profits and losses in proportion to their investment. This form of equity participation is used for financing working capital of medium to long-term duration and fixed assets.

Murabaha: a short-term commercial finance agreement with the bank buying the goods on behalf of the client and then reselling them to the client who becomes owner, on a predetermined date and at a price that includes an agreed markup.

Ijara: is a leasing structure based on risk sharing. High cost assets such as industrial equipment, aircraft, ships, can be leased without bearing the full capital costs. The bank purchases the equipment for the client and retains ownership. Ownership is transferred to the client at the end of lease period according to pre-agreed terms.

Istisna'a: is a supplier credit or preproduction facility. Through this mode of financing, the bank undertakes to supply equipment, industrial products or raw materials to meet the client's orders for goods. Istisna'a is particularly suitable for financing buildings, construction, manufacture or plants. Once completed, the title is passed to the client on a predetermined deferred-payment basis.

Bay'mu'ajjal is a deferred-payment sale where delivery of the goods is taken on the spot but payment is delayed for an agreed period. Payments can be made in a lump sum or in instalments.

Bay'salam or deferred-delivery sale is similar to a forward contract where delivery of the product is in the future in exchange for payment on the spot market.

Qard Hassan (interest free loans) and Zakat (alms). Funds advanced under Qard Hassan are for humanitarian and welfare purposes. Repayments are made over a period agreed upon by both parties at no profit to the bank. Most Islamic banks include these charitable activities in their operations.