

Pronouncement of Shari'a Supervisory Board

In the Name of Allah, the Merciful, the Compassionate

Resolution

3-E (SSB – 11– 2015)

Subject: Shari'a Compliance Certificate of the Ijara Musufa bil Zimma ("Forward Ijara") Based Financing Product

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 Sharia Supervisory Board (SSB) of Al Hilal Islamic Banking Services, Ahli Bank SAOG (the "Bank") has reviewed the Forward Ijara based financing product's (Real estate property or any other type of asset that is under construction and financed through Retail, SME and Corporate Banking) structure and financing documents and ruled as follows:

Structure:

Forward Ijara is to lease, a fully specified and described asset, which the lessor undertakes to produce and deliver to the lessee on future date. Following are the essential points to ensure that financing/transaction is made in-line with Sharia guidelines:

- The Customer approaches the Bank and submits an application (on the approved form) for obtaining asset financing that is under construction from the Bank. The Customer shall provide full details of the asset on the specific form.
- The Customer signs an "Undertaking with Promise to lease/Purchase Musharaka Property" in which he/she undertakes to lease the Bank's share in the asset once it is fully built.
- The Bank and the Customer enter into a "Musharaka Agreement for Construction of Asset", specifying respective shares of each party in the Musharaka Agreement (plot/partial building/construction costs).
- The Customer and the Bank shall sign "Forward Lease Agreement" to lease the asset once it is fully built.
- The Customer and the Bank shall sign "Agency Agreement for Registration of Asset in Name of Customer".
- The Bank shall sign a Sale Undertaking in favor of the Customer to sell the asset upon expiry of lease contract.
- 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 its undivided share in the property to the Customer on a nominal price.

Financing Documents:

Following are the legal documents for the product:

1. Financing Application
2. Undertaking with Promise to lease/Purchase Musharaka
3. Musharaka Agreement to Construct Asset
4. Forward Ijara Agreement
5. Agency Agreement for Registration of Asset in Name of Customer
6. Sale Undertaking
7. Sale Agreement

SSB Ruling:

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

And all praise is due to Allah.

Sharia Supervisory Board



Dr. Ahmed Mohiyeldin Ahmed

(Chairman)



Dr. M. Taher M. Al-Ibrahim



Dr. Mustain Ali Abdul Hameed



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(Members)