

**TERMS & CONDITIONS APPLICABLE FOR ALL ISLAMIC DEPOSIT ACCOUNTS/PRODUCTS/SERVICES****14. CURRENT AND SAVING ACCOUNTS OFFERED UNDER TAWARRUQ (“ACCOUNTS”)**

**The Customer is hereby reminded to read and understand this Specific Terms and Conditions and Generic Terms & Conditions Applicable for All Islamic Deposit Accounts/Products/Services before applying for, maintaining or using any of the Accounts or their features. In the event there are any terms and conditions in this STC that the Customer does not understand, the Customer is hereby advised to discuss further with the Bank’s staff, representative or agent before making any decision.**

- a. Applicable to the following accounts:
  - (i) AFFIN Grow-i Saving Account;
  - (ii) AFFIN Grow-i Current Account;
  - (iii) AFFIN AVANCE™ Savvy-i;
  - (iv) AFFIN INVIKTA™ Account-i;
  - (v) AFFIN Barakah Charity Account-i;
  - (vi) Other Current and Saving accounts based on Shariah concept of Tawarruq.
  
- b. Shariah Contract of Tawarruq/Commodity Murabahah
  - (i) This account is based on Shariah principles of Tawarruq/Commodity Murabahah. This Shariah contract is based on Murabahah (cost plus profit) concept, whereby a specific Shariah Compliant commodity (the Commodity consists of crude palm oil (CPO), rubber or any other commodity as advised by the Commodity Supplier) of which will be identified and used as an underlying asset for the sale and purchase transactions between the Bank and the Customer. To facilitate the underlying transaction for the account, the Customer will purchase the Commodity at Purchase Price (as defined in item e.(i) below) from a supplier and thereafter, sell the Commodity to the Bank at Sale Price (as defined in item e.(i) below) on the basis of Murabahah which shall be paid to the Customer at the end of tenure (taking into consideration any rebates, if any). Subsequently, the Bank sells the Commodity to a third party on cash basis.
  
  - (ii) The Customer agrees that the fund (deposit) received by the Bank shall be treated as Qard (Loan) in the event that the Bank is unable to execute the Tawarruq transaction on the same day on which the funds (deposit) is received from the Customer due to the following circumstances:
    - I. Normal close of business/operation including public holidays and other state holidays.
    - II. Unexpected disruptions to operations including but not limited to system breakdown, force majeure event or unexpected holiday.
    - III. Reasonable period (which is no later than three (3) Business Days) required for the Bank to process the Tawarruq application from the Customer.
  
- c. Appointment of Agent
  - (i) The Customer agrees to appoint the Bank and the Bank agrees to accept the appointment as agent of the Customer to do and execute purchase and sale of the Commodity in accordance with this terms and conditions. The Bank is authorised by the Customer to negotiate with, including but not limited to, the Commodity traders, industrial firms, their suppliers and their clients on behalf of the Customer in relation to the same

- (ii) Upon signing of the related account opening form and documents, and on any subsequent days, the Customer pays the Purchase Price of the Commodity to the Bank. The Bank as an agent to the Customer shall subsequently, on the following Business Day, (as defined in item c.(iv) below) enter into Commodity Murabahah transaction. Being the agent of the Customer, the Bank buys specific commodity on cash basis (at a price equivalent to Purchase Price) from commodity Broker A. Being the agent again, the Bank then sells the commodity to the Bank itself on deferred payment at Sale Price. Then, the Bank sells the commodity to Broker B on cash and spot basis. On maturity date, the Bank pays the Sale Price to the Customer (taking into consideration any rebates, if any).
- (iii) Each transaction will be entered into by the Bank in the name of the Customer on a fully disclosed basis. The Bank as agent will look after the best interest of the Customer and acts in good faith in performing its obligations and dealing in the transactions.
- (iv) The Bank shall be authorised to delegate its rights and duties as such agent to any third party to do all acts necessary for the completion of the required transactions.
- (v) The Customer shall be held liable for the Commodity Murabahah transactions entered into by the Bank as an agent in accordance with this terms and conditions, save and except where such actions, claims, demands, liabilities, losses, damages, costs and expenses arise directly from the gross negligence, default or fraud of the agent.
- (vi) The Bank shall not be obliged to enter into any transaction, nor follow any instruction of the Customer, if in the opinion of the Bank by entering into such transaction or following such instruction, the Bank or any of its affiliates would be in contravention or violation of any law, policy, rule or regulation.
- (vii) The Bank will, in performing its obligations and activities in the Commodity Murabahah transactions, look after the best interest of the Customer and act in good faith.
- (viii) The Customer shall indemnify and keep the Bank fully indemnified against all losses, claims, actions, proceedings, damage, costs and expenses of any nature brought or claimed by any party and/or incurred or sustained by the Bank as a result of the Bank acting as the Customer's agent under the Commodity Murabahah transactions or a breach by the Customer of his/her/its obligations in this terms and conditions, unless such claims or losses are directly caused by the Bank's negligence, default or fraud. The indemnity given shall survive termination of the agency relationship and any sums payable in relation to such indemnity shall not be subject to any deduction whether by way of set off counter claim or otherwise.

d. Commodity Murabahah Transaction

- (i) The Bank shall enter into Commodity Murabahah transactions based on Daily Net Deposit amount as in the following scenarios:
  - I. End of Day ("EOD") balance on account opening day.
  - II. Any incremental of deposit at EOD balances on any single day, excluding cheque floats.
  - III. EOD balance on 31 December each year.
- (ii) EOD balance shall be the account balance at 2359 hours at any single day.
- (iii) The Commodity Murabahah transactions will take place on daily basis on the next Business Day after the deposit placement (T+1).

- (iv) For the purposes of the Commodity Murabahah transactions and this terms and conditions, the expression “Business Day” means a day excluding Saturday, Sunday and Public Holiday of Federal Territory of Kuala Lumpur.
  - (v) The tenure shall start from the deposit placement date until 31 December of the respective year (“Maturity Date”).
  - (vi) At the Maturity Date, the Bank shall rollover the total EOD balance under the Customer’s account and enter into a new Commodity Murabahah Transaction for a tenure that matures on 31 December of the following year.
  - (vii) The Customer shall have the rights to request for physical delivery of the Commodity subject to the requirements and in compliance with rules and regulation of the commodity trading platform provider. In the event the Customer decide to request for physical delivery of Commodity, the arrangement is to be made between the Customer and the commodity trading platform provider and all costs and expenses are to be borne by the Customer.
  - (viii) Commodity trading platform provider shall refer to multi-commodity trading platform such as Bursa Suq Al Sila’ or any other commodity trading platform, which, facilitates Tawarruq transactions and has been approved by the Shariah Committee of the Bank.
- e. Security Deposit (Hamish Jiddiyyah)
- (i) Hamish Jiddiyyah is the security deposit amount which the Bank will credit into the Customer’s account on the Profit Crediting Day. On the Profit Crediting Day, the total accrued profit for a particular period will be credited into the Customer’s account being partial/full settlement of the Sale Price by the Bank for the Murabahah transactions for the tenure.
  - (ii) Hamish Jiddiyah refers to any amount credited to the Customer’s account prior to Commodity Murabahah transaction.
  - (iii) Hamish Jiddiyyah is granted as an assurance from the Bank to the Customer to purchase the Commodity from the Customer on the respective Purchase Date.
  - (iv) The security deposit is derived based on the following formula:
 

Security Deposit =  $\frac{\text{End of Day Balance} \times \text{EPR} \times n}{365 \text{ or } 366^*}$

Where;  
 EPR = Effective Profit Rate  
 n = number of days prior to the Commodity Trading that consequently occurs prior to Profit Crediting Day, subject to Non-Business Day of Federal Territory of Kuala Lumpur

*\* 366 to be used during the leap year.*
  - (v) The Hamish Jiddiyyah shall not be utilised by the Customer prior to the Commodity Trading.

- (vi) The Hamish Jiddiyah shall be returned to the Bank in the event the Commodity Murabahah transaction does not take place such as closing of account prior to Commodity Trading.
- (vii) Once the Commodity Trading is performed, the Hamish Jiddiyah shall be offset against part of the Sale Price.

f. Profit Calculation

- (i) The Sale Price shall be computed based on the following formula:

$$\text{Sale Price} = \text{Purchase Price} + \text{Contracted Profit}$$

Where;

Sale Price = the sum payable by the Bank to acquire the Commodity from the Customer on Murabahah basis which comprise of purchase price of the Commodity (daily net deposit) and the contracted profit

Purchase Price = an amount equivalent to customer's Daily Net Deposit (as per scenarios in item c.(i)) which will be used to purchase Commodity on Trading Day

The contracted profit shall be computed based on the following formula:

- I. Annual Trading for End of Day Balance as at 31<sup>st</sup> Dec (and subsequent years)

$$\text{Contracted Profit} = \frac{\text{Year End of Day Balance} \times \text{CPR} \times \text{Tenure (in days)}}{365 \text{ or } 366^*}$$

\* 366 to be used during the leap year.

- II. Daily trading computation for any positive Daily Net Deposit

$$\text{Contracted Profit} = \frac{\text{Daily Net Deposit} \times \text{CPR} \times \text{Tenure (in days)}}{365 \text{ or } 366^*}$$

Where;

CPR = Contracted Profit Rate

\* 366 to be used during the leap year.

- III. The actual profit shall be accrued daily (including cheque floats\*) and paid at every month-end. The actual profit shall be based on Effective Profit Rate ("EPR") as per formula below:

$$\text{Actual Profit} = \frac{\text{EOD Balance} \times \text{EPR} \times \text{No. of days}}{365 \text{ or } 366^*}$$

\* 366 to be used during the leap year.

\* In the event of cheque returned, the Bank will make adjustment on the daily actual profit accrued in Customer's account. Adjustment will be made based on number of days from cheque was deposited.

- (ii) The Bank shall determine the EPR and CPR from time to time with prior notice to the Customer. The notice will be published at [www.affinislamic.com.my](http://www.affinislamic.com.my) and also to be made available at Bank premises. The EPR declared by the Bank is equivalent to the Bank's prevailing board rate. For CPR will be computed based on the following:
    - I. For single flat rate, CPR will be based on the EPR.
    - II. For tier rate, CPR will be computed at the highest EPR.
  - (iii) Any excess/extra profit paid by the Bank shall be treated as gift (hibah).
- g. Rebate (Ibra')
- (i) The Customer shall consent to grant rebate (ibra') on any accrued and/or unaccrued profit portion subject to the occurrence of certain events including but not limited to:
    - I. Withdrawal of fund prior maturity
    - II. Termination/closure of account
    - III. Different between CPR and EPR at the maturity date, given that the Sale Price is computed using CPR, is in excess of the aggregate profit during the year which is computed using EPR based on the following formula:
- $$\text{Formula} = \text{Aggregate Contracted Profit} - \text{Aggregate Actual Profit}$$
- h. Statement of Account and Tawarruq Notice
- (i) A statement shall be rendered once a month or at such other frequency determined by the Bank from time to time.
  - (ii) A Tawarruq Notice is available upon request by Customer detailing:
    - I. Commodity Murabahah transactions for the month
    - II. Sale Price
    - III. Year to Date (YTD) Contracted Profit
    - IV. Year to Date (YTD) Actual Profit Paid
  - (iii) The Customer may request the Tawarruq Notice at any of our branches nationwide during office hours. The Bank shall e-mail the Tawarruq Notice to the Customer e-mail address or post the Tawarruq Notice to the Customer latest address within five (5) business days from the date of request of the Tawarruq Notice.
- i. Existing terms and conditions for Current Account-i and Saving Account-i covering the governance, conduct and operation are applicable for current and saving accounts offered under Tawarruq respectively.
- j. Applicable to AFFIN Barakah Charity Account-i:
- (i) In the application of opening the AFFIN Barakah Charity Account-i, the eligible Customer shall be informed and notified that the product contains the element of charity.
  - (ii) The Customer shall authorise the Bank as agent (Wakeel) by written instruction to deduct the whole or any part of the profit (if any) realised and earned to be apportioned to charity; and subsequently distribute and manage the charity fund according to the Bank's Charity Fund Policy.

- (iii) The Customer shall have a choice of either having a passbook or receiving statement.
- (iv) For Passbook Savings Account-i Only
  - I. Every Customer who opens AFFIN Barakah Charity Account-i with the Bank shall be provided with a Savings Passbook, which must be presented, for every withdrawal made or as and when required by the Bank. Entries in the Passbook are only valid when initialed by an authorised Bank Officer. The Customer shall examine the Passbook after each transaction before leaving the counter of the Bank to ensure that the appropriate entries have been made. If there are more than 20 unposted transactions at the time of updating the Passbook, the system will consolidate the transactions into one (1) debit and one (1) credit transaction and post the consolidated figure into the Passbook.
  - II. The Passbook is not transferable and cannot be assigned or pledged by the Customer as security and neither can a lien be created on it for the same purpose.
  - III. The Customer shall keep the Passbook in a safe place. In the event that the Passbook is lost or destroyed, he/she must notify the Bank in writing immediately. The Bank will issue a replacement Passbook upon an indemnity being furnished to the Bank and a service charge as determined by the Bank will be levied.
  - IV. The Bank will not accept responsibility for loss of Passbook by the Customer through his/her own negligence and will not be responsible for any fraudulent withdrawals from his/her account as a result of such loss.