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 (Versi Bahasa Malaysia)

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 terms and conditions of TIA-i.

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 any time. Any changes will be notified to the Investment Account Holder(s) beforehand.

## PRODUCT NAME: <br> TERM INVESTMENT ACCOUNT-i (TIA-i) PROMOTION

(Applicable on 1 March 2024-31 March 2024)

## THIS PRODUCT IS NOT PROTECTED BY PIDM

## BRIEF INFORMATION ON THE PRODUCT

1. What is this product about?

| Applicable Shariah <br> Contract | TIA-i is a term investment account based on a profit-sharing contract, which is known as <br> Mudarabah contract. |
| :--- | :--- |
| Type of Product | The product is classified as Unrestricted Investment Account (UA). UA refers to a type of <br> investment account where the investor(s), who are also known as Investment Account Holder(s) <br> ("IAH"), allows the Bank to make the ultimate investment decisions without specifying any <br> restrictions and/or conditions. |
| Parties Involved | The parties involved will be the Investor(s) (i.e., the capital provider) and the Bank (i.e., the <br> entrepreneur). The Bank, acting as the fund manager, will invest on behalf of the Investor(s). <br> Under this product, the Investor(s) will not be involved in the investment activities. |

## PRODUCT SUITABILITY

2. Who is this product suitable for?

| Type of Customer | a) Individual(s); <br> b) Sole-proprietorship(s) (with an Individual CASA/CASA-i). |
| :--- | :--- |
| Investment Objective | Aiming to generate stable and consistent returns over an agreed period of time through low-risk <br> investment. |

## KEY PRODUCT FEATURES

3. What am I investing in?

| Investment Strategy | The fund will be invested in selected qualities of Shariah-compliant financing assets which are Property Financing-i, Personal Financing-i, and Term Financing-i within HLISB. |  |  |
| :---: | :---: | :---: | :---: |
| Minimum Investment Amount | RM1,000 (Ringgit Malaysia One Thousand) |  |  |
| Investment Tenure | Three (3) months, six (6) months and twelve (12) months |  |  |
| Profit Sharing Ratio (PSR) | - Any profit gained from the TIA-i is shared between Investor(s) and the Bank according to a mutually pre-agreed PSR of $85: 15$ for three (3) months, six (6) months and twelve (12) months respectively. <br> - The PSR may also be changed from time to time. If there is any change in the terms and conditions, the Bank will inform the Investors of the change through the common communication channels of the Bank. <br> - If excess profit is generated from TIA-i above the indicative profit rate, Investors agree to forego or waive the excess profit under the Shariah concept of Tanazul. The excess profit will be kept by the Bank. Tanazul refers to the waiver of the right to claim whatever may be specified (which in this context is the excess profit above the indicative profit rate). <br> - Under the Mudarabah contract, profits will be shared between the Investors and the Bank according to a mutually pre-agreed PSR. For losses, on the other hand, the financial losses will be borne entirely by the Investors while the Bank, as the Fund Manager (i.e., the Entrepreneur), will suffer losses in terms of time and effort that were spent over the investment and not in monetary terms. The Bank will bear the financial losses if it is due to the Bank's misconduct, negligence, or breach of specified terms. |  |  |
| Profit Payment Method | - Profit payment is calculated daily and credited at the end of the investment tenure <br> - Profit payment will be credited into the Investor's Current Account-i/Savings Account-i (CASAi) within Hong Leong Islamic Bank (HLISB) or Current Account/Savings Account (CASA) within Hong Leong Bank (HLB), based on the agreed PSR. |  |  |
| Fees \& Charges | None |  |  |
| Reinvestment/ Auto-renewal | Renewal Optio |  |  |
|  | Auto-Renewal | Principal Only | Only principal amount will be renewed; Profit will be credited into Investor's CASA-i/CASA |
|  |  | Principal with Profit | Both principal and profit will be renewed |
|  | Without Auto-Renewal | Principal and profit will be credited into Investor's CASA-i/CASA |  |

1. Automatic renewals are not considered active transactions. Money kept in investment accounts on an automatic renewal arrangement will be transferred to the Registrar of Unclaimed Moneys (RUM) after seven (7) years of automatic renewals.
2. If the investment in TIA-i is auto-renewed, the indicative profit rate after auto-renewal will be equal to the indicative board profit rate of that particular tenure.

| Sample of Profit Calculation | Sample of daily profit calculation is as per the table below. <br> (Numbers are for illustration purposes only) |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Date of Subscription | 1 Mar 2024 | PSR | $\begin{gathered} \text { Customer:Bank } \\ 85: 15 \end{gathered}$ |
|  |  | Principal <br> (Investment Amount) | RM 50,000 | Percentage of Net Return to Customer | 3.60\% p.a.* |
|  |  | Date of Maturity | 1 Jun 2024 | Investment Tenure | 3 months |
|  | Note: <br> - Percentage of Net Return to Customer = PSR x Gross Profit <br> - Profit Calculation $=$ Principal $\times$ Percentage of return to customer $\times$ No. of days $/ 365$ <br> Profit Payable to the Customer $=$ RM $50,000 \times 3.60 \% * \times 92 / 365=$ RM 453.70 *If there is an Overnight Policy Rate (OPR) change, the indicative profit rate for new subscription (after the OPR change) may be changed. |  |  |  |  |
|  |  | Date of Subscription | 1 Mar 2024 | PSR | Customer:Bank 85:15 |
|  |  | Principal <br> (Investment Amount) | RM 50,000 | Percentage of Net Return to Customer | 3.90\% p.a.* |
|  |  | Date of Maturity | 1 Sep 2024 | Investment Tenure | 6 months |
|  | Note: <br> - Percentage of Net Return to Customer = PSR $\times$ Gross Profit <br> - Profit Calculation = Principal x Percentage of return to customer x No. of days / 365 <br> Profit Payable to the Customer $=$ RM 50,000 $\times 3.90 \%{ }^{*} \times 184 / 365=$ RM907.40 *If there is an Overnight Policy Rate (OPR) change, the indicative profit rate for new subscription (after the OPR change) may be changed. |  |  |  |  |



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

1. Investors may receive higher returns than a term/fixed deposit, depending on the performance of the underlying investment asset.
2. However, the principal and returns of TIA-i are NOT guaranteed if TIA-i incurs losses or does not perform as expected.

## Historical Fund Performance

## Term Investment Account-i

Retail Fund Performance Report for Quarter Ended 30 September 2023

3.00\%

Mar-19 Jun-19 Sep-19 Dec-19 Mar-20 Jun-20 Sep-20 Dec-20 Mar-21 Jun-21 Sep-21 Dec-21 Mar-22 Jun-22 Sep-22 Dec-22 Mar-23 Jun-23 Sep-23

The graph shows Gross Returns before PSR for Term Investment Account-i for its first initiation in March 2019 until September 2023. The Gross Return is the total return derived from the investment in financing assets before distributing the profit between the Investors and the Bank.

For an in-depth report on TIA-i's fund performance, you may refer to TIA-i quarterly Fund Performance Report (Retail) published here.

Disclaimer:
Disclaimer: The graph above represents the historical gross returns of the fund from March 2019 to September $\underline{2023}$ and is NOT reflective of future performance.
3. Possible Future Gain and Loss (Investment of RM 50,000)

| Best Market S | ulation | Worst Market | ulation | Base Market Sim | lation |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Date | Mar 2019 | Date | Mar 2022 | Date | Mar 2023 |
| OPR | 3.25\% | OPR | 1.75\% | OPR | 2.75\% |
| Profit Rate to Investor(s) for 3month tenure | *3.25\% | Profit Rate to Investor(s) for 3month tenure | *1.75\% | Profit Rate to Investor(s) for 3month tenure | *2.75\% |
| *Number for illustration purpose only <br> ** 1 bps $=0.0001$ |  | *Number for illustration purpose only${ }^{* *} 1 \mathrm{bps}=0.0001$ |  | *Number for illustration purpose only$* * 1 \mathrm{bps}=0.0001$ |  |

*This is on the assumption that the current Indicative Profit Rate to Investor(s) for 12 months tenure is $2.75 \%$
Note:

The Best and Worst Market scenarios are based on the last 10 years' data from BNM's highest (March 2019) and lowest (March 2022) OPR levels, which are assumed to directly impact returns through the full transfer of OPR increase/decrease to portfolio returns, assuming all other factors remain the same.

The Fund performance report will be made available via the website.

## VALUATION

The Bank will perform valuation of the underlying assets of the Fund in accordance with sound industry practice and consistent with applicable Malaysian Financial Reporting Standards ("MFRS") which will be carried out on a monthly basis.

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

| (a) Risk of Capital | The product carries the risk of not recovering the full original investment. To control the risk, the <br> Lank will invest the funds in a diversified portfolio of the Bank's low risk qualified financing assets. <br> The Bank will also use sound investment management techniques. The Bank will do portfolio <br> rebalancing to make sure that assets which no longer comply with the fund's strategies and <br> objectives are rebalanced. Portfolio rebalancing is the process of revising the fractions of a class <br> of assets in a portfolio to maintain the desired level of risk. |
| :--- | :--- |
| (b) Market Risk | Market risk is the possibility for an investor to experience losses due to factors that affect the <br> entire financial market. This may directly or indirectly impact the performance of the underlying <br> assets. The Bank will monitor and manage market risk exposure using the existing risk <br> management system. This allows the Bank to manage the fund's position effectively within the <br> approved risk framework. |
| (c) Liquidity Risk | Liquidity risk is the risk that the Bank may be unable to meet short-term redemption demands <br> from Investor(s). Based on the historical trend of the redemption activities, the Bank will formulate <br> the stress test and establish controls to manage the liquidity risk. Stress testing is a technique <br> used to test the ability of the investment to withstand various possible future financial situations. <br> Any mismatches in the amount of cash being transferred into and out of the portfolio will be <br> analyzed and monitored under the e liquidity framework as recommended by BNM. The potential <br> loss arising from the liquidity risk for Investors is that there may be lower returns and possible <br> capital loss. |
| (d) Credit Risk | This risk may arise when a great amount of the fund's assets goes into default. This will be <br> managed by the Bank through careful selection of diversified qualified asset portfolios and close <br> monitoring of the performance of the selected assets to ensure the investment complies with the <br> fund's strategies and objectives. |
| (e) Investment |  |
| Decision Risk | This risk applies if the market movement does not favor the allocation of assets to be invested <br> in. Hence, careful selection and strict governance will be applied by the Bank in the decision- <br> making process. |
| (f) Regulatory Non- | Such a situation occurs when the investment fails to follow the investment parameters set by the <br> relevant regulators. The risk will be managed by the Bank according to its overall policies and <br> procedures. |
| Compliance Risk |  |

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

## CONTACT INFORMATION

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

It is important that you inform us of any changes to your contact details to ensure that all communications reach you in a timely manner. You can update your contact details through HLB Connect.

## 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:

Customer Advocacy
Hong Leong Islamic Bank Berhad,
13A Floor, Menara Hong Leong,
No 6, Jalan Damanlela, Bukit Damansara,
50490 Kuala Lumpur.
Contact Centre: 03-7626 8899 Facsimile: 03-7946 8888 E-mail: HLOnline@hlbb.hongleong.com.my
2. If your query or complaint is not satisfactorily resolved by us, you may contact:

BNMLINK
$4^{\text {th }}$ floor, Podium Bangunan AICB,
No 10, Jalan Dato' Onn,
50480 Kuala Lumpur.
Web: bnmlink.bnm.gov.my Tel: 1-300-88-5465 or 03-2174-1717 (for overseas calls)
8. How do I subscribe for TIA-i?

Follow these steps to subscribe Term Investment Account-i


## 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 THE CUSTOMER RISKS EARNING NO RETURNS AT ALL. IF THE INVESTMENT IS REDEEMED EARLY, THE CUSTOMER MAY SUFFER LOSSES IN PART OR THE ENTIRE PRINCIPAL SUM INVESTED. THIS INVESTMENT ACCOUNT IS NOT PROTECTED BY PERBADANAN INSURANS DEPOSIT MALAYSIA.

