Habib Canadian Bank

# Index-Linked Term Deposit

**Please print clearly in the blank boxes**

The undersigned has invested in an Index-Linked Term Deposit in the Principal Amount of: _____

**Term**

☐ 1 Year, Non-Redeemable. Maturity Date: _____ dd/mm/yyyy

☐ 3 Year, Non-Redeemable. Maturity Date: _____ dd/mm/yyyy

☐ 5 Year, Non-Redeemable. Maturity Date: _____

**BANKING DETAILS**

Customer Name(s) _____

Sirat Chequing Account No. _____

Branch No. _____ Renew / Transfer to Sirat Chequing Account # _____

Instruction at Maturity _____

_____

**By Signing Below You, The Investor, Acknowledge That:**

- Your Index-Linked Term Deposit is subject to the terms and conditions set out below including the Term Sheet attached as Exhibit A (the "Term Sheet") which you agree to be bound by;
- You have read the terms and conditions and the Term Sheet and you understand the risks associated with the Index-Linked Term Deposit that you are purchasing and particularly that there is no guarantee that any return will be paid on the Index-Linked Term Deposit as it depends on the performance of the S&P/TSX 60 SHARIAH Index, as more particularly described in the terms and conditions and in the Term Sheet;
- While the product pays a return based on the performance of the S&P/TSX [1] 60 Shariah Index over the term of the product, Canadian law considers this return as interest for regulatory purposes.
- Your personal information collected in connection with the Index-Linked Term Deposit will be subject to Habib Canadian Bank's Privacy Notice which is made available to you by Habib Canadian Bank or can be requested from Habib Canadian Bank at any time.

**DATED** as of the _____ day of _____,_____.

Signature

First and last name (print clearly) _____ dd/mm/yyyy

SIN No. _____

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Signature

## Terms & Conditions

| Definitions | |
|---|---|
| In these terms and conditions, the following terms have the following meanings: | |
| **Average Value** | means the total sum of all the closing daily values of the Index from the First Valuation Date to the Final Valuation Date divided by the number of days in the Term. |
| **Calculation Agent** | means Habib Canadian Bank ("HCB"). HCB's determinations and calculations shall be binding in the absence of manifest error. |
| **Effective Date** | means, _____, Term beginning date. |
| **Final Valuation Date** | means, unless a Market Disruption Event occurs, the last Valuation Date in the Term, which is one day before the date on which the term matures. |
| **First Valuation Date** | means, unless a Market Disruption Event occurs, _____, which is one day before the date on which the Term begins. |
| **Index** | means the S&P/TSX 60 SHARIAH Index as described in the Term Sheet that is used as a basis to calculate the Return on your Index-Linked Term Deposit. |
| **Index Business Day** | means any day on which the closing value of the Index is published (or, but for the occurrence of a Market Disruption Event, would have been). |
| **Market Disruption Event** | means the occurrence or existence, on the Effective Date or on any Index Business Day during the one-half hour period that ends at the close of trading, of any suspension of or limitation imposed on trading on the Toronto Stock Exchange in securities that comprise 20% or more of the level of the S&P/TSX 60 Shariah Index, if, in the determination of the Calculation Agent, such suspension or limitation is material. |
| **Maturity Date** | means the Maturity Date indicated on the Investment Certificate under the heading "Term". |
| **Principal Amount** | means the dollar amount used to purchase the Index-Linked Term Deposit which is indicated as the "Principal Amount" on the Investment Certificate. |
| **Related Exchange** | means any exchanges or trading system upon which futures and or options contracts on the Index are traded. |
| **Return** | means the Return on the Principal Amount calculated in accordance with Section 5 of these terms and conditions and derived from the performance of the Index during the Term. Canadian law considers this return as interest for regulatory purposes. |
| **Maximum Return** | means maximum return on the Principal Amount determined and set by Habib Canadian Bank on the Effective Date of the Index Linked Term Deposit, which represents the maximum total return payable over the Term. Canadian law considers this return as interest for regulatory purposes. |
| **Starting Value** | means the closing value of the Index on the First Valuation Date |
| **Term** | means the term of your Index-Linked Term Deposit beginning on the Effective Date and continuing to the Maturity Date. The Term of your Index-Linked Term Deposit is indicated on the Investment Certificate. |
| **Term Sheet** | means the Term Sheet explaining the operation of the Index-Linked Term Deposits attached to these terms and conditions, which forms part of these terms and conditions. |
| **"You" or "Your"** | means the investor noted on the Investment Certificate who is the purchaser of the Index-Linked Term Deposit. |

### 1. Minimum Investment

Minimum Investment is $1,000 CAD.

### 2. Repayment

HCB shall, on the Maturity Date, repay the Principal Amount together with any applicable Return, in the same currency in which the investment was made (Canadian Dollars or US Dollars). The full Principal Amount is guaranteed to be repaid at maturity, irrespective of the performance of the Index during the Term.

### 3. Maturity Date

The Maturity Date is the date on which the Index-Linked Term Deposit ends and there is no automatic renewal of the Index-Linked Term Deposit. If the Maturity Date falls on a Saturday, Sunday or holiday, it will be extended to the next Index Business Day. No Return is earned on the Index-Linked Term Deposit after the Maturity Date.

### 4. Fees

No fees will be charged during the Term of the Index-Linked Term Deposit.

### 5. Calculating Your Return

Return on the Principal Amount means the amount payable on the Maturity Date in addition to the Principal Amount, determined in accordance with paragraphs (a) and (b) below.

**a.** The Return on the Principal Amount of the Index Linked Term Deposit calculated in accordance with these Terms and Conditions and derived from the performance of the S&P/TSX 60 Shariah Index over the Term, which Return shall be calculated as follows:

First, the calculation of the Average Value is determined on the Maturity Date. Then, the Starting Value is subtracted from the Average Value to determine the resulting difference (the difference between the Average Value and the Starting Value, the "Difference"). Next, the Difference is divided by the Starting Value and the resulting amount is the "Index Amount." To determine the Return, the Index Amount is multiplied by the Principal Amount.

If the Difference is equal to zero or is a negative number, no Return shall be payable under this paragraph (a) and the investor shall receive only the Principal Amount on the Maturity Date.

The Return calculated under this paragraph (a) is not an annual rate of return but represents the total return on the Index Linked Term Deposit over the Term.

**b.** A maximum return on the Principal Amount shall be determined and set by Habib Canadian Bank on the Effective Date of the Index Linked Term Deposit, which represents the maximum total return payable over the Term.

The maximum return, if applicable, shall be applied to the Principal Amount for the full Term and shall represent the total return over the Term, not an annual rate of return.

Please refer to the examples illustrating the calculation of returns provided on the last page of the term sheet.

### 6. Risks

There is no guarantee that any Return will be paid to you on your Index-Linked Term Deposit, as it is completely dependent on the performance of the stocks comprising the S&P/TSX 60 SHARIAH Index between the First Valuation Date and the Final Valuation Date. An Index-Linked Term Deposit may not be suitable for all investors. It is designed for those investors who are prepared to hold their Index-Linked Term Deposit until the Maturity Date.

### 7. No Early Redemption

Your Index-Linked Term Deposit is not redeemable prior to the Maturity Date, except in the case of your death.

### 8. No Transfer

Your Index-Linked Term Deposit is non-negotiable and non-transferable and cannot be transferred or assigned under any circumstances, without the express consent of HCB.

### 9. RRSP/RRIF/TFSA Compliance

When placed in an RRSP/RRIF/TFSA your Index-Linked Deposit is subject to all the terms and conditions of the specimen plan as approved by the Canadian Revenue Agency.

### 10. Market Disruption Event

If a Market Disruption Event occurs on the Effective Date or any Valuation Date, such date shall be postponed to the first succeeding Index Business Day on which no Market Disruption Event is occurring, unless a Market Disruption Event occurs on each of the five consecutive Index Business Days immediately following the originally scheduled date. In that case, the fifth Index Business Day shall be deemed to be the Effective Date or the relevant Valuation Date, as applicable, notwithstanding the continuation of the Market Disruption Event.

If the Effective Date or a Valuation Date is so deemed, the Calculation Agent shall determine the level of the S&P/TSX 60 Shariah Index as of the close of trading on such fifth Index Business Day, using the methodology for calculating the Index last in effect prior to the onset of the Market Disruption Event and based on the closing prices of the component securities on the Toronto Stock Exchange (or any successor exchange).

All determinations by the Calculation Agent pursuant to this provision shall be made in good faith and in a commercially reasonable manner. In making such determinations, the Calculation Agent may exercise its reasonable discretion and may consider such information, factors and circumstances as it deems appropriate.

### 11. Availability of The Index

If the S&P/TSX 60 Shariah Index is materially changed, discontinued, or unavailable for any reason, the Calculation Agent may, at its sole discretion, either determine a replacement index itself or appoint a third party to do so, using a substantially similar methodology to calculate returns.

In the event that the stock price index value of the S&P/TSX 60 SHARIAH Index published on a Valuation Date is subsequently corrected by Standard & Poor's or the Toronto Stock Exchange within thirty days of the original publication, the Calculation Agent will incorporate that correction into the calculation of the Average Value, except in respect of the Final Valuation Date.

### 12. Calculation Agent

The Calculation Agent will be solely responsible for computing the Return based on the performance of the Index and no independent calculation agent will be named to confirm the Calculation Agent's determinations.

## 13. DISCLAIMER

This Index-Linked Term Deposit is not sponsored, endorsed, sold or promoted by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") or the Toronto Stock Exchange ("TSX"). S&P and the TSX make no representation or warranty, express or implied, to the owners of this deposit or any member of the public regarding the advisability of investing in securities generally or in these deposits particularly or the ability of the S&P/TSX 60 SHARIAH Index to track general stock market performance. S&P and the TSX have no obligation to take the needs of Habib Canadian Bank or the owners of the deposits into consideration in determining, composing or calculating the S&P/TSX 60 SHARIAH Index. S&P and the TSX are not responsible for and have not participated in the determination of the timing of the issue of the deposits, prices at which the deposits will be issued, or quantities of the deposits to be issued, or in the determination or calculation of the equation by which the deposits are to be converted into cash. S&P and TSX have no obligation or liability in connection with the administration, marketing or trading of the deposits.

**S&P AND THE TSX DO NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE S&P/TSX 60 SHARIAH INDEX OR ANY DATA INCLUDED THEREIN, AND S&P AND THE TSX SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. S&P MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY HABIB CANADIAN BANK, OWNERS OF THE DEPOSITS, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE S&P/TSX 60 SHARIAH INDEX OR ANY DATA INCLUDED THEREIN. S&P AND THE TSX MAKE NO EXPRESS OR IMPLIED WARRANTIES OR CONDITIONS, AND EXPRESSLY DISCLAIM ALL WARRANTIES OR CONDITIONS OF MERCHANTABILITY, MERCHANTABLE QUALITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE S&P/TSE 60 INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL S&P OR THE TSX HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.**

# Exhibit A

## Term Sheet

S&P/TSX 60 SHARIAH Index-Linked Term Deposits

All capitalized terms used in this Term Sheet have the meanings set out in Section 1 of the terms and conditions that this Term Sheet is attached to

## Features

### 1. Minimum Investment

Minimum Investment amount is $1,000 CAD.

### 2. Financial Planning

The Index-Linked Term Deposit is RRSP/RRIF/TFSA eligible.

### 3. Who Should Consider An Index-Linked Term Deposit?

- Investors who are looking for a deposit with a principal guarantee that offers the potential for a higher return than the return paid on fixed rate deposits.
- Investors who are looking for an equity-linked investment that carries no fees or commissions.
- Individuals searching for a diversified investment in Canadian corporations.
- Individuals who are not willing to risk their initial investment.

### 4. Deposit Insurance

The Principal Amount and any Return on Index-Linked Term Deposits are insured subject to prescribed insurance limits in accordance with the terms and conditions of Habib Canadian Bank's deposit insurance coverage.

### 5. Income Tax

Tax will be deferred on Index-Linked Term Deposits held inside registered plans. However, the income tax consequences of holding an Index-Linked Term Deposit outside a registered plan will depend upon a holder's particular circumstances, and holders should consult their tax advisors before considering the investment outside a registered plan.

### 6. RISKS

Unlike other term deposits, there is no guaranteed return on this product. Depending on the performance of the stocks comprising the S&P/TSX 60 Shariah Index over the Term, it is possible that, at maturity, the investor will receive only their principal back.

**Examples:** Each example starts with the principal amount of $1,000 with the Index starting value at 450. Maximum return has been assumed at 16% for a 3-year term and 20% for a 5-year term

**Three-year example:**

(a) The average value of the S&P/TSX 60 SHARIAH Index over the term of the deposit is 517.50. At the maturity date of the deposit the investor will receive:

[(517.50 - 450)/450] = 0.15

0.15 X $1,000 = $150.00 plus the original principal amount of $1,000.

(b) Maximum return of $1,000 x 16% = $160 plus the original amount of $1,000

The investor will receive $150 plus the original principal amount of $1,000

**Five-year example:**

(a) The average value of the S&P/TSX 60 SHARIAH Index over the term of the deposit is 562.50. At the maturity date of the deposit the investowill receive:

[(562.50 - 450)/450] = 0.25

0.25 X $1,000 = $250.00 plus the original principal amount of $1,000.

(b) Maximum return of $1,000 x 20% = $200 plus the original amount of $1,000

The investor will receive $200 plus the original principal amount of $1,000

**For both the three-year and five-year deposits, should the Average Value of the Index is lower than the Starting Value of the Index, the Return on the Index-Linked Term Deposit will be 0.00% and the investor will receive only their principal investment back at maturity.**



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