

MUDARABA AGREEMENT (For all Savings and Term Investment Accounts only)

This Mudaraba Agreement is made and entered into on thisday of.....20.....at..... by..... and..... between

..... herein referred to as the 'Investor/s' (which expression where the context shall so admit, mean and include the said his/her/their heirs executors administrators successors in interest and assigns) of the ONE PART. AND Amāna Bank PLC (hereinafter sometimes referred to as the 'Mudarib' or the Bank) a company duly incorporated under the Companies Act No. 7 of 2007 and a Licensed Commercial Bank having its registered office at No. 486, Galle Road, Colombo 03, Sri Lanka. (Which expression where the context shall so admit mean and include Amāna Bank PLC its successors in interest and assigns) of the OTHER PART.

AND WHEREAS the Investor/s is/are desirous of opening a savings account/term investment account with the Bank for the purpose of investing from time to time in the Mudaraba Fund of the Bank to invest in the Bank's business activities that are expected to generate profits.

AND WHEREAS the Bank is willing to accept such funds for investment in the Bank's business activities that are expected to generate profits and share such profits on the following Terms and Conditions.

NOW THEREFORE THIS AGREEMENT WITNESSETH AND IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

1. In this Agreement unless the context otherwise requires,

- "Investment" – means the sum or sums of money that the Investor will entrust to the Bank on an agreed Profit sharing basis between the Investor and the Bank.
- "Mudaraba Fund" – means the pool of funds managed by the Bank entrusted by customers of the Bank for Investments in Sharia Compliant business ventures.
- "Profit" - means the surplus that accrues on investments made by the Mudaraba Fund, which at the end of a specified period (monthly/quarterly/biannually/annually) is available for distribution among Investors of the fund and the Bank
- "Loss" means the deficit resulting from investments made by the Mudaraba Fund at the end of a specified period as agreed between the investor and mudarib, to be borne by the Investors of the fund.

2. Profit and Loss:

In the case of Savings Accounts any Profit made by the Fund will be shared in accordance with the Profit Sharing Ratio (PSR) applicable at the time of profits being distributed. The investor hereby acknowledges that the PSR will change from time to time, which will be informed at the beginning of a profit crediting cycle. In the case of Term Investments any Profit made by the Fund will be shared in accordance with the agreed Profit Sharing Ratio. (PSR) In case of Losses the Investor will bear the loss up to the maximum value not exceeding the Investor's capital in the Fund.

The Bank will not be entitled to any return as the Fund Manager in case of activities that make losses.

The bank shall invest all monies invested by the investor/s hereunder in strict Sharia compliant business activities. In case it is discovered by the Bank that any part of the funds were invested in a non-Sharia compliant activity/ies subsequent to any investment being made that part of the profits earned from such activity/ies will be donated to Charity in compliance with Sharia principles.

3. Facilitating Periodic Account Statements

Every investor will be facilitated to receive a periodic statement of account according to the choice of the investor. In case of a passbook, it shall be prima facie evidence of his investment with the Bank. It will be the responsibility of the investor to ensure that the passbook is kept properly updated at all times.

4. Issuing of Term Investment Certificate:

Every Term Investment Account holder shall be issued with a Term Investment Certificate which shall be the prima facie evidence of his investment with the Bank. Such Certificate shall specify:-

- a. Name and address of Investor/s
- b. Capital Amount of Investment
- c. Profit Sharing Ratio
- d. Date of Maturity

5. Determination of Profit

It is clearly understood and agreed between the Investor/s and the Bank that the Bank cannot and does not guarantee a specific rate of return on investment/s but only agrees to share the actual profits made by the Mudaraba Fund based on the agreed PSR and applicable to such investment/s at the time of distribution of profits. The PSR ratios offered from time to time will be published by the Bank.

In the case of Term Investment Accounts, once the Investment is made on an agreed PSR for a specified period the Bank shall not be entitled to change the PSR during such period. Any re-investment however will be made on the prevailing PSR at the time of Maturity of the Term Investment Account which may be different to the original PSR.

Further In the case of Term Investment Accounts, if specific instructions are not received by the Bank regarding the re-investment or the return of funds prior to the date of Maturity, the Mudarib is hereby authorized to reinvest the same on the Terms and Conditions prevailing at the time of maturity of the Term Investment Account.

The profit on the Term Investment will be calculated and distributed at the end of every Month or at Maturity as the case may be.

The profit of the saving account shall be calculated daily and distributed at the end of every Month or at or such periodic intervals as determined by the Bank from time to time.

The Mudarib will maintain a reserve account, referred to as the "Profit Equalization Reserve" (PER). This reserve fund, which will be maintained by the Mudarib as a contingency arrangement, accumulated from the distributable profit benchmarked by the CBSL cap rate and provisioning guidelines together with the industry trends, will be utilized, whenever the expected profit return has a significant negative variance

6. Withdrawals

In the case of Savings Accounts, the Investor/s may withdraw the funds from the investment at his discretion.

In the case of Term Investment Accounts, Premature withdrawal of funds invested in the Term Investment Account will be at the sole discretion of the Bank. In case of premature withdrawals the Bank will be entitled to change the PSR to the PSR applicable for normal savings accounts at its discretion.

7. Expenses

The Bank is empowered to charge expenses directly connected with the administration of the Mudaraba Fund, to the fund.

8. Provision

The Bank as the manager of the Mudaraba Fund is authorized, using its experience, knowledge and expertise to charge amounts from the profit of the Mudaraba Fund, before any other charge to the profits, to set aside an estimated amount that would be necessary to meet possible losses arising from non performing Murabahas, Musharakas or similar facilities at the time of profit distribution. At the time of winding up the Mudaraba Fund, any excess or shortfalls in the provisions created are to be enjoyed or absorbed by the participants of the Mudaraba Fund for the time being.

9. Governing Law

This agreement is governed by the laws of Sri Lanka.

10. Suspensions

In the event of death of the account holder, any matters will be resolved according to the prevailing Law.

11. Maturity: 10

This Teen Savings Account will mature upon the Minor attaining the age of 18 for purposes of entering into commercial contracts. On maturity such investments will be converted into a Savings Account / Term Investment Account of the Bank.

12. Premature Withdrawals only at Mudarib's Discretion:

The Investors are not authorised to withdraw the funds from the account until maturity unless express and specific permission of Parent/Guardian investing these funds are furnished and the Bank is satisfied that such withdrawals are made for the benefit of the Minor or unless a court order is made and served on the Bank

PROFIT SHARING RATIOS

Account # 1	Customer	Amāna Bank	Account # 2	Customer	Amāna Bank	Account # 3	Customer	Amāna Bank
1. _____	□□.□%	□□.□%	2. _____	□□.□%	□□.□%	3. _____	□□.□%	□□.□%

SIGNATURES & WITNESSES

MUDARABA AGREEMENT _____ Signature of Parent/Guardian _____ Signed for and on behalf of Amāna Bank PLC

	Signature	Name	Date
Witness 1			
Witness 2			

