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**Annual Report of the Internal Shari'ah Supervision Committee of the Islamic Window of
National Bank of Ras Al Khaimah**

Issued on: 17 March 2023

To: Shareholders of "The National Bank of Ras Al Khaimah" (in relation to its Islamic window) ("the RAKislamic")

Assalam Alaikum Wa Rahamtoolah Wa Barakatu,

Dear Respected Shareholders,

Pursuant to requirements stipulated in the relevant laws, regulations and standards ("the Regulatory Requirements"), the Internal Shari'ah Supervision Committee of RAKislamic ("ISSC") presents to you the ISSC's Annual Report regarding Shari'ah compliant business and operations of RAKislamic for the financial year ending on 31 December 2022 ("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 RAKislamic and RAKislamic policies, accounting standards, operations and activities in general, financial statements, allocation of expenditures and costs, and distribution of profits between holders of investment accounts and shareholders ("RAKislamic Activities") and issue Shari'ah resolutions in this regard, and
- b. determine Shari'ah parameters necessary for the RAKislamic's Activities, and the RAKislamic's 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 RAKislamic with the Islamic Shari'ah.

The senior management is responsible for compliance of RAKislamic 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") in all RAKislamic'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



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requirements, in all fatwas, approvals, endorsements and recommendations, relating to the Institution's Activities without exception.

3. Duties Fulfilled by the ISSC During the Financial Year

The ISSC conducted Shari'ah supervision of RAKislamic Activities by reviewing those Activities, and monitoring them through the internal Shari'ah control division or section, internal Shari'ah audit, and external Shari'ah audit, in accordance with the ISSC's authorities and responsibilities, and pursuant to the Regulatory Requirements in this regard. The ISSC's activities included the following:

- a. Convening (4) meetings during the year.
- b. Issuing fatwas, resolutions and opinions on matters presented to the ISSC in relation to the RAKislamic's Activities.
- c. Monitoring compliance of policies, procedures, accounting standards, product structures, contracts, documentation, business charters, and other documentation submitted by the RAKislamic to the ISSC for approval.
- d. Ascertaining the level of compliance of allocation of expenditures and costs, and distribution of profits between investment accounts holders and shareholders with parameters set by the ISSC.
- e. Supervision through the internal Shari'ah control division or section, internal Shari'ah audit, and external Shari'ah audit, of the RAKislamic's Activities including supervision of executed transactions and adopted procedures on the basis of samples selected from executed transactions, and reviewing reports submitted in this regard.
- f. Providing guidance to relevant parties in RAKislamic – to rectify (where possible) incidents cited in the reports prepared by internal Shari'ah control division or section, internal Shari'ah audit, and external Shari'ah audit, and issuing of resolutions to set aside revenue derived from transactions in which non-compliances were identified for such revenue to be disposed towards charitable purposes.
- g. Approving corrective and preventive measures related to identified incidents to preclude their reoccurrence in the future.
- h. Communicating with the Board and its subcommittees, and the senior management of the Rakbank (as needed) concerning the RAKislamic's compliance 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 RAKislamic 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 Rakbank. The ISSC received the required assistance to access all documents and data, and to discuss all amendments and Shari'ah requirements.



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


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 RAKislamic's Activities are in compliance with Islamic Shari'ah, except for the incidents of non-compliance observed, as highlighted in the relevant reports. The ISSC also provided 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 RAKislamic.

Mian Muhammad Nazir

ISSC Chairman



Prof Dr. Akram Laldin

ISSC Member



Prof. Dr. Ali Husain Al Junaidi

ISSC Member

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