



### AAOIFI

The Accounting and Auditing Organisation for Islamic Financial Institutions. A leading independent standard-setting body for the global Islamic finance industry.

### Current Account – Qard Hassan

A Shariah compliant current account whereby the money deposited in such account is extended to the bank as an interest-free Islamic loan to be kept safe and managed by the bank in conformity with the requirements of Shariah.

### Diminishing Musharaka

A declining-balance partnership arrangement whereby the shares of one partner are gradually purchased by the other partner over the partnership period, until the latter becomes the sole owner of the Musharaka asset.

### Fatwa

An independent opinion, ruling or a statement on the Shariah compliance of a matter issued by a qualified Shariah scholar.

### Fixed Term Deposit Account – Wakala

A Shariah compliant fixed term deposit account whereby the bank, acting as the client's agent under a Wakala arrangement, will deploy the client's monies in Shariah compliant investments such as properties and commodities to achieve an expected profit rate payable to the client (the expected profit rate is an annual percentage rate of return the bank anticipates generating by investing the client's monies placed in this account).

### Ijara

A Shariah-compliant leasing.

### Islamic Banking

A form of banking that fulfils the requirements of Shariah in addition to complying with the standard industry laws and regulations.

### Murabaha

A sale contract where the cost of the underlying asset and the profit realised by the seller are disclosed to the buyer.

### Musharaka

A partnership contract that involves two or more parties combining their capital to form a joint venture and accordingly share the risk and reward thereof.

### Property Finance – Diminishing Musharaka with Ijara

A Shariah compliant finance product whereby the bank and the client become partners and accordingly co-own a specified property on the premise that the client will gradually purchase the bank's shares in the property until the client becomes the sole owner. The bank, during the partnership period, leases its shares in the property to the client against the payment of rent.

### Property Finance – Commodity Murabaha

A Shariah compliant finance product whereby the bank sells to the client Shariah compliant commodities on the basis of Murabaha. The bank will also assist the client in selling such commodities to independent brokers to generate the cash needed by the client for acquiring and/or developing a property in a Shariah compliant manner.

### Qard Hassan

An interest-free benevolent loan in accordance with Shariah requirements.

### Riba

Interest or usury (strictly prohibited in Shariah).

### Shariah

Islamic law.

### Shariah Advisor

An independent and qualified Shariah scholar who is entrusted with the duty of providing guidance, supervision and certification for the Islamic banking products and operations of a bank to assist the bank management in ensuring compliance with the Shariah requirements.

### Shariah Compliance Audit

A comprehensive and regular verification conducted by independent and qualified Shariah auditors to review the Islamic banking activities and transactions of a bank and accordingly test whether the bank management has carried out the Islamic banking business in accordance with the Standards of AAOIFI (where applicable) and the Shariah compliance requirements defined by the specific Fatwas and directives of the bank's Shariah Advisor.

### Sirat

A Path or direction.

### Takaful

The Shariah compliant alternative to conventional insurance structured primarily on a mutual co-operation basis.

### Wakala

An agency contract where one party delegates another party to perform a Shariah compliant action on their behalf.



Habib Bank AG Zurich is the trading name of Habib Bank Zurich plc.  
Registered office: Habib House, 42 Moorgate, London EC2R 6JJ.  
Registered in England and Wales: Company registered number: 08864609.

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority  
and the Prudential Regulation Authority under registration number 627671.  
Habib Bank Zurich plc is covered by the Financial Services Compensation Scheme.

HBUK 012 Sirat – 01.04.2019