

al hilal bank مصرف الهلال



## SHARIAH COMPLIANCE CERTIFICATE

Issued by the Fatwa & Shariah Supervisory Board of Al Hilal Bank For

### "Liability Settlement of Customers via International Commodity Murabaha (Tawarruq)"

The Fatwa and Shariah Supervisory Board of Al Hilal Bank has thoroughly vetted the terms and conditions, documents and structure underpinning liabilities settlement of Customers with conventional Banks via International Commodity Murabaha (Tawarruq) as operated by Al Hilal Bank on the basis of a Murabaha sale contract through the following steps:

1. At the opening of each week, the Bank purchases international commodities (metals, 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 one week 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 a conventional 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 which is also communicated to broker 'A'.
5. The customer sells 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.
6. Customer assigns the Bank to use the sale proceeds available in his account in settling his liabilities to the conventional bank.
7. Bank uses the customer's sale proceeds available in his account to settle his liabilities to the conventional bank and obtains a clearance certificate from the conventional bank in favor of the customer. The customer then transfers his salary to the Bank, and the latter deducts from the customer's salary the installment due on a monthly basis;
8. At the closing of the week, the Bank sells the residuals of the international commodities to broker 'B'.

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

Dr. Abdulsattar Abughuddah  
Chairman

Sheikh Nedham Mohamed Yaqoubi  
Vice-Chairman

Dr. M. Abdulrahim Sultan Alolama  
Member

Sheikh Esam Mohamed Ishaq  
Member

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