ANY OTHER ASSET CLASSES, IN WHICH YOU MAY ELECT TO TRADE OR INVEST IN UNDER THE RELEVANT TERMS AND CONDITIONS PERTAINING TO THE PLATFORM OR OTHER ARRANGEMENTS WITH AL SALAM FROM TIME TO TIME. YOU SHOULD THEREFORE CAREFULLY STUDY AND / OR ANY OTHER RELEVANT TRADING/INVESTING ARRANGEMENTS AS WELL AS THE RELEVANT TRADING SYSTEM AND EXCHANGE BEFORE YOU TRADE AND/OR INVEST.