

Through its memorandum of association, the Bank's commitment to provide Sharia-compliant banking has remained strong over the past 30 years.



To continue its robust dedication towards Islamic banking, the Bank brought together an independent Sharia Board, comprising high-ranking scholars who are specialists in this field. Through their expert guidance the Bank is able to ensure Sharia compliance both within the Kingdom and beyond. The responsibility for constituting the Board and approving its regulation lies with the General Assembly. In addition, it is compulsory for all Bank departments to be in compliance with the Sharia Board's resolutions.

During the 38 Sharia Board meetings held in 2018, the Sharia Board examined 300 subjects including the Bank's:

- Products
- Investment and financing agreements
- Contracts
- Models
- Inquiries

A total of 1,170 resolutions have been issued by the Bank's Sharia Board as of 31 December 2018, while 627 audit standards were issued during the year.

Coordinating the Bank's requirements requires a dedicated team to operate within the Bank and support the Board's work. To this end, the Sharia Group was established, consisting of the following departments:

Secretariat of the Sharia Board

With the support of a number of legal advisors on its team, the duties of the Secretariat include:

- Studying the banking products, agreements, and contracts received from various groups and departments within the Bank
- Preparing the necessary research and legal studies and presenting it to the Sharia Board

- Informing internal departments of the directives and resolutions of the Board
- Participating in the development of Sharia products
- Providing legal advice to internal departments in accordance with the resolutions of the Board
- Executing the minutes of the meetings of the Sharia Board while maintaining and classifying the same to facilitate use

Sharia Supervisory Department

With the support of an integrated team of legal supervisors the Department's role includes:

- Supervising all Bank transactions in regard to the implementation of and compliance with the resolutions and directions of the Sharia Board
- Ensuring that no product, contract or model not approved by the Board is employed
- Ensuring that employees understand the Sharia Board's resolutions and apply the same to their work
- Auditing the work of the Bank through automated systems and field visits in accordance with professional practice, governance, and discussions
- Preparing the annual plan and the quarterly operational plans; determining the objectives, tools and means of auditing used; preparing the necessary reports and submitting them to Sharia Board

The models and templates of auditing are updated as per standards and guidelines issued periodically by the Board.

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Bank employees, customers and those with an interest in Islamic banking have been provided with legal awareness from the Sharia Group through the following means:

- An educational website for employees to clarify the Sharia aspects of the Bank's products and services
- Specialised banking courses for Bank employees numbering 23 during 2018, with a total of 138 training hours and 500 beneficiaries, including sales staff, future managers, branch managers, district managers, operations managers, and other Bank leaders
- A total of six joint workshops on the Sharia aspects of banking products
- Responses to more than 350 telephone inquiries and over 90 postal inquiries
- A total of 10 awareness messages through internal mail to employees about the Bank's products and Sharia guidelines for the same
- A total of 18 outstanding publications on Islamic banking and financial transactions, based on PhD- and MA-level scientific letters by specialists in this field, prepared, printed and distributed to interested parties and commercial libraries
- The provision of scientific support to a number of Sharia researchers in the field of Islamic banking, with workshops held for PhD students in the Jurisprudence Department at the Faculty of Sharia at Imam Muhammad bin Saud Islamic University

In addition, the Department was involved in the following:

- Representing the Bank at SAMA meetings of the Banking Committee and assuming Chairmanship of the Committee during the year under review
- Participating in workshops related to banking products held by SAMA in Riyadh and Jeddah
- Participating in specialised seminars and forums such as scientific seminars organised by the Center of Excellence Research of the Imam Muhammad bin Saud Islamic University, the banking seminar organised by the National Bank and the 16th conference of the Accounting and Auditing Organization for Islamic Financial Institutions (AAIOFI) of the Sharia bodies