

IMPORTANT/DISCLAIMER

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

PRODUCT DISCLOSURE SHEET

Please read this Product Disclosure Sheet together with the Terms and Conditions before you apply and decide to accept the Special Investment Account (Mudarabah) (SIA Mudarabah).

**Special Investment Account (Mudarabah)
(SIA Mudarabah)**

August 2019

BRIEF INFORMATION ON THE PRODUCT
1. What is this product about?

Name of Product	Special Investment Account (Mudarabah) (SIA Mudarabah)
Applicable Shariah Contract	<p>Mudarabah: A form of contract between the capital provider (<i>rabbul mal</i>) and an entrepreneur (<i>mudarib</i>) under which the <i>rabbul mal</i> provides capital to be managed by the <i>mudarib</i> and any profit generated from the capital is shared between the <i>rabbul mal</i> and <i>mudarib</i> according to a mutually agreed profit sharing ratio whilst financial losses are borne by the <i>rabbul mal</i> provided that such losses are not due to the <i>mudarib</i>'s misconduct, negligence, or breach of specific terms.</p> <p>Under this SIA Mudarabah, the Investment Account Holder (IAH) as the capital provider or <i>rabbul mal</i> shall provide capital to be managed by the Bank acting as the entrepreneur or <i>mudarib</i> with a view of sharing profits arising from the investment activities managed by the Bank.</p>
Type of investment account	Unrestricted Investment Account which 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.
Parties involved in the Investment activities and their roles and responsibilities	The parties involved will be the IAH as capital provider and the Bank acting as the entrepreneur. The Bank as entrepreneur will be responsible to manage the the capital provided by the IAH towards investment activities as it deems fit. The IAH will not be involved in the investment activities.

PRODUCT SUITABILITY
2. Who is this product suitable for?

Types of investors	<ul style="list-style-type: none"> • Corporate Customers • Government Accounts • Government Agencies • Universities • Companies & Partnerships • SMEs • Other Business & Non-Business Entities
Return objectives	Able to generate moderate returns over an agreed period of the investment
Risk on investment principal	The principal amount of investment is not guaranteed
Period to hold the investment	Negotiable maturity date

Investment limit	No investment limit
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KEY PRODUCT FEATURES

3. What am I investing in?

Investment objective, strategy and policy	Objective	Provide regular income over retail financial asset.																		
	Strategy	To ensure investment is within the investment objective of the Fund with its asset allocation safeguarding the investment portfolio																		
	Policy	To manage the portfolio yield over the term in a manner that is consistent with the Bank's liquidity needs, asset strategy and safety of IAH's investment principal.																		
Risk assessment on the performance of the investment assets	Proactive management of the retail financial asset and periodical performance reports of the investment portfolio can be viewed via Bank Islam website.																			
Minimum Investment amount	RM500, 000.00 or its equivalent amount if the investment is denominated in foreign currency.																			
Investment Tenure	Minimum 1 day to a maximum of 1 year																			
Profit Sharing Ratio and calculation	<ul style="list-style-type: none"> Negotiable; [TBD*] % p.a. ; [TBD]% (IAH) : [TBD]% (Bank) Profit Sharing Ratio (PSR) is to be determined upfront. The PSR may vary from time to time according to the market. Formula for profit computation for Mudarabah based investment is as follows – <p>Principal x PSR x Gross rate of return x Tenure/365*</p> <p><u>Where:</u> Principal = Initial proceeds from investors Gross rate of return = The annual gross rate of return ('R') is the rate in which the profit sharing for SIA is being made. On maturity, the actual return paid to depositors will be based on the agreed profit sharing ratio on the prevailing "R". The gross rate of return changes every 16th of the month</p> <p>PSR = Profit sharing ratio (%) Tenure = Number of days, from placement date to maturity date <i>*Denominator = To follow the market's day-count convention</i></p> <p>Example: <u>Illustration 1: Computation of positive Gross Profit Rate</u></p> <table border="1"> <thead> <tr> <th>Situation</th> <th>Upon Placement</th> <th>Upon Maturity</th> </tr> </thead> <tbody> <tr> <td>Investment Amount</td> <td>RM1.0 M</td> <td>RM1.0 M</td> </tr> <tr> <td>Tenure (days)</td> <td>91</td> <td>91</td> </tr> <tr> <td>Placement Date</td> <td>2 April 2015</td> <td>-</td> </tr> <tr> <td>Maturity Date</td> <td>-</td> <td>2nd July 2015</td> </tr> <tr> <td>PSR %</td> <td colspan="2">68.37 : 31.63 (IAH : Bank)</td> </tr> </tbody> </table>		Situation	Upon Placement	Upon Maturity	Investment Amount	RM1.0 M	RM1.0 M	Tenure (days)	91	91	Placement Date	2 April 2015	-	Maturity Date	-	2 nd July 2015	PSR %	68.37 : 31.63 (IAH : Bank)	
Situation	Upon Placement	Upon Maturity																		
Investment Amount	RM1.0 M	RM1.0 M																		
Tenure (days)	91	91																		
Placement Date	2 April 2015	-																		
Maturity Date	-	2 nd July 2015																		
PSR %	68.37 : 31.63 (IAH : Bank)																			

ROR	4.90% (based on February's)	4.95% (based on March's)	5.00% (based on April's)	5.05% (based on May's)
Customer profit rate % p.a.	Customer PSR x ROR i.e. Gross profit rate			
Customer Profit Rate on 16/3 (Upon placement)	3.35013% p.a.			
Customer Profit Rate on 16/4	3.384315% p.a. (0.6837 x 4.95)			
Customer Profit Rate on 16/5	3.41850% p.a. (0.6837 x 5.00)			
Customer Profit Rate on 16/6	3.452685% p.a. (0.6837 x 5.05)			
Profit Accrued for 14 Days (2/4 – 15/4)	1,284.98			
Profit Accrued for 30 Days (16/4 – 15/5)	2,781.63			
Profit Accrued for 31 Days (16/5 – 15/6)	2,903.38			
Profit Accrued for 16 Days (16/6 – 2/7)	1,513.51			
Total Profit Accrued to date	RM8,483.50			
Total Loss to Date	RM0.0			
Profit paid / Loss incurred to date	RM8,483.50			
Profit to be paid to customer	RM8,483.50			
Total amount to be paid	RM1,008,483.50			

Illustration 2 – Computation of Profit Loss with Positive & Negative Gross Profit Rate

Situation	Upon Placement		Upon Maturity	
Investment Amount	RM1.0 M		RM1.0 M	
Tenure (days)	91		91	
Placement Date	2 April 2015		-	
Maturity Date	-		2 nd July 2015	
PSR %	68.37 : 31.63 (IAH : Bank)			
ROR	4.90% (based on February's)	4.95% (based on March's)	-1.05% (based on April's)	-1.50% (based on May's)
Customer Profit Rate % p.a.	Customer PSR x Gross Profit rate			
Customer Profit Rate on 16/3 (Upon Placement)	3.35013% p.a. (i.e. PSR x ROR)			
Customer Profit Rate on 16/4	3.384315 p.a. (0.6837 x 4.95)			

Loss Gross Profit Rate on 16/5	-1.05
Loss Gross Profit Rate on 16/6	-1.50
Profit Accrued for 14 Days (2/4 – 15/4)	1,284.98
Profit Accrued for 30 Days (16/4 – 15/5)	2,781.63
Profit Accrued for 31 Days (16/5 – 15/6)	(891.78)
Profit Accrued for 16 Days (16/6 – 2/7)	(657.53)
Total profit accrued to date	4,066.61
Total Loss to date	(1,549.31)
Total Profit paid / (Loss) incurred to date	RM4,066.61 – RM1,549.31 = RM1,517.30
Profit to be paid to customer	1,517.30
Total amount to be paid to customer (Investment Account + Total Accrued Profit)	RM1,000,000 + RM1,517.30 = RM1,001,517.30

Profit payment method

At maturity

Key terms and conditions

- Redemption at maturity – you may receive the available principal amount payable at maturity;
- Early Redemption – you may receive a sum which is lesser than your initial investment if you redeem all or part of the investment before its maturity. The actual amount that you will be paid depends on the market value of the allocated asset of which your investment is linked to at the point of redemption less any charges payable, arising from the premature redemption/withdrawal.
- Redemption process –All redemption requests made before 12.00pm will be treated as received on that business day and redeemed at the rate applicable for that business day. Any redemption request made after 12.00pm will be treated as received on the following business day and redeemed at the rate applicable for the following business day.

Note: For premature redemption, IAH are advised to contact Bank Islam for consultation if they are considering premature redemption.

4. What are the possible outcomes of my investment?

The IAH may gain from the positive performance of the retail financial asset portfolio as a result of the increase in the accrual profit earned. However, the IAH may lose any part of or all of his/her investment in case of failure of the allocated investment portfolio to perform as expected.

Year	Balance as at '000	Return on Asset (ROA)	Average Profit Sharing Ratio (PSR)	Return on Investment (ROI)
2018	6,252	4.61%	24.70	1.14%

2017	6,182	4.34%	16.25	0.71%
2016	27,711	4.31%	43.72	1.88%
2015	26,058	4.52%	81.87	3.70%
2014	5,025,258	4.06%	82.29	3.34%

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

KEY RISKS

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. IAH 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 the IAH in accordance with agreed terms and conditions;
- iii. **Liquidity risk** : refers to the potential loss arising from the liquidity risk for the IAH 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** : Investors 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.
- vi. **Currency Risk**: currency risk is the risk applicable to IAH that denominate into a foreign currency Investment Account. The currency fluctuations may potentially have indirect effects on the movements of the related market factors.

FEES & CHARGES

6. What are the fees and charges involved?

- Replacement of lost certificate: RM10.00 (including stamp duty).
- Upon pre-mature withdrawals, there are no penalty charges to the IAH.

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 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 in line with the recognition and measurement criteria of the applicable Malaysian Financial Reporting Standards (MFRS). IAH will be able to obtain information pertaining to the Investment account from Bank Islam website at <http://www.bankislam.com.my>

CONTACT INFORMATION

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

- If you have any queries or for internal dispute resolution, you may contact us at:

Bank Islam Malaysia Berhad
11th Floor, Treasury Division
Menara Bank Islam
22 Jalan Perak
50450 Kuala Lumpur
Tel: 603-2090 1710/11/12
Fax: 603-2088 8686
Email: treasury.mm.sales@bankislam.com.my ; or

- 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: contactcenter@bankislam.com.my or customercare@bankislam.com.my If your query or complaints is not satisfactorily resolved by us, you may contact Bank Negara Malaysia LINK or TELELINK at:

- (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 WILL BE AFFECTED BY THE PERFORMANCE OF THE ALLOCATED ASSETS. THE PRINCIPAL AND RETURNS ARE NOT GUARANTEED AND THE INVESTMENT ACCOUNT HOLDER RISKS EARNING NO RETURNS AT ALL OR LOSING PART OR THE ENTIRE PRINCIPAL SUM INVESTED. IF THE INVESTMENT IS REDEEMED EARLY, THE INVESTMENT ACCOUNT HOLDER MAY SUFFER LOSSES IN PART OR THE ENTIRE PRINCIPAL SUM INVESTED. NOT PROTECTED BY PIDM.

The information provided in this disclosure sheet is valid as at August 2019.