

**SPECIFIC TERMS AND CONDITIONS FOR  
CURRENT ACCOUNT-i AND SAVINGS ACCOUNT-i  
BASED ON TAWARRUQ  
(Effective Date: 24 April 2019)**

The Specific Terms and Conditions mentioned herein are applicable to all Current Account-i and Savings Account-i products based on the Shariah concept of *Tawarruq* offered by the Bank. All of these products are governed by the relevant laws of Malaysia and Shariah principles.

This Specific Terms and Conditions shall be read together with the General Terms and Conditions for CASA-i. All definitions used in the General Terms and Conditions shall have the same meaning when used in these Specific Terms and Conditions.

The Bank and the Customer hereby irrevocably agrees and acknowledge that as at the date hereof, this Specific Terms and Conditions, the underlying structure herein and the Commodity Trading are Shariah compliant. Accordingly, each of the parties hereto agrees that it shall not henceforth raise any dispute or issue in relation to the Shariah compliancy of these Specific Terms and Conditions and the Commodity Trading.

This Specific Terms and Conditions shall be additional to the Terms and Conditions of each type of the product/ accounts appearing in the General Terms & Conditions. In the event of any discrepancy, ambiguity or dispute in the interpretation of these Specific Terms and Condition and the said Terms and Conditions for each type of product/accounts appearing in the General Terms & Conditions, the said Specific Terms and Conditions for each product/accounts shall prevail.

**1.0 GENERAL**

1.1 The CASA-i *Tawarruq* shall be operated in accordance with the Shariah concept of *Tawarruq* arrangement whereby the Customer appoints the Bank under *Wakalah* contract, as his/her agent to buy Commodity from any commodity traders and thereupon to sell the Commodity to the Bank under *Murabahah/Musawamah* contract on deferred payment.

Under the arrangement:

- i. the Bank acts an agent will purchase the Commodity on behalf of the Customer for the Purchase Price of the Commodity in the amount deposited with the Bank;
- ii. the Bank will thereafter on its own capacity purchase the Commodity from the Customer at the Selling Price which shall be paid to the Customer upon maturity;
- iii. the Bank may thereafter sell the Commodity to a third party;

1.2 The Customer applying for the opening of the CASA-i *Tawarruq* with the Bank shall be bound by these Terms and Conditions governing the operations of the CASA-i *Tawarruq* in force from time to time.

1.3 These Terms and Conditions are also intended to be read together with pamphlets, brochures or any other relevant Terms and Conditions issued by the Bank which may be imposed from time to time that are applicable to the particular CASA-i *Tawarruq* opened by the Customer.

**2.0 MALAYSIA DEPOSIT INSURANCE CORPORATION ("PIDM")**

2.1 This deposit product is covered by Malaysia Deposit Insurance Corporation ("PIDM").

2.2 Subject to the latest version of Guidelines issues by PIDM and includes any statutory amendment or re-enactment thereof, any capital will be insured up to a maximum of Ringgit Malaysia Two Hundred Fifty Thousand (RM250,000) inclusive of the initial capital and any dividend (profit) there from.

**3.0 DEFINITIONS**

In this Specific Terms and Conditions governing *Tawarruq*, the following words shall have the meanings stated thereto:

**"Actual Profit"** refers to the accrued profit computed at the Effective Profit Rate which is credited into the CASA-i *Tawarruq* on periodic basis as part of the settlement of the Selling Price.

**"Agent"** refers to the Bank which shall be appointed by the Customer to do such acts on behalf of the Customer under the Shariah contract of *Wakalah* in matters pertaining to *Tawarruq* in accordance to the terms herein.

**"CASA-i *Tawarruq*"** means Current Account-i or Savings Account-i based on the Shariah concept of *Tawarruq* which may be offered by the Bank from time to time including but not limited to *Basic Current Account-i, PrimeRich Current Account-i, PrimeWin Current Account-i, Wise Savers (Basic) Savings Account-i, Cheeky Savings Account-i, Cash Rich Savings Account-i, PrimeWin Savings Account-i and Housing Development Account-i.*

**"Ceiling Profit"** refers to the ceiling profit computed at the Ceiling Profit Rate and which constitutes the profit component of the Selling Price.

**"Ceiling Profit Rate (CPR)"** refers to the rate used to compute the Ceiling Profit of the Selling Price.

**"Customer"** means the Bank's customers whose application for CASA-i *Tawarruq* has been accepted by the Bank and such CASA-i *Tawarruq* is maintained with the Bank.

**"Commodity"** means Shariah-compliant goods and/or commodities (excluding *ribawi* items in the category of medium of exchange such as currency, gold and silver) acceptable to the Bank, purchased under the platform of any commodity trader appointed by the Bank and duly approved by the Shariah Advisory Committee (SAC) of the Bank which will be transacted as the underlying asset to facilitate the *Tawarruq* transaction.

**"Commodity Trading"** means the sale and purchase transactions performed in accordance to the Shariah concept of *Tawarruq*.

**"Daily Net Deposit (DND)"** refers to End of Day balance on any single day, excluding the floats and represents the positive difference of the daily deposit minus daily withdrawal.

**"Effective Profit Rate (EPR)"** refers to the actual profit rate used to compute the profit accrual and profit crediting.

**"Hamish Jiddiyah"** refers to a Security Deposit (SD) placed to secure the undertaking to purchase an asset before execution of sale and purchase contract. Under this product, the SD will be placed by the Bank in order to secure an undertaking to purchase the Commodity from Customer. It is only applicable when there is any DND during the final day of the month whereby the purchase of Commodity will only be conducted on the next day.

**"Maturity Date"** refers to 31st December of that year upon which the Sale Transaction is executed.

**"Murabahah"** refers to a sale and purchase of a Commodity where the acquisition/purchase cost and the mark-up are disclosed to the purchaser.

**"Musawamah"** refers to a sale and purchase of a Commodity where the acquisition/purchase cost is not disclosed to the purchaser.

**"Purchase Price"** refers to the amount equivalent to the Daily Net Deposit and / or Total Outstanding Balance which will be used to purchase the Commodity on the Trading Day

**"Purchase Transaction"** refers to when Customer purchases the Commodity (via the Bank acting as his/ her agent) from any commodity trader at the Purchase Price.

“**Profit Crediting Day**” where the total accrued profit for a particular period will be credited into the Customer’s CASA-i *Tawarruq* being partial settlement of the Selling Price.

“**Rebate (Ibra)**” represents the “waiver on rights of claim” accorded by a person to another person that has an obligation which is due to him.

“**Remaining Days**” refers to the remaining number of days from the current date up to the Maturity Date of the Selling Price.

“**Sale Transaction**” refers is when the Customer sells the Commodity (via the Bank acting as his/her agent) to the Bank at the Selling Price.

“**Selling Price**” means the sum payable by the Bank to acquire the Commodity from the Customer on *Murabahah* basis which comprise of the Purchase Price of the Commodity and the profit.

“**Tawarruq**” consists of two sale and purchase contracts where the first involves the sale of an asset to a purchaser on a deferred basis and the subsequent sale involves sale of the asset to a third party on a spot and cash basis. Under this product, the Customer will purchase the Commodity at Purchase Price from any commodity trader and thereafter, sell the Commodity to the Bank at Selling Price on the basis of *Murabahah/ Musawamah* which shall be paid to the Customer at the Maturity Date (after taking into consideration any rebates, if any). The Bank shall thereafter sell the Commodity to a third party on a cash and spot basis.

“**Tawarruq Notice**” refers to yearly statement consist of all information of Commodity trading transaction sent by the Bank to the Customer.

“**Termination Date**” refers to the date the Customer terminated the *CASA-i Tawarruq* and withdraws the entire outstanding balance.

“**Total Outstanding Balance**” refers to the prior year outstanding balance as at 31st December that shall be used for the computation of the Selling Price at each new year.

“**Trading Day**” refers to the days where Commodity Trading is executed from Monday to Sunday and on which the commodity trading platform is open for trading.

“**Wakalah**” means an agency contract in which a party mandates another party as her/his agent to perform a particular task in matters that may be delegated voluntarily or with imposition of fee.

“**Wa’d**” means a promise or undertaking, refers to expression of commitment given by one party to another to perform certain action(s) in future.

#### 4.0 APPOINTMENT AS AN AGENT

4.1 Based on the concept of *Wakalah*, the Customer (acting as the “Principal”) agrees to appoint the Bank (acting as the “Agent”) and the Bank agrees to accept the appointment as an agent of the Customer for the purchase and sale transaction of the Commodity (“Commodity Trading”) in accordance with this Terms and Conditions. The Bank will only act as the Customer’s agent and will not assume, or be deemed to have assumed, any additional obligations to, or to have any special relationship with the Customer other than those that is envisioned in this Terms and Conditions.

4.2 As the Customer’s agent, the Bank shall, during the tenure or any renewal thereof, have the following powers and authority:-

- to do and execute all acts with respect to the purchase of the Commodity on a cash and spot basis through purchase agreement, certificate and other instrument and to negotiate with commodity trader on behalf of the Customer in relation thereto; and
- to sell the Commodity on deferred payment to the Bank at cost plus profit (“Selling Price”) on behalf of the Customer

and to do and execute all acts in relation thereto (“Sale Transaction”)

4.3 The Bank will look after the best interest of the Customer and acts in good faith in performing its obligations in buying and selling of Commodity.

4.4 The Customer shall be entitled to request and take physical delivery of the Commodity. In the event the Customer were to exercise such right to take physical delivery, all costs and expenses in respect thereof shall be borne by the Customer.

4.5 The Customer indemnifies the Bank against all losses, actions, proceedings, damage, costs and expenses whatsoever claimed by any party and/or incurred or sustained by the Bank as a result of the purchase of Commodity under any transaction hereunder as an agent of the Customer and/or in the event of breach by the Customer of any of his obligations herein. The indemnity given shall survive termination of this Terms and Conditions and any sum payable under it shall not be subject to any deduction either by way of set off counter claim or otherwise.

4.6 The Customer shall not revoke the appointment of the Bank as agent as long as the *CASA-i Tawarruq* remains available. The appointment of the Bank as agent of the Customer shall cease upon closure of the *CASA-i Tawarruq*;

4.7 The Bank shall not be obliged to enter into any transaction or follow any instruction by the Customer, if in the opinion of the Bank that the entering into such transaction, may cause the Bank or its affiliates to breach of any law, policy, rule or regulation.

#### 5.0 COMMODITY TRADING TRANSACTION

5.1 As the Customer’s agent, the Bank shall enter into the Purchase Transaction as determined by the Bank as follows;

- The Bank shall enter into a *Tawarruq* transaction on the Trading Day which falls on the next day following the deposit placement date, subject to the Daily Net Deposit amount; and
- The Bank shall enter into a *Tawarruq* transaction on the Trading Day which falls on the next day of each new year on the Total Outstanding Balance.

5.2 In view the Trading Day is later than the date the Purchase Price is deposited to the Bank, the Purchase Price will be treated as *Qard* (loan) to the Bank prior to the Purchase Transaction. In this regard, the Customer consents for the Bank to deal with the Purchase Price in any manner deemed fit by the Bank.

5.3 In connection with each Purchase Transaction, the Bank (as the “Commodity Purchaser”) shall provide a promise (*Wa’d*) to the Customer and agree to purchase the Commodity from the Customer upon completion of the Purchase Transaction.

5.4 The Selling Price shall be computed based on the following formula:

$$\text{Selling Price} = \text{Purchase Price} + \text{Ceiling Profit}$$

5.5 The Selling Price shall be deferred to two cash flow streams:

- Principal portion i.e. deposit amount shall be paid on the Maturity Date i.e. December 31 (and subsequent years);
- Actual Profit shall be paid at every month. The actual profit rate shall be based on the Effective Profit Rate as per formula below:

$$\text{Actual Profit} = \text{End of Day Balance} \times \text{EPR} \times \text{No. of Days} / 365 \text{ or } 366$$

5.6 The Ceiling Profit shall be computed based on the following formula:-

- Ceiling Profit = Purchase Price x CPR x Remaining Days / 365 or 366**
- 5.7 Following the Maturity Date, the Bank shall rolled-over the Total Outstanding Balance under the Customer's CASA-i *Tawarruq* and enter into a new Commodity Trading for a tenure that matures on 31 December of the following calendar year.
- 6.0 HAMISH JIDDIYYAH (SECURITY DEPOSIT)**
- 6.1 *Hamish Jiddiyyah* is the security deposit amount which the Bank will credit into the Customer's CASA-i *Tawarruq* on the Profit Crediting Day.
- 6.2 *Hamish Jiddiyyah* is granted as an assurance from the Bank to the Customer to purchase the Commodity from the Customer on the respective Trading Day.
- 6.3 Security Deposit is derived based on the following formula:
- Security Deposit = Daily Net Deposit x EPR x n / 365 or 366**
- Where;  
n = number of days prior to the Commodity Trading that consequently occurs prior to Profit Crediting Day.
- 6.4 The *Hamish Jiddiyyah* shall not be utilised by the Customer prior to the Commodity Trading.
- 6.5 Upon completion of the Commodity Trading, the *Hamish Jiddiyyah* shall be offset against Actual Profit.
- 6.6 The *Hamish Jiddiyyah* shall be returned to the Bank in the event the Purchase Transaction does not take place. However, the Bank may waive its right on the *Hamish Jiddiyyah* on specific circumstances such as closing of CASA-i *Tawarruq* prior to Commodity Trading.
- 7.0 REBATE (IBRA')**
- 7.1 The Customer shall consent to grant rebate under the concept of *Ibra'* subject to the occurrence of certain events including but not limited to:-
- i. withdrawal of funds prior to Maturity Date;
  - ii. upon termination of the CASA-i *Tawarruq* prior to Maturity Date;
  - iii. difference between CPR and EPR at the Maturity Date, given the profit component of the Selling Price computed using CPR is in excess of the aggregate profit during the year computed using EPR based on the following formula:
- Rebate = Total Ceiling Profit - Total Accrued Profit Payable**
- 7.2 The Customer hereby agrees that the Bank's determination of any profit amount payable to the Customer under the CASA-i *Tawarruq* save for manifest error shall be final, conclusive and binding against the Customer.
- 8.0 PROFIT RATE**
- 8.1 The profit rate of the CASA-i *Tawarruq* shall be subjected to the prevailing Effective Profit Rate for respective products or campaigns which will be made known to the Customer upon opening of the account and shall be determined by the Bank from time to time.
- 8.2 The profit rate will be credited on monthly basis.
- 9.0 TAWARRUQ NOTICE**
- 9.1 Customer will receive *Tawarruq* Notice on yearly basis, which detailing the *Tawarruq* transactions i.e. Purchase Price, Selling Price, Total Profit, Total Profit Credited, Total Rebate and etc. for the period by post at the correspondence address last registered with the Bank or any other mediums or Services as provided by the Bank.
- 9.2 The Customer may also request for an ad hoc notice at any of the Bank's branches, via e-mail or fax subject to the Bank's prevailing applicable charges.
- 9.3 Where the Bank has to rely on and make verbal confirmation with the Customer or the Authorised Signatory(ies) via telephone, the Customer agrees that the Bank is authorised to effect, rely and act on such telephone confirmation / instruction which the Bank reasonably believes to have originated from the Customer in the event the request is submitted by a third party or received via e-mail or fax.

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