

**In the name of Allah, the Most Gracious, the Most Merciful**

**ISLAMIC TERM MUSHARAKAH BY STANDARD CHARTERED BANK PAKISTAN LIMITED  
PRONOUNCEMENT OF THE SCBPL SHARIAH BOARD**

**All praise is due to Allah, the Cherisher of the World, and peace and blessing be upon  
the Prophet of Allah on his family and all his companions**

The Shariah Board (SB) has reviewed the structure and agreements relating to SCBPL's Islamic Term Musharakah product in Pakistan:

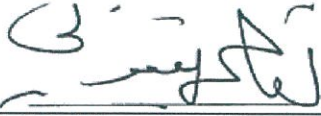
1. Musharakah Agreement

A brief outline of the product structure is given below:

1. Bank enters into a joint investment arrangement for a pre agreed term with the Customer whereby the Bank agrees to invest funds in the Customer's business on a profit and loss sharing basis. The Customer will be appointed as the manager of the joint investment arrangement. This can be for an agreed tenor which can be short or long term.
2. Customer's equity (paid-up capital, reserves and financing in any form) in the business is treated as his investment.
3. Bank performs a credit analysis of the Customer and approves a suitable limit.
4. It is agreed as per the terms of the contract that there will be one disbursement and the Customer will drawdown a fixed amount for a certain period of time. Hence the Bank's investment in this business will be the drawdown amount.
5. The Profits from the business will be shared between the Bank and the Customer as per a pre agreed ratio. The profit sharing ratio can be either a straight ratio (e.g. 40:60) or on a tiered structure with different sharing ratios at different levels of profits.
6. The profit and loss sharing will be done based on the audited results of the Customer's business at the end of the year upon finalization of the audited financial statements.
7. The Customer will be required to pay provisional profit during the year as per an agreed formula. This provisional profit will, however, be subject to adjustment based on actual profit sharing as discussed in the last point.
8. The Bank may offer to pay a performance bonus to the customer in case the actual profit comes out to be more than a predefined profit threshold level.
9. In case the audited results show a loss in the Customer's business the same will be shared between the parties in the ratio of their respective investments.
10. The Bank can obtain security from the Customer to secure its obligations under the joint investment. The security can only be utilized by the bank in case of a default or breach of contract by the customer.

The Shariah Board is of the view that the product could be utilized in the manner stated above and hereby rules that the Islamic Term Musharakah product is in accordance with the principles of Shariah and customers can take advantage of this facility, which relieves them from interest-based products.

And Allah Almighty knows best.



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**Shaikh Nizam Yaqouby**  
Chairman Shariah Board



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**Mufti Muhammad Abdul Mubeen**  
Member Shariah Board



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**Mufti Irshad Ahmad Aijaz**  
Member Shariah Board



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**Mufti Muhammad Abdullah**  
Resident Shariah Board Member

**SCBPL Shariah Board**  
Date: March 30<sup>th</sup> 2016