



In the Name of Allah, The Beneficent, The Merciful

11 September 2017

SHARIAH PRONOUNCEMENT (“FATWA”) WITH RESPECT TO NBF’S MUDARABAH BASED ISLAMIC SAVINGS ACCOUNTS AND FIXED DEPOSIT 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 Mudarabah Based Savings Accounts and Fixed Deposit Products (“the Products”) for our Shariah review and approval.

The NBF Mudaraba Savings Accounts and Fixed Deposit products form part of the Shariah-compliant instruments offered to Customers to generate a return on their funds deposited with the bank. The investment can be in the form of a short to medium term instrument, with a fixed profit sharing ratio weighted against the duration of the investment or in the form of savings account with no defined maturity.

Under this product, the Customer enters into a Mudarabah contract with the Bank where the Customer in the capacity of Rab al Maal will give the Bank his cash as capital for investment purposes. The Bank as Mudarib shall endeavour to assist the customer in achieving his investment goals. It will be a type of unrestricted Mudarabah investment contract whereby the investment decision will be at the full discretion of the bank. The customer and the bank will then share the profit (if any) from the investments made by the bank based on a pre-agreed Profit Sharing Ratio (PSR).

All the funds for investment are collected in a pool of funds which will be used to invest in profit oriented Shariah-compliant financings and investments. Both the Rab al Maal and the Mudarib will agree to a Profit Sharing Ratio (PSR) prior to the start of the investment. The profit shared between the Rab al Maal and the Mudarib shall be after deduction of any agreed Profit Equalization Reserve (PER) and subsequently Rab al Maal share of profit shall be subject to Investment Risk Reserve (IRR). Should the investment fail to generate an income or suffers a loss, the Rab al Maal shall bear the loss of the investment whilst the Mudarib will bear the loss of effort and labour.

The salient features of the Mudarabah investment products are:

1. The sharing of profit between the Mudarib (the Bank) and the Rab al Maal (Customer) in accordance with an agreed Profit Sharing Ratio.
2. Various categories of accounts and deposits will be assigned weightages by the Mudarib on the basis of which the profit will be distributed among the depositors. Weightages, once announced, can only be changed for future periods and any change in the same will be communicated to the Rab al Maal as per agreed means of announcement.
3. Mudarib (Bank) can stipulate different minimum deposit for different products to be maintained by Rab al Maal (Customer) to open the account and become eligible for profit in a period. In case the stipulated minimum balances are not maintained, profit will not be given to Rab al Maal (Customer).
4. Mudarib (Bank), at its discretion, can charge service fees as per its schedule of charges for various banking services provided to Rab al Maal in the course of normal banking business like cheque books, debit cards etc. provided that service charges has to be out of the Mudarabah contract.
5. All losses in Capital shall be borne by the Rab al Maal (Customer), the Mudarib (the Bank) loses only its time and effort in managing the Rab al Maal's investment. Mudarib (Bank) will only be liable for losses in case of negligence and misconduct.
6. Mudarib (Bank) can waive its share of profit on the date of distribution in favour of Rab al Maal (Customer) on the basis of waiver (*tanazul*) in case it wishes to bring the actual profit in line with market based profit rates.
7. Mudarib (Bank) can offer, only from its own share of profit, cash and/or in kind prizes to one or more categories of Rab al Maal (Customer) in the form of Hibah (gift).
8. Mudarib (Bank) can comingle and invest its own funds along with the funds of Rab al Maal (Customer).

We have reviewed the following documentation and its appendices ("Documents") in relation to the Product:

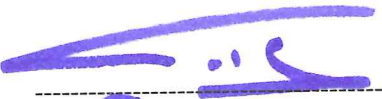
1. General Terms and Conditions applicable for accounts and Islamic banking services forming Mudarabah contract between Bank and Customer;
2. Profit distribution policy;
3. Profit Calculation sheet;
4. Product Program Guide; and
5. Operational Policies & Procedures.


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 Elgari (Chairman)

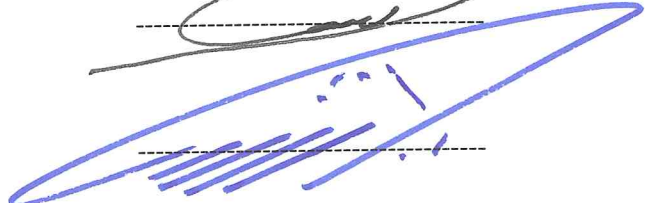




Dr. Mohd Daud Bakar (Member)

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