

## KFH Malaysia Selected Shariah Resolutions on Banking Products & Services

<p><b>KFH Gold Account-i &amp; KFH Junior Gold Account-i</b></p>	<p>The Gold Account-i is an account that allows customers to make gold investment in a convenient, secure and affordable way. The Junior Gold Account-i similar to Gold Account-i except this account is catered for junior customer below 18 years old that requires a guardian to open the account.</p>
<p><b>Shariah Concept</b></p>	<p><i>Bai' As-Sarf</i> (exchange) &amp; <i>Qardh</i> (non-interest bearing loan)</p> <p><i>Bai' As-Sarf</i> is a contract of buying and selling of currencies. The currency exchange (<i>Sarf</i>) contract is the exchange of one monetary form for another in the same or different form on a spot basis i.e. gold for gold, silver for silver, gold for silver, silver for gold, etc. Such transaction is permissible in Shariah provided it meets general conditions for the currencies exchange contract as follows:</p> <ol style="list-style-type: none"> <li>(1) Spot basis.</li> <li>(2) Equality of quantities if monies of the same currencies are traded.</li> <li>(3) Inapplicability of options (<i>Khiyar al-Syart</i>) and non-deferment.</li> </ol> <p>Narrated by Muslim on the authority of Ubadah bin al-Samit, that the Prophet (p.b.u.h) said: "Gold for gold, silver to silver, wheat for wheat, barley for barley, dates for dates, and salt for salt, in equal amounts, hand-to-hand; and if the genera differs [in an exchange], then trade as you wish provided it is hand-to-hand (spot)."</p> <p>Another <i>Hadith</i> narrated by Bukhari on the authority of Abu Said al-Khudri is that the Prophet (p.b.u.h) said: "Do not sell gold for gold except equal for equal and do not sell what is deferred for a spot exchange."</p> <p>On the other hand, <i>Qardh</i> refers to a loan contract between two parties with no extra charge over and above the loan. Any extra payment imposed by the lender or promised by the borrower is considered as <i>riba</i>, thus prohibited.</p> <p>The permissibility of <i>Qardh</i> is derived from the following evidences:</p> <ol style="list-style-type: none"> <li>1. From the <i>Sunnah</i> as narrated on the authority of Ibn Masud that the Prophet (p.b.u.h) said: "Every two loans extended by a Muslim to another count as one charitable payment (<i>sadaqah</i>)". It is also narrated on the authority of Anas that the Prophet said: "On the day I ascended to heaven, I saw a writing on the door of paradise that read: "Every charity is rewarded ten-fold, and every loan is rewarded eighteen-times." I said: "O Jibril, why is a loan rewarded more than charity?" He said: "Because a person may ask for charity when he does not need it, but the borrower only borrows in cases of dire need." Thus, loans are highly recommended (<i>Mandub</i>) for the lender, and permissible for the borrower.</li> <li>2. Consensus (<i>Ijmak</i>) of Muslims scholars.</li> </ol>

# KFH Malaysia Selected Shariah Resolutions on Banking Products & Services

<p><b>Transaction Steps</b></p>	<p><b>Step 1:</b> Customer walks in to Branch and request to open Gold Account-i.</p> <p><b>Step 2:</b> Bank will request Customer to open the Current Account-i or Savings Account-i (CA/SA) by depositing the amount based on Bank's selling price. Bank then will proceed with Gold Account-i opening.</p> <p><u>Note:</u></p> <ul style="list-style-type: none"> <li>a) For new customer, the Bank will open CA/SA and Gold Account-i.</li> <li>b) For existing CA/SA customer, the Bank will proceed with Gold Account-i opening.</li> </ul> <p><b>Step 3:</b> Customer will be given the following options with regards to physical gold safekeeping:</p> <ul style="list-style-type: none"> <li>a) Customer may withdraw or keep the physical gold which subject to a minimum holding limit of 2 grams gold in his/her account; or</li> <li>b) The Bank will keep the physical gold for Customer at Branch.</li> </ul> <p><b>Step 4:</b> Should the Customer request to withdraw his/her gold, Customer may visit the Branch where the Bank will buy back the gold at Bank's buying price.</p> <p><u>Note:</u> Customer's gold account will be closed if the Customer sold all his/her gold.</p>
<p><b>Shariah Committee's Resolution</b></p>	<p>The Shariah Committee had approved the product, its structure and transaction steps as per mentioned above on 1 July 2009.</p>

## KFH Malaysia Selected Shariah Resolutions on Banking Products & Services

<p><b>KFH Savings Account-i &amp; KFH Basic Savings Account-i</b></p>	<p>The Savings Account-i is an account that is classified as a Deposit under the Shariah principle of <i>Qardh</i> (non-interest bearing loan). Under the principle of <i>Qardh</i>, the money deposited into this account is not subject to any risk on investment nor is exposed to profit or loss. When demanded, the Bank will pay the customer the total sum or part thereof standing to the credit of the customer's account. The Basic Savings Account-i operates in the same way as the normal savings account except that this account enable customer to perform only basic transactions and at a minimal cost. Both accounts are principally guaranteed.</p>
<p><b>Shariah Concept</b></p>	<p><i>Qardh</i> (non-interest bearing loan)</p> <p><i>Qardh</i> refers to a loan contract between two parties with no extra charge over and above the loan. Any extra payment imposed by the lender or promised by the borrower is considered as <i>riba</i>, thus prohibited.</p> <p>The permissibility of <i>Qardh</i> is derived from the following evidences:</p> <ol style="list-style-type: none"> <li>1. From the <i>Sunnah</i> as narrated on the authority of Ibn Masud that the Prophet (p.b.u.h) said: "Every two loans extended by a Muslim to another count as one charitable payment (<i>sadaqah</i>)". It is also narrated on the authority of Anas that the Prophet said: "On the day I ascended to heaven, I saw a writing on the door of paradise that read: "Every charity is rewarded ten-fold, and every loan is rewarded eighteen-times." I said: "O Jibril, why is a loan rewarded more than charity?" He said: "Because a person may ask for charity when he does not need it, but the borrower only borrows in cases of dire need." Thus, loans are highly recommended (<i>Mandub</i>) for the lender, and permissible for the borrower.</li> <li>2. Consensus (<i>Ijmak</i>) of Muslims scholars.</li> </ol>
<p><b>Transaction Steps</b></p>	<p><b>Step 1:</b> Customer (as a lender) makes deposit to the Bank (as a borrower) and the Bank accepts the deposit.</p> <p><u>Note:</u> The deposit is available for withdrawal.</p> <p><b>Step 2:</b> The Bank will invest the deposit where the returns will be part of the Bank's income.</p> <p><u>Note:</u> Customer who lends the deposit to the Bank will expect the Bank to return the exact deposit to him/her at a later date.</p>
<p><b>Shariah Committee's Resolution</b></p>	<p>The Shariah Committee had deliberated and approved the product as per mentioned above on 21 June 2005.</p>

## KFH Malaysia Selected Shariah Resolutions on Banking Products & Services

<b>KFH Current Account-i &amp; Basic Current Account-i</b>	<p>The Current Account-i is a deposit account available to customer that can be used for either personal or business purposes. With this account, customers are allowed to use cheques as a way to make payments. The Basic Current Account-i operates in the same way as the normal current account except that this account enable customer to perform only basic transactions and at a minimal cost.</p>
<b>Shariah Concept</b>	<p><i>Qardh</i> (non-interest bearing loan)</p> <p><i>Qardh</i> refers to a loan contract between two parties with no extra charge over and above the loan. Any extra payment imposed by the lender or promised by the borrower is considered as <i>riba</i>, thus prohibited.</p> <p>The permissibility of <i>Qardh</i> is derived from the following evidences:</p> <ol style="list-style-type: none"> <li>1. From the <i>Sunnah</i> as narrated on the authority of Ibn Masud that the Prophet (p.b.u.h) said: "Every two loans extended by a Muslim to another count as one charitable payment (<i>sadaqah</i>)". It is also narrated on the authority of Anas that the Prophet said: "On the day I ascended to heaven, I saw a writing on the door of paradise that read: "Every charity is rewarded ten-fold, and every loan is rewarded eighteen-times." I said: "O Jibril, why is a loan rewarded more than charity?" He said: "Because a person may ask for charity when he does not need it, but the borrower only borrows in cases of dire need." Thus, loans are highly recommended (<i>Mandub</i>) for the lender, and permissible for the borrower.</li> <li>2. Consensus (<i>Ijmak</i>) of Muslims scholars.</li> </ol>
<b>Transaction Steps</b>	<p><b>Step 1:</b> Customer (as a lender) makes deposit to the Bank (as a borrower) and the Bank accepts the deposit.</p> <p><u>Note:</u> The deposit is available for withdrawal.</p> <p><b>Step 2:</b> The Bank will invest the deposit where the returns will be part of the Bank's income.</p> <p><u>Note:</u> Customer who lends the deposit to the Bank will expect the Bank to return the exact deposit to him/her at a later date.</p>
<b>Shariah Committee's Resolution</b>	<p>The product as per mentioned above is approved by the Shariah Committee in on 21 June 2005.</p>

## KFH Malaysia Selected Shariah Resolutions on Banking Products & Services

<b>KFH Foreign Currency Current Account-i</b>	<p>The Foreign Currency Current Account-i is a foreign currency account that operates like a normal current account except that all transactions are non-cash and there is no cheque book provided. The money deposited into this account shall be guaranteed in payment when demanded and will not be exposed to fluctuation of the exchange rates, since there is no conversion involved.</p>
<b>Shariah Concept</b>	<p><i>Qardh</i> (non-interest bearing loan)</p> <p><i>Qardh</i> refers to a loan contract between two parties with no extra charge over and above the loan. Any extra payment imposed by the lender or promised by the borrower is considered as <i>riba</i>, thus prohibited.</p> <p>The permissibility of <i>Qardh</i> is derived from the following evidences:</p> <ol style="list-style-type: none"> <li>1. From the <i>Sunnah</i> as narrated on the authority of Ibn Masud that the Prophet (p.b.u.h) said: "Every two loans extended by a Muslim to another count as one charitable payment (<i>sadaqah</i>)". It is also narrated on the authority of Anas that the Prophet said: "On the day I ascended to heaven, I saw a writing on the door of paradise that read: "Every charity is rewarded ten-fold, and every loan is rewarded eighteen-times." I said: "O Jibril, why is a loan rewarded more than charity?" He said: "Because a person may ask for charity when he does not need it, but the borrower only borrows in cases of dire need." Thus, loans are highly recommended (<i>Mandub</i>) for the lender, and permissible for the borrower.</li> <li>2. Consensus (<i>Ijmak</i>) of Muslims scholars.</li> </ol>
<b>Transaction Steps</b>	<p><b>Step 1:</b> The Customer issues the Debit Note to the payee for the amount of USD 1,000.</p> <p><b>Step 2:</b> The payee approach Bank for payment. Customer can choose the mode of payment either cash or credit into account (If Customer is the Bank's account holder).</p> <p><b>Step 3:</b> Bank will debit the Customer's Foreign Currency Current Account-i for the amount of USD 1,000.</p> <p><b>Step 4:</b></p> <ol style="list-style-type: none"> <li>(a) <u><i>If the payee request for cash</i></u> Bank will convert the USD 1,000 in Ringgit and pay to the payee in Ringgit.</li> <li>(b) <u><i>If the payee request to credit his/her account (non Foreign Currency Account)</i></u> Bank will convert the USD 1,000 in Ringgit and credit into the payee's account in Ringgit.</li> </ol>

## KFH Malaysia Selected Shariah Resolutions on Banking Products & Services

	(c) <i>If the payee is having Foreign Currency Current Account with the Bank</i> Bank will credit into the payee's Foreign Currency Current Account–i for the amount of USD 1,000.
<b>Shariah Committee's Resolution</b>	The Shariah Committee had approved the product, its structure and transaction steps as per mentioned above on 4 October 2005.

## KFH Malaysia Selected Shariah Resolutions on Banking Products & Services

<p><b>KFH International Commodity Murabahah Deposit Account-i &amp; KFH Junior International Commodity Murabahah Deposit Account-i &amp; KFH Foreign Currency International Commodity Murabahah Deposit Account-i</b></p>	<p>The International Commodity Murabahah Deposit-i is an Islamic fixed deposit based on the Shariah concept of <i>Murabahah</i> (cost + profit sale) and account <i>Tawarruq</i> where the profit rate and profit amount are made to known to customer upfront. It is the only Islamic term deposit product where the profit rate is made known upfront (for other Islamic products, customer will only able to know the actual profit rate upon maturity of the tenure). The Junior International Commodity Murabahah Deposit-i and the Foreign Currency International Commodity Murabahah Deposit-i are similar to the normal International Commodity Murabahah Deposit-i except these products are offered to junior customer below 18 years old where the account requires a guardian to open the account and offered in foreign currency respectively.</p>
<p><b>Shariah Concept</b></p>	<p><i>Murabahah</i> (cost + profit sale) &amp; <i>Tawarruq</i> (monetization)</p> <p><i>Murabahah</i> is a cost plus profit sale and it is a trust sale. It refers to the sale and purchase transaction for the financing of an asset whereby the cost and profit margin (mark-up) are made known and agreed by all parties involved. The settlement for the purchase can be either on a cash basis, a deferred lump sum basis or on an installment basis, which has to be specified in the agreement.</p> <p>The permissibility of <i>Murabahah</i> is based on the permissibility of sale. The Allah, the exalted says: "Allah has permitted trade." [Al-Baqarah verse 275]. Some scholars has also cited to support the permissibility of <i>Murabahah</i> the saying of Allah, the exalted: "It is no crime for you to seek the bounty of your Lord." [Al-Baqarah : 198]</p> <p>On the other hand, <i>Tawarruq</i> is originated from word of <i>Wariq</i> which means <i>dirham</i> (money) which is made from silver. <i>Tawarruq</i> has been approved by the majority of scholars (<i>Jumhur al-ulama</i>) as a concept for cash financing facility whereby a customer with a genuine need buys something on credit from KFH on a deferred payment basis based on <i>Murabahah</i> and then resells it to a third party on a spot price basis so as to obtain cash. In this way, the customer can obtain cash without taking an interest-based loan.</p>
<p><b>Transaction Steps</b></p>	<p><b>Step 1:</b> Both parties agree to use permissible commodity for International Commodity Murabahah Deposit Account-i.</p> <p><b>Step 2:</b> Customer appoints Bank as an agent to purchase the commodity from Supplier (A) by depositing the required amount. Customer will provide Bank the details for the transaction i.e. currency, purchase price (principal), deferred payment date (maturity date) etc, and accept the terms &amp; conditions.</p> <p><b>Step 3:</b> Bank acts as an agent will purchase the permissible commodity from Supplier (A) and makes payment (principal amount) to Supplier (A) for spot value.</p>

# KFH Malaysia Selected Shariah Resolutions on Banking Products & Services

	<p><b>Step 4:</b> Bank will thereafter purchase the commodity from Customer at cost price plus profit margin (deferred sale price). However, the deferred sale price will be paid on the specific deferred payment date.</p> <p><b>Step 5:</b> Bank as a commodity owner will then sell the commodity to Supplier (B) for settlement spot value.</p> <p><b>Step 6:</b> Upon deferred payment date, Bank will pay the Customer the deferred sale price amount which consists of cost (principal) plus profit.</p> <p><b>Step 7:</b> Bank will send the agent notification to Customer on the details of the trading that has been completed.</p>
<p><b>Shariah Committee's Resolution</b></p>	<p>The product, its structure and transaction steps as per mentioned above have the approval from the Shariah Committee on 28 September 2007.</p>



## KFH Malaysia Selected Shariah Resolutions on Banking Products & Services

<b>KFH Automobile Ijarah-i</b>	<p>This product is an attractive and comprehensive Shariah-based auto financing which provide customer a convenient and hassle-free package based on the concept of <i>Al-Ijarah Thumma Al-Bai'</i> (AITAB).</p>
<b>Shariah Concept</b>	<p><i>Al-Ijarah Thumma Al-Bai'</i> (leasing ends with sale)</p> <p><i>Al-Ijarah Thumma Al-Bai'</i> refers to an <i>Ijarah</i> contract to be followed by a <i>Bai'</i> (sale) contract. Under the first contract, the lessor leases out an asset to a lessee at an agreed rental payment over a specified period. Upon expiry of the leasing period, the lessee enters into a second contract to purchase the property from the owner at an agreed price. In certain jurisdiction, <i>Al-Ijarah Thumma Al-Bai'</i> is called <i>Ijarah Muntahia Bi Al-Tamlik</i>.</p> <p>The permissibility of <i>Ijarah</i> is derived from the following evidences:</p> <ol style="list-style-type: none"> <li>1. The Quranic verses: "And if they suckle your offspring, give them their recompense" [Al-Talaq verse 6], as well as the story narrated about one of the two daughters of Shuaib (p.b.u.h): "Said one of them: "O father, hire him on wages, for truly the best to employ is a strong and trustworthy man". He said: "I intend to wed one of my daughters to you, on condition that you work for me for eight years, and if you complete ten full years, that will be a grace from you" [Al-Qasas verses 26-27].</li> <li>2. According to the <i>Sunnah</i> as derived from a number of <i>Hadiths</i>: "Pay the hired worker his wages before his sweat dries off". "Whoever hires a worker, he should inform him of his wage". A <i>Hadith</i> narrated by Said Ibn Al-Musayyib on the authority of Saad: "We used to rent lands in exchange for water and seeds, but the prophet (p.b.u.h) forbade us and ordered us to rent it with gold or silver (money)."</li> <li>3. Consensus among Companions.</li> </ol>
<b>Transaction Steps</b>	<p><b>Step 1:</b> Customer approaches Bank with request for financing of vehicle (promise to lease the vehicle from the Bank).</p> <p><b>Step 2:</b> Bank buys the vehicle to be leased and obtains ownership from seller.</p> <p><b>Step 3:</b> Bank leases the vehicle to Customer.</p> <p><b>Step 4:</b> Customer makes periodic payment (lease installment) as per contract.</p> <p><b>Step 5:</b> Bank transfers the ownership to Customer at the end of leasing tenure by way of 'sale' (or upon settlement by Customer).</p>
<b>Shariah Committee's Resolution</b>	<p>The Shariah Committee had approved the product structure and transaction steps as per mentioned above on 20 September 2005.</p>

## KFH Malaysia Selected Shariah Resolutions on Banking Products & Services

<b>KFH Murabahah Personal Financing-i For Government Personnel</b>	<p>This financing is specially tailored for the dedicated employee of the Malaysian Government.</p>
<b>Shariah Concept</b>	<p><i>Murabahah</i> (cost + profit sale) &amp; <i>Tawarruq</i> (monetization)</p> <p><i>Murabahah</i> is a cost plus profit sale and it is a trust sale. It refers to the sale and purchase transaction for the financing of an asset whereby the cost and profit margin (mark-up) are made known and agreed by all parties involved. The settlement for the purchase can be either on a cash basis, a deferred lump sum basis or on an installment basis, which has to be specified in the agreement.</p> <p>The permissibility of <i>Murabahah</i> is based on the permissibility of sale. The Allah, the exalted says: "Allah has permitted trade." [Al-Baqarah verse 275]. Some scholars has also cited to support the permissibility of <i>Murabahah</i> the saying of Allah, the exalted: "It is no crime for you to seek the bounty of your Lord." [Al-Baqarah : 198]</p> <p>On the other hand, <i>Tawarruq</i> is originated from word of <i>Wariq</i> which means <i>dirham</i> (money) which is made from silver. <i>Tawarruq</i> has been approved by the majority of scholars (<i>Jumhur al-ulama</i>) as a concept for cash financing facility whereby a customer with a genuine need buys something on credit from KFH on a deferred payment basis based on <i>Murabahah</i> and then resells it to a third party on a spot price basis so as to obtain cash. In this way, the customer can obtain cash without taking an interest-based loan.</p>
<b>Transaction Steps</b>	<p><b>Step 1:</b> Customer seeks a financing facility from Bank, and promises to purchase a specific commodity from the Bank.</p> <p><b>Step 2:</b> Bank issues a purchase order to Supplier (A) for the specific commodity. If Supplier (A) accepts the purchase order, Bank enters into a Purchase Agreement with Supplier (A).</p> <p><b>Step 3:</b> Supplier (A) will then transfer the title of the commodity to Bank for a cash consideration payable on spot basis.</p> <p><b>Step 4:</b> Bank will then enter into Sale Agreement (1) with Customer.</p> <p><b>Step 5:</b> Upon entering into the Sale Agreement (1), Bank will transfer the title of the commodity to Customer for a cash consideration payable on a deferred basis with a profit margin clearly outlined and agreed to by Customer.</p> <p><b>Step 6:</b> Customer then enters into Sale Agreement (2), with Supplier (B) or other parties to sell the same commodity purchased from the Bank. Customer can appoint the Bank as its agent to place out the commodity.</p>

## KFH Malaysia Selected Shariah Resolutions on Banking Products & Services

	<b>Step 7:</b> Upon executing Sale Agreement (2), Customer will then transfer the title of the commodity to specified Supplier or other parties for a cash consideration payable on a spot basis.
<b>Shariah Committee's Resolution</b>	The product, its structure and transaction steps as per mentioned above have received the Shariah Committee's approval on 21 November 2006.

## KFH Malaysia Selected Shariah Resolutions on Banking Products & Services

<p><b>KFH Ijarah Mawsufah Fi Zimmah Asset Acquisition Financing-i for Property Under Construction</b></p>	<p>It is a forward lease contract (for property under construction) ending with ownership by way of gift/sale. This Islamic Home and Property Financing facility is offered to individuals for purchase of under construction landed or non-landed residential properties such as terrace/link house, semi-detached house, bungalow, apartment, condominium and bungalow lots for dwelling or for business purposes.</p>
<p><b>Shariah Concept</b></p>	<p><i>Ijarah Mawsufah Fi Zimmah</i> (forward lease) &amp; <i>Istisna'</i> (manufacture by order)</p> <p><i>Ijarah Mawsufah Fi Zimmah</i> means an <i>Ijarah</i> contract which is executed for an asset undertaken by the lessor to be delivered to the lessee according to accurate specifications, even if the asset is yet to be owned by the lessor. During the period that the leased asset/property is under construction, the lessor may ask the lessee to pay a certain portion of pre-agreed lease rental as a forward lease. The forward lease rental payment will be considered as a debt to the lessor until the delivery of the leased asset to the lessee. <i>Ijarah Mawsufah Fi Zimmah</i> can be in a form of <i>Ijarah</i> or <i>Ijarah Muntahia Bi Al-Tamlik</i>.</p> <p>The permissibility of <i>Ijarah</i> is derived from the following evidences:</p> <ol style="list-style-type: none"> <li>1. The Quranic verses: "And if they suckle your offspring, give them their recompense" [Al-Talaq verse 6], as well as the story narrated about one of the two daughters of Shuaib (p.b.u.h): "Said one of them: "O father, hire him on wages, for truly the best to employ is a strong and trustworthy man". He said: "I intend to wed one of my daughters to you, on condition that you work for me for eight years, and if you complete ten full years, that will be a grace from you" [Al-Qasas verses 26-27].</li> <li>2. According to the <i>Sunnah</i> derived from a number of <i>Hadiths</i>: "Pay the hired worker his wages before his sweat dries off". "Whoever hires a worker, he should inform him of his wage." Another <i>Hadith</i> narrated by Said Ibn Al-Musayyib on the authority of Saad: "We used to rent lands in exchange for water and seeds, but the prophet (p.b.u.h) forbade us and ordered us to rent it with gold or silver (money).</li> <li>3. Consensus among Companions.</li> </ol> <p>Whereas <i>Istisna'</i> is a purchase order contract whereby a buyer orders a seller to manufacture an asset according to specifications in the purchase contract to be delivered on a certain future date. The settlement of the purchase price is according to an agreed terms and conditions between the two parties.</p> <p>The permissibility of <i>Istisna'</i> is based on Hanafi jurists' point of view as follow:</p> <ol style="list-style-type: none"> <li>1. Based on juristic approbation (<i>Istihsan</i>), due to its common usage in various times without any objections, thus constituting a consensus (<i>Ijmak</i>).</li> </ol>

## KFH Malaysia Selected Shariah Resolutions on Banking Products & Services

	<p>2. This is based on the <i>Hadith</i> by the Prophet (p.b.u.h): “My nation never reaches a wrong consensus.” Ibn Masud said: “Whatever the Muslims view as fair, it is indeed fair in the eye of Allah.”</p> <p>3. The Prophet (p.b.u.h) was also reported to have commissioned the manufacture of a ring and a cupping. In the latter case, he paid the cupper his wage, despite the fact that the act and frequency of cupping is unregulated, like the amount of water one drinks from a water carrier. Moreover, it is narrated that the Prophet (p.b.u.h) heard of the existence of a public bath, and allowed its usage provided that the men cover their lower bodies. Following this permission, many people including the companions of the Prophet (p.b.u.h) and their followers have continued to use it in that manner, without mentioning the amount of water to be used or the time to be spent in the bath. In this regard, the non-existent object of sale the water delivered by the cupper or the manager of the bath may be considered existent for legal purposes.</p>
<p><b>Transaction Steps</b></p>	<p><b>Step 1:</b> Customer seeks financing from Bank.</p> <p><b>Step 2(a):</b> Customer &amp; Bank entered into the Forward Lease Agreement. Bank will appoint Customer as its agent to enter into <i>Istisna'</i> contract with the Supplier/Developer to monitor the development of the asset/property.</p> <p><b>Step 2(b):</b></p> <p>i. <u><i>If Customer approaches Developer directly before Bank:</i></u> The Customer will enter into <i>Istisna'</i> Agreement with the Bank. The down payment paid by Customer will be assigned to the Bank and treated as down payment. The Bank will then enter into another <i>Istisna'</i> Agreement with the Supplier/Developer.</p> <p>ii. <u><i>If Customer approaches Bank directly before Developer:</i></u> There will be a parallel <i>Istisna'</i> whereby the First <i>Istisna'</i> is between the Bank and the Customer while the Second <i>Istisna'</i> is between the Bank and the Supplier/Developer.</p> <p><u>Note:</u> Later, the ownership of the asset/property will be transferred to the Bank.</p> <p><b>Step 3:</b> Bank makes progressive payments to the Supplier/Developer based on the stages of completion of the asset/property.</p> <p><b>Step 4:</b> The Customer pays advance lease rental during construction period (lease rental after full drawdown).</p> <p><b>Step 5:</b> Upon full completion of the construction, the asset/property will be handed over to the Bank.</p> <p><b>Step 6:</b> Upon completion of the lease period, Bank will transfer the ownership of the asset/property to Customer by way of final sale or <i>Hibah</i> contract.</p>

## KFH Malaysia Selected Shariah Resolutions on Banking Products & Services

<b>Shariah Committee's Resolution</b>	The Shariah Committee had approved the product structure and transaction steps as per mentioned above on 14 March 2006.
---------------------------------------	---

## KFH Malaysia Selected Shariah Resolutions on Banking Products & Services

<b>KFH Ijarah Muntahiah Bi Tamlik Asset Acquisition Financing-i for Completed Property</b>	<p>It is a leasing contract (for completed property) ending with ownership by way of gift/sale. This Islamic Home and Property Financing facility is offered to individuals for purchase of completed landed or non-landed residential properties such as terrace/link house, semi-detached house, bungalow, apartment, condominium and bungalow lots for dwelling or for business purposes.</p>
<b>Shariah Concept</b>	<p><i>Ijarah Muntahia Bi Al-Tamlik</i> (lease ends with ownership)</p> <p><i>Ijarah</i> is a contract whereby an owner of asset leases out the asset to a lessee at an agreed rental payment and pre-determined lease period upon the contract. The ownership of the asset remains with the lessor while the lessee only owns the right of use of the asset.</p> <p><i>Ijarah Muntahia Bi Al-Tamlik</i> has similar characteristic to the ordinary <i>Ijarah</i> except that in the latter, it is associated with a promise or undertaking from the lessee to purchase the asset from the lessor via separate transaction at the end of the leasing contract.</p> <p>The permissibility of <i>Ijarah</i> is derived from the following evidences:</p> <ol style="list-style-type: none"> <li>1. The Quranic verses: "And if they suckle your offspring, give them their recompense" [Al-Talaq verse 6], as well as the story narrated about one of the two daughters of Shuaib (p.b.u.h): "Said one of them: "O father, hire him on wages, for truly the best to employ is a strong and trustworthy man". He said: "I intend to wed one of my daughters to you, on condition that you work for me for eight years, and if you complete ten full years, that will be a grace from you" [Al-Qasas verses 26-27].</li> <li>2. According to the <i>Sunnah</i> derived from a number of <i>Hadiths</i>: "Pay the hired worker his wages before his sweat dries off". "Whoever hires a worker, he should inform him of his wage." Another <i>Hadith</i> narrated by Said Ibn Al-Musayyib on the authority of Saad: "We used to rent lands in exchange for water and seeds, but the prophet (p.b.u.h) forbade us and ordered us to rent it with gold or silver (money).</li> <li>3. Consensus among Companions.</li> </ol>
<b>Transaction Steps</b>	<p><b>Step 1:</b> Customer signed Sale &amp; Purchase Agreement with Vendor.</p> <p><b>Step 2:</b> Customer approach Bank for financing.</p> <p><b>Step 3:</b> Bank purchases the asset &amp; lease back to Customer.</p> <p><b>Step 4:</b> Customer pays lease rental by way of installment.</p>
<b>Shariah Committee's Resolution</b>	<p>The Shariah Committee had deliberated and approved the product structure and transaction steps as per mentioned above on 11 October 2005.</p>

## KFH Malaysia Selected Shariah Resolutions on Banking Products & Services

<p><b>KFH Debit Card-i</b></p>	<p>The Debit Card-i is an international chip-based card bearing the Visa brand based on the Shariah concept of <i>Ujrah</i> and <i>Wakalah</i>, which allows cardmembers to conduct purchase transactions at all VISA-accepted merchant outlets worldwide and MyDebit-accepted merchants nationwide, using their own fund via CA/SA (current account/savings account).</p>
<p><b>Shariah Concept</b></p>	<p><i>Wakalah</i> (agency) &amp; <i>Ujrah</i> (service fee)</p> <p><i>Wakalah</i> is a contract of appointment of an agent whereby a person appoints another party as his agent to act on his behalf and in return, the agent may receive a fee for the service.</p> <p>The permissibility of <i>Wakalah</i> is derived from the following evidences:</p> <p><i>Wakalah</i> (agency) contract is permissible with proofs available in the Quran.</p> <ol style="list-style-type: none"> <li>1. "Now send one of you with this money to the town; let him found out which is the best food and bring some to you" [Al-Kahf verse 19].</li> <li>2. "Commission two arbiters, one [representative] from his family and one [representative] from hers" [Al-Nisa' verse 35].</li> <li>3. "Go with my shirt" [Yusuf verse 93], "set me over storehouses" [Yusuf: 55].</li> <li>4. "Alms are for the poor and the needy and those employed to administer the funds" [Al-Taubah verse 60].</li> <li>5. There are many <i>Hadiths</i> that establish the permissibility of agency. One such <i>Hadith</i> was narrated in Al-Bukhari and Muslim that the Prophet (p.b.u.h) sent agents to collect the zakat (alms tax). Another narration establishes that the Prophet (p.b.u.h) commissioned Amr ibnu Umayyah Al-Damariy as an agent to ask for the hand of Ummu Habibah binti Abi Sufyan in marriage.</li> <li>6. Another narration also establishes that the Prophet (p.b.u.h) commissioned Hakim bin Huzam as his agent to buy an animal for ritual sacrifice, and his commissioning of Urwah al-Bariqi to buy a sheep. In the Al-Bukhari there is also a narration that the Prophet (p.b.u.h) commissioned an agent to give a camel as repayment of his debt, saying: "The best among you are the best in repaying their debts".</li> </ol> <p>On the other hand, <i>Ujrah</i> refers to payment for a service. It is also applied to salary, wage, pay, fee(s), charge, enrolment, honorarium, remuneration, reward, etc.</p>
<p><b>Transaction Steps</b></p>	<p><b>Step 1:</b> Customer applies for Debit Card-i and opens a savings or current account (CA/SA):</p> <ol style="list-style-type: none"> <li>(a) Customer places deposit into the savings or current account</li> </ol>



**KFH Malaysia Selected Shariah Resolutions on Banking Products & Services**

	<p>(b) Cardholder appoints the Bank as an agent by providing Direct Debit Point of Sale (POS) payment services and Cash ATM withdrawals services to cardholders (<i>Wakalah</i>).</p> <p><b>Step 2:</b> Bank issues the KFH Debit Card-i as cash and payment card to purchase goods and services. The Debit Card-i will be linked to the savings or current account.</p> <p><b>Step 3:</b> Customer activates the card and utilizes the card for retail purchase transactions (at merchants that carry Visa logo) and perform cash withdrawals nationwide and worldwide. Bank will deduct from Customer’s CA/SA account. This shall minimize the losses as spending limit is limited to available funds in the CA/SA.</p> <p><b>Step 4:</b> Customer to deposit his or her CA/SA account to continue utilizes the debit card.</p>
<p><b>Shariah Committee’s Resolution</b></p>	<p>The product structure and transaction steps as per mentioned above had been approved by the Shariah Committee on 28 August 2007.</p>

## KFH Malaysia Selected Shariah Resolutions on Banking Products & Services

<p><b>KFH Wakalah Letter of Credit-i</b></p>	<p>The Letter of Credit-i is an instrument issued by the Bank on behalf of and for account of a buyer of merchandise/goods. With this instrument, Bank as the issuing bank undertakes that the bills of exchange and trade documents of the seller when drawn/presented according to the terms and conditions of the credit instrument will be duly honoured.</p>
<p><b>Shariah Concept</b></p>	<p><i>Wakalah</i> (agency) &amp; <i>Ujrah</i> (service fee)</p> <p><i>Wakalah</i> is a contract of appointment of an agent whereby a person appoints another party as his agent to act on his behalf and in return, the agent may receive a fee for the service.</p> <p>The permissibility of <i>Wakalah</i> is derived from the following evidences:</p> <p><i>Wakalah</i> (agency) contract is permissible with proofs available in the Quran.</p> <ol style="list-style-type: none"> <li>1. "Now send one of you with this money to the town; let him found out which is the best food and bring some to you" [Al-Kahf verse 19].</li> <li>2. "Commission two arbiters, one [representative] from his family and one [representative] from hers" [Al-Nisa' verse 35].</li> <li>3. "Go with my shirt" [Yusuf verse 93], "set me over storehouses" [Yusuf: 55].</li> <li>4. "Alms are for the poor and the needy and those employed to administer the funds" [Al-Taubah verse 60].</li> <li>5. There are many <i>Hadiths</i> that establish the permissibility of agency. One such <i>Hadith</i> was narrated in Al-Bukhari and Muslim that the Prophet (p.b.u.h) sent agents to collect the zakat (alms tax). Another narration establishes that the Prophet (p.b.u.h) commissioned Amr ibnu Umayyah Al-Damariy as an agent to ask for the hand of Ummu Habibah binti Abi Sufyan in marriage.</li> <li>6. Another narration also establishes that the Prophet (p.b.u.h) commissioned Hakim bin Huzam as his agent to buy an animal for ritual sacrifice, and his commissioning of Urwah al-Bariqi to buy a sheep. In the Al-Bukhari there is also a narration that the Prophet (p.b.u.h) commissioned an agent to give a camel as repayment of his debt, saying: "The best among you are the best in repaying their debts".</li> </ol> <p>On the other hand, <i>Ujrah</i> refers to payment for a service. It is also applied to salary, wage, pay, fee(s), charge, enrolment, honorarium, remuneration, reward, etc.</p>
<p><b>Transaction Steps</b></p>	<p><b>Step 1:</b> Customer applies for LC-i through Bank to issue LC-i in favour of the Beneficiary.</p> <p><b>Step 2:</b> Bank issues the LC-i for the Customer.</p>

**KFH Malaysia Selected Shariah Resolutions on Banking Products & Services**

	<p><b>Step 3:</b> Advising Bank will receive the LC-i from Bank and advises the LC-i to Beneficiary.</p> <p><b>Step 4:</b> The Beneficiary once received the LC-i from the Advising Bank and if he/she is satisfied with the terms of the LC-i; ships the goods, prepares the export documents as required and presents the documents to his/her Presenting Bank.</p> <p><b>Step 5:</b> Presenting Bank will forward the documents and remittance order to Bank.</p> <p><b>Step 6:</b> After checking the documents against the LC-i and ensuring compliance, Bank will debit the Customer’s account for the LC-i value and at the same time deliver the documents and the title of the goods to the Customer.</p> <p><b>Step 7:</b> Bank will effect payment to the Presenting Bank.</p>
<p><b>Shariah Committee’s Resolution</b></p>	<p>The product structure and transaction steps as per mentioned above had been approved by the Shariah Committee on 4 October 2005.</p>

## KFH Malaysia Selected Shariah Resolutions on Banking Products & Services

<b>KFH Murabahah Letter of Credit-i</b>	<p>The Letter of Credit-i is an instrument issued by the Bank on behalf of and for account of a buyer of merchandise/goods. With this instrument, Bank as the issuing bank undertakes that the bills of exchange and trade documents of the seller when drawn/presented according to the terms and conditions of the credit instrument will be duly honoured.</p>
<b>Shariah Concept</b>	<p><i>Murabahah</i> (cost + profit sale) &amp; <i>Ujrah</i> (service fee)</p> <p><i>Murabahah</i> is cost plus profit sale and it is a trust sale. It refers to the sale and purchase transaction for the financing of an asset whereby the cost and profit margin (mark-up) are made known and agreed by all parties involved. The settlement for the purchase can be either on a cash basis, a deferred lump sum basis or on an installment basis, which will be specified in the agreement.</p> <p>The permissibility of <i>Murabahah</i> is based on the permissibility of sale. The Allah, the exalted says: "Allah has permitted trade." [Al-Baqarah verse 275]. Some scholars has also cited to support the permissibility of <i>Murabahah</i> the saying of Allah, the exalted: "It is no crime for you to seek the bounty of your Lord." [Al-Baqarah : 198]</p> <p>On the other hand, <i>Ujrah</i> refers to payment for a service. It is also applied to salary, wage, pay, fee(s), charge, enrolment, honorarium, remuneration, reward, etc.</p>
<b>Transaction Steps</b>	<p><b>Step 1:</b> Customer promises to buys goods from Bank once received.</p> <p><b>Step 2:</b> Bank issues the LC-i and sends to Advising Bank.</p> <p><b>Step 3:</b> Advising Bank will receive the LC-i from Bank and advise the LC-i to Beneficiary.</p> <p><b>Step 4:</b> The Beneficiary once received the LC-i from the Advising Bank and if he/she is satisfied with the terms of the LC-i; ships the goods, prepares the export documents as required and presents the documents to his/her Presenting Bank.</p> <p><b>Step 5:</b> Presenting Bank will forward the documents and remittance order to Bank.</p> <p><b>Step 6:</b> After checking the documents against the LC-i and ensuring compliance, Bank will effect payment to the Presenting Bank.</p> <p><b>Step 7:</b> Customer pays Bank in full or installments and will receive the related documents upon full settlement from the Bank.</p>
<b>Shariah Committee's Resolution</b>	<p>The product structure and transaction steps as per mentioned above had been approved by the Shariah Committee on 4 October 2005.</p>

## KFH Malaysia Selected Shariah Resolutions on Banking Products & Services

<b>KFH Bank Guarantee-i</b>	<p>The Bank Guarantee-i is a legal instrument executed by the Bank on behalf of customer favouring the beneficiary, normally a Government Department, Statutory Authority or other such third parties in connection with a contract entered into by customer with the beneficiary.</p>
<b>Shariah Concept</b>	<p><i>Kafalah</i> (guarantee)</p> <p><i>Kafalah</i> is a contract whereby the <i>Kafil</i> (guarantor) will guarantee the performance, action and undertaking to beneficiary. The guarantor will underwrite any claim and obligation that should be fulfilled by the guaranteed party. The <i>Kafalah</i> contract is to guarantee the deposit.</p> <p><i>Kafalah</i> (guarantee) contract is permissible with proofs available in the Quran. "They said: We miss the great beaker of the king; for him ho produces it, is (the reward of) a camel load; I will bound by it." [Yusuf: 72]. Any <i>Kafalah</i> arrangement needs to fulfill the following tenets:</p> <ol style="list-style-type: none"> <li>(1) Guarantor (<i>Kafil</i>),</li> <li>(2) Beneficiary (<i>Makful lahu</i>),</li> <li>(3) Object of the guarantee contract (<i>Makful</i>), and</li> <li>(4) The contract language (<i>Sighah</i> i.e. <i>Ijab</i> (offer) and <i>Qabul</i> (acceptance))</li> </ol>
<b>Transaction Steps</b>	<p><b>Step 1:</b> Customer comes to the Bank with the contract.</p> <p><b>Step 2:</b> Bank issues the Bank Guarantee-i and forwards it to Customer.</p> <p><b>Step 3:</b> Customer will forward the original guarantee to Beneficiary.</p> <p><b>Step 4:</b> Upon maturity, Beneficiary will send the Bank Guarantee-i to Customer for the Bank to cancel the guarantee.</p>
<b>Shariah Committee's Resolution</b>	<p>The product structure and transaction steps as per mentioned above had been approved by the Shariah Committee on 4 October 2005.</p>

## KFH Malaysia Selected Shariah Resolutions on Banking Products & Services

<b>KFH Promissory FX Contract-i</b>	<p>The Promissory FX Contract-i is a written, dated and signed instrument by a party containing an unconditional promise to enter into an agreed foreign exchange contract with another party at a specified future date. The product is designed to assist your business to mitigate the uncertainty and provide flexibility in managing your foreign exchange open positions.</p>
<b>Shariah Concept</b>	<p><i>Wa'ad</i> (promise) &amp; <i>Bai' As-Sarf</i> (exchange)</p> <p>Under <i>wa'ad</i> structure, only one party (obligor/promisor) promises to buy/sell as the case may be, where he is bound by that promise (which is binding). The other party/promisee/obligee is not bound to proceed with the promise that was undertaken by the promisor.</p> <p>Binding promise from only one party is not deemed valid under Islamic law as a contract. Binding promises from both parties are deemed to be leading to a contract conclusion and therefore is prohibited.</p> <p>On the other hand, <i>Bai' As-Sarf</i> is a contract of buying and selling of currencies. The currency exchange (<i>Sarf</i>) contract is the exchange of one monetary form for another in the same or different form on a spot basis i.e. gold for gold, silver for silver, gold for silver, silver for gold, etc. Such transaction is permissible in Shariah provided it meets general conditions for the currencies exchange contract as follows:</p> <ol style="list-style-type: none"> <li>(1) Spot basis.</li> <li>(2) Equality of quantities if monies of the same currencies are traded.</li> <li>(3) Inapplicability of options (<i>Khiyar al-Syart</i>) and non-deferment.</li> </ol> <p>Narrated by Muslim on the authority of Ubadah bin al-Samit, that the Prophet (p.b.u.h) said: "Gold for gold, silver to silver, wheat for wheat, barley for barley, dates for dates, and salt for salt, in equal amounts, hand-to-hand; and if the genera differs [in an exchange], then trade as you wish provided it is hand-to-hand (spot)."</p> <p>Another <i>Hadith</i> narrated by Bukhari on the authority of Abu Said al-Khudri is that the Prophet (p.b.u.h) said: "Do not sell gold for gold except equal for equal and do not sell what is deferred for a spot exchange."</p>
<b>Transaction Steps</b>	<p><b>Step 1:</b> Bank agrees with the promise made by Customer.</p> <p><b>Step 2:</b> Customer will enter into an FX Contract with Bank to sell currency (A) and buy currency (B) at a specified future date.</p> <p><b>Step 3:</b> Bank will sell currency (A) and buy currency (B) in the Spot Interbank FX.</p> <p><b>Step 4:</b> Using two different commodity <i>Murabahah</i> transactions, Bank will accept deposit in currency (A) and place currency (B). Bank also determines the</p>

## KFH Malaysia Selected Shariah Resolutions on Banking Products & Services

	<p>tenor which is similar for both currencies and the intended settlement for the FX contract.</p> <p><b>Step 5:</b> On maturity date of the two commodity <i>Murabahah</i> transactions, Bank will pay currency (A) amount and will receive currency (B) amount.</p> <p><b>Step 6:</b> On promise date, Customer and Bank will enter into an FX contract at the agreed FX rate.</p>
<b>Shariah Committee's Resolution</b>	The product structure and transaction steps as per mentioned above had been approved by the Shariah Committee on 7 March 2006.

## KFH Malaysia Selected Shariah Resolutions on Banking Products & Services

<b>KFH Sure SME Account - I</b>	<p>KFH Sure SME Account – I is a specifically designed account for the small and medium businesses. It is a fixed rate demand deposit account based on the Shariah concept of <i>Murabahah</i> (cost + profit) and <i>Tawarruq</i> (monetization) where the profit rate is made known to customer upfront. As such, the deposit is principally guaranteed as well as its profit.</p>
<b>Shariah Concept</b>	<p><i>Murabahah</i> (cost + profit sale) &amp; <i>Tawarruq</i> (monetization)</p> <p><i>Murabahah</i> is a cost plus profit sale and it is a trust sale. It refers to the sale and purchase transaction for the financing of an asset whereby the cost and profit margin (mark-up) are made known and agreed by all parties involved. The settlement for the purchase can be either on a cash basis, a deferred lump sum basis or on an installment basis, which has to be specified in the agreement.</p> <p>The permissibility of <i>Murabahah</i> is based on the permissibility of sale. Allah, the exalted says: "Allah has permitted trade." [Al-Baqarah verse 275]. Some scholar has also cited to support the permissibility of <i>Murabahah</i> by the saying of Allah, the exalted: "It is no crime for you to seek the bounty of your Lord." [Al-Baqarah verse 198]</p> <p>On the other hand, <i>Tawarruq</i> is originated from the word <i>Wariq</i> which means <i>dirham</i> (money) which is made from silver. <i>Tawarruq</i> has been approved by the majority of scholars (<i>Jumhur al-Ulama</i>) as a concept for cash financing facility whereby a customer with genuine need buys something on credit from KFH on a deferred payment basis based on <i>Murabahah</i> and then resells it to a third party on a spot price basis so as to obtain cash. In this way, the customer can obtain cash without taking an interest-based loan.</p>
<b>Transaction Steps</b>	<p><b>Step 1:</b> Customer comes to the Branch to open the KFH Sure SME Account – I. Upon opening the account, customer appoints the bank as their agent to enter into purchase and sale transactions for Shariah compliant commodities on a daily basis based on their end of day closing available balance with the pre-agreed profit rate.</p> <p><b>Step 2:</b> Bank promises to purchase the commodity from the customer upon constructive possession of the commodity through its agents as proven by e-cert, at an agreed selling price determined upon opening of account.</p> <p><b>Step 3:</b> The next day, bank acts as an agent will purchase the commodity from supplier (A) based on yesterday's end of day closing available balance (principle) of the customer on spot basis.</p> <p><b>Step 4:</b> Supplier (A) will supply the commodity to the bank in the name of the customer as the owner. Bank will thereafter purchase the commodity from the customer at the pre-agreed selling price (principal + pre-agreed profit rate) determined upon opening of account, where the principal will be paid immediately and the profit will be accumulated till the end of the month.</p>



# KFH Malaysia Selected Shariah Resolutions on Banking Products & Services

	<p><b>Step 5:</b> Bank will sell the commodity to supplier (B) on spot basis.</p> <p><b>Step 6:</b> Supplier (B) will pay the amount to the bank. The bank will deposit back the amount for the customer to use.</p> <p><b>Step 7:</b> On the month end, the bank will pay the customer the accumulated profit by crediting the customer’s account.</p>
<p><b>Shariah Committee’s Resolution</b></p>	<p>The Shariah Committee has approved the product.</p>

## KFH Malaysia Selected Shariah Resolutions on Banking Products & Services

<p><b>KFH Libshara Account-i</b></p>	<p>The Libshara Account-I is a savings account based on the Shariah concept of Murabahah (cost plus profit) and Tawarruq (monetization) where the profit rate is made known to customer upfront. Customers have the opportunity to win attractive prizes via draws that are held on a weekly, monthly, quarterly and annual basis.</p>
<p><b>Shariah Concept</b></p>	<p>Murabahah (cost + profit sale) &amp; Tawarruq (monetization)</p> <p>Murabahah is a cost plus profit sale and it is a trust sale. It refers to the sale and purchase transaction for the financing of an asset whereby the cost and profit margin (mark-up) are made known and agreed by all parties involved. The settlement for the purchase can be either on a cash basis, a deferred lump sum basis or on an installment basis, which has to be specified in the agreement.</p> <p>The permissibility of Murabahah is based on the permissibility of sale. The Allah, the exalted says: " Allah has permitted trade " [Al-Baqarah verse 275]. Some scholars has also cited to support the permissibility of Murabahah the saying of Allah, the exalted: "It is no crime for you to seek the bounty of your Lord." [Al-Baqarah verse 198]</p> <p>On the other hand, Tawarruq is originated from word of Wariq which means dirham (money) which is made from silver. Tawarruq has been approved by the majority scholars (Jumhur al-ulama) as a concept for cash financing facility whereby a customer with a genuine need buys something on credit from KFH on a deferred payment basis based on Murabahah and then resells it to a third party on a spot basis so as to obtain cash. In this way, the customer can obtain cash without taking an interest-based loan.</p>
<p><b>Transaction Steps</b></p>	<p><b>Step 1 :</b> Customer comes to the Branch to open KFH Libshara Account-i. Upon opening the account, Customer appoints the bank as their agent to enter into purchase and sale transaction for Shariah compliant commodities on a daily basis based on their end of day closing available balance with the pre-agreed profit rate.</p> <p><b>Step 2 :</b> Bank promises to purchase the commodity from the customer upon constructive possession of the commodity through its agent as proven by e-cert, at an agreed selling price determined upon opening of account.</p> <p><b>Step 3 :</b> The next day, Bank acts as an agent will purchase the commodity from Supplier (A) based on yesterday's end of day closing available balance (principal) of the customer on spot basis.</p> <p><b>Step 4 :</b> Supplier (A) will supply the commodity to the bank in the name of the customer as the owner. Bank will thereafter purchase the commodity from the Customer at the pre-agreed selling price (principal + pre-agreed profit rate) determined upon opening of account, where the principal will be paid immediately and the profit will be accumulated till end of the month.</p> <p><b>Step 5 :</b> Bank will sell the commodity to Supplier (B) on spot basis.</p>

## KFH Malaysia Selected Shariah Resolutions on Banking Products & Services

	<p><b>Step 6 :</b> Supplier (B) will pay the principal amount to the bank. The Bank will deposit back the principal amount for the customer to use.</p> <p><b>Step 7 :</b> On the month end, the Bank will pay the customer the accumulated profit by crediting the customer's account.</p> <p><b>Step 8 :</b> The customer entitles to participate in draw and win the prizes. The selected customer is required to answer one question correctly to be considered as a winner of the draw.</p>
<b>Shariah Committee's Resolution</b>	The Shariah Committee had approved the product , its structure and transaction as per mentioned above.