

Date: 24 May 2019

Ref: Express/Guarantor/Non-Indiv/01

Dear Valued Customer(s)/Guarantor(s)/Security Party (ies),

CONVERSION OF (1) HOME LEASING-*i* / IJARAH TERM FINANCING-*i* FACILITY (UNDER SHARIAH PRINCIPLE OF IJARAH MUNTAPIYA BITAMLIK) AND (2) ISTISNA' IJARAH / HOME LEASING-*i* FACILITY (UNDER THE PRINCIPLE OF IJARAH MAUSUFAH FI ZIMMAH) ("CONVERSION")

1. Kindly be informed that MBSB Bank Berhad (Company No.: 716122-P) ("MBSB Bank") is undertaking an exercise to streamline its Islamic Banking products with its current business direction.

2. Consequently, the Customer's existing **Home Leasing-*i* / Ijarah Term Financing-*i* Facility (under Shariah principle of Ijarah Muntapiya Bitamlik) or Istisna' Ijarah / Home Leasing-*i* Facility (under Shariah principle of Ijarah Mausufah Fi Zimmah)** (as the case may be referred to as "**Ijarah Facility**") will be converted to a **Commodity Murabahah Property Financing-*i* Facility ("CMPF-*i*")**.

3. For your information the Conversion process will involve the simultaneous (i) closing/dissolution of the Customer's existing **Ijarah Facility** with the remaining principal balance payable (inclusive of undisbursed portion) determined as at the date of closing/dissolution ("**Principal Balance**") and (ii) opening of a new account to facilitate the continued financing and/or payment of the said Principal Balance under CMPF-*i*.

4. **A NEW ACCOUNT NUMBER WILL BE ALLOCATED** upon opening of the CMPF-*i*;

5. We wish to assure you that this Conversion will be carried out at **NO COST** to you and/or the Customer and the following are the salient points of the Conversion:-

(A) The Principal Balance owing under the Customer's Ijarah Facility will be converted and carried over to and shall continue to be paid on a monthly basis under the CMPF-*i*. For all intents and purposes and for your ease of understanding, the said Principal Balance relates to the Call Option Price or Put Option Price (defined under the Customer's Ijarah Facility)(as the case may be) payable under the Customer's Ijarah Facility upon the operation of the Call Option or Put Option which is equivalent to the amounts due and owing by the Customer under and towards full satisfaction of the Customer's Ijarah Facility together with all outstanding payments thereunder;

(B) All ancillary payment obligations under the Ijarah Facility and/or the CMPF-*i* will still be payable by the Customer;

(C) There will be **NO CHANGE IN THE RATE** and the Customer shall **PAY THE SAME MONTHLY PAYMENT**;

(D) In addition, there will be a protection of Contracted/Ceiling Profit Rate of 15.0% p.a. upon the fluctuation of MBSB Bank's Base Financing Rate (BFR) throughout the CMPF-*i* Tenure ("**Contracted/Ceiling Rate**"). For ease of understanding, the Customer's profit rate will be capped at the Contracted/Ceiling Rate;

(E) The financing **TENURE** will continue until maturity under the CMPF-*i*;

(F) The due date for the monthly instalment payment and treatment for Late Payment Compensation (Ta'widh) **WILL BE SYNCHRONIZED** as per MBSB Bank's practice stated below:-

- Payment of Monthly Instalment

The payment of monthly instalment shall be due and payable on the **FIRST (1ST) DAY OF EACH MONTH** until full settlement of the CMPF-*i*.

- Late Payment Compensation

- (a) The Customer shall be liable to pay to MBSB Bank the Late Payment Compensation on any amount overdue as follows:
 - (i) if the default occurs during the CMPF-*i* Tenure or any part thereof, at the rate of one percent (1%) per annum on such overdue amount under the CMPF-*i* or such part thereof or such other method or rate as shall be stipulated by Shariah Advisory Council of Bank Negara Malaysia (“SAC of BNM”) and/or Shariah Advisory Committee of MBSB Bank (“SAC of MBSB Bank”) from time to time; and
 - (ii) if the default occurs after the maturity of the CMPF-*i* or any part thereof, at a rate that shall not exceed the prevailing daily overnight Islamic Interbank Money Market (IIMM) rate on the outstanding balance or in the manner as approved by SAC of BNM and/or SAC of MBSB Bank from time to time.
 - (b) The Late Payment Compensation shall not be further compounded.
- (G) All existing standing and/or auto debit instructions with MBSB Bank will not be affected and shall continue under the CMPF-*i* account;
- (H) Save and except as hereinafter stipulated, all existing security(ies) created in respect of and/or pledged to the Customer’s Ijarah Facility (“**Existing Security**”) shall automatically continue to apply and remain in full force and effect to secure the CMPF-*i* subject always however to any modifications, variations and/or changes that may be effected thereto by MBSB Bank from time to time (if any) to comply with the concept of Commodity Murabahah with effect from the Effective Date of the Conversion. In this regard and for all intents and purposes, the following ensues:-
- (1) for Security under the Ijarah Facility including but not limited to the Ijarah facility agreement and/or master facility agreement and/or facility agreement and/or legal charge(s) created under the National Land Code 1965 and/or deed(s) of assignment over Property (as hereinafter defined) and/or memorandum(s) of deposit over any commodity murabahah term deposit account opened under the Customer’s name with authority of set-off in favour of MBSB Bank and/or personal and/or corporate guarantee(s) and/or deed(s) of assignment in respect of takaful and/or insurance made and/or executed in favour of MBSB Bank in respect of the Customer’s Ijarah Facility (“**Existing Security Instrument**”) shall automatically continue to be applied and/or carried over as security for the CMPF-*i* and in relation thereto all references to and/or application of the principles and/or mechanics of financing via the Ijarah Facility therein shall automatically be replaced by the principles and/or mechanics of financing via Commodity Murabahah;
 - (2) all beneficial right(s), title(s), interest(s) and/or liability(ies) in, unto and/or under and/or in respect of the property purchased by the Customer from the developer/vendor which is financed under the Customer’s Ijarah Facility (“**Property**”) and conferred upon and/or made in favour of MBSB Bank and documented via property purchase agreement(s) and/or property sale agreement(s) and/or property lease agreement(s) and/or agency agreement(s) and/or istisna’ agreement (“**Purchase/Lease Instruments**”) shall automatically be reverted and/or re-conveyed back to the Customer simultaneously with the Conversion in the following manner:-
 - (i) the Call Option Letter and the Call Option Notice or the Put Option Letter and the Put Option Notice (as defined under the Customer’s Ijarah Facility)(as the case may be) pertaining to the re-conveyance of the Property by MBSB Bank to the Customer at the Call Option Price or Put Option Price (as defined under the Customer’s Ijarah Facility)(as the case may be) together with the Customer’s undertaking to pay shall be deemed to have automatically come into operation simultaneously with the Conversion (“**Re-Conveyance** ”);
 - (ii) the Conversion exercise shall be deemed as one of the factors sanctioning the simultaneous operation of the Re-Conveyance;

- (iii) the simultaneous Re-Conveyance effectively dissolves the Purchase/Lease Instruments and completes and/or facilitates and/or put into continued operation all legal charge(s) and/or assignment(s) over Property executed under and/or in respect of the Existing Security Instruments in favour of MBSB Bank as security for the CMPF-*i*.
- (I) All other terms in the remaining Existing Security Instruments save and except for terms not in line with the Shariah concept of Commodity Murabahah, will remain unchanged. However, as the converted financing is a sale-based financing on Murabahah basis (cost plus profit) via Tawarruq arrangement, new set of transaction documents for Commodities trading shall be applied.
- (J) Under the CMPF-*i*, the Customer shall appoint MBSB Bank as the Customer's Agent to do and execute all acts to facilitate the Tawarruq arrangement to:-
 - (1) Purchase Commodities from MBSB Bank. MBSB Bank will execute a Murabahah Sale Contract at Selling Price based on Murabahah basis (cost plus profit) which shall be paid by the Customer's continued payment of the monthly payment;
 - (2) Sell the same Commodities thereafter to a third party at an amount equivalent to the aforesaid Principal Balance. The proceeds from the sale of the Commodities shall be used to settle the Customer's Ijarah Facility and thereupon the Customer's payment obligation under the CMPF-*i* commences;
- (K) MBSB Bank may from time to time further require you and/or the Customer to execute instrument(s) for:-
 - (1) the perfection of transfer(s) and charge(s) in the event document(s) of title has/have been issued by the authorities in respect of the Property (where applicable), which costs and expenses shall be borne by the Customer as required and/or already provided for under the Customer's Ijarah Facility; and/or
 - (2) the creation of further legal charge(s) and/or deed(s) of assignment over the Property at nominal duty and/or guarantee(s) as security for the CMPF-*i* following the Conversion, which costs and expenses shall be borne by MBSB Bank.

6. We attach herewith the **Frequently Asked Questions** for your further understanding and guidance in respect of the Conversion and a specimen of the **Addendum** to the Security Instruments existing under the Home Leasing-*i* / Ijarah Term Financing-*i* Facility (under Shariah principle of Ijarah Muntahiya Bitamlik) or Istisna' Ijarah / Home Leasing-*i* Facility (under Shariah principle of Ijarah Mausufah Fi Zimmah) (as the case may be) ("**Financing Instrument**"). The Addendum will modify the terms of the Financing Instrument (where required) to comply with Shariah concept of Commodity Murabahah.

7. Without prejudice to powers already given to MBSB Bank under the Security Instruments related to the Home Leasing-*i* / Ijarah Term Financing-*i* Facility (under Shariah principle of Ijarah Muntahiya Bitamlik) or Istisna' Ijarah / Home Leasing-*i* Facility (under Shariah principle of Ijarah Mausufah Fi Zimmah) (as the case may be) to undertake the Conversion, kindly inform us of your decision in the attached Response Form ("**Form**") and return it to us within **twenty-one (21) days** ("**Stipulated Time**") from the date of this Specific Notice:-

- (A) **If you, as guarantor, agree to proceed with the Conversion**, kindly signify your consent in the Form and return it to us within the Stipulated Time. Kindly **regularize the Customer's account immediately** (if applicable) in order for the Conversion to run smoothly; or
- (B) **If you, as guarantor, do not wish to proceed with the Conversion**, kindly signify your disagreement in the Form and return it to us within the Stipulated Time.

For any queries, kindly contact our dedicated **Customer Service Centre (CSC) at 03-2096 3000 between 8.30am to 5.30pm (Malaysia time) on weekdays** or e-mail at enquiry@mbsbbank.com

We thank you for your trust and continuous support towards MBSB Bank.

Yours faithfully,
MBSB BANK BERHAD (Company No. 716122-P)

Note: This letter is computer-generated; no signature is required.

RESPONSE FORM
(To be completed by Guarantor)

To: MBSB Bank Berhad (Company No. 716122-P),

CONVERSION OF HOME LEASING-*i* / IJARAH TERM FINANCING-*i* FACILITY (UNDER SHARIAH PRINCIPLE OF IJARAH MUNTAHIYA BITAMLIK) OR ISTISNA' IJARAH / HOME LEASING-*i* FACILITY (UNDER PRINCIPLE OF IJARAH MAUSUFAH FI ZIMMAH) (AS THE CASE MAY BE) TO COMMODITY MURABAHAH PROPERTY FINANCING-*i* FACILITY

1. Customer Details			
Name			Company Registration No.
Contact No.	Office		Fax
	E-mail		
Mailing Address			
2. Joint and Several Guarantee Details			
Name (1)			NRIC No.
Name (2)			NRIC No.
Financing Account No.			
3. Affirmation			
<input type="checkbox"/> I/We hereby agree to convert the Ijarah Facility to Commodity Murabahah Property Financing- <i>i</i> Facility; OR <input type="checkbox"/> I/We hereby disagree to convert the Ijarah Facility to Commodity Murabahah Property Financing- <i>i</i> Facility.			
Signature :		Signature :	
Date:		Date:	

Important: Please return this form to MBSB Bank within **twenty-one (21) days** from the date of this Specific Notice through the following channels:

- (a) e-mail at enquiry@mbsbbank.com; or
 (b) any of **MBSB Bank Branches**.