

*In the Name of Allah, The Beneficent, The Merciful*

16 April 2017

**SHARIAH PRONOUNCEMENT (“FATWA”) WITH RESPECT TO  
NATIONAL BANK OF FUJAIRAH’S ISLAMIC AUTO FINANCE PRODUCT**

We, the undersigned, the scholars composing the National Bank of Fujairah PSC – Islamic Finance Division (“the Bank”) Shariah Supervisory Board (“SSB”) have been presented with the below mentioned structure and documents pertaining to the Islamic Auto Finance product (“the Product”) for our Shariah review and approval.

The Auto Finance product which is a plain vanilla Auto Finance Product is based on the Shariah concept of Murabaha.

Under this product, NBF or its agent purchases the vehicle which is identified by the Customer from the seller/dealership and sells the same to a customer on a cost-plus profit basis. The basic requirement in this transaction is the disclosure of the cost of the asset (vehicle) and mark-up price prior to its sale to the Customer. The disclosure of the cost price is based on the concept of *Amanah* or trust.

The key features of a Murabaha transaction are:

1. The risk of ownership shall be borne by the seller (Bank) from the time of purchase of asset by the Bank to the time the asset is actually sold to the Customer.
2. The seller (Bank/dealership) must own the asset and assume actual or constructive possession before the same can be sold to a Customer.
3. The price of Murabaha asset (vehicle) will be fixed and can be paid either in the form of a lump-sum amount or in instalments or a combination of both.
4. Upon entering into the Murabaha agreement the Customer submits a promise to purchase undertaking to the Bank.

We have reviewed the following documentations and its appendices (“Documents”) in relation to the Product:

1. Auto Finance Murabaha Agreement;
2. Acknowledgment of Possession;
3. Purchase undertaking;
4. Product Program Guide; and
5. Operational Policies & Procedures.

Pursuant to our review of the above Documents and subject to the Product application as per the approved Documents therein, we are of the opinion that the Product is in compliance with the Shariah principles.

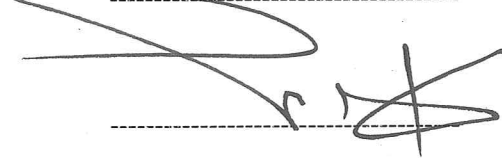
*Allah Almighty knows best.*

**APPROVED BY:-**

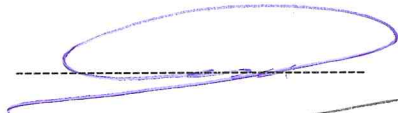
**Dr. Mohamed Ali Eigari (Chairman)**



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