

Please read this Product Disclosure Sheet before you decide to subscribe to Negotiable Islamic Debt Certificate (NIDC). Be sure to also read the Terms and Conditions. Seek clarification from our officers if you do not understand any part of this document or the terms and conditions.

Negotiable Islamic Debt Certificate (NIDC)

Date: 27 March 2023

1. What is this product about?

Brief Product Information

Negotiable Islamic Debt Certificate (NIDC) is a deposit product and negotiable instrument at secondary market with certain maturity from the date of issuance. NIDC refers to a sum of money deposited with the Bank and payable to the bearer on a specified future date at the nominal value of the NIDC. The customer will receive the selling price amount (principal plus profit) if the NIDC is held to maturity. This product is NOT covered by the Malaysia Deposit Insurance Corporation (PIDM) due to its negotiable features.

2. What is the Shariah concept applicable?

- The applicable Shariah contract for NIDC upon issuance is **Bai` `Inah** where:
 - The Bank sells its asset to the customer on cash basis, and subsequently,
 - The Bank purchases the same asset from the customer on deferred at mark-up price.
- After completion of the Bai` `Inah transactions, the Bank will issue the NIDC to the customer as evidence of the Bank's debt.

3. What do I get from this product?

Minimum Deposit Placement

Minimum amount of RM60,001.00 or its equivalent if the NIDC is denominated in foreign currency.

Tenure

- One (1) day to five (5) years.
- For Floating Rate Negotiable Islamic Debt Certificate (FRNIDC), the tenure shall be divided into at least 4 profit periods, each of which shall have duration of three or six calendar months.

Issuance

Principal value of [TBD] at the price of [TBD].

Profit Rate

[TBD]% p.a.

Profit Payment Method

- Profit payment frequency: [TBD]
- For FRNIDC, the Bank agrees to pay periodical profit payment for funds received, based on agreed benchmark/index (example KLIBOR) and the period should not be less than one (1) year.
- Profit Proceeds Calculation:
Profit proceeds = Principal Value x Profit Rate x Tenure/365
 Where:
 Principal Value = Initial proceeds from customer
 Tenure = Number of days from settlement date to maturity date

Underlying Asset

Land or property owned by the Bank.

4. What are the other key terms and conditions of this product that I should know?

Premature Withdrawal

- Partial withdrawal is not allowed.
- Full premature withdrawal is allowed but no profit will be paid.

Call Option by the Bank

The Bank as the NIDC Issuer may call the NIDC prior to the maturity at a prevailing market rate calculated based on the formula of 'Profit Proceeds Calculation' as mentioned above.

Procedures for Redemption of Profit Proceeds

- If customer presents the NIDC certificate to the Bank one (1) day before the profit payment date, the Bank will pay the proceeds on the profit payment date.
- However, if the NIDC certificate is presented on the profit payment date or after (cut off time by 12.00 p.m.), the Bank shall pay the profit on the same day the certificate is presented.

Procedures for Redemption upon Maturity

Customer to contact Corporate Money Market Sales Team (03-2090 1710/ 1711) on the maturity date to confirm and provide instruction before 12.00 p.m.

5. What are the fees and charges involved?

Nil

6. 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, Shariah compliance and others. 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. Among the risks associated with NIDC include but not limited to the following:

- (a) **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.
- (b) **Credit Risk:** refers to the potential that the Issuer of NIDC fails to meet its obligations in accordance with agreed terms and conditions.
- (c) **Operational Risk:** refers to the potential loss resulting from inadequate or failed internal processes, people and systems or external events.
- (d) **Liquidity Risk:** refers to the potential inability of the Bank to meet short term withdrawal demands from the Customer.
- (e) **Legal Risk:** The Customer 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.
- (f) **Shariah Non-Compliance Risk:** refers to the possible failures to comply with the rulings of BNM's Shariah Advisory Council (SAC) and standards on Shariah matters issued by BNM or decisions or advice of Bank Islam's Shariah Supervisory Council.

7. What do I need to do if there are changes to my contact details?

It is important to inform the Bank on any changes in the customer's personal details to ensure that all correspondences reach in a timely manner.

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 & Customer Care

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: customercare@bankislam.com.my

If your query or complaint 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 : 03 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

9. Other Islamic Negotiable Instruments Available

Nil

WARNING:

THIS PRODUCT IS PRINCIPAL GUARANTEED. THE CUSTOMER WILL BE PAID THE SELLING PRICE UPON MATURITY. IF THE PRODUCT IS REDEEMED OR SOLD PRIOR TO MATURITY, THE CUSTOMER MAY LOSE PART OF THE SELLING PRICE. THIS PRODUCT IS NOT PROTECTED BY MALAYSIA DEPOSIT INSURANCE CORPORATION.

Note:

1. 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.
2. All information provided in this Product Disclosure Sheet is valid with effect from 27 March 2023.
3. *[TBD]: to be determined at the point of deposit placement.

Acknowledge Receipt by Customer

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Name:

I/C Number:

Date: