



Annual Report of the Internal Shari'ah Supervision Committee of Mawarid Finance PJSC

Issued on: 25/02/2021

To: Shareholders of Mawarid Finance PJSC (“the Company”)

After greetings,

Pursuant to requirements stipulated in the relevant laws, regulations and standards (“the Regulatory Requirements”), the Internal Shari'ah Supervision Committee of the Company (“ISSC”) presents to you the ISSC's Annual Report for the financial year ending on 31 December 2020 (“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 Company; and the Company'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 (“Company's Activities”) and issue Shari'ah resolutions in this regard, and
- b. determine Shari'ah parameters necessary for the Company's Activities, and the Company'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 Company with Islamic Shari'ah.

The senior management is responsible for compliance of the Company 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 Company'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 Companies (AAOIFI) as minimum Shari'ah requirements, in all fatwas, approvals, endorsements and recommendations, relating to the Company's Activities without exception.

3. Duties Fulfilled by the ISSC During the Financial Year

The ISSC conducted Shari'ah supervision of the Company's Activities by reviewing those Activities, and monitoring them through the internal Shari'ah control division or section, 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:

We have conducted 3 Shari'ah board meeting during 2020 in order to conduct our review which included examining the financial results of the Company¹ through our review of the Company's balance sheet and income statement. We have reviewed deposits of the Company in financial companys as well as the investments of the Company and they were found to be all in Islamic banks and Shari'ah Compliant investments and portfolios. We have also reviewed the transactions of the Company within the period ending 31st December 2020 and we have confirmed those which are in compliance with Shari'ah and we have requested transactions which are not to be amended according to the Shari`ah requirements.

We have also, through the internal Sharia auditor, conduct a Sharia review for Mawarid Finance subsidiaries, Affiliates and investments in which Mawarid Finance holds a majority share, and we have taken the necessary Sharia decisions and guidelines.

We have also provided the company with Shari`ah compliant answers , as internal Shari`ah supervisory committee (ISSC) opinion, on all inquiries, either by meeting, by e-mail, or by direct telephone.

We have requested the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that Mawarid Finance PJSC in its various activities and businesses has overall not violated Shari'ah Rules and Principles.

Since the obligation to pay Zakat is the responsibility of the shareholders, the ISSC hereby announces that as per AAOIFI standers, no Zakat due on MF shares for the year 2020.

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 Company. 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 Company

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,

¹ According to the draft financial report prepared by Mawarid Finance Company on February 17, 2021 and delivered to the external auditor (Grand Thornton), noting that the final external auditor's report was not prepared until the date of preparing this report due to the difference in deadlines for submitting reports between the Sharia report and the financial report.

that the Company'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 committee asserts that the use of any document, agreement, contract or engagement in any investment or activities must first be approved by the committee in order to ensure that it is in compliance with Shari`ah and this is as mentioned in the Memorandum and Articles of Association of the Company;

The Committee emphasizes the importance of commitment to Sharia guidelines regarding its investments in subsidiary and Affiliates in which Mawarid Finance holds the majority share

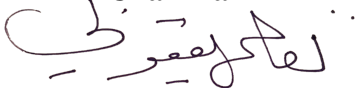
The ISSC formed its opinion, as outlined above, exclusively on the basis of information perused by the ISSC during the financial year.

Blessings and peace be upon the Prophet Muhammad, his family and the companions and we end by praising Allah Lord of the worlds.

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

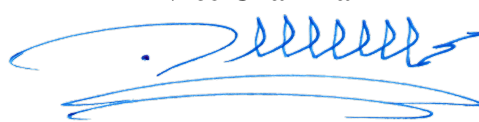
**Sheikh Dr. Nizam Mohammed
Saleh Yaqoubi**

Chairman



**Sheikh Prof. Muhammad
Abdul Rahim Sultan Al Olama**

Vice Chairman



**Sheikh Dr. Ahmed
AbdulAziz AlHaddad**

Member

