

RHB ISLAMIC BANK BERHAD (680329-V) Incorporated in Malaysia

PRODUCT DISCLOSURE SHEET

(Please read and understand this Product Disclosure Sheet together with the terms and conditions governing the Islamic Share Margin Financing-i (SMF-i) before you decide to take up this product. Seek assistance from RHB Islamic Bank Berhad if you need further clarification on any part of this document or the terms used.)

ISLAMIC SHARE MARGIN FINANCING (SMF-i)

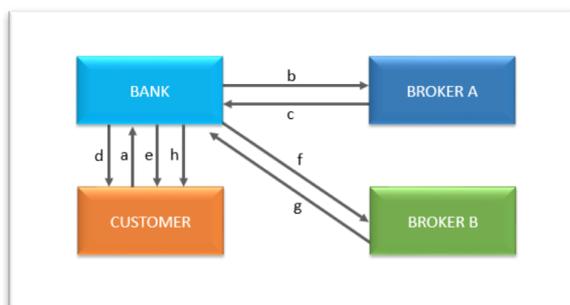
Date: _____
[to be filled by Relationship Manager]

1. What is this product about?

Islamic Share Margin Financing (SMF-i or the Facility) is a secured financing facility for the purpose of purchasing Shariah-compliant shares listed on Bursa Malaysia. To facilitate the financing, an aqad/contract under the concept of Commodity Murabahah via Tawarruq arrangement will be executed. The profit computation is based on the outstanding financing amount.

2. What is the Shariah concept applicable?

SMF-i adopts the concept of Commodity Murabahah (via Tawarruq) arrangement that consists of two sale and purchase contracts. The first involves the sale of an asset by a seller to a purchaser on a deferred basis. Subsequently, the purchaser of the first sale will sell the same asset to a third party on a cash and spot basis.



Transaction flows:

- The Customer and RHB Islamic Bank Berhad (the Bank) enter into an agreement where the Customer promises to buy a specified commodity or asset from the Bank and the Customer appoints the Bank as his agent to buy and sell the said commodity.
- The Bank will purchase a commodity from Broker A at a purchase price (Purchase Price);
- Ownership of the commodity will be transferred to the Bank;
- The Customer (through his agent) will buy from the Bank the commodity at a selling price (Selling Price) which comprises of the cost price (equivalent to the Purchase Price) and a mark-up profit margin (Total Profit) on a deferred basis;
- Ownership of the commodity will be transferred to the Customer;
- The Bank acting as Customer's agent will sell the commodity to Broker B;
- Broker B will purchase the commodity at a price (equivalent to Purchase Price) and credit the Bank's account to reflect the sale transaction;
- the Bank shall make the cash proceeds from the sale transaction available to the Customer by availing SMF-i line to finance the Customer's purchase of Shariah-compliant shares.

3. What do I get from this product?

Minimum/ Maximum Facility Limit	IPO/ ESOS			
	Single Counter		Multiple Counter	
	Minimum	RM50,000	RM100,000	RM50,000
Maximum	Based on the merits of the application			

Trading Multiples	IPO/ ESOS		Single Counter		Multiple Counter	
	No Trading Multiples allowed		Trading limit for purchase of Shariah compliant stocks listed on Bursa Malaysia		Trading limit for purchase of Shariah compliant stocks listed on Bursa Malaysia	
			Cash Disbursement / Refinancing		Cash Disbursement / Refinancing	
	<ul style="list-style-type: none"> Term Deposit or Cash :2X of MYR cash value Listed Shares :1X of listed shares value 		0.5X of listed shares value		<ul style="list-style-type: none"> Term Deposit or Cash :2.5X of MYR cash value Listed Shares :1.5X of listed shares value 	
					0.6X of listed shares value	

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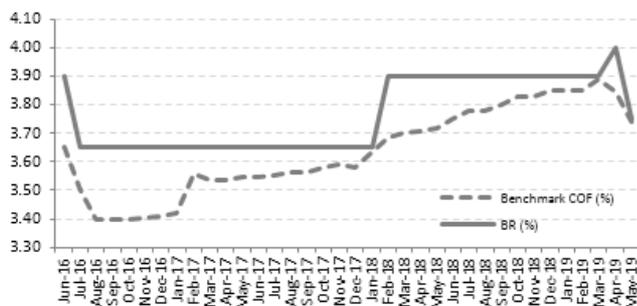
Rate Feature	:	CPR and EPR
Ceiling Profit Rate (CPR)	:	10.25% p.a. CPR will be used to calculate the Total Profit. In any cases where the effective rate is more than 10.25% p.a., you will only be charged a maximum rate of the CPR. Note: Please note that the CPR for other than Retail customer will be 12% p.a.
Effective Profit Rate (EPR)	:	Base Rate Islamic (BRI) + 1.70% effective rate 5.20% Note: For current BRI, please refer to RHB Group website.
Collateral Type	:	ESOS/ IPO/ Single Counter/ Multiple Counter Shares
Tenure/ Availability Period	:	5 years, with annual review

4. What is the Base Rate Islamic (BRI)

The BRI we offer on this product is made up of two parts, our benchmark cost of funds (COF) and the Statutory Reserve Requirement (SRR) cost imposed by Bank Negara Malaysia. Our benchmark COF reflects the internal funding cost comprising the cost of raising new funds at market rates as well as the promotional rates and is based on the rolling 12 months average composite of our customers' current and savings account deposits, fixed and money market term deposits with tenure up to 12 months.

5. What are the possible scenarios to trigger a change in the BRI?

Our BRI can rise or fall due to changes in the benchmark COF and changes in the SRR. Changes in the benchmark COF could occur due to changes in the Overnight Policy Rate (OPR) as decided by the Monetary Policy Committee of Bank Negara Malaysia, as well as other factors such as RHB deposits' promotional rates and funding strategies

6. Historical Benchmark COF in the last 2 year(s) and 6 month(s):

7. What is Margin of Financing (MOF)?

Margin of Financing is the ratio of outstanding balance against the equity. Outstanding balance means the amount owed after deducting any cash deposit available. Equity means the sum of the value of securities pledged and purchased or carried in the Facility. i.e. 50% of MOF means the client has to maintain an equity value of not less than 2 times of the outstanding balance.

8. What are my obligations?

- You are expected to **service the profit on a monthly basis** based on the outstanding financing amount. The profit will be calculated based on the prevailing EPR, on a daily rest basis and will be chargeable at month end.
- You are required to maintain the required margin of financing throughout the tenure of the Facility in accordance to the percentage determined by the Bank.
- You are required to promptly regularize the account position whenever there is margin call due to breach of Margin Call Threshold.

Margin Call Threshold	Where the market value of the security falls below the threshold of the outstanding balance, you shall within three (3) market days' grace period to regularize the account by either cash/shares top-up or sell down so as to bring the security coverage to not less than the threshold.				
	<table border="1"> <thead> <tr> <th>IPO/ ESOS</th> <th>Single / Multiple Counter</th> </tr> </thead> <tbody> <tr> <td>MOF > 85%</td> <td>MOF >67%</td> </tr> </tbody> </table>	IPO/ ESOS	Single / Multiple Counter	MOF > 85%	MOF >67%
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Failure to bring the security coverage to the required margin of financing shall result in force selling of your securities on the fourth market day after the date of the margin call. You shall be suspended from buying any further securities under the Facility upon a margin call being made until the required margin of financing is regularized to the satisfaction of the Bank.

- iv. No fixed monthly payment is required. You may make any payment as and when you wish throughout the financing tenure by way of cash top-up or sale proceeds from shares disposal. Payable profit will be billed on last day of the month. At any time, total payment made by Customer must not exceed the Bank's Selling Price.
- v. The EPR on this financing is pegged to the BRI which may fluctuate from time to time. An increase in the BRI may result in higher profit charge.
- vi. You are to pay the outstanding sums of the Facility including principal, profit or any other monies due to the Bank upon cancellation or termination of the Facility.

Note: If you have problems meeting your obligations, contact us early to discuss payment alternatives.

9. What other charges do I have to pay?

Fees and Charges	IPO/ ESOS	Single Counter	Multiple Counter
Nominee charges	For dividend collection, rights issues subscription, take-over offers acceptance and warrants/ financing stocks conversion, as charged by Custodian.		
Margin Cash Withdrawal	Standard Bank charges apply		
Margin Shares Withdrawal	Standard Central Depository System (CDS) transfer fee apply		
Rollover fee, annual renewal fee	N/A		
Stamp Duty/Facility Limit	0.50% of Facility limit		
Brokerage Fee	For Retail Customers: RM35 per million For Corporate Customers: RM30 per RM1million and subject to minimum of RM100 For SME/ Non SME Customers: RM25 per RM1million and subject to minimum of RM60 (the Bank will absorb 50% of the fee for SME).		
Legal Fees on Financing Documentations	You are required to pay all legal fees and incidental expenses in relation to the Facility (including but not limited to the preparation, stamping and registration of any security documents and the lodgment and withdrawal of caveats). Security documentation for the financing is to be handled by solicitor under the Bank's panel. Should a non-panel solicitor is appointed by the Customer, guidelines on application of a non-panel solicitor by Group Legal and Compliance Department must be complied with and approval is strictly at the Bank's discretion. However, to avoid any delay in the documentation due to unfamiliarity with the Bank's documentation or process, the appointment of the Bank's panel lawyers is highly encouraged		
Upfront Payment	Upfront payment of RM30 (for Individual Account) or RM40 (For Corporate Account) Note: <ul style="list-style-type: none"> i. RM10 for minimum balance in Current Account-i (opening of account) ii. RM10 upfront fee to Bursa Malaysia iii. RM10 Nominal Stamp Duty for Letter of Offer iv. RM10 Nominal Stamp Duty for Guarantee Letter – for Corporate Accounts only 		
Upfront Fee	RM125 per application for door-to-door service* *Applicable for IPO/ESOS only.		

For the avoidance of doubt, you shall bear all professional fees, taxes (including but not limited to services tax [where applicable] and or any applicable taxes imposed from time to time), out-of-pocket expenses incurred and any other fees, expenses or recourse in respect of this product.

Please request from your Relationship Manager for the Bank's Standard Charges for SMF-i or retrieve it from our website at <http://www.rhbgroup.com/>

If there are any changes in fees and charges that are applicable to your financing facility, the Bank will notify you at least 21 calendar days prior to the effective date of implementation.

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10. What if I fail to fulfill my obligations?

Forced Sale Trigger	<ul style="list-style-type: none"> You will be required to deposit additional cash or dispose existing shares in the SMF-i account to regularize the account within the time stipulated by the Bank, failing which, your collaterals may be force-sold to regularize your account position to the required margin. If your MOF exceeds the Forced Sale Trigger as determined by the Bank, the Bank will have the right to force sell the security provided without prior notice to you. <table border="1" data-bbox="598 600 1473 725"> <thead> <tr> <th data-bbox="598 600 1038 629">IPO/ ESOS</th> <th data-bbox="1038 600 1473 629">Single Counter / Multiple Counter</th> </tr> </thead> <tbody> <tr> <td data-bbox="598 629 1038 725"> <ul style="list-style-type: none"> MOF > 90% Shortfall must be regularized within the same day </td> <td data-bbox="1038 629 1473 725"> <ul style="list-style-type: none"> MOF > 77% Shortfall must be regularized within the same day </td> </tr> </tbody> </table>	IPO/ ESOS	Single Counter / Multiple Counter	<ul style="list-style-type: none"> MOF > 90% Shortfall must be regularized within the same day 	<ul style="list-style-type: none"> MOF > 77% Shortfall must be regularized within the same day
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Late Payment Charges	The Bank shall have the right to impose Ta'widh (compensation) as follows: <ol style="list-style-type: none"> For any failure on your part to pay any amounts of monthly payment under the Facility on the due date of payment, you shall pay compensation charges to the Bank on the overdue amount based on the following formulae or any other methods approved by Bank Negara Malaysia. Compensation Charges = Overdue Amount x 1% (Compensation Rate for Late Payment) x (No of Days Overdue/365) For any failure on your part to pay any amount overdue and which failure continues beyond the tenure of the Facility, the compensation rate that shall be applied is the Bank Negara Malaysia prevailing Islamic Money Market Rate on the overdue amount or any other methods approved by Bank Negara Malaysia; and <ul style="list-style-type: none"> The amount of such compensation shall not be compounded. The compensation at the aforesaid rate shall be payable by you after as well as before any judgment or order of court. 				
Right to set-off	The Bank is entitled to set-off any outstanding amount due in this SMF-i account from any of your deposit accounts maintained with the Bank, which we will notify you at least 7 calendar days in advance.				
Right to commence recovery or Legal action	<ul style="list-style-type: none"> Legal action will be taken if you fail to respond to reminder notices. Your shares may be foreclosed and you will have to bear all costs. You are also responsible to settle any shortfall after your shares is sold. The Bank has a right to commence recovery activities (including engaging third party debt collection agencies and selling non-performing loan to a third party), foreclosure and bankruptcy proceedings. Legal action against you may affect your credit rating leading to credit being more difficult or expensive to you 				

11. What if I fully settle the financing before its maturity?

The Bank shall grant ibra' (rebate) on any amount payable by you in respect of any payment due under the Facility in the following situations:-

- Where there is early settlement or early redemption by you including prepayment;
- Where there is settlement due to financing restructuring exercise by you;
- Where there is settlement by you following the occurrence of any of the Event of Default;
- Where there is settlement by you in the event of termination or cancellation of the Facility before the end of the Tenure;
- If the Facility is based on variable rate, on the difference between the amount of profit based on EPR and CPR (if any). The rebate (Ibra') will be granted if the EPR is lower than CPR

12. Do I need a guarantor or collateral?

Requirement for a Guarantor is subject to individual credit assessment. Your shares will be pledged to the Bank as collateral.

13. What are the major risks?

- The major risk factors are the fluctuations in share prices and uncertain market conditions. The Bank has the right to liquidate part or the entire portion of the securities provided in the SMF-i account in the event you fail to regularize the account position, even if there is a major loss in the value of shares that you have pledged.
- If you do not keep making payments on the financing facility, recovery processes including of legal action may be taken against you. If you have problems meeting your financing obligations, contact us early to discuss payment alternatives.
- Legal action will be taken if you fail to respond to the reminder notices. You will have to bear all costs and responsible to settle any shortfall after legal action has been taken against you.
- Legal action against you may affect your credit rating, leading to credit being more difficult or expensive for you.



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

- a) It is important that you inform the Bank of any changes to your contact details to ensure that all correspondences reach you in a timely manner.
b) You may inform the Bank such changes via various channels of communication such as the website, branches or call center.

15. Where can I get assistance and redress?

♦ If you wish to complain on the products or services provided by us, you may contact us at:

RHB Islamic Bank Berhad
Level 11, Tower 3, RHB Centre,
Jalan Tun Razak, 50400 Kuala Lumpur.
Tel : 03 9206 8118 / 082 276 118
Fax : 03 9206 8088 / 082 276 088
Email : customer.service@rhbgroup.com
Web : www.rhbgroup.com

♦ If your query or complaint is not satisfactorily resolved by us, you may contact:

1. Bank Negara Malaysia LINK or TELELINK at:

Block D, Bank Negara Malaysia
Jalan Dato' Onn
50480 Kuala Lumpur.

Telephone : 1-300-88-5465
Fax : 03-2174 1515
E-mail : bnmtelelink@bnm.gov.my
Web form : <https://telelink.bnm.gov.my>
SMS : 15888

2. Ombudsman for Financial Services (OFS) (Formerly known as Financial Mediation Bureau) at:

Level 14, Main Block,
Menara Takaful Malaysia,
No. 4, Jalan Sultan Sulaiman,
50000 Kuala Lumpur.

Telephone : 03-2272 2811
Fax : 03-2272 1577
E-mail : enquiry@ofs.org.my
Website : <http://www.ofs.org.my>

16. Where can I get further information?

If you have any enquiries, please contact us at:

RHB Islamic Bank Berhad
Level 11, Tower 3, RHB Centre,
Jalan Tun Razak, 50400 Kuala Lumpur.
Tel : 03 9206 8118 / 082 276 118
Fax : 03 9206 8088 / 082 276 088
Email : customer.service@rhbgroup.com
Web : www.rhbgroup.com

The information provided in this product disclosure sheet is valid as of 24/02/2020

I / We hereby confirm having explained the Product Disclosure Sheet to Customer.

.....
Staff Name:
Staff ID:
Date:

I / We hereby confirm having received and understand the explanation given.

.....
Name:
NRIC:
Date: