

<b>IMPORTANT/ DISCLAIMER</b> <b>THIS IS AN INVESTMENT ACCOUNT PRODUCT THAT IS TIED TO THE PERFORMANCE OF THE UNDERLYING ASSETS AND IS NOT A DEPOSIT PRODUCT. THIS PRODUCT IS NOT INSURED BY THE MALAYSIAN DEPOSIT INSURANCE CORPORATION (PIDM).</b>		Please read and understand this Product Disclosure Sheet and the Terms and Conditions before you apply and decide to subscribe to this product.  <b>IHSAN SUSTAINABILITY INVESTMENT ACCOUNT (ISIA)</b> <b>Date: 20 September 2024</b>
<b>1. What is this product about?</b>		
<b>Name of Product</b>	Ihsan Sustainability Investment Account.	
<b>Overview of Product</b>	<p>To generate positive social and environmental impact alongside financial returns for investors, financing customers, and the recipients of the social impact contribution through Zakat and Sadaqa House.</p> <p>The growing impact investment market provides capital to address the nation's pressing challenges to support sectors such as renewable energy, clean transportation, and affordable and accessible basic services including housing, healthcare, utilities, and education.</p>	
<b>Type of Investment Account</b>	<p><b>"Unrestricted Investment Account"</b> refers to a type of investment account where the Investment Account Holder (IAH) provides the Bank with the mandate to make the ultimate decision without specifying any particular restrictions or conditions.</p>	
<b>Parties Involved in the Investment Activities and Their Roles and Responsibilities</b>	<p>The parties involved will be the IAH as the investor and the Bank acting as the agent to undertake the investment activities on behalf of the IAH. The Bank will be responsible to manage the investment provided by the IAH. The IAH will not be involved in the investment activities.</p>	
<b>2. What is the Shariah concept applicable?</b>		
<p><b>"Wakalah Bil Istithmar"</b> is a form of Wakalah contract (or agency contract) entered into for the purpose of investment. ISIA will be managed by Bank Islam on Wakalah Bil Istithmar basis where Bank Islam is an agent to manage the investment portfolio on behalf of IAH throughout the investment tenure.</p> <p><b>"Wakalah"</b> means a contract in which a party (Muwakkil) authorises another party as its agent (Wakil) to perform a particular task, in matters that may be delegated, either voluntarily or with imposition of fee. Bank Islam is also an agent to the IAH in managing the allocation and payment of Zakat and/or Sadaqa House contribution on IAH's behalf.</p>		
<b>3. Who is this product suitable for?</b>		
<b>Target Market</b>	<ul style="list-style-type: none"> <li><b>Non-Retail</b></li> <li><b>Retail</b> (limited to High Net Worth Individuals).</li> </ul> <p><b>Note:</b> Exclude interbank counterparties, sole proprietorship and Small Medium Enterprise (SME).</p>	
<b>Account Type</b>	Individual, business entity and any other types of account as determined by the Bank.	
<b>Risk on Investment Principal</b>	Investment amount and return are not guaranteed.	
<b>Investment Limit</b>	Close ended fund of up to RM1.2 billion.	
<b>4. What am I investing in?</b>		
<b>Investment Objective, Strategy and Policy</b>	<b>Objective</b>	To provide a differentiated investment solutions based on new asset class, investing into non-retail financing and aligned to the Sustainable Development Goals (SDG) objectives.
	<b>Strategy</b>	Moderate risk investment to achieve capital preservation and steady returns.
	<b>Policy</b>	To manage the investment return in a manner that is consistent with IAH's investment objective.
<b>Description of the Underlying Assets</b>	<ul style="list-style-type: none"> <li>The fund will be invested in a diversified portfolio of the Bank's non-retail assets, that are aligned to the United Nation's (UN) Sustainable Development Goals (SDG) objectives and favorable</li> </ul>	

	<p>Climate Change and Principle Based Taxonomy (CCPT) classification as per Bank Negara Malaysia (BNM)'s framework.</p> <ul style="list-style-type: none"> <li>The sectors consist of renewable energy, green financing, clean transportation, clean water and sanitation, and sectors that contribute to sustainable cities and communities' goals, amongst others.</li> </ul>									
<b>Risk Assessment on the Performance of the Investment Assets</b>	<p>Proactive management of the Bank's SDG asset portfolio and quarterly performance reports of the investment portfolio can be viewed via Bank Islam website.</p> <p>In mitigating the risk of capital loss, Bank Islam is investing in a diversified portfolio of the Bank's assets where portfolio rebalancing can be performed to ensure assets are aligned to the ISIA objective.</p>									
<b>Minimum Investment Amount</b>	<ul style="list-style-type: none"> <li><b>Non-individual:</b> RM1.0 million.</li> <li><b>Individual:</b> RM50,000.</li> </ul>									
<b>Investment Tenure and Expected Profit</b>	<table border="1"> <thead> <tr> <th>Months</th> <th>Expected Profit Rate</th> </tr> </thead> <tbody> <tr> <td>24</td> <td>4.20% p.a.</td> </tr> <tr> <td>36</td> <td>4.30% p.a.</td> </tr> </tbody> </table>	Months	Expected Profit Rate	24	4.20% p.a.	36	4.30% p.a.			
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36	4.30% p.a.									
<b>Offer Period</b>	<ul style="list-style-type: none"> <li>Offer Period will start from 12 September 2024 until 15 October 2024.</li> <li>IAH may book for the ISIA and transfer the fund to Bank Islam at least one (1) working day from the Investment Date, which is on 16 October 2024. Otherwise, the investment will be cancelled.</li> <li>The IAH may cancel the participation during the offer period with at least one (1) working day prior notice from the Investment Date.</li> <li>Bank Islam has the right to end the Offer Period earlier than the original Investment Date whenever the Investment Limit is fully subscribed.</li> <li>In the event there is ineligible IAH, investment placed will be refunded in full.</li> </ul>									
<b>Profit Payment Method</b>	<p>i. <u>Profit Payment Frequency</u> – Semi-annually.</p> <p>ii. <u>Profit Distribution</u> – Based on the following scenarios:</p> <p>a. If the Actual Profit Rate is above (or equal to) the Expected Profit Rate:</p> <ul style="list-style-type: none"> <li>✓ the Bank will pay the Expected Profit Rate to the IAH; and</li> <li>✓ any excess will be retained by the Bank as a performance incentive.</li> </ul> <p>b. If the Actual Profit Rate is below the Expected Profit Rate:</p> <ul style="list-style-type: none"> <li>✓ the Bank is obliged to pay the Actual Profit Rate to the IAH; and</li> <li>✓ loss (if any) shall be borne by the IAH provided that such losses are not due to the Bank's misconduct, negligence, or breach of specified terms.</li> </ul> <p>iii. <u>Investment Return</u> – Formula and illustration as follows:</p> <p><b>Investment Return = Placement Amount x Profit Rate x Tenure (no. of days) / 365</b></p> <p>Illustration:</p> <table border="1"> <tr> <td>Placement Amount</td> <td>=</td> <td>RM50,000</td> </tr> <tr> <td>Expected Return</td> <td>=</td> <td>4.20% p.a.</td> </tr> <tr> <td>Tenure</td> <td>=</td> <td>730 days</td> </tr> </table> <p>a. If the Actual Profit Rate is above (or equal to) the Expected Profit Rate i.e., <b>4.20%</b> p.a.</p> $\text{Investment Return} = \text{RM50,000} \times 4.20\% \times 730/365 = \text{RM4,200}$ <p>b. If the Actual Profit Rate is below the Expected Profit Rate i.e., <b>4.10%</b> p.a.</p> $\text{Investment Return} = \text{RM50,000} \times 4.10\% \times 730/365 = \text{RM4,100}$	Placement Amount	=	RM50,000	Expected Return	=	4.20% p.a.	Tenure	=	730 days
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<b>Key Terms and Conditions</b>	<p>i. Upon redemption at maturity, the IAH may receive the principal amount together with profit, if any.</p> <p>ii. No premature withdrawal is allowed.</p> <p>iii. IAH is required to have either current account or saving account or transactional investment account with Bank Islam (CASATIA) prior to opening of ISIA. The said CASATIA must be maintained throughout the investment tenure to facilitate crediting of profit (if any) on semi-annual basis and/ or principal and profit (if any) upon maturity of ISIA.</p>									

**Special Features**

Social impact contribution of 2.50% from the Investment Return of ISIA will be channeled to either Zakat or Sadaqa House, paid on yearly basis, where Bank Islam acts as an agent to the IAH in managing the allocation and payment of Zakat or Sadaqa House contribution on IAH's behalf. Following are the contribution payment criteria:

**A. ZAKAT**

- i. Applicable to all Muslim IAH only.
- ii. Payment will be made by Bank Islam to Pusat Pungutan Zakat Majlis Agama Islam Wilayah Persekutuan (PPZ-MAIWP).

**B. SADAQA HOUSE**

- i. All non-Muslim individuals IAH contribute to Sadaqa House.
- ii. All non-individual IAH may opt to contribute to Sadaqa House.
- iii. Payment will be made to Sadaqa House managed by Bank Islam.

**C. GENERAL CRITERIA**

- i. Upon investment profit distribution on semi-annually, the 2.50% p.a. portion will be kept by Bank Islam as provision until the payment day.
- ii. In the event of loss in investment which led to capital erosion and no profit payout to the IAH in a particular year (based on annual regularization), the provisioned contribution amount shall be refunded to the IAH.
- iii. A tax claimable receipt will be issued to the IAH after payment was made. The IAH's information limited to name, NRIC no./ business registration no., address, email, and contact number and contribution amount will be shared with PPZ-MAIWP and Sadaqa House managed by Bank Islam for the issuance of receipt.
- iv. Illustration of the contribution is as follows:

Placement Amount (RM)	50,000
Expected Return	4.20% p.a.
Tenure	730 days
Profit Payment Frequency	Semi Annual

**Illustration 1: APR = EPR**

Frequency	Profit Amount	Contribution
1 <sup>st</sup> Half	= 50,000 x 4.20% x 182/365 <b>= RM1,047.12</b>	= 2.50% x 1,047.12 <b>= RM26.18</b>
2 <sup>nd</sup> Half	50,000 x 4.20% x 183/365 <b>= RM1,052.88</b>	= 2.50% x 1,052.88 <b>= RM26.32</b>
3 <sup>rd</sup> Half	= 50,000 x 4.20% x 182/365 <b>= RM1,047.12</b>	= 2.50% x 1,047.12 <b>= RM26.18</b>
4 <sup>th</sup> Half	50,000 x 4.20% x 183/365 <b>= RM1,052.88</b>	= 2.50% x 1,052.88 <b>= RM26.32</b>
<b>TOTAL</b>		<b>RM105.00</b>

**Illustration 2: APR < EPR**

Frequency	Profit Amount	Contribution
1 <sup>st</sup> Half	= 50,000 x 4.10% x 182/365 <b>= RM1,022.19</b>	= 2.50% x 1,022.19 <b>= RM25.55</b>
2 <sup>nd</sup> Half	50,000 x 4.10% x 183/365 <b>= RM1,027.81</b>	= 2.50% x 1,027.81 <b>= RM25.70</b>
3 <sup>rd</sup> Half	= 50,000 x 4.10% x 182/365 <b>= RM1,022.19</b>	= 2.50% x 1,022.19 <b>= RM25.55</b>
4 <sup>th</sup> Half	50,000 x 4.10% x 183/365 <b>= RM1,027.81</b>	= 2.50% x 1,027.81 <b>= RM25.70</b>
<b>TOTAL</b>		<b>RM102.50</b>

**Illustration 3: APR < EPR (Loss Scenario)**

Frequency	Profit Amount	Contribution
1 <sup>st</sup> Half	= 50,000 x 4.10% x 182/365 <b>= RM1,022.19</b>	= 2.50% x 1,022.19 <b>= RM25.55</b>
2 <sup>nd</sup> Half	50,000 x 0.00% x 183/365 <b>= RM0</b>	NA
<b>Contribution on Year 1</b>		<b>RM25.55</b>
3 <sup>rd</sup> Half	= 50,000 x 4.10% x 182/365 <b>= RM1,022.19</b>	= 2.50% x 1,022.19 <b>= RM25.55</b>
4 <sup>th</sup> Half	Loss with capital erosion of RM2,000	NA

		<b>Contribution on Year 2</b>	<b>RM0.00</b>
		<u>Note:</u> RM25.55 will be refunded to IAH	
		<b>TOTAL</b>	<b>RM25.55</b>

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

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

BEST CASE SIMULATION		FLAT CASE SIMULATION		WORST CASE SIMULATION	
<b>OPR</b>	3.25%	<b>OPR</b>	3.00%	<b>OPR</b>	1.75%
<b>Indicative Profit Rate</b>	4.45% p.a.	<b>Indicative Profit Rate</b>	4.20% p.a.	<b>Indicative Profit Rate</b>	2.95% p.a.
<b>Indicative Profit Rate to IAH (Net Zakat / Sadaqa House)</b>	4.34% p.a.	<b>Indicative Profit Rate to IAH (Net Zakat / Sadaqa House)</b>	4.10% p.a.	<b>Indicative Profit Rate to IAH (Net Zakat / Sadaqa House)</b>	2.88% p.a.

### Notes:

- The above scenario of possible future gains and losses is illustrated based on investment of twenty-four months tenure.
- The Best, Worst and Flat Case scenarios of profit rates are based on the Return on Assets (ROA) and Return on Investments (ROI) generated by the fund, taking into account the Overnight Policy Rate (OPR) levels for the past 10 years which are assumed to impact the performance of the underlying assets.
- According to the OPR data from BNM for the last 10 years:
  - Highest OPR – 3.25% (Latest March 2019).
  - Lowest OPR – 1.75% (Latest March 2022).
- Flat OPR – 3.00% (July 2024).
- However, please note that the investment ROI is also affected by the performance of the ROA.

## 6. 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, Shariah compliance and others as per guided in the Bank Negara Malaysia (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. Among the risks associated with the investment account include but not limited to the following:

- Credit Risk:** This refers to the potential event that 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 asset portfolios and close monitoring of the performance of the selected assets.
- Risk of Capital Loss:** 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 asset portfolio. Portfolio rebalancing can be executed to ensure assets that are not conforming to the fund's strategies and objectives are rebalanced.
- Market Risk:** This refers to the possibility for an investor to experience losses due to factors that affect the entire financial markets. This may directly or indirectly impact the performance of the underlying assets. The Bank will monitor and manage market risk exposure using the existing risk management system. This allows the Bank to manage the fund's position effectively within the approved risk framework.
- Liquidity Risk:** Such risk occurs when withdrawals/redemptions exceed total investments. The risk shall be managed by the Bank in accordance with its overall liquidity management strategy. However, please note that no premature withdrawal is allowed for this ISIA.
- Legal Risk:** IAH 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.
- Shariah Non-Compliance Risk:** This refers to the possible failures to comply with the rulings of BNM's Shariah Advisory Council (SAC) and standards on Shariah matters issued by BNM or decisions or advice of Bank Islam's Shariah Supervisory Council. The Bank will monitor, with guidance from the Bank's Shariah Committee, to ensure that the investment complies with the Shariah rules and principles.

**7. What are the fees and charges involved?**

- The Bank waives the Wakalah fee.

Type of Charge	Charges	Rate / Amount
Replacement of loss certificate	Stamp Duty for Indemnity Letter regardless of investment amount	RM10.00

**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 BNM and subject to Shariah rules and principles) and as set out in the PDS and/or the Bank's website.

**8. What is the valuation strategy adopted, its frequency and where does it publish?**

Valuation will be carried out at minimum on monthly basis 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's website at [www.bankislam.com](http://www.bankislam.com).

**9. 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.

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

If you wish to make any queries or complaint on the products or services provided by us, you may contact us at:

**Customer Service Department**  
**Bank Islam Malaysia Berhad**  
 17<sup>th</sup> Floor, Menara Bank Islam  
 No 22, Jalan Perak  
 50450 Kuala Lumpur  
 Tel: 03 2690 0900  
 Fax: 03 2782 1337  
 Email: [customercare@bankislam.com.my](mailto:customercare@bankislam.com.my)

If your query or complaint is not satisfactorily resolved by us, you may contact Bank Negara Malaysia LINK or BNM TELELINK:

- (a) via phone to : 1-300-88-5465 (1-300-88-LINK)
- (b) via fax to : 03 2174 1515
- (c) via email to : [bnmtelelink@bnm.gov.my](mailto:bnmtelelink@bnm.gov.my)
- (d) via letter to : Laman Informasi Nasihat dan Khidmat (LINK)  
 Bank Negara Malaysia  
 P.O. Box 10922  
 50929 Kuala Lumpur

**WARNING:**

**THE RETURN ON THIS INVESTMENT ACCOUNT DEPENDS ON THE PERFORMANCE OF THE UNDERLYING ASSETS. THE PRINCIPAL AND RETURN ARE NOT GUARANTEED AND INVESTMENT ACCOUNT HOLDER RISKS EARNING NO RETURNS AT ALL OR LOSING PART OR THE ENTIRE PRINCIPAL SUM INVESTED. THIS INVESTMENT ACCOUNT IS NOT PROTECTED BY PIDM.**

**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.
- All information provided in this Product Disclosure Sheet is valid with effect from **20 September 2024**.

Acknowledge Receipt by Customer

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 Name:  
 I/C Number:  
 Date: