



Annual Report of the Internal Shari'ah Supervision Committee of (Sharjah Islamic Bank)

Issued on: 29/01/2025

To: Shareholders of (Sharjah Islamic Bank) (“the Bank”)

After greetings,

Pursuant to requirements stipulated in the relevant laws, regulations and standards (“the Regulatory Requirements”), the Internal Shari'ah Supervision Committee of the Bank (“ISSC”) presents to you the ISSC’s Annual Report for the financial year ending on 31 December 2024 (“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 Bank; and the bank’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 (“Bank’s Activities”) and issue Shari'ah resolutions in this regard, and
- b. determine Shari'ah parameters necessary for the Bank’s Activities, and the Bank’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 Bank with Islamic Shari'ah.

The senior management is responsible for compliance of the Bank 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 Bank’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), the ISSC has abided by the Shari'ah standards issued by the Accounting and Auditing Organization for Islamic Financial Banks (AAOIFI) as minimum Shari'ah requirements, in all fatwas, approvals, endorsements and recommendations, relating to the Bank’s Activities without exception.

3. Duties Fulfilled by the ISSC During the Financial Year

The ISSC conducted Shari'ah supervision of the Bank’s Activities by reviewing those Activities, and monitoring them through the internal Shari'ah control division and internal 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 (12) meetings during the year.
- b. Issuing fatwas, resolutions and opinions on matters presented to the ISSC in relation to the Bank’s Activities.
- c. Monitoring compliance of policies, procedures, accounting standards, product structures, contracts, documentation, business charters, and other documentation submitted by the Bank 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 and internal Shari'ah audit, the Bank’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 the Bank – to rectify (where possible) incidents cited in the reports prepared by internal Shari’ah control division or internal 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 recurrence in the future.
- h. Stating the amount of Zakat due on each share of the Bank (One Share Zakat is Dhs. 0.0629, the Bank Dhs. pays.0.0280, the remaining is Dhs. 0.0349 must be paid by the Shareholder for each share. For Zakat calculation, the bank has adopted the “Net Invested funds Method”).
- i. Clarifying calculation of Zakat on the PER which resulted in an amount of AED 652,558.71 payable by the bank.
- j. Communicating with the Board of Directors, its Committees, and Senior Management, as appropriate, regarding bank’s commitment to Islamic Shari’ah
- k. The ISSC sought to obtain all information and interpretations deemed necessary in order to reach a reasonable degree of certainty that the Bank 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 Bank. 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 Bank

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 Bank’s Activities are in compliance with Islamic Shari’ah, except for the incidents of non-compliance observed, as highlighted in the relevant reports, where the ISSC has provided directions to take appropriate measure in this regard, and the Bank’s Management is working to remediate such issues.

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

Dr. Ibrahim Al Mansoori	Chairman, ISSC Executive member	
Dr. Ali Hussein Al Junaidi	Deputy ISSC Chairman	
Dr. Mohamed Obadah Adi	ISSC Member	
Dr. Abdul Rahman Al Saadi	ISSC Member	