

ABOUT THE RETAIL SUKUK

- Retail Sukuk is a SERVICE** offered by Bank Islam to its Customer who wishes to INVEST IN SUKUK.
- The investment in Sukuk by the Customer in this Retail Sukuk offering is NOT equivalent to the placement made in the Bank's deposit or investment account products.
- This offering is only meant for the Sophisticated Investors.
- Before investing in the Sukuk instruments, you need to understand the importance of seeking independent financial or professional advice. The Customer shall agree that all dealings or investments in any Sukuk instruments are made at the Customer's own discretion, based on their own judgment, and after conducting their own independent assessment of the associated risks.

KEY SERVICES UNDER RETAIL SUKUK

- Through Retail Sukuk, the Bank is offering a service for the Customer to:
 - buy;
 - sell;
 - hold; and/or
 - transfer of Sukuk.
- Retail Sukuk is based on the Shariah principle of Bai' Musawamah (bargaining sale) whereby the Customer shall purchase or sell the sukuk from or to the Bank based on the price mutually agreed upon by the parties.

GENERIC INFORMATION ON SUKUK

1. What is Sukuk?

Sukuk are certificates of equal value that represent undivided shares in the ownership of tangible assets, usufructs, services, or specific project assets and investment activities. These certificates come into effect only after the Sukuk's value is received, the subscription is closed, and the funds are utilized for their intended purpose. Sukuk may be held, sold, purchased, transferred, or deposited by the Bank, a Custodian, or any other nominee appointed by the Bank on behalf of the Customer, in accordance with the applicable Terms and Conditions of Retail Sukuk.

2. Types of Sukuk

All shariah compliant Sukuk, Rated A and above.

Note: The rating is by RAM Rating Services Berhad, a leading credit rating agency in Malaysia, providing credit ratings, research and risk analysis services, particularly for bonds, sukuk and other debt instruments. RAM stands for Rating Agency Malaysia.

3. Why invest in Sukuk?

Investment in Sukuk may help customers to manage their portfolio as Sukuk in nature provides steady and regular income payments. Customers will also be able to diversify their wide range of investment portfolios that may include other high-risk instruments by stabilizing it with medium risk Sukuk.

Important Note: Sukuk is subject to the actual creditworthiness of the issuer, and if applicable, any guarantor. There is no guarantee of protection against default by the issuer or guarantor concerning payment obligations. In a worst-case scenario, Customers may not recover the principal or any income payments if the issuer or guarantor defaults in the Sukuk. Customers should be aware that Sukuk is not protected by Perbadanan Insurans Deposit Malaysia (PIDM).

4. Who is this product suitable for?

Retail Sukuk are suitable for the following Customers:

- Sophisticated Investors i.e. Accredited Investor, High-Net Worth Entity and High-Net-Worth Individual, as prescribed in the Guidelines on Categories of Sophisticated Investors issued by Securities Commission Malaysia.
- Seeking for a medium to long term investment horizon.
- Seeking to diversify their investment portfolio by including Fixed Income Instruments.
- Looking to enjoy a steady income stream through regular coupon payment.

5. What are generic key features of Sukuk?

Placement Amount	(a) Primary Market - Depends on the terms set by the Issuing Banks. (b) Secondary Market - Will be set at RM250,000 <u>and will be restricted to Sophisticated Investors only.</u>
Calculation of Sukuk return	In general, the value of Sukuk tends to fluctuate with changes in interest rates, similar to bonds. When interest rates rise, the value of Sukuk may decrease, and when interest rates fall, the value of Sukuk may increase. Consequently, the value of a Sukuk could be higher or lower than its original face value if sold before maturity.

	The total return on Sukuk is typically measured by the Yield-to-Maturity (YTM), which considers the sum of profit payments, the principal amount receivable upon maturity, and the purchase price. In addition to interest rate movements, other factors affecting the return on Sukuk include the credit quality of the issuer, the term to maturity, market liquidity, and overall market conditions.
Hold Sukuk until maturity	Customer may trade the Sukuk in the secondary market prior its maturity. However, trading Sukuk in the secondary market exposes the Customer to liquidity risk. There may be limited buyers or lower Sukuk prices, which could result in a loss.
Sukuk Return if the Customer sell before maturity	In the event that Customer sells the Sukuk before its Maturity Date, the calculation of the Sukuk's total return will depends on the Sukuk Bid Price traded in the secondary market and total coupon/ profit payment received. Customer may suffer a loss if the Sukuk Price is lower.
The estimated payable amount for a Sukuk purchase?	<p>The formula is: $[(\text{Nominal Value} \times \text{Sukuk Price}) / 100] + \text{Indicative Accrued Profit}$.</p> <p>Customer is advised to check the Sukuk Price and indicated the price buffer with the Bank before placing the order. This buffer is to cater for changes in market prices to secure the trade. Once the Sukuk has been successfully executed, the Bank will release the estimated earmarked amount and proceed to debit Customers' CASA for settlement. Please take note that the earmarked amount and the final settlement amount to be deducted may vary.</p> <p>Note: Accrued profit is an amount paid to the Sukuk seller to compensate for the loss of the expected coupon/ profit to be received, in which the buyer will receive from the next Profit Payment.</p>

6. What are the fees and charges involved?

Not Applicable.

7. What are the generic risks associated with Sukuk?

You are advised to carefully consider all risk factors before making an investment decision. Among the risks associated with Retail Sukuk include but not limited to the following:

- (a) **Risk of Capital Loss:** refers to the potential decrease in the value of the original investment amount in the event of premature redemption.
- (b) **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.
- (c) **Credit Risk:** refers to the risk of the followings:
 - i. that Bank Islam may, under certain circumstances, fail to perform their obligations to the Customer when due.
 - ii. the return on Sukuk is linked to the credit risk of the Issuer and Guarantor, as applicable. The credit ratings assigned by credit rating agencies do not guarantee the creditworthiness of the Issuer and Guarantor, as applicable. In the event that the Issuer defaults, it is possible that you may lose all your investment, including the principal.
- (d) **Shariah Non-Compliance Risk:** refers to the possible failures to comply with the rulings of Shariah Advisory Council (SAC) of Bank Negara Malaysia (BNM) and the Securities Commission Malaysia (SECCOM) and standards on Shariah matters issued by BNM and SECCOM or decisions and advice of Bank Islam's Shariah Supervisory Council.
- (e) **General Securities Risk:** Any trading in securities carries investment risks. Past performance of any investment is not necessarily indicative of future performance.
- (f) **Liquidity Risk:** Sukuk are designed to be held to maturity and there may be no active secondary market quotations for the Sukuk. If you try to sell your Sukuk before maturity, it may be difficult or impossible to find a buyer, or the sale price may be much lower than the amount you had invested.
- (g) **Tenure Risk:** Sukuk have a specified investment period. The longer the investment period of the Sukuk, the more likely changes in profit rates, exchange rates, market environments and the Issuer's financial and operating conditions may affect the Sukuk value during the investment period.
- (h) **Interest Rate Risk:** Changes in interest rates may have a significant impact on the market price of the Sukuks. For example, sukuk prices generally fall when interest rates rise. In this situation, Investor may incur a loss from the decrease in market price of the sukuks if Investor sell the sukuks before the maturity date.

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

It is important that you inform us of any changes in your contact details to ensure that all correspondences reach you in a timely manner. To update your contact details, you may inform us in writing or visit the nearest Bank Islam Branch.

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

If you wish to make any query, complaint or for internal dispute resolution, you may contact us at:

9.1 Bank Islam Malaysia Berhad, Contact Centre & Customer Care
 17th Floor Menara Bank Islam,
 22, Jalan Perak, 50450 Kuala Lumpur.
 Tel. No.: 03-26 900 900
 Fax No.: 03-2782 1337
 Email: customercare@bankislam.com.my

9.2 If you are dissatisfied with the outcome of the internal dispute resolution process, please refer your dispute to Financial Markets Ombudsman Service ("FMOS"):

If you are an individual or a sole proprietor investor who is dissatisfied with the outcome of the internal dispute resolution process, please refer your dispute to the Financial Markets Ombudsman Service ("FMOS") (formerly known as Ombudsman for Financial Services) via the following modes. You may do so within 6 months of receiving the final answer from us or after 60 calendar days from filing the complaint, if there was no response from the us. You may file your dispute to FMOS:

Tel : 03-2272 2811 (from 9am to 5pm, Monday to Friday)
 Online form : <https://www.fmos.org.my/en/feedback.html>
 Letter : Chief Executive Officer
 Financial Markets Ombudsman Services [Reg. No: 200401025885]
 14th Floor, Main Block
 Menara Takaful Malaysia
 No. 4, Jalan Sultan Sulaiman
 50000 Kuala Lumpur.

Please refer to https://www.fmos.org.my/en/dispute_resolution_process for the dispute resolution process.

9.3 You can also direct your complaint to the SC even if you have initiated a dispute resolution process with FMOS. To make a complaint, please contact the SC's Consumer & Investor Office:

Tel : 03-6204 8999
 Fax : 03-6204 8991
 Email : aduan@seccom.com.my
 Online form : www.sc.com.my
 Letter : Consumer & Investor Office Securities Commission Malaysia, No 3 Persiaran Bukit Kiara, Bukit Kiara, 50490 Kuala Lumpur

WARNING:

THE CUSTOMER/ HOLDER OF THE SUKUK IS ASSUMING THE CREDIT RISK OF THE SUKUK ISSUER. IN THE EVENT OF WINDING UP, LIQUIDATION OR RATING DOWNGRADE OF THE ISSUER, OR IF THE CUSTOMER/ HOLDER SELLS THE SUKUK PRIOR TO MATURITY, THE CUSTOMER/ HOLDER WILL SUFFER A POTENTIAL CAPITAL LOSS.

THIS IS NOT A PRINCIPAL GUARANTEED PRODUCT AND THE INVESTMENT IN SUKUK IS NOT PROTECTED BY PERBADANAN INSURANS DEPOSIT MALAYSIA.

All information provided in this Product Information is valid with effect from 26 August 2025.