

## PRODUCT DISCLOSURE SHEET

Kindly read this Product Disclosure Sheet together with the general terms and condition attached herewith (if any) before you subscribe to Hong Leong General Investment Account-i (GIA-i).



### Hong Leong General Investment Account-i

#### 1. What is this product about?

Hong Leong General Investment Account-i (GIA-i) refers to a sum of money deposited with Hong Leong Islamic Bank (HLISB) for the purpose of investment in Shariah compliant activities for a specific tenor. The investment scheme applies the concept of Mudharabah (Profit Sharing). The return of the investment is based on a mutually agreed predetermined Profit Sharing Ratio (PSR) at the point of placement.

#### 2. What is the Shariah concept applicable?

Mudharabah, as applied in this product, refers to a contract of profit sharing between the Customer and HLISB. The Customer places a specified sum of money with HLISB for a specified tenor. HLISB is entrusted to utilize the money for doing business, without any intervention from the Customer. Any profit generated by the business will be distributed between the Customer and HLISB in accordance with the Profit Sharing Ratio. Any losses, however, will be borne by the Customer, unless caused by proven willful negligence or misconduct by HLISB.

#### 3. What do I get from this product?

- Customer who wishes to place investment in GIA-i may do so subject to a minimum placement of RM5,000 for 1 month tenor; and 2 months tenor and above with minimum of RM500.
- Tenors applicable are 1,2,3,4,5,6,7,8,9,10,11,12,15,18 until 60 months. The tenors for above 12 months are incremental of three months.
- The indicative profit rate is derived from the contracted Profit Sharing Ratio (PSR) times the prevailing Gross Rate of the particular tenor.
- GIA-i is almost similar to Fixed Deposit Account under Conventional banking. The difference between the two is that the GIA-i does not provide a fixed rate of return to the depositors up front, which is strictly prohibited by Shariah Law under the doctrine of 'RIBA'. At the point of placement both parties agree to the predetermined PSR. As such, the profit rate is indicative and would vary from time to time depending on the actual returns of the Bank's investment.
- The Bank practices Profit Equalization Reserve (PER) which is approved under Shariah. PER refers to amount appropriated out of the total gross income to maintain an acceptable level of return for the depositors. It is a provision shared by both the depositors and the bank, and hence, is deducted from the total gross income.

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

- The key feature of GIA-i is the 'PSR'. As an example, if the PSR is quoted at 60:40, the customer will be getting 60% of the profit and the bank will earn the remaining 40%.
- The profit rate declared under GIA-i is based on the business income generated from HLISB permissible investment and financing under Shariah Law.
- Profit rates are declared every 16<sup>th</sup> of the month as the computation of profit rate is based on previous month's income.
- The profits will be accrued daily and credited upon maturity of placement. For GIA-i placement longer than 12 months tenor, the profits will be credited every 6 months.
- The Bank will issue a GIA-i certificate to the customer upon placement made.
- GIA-i placement will be auto renewed upon maturity up to seven years. Dormant accounts with no transaction for the period of more than 7 years shall be transferred to Registrar of Unclaimed Monies (RUM).
- Customer should only redeem the GIA-i on Maturity Date. However, in the event of the need to perform premature withdrawal:
  - Depositors must have completed a minimum of 3 months before HLISB pays profit based on completed months according to actual profit rate declared for the completed months.
  - Depositors do not get any return if premature withdrawal is performed before the completion of the 3 months tenor.

The GIA-i certificate shall be presented by the customer to the Bank for redemption. All payment by the Bank to the customer shall be made through branches, or by other means as mutually agreed upon by the Bank and the customer.

#### Illustration

- Example below illustrates the profit calculation for GIA-i:

Date of placement	=	16/06/2008	Date of maturity	=	16/09/2009
Principal	=	RM5,000	Tenor	=	15 months
Profit Sharing Ratio (PSR)	=	71.90%			

#### Profit Calculation

Principal x PSR X Gross Rates X Days/365

(16/06/08 – 15/07/08) : RM5,000 x 71.90% x 5.36% X 30/365	=	RM15.8377	}	RM98.17
(16/07/08 – 15/08/08) : RM5,000 x 71.90% x 5.36% X 31/365	=	RM16.3656		
(16/08/08 – 15/09/08) : RM5,000 x 71.90% x 5.36% X 31/365	=	RM16.3656		
(16/09/08 – 15/10/08) : RM5,000 x 71.90% x 5.36% X 30/365	=	RM15.8377		
(16/10/08 – 15/11/08) : RM5,000 x 71.90% x 5.62% X 31/365	=	RM17.1595		
(16/11/08 – 15/12/08) : RM5,000 x 71.90% x 5.62% X 30/365	=	RM16.6059		

- For GIA-i 12 months and above placement, the first profit payment shall be paid on the half yearly basis which amounts to RM98.17

(16/12/08 – 15/01/09) : RM5,000 x 71.90% x 5.62% X 31/365	=	RM17.1595	}	RM100.57
(16/01/09 – 15/02/09) : RM5,000 x 71.90% x 5.62% X 31/365	=	RM17.1595		
(16/02/09 – 15/03/09) : RM5,000 x 71.90% x 5.35% X 28/365	=	RM14.7543		
(16/03/09 – 15/04/09) : RM5,000 x 71.90% x 5.35% X 31/365	=	RM16.3351		
(16/04/09 – 15/05/09) : RM5,000 x 71.90% x 5.35% X 30/365	=	RM15.8082		
(16/05/09 – 15/06/09) : RM5,000 x 71.90% x 6.34% X 31/365	=	RM19.3578		



Eligible deposits insured by PIDM.

▪ The second half yearly profits payable and amounting to RM100.57	
(16/06/09 – 15/07/09) : RM5,000 x 71.90% x 6.34% X 30/365 = RM18.7333	} RM57.45
(16/07/09 – 15/08/09) : RM5,000 x 71.90% x 6.34% X 31/365 = RM19.3578	
(16/08/09 – 15/09/09) : RM5,000 x 71.90% x 6.34% X 31/365 = RM19.3578	
Total Profit for the remaining 3 months RM57.45	
Total Profit for 15 months RM256.19	

*On Maturity Date, total amount payable is RM 5,256.19 of which RM198.74 profits were earlier credited. Hence the net payable to customer is RM 5,057.45.*

▪ For GIA-i on premature withdrawal, profit calculation is as follows:	
Date of placement = 06/07/2008	Date of maturity = 06/10/2009
Principal = RM5,000	Tenure = 15 months
Profit Sharing Ratio (PSR) = 71.90%	

Premature Withdrawal	= 20/10/2008
Completed tenor as at 05/10/2008	= 3 months
Gross rate at prevailing 3 months tenor	= 4.12%

06/07/2008 – 15/07/2008	= 10days
16/07/2008 – 15/08/2008	= 31days
16/08/2008 – 15/09/2008	= 31days
16/09/2008 – 05/10/2008	= 20days

Profit Calculation

= Principal x PSR x prevailing Gross Rate on the completed months x Days/365  
= RM 5,000 x 71.90% x 4.12% x 92/365  
= RM37.33

- Total amount payable RM5,037.33

*Profit Sharing Ratio rates are displayed at branches nationwide as well as in HLISB website.*

**5. What are the fees and charges I have to pay?**

▪ Lost General Investment Account-i Receipt	- RM 5 per certificate (Primary certificate for GIA-i)
▪ Lost of Letter of Indemnity	- RM 10 per letter
▪ Change of Operating Mandate	- RM 10 per account
▪ Addition of Joint Account Holders	- RM 10 per account
▪ Dishonoured Cheque ( Inward Return )	- RM 10 per cheque

**6. What are the risks involved?**

- Market Risk
  - The loss on capital due to natural business losses shall be borne by the capital provider or depositor.
- Income risk
  - Income will vary depending on the rate of return of the investment.

You are advised to carefully consider all risk factors before making an investment decision.

**7. 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 personal details to ensure that all communication will reach you promptly.

**8. Where can I get further information?**

Should you require additional information about this product, please refer to the Terms and Conditions available at all of our branches or visit <http://www.hlisb.com.my>.

If you have any enquiries, please contact us at:

**Hong Leong Islamic Bank (686191-W)**  
**< Servicing Branch Address >**

**Tel : < Servicing branch telephone number >**

**Fax : < Servicing branch Fax number >**

The information provided in this disclosure sheet is valid as at 31/03/2011.



Eligible deposits insured by PIDM.