

Pronouncement of Shari'a Supervisory Board

In the Name of Allah, the Merciful, the Compassionate

Resolution

3-D (SSB – 11– 2015)

Subject: Shari'a Compliance Certificate of the Ijara MBT Based Financing Products

All praise to Allah and May peace and blessings be upon His messenger, his family, his companions and all followers of his guidance.

On Thursday the 29th of Muharram 1437 that corresponds to November 12, 2015 – meeting # (SSB – 11 – 2015), the Shari'a Supervisory Board (SSB) of Al Hilal Islamic Banking Services, Ahli Bank SAOG (the "Bank") has reviewed the Ijara Muntahiya Bil Tamleek ("Ijara MBT") based financing products' (such as Vehicle, Real Estate and Machinery financing under Retail, SME and Corporate Banking) structure and financing documents and ruled as follows:

Structure:

Ijara MBT or financial lease is a rental arrangement, whereby owner of the asset sells usufruct of an asset against specified agreed rentals. It includes a promise from the lessor to transfer to the lessee the title of the leased asset at the end of the lease term through a sale for an agreed price. During the entire tenor of financial lease, the Bank must retain the ownership of the asset along with relevant risk and rewards. Following are the essential points to ensure that financing/transaction is made in-line with Shari'a guidelines:

- The Customer approaches the Bank and expresses its desire through a finance application to lease particular asset from the Bank on Ijara MBT principles.
- The Customer shall submit a quotation addressed to "Al Hilal Islamic Banking Services, Ahli Bank SAOG" that is considered as an offer of sale of the asset from the seller to the Bank.
- The Customer signs "Lease Undertaking' with a Promise to Lease/Purchase" in which he/she undertakes to lease the asset once the Bank obtains the ownership of the asset.
- After completion of the required approvals, the Bank will purchase the property by using Real Estate Purchase Contract from the seller (third party or customer) or by sending a Letter of Purchase (in case Real Estate Purchase Contract is not used) on the agreed market price.
- Thereafter, Ijara MBT Agreement shall be executed to lease the asset to the Customer.
- In case property is registered in his name, the Bank and the Customer shall sign Agency Agreement for Registration of Asset in the name of the customer, and any other relevant agreements.
- The Bank shall sign a Sale Undertaking in favor of the customer.

- After successful completion of the lease period, the ownership of the property shall be transferred to the Customer, through a separate Sale Agreement in which the Bank sells the leased asset to the Customer on a nominal price.

Financing Documents:

Following are the documents used by the Bank for this facility:

1. Financing Application plus Quotation/Invoice
2. Undertaking with Promise to Lease/Purchase
3. Letter of Purchase/Asset Purchase Contract
4. Ijara MBT Agreement
5. Agency Agreement for Registration of Asset in Name of Customer
6. Sale Undertaking
7. Sale Agreement

SSB Ruling:

Having reviewed the Ijara MBT based products structure and the legal documents as stated above, we the Shari'a Supervisory Board of the Bank confirm that the Ijara MBT based products of the Bank are in accordance with the dictates of Shari'a.

And all praise is due to Allah.

Shari'a Supervisory Board



Dr. Ahmed Mohiyeldin Ahmed

(Chairman)



Dr. M. Taher M. Al-Ibrahim



Dr. Mustain Ali Abdul Hameed



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(Members)