

D. OPERATING INSTRUCTIONS

Any one / Two / Three / Four of above

All Signatories

Others (Please Specify)

Name of Chairman / President:

Name of Company Secretary:

AUTHORIZED SIGNATORIES OF THE COMPANY WITH THE COMPANY RUBBER STAMP

SIGNATURE		SIGNATURE		SIGNATURE	
NAME		NAME		NAME	
TITLE		TITLE		TITLE	
DATE		DATE		DATE	

"PLEASE MAKE ALL CASH & CHEQUE PAYMENTS TO THE CASHIER ONLY"

FOR OFFICE USE ONLY

CASH <input type="checkbox"/> CHEQUE <input type="checkbox"/> RECEIPT NO. <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> CHEQUE REALIZATION DATE <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	ME CODE <input type="text"/> CREATED BY <input type="text"/> CHECKED & AUTHORIZED BY 1. <input type="text"/> 2. <input type="text"/> AUTHORIZED OFFICER / BRANCH ACCOUNTANT / BRANCH HEAD OVER THE BRANCH STAMP	SPECIAL REMARKS
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TERMS AND CONDITIONS

1. Investment

Investment from Limited Liability Companies / Associations / Clubs / Societies / Trade Unions / Proprietorship / Partnership.

2. Renewals

If no notice of withdrawal is received in writing 2 days prior to the maturity, such Investment will be automatically renewed for the same period and treated as a fresh Investment subject to the terms & conditions prevailing at the time of such renewal.

3. General

- An Investment Certificate/Pass book will be issued in respect of each Investment. In the event of death of the Investment (s) proceeds will be paid to the nominee(s) or Heirs, Executors, Administrators and / or assigns as applicable. Investment certificates are not transferable by endorsement in the event of withdrawal prematurely / at maturity. The Investor or in the case of joint Investment(s) any one of the signatories may obtain proceeds, unless Instructions to the contrary are given.
- Where a nomination has been made on a joint deposit such nomination shall be null and void if any one of the depositors survives at maturity.
- At the request of the Investor (s) the company may remit the profit share/capital as per the Mudharabah Investment agreement to an account designated by the Investor(s) and in such event the Investor (s) hereby undertakes to indemnify the company against any loss, expense or other detriment that may arise resulting from such remittance as directed by the investor (s).
- In instance of Investments made by cheque, the Investment certificate will be issued, subject to realization of the cheque. All cheques must be drawn in favour of " LOLC Finance PLC " and crossed "PAYEES ACCOUNT ONLY"
- Investment certificates will be signed by two authorized officers of the company.
- Strict secrecy is observed with regard to all Investment accounts.
- The company reserves the right to
 - i) Restrict the amount of each Investment
 - ii) Accept or reject any application for an Investment.
 - iii) Refund an Investment after giving due notice of not less than ONE MONTH
 - iv) Make any changes in the terms of Investment, if so required by government or occasioned by government Monetary or Fiscal policy after giving due notice to the Investor
 - v) Recover any statutory levies if any that may be imposed by the State from time to time.
 All other terms and conditions are as per the Mudharabah agreement executed by the Investor / Rabbul maal and Fund manager / Mudharib

4. Anti Money Laundering and Environmental Declaration

I/ We hereby declare and confirm that all the money that I / we use for the purpose or this facility / deposit is earned or received by me / us through legitimate sources and is not derived or realized; directly or indirectly, from any unlawful activity or from the proceeds of any unlawful activity. I / We also declare and confirm that any money that I / we will be using in the future to make any payments in terms of this agreement including the rentals, capital and/or profit shall be money earned or received by me / us through legitimate sources and shall not be money derived or realized, directly or indirectly from any unlawful activity or from the proceeds of any unlawful activity. I / We also wish to confirm that any money received or earned by me in terms of this agreement shall only be used for legitimate purposes and shall not be used for any unlawful activity. (The words unlawful activity shall have the same meaning as defined in the prevention of Money Laundering Act. No.05 of 2006.)

I/ We wish to also confirm that all my/our sources of income are generated through activity which are conducted in compliance with the environmental laws, rules and regulations which are in force in the country and will ensure that all payments that I/we make including rentals, capital, profit, fees or any Investments made in terms of this agreement now as well as in the future shall be from income generated sources which involve activity which are in compliance with the above laws rules and regulations.

MUDHARABAH AGREEMENT

THIS MUDHARABAH AGREEMENT is made and entered into on this Day of Two Thousand and between LOLC Finance PLC. A company incorporated in the Democratic Socialist Republic of Sri Lanka bearing business registration number PB 244 PQ and having its registered office at No: 100/1 Sri Jayawardenapura Mawatha, Rajagiriya (hereinafter called and referred to as "Mudharib/Fund Manager" which term or expression shall mean and include successors and permitted assigns) of the ONE PART

And.....

(hereinafter called and referred to as the "Rabbul Maal / Investor" which term or expression shall mean and include the heirs, executors, administrators / its successors, nominees or permitted assigns) of the OTHER PART.

The Rabbul Maal / Investor has hereby made an offer to the Mudharib / Fund Manager to invest in the Mudharabah fund with the Mudharib / Fund Manager in profit generating Islamically acceptable business ventures / projects.

And the Mudharib / Fund Manager has hereby accepted the said offer of the Rabbul Maal / Investor to invest in the Mudharabah fund, and both parties hereto agree to fulfill their respective obligations under this Mudharabah Agreement.

Definitions :	Definitions of the following words shall have, whenever mentioned / used, the following meaning associated with each of them.
Mudharabah :	Is a partnership in profit whereby one party provides capital (Rabbul Maal) and the other party provides the management/ labour (Mudharib).
Rabbul Maal / Investor :	Refers to the individual or entity who provides money for investment and enters into a Mudharabah Agreement (Individual or Corporate).
Mudharib / Fund Manager :	Refers to an individual or entity who manage the funds by investing in Islamically acceptable ventures and shares profits with the Rabbul Maal/Investor.
Investment Fund :	Is a pool of funds entrusted by the Rabbul Maal / Investor with the Mudharib / Fund Manager for investments in profit generating business activities in compliance with the principles of Shari'ah.
Unrestricted Mudharabah :	Is a contract in which the capital provider permits the Mudarib to administer the mudharaba fund without any restriction provided that the investment is carried out according to Shari'ah law.
MIC :	Mudharabah Investment Certificate.
MIB :	Mudharabah Investment Book.
Profit :	Surplus that accrues on investment made by the Investment Fund, which at the end of a specified period, is available for distribution among investors and the fund manager.
Loss :	Deficit resulting from investment made by the Investment Fund at the end of a specified period to be borne by the Rabbul Maal/Investor(s).

Terms and Conditions

- The funds in the Investment Fund shall be invested on the basis of Unrestricted Mudharabah.
- The Mudharib / Fund Manager shall issue MIC/B evidencing the investment in the Investment Fund and terms of Investment Fund.
- MIC shall be stamped by Mudharib / Fund Manager and shall bear signatures of its authorized signatories.
- Withdrawal of investment in the investment fund prior to maturity is possible and may be allowed on mutual agreement between Rabbul Maal / investor and Mudharib/ Fund Manager, Subject to notice of Three (3) working days. No penalty of any form will be imposed on premature Withdrawal. However, profits will be calculated only to the actual investment period completed as per the relevant profit sharing ratio applicable for the lesser period. Any over payment of profit resulting from a pre-mature withdrawal will be adjusted from the accrued profits of the respective investment or recovered from the capital invested.
In the event of a loss in the investment fund, Mudharib / Fund Manager will deduct a pro-rated portion of the loss when making payment.
- Investments must remain for a minimum period of One Calendar month from the date of investment in order to qualify for sharing of profits.
- The profit of the Investment Fund will be calculated on the average Investment in the fund, the profit shall be paid and loss shall be deducted after determining the outcome of the Mudharib's / Fund manager's business operations and distributed to the investors, Monthly or at Maturity or Annually as agreed on the Mudharabah agreement ideally on the 10th working day on the subsequent month or as early as possible.
- Types of Investment funds and distribution of profit

Table 01

Types of investments	Period	Profit share to investor	Profit share to fund manager
Short Term	12 months & below		
Long Term	Above 12 months		
Saving	General/Corporate		

In a Mudharabah Super Saver Account, the Rabbul Maal and the Mudarib/Fund manager shall enjoy a progressive PSR as per below table subject to the CBSL maximum profit payment thresholds".

Table 02

	Saving Balance	Profit share to Investor	Profit share to Fund Manager
Slab - 01	From Rs. 15,000 to Rs. 24,999	32.50%	67.50%
Slab - 02	From Rs. 25,000 to Rs. 34,999	35.00%	65.00%
Slab - 03	From Rs. 35,000 to 49,999	37.50%	62.50%
Slab - 04	From Rs. 50,000 to 64,999	40.00%	60.00%
Slab - 05	From Rs. 65,000 to 74,999	42.50%	57.50%
Slab - 06	Rs. 75,000 & above	45.00%	55.00%

"In Mudharabah Super Saver Accounts, all subsequent PSR changes will be notified to Rabbul Maal/Investor prior to it being effected".

8. The Mudharib/Fund Manager will maintain a reserve account, referred to as the "Profit Equalization Reserve" (PER). This reserve fund, Which will be maintained by the Mudharib/Fund Manager as a contingency arrangement, accumulated from the distributable profit bench marked by the CBSL cap rate and provisioning guidelines together with the industry tends, will be utilized, whenever the expected profit return has a significant negative variance.
9. The Mudharib's / Fund Manager's determination of profit and loss shall be final and binding on the investor(s) for all purposes.
10. In the event of loss in business / investments, which may occur without any fault or negligence on the part of the Mudharib / Fund Manager, all investors of the Investment pool agrees to share the loss on a pro rata basis.
11. The Mudharib / Fund Manager shall not be responsible for any mistake, loss or oversight unless due to negligence or breach of the principles of Shari'ah and or terms and conditions of this Mudharabah Agreement.
12. The Mudharib / Fund Manager shall be empowered to charge expenses directly connected with the administration of the Investment Fund, to the Investment pool.
13. The Mudharib / Fund Manager shall be fully authorized to deduct / withhold any duties / taxes / levies in any form, as required under any applicable rules / laws in force, without reference to the Rabbul Maal/Investor.
14. The Mudharib / Fund Manager shall be entitled to introduce any procedure or amendment to the Investment Fund's terms and conditions. Such amendments shall only be applied in future after notifying the Rabbul Maal/Investor by giving 7 days notice therefrom.
15. In the event of death of the Rabbul Maal / Investor, provided, the Mudharib / Fund Manager receives a valid notice of his / her death, the credit balances in his / her accounts shall be released by the Mudharib / Fund Manager against a valid succession certificate, order of the court, letters of administration, probate, except, where operating instructions are given to release the funds to a nominee(s).
16. This Mudharabah Agreement is governed by and shall be construed in accordance with the applicable laws of Sri Lanka. All competent courts shall have jurisdiction to hear and determine any action, claim or proceedings arising out of or in connection with this Agreement
17. All matters either provided or not provided for in this Mudharabah Agreement will be conducted strictly within the existing regulatory framework applicable to Registered Finance Companies and funds mobilized will be considered as deposits for the purpose of the Finance Companies (Liquid Assets) Direction No. 03 of 2005, Finance Companies (Capital Funds) Direction No. 01 of 2003, Finance Companies (Deposit) Direction No. 01 of 2005, Finance Companies (Deposit – Incentive Schemes) Direction No. 05 of 2001 and the Finance Companies (Interest) Direction No. 02 of 2005. All competent courts shall have the non-exclusive jurisdiction to hear and determine any action, claim or proceedings arising out of or in connection with this Mudharabah Agreement
18. The Mudharib/Fund Manager shall maintain a reserve for doubtful debts in respect of the investment fund.
19. All documents issued consequent and in relation to this Mudharabah Agreement, such as the Account opening Form, Mudharabah Investment Slip, Mudharabah Investment Certificate/ Mudharabah Investment Book shall be an integral part hereof.
20. The Rabbul Maal/ Investor hereby appoints of (NIC No) as his/her nominee under this Mudharabah Agreement.
21. The contents of this Mudharabah Agreement has been thoroughly explained by the Mudharib / Fund manager to the Rabbul Maal / Investor before the signing.

The parties, having read and understood fully the contents of this Mudharabah Agreement, have signed this Mudharabah Agreement.

1. Signature of the Rabbul Maal / Investor.....
2. Signature of the Rabbul Maal / Investor.....
3. Signature of the Rabbul Maal / Investor.....

For and on behalf
of the Mudharib /
Fund Manager

Witnesses
Signature

1. 2.

Name

.....

NIC No

.....

Address

.....

LOLC FINANCE PLC

Company Registration No: PB 244 PQ

No. 100/1, Sri Jayawardenepura Mawatha, Rajagiriya, Sri Lanka.

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