

### Fatwa: Interbank Mudaraba Investment

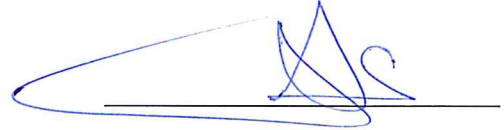
Sharia Supervisory Board at Bank Nizwa reviewed the Interbank Mudaraba Product Program and its relevant documents comprehensively including the Interbank Mudaraba Agreement, and established the following major execution steps:

- Mudaraba refers to an investment agreement between two banks or financial institutions: the first of which is the capital provider and the second is the investment manager (Mudarib). By exchange of offer and acceptance, the investment manager shall invest the Mudaraba investment capital for the agreed investment period.
- The interbank Mudaraba shall be of an unrestricted nature whereby the investment manager shall invest the investment capital in Sharia compliant investments in its general investment pool, and the investment manager may mingle its own funds in the Mudaraba investment.
- Both parties shall agree on the expected profit amount or rate to be generated from this Mudaraba investment in the exchange of offer and acceptance, and may use any well-known market regulated indicator as benchmark to establish the expected profit rate.
- The Mudaraba investment will become restricted if the capital provider restricts investment in a specific sector, commodity or any other restricting condition.
- At maturity of the Mudaraba investment, and after collecting its share of profit for the mingled funds in the Mudaraba investment, the investment manager (Mudarib) shall distribute the realized profits as per the agreed profit distribution ratio.
- The investment manager (Mudarib) is entitled to any profit amount in excess to the agreed expected profit rate as incentive.
- The capital provider bears all risks and losses of the investment, if any; and the investment manager (Mudarib) shall not be liable for any losses except for cases of negligence and violation to the Mudaraba terms and conditions.
- Amounts may be distributed on account of profit subject to final settlement in comparison to actual realized profit upon maturity of the Mudaraba investment.

Sharia Supervisory Board confirms and declares that the Interbank Mudaraba 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 (13) on Mudaraba, and Accounting Standard number (01) on General Disclosure, and other related Sharia and Accounting standards, and with applicable regulations in the Sultanate of Oman.

The 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.

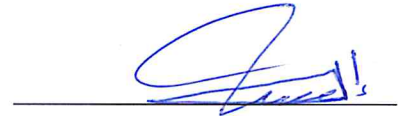
**Dr. Abdul-Sattar Abou-Ghuddah**  
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Muscat, 06<sup>th</sup> of Safar, 1437H; equivalent to November 18, 2015.