



الإسلامي
AL ISLAMI

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the Name of Allah Ever Gracious Ever Merciful

Commercial Bank International PSC - CBI Al Islami

Annual Shari'ah Report

31 December 2019

By

Internal Shari'ah Supervision Committee (ISSC)

February 2020

Annual Report of the Internal Shari'ah Supervision Committee of Commercial Bank International Al Islami

Issued on: 03 March 2020

To: Shareholders of Commercial Bank International Al Islami ("the Institution")

After greetings,

Pursuant to the requirements stipulated in the relevant laws, regulations and standards ("Regulatory Requirements"), the Internal Shari'ah Supervision Committee of the Institution ("ISSC") presents to you the ISSC's Annual Report regarding Shari'ah compliant businesses and operations of the Institution for the financial year ending on 31 December 2019 ("Financial Year").

1. Responsibility of the ISSC

In accordance with the Regulatory Requirements and the ISSC's charter, the ISSC's responsibility is stipulated as to:

- a. undertake Shari'ah supervision of all businesses, activities, products, services, contracts, documents and business charters of the Institution; and the Institution's policies, accounting standards, operations and activities in general, memorandum of association, charter, financial statements, allocation of expenditures and costs, and distribution of profits between holders of investment accounts and shareholders ("Institution's Activities") and issue Shari'ah resolutions in this regard, and
- b. to determine Shari'ah parameters necessary for the Institution's Activities, and the Institution compliance with Islamic Shari'ah within the framework of the rules, principles, and standards set by the Higher Shari'ah Authority ("HSA") to ascertain compliance of the Institution with Islamic Shari'ah.

The senior management is responsible for compliance of the Institution with Islamic Shari'ah in accordance with the HSA's resolutions, fatwas, and opinions, and the ISSC's resolutions within the framework of the rules, principles, and standards set by the HSA ("Compliance with Islamic Shari'ah") regarding the Institution's Activities, and the Board bears the ultimate responsibility in this regard.

2. Shari'ah Standards

In accordance with the HSA's resolution (No. 18/3/2018), and with effect from 01/09/2018, the ISSC has abided by the Shari'ah standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as minimum Shari'ah requirements, in all fatwas, approvals, endorsements and recommendations, relating to the Institution's Activities without exception.

3. Works Undertaken by the ISSC During the Financial Year

The ISSC undertook Shari'ah supervision of the Institution's Activities through review of those Activities, and monitoring through division or internal section of internal Shari'ah control and internal Shari'ah audit in accordance with the ISSC's authorities and responsibilities, and pursuant to the Regulatory Requirements in this regard. Works of the ISSC included the following:

- a. Convening (4) meetings during the year.
- b. Providing fatwas, opinions and resolutions on matters presented to the ISSC in relation to the Institution's Activities.
- c. Monitoring compliance of policies, procedures, product structures, contracts, documentation,

- business charters, and other documentation submitted by the Institution to the ISSC for approval.
- d. Ascertaining the level of compliance of allocation of expenditures and costs, and distribution of profits between holders of investment accounts and shareholders with parameters set by the ISSC.
 - e. Supervision through division or section of internal Shari'ah Control and internal Shari'ah Audit of the Institution's Activities including executed transactions, adopted procedures on the basis of samples selected from executed transactions, and reviewing reports submitted in this regard.
 - f. Providing direction to relevant parties of the Institution to rectify (where possible) findings cited in the reports submitted by division of section of the internal Shari'ah control and internal Shari'ah audit, and issuance of resolutions to set aside revenue derived from transactions in which non-compliance were identified to be disposed towards charitable purposes.
 - g. Approving remedial rectification and preventive measures related to identified errors to prevent their reoccurrence in the future.
 - h. Communicating with the Board and its subcommittees, and the senior management of the Institution (as needed) concerning compliance of the Institution with Islamic Shari'ah.

The ISSC sought to obtain all information and interpretations deemed necessary in order to reach a reasonable degree of certainty that the Institution is compliant with Islamic Shari'ah.

4. Independence of the ISSC

The ISSC acknowledges that it has carried out all of its duties independently and with the support and cooperation of the senior management and the Board of the Institution. The ISSC received the required assistance to access all documents and data, and to discuss all amendments and Shari'ah requirements.

5. The ISSC's Opinion on the Shari'ah Compliance Status of the Institution

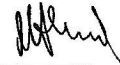
Premised on information and explanations that were provided to us with the aim of ascertaining compliance with Islamic Shari'ah, the ISSC has concluded with a reasonable level of confidence, **that the Institution's Activities are in compliance with Islamic Shari'ah, except for the incidents of non-compliance observed,** as highlighted in the relevant reports, including (2) of breaches that did not result in setting aside revenue. The ISSC also issued directions to take appropriate measure in this regard.

The ISSC formed its opinion, as outlined above, exclusively on the basis of information perused by the ISSC during the financial year.

Signatures of members of the Internal Shari'ah Supervision Committee of the Institution

Mohammed Ahmed Sultan

Head of Internal
Shari'ah Supervision
Committee



Salah Bin Fahad AlShalhoob

Member of Internal
Shari'ah Supervision
Committee



Irshad Ahmed Ijaz

Member of Internal
Shari'ah Supervision
Committee