

SHARIAH COMPLIANCE CERTIFICATE

Issued by the Internal Shariah
Supervision Committee of Al Hilal Bank

For

"Covered Credit Card" Based on Tawarruq

The Internal Shariah Supervision Committee of Al Hilal Bank has thoroughly reviewed the terms and conditions, documents and structure underpinning the Covered Credit Card based on Tawarruq of which the modus operandi is as follows:

1. The customer submits an application to the bank, expressing his request for a Tawarruq based credit card and the credit limit he wishes to obtain.
2. The customer accepts a "Master Murabaha Agreement for the Sale of Commodities for Credit Card Issuance" in which the mechanism by which the customer's acceptance of the Commodity Murabaha Agreement can be obtained. The acceptance mechanism could be either expressed acceptance or deemed acceptance if the customer does not express objection within 24 hours from sending the agreement to the customer.
3. In case the bank accepted the customer's request, the bank sends a Commodity Murabaha Agreement to the customer. The customer then accepts or rejects the agreement using the abovementioned mechanism.
4. If the customer accepts the Commodity Murabaha Agreement, the ownership of said commodity transfers to the customer. The commodity is then sold on spot payment basis to a third party for the benefit of the customer.
5. The sale proceeds from the commodity Murabaha transaction are deposited in a special saving account of the customer as security for the payment of Murabaha sale price.
6. The bank allows the customer to use the above sale proceeds deposited in the special saving account only through the credit card.
7. The customer should pay back either 100% of the utilized amount or a part of it at the due date as per the agreement with the bank.
8. In case the customer uses 100% of the amount or a part of it and does not pay the amount at the agreed due date, the bank then will collect profit on that amount as per the Murabaha agreement signed between them.
9. In case the customer does not use a part or all of the amount in the special saving account, the bank will invest the mentioned amount for the customer. At the end of the applicable period, the bank will set off the Murabaha profit that the customer is supposed to pay to the bank under the Commodity Murabaha and the Mudaraba profit of the special saving account the bank is supposed to pay to the customer. The bank - based on its sole discretion - will waive its right to the excess Murabaha profit if any, however, it will deposit to the customer's account the excess Mudaraba profit if any.
10. It is also possible for the bank to charge fixed annual charges against the services provided to the customer (card holder).

The Committee hereby concludes that the terms and conditions, documents and structure pertaining to Covered Credit Cards based on 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