

FINANCING PRODUCTS

Product	Modus Operandi	Usage	Difference from Conventional Finance
Murabaha	Short-term facility where Bank sells specified goods/raw material to customer on deferred/spot payment basis by disclosing cost and profit.	Purchase of raw materials and assets.	<ul style="list-style-type: none"> > Subject matter of contract is asset, instead of interest-based loan > Buying and selling of asset by Bank instead of lending and borrowing > Profit based on trade income (buying and selling of asset) instead of markup on loan > Inventory risk borne by Bank through direct ownership in asset > No markup/penalty on late payment by customer. Customer may however, undertake to donate certain amount to Bank for charitable purposes in case of late payment
Musawammah	Short-term facility where Bank sells specified goods/raw material to customer on deferred/spot payment basis.	Purchase of raw materials and assets.	
Istisna	Short-term facility in which Bank orders its customer to manufacture and deliver goods to Bank as per agreed specification. After taking delivery of goods from customer, these goods are sold in the market.	Working capital requirement for manufacturing goods against local/export order.	
Tijarah	Short-term facility to meet liquidity requirements of customer where Bank purchases finished goods on spot. The goods are then delivered to the Bank. After taking delivery, goods are sold in the market.	Liquidity requirement against finished goods.	
Salam	Short-term facility where Bank purchases homogenous commodity from customer to be delivered at a future date against full advance payment. After taking physical delivery from customer, goods are sold in the market.	Working capital finance for homogenous goods to be available in future (ideal for agriculture sector).	

Product	Modus Operandi	Usage	Difference from Conventional Finance
Running Musharakah	Short to medium-term facility where Bank creates partnership with customer in its operating activities. Profit is shared between Bank and customer as per pre agreed profit sharing ratio whereas loss is shared by both parties in proportion to their investments.	Alternative to conventional running finance product.	<ul style="list-style-type: none"> > Contract of partnership instead of interest-based loan > Income based on actual profit earned by entity during subject period instead of predetermined rate of interest
Ijarah	Medium to long-term Islamic leasing facility. Asset remains in ownership and name of Bank throughout the tenure and is leased to customer against periodic rentals. Upon termination or maturity, asset is transferred to customer through gift or sale.	Procurement of plant, vehicle, machinery, equipment.	<ul style="list-style-type: none"> > Contract of Islamic leasing instead of loan > Rental to start after delivery of asset instead of disbursement date. > Rental to stop if asset is unusable or destroyed > Risk of asset is borne by Bank during lease of tenure unless misconduct, fraud or negligence is proven on part of customer > Ownership related expenses borne by Bank > No markup/penalty on late payment by customer. Customer may however, undertake to donate certain amount to Bank for charitable purposes in case of late payment
Diminishing Musharakah	Medium to long-term facility for joint purchase of asset by Bank and Customer. Bank leases its share of asset to customer against periodic rentals and customer buys Bank's share over the period to eventually become complete owner of the asset.	Procurement of plant, vehicle, machinery, equipment.	<ul style="list-style-type: none"> > Contract of partnership instead of loan > Rental to start after delivery of asset to customer > Rental to stop if asset is unusable or destroyed > Risk of asset is borne by Bank for its share unless misconduct, fraud or negligence on part of customer > Ownership related expenses borne by Bank up to its share > No markup/penalty on late payment by customer. Customer may however, undertake to donate certain amount to bank for charitable purposes in case of late payment

DEPOSIT PRODUCTS

Deposit Products	Modus Operandi	Usage	Difference from conventional products
Current Account	A checking account where customer deposits funds based on the concept of loan and Bank is liable to repay customer its deposited amount upon demand without any benefit or profit.	Daily banking needs of individuals/institutions.	<ul style="list-style-type: none"> > No current account exclusive benefit of any nature (monetary or non-monetary) can be given to depositors as opposed to conventional current account. > The deposit amount is only invested in Shariah-compliant avenues as opposed to interest-based investments
Saving Account	A checking account where customer deposits money as a Rab-ul-Mal to the Bank as Mudarib to invest in Shariah-compliant activities in accordance with contract of Mudarabah. The profit, if any, is shared as per the declared profit-sharing ratio and loss is borne by the Rab-ul-Maal.	Daily banking and Investment need of individuals/institutions.	<ul style="list-style-type: none"> > Customer gets profit in the form of Mudarabah profit which is profit on partnership instead of profit on loan > These accounts are based on Mudarabah whereas their conventional counterparts are based on loan
Certificates of Islamic Investments (COIIs)	A fixed term certificate reflecting customer's investment as a Rab-ul-Mal to the Bank (as Mudarib) to invest in Shariah-compliant activities in accordance with contract of Mudarabah. The profit, if any, is shared as per the declared profit-sharing ratio and loss if borne by the Rab-ul-Maal.	Saving and investment needs.	<ul style="list-style-type: none"> > The deposit amount is only invested in Shariah-compliant avenues as opposed to interest-based investments > Profit rate is not guaranteed