

16 November 2022



**SHARIAH PRONOUNCEMENT (FATWA) WITH RESPECT TO HABIB BANK AG ZURICH SWITZERLAND  
ISLAMIC FIXED TERM DEPOSIT PRODUCT**

We, the Amanie Shariah Supervisory Board (“SSB”) have been presented with the proposed new Islamic Fixed Term Deposit (the “Product”) of Habib Bank AG Zurich Switzerland (the “Bank”) for our Shariah review and approval.

The Product will be based on the Islamic principle of Investment Wakala allowing clients to receive profit on their deposited funds. Under the Product, the Bank’s clients appoint the Bank as their agent to invest the deposited funds in Shariah-compliant activities with the aim of generating the agreed profit rate (“Expected Profit Rate” or “EPR”). The Bank invests the funds, acting in its own name (and not in the name of the clients) in different Shariah-compliant investment transactions (such as purchase and sale of Shariah-compliant instruments (such as Sukuk) or through placements with other Islamic banks/windows).

On the agreed payment date, the Bank calculates and pays the profit due to the clients based on the actual performance/rate of return of the Bank’s investments (“Actual Profit Rate” or “APR”) capped at the Expected Profit Rate agreed with the clients upon placing the deposit. Any profit exceeding the EPR will be given to the Bank as an incentive for good performance and for achieving the EPR. The Bank will be entitled to receive a fee (“Wakala Fee”) for its work as the clients’ agent, however it may choose to impose/forego such fee as it deems fit.

As this is a Fixed Term Deposit Product, the clients’ funds will be locked for a certain period (“Fixed Deposit Period”) agreed with the Bank in return for EPR. This means that clients will not be able to withdraw funds without a prior written approval from the Bank. Prior to placing the deposit, the Bank and the client will agree on the key parameters of the deposit, including the deposit amount, tenor, the EPR and the Wakala Fee (if any). The client deposits the funds with the Bank which invests them in Shariah compliant transactions and pays the Expected Profit to the client at the end of the agreed Fixed Deposit Period (the “Maturity Date”).

We, the undersigned, in our capacity as the Shariah scholars of the SSB have reviewed the Product structure, its process flow and its related documentation.

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

This Fatwa shall be subject to the issuance of an annual Shariah compliance certificate to the Product pursuant to an annual Shariah audit exercise as to be performed to the Product throughout their lifetime.

*Allah Almighty* knows best.

**APPROVED BY:-**

**Dr. Mohamed Ali Elgari** (Chairman)

**Dr. Mohd Daud Bakar** (Member)

**Dr. Muhammad Amin Ali Al- Qattan** (Member)

**Dr. Osama Al- Dereai** (Member)

