

FAQs on CIMB Why Wait Fixed Deposit-i (WWFD-i)

1. What is CIMB Why Wait Fixed Deposit-i?

CIMB Why Wait Fixed Deposit-i (WWFD-i) is an Islamic fixed term deposit based on the Islamic financial principle of 'Murabahah' ("mark-up") and involves customer purchasing an approved Shariah-compliant (comply with Islamic laws) commodity and selling the commodity to the Bank at a marked-up price. Customer will be paid profit upfront from the sale and principal will be paid by the Bank upon maturity.

Under Shariah, payment of interest is not permissible. This buy and sell of commodity is necessary to allow Islamic deposit taking activity and to generate the return to customer.

2. How is CIMB Why Wait Fixed Deposit-i different from a normal Fixed Deposit account?

One of the differences is that there is an underlying purchase and sale of commodities so as to comply with the 'Murabahah' structure mentioned in Q1 above.

The economic substance and risks are similar as conventional fixed deposit where you place your funds for a fixed period with returns decided upon placement.

The good thing is, unlike a normal Fixed Deposit where you receive your interest only at maturity; CIMB's Why Wait Fixed Deposit-i account allows you to collect your returns in the form of profit, upfront.

3. What are the benefits of this product?

It offers several advantages namely;

- Shariah compliant.
- Pay returns upfront instead of upon maturity.
- Low minimum deposit of S\$1,000.
- Competitive returns.

4. Will customers incur any particular commodity risks?

No, the trading of the commodity has been structured in that neither customers nor the Bank would derive any gain nor suffer any loss from any movement in the market value of the asset other than the profit amount fixed contractually.

5. What type of commodity is involved?

The commodities involved are those that have been approved for use by our Shariah Committee such as palm oil.

6. How competitive is the profit rate of the CIMB Why Wait Fixed Deposit-i against conventional Fixed Deposit interest rate?

Currently our promotional rates for CIMB Why Wait Fixed Deposit-i are one of the highest in the market. The Bank will continue to ensure that the profit rates are always competitive with market rates.

7. How will the profit be paid to the account holder?

Upon placement of the deposit, you will receive your profit immediately if placement is made by cash or upon cheque clearance if placement is made by cheque. Profit will be credited into a CIMB savings or current account of your choice.

8. Do I need to open a savings or current account with CIMB to open a WWFD-i account?

Yes. You should have either a savings or current account with us for crediting of the upfront profit.

However, if you do not have any savings or current account with us, a CIMB StarSaver-i account will automatically be opened for you with no initial deposit required, when you open a WWFD-i account.

9. Can I make placements online via cimbbank.com.sg or CIMB Clicks?

No. Placement of deposit is not available online at the moment. However you may view your WWFD-i accounts via CIMB Clicks.

10. What happens upon maturity? What are the maturity instructions that I can provide?

At the point of placement, you can give instructions either to:

- Auto renew the principal amount upon maturity for similar tenure at the prevailing profit rates at the point of renewal **OR**
- To have the principal amount credited back into your CIMB savings or current account upon maturity

The upfront profit on roll-over date will be credited into your CIMB savings or current account as per Q8 above.

11. Can I change my maturity instructions subsequently? If so, can I do so online?

For changes to maturity instructions after placement, you may visit any of our Branches. You may also change the account to which the principal and profit are to be credited to. Maturity instructions cannot be done online at the moment.

12. Will there be any additional charges imposed by the Bank that would reduce the returns to the client if deposit is kept for the full term?

No. The Bank will not impose any other charges.

13. Can I withdraw my funds before maturity date?

Premature withdrawal is allowed. However, the Bank will be entitled to a rebate on the original selling price agreed. The rebate will be calculated such that for withdrawals made:-

- a. if the tenure of deposit is 3 months and below, early withdrawal will be allowed by the Bank subject to the account holder's agreement to provide rebate/ibra' in which case no profit shall be paid;
- b. if the tenure of deposit is 4 months and above, and withdrawal is made before completion of 3 months, the account holder agrees to provide rebate/ibra' in which case no profit shall be paid;
- c. other than the above circumstances, if withdrawal is made before maturity, the account holder agrees to provide rebate/ibra' based on the following formula:

$$\text{Rebate/Ibra'} = \text{Murabahah Sale Price} - [(P \times R\% \times t/T \times 50\%) + P]$$

$$\text{Murabahah Sale Price} = \text{Principal} + \text{Profit (upon maturity)}$$

P = Principal (amount of deposit)

R = Profit rate (%)

t = Tenure (based on completed months)

T = Total number of months in a year

General FAQs on Islamic Banking

1. What does 'Shariah-compliant' mean?

The term 'Shariah-compliant' is used in Islamic Finance to denote that a financial product/service/activity complies with the principles of Shariah (Islamic Law). This means that CIMB Bank can manage your deposit to fund all economic activities unless there is a clear prohibition that it is non-permissible. Examples of non-permissible financial activities are those that are interest-based or businesses that are into alcohol, pork, entertainment and tobacco industries.

2. How does CIMB ensure that its products are Shariah-compliant?

CIMB Bank's Shariah-compliant products have been reviewed and approved by CIMB Islamic Shariah Committee, comprising of independent Shariah scholars who ensure that all products comply with Shariah. CIMB Islamic Shariah Committee consists of eminent global experts with deep experiences. For more information on our Shariah Committee, please visit <http://www.cimbislamic.com/>

3. How many Shariah-compliant products does CIMB have to offer?

CIMB Bank offers a wide range of Islamic banking products to cater to both individual and non-individual customers. Islamic deposit products are available for individual customers. For non-individual customers, we offer Islamic deposits, financings and trade finance products.

4. Can a non-Muslim apply for a Shariah-compliant product?

Yes! All of CIMB Bank's Shariah-compliant products are available to everyone.

5. How is CIMB Why Wait Fixed Deposit-i different from a normal Fixed Deposit account?

CIMB's Why Wait Fixed Deposit-i account works like a normal fixed deposit. The good thing is, unlike a normal Fixed Deposit where you receive your interest only at maturity; CIMB's Why Wait Fixed Deposit-i account allows you to collect your returns in the form of profit, upfront.

6. How is CIMB StarSaver-i different from the normal CIMB StarSaver account?

CIMB StarSaver-i account holders will enjoy the same benefits as already offered by the normal CIMB StarSaver in the form of no fall-below fee. You may also potentially receive returns in the form of *Hibah* on your CIMB StarSaver-i account. What's more, for customers with a CIMB Why Wait Fixed Deposit-i account, a CIMB StarSaver-i account will automatically be opened for you with no initial deposit required.

7. What is Hibah?

Hibah is a form of gift, to reward the StarSaver-i account holders for safe-keeping their monies/deposits with the bank. Attractive returns in the form of *Hibah* may be paid at the bank's discretion on the account, which will be credited at the end of the month.