

In the name of Allah, the Most Gracious, the Most Merciful

**ISLAMIC OVERDRAFT BY STANDARD CHARTERED BANK PAKISTAN LIMITED
PRONOUNCEMENT OF THE SCBPL SHARIAH BOARD**

**All praise is due to Allah, the Cherisher of the World, and peace and blessing be upon
the Prophet of Allah on his family and all his companions**

The Shariah Board (SB) has reviewed the structure and agreements relating to SCBPL's Islamic Overdraft product in Pakistan.

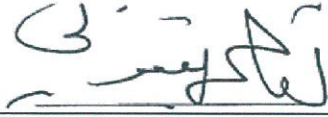
1. Musharakah Agreement

The idea behind the Islamic Overdraft product is to provide means of financing to the Customers for their day to day business requirements. The product would operate on the concept of Musharakah. A brief outline of the product structure is given below:

1. Bank enters into a Musharakah agreement with the Customer whereby the Bank agrees to invest funds in the Customer's business on a profit and loss sharing basis. The Customer will be appointed as the manager of the Musharakah.
2. Customer's equity (paid-up capital, reserves and financing in any form) in the business is treated as his investment in the Musharakah.
3. Bank performs credit analysis of the Customer and approves a suitable overdraft limit.
4. It is agreed as per the terms of the contract that the Customer may draw funds from this limit as and when it requires funds and repay whenever it has excess liquidity. Hence the Bank's investment in this business will vary from time to time subject to a maximum limit.
5. At the end of the year average utilisation of the limit will be used as the Bank's investment in the business.
6. The Profits from the business will be shared between the Bank and the Customer as per a pre-agreed ratio. The profit sharing ratio can be either a straight ratio (e.g. 40:60) or on a tiered structure with different sharing ratios at different levels of profits.
7. The Customer will be required to pay provisional profit during the year as per an agreed formula. This provisional profit will, however, be subject to adjustment based on actual profit sharing as discussed in the last point.
8. The Bank would offer to pay a performance bonus to the customer in case the actual profit comes out to be more than a predefined profit threshold level.
9. In case the audited results show a loss in the Customer's business the same will be shared between the parties in the ratio of their respective investments.
10. The Bank will obtain security from the Customer to secure its obligations under the Musharakah agreement.

The Shariah Board is of the view that the product could be utilized in the manner stated above and hereby rules that the Islamic Overdraft product is in accordance with the principles of Shariah and customers can take advantage of this facility, which relieves them from interest-based products.

And Allah Almighty knows best.



Shaikh Nizam Yaqouby
Chairman Shariah Board

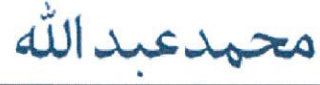


Mufti Irshad Ahmad Aijaz
Member Shariah Board

SCBPL Shariah Board
Date: March 30th 2016



Mufti Muhammad Abdul Mubeen
Member Shariah Board



Mufti Muhammad Abdullah
Resident Shariah Board Member