

## Fatwa: Financing by Investment Agency

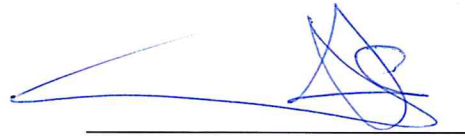
Sharia Supervisory Board at Bank Nizwa reviewed the Financing by Investment Agency Product Program and its documents comprehensively, which includes the following four financing modes:

- In response to client request, the Bank provides financing of working capital to the corporate client by Investment Agency;
- The Bank, as capital provider (investor), concludes Investment Agency Agreement with client as Investment Agent for short term or long term investment periods as agreed;
- The Bank stipulates to the client to use the investment amount in identified Sharia compliant activities as per working capital requirements;
- Both parties agree on the investment expected profit by utilizing an agreed benchmark, the most important of which is the percentage of operating income as reported in the comparative audited financial statements;
- Upon maturity of the investment period, client must submit in-house financial figures to compare the actual realized operating income by the end of the investment period with the expected profit mentioned in the Investment Agency Agreement;
- Client pays the investment amount with the realized profit to the Bank, and any profit in excess to the agreed expected profit is incentive to the investment agent;
- It is permitted for the client to pay amounts on account of expected profit to the Bank during the investment period provided that all profit amounts paid are subject to settlement with the actual realized profit at the end of investment period;
- It is permitted for both parties to agree in advance in the Investment Agency Agreement to reduce the investment agency gradually at agreed dates, while the investment continues for the remaining investment amount for the agreed investment period, and it is not permitted to reduce the investment amount during the investment period if not agreed to this effect in the Investment Agency Agreement, except with approval of both parties;
- Client is not liable as guarantor of the investment amount, and profit if realized but not paid, except in cases in cases of transgression and underperformance and violation to the Investment Agency Agreement terms and conditions.
- Any securities taken by the bank can be executed only in cases of proven transgression and gross negligence by the client, or violation to the terms and conditions of the Financing by Investment Agency agreement.

Sharia Supervisory Board confirms that the Financing by Investment Agency Product Program is in compliance with Sharia principles and rules as issued by the Sharia Supervisory Board of the bank and Auditing and Accounting Organization for Islamic Financial institutions (AAOIFI), specifically Sharia standard number (23) on Agency, and Sharia Standard number (46) on Investment Agency, and other related Sharia and Accounting standards, and with applicable regulations in the Sultanate of Oman.

Sharia Supervisory Board recommends obedience to Allah, and sincere intentions in privacy and public, and adhere to best practices to the good of society; and Allah is All-knowledgeable.

**Dr. Abdul-Sattar Abou Ghuddah**  
**Chairman of Sharia Supervisory Board**



**Dr. Sheikh Muhammad Bin Rashed Al-Gharbi**  
**Member of Sharia Supervisory Board**



**Sheikh Ibrahim Bin Naser Al-Sawwafi**  
**Member of Sharia Supervisory Board**



Muscat, 06<sup>th</sup> of Safar, 1437H; equivalent to November 18, 2015.