

In the Name of Allah, the Merciful, the Compassionate

Resolution # 6 (SSB – 24– 2018)

**Subject: Query about Termination of Ijara MBT Contract with Existing Customer and finance the Same Property to a New Customer**

On Sunday 15-Rabi al-thani-1440 that corresponds to December 23, 2018– meeting # (SSB – 24 – 2018), the Shari'a Supervisory Board of Al Hilal Islamic Banking Services, Ahli Bank SAOG (the "SSB") discussed the following query from Retail Banking and gave its opinion:

**Query**

There are customers who request for financing of the assets, which Al Hilal Islamic had leased under Ijara MBT to other existing customer. The existing customers also agree with such termination of Ijara MBT Agreement and to lease the same asset to other customers. To accept such application, we propose that Al Hilal Islamic may cancel the Ijara MBT contract with the existing Customer based on his/her consent and make Hiba of the principal amount or make Hiba of part of the leased asset equal to the paid amount, which the customer has paid to Al Hilal Islamic as part of rentals under the financing and make new Ijara MBT or DM cum Ijara based financing to new customer.

**SSB Opinion**

To accept such application for cancellation of existing Ijara MBT contract and leasing the same asset to another customer, the Bank should first cancel the Ijara MBT agreement with mutual consent of the Bank and the existing customer and then do a settlement by making payment in form of cash or asset that may be equivalent to the amount, which was paid by the customer from the principal capital.

After cancelation and settlement of the Ijara MBT Contract, the Bank can finance the new customer based on an appropriate approved product and its procedure that may be Ijara MBT and Diminishing Musaharaka. It may be noted that any prior relation between the old customer and the new customer must be excluded with regard to the asset.

It is allowed that after the cancellation and the settlement of the Ijara MBT contract, the existing customer can sell its part in the asset to the new customer, which if sold to the new customer, then should be considered and recorded as the new customer's partnership in the asset. In this case the asset will be jointly owned by the Bank and the new customer."

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And all praise is due to Allah.

**Sharia Supervisory Board**



**Dr. Ahmed Mohiyeldin Ahmed**

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**Dr. Mustain Ali Abdul Hameed**



**Dr. Abdul Raouf Abdullah Al-Tobi**

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