

Terms and Conditions for Hong Leong Current Account-i and Savings Account-i (Tawarruq CASA-i)

These Terms and Conditions of Tawarruq CASA-i are to be read as a whole with the General Terms & Conditions of Accounts for Deposits and Islamic Banking Deposits and any other relevant terms and conditions as Hong Leong Islamic Bank Berhad (“HLISB”) may impose from time to time with prior notice, as well as other rules and regulations binding on HLISB.

1. Definitions & Interpretations

1.1 Definitions

In this Terms & Conditions, the following terms and expression shall have the meaning designated to them unless the context requires otherwise:-

“**Agent**” means HLISB which shall be appointed by the Customer(s) to do such acts on behalf of the Customer(s) under the Shariah principle of Wakalah in matters pertaining to Tawarruq in accordance to the terms herein.

“**Commodity Trading Platform**” is a commodity trading platform, which, facilitates Tawarruq transactions and has been approved by the Shariah Committee of HLISB.

“**Commodity Trading (CT)**” means sale and purchase transactions performed in accordance to the Shariah principle of Tawarruq.

“**Commodity**” means goods or assets that are approved by the Shariah Committee of HLISB. The agreed type of commodity to be purchased at HLISB’s sole discretion as the agent for the Customer(s) on the agreed price.

“**Contracted Profit Rate (CPR)**” means rate used to compute the total profit of Selling Price.

“**Current Date**” means day when the transaction/event occurred.

“**Delivery of Commodity**” means delivery of the commodity to the Customer(s) who has requested to take physical possession of the commodity.

“**Effective Profit Rate (EPR)**” means the actual rate used for profit accrual and profit crediting.

“**End of Day (EOD)**” is the end of day cut off time at 2359 hours.

“**Float days**” means the number of days required to clear the cheque.

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

“**Net Deposit**” is EOD balances on Day 1 or subsequently any incremental of deposit at EOD balances on any single day, excluding floats.

“**Profit**” is the difference between Purchase Price and Selling Price of Commodity.

“**Profit Crediting Day**” is where the total accrued profit for a particular period will be credited into the Customers’ account being partial/full settlement of the Selling Price by HLISB for the Murabahah transactions for the tenure.

“**Purchase Price**” an amount equivalent to customer’s Net Deposit which will be used to purchase Commodity on Trading Day.

“**Rebate**” represents the “waiver on rights of claim” accorded by a person to another person that has an obligation which is due to him. In this case, with reference to 2.14, Rebate is given from the Customer(s) to HLISB on the Selling Price.

“**Remaining days**” means number of days from current date up to Tenure Expiry Date.

“**Security Deposit**” means amount paid by HLISB to secure an undertaking to purchase the commodity from customers.

“**Selling Price**” means the sum payable by HLISB to acquire the Commodity from the Customer(s) on Murabahah basis which comprise of the purchase price of the Commodity (net deposit) and the profit.

“**Sub Agent**” means HLISB appoints a third party (commodity trading platform provider) under the Shariah principle of Wakalah to do such acts on behalf of HLISB in matters pertaining to Tawarruq in accordance to the agreed terms and conditions.

“**Tawarruq**” or also known as “**Murabahah (via Tawarruq arrangement)**” refers to an arrangement which consists of multiple sale and purchase transactions. In this product, the Customer(s) will purchase the Commodity at Purchase Price from a supplier and thereafter, sell the Commodity to HLISB at Selling Price on the basis of Murabahah which shall be paid to the Customer(s) at the end of the Tenure (after taking into consideration any rebates, if any). HLISB shall thereafter sell the Commodity to a third party on cash basis.

“**Tenure**” means duration in days from Tenure Effective Date to Tenure Expiry Date.

“**Tenure Effective Date**” means Day 1 after Tenure Expiry Date and subsequently net deposit placement (if any).

“**Tenure Expiry Date**” refers to 31st December every year. Profit that is credited into the account on this date is considered as settlement of the remaining Selling Price for the tenure. For account with agreed minimum balance, tenure expiry date is on the profit crediting date.

“**Trading Day**” means the days where CT is executed from Mondays to Sundays and on which the commodity trading platform is open for trading.

2. Hong Leong Current Account-i and Savings Account-i (Tawarruq CASA-i)

2.1 This is a deposit account based on the Shariah principle of Tawarruq.

2.2 Any placement made under the Tawarruq CASA-i shall be in Ringgit Malaysia (“RM”) and the minimum amount shall be as determined by HLISB from time to time with prior notice.

2.3 Tenure

(a) For Tawarruq CASA-i, the tenure (in days) is computed from Tenure Effective Date to Tenure Expiry Date. Tenure effective date shall be:-

- (i) Day 1 after tenure expiry date; or
- (ii) On account opening date; or
- (iii) Where there is net deposit on any particular day.

(b) Accrued profit that is credited on tenure expiry date is considered as settlement of remaining Selling Price for sale transaction(s) that has been contracted earlier.

2.4 Security Deposit (SD) based on Shariah concept of Hamish Jiddiyah will be paid by HLISB to Customers to secure the undertaking made by HLISB to purchase commodity from Customers.

- (a) SD is derived from the following formula which is calculated on T:
Formula: Net Deposit x EPR x 1/365
- (b) The implementation of Security Deposit is on daily accrual on Net Deposit prior to commodity trading.
- (c) SD will be paid by HLISB to Customers to secure the undertaking made by HLISB to purchase commodity from Customers.
- (d) Once CT is performed, the SD becomes part of payment of the Selling Price.
- (e) Once SD is computed, HLISB will honour the amount and Customers shall be able to know the amount. However the amount cannot be utilised by Customers.
- (f) SD will be returned to HLISB in the event of the purchase of commodity by HLISB from customer does not take place. However, HLISB may waive its right on the SD amount due to closing of account by customer prior to CT.
- (g) SD will be returned to HLISB in the event of the purchase of commodity by HLISB from customer does not take place which is due to cheque returned prior to CT. However, HLISB may waive its right on the SD amount.

2.5 Commodity Trading (CT)

The Customer(s) shall enter into purchase and sale transactions for Shariah compliant Commodities for Net Deposit placement as follows: -

- (a) CT will be transacted on daily basis on Trading Day at a specified cut-off time determined by HLISB;
- (b) As a general rule, CT shall be performed for EOD balance on Day 1 or any subsequent Net Deposit on any single day;
- (c) CT will be traded at T+1 based on Net Deposit at T which forms the Customers' Purchase Price. The Customers' Purchase Price shall exclude any cheque floats;
- (d) For Tawarruq CASA where profit is subjected to an agreed minimum balance, the following applies:
 - CT will only be transacted once the EOD balance on Day 1 of the month is equal to or more than the agreed minimum balance;
 - In the event where CT is transacted on Day 1, the profit will only be paid based on the lowest balance throughout the month;
 - In the absence of CT on Day 1, profit will not be paid for the month.

2.6 For the purpose of CT, HLISB will act on behalf of the Customer(s) as the absolute Agent for the purchase and sale of the commodity. The appointment as Agent will take effect upon customer signing the specimen card or any other means at the time of account opening. Each sale and purchase contract in the CT is binding in nature and shall not be terminated unilaterally by any of the contracting parties.

2.7 HLISB, as the Customers' Agent shall look after the best interest of the Customer(s) and in good faith during the placement of the deposits, perform transactions to purchase the Commodity on cash basis ("Purchase Transaction") through purchase agreements, certificates and other instruments as fully as the Customer(s) could do himself/ itself and to negotiate with the supplier on behalf of the Customer(s) in relation thereto.

2.8 The Commodity will be sold on an "as is where is" basis without any representation or warranty in respect thereof and upon issuance of the purchase agreements, certificates and other instruments; the parties agree to waive the liability of the seller for any defect on the Commodity before entering into the sale and purchase contract. All risk shall pass to the purchaser and the seller shall be freed from any liabilities, responsibilities or obligations relating to the Commodity in any form or manner whatsoever. Any defects or non-delivery or

any disputes whatsoever in relation to the Commodity shall not in any way affect or absolve the contracting parties obligations or undertakings hereunder.

2.9 HLISB hereby promise to purchase the Commodity from the Customer(s) upon constructive possession of Commodity through its Agent as proven by e-cert (or any other evidence of ownership) from the commodity trading platform at an agreed Selling Price (cost plus mark-up) determined upon placement of deposit. The formula to derive Selling Price is stated in 2.12.

2.10 The Customer(s) agrees to indemnify HLISB against:

- (a) all actions, claims, demands, liabilities, losses, damages, costs and expenses of whatever nature which HLISB may sustain, suffer or incur as a result of acting as the Customers' Agent in the CT transactions;
- (b) or for any breach of the Customers' obligations

Except for any losses or damages for default, omission, negligence, breach of contract by HLISB.

In the event the Customer(s) is held liable by a court of competent jurisdiction for any damages notwithstanding the foregoing, the total amount of the Customers' entire liability shall not exceed the principal amount of the transaction involved which gave rise to the claim.

2.11 Pricing structure shall be determined by HLISB from time to time with prior notice, based on the following:

- (a) Single flat rate subject to minimum balance;
- (b) Single flat rate regardless any amount;
- (c) Tier rate subject to tier balances; only single rate will be applied on the EOD balance at any point of time
- (d) Split rate subject to next tier balances; multiple rates will be applied on the EOD balance (if applicable)

Note: For (c) and (d), Contracted Profit and Selling Price will always be computed at the highest rate.

2.12 On Day 1, profit and Selling Price will be computed as follows:

- (a) Profit on Day 1
Formula: Profit CT1 = EOD1 Balance X CPR X Tenure/365

- (b) Selling price on Day 1
Formula: EOD1 Balance + Profit CT1

2.13 After Day 1, if deposit is greater than withdrawal i.e. Net Deposit, profit and Selling Price will be computed as follows:

- (a) Profit
Formula: Profit CTn = (EODn – EOD n-1) Balance X CPR X remaining no of days (N – n) /365
Where;
N is tenure expiry date
n is current date

- (b) Selling price
Formula: (EODn – EODn-1) Balance + Profit CTn

2.14 Rebate by the Customer(s) will be triggered on the following events:

- (a) Withdrawal is greater than deposit for the day
Formula: Difference in amount X CPR X Remaining Days/365

- (b) Upward Change in CPR (The Customer(s) and Bank will enter into a new contract with a higher CPR upon dissolution of the previous contract)
Formula: EOD balance X previous CPR X Remaining Days/365
 - (c) When the CPR is higher than the EPR
Formula: EOD balance X (CPR – EPR) x1/365
 - (d) For Tawarruq CASA where profit is subjected to an agreed minimum balance, the Rebate will be on the difference between CT Profit on Day 1 and Profit credited, if any.
- 2.15 HLISB may waive its right to the rebate given by the Customer(s), in the form of extra/bonus profit payable to Customer(s), if applicable.
- 2.16 Purchase price and Profit/remaining profit will be credited on Tenure Expiry Date where the transaction is considered as settlement of the remaining Selling Price for Murabahah transaction(s) for the tenure.
- 2.17 A Statement of Account will be rendered once a month or at such periods as may be determined by HLISB. A Tawarruq Notice will be auto generated on monthly basis detailing the following:-
- (a) commodity trading for the month;
 - (b) Year-To-Date (YTD) total profit;
 - (c) YTD Periodic profit credited; and
 - (d) YTD Rebate.

The mode of notification is as follows:-

- (i) For individual Tawarruq CASA-i Customer(s), the Customer(s) must enrol for the e-statement at the branch or via Hong Leong Connect (HL Connect) in order to receive the Tawarruq Notice via email or downloadable via HL Connect;
 - (ii) For non-individual Tawarruq CA-i Customer(s), the Customer(s) may enrol for e-statements via Corporate Internet Banking (CIB) in order to download it via CIB; and
 - (iii) Alternatively, Customer(s) may request for the hardcopy of the Tawarruq Notice from any HLISB or HLBB branches.
- 2.18 Request for Delivery of Commodity
- (a) Customer(s) have the right to request and take physical possession and delivery of the commodity subject to minimum requirements and comply with rules and regulations of the commodity trading platform provider.
 - (b) Request for delivery of Commodity can be done at any HLISB or HLBB branches during normal business hours; and
 - (c) The delivery arrangement is to be made between the Customer(s) and commodity trading platform provider at the Customers' own costs.

These 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 Terms and Conditions and the said Terms and Conditions for each product/accounts, the said Terms and Conditions for each product/accounts shall prevail.

Deposits eligible for protection by PIDM