

In the Name of Allah, The Beneficent, The Merciful

Date: 11 November 2016

FATWA WITH RESPECT TO ISLAMIC PROFIT RATE SWAP 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 Profit Rate Swap Product (the “Product”) for our Shariah review and approval.

The Product (Mubadalatul Arbaah) is defined as an agreement to exchange profit rates between a fixed rate party and a floating rate party, or vice versa, implemented through the execution of a series of underlying Shari’ah compliant contracts. The Product applies the concept of Wa’ad as a binding unilateral promise and is binding on one party only. It is being used or utilized in this Product in order to ensure that the Mubadalah (swap) reaches its maturity. A Wa’ad is given by each party in respect of each relevant Murabaha commodity transaction stage until the Mubadalah (swap) expires.

The Product will apply the Tahawwut Agreement by the International Islamic Financial Market (“IIFM”) which has been approved by its Shariah Board respectively.

In carrying out the said mandate, we have reviewed the Product’s Product Programme Guide (“PPG”) and its following legal documentation which are as follows:

1. ISDA/IIFM Tahawwut Master Agreement
2. DFT Terms Agreements (Wa’ad-based and involving a Single Sale structure) - for fixed and floating rates; and
3. DFT Terms Agreements (Wa’ad-based and involving Two Sales structure) - for fixed and floating rates;

Pursuant to our review of the above documentation, we are of the opinion that the Product is in compliance with Shariah principles.

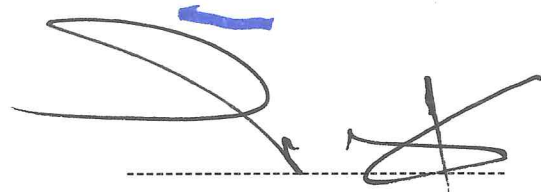
Allah Almighty knows best.

APPROVED BY:

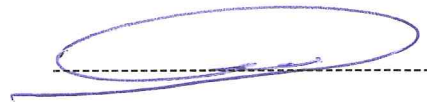
Dr. Mohamed Ali Elgari (Chairman)



Dr. Mohd Daud Bakar (Member)



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Dr. Osama Al- Dereai (Member)

