



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

PRODUCT DISCLOSURE SHEET

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

ISLAMIC STRUCTURED FORWARD (ISLAMIC RANGE FORWARD)

Date: _____
[to be filled by Sales/ Branch Personnel]

1. What is this product about?

Islamic Range Forward is a foreign exchange contract for the exchange of currencies at a rate which is determined by reference to the performance of the prevailing spot rate of the currency pair against a set of exchange rates (the "Range") instead of a single fixed rate. The Range which is agreed with the Client and fixed upfront is made up of an upper limit ("Upper Strike Rate") and lower limit ("Lower Strike Rate"). The applicable rate of exchange for a settlement date will be determined based on the spot rate at 2 p.m. Kuala Lumpur time on the Expiry Date ("Expiry Price").

- If the Expiry Price is equal to or lower than the Lower Strike Rate (Expiry Price \leq Lower Strike Rate), the Client will exchange the Nominal Amount in one currency for another at the Lower Strike Rate with RHBIB on the Settlement Date.
- If the Expiry Price is equal to or higher than the Upper Strike Rate (Expiry Price \geq Upper Strike Rate), the Client will exchange the Nominal Amount in one currency for another at the Upper Strike Rate with RHBIB on the Settlement Date.
- If the Expiry Price is between the Lower Strike Rate and Upper Strike Rate (Lower Strike Rate $>$ Expiry Price $<$ Upper Strike Rate), the Client has no obligation to exchange the currencies with RHBIB on the Settlement Date. However, in this last scenario, the Client may choose to enter into a foreign exchange spot contract with RHBIB at the prevailing market rate subject to RHBIB's standard terms.

The Islamic Range Forward contract is constructed so that it provides protection against adverse exchange rate movements beyond the Upper Strike Rate / Lower Strike Rate while retaining some upside potential to capitalize on favourable currency fluctuations. It can be tailored as a zero-cost structure and if so, is generally used as an alternative to vanilla options which require a payment of premium.

The Product:

- provides protection against adverse exchange rate movements beyond the Upper Strike Rate / Lower Strike Rate, while retaining some upside potential to capitalize on favorable currency fluctuations.
- may be used by the Client to participate in the market rate when the Expiry Price settles in between the Upper Strike Rate and Lower Strike Rate;
- is a flexible structure which enables the Client to match the payment terms of their underlying cash flow.

The Islamic Range Forward can be structured into one or more tranches depending on the cash flows of the underlying obligations.

This Product may be suitable for the Clients who:

- are looking to hedge foreign currency exposures at a potentially better rate than the prevailing forward rate;
- understand the risks associated with this product and are comfortable to bear the risks;
- have a view on the movements of a particular underlying currency pair for the tenor of the contract;
- are able to hold the contract to maturity.

2. What is the Shariah Contract applicable?

Wa'd: The undertaking of a unilateral promise to execute foreign exchange transactions. The binding effect is only applicable to the promisor.

Bai' Al-Sarf: A contract of exchange of money for money. In this product, it will be the exchange of currency between RHBIB and the Client on Settlement Date if the Options are exercised by the Client or RHBIB.



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3. What do I get from this product?	
Product	Islamic Range Forward is a foreign exchange hedging product where the Client can hedge their exposure in foreign currency.
Nominal Amount	The principal amount to be exchanged to another currency at the applicable rate subject to the terms of the contract. The Client may choose the currency of the Nominal Amount.
Tenor	Tenor of the contract can be structured up to 2-years.
Trade Date	The date the contract is concluded between the Client and RHBIB.
Expiry Dates	The date on which the Expiry Price is observed at 2 p.m. Kuala Lumpur time.
Settlement Dates	a. Two (2) business days after each Expiry Date; and b. The date when an exchange of currencies for each tranche takes place (if any).
Expiry Price	The spot rate of the currency pair observed at 2 p.m. Kuala Lumpur time on the Expiry Date to determine whether the Client will exercise the Option at the Strike Rate or opts to have the Option lapse.
Lower Strike Rate	The lower limit of the Range which will be agreed upon when the contract is entered into. This is the exchange rate at which the Client will exchange one currency for another with RHBIB on each of the Settlement Dates, if the spot rate at 2 p.m. Kuala Lumpur ("KL") time is equal to or lower than the Lower Strike Rate (spot rate \leq Lower Strike Rate).
Upper Strike Rate	The upper limit of the Range which will be agreed upon when the contract is entered into. This is the exchange rate at which the Client will exchange one currency for another with RHBIB on each of the Settlement Dates, if the spot rate at 2 p.m. KL time is equal to or higher than the Upper Strike Rate (spot rate \geq Upper Strike Rate).
Payout Profile	<p><u>On the Expiry Date, one of the following scenarios will occur:</u></p> <p>Scenario 1: if the Expiry Price is equal to or lower than the Lower Strike Rate If the Expiry Price is equal to or lower than the Lower Strike Rate (Expiry Price \leq Lower Strike Rate), the Client will exchange the Nominal Amount in one currency for another at the Lower Strike Rate with RHBIB on the Settlement Date.</p> <p>Scenario 2: if the Expiry Price is equal to or higher than the Upper Strike Rate If the Expiry Price is equal to or higher than the Upper Strike Rate (Expiry Price \geq Upper Strike Rate), the Client will exchange the Nominal Amount in one currency for another at the Upper Strike Rate with RHBIB on the Settlement Date.</p> <p>Scenario 3: if the Expiry Price is between the Lower Strike Rate and Upper Strike Rate If the Expiry Price is between the Lower Strike Rate and Upper Strike Rate (Lower Strike Rate $>$ Expiry Price $<$ Upper Strike Rate), the Client may choose to exchange the Nominal Amount in one currency for another with RHBIB at the prevailing market rate subject to RHBIB's standard terms for foreign exchange spot transactions.</p>



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Business Day Convention	Business Day Convention is the convention of adjusting any given date specified in contract (e.g. A value date, settlement date etc.) that may fall on a day that is not a Business Day.
Documentation	<ul style="list-style-type: none"> • Product Disclosure Sheet • Risk Disclosure Sheet • Term Sheet • Wa'd Confirmation; and • For transactions with a tenor of one year or more: <ul style="list-style-type: none"> - Islamic Derivatives Master Agreement (IDMA) or ISDA/IIFM Tahawwut Master Agreement (ISDA Tahawwut) - Credit Support Annex-i or The 2017 Credit Support Deed For Cash Collateral (VM) - Risk Disclosure Statement for entering Islamic Over-the-Counter Derivatives Transaction - Master Agency Agreement - Client's Board Resolution • For transactions with a tenor of less than one (1) year: <ul style="list-style-type: none"> - Bank's standard Islamic foreign exchange standard terms and conditions - Client's Board Resolution.
Calculation Agent	RHBIB
4. What are the key terms and conditions of this product that I should know?	
Early Termination/Cancellation by the Client	The Client may incur unwinding costs if the contract is terminated prior to maturity.
Penalty for early take-up / Termination by the Client	None
Unwinding Costs	The cost of terminating, liquidating, or re-establishing any transaction relating to the Islamic Range Forward contract (including a hedging transaction), resulting from/in connection with the early termination of the Islamic Range Forward contract.
Additional Terms	<p>The Product will be offered to the Client on the basis that RHBIB or its affiliates will not be providing advice or recommendation on the expected performance and result of the product. RHBIB will only provide clarification on the terms of this product. Other than this clarification, no fiduciary duty or obligation shall be owed by RHBIB to the Client.</p> <p>The Client shall be aware that no communication received from RHBIB or its affiliates shall be deemed to be an assurance or guarantee as to the expected performance or results of the Product.</p> <p>The Product is subject to all guidelines, rules or regulations ("Rules") by the relevant regulatory authority as may be applicable from time to time. If applicable, the Client must comply with and obtain any approvals required under the Rules themselves before participating in the Product.</p>



Scenario Analysis

Scenario 5.1: For Exporter (with USD receivables)

Tranches	Expiry Date	Settlement Date	Expiry Price (i.e. Spot rate at 2 p.m.)	Lower Strike Rate	Upper Strike Rate	Nominal Amount In USD
1	5-Jan-2018	7-Jan-2018	4.6220	4.6400	4.6600	500,000
2	6-Feb-2018	8-Feb-2018	4.6750	4.6400	4.6600	500,000
3	8-Mar-2018	10-Mar-2018	4.6500	4.6400	4.6600	500,000

The Client has an underlying commitment in USD and needs to sell USD 500,000 against MYR on each tranche for the next 3 months. In order to hedge the exposure, the Client decides to enter into a USD/MYR Islamic Range Forward with RHBIB.

- On the first (1) tranche (5-Jan-2018), the USD/MYR spot rate at 2 p.m. KL time (4.6220) is lower than the Lower Strike Rate (4.6400). The Client **will sell** USD 500,000 to RHBIB at the Lower Strike Rate of 4.6400 for settlement on the relevant Settlement Date (7-Jan-2018).
- On the second (2) tranche (6-Feb-2018), the USD/MYR spot rate at 2 p.m. KL time (4.6750) is higher than the Upper Strike Rate (4.6600). The Client **will sell** USD 500,000 to RHBIB at the Upper Strike Rate of 4.6600 for settlement on the relevant Settlement Date (8-Feb-2018).
- On the third (3) tranche (8-Mar-2018), the USD/MYR spot rate at 2 p.m. KL time (4.6500) is between the Lower Strike Rate and Upper Strike Rate. The Client will have **no obligation** to sell USD 500,000 to RHBIB. However, the Client may choose to enter into a foreign exchange spot contract to sell USD 500,000 to RHBIB at the prevailing spot rate subject to RHBIB standard terms.

Scenario 5.2: For Importer (with USD payables)

Tranches	Expiry Date	Settlement Date	Expiry Price (i.e. Spot rate at 2 p.m.)	Lower Strike Rate	Upper Strike Rate	Nominal Amount In USD
1	5-Aug-2018	7-Aug-2018	4.4520	4.4600	4.4800	500,000
2	9-Sep-2018	11-Sep-2018	4.4850	4.4600	4.4800	500,000
3	7-Oct-2018	9-Oct-2018	4.4730	4.4600	4.4800	500,000

The Client has an underlying commitment in USD and needs to buy USD 500,000 against MYR on each tranche for the next 3 months. In order to hedge the exposure, the Client decides to enter into a USD/MYR Islamic Range Forward with RHBIB.

- On the first (1) tranche (5-Aug-2018), the USD/MYR spot rate at 2 p.m. KL time (4.4520) is lower than the Lower Strike Rate (4.4600). The Client **will buy** USD 500,000 from RHBIB at the Lower Strike Rate of 4.4600 for settlement on the relevant Settlement Date (7-Aug-2018).
- On the second (2) tranche (9-Sep-2018), the USD/MYR spot rate at 2 p.m. KL time (4.4850) is higher than the Upper Strike Rate (4.4800). The Client **will buy** USD 500,000 from RHBIB at the Upper Strike Rate of 4.4800 for settlement on the relevant Settlement Date (11-Sep-2018).
- On the third (3) tranche (7-Oct-2018), the USD/MYR spot rate at 2 p.m. KL time (4.4730) is between the Lower Strike Rate and Upper Strike Rate. The Client will have **no obligation** to buy USD 500,000 to RHBIB. However, the Client may choose to enter into a foreign exchange spot contract to buy USD 500,000 to RHBIB at the prevailing spot rate subject to RHBIB standard terms.

Scenario 5.3: Early Termination of the contract

If the Client decides to terminate the contract prior to maturity, the Client may incur unwinding costs arising from the termination, liquidation, or re-establishment of any hedging transaction relating to the Islamic Range Forward contract which will be borne solely by the Client.

Termination / Cancellation before maturity	
Unwinding Cost for early Termination / Cancellation by the Client	Prevailing Market Rate



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Please note: The above scenario analysis are meant for illustration purposes and **do not** reflect the current or future market trends or expected performance of the product

5. What are the fees and charges I have to pay?

There will be no fees charged for entering into the Islamic Range Forward contract.

6. What are the risks involved?

The Client will be exposed to the following risks:

- The Client cannot participate in favorable exchange rate movements if the prevailing spot rate is outside the Range of the Lower/Upper Strike Rate.
- If the Client decides to terminate the contract prior to maturity, the Client will be subjected to unwinding costs which can be significant.

Additional risks associated with this Product:

Credit Risk

By entering into any contract, the Client is subject to the credit risk of RHBIB i.e. the risk that RHBIB may not pay any amounts when due.

Market Risk

Currency markets are highly volatile and the prices of the underlying currencies can fluctuate rapidly over wide ranges and may reflect unforeseen events or changes in conditions. The Client's losses or gains may be linked to changes in markets to which a particular currency is linked and such markets may not perform similar to the local market that the Client may be familiar with. Therefore the Client may be exposed to volatility of such market(s) which may present greater volatility than the local markets.

Liquidity Risk

Due to prevailing market rate conditions it may not be possible to liquidate, nor to assess a fair value of your position. This is the risk that there may not be other buyers or sellers for the contract which you have bought or entered into. It may be difficult, and in some circumstances impossible, to sell your contract or remove your liability on it. If liquidity in the market is limited, you may be able to sell your position or remove your liability only at a disadvantageous price. A market with little or no liquidity can also make it difficult to value the position of your transaction.

Options Risk

Option Transactions may carry a high degree of risk. The purchaser of an option may offset or exercise the option or allow the option to expire; if the purchased option expires worthless the purchaser will suffer a total loss of his investment which will consist of the option premium plus transaction costs.

Legal Risk

Any contract will be subject to laws, guidelines or rules issued by the relevant regulatory authority which may including exchange control restrictions. In addition any contract entered into will be subject to such terms and conditions and/or agreements to be entered into as required by RHBIB. Prior to engaging in any contract, you will need to understand your rights and obligations under such terms and conditions and/or agreements as well as all your obligations under applicable laws. Regulatory authorities may at their discretion prescribe additional terms and conditions from time to time. Please seek your independent legal advice, if necessary.



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Tax Risk

The tax authorities may interpret or characterize the returns on a related contract in a way which may subject the Client to taxes that they may not have anticipated. Please consult your own tax adviser on the tax implications of this product.

Operational Risk

The Client needs to be aware that payment under the various products is dependent on the smooth functioning of numerous operational components. Disruption to any of these parts, which could be caused by any number of factors, for example, market disruption or system interruption may cause delays beyond the control of RHBIB. In addition, the Client should be aware of the need to monitor the product and to take any follow-up action the Client deems necessary.

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

It is important that you inform us immediately of any change in your contact details to ensure that all correspondences reach you in a timely manner.

8. Where can I get assistance and redress?

- a) If you wish to complain on the products or services provided by us, you may contact us at:
- RHB Banking Group**
Treasury Solutions
Group Treasury & Global Markets,
Level 3, Tower Two, RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Tel : 03-9207 2666 (from 9 a.m. to 5 p.m. on normal business day)
Fax : 03-9287 4607
E-mail : customer.service@rhbgroup.com
- b) If your query or complaint is not satisfactorily resolved by us, you may contact Bank Negara Malaysia LINK or TELELINK at:
- Laman Informasi Nasihat dan Khidmat (BNMLINK)**
Block D, Bank Negara Malaysia
Jalan Dato' Onn,
50480 Kuala Lumpur.
Tel : 1-300-88-5465
Fax : 03-2174 1515
E-mail : bnmtelelink@bnm.gov.my

9. Where can I get further information?

If you have any enquiries, please contact us at:

RHB Banking Group
Treasury Solutions
Group Treasury & Global Markets,
Level 3, Tower Two, RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Tel : 03-9207 2666 (from 9 a.m. to 5 p.m. on normal business day)
Fax : 03-9287 4607
E-mail : customer.service@rhbgroup.com



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10. Other Derivatives (hedging) product??

Islamic FX Option

The information provided in this product disclosure sheet is valid as of xx February 2019

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

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

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 Staff Name:
 Staff ID:
 Date:

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 Name:
 NRIC:
 Date: