


## Shariah Compliance Certificate


### Commodity Murabaha

Commodity Murabaha is one of the most common modes of investments used by banks for liquidity management purposes. It is a form of short-term finance based on Murabaha contract done through buying and selling of commodities in the local/international markets. DIBPL uses this product to place excess funds with conventional banks, while making the conventional bank as its agent. The product follows the following basic structure:

1. The Agent (conventional bank) will send a message to the Principal (DIB) expressing its desire/intention of executing a Commodity Murabaha transaction.
2. The Agent will provide the relevant details for the transaction e.g. the currency type, name of the Broker, type of commodity, transaction tenor, etc.
3. The Principal will accept the offer and authorizes Agent to execute the deal.
4. The Agent sends to Principal a confirmation.
5. The Agent sends to the Principal the Letter of Undertaking by which the Agent undertakes to pay the sale price (the cost plus an agreed margin) that will be realized from purchasing the commodity from the Principal by the Agent for itself.
6. The Agent will arrange the commodity through a Broker and will confirm the Principal with the related details, such as Commodity type, price, warehouse details, etc.
7. The Broker will issue commodity purchase invoice in the name of the Principal.
8. The Principal will transfer the purchase price of the commodity to the seller's account.
9. The Agent will get the title and possession of the goods on behalf of the Principal.
10. The Agent will send an offer to purchase the Commodity from the Principal.
11. The Principal will accept the offer and will sell the commodity to the Agent on an agreed sale price.
12. The Agent will pay the sale price to the Agent on deferred terms (called the Maturity date).

We have reviewed the product program manual along with its documentation and would like to confirm that it is in accordance with Sharia principles.

  
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