



SHARIAH COMPLIANCE CERTIFICATE

Issued by the Internal Shariah Supervision Committee of Al Hilal Bank For
“**Liability Settlement of Customers via Commodity Murabaha
(Tawarruq)**”

The Internal Shariah Supervision Committee of Al Hilal Bank has thoroughly vetted the terms and conditions, documents and structure underpinning the product of liabilities settlement of Customers with other banks via Commodity Murabaha (Tawarruq) as operated by Al Hilal Bank on the basis of sales of Commodity via Murabaha contract through the following steps:

1. The Bank purchases commodities (iron, aluminum, nickel ... etc) available at metal exchanges from a certified broker (broker 'A'), and obtains a Holding Certificate against the acquired commodities. Subsequently, Broker 'A' debits the commodities to the Bank's open account, thus constituting a constructive possession of the commodities;
2. The Bank obtains from another broker (broker 'B') a promise to purchase, within a specific period from the Bank or the Bank's customers, the commodities acquired by the Bank from broker 'A';
3. The customer submits an application to the bank wherein he states the outstanding liabilities he owes to other bank, and undertakes to transfer his salary to the Bank following the settlement of his liabilities;
4. Upon approval of the finance, the Bank sells a common share of the commodities to the customer on a deferred Murabaha basis, the cost price of which incorporates the actual price at which the commodities were acquired plus the profit margin of the Bank agreed with the customer. The Customer and Bank agree on the mode of payment;
5. Once commodity ownership is transformed to the customer by constructive possession, the customer is allowed to request for physical delivery or sell his common share of the commodities to another certified broker at the Metal Exchange (broker 'B') whereby the Bank acting as a messenger, delivers the sale order to broker 'B' after which broker 'B' pays to the customer the commodity price which is credited to the customer's account held with the Bank. Broker "A" is informed of the sales of the commodities to Broker "B";
6. Customer assigns the Bank to use the sale proceeds available in his account in settling his liabilities to the other bank;
7. Bank uses the customer's sale proceeds available in his account to settle his liabilities to the other bank and obtains a clearance certificate from the other bank in favor of the customer. The customer then transfers his salary to the Bank, then the latter deducts from the customer's salary the installment due on a monthly basis;

The Committee hereby concludes that the terms and conditions, documents and structure underpinning liabilities settlement product via Commodity Murabaha (Tawarruq) as applied by Al Hilal Bank are in conformity with the Shariah rules and principles.

Prof. Jassim Ali Alshamsi
Chairman

Dr. Ibrahim Ali Almansoori
Deputy Chairman

Dr. Salim Ali Al Ali
Member