

## IMPORTANT/DISCLAIMER

**THIS IS AN INVESTMENT ACCOUNT PRODUCT THAT IS TIED TO THE PERFORMANCE OF THE UNDERLYING / ALLOCATED ASSETS AND IS NOT A DEPOSIT PRODUCT.**

### PRODUCT DISCLOSURE SHEET

Kindly read and understand this Product Disclosure Sheet before you apply and decide to accept the Term Investment Account-i (TIA-i). Be sure to also read the general terms and conditions.

The information provided is merely general information of the product. The terms and conditions indicated in this Product Disclosure Sheet are tentative and may change at the discretion of the Bank.

### PRODUCT NAME:

**TERM INVESTMENT ACCOUNT-i (TIA-i)  
TIA-i 7-DAYS BONUS PROMOTION**

*(Applicable from 31 December 2019 until 6 January 2020)*

**THE PRODUCT IS NOT PROTECTED BY  
PERBADANAN INSURANS DEPOSIT MALAYSIA ("PIDM")**

## BRIEF INFORMATION ON THE PRODUCT

### 1. What is this product about?

<b>Applicable Shariah Contract</b>	TIA-i is a term investment account based on a profit sharing ( <i>Mudarabah</i> ) contract. <i>Mudarabah</i> is a Shariah-compliant contract between Customer or Investment Account Holder (IAH) as capital provider or investor ( <i>Rabbul-mal</i> ) and Hong Leong Islamic Bank Berhad (Bank) as the fund manager ( <i>Mudarib</i> ). Any profit generated from the investment of Bank's financing assets is shared between the IAH and the Bank according to a mutually pre-agreed Profit Sharing Ratio (PSR). Financial losses from the investment activities are borne by the IAH except where such losses are due to the Bank's misconduct, negligence, or breach of specified terms. The Bank as the fund manager will bear the losses in terms of time and effort spent over the investment.
<b>Type of Product</b>	The product is classified as Unrestricted Investment Account (UA). UA refers to a type of investment account where the IAH provides the Bank with general mandate to make the ultimate investment decisions without specifying any particular restrictions and/ or conditions.
<b>Parties involved in the investment activities, their roles and responsibilities.</b>	The parties involved will be the IAH as the investor and the Bank acting as the fund manager to undertake the investment activities on behalf of the IAH. Under this product, the IAH will not be involved in the investment activities.

## PRODUCT SUITABILITY

### 2. Who is this product suitable for?

<b>Type of Customer</b>	<ul style="list-style-type: none"> <li>i. Individual(s);</li> <li>ii. Sole-proprietorship(s).</li> </ul>
<b>Return Objective</b>	Aiming to generate stable and consistent returns over an agreed investment interval through low to medium risk investment activities.

### KEY PRODUCT FEATURES

#### 3. What am I investing in?

<b>Investment Strategy</b>	The fund will be invested in selected qualities of Shariah compliant financing assets within risk parameters prescribed under the Return Objective.
<b>Description of the Underlying Assets</b>	The fund will be invested in the selected retail and business financing assets.
<b>Minimum Investment Amount</b>	RM2,000 (Ringgit Malaysia Two Thousand)
<b>Investment Tenure</b>	3 months
<b>Profit Sharing Ratio (PSR)</b>	<ul style="list-style-type: none"> <li>Any profit generated from the TIA-i is shared between IAH and the Bank according to mutual pre-agreed PSR of 85:15 for three (3) months.</li> <li>The PSR may also be revised from time to time. Should there be any change(s) in the terms and conditions, the Bank will provide at least twenty one (21) calendar days' notice to the IAH before the new terms and conditions take effect via common communication channels of the Bank;</li> <li>If the revision is to be made for a new investment period and IAH has initially chosen for auto renewal on either principal only or principal with profit, the IAH has the right to redeem his/her investment before the commencement of the new investment period. If no redemption takes place, IAH is deemed to have agreed to the new proposed PSR and the indicative rates as announced by the Bank;</li> <li>If the revision of the PSR is effected on the remaining investment period, the revision of PSR may only be made upwards for the IAH;</li> <li>In the event where excess profit is generated from TIA-i over and above the expected profit rate, IAH agrees that the excess profit, if any, shall be waived by the IAH under the Shariah principle of waiver of entitlement to claim (Tanazul) and shall be retained by the Bank.</li> </ul>
<b>Profit Payment Method</b>	<ul style="list-style-type: none"> <li>Profit payment is calculated daily and credited at maturity;</li> <li>Profit payment will be credited into IAH's CASA-i (HLISB)/ CASA (HLBB), based on the agreed PSR.</li> </ul>
<b>Fees &amp; Charges</b>	None

<b>Reinvestment/ Auto-renewal</b>	<ol style="list-style-type: none"> <li>IAH has the options to select the following renewal feature(s):                     <ul style="list-style-type: none"> <li>With Auto Renewal:                             <ol style="list-style-type: none"> <li>Principal only (P) - Profit will be credited into IAH's CASA-i (HLISB) or CASA (HLBB); or</li> <li>Principal with profit (P+P).</li> </ol> </li> <li>Without Auto Renewal – investment will mature on the specified maturity date. Principal and profit will be credited into IAH's CASA-i (HLISB)/ CASA (HLBB).</li> </ul> </li> <li>Automatic renewals do not constitute an active transaction. Moneys kept in investment accounts on an automatic renewal arrangement will be transferred to the Registrar of Unclaimed Moneys (RUM) after 7 years of automatic renewals.</li> <li>Auto Renewal under this promotion shall be subject to the prevailing HLISB indicative board rate applicable at the time of renewal.</li> </ol>																																				
<b>Sample of Profit Calculation</b>	<p>Sample of daily profit calculation is as per the table below. (Numbers are for illustration purposes only)</p> <table border="1" data-bbox="424 752 1505 1111"> <tr> <td><b>Date of Subscription</b></td> <td><b>1 November 2019</b></td> <td><b>Profit Sharing Ratio (PSR)</b></td> <td><b>Customer : Bank 85:15</b></td> </tr> <tr> <td><b>Principal (Investment Amount)</b></td> <td><b>RM 50,000</b></td> <td><b>Percentage of Net Return to Customer</b></td> <td><b>4.05% p.a.</b></td> </tr> <tr> <td><b>Date of Maturity</b></td> <td><b>31 January 2020</b></td> <td><b>Investment Tenure</b></td> <td><b>3 months</b></td> </tr> </table> <p>Note :</p> <table border="1" data-bbox="437 1162 1492 1299"> <tr> <td><b>Profit Payable to the Customer</b></td> <td>=</td> <td><b>Principal (Investment Amount)</b></td> <td>X</td> <td><b>Percentage of Net Return to Customer (p.a.)</b></td> <td>X</td> <td><b>No. of Days / 365</b></td> </tr> <tr> <td>RM 535.62</td> <td></td> <td>RM 50,000</td> <td></td> <td>4.05%</td> <td></td> <td>92/365</td> </tr> </table> <table border="1" data-bbox="545 1330 1382 1467"> <tr> <td><b>Percentage of Net Return to Customer (p.a.)</b></td> <td>=</td> <td><b>Profit Sharing Ratio (PSR)</b></td> <td>X</td> <td><b>Gross Profit</b></td> </tr> <tr> <td>4.05%</td> <td></td> <td>85%</td> <td></td> <td>4.76%</td> </tr> </table>	<b>Date of Subscription</b>	<b>1 November 2019</b>	<b>Profit Sharing Ratio (PSR)</b>	<b>Customer : Bank 85:15</b>	<b>Principal (Investment Amount)</b>	<b>RM 50,000</b>	<b>Percentage of Net Return to Customer</b>	<b>4.05% p.a.</b>	<b>Date of Maturity</b>	<b>31 January 2020</b>	<b>Investment Tenure</b>	<b>3 months</b>	<b>Profit Payable to the Customer</b>	=	<b>Principal (Investment Amount)</b>	X	<b>Percentage of Net Return to Customer (p.a.)</b>	X	<b>No. of Days / 365</b>	RM 535.62		RM 50,000		4.05%		92/365	<b>Percentage of Net Return to Customer (p.a.)</b>	=	<b>Profit Sharing Ratio (PSR)</b>	X	<b>Gross Profit</b>	4.05%		85%		4.76%
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<b>Premature Redemption</b>	<ol style="list-style-type: none"> <li>Partial redemption is not allowed.</li> <li>Premature redemption is allowed with below condition(s);                     <ol style="list-style-type: none"> <li>No profit shall be paid for any TIA-i that has not completed its respective investment tenure.</li> </ol> </li> </ol>																																				
<b>Account Opening</b>	<ol style="list-style-type: none"> <li>For existing CASA-i / CASA account holder(s), TIA-i subscription can be made through Hong Leong Connect.</li> <li>For non-existing CASA-i / CASA account holder, IAH is required to open a CASA-i over the counter. The IAH will be given the access to Hong Leong Connect to proceed with the IA subscription.</li> </ol>																																				
<b>TIA-i Redemption</b>	Redemption of TIA-i can only be done via Hong Leong Connect.																																				
<b>Coverage by PIDM</b>	This product is not protected by Perbadanan Insurans Deposit Malaysia ("PIDM").																																				

**4. What are the possible outcomes of my investment?**

1. IAH may potentially receive higher returns compared to a term deposit, depending on the performance of the underlying investment asset.
2. The principal and returns of the investment are not guaranteed in the event TIA-i incurs losses or does not perform as expected.

**Possible Future Gain & Loss (Investment of RM 50,000)**

Best Market Simulation			Worst Market Simulation		
Date	OPR	Profit Rate to IAH	Date	OPR	Profit Rate to IAH
Jan 2018	Increase 25 **bps	*3.66%	Jan 2018	Decrease 55 **bps	*1.66%
*Number for illustration purpose only ** 1bps = 0.0001			*Number for illustration purpose only ** 1bps = 0.0001		

**Note:**

The Best Market and Worst Market scenarios are based on the last ten years' data of Bank Negara Malaysia (BNM)'s highest (26 April 2006) and lowest (8 August 2005) Overnight Policy Rate (OPR) levels, which are assumed to directly impact returns through full transfer of OPR increase/decrease to portfolio returns (i.e. 25 bps increase or 55 bps decrease in returns), and with all other factors remain unchanged.

**VALUATION**

**The Bank will perform valuation of the underlying assets of the Fund in accordance with the applicable Malaysian Financial Reporting Standards (“MFRS 9”) which will be carried out on a monthly basis.**

The Fund performance report will be made available together with the quarterly financial statements at all branches and published via website accessible at <https://www.hlisb.com.my/IA-i>

## KEY RISKS

### 5. What are the key risks associated with this product?

<b>(a) Risk of Capital Loss</b>	The product carries the risk of reduction in the value of the original investment. In mitigating the risk, the Bank will invest the funds in a diversified portfolio of Bank's qualified allotted financing assets with low risk attributes and apply sound investment management standards. Portfolio rebalancing can be executed to ensure assets that are not conforming to the fund's strategies and objectives are rebalanced.
<b>(b) Market Risk</b>	Market risk is the possibility for an investor to experience losses due to factors that affect the overall performance of the financial markets in which may indirectly impact the performance of the underlying assets. The Bank will monitor and manage market risk exposure using existing risk management system. This enables the Bank to manage the fund's position effectively within the approved risk framework imposed.
<b>(c) Liquidity Risk</b>	Liquidity risk is the risk that the Bank may be unable to meet short term redemption demands from IAH. Based on the historical trend of the redemption activities, the Bank will formulate the stress test and establish mitigating tools to manage the liquidity risk. The cash flow mismatches by maturity bucket will be analysed and monitored under the liquidity framework as prescribed by BNM. The potential loss arising from the liquidity risk for IAH where there shall be lesser return and possible capital erosion.
<b>(d) Credit Risk</b>	This risk may arise when substantial amount of assets for the fund goes into default. This shall be managed by the Bank by prudent selection of diversified qualified allotted asset portfolios and close monitoring of the performance of the selected assets to ensure the investment is aligned with the fund's strategies and objectives.
<b>(d) Investment Decision Risk</b>	This risk applies in the event the allocation of assets to be invested is not aligned with the market movement. Hence, careful selection and strict governance shall be applied by the Bank in the decision making process.
<b>(e) Regulatory Non-Compliance Risk</b>	Such situation occurs when the investment fails to adhere to the investment parameters set forth by the relevant regulators. The risk shall be managed by the Bank in accordance with its overall policies and procedures.
<b>(f) Shariah Non-Compliance Risk</b>	This is a risk that arises from the Bank's failure to comply with the Shariah rules and principles determined by the Bank's Shariah Committee or regulatory councils. The Bank will monitor with guidance from the Bank's Shariah Committee to ensure the investment complies with the Shariah rules and principles.
<b>(g) Country Risk</b>	Political and economic stability of the country may influence the growth and performance of the investment asset.
<b>(h) Industry / Sector Risk</b>	Every industry/sector is exposed to various risk elements. As such, diversification and careful selection of such industry/sector are critical to the Bank in managing such risk.
<p>'You are advised to carefully consider all risk factors before making an investment decision'</p>	

## CONTACT INFORMATION

### 6. What do I need to do if I change my contact details?

It is important that you inform us any changes of your contact details to ensure that all correspondences reach you in a timely manner. To update your correspondence details, please contact us at +603-7626 8899 or visit any of our Hong Leong Islamic Bank / Hong Leong Bank Berhad branches nationwide.

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

**1. If you have enquiries, concerns or comments please call, write, e-mail or fax us at:**

**Service Recovery & Complaint Resolution - Customer Experience**

Hong Leong Bank Berhad,  
13A Floor, Menara Hong Leong,  
No 6, Jalan Damanela, Bukit Damansara,  
50490 Kuala Lumpur.

**Contact Centre** : 03-7626 8899 **Facsimile** : 03-7946 8888 **E-mail** : [HLOnline@hlbb.hongleong.com.my](mailto:HLOnline@hlbb.hongleong.com.my)

**2. If your query or complaint is not satisfactorily resolved by us, you may contact Bank Negara Malaysia at:**

**Bank Negara Malaysia LINK or BNMTELELINK**

**Address** : Laman Informasi Nasihat dan Khidmat (LINK), Bank Negara Malaysia, P.O Box 10922, 50929 Kuala Lumpur.

**Telephone** : 1-300-88-5465

**Fax** : 03-2174 1515

**E-mail** : [bnmtelelink@bnm.gov.my](mailto:bnmtelelink@bnm.gov.my)

**WARNING**

**THE RETURN ON THIS INVESTMENT ACCOUNT WILL BE AFFECTED BY THE PERFORMANCE OF THE UNDERLYING ASSETS. THE PRINCIPAL AND RETURNS ARE NOT GUARANTEED AND CUSTOMER RISKS EARNING NO RETURNS AT ALL. IF THE INVESTMENT IS REDEEMED EARLY, CUSTOMER MAY SUFFER LOSSES IN PART OR THE ENTIRE PRINCIPAL SUM INVESTED. THIS INVESTMENT ACCOUNT IS NOT PROTECTED BY PERBADANAN INSURANS DEPOSIT MALAYSIA (“PIDM”).**

*The information provided in this disclosure sheet is valid as at 31 December 2019 until 6 January 2020*