

APPENDIX

WHAT IS THE SHARIAH CONTRACT APPLICABLE?

The Shariah contract applied for CMTF-i, CL-i and IF-i is Murabahah (cost plus profit) via Commodity Murabahah/Tawarruq arrangement. It is a method of sale with a mark-up price where customer pays a price over an agreed period of time. The underlying asset for the sale transaction between the Customer and the Bank will be a specific tradable Shariah compliant commodity.

- i. Upon the Customer's request, the Bank purchases a Shariah-compliant commodity from a third-party trader (Commodity Trader 1).
- ii. The Bank then sells this commodity to the Customer at an agreed sale price (Financing Amount + Profit Margin), payable on a deferred basis.
- iii. The Customer appoints the Bank to act as their agent to sell the commodity for cash.
- iv. The Bank, acting on behalf of the Customer, sells the commodity to another third-party trader (Commodity Trader 2) for a price equivalent to the Facility Amount.
- v. The proceeds from this sale are then disbursed to the Customer, vendors, or other stakeholders, as per the facility's terms and conditions.

For Commodity Murabahah trading purposes, the Bank shall at all times be your agent to undertake the required Tawarruq transactions related to the Facility.

The Shariah contracts applied for Promissory Foreign Exchange-i (PFX-i) are Wa'd and Bai' Al-Sarf. It is an undertaking by customer to buy or sell a currency, in exchange for another currency on the specified future date, based on a pre-agreed exchange rate.

The Shariah contracts applied for Tradelines-i are:

Shariah Contracts	Definition
Wakalah (Agency)	It is a contract where a party, as principal (<i>muwakkil</i>) authorizes another party as his agent (<i>wakil</i>) to perform a particular task on matters that may be delegated, with or without imposition of a fee.
Murabahah Purchase Orderer (MPO)	"MPO" refers to an arrangement whereby the purchase orderer (purchaser) promises (<i>wa'd</i>) to purchase an identified and specified asset from a seller on Murabahah terms upon the latter's acquisition of the asset.
Bai Dayn (Debt-Trading)	A contract of debt trading created from Shariah compliant business activities.
Kafalah (Guarantee/Surety)	A contract where the guarantor joins the guaranteed party in taking on a specific debt or obligation.

CAN I OPT FOR PHYSICAL DELIVERY OF THE COMMODITY, INSTEAD? WHAT ABOUT THE COST INVOLVED?

You may opt for physical delivery of the commodity subject to the Bank's terms and conditions. All costs associated with your instruction for physical delivery of the commodity, shall be borne by you.