

Frequently Asked Questions on Term Deposit Conversion

Q1: What is IFSA 2013?

Islamic Financial Services Act (IFSA) 2013 is an Act that provides the regulation and supervision of Islamic financial institutions to promote financial stability and compliance with Shariah and also for any related, consequential or incidental matter.

The Act introduces two major classifications of products for the acceptance of money from customers by Islamic banks into either Islamic deposits or investment accounts.

Under the new definition, all term deposit products which apply the Shariah contract of *Mudarabah* (profit sharing) and *Wakalah bil Istithmar* (agency for investment) will be classified as investment products instead of deposits. Hence, the benefits and privileges of being deposits products will not be applicable anymore i.e. PIDM coverage.

Q2: Why is conversion required and when is the conversion date?

All Islamic banks will embark on a conversion exercise to reclassify Islamic deposits as defined under the IFSA 2013.

For AmIslamic Bank, all existing term deposit products based on Shariah principle of *Mudarabah* and *Wakalah bil Istithmar* ("Existing Term Deposit") will be converted to the new term deposit products based on Shariah principle of *Commodity Murabahah* (sale of commodity on cost-plus) starting from 15 August 2014 upon renewal of the Existing Term Deposit.

Q3: Who will be impacted when conversion takes place?

Existing customers (individual & non individual) will be impacted.

Q4: What are the Existing Deposit products that will be involved in this conversion?

1. General Investment Account-i
2. AmAdvance Investment Account-i
3. Afdhal Investment Account-i
4. Am50Plus Investment Account-i
5. AmQuantum Investment Account-i
6. ValuePlus Investment Account-i

Q5: What are the new term deposit products?

The new Islamic term deposit products are Shariah compliant term deposit based on *Commodity Murabahah* concept; where commodity is used as the underlying asset for the purchase and sale transactions between customer, bank and commodity trader(s) via approved commodity trading platform(s). Under the arrangement, you appoint AmIslamic Bank as your agent for the purchase of commodity from the commodity trader(s) and sale of the commodity to AmIslamic Bank. The trading of commodity enables you to enjoy **fixed profit rate** and at the same time, your **deposit is guaranteed**. The new term deposit products are:

1. Term Deposit-i
2. Afdhal Term Deposit-i
3. Am50Plus Term Deposit-i
4. AmQuantum Term Deposit-i
5. ValuePlus Term Deposit-i

Q6: How is the mapping of Existing Deposit to new term deposit under the conversion?

Existing		New
General Investment Account-i		Term Deposit-i
AmAdvance Investment Account-i		Afdhal Term Deposit-i
Afdhal Investment Account-i		Am50Plus Term Deposit-i
Am50Plus Investment Account-i		AmQuantum Term Deposit-i
AmQuantum Investment Account-i		ValuePlus Term Deposit-i
ValuePlus Investment Account-i		

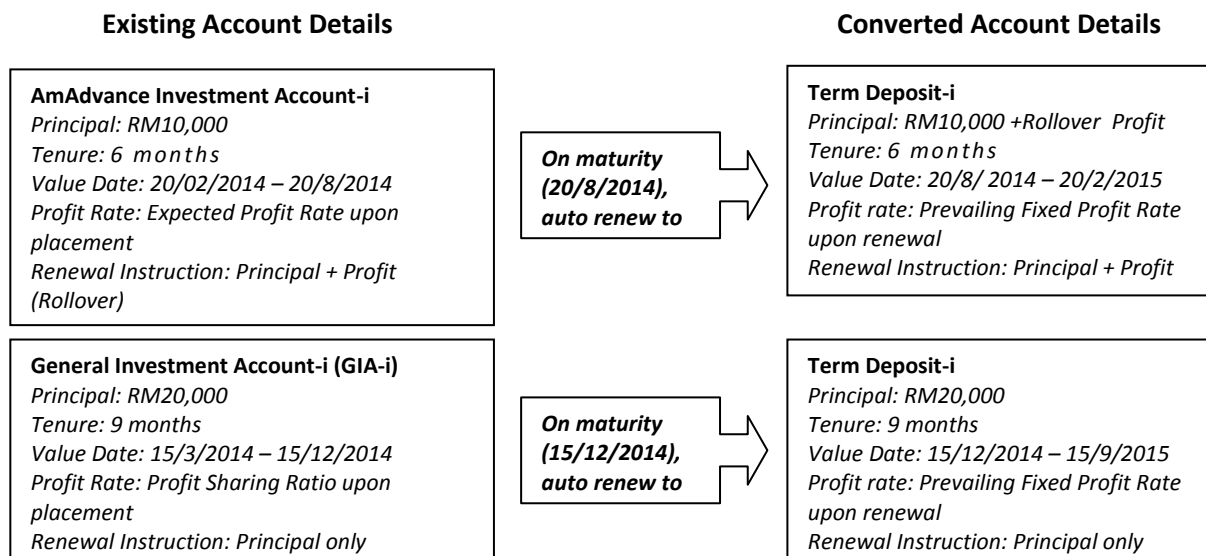
Q7: What are the benefits of the new term deposit accounts?

Account	Unique features
Term Deposit-i	Low initial placement of RM1,000 for 1 month tenure with partial withdrawal features
Afdhal Term Deposit-i	Short and flexible tenures in number of days with partial withdrawal features
Am50Plus Term Deposit-i	Specially designed for senior citizens with monthly profits crediting into savings or current account
AmQuantum Term Deposit-i	Long term deposit with quarterly profit crediting into savings or current account
ValuePlus Term Deposit-i	Provides a higher rate on Term Deposit-i and bundled with Islamic unit trust investment

Q8: What will happen to my Existing Deposit upon its conversion?

Based on the mapping table above (Q6), your Existing Deposit will be converted to the respective new term deposit account accordingly.

For easy reference, please refer to the following illustration:



Existing Account Details

<p>Afdhal Investment Account-i <i>Principal: RM30,000</i> <i>Tenure: 183 days (6 months)</i> <i>Value Date: 1/4/2014 – 1/10/2014</i> <i>Profit Rate: Profit Sharing Ratio upon placement</i> <i>Renewal Instruction: Principal + Profit (Rollover)</i></p>
<p>Am50Plus Investment Account-i <i>Principal: RM40,000</i> <i>Tenure: 12 months</i> <i>Value Date: 15/3/2014 – 15/3/2015</i> <i>Profit Rate: Profit Sharing Ratio upon placement</i> <i>Renewal Instruction: Principal only. Profit to be credited into Savings Account</i></p>
<p>AmQuantum Investment Account-i <i>Principal: RM50,000</i> <i>Tenure: 15 months</i> <i>Value Date: 1/3/2014 – 1/6/2015</i> <i>Profit Rate: Profit Sharing Ratio upon placement</i> <i>Renewal Instruction: Principal only. Profit to be credited into Savings Account</i></p>
<p>ValuePlus Investment Account-i <i>Principal: RM10,000 in GIA-i + RM10,000 in Unit Trust</i> <i>Tenure: 6 months</i> <i>Value Date: 20/03/2014 – 20/9/2014</i> <i>Profit Rate: Profit Sharing Ratio + Additional Profit on GIA-i upon placement. Unit Trust is maturing on the same maturity date.</i> <i>Renewal Instruction: Principal only. Profit to be credited into Savings Account</i></p>

On maturity (1/10/2014), auto renew to →

Converted Account Details

<p>Afdhal Term Deposit-i <i>Principal: RM30,000 + Rollover Profit</i> <i>Tenure: 183 days (6 months)</i> <i>Value Date: 1/10/2014 – 1/4/2015</i> <i>Profit rate: Prevailing Fixed profit rate upon renewal</i> <i>Renewal Instruction: Principal + Profit</i></p>
<p>Am50Plus Term Deposit-i <i>Principal: RM40,000</i> <i>Tenure: 12 months</i> <i>Value Date: 15/3/2015 – 15/3/2016</i> <i>Profit rate: Prevailing Fixed profit rate upon renewal</i> <i>Renewal Instruction: Principal only. Profit to be credited into Savings Account</i></p>
<p>AmQuantum Term Deposit-i <i>Principal: RM50,000</i> <i>Tenure: 15 months</i> <i>Value Date: 1/6/2015 – 1/9/2016</i> <i>Profit rate: Prevailing Fixed profit rate upon renewal</i> <i>Renewal Instruction: Principal only. Profit to be credited into Savings Account</i></p>
<p>Term Deposit-i <i>Principal: RM10,000</i> <i>Tenure: 6 months</i> <i>Value Date: 20/9/2014 – 20/3/2015</i> <i>Profit rate: Prevailing Fixed profit rate upon renewal</i> <i>Renewal Instruction: Principal only. Profit to be credited into Savings Account</i></p>

On maturity (15/3/2015), auto renew to →

On maturity (1/6/2015), auto renew to →

On maturity (20/9/2014), auto renew to →

Q9: When my account is converted into the new term deposit, will I still enjoy the benefits that I enjoyed before?

Yes, you will. The main difference is fixed profit rate will be given instead of profit based on Profit Sharing Ratio (P.S.R.) or Expected Profit Rate (E.P.R.)

Q10: If it can give fixed return, isn't it similar to Conventional Fixed Deposit? What is the difference, then?

Conventional Fixed Deposit is based on interest. The New Islamic Term Deposit is a Shariah compliant term deposit based on the concept of *Commodity Murabahah* which provides fixed return to Customers. These returns are derived through the trading of Shariah compliant commodities as the underlying asset.

Q11: Why do I need to convert my accounts to these new products?

Eventually, all existing deposit account based on Shariah concept of *Mudarabah* and *Wakalah bil Istithmar* will no longer be under deposit, instead may be re-classified and treated as investment account. Apart from complying with regulatory requirement, our new term deposit products also

offer better benefits than the existing term deposit such as upfront fixed profit and availability of partial withdrawal features for Term Deposit-i which to be enjoyed also by existing GIA-i accounts.

Q12: What will happen to my Existing Deposit if I do not wish for it to be converted?

Should you not wish to convert your Existing Deposit on its maturity date, you will have to go to your nearest AmIslamic Bank / AmBank branches to do the redemption on its maturity date. You may then deposit your fund in other deposit products i.e. savings account or current account of your choice.

Q13: Do I still get the PIDM coverage under these new products?

Yes, you will continue getting PIDM coverage of RM250,000 per depositor per member bank/ entity.

Q14: What should I do if I want to top-up my deposit upon maturity?

If you want to top up your deposit, you must go to any AmIslamic Bank / AmBank branch on the maturity date. We will perform the withdrawal transaction and make new placement with a new deposit amount.

Q15: Does this conversion involved issuance of new Term Deposit certificate?

Yes, a new Term Deposit certificate will be issued. You can go to any AmIslamic Bank / AmBank branch any time after the conversion to collect your new receipt and at the same time surrender your old receipt.

Q16: Do I need to go to my home branch to get the new certificate?

No. You just have to bring your existing certificate to any AmIslamic Bank / AmBank branch and a new certificate will be issued.

Q17: What will happen if I have lost my existing certificate?

If the certificate is lost, you need to inform the Bank by following the existing procedure i.e. you must immediately report in writing to AmIslamic Bank / AmBank.

Q18: Does company / corporate customer needs to issue new Board Resolution to convert the Existing Deposit placement to this NEW Term Deposit product?

No. New Board Resolution is not required for the conversion to take place.

Q19: Can company / corporate customer continue enjoying special rate for fresh placements?

Yes, as per current practice but on a case to case basis.

Q21: How would the conversion impact my Existing Deposit under lien?

Any existing lien, rights, charge, security interest and/or restrictions applicable to the Existing Deposit shall continue under your new term deposit(s) based on *Commodity Murabahah*.

Q22: Can customer withdraw the deposits under lien?

Deposits under lien are governed by the terms and conditions of the financing facilities granted to you by the Bank. As such, you will need to seek further advice from your account Relationship Manager (RM).