

Standard Islamic Banking Division Financing Product Details

The following details are being provided to ensure clarity and standardize Islamic Banking Financing Products offered by Habib Metro SIRAT to its customers. The details include product names, description, tenure, type and alternate of the conventional banking products.

S. No	Product	Description	Alt of Conv. Product	Conventional Product – Brief Description
1.	Murabaha	It is a Sale Contract in which a Seller sells the goods at a cost plus an agreed profit. The bank buys the goods from a third party and sells those goods to the customer at a pre-agreed price, where the customer acts as an agent during the process to ensure specifications of the product. It is a short term facility for purchasing raw materials usually.	Running Finance/Cash Finance	Revolving working-capital facility against an interest-based financing arrangement.
2.	Murabaha – Spot	It is a Murabaha Facility where the subject matter is held by the Bank in its inventory. The inventory is then sold to the customer by the Bank against spot payment, whenever required.	Running Finance/Cash Finance	Short-term/revolving working-capital facility generally used to meet liquidity requirements.
3.	Murabaha – Pledge	A Murabaha facility where the subject matter sold to the customer is taken under pledge as security.	Running Finance/Cash Finance	Working-capital financing secured by pledged/hypothecated assets or goods.
4.	Murabaha Pledge – FIM	A Murabaha facility where the subject matter, an imported good is taken under pledge after the sale of the product, as a security.	Running Finance/Cash Finance / Finance against imported Merchandise	Conventional import/working-capital financing secured against imported goods.
5.	Murabaha – FIM Spot	A Murabaha facility where the subject matter is an imported good, which is kept under pledge before selling it to the customer. The goods are sold on spot when payment is made.	Running Finance/Cash Finance / Finance against imported Merchandise	Conventional short-term import financing against imported merchandise.
6.	Murabaha – USD/FE 25 Export & Import	It is a short term facility for purchasing raw materials usually by Bank on agreed terms and is provided to importers and exporters for trade business facilitation.	FE 25 Cash Finance / Finance against imported Merchandise	Conventional export/import financing and financing against imported merchandise.

7.	Istisna – Export	A Short term facility extended to customers where the Bank orders to manufacture goods and makes the payment. After the delivery of the goods the customer sells the good as a Bank's agent. Mainly the customers are exporters and the goods are later exported.	Export shipment Pre/Post	Conventional financing provided before or after shipment against export transactions.
8.	Istisna – Local	The facility is similar to the Istisna Facility but is provided to the local manufacturing customers.	Running Finance/Cash Finance	Conventional working-capital financing for local manufacturing/business requirements.
9.	Al Bai – Export	A short term financing facility for meeting the liquidity requirements of the customer. Here the Bank purchases the finished goods of the customer. After taking the delivery the customer as an agent of the bank sells the good to the market which is later exported.	Finance against goods	Short-term financing secured against finished goods/inventory.
10.	Al Bai - Local	The facility is similar to the Al Bai facility but is provided to the local customers and market.	Finance against goods	Short-term working-capital financing against goods/inventory.
11.	Ijarah – Plant & Machinery	A medium to long term Islamic leasing facility for acquisition of assets either locally or imported. The assets are booked on the Bank's Balance Sheet.	Conventional Lease	Financing/leasing of plant and machinery against conventional lease rentals/interest-based pricing.
12.	Ijarah - Sale & Lease Back for Plant & Machinery	A medium to long term facility where the asset is purchased from the customer and leased back by the Bank. The facility is provided to customers who are inclined to convert conventional banking to Shariah Compliant alternatives.	Conventional Lease	Financing/leasing of plant and machinery against conventional lease rentals/interest-based pricing where only the right-to-use asset is being transferred to the customer.
13.	Ijarah - Non Commercial Assets	An Islamic leasing facility provided to the consumer for acquisition of assets for personal use.	Consumer Conventional Lease	Conventional lease/financing for acquisition of personal-use assets.
14.	Ijarah - Commercial Assets	An Islamic leasing facility provided to the customer for acquisition of assets for commercial use.	Commercial Conventional Lease	Conventional leasing facility for acquisition/use of business assets.

15.	Diminishing Musharakah (DM) – Plant & Machinery	A medium to long term facility for joint purchase (Shirkat-ul-milk) of assets from a third party either local or import & bank's share is leased back to customer on Ijarah basis.	Finance Lease	Conventional lease under which the customer obtains use of plant/machinery against periodic rentals with option to purchase asset at the end of lease term.
16.	Diminishing Musharakah (DM) – Building & Land Commercial	A facility similar to usual DM however provided for acquisition of commercial building.	Finance lease	Conventional lease under which the customer obtains use of plant/machinery against periodic rentals with option to purchase asset at the end of lease term.
17.	Diminishing Musharakah – Building, Land & Vehicle Consumer	A usual DM facility provided to acquire assets for consumer's personal use.	Consumer Conventional Lease	Conventional financing/lease arrangement for personal use of assets.
18.	Diminishing Musharakah – Commercial Assets	A usual DM facility provided to customers to acquire assets for commercial use.	Consumer Conventional Lease	Conventional lease/financing arrangement for business assets.
19.	Diminishing Musharakah – Building/Land/Plant & Machinery/ Vehicles for Sale & Lease back	A medium to long term facility where the asset is purchased from the customer and leased back by the Bank up to its share. The facility is provided to customers who are inclined to convert conventional banking to Shariah Compliant alternatives.	Commercial Conventional Lease	Conventional arrangement where an asset is sold and subsequently leased back to the customer.
20.	Musharakah Shirkat-ul- Aqd	A medium to long term facility where the bank invests equity in the business of a customer for generating profit. The profit is distributed among the partners as per investment ratio.	Joint Venture/Partnership	Parties contribute capital to a business/project under an agreed ownership and return arrangement.
21.	Transaction Based Musharakah	It is a facility similar to Musharakah transaction however the investment is done in a specific segment of the customer business. The profit is distributed as per the actual outcome of the transaction however the loss is distributed as per the investment ratio.	Running Finance	Revolving business financing available up to an approved limit, generally on interest basis.

22.	Running Musharakah	A short to medium facility on the basis of Shirkat-ul-Aqd where the customer is allowed to withdraw funds up to the approved limit from the Bank as Bank's Equity injection in the customer business. Profit is shared as per agreed ratio and the loss is distributed as per investment ratio.	Running Finance	Revolving business financing available up to an approved limit, generally on interest basis.
23.	Islamic Export Refinance Facility Part I & II under Murabaha	A Murabaha facility provided to the exporters for purchase of raw material by bank and onward sale to customer. SBP funds are utilized as per Musharakah pool mechanism to accommodate exporters.	SBP Export Refinance	Conventional export refinance facility available through SBP's prescribed mechanism.
24.	Islamic Export Refinance Facility Part I & II under Istisna Local & Export	A short term facility extended to customers based on Istisna. SBP Mechanism to support exporters is adopted.	SBP Export Refinance	Conventional export financing/refinance facility under the applicable SBP mechanism.
25.	Islamic Export Refinance Facility Part I & II under Al Bai	A short term facility extended to customers based on Al-Bai'. SBP Mechanism to support exporters is adopted.	SBP Export Refinance	Conventional export financing/refinance facility under the applicable SBP mechanism.
26.	Sight Letter of Credit under MMFA	Sight LC facility for the customer to import raw material and assets as Bank's agent. The goods are later sold on cost plus profit basis to the customer by Bank on deferred and spot basis. Bank can also charge profit for PAD period.	SLC leading to Working Capital Financing	Import LC followed by conventional working-capital financing, where applicable.
27.	Sight Letter of Credit under Master Agency Agreement (For Ijarah & DM)	Sight Facility for the customer for import of fixed assets as Bank's agent. The asset is again provided to the customer on lease through Ijarah and DM agreements.	SLC leading to Leasing	Import LC followed by conventional leasing/asset financing.
28.	Sight Letter of Credit without MMFA	Sight Facility for the customer for import of raw materials as Bank's agent. The asset is procured by the customer through its own resources and the Bank only provides services. No Murabaha facility is provided after the import of goods.	SLC without Financing Option	LC facility where the bank provides the trade service without subsequent financing.
29.	Usance Letter of Credit without MMFA	A Usance facility provided to the customer	ULC without	Deferred-payment import LC without subsequent financing.

		for the import of raw material and assets in customer's own name. Bank only provides services and no Murabaha is executed.	Financing Option	
30.	Usance Letter of Credit under MMFA	A Usance facility to the customer for the import of raw material and assets as Bank's agent. Bank provides Murabaha at cost plus profit to the customer.	ULC leading to Working Capital Financing	Deferred-payment import LC followed by conventional working-capital financing.
31.	Usance Letter of Credit under Master Agency Agreement (For Ijarah & DM)	Usance Facility for the customer for import of assets as Bank's agent. The asset is again provided to the customer on lease through Ijarah and DM agreements.	ULC leading to Leasing	Deferred-payment import LC followed by conventional leasing/asset financing.
32.	Local LC (Sight) without MMFA	Sight Facility for the customer for local purchase of raw materials in its name. The asset is procured by the customer through its own resources and the Bank only provides services. No Murabaha facility is provided after the acquisition of goods.	Local SLC without financing option.	LC service for local purchases without subsequent financing.
33.	Local LC (Sight) Under MMFA	Sight LC facility to the customer for Local purchase of raw material and assets as Bank's agent. The goods are later sold on cost plus profit basis to the customer by Bank on deferred and spot basis. Bank can also charge profit for PAD period.	Local SLC leading to financing	Local LC followed by conventional working-capital financing.
34.	Local Usance LC without MMFA	Usance LC Facility for the customer for local purchase of raw materials in its name. The asset is procured by the customer through its own resources and the Bank only provides services. No Murabaha facility is provided after the acquisition of goods.	Local ULC without financing option	Deferred-payment local LC without subsequent financing.
35.	Local Usance LC under MMFA	Usance LC facility for local purchase of raw material and assets as Bank's agent and its sale to the customer by the Bank.	Local SLC leading to financing	Deferred-payment local LC followed by conventional financing.

36.	Salam against Export Sight Bills	An Islamic alternate for sight Bill discounting via Salam in which the Bank purchases foreign currency from the customer, to be delivered on a future date, against immediate payment in local currency. The facility is extended with lien over accepted or clean sight bills and any other relevant security.	Sight Bill Discounting	Sight Bill Discounting: bank provides funds against export bills before maturity for a discount/charge.
37.	Salam against discrepant Sight Bills	Same features of point no. 36 except that in this facility the Bank marks a lien over underlying discrepant Sight Bills.	Financing against Export Bills	Short-term financing against export bills, including discrepant bills subject to bank acceptance/risk.
38.	Salam against Export Sight Contracts	Same features of point no. 36 except that in this facility the Bank marks a lien over underlying Sight contract.	Financing against Export Contract	Financing provided against an export contract/order.
39.	Murabaha against accepted export Usance Bill	An Islamic alternate for Usance Bill Discounting based on Murabaha. In this case the Bank extends facility to the customer taking export bill as security.	Financing against Export Usance Bills	Financing against accepted deferred-payment export bills.
40.	Murabaha against unaccepted export discrepant bills under Usance LC	Same features as point no. 39 except in this case the Bank marks lien on the discrepant Usance bill sent for collection.	Financing against Export Usance Bills	Financing against export bills that are subject to acceptance/collection.
41.	Murabaha against unaccepted export clean Usance LC	Same features as point no. 39 except in this case the Bank marks lien on the unaccepted clean Usance bill sent for collection.	Financing against Export Usance Bills	Short-term financing against deferred-payment export bills.
42.	Murabaha against Export Usance Contract	Same features as point no. 39 except in this case the Bank marks lien on the Usance contract.	Financing against Export Usance Contract	Financing against an export contract providing for deferred payment.
43.	Al-Bai-PKR against accepted Usance Bills	A short term financing facility for meeting the liquidity requirements by purchasing customers finished goods and assigning the customer as its agent to sell the goods. The accepted Usance bill can be taken as security in this case.	Financing against Export Usance Bills	Short-term financing against accepted deferred-payment export bills.

44.	Al-Bai-USD against accepted Usance Bills	A short term financing facility in USD for meeting the liquidity requirements by purchasing customers finished goods and assigning the customer as its agent to sell the goods. The accepted Usance bill can be taken as security in this case.	FE 25 Financing against Export Usance Bills	Foreign-currency financing against export usance bills.
45.	Murabaha against Accepted Local Usance Bill	An Islamic alternate for Local Usance Bill Discounting based on Murabaha. In this case the Bank extends facility to the customer taking local bill as security.	Financing against Local Usance Bills	Financing against accepted local deferred-payment bills.
46.	Murabaha against Un-Accepted Local Usance Bill	Same as point no. 45 but stronger security is required in this case.	Financing against Local Usance Bills	Financing against local deferred-payment bills, subject to applicable security/acceptance.
47.	Letter of Guarantee / Stand by Letter of Credit	A bank guarantee to indemnify a third party against default of payment, overdue or non-performance of a contract by Bank's Customer.	Letter of Guarantee	Bank undertakes to make payment to beneficiary upon specified default/non-performance by customer.

Important Definitions:

Clean Bills: A bill of lading issued by a carrier declaring that the goods have been received in an appropriate condition, without the presence of defects. The product carrier will issue a clean bill after thoroughly inspecting the packages for any damage, missing quantities or deviations in quality.

Discrepant Bills: Bill does not comply with the terms and conditions of the LC terms and specifications.

Accepted (Clean) Bills under LC: Clean Export Bills that are accepted by the Importer's Bank. In this case the Importer's Bank is liable to make payments upon due date/maturity. Risk is borne by the Bank.

Accepted (Discrepant) Bills under LC: Discrepant Export Bills are first accepted by the Importer and then Importer's Bank. Once accepted, the importer's Bank is liable to make payments upon due date/maturity. Risk is borne by the Bank.

Accepted Bills Under Contract: Export Bills that are accepted by the Importer. In this case the importer is liable to make payments upon the due date/maturity. Risk is borne by the Customer.

Unaccepted Bills: Export Bills of all above categories which are yet to be accepted by the Importer or Importer's Bank.

