



## Shariah Compliance Certificate

Issued by the Islamic Finance Principles Board of "Al Hilal Islamic Bank" JSC

For

### **"Home Equity Release Financing" Based on Murabaha Sale Contract**

The Islamic Finance Principles Board of "Al Hilal Islamic Bank" JSC (the "Board") has thoroughly vetted the terms and conditions, documents and structure underpinning the Home Equity Release Financing financing secured by property implemented by "Al Hilal Islamic Bank" JSC (the "Bank"), whereby the Bank sells commodities on a Murabaha basis to its customers through the following steps:

1. The customer submits an application to the Bank wherein he states consumer spending purposes he wishes to obtain financing for;
2. Upon approval of the finance, the Customer shall pledge its property as a security towards its the liabilities which will be created under Commodity Murabaha;
3. The Bank purchases international commodities (metals, aluminum, nickel, palm oil ... etc) available at foreign 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;
4. The Bank obtains from another broker (broker 'B') a promise to purchase from the Bank or the Bank's customers the commodities acquired by the Bank from broker 'A';
5. the Bank sells the commodities to the customer on a deferred Murabaha basis, the cost price of which incorporates the actual costs price at which the

- commodities were acquired plus the profit margin of the Bank agreed with the customer;
6. The Customer sells his commodities to another certified broker at the foreign 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;
  7. Customer uses the sale proceeds available in his account for Shariah compliant consumer spending purposes;
  8. Upon the Customer's fulfillment of all its obligations under the Murabaha contract, pledge will be released from the property.

The Board hereby concludes that the terms and conditions, documents and structure underpinning Shariah compliant consumer financing secured by property as applied by the Bank are in conformity with the Shariah rules and principles.

Dr. Ibrahim Ali  
Chairman

Dr. Ali Husain Aljunaidi  
Member

Dr. Salim Ali Al Ali  
Member

Date: Thursday, 30<sup>th</sup> Jumada Al Aakhirah, 1440 AH, corresponding to 7<sup>th</sup> March 2019.