

In the Name of Allah, the Merciful, the Compassionate

Fatwa of Shari'a Supervisory Board on

Wakala Bil Istithmar 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 Sunday the Muharram 7, 1443 AH that corresponds to August 15, 2021, the Shari'a Supervisory Board (SSB) of Ahli Islamic, Ahli Bank SAOG (the "Ahli Islamic/Bank") issued Shari'a pronouncement for Ahli Islamic Wakala Bil Istithmar Financing Product, which details are as follows:

SSB Opinion:

The SSB opines that Wakala Bil Istithmar is to delegate another person to invest his funds into Sharia compliant business against a remuneration or without remuneration, as it is permissible in Sharia. From Sharia point of view, it is permissible that the investment Wakala is limited to specific kind of investment or specific place or without any limit allowing the Wakil to invest into Sharia compliant profitable business avenues. Wakala Bil Istithmar financing can be customarily restricted or unrestricted whichever is beneficial for Muwakkil and Wakil.

Under the Wakala Bil Istithmar product, Ahli Islamic finances capital to Customer, who acts as Wakil and undertakes to invest the funds of the Muwakkil (i.e. Investor) on its behalf in businesses that comply with the Sharia rules and principles.

The profit on investments is the right of the Muwakkil unless it is stipulated that the agent shall be entitled to all or part of any excess above the expected profit. The agent acts in a fiduciary capacity in relation to the investment and therefore is not liable for any loss in cases other than willful misconduct, negligence, or breach of Wakala contract.

The Wakil is entitled to fees that may be a specific amount collected separately or taken from the return that is finally settled with the Muwakkil. And it is permissible that Wakil fee is the amount over to expected profit or a share of that. A certain share of the expected profit may be added to the specific fee of the agent as a motivation. Also the agency may be without a remuneration and

the parties agree that over to expected profit on the investment will be taken by Wakil as incentive.

The SSB reviewed Ahli Islamic Wakala Bil Istithmar product's proposal containing the financing structure and process and Wakala Bil Istithmar Agreement and the SSB confirms that the product and its terms and conditions comply with rules and principles of Sharia.

The Wakala Bil Istithmar financing product may be applied in SME, Corporate and any other business segment for short, medium and long time investments.

And Allah knows what is right.

Sharia Supervisory Board

Dr. Mohammed Taher Al-Ibrahim (Chairman of SSB)

Dr. Mustain Ali Abdul Hameed (Deputy Chairman of SSB)

Dr. Abdul Raouf Abdullah Al-Tobi (SSB Member)

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