BASE PROSPECTUS

BBG SUKUK LTD
(an exempted company incorporated with limited liability in the Cayman Islands)

U.S.$2,000,000,000

Trust Certificate Issuance Programme

Under the U.S.$2,000,000,000 trust certificate issuance programme (the “Programme”) described in this Base Prospectus (the “Base Prospectus”), BBG Sukuk Ltd (in its capacity as issuer and trustee, the “Trustee”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue trust certificates (the “Certificates”) denominated in any currency agreed between the Trustee and the relevant Dealer(s) (as defined below). Certificates may only be issued in registered form. The maximum aggregate face amount of all Certificates from time to time outstanding under the Programme will not exceed U.S.$2,000,000,000 (or its equivalent in other currencies, calculated as provided for in the Programme Agreement described herein), subject to increase as described herein. The Certificates may be issued on a continuing basis to one or more of the Dealers specified under “Overview of the Programme” and any additional Dealer(s) appointed under the Programme from time to time by the Trustee and Dukhan Bank Q.P.C.S. (the “Bank” or the “Obligor”) (each, a “Dealer” and together, the “Dealers”), which appointment may be for a specific issue of Certificates or on an ongoing basis. References in this Base Prospectus to the “relevant Dealer(s)” shall, in the case of an issue of Certificates being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe to such Certificates.

An investment in Certificates issued under the Programme involves certain risks. For a discussion of the principal risks that may affect the ability of the Trustee to fulfil its obligations under the Certificates, see “Risk Factors”,

Each Tranche (as defined in the terms and conditions of the Certificates (the “Conditions”)) of Certificates will be constituted by: (i) an amended and restated master trust deed (the “Master Trust Deed”) dated 2 December 2020 entered into by the Trustee, the Bank and Deutsche Trustee Company Limited as delegate of the Trustee (in such capacity, the “Delegate”); and (ii) a supplemental trust deed (each, a “Supplemental Trust Deed”) in relation to the relevant Tranche. Certificates of each Series (as defined in the conditions) are constituted by the holders of the Certificates from time to time outstanding under the Programme (the “Certificateholders”) to the extent of their pro rata participation in the assets of the Trustee. Each Tranche shall be created on a continuing basis to one or more Dealers (the “Dealers”) as specified under “Overview of the Programme”.

This Base Prospectus has been approved by the Financial Conduct Authority (the “FCA”) as competent authority under Regulation (EU) 2017/1129 (the “Prospectus Regulation”). The FCA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of either the Trustee, the Obligor or the quality of the Certificates that are the subject of this Base Prospectus and investors should make their own assessment as to the suitability of investing in the Certificates.

Application has been made to the FCA under Part VI of the Financial Services and Markets Act 2000 and to the London Stock Exchange plc (the “London Stock Exchange”) for the Certificates issued under the Programme (other than PR Exempt Certificates (as defined below)) during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of the FCA (the “Official List”) and to trading on the regulated market of the London Stock Exchange (the “Regulated Market”). Such approval relates only to the Certificates which are to be admitted to trading on a regulated market or otherwise.

References in this Base Prospectus to “PR Exempt Certificates” are to Certificates for which no prospectus is required to be published under the Prospectus Regulation. For the purposes of any PR Exempt Certificates issued pursuant to this Programme, this document does not constitute a base prospectus for the purposes of the Prospectus Regulation and will constitute listing particulars.

This Base Prospectus does not constitute listing particulars that the FCA has reviewed or approved. Information contained in this Base Prospectus regarding PR Exempt Certificates and any Pricing Supplement relating thereto shall not be deemed to form part of this Base Prospectus, and the FCA has neither approved nor reviewed information contained in this Base Prospectus in connection with the offering and sale of PR Exempt Certificates or in the related Pricing Supplement to which the PR Exempt Certificates are subject.

Notice of the aggregate face amount of Certificates, profit (if any) payable in respect of such Certificates, the issue price or premium (if any) and the relevant Dealer(s) (as defined in the conditions) are constituted by the holders of the Certificates from time to time outstanding under the Programme. Each Tranche shall be constituted by Certificates of each Series (as defined in the conditions) and any additional Dealer(s) appointed under the Programme from time to time by the Trustee and Dukhan Bank Q.P.C.S. (the “Bank” or the “Obligor”) (each, a “Dealer” and together, the “Dealers”), which appointment may be for a specific issue of Certificates or on an ongoing basis. References in this Base Prospectus to the “relevant Dealer(s)” shall, in the case of an issue of Certificates being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe to such Certificates.

The date of this Base Prospectus is 2 December 2020.
This Base Prospectus comprises a base prospectus for the purposes of the Prospectus Regulation.

The Trustee and the Bank accept responsibility for the information contained in this Base Prospectus and the applicable Final Terms for each Tranche of Certificates issued under the Programme. To the best of the knowledge of the Trustee and the Bank, the information contained in this Base Prospectus is in accordance with the facts and the Base Prospectus, as completed by the applicable Final Terms, makes no omission likely to affect the import of such information.

The Base Prospectus should be read and construed together with any amendments or supplements hereto and, in relation to any Tranche of Certificates, should be read and construed together with the applicable Final Terms. The Base Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference”).

The language of this Base Prospectus is English. Certain technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the Programme or the issue or sale of the Certificates and, if given or made, such information or representation must not be relied upon as having been authorised by the Trustee, the Bank, the Arranger, any of the Dealers, the Delegate or the Agents (each as defined herein). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Trustee or the Bank since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented, or that there has been no adverse change in the financial position of the Trustee or the Bank since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

In the case of any Certificates which are to be admitted to trading on a regulated market within the United Kingdom or the European Economic Area or offered to the public in the United Kingdom or a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Regulation, the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Certificates).

The distribution of this Base Prospectus and the offering or sale of the Certificates in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Trustee, the Bank, the Arranger and the Dealers to inform themselves about and to observe any such restrictions. The Certificates have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Certificates may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Certificates are being offered, sold or delivered only outside the United States in offshore transactions to non-U.S. persons in accordance with Regulation S. Each purchaser of the Certificates in making its purchase will be deemed to have made certain acknowledgements, representations and agreements. Prospective purchasers are hereby notified that the offer, sale or delivery of Certificates to it will be made in reliance on the exemption from the registration requirements of the Securities Act provided by Regulation S. For a description of certain restrictions on offers and sales of Certificates and on distribution of this Base Prospectus, see “Subscription and Sale”.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and any of the Arranger or Dealers or any affiliate of the Arranger or Dealers is a licensed broker or dealer in that jurisdiction, the offering
shall be deemed to be made by that Arranger or Dealer or such affiliate on behalf of the Trustee in such jurisdiction.

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Trustee, the Bank, the Arranger or the Dealers to subscribe for, or purchase, any Certificates.

To the fullest extent permitted by law, none of the Arranger, the Dealers, the Delegate or the Agents (as defined in the Conditions) accepts any responsibility for the Certificates, the Transaction Documents (including the effectiveness thereof) or the contents of this Base Prospectus or for any other statement made, or purported to be made, by the Arranger, a Dealer, the Delegate, the Agents or on its or their behalf in connection with the Trustee, the Bank or the issue and offering of the Certificates or for any acts or omissions of the Trustee, the Bank or any other person in connection with Transaction Documents, this Base Prospectus or the issue and offering of the Certificates under the Programme. Each of the Arranger, the Dealers, the Delegate and the Agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of the Certificates, the Transaction Documents or this Base Prospectus or any such statement, including in relation to the information contained in this Base Prospectus or any other information provided by the Trustee or the Bank in connection with the Programme or the issue or offering of Certificates thereunder. Neither this Base Prospectus nor any other such statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Trustee, the Bank, the Arranger, the Dealers, the Delegate or the Agents that any recipient of this Base Prospectus or any other such statements should purchase the Certificates. Each potential purchaser of Certificates should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Certificates should be based upon such investigation as it deems necessary. None of the Arranger, the Dealers, the Delegate or the Agents undertakes to review the financial condition or affairs of the Trustee or the Bank during the life of the arrangements contemplated by this Base Prospectus, nor to advise any investor or potential investor in Certificates issued under the Programme of any information coming to the attention of any of the Arranger, the Dealers, the Delegate or the Agents.

**SUITABILITY OF INVESTMENT**

The Certificates may not be a suitable investment for all investors. Each potential investor in any Certificates must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the relevant Certificates, the merits and risks of investing in the relevant Certificates and the information contained in this Base Prospectus or any applicable supplement;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Certificates and the impact such investment will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Certificates, including Certificates where the currency for any Dissolution Distribution Amount or Periodic Distribution Amount (each as defined herein) payments are different from the potential investor’s currency;

(iv) understands thoroughly the terms of the relevant Certificates and is familiar with the behaviour of financial markets; and
is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

The Certificates are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Certificates unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Certificates will perform under changing conditions, the resulting effects on the value of such Certificates and the impact this investment will have on the potential investor’s overall investment portfolio.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Certificates are legal investments for it, (ii) Certificates can be used as collateral for various types of borrowing or raising of finance and (iii) other restrictions apply to its purchase or pledge of any Certificates. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Certificates under any applicable risk-based capital or similar rules.

The Certificates to which this Base Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Certificates offered should conduct their own due diligence on the Certificates. If you do not understand the contents of this Base Prospectus you should consult an authorised financial adviser.

No comment is made or advice given by the Trustee, the Bank, the Arranger, the Dealers, the Delegate or the Agents in respect of taxation or Sharia matters relating to any Certificates or the legality of the purchase of the Certificates by an investor under any applicable law.

EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN SHARIA ADVISER, TAX ADVISER, LEGAL ADVISER AND BUSINESS ADVISER AS TO SHARIA, TAX, LEGAL, BUSINESS AND RELATED MATTERS CONCERNING THE PURCHASE OF ANY CERTIFICATES.

STABILISATION

In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the stabilisation manager(s) (the “Stabilisation Manager(s)”) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may effect transactions with a view to supporting the market price of the Certificates at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the issue date of the relevant Tranche and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Base Prospectus contains “forward-looking statements” – that is, statements related to future, not past, events. In this context, forward-looking statements often address the Bank’s and the Group’s (as defined below) expected future business and financial performance, and often contain words such as “expect”, “anticipate”, “intend”, “may”, “plan”, “believe”, “seek” or “will”. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For the Bank and its subsidiaries and affiliates taken as a whole (the “Group”), particular uncertainties that could adversely affect its future results include: the behaviour of
financial markets and macro-economic conditions, including fluctuations in interest, profit and exchange rates, commodity and equity prices and the value of financial assets; continued volatility and further deterioration of the capital markets; the commercial and consumer credit environment, including credit risks and, in particular, the impact of a higher level of credit defaults arising from adverse economic conditions, the impact of provisions and impairments and concentration of the Bank’s portfolio of financing and investment assets; liquidity risks, including the ability of the Bank to meet its contractual and contingent cash flow obligations or the inability to fund its operations; the impact of laws and regulation (including any change thereto) and regulatory, investigative and legal actions; strategic actions, including acquisitions and future integration of acquired businesses and government policy affecting the Bank’s business activities; future financial performance of the banking, financial services and Islamic finance industries; and numerous other matters of national, regional and global scale, including those of a political, economic, business and competitive nature. These uncertainties may cause the Bank’s actual future results to be materially different than those expressed in its forward-looking statements. Although the Bank believes that the expectations, estimates and projections reflected in the Bank’s forward-looking statements are reasonable, if one or more of the risks or uncertainties materialise, including those which the Bank has identified in this Base Prospectus, or if any of the Bank’s underlying assumptions prove to be incomplete or inaccurate, the Bank’s actual future results may be materially different than those expressed in its forward-looking statements.

The forward-looking statements in this Base Prospectus speak only as at the date of this Base Prospectus. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Risk Factors”. Without prejudice to any requirements under applicable laws and regulations, the Bank expressly disclaims any obligation or undertaking to disseminate after the date of this Base Prospectus any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof, or any change in events, conditions or circumstances on which any forward-looking statement is based.

CERTAIN PUBLICLY AVAILABLE INFORMATION

Certain information under the headings “Overview of Qatar” and “The Qatar Banking Sector and Regulations” has been extracted from information provided or obtained by the QCB's Quarterly Statistical Bulletin dated June 2020, the forty second Annual Report of the QCB, the QCB website, the International Monetary Fund's 2019 Article IV Country Report, the International Monetary Fund's World Economic Outlook Database April 2020, the BP Statistical Review of World Energy - 2020, the Qatar Ministry of Development Planning and Statistics website, the World Bank - Data Bank, and, in each case, the relevant source of such information is specified where it appears under those headings. None of the Arranger, the Dealers, the Trustee, the Delegate, the Agents nor the Bank accepts responsibility for the factual correctness of any such statistics or information but the Bank and the Trustee accept responsibility for accurately extracting and transcribing such statistics and information and believe, after due inquiry, that such statistics and information represent the most current publicly available statistics and information from such sources at the dates and for the periods with respect to which they have been presented. Without prejudice to the foregoing, the Bank and the Trustee confirm that all such third party information has been accurately reproduced and, so far as each of them is aware and has been able to ascertain from that published information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

The Trustee is a special purpose company established in the Cayman Islands. No financial statements for any period have been prepared in respect of the Trustee. The Trustee has no operating history and no material assets
and will depend on receipt of payments from the Bank to make payments to Certificateholders. The Trustee was incorporated under the laws of the Cayman Islands on 30 April 2015 as an exempted company with limited liability and has no operating history. Since the date of incorporation, no financial statements of the Trustee have been prepared. The Trustee is not required by Cayman Islands law, and does not intend, to publish audited financial statements or appoint any auditors.

This Base Prospectus contains:

- the unaudited condensed consolidated interim financial statements of the Bank as at and for the six-month period ended 30 June 2020 (with comparative data for the six-month period ended 30 June 2019) (the “2020 Interim Financial Statements”);
- the audited consolidated financial statements of the Bank as at and for the financial year ended 31 December 2019 (with comparative data as at and for the year ended 31 December 2018) (the “2019 Financial Statements”); and
- the audited consolidated financial statements of the Bank as at and for the financial year ended 31 December 2018 (with comparative data as at and for the year ended 31 December 2017) (the “2018 Financial Statements”).

In this Base Prospectus, the 2019 Financial Statements and the 2018 Financial Statements are together referred to as the “Annual Financial Statements”. The Annual Financial Statements and the 2020 Interim Financial Statements are together referred to as the “Financial Statements”.

The Bank prepared the Financial Statements in accordance with the Financial Accounting Standards (“FAS”) issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (“AAOIFI”), the Sharia Rules and Principles as determined by the Shari’ā Committee of the Bank (the “Shari’ā Committee”), related regulations of the QCB and applicable provisions of the Qatar Commercial Companies Law No. 11 of 2015. For matters which are not covered by the FAS issued by AAOIFI, the Bank uses guidance from the relevant International Financial Reporting Standards (“IFRS”). Accordingly, the 2020 Interim Financial Statements have been prepared in accordance with the guidance provided by International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. There may have been material differences in the financial information had IFRS been applied to the Financial Statements. For the differences relating to the presentation and disclosure of financial information between FAS issued by AAOIFI and IFRS, see “Summary of Significant Differences Between the Financial Accounting Standards Issued by AAOIFI and International Financial Reporting Standards”.

The 2020 Interim Financial Statements have been reviewed by Ernst & Young (Qatar Branch) (“EY”) in accordance with the International Standard on Review Engagements (“ISRE”) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, as stated in their review report relating to the 2020 Interim Financial Statements which is incorporated by reference into this Base Prospectus.

The 2019 Financial Statements have been audited by EY and the 2018 Financial Statements have been audited by Deloitte & Touche, Qatar Branch. The financial information included in this Base Prospectus corresponding to the year ended 31 December 2017 has been extracted from the 2018 Financial Statements (where such 2017 financial information is presented for comparative purposes). The financial information included in this Base Prospectus corresponding to the six-month period ended 30 June 2019 has been extracted from the 2020 Interim Financial Statements (where such 2019 financial information is presented for comparative purposes).

Certain comparative figures as at and for the year ended 31 December 2018 have been reclassified in the 2019 Financial Statements so that the financial information as at 31 December 2018 and 31 December 2019 were comparable.
The following table shows the reclassifications discussed above.

<table>
<thead>
<tr>
<th>As reported in 2018 Financial Statements</th>
<th>Reclassifications</th>
<th>Reclassified number in 2019 Financial Statements</th>
</tr>
</thead>
<tbody>
<tr>
<td>QAR’000</td>
<td>QAR’000</td>
<td>QAR’000</td>
</tr>
<tr>
<td>Due from banks ......................</td>
<td>2,627,929</td>
<td>552</td>
</tr>
<tr>
<td>Financing Assets ....................</td>
<td>27,756,699</td>
<td>181,210</td>
</tr>
<tr>
<td>Investment Securities .............</td>
<td>10,542,985</td>
<td>99,365</td>
</tr>
<tr>
<td>Other assets .........................</td>
<td>555,329</td>
<td>(281,127)</td>
</tr>
<tr>
<td>Due to banks .........................</td>
<td>9,720,211</td>
<td>7,354</td>
</tr>
<tr>
<td>Sukuk and fixed income financing ....</td>
<td>836,984</td>
<td>6,996</td>
</tr>
<tr>
<td>Other liabilities ...................</td>
<td>1,020,787</td>
<td>(14,350)</td>
</tr>
<tr>
<td>Legal reserve .........................</td>
<td>2,548,996</td>
<td>1</td>
</tr>
<tr>
<td>Treasury shares ......................</td>
<td>(38,349)</td>
<td>(1)</td>
</tr>
<tr>
<td>Fee and commission expense .........</td>
<td>(11,356)</td>
<td>(17,527)</td>
</tr>
<tr>
<td>Other expenses .......................</td>
<td>(164,226)</td>
<td>17,527</td>
</tr>
</tbody>
</table>

In addition to the above reclassifications, certain items of financial risk management, operating segments, fair value and classification of financial instruments, concentration of assets, liabilities and equity of URIA holders, maturity profile, key management personnel compensation and assets under management disclosures as at and for the year ended 31 December 2018 have also been reclassified in the 2019 Financial Statements.

There was no impact on profit for the year ended 31 December 2018 or total equity as at 31 December 2018 and such reclassifications were made to achieve a clearer presentation of the consolidated financial statements and to comply with the regulatory requirements in Qatar. The reclassified financial information as at and for the year ended 31 December 2018 has been extracted or derived from the 2019 Financial Statements. All other financial information as at and for the year ended 31 December 2018 relating to the Group and included in this Base Prospectus has been extracted from the 2018 Financial Statements.

**Presentation of Other Information**

In this Base Prospectus, unless otherwise specified or the context otherwise requires, any reference to:

- “CAR” means capital adequacy ratio;
- “CAGR” means compound annual growth rate;
- “GCC” means the Gulf Co-operation Council, which comprises Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE;
- “GDP” means Gross Domestic Product;
- “Government” means the government of Qatar;
• “IMF” means the International Monetary Fund;
• “OPEC” means the Organisation of Petroleum Exporting Countries;
• “QAR”, “riyals” and “Qatari riyals” means the lawful currency for the time being of Qatar;
• “Qatar” means the State of Qatar;
• “QCB” means the Qatar Central Bank;
• “QCB Law” means the Law of the Qatar Central Bank and the Regulation of Financial Institutions (Law No. 13 of 2012);
• “QFC” means the Qatar Financial Centre;
• “QFC Law” means the Law of the Qatar Financial Centre (Law No. 7 of 2005);
• “QFCA” means the Qatar Financial Centre Authority;
• “QFCRA” means the Qatar Financial Centre Regulatory Authority;
• “QFMA” means the Qatar Financial Markets Authority;
• “QIA” means the Qatar Investment Authority;
• “QSE” means the Qatar Stock Exchange;
• “tcf” means trillion cubic feet;
• “UAE” means the United Arab Emirates; and
• “U.S.$”, “USD” or “U.S. dollars” means the lawful currency for the time being of the United States.

Exchange rate and rounding
The riyal currently is, and since the mid-1980s has been, pegged to the U.S. dollar at a fixed exchange rate of 3.64 riyals per U.S. dollar and, accordingly, translations of amounts from riyals to U.S. dollars have been made at this exchange rate for all periods in this Base Prospectus. Translations of amounts from riyals to U.S. dollars in this Base Prospectus are solely for the convenience of the reader. Such translations should not be construed as representations that riyal amounts have been or could be converted into U.S. dollars at this or any other rate of exchange.

ALTERNATIVE PERFORMANCE MEASURES
This Base Prospectus includes certain non-FAS and non-IFRS financial measures which the Bank uses in the analysis of its business and financial position, each of which constitutes an Alternative Performance Measure (“APM”) as defined in the ESMA Guidelines on Alternative Performance Measures dated 5 October 2015. However, the Bank believes that these measures provide useful supplementary information to both investors and the Bank's management, as they facilitate the evaluation of company performance. The APMs are not measurements of the Bank’s operating performance or liquidity under FAS or IFRS and should not be used instead of, or considered as alternatives to, any measures of performance or liquidity under FAS or IFRS. The APMs relate to the reporting periods described in this Base Prospectus and are not intended to be predictive of future results. It is to be noted that, since not all companies calculate financial measurements in the same manner, these are not always comparable to measurements used by other companies. Accordingly, these financial measures should not be seen as a substitute for measures defined according to FAS and IFRS. Unless otherwise stated, the list below presents alternative performance measures, along with their reconciliation to
the extent that such information is not defined according to FAS and IFRS and not included in the Bank’s financial statements incorporated by reference into this Base Prospectus:

- Return on average equity: Net Profit for the period / year of the Bank divided by average total owners’ equity for the period / year;

- Return on average assets: Net Profit for the period / year of the Bank divided by average assets for the period / year;

- CAR: Tier one capital as at the relevant period / year end plus tier two capital as at the relevant period / year end divided by risk weighted assets as at the period / year end. The CARs for the years ended 31 December 2018 and 31 December 2019 and the six-month period ended 30 June 2019 and 30 June 2020 were calculated in accordance with the Basel III guidelines issued by the QCB;

- Net financing assets to deposit ratio: Net financing assets as at the relevant period / year end divided by customer deposits (which include customer current accounts and equity of unrestricted investment account (“URIAs”) holders) as at the relevant period / year end;

- Cost to income ratio: Sum of staff cost, depreciation and amortisation and other expenses for the period / year divided by total income after deducting finance cost and return to URIA holders for the relevant period / year;

- Net profit margin: Net profit for the period / year divided by total income after deducting finance cost and return to URIA holders income for the relevant period / year;

- Net financing to total assets ratio: Net financing assets as at the relevant period / year end divided by total assets as at the relevant period / year end;

- Non-performing financing ratio: Non-performing financing assets as at the relevant period / year end divided by net financing assets (before provision) as at the relevant period / year end;

- Non-performing coverage ratio: Specific provisions as at the relevant period / year end divided by non-performing financing assets as at the relevant period / year end; and

- Net operating income: Total income for the period / year less sum of return to URIA holders, staff cost, depreciation and amortisation, other expenses and finance cost for the period/year.
MIFID II PRODUCT GOVERNANCE/TARGET MARKET

The applicable Final Terms in respect of any Certificates may include a legend entitled “MiFID II Product Governance”, which will outline the target market assessment in respect of the Certificates and which channels for distribution of the Certificates are appropriate. Any person subsequently offering, selling or recommending the Certificates (a “distributor”) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, “MiFID II”) is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “MiFID Product Governance Rules”), any Dealer subscribing for any Certificates is a manufacturer in respect of such Certificates, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

SINGAPORE SFA PRODUCT CLASSIFICATION

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), unless otherwise specified before an offer of Certificates, the Trustee has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Certificates are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

BENCHMARKS REGULATION

Amounts payable under the Certificates may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the “Benchmarks Regulation”). If any such reference rate does constitute such a benchmark, the applicable Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (“ESMA”) pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmarks Regulation. Transitional provisions in the Benchmarks Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the applicable Final Terms. The registration status of any administrator under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Trustee does not intend to update the applicable Final Terms to reflect any change in the registration status of the administrator.

VOLCKER RULE

The Volcker Rule, which became effective on 1 April 2014, but was subject to a conformance period for certain entities that concluded on 21 July 2015, generally prohibits “banking entities” (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in or sponsoring a “covered fund” and (iii) entering into certain relationships with “covered funds”. The general effects of the Volcker Rule remain uncertain; any prospective investor in the Certificates and any entity that is a “banking entity” as defined under the Volcker Rule which is considering an
investment in the Certificates should consult its own legal advisers and consider the potential impact of the Volcker Rule in respect of such investment. If investment by “banking entities” in the Certificates is prohibited or restricted by the Volcker Rule, this could impair the marketability and liquidity of such Certificates. No assurance can be made as to the effect of the Volcker Rule on the ability of certain investors subject thereto to acquire or retain an interest in the Certificates, and accordingly none of the Trustee, the Bank, the Arranger, the Delegate, the Agents or the Dealers, or any of their respective affiliates makes any representation regarding (a) the status of the Trustee under the Volcker Rule (including whether it is a “covered fund” for their purposes) or (b) the ability of any purchaser to acquire or hold the Certificates, now or at any time in the future.

NOTICE TO RESIDENTS IN THE UNITED KINGDOM

Any Certificates to be issued under the Programme which do not constitute “alternative finance investment bonds” (“AFIBs”) within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2010 will represent interests in a collective investment scheme (as defined in the Financial Services and Markets Act 2000, as amended (the “FSMA”)) which has not been authorised, recognised or otherwise approved by the United Kingdom Financial Conduct Authority. Accordingly, any Certificates to be issued under the Programme must not be marketed in the United Kingdom to the general public and this Base Prospectus is not being distributed to, and must not be passed on to, the general public in the United Kingdom.

The distribution in the United Kingdom of this Base Prospectus, the applicable Final Terms and any other marketing materials relating to the Certificates is being addressed to, or directed at: (A) if the distribution of the Certificates (whether or not such Certificates are AFIBs) is being effected by a person who is not an authorised person under the FSMA, only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Financial Promotion Order”); (ii) persons falling within any of the categories of persons described in Article 49 (High net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Financial Promotion Order; and (B) if the Certificates are not AFIBs and the distribution is effected by a person who is an authorised person under the FSMA, only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the “Promotion of CISs Order”); (ii) persons falling within any of the categories of person described in Article 22 (High net worth companies, unincorporated associations, etc.) of the Promotion of CISs Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Promotion of CISs Order.

Persons of any other description in the United Kingdom may not receive and should not act or rely on this Base Prospectus, any Final Terms (or Pricing Supplement, as the case may be) or any other marketing materials in relation to any Certificates.

Prospective investors in the United Kingdom in any Certificates are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in such Certificates and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme. Any prospective investor intending to invest in any investment described in this Base Prospectus should consult its professional adviser and ensure that it fully understands all the risks associated with making such an investment and that it has sufficient financial resources to sustain any loss that may arise from such investment.
NOTICE TO RESIDENTS IN THE KINGDOM OF BAHRAIN

In relation to investors in the Kingdom of Bahrain (“Bahrain”), Certificates issued in connection with this Base Prospectus and related offering documents may only be offered in registered form to existing accountholders and accredited investors as defined by the Central Bank of Bahrain (the “CBB”) in Bahrain where such investors make a minimum investment of at least U.S.$100,000 or any equivalent amount in any other currency or such other amount as the CBB may determine.

This Base Prospectus does not constitute an offer of securities in Bahrain pursuant to the terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Base Prospectus and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Certificates may be offered, sold or made the subject of an invitation for subscription or purchase, nor will this Base Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase Certificates, whether directly or indirectly, to persons in Bahrain, other than to accredited investors for an offer outside Bahrain.

The CBB has not reviewed, approved or registered this Base Prospectus or related offering documents and it has not in any way considered the merits of the Certificates to be offered for investment, whether in or outside Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Base Prospectus and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Base Prospectus. No offer of Certificates will be made to the public in Bahrain and this Base Prospectus must be read by the addressee only and must not be issued, passed to or made available to the public generally.

NOTICE TO RESIDENTS IN SAUDI ARABIA

This Base Prospectus may not be distributed in the Kingdom of Saudi Arabia (“Saudi Arabia”) except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority of Saudi Arabia (the “Capital Market Authority”). The Capital Market Authority does not make any representations as to the accuracy or completeness of this Base Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Prospectus. Prospective purchasers of Certificates issued under the Programme should conduct their own due diligence on the accuracy of the information relating to the Certificates. If a prospective purchaser does not understand the contents of this Base Prospectus, he or she should consult an authorised financial adviser.

NOTICE TO RESIDENTS IN QATAR

Any Certificates to be issued under the Programme will not be offered, sold or delivered at any time, directly or indirectly, in Qatar (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Base Prospectus has not been and will not be reviewed or approved by, or registered with, the Qatar Financial Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority in accordance with their regulations or any other regulations in Qatar (including the Qatar Financial Centre). The Certificates are not and will not be traded on the Qatar Stock Exchange. The Certificates and interests therein will not be offered to investors domiciled or resident in Qatar and do not constitute debt financing in Qatar under the Commercial Companies Law No. (11) of 2015 or otherwise under the laws of Qatar (including the Qatar Financial Centre).
NOTICE TO RESIDENTS IN THE CAYMAN ISLANDS

No invitation, whether directly or indirectly, may be made to the public in the Cayman Islands to subscribe for the Certificates and this Base Prospectus shall not be construed as an invitation to any member of the public of the Cayman Islands to subscribe for any Certificates issued under the Programme.

NOTICE TO RESIDENTS IN MALAYSIA

Any Certificates to be issued under the Programme may not be offered for subscription or purchase and no invitation to subscribe for or purchase such Certificates in Malaysia may be made, directly or indirectly, and this Base Prospectus or any document or other materials in connection therewith may not be distributed in Malaysia other than to persons falling within the categories set out in Part I of Schedule 6 or Section 229(1)(b) and Part I of Schedule 7 or Section 230(1)(b), read together with Schedule 8 or Section 257(3) of the Capital Market and Services Act 2007 (the “CMSA”) of Malaysia, as may be amended and/or varied from time to time and subject to any amendments to the applicable laws from time to time.

The Securities Commission of Malaysia shall not be liable for any non-disclosure on the part of the Trustee or the Bank and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Base Prospectus.
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RISK FACTORS

Each of the Trustee and the Bank believes that the following factors may affect both the Trustee’s ability to pay amounts owing under Certificates issued under the Programme and the Bank’s ability to satisfy its obligations under the relevant Transaction Documents (as defined in the Conditions). All of these factors are contingencies which may or may not occur and neither the Trustee nor the Bank is in a position to express a view on the likelihood of any such contingency occurring. However, should any of these factors occur, it would have the potential to materially adversely affect the Bank’s business, results of operations, financial condition and prospects and thereby affect its ability to perform its obligations in respect of the relevant Transaction Documents.

Factors which each of the Trustee and the Bank believes may be material for the purpose of assessing the market risks associated with Certificates issued under the Programme are also described below.

Each of the Trustee and the Bank believes that the non-exhaustive list of factors described below represent the material risks inherent in investing in Certificates, but the inability of the Trustee to pay Periodic Distribution Amounts (as defined in the Conditions), Dissolution Distribution Amounts (as defined in the Conditions) or other amounts on or in connection with any Certificates may occur for other reasons which may not be considered significant risks by the Trustee and/or the Bank based on information currently available to them or which they may not currently be able to anticipate. Neither the Trustee nor the Bank represents that the statements below regarding the risks of holding any Certificates are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision. Words and expressions defined in the Conditions or “Summary of the Principal Transaction Documents” shall have the same meanings in this section.

RISKS RELATED TO THE TRUSTEE

The Trustee has no operating history and no material assets and will depend on receipt of payments from the Bank to make payments to Certificateholders. The Trustee was incorporated under the laws of the Cayman Islands on 30 April 2015 as an exempted company with limited liability and has no operating history. The Trustee has not engaged, and will not engage, in any business activity other than the issuance of Certificates under the Programme, the acquisition of Trust Assets as described herein, acting in the capacity as Trustee, the issuance of shares in its capital and other related activities as required under the Transaction Documents. Because the Trustee is a Cayman Islands company, it may not be possible for Certificateholders to effect service of process on it outside the Cayman Islands. The Trustee’s only material assets, which will be held on trust for Certificateholders, will be the Trust Assets in respect of each Series of Certificates issued, including the obligation of the Bank to make payments to the Trustee under the relevant Transaction Documents relating to each Series. Therefore, the Trustee is subject to the same risks that affect the Bank to the extent that those risks limit the Bank’s ability to satisfy in full and on a timely basis its obligations under the Transaction Documents. The ability of the Trustee to pay amounts due on the Certificates is dependent upon receipt by the Trustee from the Bank of amounts to be paid pursuant to the relevant Transaction Documents, which may not be sufficient to meet all claims under the Certificates and the relevant Transaction Documents. See “—Risks relating to the Bank and its ability to fulfil its obligations under the Transaction Documents”.
RISKS RELATING TO THE BANK AND ITS ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE TRANSACTION DOCUMENTS

Risks relating to the emergence of COVID-19

The outbreak of communicable diseases on a global scale may affect investment sentiment and result in sporadic volatility in global capital markets. The novel coronavirus (“COVID-19”) outbreak is currently having an indeterminable adverse impact on the world economy. COVID-19 was first identified in Wuhan, Hubei Province, China in late 2019. In response to the rapid spread of COVID-19, the Chinese government imposed travel restrictions and quarantines to help limit the risk of infection. However, while the spread of COVID-19 has slowed in China, it has continued to spread in many countries around the world, leading the World Health Organisation to declare the outbreak a global pandemic on 11 March 2020. Many of these affected countries, including the United States and countries in Europe, have been significantly impacted and have experienced high levels of deaths connected with COVID-19. In response, most affected countries have introduced restrictions on travel and on the freedom of movement of people. These measures, while aimed to slow the spread of the virus, have significantly reduced economic activity in many countries around the world. Although some countries are now starting to relax the restrictions to a certain extent, others are re-introducing such restrictions and it remains unclear how long the restrictions will remain in place and what their ultimate impact will be on global and local economies, as well as on the price of oil. The economic impact of COVID-19 has already included, and may continue to result in, significant volatility in financial markets and reduced global liquidity and investment, and it may lead to lower economic growth in the GCC region and globally.

In response to the impact of COVID-19 on their domestic economies, various governments around the world, including Qatar (see “The Qatar Banking Sector and Regulations”), have announced fiscal stimulus packages and numerous central banks have cut interest rates. Specifically, on 3 March 2020, the U.S. Federal Reserve cut its target range for the federal funds rate by 0.5 per cent. to between 1.00 and 1.25 per cent. and, on 15 March 2020, the range was cut further to between 0 to 0.25 per cent. Given the peg of the Qatari riyal to the U.S. dollar, the QCB also undertook similar action and cut its key rates. These and any future changes in these rates or changes in fiscal stimulus packages or QCB measures more generally could reduce liquidity and adversely impact the Bank’s financing costs if the Bank is unable to pass these increased costs on to its customers.

On 22 March 2020, the QCB issued a circular to banks operating in Qatar requiring such banks to agree to postpone their customers’ repayment of loan instalments and interest due on such instalments for an initial period of six months, which has subsequently been extended for a further three months until December 2020. A substantial amount of the Bank’s business involves providing credit and other financial services to individuals, corporates, industries or governments that may be detrimentally impacted by COVID-19 and low oil prices (see “Slower economic growth in the countries where the Bank operates could adversely impact the Bank”). In addition, concerns remain as to whether these policy tools will counter anticipated macro-economic risks and a prolongation of the outbreak could significantly adversely affect economic growth, affect specific industries or countries or affect the Bank’s employees and business operations in affected countries.

All of these factors have the potential to impact the Bank’s assessment of its expected credit losses and may therefore result in significantly increased impairment losses in future periods, at least until Qatar and other economies to which it is exposed recover from the effects of COVID-19 restrictions and low oil prices. Whilst the direct and indirect impact of the COVID-19 outbreak remains uncertain, there can be no assurance that such impairment losses will not significantly increase for future periods, which in turn could have an adverse effect on the Bank’s business, financial condition, results of operations or prospects.

In the event these conditions persist, the Bank’s business, financial condition, results of operations, liquidity and prospects are likely to be negatively affected.
The Bank’s business, financial condition, results of operations and prospects are and will continue to be affected by conditions in the global financial markets and by global economic conditions

The financial services industry generally prospers in periods of economic growth and stable geopolitical conditions and benefits from capital markets that are transparent, liquid and buoyant and experience positive investor sentiment. If the level of market disruption and volatility experienced during the last financial crisis, which started in late 2007 and reached unprecedented levels in the second half of 2008 and early 2009, were to recur, the Bank may experience reductions in business activity, increased funding costs and funding pressures, decreased asset values, credit losses, write-downs and impairment charges and lower profitability. The Bank’s performance may also be affected by future recovery rates on assets and the historical assumptions underlying asset recovery rates, which may not be as accurate given the unprecedented market volatility and disruption in recent years.

As at the date of this Base Prospectus, the performance of global debt and equity markets has been volatile, reflecting the ongoing volatility in the macro-economic climate which has had, and which continues to have, a material adverse effect on the economies of the GCC states, including Qatar. In particular, the spread of the COVID-19 disease has caused significant uncertainty and volatility in financial markets globally and regionally (see “Risks relating to the emergence of COVID-19”).

As a result of the foregoing, the Bank’s business, financial condition, results of operations, liquidity and prospects could be adversely affected by conditions in the global and regional economy and financial markets and by global and regional economic conditions which may, in turn, affect the Bank’s ability to perform its obligations under the relevant Transaction Documents and the Trustee’s ability to perform its obligations under the Certificates.

The Bank could be adversely affected by the soundness or the perceived soundness of other financial institutions and counterparties, which could result in significant systemic liquidity problems, losses or defaults

Against the backdrop of constraints on liquidity and given the high level of interdependence between financial institutions that became increasingly evident during the global financial crisis, the Bank, like other financial institutions, is subject to the risk of deterioration of the commercial and financial soundness, or perceived soundness, of other financial services institutions. Within the financial services industry, the default of any one institution could lead to defaults by other institutions. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions, because the commercial and financial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of, or questions about, a counterparty may lead to market-wide liquidity problems and losses or defaults by the Bank or by other institutions. This risk is sometimes referred to as “systemic risk” and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom the Bank interacts on a daily basis. Systemic risk could have a material adverse effect on the Bank’s ability to raise new funding and on its business, financial condition, results of operations, liquidity and prospects.

Slower economic growth in the countries where the Bank operates could adversely impact the Bank

The economies of Qatar and the GCC countries are dependent on oil, gas and related industries, as well as the prices and quantities of these commodities. The Bank’s financial performance has been and will remain closely linked to the rate of economic growth of Qatar and the other countries in which the Bank operates. Consequently, volatility in oil prices and deterioration in economic conditions in Qatar due to deterioration in oil, gas or related industries or due to other factors, or any deterioration in any other country where the Bank operates, could have a materially adverse effect on many of the Bank’s customers, contractual counterparties and the Bank’s business, financial condition, results of operations, liquidity and prospects.
Economic conditions in Qatar may deteriorate as a result of deterioration in oil, gas or related industries or due to other factors, including the spread of COVID-19, which has caused significant uncertainty and viability in the financial markets globally and regionally (see “Risks relating to the emergence of COVID-19”). Although over the past few years Qatar has tried to diversify away from oil and gas, the oil and gas sector contributed 81.5 per cent. and 83.3 per cent. to the annual revenues of Qatar in the years ended 31 December 2017 and 31 December 2018, respectively. According to preliminary estimates for 2019, the oil and gas sector contributed 79.2 per cent. to the annual revenue for the year ended 31 December 2019. The volatility in global crude oil prices (the Organisation of the Petroleum Exporting Countries (“OPEC”) Reference Basket annual average crude oil price was over U.S.$100 per barrel for the period 2011 to 2013, falling to U.S.$17.64 per barrel in April 2020 and increasing to U.S.$39.44 per barrel in August 2020 may potentially adversely affect economic activity.

More recently, in response to the decreasing demand for oil as a result of the spread of COVID-19 (see “Risks relating to the emergence of COVID-19”), OPEC officials proposed a plan to the OPEC countries and other non-OPEC countries, including Russia, to reduce global production by 1.5 per cent. However, the parties were unable to reach agreement and the three-year partnership between OPEC and major non-OPEC providers was terminated as a result. On 7 March 2020, Saudi Arabia announced that it would raise oil output and discount its oil price in April 2020. As a result of the above factors, the OPEC Reference Basket prices fell significantly from U.S.$48.35 per barrel on 6 March 2020 to U.S.$34.72 per barrel on 9 March 2020 and to an 18-year low of U.S.$17.64 per barrel in April 2020.

A series of meetings took place on 9 and 12 April 2020 between OPEC and non-OPEC oil producing countries participating in the Declaration of Cooperation, which culminated in an agreement to reduce their overall oil production in stages between 1 May 2020 and 30 April 2022. During the initial two-month period beginning 1 May 2020, production was intended to be reduced by a total of 9.70 million barrels a day, followed by a six-month period starting 1 July 2020 during which production will be reduced by a total of 7.68 million barrels a day and followed by a subsequent 16-month period between 1 January 2021 and 30 April 2022, during which production will be reduced by a total of 5.76 million barrels a day. While the OPEC Reference Basket has recovered slightly to U.S.$38.22 per barrel as at 30 June 2020, there can be no assurance that the agreement will be implemented by all relevant parties or achieve its stated goals or what effect the agreement will have on oil prices in the short- to medium-term.

The significant reduction in international oil prices, particularly if they remain low for an extended period, may impact the Bank in a number of ways, including through (i) its exposure to customers whose businesses are directly or indirectly, reliant on oil revenue and who become unable to service their debt; (ii) reduced liquidity as deposits from Government and Government-related entities are withdrawn as these depositors are impacted by low oil prices; and (iii) the impact of low oil prices and the COVID-19 restrictions on Qatar’s economy and the consequent impact on the Bank’s wholesale and retail customers.

The business, results of operations and financial condition of the Bank have been materially adversely affected by these trends and may be further materially adversely affected by a continuation of the unfavourable economic conditions in the other countries of the GCC and emerging markets generally as well as by United States, European and international trading market conditions and/or related factors.

If these levels of market disruption and volatility continue or recur, the Bank may experience reductions in business activity, increased funding costs and funding pressures, decreased asset values, credit losses, write-downs and impairment charges, and lower profitability and cash flows.

Qatar

The operations of the Bank are almost exclusively based in Qatar. Operations in Qatar accounted for 89 per cent. of the Bank’s net financing income for the year ended 31 December 2019, compared to 85 per cent. for
the year ended 31 December 2018. In currency terms, 95 per cent. of the Bank’s net income from financing activities from companies operating in Qatar for the year ended 31 December 2019 was denominated in Qatari riyal and U.S. dollars. The Qatari riyal has been pegged to the U.S. dollar at a fixed exchange rate since 1975. As a result, any volatilty in the value of these currencies could have a material adverse effect on the Bank’s business and results of operations.

Qatar, being a relatively small economy, is heavily dependent on exports, in particular of oil and gas. In 2020, real GDP was projected to contract by 4.3 per cent., compared to growth of 0.1 per cent. in 2019 as projected by the IMF. In addition, the Government has, in the past, relied upon oil revenue and loans to finance its economic development and infrastructure projects. If current economic conditions cause delays in key projects as a result of the unavailability of credit, the Government may need to draw on its sovereign wealth fund in order to finance these projects. Moreover, the Qatar economy is highly dependent upon its oil and gas revenue. Historically, the markets for petroleum products have been volatile and are likely to remain so in the future. A substantial deterioration in price or high volatility in international prices for oil and gas products in the future could adversely affect the Government’s development strategy or its ability to both continue to finance internal development projects and to continue to provide support to its commercial banking and real estate sectors. In the event these conditions persist, the Bank’s business, financial condition, results of operations, liquidity and prospects are likely to be negatively affected.

The GCC

The economies of many GCC countries have expanded significantly in recent years, driven by revenues from oil and gas exports. The economies of GCC countries are dependent on oil, gas and related industries, as well as the prices and quantities of those commodities, and oil prices have experienced significant volatility from 2008 to date. More recently, the rate of economic growth in the GCC’s main export markets in Asia has slowed, notably in China, which has affected the GCC’s rate of growth. In 2003, the GCC established a customs union under which Qatar applies a common customs tariff of 5.0 per cent. to most products, with a limited number of exceptions. The GCC customs union became fully operational from 1 January 2015 and, although it is hoped that the creation of such union will assist in the establishment of free trade agreements with the European Union and the United States, there is no guarantee that these free trade agreements will be established. It is likely that if there is any sustained deterioration in the economies of these countries or a major political upheaval, this could have a material adverse effect on the Bank’s business, financial condition, results of operations, liquidity and prospects.

Failure to comply with international sanctions could adversely affect the Bank

The Bank is required to comply with applicable anti-money laundering, counter-terrorism, financial, sanctions and other regulations in Qatar and other jurisdictions where it operates. These laws and regulations require the Bank, among other things, to adopt and enforce KYC/AML policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities. The Bank has adopted KYC/AML policies and procedures and reviews them regularly in light of any relevant regulatory and market developments. European, United States and other international sanctions have in the past been imposed on companies engaging in certain types of transactions with specified countries or companies or individuals in those countries. Companies operating in certain countries in the Middle East and North Africa (“MENA”) region have been subject to such sanctions in the past. The terms of legislation and other rules and regulations which establish sanctions regimes are often broad in scope and difficult to interpret.

As at the date of this Base Prospectus, the Bank believes that it is not in violation of any existing European, United States or international sanctions or other applicable laws and regulations. Should the Bank or its associates in the future violate any existing or further European, United States or international sanctions or other applicable laws and regulations, penalties could include a prohibition or limitation on such company’s ability
to conduct business in certain jurisdictions or on the Bank’s ability to access the international capital markets. Any such sanctions could have a material adverse effect on the Bank’s business, financial condition, results of operations, liquidity and prospects. Moreover, to the extent the Bank fails or is perceived to fail to fully comply with applicable laws and regulations, the regulatory agencies to whom the Bank reports have the power and authority to impose substantial fines and other penalties on the Bank. In addition, the Bank’s business and reputation could suffer if customers use the Bank for money laundering or other illegal or improper purposes. Qatar is classified by the Financial Action Task Force as a compliant jurisdiction.

**The Bank is subject to the risk that liquidity may not always be readily available; this risk may be exacerbated by conditions in global financial markets**

Liquidity risk is the risk that the Bank will be unable to meet its obligations, including funding commitments, as they fall due, which in turn could have a materially adverse effect on the Bank’s business, financial condition, results of operations and prospects. The Bank has historically relied substantially on retail and corporate deposits to meet most of its funding needs. Such deposits are subject to fluctuation due to certain factors outside the Bank’s control, such as any possible loss of confidence and competitive pressures, which could result in a significant outflow of deposits within a short period of time. In addition, as at 30 June 2020, the Bank’s top 10 depositors constituted 33.3 per cent. of total customer deposits (which include customer current accounts and equity of URIA holders) (see “Concentration risks in the Bank’s financing and deposit portfolio”). Any unexpected withdrawals of such deposits could have a material impact on the Bank’s liquidity as the Bank may need to seek more expensive sources of funding to meet its funding requirements, and no assurance can be made that the Bank will be able to obtain additional funding on commercially reasonable terms as and when required or at all. Liquidity risk is inherent in banking operations and can be heightened by a number of enterprise specific factors, including over-reliance on a particular source of funding (including, for example, short-term and overnight funding), changes in credit ratings or market-wide phenomena such as market dislocation and major disasters. Credit markets worldwide experienced a severe reduction in liquidity and short-term funding during the global financial crisis, particularly towards the end of 2008 and into 2009. Since then, the availability of liquidity has continued to fluctuate.

The perception of counterparty risk between banks has also increased significantly in recent years which has led to further reductions, in common with many other banks, in the Bank’s access to traditional sources of liquidity, such as the financial markets. The Bank’s access to these traditional sources of liquidity has been, and may continue to be, restricted or available only at a higher cost.

Although the Government has supported the domestic banking industry during the global economic crisis, there can be no assurance that the Government will provide any additional support to the Bank and the domestic banking industry if another major economic disruption were to occur in the future. The QCB provides liquidity to Qatari banks via the repo market where the banks can repo Qatari bonds they hold with the QCB for up to one month. At the same time, the QCB provides liquidity in terms of inter-bank placements into the banking system. The QCB has also required banks to agree to postpone their customers’ repayment of loan instalments and interest due on such instalments for a period of six months in light of the impact of COVID-19. See “Risks relating to the emergence of COVID-19”.

In addition, uncertainty or volatility in the capital and credit markets may limit the Bank’s ability to refinance maturing liabilities with long-term funding and increase the cost of such funding. The availability to the Bank of any additional financing may need depend on a variety of factors, such as market conditions, the availability of credit generally and to borrowers in the financial services industry specifically, and the Bank’s financial condition, credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of the Bank’s financial prospects if, for example, the Bank incurs large losses, experiences significant deposit outflows or if the level of the Bank’s business activity decreases. In particular, the Bank’s access to funds may be impaired if regulatory authorities or rating agencies impose additional
regulatory capital requirements or downgrade the Bank’s debt ratings. If the Bank is unable to meet its liquidity needs through customer deposits or the interbank markets and is unable to refinance its outstanding indebtedness, it could have a negative effect on its financial condition, results of operations and prospects.

**The Bank may be subject to increased capital requirements or standards due to new Governmental or regulatory requirements and changes in perceived levels of adequate capitalisation**

Financial institutions have experienced, and may continue to experience, irregularity in the markets in which the Bank operates, increasing the capital requirements for the Bank’s operations. It should be noted that, pursuant to QCB laws and regulations, the QCB is entitled to amend capital adequacy requirements at its sole discretion.

The Bank is currently required to maintain a total minimum CAR of 10 per cent., a capital conservation buffer of 2.5 per cent., an additional charge of 0.5 per cent. as a domestic systematically important bank (“DSIB”) and the internal capital adequacy assessment process (“ICAAP”) Pillar II capital charge of 1.0 per cent. under the Basel Committee on Banking Supervision’s (“Basel Committee”) capital adequacy and liquidity requirements (“Basel III”) as per QCB regulations.

A requirement to increase capital requirements may arise in the medium-term due to growth in the Bank’s assets or a regulatory requirement to address inadequate capitalisation levels and perceptions of the agencies rating the Bank’s debt. The Bank may also require additional capital in the future in the event that it experiences higher than expected losses in its operations or declines in asset quality resulting in higher than expected risk-weighted asset growth.

As at 31 December 2019, the Bank’s total capital ratio including capital conservation buffer, the DSIB buffer and the ICAAP Pillar II capital charge (“TCR”) was 17.6 per cent., which was above the QCB requirement to maintain a minimum TCR of 14.0 per cent.

As at the date of this Base Prospectus, under statutory reporting rules, banks in Qatar report their Liquidity Coverage Ratio (“LCR”), Net Stable Funding Ratio (“NSFR”) and Leverage Ratio (“LR”). As at 30 June 2020, the Bank was in compliance with minimum QCB requirements for LR. As at 30 June 2020, the Bank’s NSFR was 85.7 per cent. and the Bank’s LCR was 72.2 per cent., which were below the minimum QCB requirement for NSFR and LCR of 100 per cent. As reported to the QCB, the Bank is undertaking efforts to comply with its NSFR and LCR requirements, including through the extension of the duration of its customer deposits beyond one year and increasing current account and savings account balances, while the Bank may also seek capital markets funding to address the shortfall.

Requirements imposed by regulators, including capital adequacy requirements, are designed to ensure the integrity of the financial markets and to protect customers and other third parties with whom the Bank deals. These requirements are not designed to protect the holders of the Certificates. Consequently, these regulations may limit the Bank’s activities, including its lending, and may increase the Bank’s costs of doing business, or require the Bank to seek additional capital in order to maintain Qatari capital adequacy requirements or different varieties of funding to satisfy the Qatari liquidity requirements. In addition, a regulatory breach of guidelines in Qatar could expose the Bank to potential liability and other sanctions, including the loss of its general banking licence.

Additional capital, whether in the form of financing arrangements or additional equity, may not be available on attractive terms, or at all. Further, any such development may require the Bank to change how it conducts its business, including by reducing the risk and leverage of certain activities, or otherwise have an adverse impact on its business, the products and services it offers and the value of its assets. The Bank may become subject to mandatory guidelines and direct monitoring by the QCB should it fail to strengthen its capital position.
There can be no assurance that any of these alternative methods of raising capital would be successful in increasing the Bank’s capital ratios sufficiently or within the timetable required. If the Bank is unable to increase its capital ratios sufficiently, its credit ratings may drop, its cost of funding may increase and its share price may decline.

**The growth and diversification of the Bank’s financing portfolio has increased its credit exposure and risk profile**

Risks arising from adverse changes in the credit quality and recoverability of the Bank’s financing portfolio, securities and amounts due from counterparties are inherent in a wide range of the Bank’s businesses, principally in its financing and investment activities. Credit risks could also arise from a general further deterioration in local or global economic conditions, a deterioration in the market value, amount or type of collateral available or from systemic risks within these financial systems, which could affect the recoverability and value of the Bank’s assets. The Bank’s failure to maintain growth of its financing portfolio while maintaining the quality of its assets through effective risk management policies could lead to higher financing loss provisioning and result in higher levels of defaults and write-offs, which in turn could have a material adverse effect on the Bank’s results of operations, business, financial condition, liquidity and prospects. See “Risk Management”.

In March 2011, the QCB launched the Central Credit Bureau (the “Credit Bureau”), the purpose of which is to collate information about customers based in Qatar and their credit history. Banks and financial institutions in Qatar rely on the credit reports of the Credit Bureau to support their risk management decisions and to monitor the ongoing financial performance of their customers. However, as the availability of accurate and comprehensive financial and general credit information on individuals and small businesses in Qatar is limited, it is likely to be more difficult for the Bank to accurately assess the credit risk associated with such lending. As a result, retail and small business customers may be over-extended by virtue of other credit obligations of which the Bank is unaware. The Bank is therefore exposed to retail and small business credit risks that it may not be able to accurately assess and provide for. These factors may result in the Bank facing delinquencies in its customer financing portfolio. Although the Bank has policies to deal with problem financings, there can be no assurance that these policies will result in full or partial recovery of all amounts due.

If the Bank is unable to maintain the quality of its assets through effective risk management policies, this could lead to higher impairment losses and result in higher levels of defaults and write-offs, which in turn could have a material adverse effect on the Bank’s business, financial condition, results of operations, liquidity and prospects.

**The Bank may fail to realise the anticipated cost savings, growth opportunities, synergies and other benefits anticipated from the Combination**

The Bank may fail to achieve the synergies that it anticipates will arise from the merger with the Independent Bank of Qatar (“IBQ”) (the “Combination”). The success of the Combination will depend, in part, on the Bank’s ability to realise anticipated cost savings, revenue synergies and growth opportunities from integrating the IBQ into the Bank. The Bank expects to benefit from synergies resulting from the consolidation of capabilities, rationalisation of operations and headcount and greater efficiencies from increased scale and market integration. In particular, the Bank’s ability to realise anticipated synergies and the timing of this realisation may be affected by a variety of factors, including but not limited to:

- its broad geographic areas of operations and the resulting potential complexity of integrating the Bank’s and IBQ’s corporate and regional offices;
- the difficulty of implementing its cost saving plans;
• the challenges associated with the combination of the Bank’s and IBQ’s businesses and operations and, in particular, the ability to integrate new operations with existing operations in a timely and effective manner and to manage an increasingly larger business; and

• unforeseeable events, including major changes in the markets in which the Bank operates.

The Bank may incur higher than expected integration, transaction and merger-related costs in order to deliver the anticipated operating synergies. In addition, the Bank has incurred legal, accounting and transaction fees and other costs related to the Combination. Therefore, there is a risk that the estimated savings will not be realised due to unforeseen inaccuracies in such estimates.

There is also a risk that these cost savings are not realised in the time, manner or amounts currently expected, if at all, as a result of various external and internal factors.

Although the Bank believes that the elimination of costs, as well as the realisation of other efficiencies related to the integration of the businesses, will offset these implementation and acquisition costs over time, this net benefit may not be achieved within the expected timetable. In addition, some of the costs over time could be higher than anticipated, which could reduce the net benefits of the merger and impact the Bank’s financial condition and/or results of operations. Also, although the Bank will have access to higher single obligor/group limits under applicable QCB regulations, with some of the key customers of the Bank also being customers of IBQ, it may not allow the Bank to further increase its exposure with respect to these borrowers.

The Bank has finalised and begun the process of implementing its plans for achieving synergies and other benefits from the Combination. If the Bank is not able to successfully implement its plans and achieve its objectives, the anticipated benefits of the Combination may not be realised fully, if at all, or may take longer to realise than expected.

**The Bank is exposed to the possibility of declining property values in Qatar on the collateral supporting residential and commercial real estate lending**

The Bank’s total financing assets net of deferred profits as at 30 June 2020, 31 December 2019 and 31 December 2018 was QAR54.1 billion, QAR53.9 billion and QAR29.6 billion, respectively, of which real estate amounted to 25.9 per cent. or QAR14.0 billion, 24.2 per cent. or QAR13.1 billion and 29.4 per cent. or QAR8.7 billion, respectively. Economic and other factors could lead to a decrease in residential and commercial property prices and a contraction in the residential funding and commercial funding market. This would have an impact on the value of any real estate collateral that has been taken by the Bank, as well as the Bank’s profitability, which, in turn, could have a material adverse effect on the Bank’s business, financial condition, results of operations, liquidity and prospects. These factors could also lead to a significant slowdown in the construction sector in Qatar. See “Continued rising inflation, or a recurrence of deflation, may impact the Bank’s profitability”.

**Concentration risks in the Bank’s financing and deposit portfolio**

Concentrations in the financing and deposit portfolio of the Bank subject it to risks of default by the Bank’s larger borrowers, from exposure to particular sectors and from withdrawal of large deposits. The financing portfolio of the Bank shows borrower and industry concentration.

The Bank’s 10 largest private sector borrowers represented 23.2 per cent. of the Bank’s total financing assets at QAR12.6 billion as at 30 June 2020. As at 30 June 2020, the Bank’s largest funded exposure to a private sector borrower was QAR2.3 billion, which constitutes 23.2 per cent. of its total regulatory capital (total regulatory capital being QAR10.1 billion as at 30 June 2020). In addition, as at 30 June 2020, Government and Government-related entities contributed to 16.3 per cent. of the Bank’s total financing assets.

In terms of the industry concentration of the Bank’s URIA holder portfolio, as at 30 June 2020, retail banking operation URIA holders accounted for 19.7 per cent., private banking operation URIA holders accounted for
23.3 per cent., corporate banking operation URIA holders accounted for 29.2 per cent. and Government and Government-related entities URIA holders accounted for 27.8 per cent. In terms of the Bank’s investment portfolio concentration, as at 30 June 2020, investment in Qatar’s sovereign sukuk accounted for 83.7 per cent. of the Bank’s total investment portfolio. In addition, as at 30 June 2020, the Bank’s top 10 depositors constituted 33.3 per cent. of total customer deposits (which represent the sum of customer current accounts and equity of URIA holders).

A downturn in the fortunes of any of the Bank’s depositors, the sectors in which they operate or the Qatari economy could have an adverse effect on the Bank’s business, financial condition, results of operations, liquidity and prospects. See also “The Bank is subject to the risk that liquidity may not always be readily available; this risk may be exacerbated by conditions in global financial markets”.

**Market conditions may increase the risk of financing activities being impaired and financing activity losses increasing**

The Bank is exposed to the risk that borrowers may not repay on their financing activities according to their contractual terms. While the Bank may, in some circumstances, take collateral when providing loans, any collateral securing the payment of these activities may be insufficient, on a non-payment, to recover the Bank’s loan losses. The Bank continuously reviews and analyses its financing portfolio and credit risks. The Bank’s allowance for losses on financing activities is based on, among other things, its analysis of current and historical delinquency rates and the valuation of any underlying assets, as well as numerous other management assumptions. These internal analyses and assumptions may give rise to inaccurate predictions of credit performance (see “Risk Management – Credit Risk”). A material increase in financing activity losses would have a material adverse effect on the Bank’s business, financial condition, results of operations, liquidity and prospects.

**The Bank is a highly regulated entity and changes to applicable laws or regulations, the interpretation or enforcement of such laws or regulations or the failure to comply with such laws or regulations could have a material adverse effect on the Bank**

The Bank is subject to a number of prudential and regulatory controls designed to maintain the safety and soundness of banks, ensure their compliance with economic and other objectives and limit their exposure to risk. These regulations include Qatari laws and regulations (particularly those of the QCB, the QFMA and the QSE), as well as the laws and regulations of the other countries in which the Bank operates. The Bank is subject to the following legal restrictions and QCB regulations, among others:

- total real estate financing may not exceed 150 per cent. of the Bank’s capital and reserves;
- credit limit to a single customer group may not exceed 20 to 25 per cent. of the Bank’s capital qualified base;
- credit limit for a major shareholder and its credit group may not exceed 10 per cent. of the Bank’s capital and reserves;
- total investment and credit concentration in a single customer may not exceed 25 per cent. of the Bank’s capital and reserves;
- concentration limits on total credit and other risk exposures to retail customers, banks, investments and country exposure;
- minimum CAR of 10 per cent., a capital conservation buffer of 2.5 per cent. and an additional charge of 0.5 per cent. as a DSIB and ICAAP Pillar II capital charge of 1.0 per cent. (as per Basel III guidelines adopted by the QCB);
• minimum liquidity adequacy ratio of 100 per cent. (liquid assets over current liabilities as defined by the QCB);
• application of the ICAAP (as per Basel III guidelines adopted by the QCB);
• bonds issued by Qatari shareholding companies may not exceed 100 per cent. of paid up capital (unless guaranteed by the Government or a bank);
• credit to deposit ratio of 100 per cent.;
• fixed assets may not exceed 20 per cent. of the Bank’s capital and reserves;
• mandatory cash reserve of 4.50 per cent. of the Bank’s total deposits;
• the QCB must approve investments in associates if the investment is greater than 20 per cent. of the share capital of that investee company;
• minimum liquidity coverage ratio of 100 per cent. (as per Basel III guidelines adopted by the QCB);
• minimum net stable funding ratio of 100 per cent. (as per Basel III guidelines adopted by the QCB);
• maximum limits for the negative cumulative gaps for differences between assets and liabilities for currency exposure; and
• compliance with executive instructions on the development of the implementation instructions for Capital Adequacy Requirements - Pillars I & II in line with Basel III.

These regulations may limit the Bank’s ability to increase its loan portfolio or raise capital. Any changes in these regulations may also increase the Bank’s cost of doing business. It is expected that there will be an increase in regulations of financial institutions as evidenced by recent actions around the world. Increased regulations, changes in laws and regulations (such as Basel III) and the manner in which they are interpreted or enforced may have a material adverse effect on the Bank’s business, results of operations and financial condition.

The Government issued a banking law (Law No. (13) of 2012 (the “Banking Law”)), which is aimed at advancing the framework for financial regulation in Qatar and expanding the ambit of regulation to cover areas requiring new and enhanced financial regulation. It also lays the foundation for increased co-operation between the regulatory bodies (the QCB, the QFCRA and the QFMA) in Qatar. The Banking Law, amongst other matters, mandates the QCB to act as the competent supreme authority in framing the policies for the regulation and supervision of all financial services and markets in Qatar including the insurance sector.

Furthermore, the Bank is required to comply with applicable anti-money laundering and anti-terrorism laws and other regulations in Qatar and other jurisdictions where it has operations. In Qatar, the Bank must comply with the Anti-Money Laundering Law No. (2) of 2019, which replaces Law No. (4) of 2010, and the QCB Instructions for Financial Institutions on Anti-Money Laundering and Combating Financing Terrorism, amongst others. To the extent the Bank may fail or be perceived to fail to comply fully with applicable laws and regulations, the regulatory agencies to whom the Bank reports have the power and authority to impose significant fines and other penalties on the Bank. In addition, the Bank’s business and reputation could suffer if customers use the Bank for money laundering or illegal or improper purposes.

The QCB does not always consult with industry participants prior to the introduction of new regulations and it is not always possible for the Bank to anticipate when a new regulation will be introduced. This creates a risk that the profitability of the Bank will be affected as a result of being unable to adequately prepare for regulatory changes introduced by the QCB. Furthermore, non-compliance with regulatory guidelines could expose the Bank to potential liabilities and fines.
The Bank’s ability to achieve its strategic objectives could be impaired if it is unable to maintain or obtain required licences, permits, approvals and consents

In order to carry out and expand its business, the Bank needs to maintain or obtain a variety of licences, permits, approvals and consents from various regulatory, legal, administrative, tax and other authorities and agencies. The processes for obtaining these licenses, permits, consents and approvals are often lengthy, complex, unpredictable and costly. If the Bank is unable to maintain or obtain the relevant licenses, permits, consents and approvals, its ability to achieve its strategic objectives could be impaired, with a consequent adverse impact on the market value of the Certificates, the Trustee’s and the Bank’s ability to perform their respective obligations under the Transaction Documents to which they are a party and the Bank’s business, financial condition, results of operations, liquidity and prospects.

The Bank may not be successful in implementing its growth strategy or penetrating new markets

The Bank selectively expands into new business and financial services product offerings as opportunities arise. This strategy exposes the Bank to a number of risks and challenges, including the possible failure to identify appropriate opportunities and offer attractive new products, failure to comply with new market and regulatory standards, and the need for hiring and retraining skilled personnel, each of which would have a potential adverse impact on the Bank’s business, financial condition, results of operations, liquidity and prospects. In addition, the Bank may face increased costs in connection with its expansion strategy.

The Bank’s growth strategy in the future may also involve strategic acquisitions and restructurings, partnerships, joint ventures and strategic business arrangements with other parties. These arrangements may not necessarily contribute to business growth and the Bank’s profitability or may be unsuccessful. Furthermore, the Bank could experience difficulty in assimilating personnel, integrating operations and cultures and may not realise the anticipated synergies or efficiencies from such transactions. These difficulties could disrupt the Bank’s ongoing business, distract its management and employees and increase its expenses.

Continued rising inflation, or a recurrence of deflation, may impact the Bank’s profitability

Headline consumer price index inflation in Qatar was projected to peak at 3.7 per cent. for 2020 and recorded at 0.1 per cent. for 2019, as set out in the IMF’s Concluding Statement of the 2019 Article IV Consultation with Qatar. This trend of rising inflation is projected by the IMF to continue in the future albeit at a lower rate. Historically, inflation has increased staff and living expenses and any prolonged period of higher levels of inflation in the future is likely to increase such expenses further. High inflation could slow the rate of economic growth and consumer spending in Qatar. A recurrence of a deflationary environment in Qatar could also impact the Bank’s profitability by adversely affecting property values, which could have an adverse effect on the Bank’s real estate portfolio. There can be no assurance that the Government and the QCB will be able to achieve or maintain price stability, in the real estate market or otherwise, and thus control inflation. High rates of inflation or deflation could have a material adverse effect on the Bank’s business, financial condition, results of operations, liquidity and prospects.

The Bank’s financial condition and operating results could be affected by market risks

The Bank’s business, financial condition, results of operations, liquidity and prospects could be affected by market risks that are outside the Bank’s control, including, amongst other things, prices of securities, profit and interest rates, currency exchange rates and investment and asset and liability management activities.

Fluctuations in interest rates could adversely affect the Bank’s operations and financial condition in a number of different ways. An increase in interest rates generally may decrease the value of the Bank’s fixed rate loans and raise the Bank’s funding costs. Such an increase could also generally decrease the value of fixed rate debt securities in the Bank’s securities portfolio. Volatility in interest rates may result in a repricing gap between the Bank’s interest-rate sensitive assets and liabilities. As a result, the Bank may incur additional costs. See “Risk
Management — Market Risk’. Interest rates are sensitive to many factors beyond the Bank’s control, including the policies of central banks, such as the QCB and the U.S. Federal Reserve Group, political factors and domestic and international economic conditions. Due to current fixed-rate pegging of the Qatari riyal to the U.S. dollar, changes in interest rates in the United States prompt changes in interest rates in Qatar and other GCC countries that also peg their currencies to the U.S. dollar. Changes in interest rates in Qatar do not automatically mirror changes in U.S. interest rates, but there tends to be a follow-on effect. Ultimately, there can be no assurance that the Bank will be able to protect itself from any adverse effects of a currency revaluation or future interest rate fluctuations, any of which could have a material adverse effect on the Bank’s financial condition and results of operations.

The Bank’s financial condition and operating results may also be affected by changes in the market value of the Bank’s securities portfolio. The Bank’s income from investment activities depends on numerous factors beyond its control, such as overall market trading activity, interest rate levels (as described above), fluctuations in currency exchange rates and general market volatility. See “Risk Management – Market Risk”.

Although the Bank has risk management processes that review and monitor the market risk aspects of investment proposals and investment portfolios in accordance with QCB requirements and guidelines, including overall structure and investment limits, market price fluctuations may still adversely affect the value of the Bank’s securities portfolio.

The Bank also engages in foreign currency transactions and maintains open currency positions in relation to the Qatari riyal and U.S. dollar, which give rise to currency risks. Although the Bank’s foreign currency related risks are controlled by the Bank’s market risk and structural risk management policies, future changes in currency exchange rates (including de-pegging of currencies to the U.S. dollar) may adversely affect the Bank’s financial condition and results of operations.

Market fluctuations and volatility may adversely affect the value of the Bank’s positions in certain securities and make it more difficult to assess the fair value of certain of its assets

Financial markets were subject to significant stress conditions from 2008 to 2009, with steep falls in perceived or actual asset values accompanied by a severe reduction in market liquidity. Moreover, market volatility and illiquidity made it difficult to value certain investment exposures. Valuations in future periods, reflecting then-prevailing market conditions, may result in significant changes in the fair values of the Bank’s exposure. In addition, the value ultimately realised by the Bank may be materially different from the current or estimated fair value. Any of these factors could require the Bank to recognise valuation losses or realise impairment charges, any of which may adversely affect its business, financial condition, results of operations, liquidity and prospects.

The Bank’s business may be adversely affected if the Qatari Riyal/U.S. dollar peg were to be removed or adjusted

The Bank maintains its accounts and reports its results in Qatari riyals. As at the date of this Base Prospectus, the Qatari Riyal remains pegged to the U.S. dollar (U.S.$1.00 = QAR3.64 and the QCB purchases the U.S. dollar at a fixed rate of QAR3.6385 and sells the U.S. dollar to banks operating in Qatar at a fixed rate of QAR3.6415). However, there is market risk relating to the possible de-pegging of the Qatari Riyal and various GCC currencies from the U.S. dollar, although it would depend on the level of open positions and exposure to the U.S. dollar of the Bank. The Bank’s operations could be adversely impacted if Qatar (or any country where the Bank operates) should de-peg its currency. Ultimately, there can be no assurance that the Bank will be able to protect itself from any adverse effects of a currency revaluation or the de-pegging from the U.S. dollar which could have a material adverse effect on the Bank’s business, financial condition, results of operations, liquidity and prospects.
Increasing competition may have a material adverse effect on the Bank’s results of operations

The Bank and its associates face high levels of competition for all of their products and services. The Bank competes with other Islamic and conventional domestic banks in Qatar. In addition to domestic banks, international banks are also increasing their presence in Qatar, either directly or through strategic investments, and compete with the Bank for its wholesale corporate and Government-related clients. According to the QCB, as at 30 June 2020, there were a total of 18 banks registered in Qatar outside the QFC. In addition to the existing retail banks in Qatar, more international banks are expected to commence business through the QFC, which would allow them to compete for large corporate and Government business (see “The Qatar Banking Sector and Regulations – Banking System”).

The competitive nature of the Qatari banking market and the Bank’s potential failure to continue to compete successfully may adversely impact the Bank’s business, financial condition, results of operations, liquidity and prospects.

The Bank’s compliance systems might not be fully effective

The Bank’s ability to comply with all applicable legal restrictions and QCB regulations is largely dependent on its maintenance of compliance, audit and reporting systems and procedures, and its ability to attract and retain personnel qualified to manage and monitor such systems and procedures. The Bank cannot provide assurance that these systems and procedures are fully effective. The Bank is subject to extensive oversight by regulatory authorities, including regular examination activity. In addition, the Bank performs regular internal audits and employs an external auditor to monitor and test its compliance systems. In the case of actual or alleged non-compliance with regulations, the Bank could be subject to investigations and judicial or administrative proceedings that may result in substantial penalties or civil lawsuits, including by customers for damages. Any of these could have a material adverse effect on the Bank’s results of operations, business, financial condition, liquidity and prospects.

The Bank may not be able to recruit and retain qualified and experienced personnel which could have an adverse effect on its business and its ability to implement its growth strategy

The Bank’s success and ability to maintain current business levels and sustain growth will depend, in part, on the Bank’s ability to continue to recruit and retain qualified and experienced banking and management personnel. The Bank could face challenges in recruiting qualified personnel to manage its business. Additionally, if the Bank continues to grow, it will need to continue to increase its number of employees. While the Bank believes that it has effective staff recruitment, training and incentive programmes in place, the Bank’s failure to recruit, train and/or retain necessary personnel, or, in the light of the Bank’s focus on “Qatarisation”, the shortage of qualified Qatari or other nationals prepared to relocate to Qatar, could have a material adverse effect on its business, financial condition, results of operations, liquidity and prospects.

The loss of key personnel may adversely affect the Bank’s ability to implement its strategies

The Bank’s future success and growth depends to a substantial degree on its ability to retain and motivate the Bank’s senior management and other key personnel. The Bank depends especially on the efforts, skill, reputation and experience of its key senior management, as well as synergies among their diverse fields of expertise and knowledge. The Bank is not insured against losses that may be incurred in the event of the loss or dismissal of its key personnel.

The Bank’s risk management policies and procedures may leave it exposed to unidentified or unanticipated risks

In the course of its business activities, the Bank is exposed to a variety of risks, the most significant of which are credit risk, market risk, liquidity risk, regulatory and legal risk, and operational risk. See “Risk Management”. The Bank’s risk management techniques may not be fully effective in mitigating its exposure in
all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some of the Bank’s methods of managing risk are based upon its use of historical market behaviour. These methods may not predict future risk exposures, which could be significantly greater than historical measures indicate. There can be no assurance that the Bank’s risk management and internal control policies and procedures will adequately control, or protect the Bank against, all credit and other risks. In addition, certain risks could be greater than the Bank’s empirical data would otherwise indicate. The Bank also cannot guarantee that all of its staff will adhere to its policies and procedures.

The Bank is susceptible to, among other things, failure of internal processes or systems, unauthorised transactions by employees and operational errors, including clerical or record keeping errors, errors resulting from faulty computer or telecommunications systems, and fraud by employees or outsiders. See “The Bank is subject to risks relating to its information technology systems”. The Bank’s risk management and internal control capabilities are also limited by the information, tools and technologies available to the Bank. Any material deficiency in the Bank’s risk management or other internal control policies or procedures may expose the Bank to significant credit, liquidity, market or operational risk, which may in turn have a material adverse effect on the Bank’s business, financial condition, results of operations, liquidity and prospects.

The Bank has significant credit-related commitments and contingent items that may lead to potential losses

As part of its normal banking business, the Bank issues loan commitments, guarantees, letters of credit and other financial facilities, all of which are accounted for off the Bank’s balance sheet until such time as they are actually funded or cancelled. Although these commitments are largely trade contingent and therefore off-balance sheet, they nonetheless subject the Bank to related credit and liquidity risks. Credit-related commitments are subject to the same credit approval terms and compliance procedures as loans and advances, and commitments to extend credit are contingent on customers maintaining required credit standards. While the Bank anticipates that only a portion of the Bank’s obligations in respect of these commitments will be triggered, the Bank may become obligated to make payments in respect of a greater portion of such commitments, which could have a material adverse effect on the Bank’s funding needs and credit risks.

A downgrade in the Bank’s credit ratings could limit its ability to negotiate new loan facilities and/or access the debt capital markets and may increase its borrowing costs and/or adversely affect its relationship with creditors

The Bank’s credit ratings, which are intended to measure its ability to meet its debt obligations as they mature, are an important factor in determining the Bank’s cost of borrowing funds. The profit rates on the Bank’s financings are partly dependent on its credit ratings. As at the date of this Base Prospectus, the Bank’s long-term local and foreign currency rating was assessed by Fitch at A with a stable outlook and by Moody’s at A2 with a stable outlook. There is no assurance that the ratings will remain in effect for any given period of time or that the ratings will not be lowered or withdrawn entirely if circumstances in the future so warrant (including as a result of the Combination). A downgrade of the Bank’s credit ratings, or being placed on a negative ratings watch, may increase its cost of borrowing and materially adversely affect its business, financial condition, results of operations, liquidity and prospects.

Actual or anticipated changes in the Bank’s credit ratings or the credit ratings of the Certificates (if applicable) may affect the market value of the Certificates. In addition, ratings assigned to the Certificates (if applicable) may not reflect the potential impact of all risks related to the transaction, the market or any additional factors discussed in this Base Prospectus and other factors may affect the value of the Certificates. A securities rating is not a recommendation to buy, sell or hold securities. Ratings may be subject to revision or withdrawal at any time by the assigning rating organisation and each rating should be evaluated independently of any other rating.
As at 31 December 2019, 93 per cent. of the Bank’s sukuk portfolio was rated AAA to AA (of which 93 per cent. represents Qatar Government Qatari riyal denominated sukuk). Any downgrading in the investments in the Bank’s sukuk portfolio could materially adversely affect its results of operations.

**The Bank is subject to risks relating to its information technology systems**

The Bank depends on its information technology systems to process a large number of transactions on an accurate and timely basis, and to securely store and process substantially all of the Bank’s business and operating data. The proper functioning of the Bank’s financial control, risk management, credit analysis and reporting, accounting, customer service and other information technology systems, as well as the communication networks between its branches and main data processing centres, are critical to the Bank’s business and ability to compete effectively. The Bank’s business activities would be materially disrupted if there were a partial or complete failure of any of its information technology systems or communications networks. Such failures can be caused by a variety of factors, including natural disasters, extended power outages and computer viruses. The proper functioning of the Bank’s information technology systems also depends on accurate and reliable data and other system inputs, which are subject to human errors. Any failure or delay in recording or processing the Bank’s transaction data or any breach of information security could subject it to claims for losses and regulatory fines and penalties. The Bank has implemented and tested detailed business continuity plans and processes as well as disaster recovery procedures, but there can be no assurance that these safeguards will be fully effective and any failure may have a material adverse effect on the Bank’s business, financial condition, results of operations, liquidity and prospects. The Bank also depends on the evolution of certain technologies for the implementation of its Channels Strategy (i.e. the Bank’s strategy to develop technologies that will enable it to better reach its clients).

Cyber-security has become an increasingly important consideration for financial institutions. The quantity of sensitive information stored by financial institutions makes them potential targets of cyber-attacks. In common with other financial institutions, the Bank recognises the need to protect itself from the threat to security of its information and customer data from cyber-attacks. Risks to technology and cyber-security change rapidly and require continued focus and investment and the Bank acts accordingly and takes appropriate steps on an ongoing basis to combat such threats and minimise such risks. Given the increasing sophistication and scope of potential cyber-attacks, it is however possible that future attacks may lead to significant breaches of security. Failure to adequately manage cyber-security risk and continually review and update current processes in response to new threats could adversely affect the Bank’s reputation, business, results of operations, financial condition and prospects.

**The Bank may not receive future support from the Government, or it may not receive future support that is commensurate with the support that it has received in the past**

Following the global economic crisis and its impact on the Qatari banking sector, the Government initiated several plans to support domestic banks in Qatar. See “*Description of Dukhan Bank Q.P.S.C. – Competition and Competitive Strengths – Strong Governmental support and mutually beneficial partnership with the Government*”. The Bank currently holds large Government and Government-related entity deposits, amounting to QAR8.8 billion as at 31 December 2018, QAR15.1 billion as at 31 December 2019 and QAR11.7 billion as at 30 June 2020. As at 30 June 2020, 31 December 2019 and 31 December 2018, 27.8 per cent., 31.6 per cent. and 33.8 per cent. of the Bank’s total customer deposits (which represent the sum of customer current accounts and equity of URIA holders) comprised Government and Government-related entity deposits, respectively (see “Concentration risks in the Bank’s financing and deposit portfolio”). Although the Government has supported the domestic banking industry during the recent global economic crisis, there can be no assurance that the Government will provide any additional support to the Bank and the domestic banking industry if another major economic disruption were to occur in the future, as the Government is currently under no legal obligation to provide such support.
In particular, it is anticipated that a further fall in energy prices could prompt the Government to reduce current expenditure and investment in projects that are not required for the 2022 World Cup soccer tournament. Any such diversion in the Government’s expenditure or investment could affect the amount of support received by the Bank from the Government and therefore impact the Bank’s business, financial condition, results of operations, liquidity and prospects.

*The Bank’s corporate governance standards are not equivalent to those of the United States or Western Europe*

In 2015, the QCB published the Corporate Governance Guidelines for Banks and Financial Institutions (the “Guidelines”), which set out the principles for corporate governance for banks and financial institutions in Qatar. While the Guidelines reflect the increasing importance that the QCB places on corporate governance to improve the perception and performance of the Qatari banking industry, the provisions are not as stringent as those of many developed countries. All banks in Qatar are required to comply with the Guidelines. However, the Guidelines acknowledge that certain principles contained therein may not be applicable to some banks and, in such cases, the relevant bank will be subject to a “comply or explain” principle. Pursuant to the Banking Law, the QCB may impose financial penalties for failing to comply with its instructions (which include the Guidelines). In addition, the Bank’s reputation could suffer if it fails to comply with the Guidelines. Although the Bank maintains compliance with the Guidelines, these standards are not equivalent to those required in the United States or Western Europe.

*The Bank is operating within a Sharia environment which may impact its profitability and competitiveness due to a lack of Islamic financing products*

As the Bank is governed by the Shari’a Committee, the range of products and services that it can offer might be limited compared to those offered by conventional banks. This factor may limit its ability to compete effectively with conventional banks for the business of customers who are not sensitive as to whether or not their banking arrangements are structured in a Sharia-compliant manner.

Like some conventional financial products, the structure of Islamic financial products can include the financial institution offering the products by acquiring legal title to physical assets, including, for example, real estate, aircraft or ships. Whilst the risks associated with ownership of these products can be mitigated through contractual arrangements and the purchase of Islamic insurance (takaful), if the Bank is found to have financial liability arising from the ownership of assets comprising part of its offering of financial products, this could have a material adverse effect on the Bank’s business, financial condition, results of operations, liquidity and prospects.

*The Bank’s financial statements are prepared in accordance with financial accounting standards issued by AAOIFI and, for matters not covered by those standards, IFRS and significant discretion is required to be exercised by management in the preparation of the Bank’s financial statements*

The Bank prepares its financial statements in accordance with the FAS issued by AAOIFI, the Sharia Rules and Principles as determined by the Bank’s Shari’a Committee, related regulations of the QCB and applicable provisions of the Qatar Commercial Companies Law No. 11 of 2015. For matters which are not covered by AAOIFI standards, the Bank uses guidance from the relevant IFRS. As a result, there may be significant differences between the Bank’s financial statements as currently prepared and its financial statements if they had been prepared solely in accordance with IFRS and applicable Qatari laws. For a discussion of differences between AAOIFI standards and IFRS relating to disclosure and presentation of financial information, see “Summary of Significant Differences between the Financial Accounting Standards issued by AAOIFI and International Financial Reporting Standards”.

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Both AAOIFI standards and IFRS change from time to time and these changes may have a material effect on how the Bank reports its results of operations and financial position.

In accordance with applicable accounting standards, the Bank’s management is required to make a number of significant accounting estimates, assumptions and judgements in preparing the Bank’s financial statements. Many of these estimates, assumptions and judgements relate to determinations as to whether or not financing advances and financial assets should be impaired. In part, the judgements are based on observable market data and the Bank’s historical experience of losses in relation to assets of the type concerned. In other cases, significantly greater levels of judgement are required. The Bank’s management also uses significant discretion in determining the fair value of financial instruments, particularly in cases where there is no observable market data on which to base the determination, and in determining the useful lives of fixed assets, which in turn affects the annual depreciation charges on those assets. The Bank has established detailed policies and control procedures that are intended to ensure that these significant accounting estimates, assumptions and judgements are well controlled and applied consistently. In addition, the policies and procedures are intended to ensure that the process for changing methodologies occurs in an appropriate manner. Because of the uncertainty surrounding the Bank’s estimates, assumptions and judgements, the Bank cannot guarantee that it will not be required to make changes in accounting estimates or restate prior period financial statements in the future.

**From time to time, the Bank may be a defendant in various legal proceedings and may, from time to time, be subject to inspections by tax and other authorities**

The Bank may, from time to time, be a defendant in legal proceedings in connection with and stemming from its business activities. The Bank may also, from time to time, be subject to inspections by tax and other authorities. However, the Bank is not able to predict the ultimate outcome of any of the claims currently pending against it or future claims or investigations that may be brought against it, which may be in excess of its existing reserves. Adverse outcomes in existing or future proceedings, claims or investigations could have a material adverse effect on the Bank’s business, financial condition, results of operations or prospects and thereby affect the Bank’s ability to perform its obligations under the Transaction Documents.

**RISKS RELATING TO QATAR AND THE GCC REGION**

*Emerging markets such as Qatar and other GCC markets are subject to greater risks than more developed markets, and financial volatility in emerging markets could negatively impact the Bank’s business*

Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved in, and are familiar with, investing in emerging markets. Investors should also note that emerging markets such as Qatar and other GCC markets are subject to rapid change and that the information set forth in this Base Prospectus may become outdated relatively quickly. Moreover, financial turmoil in any emerging market country tends to adversely affect confidence in other emerging market countries and cause investors to move their money to more developed markets. As has happened in the past, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in Qatar and the other GCC countries and adversely affect those economies. In addition, during such times, companies that operate in emerging markets can face liquidity constraints as foreign funding sources are withdrawn and this could also adversely affect the Bank’s business and result in a decrease in the price of the Certificates.

Specific risks in Qatar and other GCC countries that could have a material adverse effect on the Bank’s business, financial condition, results of operations and prospects include, without limitation, the following:

- the outbreak of pandemics (such as COVID-19);
• regional political instability, including government or military regime change, riots or other forms of civil disturbance or violence, including through acts of terrorism;
• military strikes or the outbreak of war or other hostilities involving nations in the region;
• a material curtailment of the industrial and economic infrastructure development that is currently underway across the MENA region;
• government intervention, including expropriation or nationalisation of assets or increased levels of protectionism;
• an increase in inflation and the cost of living;
• cancellation of contractual rights, expropriation of assets and/or inability to repatriate profits and/or dividends;
• increased government regulations, or adverse governmental activities, with respect to price, import and export controls, the environment, customs and immigration, capital transfers, foreign exchange and currency controls, labour policies and land and water use and foreign ownership;
• arbitrary, inconsistent or unlawful government action;
• changing tax regimes, including the imposition or increase of taxes in tax favourable jurisdictions such as Qatar;
• difficulties and delays in obtaining governmental and other approvals for operations or renewing existing ones;
• inability to repatriate profits or dividends and restrictions on the right to convert or repatriate currency or export assets; and
• potential adverse changes in laws and regulatory practices, including legal structures and tax laws.

There can be no assurance that either the economic performance of, or political stability in, the countries in which the Bank currently operates, or may in the future operate, can or will be sustained. Investors should note that a worsening of current financial market conditions, instability in certain sectors of the Qatari or regional economies or major political upheaval in Qatar or the MENA region could lead to decreased investor and consumer confidence, market volatility, economic disruption, and declines in real estate markets and, as a result, could have an adverse effect on the business, results of operations, financial condition and prospects of the Bank.

**The Bank is subject to risks associated with political and economic conditions in Qatar and the Middle East**

The majority of the Bank’s current operations and interests are located in Qatar. The Bank’s results of operations are, and will continue to be, generally affected by financial, economic and political developments in or affecting Qatar and the Middle East and, in particular, by the level of economic activity in Qatar and the Middle East which, in turn, is affected by the prevailing level of global crude oil prices. It is not possible to predict the occurrence of events or circumstances, such as war or hostilities, or the impact of such occurrences, and no assurance can be given that the Bank would be able to sustain the operation of its business if adverse political events or circumstances were to occur. A general downturn or instability in certain sectors in Qatar or the regional economy could have an adverse effect on the Bank’s business, results of operations and financial condition.
Investors should also note that the Bank’s business and financial performance could be adversely affected by political, economic or related developments both within and outside the Middle East because of interrelationships within the global financial markets.

While Qatar is seen as a relatively stable political environment, certain other jurisdictions in the Middle East are not and there is a risk that regional geopolitical instability could impact Qatar. Instability in the Middle East may result from a number of factors, including government or military regime change, civil unrest or terrorism. In particular, since early 2011 there has been political unrest in a range of MENA countries, including Egypt, Algeria, the Hashemite Kingdom of Jordan, Libya, Bahrain, Saudi Arabia, the Republic of Yemen, the Republic of Iraq (Kurdistan), Syria, Palestine, the Republic of Turkey, Tunisia and the Sultanate of Oman.

This unrest has ranged from public demonstrations to, in extreme cases, armed conflict (including the multinational conflict with Islamic State (also known as Daesh, ISIS or ISIL)) and the overthrow of existing leadership and has given rise to increased political uncertainty across the region. Further, some Arab states are currently participating in the Saudi Arabian led intervention in Yemen which began in 2015 in response to requests for assistance from the Yemeni government against the Al Houthi militia. Furthermore, tension between Iran and the United States escalated in May 2019 with the United States deploying military forces to the Persian Gulf region following the United States’ withdrawal from the Joint Comprehensive Plan of Action nuclear deal, reinstating sanctions against Iran in May 2018.

Additionally, on 5 June 2017, Saudi Arabia, the UAE, Egypt and Bahrain announced the severing of diplomatic ties with Qatar. Yemen, Jordan, Libya, Comoros, Senegal and Mauritania also joined the Saudi-led coalition shortly thereafter and several other countries, including Chad, Djibouti, the Maldives and Niger announced that they had downgraded their diplomatic ties with Qatar.

The severing of diplomatic ties included the withdrawal of ambassadors as well as the imposition of travel restrictions. Saudi Arabia, the UAE and Bahrain advised their citizens visiting or resident in Qatar to leave Qatar. Qatari visitors, residents and diplomats in Saudi Arabia, the UAE and Bahrain were also expelled at the same time, with a two-week grace period for visitors and residents and a 48-hour grace period for Qatari diplomats.

Saudi Arabia, the UAE, Bahrain and Egypt also imposed restrictions on the use of their airspace by Qatari airline carriers, which resulted in disruption to flights operating to and from Qatar. Similarly, Qatari-flagged vessels were barred entry to each of their respective ports.

Prior to the imposition of these restrictions, Saudi Arabia, the UAE and Egypt were Qatar’s leading import and export trade partners in the region, accounting for 0.9 per cent., 6.6 per cent. and 1.9 per cent., respectively, of Qatar’s total exports as at 31 December 2016, and 4.3 per cent., 9.1 per cent. and 1.0 per cent., respectively, of Qatar’s total imports as at 31 December 2016. Although there are currently no publicly known direct restrictions on trade exports or imports between Qatar and the other GCC countries, trade has been impacted by the closure of airspace and ports to Qatari-flagged airlines and vessels. New trade channels and routes have been established with Turkey, Oman, Iran and India as alternatives but there can be no assurance that ongoing restrictions will not have a material adverse effect on Qatar’s economy.

Despite calls from the United States, Turkey and other countries in the region to resolve the crisis diplomatically, the restrictions remain in place.

The restrictions also placed significant pressure on Qatar’s financial system and the Qatari riyal, leading, among other things, to significant outflows from non-resident and private sector customer deposits. Immediately following the imposition of the restrictions, deposits amounting to nearly U.S.$20 billion were withdrawn from the Qatari banking system. As a result, on 8 August 2017, Moody’s downgraded Qatari banks’ outlook to negative from stable, citing weakening operating conditions and continued funding pressures facing lenders in
Qatar, amid concerns about the ability of Qatar to diversify its economy and the impact that will have on the profitability of banks. However, in October 2018, Moody’s upgraded its outlook on the Qatari banking system from negative to stable, citing the resilience of the country’s economy and banking system to the ongoing regional dispute. Qatar was able to offset the reduced deposits from GCC sources by increased inflows from the Government and Government-related entities and thus rebalance the funding profile of the Qatari banking system.

This is not the first time a diplomatic crisis has led to increased tensions between Qatar and other GCC countries. In 2002, Saudi Arabia removed its ambassador from Qatar and diplomatic relations were only re-established in 2008 following a period of lengthy negotiations. In March 2014, Bahrain, Saudi Arabia and the UAE withdrew their ambassadors from Qatar and diplomatic ties were again only reinstated after an eight-month period of negotiations.

There can be no assurance that diplomatic ties will be reinstated or that the current crisis will not escalate and result in further restrictions imposed on Qatar. A prolonged trade and travel embargo could have a material adverse impact on the economy and political environment in Qatar, which may in turn have a material adverse effect on the Bank’s business, operating results, cash flows and financial condition.

The current political environment in the Middle East and MENA region has caused significant disruption to the economies of affected countries and has had a destabilising effect on international oil and gas prices. Though the effects of the uncertainty have been varied, it is not possible to predict the occurrence of events or circumstances such as war or hostilities, or the impact of such occurrences. Continued instability affecting the countries in the MENA region could adversely impact Qatar.

Any of the foregoing circumstances could have a material adverse effect on the political and economic stability of the Middle East and, in particular, could impact the numbers of businesses interested in doing business in Qatar and, consequently, could have a material adverse effect on the Bank’s business, results of operations and financial condition.

**The Qatar and GCC legal systems continue to develop and this may create an uncertain environment for investment and business activity**

Qatar and many of the GCC countries are in various stages of developing their legal and regulatory institutions that are characteristic of more developed markets. As a result, procedural safeguards as well as formal regulations and laws may not be applied consistently. In some circumstances it may not be possible to obtain the legal remedies provided under the relevant laws and regulations in a timely manner. As the legal environment remains subject to continuous development, investors in Qatar and the GCC countries may face uncertainty as to the security of their investments. Any unexpected changes in the legal systems in Qatar and the GCC may have a material adverse effect on the rights of the Certificateholders or the investments that the Bank has made or may make in the future, which may in turn have a material adverse effect on the Bank’s business, operating results, cash flows and financial condition.

**The GCC may enter into monetary union**

On 5 May 2009, the GCC announced that Riyadh had been selected as the home of the new regional central bank for the proposed single GCC currency to be adopted across the GCC States before, in October 2009, Kuwait’s Ministry of Finance called for a delay of the GCC monetary union. In March 2010 however, Qatar, Kuwait, Saudi Arabia and Bahrain unanimously elected Saudi Arabia’s Monetary Agency Governor as the first chairman of the GCC Monetary Council, representing the latest advancement towards launching a single currency and laying the foundation for a GCC central bank. Discussions among GCC countries are ongoing. Therefore, the possibility still exists that Bahrain, Kuwait, Saudi Arabia and Qatar will each abandon their respective national currencies. As yet there has been no announcement of an official timetable for the
progression of monetary union or whether a GCC monetary union will indeed be implemented, and there are currently no details of new legislation or policies. If a single GCC currency is adopted, the necessary convergence of laws, policies and procedure will bring significant changes to the economic and political infrastructure in each of the GCC States. Investors should, however, be aware that new legislation and any resulting shifts in policy and procedure in Qatar could affect the Bank’s business, financial condition, results of operations, liquidity and prospects and its ability to perform its obligations in respect of the Transaction Documents to which it is a party and, in turn, affect the Trustee’s ability to perform its obligations in respect of the Certificates.

**Qatar has a relatively new insolvency law and there is no certainty as to how Qatari courts will construe or enforce such law in the event of a bankruptcy affecting the Bank**

Qatar has adopted bankruptcy and insolvency provisions (part of the Commercial Code No. 27 of 2006) (the “Commercial Code”) (the “Bankruptcy Provisions”), which came into effect on 13 May 2007. The Bankruptcy Provisions are similar to those included in the Egyptian and most other GCC countries’ laws and relate largely to the declaration of bankruptcy, its effects and its administration, and include conciliation to prevent bankruptcy. However, because the Bankruptcy Provisions are relatively new and untested by Qatari courts, there is no certainty as to how Qatari courts would construe or enforce the Bankruptcy Provisions in the event of a bankruptcy affecting the Bank. There can also be no assurance that a Qatari court would compel a bankruptcy administrator to perform any of the Bank’s obligations under the Transaction Documents to which it is a party during an administration period. The Bankruptcy Provisions also enable Qatari courts to defer adjudication of a company’s bankruptcy if the court decides that it is possible to improve that company’s financial position during a period (such period to be specified by the court) or if judged to be in the interest of the national economy. Similarly, given the lack of precedent, there is no certainty as to if and how the QCB might exercise its powers of temporary management and control under the Banking Provisions (including putting a financial institution into liquidation) in relation to financial institutions experiencing financial difficulties. The QCB Law deals with interim administration and liquidation of the financial institutions licensed by the QCB. The QCB Law provides that the QCB may place a financial institution under interim administration if such an institution is threatened with insolvency or at the request of such financial institution. The QCB as the interim administrator of the financial institution is entitled to take control of the assets of the financial institution and take such steps as required to protect the funds of the financial institution, the rights of the depositors, investors and customers. Following the conclusion of the interim administration, the governor of the QCB may decide to revoke the licence of the financial institution and develop a plan for the liquidation of its assets and obligations. Further, the QCB shall be responsible for the implementation and supervision of the execution of the liquidation plan. There are no specific guidelines in respect of how the QCB would administer the resolution of a failing bank in Qatar.

The Cabinet of Qatar approved a draft law on corporate bankruptcy and prevention in April 2017 which is aimed at developing detailed regulations for corporate bankruptcy and prevention, taking into account international standards in this regard. It is not clear when this law may come into force.

**RISK FACTORS RELATING TO ENFORCEMENT**

**Enforcement risk**

Ultimately, the payments under the Certificates are dependent upon the Bank, the Servicing Agent and the Mudarib making payments to the Trustee in the manner contemplated under the Transaction Documents to which they are a party. If the Bank (acting in any capacity) fails to do so, it may be necessary to bring an action against it to enforce its obligations and/or to claim damages, as appropriate, which may be costly and time consuming. Certain of the Transaction Documents are governed by English law, with an arbitral tribunal with its seat in London (or, subject to the exercise of an option to litigate given to certain parties, the courts of
England and Wales are stated to have jurisdiction to settle any disputes). Notwithstanding that an arbitral award may be obtained from an arbitral tribunal in London or that a judgment may be obtained in an English court, there is no assurance that the Bank has, or would at the relevant time have, assets in the United Kingdom against which such arbitral award or judgment could be enforced.

Enforcing foreign judgments and arbitral awards in Qatar

In the event that proceedings are brought against the Bank in Qatar, the Qatari courts would, in accordance with their normal practice, enforce the contractual terms of the Transaction Documents (including the contractual choice of a governing law other than Qatari law to govern the Transaction documents) provided that this would not apply to any provision of that law which Qatari courts held to be contrary to any mandatory provision of Qatari law or to public order or morality in Qatar. Qatari courts have consistently enforced commercial interest obligations computed in accordance with the terms of the relevant agreement. It is, however, uncertain whether the Qatari courts would enforce the payment of interest on interest, or the payment of accrued interest which exceeds the amount of the principal sum.

There is currently no treaty or convention for the reciprocal enforcement of judgments of the courts of Qatar and the courts of England. A judgment obtained from a court in England will be enforceable in Qatar subject to the provisions of Articles 379 and 380 of the Civil and Commercial Procedure Law, which provides: (i) in the case of Article 379, that judgments and orders pronounced in a foreign country may be ordered to be executed in Qatar upon the conditions determined in that country for the execution of Qatari judgments and orders; and (ii) in the case of Article 380, that an order for execution of a foreign judgment or order will not be made unless and until the following have been ascertained, that: (a) the judgment or order was delivered by a competent court of the foreign jurisdiction in question; (b) the parties to the action were properly served with notice of proceedings and properly represented; (c) the judgment or order is one that is capable of being executed by the successful party to the proceedings in conformity with the laws of the foreign jurisdiction in question; and (d) the foreign judgment or order does not conflict with a previous judgment or order of a competent Qatari court and is not contrary to public policy or morality in Qatar.

If enforcement of a judgment were to be sought in Qatar, under current Qatari law, due to the lack of reciprocity of enforcement of judgments between the courts of Qatar and England, the Qatari courts would be unlikely to enforce such judgment without re-examining the merits of the claim (although a judgment obtained from a court in England would be admissible as evidence in any proceedings brought in Qatar to enforce such judgment) and may not observe the choice by the parties of English law as the governing law of the relevant Transaction Documents and may apply Qatari law instead. Further, where an English judgment has been obtained, there is no assurance that the Bank has, or would at the relevant time have, assets in the United Kingdom against which such judgment could be enforced.

As the Qatari legal system is based on a civil code, judicial precedents in Qatar have no binding effect on subsequent decisions. In addition, there is no formal system of reporting court decisions in Qatar. As a result, any experience with and knowledge of prior rulings of the Qatari courts may not be a reliable basis from which to predict decisions that Qatari courts may adopt in the future.

Under the relevant Transaction Documents and the Certificates, the parties have agreed that any disputes may be referred to arbitration under the LCIA Arbitration Rules. Qatar is a signatory to the New York Convention on Enforcement of Foreign Arbitral Awards of 1958 with effect from 30 March 2003. The United Kingdom is also a party to the New York Convention and therefore an arbitration award made in England should be enforceable in Qatar in accordance with the terms of the New York Convention. The interpretation and application of the New York Convention provisions by the Qatari courts and the enforcement of foreign arbitration awards by the Qatari courts in accordance with the New York Convention is developing. The parameters of enforcement are starting to be tested more regularly in the courts.
Furthermore, in February 2017, Qatar enacted Law No. (2) of 2017 promulgating the Civil and Commercial Arbitration Law (the “Arbitration Law”) which came into force in April 2017. The Arbitration Law addresses the enforcement of arbitration awards. Article 34 of the Arbitration Law states that an arbitration award is enforceable in Qatar regardless of the state in which such award was issued. The Arbitration Law sets out limited grounds for refusing to enforce an arbitration award issued in any state. The grounds are similar to those set out in the New York Convention. While courts tend to be pro-enforcement, the jurisprudence is still evolving as the Arbitration Law is still in its infancy.

These factors create greater uncertainty and there is a risk that a foreign arbitration award rendered in connection with the Transaction Documents may be refused enforcement by the courts in Qatar.

**Waiver of sovereign immunity**

Each of the Bank, the Servicing Agent and the Mudarib has waived its rights, if any, in relation to sovereign immunity. However, there can be no assurance as to whether such waivers of immunity from suit, execution or attachment or other legal process by the Bank under the Transaction Documents to which it is a party are valid and binding under the laws of Qatar and applicable in Qatar.

**Claims for specific enforcement**

In the event that the Bank fails to perform its obligations under any Transaction Document to which it is a party, the potential remedies available to the Trustee and the Delegate include obtaining an order for specific enforcement of the relevant obligations or a claim for damages. There is no assurance that any court would order specific enforcement of a contractual obligation, as this is generally a matter for the discretion of the relevant court. The amount of damages which a court may award in respect of a breach will depend upon a number of possible factors, including an obligation on the Delegate to mitigate any loss arising as a result of the breach. No assurance is provided on the level of damages which a court may award in the event of a failure by the Bank to perform its obligations as set out in the Transaction Documents to which it is a party.

**ADDITIONAL RISK FACTORS**

**Legal investment considerations may restrict certain investments**

The investment activities of certain investors are subject to investment laws and regulations, or the review of such laws and regulations by certain governmental or regulatory authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Certificates constitute legal investments for it; (ii) the Certificates can be used as collateral for various types of borrowing; and (iii) other restrictions apply to any purchase or pledge of any Certificates by the investor. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Certificates under any applicable risk-based capital or similar rules and regulations.

**Sharia requirements in relation to interest awarded by an arbitrator or court**

In accordance with applicable Sharia principles, each of the Trustee and the Delegate will waive all and any entitlement it may have to interest awarded in its favour by any arbitrator or court in connection with any dispute under any of the Transaction Documents. Should there be any delay in the enforcement of a judgment or arbitration given against the Bank, judgment interest (or equivalent interest awarded in connection with an arbitration) may well accrue in respect of that delay and, as a result of the waiver referred to above, Certificateholders will not be entitled to receive any part of such interest. Certificateholders should note that the Trust Assets specifically exclude any rights which have been expressly waived by the Trustee in any of the Transaction Documents (which, to the extent applicable, would extend to any award of interest made in favour of the Trustee by an arbitrator or court in respect of a dispute).
Risks Related to the Certificates

The Certificates are limited recourse obligations of the Trustee

The Certificates are not debt obligations of the Trustee, instead, each Certificate represents an undivided ownership interest in the Trust Assets relating to that Series. Recourse to the Trustee in respect of each Series of Certificates is limited to the Trust Assets of that Series and the proceeds of the Trust Assets of that Series are the sole source of payments on the Certificates of that Series. Upon the occurrence of a Dissolution Event, or early dissolution pursuant to Condition 8, the sole rights of the Trustee and/or the Delegate (acting on behalf of the Certificateholders of the relevant Series of Certificates) will be against the Bank to: (i) pay the Exercise Price in accordance with the Purchase Undertaking and the Wakala Portfolio Principal Revenues in accordance with the Service Agency Agreement in respect of such Series and, in addition, in the case of a Wakala/Mudaraba Series only, to liquidate the relevant Mudaraba and distribute the Final Liquidation Proceeds and the applicable Mudaraba Profit (in an amount not exceeding the Mudaraba Percentage of the Required Amount) in accordance with the relevant Restricted Mudaraba Agreement; and (ii) otherwise perform its obligations under the Transaction Documents to which it is a party.

Certificateholders will have no recourse to any assets of the Trustee (other than the Trust Assets), the Delegate or (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is party) the Bank in respect of any shortfall in the expected amounts due on the Certificates. The Bank is obliged to make certain payments under the Transaction Documents to which it is a party directly to the Trustee, and the Trustee and/or the Delegate will have direct recourse against the Bank to recover such payments due to the Trustee pursuant to the Transaction Documents.

After enforcing or realising the rights in respect of the Trust Assets in respect of a Series of Certificates and distributing the net proceeds of such Trust Assets in accordance with Condition 5(b), the Master Trust Deed and the Agency Agreement, the obligations of the Trustee and/or the Delegate in respect of that Series of Certificates shall be satisfied and neither the Trustee nor the Delegate nor any Certificateholder may take any further steps against the Trustee or the Bank to recover any further sums in respect of the Certificates and the right to receive any such sums unpaid shall be extinguished. Furthermore, under no circumstances shall the Trustee, the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets other than as contemplated in the Transaction Documents. The sole right of the Trustee, the Delegate and the Certificateholders against the Bank shall be to enforce the obligation of the Bank to perform its obligations under the Transaction Documents to which it is a party.

The Certificates may be subject to early redemption

If the amount payable in respect of the Certificates of any Series is required to be increased to include additional amounts and/or the Bank is required to pay additional amounts pursuant to the Transaction Documents to which it is a party, in each case as a result of certain changes affecting taxation in the Cayman Islands, Qatar or, in each case, any political subdivision or any authority thereof or therein having power to tax, the Bank may be entitled to require the Trustee to redeem all but not some only of the Certificates upon giving notice in accordance with Condition 8(b). In addition, if so provided in the applicable Final Terms, a Series may also be redeemed early at the option of the Bank pursuant to Condition 8(c). Any such early redemption feature of any Certificate is likely to limit its market value.

During any period when the Bank may elect to require the Trustee to redeem the Certificates (whether pursuant to Condition 8(b) or Condition 8(c)), the market value of those Certificates generally will not rise substantially above the Dissolution Distribution Amount payable. This also may be true prior to any other Dissolution Date.

In the case of Certificates with an optional dissolution feature pursuant to Condition 8(c), the Bank may elect to require the Trustee to redeem such Certificates when its cost of financing is lower than the Profit Rate on the
Certificates. At those times, an investor generally would not be able to re-invest the redemption proceeds at an effective profit rate as high as the Profit Rate on the Certificates being redeemed and may only be able to do so at a significantly lower rate. Prospective investors should consider re-investment risk in light of other investments available at that time.

There can be no assurance as to the impact of a change in the laws governing the Certificates or the Transaction Documents

The structure of each issue of Certificates under the Programme is based on English law and the laws of Qatar and administrative practices in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English or Qatari law or administrative practices in any such jurisdiction after the date of this Base Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Bank to make payments under the Transaction Documents to which it is a party and/or the Trustee to make payments under any Series of Certificates, or the ability of the Trustee to comply with its obligations and make payments under the Certificates or the Bank to comply with the Transaction Documents to which it is a party.

Certificates are subject to modification by a majority of the Certificateholders of a Series without the consent of all of the Certificateholders

The Master Trust Deed contains provisions for calling meetings of the Certificateholders to consider matters affecting their interests. In addition, the Master Trust Deed contains provisions for obtaining written resolutions on matters relating to the Certificates from holders without calling a meeting. A written resolution signed by or on behalf of the holders of not less than 75 per cent. in aggregate face amount of the Certificates of the relevant Series for the time being outstanding shall, for all purposes, take effect as an Extraordinary Resolution.

In certain circumstances, where the Certificates are held in global form in the clearing systems, the Trustee, the Bank and the Delegate (as the case may be) will be entitled to rely upon:

(i) where the terms of the proposed resolution have been notified through the relevant clearing system(s), approval of a resolution proposed by the Trustee, the Bank or the Delegate (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures (in a form satisfactory to the Delegate) by or on behalf of the holders of not less than 75 per cent. in aggregate face amount of the Certificates of the relevant Series for the time being outstanding; and

(ii) where electronic consent is not being sought, consent or instructions given in writing directly to the Trustee, the Bank or the Delegate (as the case may be) (a) by accountholders in the clearing systems with entitlements to such global certificate or (b), where the accountholders hold such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held (directly or via one or more intermediaries). For the purposes of establishing the entitlement to give any such consent or instruction, the Trustee, the Bank and the Delegate (as the case may be) shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the “relevant clearing system”) and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above.

A written resolution or an electronic consent as described above may be effected in connection with any matter affecting the interests of Certificateholders, including the modification of the Conditions, that would otherwise be required to be passed at a meeting of Certificateholders satisfying the special quorum in accordance with the provisions of the Master Trust Deed, and shall for all purposes take effect as an Extraordinary Resolution passed at a meeting of Certificateholders duly convened and held.
These provisions permit defined majorities to bind all of the Certificateholders of the relevant Series (including Certificateholders who did not attend or vote at the relevant meeting as well as Certificateholders who voted in a manner contrary to the majority).

The Master Trust Deed also provides that the Delegate may, without the consent or sanction of Certificateholders (a) agree to any modification of the Trust Deed (including the Conditions) or any of the other Transaction Documents or the Trustee’s memorandum and articles of association that (in the opinion of the Delegate) is of a formal, minor or technical nature, or is made to correct a manifest error, or (b)(i) give its consent under the Transaction Documents and agree to any other modification of the Trust Deed (including the Conditions) or any other Transaction Document or the Trustee’s memorandum and articles of association, or to any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Transaction Documents or (ii) determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such, provided in each case that such modification, consent, waiver, authorisation or determination is in the opinion of the Delegate not materially prejudicial to the interests of the Certificateholders and not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 20 per cent. in aggregate face amount of the Certificates of the relevant Series then outstanding and, in the case of modifications referred to in paragraph (b)(i) above, other than in respect of a matter which requires a special quorum resolution (as defined in the Master Trust Deed). Any such modification, consent, waiver, authorisation or determination may be made on such terms and subject to such conditions (if any) as the Delegate may determine and shall be binding on the Certificateholders and shall be notified by the Trustee to the Certificateholders in accordance with Condition 17 as soon as practicable thereafter.

**The regulation and reform of “benchmarks” may adversely affect the value of Certificates linked to or referencing such “benchmarks”**

The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark, and the use of a benchmark within the EU and the United Kingdom. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU and United Kingdom supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Certificates linked to or referencing a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

Specifically, the sustainability of the London inter-bank offered rate (“LIBOR”) has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, and in a subsequent speech by its Chief Executive on 12 July 2018, the FCA confirmed that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the “FCA Announcements”). The FCA Announcements indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

It is not possible to predict with certainty whether, and to what extent, LIBOR, the euro inter-bank offered rate (“EURIBOR”) or any other benchmark will continue to be supported going forwards. This may cause LIBOR, EURIBOR or such other benchmark to perform differently than they have done in the past and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (a) discouraging market participants from continuing to administer or contribute to a
benchmark; (b) triggering changes in the rules or methodologies used in the benchmark; and/or (c) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations could have a material adverse effect on the value of and return on any Certificates linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

A Benchmark Event could occur in relation to the Certificates

The Conditions provide for certain fallback arrangements if a Benchmark Event occurs. Benchmark Events include (amongst other events) (i) the permanent discontinuation of a Reference Rate and (ii) the making of a public statement by the supervisor of the administrator of the relevant Reference Rate that, in the view of such supervisor, such Reference Rate is or will be no longer representative of an underlying market or the methodology to calculate such Reference Rate has materially changed. Such fallback arrangements include the possibility that the Profit Rate (or the relevant component thereof) could be set by reference to a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Reference Rate to be used in place of the Reference Rate, with or without the application of an Adjustment Spread, and may include amendments to the Conditions, the Master Trust Deed and/or any other Transaction Document to ensure the proper operation of the Successor Rate, Alternative Reference Rate and/or Adjustment Spread, all as determined by the Independent Adviser (acting in good faith and in a commercially reasonably manner), following consultation with the Trustee and the Bank and without any requirement for the consent or sanction of the relevant Certificateholders. The use of any such Successor Rate or Alternative Reference Rate to determine the Profit Rate is likely to result in Certificates initially linked to or referencing the relevant Reference Rate performing differently (which may include payment of a lower Profit Rate) than they would do if the Reference Rate were to continue to apply in its current form. In addition, the market (if any) for Certificates linked to any such Successor Rate or Alternative Reference Rate may be less liquid than the market for Certificates linked to the relevant Reference Rate.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Reference Rate (as applicable) is determined on the date which is 10 Business Days prior to the next Profit Rate Determination Date, the Profit Rate for the next succeeding Return Accumulation Period will be the Profit Rate last determined in relation to the Certificates in respect of the immediately preceding Return Accumulation Period (though substituting, where a different Margin or Maximum Profit Rate or Minimum Profit Rate is to be applied to the relevant Return Accumulation Period from that which applied to the last preceding Return Accumulation Period, the Margin or Maximum Profit Rate or Minimum Profit Rate relating to the relevant Return Accumulation Period, in place of the Margin or Maximum Profit Rate or Minimum Profit Rate relating to that last preceding Return Accumulation Period). Due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates, the involvement of an Independent Adviser and the potential for further regulatory developments, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Applying the initial Profit Rate, or the Profit Rate applicable in respect of the Return Accumulation Period immediately preceding the occurrence of the Benchmark Event is likely to result in Certificates linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Profit Rate) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Reference Rate could be determined.

If the Trustee and the Bank are unable to appoint an Independent Adviser or the Independent Adviser fails to determine a Successor Rate or Alternative Reference Rate for the life of the relevant Certificates, the initial Profit Rate, or the Profit Rate which applied to the last preceding Return Accumulation Period, will continue to apply to maturity (subject to the application of such Margin or Maximum or Minimum Profit Rates as may be specified in the applicable Final Terms). This will result in the relevant Floating Rate Certificates, in effect, becoming fixed rate Certificates.
Where ISDA Determination is specified as the manner in which the Profit Rate in respect of Floating Rate Certificates is to be determined, the Conditions provide that the Profit Rate in respect of the Certificates shall be determined by reference to the relevant Floating Rate Option in the 2006 ISDA Definitions. If a public statement is made by the supervisor of the administrator of the relevant Reference Rate that, in the view of such supervisor, such Reference Rate is no longer representative of an underlying market or the methodology to calculate such Reference Rate has materially changed and a Successor Rate or Alternative Reference Rate is determined, ISDA Determination will not apply. Where the Floating Rate Option specified is an “IBOR” Floating Rate Option, the Profit Rate may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If the relevant IBOR is permanently discontinued and the relevant screen rate or quotations from banks (as applicable) are not available, the operation of these provisions may lead to uncertainty as to the Profit Rate that would be applicable, and may adversely affect the value of, and return on, the Floating Rate Certificates.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation or any of the international or national reforms and the possible application of the benchmark replacement provisions of Certificates in making any investment decision with respect to any Certificates referencing a benchmark.

**Credit ratings assigned to the Bank and/or the Certificates are subject to ongoing evaluations and there can be no assurance that the ratings currently assigned to the Bank and/or the Certificates will not be downgraded**

The Bank has been assigned long term ratings of A with a stable outlook by Fitch and A2 with a stable outlook by Moody’s. The Certificates of each Series may be unrated or may be rated by one or more independent credit rating agencies who may also assign credit ratings to the Certificates. Any ratings of either the Bank or the Certificates may not reflect the potential impact of all the risks related to the structure, market, additional factors discussed herein and other factors that may affect the value of the Certificates. Nevertheless, real or anticipated changes in the Bank’s credit ratings or the ratings of the Certificates generally may affect the market value of the Certificates.

In general, European (including United Kingdom) regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU or the United Kingdom and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU or non-UK credit rating agencies, unless the relevant credit ratings are endorsed by an EU- or UK-registered credit rating agency or the relevant non-EU or non-UK rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

**Interest or profit rate risks**

Investment in Fixed Rate Certificates involves the risk that if market interest or profit rates subsequently increase above the Profit Rate paid on the Fixed Rate Certificates, this will adversely affect the value of the Fixed Rate Certificates.
Certificates with variable Profit Rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

The Certificates may be subject to exchange rate risks and exchange controls
Neither the Trustee nor the Bank has any control over factors that generally affect exchange rate risks, such as economic, financial and political events, and the supply and demand for applicable currencies. In recent years, exchange rates between certain currencies have been volatile and volatility between such currencies or with other currencies may be expected in future.

The Trustee will pay all amounts due on any Certificates, and the Bank will make any payments pursuant to the Transaction Documents to which it is a party, in the Specified Currency. If an investor’s financial activities are denominated principally in a currency or currency unit (the “Investor’s Currency”) other than the Specified Currency, such investor may therefore bear certain exchange rate risks. These include the risks that: (i) exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor’s Currency); and (ii) authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls which could adversely affect an applicable exchange rate. Any appreciation in the value of the Investor’s Currency relative to the Specified Currency would decrease: (a) the Investor’s Currency-equivalent yield on the Certificates; (b) the Investor’s Currency-equivalent value of the Dissolution Distribution Amount payable in respect of the Certificates; and (c) the Investor’s Currency-equivalent market value of the Certificates.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate as well as the availability of a specified foreign currency at the time of any payment of any amounts on a Certificate. As a result, investors may receive less than expected, or no payment at all. Even if there are no actual exchange controls, it is possible that the Specified Currency for any particular Certificate would not be available at such Certificate’s maturity.

A secondary market may not develop or be maintained for the Certificates
There is no assurance that a market for the Certificates of any Series will develop or, if it does develop, that it will provide the Certificateholders with liquidity of investment or that it will continue for the life of such Certificates. Accordingly, a Certificateholder may not be able to find a buyer to buy its Certificates easily or at prices that will provide a desired yield. The market value of the Certificates may fluctuate and a lack of liquidity, in particular, can have a material adverse effect on the market value of the Certificates. Accordingly, the purchase of the Certificates is suitable only for investors who can bear the risks associated with a lack of liquidity in the Certificates and the financial and other risks associated with an investment in the Certificates. An investor in Certificates must be prepared to hold the relevant Certificates for an indefinite period of time or until their maturity. Whilst an application has been made for the listing of certain Series to be issued under the Programme on the London Stock Exchange, there can be no assurance that any such listing will occur or will enhance the liquidity of the Certificates of the relevant Series.

Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade
In relation to any issue of Certificates which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Certificates may be traded in amounts in excess of such minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case, a Certificateholder who, as a result of trading such amounts, holds a face amount of less than the minimum Specified Denomination, would need to purchase an additional amount of Certificates such that it holds an amount equal to at least the minimum Specified Denomination to be able to trade such Certificates. Certificateholders should be aware that Certificates which have a
denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

A Certificateholder who holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Certificate in respect of such holding (should definitive Certificates be printed) and would need to purchase a face amount of Certificates such that its holding amounts to at least a Specified Denomination in order to be eligible to receive a definitive Certificate. If definitive Certificates are issued, holders should be aware that definitive Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may also be illiquid and difficult to trade.

**Investors in the Certificates must rely on Euroclear and Clearstream, Luxembourg procedures**

Each Series of Certificates issued under the Programme will be represented on issue by a Global Certificate that may be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg. Except in the limited circumstances described in each Global Certificate, investors will not be entitled to receive Certificates in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Certificate held through it. While the Certificates of each Series are represented by a Global Certificate, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants, and the Trustee will discharge its payment obligations under the relevant Series of Certificates by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant clearing system and its participants in relation to payments under the relevant Series of Certificates. The Trustee has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Certificate. Holders of beneficial interests in a Global Certificate will not have a direct right to vote in respect of the Certificates so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

**Legal investment considerations may restrict certain investments**

The investment activities of certain investors are subject to investment laws and regulations, or the review of such laws and regulations by certain governmental or regulatory authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Certificates constitute legal investments for it; (ii) the Certificates can be used as collateral for various types of borrowing; and (iii) other restrictions apply to any purchase or pledge of any Certificates by the investor. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Certificates under any applicable risk-based capital or similar rules and regulations.

**Sharia requirements in relation to interest awarded by an arbitrator or court**

In accordance with applicable Sharia principles, each of the Trustee and the Delegate will waive all and any entitlement it may have to interest awarded in its favour by any arbitrator or court in connection with any dispute under any of the Transaction Documents to which it is a party. Should there be any delay in the enforcement of a judgment or arbitration given against the Bank, judgment interest (or equivalent interest awarded in connection with an arbitration) may well accrue in respect of that delay and, as a result of the waiver referred to above, Certificateholders will not be entitled to receive any part of such interest. Certificateholders should note that the Trust Assets specifically exclude any rights which have been expressly waived by the Trustee in any of the Transaction Documents (which, to the extent applicable, would extend to any award of interest made in favour of the Trustee by an arbitrator or court in respect of a dispute).
Emerging markets
Investors in emerging markets should be aware that emerging markets are subject to greater risks than more developed markets, including, in some cases, significant legal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risk involved.

Investors must make their own determination as to Sharia compliance
The Sharia Supervisory Board of the Bank and the Global Sharia Supervisory Committee of Standard Chartered Bank have each confirmed that the Transaction Documents are, in their view, in compliance with Sharia principles. However, there can be no assurance that the Transaction Documents or any issue and trading of Certificates will be deemed to be Sharia compliant by any other Sharia board or Sharia scholars. None of the Trustee, the Bank, the Delegate, the Arranger, the Dealers or the Agents makes any representation as to the Sharia compliance of any Series and potential investors are reminded that, as with any Sharia views, differences in opinion are possible. Potential investors should obtain their own independent Sharia advice as to whether the Transaction Documents and any issue of Certificates will meet their individual standards of compliance and should also make their own determination as to the future tradability of the Certificates on any secondary market. Questions as to the Sharia permissibility of the Transaction Documents or the issue and the trading of the Certificates may limit the liquidity and adversely affect the market value of the Certificates.

In addition, prospective investors are reminded that the enforcement of any obligations of any of the parties under the Transaction Documents would be, if in dispute, either the subject of arbitration under English law or court proceedings under the laws of Qatar or England and Wales (as applicable). In such circumstances, the arbitrator or judge (as applicable) will first apply the governing law of the relevant Transaction Document.

Risks Relating to the Sukuk Assets
Ownership of Wakala Assets
In order to comply with the requirements of Sharia, an interest (the nature of such interest as more particularly described in “— Transfer of the Wakala Assets” below and “Summary of the Principal Transaction Documents”) in the Wakala Assets of each Series will pass to the Trustee under the relevant Supplemental Purchase Agreement. The Trustee will declare a trust in respect of its interest in such Wakala Assets and the other relevant Trust Assets in favour of the Certificateholders of the relevant Series pursuant to the relevant Supplemental Trust Deed. Accordingly, Certificateholders will have beneficial interests in the relevant Wakala Assets unless the transfer of such interests in the Wakala Assets is prohibited by, or ineffective under, any applicable law (see “—Transfer of the Wakala Assets” below).

No investigation or enquiry will be made and no due diligence will be conducted in respect of any Wakala Assets. The Wakala Assets will be selected by the Bank in its absolute discretion (subject to the provisions contained in the Transaction Documents) and the Certificateholders will have no ability to influence such selection. Only limited representations will be obtained from the Bank in respect of the Wakala Assets of a Series. In particular, the precise terms of such Wakala Assets or the nature of the assets leased, sold, originated or otherwise held will not be known (including whether there are any restrictions on transfer or any further obligations required to be performed by the Bank to give effect to the transfer of the ownership interest in the Wakala Assets). No steps will be taken to perfect the transfer of the ownership interest in any Wakala Assets to the Trustee or otherwise to give notice to, or obtain any acknowledgement of notification from, any lessee or obligor in respect thereof. Obligors and lessees may have rights of set off or counterclaim against the Bank in respect of such Wakala Assets. If and to the extent that a third party is able to establish a direct claim against the Trustee, the Delegate or any relevant Certificateholders in relation to any Wakala Assets, the Bank has
agreed in the Master Trust Deed to indemnify the Trustee and the Delegate (on behalf of itself (where applicable) and the Certificateholders) against any liabilities in connection with such claim. If the Bank is unable to satisfy any such claims or meet its indemnity obligations, then the relevant Certificateholders may suffer losses in excess of the original face amount invested.

**Transfer of the Wakala Assets**

No investigation has been or will be made as to whether any interest in any Wakala Assets may be transferred as contemplated in the Transaction Documents as a matter of the law governing the contracts, the law of the jurisdiction where such assets are located or any other relevant law. No investigation will be made to determine if any Supplemental Purchase Agreement will have the effect of transferring an interest in the relevant Wakala Assets. The Master Purchase Agreement is, and each Supplemental Purchase Agreement will be, governed by the laws of Qatar and, to the extent that such laws are applied in relation to any dispute, there are doubts whether an interest in certain assets (in particular, receivable assets such as *ijara* contracts) can be effectively transferred without notice of the transfer being given to the lessee or other obligor. In addition, the Qatari civil code requires an official date certification to be effected for a transfer of assets to be perfected. Accordingly, no assurance is given that any ownership interest in any Wakala Assets will be transferred to the Trustee.

The Bank has agreed in the Purchase Undertaking to indemnify the Trustee for the purposes of redemption in full of the outstanding Certificates if any transfer of an ownership interest in any Wakala Assets is found to be ineffective. In addition, the Bank has agreed in the Purchase Undertaking that, to the extent that the sale and purchase or transfer of any ownership interest in any Wakala Assets is not effective in any jurisdiction for any reason, it will make payment of an amount equal to the purchase price by way of restitution to the Trustee immediately upon request.

**Investment in Mudaraba Portfolio**

Pursuant to the relevant Restricted Mudaraba Agreement, the Mudaraba Capital for each Wakala/Mudaraba Series will be invested in the relevant Mudaraba Portfolio with a view to earning profit therefrom, which will in turn be applied towards payments due to Certificateholders in respect of the Certificates. If any of the risks relating to the business of the Bank mentioned above (see “—Risks relating to the Bank and its ability to fulfil its obligations under the Transaction Documents”) materialise or otherwise impact the Bank’s business, the value of and profit earned from the investment in such Mudaraba Portfolio may drop which may, in turn, have a material adverse effect on the Trustee’s ability to fulfil its repayment obligations in respect of the Certificates. No investigation or enquiry will be made and no due diligence will be conducted in respect of any Mudaraba Assets. The Mudaraba Assets will be selected by the Bank in its absolute discretion (subject to the provisions contained in the Transaction Documents) and the Certificateholders will have no ability to influence such selection. Only limited representations will be obtained from the Bank in its capacity as Mudarib in respect of the Mudaraba Assets of a Wakala/Mudaraba Series. In particular, neither the precise terms nor the nature of such Mudaraba Assets will be known. Lessees and obligors may have rights of set off or counterclaim against the Bank in respect of any Mudaraba Assets.
DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the following:

(a) the 2020 Interim Financial Statements, together with the review report thereon and the notes thereto, available at: https://www.dukhanbank.com/sites/default/files/Barwa%20Bank%20Group%20FS%20-%2020%20June%202020%20%28English%20Ver.%29.pdf;

(b) the 2019 Financial Statements, together with the audit report thereon and the notes thereto, available at: https://www.dukhanbank.com/sites/default/files/BBG_YE_2019_FS_English_Signed.pdf; and

(c) the 2018 Financial Statements, together with the audit report thereon and the notes thereto, available at: https://www.dukhanbank.com/sites/default/files/BarwaBankGroup-English2018FS%28Final%29_0.pdf,

(together, the “Documents Incorporated by Reference”).

The Documents Incorporated by Reference have been previously published or are published simultaneously with this Base Prospectus and have been approved by the FCA or filed with it. The Documents Incorporated by Reference shall be incorporated in and form part of this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus. Those parts of the Documents Incorporated by Reference in this Base Prospectus which are not specifically incorporated by reference in this Base Prospectus are either not relevant for prospective investors in the Certificates or the relevant information is included elsewhere in this Base Prospectus. Any documents themselves incorporated by reference in the Documents Incorporated by Reference in this Base Prospectus shall not form part of this Base Prospectus.

Copies of the Documents Incorporated by Reference in this Base Prospectus may be obtained from the registered office of the Trustee and from the specified office of the Principal Paying Agent during usual business hours and will be available for viewing on the Bank’s website at https://www.dukhanbank.com/ and on the website of the Regulatory News Service operated by the London Stock Exchange at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.
PROSPECTUS SUPPLEMENT

If at any time the Trustee shall be required to prepare a prospectus supplement pursuant to Article 23 of the Prospectus Regulation, the Trustee will prepare and make available an appropriate amendment or supplement to this Base Prospectus which, in respect of any subsequent issue of Certificates to be listed on the Official List and admitted to trading on the Regulated Market, shall constitute a prospectus supplement as required by Article 23 of the Prospectus Regulation.
STRUCTURE DIAGRAM AND CASH FLOWS

Set out below is a simplified structure diagram and description of the principal cash flows underlying each Series issued. Potential investors are referred to the terms and conditions of the Certificates set out in “Terms and Conditions of the Certificates” and the detailed descriptions of the relevant Transaction Documents set out in “Summary of the Principal Transaction Documents” for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalised terms used below.

Principal cash flows

Payments by the Certificateholders and the Trustee

On the issue date of each Tranche (the “Issue Date”), the Certificateholders will pay the issue price in respect of the Certificates (the “Issue Proceeds”) to the Trustee and the Trustee will pay:

(i) (as Purchaser) in the case of a Wakala Series, the Issue Proceeds in full or, in the case of a Wakala/Mudaraba Series, the percentage specified in the applicable Final Terms which shall be equal to no less than 51 per cent. of the Issue Proceeds (the “Wakala Percentage”) to, or to the order of, the Bank (as Seller) as the purchase price payable under the relevant Supplemental Purchase Agreement for the purchase of an initial portfolio (the “Initial Wakala Portfolio”) consisting of:

(a) real-estate and/or non-real estate tangible assets together with the related ijara (lease) contracts and the receivables payable thereunder (excluding, in the case of non-real estate tangible assets,
any Restricted Vehicles and, in the case of real estate assets, any assets not located in a Designated Area (“Ijara Assets”); and

(b) other Sharia compliant tangible income generating assets owned by or on behalf of the Bank (excluding any Ijara Assets, any real estate assets not located in a Designated Area, any equity securities and any Restricted Vehicles) which may include any tradeable sukuk or trust certificates (“Other Tangible Sharia Compliant Assets”),

each such Ijara Asset and Other Tangible Sharia Compliant Asset, a “Wakala Asset”; and

(ii) (as Rabb-al-Maal) in the case of a Wakala/Mudaraba Series, the percentage specified in the applicable Final Terms, which shall be no more than 49 per cent. of the Issue Proceeds (the “Mudaraba Percentage”) to, or to the order of, the Bank (as Mudarib) as the initial capital of the relevant Mudaraba (the “Mudaraba Capital”), which the Mudarib will invest in accordance with the Master Restricted Mudaraba Agreement and the relevant Supplemental Restricted Mudaraba Agreement (which includes the relevant Mudaraba Investment Plan), in an initial portfolio (the “Initial Mudaraba Portfolio”) consisting of:

(a) Real Estate Ijara Assets;

(b) Non-Real Estate Ijara Assets; and/or

(c) Other Tangible Sharia Compliant Assets (and each such Real Estate Ijara Asset, Non-Real Estate Ijara Asset and Other Tangible Sharia Compliant Asset, a “Mudaraba Asset”),

in each case, with a view to earning profit therefrom.

Periodic Distribution Payments

On the Business Day prior to each Periodic Distribution Date (i) the Servicing Agent will pay amounts reflecting the returns (excluding any amounts in the nature of principal) generated in respect of the relevant Wakala Portfolio (the “Wakala Portfolio Income Revenues”) into the relevant Transaction Account and (ii) in the case of a Wakala/Mudaraba Series, the Mudarib will also pay, in accordance with a pre-agreed profit sharing ratio, amounts representing the Rabb-al-Maal’s share of the returns (excluding any amounts in the nature of principal) generated in respect of the relevant Mudaraba Portfolio (the “Mudaraba Profit”) into the relevant Transaction Account which, in aggregate, are intended to be sufficient to fund the Periodic Distribution Amounts payable by the Trustee under the Certificates of the relevant Series (the “Required Amount”) and shall be applied by the Trustee for that purpose.

If the Wakala Portfolio Income Revenues are greater than the Wakala Percentage of any Required Amount or, in the case of a Wakala/Mudaraba Series, the Mudaraba Profit is greater than the Mudaraba Percentage of the Required Amount, such excess returns shall be credited to a separate account by the Servicing Agent or the Mudarib, as applicable (such account, in the case of a Wakala Portfolio being the “Wakala Reserve Collection Account” and, in the case of a Mudaraba Portfolio, being the “Mudaraba Reserve Collection Account”).

If, in respect of any period, the Wakala Portfolio Income Revenues are insufficient to fund the Wakala Percentage of the Required Amount, the Servicing Agent shall apply amounts standing to the credit of the Wakala Reserve Collection Account towards such shortfall and, in the case of a Wakala/Mudaraba Series, if in respect of any period the Mudaraba Profit is insufficient to fund the Mudaraba Percentage of the Required Amount, the Mudarib shall apply amounts standing to the credit of the Mudaraba Reserve Account towards such shortfall, in each case, by paying an amount equal to the same into the Transaction Account. If, having applied such amounts from the Wakala Reserve Collection Account and, in the case of a Wakala/Mudaraba Series, from the Mudaraba Reserve Account, there remains a shortfall between the amount standing to the credit of the Transaction Account and the Required Amount, the Servicing Agent may make Sharia compliant funding
available (or may procure its availability, as applicable) to the Trustee in the amount of the shortfall remaining on terms that such funding is repayable (i) from Wakala Portfolio Income Revenues received in respect of a subsequent period, or (ii) on a Dissolution Date on which the Certificates of a Series are to be redeemed (a “Liquidity Facility”).

Payment of the Dissolution Distribution Amount on the Scheduled Dissolution Date

In respect of the Scheduled Dissolution Date in relation to each Series:

(i) the Trustee and the Delegate will have the right under the Purchase Undertaking to require the Bank to purchase all of the Trustee’s rights, title, interests, benefits and entitlements in, to and under the Wakala Assets comprising the Wakala Portfolio for payment of the relevant Exercise Price into the Transaction Account on the Payment Business Day immediately preceding the Scheduled Dissolution Date;

(ii) the Servicing Agent will be required under the terms of the Service Agency Agreement to pay an amount equal to the amount of the principal or capital revenues standing to the credit of the Principal Collection Account (as defined in the Service Agency Agreement) (the “Wakala Portfolio Principal Revenues”) into the Transaction Account on the Business Day immediately preceding the Scheduled Dissolution Date; and

(iii) in the case of a Wakala/Mudaraba Series, the Mudarib will also be required under the Master Restricted Mudaraba Agreement and the relevant Supplemental Restricted Mudaraba Agreement to liquidate the relevant Mudaraba on the Business Day prior to the Scheduled Dissolution Date and distribute to the Trustee (as Rabb-al-Maal) the proceeds of the liquidation (in an amount not exceeding the Mudaraba Capital) and the Mudaraba Profit (in an amount not exceeding the Required Amount) realised by such liquidation by payment of the same into the Transaction Account,

and such amounts are intended to fund the Dissolution Distribution Amount payable by the Trustee under the Certificates.

Payment of the Dissolution Distribution Amount in the event of early redemption

The Trust in relation to any Series may be dissolved prior to the relevant Scheduled Dissolution Date for the following reasons: (a) following a Dissolution Event; (b) for tax reasons; (c) if so specified in the applicable Final Terms, at the option of the Bank; and (d) if so specified in the applicable Final Terms, at the option of the Certificateholders.

Early redemption following a Dissolution Event or early redemption at the option of the Certificateholders

In respect of an early redemption following a Dissolution Event or at the option of Certificateholders, on a Dissolution Date:

(i) the Trustee and the Delegate will have the right under the Purchase Undertaking to require the Bank to purchase all of the Trustee’s rights, title, interests, benefits and entitlements in, to and under all (in the case of redemption following a Dissolution Event or where all Certificates are to be redeemed on such Dissolution Date) or (where some only of the Certificates are to be redeemed on such Dissolution Date) a portion of the Wakala Assets comprising the Wakala Portfolio corresponding to the number of Certificates to be redeemed for payment of the relevant Exercise Price into the Transaction Account on the Dissolution Event Redemption Date (in the case of redemption following a Dissolution Event) or the Business Day immediately preceding the relevant Dissolution Date (in the case of dissolution at the option of Certificateholders);

(ii) the Servicing Agent will be required under the terms of the Service Agency Agreement to pay an amount equal to the amount of the Wakala Portfolio Principal Revenues (or a portion thereof corresponding to
the number of Certificates to be redeemed, where some only of the Certificates are to be redeemed on the relevant Dissolution Date) standing to the credit of the Principal Collection Account into the Transaction Account on the Dissolution Event Redemption Date (in the case of redemption following a Dissolution Event) or the Business Day immediately preceding the relevant Dissolution Date (in the case of dissolution at the option of Certificateholders); and

(iii) in the case of a Wakala/Mudaraba Series, the Mudarib will also be required under the Master Restricted Mudaraba Agreement and the relevant Supplemental Restricted Mudaraba Agreement to liquidate the relevant Mudaraba (or a portion of the Mudaraba Assets comprising the Mudaraba Portfolio where some only of the Certificates are to be redeemed on the relevant Dissolution Date corresponding to the number of Certificates to be redeemed) on the Dissolution Event Redemption Date (in the case of redemption following a Dissolution Event) or the Business Day immediately preceding the relevant Dissolution Date (in the case of dissolution at the option of Certificateholders) and distribute to the Trustee (as Rabb-al-Maal) the proceeds of the liquidation (in an amount not exceeding the Mudaraba Capital) and the Mudaraba Profit (in an amount not exceeding the Mudaraba Percentage of the Required Amount) realised by such liquidation by payment of the same into the Transaction Account, and such amounts are intended to fund the Dissolution Distribution Amount payable by the Trustee under the Certificates on the relevant Dissolution Date.

Early redemption for tax reasons or early redemption at the option of the Bank

In respect of an early redemption for tax reasons or an early redemption at the option of the Bank:

(i) the Bank will have the right under the Sale Undertaking to require the Trustee to sell all of its rights, title, interests, benefits and entitlements in, to and under all or (where some only of the Certificates are to be redeemed on such Dissolution Date) a portion of the Wakala Assets (corresponding to the number of Certificates to be redeemed) comprising the Wakala Portfolio for payment of the relevant Exercise Price into the Transaction Account on the Business Day immediately preceding the relevant Dissolution Date;

(ii) the Servicing Agent will be required under the terms of the Service Agency Agreement to pay an amount equal to the amount of the Wakala Portfolio Principal Revenues (or a portion thereof corresponding to the number of Certificates to be redeemed) where some only of the Certificates are to be redeemed on the relevant Dissolution Date) standing to the credit of the Principal Collection Account into the Transaction Account on the Business Day immediately preceding the relevant Dissolution Date; and

(iii) in the case of a Wakala/Mudaraba Series, the Mudarib will also be required under the Master Restricted Mudaraba Agreement and the relevant Supplemental Restricted Mudaraba Agreement to liquidate the relevant Mudaraba (or a portion of the Mudaraba Assets comprising the Mudaraba Portfolio where some only of the Certificates are to be redeemed on the relevant Dissolution Date, corresponding to the number of Certificates to be redeemed) on the Business Day immediately preceding the relevant Dissolution Date and distribute to the Trustee (as Rabb-al-Maal) the proceeds of the liquidation (in an amount not exceeding the Mudaraba Capital) and the Mudaraba Profit (in an amount not exceeding the Mudaraba Percentage of the Required Amount) realised by such liquidation by payment of the same into the Transaction Account, and such amounts are intended to fund the Dissolution Distribution Amount payable by the Trustee under the Certificates on the relevant Dissolution Date.
Purchase and Cancellation of Certificates

Pursuant to Conditions 8(f) and 8(g), the Bank and its subsidiaries may at any time purchase Certificates in the open market or otherwise. If the Bank elects to cancel any Certificates so purchased:

(i) the Bank may exercise its right under the Sale Undertaking to require the Trustee to assign and/or transfer, as applicable, all of its rights, title, interests, benefits and entitlements in, to and under all or a specified portion (as applicable) of the Wakala Assets comprising the Wakala Portfolio to the Bank against delivery of the relevant Certificates for cancellation in accordance with Condition 8 and the Agency Agreement;

(ii) the Servicing Agent will be required under the terms of the Service Agency Agreement to surrender all or a specified portion (as applicable) of the Wakala Portfolio Principal Revenues standing to the credit of the Principal Collection Account to the Bank; and

(iii) in the case of a Wakala/Mudaraba Series, the Mudarib will also be required under the Master Restricted Mudaraba Agreement and the relevant Supplemental Restricted Mudaraba Agreement to release all or a specified portion (as applicable) of the Mudaraba Assets from the Mudaraba Portfolio to the Bank for its own account,

in each case, on the relevant date specified by the Bank for cancellation.
OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche, the applicable Final Terms. The Trustee and any relevant Dealer(s) may agree that Certificates shall be issued in a form other than that contemplated in the Terms and Conditions of the Certificates, in which event, in the case of listed Certificates only and, if appropriate, a supplemental prospectus will be published.

Words and expressions defined in “Terms and Conditions of the Certificates” and “Summary of Provisions relating to the Certificates while in Global Form” shall have the same meanings in this overview.

Seller, Obligor and Servicing Agent and, in the case of a Wakala/Mudaraba Series, Mudarib:

Dukhan Bank Q.P.S.C., incorporated in Qatar on 28 January 2008 as a Qatari shareholding company in its capacity as Seller pursuant to the Master Purchase Agreement, Obligor pursuant to the Purchase Undertaking and Servicing Agent pursuant to the Service Agency Agreement and, in the case of a Wakala/Mudaraba Series, as Mudarib pursuant to the Master Restricted Mudaraba Agreement.

Trustee:

BBG Sukuk Ltd, as issuer of the Certificates and as trustee for and on behalf of the Certificateholders, an exempted company with limited liability incorporated on 30 April 2015 in accordance with the Companies Law (2013 Revision) of the Cayman Islands and formed and registered in the Cayman Islands with company registration number 299416 with its registered office at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands. The Trustee has been incorporated solely for the purpose of participating in the transactions contemplated by the Transaction Documents to which it is a party.

Trustee (LEI):

549300URWP4TDNWJXN62

Ownership of the Trustee:

The authorised share capital of the Trustee is U.S.$50,000 consisting of 50,000 shares of U.S.$1.00 each, of which 250 shares are fully paid up and issued. The Trustee’s entire issued share capital is held on trust by MaplesFS Limited under the terms of a trust for charitable purposes.

Administration of the Trustee:

The affairs of the Trustee are managed by MaplesFS Limited, a licensed trust company in the Cayman Islands (the “Trustee Administrator”), with registered office at P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman KY1-1102, Cayman Islands, who will provide, amongst other things, corporate administrative services, director services and act as share trustee for and on behalf of the Trustee pursuant to the corporate services agreement dated 18 November 2015 made between the Trustee and the Trustee Administrator (the “Corporate Services Agreement”).

Arranger:

Standard Chartered Bank.
Dealers: Standard Chartered Bank and any other Dealer appointed from time to time either generally in respect of the Programme or in relation to a particular Series of Certificates.

Delegate: Deutsche Trustee Company Limited (the “Delegate”). In accordance with the Master Trust Deed, the Trustee will, inter alia, unconditionally and irrevocably appoint the Delegate to be its delegate and attorney and to exercise certain present and future powers, rights, authorities and discretions vested in the Trustee by certain provisions of the Master Trust Deed in accordance with the terms of the Master Trust Deed. In particular, the Delegate shall be entitled to (and, in certain circumstances, shall, subject to being indemnified and/or secured and/or prefunded to its satisfaction, be obliged to) take enforcement action in the name of the Trustee against the Bank (in any capacity) following a Dissolution Event.

Principal Paying Agent: Deutsche Bank AG, London Branch.
Registrar and Transfer Agent: Deutsche Bank Luxembourg S.A.

Initial Programme Size: Up to U.S.$2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The size of the Programme may be increased in accordance with the terms of the Programme Agreement.

Method of Issue: The Certificates may be issued on a syndicated or non-syndicated basis. The specific terms of each Series will be recorded in the Final Terms.

Issuance in Series: Certificates will be issued in Series. Each Series may comprise one or more Tranches issued on different Issue Dates. The Certificates of each Series will have the same terms and conditions or terms and conditions which are the same in all respects save for the Issue Date, Issue Price, amount and date of the first payment of Periodic Distribution Amounts thereon and the date from which Periodic Distribution Amounts start to accrue.

Currencies: Subject to any applicable legal or regulatory restrictions, Certificates may be denominated in any currency (each a “Specified Currency”) agreed between the Trustee, the Bank and the relevant Dealer.

Maturities: The Certificates will have such maturities as may be agreed between the Trustee, the Bank and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Trustee, the Bank or the Specified Currency.

Issue Price: Certificates may be issued at any price on a fully-paid basis, as specified in the applicable Final Terms. The price and amount of
Certificates to be issued under the Programme will be determined by the Trustee, the Bank and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

**Denomination of Certificates:**

The Certificates will be issued in such denominations as may be agreed between the Trustee, the Bank and the relevant Dealer(s), save that (i) the minimum denomination of each Certificate will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Specified Currency, (ii) the minimum denomination of each Certificate admitted to trading on a regulated market within the United Kingdom or the European Economic Area or offered to the public in the United Kingdom or a Member State of the European Economic Area, in circumstances which require the publication of a prospectus under the Prospectus Regulation, will be at least €100,000 (or, if the Certificates are denominated in a currency other than euro, the equivalent amount in such currency, as calculated on the Issue Date of such Series) and (iii) unless otherwise permitted by such current laws and regulations, Certificates (including Certificates denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Trustee in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA will have a minimum denomination of £100,000 (or, if the Certificates are denominated in a currency other than sterling, the equivalent amount in such currency, as calculated on the Issue Date of such Series).

**Status of the Certificates:**

The Certificates will represent an undivided beneficial ownership interest in the Trust Assets of the relevant Series and will be limited recourse obligations of the Trustee. Each Certificate will constitute unsecured obligations of the Trustee and shall at all times rank pari passu and without any preference or priority with all other Certificates of the relevant Series.

The payment obligations of the Bank (in any capacity) to the Trustee under the Transaction Documents to which it is a party in respect of each Series of Certificates will be direct, unconditional, unsubordinated and (subject to the negative pledge provisions described in Condition 6(b)) unsecured obligations of the Bank and shall, save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 6(b), at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Bank, from time to time outstanding.

**Trust Assets:**

The Trust Assets of the relevant Series will be (i) the cash proceeds of the issue of the relevant Series of Certificates,
pending application thereof in accordance with the terms of the Transaction Documents; (ii) any and all of the Trustee’s rights, title, interest, benefits and entitlements, present and future, in, to and under the Wakala Portfolio and, in the case of a Wakala/Mudaraba Series, the Mudaraba Portfolio; (iii) any and all of the Trustee’s rights, title, interest, benefits and entitlements, present and future, in, to and under the Transaction Documents (other than in relation to the Excluded Representations and the covenant given to the Trustee pursuant to Clause 13.1 of the Master Trust Deed); and (iv) any and all moneys standing to the credit of the relevant Transaction Account from time to time; and all proceeds of the foregoing listed (i) to (iv) (the “Trust Assets”).

**Periodic Distribution Amounts:** Certificateholders are entitled to receive Periodic Distribution Amounts calculated on the basis specified in the Conditions and the applicable Final Terms.

**Fixed Rate Certificates:** Fixed Rate Certificates will bear profit on their outstanding face amount at such fixed rate per annum and on such date or dates as may be agreed between the Trustee, the Bank and the relevant Dealer(s), calculated in accordance with such Day Count Fraction as may be agreed between the Trustee, the Bank and the relevant Dealer(s), each as more particularly described in Condition 7(a).

**Floating Rate Certificates:** Floating Rate Certificates will bear profit on their outstanding face amount at such floating rate per annum as may be determined:

- (i) on the same basis as the floating rate under a notional profit rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the relevant Series of Certificates) plus or minus the applicable margin; or

- (ii) on the basis of the relevant Reference Rate as adjusted for any applicable margin.

The margin (if any) relating to such floating rate will be agreed between the Trustee, the Bank and the relevant Dealer(s) for each Series of Floating Rate Certificates.

Such profit will be paid on such date or dates as may be agreed between the Trustee, the Bank and the relevant Dealer(s) and will be calculated on the basis of such Day Count Fraction as may be agreed between the Trustee, the Bank and the relevant Dealer(s).

Floating Rate Certificates may also have a maximum profit rate, a minimum profit rate or both.
Negative Pledge: The Certificates will have the benefit of a negative pledge granted by the Bank in respect of itself and its Subsidiaries, as described in Condition 6(b).

Cross-Default: In respect of the Bank, the Certificates will have the benefit of a cross-default provision, as described in Condition 12 and paragraph (iv) of the definition of Obligor Event corresponding thereto.

Dissolution on the Scheduled Dissolution Date: Unless the Certificates are previously redeemed or purchased and cancelled, the Trustee will redeem each Certificate at the relevant Dissolution Distribution Amount on the relevant Scheduled Dissolution Date specified in the applicable Final Terms for such Series and the Trust in relation to the relevant Series will be dissolved by the Trustee following the payment of all such amounts in full.

Dissolution Distribution Amount: In relation to each Certificate of a Series, either:

(i) the sum of:
   (a) the outstanding face amount of such Certificate; and
   (b) any accrued but unpaid Periodic Distribution Amounts for such Certificate; or

(ii) such other amount specified in the applicable Final Terms as being payable upon the relevant Dissolution Date.

Early Dissolution of the Trust: The Trust may only be dissolved (in whole or in part) prior to the Scheduled Dissolution Date upon the:

(i) occurrence of a Dissolution Event;

(ii) exercise of an Optional Dissolution Right (if applicable to the relevant Series);

(iii) exercise of a Certificateholder Put Right (if applicable to the relevant Series); or

(iv) occurrence of a Tax Event.

In each case, the Certificates of a Series will be redeemed (i) pursuant to the exercise of the Purchase Undertaking or the Sale Undertaking (as applicable) and the Service Agency Agreement whereupon the Bank will pay the relevant Exercise Price to the Trustee and receive from the Trustee all or the relevant proportion of the Wakala Assets and pay all relevant Wakala Portfolio Principal Revenues to the Trustee in accordance with the Service Agency Agreement and (ii) in the case of a Wakala/Mudaraba Series, pursuant to the Master Restricted Mudaraba Agreement and the relevant Supplemental Restricted Mudaraba Agreement whereby the Bank will liquidate all or the relevant proportion of the Mudaraba Portfolio and pay the proceeds of such liquidation (in an amount not exceeding the
Mudaraba Capital) and the Mudaraba Profit (in an amount not exceeding the Mudaraba Percentage of the Required Amount) realised by such liquidation to the Trustee. The relevant Exercise Price payable under the Purchase Undertaking or the Sale Undertaking, as the case may be, together with the relevant Wakala Portfolio Principal Revenues and, in the case of a Wakala/Mudaraba Series, the proceeds from the liquidation of the relevant proportion of the Mudaraba Portfolio and the Mudaraba Profit as aforementioned will be used to fund the redemption of the Certificates of the relevant Series at an amount equal to the relevant Dissolution Distribution Amount.

**Dissolution Events:**

The Dissolution Events are described in Condition 12. Following the occurrence and continuation of a Dissolution Event in respect of a Series of Certificates, the Certificates may be redeemed in whole, but not in part, at an amount equal to the relevant Dissolution Distribution Amount on the Dissolution Event Redemption Date in the manner described in Condition 12.

**Early Dissolution for Tax Reasons:**

Where the Trustee has or will become obliged to pay any additional amounts in respect of the Certificates pursuant to Condition 10, or the Bank has or will become obliged to pay any additional amounts in respect of amounts payable to the Trustee pursuant to the terms of any Transaction Document, as a result of a change in, or amendment to, the laws or regulations of any Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations, and such obligation cannot be avoided by the Trustee or the Bank, as applicable, taking reasonable measures available to it, the Bank may in its sole discretion require the Trustee to redeem the Certificates in whole, but not in part, on a Periodic Distribution Date (in the case of a Floating Rate Certificate) or at any time (in the case of a Fixed Rate Certificate) at the relevant Dissolution Distribution Amount, as more particularly described in Condition 8(b).

**Optional Dissolution Right:**

If so specified in the applicable Final Terms, the Bank may, in accordance with Condition 8(c), require the Trustee to redeem the Certificates of the relevant Series, in whole or in part, as the case may be, at the relevant Dissolution Distribution Amount on any Optional Dissolution Date.

If applicable to the relevant Series, the Optional Dissolution Date(s) will be specified in the applicable Final Terms.

**Certificateholder Put Right:**

If so specified in the applicable Final Terms, Certificateholders may elect to redeem their Certificates on any Certificateholder Put Right Date(s) specified in the applicable Final Terms at an amount equal to the relevant Dissolution Distribution Amount in accordance with Condition 8(d).

**Cancellation of Certificates held by the Bank and/or any of its Subsidiaries:**

Pursuant to Condition 8(f), the Bank and/or any of its Subsidiaries may at any time purchase Certificates in the open
Limited Recourse:
Each Certificate of a particular Series will represent an undivided beneficial ownership interest in the Trust Assets for such Series. No payment of any amount whatsoever shall be made in respect of the Certificates except to the extent that funds for that purpose are available from the relevant Trust Assets.

Certificateholders have no recourse to any assets of the Trustee (and/or its directors or officers in their capacity as such) (other than the relevant Trust Assets) or the Delegate or any Agent or any of their respective directors, officers, employees, shareholders or affiliates in respect of any shortfall in the expected amounts from the relevant Trust Assets to the extent the relevant Trust Assets have been exhausted, following which all obligations of the Trustee shall be extinguished.

See further Condition 4(b).

Form and Delivery of the Certificates:
The Certificates will be issued in registered form only. The Certificates of each Series will be represented on issue by beneficial interests in a Global Certificate, which will be deposited with, and registered in the name of a nominee for, a Common Depositary for Euroclear and Clearstream, Luxembourg. Individual Certificates evidencing holdings of Certificates will be issued in exchange for interests in the relevant Global Certificate only in certain limited circumstances described under “Summary of Provisions relating to the Certificates while in Global Form”.

Clearance and Settlement:
Holders of the Certificates must hold their interest in the relevant Global Certificate in book-entry form through Euroclear and/or Clearstream, Luxembourg. Transfers within and between each of Euroclear or Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearing system.

Withholding Tax:
All payments in respect of the Certificates are to be made free and clear of; and without withholding, retention or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by a Relevant Jurisdiction, unless such withholding, retention or deduction is required by law. In such event, the Trustee has agreed to pay such additional amounts as shall result in receipt by the Certificateholders (after such withholding, retention or deduction) of such net amounts as would have been receivable by them had no such withholding, retention or deduction been required, subject to and in accordance with Condition 10. If the Trustee is required to pay any additional amounts as aforesaid, the Bank has undertaken in

market or otherwise. If the Bank wishes to cancel such Certificates purchased by it and/or any of its Subsidiaries, the Bank may do so in accordance with Condition 8(g).
the Purchase Undertaking to pay such additional amounts as may be necessary so that the full amount due and payable by the Trustee in respect of the Certificates is received by the Trustee for the purposes of payment to the Certificateholders in accordance with and subject to the provisions of Condition 10.

In addition, all payments by the Bank under the Transaction Documents to which it is a party are to be made without any deduction, retention or withholding for, or on account of, any present or future taxes, levies, imposts, duties, fees, assessments or other charges or withholdings of whatever nature unless required by law and without set-off or counterclaim of any kind. If any deduction, retention or withholding is required by law, the Bank has undertaken to pay such additional amounts as shall result in receipt by the Trustee or the Delegate of such net amounts as would have been received by it under the relevant Transaction Document had no such deduction, retention or withholding been made.

Listing:
Application has been made for each Series of the Certificates (other than PR Exempt Certificates) issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the Official List and to be admitted to trading on the Regulated Market. Certificates may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Trustee, the Bank and the relevant Dealer(s) in relation to the Series and as will be specified in the applicable Final Terms. In the case of PR Exempt Certificates, the relevant Certificates will not be listed and/or admitted to trading on the Regulated Market or any other MiFID Regulated Market, and the applicable Pricing Supplement will state whether or not the relevant Certificates will be listed and/or admitted to trading on an unregulated market.

Information contained in this Base Prospectus regarding PR Exempt Certificates shall not be deemed to form part of this Base Prospectus, and the FCA has neither approved nor reviewed information contained in this Base Prospectus in connection with PR Exempt Certificates.

Certificateholder Meetings:
A summary of the provisions for convening meetings of Certificateholders to consider matters relating to their interests as such is set out in Condition 14.

Tax Considerations:
See “Taxation” for a description of certain tax considerations applicable to the Certificates.

Governing Law and Dispute Resolution:
The Certificates and any non-contractual obligations arising out of or in connection with them shall be governed by English law. Each of the Master Trust Deed, each Supplemental Trust Deed, the Agency Agreement, the Programme Agreement, any Subscription Agreement, the Service Agency Agreement, the
Sale Undertaking, the Purchase Undertaking, the Master Restricted Mudaraba Agreement, any Supplemental Restricted Mudaraba Agreement and any non-contractual obligations arising out of or in connection with the same will be governed by and construed in accordance with English law. In respect of any dispute under any such Transaction Document to which it is a party or the Certificates, the parties have consented to arbitration in London under the LCIA Arbitration Rules. Any dispute may also be referred to the courts in England (which shall have exclusive jurisdiction to settle any dispute arising from such documents).

The Master Purchase Agreement and any Supplemental Purchase Agreement and any sale and/or transfer agreement (as applicable) entered into pursuant to the Purchase Undertaking or the Sale Undertaking, as the case may be, will be governed by, and construed in accordance with, the laws of Qatar. The parties thereto have consented to arbitration in London under the LCIA Arbitration Rules. Any dispute may also be referred to the courts of Qatar (which shall have exclusive jurisdiction to settle any dispute arising from such documents).

The Corporate Services Agreement and the Registered Office Agreement (as defined in “Description of the Trustee – The Trustee Administrator”) will be governed by the laws of the Cayman Islands.

**Waiver of Immunity:**

Under each of the Transaction Documents to which it is a party, the Bank has acknowledged that the transactions contemplated in the Transaction Documents are commercial transactions and to the extent that the Bank may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise), enforcement, injunction or other legal or arbitral process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Bank or any of its assets or revenues, the Bank will not claim and has irrevocably and unconditionally waived such immunity to the fullest extent permitted by the laws of such jurisdiction. In addition, the Bank has irrevocably and unconditionally consented to the giving of any relief or the issue of any process, including, without limitation, the enforcement or execution against any of its assets whatsoever of any award, order, injunction, prejudgment or judgment made or given in connection with any legal or arbitral proceedings or Disputes.

**Transaction Documents:**

The Transaction Documents in respect of a Series shall comprise the Master Trust Deed, each Supplemental Trust Deed, the Agency Agreement, the Certificates, the Service Agency Agreement, the Sale Undertaking, the Purchase Undertaking, (in respect of a Wakala/Mudaraba Series) the Master Restricted
Madaraba Agreement and any Supplemental Restricted Mudaraba Agreement, any sale and/or transfer agreement (as applicable) entered into pursuant to the Purchase Undertaking or the Sale Undertaking, as the case may be, the Master Purchase Agreement and any Supplemental Purchase Agreement.

**Rating:**

The Bank has been assigned long term ratings of A with a stable outlook by Fitch and A2 with a stable outlook by Moody’s.

The Programme has a long-term senior unsecured rating of “A” by Fitch.

Moody’s is established in the European Union and is registered under the CRA Regulation. Fitch is established in the United Kingdom and is registered under the CRA Regulation. As such, each of Fitch and Moody’s is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

A Series of Certificates to be issued under the Programme may be rated or unrated. Where a Series of Certificates is to be rated, its rating will be specified in the applicable Final Terms.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

**Selling Restrictions:**

There are restrictions on the offer, sale and transfer of the Certificates, including in the United States of America, the European Economic Area, the United Kingdom, Cayman Islands, the United Arab Emirates (excluding the Dubai International Financial Centre), Dubai International Financial Centre, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, Qatar (including the Qatar Financial Centre), Japan, Hong Kong, Malaysia and Singapore. See “Subscription and Sale”.

**United States Selling Restrictions:**

Regulation S, Category 2.
TERMS AND CONDITIONS OF THE CERTIFICATES

The following is the text of the terms and conditions that, subject to completion in accordance with the provisions of Part A of the applicable Final Terms, shall be applicable to the Certificates in definitive form (if any) issued in exchange for the Global Certificate representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such definitive Certificates. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the applicable Final Terms. Those definitions will be endorsed on the definitive Certificates. References in the Conditions to “Certificates” are to the Certificates of one Series only, not to all Certificates that may be issued under the Programme. In the case of PR Exempt Certificates issued under the Programme, references to the Final Terms in these Conditions shall be construed as references to the Pricing Supplement.

BBG Sukuk Ltd (in its capacity as issuer and in its capacity as trustee, the “Trustee”) has established a programme (the “Programme”) for the issuance of trust certificates (the “Certificates”) in a maximum aggregate face amount of U.S.$2,000,000,000 (or the equivalent in other currencies calculated as described in the amended and restated programme agreement between the Trustee, Dukhan Bank Q.P.S.C. (the “Obligor”) and the Dealer named therein dated 2 December 2020 (the “Programme Agreement”), or such other maximum aggregate face amount as increased in accordance with the terms of the Programme Agreement.

The Certificates are constituted by an amended and restated master trust deed dated 2 December 2020 between the Trustee, the Obligor and Deutsche Trustee Company Limited as the Trustee’s delegate (the “Delegate”, which expression shall include all persons for the time being the delegate or delegates under the Trust Deed) (the “Master Trust Deed”) as supplemented by a supplemental trust deed entered into on or before the date of issue of the relevant Certificates (the “Issue Date”) in respect of the relevant Tranche (the “Supplemental Trust Deed” and, together with the Master Trust Deed, the “Trust Deed”).

An amended and restated agency agreement (as amended or supplemented as at the Issue Date, the “Agency Agreement”) dated 2 December 2020 has been entered into in relation to the Certificates between the Trustee, the Obligor, the Delegate, Deutsche Bank AG, London Branch as initial principal paying agent, Deutsche Bank Luxembourg S.A. as initial registrar and transfer agent and the other agents named in it. The principal paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “Principal Paying Agent”, the “Paying Agents” (which expression shall include the Principal Paying Agent), the “Registrar”, the “Transfer Agents” (which expression shall include the Registrar) and the “Calculation Agent(s)”, and together the “Agents”.

These terms and conditions (the “Conditions”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of Certificates referred to below, the Agency Agreement and the remaining Transaction Documents (as defined below). The Certificateholders are bound by, and are deemed to have notice of, all the provisions applicable to them in the Transaction Documents. The final terms for this Certificate (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Certificate which complete these Conditions. References to the “applicable Final Terms” are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on the relevant Certificate.

Copies of the Transaction Documents are available for inspection and/or collection by Certificateholders by appointment during usual business hours at the principal office of the Delegate and at the specified office of the Principal Paying Agent or at the Delegate’s or the Principal Paying Agent’s (as the case may be) option, available by email (upon receipt of evidence satisfactory to the Principal Paying Agent or the Delegate (as the case may be) that such request has been made by a Certificateholder).
Each initial Certificateholder, by its acquisition and holding of its interest in a Certificate, shall be deemed to authorise and direct the Trustee, on behalf of the Certificateholders: (a) to apply the proceeds of the issue of the Series (the “Proceeds”) (i) in the case of a Wakala Series, in full to purchase the Initial Wakala Portfolio from the Obligor, or (ii) in the case of a Wakala/Mudaraba Series, in an amount equal to the Wakala Percentage of the Proceeds to purchase the Initial Wakala Portfolio from the Obligor, and in an amount equal to the Mudaraba Percentage of the Proceeds as the contribution of the initial Mudaraba Capital to the relevant Mudaraba to be invested by the Mudarib in the Initial Mudaraba Portfolio in accordance with the relevant Restricted Mudaraba Agreement (including the relevant Mudaraba Investment Plan); (b) to act as Purchaser pursuant to the Master Purchase Agreement and any Supplemental Purchase Agreement and, in the case of a Wakala/Mudaraba Series, as Rabb-al-Maal pursuant to the Master Restricted Mudaraba Agreement and any Supplemental Restricted Mudaraba Agreement, in each case, on its behalf (which authorisation and direction shall also apply to its successors in title) and (c) to enter into each Transaction Document to which it is a party, subject to the terms and conditions of the Trust Deed and these Conditions.

1 Interpretation

Unless defined herein or the context otherwise requires, any capitalised words and expressions used but not defined herein shall have the meaning given to them in the Trust Deed and the Agency Agreement. In addition, for the purposes of these Conditions, the following expressions have the following meanings:

“Additional Mudaraba Portfolio” has the meaning given to it in the relevant Supplemental Restricted Mudaraba Agreement;

“Additional Wakala Portfolio” has the meaning given to it in the relevant Supplemental Purchase Agreement;

“Authorised Signatory” has the meaning given to it in the Trust Deed;

“Broken Amount” means the amount specified as such in the applicable Final Terms;

“Business Day” has the meaning given to it in Condition 7(g);

“Calculation Amount” means the amount specified as such in the applicable Final Terms;

“Cancellation Notice” means a cancellation notice given pursuant to the terms of the Sale Undertaking;

“Certificateholder” or “holder” has the meaning given to it in Condition 2;

“Certificateholder Put Exercise Notice” has the meaning given to it in Condition 8(d);

“Certificateholder Put Right” means the right specified in Condition 8(d);

“Certificateholder Put Right Date” means, in relation to any exercise of the Certificateholder Put Right, the date(s) specified as such in the applicable Final Terms and which must (if this Certificate is a Floating Rate Certificate) be a Periodic Distribution Date;

“Corporate Services Agreement” means the corporate services agreement entered into between the Trustee and the Trustee Administrator dated 18 November 2015;

“Day Count Fraction” has the meaning given to it in Condition 7(g);

“Delegation” has the meaning given to it in Condition 15(a);

“Dispute” has the meaning given to it in Condition 20(b);

“Dissolution Date” means, as the case may be:

(a) the Scheduled Dissolution Date;
(b) any Early Tax Dissolution Date;
(c) any Optional Dissolution Date;
(d) any Certificateholder Put Right Date;
(e) any Dissolution Event Redemption Date; or
(f) such other date as specified in the applicable Final Terms for the redemption of Certificates and dissolution of the Trust in whole or in part prior to the Scheduled Dissolution Date;

“Dissolution Distribution Amount” means:

(a) the sum of:
   (i) the outstanding face amount of such Certificate; and
   (ii) any accrued but unpaid Periodic Distribution Amounts for such Certificate; or
(b) such other amount specified in the applicable Final Terms as being payable upon any Dissolution Date;

“Dissolution Event” means a Trustee Event or an Obligor Event;

“Dissolution Event Redemption Date” has the meaning given to it in Condition 12(a);

“Dissolution Notice” has the meaning given to it in Condition 12(a)(ii);

“Early Tax Dissolution Date” has the meaning given to it in Condition 8(b);

“Excluded Representations” means any representations given by the Obligor to the Trustee and/or the Delegate pursuant to the Transaction Documents, save for the representations given in Clause 5.2.3 of the Master Purchase Agreement and Clause 3.1.7(iii) of the Service Agency Agreement and, in respect of a Wakala/Mudaraba Series, Clause 10.2.3 of the Master Restricted Mudaraba Agreement;

“Exercise Notice” means an exercise notice given pursuant to the terms of the Purchase Undertaking and/or the Sale Undertaking (as the case may be);

“Extraordinary Resolution” has the meaning given to it in the Trust Deed;

“Fixed Amount” means the amount specified as such in the applicable Final Terms;

“Fixed Rate Certificates” means a Series in respect of which Fixed Periodic Distribution Provisions is specified as applicable in the applicable Final Terms;

“Floating Rate Certificates” means a Series in respect of which Floating Periodic Distribution Provisions is specified as applicable in the applicable Final Terms;

“Initial Mudaraba Portfolio” has the meaning given to it in the Master Restricted Mudaraba Agreement;

“Initial Wakala Portfolio” has the meaning given to it in the Supplemental Purchase Agreement;

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., and in respect of each Series, as amended and supplemented up to and including the Issue Date of the first Tranche of such Series, unless otherwise specified in the applicable Final Terms;

“LCIA” means the London Court of International Arbitration;

“Liability” means any loss, damage, actual cost (excluding cost of funding and opportunity costs), charge, claim, demand, expense, fee, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes) and including any value added tax or similar tax charged or chargeable in respect
thereof and legal or other fees and expenses on a full indemnity basis, and references to “Liabilities” shall mean all of these;

“Master Purchase Agreement” means the amended and restated master purchase agreement dated 2 December 2020 between the Trustee (in its capacity as Purchaser) and the Obligor (in its capacity as Seller);

“Master Restricted Mudaraba Agreement” means the amended and restated master restricted mudaraba agreement dated 2 December 2020 between the Trustee (in its capacity as Rabb-al-Maal) and the Obligor (in its capacity as Mudarib);

“Material Subsidiary” means at any relevant time a Subsidiary of the Obligor:

(i) whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total income (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than 5 per cent. of the consolidated total assets, or, as the case may be, the consolidated total income of the Obligor and its Subsidiaries taken as a whole, all as calculated respectively by reference to the latest financial statements (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited consolidated financial statements of the Obligor, provided that, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Obligor relate for the purpose of applying each of the foregoing tests, the reference to the Obligor’s latest audited consolidated financial statements shall be deemed to be a reference to such financial statements as if such Subsidiary had been shown therein by reference to its then latest relevant financial statements, adjusted as deemed appropriate by the auditors of the Obligor for the time being after consultation with the Obligor; or

(ii) to which is transferred all or substantially all of the business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Material Subsidiary, whereupon (A) in the case of a transfer by a Material Subsidiary, the transferor Material Subsidiary shall immediately cease to be a Material Subsidiary and (B) the transferee Subsidiary shall immediately become a Material Subsidiary, provided that on or after the date on which the relevant financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Material Subsidiary, shall be determined pursuant to the provisions of paragraph (i) above.

A Certificate addressed to the Delegate signed by two directors of the Obligor certifying that in their opinion a Subsidiary is or is not or was or was not at any particular time or during a particular period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties and the Delegate shall be entitled to rely on such certificate without liability to any person;

“Maximum Optional Dissolution Amount” means the amount specified as such in the applicable Final Terms;

“Minimum Optional Dissolution Amount” means the amount specified as such in the applicable Final Terms;

“Mudaraba” has the meaning given to it in the Master Restricted Mudaraba Agreement;

“Mudaraba Capital” has the meaning given to it in the Master Restricted Mudaraba Agreement;

“Mudaraba Percentage” means the percentage of the Proceeds paid to the Obligor as the initial Mudaraba Capital of the Mudaraba in accordance with the relevant Supplemental Restricted Mudaraba Agreement;

“Mudaraba Portfolio” has the meaning given to it in the Master Restricted Mudaraba Agreement;

“Mudarib” means the Obligor in its capacity as such pursuant to the Restricted Mudaraba Agreement;
“Obligor Event” means any of the following events:

(i) **Non-payment**: the Obligor (acting in any capacity) fails to pay an amount in the nature of profit (corresponding to all or part of the Periodic Distribution Amounts payable by the Trustee under the Certificates) payable by it pursuant to any Transaction Document to which it is a party and the failure continues for a period of 14 days, or the Obligor (acting in any capacity) fails to pay an amount in the nature of principal (corresponding to all or part of the Dissolution Distribution Amount payable by the Trustee under the Certificates) payable by it pursuant to any Transaction Document to which it is a party and the failure continues for a period of seven days; or

(ii) **Breach of Other Obligations**: the Obligor (acting in any capacity) does not perform or comply with any one or more of its covenants or other obligations in the Transaction Documents (excluding the Agency Agreement) to which it is a party which default is incapable of remedy or, if in the opinion of the Delegate capable of remedy, is not in the opinion of the Delegate remedied within the period of 30 days after written notice of such default shall have been given to the Obligor by the Trustee or the Delegate, except that a failure by the Obligor (acting in its capacity as Servicing Agent) to comply with its obligations set out in clause 3.1.15 of the Service Agency Agreement will not constitute an Obligor Event; or

(iii) **Unsatisfied judgments**: one or more judgments or final orders for the payment of an aggregate amount in excess of U.S.$5,000,000 (or its equivalent in any other currency or currencies) is rendered against the Obligor or any of its respective Material Subsidiaries and continues unsatisfied, unsatisfied and unappealed (or, if appealed, the appeal is unsuccessful and thereafter the judgment continues unsatisfied and unstayed for a period of 30 days) for a period of 30 days after the date thereof; or

(iv) **Cross-Default**: (A) any other present or future indebtedness of the Obligor or any of its Material Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any event of default or the like (howsoever described); or (B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period; or (C) the Obligor or any of its Material Subsidiaries fails to pay when due or, as the case may be, within any originally applicable grace period any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (iv) shall have occurred and be continuing equals or exceeds U.S.$5,000,000 (or its equivalent in any currency or currencies); or

(v) **Enforcement Proceedings**: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Obligor or any of its Material Subsidiaries and is not discharged or stayed within 30 days; or

(vi) **Security Enforced**: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Obligor or any of its Material Subsidiaries in respect of all or a material part of the property, assets or revenues of the Obligor or the Group taken as a whole becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person); or

(vii) **Insolvency**: the Obligor or any of its Material Subsidiaries is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting any of such debts; or
(viii) **Winding-up:** an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Obligor or any of its Material Subsidiaries, or the Obligor or any of its Material Subsidiaries shall apply or petition for a winding-up or administration order in respect of itself or cease to carry on all or substantially all of its business or operations, in each case, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation: (A) on terms approved by the Delegate or by an Extraordinary Resolution of the Certificateholders; or (B) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Obligor or another of its Subsidiaries; or

(ix) **Illegality:** (A) the Obligor or any liquidator of the Obligor repudiates or disclaims responsibility under any Transaction Document to which the Obligor is a party; or (B) at any time it is or it becomes unlawful for the Obligor (acting in any capacity) to perform or comply with any or all of its obligations under or in respect of the Transaction Documents to which it is a party; or (C) any of the obligations of the Obligor (acting in any capacity) under or in respect of the Transaction Documents are not, or cease to be, legal, valid, binding and enforceable; or

(x) **Analogous Effect:** any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (vii) and (viii) above, provided that, in the case of paragraph (ii) only, the Delegate shall have certified that in its opinion such event is materially prejudicial to the interests of the Certificateholders.

References in paragraphs (iv) and (vii) above to “indebtedness” and “debts”, respectively, shall be deemed to include any debt or other financing arrangement issued (or intended to be issued) in compliance with the principles of Sharia, whether entered into directly or indirectly by the Obligor or a Subsidiary, as the case may be;

“Optional Dissolution Date” means, in relation to any exercise of the Optional Dissolution Right, the date(s) specified as such in the applicable Final Terms and which must (if the Certificate is a Floating Rate Certificate) be a Periodic Distribution Date;

“Optional Dissolution Right” means the right specified in Condition 8(c);

“outstanding” shall have the meaning given to it in the Trust Deed;

“Periodic Distribution Amount” has the meaning given to it in Condition 7(a) or Condition 7(b), as applicable;

“Periodic Distribution Date” means the date or dates specified as such in the applicable Final Terms;

“Periodic Distribution Period” means the period beginning on and including the Profit Commencement Date and ending on but excluding the first Periodic Distribution Date and each successive period beginning on and including a Periodic Distribution Date and ending on but excluding the next succeeding Periodic Distribution Date, unless otherwise specified in the applicable Final Terms;

“Person” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“Potential Dissolution Event” means any condition, event or act which, with the giving of notice, lapse of time, declaration, demand, determination or fulfilment of any other applicable condition (or any combination of the foregoing), would constitute a Dissolution Event;

“Proceedings” has the meaning given to it in Condition 20(e)(iii);
“Profit Amount” means:

(i) in respect of a Return Accumulation Period, the amount of profit payable per Calculation Amount for that Return Accumulation Period and which, in the case of Fixed Rate Certificates, and unless otherwise specified in the applicable Final Terms, shall mean the Fixed Amount or Broken Amount specified in the applicable Final Terms as being payable on the Periodic Distribution Date ending on the Periodic Distribution Period of which such Return Accumulation Period forms part; and

(ii) in respect of any other period, the amount of profit payable per Calculation Amount for that period;

“Profit Commencement Date” means the Issue Date or such other date as may be specified in the applicable Final Terms;

“Profit Period Date” means each Periodic Distribution Date unless otherwise specified in the applicable Final Terms;

“Profit Rate” means the profit rate payable from time to time in respect of the Certificates and that is either specified in the applicable Final Terms or calculated in accordance with these Conditions;

“Profit Rate Determination Date” means, with respect to a Profit Rate and Return Accumulation Period, the date specified as such in the applicable Final Terms or, if none is so specified (i) the first day of such Return Accumulation Period, if the Specified Currency is sterling,

(ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Return Accumulation Period, if the Specified Currency is neither sterling nor euro, or (iii) the day falling two TARGET Business Days prior to the first day of such Return Accumulation Period, if the Specified Currency is euro;

“Purchase Agreement” means the Master Purchase Agreement as supplemented by the applicable Supplemental Purchase Agreement;

“Purchaser” means the Trustee in its capacity as such pursuant to the Master Purchase Agreement;

“Purchase Undertaking” means the amended and restated purchase undertaking dated 2 December 2020 and granted by the Obligor for the benefit of the Trustee and the Delegate;

“Rabb-al-Maal” means the Trustee in its capacity as such pursuant to the Restricted Mudaraba Agreement;

“Record Date” has the meaning given to it in Condition 9(a);

“Reference Banks” means four major banks selected by the Trustee in the inter-bank market that is most closely connected with the Reference Rate;

“Reference Rate” means one of the following benchmark rates (specified in the applicable Final Terms) in respect of the currency and period specified in the applicable Final Terms:

(i) LIBOR;

(ii) EURIBOR;

(iii) KIBOR;

(iv) SHIBOR;

(v) HIBOR;

(vi) KLIBOR;

(vii) TRLIBOR or TRYLIBOR;
(viii) SIBOR;
(ix) EIBOR;
(x) SAIBOR; and
(xi) CHF LIBOR;

“Register” has the meaning given to it in Condition 2;

“Registered Office Agreement” means the registered office agreement dated 18 November 2015 between the Trustee and the Trustee Administrator;

“Relevant Date” has the meaning given to it in Condition 10;

“Relevant Financial Centre” means the financial centre specified as such in the applicable Final Terms and, if no such financial centre is specified, the financial centre most closely connected with the relevant Reference Rate;

“Relevant Indebtedness” means any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

“Relevant Jurisdiction” has the meaning given to it in Condition 10;

“Relevant Powers” has the meaning given to it in Condition 15(a);

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Final Terms, or any successor or replacement page, section, caption, column or other part of a particular information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

“Relevant Sukuk Obligation” means any present or future undertaking or other obligation to pay any money given in connection with any issue of trust certificates or other securities intended to be issued in compliance with the principles of Sharia, whether or not in return for consideration of any kind, which for the time being are, or are intended to be, or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

“Relevant Time” means the time specified as such in the applicable Final Terms;

“Restricted Mudaraba Agreement” means the Master Restricted Mudaraba Agreement as supplemented by the applicable Supplemental Restricted Mudaraba Agreement;

“Return Accumulation Period” means the period beginning on (and including) the Profit Commencement Date and ending on (but excluding) the first Profit Period Date and each successive period beginning on (and including) a Profit Period Date and ending on (but excluding) the next succeeding Profit Period Date, unless otherwise specified in the applicable Final Terms;

“Sale Undertaking” means the amended and restated sale undertaking dated 2 December 2020 and granted by the Trustee for the benefit of the Obligor;

“Scheduled Dissolution Date” means the date specified as such in the applicable Final Terms;

“Seller” means the Obligor in its capacity as such pursuant to the Master Purchase Agreement;
“Series” means a Tranche of Certificates which are identical in all respects together with any further Tranche or Tranches of Certificates which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of Periodic Distribution Amounts (as defined herein) thereon and the Profit Commencement Date;

“Service Agency Agreement” means the amended and restated Service Agency Agreement dated 2 December 2020 between the Trustee and the Obligor (in its capacity as servicing agent);

“Servicing Agent” means the Obligor in its capacity as such pursuant to the Service Agency Agreement;

“Specified Currency” means the currency specified as such in the applicable Final Terms or, if none is specified, the currency in which the Certificates are denominated;

“Specified Denominations” means the amount(s) specified as such in the applicable Final Terms;

“Subsidiary” means any entity:

(i) which is then directly or indirectly controlled by the Obligor; or

(ii) more than 50 per cent. of whose issued equity share capital (or equivalent) is then beneficially owned by the Obligor; or

(iii) whose financial statements at any time are required by law or, in accordance with generally accepted accounting principles, to be fully consolidated with those of the Obligor.

For an entity to be “controlled” by the Obligor means that the Obligor (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract, trust or otherwise) has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of that entity or otherwise controls, or has the power to control, the affairs and policies of that entity;

“Supplemental Purchase Agreement” means the supplemental purchase agreement to be dated the Issue Date of the relevant Series between the Trustee (in its capacity as Purchaser) and the Obligor (in its capacity as Seller) for the purchase of the Initial Wakala Portfolio or any subsequent Additional Wakala Portfolio;

“Supplemental Restricted Mudaraba Agreement” means the supplemental restricted mudaraba agreement to be dated the Issue Date of the relevant Series between the Trustee (in its capacity as Rabb-al-Maal) and the Obligor (in its capacity as Mudarib) for purchase of the Initial Mudaraba Portfolio or any subsequent Additional Mudaraba Portfolio;

“TARGET Business Day” has the meaning given to it in Condition 7(g);

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto;

“Tranche” means Certificates which are identical in all respects (including as to listing and admission to trading);

“Transaction Account” means, in relation to each Series, the non-interest-bearing account maintained in London in the Trustee’s name held with Deutsche Bank AG, London Branch, details of which are specified in the applicable Final Terms;

“Transaction Documents” means, in relation to each Series:

(i) the relevant Certificates;

(ii) the Trust Deed;
(iii) the Agency Agreement;
(iv) the Purchase Agreement;
(v) the Service Agency Agreement;
(vi) the Sale Undertaking (together with each relevant sale agreement or transfer agreement executed upon exercise of the Sale Undertaking);
(vii) the Purchase Undertaking (together with each relevant sale agreement or transfer agreement executed upon exercise of the Purchase Undertaking); and
(viii) in respect of a Wakala/Mudaraba Series, the Restricted Mudaraba Agreement,
each as may be amended, restated and/or supplemented from time to time;

“Trust” means, in respect of a Series, the trust created by the Trustee over the Trust Assets pursuant to the Trust Deed;

“Trust Assets” has the meaning given to it in Condition 5(a);

“Trustee Administrator” means MaplesFS Limited;

“Trustee Event” means any of the following events:

(i) **Non-Payment:** default is made for more than seven days in the payment of any Dissolution Distribution Amount on the date fixed for payment thereof or default is made for more than 14 days in the payment of any Periodic Distribution Amount on the due date for payment thereof; or

(ii) **Breach of Other Obligations:** the Trustee does not perform or comply with any one or more of its other obligations in the Certificates or the Transaction Documents to which it is a party and such default is not capable of remedy (in the opinion of the Delegate) or (if capable of remedy (in the opinion of the Delegate)) is not remedied within 30 days after the written notice of such default shall have been given to the Trustee by the Delegate; or

(iii) **Enforcement Proceedings:** any distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Trustee and is not discharged or stayed within 30 days; or

(iv) **Insolvency:** the Trustee is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or substantially all of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Trustee; or

(v) **Winding-up:** an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Trustee, or the Trustee shall apply or petition for a winding-up or administration order in respect of itself or cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Delegate or by an Extraordinary Resolution of the Certificateholders; or

(vi) **Illegality:** it is or will become unlawful for the Trustee to perform or comply with any one or more of its obligations under the Certificates or the Transaction Documents to which it is a party or any
obligations of the Trustee under the Transaction Documents are not or cease to be legal, valid, binding and enforceable; or

(vii) Repudiation: the Trustee repudiates any Transaction Document or does or causes to be done any act or thing evidencing an intention to repudiate any Transaction Document; or

(viii) Analogous Events: any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (iv) and (v) above.

For the purpose of paragraph (i) above, all amounts payable in respect of the Certificates shall be considered due and payable (including any amounts calculated as being payable under Condition 7, Condition 8, Condition 9, Condition 10 and Condition 12 notwithstanding that the Trustee has at the relevant time insufficient funds or relevant Trust Assets to pay such amounts (whether as a result of the application of Condition 5(b) or otherwise));

“Wakala Assets” has the meaning given to it in the Service Agency Agreement;

“Wakala Percentage” means the percentage of the Proceeds used to purchase the Initial Wakala Portfolio pursuant to the relevant Supplemental Purchase Agreement;

“Wakala Portfolio” has the meaning given to it in the Service Agency Agreement;

“Wakala Series” means a Series of Certificates specified as such in the applicable Final Terms; and

“Wakala/Mudaraba Series” means a Series of Certificates specified as such in the applicable Final Terms.

All references to the “face amount” of a Certificate shall be deemed to include, as applicable, the relevant Dissolution Distribution Amount, any additional amounts (other than relating to Periodic Distribution Amounts) which may be payable under Condition 10 and any other amount in the nature of face amounts payable pursuant to these Conditions.

All references to “Periodic Distribution Amounts” shall be deemed to include, as applicable, any additional amounts in respect of profit distributions which may be payable under Condition 10 and any other amount in the nature of a profit distribution payable pursuant to these Conditions.

All references to “U.S.$”, “U.S. dollars” and “$” are to the lawful currency of the United States of America.

All references to “ISDA” and related terms are only included for the purposes of benchmarking.

2 Form, Denomination and Title

The Certificates are issued in registered form in the Specified Denomination(s) shown in the applicable Final Terms. The Certificates may be Fixed Rate Certificates, Floating Rate Certificates or a combination of the foregoing, depending upon the Profit Basis specified in the applicable Final Terms. The Certificates may form part of a Wakala Series or a Wakala/Mudaraba Series, as the case may be, as specified in the applicable Final Terms.

Certificates are represented by registered certificates (“Registered Certificates”) and, save as provided in Condition 3(c), each Registered Certificate shall represent the entire holding of Certificates by the same holder.

Title to the Certificates shall pass by registration in the register that the Trustee shall procure to be kept by the Registrar outside the United Kingdom in accordance with the provisions of the Agency Agreement (the “Register”). Each Registered Certificate will be numbered serially with an identifying number which will be recorded on the relevant Registered Certificate and in the Register. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Certificate shall be deemed to be and
may be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on the Registered Certificate representing it or the theft or loss of such Registered Certificate) and no person shall be liable for so treating the holder. The holder of a Certificate will be recognised by the Trustee as entitled to his Certificate free from any equity, set-off or counterclaim on the part of the Trustee against the original or any intermediate holder of such Certificate.

In these Conditions, “Certificateholder” or “holder” means the person in whose name a Certificate is registered, and capitalised terms have the meanings given to them in the applicable Final Terms, the absence of any such meaning indicating that such term is not applicable to the Certificates.

Upon issue, the Certificates will be represented by a Global Certificate which will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream, Luxembourg”). Ownership interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg (as applicable), and their respective participants. These Conditions are modified by certain provisions contained in the Global Certificate.

Except in certain limited circumstances, owners of interests in the Global Certificate will not be entitled to receive Registered Certificates representing their holdings of Certificates. See “Summary of Provisions relating to the Certificates while in Global Form”.

3 Transfers

(a) Transfer of Certificates: Subject to Condition 3(e), one or more Certificates may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Registered Certificate representing such Certificates to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Trustee) duly completed and executed and any other evidence as the Registrar or the relevant Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Certificates represented by a single Registered Certificate, a new Registered Certificate shall be issued to the transferee in respect of the part transferred and a further new Registered Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Certificates to a person who is already a holder of Certificates, a new Registered Certificate representing the enlarged holding shall only be issued against surrender of the Registered Certificate representing the existing holding. All transfers of Certificates and entries on the Register will be made subject to and in accordance with the detailed regulations concerning transfers of Certificates scheduled to the Agency Agreement. The regulations may be changed by the Trustee, with the prior written approval of the Registrar and the Delegate or by the Registrar with the prior written approval of the Delegate, provided that any such change is not materially prejudicial to the interests of the Certificateholders. A copy of the current regulations will be made available by the Registrar to any Certificateholder upon request.

(b) Exercise of Options or Partial Dissolution in Respect of Certificates: In the case of an exercise of the Obligor’s or the Certificateholders’ option in respect of, or a partial redemption of, a holding of Certificates represented by a single Registered Certificate, a new Registered Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding for which no payment was made. In the case of a partial redemption resulting in Certificates of the same holding having different terms, separate Registered Certificates shall be issued in respect of those Certificates of that holding that have the same terms. New Registered Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent.
(c) **Delivery of New Registered Certificates:** Each new Registered Certificate to be issued pursuant to Conditions 3(a) or 3(b) shall be available for delivery within five business days (or such longer period as may be required to comply with any applicable fiscal or other regulations) of receipt of the form of transfer or Certificateholder Put Exercise Notice, as the case may be, and surrender of the Registered Certificate for exchange. Delivery of the new Registered Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery of such form of transfer or Certificateholder Put Exercise Notice, as the case may be, and surrender of such Registered Certificate shall have been made or, at the option of the holder making such delivery and surrender as aforesaid and as specified in the relevant form of transfer, Certificateholder Put Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Registered Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance or takaful as it may specify. In this Condition 3(c), “business day” means a day, other than a Saturday or a Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) **Transfers Free of Charge:** Transfers of Certificates and Registered Certificates on registration, transfer or exercise of an option or partial dissolution right shall be effected without charge by or on behalf of the Trustee, the Obligor, the Registrar or the Transfer Agents, but upon payment by the transferee of any stamp duty, tax or other governmental charges that may be imposed in relation to such transfer (or the giving of such indemnity and/or security as the Trustee, the Registrar or the relevant Transfer Agent may require).

(e) **Closed Periods:** No Certificateholder may require the transfer of a Certificate to be registered (i) during the period of 15 days ending on (and including) the due date for payment of any Dissolution Distribution Amount or Periodic Distribution Amount or any other date on which any payment of the face amount or payment of any profit in respect of that Certificate falls due, (ii) during the period of 15 days prior to any date on which Certificates may be called for redemption pursuant to Condition 8(c), (iii) after any such Certificate has been called for redemption, or (iv) during the period of seven days ending on (and including) any Record Date.

4 **Status**

(a) **Status of Certificates:** The Certificates represent an undivided beneficial ownership interest in the relevant Trust Assets and are limited recourse obligations of the Trustee. The Certificates will constitute unsecured obligations of the Trustee and shall at all times rank *pari passu* and without any preference or priority with all other Certificates of the relevant Series.

The payment obligations of the Obligor (in any capacity) under the Transaction Documents are direct, unconditional, unsubordinated and (subject to the negative pledge provisions described in Condition 6(b)) unsecured obligations of the Obligor and shall, save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 6(b), at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Obligor from time to time outstanding.

(b) **Limited Recourse and Agreement of Certificateholders:** Save as provided in this Condition 4(b), the Certificates do not represent an interest in, or obligation of, any of the Trustee, the Delegate, the Obligor, any of the Agents or any of their respective affiliates.

The proceeds of the realisation of, or enforcement with respect to, the Trust Assets are the sole source of payments on the Certificates. Such proceeds may not be sufficient to make all payments due in respect
of the Certificates. Certificateholders, by subscribing for or acquiring the Certificates, agree that notwithstanding anything to the contrary contained in these Conditions or any Transaction Document:

(i) no payment of any amount whatsoever shall be made by the Trustee or the Delegate or any of their respective shareholders, directors, officers, employees or agents on their behalf except to the extent funds are available therefor from the relevant Trust Assets and no recourse shall be had for the payment of any amount due and owing hereunder or under any Transaction Document, whether for the payment of any fee, indemnity or other amount hereunder or any other obligation or claim arising out of or based upon the Transaction Documents, against the Trustee or the Delegate to the extent the Trust Assets have been exhausted, following which all obligations of the Trustee shall be extinguished;

(ii) the Trustee may not sell, transfer, assign or otherwise dispose of the Wakala Portfolio and, in the case of a Wakala/Mudaraba Series, the Mudaraba Portfolio to a third party, and may only realise its rights, title, interests, benefits and entitlements, present and future, in, to and under the Wakala Portfolio and, in the case of a Wakala/Mudaraba Series, the Mudaraba Portfolio in the manner expressly provided in the Transaction Documents;

(iii) if the proceeds of the Trust Assets are insufficient to make all payments due in respect of the Certificates, Certificateholders will have no recourse to any assets of the Trustee (and/or its directors, officers, shareholders or corporate services providers in their capacity as such) (other than the Trust Assets in the manner and to the extent contemplated by the Transaction Documents), or the Trustee Administrator, the Delegate, the Agents or any of their respective directors, officers, employees, agents, shareholders or affiliates, in each case in respect of any shortfall or otherwise;

(iv) no Certificateholders will be able to petition for, institute or join with any other person in instituting proceedings for, the reorganisation, arrangement, liquidation, bankruptcy, winding-up or receivership or other proceedings under any bankruptcy or similar law against the Trustee, the Trustee Administrator, the Delegate, the Agents or any of their respective directors, officers, employees, agents, shareholders or affiliates;

(v) no recourse (whether by institution or enforcement of any legal proceedings or assessment or otherwise) in respect of any breaches of any duty, obligation or undertaking of the Trustee or the Delegate arising under or in connection with the Trust Deed and the Certificates by virtue of any customary law, statute or otherwise shall be had against any shareholder, officer, employee, agent, director or corporate services provider of the Trustee and the Delegate (as applicable) in their capacity as such. The obligations of the Trustee, the Trustee Administrator and the Delegate under the Transaction Documents are corporate or limited liability obligations of the Trustee, the Trustee Administrator or the Delegate (as applicable) and no personal liability shall attach to or be incurred by the shareholders, members, officers, agents, directors or corporate services provider of the Trustee or the Delegate (as applicable) in their capacity as such, save in the case of the relevant party’s wilful default or actual fraud. Reference in these Conditions to wilful default or actual fraud means a finding to such effect by a court of competent jurisdiction in relation to the conduct of the relevant party; and

(vi) it shall not be entitled to claim or exercise any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have under the laws of any jurisdiction in respect of such Certificate. No collateral is or will be given for the payment obligations under the Certificates (without prejudice to the negative pledge provisions described in Condition 6(b)).
Pursuant to the terms of the Transaction Documents, the Obligor is obliged to make certain payments directly to or to the order of the Trustee. Such payment obligations form part of the Trust Assets and the Trustee and the Delegate (failing which, the Certificateholders pursuant to Condition 13(b)) will thereby have direct recourse against the Obligor to recover payments due to the Trustee from the Obligor pursuant to such Transaction Documents notwithstanding any other provision of this Condition 4(b). Such right of the Trustee and the Delegate shall (subject to the negative pledge provisions described in Condition 6(b)) constitute an unsecured claim against the Obligor. None of the Certificateholders, the Trustee or the Delegate shall be entitled to claim any priority right in respect of any specific assets of the Obligor in connection with the enforcement of any such claim.

5 The Trust

(a) Trust Assets: Pursuant to the Trust Deed, the Trustee holds the Trust Assets for each Series upon trust absolutely for and on behalf of the Certificateholders of such Series pro rata according to the face amount of Certificates held by each holder. The term “Trust Assets” in respect of each Series means the following:

(i) the cash proceeds of the issue of Certificates, pending application thereof in accordance with the terms of the Transaction Documents;

(ii) any and all of the rights, title, interest, benefits and entitlements, present and future of the Trustee in, to and under, in the case of a Wakala Series, the Wakala Portfolio and, in the case of a Wakala/Mudaraba Series, the Wakala Portfolio and the Mudaraba Portfolio;

(iii) any and all of the rights, title, interest, benefits and entitlements, present and future of the Trustee in, to and under the Transaction Documents (excluding the Excluded Representations and the covenant given to the Trustee pursuant to Clause 13.1 of the Master Trust Deed); and

(iv) any and all moneys standing to the credit of the Transaction Account from time to time, and all proceeds of the foregoing.

See “Summary of the Principal Transaction Documents” appearing elsewhere in this Base Prospectus for more information on the Trust Assets and the Transaction Documents.

(b) Application of Proceeds from Trust Assets: On each Periodic Distribution Date and on any Dissolution Date, the Principal Paying Agent shall apply the moneys standing to the credit of the relevant Transaction Account in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) first, (to the extent not previously paid) to the Delegate in respect of all amounts owing to it under the Transaction Documents in its capacity as Delegate (including any amounts owing to the Delegate in respect of its Appointees (as defined in the Master Trust Deed)) and to any receiver, manager or administrative receiver or any other analogous officer appointed in respect of the Trust by the Delegate in accordance with the Trust Deed, in each case as notified to the Trustee and the Obligor on or before such Periodic Distribution Date or Dissolution Date, as the case may be;

(ii) second, only if such payment is due on or before a Periodic Distribution Date (to the extent not previously paid) to pay, pro rata and pari passu: (A) the Trustee in respect of all amounts owing to it under the Transaction Documents in its capacity as trustee; and (B) the Trustee Administrator in respect of all amounts owing to it under the Transaction Documents, the Corporate Services
Agreement and the Registered Office Agreement in its capacity as trustee administrator, in each case as notified to the Trustee and the Obligor on or before such Periodic Distribution Date;

(iii) third, in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due but unpaid;

(iv) fourth, only if such payment is due on a Dissolution Date, in or towards payment *pari passu* and rateably of the relevant Dissolution Distribution Amount; and

(v) fifth, only on the Scheduled Dissolution Date (or any earlier date on which the Certificates are redeemed in full) and provided that all amounts required to be paid in respect of such Certificates have been discharged in full, in payment of any residual amount to the Obligor in its capacity as Servicing Agent as an incentive payment for its performance as servicing agent under the Service Agency Agreement and, in the case of a Wakala/Mudaraba Series, in its capacity as Mudarib as an incentive payment for its performance as mudarib under the Restricted Mudaraba Agreement.

(c) **Transaction Account**: The Trustee will establish a Transaction Account in London in respect of each Series by no later than the relevant Issue Date. The Transaction Account shall be operated by the Principal Paying Agent on behalf of the Trustee and shall be the account into which the Obligor will deposit all amounts payable by it to the Trustee pursuant to the terms of the Transaction Documents.

### 6 Covenants

(a) **Trustee Covenants**: The Trustee covenants that for so long as any Certificate is outstanding, it shall not (without the prior written consent of the Delegate):

(i) incur any indebtedness in respect of financed, borrowed or raised money whatsoever (whether structured (or intended to be structured) in accordance with the principles of *Sharia* or otherwise), or give any guarantee or indemnity in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) except, in all cases, as contemplated in the Transaction Documents;

(ii) secure any of its present or future indebtedness by any lien, pledge, charge or other security interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law (if any) and other than under or pursuant to any of the Transaction Documents);

(iii) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its interest in any of the Trust Assets except pursuant to any of the Transaction Documents;

(iv) except as provided in Condition 14, amend or agree to any amendment of any Transaction Document to which it is a party (other than in accordance with the terms thereof) or its constitutional documents;

(v) except as provided in the Trust Deed, act as trustee in respect of any trust other than the Trust or in respect of any parties other than the Certificateholders;

(vi) have any subsidiaries or employees;

(vii) redeem or purchase any of its shares or pay any dividend or make any other distribution to its shareholders;
(viii) use the proceeds of the issue of the Certificates for any purpose other than as stated in the Transaction Documents; 

(ix) put to its directors or shareholders any resolution for, or appoint any liquidator for, its winding-up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; or 

(x) enter into any contract, transaction, amendment, obligation or liability other than the Certificates and the Transaction Documents to which it is a party or as expressly contemplated, permitted or required thereunder or engage in any business or activity other than:

(A) as contemplated, provided for or permitted in the Transaction Documents; 

(B) the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and 

(C) such other matters which are incidental thereto. 

(b) **Obligor Negative Pledge:** The Obligor covenants that, for so long as any Certificate is outstanding, it will not, and will procure that none of its Subsidiaries will, create or permit to subsist or have outstanding any mortgage, charge, lien, pledge or other security interest, upon or with respect to the whole or any part of its or their respective present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or Relevant Sukuk Obligation, or to secure any guarantee or indemnity given in respect of any Relevant Indebtedness or Relevant Sukuk Obligation, without (i) at the same time or prior thereto securing equally and rateably therewith its obligations under the Transaction Documents to which it is party (in whatever capacity) or (ii) providing such other security for those obligations as either: (A) the Delegate (on behalf of the Trustee) shall in its absolute discretion deem not materially less beneficial to the interests of Certificateholders; or (B) shall be approved by an Extraordinary Resolution of the holders of the Certificates.

7 **Periodic Distribution Amounts**

(a) **Fixed Rate Certificates:** Each Fixed Rate Certificate bears profit on its outstanding face amount from the Profit Commencement Date at the rate per annum (expressed as a percentage) equal to the Profit Rate, such profit being payable in arrear on each Periodic Distribution Date. Each such amount of profit is referred to in these Conditions as a “Periodic Distribution Amount”. Periodic Distribution Amounts shall be distributed to Certificateholders by the Principal Paying Agent on behalf of the Trustee, pro rata to their respective holdings, out of amounts transferred to the Transaction Account and subject to Condition 5(b) and Condition 9.

(b) **Floating Rate Certificates:**

(i) **Periodic Distribution Amounts and Periodic Distribution Dates:** Each Floating Rate Certificate bears profit on its outstanding face amount from the Profit Commencement Date at the rate per annum (expressed as a percentage) equal to the Profit Rate, such profit being payable in arrear on each Periodic Distribution Date. Each such amount of profit is referred to in these Conditions as a “Periodic Distribution Amount”. Such Periodic Distribution Date(s) is/are either shown in the applicable Final Terms as Specified Periodic Distribution Dates or, if no Specified Periodic Distribution Date(s) is/are shown in the applicable Final Terms, Periodic Distribution Date shall mean each date which falls the number of months or other period shown in the applicable Final Terms as the Periodic Distribution Period after the preceding Periodic Distribution Date or, in the case of the first Periodic Distribution Date, after the Profit Commencement Date. Periodic
Distribution Amounts shall be distributed to Certificateholders by the Principal Paying Agent on behalf of the Trustee, pro rata to their respective holdings, out of amounts transferred to the Transaction Account and subject to Condition 5(b) and Condition 9.

(ii) Business Day Convention: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) Profit Rate for Floating Rate Certificates: The Profit Rate in respect of Floating Rate Certificates for each Return Accumulation Period shall be determined in the manner specified in the applicable Final Terms and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the applicable Final Terms.

(A) ISDA Determination for Floating Rate Certificates

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Profit Rate is to be determined, the Profit Rate for each Return Accumulation Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this paragraph (A) “ISDA Rate” for a Return Accumulation Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified in the applicable Final Terms;

(y) the Designated Maturity is a period specified in the applicable Final Terms; and

(z) the relevant Reset Date is the first day of that Return Accumulation Period unless otherwise specified in the applicable Final Terms.

For the purposes of this paragraph (A), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity”, “Reset Date” and “Swap Transaction” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Certificates

(x) Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Profit Rate is to be determined, the Profit Rate for each Return Accumulation Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,
(expressed as a percentage rate per annum) for the Reference Rate (as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page at the Relevant Time on the Profit Rate Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

(y) If the Relevant Screen Page is not available, or if paragraph (x)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the Relevant Time, subject as provided below, the Trustee shall request the principal office in the Relevant Financial Centre of each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Relevant Time on the Profit Rate Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Profit Rate for such Return Accumulation Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.

(z) Subject to Condition 7(c) below, if paragraph (y) above applies and the Trustee determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Profit Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to the Calculation Agent (at the request of the Trustee) by the Reference Banks or any two or more of them, at which such banks were offered, at the Relevant Time on the relevant Profit Rate Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Relevant Financial Centre inter-bank market, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Relevant Time, on the relevant Profit Rate Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the Relevant Financial Centre inter-bank market, provided that, if the Profit Rate cannot be determined in accordance with the foregoing provisions of this paragraph (z), the Profit Rate shall be determined as at the last preceding Profit Rate Determination Date (though substituting, where a different Margin or Maximum Profit Rate or Minimum Profit Rate is to be applied to the relevant Return Accumulation Period from that which applied to the last preceding Return Accumulation Period, the Margin or Maximum Profit Rate or Minimum Profit Rate relating to the relevant Return Accumulation Period, in place of the Margin or Maximum Profit Rate or Minimum Profit Rate relating to that last preceding Return Accumulation Period).
(iv) **Linear Interpolation**: Where Linear Interpolation is specified as applicable in respect of a Return Accumulation Period in the applicable Final Terms, the Profit Rate for such Return Accumulation Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Return Accumulation Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Return Accumulation Period, provided however that, if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

“Applicable Maturity” means (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate and (b) in relation to ISDA Determination, the Designated Maturity.

(c) **Benchmark Replacement**

Notwithstanding the other provisions of this Condition 7, if the Obligor determines that a Benchmark Event has occurred in relation to the relevant Reference Rate specified in the applicable Final Terms when any Profit Rate (or the relevant component part thereof) remains to be determined by reference to such Reference Rate, then the following provisions shall apply:

(i) the Trustee and the Obligor shall use their reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine, no later than 10 Business Days prior to the relevant Profit Rate Determination Date relating to the next succeeding Return Accumulation Period (the “IA Determination Cut-Off Date”), a Successor Rate, failing which, an Alternative Reference Rate (in accordance with Condition 7(c)(ii)), and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 7(c)(v)). The Independent Adviser appointed pursuant to this Condition 7(c) shall act and make all determinations pursuant to this Condition 7(c) in good faith and in a commercially reasonable manner and the Independent Adviser shall act as an expert;

(ii) if the Trustee and the Obligor are unable to appoint an Independent Adviser, or the Independent Adviser appointed by them fails to determine a Successor Rate or, failing which, an Alternative Reference Rate, and (in either case) an Adjustment Spread, prior to the IA Determination Cut-Off Date in accordance with Condition 7(c)(i), then the Obligor (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, if the Obligor determines that there is no Successor Rate, an Alternative Reference Rate and, in either case, an Adjustment Spread and make appropriate amendments;

(iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, such Alternative Reference Rate (as applicable) and, in each case, the applicable Adjustment Spread shall subsequently be used in place of the Reference Rate to determine the Profit Rate (or the relevant component part thereof) for all future payments of profit on the Certificates (subject to the operation of this Condition 7(c));

(iv) the Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Reference Rate (as the case may be). If
the Independent Adviser (following consultation with the Trustee and the Obligor) is unable to
determine the quantum of, or a formula or methodology for determining, such Adjustment
Spread, then the Successor Rate or Alternative Reference Rate (as applicable) will apply without
an Adjustment Spread;

(v) if any Successor Rate or Alternative Reference Rate and, in either case, the applicable Adjustment
Spread is determined in accordance with this Condition 7(c) and the Independent Adviser,
following consultation with the Trustee and the Obligor, determines: (A) that amendments to
these Conditions, the Trust Deed, the Agency Agreement and/or any other Transaction Document
(including, without limitation, amendments to the definitions of Day Count Fraction, Business
Day, Profit Rate Determination Date or Relevant Screen Page) are necessary to ensure the proper
operation of such Successor Rate or Alternative Reference Rate and/or (in either case) the
applicable Adjustment Spread (such amendments, the “Benchmark Amendments”) and (B) the
terms of the Benchmark Amendments, then, at the direction and expense of the Obligor and
subject to giving notice thereof and a certificate, in each case, in accordance with Condition
7(c)(v): (x) the Trustee and the Obligor shall vary these Conditions, the Trust Deed, the Agency
Agreement and/or any other Transaction Document to give effect to such Benchmark
Amendments with effect from the date specified in such notice; and (y) the Delegate and the
Agents shall (at the Obligor’s expense), without any requirement for the consent or sanction of
Certificateholders, be obliged to concur with the Trustee and the Obligor in effecting such
Benchmark Amendments (including, inter alia, by the execution of a deed supplemental to or
amending the Trust Deed), provided that neither the Delegate nor any Agent shall be obliged so
to concur if doing so would impose, in its opinion, more onerous obligations upon it or expose it
to any liability against which it is not adequately indemnified and/or secured and/or prefunded to
its satisfaction or impose any additional duties, responsibilities or liabilities or reduce or amend
its rights and/or the protective provisions afforded to it.

In connection with any such variation in accordance with this Condition 7(c)(v), the Trustee and
the Obligor shall comply with the rules of any stock exchange on which the Certificates are for
the time being listed or admitted to trading;

(vi) the Trustee (failing which, the Obligor) shall, at least nine Business Days prior to the relevant
Profit Rate Determination Date following the determination of any Successor Rate or Alternative
Reference Rate (as applicable), Adjustment Spread and the specific terms of any Benchmark
Amendments under this Condition 7(c), notify the Delegate and the Agents thereof confirming:
(A) that a Benchmark Event has occurred; (B) the Successor Rate or Alternative Reference Rate
(as applicable); (C) any applicable Adjustment Spread; and (D) the specific terms of the
Benchmark Amendments (if any) and that such Benchmark Amendments are necessary to ensure
the proper operation of such Successor Rate or Alternative Reference Rate (as applicable) and, in
either case, any applicable Adjustment Spread. In accordance with Condition 17, notice shall be
provided to the Certificateholders promptly thereafter. Such notice shall be irrevocable and shall
specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Certificateholders of the same, the Obligor shall deliver to the
Delegate, the Calculation Agent and the Paying Agents a certificate signed by two Authorised
Signatories of the Obligor:

(A) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may
be, the Alternative Reference Rate and in either case (if determined) the applicable Adjustment
Spread and (iii) the specific terms of the Benchmark Amendments (if any), in each case, as
determined in accordance with the provisions of this Condition 7(c); and
(B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Reference Rate and/or (in either case) the applicable Adjustment Spread and, in each case, have been drafted solely to such effect.

Each of the Delegate, the Trustee, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Reference Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of wilful default, manifest error or bad faith in the determination of the Successor Rate or Alternative Reference Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Delegate’s or the Trustee’s or the Calculation Agent’s or the Paying Agents’ ability to rely on such certificate as aforesaid) be binding on the Obligor, the Trustee, the Delegate, the Calculation Agent, the Paying Agents and the Certificateholders.

Notwithstanding any other provision of this Condition 7, if following the determination of any Successor Rate, Alternative Reference Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent’s opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 7, the Calculation Agent shall promptly notify the Trustee and the Obligor thereof and the Trustee and the Obligor shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, wilful default or fraud) to make such calculation or determination for any reason, it shall notify the Trustee and the Obligor thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default or fraud) shall not incur any liability for not doing so;

(vii) if, following the occurrence of a Benchmark Event and in relation to the determination of the Profit Rate (or the relevant component part thereof) on the date which is 10 Business Days prior to the immediately following Profit Rate Determination Date, no Successor Rate or Alternative Reference Rate (as applicable) is determined pursuant to this Condition 7(c), then the Profit Rate applicable to the next succeeding Return Accumulation Period shall be equal to the Profit Rate last determined in relation to the Certificates in respect of the immediately preceding Return Accumulation Period (though substituting, where a different Margin or Maximum Profit Rate or Minimum Profit Rate is to be applied to the relevant Return Accumulation Period from that which applied to the last preceding Return Accumulation Period, the Margin or Maximum Profit Rate or Minimum Profit Rate relating to the relevant Return Accumulation Period, in place of the Margin or Maximum Profit Rate or Minimum Profit Rate relating to that last preceding Return Accumulation Period). If there has not been a first Periodic Distribution Date, the Profit Rate shall be the initial Profit Rate. For the avoidance of doubt, this Condition 7(c)(vii) shall apply to the relevant Return Accumulation Period only and any subsequent Return Accumulation Periods are subject to the operation of, and to adjustment as provided in, this Condition 7(c); and

(viii) without prejudice to the obligations of the Trustee and the Obligor under Conditions 7(c)(i), (iii), (iv) and (v), the Reference Rate and the fallback provisions provided for in Conditions 7(b)(iii)(B)(y) and (z) will continue to apply unless and until a Benchmark Event has occurred.
For the purposes of this Condition 7(c):

“Adjustment Spread” means either (a) a spread (which may be positive, negative or zero), or (b) a formula or methodology for calculating a spread, in each case, to be applied to the Successor Rate or the Alternative Reference Rate (as the case may be) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(ii) (if no such recommendation has been made, or in the case of an Alternative Reference Rate) the Independent Adviser (following consultation with the Trustee and the Obligor) determines is customarily applied to the relevant Successor Rate or the Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Reference Rate; or

(iii) (if the Independent Adviser (following consultation with the Trustee and the Obligor) determines that no such spread, formula or methodology is customarily applied) the Independent Adviser (following consultation with the Trustee and Obligor) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as the case may be);

“Alternative Reference Rate” means an alternative benchmark or screen rate which the Independent Adviser (following consultation with the Trustee and Obligor) determines, in accordance with this Condition 7(c), is customarily applied in international debt capital markets transactions for the purpose of determining rates of profit (or the relevant component part thereof) in the same Specified Currency as the Certificates;

“Benchmark Amendments” has the meaning given to it in Condition 7(c)(v);

“Benchmark Event” means: (i) the Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or (ii) a public statement by the administrator of the Reference Rate that it has ceased or that it will cease publishing the Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Reference Rate); or (iii) a public statement by the supervisor of the administrator of the Reference Rate, that the Reference Rate has been or will be permanently or indefinitely discontinued; or (iv) a public statement by the supervisor of the administrator of the Reference Rate as a consequence of which the Reference Rate will be prohibited from being used either generally, or in respect of the Certificates; or (v) a public statement by the supervisor of the administrator of the Reference Rate that, in the view of such supervisor, such Reference Rate is or will be deemed by such supervisor to be no longer representative of an underlying market or the methodology to calculate such Reference Rate has materially changed; or (vi) it has become unlawful for the Trustee, the Obligor, the Calculation Agent or any Paying Agent to calculate any payments due to be made to any Certificateholder using the Reference Rate, provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Reference Rate, or the discontinuation of the Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of the prohibition of use of the Reference Rate and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Reference Rate is or will no longer be representative of its relevant underlying market or the methodology to calculate such Reference Rate has materially changed and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.
The occurrence of a Benchmark Event shall be determined by the Trustee and the Obligor and promptly notified to the Delegate, the Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Delegate nor any Agent shall have any responsibility for making such determination;

“Financial Stability Board” means the organisation established by the Group of Twenty (G20) in April 2009;

“Independent Adviser” means an independent financial institution of international repute or an independent financial adviser of recognised standing with appropriate expertise appointed by the Trustee and the Obligor at the Obligor’s expense;

“Relevant Nominating Body” means, in respect of a reference rate: (i) the central bank for the currency to which the reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate; or (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of: (A) the central bank for the currency to which the reference rate relates; (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate; (C) a group of the aforementioned central banks or other supervisory authorities; or (D) the Financial Stability Board or any part thereof; and

“Successor Rate” means a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

(d) **Entitlement to Profit**: Profit shall cease to accumulate in respect of any Certificate on any Dissolution Date or other due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event profit shall continue to accumulate (both before and after judgment) at the Profit Rate in the manner provided in this Condition 7 to the Relevant Date.

(e) **Margin, Maximum Profit Rates/Minimum Profit Rates and Rounding**:

(i) If any Margin is specified in the applicable Final Terms (either (x) generally or (y) in relation to one or more Return Accumulation Periods), an adjustment shall be made to all Profit Rates, in the case of (x), or the Profit Rates for the specified Return Accumulation Periods, in the case of (y), calculated in accordance with Condition 7(b) by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to paragraph (ii) below.

(ii) If any Maximum Profit Rate or Minimum Profit Rate is specified in the applicable Final Terms, then any Profit Rate shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant figure shall be rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes, “unit” means the lowest amount of such currency that is available as legal tender in the country or countries of such currency.

(f) **Calculations**: The amount of profit payable per Calculation Amount in respect of any Certificate for any Return Accumulation Period shall be equal to the product of the Profit Rate, the Calculation Amount specified in the applicable Final Terms and the Day Count Fraction for such Return Accumulation Period, unless a Profit Amount (or a formula for its calculation) is specified in the applicable Final Terms as being applicable to such Return Accumulation Period, in which case the amount of profit payable per
Calculation Amount in respect of such Certificate for such Return Accumulation Period shall equal such Profit Amount (or be calculated in accordance with such formula). Where any Periodic Distribution Period comprises two or more Return Accumulation Periods, the amount of profit payable per Calculation Amount in respect of such Periodic Distribution Period shall be the sum of the Profit Amounts payable in respect of each of those Return Accumulation Periods. In respect of any other period for which profit is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which profit is required to be calculated.

(g) **Determination and Publication of Profit Rates, Profit Amounts and Dissolution Distribution Amounts:** The Calculation Agent shall, as soon as practicable on each Profit Rate Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Profit Amounts for the relevant Return Accumulation Period, calculate the Dissolution Distribution Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Profit Rate and the Profit Amounts for each Return Accumulation Period and the relevant Periodic Distribution Date and, if required to be calculated, the relevant Dissolution Distribution Amount, to be notified to the Delegate, the Trustee, the Obligor, each of the Paying Agents, the Certificateholders and any other Calculation Agent appointed in respect of the Certificates that is to make a further calculation upon receipt of such information. If the Certificates are listed on a stock exchange and the rules of such exchange or other relevant authority so require, the Calculation Agent shall notify such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Periodic Distribution Period, if determined prior to such time, in the case of notification to such exchange of a Profit Rate and Profit Amount, or (ii) in all other cases, the fourth Business Day after such determination. To the extent that the Calculation Agent is unable to notify a stock exchange or other relevant authority, the Calculation Agent shall notify the Obligor who shall perform such obligation. Where any Periodic Distribution Date or Profit Period Date is subject to adjustment pursuant to Condition 7(b)(ii), the Profit Amounts and the Periodic Distribution Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Delegate by way of adjustment) without notice in the event of an extension or shortening of the Periodic Distribution Period. If the Certificates become due and payable under Condition 12, the accrued profit and the Profit Rate payable in respect of the Certificates shall nevertheless continue to be calculated as previously in accordance with this Condition 7 but no publication of the Profit Rate or the Profit Amount so calculated need be made unless the Delegate otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of wilful default, bad faith or manifest error) be final and binding upon all parties.

(h) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

**“Business Day”** means:

(i) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in London and each Business Centre (other than TARGET System) specified in the applicable Final Terms;

(ii) if TARGET System is specified as a Business Centre in the applicable Final Terms, a day on which the TARGET System is open; and

(iii) either (A) in the case of a currency other than euro, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial
centre for such currency or (B) in the case of euro, a day on which the TARGET System is operating (a “TARGET Business Day”).

“Day Count Fraction” means, in respect of the calculation of an amount of profit on any Certificate for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting a Periodic Distribution Period or a Return Accumulation Period, the “Calculation Period”):

(i) if “Actual/Actual” or “Actual/Actual – ISDA” is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365;

(iii) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 or, in the case of a Periodic Distribution Date falling in a leap year, 366;

(iv) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360;

(v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

\[
\text{Day Count Fraction} = \frac{360 \times (Y_2 - Y_1) + 30 \times (M_2 - M_1) + (D_2 - D_1)}{360}
\]

where:

“\(Y_1\)” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“\(Y_2\)” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“\(M_1\)” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“\(M_2\)” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“\(D_1\)” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case \(D_1\) will be 30; and

“\(D_2\)” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and \(D_1\) is greater than 29, in which case \(D_2\) will be 30;

(vi) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

\[
\text{Day Count Fraction} = \frac{360 \times (Y_2 - Y_1) + 30 \times (M_2 - M_1) + (D_2 - D_1)}{360}
\]
where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

(vii) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

\[
\text{Day Count Fraction} = \frac{360 \times (Y_2 - Y_1) + 30 \times (M_2 - M_1) + (D_2 - D_1)}{360}
\]

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Scheduled Dissolution Date or (ii) such number would be 31, in which case D2 will be 30;

(viii) if “Actual/Actual-ICMA” is specified in the applicable Final Terms:

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
the number of days in such Calculation Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“Determination Date” means the date(s) specified as such in the applicable Final Terms or, if none is so specified, the Periodic Distribution Date(s).

(ix) Calculation Agent: The Trustee shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the applicable Final Terms and for so long as any Certificate is outstanding. Where more than one Calculation Agent is appointed in respect of the Certificates, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under these Conditions. If the Calculation Agent is unable or unwilling to act as such, or if the Calculation Agent fails duly to establish the Profit Rate for a Return Accumulation Period or to calculate any Profit Amount or any Dissolution Distribution Amount, as the case may be, or to comply with any other requirement, the Trustee shall (with the prior approval of the Delegate) appoint a leading bank or financial institution engaged in the inter-bank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

8 Redemption and Dissolution of the Trust

(a) Dissolution on the Scheduled Dissolution Date: Unless previously redeemed, or purchased and cancelled, in full, as provided below, each Certificate shall be finally redeemed at its Dissolution Distribution Amount and the Trust shall be dissolved by the Trustee on the Scheduled Dissolution Date specified in the applicable Final Terms following the payment of all such amounts in full.

(b) Early Dissolution for Taxation Reasons: If:

(i) (A) the Trustee has or will become obliged to pay additional amounts as described under Condition 10 as a result of any change in, or amendment to, the laws or regulations of any Relevant Jurisdiction, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the relevant Series, and (B) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or

(ii) (A) the Trustee has received notice from the Obligor that the Obligor has or will become obliged to pay additional amounts to the Trustee pursuant to the terms of any Transaction Document as a result of any change in, or amendment to, the laws or regulations of any Relevant Jurisdiction, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the relevant Series, and (B) such obligation cannot be avoided by the Obligor taking reasonable measures available to it,
(the occurrence of an event described in Condition 8(b)(i) or (ii) being a “Tax Event”), the Obligor may in its sole discretion deliver to the Trustee a duly completed Exercise Notice in accordance with the provisions of the Sale Undertaking and, on receipt of such notice, the Trustee shall, on giving not less than the minimum period nor more than the maximum period of irrevocable notice specified in the applicable Final Terms to the Delegate and the Certificateholders, redeem the Certificates in whole, but not in part, on any Periodic Distribution Date (if this Certificate is a Floating Rate Certificate) or at any time (if this Certificate is a Fixed Rate Certificate) (such dissolution date being an “Early Tax Dissolution Date”), at their Dissolution Distribution Amount, provided that no such notice of dissolution may be given earlier than 90 days prior to the earliest date on which the Trustee or the Obligor, as the case may be, would be obliged to pay such additional amounts were a payment in respect of the Certificates (in the case of the Trustee) or to the Trustee pursuant to any Transaction Document (in the case of the Obligor) then due.

Prior to the publication of any notice of dissolution pursuant to this Condition 8(b), the Trustee or the Obligor, as the case may be, shall deliver to the Delegate:

(aa) a certificate signed by two directors and/or Authorised Signatories of the Trustee (in the case of Condition 8(b)(i)) or the Obligor (in the case of Condition 8(b)(ii)) stating that the obligation referred to in Condition 8(b)(i) or 8(b)(ii), as the case may be, has arisen and cannot be avoided by the Trustee or the Obligor, as the case may be, taking reasonable measures available to it; and

(bb) an opinion of independent legal or tax advisers of recognised standing to the effect that the Trustee or the Obligor, as the case may be, has or will become obliged to pay additional amounts as a result of such change or amendment,

and the Delegate shall be entitled to accept and rely on (without liability to any person) such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in Condition 8(b)(i) or, as the case may be, Condition 8(b)(ii) above, in which event it shall be conclusive and binding on Certificateholders.

Upon expiry of any such notice given in accordance with this Condition 8(b) and payment in full of the Dissolution Distribution Amount to Certificateholders, the Trustee shall be bound to dissolve the Trust.

(c) Dissolution at the Option of the Obligor (“Optional Dissolution Right”): If Optional Dissolution Right is specified as applicable in the applicable Final Terms, the Obligor may in its sole discretion deliver to the Trustee a duly completed Exercise Notice in accordance with the provisions of the Sale Undertaking and, on receipt of such notice, the Trustee shall, on giving not less than the minimum period nor more than the maximum period of irrevocable notice specified in the applicable Final Terms to the Delegate and the Certificateholders, redeem all or, if so specified in the applicable Final Terms, some of the Certificates on any Optional Dissolution Date. Any such redemption of Certificates shall be at their Dissolution Distribution Amount. Any such redemption or exercise must relate to Certificates of a face amount at least equal to the Minimum Optional Dissolution Amount to be redeemed specified in the applicable Final Terms and no greater than the Maximum Optional Dissolution Amount to be redeemed specified in the applicable Final Terms.

All Certificates in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 8(c). If all (and not some only) of the Certificates are to be redeemed on any Optional Dissolution Date in accordance with this Condition 8(c), upon payment in full of the Dissolution Distribution Amount to all Certificateholders, the Trustee shall be bound to dissolve the Trust.
In the case of a partial redemption, the notice to Certificateholders shall also specify the face amount of Certificates drawn and the holder(s) of such Certificates to be redeemed, which shall have been drawn in such place and in such manner as the Trustee and the Delegate deem appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

The Optional Dissolution Right and the Certificateholder Put Right may not both be specified in the applicable Final Terms in respect of any Series.

(d) **Dissolution at the Option of Certificateholders (“Certificateholder Put Right”):** If Certificateholder Put Right is specified as applicable in the applicable Final Terms, the Trustee shall, at the option of the holder of any Certificate, upon the holder of such Certificate giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Trustee, redeem such Certificate on the Certificateholder Put Right Date at its Dissolution Distribution Amount. For the purposes thereof, the Trustee shall deliver to the Obligor a duly completed Exercise Notice in accordance with the provisions of the Purchase Undertaking. If all (and not some only) of the Certificates are to be redeemed on any Certificateholder Put Right Date in accordance with this Condition 8(d), upon payment in full of the Dissolution Distribution Amount to all Certificateholders, the Trustee shall be bound to dissolve the Trust.

To exercise such option, the holder must deposit the Registered Certificate representing such Certificate(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed exercise notice (“Certificateholder Put Exercise Notice”) in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Registered Certificate so deposited and right exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Trustee.

The Certificateholder Put Right and the Optional Dissolution Right may not both be specified in the applicable Final Terms in respect of any Series.

(e) **Dissolution following a Dissolution Event:** Upon the occurrence and continuation of a Dissolution Event, the Certificates may be redeemed at the Dissolution Distribution Amount and the Trustee may be required to dissolve the Trust, in each case subject to and as more particularly described in Condition 12.

(f) **Purchases:** Each of the Obligor and/or any Subsidiary of the Obligor may at any time purchase Certificates at any price in the open market or otherwise. Any Certificates held by the Obligor or any of the Obligor’s Subsidiaries shall not entitle the holder to exercise any voting rights and shall not be deemed to be outstanding for the purposes of calculating quorums, meetings or for passing Extraordinary Resolutions for the purposes of Condition 14(a).

(g) **Cancellation:** All Certificates purchased by or on behalf of the Obligor or any of the Obligor’s Subsidiaries may be surrendered for cancellation by surrendering the Registered Certificate representing such Certificates to the Registrar and by the Obligor delivering to the Trustee a duly completed Cancellation Notice in accordance with the terms of the Trust Deed. Any Certificates so surrendered, together with all Certificates that are redeemed in accordance with this Condition 8 and/or Condition 12 shall be cancelled forthwith and may not be held, reissued or resold and the obligations of the Trustee in respect of any such Certificates shall be discharged. If all (and not some only) of the Certificates are cancelled in accordance with this Condition 8(g), the Trustee shall be bound to dissolve the Trust.

(h) **No other dissolution:** The Trustee shall not be entitled to redeem the Certificates or dissolve the Trust other than as provided in this Condition 8 and Condition 12. Upon payment in full of all amounts due in respect of the Certificates of any Series, the Trustee shall be bound to dissolve the Trust. Upon such
dissolution, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable and the Trustee shall have no further obligations in respect thereof.

9 Payments

(a) **Method of Payment:** Payments of the Dissolution Distribution Amount shall be made against presentation and (if no further payment falls to be made in respect of the Certificates represented thereby) surrender of the relevant Registered Certificate at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided below.

Payments of Periodic Distribution Amounts in respect of each Certificate shall be made to the person shown on the Register (or, in the case of a Certificate held by two or more persons, to the person whose name appears first in the Register) at the close of business on the fifteenth day before the due date for payment thereof (the “Record Date”).

Payments of Periodic Distribution Amounts and the Dissolution Distribution Amount in respect of each Certificate shall be made in the Specified Currency by transfer to an account in the Specified Currency maintained by the payee with a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System, as notified by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date.

If the amount being paid upon surrender of the relevant Registered Certificate is less than the Dissolution Distribution Amount of such Registered Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Trustee or a Certificateholder) issue a new Registered Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the Periodic Distribution Amount being paid is less than the amount then due, the Registrar will annotate the Register with the amount so paid.

(b) **Payments subject to Laws:** Payments are subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 10 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (as amended, the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or (without prejudice to the provisions of Condition 10) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Certificateholders in respect of such payments.

(c) **Appointment of Agents:** The Principal Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Trustee and the Obligor and their respective specified offices are listed below. The Principal Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Trustee and the Obligor and do not assume any obligation or relationship of agency or trust for or with any Certificateholder. The Trustee reserves the right at any time with the prior written approval of the Delegate to vary or terminate the appointment of the Principal Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents, Transfer Agents or Calculation Agent(s), provided that the Trustee shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, (iv) one or more Calculation Agent(s) where these Conditions so require, (v) a Paying Agent having a specified office in at least one major European city and (vi) such other agents as may be required by any stock exchange on which the Certificates may be listed, in each case as approved by the Delegate.
Notice of any such change or any change of any specified office shall promptly be given by the Trustee to the Certificateholders.

(d) **Non-Business Days**: If any date for payment in respect of any Certificate is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day, nor to any profit or other sum in respect of such postponed payment. In this Condition 9(d), “**Payment Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the place in which the specified office of the Registrar is located, in such jurisdictions as shall be specified as “Financial Centres” in the applicable Final Terms and:

(i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the Specified Currency, on which foreign exchange transactions may be carried on in the Specified Currency in the principal financial centre of the country of such Specified Currency; or

(ii) (in the case of a payment in euro) which is a TARGET Business Day.

### 10 Taxation

All payments in respect of the Certificates shall be made free and clear of, and without withholding, retention or deduction for, or on account of, any present or future taxes, levies, imposts, duties, fees, assessments or other charges or withholdings of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Relevant Jurisdiction, unless such withholding, retention or deduction is required by law. In that event, the Trustee shall pay such additional amounts as shall result in receipt by the Certificateholders (after such withholding, retention or deduction) of such net amounts as would have been receivable by them had no such withholding, retention or deduction been required, except that no such additional amounts shall be payable in respect of any Certificate:

(a) **Other connection**: held by or on behalf of a holder who is liable to such taxes, levies, imposts, duties, fees, assessments or governmental charges in respect of such Certificate by reason of his having some connection with a Relevant Jurisdiction other than the mere holding of the Certificate; or

(b) **Surrender more than 30 days after the Relevant Date**: in respect of which the Registered Certificate representing it is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting or surrendering such Registered Certificate for payment on the last day of such period of 30 days assuming that day to have been a Payment Business Day (in accordance with Condition 9(d)).

As used in these Conditions:

“**Relevant Date**” means, in respect of any Certificate, the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Certificateholders in accordance with Condition 17 that, upon further presentation of the Registered Certificate representing such Certificate being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to “**Periodic Distribution Amounts**” and the “**Dissolution Distribution Amount**” shall be deemed to include any additional amounts that may be payable under this Condition 10 or any undertaking given in addition to or in substitution for it under the Trust Deed; and

“**Relevant Jurisdiction**” means the Cayman Islands or Qatar or any political subdivision or authority thereof or therein having power to tax.
The Transaction Documents provide that payments thereunder by the Obligor shall be made without any withholding, retention or deduction for, or on account of, any present or future taxes, levies, imposts, duties, fees, assessments or other charges or withholdings of any nature, unless such withholding, retention or deduction is required by law and without set-off or counterclaim of any kind. If any such withholding, retention or deduction is required by law, the Transaction Documents provide for the payment by the Obligor of all additional amounts as will result in the receipt by the Trustee or the Delegate, as applicable, of such net amounts as would have been receivable by it if no such withholding, retention or deduction had been made.

Further, in accordance with the terms of the Master Trust Deed, the Obligor has unconditionally and irrevocably undertaken to (irrespective of the payment of any fee), as a continuing obligation, if the Trustee fails to comply with any obligation to pay additional amounts pursuant to this Condition 10, pay to or to the order of the Delegate (for the benefit of the Certificateholders) such net amounts as are necessary so that the amount receivable by the Delegate (after any such withholding, retention or deduction) equals any and all additional amounts, required to be paid by it in respect of the Certificates pursuant to this Condition 10.

11 Prescription

Claims against the Trustee for payment in respect of the Certificates shall be prescribed and become void unless made within 10 years (in the case of the Dissolution Distribution Amount) or five years (in the case of Periodic Distribution Amounts) from the appropriate Relevant Date in respect of them.

12 Dissolution Events

(a) Dissolution Event: If a Dissolution Event occurs and is continuing:

(i) the Delegate, upon receiving written notice thereof under the Trust Deed or otherwise upon becoming aware of a Dissolution Event, shall (subject to it being indemnified and/or secured and/or pre-funded to its satisfaction) promptly give notice of the occurrence of the Dissolution Event to the Certificateholders with a request to the Certificateholders in writing or by Extraordinary Resolution if they wish the Certificates to be redeemed (in whole but not in part) and the Trust to be dissolved; and

(ii) the Delegate in its sole discretion may and, if so requested in writing by the holders of at least 20 per cent. of the then aggregate face amount of the Series of Certificates outstanding or if so directed by an Extraordinary Resolution, shall (subject, in each case, to being indemnified and/or secured and/or pre-funded to its satisfaction) give notice (a “Dissolution Notice”) to the Trustee, the Obligor and the Certificateholders that the Certificates are immediately due and payable at the Dissolution Distribution Amount, whereupon they shall become so due and payable. A Dissolution Notice may be given pursuant to this Condition 12(a)(ii) whether or not notice has been given to Certificateholders as provided in Condition 12(a)(i).

Upon receipt of such Dissolution Notice, the Trustee (or the Delegate on behalf of the Trustee and/or for and on behalf of the Certificateholders) shall (x) deliver an Exercise Notice to the Obligor under the Purchase Undertaking, and the Exercise Price shall become immediately due and payable thereunder, and thereafter execute the relevant sale agreement for purchase of the Wakala Portfolio and (y) in the case of a Wakala/Mudaraba Series, give instructions to the Obligor (as Mudarib) to liquidate the Mudaraba. The Trustee (or the Delegate in the name of the Trustee) shall use the proceeds thereof to redeem the Certificates at the Dissolution Distribution Amount on the date of the relevant Exercise Notice (the relevant “Dissolution Event Redemption Date”) and the Trust shall be dissolved on the day after the last outstanding Certificate has been so redeemed in full. Upon payment in full of such amounts and dissolution of the Trust as aforesaid,
the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

(b) **Enforcement and Exercise of Rights**: Upon the occurrence and continuation of a Dissolution Event, to the extent that any amount payable in respect of the Certificates of the relevant Series has not been paid in full (notwithstanding the provisions of Condition 12(a)), the Trustee or the Delegate (in each case subject to it being indemnified and/or secured and/or pre-funded to its satisfaction) may (acting for the benefit of the Certificateholders), failing which, the Certificateholders (subject to Condition 13(b)) may, take one or more of the following steps, actions or proceedings:

(i) enforce the provisions of the Transaction Documents against the Obligor; and/or

(ii) take such other actions or steps or institute such proceedings as the Trustee or the Delegate, or, as the case may be, the Certificateholders, may consider necessary to recover amounts due to the Trustee and/or the Certificateholders.

13 **Realisation of Trust Assets**

(a) Neither the Trustee nor the Delegate shall be bound in any circumstances to take any action or step or institute any proceedings to enforce or to realise the relevant Trust Assets or take any action or step or institute any proceedings against the Obligor or (in the case of the Delegate) against the Trustee under any Transaction Document to which either of the Trustee or the Obligor is a party unless directed or requested to do so: (i) by an Extraordinary Resolution; or (ii) in writing by the holders of at least 20 per cent. of the aggregate face amount of the Series of Certificates for the time being outstanding and in either case then only if it shall have been indemnified and/or secured and/or pre-funded to its satisfaction, provided that the Delegate shall not be held liable for the consequences of exercising its discretion or taking any such action and may do so without having regard to the effect of such action on individual Certificateholders.

(b) No Certificateholder shall be entitled to proceed directly against the Trustee or the Obligor, or provide instructions (not otherwise permitted by these Conditions) to the Delegate to proceed against the Trustee and/or the Obligor under any Transaction Document, unless the Delegate or the Trustee, as the case may be, having become bound so to proceed fails to do so within a reasonable period of time and such failure is continuing. Under no circumstances shall the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the relevant Trust Assets (other than as expressly contemplated in the Transaction Documents) and the sole right of the Delegate and the Certificateholders against the Trustee and the Obligor shall be to enforce the Trustee’s and the Obligor’s respective obligations under the Certificates and the Transaction Documents to which they are a party.

(c) Following the enforcement, realisation and ultimate distribution of the net proceeds of the relevant Trust Assets in respect of the Certificates of the relevant Series to the Certificateholders in accordance with these Conditions and the Trust Deed, the Trustee shall not be liable for any further sums in respect of such Series and, accordingly, Certificateholders may not take any action against the Trustee, the Delegate, the Agents or any other person (including the Obligor) to recover any such sum in respect of the Certificates or the relevant Trust Assets.

(d) Conditions 13(a), 13(b) and 13(c) are subject to this Condition 13(d). After enforcing or realising the Trust Assets in respect of the Certificates of the relevant Series and distributing the net proceeds thereof in accordance with Condition 5(b), the obligations of the Trustee in respect of the Certificates shall be satisfied and no Certificateholder may take any further steps against the Trustee (or any steps against the Delegate or the Agents) to recover any further sums in respect of the Certificates and the right to receive
from the Trustee any such sums remaining unpaid shall be extinguished. In particular, no Certificateholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Trustee.

14 Meetings of Certificateholders, Modification and Waiver

(a) Meetings of Certificateholders: The Trust Deed contains provisions for convening meetings of Certificateholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification or abrogation of any of these Conditions or any provisions of the Trust Deed or any other Transaction Document. Such a meeting may be convened by the Trustee, the Obligor or the Delegate at any time, or by Certificateholders holding not less than 10 per cent. in aggregate face amount of the Certificates for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be one or more persons present and holding or representing in the aggregate more than 50 per cent. in face amount of the Certificates for the time being outstanding, or at any adjourned meeting one or more persons present being or representing Certificateholders (whatever the face amount of the Certificates so held or represented by them), unless the business of such meeting includes consideration of proposals which would have the effect of, inter alia, (i) amending any Dissolution Date in respect of the Certificates or any due date for payment in respect of the Certificates, (ii) reducing or cancelling or varying the method for calculating the face amount of, or any amount or premium payable or due in respect of, the Certificates, (iii) reducing the rate or rates of profit in respect of the Certificates or varying the method or basis of calculating the rate or rates or amount of profit or the basis for calculating any Profit Amount in respect of the Certificates (in each case, other than as provided for in these Conditions (including Condition 7(c)) and the applicable Final Terms), (iv) if a Minimum Profit Rate and/or a Maximum Profit Rate is shown in the applicable Final Terms, reducing any such Minimum Profit Rate and/or Maximum Profit Rate, (v) varying any method of, or basis for, calculating the Dissolution Distribution Amount, (vi) varying the currency of payment or denomination of the Certificates, (vii) modifying the provisions concerning the quorum required at any meeting of Certificateholders or the majority required to pass an Extraordinary Resolution, (viii) modifying or cancelling the payment obligations of the Obligor (in any capacity) and/or the Trustee under the Transaction Documents and/or the Certificates (as the case may be), (ix) amending any of the Obligor’s or the Trustee’s covenants included in the Transaction Documents, (x) amending the priority of payments as described in Condition 5(b), or (xi) amending the above list, in which case the necessary quorum shall be one or more persons present and holding or representing in the aggregate not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate face amount of the Certificates for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on all Certificateholders (whether or not they were present and whether or not they voted at the meeting at which such resolution was passed). To be passed, an Extraordinary Resolution requires a majority in favour consisting of not less than 75 per cent. of the votes cast.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in aggregate face amount of the Certificates for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Certificateholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Certificateholders. Such a resolution in writing will be binding on all Certificateholders whether or not they participated in such resolution.

For so long as the Certificates are represented by a Global Certificate, an Extraordinary Resolution may also be passed by Certificateholders giving electronic consent, provided that consent to such
resolution is given through the relevant clearing system(s) (in a form satisfactory to the Delegate) by or on behalf of not less than 75 per cent. in face amount of the Certificates. See “Summary of Provisions relating to the Certificates while in Global Form”.

(b) **Modification of the Trust Deed or any Transaction Document**: The Delegate may (but shall not be obliged to), without the consent or sanction of the Certificateholders, (i) agree to any modification of the Trust Deed (including these Conditions) or any other Transaction Document or the Trustee’s memorandum and articles of association that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error, or (ii) (A) give its consent under the Transaction Documents and agree to any other modification of the Trust Deed (including these Conditions) or any other Transaction Document or the Trustee’s memorandum and articles of association, or to any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any other Transaction Document or (B) determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such, provided in each case that such modification, consent, waiver, authorisation or determination is in the opinion of the Delegate not materially prejudicial to the interests of the Certificateholders and is not in contravention of any express direction by Extraordinary Resolution or a request in writing by the holders of at least 20 per cent. of the outstanding aggregate face amount of the Certificates of the relevant Series and, in the case of modifications under paragraph (ii)(A) only, is other than in respect of a matter which requires a special quorum resolution (as defined in paragraph 7 of Schedule 3 of the Master Trust Deed). Any such modification, consent, waiver, authorisation or determination shall be binding on all Certificateholders and shall be notified by the Trustee to the Certificateholders in accordance with Condition 17 as soon as practicable thereafter.

(c) **Entitlement of the Delegate**: In connection with the exercise by it of any of its powers, trusts, authorities and discretions (including, without limitation, those referred to in this Condition 14), the Delegate shall have regard to the general interests of the Certificateholders as a class and shall not have regard to any interest arising from circumstances particular to individual Certificateholders (whatever their number) and, in particular, but without limitation, shall not have regard to the consequences of any such exercise for individual Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof or taxing jurisdiction and the Delegate shall not be entitled to require nor shall any Certificateholder be entitled to claim from the Trustee, the Delegate, the Obligor or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders except in the case of the Trustee and the Obligor, to the extent already provided for in Condition 10.

15 Delegate

(a) **Delegation of Powers**: The Trustee will in the Trust Deed irrevocably and unconditionally appoint the Delegate to be its delegate and attorney and in its name, on its behalf and as its act and deed, to execute, deliver and perfect all documents, and to exercise all of the present and future powers (including the power to sub-delegate), rights, authorities (including, but not limited to, the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Transaction Documents) and discretions vested in the Trustee by the Trust Deed, that the Delegate may consider to be necessary or desirable in order to, upon the occurrence of a Dissolution Event or Potential Dissolution Event, and subject to its being indemnified and/or secured and/or pre-funded to its satisfaction, exercise all of the powers, rights, authorities and discretions of the Trustee under the Purchase Undertaking and any of the other Transaction Documents and make such distributions from the relevant Trust Assets as the Trustee is bound to make in accordance with the Trust Deed (together,
the “Relevant Powers” and the delegation thereof, the “Delegation of the Relevant Powers”), provided that: (i) no obligations, duties, liabilities or covenants of the Trustee pursuant to the Trust Deed or any other Transaction Document shall be imposed on the Delegate by virtue of the Delegation of the Relevant Powers; (ii) in no circumstances will such Delegation of the Relevant Powers result in the Delegate holding on trust or managing the relevant Trust Assets; and (iii) such Delegation of the Relevant Powers shall not include any duty, power, trust, right, authority or discretion to dissolve any of the trusts constituted by the Trust Deed following the occurrence of a Dissolution Event or Potential Dissolution Event or to determine the remuneration of the Delegate. The Trustee shall ratify and confirm all things done and all documents executed by the Delegate in the exercise of all or any of the Relevant Powers.

In addition to the Delegation of the Relevant Powers under the Trust Deed, the Delegate also has certain powers, rights, authorities and discretions which are vested solely in it from the date of the Master Trust Deed.

The appointment of a delegate by the Trustee is intended to be in the interests of the Certificateholders and does not affect the Trustee’s continuing role and obligations as sole trustee.

(b) **Indemnification:** The Trust Deed contains provisions for the indemnification of each of the Delegate and the Trustee in certain circumstances and for its relief from responsibility, including provisions relieving each of the Delegate and the Trustee from taking any action, step or proceeding unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, each of the Trustee and the Delegate shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security or pre-funding given to it by the Certificateholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

(c) **No Liability:** The Delegate makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of the Obligor or the Trustee under the Transaction Documents to which each of the Obligor and the Trustee is a party and shall not under any circumstances have any liability or be obliged to account to the Certificateholders in respect of any payments which should have been made by the Obligor or the Trustee but are not so made and shall not in any circumstances have any liability arising from the relevant Trust Assets other than as expressly provided in these Conditions or in the Trust Deed.

(d) **Reliance on Certificates, Reports and/or Information:** The Delegate and the Trustee may consult with and/or rely and act on the opinion or advice of or a certificate, report or any information (whether or not addressed to the Delegate or the Trustee) obtained from any lawyer, valuer, banker, broker, accountant (including auditors), surveyor, auctioneer, tax adviser, rating agency, insolvency official or other expert appointed by the Trustee, the Obligor, the Delegate or an Agent or otherwise and shall not be responsible for any Liability occasioned by so acting or relying notwithstanding that such advice, opinion or information may contain a cap or other limitation (monetary or otherwise) on the liability of any party and notwithstanding that the scope and/or basis of such advice, opinion, certificate or report may be limited by an engagement or similar letter or by the terms of the certificate or report itself and the Delegate or the Trustee shall not in any case be required to call for further evidence or be responsible for any Liability or inconvenience that may be occasioned by its failure to do so.

(e) **Proper performance of duties:** Nothing shall, in any case in which the Trustee or the Delegate has failed to show the degree of care and diligence required of it as trustee, in the case of the Trustee (having
regard to the provisions of the Trust Deed conferring on it any trusts, powers, authorities or discretions) or as delegate, in the case of the Delegate (having regard to the powers, rights, authorities and discretions conferred on it by the Trust Deed), respectively exempt the Trustee or the Delegate from or indemnify either of them against any liability which by virtue of any rule of law would otherwise attach to either of them in respect of any gross negligence, wilful default or actual fraud of which either of them may be guilty in relation to their duties under the Trust Deed.

(f) **Notice of Events:** Neither the Delegate nor the Trustee shall be bound to take any steps to ascertain whether any Dissolution Event or Potential Dissolution Event has occurred and, until they shall have actual knowledge or shall have received express written notice to the contrary, they will be entitled to assume that no such event has occurred (without any liability to the Certificateholders or any other person for so doing).

(g) **Delegate Contracting with the Trustee and the Obligor:** The Trust Deed contains provisions pursuant to which (i) the Delegate is entitled, *inter alia*, to enter into transactions in the ordinary course of business with the Trustee, the Obligor and/or any other party to a Transaction Document or any person or body corporate directly or indirectly associated with the Trustee, the Obligor or such other party and to accept the trusteeship of or act as delegate in relation to the issuance of any other debenture stock, debentures or securities of the Trustee, the Obligor or such other party or any person or body corporate directly or indirectly associated with the Trustee, the Obligor or such other party, and (ii) neither the Delegate nor any director or officer of any corporation being a delegate shall be accountable to the Certificateholders, the Trustee, the Obligor and/or any other party to the Transaction Documents or any person or body corporate directly or indirectly associated with the Trustee, the Obligor or any such other person for any profit, fees, commissions, interest, discounts or share of brokerage earned, arising or resulting from any such contracts or transactions and the Delegate and any such director or officer shall also be at liberty to retain the same for its or his own benefit.

16 **Replacement of Certificates**

If a Registered Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant regulatory authorities regulations, at the specified office of the Registrar or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Trustee for the purpose and notice of whose designation is given to Certificateholders, in each case on payment by the claimant of the costs and expenses as may be incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Certificate is subsequently presented for payment, there shall be paid to the Trustee on demand the amount payable by the Trustee in respect of such Certificate) and otherwise as the Trustee may require. Mutilated or defaced Registered Certificates must be surrendered before replacements will be issued.

17 **Notices**

Notices required to be given to the holders of Certificates shall be mailed to them by registered mail (airmail if overseas) at their respective addresses in the Register and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing.

The Trustee shall also ensure that notices required to be given to the holders of the Certificates are duly given in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system on which the Certificates are for the time being listed and/or admitted to trading, including publication on the website of the relevant authority, relevant stock exchange and/or relevant quotation system.
if required by those rules or regulations. If in the opinion of the Delegate any such publication is not practicable, notice required to be given pursuant to these Conditions shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any notices shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing (or on the date of publication, or, if so published more than once or on different dates, on the date of the first publication).

So long as the Certificates are represented by a Global Certificate and such Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg, or any other clearing system, notices to the holders of the Certificates of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for mailing as required by Condition 17. Any such notice shall be deemed to have been given to the holders of the Certificates on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system.

18 Further Issues

In respect of any Series, the Trustee may from time to time without the consent of the Certificateholders create and issue further Certificates having the same terms and conditions as the outstanding Certificates of such Series or terms and conditions which are the same in all respects save for the date and amount of the first payment of the Periodic Distribution Amount and the date from which Periodic Distribution Amounts start to accrue and so that such further issue shall be consolidated and form a single Series with the outstanding Certificates of such Series. Any further Certificates which are to form a single Series with the outstanding Certificates previously constituted by the Trust Deed shall be constituted by a deed supplemental to the Trust Deed. References in these Conditions to the Certificates include (unless the context requires otherwise) any other certificates issued pursuant to this Condition and forming a single Series with the Certificates.

19 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Certificates under the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any person which exists or is available apart from that Act.

20 Governing Law and Dispute Resolution

(a) Governing Law: The Trust Deed (including these Conditions), the Agency Agreement and the Certificates and any non-contractual obligations arising out of or in connection with the same are and shall be governed by, and construed in accordance with, English law.

(b) Arbitration: Subject to Condition 20(c), any dispute, claim, difference or controversy arising out of or in connection with the Trust Deed (which includes the Certificates, these Conditions and this Condition 20(b)) (including any dispute, claim, difference or controversy as to the existence, validity, interpretation, performance, breach or termination of the Trust Deed or the consequences of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with it (a “Dispute”)) shall be referred to and finally resolved by arbitration in accordance with the Arbitration Rules of the LCIA (the “Rules”), which Rules (as amended from time to time) are incorporated by reference into this Condition 20. For these purposes:

(i) the seat of arbitration shall be London, England;

(ii) there shall be three arbitrators, each of whom shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions. The claimant(s),
irrespective of number, shall nominate jointly one arbitrator; the respondent(s), irrespective of number, shall nominate jointly the second arbitrator, and a third arbitrator (who shall act as presiding arbitrator) shall be nominated by the arbitrators nominated by or on behalf of the claimant(s) and respondent(s) or, in the absence of agreement on the third arbitrator within 30 days of the date of nomination of the later of the two party-nominated arbitrators to be nominated, the third arbitrator shall be chosen by the LCIA Court (as defined in the Rules); and

(iii) the language of the arbitration shall be English.

(c) **Option to Litigate:** Notwithstanding the agreement described in Condition 20(b) above, the Delegate may, in the alternative and at its sole discretion, by notice in writing to the Trustee and the Obligor in accordance with the Trust Deed:

(i) within 28 days of service of a Request for Arbitration (as defined in the Rules); or

(ii) if no arbitration has commenced,

require that the Dispute be heard by a court of law. If the Delegate gives such notice, the Dispute to which such notice refers shall be determined in the manner described in Condition 20(e) and any arbitration commenced as described in Condition 20(b) will be terminated. With the exception of the Delegate (whose costs will be borne by the Trustee, failing whom the Obligor), each of the parties to the terminated arbitration will bear its own costs in relation thereto. Each of the parties to the terminated arbitration will bear its own cost in relation thereto.

(d) **Notice to Terminate:** If any notice to terminate is given after service of any Request for Arbitration in respect of any Dispute, the Delegate must also promptly give notice to the LCIA Court and to any Tribunal (each as defined in the Rules) already appointed in relation to the Dispute that any such Dispute will be settled by the courts. Upon receipt of such notice by the LCIA Court, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate. Any such arbitrator will be deemed to be *functus officio*. The termination is without prejudice to:

(i) the validity of any act done or order made by that arbitrator or by the court in support of that arbitration before his appointment is terminated;

(ii) his entitlement to be paid his proper fees and disbursements; and

(iii) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

(e) **Effect of exercise of option to litigate:** If a notice is issued pursuant to Condition 20(c), the following provisions shall apply:

(i) subject to paragraph (iii) below, the courts of England shall have exclusive jurisdiction to settle any Dispute and each of the Trustee and the Obligor have in the Master Trust Deed submitted to the exclusive jurisdiction of such courts;

(ii) each of the Trustee and the Obligor have agreed that the courts of England are the most appropriate and convenient courts to settle any Dispute and accordingly will not argue to the contrary; and

(iii) this Condition 20(e) is for the benefit of the Delegate and the Certificateholders only. As a result, and notwithstanding paragraphs (i) and (ii) above, the Delegate and the Certificateholders may take proceedings relating to a Dispute ("Proceedings") in any other courts with jurisdiction. To
the extent allowed by law, the Delegate and the Certificateholders may take concurrent
Proceedings in any number of jurisdictions.

(f) **Service of Process:** In the Trust Deed, the Trustee and the Obligor have each irrevocably appointed an
agent in England to receive, for it and on its behalf, service of process in any Proceedings or Disputes in
England.

(g) **Waiver:** Under each of the Transaction Documents, the Obligor has acknowledged that the transactions
contemplated in the Transaction Documents are commercial transactions and, to the extent that the
Obligor may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution,
attachment (whether in aid of execution, before judgment or otherwise), enforcement, injunction or other
legal or arbitral process and to the extent that such immunity (whether or not claimed) may be attributed
in any such jurisdiction to the Obligor or any of its assets or revenues, the Obligor has agreed not to
claim and has irrevocably and unconditionally waived such immunity to the fullest extent permitted by
the laws of such jurisdiction. In addition, the Obligor has irrevocably and unconditionally consented to
the giving of any relief or the issue of any process, including, without limitation, enforcement or
execution against any of its assets whatsoever of any award, order, injunction, prejudgment or judgment
made or given in connection with any legal or arbitral proceedings or Disputes.

(h) **Waiver of Interest:**

(i) Each of the Trustee, the Delegate and the Obligor has irrevocably agreed in the Trust Deed that
no interest will be payable or receivable under or in connection with the Trust Deed and if it is
determined that any interest is payable or receivable in connection with the Trust Deed by any of
the Trustee, the Delegate or the Obligor, whether as a result of any judicial or arbitral award or
by operation of any applicable law or otherwise, each such party has agreed to waive any rights
it may have to claim or receive such interest and has agreed that if any such interest is actually
received by it, it shall hold such amount in a suspense account and promptly donate the same to
a registered or otherwise officially recognised charitable organisation.

(ii) Each of the Trustee, the Delegate and the Obligor has irrevocably agreed in the Trust Deed that
payment of interest in whatever form (inclusive of late payments) is repugnant to and not in
compliance with the rules and principles of *Sharia* and accordingly, to the extent that any legal
system would (but for the provisions of this Condition 20(h)) impose (whether by contract,
statute, regulation or by any means whatsoever) any obligation to pay interest, each of the Trustee,
the Delegate and the Obligor has agreed to irrevocably and unconditionally expressly waive and
reject any entitlement to recover interest from each other.

(iii) For the avoidance of doubt, nothing in this Condition 20(h) shall be construed as a waiver of
rights in respect of Periodic Distribution Amounts payable under the Certificates, Wakala
Portfolio Income Revenues payable under the Service Agency Agreement, the amount of any
Exercise Price payable under the Sale Undertaking and/or the Purchase Undertaking or, in the
case of a Wakala/Mudaraba Series, Mudaraba Profit payable under the Restricted Mudaraba
Agreement or profit of any kind howsoever described payable by the Obligor (in any capacity)
or the Trustee (in any capacity) pursuant to the Transaction Documents and/or these Conditions,
howsoever such amounts may be described or re-characterised by any court or arbitral tribunal.
SUMMARY OF PROVISIONS RELATING TO 
THE CERTIFICATES WHILE IN GLOBAL FORM

1 Initial Issue of Certificates

Each Tranche of Certificates will initially be represented by a Global Certificate in registered form. Global Certificates will be delivered on or prior to the issue date of the Tranche to a common depositary for Euroclear and Clearstream, Luxembourg (the “Common Depositary”).

Upon registration of the Certificates in the name of any nominee for, and deposit of the Global Certificate with, a Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a face amount of Certificates equal to the face amount thereof for which it has subscribed and paid.

Certificates that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the applicable Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Certificates that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

2 Relationship of Accountholders with Clearing Systems

For so long as any of the Certificates are represented by a Global Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular face amount of such Certificates (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the face amount of such Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Trustee, the Delegate and their respective agents as the holder of such face amount of such Certificates for all purposes other than with respect to any payment on such face amount of such Certificates, for which purpose the registered holder of the relevant Global Certificate shall be treated by the Trustee, the Delegate and their respective agents as the holder of such face amount of such Certificates in accordance with and subject to the terms of the relevant Global Certificate and the expressions “Certificateholder” and “holder” and related expressions shall be construed accordingly.

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (an “Alternative Clearing System”) as the holder of a Certificate represented by a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Trustee to the registered holder of the underlying Certificates, and in relation to all other rights arising under the Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Trustee in respect of payments due on the Certificates for so long as the Certificates are represented by such Global Certificate and such obligations of the Trustee will be discharged by payment to the registered holder of the underlying Certificates, as the case may be, in respect of each amount so paid.

3 Exchange for Definitives

Interests in a Global Certificate will be exchangeable in whole but not in part (free of charge) for definitive Certificates of a particular Series only upon the occurrence of an Exchange Event. The Trustee will promptly give notice to the Certificateholders in accordance with Condition 17 upon the occurrence of an Exchange Event. For these purposes, an “Exchange Event” will occur (i) if the Delegate has given notice in accordance
with Condition 17 that a Dissolution Event has occurred and is continuing or (ii) if the Trustee has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor or Alternative Clearing System satisfactory to the Trustee is available. In the event of an occurrence of an Exchange Event, any of the Trustee or Euroclear and/or Clearstream, Luxembourg, as the case may be, acting on the instructions of any holder of an interest in such Global Certificate may give notice to the Registrar requesting exchange. Any exchange shall occur no later than 15 days after the date of receipt of the first relevant notice by the Registrar.

4 Amendment to Conditions

The Global Certificates contain provisions that apply to the Certificates that they represent, some of which modify the effect of the terms and conditions of the Certificates set out in this Base Prospectus. The following is a summary of certain of those provisions:

4.1 Payments

All payments in respect of Certificates represented by a Global Certificate will be made (against surrender of that Global Certificate if no further payment falls to be made in respect of the Certificates) to, or to the order of, the person whose name is entered on the Register at the close of business on the record date, being the Clearing System Business Day immediately prior to the date for payment, where “Clearing System Business Day” means Monday to Friday inclusive, except 25 December and 1 January.

For the purposes of any payments made in respect of Certificates represented by a Global Certificate, the words “in the place in which the specified office of the Registrar is located” shall not apply to the definition of “Payment Business Day” in Condition 9(d).

A record of each payment made will be noted on the relevant Register which shall be prima facie evidence that such payment has been made in respect of the Certificates.

4.2 Meetings

All holders of Certificates are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Certificates comprising such Certificateholder’s holding.

4.3 Delegate’s Powers

Notwithstanding any other provision of the Master Trust Deed, in considering the interests of Certificateholders while the Global Certificate is held on behalf of, or registered in the name of any nominee of a Common Depository for, a clearing system, the Delegate may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its account holders with entitlements to the Global Certificate and may consider such interests, and treat such account holders, as if such account holders were the holders of the Certificates represented by the Global Certificate.

4.4 Optional Dissolution Right

If any early dissolution right of the Bank is exercised in respect of some but not all of the Certificates of any Series, the rights of account holders with a clearing system in respect of the Certificates will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg or any other clearing system (as the case may be).
4.5 **Certificateholder Put Right**

Any early dissolution right of the Certificateholders provided for in the Conditions of any Certificates while such Certificates are represented by a Global Certificate may be exercised by the holder of the Certificate(s) in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg or any other clearing system (as the case may be).

4.6 **Cancellation**

Cancellation of any Certificate represented by a Global Certificate that is surrendered for cancellation (other than upon its redemption in full) will be effected by reduction in the aggregate face amount of the relevant Series of Certificates in the Register.

4.7 **Notices**

Notices required to be given in respect of the Certificates represented by a Global Certificate may be given by their being delivered (so long as this Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg or any other clearing system) to Euroclear, Clearstream, Luxembourg or such other clearing system, as the case may be, rather than by mailing as required by the Conditions, provided that such notices must also be given or published in a manner which complies with the rules and regulations of any listing authority, stock exchange, quotation system or other relevant authority on which the Certificates are for the time being listed or admitted to trading or quotation. Any such notice shall be deemed to have been given to the holders of the Certificates on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system.

5 **Electronic Consent**

While any Global Certificate is held on behalf of, and registered in the name of any nominee for a Common Depositary for, a clearing system, approval of a resolution proposed by the Trustee, the Obligor or the Delegate (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in aggregate face amount of the Certificates for the time being outstanding (an “Electronic Consent”) shall, for all purposes (including matters that would otherwise require a special quorum resolution (as defined in paragraph 7 of Schedule 3 to the Master Trust Deed)), take effect as an Extraordinary Resolution passed at a meeting of Certificateholders duly convened and held, and shall be binding on all Certificateholders whether or not they participated in such Electronic Consent.

6 **Further Issues**

Pursuant to the Agency Agreement, the Principal Paying Agent shall arrange that, where a further Tranche is issued which is intended to form a single Series with an existing Tranche at a point after the Issue Date of the further Tranche, the Certificates of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Certificates of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series.
FORM OF FINAL TERMS

The form of Final Terms that will be issued in respect of each Series, subject only to the deletion of non-applicable provisions, is set out below:

Final Terms

[MiFID II product governance/Professional investors and ECPs only target market] – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Certificates has led to the conclusion that: (i) the target market for the Certificates is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “MiFID II”); and (ii) all channels for distribution of the Certificates to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Certificates (a “distributor”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

[Singapore SFA product classification] – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Trustee has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Certificates are [“prescribed capital markets products”] / [“capital markets products other than prescribed capital markets products”] (as defined in the CMP Regulations 2018) and [are] [“Excluded Investment Products”] / [“Specified Investment Products”] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products).]

[Date]

BBG SUKUK LTD

Legal Entity Identifier (LEI): 549300URWP4TDNWJXN62

Issue of [Aggregate Nominal Amount of Tranche] [Title of Certificates] [to be consolidated and form a single series with the existing [Aggregate Face Amount of Tranche] [Title of Certificates] issued on [●] (the “Original Certificates”) under the U.S.$2,000,000,000 Trust Certificate Issuance Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Certificates set forth in the Base Prospectus dated [●] 2020 (the “Base Prospectus”) [and the supplement[s] to the Base Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 (the “Prospectus Regulation”). This document constitutes the Final Terms of the Certificates described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus [as so supplemented] in order to obtain all the relevant information. The Base Prospectus [and the supplement[s] to the Base Prospectus] [is/are] available for viewing in accordance with the Prospectus Regulation at the market news section of the London Stock Exchange website http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html and copies may

1 For any Certificates to be offered to Singapore investors, the Trustee to consider whether it needs to re-classify the Certificates pursuant to Section 309B of the SFA prior to the launch of the offer.

2 Include only for an issue of further Certificates in accordance with Condition 18.
be obtained during normal business hours at the registered office of the Trustee at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands and from the registered office of the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.

The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Certificates set forth in the Base Prospectus dated [original date] [and the supplement[s] to it dated [●]] which are incorporated by reference in the Base Prospectus dated [current date]. This document constitutes the Final Terms of the Certificates described herein for the purposes of Regulation (EU) 2017/1129 (the “Prospectus Regulation”) and must be read in conjunction with the Base Prospectus dated [current date] [and the supplements to it dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the “Base Prospectus”) in order to obtain all the relevant information, save in respect of the Terms and Conditions which are extracted from the Base Prospectus dated [original date] [and the supplement[s] to it dated [●]]. The Base Prospectus is available for viewing in accordance with the Prospectus Regulation at the market news section of the London Stock Exchange website http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html and copies may be obtained during normal business hours at the registered office of the Trustee at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands and from the registered office of the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.

<table>
<thead>
<tr>
<th></th>
<th>(a) Issuer and Trustee:</th>
<th>BBG Sukuk Ltd</th>
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<tbody>
<tr>
<td></td>
<td>(b) Obligor, Servicing Agent and, in the case of a Wakala/Mudaraba Series, Mudarib:</td>
<td>Dukhan Bank Q.P.S.C.</td>
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2 Series Number: [●] 
(a) Tranche Number: [●] 
(b) Date on which the Certificates will be consolidated and form a single Series: [The Certificates will be consolidated and form a single Series with [identify earlier Tranche(s)] on [insert date/the Issue Date]] [Not Applicable] 

3 Specified Currency: [●] 

4 Aggregate Face Amount: [●] 
(a) Series: [●] 
(b) Tranche: [●] 

5 Issue Price: [●] per cent. of the Aggregate Face Amount [plus [Specified Currency] [●] in respect of [●] days of accrued Periodic Distribution Amounts from (and including) [the issue date of the Original Certificates] to (but excluding) the Issue Date] 

6 (a) Specified Denominations: [●] 
(b) Calculation Amount: [●] 

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3 Include only for an issue of further Certificates in accordance with Condition 18.
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<tbody>
<tr>
<td></td>
<td>(a) Issue Date:</td>
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<td></td>
<td>(b) Profit Commencement Date:</td>
<td>[[●]/Issue Date]</td>
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<td>Scheduled Dissolution Date:</td>
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<td>9</td>
<td>Profit Basis:</td>
<td>[Fixed Rate Certificates/Floating Rate Certificates] (further particulars specified at paragraph [15][16] below)</td>
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<td>10</td>
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<td>Dissolution at par</td>
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<td>Change of Profit Basis:</td>
<td>[Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 15 and 16 below and identify there][Not Applicable]</td>
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<td>12</td>
<td>Put/Call Rights:</td>
<td>[Not Applicable]</td>
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<td>[Optional Dissolution Right]</td>
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<td>[Certificateholder Put Right]</td>
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<tr>
<td>13</td>
<td>Status:</td>
<td>Unsubordinated</td>
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<tr>
<td>14</td>
<td>Date of Trustee’s board approval and date of Obligor’s board approval for issuance of Certificates:</td>
<td>[●] and [●], respectively</td>
</tr>
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</table>

**Provisions relating to profit payable**

| 15 | Fixed Periodic Distribution Provisions: | [Applicable/Not Applicable] |
|    | (a) Profit Rate(s): | [●] per cent. per annum payable [annually/semi-annually/quarterly/monthly/[●]] in arrear on each Periodic Distribution Date |
|    | (b) Periodic Distribution Date(s): | [[●] in each year up to and including the Scheduled Dissolution Date, commencing on [●]/[●]] |
|    | (c) Fixed Amount(s): | [●] per Calculation Amount |
|    | (d) Broken Amount(s): | [[●] per Calculation Amount, payable on the Periodic Distribution Date falling [in/on] [●]/[●]/Not Applicable] |
|    | (e) Day Count Fraction: | [Actual/Actual] |
|    |   | [Actual/Actual – ISDA] |
|    |   | [Actual/365 (Fixed)] |
|    |   | [Actual/365 (Sterling)] |
|    |   | [Actual/360] |
|    |   | [30/360] |
|    |   | [360/360] |
|    |   | [Bond Basis] |
|    |   | [30E/360] |
|    |   | [Eurobond Basis] |
|    |   | [30E/360 (ISDA)] |
|    |   | [Actual/Actual – ICMA] |
|    | (f) Determination Date(s): | [[●] in each year/Not Applicable] |
| 16 | Floating Periodic Distribution Provisions: | [Applicable/Not Applicable] |
(a) Specified Periodic Distribution Dates: [●] in each year, commencing on [●], subject to adjustment in accordance with the Business Day Convention set out in (e) below, not subject to adjustment, as the Business Day Convention in (e) below is specified to be Not Applicable

(b) Periodic Distribution Period: [Not Applicable/[●]]

(c) Return Accumulation Period: [Not Applicable/[●]]

(d) Profit Period Date: [Not Applicable/[●]]

(e) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]

(f) Business Centre(s): [●] [Not Applicable]

(g) Manner in which the Profit Rate and the Periodic Distribution Amount are to be determined: [Screen Rate Determination/ISDA Determination]

(h) Party responsible for calculating the Profit Rate and the Periodic Distribution Amount (if not the Principal Paying Agent): [●] (the “Calculation Agent”)

(i) Screen Rate Determination: [Applicable/Not Applicable]

(j) Reference Rate: [●] month
[LIBOR/EURIBOR/KIBOR/SHIBOR/HIBOR/KLIBOR/TRLIBOR or TRYLIBOR/SIBOR/EIBOR/SAIBOR/CHF LIBOR]

(k) Profit Rate Determination Date(s): [●]

(l) Relevant Screen Page: [●]

(m) Relevant Time: [●]

(n) Relevant Financial Centre: [●]

(o) ISDA Determination: [Applicable/Not Applicable]

(p) Floating Rate Option: [●]

(q) Designated Maturity: [●]

(r) Reset Date: [●]

(s) ISDA Definitions: [●]

(t) ISDA Benchmarks Supplement: [Applicable/Not Applicable]

(u) Margin(s): [+/−][●] per cent. per annum

(v) Linear Interpolation: [Not Applicable/Applicable – the Profit Rate for the [long/short] [first/last] Return Accumulation Period shall be calculated using Linear Interpolation (specify for each short or long periodic distribution period)]

(w) Maximum Profit Rate: [●] per cent. per annum
(x) Minimum Profit Rate: [●] per cent. per annum
(y) Day Count Fraction: [Actual/Actual]
    [Actual/Actual – ISDA]
    [Actual/365 (Fixed)]
    [Actual/365 (Sterling)]
    [Actual/360]
    [30/360]
    [360/360]
    [Bond Basis]
    [30E/360]
    [Eurobond Basis]
    [30E/360 (ISDA)]
    [Actual/Actual – ICMA]

Provisions relating to dissolution

17 Notice periods for Condition 8(b):
   Minimum period: [●] days
   Maximum period: [●] days

18 Optional Dissolution Right: [Applicable/Not Applicable]
   (a) Dissolution Distribution Amount: [As per Condition 1/[●] per Calculation Amount]
   (b) Optional Dissolution Date(s): [●]
   (c) Notice period:
       Minimum period: [●] days
       Maximum period: [●] days

   (N.B. When setting notice periods, the Trustee is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of five clearing system business days’ notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Trustee and the Agent)

   (d) Dissolution in part: [Applicable/Not Applicable]
   (e) If dissolution in part:
       (i) Minimum Optional Dissolution Amount: [Not Applicable/[●]]
       (ii) Maximum Optional Dissolution Amount: [Not Applicable/[●]]

19 Certificateholder Put Right: [Applicable/Not Applicable]
   (a) Dissolution Distribution Amount: [As per Condition 1/[●] per Calculation Amount]
   (b) Certificateholder Put Right Date(s): [●]
   (c) Notice period:
       Minimum period: [●] days
       Maximum period: [●] days

4 “Optional Dissolution Right” and “Certificateholder Put Right” may not both be specified as “Applicable” in the same Final Terms.
N.B. When setting notice periods, the Trustee is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Trustee and the Agent.

20 Dissolution Distribution Amount following redemption on the Scheduled Dissolution Date, on any Early Tax Dissolution Date or following the occurrence of a Dissolution Event:

[As per Condition 1/[●] per Calculation Amount]

General provisions applicable to the Certificates

21 Form of Certificates:

Registered Certificates: Global Certificate exchangeable for Certificates in definitive registered form in the limited circumstances specified in the Global Certificate Reg S Compliance Category 2; TEFRA not applicable

22 Financial Centre(s) relating to payment (Condition 9(d)):

[Not Applicable/[●]]

Provisions in respect of the Trust Assets

23 Series:

[Wakala Series or Wakala/Mudaraba Series]

(a) Wakala Percentage:

[●] per cent.

(b) Mudaraba Percentage:

[Not Applicable/[●] per cent.]

24 Trust Assets:

Condition 5(a) applies

25 (a) Details of Transaction Account:

BBG Sukuk Ltd Transaction Account No: [●] with Deutsche Bank AG, London Branch for Series No.: [●]

(b) Supplemental Trust Deed:

Supplemental Trust Deed dated [●] between the Trustee, the Obligor, the Trustee Administrator and the Delegate

(c) Supplemental Purchase Agreement:

Supplemental Purchase Agreement dated [●] between the Trustee and the Obligor

(d) Supplemental Restricted Mudaraba Agreement:

[Not Applicable/Supplemental Restricted Mudaraba Agreement dated [●] between the Trustee and the Obligor]

(e) Declaration of Commingling of Assets:

[Not Applicable/Declaration of Commingling of Assets dated [●] executed by the Trustee]

---

5 Include only for an issue of further Certificates in accordance with Condition 18.
Signed on behalf of **BBG Sukuk Ltd**

By: ..........................................................

*Duly authorised*

Signed on behalf of **Dukhan Bank Q.P.S.C.**

By: ..........................................................

*Duly authorised*
PART B – OTHER INFORMATION

1 Listing and Admission to Trading
   (a) Admission to trading: [Application [has been/is expected to be] made by the Trustee (or on its behalf) for the Certificates to be admitted to trading on [the Regulated Market of the London Stock Exchange/●], with effect from [●].] [Not Applicable.]
   (b) Estimate of total expenses related to admission to trading: [●]

2 Ratings
   Ratings: The Certificates to be issued [have been/are expected to be] rated:
   [Moody’s:●]
   [Fitch: ●]
   [[●] is established in the [United Kingdom/European Union] and has applied for registration under Regulation (EC) No. 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]
   [[●] is established in the [United Kingdom/European Union] and is registered under Regulation (EC) No 1060/2009.]
   [[●] is not established in the United Kingdom or the European Union and has not applied for registration under Regulation (EC) No. 1060/2009. However, the application for registration under Regulation (EC) No. 1060/2009 of [●], which is established in the [United Kingdom/European Union], disclosed the intention to endorse credit ratings of [●].]
   [[●] is not established in the [United Kingdom/European Union] and has not applied for registration under Regulation (EC) No. 1060/2009. The ratings [[have been]/[are expected to be]] endorsed by [●] in accordance with Regulation (EC) No. 1060/2009. [●] is established in the [United Kingdom/European Union] and registered under Regulation (EC) No. 1060/2009.]
   [[●] is not established in the [United Kingdom/European Union] and has not applied for registration under Regulation (EC) No. 1060/2009, but it is certified in accordance with such Regulation.]
   [Include a brief explanation of the meaning of the ratings if this has previously been published by the ratings provider/]
3 **Interests of Natural and Legal Persons involved in the Issue**

[Save for any fees payable to the [Managers/Dealer], so far as each of the Trustee and the Obligor is aware, no person involved in the issue of the Certificates has an interest material to the offer.]

[The [Managers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Trustee or the Obligor and their affiliates in the ordinary course of business/[●].]

*When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospective Regulation.*

4 **Reasons for the Offer and Estimated Net Proceeds**

**Reasons for the offer:**

[●]

[See [“Use of Proceeds”] in Base Prospectus/Give details]

(See [“Use of Proceeds”] wording in Base Prospectus – if reasons for offer different from what is disclosed in the Base Prospectus, give details here.)

**Estimated net proceeds:**

[●]

5 **Indication of profit or return** (Fixed Rate Certificates only):

[●] per cent. per annum

The indication of profit or return is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future profit or return.

6 **Operational Information**

(a) **ISIN Code:**

[●]/[Until the Certificates are consolidated, become fungible with and form a single series with the Original Certificates, the Certificates will have the temporary ISIN [●]. After that, the Certificates will have the same ISIN as the Original Certificates, which is [●].]

(b) **Common Code:**

[●]/[Until the Certificates are consolidated, become fungible with and form a single series with the Original Certificates, the Certificates will have the temporary Common Code [●]. After that, the Certificates will have the same Common Code as the Original Certificates, which is [●].]

(c) **Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):**

[Not Applicable/give number(s)] name(s), and address(es)

(d) **Names and addresses of additional Paying Agent(s) (if any):**

[●]

(e) **Delivery:**

Delivery [against / free of] payment

(f) **Name and address of the Registrar(s):**

[●]

7 **Distribution**

(a) **Method of distribution:**

[Syndicated] / [Non-syndicated]
(b) If syndicated, names of Managers: [●] / [Not Applicable]
(c) Stabilisation Manager(s): [●]
(d) If non-syndicated, name of Dealer: [●] / [Not Applicable]
(e) US Selling Restrictions: [Reg. S Compliance Category [1/2/3]]

8 Third Party Information

[[●] has been extracted from [●]. The Trustee and the Bank confirm that such information has been accurately reproduced and that, so far as they are aware, and are able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.] / [Not Applicable]
FORM OF PRICING SUPPLEMENT

The Pricing Supplement in respect of each Series of PR Exempt Certificates issued under the Programme will be substantially in the following form, duly completed to reflect the particular terms of the relevant PR Exempt Certificates and their issue.

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH THE PROSPECTUS REGULATION FOR THE ISSUE OF THE CERTIFICATES DESCRIBED BELOW. THE UNITED KINGDOM FINANCIAL CONDUCT AUTHORITY HAS NEITHER APPROVED NOR REVIEWED ANY INFORMATION CONTAINED IN THIS PRICING SUPPLEMENT AND ANY CERTIFICATES ISSUED PURSUANT TO THIS PRICING SUPPLEMENT ARE NOT COMPLIANT WITH THE PROSPECTUS REGULATION.

Pricing Supplement

[MiFID II product governance/Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the PR Exempt Certificates has led to the conclusion that: (i) the target market for the PR Exempt Certificates is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “MiFID II”); and (ii) all channels for distribution of the PR Exempt Certificates to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the PR Exempt Certificates (a “distributor”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the PR Exempt Certificates (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[Singapore SFA product classification – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Trustee has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the PR Exempt Certificates are [“prescribed capital markets products”] / [“capital markets products other than prescribed capital markets products”] (as defined in the CMP Regulations 2018) and [are] [“Excluded Investment Products”] / [“Specified Investment Products”] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products.)

[Date]

BBG SUKUK LTD

Legal Entity Identifier (LEI): 549300URWP4TDNWJXN62

Issue of [Aggregate Nominal Amount of Tranche] [Title of Certificates] [to be consolidated and form a single series with the existing [Aggregate Face Amount of Tranche] [Title of Certificates] issued on [●] (the “Original Certificates”)]

under the U.S.$2,000,000,000 Trust Certificate Issuance Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the PR Exempt Certificates set forth in the Base Prospectus dated [●] 2020 [and the supplementary listing

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6 For any PR Exempt Certificates to be offered to Singapore investors, the Trustee to consider whether it needs to re-classify the PR Exempt Certificates pursuant to Section 309B of the SFA prior to the launch of the offer.

7 Include only for an issue of further PR Exempt Certificates in accordance with Condition 18.
particulars dated [●] which [together] constitute[s] listing particulars (the “Listing Particulars”). This document constitutes the Pricing Supplement of the PR Exempt Certificates described herein and must be read in conjunction with the Listing Particulars. This document does not constitute listing particulars that the FCA has reviewed or approved. Full information on the Trustee and the offer of the PR Exempt Certificates is only available on the basis of the combination of this Pricing Supplement and the Listing Particulars. The Listing Particulars [and the supplement[s] to it] [is/are] available for viewing and copies may be obtained during normal business hours at the registered office of the Trustee at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands and from the registered office of the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.

The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Certificates set forth in the Base Prospectus dated [original date] [and the supplement[s] to it dated [●]] (the “Base Prospectus”) which are incorporated by reference into the Base Prospectus dated [●] [and the supplementary Listing Particulars dated [●]], which [together] constitute[s] listing particulars (the “Listing Particulars”), and which are attached hereto. This document constitutes the Pricing Supplement of the PR Exempt Certificates described herein and must be read in conjunction with the Listing Particulars, save in respect of the Terms and Conditions which are extracted from the Listing Particulars dated [original date] [and the supplement[s] to it dated [●]]. Full information on the Trustee and the offer of the PR Exempt Certificates is only available on the basis of the combination of this Pricing Supplement and the Listing Particulars. The Listing Particulars [and the supplement(s) thereto] [is] [are] available for viewing and copies may be obtained during normal business hours at the registered office of the Trustee at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands and from the registered office of the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.

1 (a) Issuer and Trustee: BBG Sukuk Ltd
    (b) Obligor, Servicing Agent and, in the case of a Wakala/Mudaraba Series, Mudarib: Dukhan Bank Q.P.S.C.

2 Series Number:
   (a) Tranche Number:
   (b) Date on which the Certificates will be consolidated and form a single Series: [●]

3 Specified Currency: [●]

4 Aggregate Face Amount:
   (a) Series: [●]
   (b) Tranche: [●]

5 Issue Price: [●] per cent. of the Aggregate Face Amount [plus [Specified Currency] [●] in respect of [●] days of accrued Periodic Distribution Amounts from (and including) [the issue date of the Original Certificates] to (but excluding) the Issue Date]

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8 Include only for an issue of further Certificates in accordance with Condition 18.
<table>
<thead>
<tr>
<th></th>
<th>Specified Denominations:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>[●]</td>
</tr>
<tr>
<td>(b)</td>
<td>Calculation Amount:</td>
</tr>
<tr>
<td></td>
<td>[●]</td>
</tr>
<tr>
<td>(a)</td>
<td>Issue Date:</td>
</tr>
<tr>
<td></td>
<td>[●]</td>
</tr>
<tr>
<td>(b)</td>
<td>Profit Commencement Date:</td>
</tr>
<tr>
<td></td>
<td>[●]/Issue Date</td>
</tr>
<tr>
<td>8</td>
<td>Scheduled Dissolution Date:</td>
</tr>
<tr>
<td></td>
<td>[●]</td>
</tr>
<tr>
<td>9</td>
<td>Profit Basis:</td>
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<tr>
<td></td>
<td>[Fixed Rate Certificates/Floating Rate Certificates]</td>
</tr>
<tr>
<td></td>
<td>(further particulars specified at paragraph [15][16] below)</td>
</tr>
<tr>
<td>10</td>
<td>Dissolution Basis:</td>
</tr>
<tr>
<td></td>
<td>Dissolution at par</td>
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<tr>
<td>11</td>
<td>Change of Profit Basis:</td>
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<tr>
<td></td>
<td>[Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 15 and 16 below and identify there][Not Applicable]</td>
</tr>
<tr>
<td>12</td>
<td>Put/Call Rights:</td>
</tr>
<tr>
<td></td>
<td>[Not Applicable]</td>
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<tr>
<td></td>
<td>[Optional Dissolution Right]</td>
</tr>
<tr>
<td></td>
<td>[Certificateholder Put Right]</td>
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<tr>
<td>13</td>
<td>Status:</td>
</tr>
<tr>
<td></td>
<td>Unsubordinated</td>
</tr>
<tr>
<td>14</td>
<td>Date of Trustee’s board approval and date of Obligor’s board approval for issuance of Certificates:</td>
</tr>
<tr>
<td></td>
<td>[●] and [●], respectively</td>
</tr>
</tbody>
</table>

**Provisions relating to profit payable**

| 15 | Fixed Periodic Distribution Provisions: |
|    | [Applicable/Not Applicable] |
| (a) | Profit Rate(s): |
|      | [●] per cent. per annum payable [annually/semi-annually/quarterly/monthly/[●]] in arrear on each Periodic Distribution Date |
| (b) | Periodic Distribution Date(s): |
|      | [●] in each year up to and including the Scheduled Dissolution Date, commencing on [●]/[●] |
| (c) | Fixed Amount(s): |
|      | [●] per Calculation Amount |
| (d) | Broken Amount(s): |
|      | [●] per Calculation Amount, payable on the Periodic Distribution Date falling [in/on] [●]/Not Applicable |
| (e) | Day Count Fraction: |
|      | [Actual/Actual] |
|      | [Actual/Actual – ISDA] |
|      | [Actual/365 (Fixed)] |
|      | [Actual/365 (Sterling)] |
|      | [Actual/360] |
|      | [30/360] |
|      | [360/360] |
|      | [Bond Basis] |
|      | [30E/360] |
|      | [Eurobond Basis] |
|      | [30E/360 (ISDA)] |
|      | [Actual/Actual – ICMA] |
| (f) | Determination Date(s): |
|      | [●] in each year/Not Applicable |
Floating Periodic Distribution Provisions: [Applicable/Not Applicable]

(a) Specified Periodic Distribution Dates: [●] in each year, commencing on [●], subject to adjustment in accordance with the Business Day Convention set out in (e) below, not subject to adjustment, as the Business Day Convention in (e) below is specified to be Not Applicable

(b) Periodic Distribution Period: [Not Applicable/[●]]

(c) Return Accumulation Period: [Not Applicable/[●]]

(d) Profit Period Date: [Not Applicable/[●]]

(e) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]

(f) Business Centre(s): [●] [Not Applicable]

(g) Manner in which the Profit Rate and the Periodic Distribution Amount are to be determined: [Screen Rate Determination/ISDA Determination]

(h) Party responsible for calculating the Profit Rate and the Periodic Distribution Amount (if not the Principal Paying Agent): [●] (the “Calculation Agent”)

(i) Screen Rate Determination: [Applicable/Not Applicable]

(j) Reference Rate: [●] month

LIBOR/EURIBOR/KIBOR/SHIBOR/HIBOR/KLIBOR/TRLIBOR or TRYLIBOR/SIBOR/EIBOR/SAIBOR/CHF LIBOR

(k) Profit Rate Determination Date(s): [●]

(l) Relevant Screen Page: [●]

(m) Relevant Time: [●]

(n) Relevant Financial Centre: [●]

(o) ISDA Determination: [Applicable/Not Applicable]

(p) Floating Rate Option: [●]

(q) Designated Maturity: [●]

(r) Reset Date: [●]

(s) ISDA Definitions: [●]

(t) ISDA Benchmarks Supplement: [Applicable/Not Applicable]

(u) Margin(s): [+/−[●] per cent. per annum

(v) Linear Interpolation: [Not Applicable/Applicable – the Profit Rate for the [long/short] [first/last] Return Accumulation Period shall be calculated using Linear Interpolation (specify for each short or long periodic distribution period)]
(w) Maximum Profit Rate: \[\bullet\] per cent. per annum

(x) Minimum Profit Rate: \[\bullet\] per cent. per annum

(y) Day Count Fraction:

- Actual/Actual
- Actual/Actual – ISDA
- Actual/365 (Fixed)
- Actual/365 (Sterling)
- Actual/360
- 30/360
- 360/360
- Bond Basis
- 30E/360
- Eurobond Basis
- 30E/360 (ISDA)
- Actual/Actual – ICMA

Provisions relating to dissolution

17 Notice periods for Condition 8(b):

- Minimum period: \[\bullet\] days
- Maximum period: \[\bullet\] days

18 Optional Dissolution Right: \[Applicable/Not Applicable\]

(a) Dissolution Distribution Amount: \[As per Condition 1/[\bullet] per Calculation Amount\]

(b) Optional Dissolution Date(s): \[\bullet\]

(c) Notice period:

- Minimum period: \[\bullet\] days
- Maximum period: \[\bullet\] days

(N.B. When setting notice periods, the Trustee is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of five clearing system business days’ notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Trustee and the Agent)

(d) Dissolution in part: \[Applicable/Not Applicable\]

(e) If dissolution in part:

(i) Minimum Optional Dissolution Amount: \[Not Applicable/[\bullet]\]

(ii) Maximum Optional Dissolution Amount: \[Not Applicable/[\bullet]\]

19 Certificateholder Put Right: \[Applicable/Not Applicable\]

(a) Dissolution Distribution Amount: \[As per Condition 1/[\bullet] per Calculation Amount\]

(b) Certificateholder Put Right Date(s): \[\bullet\]

(c) Notice period:

- Minimum period: \[\bullet\] days
- Maximum period: \[\bullet\] days

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9 “Optional Dissolution Right” and “Certificateholder Put Right” may not both be specified as “Applicable” in the same Final Terms.
(N.B. When setting notice periods, the Trustee is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days’ notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Trustee and the Agent)

20 Dissolution Distribution Amount following redemption on the Scheduled Dissolution Date, on any Early Tax Dissolution Date or following the occurrence of a Dissolution Event: [As per Condition 1/[●] per Calculation Amount]

General provisions applicable to the Certificates

21 Form of Certificates: Registered Certificates: Global Certificate exchangeable for Certificates in definitive registered form in the limited circumstances specified in the Global Certificate Reg S Compliance Category 2; TEFRA not applicable

22 Financial Centre(s) relating to payment (Condition 9(d)): [Not Applicable/[●]]

Provisions in respect of the Trust Assets

23 Series: [Wakala Series or Wakala/Mudaraba Series]

(a) Wakala Percentage: [●] per cent.

(b) Mudaraba Percentage: [Not Applicable/[●] per cent.]

24 Trust Assets: Condition 5(a) applies

25 (a) Details of Transaction Account: BBG Sukuk Ltd Transaction Account No: [●] with Deutsche Bank AG, London Branch for Series No: [●]

(b) Supplemental Trust Deed: Supplemental Trust Deed dated [●] between the Trustee, the Obligor, the Trustee Administrator and the Delegate

(c) Supplemental Purchase Agreement: Supplemental Purchase Agreement dated [●] between the Trustee and the Obligor

(d) Supplemental Restricted Mudaraba Agreement: [Not Applicable/Supplemental Restricted Mudaraba Agreement dated [●] between the Trustee and the Obligor]
(e) Declaration of Commingling of Assets\textsuperscript{10}:

[Not Applicable/Declaration of Commingling of Assets dated [●] executed by the Trustee]

\textsuperscript{10} Include only for an issue of further PR Exempt Certificates in accordance with Condition 18.
Signed on behalf of **BBG Sukuk Ltd**

By: ..........................................................  
*Duly authorised*

Signed on behalf of **Dukhan Bank Q.P.S.C.**

By: ..........................................................  
*Duly authorised*
PART B – OTHER INFORMATION

1 Listing and Admission to Trading

(a) Admission to trading: [Not Applicable/[●]]

(b) Estimate of total expenses related to admission to trading: [●]

2 Ratings

Ratings: The Certificates to be issued [have been/are expected to be] rated:

[Moody’s: [●]]

[Fitch: [●]]

[●] is established in the [United Kingdom/European Union] and has applied for registration under Regulation (EC) No. 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.

[●] is established in the [United Kingdom/European Union] and is registered under Regulation (EC) No 1060/2009.

[●] is not established in the United Kingdom or the European Union and has not applied for registration under Regulation (EC) No. 1060/2009. However, the application for registration under Regulation (EC) No. 1060/2009 of [●], which is established in the [United Kingdom/European Union], disclosed the intention to endorse credit ratings of [●].

[●] is not established in the [United Kingdom/European Union] and has not applied for registration under Regulation (EC) No. 1060/2009. The ratings [[have been]/[are expected to be]] endorsed by [●] in accordance with Regulation (EC) No. 1060/2009. [●] is established in the [United Kingdom/European Union] and registered under Regulation (EC) No. 1060/2009.

[●] is not established in the [United Kingdom/European Union] and has not applied for registration under Regulation (EC) No. 1060/2009, but it is certified in accordance with such Regulation.

[Include a brief explanation of the meaning of the ratings if this has previously been published by the ratings provider.]

3 Interests of Natural and Legal Persons involved in the Issue

[Save for any fees payable to the [Managers/Dealer], so far as each of the Trustee and the Obligor is aware, no person involved in the issue of the Certificates has an interest material to the offer.]
[The Managers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Trustee or the Obligor and their affiliates in the ordinary course of business/[●].]

4 Reasons for the Offer and Estimated Net Proceeds

Reasons for the offer: [●]

[See [“Use of Proceeds”] in Listing Particulars/Give details]

(See [“Use of Proceeds”] wording in Listing Particulars – if reasons for offer different from what is disclosed in the Listing Particulars, give details here.)

Estimated net proceeds: [●]

5 Indication of profit or return (Fixed Rate Certificates only):

[●] per cent. per annum

The indication of profit or return is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future profit or return.

6 Operational Information

(a) ISIN Code: [●]/[Until the Certificates are consolidated, become fungible with and form a single series with the Original Certificates, the Certificates will have the temporary ISIN [●]. After that, the Certificates will have the same ISIN as the Original Certificates, which is [●].]

(b) Common Code: [●]/[Until the Certificates are consolidated, become fungible with and form a single series with the Original Certificates, the Certificates will have the temporary Common Code [●]. After that, the Certificates will have the same Common Code as the Original Certificates, which is [●].]

(c) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable/give number(s)] name(s), and address(es)

(d) Names and addresses of additional Paying Agent(s) (if any): [●]

(e) Delivery: Delivery [against / free of] payment

(f) Name and address of the Registrar[s]: [●]

7 Distribution

(a) Method of distribution: [Syndicated] / [Non-syndicated]

(b) If syndicated, names of Managers: [●] / [Not Applicable]

(c) Stabilisation Manager(s): [●]

(d) If non-syndicated, name of Dealer: [●] / [Not Applicable]

(e) US Selling Restrictions: [Reg. S Compliance Category [1/2/3]]

(f) Additional selling restrictions: [Not Applicable/give details]
8 Third Party Information

[[●] has been extracted from [●]. The Trustee and the Bank confirm that such information has been accurately reproduced and that, so far as they are aware, and are able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.] / [Not Applicable]
USE OF PROCEEDS

The Issue Proceeds of each Tranche of Certificates issued will be paid by the Trustee (as Purchaser) to the Seller for the purchase from the Seller of all of its rights, title, interests, benefits and entitlements in, to and under

(a) (in the case of the first Tranche of a Wakala Series) the relevant Initial Wakala Portfolio and (in the case of any subsequent Tranche of such Series) the relevant Additional Wakala Portfolio; and

(b) (in the case of the first Tranche of a Wakala/Mudaraba Series) the Wakala Percentage of the Issue Proceeds will be applied towards the purchase from the Bank of the Initial Wakala Portfolio and the Mudaraba Percentage of the Issue Proceeds will be paid by the Trustee (as Rabb-al-Maal) to the Mudarib as the initial Mudaraba Capital of the relevant Mudaraba and invested by the Mudarib in the Initial Mudaraba Portfolio in accordance with the relevant Restricted Mudaraba Agreement (including the relevant Mudaraba Investment Plan) and (in the case of any subsequent Tranche of such Wakala/Mudaraba Series) the relevant Additional Mudaraba Portfolio.
DESCRIPTION OF THE TRUSTEE

The Trustee

BBG Sukuk Ltd (the “Trustee”), an exempted company incorporated in the Cayman Islands with limited liability, was incorporated on 30 April 2015 under the Companies Law (2013 Revision) of the Cayman Islands with company registration number 299416. The registered office of the Trustee is at the offices of MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands with telephone number +1 345 945 7099.

The authorised share capital of the Trustee is U.S.$50,000 divided into 50,000 ordinary shares of U.S.$1.00 par value each, 250 of which have been issued. All of the issued shares (the “Shares”) are fully-paid and are held by MaplesFS Limited as share trustee (in such capacity, the “Share Trustee”) under the terms of a share declaration of trust (the “Share Declaration of Trust”) under which the Share Trustee holds the Shares in trust until the Termination Date (as defined in the Share Declaration of Trust) and may only dispose or otherwise deal with the Shares in accordance with the Share Declaration of Trust. Prior to the Termination Date, the trust is an accumulation trust, but the Share Trustee has power to benefit Qualified Charities (as defined in the Share Declaration of Trust). It is not anticipated that any distribution will be made whilst any Certificates are outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to charity. The Share Trustee has no beneficial interest in, and derives no benefit (other than its fee for acting as Share Trustee) from, its holding of the Shares.

The Business of the Trustee

The objects for which the Trustee is established are set out in Clause 3 of its Memorandum of Association as registered or adopted on 30 April 2015.

The Trustee has no prior operating history or prior business and will not have any substantial assets or liabilities other than in connection with the Certificates issued thus far under the Programme, and will not have any substantial liabilities other than in connection with the Certificates issued, and to be issued, under the Programme.

So long as any of the Certificates remain outstanding, the Trustee shall not incur any other indebtedness in respect of financed, borrowed or raised money whatsoever or engage in any business or activity (other than acquiring and holding assets in connection with the Certificates, issuing the Certificates and entering into related agreements and transactions as provided for in the Transaction Documents), or, inter alia, redeem any of its shares or pay any dividends or make any other distribution to its shareholders, have any subsidiaries or employees, purchase, own, lease or otherwise acquire any real property (including office premises or like facilities), consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entity to any person (other than as contemplated in the Transaction Documents) or issue any shares (other than such Shares as were in issue on the date hereof or as contemplated in the Transaction Documents).

The Trustee has, and will have, no significant assets other than the sum of U.S.$250 representing the issued and paid-up share capital, such fees (as agreed) payable to it in connection with the issue of the Certificates and the acquisition of assets in connection with the Certificates, the bank account into which such paid-up share capital and fees are deposited and the Trust Assets. Save in respect of fees generated in connection with the issue of the Certificates, any related profits and proceeds of any deposits and investments made from such fees or from amounts representing the Trustee’s issued and paid-up share capital, the Trustee does not expect to accumulate any surpluses.
The Certificates are the obligations of the Trustee alone and not the Share Trustee. Furthermore, they are not the obligations of, or guaranteed in any way by, MaplesFS Limited or any other party.

**Restrictions on the Offer of the Certificates**

No invitation, whether directly or indirectly, may be made to the public in the Cayman Islands to subscribe for the Certificates unless or until the Trustee is listed on the Cayman Islands Stock Exchange.

**Financial Statements**

Since the date of incorporation, no financial statements of the Trustee have been prepared. The Trustee is not required by Cayman Islands law, and does not intend, to publish audited financial statements or appoint any auditors.

**Directors of the Trustee**

The directors of the Trustee are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Date of Birth</th>
<th>Principal Occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norbert Neijzen</td>
<td>28/07/1979</td>
<td>Regional Head Fiduciary, Middle East at Maples Fund Services (Middle East) Limited</td>
</tr>
<tr>
<td>Stacy Bodden</td>
<td>16/12/1976</td>
<td>Vice President at MaplesFS Limited</td>
</tr>
</tbody>
</table>

The business address of Norbert Neijzen is c/o Maples Fund Services (Middle East) Limited, Level 14, Burj Daman, Dubai International Financial Centre, P.O. Box 506734, Dubai, United Arab Emirates.

The business address of Stacy Bodden is c/o MaplesFS Limited, P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

The Trustee’s Articles of Association provide that the board of directors of the Trustee will consist of at least one director.

**Conflicts**

There are no potential conflicts of interest between the duties of the directors of the Trustee to the Trustee and their private interests or other duties.

**The Trustee Administrator**

MaplesFS Limited also acts as the administrator of the Trustee (in such capacity, the “**Trustee Administrator**”). The office of the Trustee Administrator serves as the general business office of the Trustee. Through the office, and pursuant to the terms of a corporate services agreement entered into between the Trustee and the Trustee Administrator (the “**Corporate Services Agreement**”), the Trustee Administrator has agreed to perform in the Cayman Islands, the United Arab Emirates and/or such other jurisdiction as may be agreed by the parties from time to time various management functions on behalf of the Trustee and to provide certain clerical,
administrative and other services until termination of the Corporate Services Agreement. The Trustee and the Trustee Administrator have also entered into a registered office agreement (the “Registered Office Agreement”) for the provision of registered office facilities to the Trustee. In consideration of the foregoing, the Trustee Administrator will receive various fees payable by the Trustee at rates agreed upon from time to time, plus expenses.

The terms of the Corporate Services Agreement and the Registered Office Agreement provide that either the Trustee or the Trustee Administrator may terminate such agreements upon the occurrence of certain stated events, including any breach by the other party of its obligations under such agreements. In addition, the Corporate Services Agreement and the Registered Office Agreement provide that either party shall be entitled to terminate such agreements by giving at least three months’ notice in writing to the other party and, in the case of the Corporate Services Agreement, with a copy to any applicable rating agency.

The Trustee Administrator will be subject to the overview of the Trustee’s board of directors.

The Trustee Administrator’s principal office is P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

The directors of the Trustee are all employees or officers of the Trustee Administrator or an affiliate thereof.
DESCRIPTION OF DUKHAN BANK Q.P.S.C.

Overview
The Bank was incorporated in 2008, under the name Barwa Bank Q.P.S.C., with commercial registration number 38012 and began operations on 1 February 2009 as a full-service Islamic bank in Qatar. The Bank rebranded itself under the name of Dukhan Bank Q.P.S.C. in October 2020. The Bank’s registered office is Grand Hamad Street, Doha, Qatar and its telephone number is +974 4448 8888. As at 31 December 2019, the Bank was the third largest Islamic bank in Qatar by total assets, representing approximately 4.5 per cent. of total assets of all commercial banks in Qatar. The Bank also accounted for approximately 19.1 per cent. of Qatar’s Islamic banks’ assets as at 31 December 2019.

As at 30 June 2020, the Bank’s shareholders include the General Retirement and Social Insurance Authority, which holds 24.48 per cent., the QIA through Qatar Holding LLC, which holds 6.96 per cent., the Military Pension Fund, which holds 11.67 per cent., another government fund, which holds 0.91 per cent., and other private shareholders who collectively hold 55.98 per cent. (see “Competition and Competitive Strengths — Strong Governmental support and mutually beneficial partnership with the Government” below for further details).

Since 31 December 2011, the Bank has experienced significant growth of its total assets and total income. The Bank’s total assets were QAR75.4 billion, QAR77.1 billion and QAR44.4 billion as at 30 June 2020, 31 December 2019 and 31 December 2018, respectively. Equity of URIA holders were QAR35.6 billion, QAR42.5 billion and QAR23.2 billion as at 30 June 2020, 31 December 2019 and 31 December 2018, respectively. The Bank’s total income was QAR1.8 billion, QAR3.3 billion and QAR2.3 billion for the six-month period ended 30 June 2020, the year ended 31 December 2019 and the year ended 31 December 2018, respectively. The Bank’s net operating income (which represents total income for the period/year less the sum of return to URIA holders, staff cost, depreciation and amortisation, other expenses and finance cost for the period/year) was QAR 787 million, QAR1.1 billion and QAR765 million for the six-month period ended 30 June 2020, the year ended 31 December 2019 and the year ended 31 December 2018, respectively.

As at 30 June 2020, the Bank had a total of nine branches in Doha and 61 automatic teller machines (“ATMs”) throughout Qatar, as well as electronic banking, internet, mobile and smartphone and telephone banking channels.

The Bank has four principal areas of business, which constitute segments for financial reporting purposes:

- **Wholesale Banking** includes financing, deposits and other transactions and balances with wholesale customers.
- **Personal and Private Banking** includes financings, deposits and other transactions and balances with retail and private customers.
- **Treasury and Investments Division** undertakes the Bank’s funding and centralised risk management activities through borrowings, issues of debt securities, use of risk management instruments for risk management purposes and investing in liquid assets such as short-term placements and corporate and government debt securities. It also manages the Bank’s trading of investments and corporate finance activities.
- **Investment Banking and Asset Management** operates the Bank’s funds management activities. This mainly includes financial advisory services, including deal sourcing, structuring, valuations and advisory services, equity structuring, restructuring and placement, debt structuring, restructuring and placement including project finance, securitisation and sukuk, client portfolio management, structuring of liquidity products, structuring, marketing and management of open and closed ended funds, structuring, acquisition, placement and initial public offerings of private equities.
The Bank’s successes have been internationally recognised, with the Bank receiving the European Magazine Global Banking and Finance’s Best Shariah-Compliant Bank in Qatar Award (2017), the International Finance Magazine’s Most Innovative Islamic Banking Product in Qatar Thara’a Award (2017), the International Finance Magazine’s Best In-House Marketing and Communication Team Award (2017), the World Union for Arab Bankers’ Leading Bank in Islamic Services and Products in Qatar Award (2017), the World Union for Arab Bankers’ Excellence in Diversified Islamic Services and Products in Qatar Award (2018), the Global Finance’s Best Private Bank in Qatar Award (2019), Citibank’s Straight Through Processing (STP) Award (2019) and the New Age Banking Summit’s Most Progressive Bank Award (2020).

The Bank complies with the QCB requirement to maintain a total CAR in excess of 14.0 per cent. The Bank’s TCR was 17.1 per cent. as at 30 June 2020, 17.6 per cent. as at 31 December 2019 and 16.7 per cent. as at 31 December 2018. The Bank’s Tier 1 CAR including capital conservation buffer was QAR9,403 million as at 30 June 2020, QAR9,384 million as at 31 December 2019 and QAR5,528 million as at 31 December 2018. The Bank’s Tier 1 CAR including capital conservation buffer was 16.0 per cent. as at 30 June 2020, 16.4 per cent. as at 31 December 2019 and 15.6 per cent. as at 31 December 2018.

The Bank’s Shari’a Committee ensures the Bank’s compliance with Sharia principles and is responsible for vetting the products and services offered by the Bank to its customers (see “Management – Sharia Advisory Board”).

The Bank has long-term issuer ratings of A by Fitch and A2 by Moody’s, both with stable outlooks. Each of Fitch and Moody’s is established in the United Kingdom and the EU, respectively, and is registered under the CRA Regulation.

History

The Bank was incorporated in 2008 under the name of Barwa Bank Q.P.S.C. as a shareholding company in Qatar to provide banking services, investment and financing activities through various Sharia compliant modes of financing such as Murabaha, Ijara, Mudaraba, Musawama, Wakala and Istisna’ agreements. The Bank also carries out investment activities on its own account and on behalf of its customers. The Bank’s activities are conducted in accordance with Islamic Sharia principles as determined by the Shari’a Committee and in accordance with the provisions of its Memorandum and Articles of Association and regulations of the QCB. The Bank holds a full Islamic banking licence issued and regulated by the QCB.

On 1 February 2009, the Bank began its operations with paid-up capital of QAR500 million divided into 50 million shares issued at QAR10 each. In December 2009, the Bank acquired The First Investor Q.P.S.C. (“TFI”), an investment bank, through a share swap involving 25,920,000 newly issued shares at QAR16.8 each. In July 2010, the Bank acquired First Finance Company Q.P.S.C. (“FFC”), a financing company, through a share swap involving 98,429,100 newly issued shares at QAR16.8 each and First Leasing Company Q.P.S.C. (“FLC”), a leasing company, through a share swap involving 16,520,000 newly issued shares at QAR16.8 each. Each of TFI, FFC and FLC are based in Qatar and are wholly-owned subsidiaries of the Bank. In December 2011, the Bank proceeded with a rights issue by issuing 109,130,900 new shares at QAR16 each, raising a total of QAR1,746 million. The subsequent increase in share capital raised the Bank’s total paid-up capital to QAR3,000 million divided into 300 million shares.

In 2011, the Bank acquired IBQ’s Al Yusr Retail Business. The following year, the Bank introduced its Treasury and Investments (“T&I”) Division and Private Banking segment. In 2012, the Bank also launched its Debt Capital Markets segment and founded the TFI GCC Equity Opportunities Fund which invests in marketable equities and debt securities of entities having shariah compliant business models. In 2014, there was a change in executive leadership as Khalid Al-Subeai was appointed Acting Group CEO. The change was motivated by the Bank’s commitment to Qatariisation and the progression of Qatari talent at all levels of the Group.
On 12 August 2018, the Bank and IBQ entered into a merger agreement that was approved by the Boards of Directors of both banks and was subsequently approved by the shareholders of both banks at their respective extraordinary general meetings in December 2018. On 21 April 2019, the merger became effective upon receiving QCB confirmation and the assets and liabilities of IBQ were assumed by the Bank in consideration for the issuance of 223,410 thousand new shares in the Bank at an exchange ratio of 2.031 to existing shareholders of IBQ for each share of IBQ held. Upon the Combination becoming effective, IBQ was dissolved. The combined bank retained the Bank’s legal registrations and licences and continued to be a sharia-compliant entity.

In October 2020, the Bank rebranded to trade under the name of Dukhan Bank Q.P.S.C. as part of its strategic transformation, which includes the digitalisation of many of the Bank’s core business processes. The Bank takes its name from Dukhan city, West Qatar, which was the first substantial oil reserve to have been discovered in Qatar and, therefore for the Bank, represents a symbol of economic prosperity and social growth.

**Strategy**

**The Bank’s mission**

The Bank’s vision is to be regarded as one of the world’s leading Islamic financial services groups, acknowledged for its progressive ethos, excellent service, outstanding results and contribution to society.

The Bank’s overall mission is to build long-lasting partnerships with customers while, at the same time, creating long-term value for its shareholders through the growth of profitable and sustainable businesses.

The Bank expects to achieve this mission through the following strategies:

**Expansion of the Bank’s Wholesale Banking business in Qatar**

The Bank aims to enhance its established wholesale banking footprint through differentiated products and services which include, among other things, helping clients access global capital markets, sophisticated treasury products, investment banking or corporate finance advisory and a full range of Sharia compliant financing options. In addition, the Bank also seeks to leverage capital deployed through origination and syndication activities.

The Bank believes that by building out its Wholesale Banking business as mentioned above, it will be better positioned to take advantage of the domestic opportunities presented by the implementation of the National Vision (see “Overview of Qatar”). In particular, bearing in mind Qatar’s economic development strategy and the favourable investment climate, the Bank aims to finance a large share of the infrastructure projects planned to take place in the country going forward.

**Selective and focused expansion of the Bank’s Personal Banking segment**

The Bank is targeting a selective and focused expansion of its Personal Banking segment where the return on assets is in line with targets set by management. In particular, it wishes to increase and enhance its premium and private banking products and services to cater to its target market (being high net worth Qatariis and expatriates) through a combination of excellent customer service and increased accessibility. Further, the Bank plans a roll-out of a comprehensive ATM network, market leading internet services and call centres. The Bank also seeks to add to its wealth management capabilities by providing access to a wide spectrum of different asset classes, through both products offered by the Bank and third-party offerings.

**The Bank aims to become a leading institution in the GCC and MENA regions in Islamic financial markets**

The Bank’s strategy in respect of the Treasury and Investments Division is to become recognised by corporate customers and market counterparties for its innovative solutions and quality of service in order to be the
preferred choice for potential clients. Through prudent liquidity and asset liability management, the Bank seeks to strengthen its funding structure and deliver an optimal funding cost. The Bank also aims to increase its sukuk market-making and trading capability to complement the Bank’s Debt Capital Markets segment. The Bank’s Treasury and Investments Division strategy also includes having a broad product offering across financial assets to diversify risk, robust risk management, and enabling close coordination with TFI to increase the Bank’s asset management proposition.

**Leveraging Synergies across the Subsidiaries**

In order to maximise income opportunities and realise infrastructure efficiencies, wherever possible, the Bank seeks to exploit cross-selling opportunities across the Group, for example, cross-selling fee and commission generating products to corporate and private banking customers. Similarly, it seeks to realise inherent economies of scale associated with common infrastructure, premises, Group-level support services, governance functions (Risk, Audit and Compliance) and migration to a common IT platform.

**Maintaining a culture of service excellence and efficiency**

The Bank has a customer centric approach and continues to invest in improving its customer experience proposition, with innovation at the forefront of its customer service model, whilst ensuring cost efficiencies. The Bank focuses on high service quality by providing an efficient and convenient service, unique customer experience and fully-fledged offerings covering key customer needs. Following the Combination, accessibility to the Bank has been further enhanced. It seeks to provide full omnichannel access experience and to further reduce customer waiting time, with real time responses supported by digital transformation.

**Sustainability through liability growth**

One of the Bank’s key strategies is to ensure adequate funding and liquidity and to develop a sustainable cost of funds advantage, seizing opportunities to bolster its balance sheet. The Bank aims to achieve a balanced loan to deposit ratio by increasing customer deposits (in particular, current and savings account deposits) and expanding its private banking client base through a distinctive value proposition. It seeks to further lower its cost of funds as a way to fuel balance sheet growth and improve returns.

**Capital management and allocation**

Capital management and allocation is critical for all of the Bank’s lending and investment decisions. The Bank manages its capital base to obtain an attractive return on capital while maintaining adequate buffers over regulatory requirements and ensuring future growth. The Bank aims to ensure an attractive return on capital by allocating capital to segments and products that offer the best risk adjusted return on equity. The Bank evaluates its capital requirements through various techniques such as demand forecasting and stress testing to ensure adequate buffers.

**Digital transformation**

The digitisation of many of the Bank’s core business processes is a key strategic focus for the Bank. In the context of ever-evolving and rapidly changing customer demands and industry boundaries, in which traditional and non-financial competitors are embracing digital solutions to offer banking services through non-traditional distribution channels, the Bank’s digital and data analytics strategy aims to improve returns on equity through a combination of customer acquisition, reductions in processing costs and reductions in impairment charges.

As part of its long-term strategy towards digital transformation, the Bank launched a mobile banking application in 2019 and plans to launch a Point of Sale (“POS”) product, which will offer valued customers fully-fledged Islamic POS services with easy and convenient user friendly options.
Personnel

The Bank recognises the contribution of its staff members to its long-term profitability and success. To this end, the Bank seeks to retain its key staff members, to periodically review their compensation and incentives and reward them in accordance with their performance. The Bank also remains focused on attracting talent to key new roles within the organisation through a competitive compensation structure, its investment in its people and its commitment to building inspiring career paths for staff.

Competition and Competitive Strengths

Competition

The Bank is subject to competition in Qatar from both locally incorporated and foreign banks. The following factors highlight some of the competitive challenges faced by the Bank:

Increased competition from local and international banks in Qatar

According to the QCB, as at 31 December 2019, there were a total of 17 banks licensed by the QCB, consisting of five domestic conventional banks, one state-owned development bank, four domestic Islamic banks and seven foreign banks. As at 31 December 2019, Qatar National Bank was the largest bank in Qatar and accounted for approximately 55.5 per cent. of the market share in terms of total loans and advances. Within the Islamic banking sector, as at 31 December 2019, the Bank was the third largest Islamic bank in Qatar and had a market share of approximately 19.1 per cent. in terms of total assets, and its main competitors include Qatar Islamic Bank (which accounted for an estimated 40.5 per cent. of the total assets of Qatari Islamic banks), Qatar International Islamic Bank (with an estimated 14.1 per cent. of the total assets of Qatari Islamic banks) and Masraf Al Rayan (with an estimated 26.3 per cent. of total assets of Qatari Islamic banks).

Although local banks generally have stronger relationships with local customers, international banks may have greater resources and access to cheaper funding than local banks. International banks may also be able to leverage their international expertise and this may prove more attractive to key domestic companies and Governmental bodies as well as foreign companies operating in Qatar. To this extent, the Bank may be at a competitive disadvantage.

Increasing competition from entities established in the Qatar Financial Centre

The QFC has attracted new banks and financial institutions given its low-tax environment, the 100 per cent. foreign ownership structure and profit repatriation. The QFC is targeting international institutions which have expertise in banking, insurance, asset management, financial advisory services and securities and derivatives dealing, as well as Islamic finance. Current licensees of the QFC include investment banks and multinational banks. Institutions registered with the QFC undertake activities which are categorised as: (i) “regulated activities” (essentially financial services); or (ii) “non-regulated” activities (essentially activities in support of financial services). QFC registered banks are subject to restrictions on the local banking activities they are permitted to undertake and, as a result, they cannot conduct transactions with retail customers in Qatar.

Competitive Strengths

Notwithstanding the competition faced by the Bank as discussed above, the Bank believes that it has a number of principal strengths which may offer it a competitive advantage, including the following:

Strong brand in Islamic banking

In Qatar, the Bank is one of the leading Islamic banks with a broad portfolio of consumer and wholesale products and well-established relationships with its client base. In the 12 years since its establishment, the Bank has set up a domestic network of nine branches strategically located across Doha. In addition, the Bank has been
repeatedly recognised through awards in international and regional forums for its leading role in the Qatari banking industry (see “Overview” above).

Management believes that the Bank’s strong position in consumer and wholesale banking enables the Bank to benefit from economies of scale and provides a strong platform for sustained profitability in the Qatari banking market. In addition, management believes that the Bank’s market position and strong brand recognition throughout Qatar reflect the Bank’s focus on high quality customer service, creation of innovative products and services and its established track record in both consumer and wholesale banking.

The Bank has maintained strict compliance with Sharia principles in all of its financial transactions through the guidance of the Shari’a Committee. The Shari’a Committee is composed of scholars who are globally renowned in the field of commercial and financial Islamic transactions (see “Management – Sharia Advisory Board” below).

**Strong Governmental support and mutually beneficial partnership with the Government**

The Government directly and indirectly holds over 40 per cent. of the Bank’s issued and paid-up share capital (see “– Capital Structure”). The Bank is partly owned by the Government and therefore the Bank would expect strong governmental support in the event of a crisis.

In recent years, the Government, through the QCB, has taken several steps to provide capital to support the domestic commercial banking sector and thereby ensure the general financial health of Qatar’s banks (see “The Qatar Banking Sector and Regulations – Banking System”). This capitalisation process has enhanced the Bank’s financial position and affirmed its ability to meet its goals and strategic plans. In addition, the Government has also increased its deposit contributions (which represent the sum of governmental deposits in (i) customer current accounts and (ii) equity of URIA holders) from QAR5.1 billion as at 31 December 2011 to QAR15.1 billion as at 31 December 2019.

These Government actions have served to further strengthen the Bank’s already strong capital base. A TCR of 17.6 per cent. (with a Tier 1 CAR including capital conservation buffer of 16.4 per cent.) as at 31 December 2019 indicates that the Bank is well positioned to take advantage of its planned strategies for growth.

The Bank’s interaction with the Government also takes place through the provision of finance to the Government and Government-related entities. In particular, many Government controlled entities regularly engage the Bank in new business opportunities and have remained long standing clients of the Bank. Financing assets outstanding to the Government were QAR6.2 billion as at 30 June 2020 as compared to QAR7.2 billion as at 31 December 2019 and QAR1.6 billion as at 31 December 2018. Similarly, the Bank’s state-linked investment securities were QAR14.0 billion as at 30 June 2020 as compared to QAR14.0 billion as at 31 December 2019 and QAR9.2 billion as at 31 December 2018.

The financial and other support provided by the Government has helped to stabilise the Bank’s performance in turbulent economic periods and to enhance customer and market confidence in the Bank. Although there can be no assurance that the Government will continue to support the Bank, management believes that the Bank’s relationship with the Government is unlikely to change in the foreseeable future.

**Experienced management team and commitment to corporate governance**

The Bank’s Chairman, H.E. Sheikh Mohammad Bin Hamad Bin Jassim Al Thani, has extensive experience in the banking sector, including previous roles with international banks and financial institutions such as J.P. Morgan. In addition, H.E. Sheikh Mohammad Bin Hamad Bin Jassim Al Thani held various posts in the Qatari quasi-governmental and private sector. Day-to-day management of the Bank is entrusted to the Group Chief Executive Officer, Mr. Khalid Al Subeai, who has over 12 years of Investment Banking experience. Mr Khalid Al Subeai has held several key positions within Qatar’s financial sector, including Senior Financial Advisor at
Qatar Petroleum ("QP"), where he was involved in the execution of over U.S.$15 billion in debt capital market transactions. Mr. Khalid Al Subeai is assisted by an experienced management team including, amongst others, the Chief Business Development Officer, the Chief Operating Officer, the Treasurer and Chief Investment Officer and the Chief Financial Officer. The Board and senior management team have extensive knowledge and experience of the banking sector in Qatar and the MENA region and more generally, in leading international financial institutions.

The Bank’s Board and Risk Committee set standards for a robust and effective corporate governance framework. Management believes that corporate governance is a matter of vital importance and a fundamental part of the business practices of the Bank. The combination of an existing team of highly experienced professionals, coupled with best practice corporate governance standards, positions the Bank well for future growth.

*Full product offering to meet both retail and corporate client needs*

The Bank offers customers a comprehensive range of customised Islamic products and services that meet the needs of both its individual and corporate clients.

*Strong liquidity position with diverse funding sources*

The Bank has access to diverse sources of funding. The Bank’s assets are managed with liquidity in mind, in order to maintain a healthy balance of cash, cash equivalents and readily marketable securities. In addition, the Bank maintains a mandatory deposit with the QCB and has contingent funding facilities in place with the QCB.

The Bank’s liquidity positions are monitored closely by the Treasurer and Chief Investment Officer of the Bank and both the Treasurer and the Chief Investment Officer and the Asset and Liability Management Committee have joint responsibility for managing liquidity risk and ensuring compliance with the QCB’s liquidity ratio.

**Capital Structure**

As at 31 December 2019, the Bank’s issued and paid-up share capital comprised 523.4 million ordinary shares with a nominal value of QAR10 each.

The Bank’s major shareholder groups and their approximate shareholdings as at 30 June 2020 were as follows:

<table>
<thead>
<tr>
<th>Shareholder Group</th>
<th>Shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Retirement and Social Insurance Authority</td>
<td>24.48</td>
</tr>
<tr>
<td>Military Pension Fund (Qatar)</td>
<td>11.67</td>
</tr>
<tr>
<td>Qatar Holding LLC(1)</td>
<td>6.96</td>
</tr>
<tr>
<td>Other government fund</td>
<td>0.91</td>
</tr>
<tr>
<td>Other private shareholders</td>
<td>55.98</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Note:

(1) Qatar Holding LLC is a direct subsidiary of QIA.

Dividends are recorded and paid subject to approval from the Bank’s shareholders. For the year ended 31 December 2019, the Bank’s shareholders approved a dividend of QAR520 million (representing a 10.0 per cent. cash dividend).
Business Activities

The Bank has four principal areas of business, which constitute segments for financial reporting purposes:

- **Wholesale Banking** includes financing, deposits and other transactions and balances with wholesale customers.

- **Personal and Private Banking** includes financings, deposits and other transactions and balances with retail and private customers.

- **Treasury and Investments Division** undertakes the Bank’s funding and centralised risk management activities through borrowings, issues of debt securities, use of risk management instruments for risk management purposes and investing in liquid assets such as short-term placements and corporate and government debt securities. It also manages the Bank’s trading of investments and corporate finance activities.

- **Investment Banking and Asset Management** operates the Group’s funds management activities. This mainly includes financial advisory services, including deal sourcing, structuring, valuations and advisory services, equity structuring, restructuring and placement, debt structuring, restructuring and placement including project finance, securitisation and sukuk, client portfolio management, structuring of liquidity products, structuring, marketing and management of open and closed ended funds, structuring, acquisition, placement and initial public offerings of private equities.

Overview

Set out below is summary information for the financial reporting segments for the six-month period ended 30 June 2020, the year ended 31 December 2019 and the year ended 31 December 2018. For further information, please see “Operating Performance”.

**Wholesale Banking:** For the six-month period ended 30 June 2020, the year ended 31 December 2019 and the year ended 31 December 2018, revenue attributable to Wholesale Banking was QAR799.1 million, QAR1,442.2 million and QAR1,014.7 million, respectively (45.2 per cent., 44.0 per cent. and 44.2 per cent. of the Bank’s total revenue, respectively). For the six-month period ended 30 June 2020, the year ended 31 December 2019 and the year ended 31 December 2018, reportable segment net profit attributable to Wholesale Banking was QAR164.8 million, QAR178.8 million and QAR368.6 million, respectively (31.1 per cent., 23.4 per cent. and 48.2 per cent. of the Bank’s total net profit, respectively). As at 30 June 2020, 31 December 2019 and 31 December 2018, total assets attributable to Wholesale Banking amounted to QAR33.2 billion, QAR31.8 billion and QAR16.3 billion, respectively (44.1 per cent., 41.2 per cent. and 36.8 per cent. of the Bank’s total assets, respectively).

**Personal and Private Banking:** For the six-month period ended 30 June 2020, the year ended 31 December 2019 and the year ended 31 December 2018, revenue attributable to Personal and Private Banking was QAR583.2 million, QAR1,113.8 million and QAR754.8 million, respectively (33.3 per cent., 34.0 per cent. and 32.9 per cent. of the Bank’s total revenue, respectively). For the six-month period ended 30 June 2020, the year ended 31 December 2019 and the year ended 31 December 2018, reportable segment net profit attributable to Personal and Private Banking was QAR119.6 million, QAR419.9 million and QAR374.8 million, respectively (22.6 per cent., 54.9 per cent. and 49.0 per cent. of the Bank’s total net profit, respectively). As at 30 June 2020, 31 December 2019 and 31 December 2018, total assets attributable to Personal and Private Banking amounted to QAR20.0 billion, QAR21.1 billion and QAR12.5 billion, respectively (26.5 per cent., 27.4 per cent. and 28.1 per cent. of the Bank’s total assets, respectively).

**Treasury and Investments Division:** For the six-month period ended 30 June 2020, the year ended 31 December 2019 and the year ended 31 December 2018, revenue attributable to Treasury and Investments Division was QAR381.4 million, QAR697.7 million and QAR514.4 million, respectively (21.6 per cent., 21.3 per cent. and
22.4 per cent. of the Bank’s total revenue, respectively). For the six-month period ended 30 June 2020, the year ended 31 December 2019 and the year ended 31 December 2018, reportable segment net profit attributable to Treasury and Investments Division was QAR247.1 million, QAR165.5 million and QAR63.2 million, respectively (46.7 per cent., 21.6 per cent. and 8.3 per cent. of the Bank’s total net profit, respectively). As at 30 June 2020, 31 December 2019 and 31 December 2018, total assets attributable to Treasury and Investments Division amounted to QAR20.1 billion, QAR22.1 billion and QAR14.3 billion, respectively (26.6 per cent., 28.7 per cent. and 32.1 per cent. of the Bank’s total assets, respectively).

**Investment Banking and Asset Management:** For the six-month period ended 30 June 2020, the year ended 31 December 2019 and the year ended 31 December 2018, revenue attributable to Investment Banking and Asset Management was QAR3.5 million, QAR21.6 million and QAR10.5 million, respectively (0.2 per cent., 0.7 per cent. and 0.5 per cent. of the Bank’s total revenue, respectively). For the six-month period ended 30 June 2020, the year ended 31 December 2019 and the year ended 31 December 2018, reportable segment net profit or loss attributable to Investment Banking and Asset Management was a net loss of QAR2.2 million, a net profit of QAR0.9 million (0.1 per cent. of the Bank’s total net profit) and a net loss of QAR41.6 million, respectively. As at 30 June 2020, 31 December 2019 and 31 December 2018, total assets attributable to Investment Banking and Asset Management amounted to QAR515.4 million, QAR516.9 million and QAR515.8 million, respectively (0.7 per cent., 0.7 per cent. and 1.2 per cent. of the Bank’s total assets, respectively).

**Operational Structure**

**Wholesale Banking**

The Wholesale Banking division includes three segments: Corporate Banking and Government and Institutional Banking.

**Corporate Banking**

Corporate Banking provides a full range of Sharia compliant financial products and services to its corporate customers. Its primary activity is to lend to corporate entities, including small- and medium-sized enterprises (“SME”), by way of Ijara, Murabaha, Musawama, Mudaraba, Istisna and foreign trade finance products.
Corporate Banking focuses primarily on financing to real estate, manufacturing, trading, contracting, conglomerates and SME sectors.

Corporate Banking’s payment and cash management services allow corporates access to a diverse range of accounts and products such as payroll, salary card, bulk cheques and cash collection. In addition, Corporate Banking offers a full suite of Sharia compliant trade financing products and the expertise to arrange, originate and participate in syndications and global capital markets transactions for large and sophisticated customers. Treasury and investment products are also offered to corporate clients to allow them to mitigate and manage their risk as well as to invest in a wide range of financial instruments.

This segment also aims to support the SME sector in Qatar by identifying and investing in high quality assets and, through its tie-up with Qatar Development Bank’s “Al Dameen Program”, which secures 85 per cent. of a facility provided by the Bank to a particular obligor in the SME sector which, in turn, promotes SME growth.

Corporate Banking’s principal products and services include the following financing arrangements:

**Ijara**

The form of *Ijara* offered by the Bank is a finance or capital lease which enables the Bank’s corporate customers to acquire an asset through a leasing arrangement. Customers contract with the Bank to make lease payments for the use of an asset which the Bank purchases. At the end of the lease period, the ownership of the asset transfers to the customer. *Ijara* financing is provided predominantly to corporate customers for the purchase or lease of properties.

**Murabaha**

*Murabaha* offers customers the ability to acquire assets over a period of time consistent with their sources of income and their financial position. Under a *Murabaha* transaction, the Bank provides the customer with the money needed to purchase an asset for business use. The customer, in conjunction with the Bank, negotiates the purchase price of the asset with the seller. The Bank purchases the asset from the seller then sells it to the customer after adding an agreed profit amount and allows the customer to pay the full amount over a period of time in instalments.

**Musawama**

*Musawama* offers customers the ability to acquire assets when needed and to pay the purchase price plus profit in instalments over a period of time. In a *Musawama* transaction, the customer requests the Bank to purchase a certain asset or commodity from a third party. The price of the commodity is usually unknown to the customer. Upon acquiring the commodity, the Bank adds its profit amount and offers to sell it to the customer, who has the right to accept, refuse or negotiate the price. If accepted, the customer repays the total amount to the Bank in agreed instalments. *Musawama* is usually provided to finance local purchases including vehicles, real estate, machinery and equipment.

*Murabaha* and *Musawama* contracts are provided to corporate customers for the financing of, among other things, working capital and the purchase of plant and equipment.

**Mudaraba**

The Bank provides project financing or *Mudaraba* financing to customers in construction and project development industries in Qatar. The Bank may finance projects awarded to the contractor provided the project owner is a Government or quasi-Government entity, or other credit-worthy public companies. Projects financed under *Mudaraba* contracts are usually state infrastructure projects.
Istisna
In an Istisna financing, the Bank enters into a contract with the customer requesting the financing in order to execute a specific construction project such as a residential compound, office building, private residence or an apartment building.

As at 31 December 2019, the most popular financing methods for the Bank’s corporate customers were Murabaha and Ijara, which together represent 89 per cent. of the total corporate financing portfolio before allowance for impairment of QAR17.1 billion as at that date.

Government and Institutional Banking
The Government and Institutional Banking segment’s target markets are governments, government-related entities and large institutions in Qatar and overseas. The focus of this segment is on attracting low cost funds for all business lines and employing those funds in high value assets. A number of debt capital markets initiatives have raised the Bank’s profile and opened overseas markets such as the United Kingdom, Turkey, Saudi Arabia and the United Arab Emirates for Government and Institutional Banking.

Personal and Private Banking
This division includes two segments: Personal Banking and Private Banking including wealth management.

Personal Banking
The Personal Banking segment provides retail customers with Islamic banking products and services which, as at 30 June 2020, are distributed through the Bank’s network of eight branches and 61 ATMs as well as electronic banking, internet, mobile and smartphone and telephone banking channels (see “Branch Network and Product Distribution”). The Personal Banking segment is composed of the three following functions:

- the Retail Sales, Service and Business Development function is responsible for managing customer relationships and developing the Personal Banking business. Among other things, the team is in charge of financial planning, credit and debit cards section and the management of branches;
- the Operations and Support function is charged with branch and account operations and sales and service support (including call centre operations); and
- the Product Development and Property function is responsible for the development of products and projects to meet market requirements as well as quality standards during development and post-development stages.

As at 30 June 2020, Personal Banking had a total of 90,056 retail customers. Total customer deposits from Personal Banking as at 30 June 2020 amounted to QAR8.3 billion, representing 19.7 per cent. of the Bank’s total customer deposits. Within these deposits, 34.7 per cent. (or QAR2.9 billion) are savings and current account type deposits.

The principal services and products offered to Personal Banking customers include:

- non-profit-earning demand deposit accounts (or “current accounts”);
- profit-paying demand deposit accounts (or “savings accounts”);
- the Faseel high profit savings account;
- the Jeelkum high profit savings account for minors;
- profit-paying term deposit accounts (with a minimum term of one month to a maximum term of 60 months);
- Prestige Banking services including an exclusive window for all Prestige banking customers, dedicated Prestige Banking areas in all full-service branches and uniquely designed cards and cheque books;
- consumer financing services including the provision of financing for automobile, residential property, building material and share purchases through Murabaha, Musawama, Istisna, Ijara and Musharaka methods of financing; and
- electronic credit and debit cards (including Visa and MasterCard banking cards, “Classic”, “Gold” or “Platinum” credit cards and the Bank’s Smart Debit Cards).

The Murabaha sale is the most popular form of retail financing, representing 71 per cent. of total retail financing assets before allowance for impairment as at 31 December 2019. These financing products are used to finance the purchase of cars, homes and consumer household items. Ijara financing makes up approximately 23 per cent. of the retail financing portfolio as at 31 December 2019. Musawama and Murabaha financing is provided to retail customers for the purchase of consumer goods and investments including, amongst others, automobiles, other vehicles, white goods, furnishings and shares.

**Private Banking**

The Bank’s Private Banking segment aims to provide a high-quality service to Niche Ultra-High Net Worth Individuals (“NUHNWI”), Ultra-High Net Worth Individuals (“UHNWI”) and High Net Worth Individuals (“HNWI”) in Qatar and abroad who seek to have their wealth managed in a Sharia compliant way. NUHNWI, UHNWI and HNWI are clients with liquid assets, deposits, investments, credit exposure or credit turnover of QAR100 million, QAR50-100 million and QAR10-50 million, respectively.

Private Banking comprises the following three core functions:

- the Sales and Advisory function is responsible for managing client relationships and includes front line staff such as relationship managers;
- the Client Support function is responsible for account operations, sales and service support; and
- the Product Development function is also responsible for the development of products to meet customer needs and to ensure quality standards during development and post-development stages.

Private Banking offerings include all type of Islamic financing products, tailored to meet customer demands within Islamic financing structures, namely Commodity Murabaha, Trade Murabaha, Vehicle Murabaha, Ijara, Istisna, Musawama and Wakala.

In addition to these finance offerings, investment advisory, property advisory and management services are also offered. The services offered by the family office, which include wealth and tax planning, global concierge services and yacht search and administration, are also benefiting from ongoing development. In the future, the Bank is also seeking to offer offshore private banking services.

**Treasury and Investments Division**

The Treasury and Investments Division undertakes the Bank’s funding and centralised risk management activities through borrowings, issues of debt securities, use of risk management instruments and investments in liquid assets such as short-term placements and corporate and Government debt securities. Since 2013, the Treasury and Investments Division has developed from being solely a funding centre to a full-service treasury and investment group. In this regard, the Treasury and Investments Division is focused on:

- managing liquidity and meeting funding requirements efficiently to enhance yield;
- providing foreign exchange services and pricing to customers and branches;
The Treasury and Investments Division also engages in investments in, among other things, sukuk markets, equity markets (both in the GCC and internationally) and structured products. The division also has limited investments in funds and private equity. In relation to capital markets, the Treasury and Investments Division’s portfolio of listed securities is composed of both sukuk and regional or international equities.

The Treasury and Investments Division has sought to strengthen its risk and control function through quality control of the Treasury’s transactions and independent monitoring by the Risk Management and Compliance Committee. Moreover, in relation to business management and human resources, additional products aimed at optimising returns have been added to the product panel of the Treasury including Islamic swaps, forwards and rate hedging solutions, and training programmes have been devised for each team member.

### Debt Capital Markets

The principal activities undertaken in the Debt Capital Markets segment are the arrangement of sukuk transactions.

The Bank has acted as joint lead manager, book-runner and co-lead manager in a number of major GCC sovereign and supranational sukuk issuances as well as sukuk issuances by corporate, quasi-sovereigns and financial institutions. Recent sukuk transactions on which the Bank has acted include Qatar International Islamic Bank’s Inaugural AT1 sukuk issuance.

### Subsidiaries

The following table outlines the principal subsidiaries of the Bank:

<table>
<thead>
<tr>
<th>Percentage of ownership</th>
<th>Country of incorporation</th>
<th>Year of incorporation</th>
<th>As at 31 December</th>
<th>As at 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>2018</td>
<td>2019</td>
</tr>
<tr>
<td>The First Investor Q.P.S.C...............................</td>
<td>Qatar</td>
<td>1999</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>First Finance Company Q.P.S.C..........................</td>
<td>Qatar</td>
<td>1999</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>First Leasing Company Q.P.S.C...........................</td>
<td>Qatar</td>
<td>2008</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>IBQ Finance Limited...............................</td>
<td>Cayman Islands</td>
<td>2015</td>
<td>—</td>
<td>100%</td>
</tr>
<tr>
<td>IBQ Global Markets Limited.............................</td>
<td>Cayman Islands</td>
<td>2017</td>
<td>—</td>
<td>100%</td>
</tr>
</tbody>
</table>

### The First Investor Q.P.S.C.

TFI is an Islamic investment bank with a share capital of QAR240 million. TFI provides a full range of investment banking products and services that comply with Sharia principles. TFI is regulated by the QCB and provides specialised services and solutions to its clients through three core business segments:

**Real Estate**

TFI acts as adviser, arranger, structurer and fund manager in relation to real estate transactions for large sovereign, institutional and high net worth investors, real estate companies and corporations in Qatar and the
wider MENA region. It provides full service strategic, financial, joint venture origination, corporate management, business planning and investment advice in a Sharia compliant framework. TFI also manages several funds that invest in real estate in various regions across the globe.

**Investment Banking**
TFI provides a comprehensive advisory service to firms, HNWIs and other institutions across Qatar and the MENA region. TFI also provides advice to its clients on mergers and acquisitions, strategic alliances, and private equity and strategic investments.

**Asset Management**
TFI is a Sharia compliant asset manager specialising in the management of public equity funds, structured products and discretionary investment portfolios in a bid to achieve long-term growth of capital and income through listed investments on behalf of regional and international institutions, as well as UHNWI.

TFI’s total revenues were QAR6.2 million, QAR23.4 million and QAR12.3 million for the six-month period ended 30 June 2020, the year ended 31 December 2019 and the year ended 31 December 2018, respectively. TFI’s net profit was QAR2.2 million, QAR2.6 million and a net loss of QAR40.0 million for the six-month period ended 30 June 2020, the year ended 31 December 2019 and the year ended 31 December 2018, respectively. TFI’s total assets were QAR515.4 million, QAR519.9 million and QAR518.7 million as at 30 June 2020, 31 December 2019 and 31 December 2018, respectively.

**First Finance Company Q.P.S.C.**
FFC provides consumer finance services in compliance with Sharia principles and is licensed by the QCB. The company offers a range of Islamic financing products in relation to the following:

- purchase of automobiles and heavy equipment;
- financing of household items and real estate;
- financing of SMEs; and
- other financing services which aim to contribute to Qatari social life (e.g. education, medical and travel).

FFC is seeking to refocus its financing book to ensure an appropriate balance between retail and SME or micro-enterprises as well as vehicle, real estate and other product financing. Management are also seeking to bring services online and increase accessibility to the professional expatriate community in Qatar.

FFC’s total revenues were QAR71.6 million, QAR160.9 million and QAR154.9 million for the six-month period ended 30 June 2020, the year ended 31 December 2019 and the year ended 31 December 2018, respectively. FFC’s net profit was QAR31.7 million, QAR94.2 million and QAR93.0 million for the six-month period ended 30 June 2020, the year ended 31 December 2019 and the year ended 31 December 2018, respectively. FFC’s total assets were QAR1,660.8 million, QAR1,640.5 million and QAR1,674.9 million as at 30 June 2020, 31 December 2019 and 31 December 2018, respectively.

**First Leasing Company Q.P.S.C.**
FLC is a diversified Islamic leasing and asset-backed financing provider. FLC provides specialised services and solutions to clients through three core business segments:

- operating lease;
- financial lease; and
- sale and lease back.
FLC offers leasing and instalment payment solutions for a variety of assets and industries, including but not limited to: information technology; telecommunications; marine vessels and related assets; aircraft; manufacturing; office equipment; vehicle fleets; construction; healthcare; and real estate.

FLC’s total revenues were QAR10.5 million, QAR18.2 million and QAR17.9 million for the six-month period ended 30 June 2020, the year ended 31 December 2019 and the year ended 31 December 2018, respectively. FLC’s net profit was QAR6.7 million, QAR10.4 million and QAR11.5 million for the six-month period ended 30 June 2020, the year ended 31 December 2019 and the year ended 31 December 2018, respectively. FLC’s total assets were QAR290.0 million, QAR283.6 million and QAR273.6 million as at 30 June 2020, 31 December 2019 and 31 December 2018, respectively.

**IBQ Finance Limited (“IBQ Finance”)**

IBQ Finance is incorporated in the Cayman Islands to engage in debt issuance for the benefit of IBQ.

Upon the Combination, the Group assumed U.S.$500,000,000 five year senior unsecured fixed rate notes due 2020 under a U.S.$2,000,000,000 Euro Medium Term Note programme (the “EMTN Programme”) established by IBQ Finance. The total outstanding balance of the notes is QAR1,643 million as at 30 June 2020 (31 December 2019: QAR1,824 million). The notes carry a fixed profit coupon of 3.50 per cent. per annum with profit payable semi-annually in arrear and are listed on the Irish Stock Exchange plc, trading as Euronext Dublin. The EMTN Programme was established in 2015. The Group has decided not to renew the EMTN Programme when the outstanding notes issued under the EMTN Programme mature on 25 November 2020.

**IBQ Global Markets Limited (“IBQ Global Markets”)**

IBQ Global Markets Limited was incorporated in the Cayman Islands to engage in conducting derivative transactions on behalf of the Group. IBQ Global Markets currently has no assets or liabilities.

**Investment in Associates and Joint Ventures**

The following table outlines the Bank’s investments in associates as at 31 December 2019:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Country of incorporation</th>
<th>Percentage of holding as at 31 December 2018</th>
<th>Total investment amount as at 31 December 2018 (QAR’000)</th>
<th>Percentage of holding as at 31 December 2019</th>
<th>Total investment amount as at 31 December 2019 (QAR’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emdad Equipment Leasing Company Qatar W.L.L. (“Emdad”)</td>
<td>Machinery and equipment leasing</td>
<td>Qatar</td>
<td>39.2%</td>
<td>10,179</td>
<td>39.2%</td>
</tr>
<tr>
<td>TFI-Tanween Investment Company (“Tanween Inv.”)</td>
<td>Real estate</td>
<td>Qatar</td>
<td>50.0%</td>
<td>8,350</td>
<td>50.0%</td>
</tr>
<tr>
<td>Juman Village</td>
<td>Real estate</td>
<td>Saudi Arabia</td>
<td>27.4%</td>
<td>12,935</td>
<td>27.4%</td>
</tr>
<tr>
<td>Tanween W.L.L. (“Tanween”)</td>
<td>Real estate development management</td>
<td>Qatar</td>
<td>48.0%</td>
<td>85,073</td>
<td>48.0%</td>
</tr>
<tr>
<td>Shatter Abbas</td>
<td>Restaurant</td>
<td>Qatar</td>
<td>49.0%</td>
<td>36,066</td>
<td>49.0%</td>
</tr>
</tbody>
</table>

**Emdad**

Emdad is an equipment and machinery leasing company in Qatar. The net book value of the Bank’s investment in Emdad was QAR10.2 million as at 31 December 2019 and QAR10.2 million as at 31 December 2018.
As at 31 December 2019 and 31 December 2018, Emdad’s total assets remained unchanged at QAR68.9 million. For the financial year ended 31 December 2019, the Bank’s annual net profit from Emdad’s operations amounted to QAR 0 and for the financial year ended 31 December 2018, the Bank recorded a net loss of QAR10.0 million.

Tanween Inv.
Tanween Inv. is an investment company in Qatar. The net book value of the Bank’s investment in Tanween Inv. was QAR9.0 million as at 31 December 2019 and QAR8.4 million as at 31 December 2018.

As at 31 December 2019 and 31 December 2018, Tanween Inv.’s total assets amounted to QAR18.0 million and QAR16.7 million, respectively. For the financial years ended 31 December 2019 and 31 December 2018, the Bank’s annual net profit from Tanween Inv.’s operations amounted to QAR0.7 million and QAR0.5 million, respectively.

Juman Village
Juman Village is a Saudi Arabia based real estate company. The net book value of the Bank’s investment in Juman Village was QAR8.1 million as at 31 December 2019 and QAR12.9 million as at 31 December 2018.

As at 31 December 2019 and 31 December 2018, Juman Village’s total assets amounted to QAR185.3 million and QAR181.2 million, respectively. For the financial years ended 31 December 2019 and 31 December 2018, the Bank’s annual net loss from Juman Village’s operations amounted to QAR0.1 million and QAR2 thousand, respectively.

Tanween
Tanween is a real estate development management company in Qatar. The net book value of the Bank’s investment in Tanween was QAR84.7 million as at 31 December 2019 and QAR85.1 million as at 31 December 2018.

As at 31 December 2019 and 31 December 2018, Tanween’s total assets amounted to QAR225.0 million and QAR226.5 million, respectively. For the financial years ended 31 December 2019 and 31 December 2018, the Bank’s annual net loss from Tanween’s operations amounted to QAR0.4 million and QAR21.4 million, respectively.

Shatter Abbas
Shatter Abbas is a chain of restaurants in Qatar. The net book value of the Bank’s investment in Shatter Abbas was QAR35.4 million as at 31 December 2019 and QAR36.1 million as at 31 December 2018.

As at 31 December 2019 and 31 December 2018, Shatter Abbas’ total assets amounted to QAR17.9 million and QAR23.6 million, respectively. For the financial years ended 31 December 2019 and 31 December 2018, the Bank’s annual net loss from Shatter Abbas’ operations amounted to QAR0.6 million and QAR0.1 million, respectively.

Concentration of Risks of Financial Assets with Credit Risk Exposure by Industry Sector
The following table breaks down the Group’s credit exposure at carrying amounts before taking into account collateral held or other credit enhancements, as categorised by the industry sectors of the Group’s counterparties.
Total exposure

<table>
<thead>
<tr>
<th>funded and unfunded</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>government</td>
<td>16,476,689</td>
<td>25,054,990</td>
</tr>
</tbody>
</table>
| industry and
manufacturing    | 915,026    | 2,947,261  |
| commercial          | 3,738,400  | 9,612,673  |
| financial services  | 4,957,486  | 8,962,756  |
| contracting         | 10,370,832 | 18,114,362 |
| real estate         | 8,549,922  | 12,910,083 |
| personal            | 3,478,442  | 11,174,915 |
| services and others | 11,024,498 | 15,148,857 |
|                      | 59,511,295 | 103,925,897|

Branch Network and Product Distribution

As at 30 June 2020, the Bank had a network of eight branches and 61 ATMs. The Bank is also a part of the Qatari National ATM and POS Switch network of shared ATMs, thereby broadening access to ATM banking for its customers through shared ATMs and other banks’ ATMs.

The Bank also has a range of additional distribution channels available to customers as set out below.

- mobile and smartphone banking;
- internet banking;
- credit cards;
- telephone banking; and
- interactive voice response system.

The Bank has also developed banking services on iPad or personal digital assistants and through virtual banking consultants.

Financial Investments

The following table presents a breakdown of the Bank’s direct financial investments in securities:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(QAR'000)</td>
<td>(QAR'000)</td>
</tr>
<tr>
<td>investments classified as held for trading:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>equity-type investments</td>
<td></td>
<td>29,447</td>
</tr>
<tr>
<td>debt-type investments</td>
<td></td>
<td>3,330</td>
</tr>
<tr>
<td></td>
<td></td>
<td>32,777</td>
</tr>
</tbody>
</table>
As at 31 December

<table>
<thead>
<tr>
<th></th>
<th>2018 (QAR’000)</th>
<th>2019 (QAR’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt-type investments classified at amortised cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed rate</td>
<td>9,688,671</td>
<td>15,050,889</td>
</tr>
<tr>
<td>Allowance for impairment</td>
<td>(10,454)</td>
<td>(8,172)</td>
</tr>
<tr>
<td></td>
<td>9,678,217</td>
<td>15,042,717</td>
</tr>
<tr>
<td>Equity-type investments classified as fair value through equity</td>
<td>864,768</td>
<td>863,160</td>
</tr>
<tr>
<td></td>
<td>10,542,985</td>
<td>15,938,654</td>
</tr>
<tr>
<td>Accrued profit income</td>
<td>99,365</td>
<td>160,444</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>10,642,350</td>
<td>16,099,098</td>
</tr>
</tbody>
</table>

The Bank’s financial investments are all currently classified as either “debt-type” or “equity-type” instruments.

**Classification**

Debt-type investments are investments that have terms that provide fixed or determinable payments of profit and capital. Equity-type investments are investments that do not exhibit features of debt-type instruments and include instruments that evidence a residual interest in the assets of an entity after deducting all of its liabilities.

**Debt-type instruments**

Investments in debt-type instruments are classified into the following categories:

- at amortised cost; and
- at fair value through income statement.

A debt-type investment is classified and measured at amortised cost only if the instrument is managed on a contractual yield basis or the instrument is not held for trading or designated at fair value through income statement.

Debt-type investments classified and measured at fair value through income statement include investments held for trading or designated at fair value through income statement. At inception, a debt-type investment managed on a contractual yield basis can only be designated at fair value through income statement if it eliminates an accounting mismatch that would otherwise arise on measuring the assets or liabilities or recognising the gains or losses on them on different bases.

**Equity-type investments**

Investments in equity-type instruments are classified into the following categories:

- at fair value through income statement; and
- at fair value through equity.

Equity-type investments classified and measured at fair value through income statement include investments held for trading or designated at fair value through income statement.

An investment is classified as held for trading if acquired or originated principally for the purpose of generating a profit from short-term fluctuations in price or dealer’s margin. Any investments that form part of a portfolio where there is an actual pattern of short-term profit taking are also classified as ‘held for trading’.
Equity-type investments designated at fair value through income statement include investments which are managed and evaluated internally for performance on a fair value basis.

On initial recognition, the Bank makes an irrevocable election to designate certain equity instruments that are not designated at fair value through income statement to be classified as investments at fair value through equity.

**Recognition and de-recognition**
Investment securities are recognised at the trade date (i.e., the date that the Bank contracts to purchase or sell the asset or at which date the Bank becomes party to the contractual provisions of the instrument). Investment securities are de-recognised when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership.

**Measurement**

**Initial recognition**
Investment securities are initially recognised at fair value plus transaction costs, except for transaction costs incurred to acquire investments at fair value through income statement (which are charged to consolidated income statement).

**Subsequent measurement**
Investments at fair value through income statement are re-measured at fair value at the end of each reporting period and the resultant re-measurement gains or losses are recognised in the consolidated income statement in the period in which they arise. Subsequent to the initial recognition, investments classified at amortised cost are measured at amortised cost using the effective profit method less any impairment allowance. All gains or losses arising from the amortisation process and those arising from de-recognition or impairment of the investments are recognised in the consolidated income statement.

Investments at fair value through equity are re-measured at their fair values at the end of each reporting period and the resultant gain or loss arising from a change in the fair value of investments are recognised in the consolidated statement of changes in owners’ equity and presented in a separate fair value reserve within equity. When the investments classified as fair value through equity are sold, impaired, collected or otherwise disposed of, the cumulative gain or loss previously recognised in the consolidated statement of changes in equity is transferred to the consolidated income statement.

Investments which do not have a quoted market price, or other appropriate methods from which to derive a reliable measure of fair value on a continuous basis cannot be determined, are stated at cost less impairment allowance (if any).

**Measurement principles**

**Amortised cost measurement**
The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus capital repayments, plus or minus the cumulative amortisation using the effective profit method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. The calculation of the effective profit rate includes all fees and points paid or received that are an integral part of the effective profit rate.

**Fair value measurement**
Fair value is the amount for which an asset could be exchanged or an obligation settled between well informed and willing parties (seller and buyer) in an arm’s length transaction. The Bank measures the fair value of quoted investments using the market closing bid price for that instrument. For unlisted investments, the Bank
recognises any increase in the fair value when it has reliable indicators to support such an increase and to evaluate the fair value of these investments. These reliable indicators are limited to the most recent transactions for the specific investment or similar investments made in the market on a commercial basis between willing and informed parties.

**Impairment**

Expected credit losses (“ECL”) are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

**Equity-type investments classified as fair value through equity**

In the case of equity-type investments classified as fair value through equity and measured at fair value, a significant (where market value has declined by a minimum of 20 per cent.) or prolonged (where market value has declined for nine months at least) decline in the fair value of an investment below its cost is considered in determining whether the investments are impaired. If any such evidence exists for equity-type investments classified as fair value through equity, the cumulative loss previously recognised in the consolidated statement of changes in equity is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity-type investments are subsequently reversed through consolidated income statement.

**Investment Properties**

The carrying amount of investment property as of 31 December 2019 is QAR3.73 million (31 December 2018: QAR3.96 million). The fair value of the investment properties is not materially different from the carrying amount as of the reporting date.

**Information Technology**

The Bank has, from its inception, invested heavily in information technology and now has a state-of-the-art suite of banking systems across most core banking functions. The Bank currently operates key third party software to support its different operating functions and provides a full suite of electronic and phone banking services. All customer interfaces are subjected to rigorous third party penetration testing prior to deployment and incorporate industry standard two-factor authentication to mitigate the risk of security breaches.

As part of its business continuity plan, the Bank maintains a back-up data centre in Doha which supports all critical systems. The Group has a disaster recovery policy and tests full and partial disaster recovery scenarios at regular intervals.

The Bank applies and deploys the highest security standards in order to protect the data for its omni channels and internet banking services.

**Takaful (Islamic Insurance)**

The Bank maintains insurance policies and coverage that it deems appropriate. This includes a financial institution’s blanket bond covering standard risk including electronic equipment and professional indemnity cover. The Bank maintains standard property insurance for all premises. Electronic equipment is insured separately.

The Bank reviews insurance coverage on an ongoing basis and believes the coverage to be in accordance with industry practice in Qatar.
MANAGEMENT

Management

The Bank is domiciled and registered in Qatar as an Islamic bank under the regulatory oversight of the QCB. This section sets out the Bank’s organisational structure as at the date of this Base Prospectus.

Operational and Corporate Governance Structure

The below diagrams show the Bank’s operational and corporate governance structures.

Operational Structure:

Corporate Governance Structure:
The Board of Directors

The board of directors of the Bank (the “Board”) is responsible for the overall direction, supervision and control of the Bank. The day-to-day management of the Bank is conducted by the Executive Committee and the CEO.

The principal role of the Board is to oversee the implementation of the Bank’s strategic initiatives and its functions within the agreed framework in accordance with relevant statutory and regulatory structures. The Board meets at least six times a year. The Board (which is required to have a minimum of five members) currently comprises 11 members. Each Director holds his position for three years, which may then be renewed.

Decisions of the Board are, with limited exceptions, made by majority votes of those present (in person or by proxy) at the meeting. The Board and the Bank’s senior management have delegated certain powers to committees, as described below.

As at the date of this Base Prospectus, the Board includes:

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
<th>Year of appointment</th>
<th>Date of birth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman and Managing Director</td>
<td>H.E. Sheikh Mohammed Bin Hamad Bin Jassim Al Thani</td>
<td>2008</td>
<td>04/07/1984</td>
</tr>
<tr>
<td>Vice Chairman</td>
<td>Mr. Abdulaziz Mohammed Hamad Al Mana</td>
<td>2013</td>
<td>13/01/1980</td>
</tr>
<tr>
<td>Director</td>
<td>Ms. Moza Al Mohammed Sulaiti</td>
<td>2015</td>
<td>25/08/1971</td>
</tr>
<tr>
<td>Director</td>
<td>Sheikh Jassim Bin Fahad Bin Jassim Al-Thani</td>
<td>2019</td>
<td>01/01/1977</td>
</tr>
<tr>
<td>Director</td>
<td>Sheikh Khalid Bin Hassan Bin Khalid Al-Thani</td>
<td>2019</td>
<td>05/01/1989</td>
</tr>
<tr>
<td>Director</td>
<td>Mr. Nasser Ali Al-Hajri</td>
<td>2019</td>
<td>17/02/1965</td>
</tr>
<tr>
<td>Director</td>
<td>Mr. Abdulaziz Mohamed J A Al-Sulaiti</td>
<td>2019</td>
<td>29/05/1985</td>
</tr>
<tr>
<td>Director</td>
<td>Dr. Ahmad Mohammed Yousef Al-Mana</td>
<td>2019</td>
<td>10/06/1983</td>
</tr>
<tr>
<td>Director</td>
<td>Mr. Ahmad Abdulrazzaq Ahmad Al-Hashmi</td>
<td>2019</td>
<td>10/10/1984</td>
</tr>
<tr>
<td>Senior Executive Advisor to the Chairman</td>
<td>Mr. Omar Bouhadiba</td>
<td>2019</td>
<td>29/06/1953</td>
</tr>
<tr>
<td>Secretary to the Board</td>
<td>Mr. Talal Ahmed Abdulla Al-Khaja</td>
<td>2011</td>
<td>08/05/1984</td>
</tr>
</tbody>
</table>

Brief biographical information of each member of the Board is set out below.

**H.E. Sheikh Mohammed Bin Hamad Bin Jassim Al Thani, Chairman and Managing Director**

H.E. Sheikh Mohammed Bin Hamad Bin Jassim Al Thani joined the Board as Chairman and Managing Director in 2008. He holds a Bachelor’s degree in Business from Business School Lausanne (Switzerland). H.E. Sheikh Al Thani is currently also chairman of the Board of Directors of FFC, chairman of the Board of Directors of TFI, chairman of the Board of Directors of FLC and a member of the Board of Directors of the Gulf Investment Group.
Mr. Abdulaziz Mohammed Hamad Al Mana, Vice Chairman
Mr. Abdulaziz Mohammed Hamad Al Mana joined the Board as Vice Chairman in 2013. He holds a Bachelor’s degree in Accounts from Qatar University (Qatar). Mr. Al Mana is currently also a member of the Board of Directors of the United Development Company in Qatar.

Ms. Moza Al Mohammed Sulaiti, Director
Ms. Moza Al Mohammed Sulaiti joined the Board in 2015. She holds a Bachelor’s degree in Accounting and Economics from Qatar University (Qatar) and a Master’s degree in Banking and Finance from Salford University (UK). Ms. Sulaiti is currently also a member of the Board of Directors of Dlala Holding.

Sheikh Jassim Bin Fahad Bin Jassim Al-Thani, Director
Sheikh Jassim Bin Fahad Bin Jassim Al-Thani joined the Board in 2019. He holds a military diploma from Qatar Armed Forces (Qatar).

Sheikh Khalid Bin Hassan Bin Khalid Al-Thani, Director
Sheikh Khalid Bin Hassan Bin Khalid Al-Thani joined the Board in 2019. He holds a Bachelor’s degree in Business Administration from Qatar University (Qatar).

Mr. Nasser Ali Al-Hajri, Director
Mr. Nasser Ali Al-Hajri joined the Board in 2019. He holds a Master’s degree in Business Administration from University of Finance and Banking (Egypt). Mr. Al-Hajri is currently also a member of the Board of Directors of Barwa Real Estate Company Q.P.S.C.

Mr. Abdulaziz Mohamed J A Al-Sulaiti, Director
Mr. Abdulaziz Mohamed J A Al-Sulaiti joined the Board in 2019. He holds a Bachelor’s degree in Marketing from Anglia Ruskin University (UK). Mr. Al-Sulaiti is currently also a member of the Board of Directors of Gulf Warehousing Company Q.P.S.C. in Qatar and a member of the Board of Directors of Jassim & Hamad Bin Jassim Charitable Foundation.

Dr. Ahmad Mohammed Yousef Al-Mana, Director
Dr. Ahmad Mohammed Yousef Al-Mana joined the Board in 2019. He holds a PhD in International Trade Law from Université Paris 1 Panthéon Sorbonne (France).

Mr. Ahmad Abdulrazzaq Ahmad Al-Hashmi, Director
Mr. Ahmad Abdulrazzaq Ahmad Al-Hashmi joined the Board in 2019. He holds a Master’s degree in Business Administration from HEC Paris (France).

Mr. Omar Bouhadiba, Senior Executive Advisor to the Chairman
Mr. Omar Bouhadiba joined the Board in 2019. He holds a Master’s degree in Business Administration from Wharton School of Finance at the University of Pennsylvania (USA). Mr. Bouhadiba is currently also a member of the Board of Directors of Emirates Investment Bank P.J.S.C.

Mr. Talal Ahmed Abdulla Al-Khaja, Secretary to the Board
Mr. Talal Ahmed Abdulla Al-Khaja joined the Board in 2011. He holds a Master’s degree in Business Administration and a Bachelor’s degree in Information Science and Media from Qatar University (Qatar). Mr. Al-Khaja is currently also a member of the Board of Directors of FFC and a member of the Board of Directors of Bait Al-Mashura Finance Consultations.
**Code of Conduct**

The Bank’s code of conduct (the “Code”) covers the conduct of members of the Board. The Code binds signatories to the highest standards of professionalism and due diligence in the performance of their duties. It also covers conflicts of interest, disclosure and the confidentiality of insider information. Members of the Board are also bound by specific regulations relating to insider trading and are required to disclose details of their shareholdings in the Bank.

Certain members of the Board, their families and companies of which they are principal owners are customers of the Bank in the ordinary course of business. The transactions with these parties were made on the same terms, including profit rates, as those prevailing at the same time for comparable transactions with unrelated parties and did not involve more than a normal amount of risk. See “Selected Financial Information — Related Party Transactions”.

**Senior Management**

As at the date of this Base Prospectus, the senior management includes:

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Chief Executive Officer</td>
<td>Khalid Al Subeai</td>
</tr>
<tr>
<td>General Manager, Head of Wholesale Banking</td>
<td>Bhupendra Jain</td>
</tr>
<tr>
<td>General Manager, Head of Private Banking</td>
<td>Chaouki Daher</td>
</tr>
<tr>
<td>General Manager, Head of Retail Banking</td>
<td>Abdulaziz Al-Naema</td>
</tr>
<tr>
<td>Treasurer and Chief Investment Officer</td>
<td>Bashar Jallad</td>
</tr>
<tr>
<td>Chief Business Development Officer</td>
<td>Sheikh Fahad Bin Hamad Al-Thani</td>
</tr>
<tr>
<td>Chief Financial Officer</td>
<td>Osama Abu Baker</td>
</tr>
<tr>
<td>Chief HR and Administrative Officer</td>
<td>Abdullah Al Malki</td>
</tr>
<tr>
<td>Chief Operations Officer</td>
<td>Narayanan Srinivasan</td>
</tr>
<tr>
<td>Chief Risk Officer</td>
<td>Nile Rabbani Awan</td>
</tr>
<tr>
<td>Chief Credit Officer</td>
<td>Farrukh Zaman</td>
</tr>
<tr>
<td>Chief Compliance Officer</td>
<td>Thamer S. Abdalla</td>
</tr>
<tr>
<td>Chief Marketing and Communications Officer</td>
<td>Talal Ahmed Al-Khaja</td>
</tr>
</tbody>
</table>

Brief biographical information of each member of the senior management is set out below.

**Khalid Al Subeai, Group Chief Executive Officer**

Khalid Al Subeai joined as Group Chief Executive Officer in March 2014. He holds a Bachelor’s degree in Finance from the University of Arizona (USA) and has over nine years of investment banking experience. Mr. Al Subeai was previously CEO of the Bank’s investment banking arm, TFI. Before joining the Bank, he was responsible for client coverage in Qatar at Morgan Stanley, having previously served as a senior financial adviser at Qatar Petroleum where he was involved in a number of large-scale financing projects.

**Bhupendra Jain, General Manager, Head of Wholesale Banking**

Bhupendra Jain joined the Bank as General Manager, Head of Wholesale Banking in April 2019. He is a Chartered Accountant from the Institute of Chartered Accountants of India and holds a Bachelor’s degree in Commerce from Punjab University (India). Mr. Jain has more than 31 years of experience in the financial services industry in Qatar, Dubai, India and Korea. He has held several senior positions in international financial institutions including Vice-President and Head of Risk Management at GE Capital India, Vice-President at Bank
of America, Head of Banking and Financial Services at EXL Services and Head of Corporate & Institutional Banking at IBQ.

Chaouki Daher, General Manager, Head of Private Banking

Chaouki Daher was appointed as General Manager, Head of Private Banking in April 2019. He holds a Bachelor’s degree in Business Administration from the University of North Carolina (USA). Mr. Daher has more than 20 years of experience in Private Banking. He was responsible for the private banking division and wealth management as General Manager, Head of Private Banking & Wealth Management Department at IBQ having joined IBQ in 1998 as an Assistant Relationship Manager in Private Banking and held senior managerial positions in the private banking business. Mr. Daher also served as secretary of the board of directors since the founding of IBQ’s board. Mr. Daher previously held a diplomatic position with The Ministry of Emigrants & Foreign Affairs, Lebanon. Mr. Daher was honoured as “Best Private Banker of the Year 2016” by The Banker Middle East.

Abdulaziz Al-Naema, General Manager, Head of Retail Banking

Abdulaziz Al-Naema was appointed as General Manager, Head of Retail Banking in July 2019. He holds a Bachelor’s degree from Qatar University (Qatar). Mr. Al-Naema has over 20 years of experience in the banking sector and joined the Bank in 2009 as a business and branch operations manager and served as the bank’s Head of Branches prior to his appointment in his current role. Prior to joining the Bank, Mr. Al-Naema held several positions in QNB and HSBC.

Bashar Jallad, Treasurer and Chief Investment Officer

Bashar Jallad was appointed as Group Treasurer and Chief Investment Officer in September 2012. He holds a Bachelor’s degree in Finance from Hillsdale College, Michigan (USA). Mr. Jallad has over 27 years of experience in the banking sector and previously held positions at Abu Dhabi Islamic Bank, National Bank of Abu Dhabi and Arab Bank.

Sheikh Fahad Bin Hamad Al-Thani, Chief Business Development Officer

Sheikh Fahad Bin Hamad Al-Thani was appointed as Chief Business Development Officer in April 2019. He holds a Bachelor’s degree in Business Administration from the European University in Geneva (Switzerland). Sheikh Al-Thani has more than 12 years of experience in Business Development and Banking. He had worked for IBQ since November 2006 where he was responsible for managing Government relationships and strategically important corporate customers before joining the Bank following the Combination.

Osama Abu Baker, Chief Financial Officer

Osama Abu Baker was appointed as Chief Financial Officer in April 2011. He holds a Bachelor’s degree in Economics and Accounting from Yarmouk University (Jordan) and is a Certified Public Accountant under the jurisdiction of the State of Illinois (USA). Mr. Abu Baker has over 25 years of experience in financial management, consulting and auditing. He previously held positions at Qatar Real Estate Investment Company, Saipem International and Deloitte.

Abdullah Al Malki, Chief HR and Administrative Officer

Abdullah Al Malki was appointed as Chief HR and Administrative Officer in August 2014. He holds a Bachelor’s degree in Business Administration from Leeds Metropolitan University (UK). Mr. Al Malki has over 15 years of experience in the banking sector, human resources and administration. Prior to joining the Bank, Mr. Al Malki served as Human Resources and Administration Manager at the Qatar Development Bank before which he was responsible for the human resources department at Ras Gas and Qatari Diar.
Narayanan Srinivasan, Chief Operations Officer

Narayanan Srinivasan was appointed as Chief Operations Officer in April 2019. He holds a Bachelor’s degree in Science (Statistics) and a Master’s degree in Business Administration from the University of Mumbai (India). Mr. Srinivasan has over 30 years of IT and Operations experience in the banking sector. He was previously the Chief Operating Officer of IBQ, leading both the Information Technology as well as the Operations departments and joined the Bank following the Combination. Prior to that, he was Managing Director and Regional Head for Europe, Middle East and Asia Operations at Barclays Bank, prior to which he spent 20 years with Standard Chartered Bank in various operations leadership roles.

Nile Rabbani Awan, Chief Risk Officer

Nile Rabbani Awan was appointed as Chief Risk Officer in October 2011. He holds a Bachelor’s degree in Computer Science from the University of Karachi (Pakistan) and a Master’s degree in Business Administration from Lahore University of Management Sciences (Pakistan). Mr. Nile Rabbani Awan has over 28 years of banking experience in corporate/investment banking and risk management and previously held positions at ABN Amro and Noor Islamic Bank.

Farrukh Zaman, Chief Credit Officer

Farrukh Zaman was appointed as Chief Credit Officer in April 2019. He holds a Bachelor’s degree in Science and Industrial Engineering from Oklahoma University (USA) and a Master’s degree in Business Administration from the University of Notre Dame, Louisiana (USA). Mr. Zaman has over 32 years of credit and risk management experience in the banking sector. He served as AGM – Head of Risk Management at IBQ since 2016 and joined the Bank following the Combination. He was previously at Bank of America for 16 years, where he headed the Emerging Markets Risk and Credit functions. He also spent 12 years at Mashreq Bank Dubai in various senior positions. More recently, he was the Acting Chief Credit Officer of United Arab Bank.

Thamer S. Abdalla, Chief Compliance Officer

Thamer S. Abdalla was appointed as Chief Compliance Officer in July 2011. He holds a Bachelor’s degree in Business Administration from Yarmouk University (Jordan). Mr. Abdalla has over 19 years of experience in financial controlling, compliance, audit and risk management and previously held positions at Ernst & Young, Arab Bank, TFI, the Government and QCB.

Talal Ahmed Al-Khaja, Group Chief Marketing and Communications Officer

Talal Ahmed Al-Khaja was appointed as Chief Marketing and Communications Officer in March 2013. He holds a Bachelor’s degree from Qatar University (Qatar) and a Master’s degree in Business Management. Mr. Talal Al-Khaja has over 13 years of experience in administration, marketing, public relations and corporate governance.

The business address of each member of the Board and senior management is Grand Hamad Street, Doha, Qatar. No member of either the Board or the senior management has any actual or potential conflict of interest between his duties to the Bank and his private interests and/or other duties.

Board Committees

The Bank has the following Board Committees:

Executive Committee

The Executive Committee is appointed by the Board to act on its behalf where timing is critical. The Executive Committee reviews investment policies, strategies and transactions and the performance of the group and assists in formulating overall investment policies.
Audit Committee
The Audit Committee examines the integrity of financial statements, financial reporting and the disclosure control process. It also monitors the Bank’s systems of internal accounting and financial controls, the internal audit function and the annual independent audit of the Bank’s financial statements.

Nomination and Corporate Governance Committee
The Nomination and Corporate Governance Committee ensures the Board is appropriately constituted to meet its fiduciary obligations to shareholders. It also handles the nomination process, including nomination of the Board and senior management.

Remuneration Committee
The Remuneration Committee monitors the Bank’s framework of remuneration and compensation of the Board and senior management.

Risk Management and Compliance Committee ("RMCC")
The RMCC approves the Bank’s overall risk management framework through the development of policies, internal controls and methods of risk management and compliance.

In addition to the above committees, the following sub-committees operate at a senior management level:

- the CC;
- the GIC; and
- the ALCO.

For further discussion please see “Risk Management – Risk Management Structure”.

Shari’a Committee
The Shari’a Committee is the ultimate authority on Sharia compliance for the Bank. However, the Shari’a Committee has delegated to Bait al-Mashura Finance Consultations Company ("BaM") (see below) the primary functions of (i) reviewing the Bank’s proposed transactions and activities and (ii) passing resolutions and issuing fatwas that approve or reject such proposed transactions or activities for compliance with Islamic Sharia principles. BaM provides advice to all of the Bank’s departments, as well as legal counsel and auditors, with regards to all of its business activities and also provides Sharia compliance reports on a regular basis. In addition, BaM deals with enquiries received from third parties regarding the Bank’s business, whether such third parties are local or international and whether they are involved in the Sharia compliant investment sector or not.

The Bank is bound by the resolutions and fatwas of the Shari’a Committee and BaM. The Shari’a Committee, through BaM, may reject or suspend any activity or procedure of the Bank that is not compliant with Islamic Sharia principles. If an investment is deemed to be non-Sharia compliant, the Bank may be required to sell or otherwise dispose of its interest in such investment, with proceeds from such disposal to be donated to a designated charity acceptable to the Bank and the Shari’a Committee.

The Shari’a Committee, through BaM, continuously reviews the Bank’s transactional procedures and policies to ensure adherence to Sharia principles and the broader framework established by the fatwas of the Shari’a Committee to ensure that the Bank’s activities and investments do not:

- constitute involvement in unlawful entertainment, such as casinos, gambling, cinema, music and pornographic materials;
• constitute involvement in hotels and leisure companies that provide any of the above products or services;
• exceed the Bank’s debts and receivables beyond the Bank’s assets as set out in its most recent balance sheet; or
• constitute any other activity deemed by the Shari’a Committee to be in contradiction of the Sharia rules and principles.

The Shari’a Committee meets at least once a year.

As at the date of this Base Prospectus, the members of the Shari’a Committee include:

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman of the Sharia Supervisory Committee</td>
<td>Sheikh Walid Bin Hadi</td>
</tr>
<tr>
<td>Member</td>
<td>Sheikh Osama Qais al-Derai’e</td>
</tr>
<tr>
<td>Member</td>
<td>Sheikh Esam al-Enezy</td>
</tr>
</tbody>
</table>

Brief biographical information of each member of the Shari’a Committee is set out below.

Sheikh Walid Bin Hadi, Chairman of the Shari’a Committee
Sheikh Walid Bin Hadi holds a Bachelor’s degree in Sharia’a and Usul-Eldeen from the University of Qatar (Qatar), a Master’s degree in Sharia’a and Law from the Omdurman Islamic University (Sudan) and a PhD in Sharia’a from Imam Muhammad Bin Saud Al-Islamiyyah University (Saudi Arabia). He is currently head of the Sharia supervision board of QInvest and a member of the Sharia boards of other Islamic finance organisations, such as Qatar Islamic Bank, Al Rayan Bank, Qatar International Islamic Bank, Qatar National Bank, European Finance House, Asian Finance House, Qatar-Syria International Bank and Arab Finance House.

Sheikh Osama Qais al-Derai’e, Member of the Shari’a Committee
Sheikh Osama Qais al-Derai’e holds a Bachelor’s degree in the Noble Hadith and its Sciences from al-Madeenah Islamic University (Saudi Arabia) and a Master’s degree and a PhD in Islamic Economics from the University of Malaya (Malaysia). He is the General Manager and CEO of Bait al-Mashura Finance Consultations as well as a member of the Sharia boards of Qatar Finance House, Barwa Real Estate Company Q.P.S.C., Rosette Merchant Bank (UK), Century Bank (Mauritius) and Amanie Advisors (Malaysia).

Sheikh Esam al-Enezy, Member of the Shari’a Committee
Sheikh Esam al-Enezy holds a PhD in Jurisprudence from Jordan University (Jordan). He is a member of the Sharia Board of Investment House Company and of the Sharia Advisory Body of Boubyan Bank.

Bait al-Mashura
BaM reports directly to the Shari’a Committee and is responsible for monitoring the day-to-day operations of the Bank, ensuring that all activities, products and services are conducted with and offered to customers on a Sharia compliant basis.

To mitigate breaches of Sharia principles, the Bank has implemented procedures that raise awareness and understanding of Sharia principles amongst its employees. Further, new products and services are subjected to vetting and approval of the Shari’a Committee for compliance with Sharia principles before being released to the market. Should breaches of Sharia principles occur, these are documented and policies and procedures are amended, if necessary, to ensure that the breaches identified do not recur. BaM supports this process through its regular audits and quarterly reviews of the various activities of the Bank.
Employees

Overview
As at 30 June 2020, the Bank had 615 employees compared to 638 employees as at 31 December 2019 and 381 employees as at 31 December 2018. The increase in the number of employees between 31 December 2018 and 31 December 2019 is the result of the Combination.

The Bank’s human resources policies aim to ensure that its staffing requirements are met through the recruitment and development of talented individuals and the implementation of tailored training and development programmes, performance appraisal and reward systems.

End of Service Benefits and Pension Fund
The Group provides a contribution to the state administered retirement fund for Qatari employees in accordance with the Retirement and Pension Law No. 24 of 2002. The resulting charge is included within “Staff Costs” under Note 27 of the 2019 Financial Statements. The Group has no further payment obligations once the contributions have been paid and such contributions are recognised for accounting purposes when they are due.

In addition, the Group also provides end of service benefits for employees in accordance with Qatari labour law relating to retirement and pensions, wherever required. These unfunded charges are made by the Group on the basis of employee salary and years of service accrued at the date of the relevant statement of financial position (as set out in the financial statements).

Qatarisation
In common with all Qatar banks, the Bank is required by the QCB to achieve a target of 20 per cent. of its employees being Qatari nationals, known as “Qatarisation” targets. Qatari nationals accounted for 25 per cent. of the Bank’s employees as at 30 June 2020, compared to 26 per cent. as at 31 December 2019 and 28 per cent. as at 31 December 2018.

Zakah and Social Commitments
Zakah is directly borne by the Bank’s shareholders. The Bank does not collect or pay Zakah on behalf of its shareholders, in accordance with its Articles of Association.
**RISK MANAGEMENT**

The Group is exposed to different types of risks in its normal course of business, including credit risk, liquidity risk, market risk (trading and non-trading), operational risk and information security risk. The Group’s risk management philosophy is to control and optimise the risk-return profile of the Group. The core functions of the Group’s risk management are to identify all key risks for the Group, measure these risks, mitigate risk where required and possible, manage the risk positions and determine capital allocations. The Group reviews its risk management policies and systems, if necessary, to align them with changes in markets, products and industry best practice.

The Group’s aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group’s financial performance. The Group defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

**Risk Management Team Composition**

**Risk management structure**

**Board Supervision**

The Board has overall responsibility for the establishment and oversight of the Group’s risk management framework.

**Risk Management and Compliance Committee**

The RMCC has overall responsibility for the development of risk strategy, implementing principles, frameworks, policies and limits.
Credit Committee (“CC”)
The Board of Directors has delegated its authority to the CC to approve, sub-delegate, direct, monitor and review the Bank’s financing activities, within specified limits. In addition, the CC is tasked with ensuring credit policies are adhered to and that credit operations are conducted in the most effective manner possible.

The CC is the highest level of executive credit approval authority in the Group and is responsible for taking credit decisions and recommending credit policies and the future direction of the credit activities in the Group.

Asset Liability Committee (“ALCO”)
The ALCO is responsible for the balance sheet management of the Group. The ALCO sets guidelines for the overall management of the liquidity and profit rate risk. The ALCO also determines the borrowing and funding strategy (asset allocation) in order to maximise profit and minimise risk.

Operational Risk Committee (“ORC”)
The ORC is responsible for managing and overseeing all aspects of operational risk in the Group and for the effective implementation of all operational policies and standards.

Group Internal Audit (“GIA”)
Risk management processes are audited by the GIA which examines both the adequacy of, and compliance with, risk management procedures in addition to a specific audit of the Group Risk function itself as per the approved audit plan. The results obtained by the GIA are discussed with management and final reports and recommendations are passed on to the Audit Committee.

Group Investment Committee (“GIC”)
The GIC has oversight over the investment process of the Treasury and Investments Division and evaluates and discusses the Treasury and Investments Division’s proposals and reviews the portfolios periodically. The GIC supports the Treasury and Investments Division in managing the Group’s investable assets in a prudent and viable manner considering the Group’s overall financial position.

Policies and standards
The Group’s risk management principles are laid out in a series of corporate policies, standards, guidelines, directives and procedures, all of which are reviewed on a regular basis or if necessary, to maintain their relevance to the Group’s current risk limits. The structure, limits, collateral requirements, ongoing management, monitoring and reporting of the Group’s credit exposures is based on the following six inter-dependent process categories:

- setting risk appetite in line with strategic business objectives;
- identifying, measuring, mitigating (where necessary) and monitoring all material risks;
- setting parameters to keep the Group’s risk profile within prescribed guidelines;
- monitoring the booked assets and assisting in structuring of transactions;
- balancing of risk and return to optimum effect; and
- interpreting and demonstrating compliance with internal and external stakeholders’ requirements and expectations.
Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group manages credit risk through diversification of investments, capital markets, lending and financing activities to avoid undue concentrations of credit risk with individuals or groups of customers in specific locations or businesses. It also obtains collaterals, when appropriate.

The Group seeks to manage and mitigate its credit exposure through several means, such as:

- structuring deals appropriately so as to have better control over the release of funds;
- adequate collateralisation by way of obtaining tangible security or assignments;
- diversification of the financing portfolio into several industries or sectors, geographical locations and products;
- credit checks on Qatar-based obligors or shareholders through the Government’s Credit Bureau system and obtaining their credit exposures and limits through the QCB; and
- periodic reviews and monitoring the portfolio through an annual review at a relationship level.

In order to minimise risk, the Group obtains collateral, when appropriate, depending on the perceived credit risk of the counterparty. Guidelines are implemented across all operating segments regarding the acceptability of types of collateral and valuation parameters. Management monitors the market value of collateral obtained in connection with the Group’s lending activities, requests additional collateral in accordance with the underlying agreement and assesses the market value of the collateral obtained during its review of the adequacy of the provision for impairment losses.

The main types of collateral obtained are as follows:

- for securities lending – cash or securities;
- for commercial and corporate financing – mortgages over real estate properties, inventory, machinery and equipment, cash/margin or deposits and securities and, in the case of project financing, obtaining an assignment over the project proceeds, which is a confirmed repayment source (performance risk aside). Under Islamic financing structures, in many cases the underlying asset is actually transferred to the name of the Bank, although this may not always be so and instead a mortgage over the asset in favour of the Bank will be requested;
- for retail financing – mortgages over residential property and securities.

Retail

As part of the Group’s credit policy for retail customers, online credit checks are made through the Credit Bureau. The Credit Bureau shows the full credit history and liability position of any potential application in order to ascertain if such applicants are on a blacklist maintained by the QCB. The Group extends financing on the basis of such checks, ensuring compliance with QCB guidelines on consumer credit and salary assignments by any employer of the applicants.

In relation to retail financing, the client will normally be invited to a meeting to provide any required documents and information and to fill out the credit application. Following this, the Retail Credit Department will carry out an in-depth analysis of the customer’s bank statements, length of service, identification documents and any other reasonable checks they may deem necessary. Once a decision is reached, this will be checked by the Operations (Deal Recording) team and be communicated to the client.
Retail financing credit risk is further mitigated by securing the source of repayments from retail customers through an assignment of those customers’ salaries to the Group. The salaries of those customers are deposited by their respective employers directly into their accounts with the Group. The Group then has a right of lien over salaries in the customers’ accounts pending the collection of regular repayments of their liabilities with the Group.

Where salary assignments are not made in favour of the Group, financing is only provided against cash collateral deposited with the Group and pledged against the facility.

It is also the Group’s policy to maintain accurate and consistent risk ratings across its credit portfolio. This focus on the applicable risks facilitates the comparison of credit exposures across all lines of business, geographic regions and products. The Group’s risk rating grids have a minimum of 10 risk buckets to provide a pre-set objective basis for making credit decisions and the Group’s rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are derived in accordance with the Group’s rating policy and are assessed and updated regularly.

The Group has defined limits by counterparty, borrowing group, country, the Board, subsidiaries and affiliates. All exposures against these limits are monitored and any breach is monitored closely and reported to the appropriate body/applicable level. Classified accounts are also reported to the Board through the RMCC.

**Non-retail**

The credit approval process in respect of non-retail banking generally starts with a meeting between the client and a Bank representative to assess funding requirements, prepare a credit application, and to submit the application to the Credit Review Department. The assessment stage involves the Credit Review Department analysing the client thoroughly by reviewing, among other things, its financial statements, business structure, facility structure, background of the owner/shareholder, industry risk, collateral offered, primary and (where applicable) secondary sources of repayment and credit checking through the Credit Bureau and QCB reporting systems. Based on these assessments, an independent assessment note is prepared by the relevant review team for the CC’s review and decision. Upon receipt of the assessment note and business proposal, if applicable, the CC will take a decision if the financing is within its delegated authority (currently QAR250 million for new facilities to a single obligor). In the event that a single obligor’s proposed facilities are above the CC’s delegated authority, the proposal is then recommended to the Chairman of the Board who is authorised to approve such facilities on behalf of the Board. Such approvals by the Chairman are ratified in the next convened meeting of the Board.

**Credit Risk Provisioning (impairment)**

The Group’s provisioning policies and procedures are established in accordance with the QCB’s specific requirements. Individual financing facilities are categorised on a sliding scale into: (i) excellent; (ii) strong; (iii) good; (iv) satisfactory; (v) adequate; (vi) marginal; (vii) vulnerable; (viii) substandard; (ix) doubtful; and (x) loss. The latter three categories are non-performing classifications and require a provision against the outstanding facility (after taking into account collateral secured against the facility). Non-performing outstanding facilities are reviewed on an individual basis and classified accordingly as:

- **Substandard**: facilities with a due payment outstanding for more than 90 days (but less than 180 days), requiring a 20 per cent. provision against the unsecured portion of such facility;

- **Doubtful**: facilities with a due payment outstanding for more than 180 days (but less than 270 days), requiring a 50 per cent. provision against the unsecured portion of such facility; and
• **Loss**: facilities with a due payment outstanding for more than 270 days, requiring a 100 per cent. provision against the unsecured portion of such facility.

The Group prepares draft provisioning requirements annually based on the QCB’s categories above, which is submitted to the QCB in November of each year. The QCB has the authority to vary the draft provisions in consultation with the Group. The QCB’s process of variation and consultation is applied in a consistent manner to all Qatari banks.

QCB also requires banks to calculate credit provisions as per IFRS requirements. Under IFRS, impairment is measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets’ original effective profit rate. Losses are recognised in the consolidated income statement and reflected in an allowance account. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through the consolidated income statement, to the extent of previously recognised impairment losses. The Group considers evidence of impairment for financial assets carried at amortised cost at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. All individually significant financial assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Financial assets that are not individually significant are collectively assessed for impairment by grouping assets together with similar risk characteristics.

QCB instructions require credit provisions to be the higher of provisioning calculated as per days past due criteria or as per IFRS.

The credit quality of financial assets is managed by the Group using internal credit ratings. All commercial credit risk exposures are risk rated using Moody’s Risk Analyst risk rating system, recognised as an industry wide standard. The rating system is supported by a variety of financial analytics (quantitative factors) combined with processed market information as well as other qualitative factors to provide the main inputs for the measurement of counterparty risk. For corporate and commercial customers, the risk rating methodology utilises a 22-point scale (ranging from 1-10), based on quantitative and qualitative factors with 19 performing categories (1-7) and three relating to non-performing. The outcome of the risk rating process is intended to reflect counterparty credit quality and assist in determining suitable pricing commensurate with the associated risk.

**Collections**

• **Retail Collections**: the responsibility of the Collection & Recovery Department is primarily to recover the Group’s outstanding and overdue exposure in retail products from clients. Collections and recovery activities begin when a customer fails to pay the minimum due on the relevant due date or when the Group receives credible information that the customer has become jobless or is not contactable.

• **Wholesale Banking**: past due reports for clients and segments (including Corporate Banking and Government and Institutional Banking) are generated daily. These reports reflect past dues starting from the first day the instalment or payment is missed by the client. The reports are shared with the respective business teams and the relevant relationship managers carry out follow ups with their customers to ensure that the past dues are settled promptly.

The relevant credit review team gets involved in cases where past dues exceed the 30-day threshold. Where the delay is justified, due to the obligor having acceptable reasons for such delays (for example, delays from project paymasters due to no fault of the obligor), further time may be permitted to the obligor to settle their past dues. The matters may be escalated to higher authorised personnel by the credit review team in the case where past dues persist beyond 60-days, or the obligor is not able to provide justifiable reasons for the delay. Depending
on the situation, suitable recommendations are made by a credit review team for action that seems most appropriate in each individual case.

**Risk Reserve**

In addition to undertaking specific credit risk and impairment provisioning, the Group maintains a risk reserve in accordance with QCB requirements. In accordance with QCB regulations, a risk reserve should be created to cover contingencies on both public and private sector financing assets. The minimum risk reserve in respect of private sector financing assets is 2.5 per cent. of the Group’s total private sector exposure (inside and outside Qatar) after the exclusion of the specific provisions and profit in suspense. Finance provided to, or secured by, the Ministry of Finance or finance against cash guarantees is excluded from gross direct finance. The use of the risk reserve is subject to the prior approval of the QCB.

On 1 January 2019, with the QCB’s approval, the Group utilised QAR645.6 million of risk reserve balance to accommodate the day-1 impact of the adoption of ECL regulations. Further, pursuant to QCB requirements, in connection with the Combination, the pre-merger risk reserve balance of IBQ was required to be retained by the Group, which increased the Group’s risk reserve balance by QAR529.9 million during 2019. During the year ended 31 December 2019, the appropriation made to risk reserve amounted to QAR166.9 million (31 December 2018: QAR63.6 million). As at 31 December 2019, the risk reserve balance was QAR810.5 million (31 December 2018: QAR113.7 million).

The table below sets out the receivables and balances from financing activities and risk reserves of the Bank as at the dates indicated:

<table>
<thead>
<tr>
<th></th>
<th>As at 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Risk Reserve percentage (%)</td>
<td>2.5</td>
</tr>
<tr>
<td>Net receivables and balances from financing activities excluding Government financing and securities and cash collateralised facilities</td>
<td>26,986,935</td>
</tr>
<tr>
<td>Risk Reserve</td>
<td>113,650</td>
</tr>
</tbody>
</table>

**Excessive Risk Concentration**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group’s performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Group’s policies and procedures include specific guidelines to focus on maintaining a diversified portfolio, with limits set on geographic and industry sector exposures. Identified concentrations of credit risks are controlled and managed accordingly.

**Liquidity Risk**

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due as a result of factors including (but not limited to) customer deposits being withdrawn, cash requirements from contractual commitments or other cash outflows, such as debt maturities or margin calls for risk management instruments. Such outflows would deplete available cash resources for client financing, trading activities and investments.
In extreme circumstances, a lack of liquidity could result in reductions in the consolidated statement of financial position and sales of assets, or potentially an inability to fulfil financing commitments.

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For these purposes, net liquid assets include cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks, other borrowings and commitments maturing within the next month. The Group’s ratio of liquid assets to customer deposits as at 30 June 2020, 31 December 2019 and 31 December 2018 was 20.3 per cent., 19.5 per cent. and 23.5 per cent., respectively.

Liquidity positions are monitored closely by the ALCO where the stringent ratio analysis carried out by the Market Risk Department (“MR”) is presented. MR also carries out a series of QCB prescribed stress test scenarios to test the liquidity of the Group.

**Market Risk**

Market risk is the risk that the Group’s earnings or capital and its ability to meet business objectives will be adversely affected by changes in the level of volatility of market rates or prices such as profit rates, equity prices and foreign exchange rates. The Group manages its market risks within the framework defined by the QCB. Overall authority for the management of market risks and ensuring compliance with this framework rests with the ALCO. MR is responsible for the development of detailed risk management policies (subject to review and approval by the Board of Directors) and for the day-to-day review of their implementation. In addition, the Board has set risk limits based on a number of factors, including country-based exposure limits.

The Bank pays considerable attention to market risk. It uses appropriate models, in accordance with the standard market practice, to value its positions, and receives regular market information in order to regulate its market risk.

The Bank’s trading market risk framework comprises the following elements:

- limits to ensure that risk takers do not exceed aggregate risk and concentration parameters set by the ALCO;
- independent MTM valuations and reconciliation of positions; and
- tracking of stop losses for trading positions on a timely basis.

The policies and procedures and the trading limits are set in the treasury product programme to ensure the smooth implementation of market risk policy in day to day operations.

In relation to its trading portfolios, the principal tool used to measure and control market risk exposure within the Group’s trading portfolios is Value at Risk (“VaR”). The VaR of a trading portfolio is the estimated loss that will arise on the portfolio over a specified period of time from an adverse market movement with a specified probability. A fully integrated VaR computation system is used by the Group to calculate VaR. The Group uses VaR limits for, amongst other things, total market risk, foreign exchange, profit rate and equity.

The principal risk to which non-trading portfolios are exposed is profit rate risk, which is the risk of loss arising from fluctuations in the future cashflows or fair values of financial instruments because of a change in market profit rates. The Group manages profit rate risk principally through the monitoring of profit rate gaps and through risk management strategies. The ALCO is the monitoring body for compliance with these limits and is assisted by the Treasury and Investments Division in its day-to-day monitoring activities.

Separately, the Islamic Financial Services Board (“IFSB”) has issued a document on risk management guidelines for institutions (excluding insurance institutions) offering only Islamic Financial Services. These guidelines include sections on “Rate of Return Risk” and “Liquidity Risk” which the Group adheres to.
In particular, the Group identifies as key market risks the following:

**Equity Risk**
To mitigate equity risk the Group follows the approved treasury product programme and strictly follows the limits set by the QCB. Moreover, stress tests of the equity portfolio are performed by MR and equity trading book value-at-risk calculations are generated through the Oracle risk system.

**Profit Rate Risk (sukuk portfolio)**
The Group follows the approved treasury product programme based on, among other things, issuance size, ratings and sector limits. As a result, any deviation from the treasury product programme has to be approved by MR and GIC. In addition, management action triggers and stop losses are monitored by MR which also carries out stress tests of the sukuk portfolio.

**Foreign Exchange Risk**
All traders follow the approved treasury product programme and the limits are monitored daily by MR. Such internal limits are based on intra-day (followed by front and middle office) and overnight positions that are monitored by MR.

**Operating and Other Risks**
Operational risk is defined as the risk of direct or indirect loss resulting from inadequate or failed processes, people and systems, infrastructure or from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Key operational risk categories include clients, products and business practices, damage to physical assets and disaster management, information security risks and external frauds, execution and process management, and business disruptions or systems failures.

The Group mitigates these risks by producing and implementing the Operational Risk Management Framework (the “ORMF”) across the Group. The ORMF codifies the Group’s approach to identifying, measuring, managing, reporting, and controlling operational risk. The ORMF establishes a common understanding of operational and risk management, to promote consistent application of techniques and to capture relevant data. The ORMF also sets the basis of the Group’s operational risk culture and applies to all areas of the Group, including subsidiaries in which the Group has management control.

In addition, the Group has developed over-arching standards for the management of operational risk in the following areas:

- requirements for the appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced and the adequacy of controls;
- procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
• ethical and business standards; and
• risk mitigation, including insurance where this is effective.

The Group is exposed to a number of other risks including organisation and regulatory risks. Organisation risk represents the aggregation of factors that may affect an organisation’s human resources and cause negative effects (such as human error, attrition and employee family issues) which impact on the Group’s ability to operate.

The strategy and framework for operational risk management is set by ORC and implemented consistently across the Group. In addition, a dedicated and independent team led by an Operational Risk Manager (“ORM”) is charged with the implementation of ORMF. This team reports to the Chief Risk Officer of the Group. Each business unit also nominates a Unit Operational Risk Manager who acts as a single point of contact for the ORM regarding all operational risks for the respective business unit.

The Group has also invested in an operational risk system to create a repository for all operational risk incidents, losses and near-miss events. There is a robust process for the reporting of issues, conducting of root cause analysis and implementing mitigation plans to avoid recurring issues.

**Regulatory and Legal Compliance**

Regulatory and legal risk is the risk of a negative impact on business activities, earnings or capital, regulatory relationships or reputation as a result of failure to comply with or a failure to adapt to current and changing regulations, law, industry codes or rules, regulatory expectations, or ethical standards.

The identification and assessment of regulatory risk includes formal risk assessment activities carried out across the organisation, both at the individual business and operational level and at the enterprise level. Risk is measured through the assessment of the impact of regulatory and organisational changes, the introduction of new products and services and the acquisition or development of new lines of business. It is also measured through the testing of the effectiveness of the controls established to ensure compliance with regulatory requirements.

**Litigation**

In the ordinary course of business, the Group may be subject to governmental, legal and arbitration proceedings. No material provision has been made as at the date of this Base Prospectus regarding any outstanding legal proceedings against the Group. Procedurally, an annual review is conducted by the Legal Department to ascertain if provisioning is required for pending litigation and, if required, the estimated amount is communicated to the Finance division for the raising of the necessary provisions.

**Capital Management/Adequacy**

As at 30 June 2020, the Bank’s Tier 1 capital ratio including capital conservation buffer was 16.0 per cent. and its combined Total capital ratio including capital conservation buffer and domestic systematically important bank buffer was 17.1 per cent. with total Tier 1 Capital at QAR9,403 million (in each case, calculated in accordance with the Basel III guidelines issued by the QCB).

The shareholders of the Bank have consistently maintained a strong level of capitalisation to support the business activities and development of the Bank. The following table shows the risk weighted values and capital charge for capital ratio purposes of the Bank as at 31 December 2018, 31 December 2019 and 30 June 2020 compared with historical levels:
<table>
<thead>
<tr>
<th></th>
<th>As at 31 December 2018 (QAR'000)</th>
<th>As at 31 December 2019 (QAR'000)</th>
<th>As at 31 December 2020 (QAR'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1 Capital</td>
<td>5,528,490</td>
<td>9,384,331</td>
<td>9,403,089</td>
</tr>
<tr>
<td>Tier 2 Capital</td>
<td>407,096</td>
<td>668,887</td>
<td>689,438</td>
</tr>
<tr>
<td>Total Regulatory Capital</td>
<td>5,935,586</td>
<td>10,053,218</td>
<td>10,092,527</td>
</tr>
<tr>
<td>Total Risk Weighted Assets</td>
<td>35,476,865</td>
<td>57,280,962</td>
<td>58,866,019</td>
</tr>
<tr>
<td>Tier 1 Capital Ratio including capital conservation buffer (per cent.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>15.6</td>
<td>16.4</td>
<td>16.0</td>
</tr>
<tr>
<td>Total Capital Ratio including capital conservation buffer and domestic systematically important bank buffer (per cent.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>16.7</td>
<td>17.6</td>
<td>17.1</td>
</tr>
</tbody>
</table>

The assessment of the various capital adequacy risks across the group is carried out in conjunction with its ICAAP which is undertaken annually. The Bank’s internal assessment process is carried out in the following six distinct stages:

- defining the Bank’s vision and financial targets and formulating the Bank’s risk appetite;
- formulating a capital and liquidity plan as well as a business plan for the next five years;
- formulating a group-wide recovery and resolution plan;
- evaluating material risks, calculating capital required and suggesting appropriate controls to mitigate risk;
- stress testing on current and projected risk profiles and calculating capital requirements in stress conditions; and
- presentation of the ICAAP and the yearly audit of the same by external auditors.

**Basel Capital Accords**

**Basel III**

As at the date of this Base Prospectus, the Bank is compliant with Basel III, having adopted the standardised approach for credit risk, the basic indicator approach for operational risk and the standardised approach for market risk and the calculation of its capital taking into account the required regulatory deductions for investments in associates. The required CAR under QCB Basel III requirements is 14.0 per cent. and 10.5 per cent. under the Basel Committee Basel III requirements. The Bank exceeds both thresholds with a TCR of 17.1 per cent. as at 30 June 2020.

The Bank has already implemented the following internal procedures to comply with the QCB Basel III requirements:

- capital adequacy and the use of regulatory capital are monitored by management on a regular basis following techniques based on guidelines developed by the Basel Committee and the QCB;
• Basel III returns, both at standalone and on a consolidated basis, are prepared by the enterprise risk management department housed under the Risk Management Team; and

• the two complementary liquidity standards (Liquidity Coverage Ratio and Net Stable Funding Ratio) suggested under Basel III have been fully implemented and are regularly monitored by the ALCO.
SELECTED FINANCIAL INFORMATION

The following tables set out in summary form the balance sheet and income statement information relating to the Bank. Such information has been extracted from the Financial Statements, which have been incorporated by reference in, and form a part of, this Base Prospectus. The financial information presented below should be read in conjunction with the Financial Statements, the notes thereto and other information contained in this Base Prospectus.

The following tables set out selected consolidated financial information of the Bank, as extracted from the Financial Statements. The ratios included herein have been prepared based on management information and information in the Financial Statements. The Bank prepares its financial statements in accordance with FAS issued by AAOIFI, the Sharia Rules and Principles as determined by the Bank’s Shari’a Committee, related regulations of the QCB and applicable provisions of the Qatar Commercial Companies Law No. 11 of 2015. For matters which are not covered by AAOIFI standards, the Bank uses guidance from the relevant IFRS.

Consolidated Statement of Financial Position Data

<table>
<thead>
<tr>
<th></th>
<th>As at 31 December</th>
<th>As at 30 June (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td></td>
<td>QAR’000</td>
<td>QAR’000</td>
</tr>
<tr>
<td>Cash and balances with Qatar Central Bank</td>
<td>1,383,847</td>
<td>1,714,903</td>
</tr>
<tr>
<td>Due from banks</td>
<td>2,946,480</td>
<td>2,628,481</td>
</tr>
<tr>
<td>Financing assets</td>
<td>31,676,882</td>
<td>27,937,909</td>
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<tr>
<td>Investment securities</td>
<td>10,958,738</td>
<td>10,642,350</td>
</tr>
<tr>
<td>Investment in associates and joint ventures</td>
<td>217,730</td>
<td>152,603</td>
</tr>
<tr>
<td>Investment properties</td>
<td>4,662</td>
<td>3,963</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>243,761</td>
<td>229,899</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>777,230</td>
<td>777,230</td>
</tr>
<tr>
<td>Other assets</td>
<td>427,824</td>
<td>274,202</td>
</tr>
<tr>
<td>Total assets</td>
<td><strong>48,637,154</strong></td>
<td><strong>44,361,540</strong></td>
</tr>
<tr>
<td>Due to banks</td>
<td>11,445,073</td>
<td>9,727,565</td>
</tr>
<tr>
<td>Sukuk and fixed income financing(1)</td>
<td>2,201,270</td>
<td>843,980</td>
</tr>
<tr>
<td>Customer current accounts</td>
<td>1,673,772</td>
<td>2,814,243</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>899,316</td>
<td>1,006,437</td>
</tr>
<tr>
<td>Total liabilities</td>
<td><strong>16,219,431</strong></td>
<td><strong>14,392,225</strong></td>
</tr>
<tr>
<td>Equity of URIA holders(2)</td>
<td><strong>24,796,114</strong></td>
<td><strong>23,219,256</strong></td>
</tr>
<tr>
<td>Share capital</td>
<td>3,000,000</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Legal reserve</td>
<td>2,396,003</td>
<td>2,548,997</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>(38,349)</td>
<td>(38,350)</td>
</tr>
<tr>
<td>Risk reserve</td>
<td>695,563</td>
<td>113,650</td>
</tr>
<tr>
<td>Fair value reserve</td>
<td>3,208</td>
<td>1,666</td>
</tr>
<tr>
<td>Foreign currency translation reserve</td>
<td>141</td>
<td>(81)</td>
</tr>
<tr>
<td></td>
<td>As at 31 December</td>
<td>As at 30 June (unaudited)</td>
</tr>
<tr>
<td>--------------------------</td>
<td>------------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>Other reserves</td>
<td>574,002</td>
<td>673,333</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>977,361</td>
<td>450,753</td>
</tr>
<tr>
<td>Total equity attributable to equity holders of the Bank</td>
<td>7,607,929</td>
<td>6,749,968</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>13,680</td>
<td>91</td>
</tr>
<tr>
<td>Total owners' equity</td>
<td>7,621,609</td>
<td>6,750,059</td>
</tr>
<tr>
<td>Total liabilities, equity of URIA holders and owners' equity (3)</td>
<td>48,637,154</td>
<td>44,361,540</td>
</tr>
</tbody>
</table>

**Notes:**

1. “Sukuk and fixed income financing” in the 2019 Financial Statements and the 2020 Interim Financial Statements was labelled as “Sukuk financing” in the 2018 Annual Financial Statements.


**Consolidated Statement of Income Data**

<table>
<thead>
<tr>
<th></th>
<th>For the year ended 31 December</th>
<th>For the six-month period ended 30 June (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>Net income from financing activities</td>
<td>1,540,034</td>
<td>1,633,933</td>
</tr>
<tr>
<td>Net income from investing activities</td>
<td>460,609</td>
<td>457,982</td>
</tr>
<tr>
<td>Total net income from financing and investing activities</td>
<td>2,000,643</td>
<td>2,091,915</td>
</tr>
<tr>
<td>Fee and commission income</td>
<td>174,467</td>
<td>166,065</td>
</tr>
<tr>
<td>Fee and commission expense</td>
<td>(8,570)</td>
<td>(28,883)</td>
</tr>
<tr>
<td>Net fee and commission income</td>
<td>165,897</td>
<td>137,182</td>
</tr>
<tr>
<td>Net foreign exchange gain</td>
<td>56,776</td>
<td>84,870</td>
</tr>
<tr>
<td>Share of results of associates and joint ventures</td>
<td>(6,286)</td>
<td>(29,446)</td>
</tr>
<tr>
<td>Other income</td>
<td>27,723</td>
<td>9,913</td>
</tr>
<tr>
<td>Total income</td>
<td>2,244,753</td>
<td>2,294,434</td>
</tr>
<tr>
<td>Staff costs</td>
<td>(303,426)</td>
<td>(306,927)</td>
</tr>
<tr>
<td></td>
<td>For the year ended 31 December</td>
<td>For the six-month period ended 30 June (unaudited)</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>-------------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(28,985)</td>
<td>(24,668)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(172,275)</td>
<td>(146,699)</td>
</tr>
<tr>
<td>Finance cost</td>
<td>(229,445)</td>
<td>(330,969)</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>(734,131)</td>
<td>(809,263)</td>
</tr>
<tr>
<td>Net impairment loss on financing assets</td>
<td>(48,596)</td>
<td>(10,755)</td>
</tr>
<tr>
<td>Net impairment reversal/(loss) on due from banks</td>
<td>—</td>
<td>(876)</td>
</tr>
<tr>
<td>Net impairment reversal/(loss) on investment securities</td>
<td>(26,198)</td>
<td>(54,514)</td>
</tr>
<tr>
<td>Net impairment loss on investment in associates and joint ventures</td>
<td>—</td>
<td>(11,143)</td>
</tr>
<tr>
<td>Net impairment reversal on off balance sheet exposures subject to credit risk</td>
<td>—</td>
<td>77,234</td>
</tr>
<tr>
<td><strong>Profit for the year/period before return to URIA holders</strong></td>
<td>1,435,828</td>
<td>1,485,117</td>
</tr>
<tr>
<td>Return to URIA holders</td>
<td>(681,504)</td>
<td>(720,151)</td>
</tr>
<tr>
<td><strong>Net profit for the year/period</strong></td>
<td>754,324</td>
<td>764,966</td>
</tr>
<tr>
<td>Net profit for the year/period attributable to equity holders of the Bank</td>
<td>753,228</td>
<td>764,966</td>
</tr>
<tr>
<td>Net profit for the year/period attributable to non-controlling interests</td>
<td>1,096</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net profit for the year/period</strong></td>
<td>754,324</td>
<td>764,966</td>
</tr>
<tr>
<td>Basic and diluted earnings per share (QAR per share)</td>
<td>2.54</td>
<td>2.58</td>
</tr>
</tbody>
</table>

Notes:

1. “Profit for the year/period before return to URIA holders” in the 2019 Financial Statements and the 2020 Interim Financial Statements was labelled as “Profit for the year before return to investment account holders” in 2018 Financial Statements.

2. “Return to URIA holders” in the 2019 Financial Statements and the 2020 Interim Financial Statements was labelled as “Return to investment account holders” in the 2018 Financial Statements.
Selected breakdown of sources of income

**Income from financing activities**

<table>
<thead>
<tr>
<th></th>
<th>For the year ended 31 December</th>
<th>For the six-month period ended 30 June (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>Murabaha</td>
<td>995,437(1)</td>
<td>1,089,972</td>
</tr>
<tr>
<td>Ijarah</td>
<td>361,334</td>
<td>383,001</td>
</tr>
<tr>
<td>Musawama</td>
<td>148,750</td>
<td>131,993</td>
</tr>
<tr>
<td>Others</td>
<td>34,513(2)</td>
<td>28,967</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,540,034</strong></td>
<td><strong>1,633,933</strong></td>
</tr>
</tbody>
</table>

Notes:
1. “Murabaha” for the year ended 31 December 2017 represents QAR126,773 thousand of Murabaha and QAR868,664 thousand of Commodity Murabaha, as disclosed in the 2018 Financial Statements.
2. Others” for the year ended 31 December 2017 represents QAR9,535 thousand of Istisna’a and QAR24,978 thousand of Others, as disclosed in the 2018 Financial Statements.

**Income from investing activities**

<table>
<thead>
<tr>
<th></th>
<th>For the year ended 31 December</th>
<th>For the six-month period ended 30 June (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>Coupon income from investment in debt-type instruments, net of amortisation</td>
<td>364,665</td>
<td>358,038</td>
</tr>
<tr>
<td>Income from inter-bank and Murabaha placements with Islamic banks</td>
<td>36,383</td>
<td>64,164</td>
</tr>
<tr>
<td>Dividend Income</td>
<td>65,388</td>
<td>41,506</td>
</tr>
<tr>
<td>Net gain on sale of debt-type investments</td>
<td>397</td>
<td>4</td>
</tr>
<tr>
<td>Net loss on sale of equity-type investments</td>
<td>(6,943)</td>
<td>(5,763)</td>
</tr>
<tr>
<td>Net fair value and capital gain on investment securities carried as fair value through income statement</td>
<td>628</td>
<td>33</td>
</tr>
<tr>
<td>Other investments/derivatives related net income</td>
<td>91</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>460,609</strong></td>
<td><strong>457,982</strong></td>
</tr>
</tbody>
</table>

163
## Net Fee and Commission Income

<table>
<thead>
<tr>
<th></th>
<th>For the year ended 31 December</th>
<th>For the six-month period ended 30 June (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>QAR’000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and other fee income</td>
<td>72,163</td>
<td>95,444</td>
</tr>
<tr>
<td>Commission income</td>
<td>66,327</td>
<td>61,040</td>
</tr>
<tr>
<td>Advisory fee income</td>
<td>4,345</td>
<td>4,263</td>
</tr>
<tr>
<td>Structuring fee income</td>
<td>1,887</td>
<td>2,276</td>
</tr>
<tr>
<td>Performance fee income</td>
<td>29,278</td>
<td>3,042</td>
</tr>
<tr>
<td>Placement fee income</td>
<td>467</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>174,467</td>
<td>166,065</td>
</tr>
<tr>
<td>Commission expense</td>
<td>(8,570)</td>
<td>(28,883)</td>
</tr>
<tr>
<td>Net fee and commission income</td>
<td>165,897</td>
<td>137,182</td>
</tr>
</tbody>
</table>

## Selected ratios

<table>
<thead>
<tr>
<th></th>
<th>As at and for the year ended 31 December</th>
<th>As at and for the six-month period ended 30 June (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>Return on average equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return on average assets</td>
<td></td>
<td>1.6</td>
</tr>
<tr>
<td>Capital adequacy ratio</td>
<td>17.5</td>
<td>16.7</td>
</tr>
<tr>
<td>Net financing assets to deposit ratio</td>
<td>119.7</td>
<td>107.3</td>
</tr>
<tr>
<td>Cost to income ratio</td>
<td>32.3</td>
<td>30.4</td>
</tr>
<tr>
<td>Net profit margin</td>
<td>48.3</td>
<td>48.6</td>
</tr>
<tr>
<td>Net financing assets to total assets ratio</td>
<td>65.1</td>
<td>63.0</td>
</tr>
<tr>
<td>Non-performing financing ratio</td>
<td>3.2</td>
<td>3.3</td>
</tr>
</tbody>
</table>

Notes:

(1) Net Profit for the period/year divided by average total owners’ equity for the period/year. Average total owners’ equity is calculated as a simple average of the opening and closing balances of total owners’ equity for the relevant year or period. Net Profit for the periods ended 30 June 2019 and 30 June 2020 is presented on an annualised basis.

(2) Net Profit for the period/year divided by average total assets for the period/year. Average total assets is calculated as a simple average of the opening and closing balances of total assets for the relevant year or period. Net Profit for the periods ended 30 June 2019 and 30 June 2020 is presented on an annualised basis.

(3) Tier one capital as at the period/year end plus tier two capital as at the period/year end divided by risk weighted assets as at the period/year end. The CAR for the years ended 31 December 2018 and 31 December 2019 and for the six-month periods ended 30 June 2019 and 2020 were calculated in accordance with the Basel III guidelines issued by the QCB.
Net financing assets as at the period/year end divided by customer deposits (which include customer current accounts and equity of URIA holders) as at the relevant period/year end.

Sum of staff costs, depreciation and amortisation and other expenses for the period/year divided by total income after deducting finance cost and return to URIA holders for the relevant period/year.

Net profit for the period/year divided by total income after deducting finance cost and return to URIA holders for the relevant period/year.

Net financing assets as at the relevant period/year end divided by total assets as at the relevant period/year end.

Non-performing financing assets as at the relevant period/year end divided by net financing assets (before provision) as at the relevant period/year end.

Net operating income

The reconciliation of net operating income of the Bank to the nearest GAAP measure is as follows:

<table>
<thead>
<tr>
<th></th>
<th>For the period/year ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30 June 2020</td>
</tr>
<tr>
<td>Total income</td>
<td>1,767,203</td>
</tr>
<tr>
<td>Less</td>
<td></td>
</tr>
<tr>
<td>Staff costs</td>
<td>(206,534)</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(55,706)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(105,075)</td>
</tr>
<tr>
<td>Finance cost</td>
<td>(131,589)</td>
</tr>
<tr>
<td>Return to URIA holders</td>
<td>(481,522)</td>
</tr>
<tr>
<td>Net operating income</td>
<td>786,777</td>
</tr>
</tbody>
</table>

Related party transactions

Certain related parties (principally the significant owners and entities over which the Group and the owners exercise significant influence, directors and executive management of the Group and entities which are jointly controlled by the Group) are customers of the Bank in the ordinary course of business. The transactions with these parties were made on substantially the same terms, including profit and commission rates and the requirements for collateral, as those prevailing at the same time for comparable transactions with unrelated parties and did not involve an amount of risk which was more than the amount of risk relating to such comparable transactions.

The following table demonstrates the Bank’s related parties transactions as at and for the periods specified:

<table>
<thead>
<tr>
<th></th>
<th>As at and for the year ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31 December 2017</td>
</tr>
<tr>
<td></td>
<td>Subsidiaries</td>
</tr>
<tr>
<td></td>
<td>QAR’000</td>
</tr>
<tr>
<td>Assets:</td>
<td></td>
</tr>
<tr>
<td>Customer financing</td>
<td>24,644</td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
</tr>
<tr>
<td>Customer deposits</td>
<td>519,995</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>---------</td>
</tr>
<tr>
<td><strong>Off balance sheet items:</strong></td>
<td></td>
</tr>
<tr>
<td>Unfunded credit facilities</td>
<td>198,163</td>
</tr>
<tr>
<td><strong>Consolidated income statement items:</strong></td>
<td></td>
</tr>
<tr>
<td>Profit income</td>
<td>813</td>
</tr>
<tr>
<td>Profit expense</td>
<td>9,597</td>
</tr>
</tbody>
</table>

**As at and for the year ended 31 December 2018**

<table>
<thead>
<tr>
<th></th>
<th>Subsidiaries</th>
<th>Board of directors</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer financing</td>
<td>—</td>
<td>1,555,752</td>
<td>—</td>
</tr>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer deposits</td>
<td>655,228</td>
<td>89,910</td>
<td>3,578,073</td>
</tr>
<tr>
<td><strong>Off balance sheet items:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unfunded credit facilities</td>
<td>—</td>
<td>251,991</td>
<td>—</td>
</tr>
<tr>
<td><strong>Consolidated income statement items:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit income</td>
<td>93</td>
<td>62,322</td>
<td>—</td>
</tr>
<tr>
<td>Profit expense</td>
<td>16,624</td>
<td>2,283</td>
<td>117,232</td>
</tr>
</tbody>
</table>

**As at and for the year ended 31 December 2019**

<table>
<thead>
<tr>
<th></th>
<th>Subsidiaries</th>
<th>Board of directors</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer financing</td>
<td>—</td>
<td>5,694,791</td>
<td>—</td>
</tr>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer deposits</td>
<td>706,166</td>
<td>961,840</td>
<td>3,782,578</td>
</tr>
<tr>
<td><strong>Off balance sheet items:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unfunded credit facilities</td>
<td>4,462</td>
<td>225,673</td>
<td>—</td>
</tr>
<tr>
<td><strong>Consolidated income statement items:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit income</td>
<td>—</td>
<td>142,096</td>
<td>—</td>
</tr>
<tr>
<td>Profit expense</td>
<td>21,326</td>
<td>39,439</td>
<td>131,229</td>
</tr>
</tbody>
</table>
As at and for the six-month period ended 30 June 2020

<table>
<thead>
<tr>
<th></th>
<th>Subsidiaries</th>
<th>Board of directors</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>QAR’000</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer financing</td>
<td>—</td>
<td>5,017,556</td>
<td>—</td>
</tr>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer deposits</td>
<td>751,041</td>
<td>1,211,717</td>
<td>3,611,946</td>
</tr>
<tr>
<td><strong>Off balance sheet items:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unfunded credit facilities</td>
<td>5,141</td>
<td>388,708</td>
<td>—</td>
</tr>
</tbody>
</table>

Key management personnel and their immediate relatives have transacted with the Group during the years ended 31 December 2017, 31 December 2018 and 31 December 2019 as follows:

For the year ended 31 December

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>QAR’000</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financing to key management personnel</td>
<td>6,542(1)</td>
<td>4,109</td>
<td>9,296</td>
</tr>
</tbody>
</table>

Note:
(1) The financing to key management personnel for the year ended 31 December 2017 comprised of QAR0.3 million of credit card and QAR6.2 million of other financings.

Key management personnel compensation for the years ended 31 December 2017, 31 December 2018 and 31 December 2019 comprised:

For the year ended 31 December

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>QAR’000</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term employee benefits</td>
<td>36,195</td>
<td>48,744</td>
<td>70,787</td>
</tr>
<tr>
<td>Post-employment benefits</td>
<td>3,014</td>
<td>3,486</td>
<td>4,035</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>39,209</td>
<td>52,230</td>
<td>74,822</td>
</tr>
</tbody>
</table>
OPERATING PERFORMANCE

The table below shows the total segmental revenue and segmental net profit (loss) of each of the reporting segments for each of the years ended 31 December 2019, 31 December 2018 and 31 December 2017 as well as each reporting segment’s total assets and total liabilities as at 31 December 2019, 31 December 2018 and 31 December 2017.

<table>
<thead>
<tr>
<th>Segment</th>
<th>As at/for the year ended 31 December 2019</th>
<th>As at/for the year ended 31 December 2018</th>
<th>As at/for the year ended 31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total segment revenue (1)</td>
<td>Total segment revenue</td>
<td>Total segment revenue</td>
</tr>
<tr>
<td></td>
<td>(QAR million)</td>
<td>(QAR million)</td>
<td>(QAR million)</td>
</tr>
<tr>
<td>Wholesale Banking</td>
<td>1,442.2</td>
<td>1,014.7</td>
<td>992.6</td>
</tr>
<tr>
<td>Personal and Private Banking</td>
<td>1,113.8</td>
<td>754.8</td>
<td>730.6</td>
</tr>
<tr>
<td>Treasury and Investments Division</td>
<td>697.7</td>
<td>514.4</td>
<td>451.7</td>
</tr>
<tr>
<td>Investment Banking and Asset Management</td>
<td>21.6</td>
<td>10.5</td>
<td>73.7</td>
</tr>
<tr>
<td>Unallocated</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>3,275.3</td>
<td>2,294.4</td>
<td>2,248.6</td>
</tr>
</tbody>
</table>

Note:

(1) Total segment revenue for the purpose of this analysis comprises total income from financing and investing activities, net fee and commission income, foreign exchange gain, other income and share of results of associates and joint ventures.
The table below shows the percentage contribution to the Bank’s total segmental revenue and segmental net profit (loss) of each of the reporting segments for the year ended 31 December 2019 as well as the percentage contribution of each reporting segment to the Bank’s total assets and total liabilities as at 31 December 2019.

<table>
<thead>
<tr>
<th></th>
<th>Wholesale Banking</th>
<th>Personal and Private Banking</th>
<th>Treasury and Investments Division</th>
<th>Investment Banking and Asset Management</th>
<th>Unallocated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at/for the year ended 31 December 2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Total segment revenue(1)</td>
<td>44</td>
<td>34</td>
<td>21</td>
<td>1</td>
<td>—</td>
<td>100</td>
</tr>
<tr>
<td>Net impairment loss on financing assets...</td>
<td>87</td>
<td>13</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>100</td>
</tr>
<tr>
<td>Net impairment loss on investment securities.................................</td>
<td>—</td>
<td>—</td>
<td>85</td>
<td>15</td>
<td>—</td>
<td>100</td>
</tr>
<tr>
<td>Net reversal of impairment on off balance sheet exposures subject to credit risk.......</td>
<td>100</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>100</td>
</tr>
<tr>
<td>Reportable segment net profit/(loss).......</td>
<td>23</td>
<td>55</td>
<td>22</td>
<td>0</td>
<td>—</td>
<td>100</td>
</tr>
<tr>
<td>Reportable segment assets.........................</td>
<td>41</td>
<td>27</td>
<td>29</td>
<td>1</td>
<td>2</td>
<td>100</td>
</tr>
<tr>
<td>Reportable segment liabilities.........................</td>
<td>48</td>
<td>27</td>
<td>25</td>
<td>0</td>
<td>—</td>
<td>100</td>
</tr>
</tbody>
</table>

Note:
(1) Total segment revenue for the purpose of this analysis comprises total income from financing and investing activities, net fee and commission income, foreign exchange gain, other income and share of results of associates and joint ventures.

The table below shows the total segmental revenue and segmental net profit (loss) of each of the reporting segments for the six-month periods ended 30 June 2020 and 30 June 2019 as well as each reporting segment’s total assets and total liabilities as at 30 June 2020 and 30 June 2019.

<table>
<thead>
<tr>
<th></th>
<th>Wholesale Banking</th>
<th>Personal and Private Banking</th>
<th>Treasury and Investments Division</th>
<th>Investment Banking and Asset Management</th>
<th>Unallocated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at/for the six-month period ended 30 June 2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total segment revenue(1)</td>
<td>799.1</td>
<td>583.2</td>
<td>381.4</td>
<td>3.5</td>
<td>—</td>
<td>1,767.2</td>
</tr>
<tr>
<td>Net impairment loss on financing assets.......</td>
<td>(117.0)</td>
<td>(165.3)</td>
<td>-</td>
<td>-</td>
<td>—</td>
<td>(282.3)</td>
</tr>
<tr>
<td>Net impairment reversal/(loss) on investment securities.................................</td>
<td>—</td>
<td>—</td>
<td>1.2</td>
<td>(0.2)</td>
<td>—</td>
<td>1.0</td>
</tr>
<tr>
<td>Net reversal of impairment on off balance sheet exposures subject to credit risk...........</td>
<td>23.8</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>23.8</td>
</tr>
<tr>
<td>Reportable segment net profit/(loss)............</td>
<td>164.8</td>
<td>119.6</td>
<td>247.1</td>
<td>(2.2)</td>
<td>—</td>
<td>529.3</td>
</tr>
<tr>
<td>Reportable segment assets.......................</td>
<td>33,235.6</td>
<td>19,972.1</td>
<td>20,144.1</td>
<td>515.4</td>
<td>1,560.1</td>
<td>75,427.3</td>
</tr>
<tr>
<td>Reportable segment liabilities...................</td>
<td>25,044.4</td>
<td>18,149.7</td>
<td>20,732.5</td>
<td>8.4</td>
<td>—</td>
<td>63,935.0</td>
</tr>
</tbody>
</table>
Set forth below is a brief discussion of the Bank’s consolidated operating performance for the six-month period ended 30 June 2020 compared to the six-month period ended 30 June 2019 and for the year ended 31 December 2019 compared to the year ended 31 December 2018 and for the year ended 31 December 2018 compared to the year ended 31 December 2017 and of its financial position as at 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017.

Total segment revenue for the six-month period ended 30 June 2020 compared to the six-month period ended 30 June 2019

The Bank’s total segment revenue increased by QAR320.5 million, or 22.2 per cent., to QAR1,767.2 million for the six-month period ended 30 June 2020 from QAR1,446.7 million for the six-month period ended 30 June 2019. The relative contributions of each of the Bank’s reporting segments to this increase were as follows:

- total segment revenue attributable to Wholesale Banking increased by QAR182.6 million, or 29.6 per cent., to QAR799.1 million for the six-month period ended 30 June 2020 from QAR616.5 million for the six-month period ended 30 June 2019. This increase was primarily due to an increase in total income from financing activities of QAR169.6 million for the six-month period ended 30 June 2020;
- total segment revenue attributable to Personal and Private Banking increased by QAR94.5 million, or 19.3 per cent., to QAR583.2 million for the six-month period ended 30 June 2020 from QAR488.7 million for the six-month period ended 30 June 2019. This increase was primarily due to an increase in total income from financing activities of QAR92.8 million for the six-month period ended 30 June 2020;
- total segment revenue attributable to the Treasury and Investments Division increased by QAR47.6 million, or 14.3 per cent., to QAR381.4 million for the six-month period ended 30 June 2020 from QAR333.8 million for the six-month period ended 30 June 2019. This increase was primarily due to an increase in total income from investing activities of QAR51.9 million for the six-month period ended 30 June 2020; and
- total segment revenue attributable to Investment Banking and Asset Management decreased by QAR4.2 million, or 54.3 per cent., to QAR3.5 million for the six-month period ended 30 June 2020 from QAR7.7 million for the six-month period ended 30 June 2019.
Net profit before impairment losses or reversals for the six-month period ended 30 June 2020 compared to the six-month period ended 30 June 2019

The Bank’s net profit before net impairment losses or reversals increased by QAR292.4 million, or 59.1 per cent., to QAR786.8 million for the six-month period ended 30 June 2020 from QAR494.4 million for the six-month period ended 30 June 2019. This reflected an increase in the Bank’s total income by QAR320.5 million. The increase in revenue was partially offset by an increase in total expenses of QAR7.3 million and an increase in return to URIA holders of QAR20.8 million for the six-month period ended 30 June 2020. The increase in net profit before net impairment losses or reversals for the six-month period ended 30 June 2020 was also attributable to the inclusion of IBQ’s results from the beginning of 2020. Such results were not included in the six-month period ended 30 June 2019. The Bank’s net profit for the period before net impairment losses or reversals is represented by the sum of the impairment losses or reversals and the net profit for the period.

Net profit for the six-month period ended 30 June 2020 compared to the six-month period ended 30 June 2019

The Bank’s net profit increased by QAR58.9 million, or 12.5 per cent., to QAR529.3 million for the six-month period ended 30 June 2020 from QAR470.4 million for the six-month period ended 30 June 2019. For the six-month period ended 30 June 2020, the Bank recorded net impairment charges of QAR257.5 million compared to net impairment charges of QAR24.0 million for the six-month period ended 30 June 2019. The majority of the impairment charges for the six-month period ended 30 June 2020 were attributable to an increase in ECL due to COVID-19, which impacted the macro-economic factors used to calculate the ECL.

In terms of reporting segments, net profit in Wholesale Banking decreased by QAR24.6 million, or 13.0 per cent., to QAR164.8 million for the six-month period ended 30 June 2020 compared to QAR189.4 million for the six-month period ended 30 June 2019. The Wholesale Banking segment had a net impairment loss on financing assets of QAR117.0 million for the six-month period ended 30 June 2020 compared to QAR22.5 million for the six-month period ended 30 June 2019.

Net profit attributable to Personal and Private Banking decreased by QAR57.3 million, or 32.3 per cent., to QAR119.6 million for the six-month period ended 30 June 2020 compared to QAR176.9 million for the six-month period ended 30 June 2019. The Personal and Private Banking segment had a net impairment loss on financing assets of QAR165.3 million for the six-month period ended 30 June 2020 compared to QAR4.1 million for the six-month period ended 30 June 2019.

Net profit attributable to the Treasury and Investments Division increased by QAR145.2 million, or 142.4 per cent., to QAR247.1 million for the six-month period ended 30 June 2020 compared to QAR101.9 million for the six-month period ended 30 June 2019. The Treasury and Investment Division had a net reversal of impairment on investment securities of QAR1.2 million for the six-month period ended 30 June 2020 compared to a net impairment loss on investment securities of QAR0.2 million for the six-month period ended 30 June 2019.

Net profit attributable to Investment Banking and Asset Management decreased by QAR4.4 million to a loss of QAR2.2 million for the six-month period ended 30 June 2020 compared to a net profit of QAR2.2 million for the six-month period ended 30 June 2019. The Investment Banking and Asset Management segment had a net impairment loss on investment securities of QAR0.2 million for the six-month period ended 30 June 2020 compared to no impairment losses or reversals for the six-month period ended 30 June 2019.
Total segment revenue for the year ended 31 December 2019 compared to the year ended 31 December 2018

The Bank’s total segment revenue increased by QAR980.9 million, or 42.8 per cent., to QAR3,275.3 million for the year ended 31 December 2019 from QAR2,294.4 million for the year ended 31 December 2018. The increase is mainly attributed to inclusion of IBQ’s post-merger results during 2019. Each of the Bank’s reporting segments performed as follows:

- total segment revenue attributable to Wholesale Banking increased by QAR427.5 million, or 42.1 per cent., to QAR1,442.2 million for the year ended 31 December 2019 from QAR1,014.7 million for the year ended 31 December 2018. This increase was primarily due to an increase in total income from financing activities of QAR372.9 million and an increase in net fee and commission income of QAR44.0 million for the year ended 31 December 2019;
- total segment revenue attributable to Personal and Private Banking increased by QAR359.0 million, or 47.6 per cent., to QAR1,113.8 million for the year ended 31 December 2019 from QAR754.8 million for the year ended 30 December 2018. This increase was primarily due to an increase in total income from financing activities of QAR310.0 million, an increase in foreign exchange gain of QAR30.7 million and an increase in net fee and commission income of QAR18.3 million for the year ended 31 December 2019;
- total segment revenue attributable to the Treasury and Investments Division increased by QAR183.3 million, or 35.6 per cent., to QAR697.7 million for the year ended 31 December 2019 from QAR514.4 million for the year ended 31 December 2018. This increase was primarily due to an increase in total income from investing activities of QAR177.4 million for the year ended 31 December 2019; and
- total segment revenue attributable to Investment Banking and Asset Management increased by QAR11.1 million, or 105.7 per cent., to QAR21.6 million for the year ended 31 December 2019 from QAR10.5 million for the year ended 31 December 2018. This increase was primarily due to a loss attributable to the share of results of associates and joint ventures of QAR0.5 million for the year ended 31 December 2019 compared to a loss of QAR19.4 million for the year ended 31 December 2018. The impact of the decrease in loss attributable to the share of results of associates and joint ventures was slightly offset by a decrease in net fee and commission income of QAR6.4 million for the year ended 31 December 2019.

Net profit for the year before impairment losses or reversals for the year ended 31 December 2019 compared to the year ended 31 December 2018

The Bank’s net profit for the year before impairment losses or reversals increased by QAR345.8 million, or 45.2 per cent., to QAR1,110.8 million for the year ended 31 December 2019 from QAR765.0 million for the year ended 31 December 2018. This reflected an increase in the Bank’s total income by QAR980.9 million. The increase in revenue was partially offset by an increase in total expenses by QAR304.7 million and an increase in return to URIA holders by QAR330.4 million for the year ended 31 December 2019. The increase is mainly attributed to inclusion of IBQ post-merger results during 2019.

Net profit for the year ended 31 December 2019 compared to the year ended 31 December 2018

The Bank’s net profit for the year increased by QAR0.1 million, or 0.01 per cent., to QAR765.1 million for the year ended 31 December 2019 from QAR765.0 million for the year ended 31 December 2018. For the year ended 31 December 2019, the Bank recorded net impairment losses of QAR345.8 million compared to a net impairment loss of QAR0.54 million for the year ended 31 December 2018. The impairment charges for the year ended 31 December 2019 include a net impairment loss on financing assets of QAR334.9 million and a net impairment loss on investment securities of QAR11.3 million. The impairment charges for the year ended 31 December 2018 include a net impairment loss on financing assets of QAR10.8 million and a net impairment loss on investment securities of QAR11.3 million.
loss on investment securities of QAR54.5 million. The impairment charges on financing assets were primarily attributable to Wholesale Banking in the year ended 31 December 2019.

In terms of reporting segments, net profit in Wholesale Banking decreased by QAR189.8 million, or 51.5 per cent., to QAR178.8 million for the year ended 31 December 2019 from QAR368.6 million for the year ended 31 December 2018. The Wholesale Banking segment had a net impairment loss on financing assets of QAR292.1 million for the year ended 31 December 2019 compared to a net reversal impairment on financing assets of QAR10.9 million for the year ended 31 December 2018, and a net reversal of impairment on off balance sheet exposures subject to credit risk of QAR3.2 million for the year ended 31 December 2019 compared to QAR77.2 million for the year ended 31 December 2018. Net profit attributable to Personal and Private Banking increased by QAR45.1 million, or 12.0 per cent., to QAR419.9 million for the year ended 31 December 2019 compared to QAR374.8 million for the year ended 31 December 2018. The Personal and Private Banking segment had a net impairment loss on financing assets of QAR42.8 million for the year ended 31 December 2019 compared to QAR21.7 million for the year ended 31 December 2018.

Net profit attributable to the Treasury and Investments Division increased by QAR102.3 million, or 161.9 per cent., to QAR165.5 million for the year ended 31 December 2019 from QAR63.2 million for the year ended 31 December 2018. The Treasury and Investments Division had a net impairment loss on investment securities of QAR9.6 million for the year ended 31 December 2019 compared to QAR27.0 million for the year ended 31 December 2018.

Net profit attributable to Investment Banking and Asset Management increased by QAR42.5 million to QAR0.9 million for the year ended 31 December 2019 compared to a loss of QAR41.6 million for the year ended 31 December 2018. The Investment Banking and Asset Management segment had a net impairment loss on investment securities of QAR1.7 million for the year ended 31 December 2019 compared to a net impairment loss on investment securities of QAR27.5 million for the year ended 31 December 2018.

**Total segment revenue for the year ended 31 December 2018 compared to the year ended 31 December 2017**

The Bank’s total segment revenue increased by QAR45.8 million, or 2.0 per cent., to QAR2,294.4 million for the year ended 31 December 2018 from QAR2,248.6 million for the year ended 31 December 2017. Each of the Bank’s reporting segments performed as follows:

- total segment revenue attributable to Wholesale Banking increased by QAR22.1 million, or 2.2 per cent., to QAR1,014.7 million for the year ended 31 December 2018 from QAR992.6 million for the year ended 31 December 2017. This increase was primarily due to an increase in total income from financing activities of QAR12.6 million and an increase in net fee and commission income of QAR17.5 million during the year;

- total segment revenue attributable to Personal and Private Banking increased by QAR24.2 million, or 3.3 per cent., to QAR754.8 million for the year ended 31 December 2018 from QAR730.6 million for the year ended 31 December 2017. This increase was primarily due to an increase in total income from financing activities of QAR46.9 million during the year;

- total segment revenue attributable to the Treasury and Investments Division increased by QAR62.7 million, or 13.9 per cent., to QAR514.4 million for the year ended 31 December 2018 from QAR451.7 million for the year ended 31 December 2017. This increase was primarily due to an increase in total income from investing activities of QAR31.6 million and an increase in foreign exchange gain of QAR25.7 million during the year; and
total segment revenue attributable to Investment Banking and Asset Management decreased by QAR63.2 million, or 85.8 per cent., to QAR10.5 million for the year ended 31 December 2018 from QAR73.7 million for the year ended 31 December 2017. This decrease was primarily due to a loss attributable to the share of results of associates and joint ventures of QAR19.4 million for the year ended 31 December 2018 in comparison to a profit attributable to the share of results of associates and joint ventures of QAR4.7 million for the year ended 31 December 2017 and a decrease in net fee and commission income of QAR40.1 million during the year.

Net profit for the year before impairment losses or reversals for the year ended 31 December 2018 compared to the year ended 31 December 2017

The Bank’s net profit before impairment losses or reversals decreased by QAR64.1 million, or 7.7 per cent., to QAR765 million for the year ended 31 December 2018 from QAR829.1 million for the year ended 31 December 2017. This decrease was primarily due to an increase in total expenses by QAR71.3 million during the year.

Net profit for the year ended 31 December 2018 compared to the year ended 31 December 2017

The Bank’s net profit increased by QAR10.7 million, or 1.4 per cent., to QAR765.0 million for the year ended 31 December 2018 from QAR754.3 million for the year ended 31 December 2017. For the year ended 31 December 2018, the Bank recorded a net impairment loss of QAR0.54 million compared to a net impairment loss of QAR74.8 million for the year ended 31 December 2017. The impairment charges for the year ended 31 December 2018 include a net impairment loss on financing assets of QAR10.8 million and a net impairment loss on investment securities of QAR54.5 million. These were offset by a net reversal of impairment on off balance sheet exposures subject to credit risk of QAR77.2 million. The impairment charges for the year ended 31 December 2017 include a net impairment loss on financing assets of QAR48.6 million and a net impairment loss on investment securities of QAR26.2 million. The impairment charges on financing assets were primarily attributable to Wholesale Banking.

In terms of reporting segments, net profit in Wholesale Banking increased by QAR141.9 million, or 62.6 per cent., to QAR368.6 million for the year ended 31 December 2018 from QAR226.7 million for the year ended 31 December 2017. The Wholesale Banking segment had a net impairment reversal on financing assets of QAR10.9 million and a net impairment reversal on off balance sheet exposures subject to credit risk of QAR77.2 million for the year ended 31 December 2018 compared to a net impairment loss on financing assets of QAR31.3 million for the year ended 31 December 2017.

Net profit attributable to Personal and Private Banking increased by QAR38.4 million, or 11.4 per cent., to QAR374.8 million for the year ended 31 December 2018 from QAR336.4 million for the year ended 31 December 2017. The Personal and Private Banking segment had a net impairment loss on financing assets of QAR21.7 million for the year ended 31 December 2018 compared to a net impairment loss on financing assets of QAR17.3 million for the year ended 31 December 2017.

Net profit attributable to the Treasury and Investments Division decreased by QAR96.3 million, or 60.4 per cent., to QAR63.2 million for the year ended 31 December 2018 from QAR159.5 million for the year ended 31 December 2017. The Treasury and Investments Division had a net impairment loss on investment securities of QAR27.0 million for the year ended 31 December 2018 compared to QAR6.0 million for the year ended 31 December 2017.

Net profit attributable to Investment Banking and Asset Management decreased by QAR73.3 million to a loss of QAR41.6 million for the year ended 31 December 2018 compared to a profit of QAR31.7 million for the year ended 31 December 2017. This was primarily due to a decrease of QAR63.1 million in the total segment revenue (mainly fee and commission income) and a net impairment loss on investment securities of QAR27.5
million for the year ended 31 December 2018 compared to QAR20.2 million for the year ended 31 December 2017.

Financial position

The Bank’s total assets decreased by QAR1,703.4 million, or 2.2 per cent., to QAR75,427.3 million as at 30 June 2020 from QAR77,130.7 million as at 31 December 2019, itself an increase by QAR32,769.2 million, or 73.9 per cent., from QAR44,361.5 million as at 31 December 2018, itself a decrease of 4,275.7 million, or 8.8 per cent., from QAR48,637.2 million as at 31 December 2017. The principal driver of the decrease in total assets as at 30 June 2020 compared with 31 December 2019, was a decrease in due from banks of QAR2,410.2 million while there was an increase in investment securities of QAR646.5 million. The principal driver of the increase in total assets as at 31 December 2019 compared with 31 December 2018 was an increase in financing assets of QAR23,986.2 million, an increase in investment securities of QAR5,456.7 million and an increase in due from banks of QAR1,715.0 million mainly due to the Combination. The principal driver of the decrease in total assets as at 31 December 2018 compared with 31 December 2017 was a decrease in financing assets of QAR3,739.0 million.

The Bank’s total liabilities and equity of URIA holders decreased by QAR1,691.3 million, or 2.6 per cent., to QAR63,935.0 million as at 30 June 2020 from QAR65,626.2 million as at 31 December 2019, itself an increase of QAR28,014.8 million, or 74.5 per cent., from QAR37,611.5 million as at 31 December 2018, itself a decrease of QAR3,404.1 million, or 8.3 per cent., from QAR41,015.6 million as at 31 December 2017. The principal driver of the decrease in total liabilities and equity of URIA holders as at 30 June 2020 compared with 31 December 2019 was a decrease in equity of URIA holders of QAR6,845.3 million compensated by an increase in due to banks of QAR4,182.4 million. The principal driver of the increase in total liabilities and equity of URIA holders as at 31 December 2019 compared with as at 31 December 2018 was an increase in equity of URIA holders of QAR19,265.9 million, an increase in due to banks of QAR4,458.3 million and an increase in customer current accounts of QAR2,578.7 million. The principal driver of the decrease in total liabilities and equity of URIA holders as at 31 December 2018 compared with as at 31 December 2017 was a decrease in equity of URIA holders of QAR1,576.9 million, a decrease in due to banks of QAR1,717.5 million and a decrease in sukuk financing of QAR1,357.3 million.
OVERVIEW OF QATAR

Introduction

Qatar is one of the fastest growing economies in the Middle East, with real GDP growing at 2.6 per cent. and 2.2 per cent., respectively, in 2019 and 2018 (and forecasted at 3.2 per cent. for 2020 by the IMF). Strong growth over many years has led to Qatar becoming one of the most prosperous countries in the world, with a nominal GDP per capita of QAR257.6 thousand (U.S.$70.8 thousand) in 2018. Much of Qatar’s wealth is derived from its hydrocarbon resources. As at 31 December 2019, Qatar’s proven reserves of oil amounted to approximately 25.2 billion barrels, while its production of natural gas liquids amounted to 478,000 barrels per day, according to British Petroleum’s (“BP”) most recent “Statistical Review of World Energy” published in 2020. According to the same report, Qatar’s natural gas reserves are the third largest in the world and translated into 12.4 per cent. of overall global reserves in 2019. In December 2010, Qatar made world headlines when it was awarded the right to host the Fédération Internationale de Football Association 2022 World Cup. The World Cup provides opportunities for Qatar to invest in further developing its infrastructure and diversifying its economy.

Qatar has focused on diversifying its economy in an effort to reduce its historical dependence on oil and gas revenues. The construction and real estate sectors have recently made substantial contributions to Qatar’s economic growth, and significant investments have been made to increase economic returns from, in particular, petrochemicals, financial services, infrastructure development and tourism. As a result, nominal GDP for the non-oil and gas sector grew at a CAGR of 15.9 per cent. between 2005 and 2018. Nominal GDP for the non-oil and gas sector reached QAR446.5 billion (U.S.$122.7 billion), or 63.9 per cent. of Qatar’s total nominal GDP, in 2018.

Qatar, which gained independence from the United Kingdom on 3 September 1971, was ruled by His Highness Sheikh Hamad Bin Khalifa Al-Thani from 27 June 1995 until 25 June 2013, on which date he handed power over to his fourth son, and the current Amir of Qatar, H. H. Sheikh Tamim Bin Hamad Bin Khalifa Al-Thani. During his reign, H.H. Sheikh Hamad implemented various initiatives designed to exploit Qatar’s oil and gas resources in a responsible manner, thereby making rapid economic development and the construction of modern infrastructure possible in Qatar. During a period of rapid economic and social progress, Qatar has maintained its cultural and traditional values as an Arab and Islamic nation.

H.H. Sheikh Hamad also instituted a number of governmental reforms, including establishing a constitution that formally separates power among the executive, legislative and judicial branches. Qatar has also reformed its legal system to bring it in line with international laws, standards and practices. There is an organised set of institutions within Qatar that support growth in trade and commerce, both internally and externally, including the QFC, the QSE, and regulators, namely the QCB, the QFMA and the QFCRA. Qatar has strong ties with the West, notably the United States, which maintains a significant military presence in the country. Qatar is a member of, among other international organisations, the United Nations (the “UN”) and the World Trade Organisation (the “WTO”). Qatar has low levels of corruption and has established the National Committee for Integrity and Transparency and the Administrative Control and Transparency Authority, which are each responsible for implementing its obligations as a member of the UN. Qatar is also a signatory to a number of other conventions and protocols. In addition to its memberships in international organisations, Qatar has hosted numerous economic, political and financial summits and conferences and, in recent years, has become an important mediator in regional conflicts.
Geography

Qatar, which shares a land border as well as maritime boundaries with Saudi Arabia, and maritime boundaries with Bahrain, the UAE and Iran, extends over a relatively flat, barren peninsula covered with sand that is approximately 160 kilometres long, covering a total area of approximately 11,493 square kilometres. Doha, which is located on the east coast of the Qatar peninsula, is Qatar’s capital city as well as its commercial, financial and cultural centre. Doha is also the location of Qatar’s international airport and main port facility. Qatar’s most important industrial cities are Ras Laffan Industrial City (located to the north of Doha) and Mesaieed Industrial City (located to the south of Doha).

Population

The Planning and Statistics Authority (the “PSA”) estimated the total number of people in Qatar was 2.77 million as of January 2020. The 2015 census conducted by the Ministry of Development Planning & Statistics (which is currently referred to as the PSA) showed that the population in Qatar in 2015 was 2,404,776, a 41.5 per cent. increase from the 2010 census population figure of 1,699,435. The 2015 census indicated that 39.8 per cent. of the total population resided in the capital city of Doha, with a further 25.2 per cent. residing in Al Rayyan. Non-Qatari nationals, primarily expatriate workers, make up a significant portion of the population in Qatar.

The official language of Qatar is Arabic, although English is widely spoken.

National Vision

In October 2008, Qatar’s General Secretariat for Development Planning developed and published the Qatar National Vision 2030 (the “National Vision”). The National Vision defines broad future trends and long-term objectives for Qatar, providing the framework within which national strategies and implementation plans can be developed. Besides establishing the foundation for developing Qatar’s future strategies and policies, the National Vision has also helped to strengthen the coordination among governmental agencies and integrate planning efforts for the Government, the private sector and civic organisations. The four cornerstones of the National Vision are human, social, economic and environmental development, in the context of which Qatar aims to balance: (i) modernisation and the preservation of traditions; (ii) the needs of the current generation and the needs of future generations; (iii) managed growth and uncontrolled expansion; (iv) the size and quality of the expatriate labour force; and (v) economic growth, social development and environmental management. The National Vision is to be achieved through a series of medium-term plans. The first such six-year plan, referred to as the National Development Strategy (NDS 2011-16), was released in March 2011 and in March 2018, the Second National Development Strategy (NDS 2018-2022) was launched.

Foreign Relations

Qatar has been a member of the WTO since 1996. In line with its commitment to the WTO, Qatar’s policies are focused on the liberalisation of the economy and trade, the reduction of tariffs, as well as increasing and diversifying exports. In 2001, Qatar hosted the Fourth WTO Ministerial Conference, which launched the current round of trade negotiations known as the Doha Development Agenda.

Qatar is also a member of numerous international and multilateral organisations, including, among others, the UN (where Qatar was a non-permanent member of the UN Security Council for the 2006-2007 term, and has served as the president of the 66th session of the UN General Assembly), the League of Arab States, the Organisation of The Islamic Conference, UNESCO, the Multinational Investment Guarantee Agency, the IMF.
and the International Bank for Reconstruction and Development. Qatar was also a member of OPEC until January 2019.

On 23 December 2008, representatives of 11 gas-producing nations, including Qatar, Russia and Iran, signed an intergovernmental memorandum and charter formally establishing the Gas Exporter Countries Forum (“GECF”), which chose Doha as the future headquarters for its permanent secretariat. The GECF Secretary General commenced his duties in Doha in February 2010. The GECF Liaison Office, which facilitates the affairs of the GECF, is also based in Doha. Apart from the regular Ministerial meetings, the first GECF gas summit was held in Doha in December 2011. The GECF’s objectives include exchanging information on a broad range of issues such as new technologies, investment programmes, relations with natural gas consuming countries and environmental protection.

**GCC Membership**

Qatar is a member of the GCC, whose other members are Bahrain, Kuwait, the UAE, Oman and Saudi Arabia. In 2003, the GCC established a customs union under which Qatar applies a common customs tariff of 5.0 per cent. to most products, with a limited number of exceptions. In 2005, as part of the GCC, Qatar joined the Istanbul Cooperation Initiative, which is a North Atlantic Treaty Organisation initiative to enhance regional security in the broader Middle East. In June 2017, as a result of a diplomatic events, Bahrain, the UAE and Saudi Arabia took a number of measures to restrict trade and travel between these countries and Qatar (see “Risk Factors - The Bank is subject to risks associated with political and economic conditions in Qatar and the Middle East”).

In November 2016, GCC states executed the GCC Framework Agreement on Value Added Tax (“VAT”), which has already come into force in the UAE, Saudi Arabia and Bahrain and is expected to come into force in the other GCC states over the coming years. The tax will apply a single rate of 5.0 per cent. to a broad basket of goods and services, with likely exceptions including basic food items, healthcare and education. On 3 May 2017, the Qatari Council of Ministers approved the Qatar VAT law and its executive regulations which are expected to reflect the provisions of the GCC Framework Agreement. The Qatar VAT law and its executive regulations have not yet been published in the Official Gazette and as such they are not yet in force.

**Legal System**

Over the last decade, Qatar's legal system has been significantly reformed by the enactment of various pieces of legislation intended to bring Qatari laws in line with international laws, standards and practices. Qatar's Civil Code sets forth civil law principles, including with respect to conflict of laws, contracts, rights and obligations, security, ownership and torts. The Commercial Code addresses commercial affairs and entities, competition, commercial obligations and contracts and commercial paper. The Commercial Code also provides comprehensive provisions addressing bankruptcy matters, permitting creditors to file claims against any corporate entity, except for certain professional companies and other companies that are at least majority owned by the Government. Finally, the Commercial Companies Law No. 11 of 2015 addresses matters with respect to the ownership of shares, limited liability, capital contributions, payment of dividends, shareholder rights and obligations and general principles of corporate governance.

The Government has passed other significant legislations, including the Law No. 1 of 2019 on Foreign Investment Law, the QCB Law, the Law No. 20 of 2019 on Money Laundering Law, the Law No. 14 of 1995 on Doha Securities Market Law (now the Law No. 8 of 2012 on Qatar Stock Exchange Law) and the QFC Law, as well as competition, intellectual property, labour, property and environmental laws.
Amongst the most recent significant legislation passed in Qatar is Law No. 21 of 2015, regulating the entry, exit and residence of expatriates. This law came into force on 13 December 2016, and repealed Law No. 4 of 2009, which related to the same subject matter. Qatar has also implemented Law No. 13 of 2016 on the Privacy and Protection of Personal Data; this law came into force on 31 December 2016, and places a burden on “data controllers” and “data processors” to ensure that personal data is handled with care and is protected from any loss or unauthorised disclosure, and that added protection is given to personal data of a private nature. The most recent enactment passed is Law No. 2 of 2017 on Civil and Commercial Arbitration Law, which is based on the UNCITRAL model law and replaces the old provisions related to arbitration that were contained in the Civil and Commercial Procedures Law number 13 for 1990.

Following the establishment of the QFC in 2005, the QFC Law established a legal and regulatory regime to govern the QFC that is generally parallel to and separate from Qatari laws and the Qatari legal system, except for Qatari criminal law. The QFC has established its own rules and regulations applicable to, among others, financial services companies, and which cover such topics as employment, companies, anti-money laundering, contracts and insolvency. In accordance with the rules and regulations of the QFC, the QRFC regulates, authorises and supervises banking, financial and insurance related businesses carried on, in or from the QFC, in accordance with legislative principles of an international standard modelled closely on those used in London and other major financial centres. In addition, the Qatar International Court and Dispute Resolution Centre comprises the QFC Civil and Commercial Court, the Regulatory Tribunal and a Dispute Resolution Centre. The QFC Civil and Commercial Court deals with matters arising under the QFC Law, the QFC Regulatory Tribunal hears appeals against the decisions of the QFCA and other QFC institutions and the Dispute Resolution Centre offers international arbitration and mediation services. The QCB Law gave the Governor of the QCB the responsibility of governing the QFC.

Economic Policy

Qatar’s primary economic objective has been to create a thriving investment climate that both encourages domestic investment and identifies positive opportunities for outward investment. Qatar has increased its liquefied natural gas (“LNG”) production capacity to 77 million tonnes per annum (“mtpa”) and is set to increase it further to 110 mtpa by 2024 and 126 mtpa by 2027, making investments across the LNG value chain. It has also worked to diversify its economy, resulting in strong growth in the non-oil and gas sectors.

Historically, Qatar’s economy has been dependent on crude oil production. In the early 1990s, however, Qatar developed a multi-directional and fast-track strategy to accelerate the commercialisation of Qatar’s substantial natural gas reserves as a means to diversify and ultimately modernise the economy. This strategy was implemented pursuant to a three-pronged approach, namely by developing LNG and gas-to-liquids (“GTL”) for global export, pipeline gas for regional export markets, and by utilising gas for domestic petrochemical production and industrial consumption. In line with this strategy, Qatar has made large-scale investments across the entire value chain of LNG trains, tankers, and storage and receiving facilities, becoming the leading LNG producing and exporting country in the world, according to the U.S. Energy Information Administration.

Although Qatar is focused on ensuring optimal and sustainable development and commercialisation of the oil and gas sector, which continues to be the backbone of the economy, one of the cornerstones of Qatar’s current economic policy is a commitment to diversify the overall economy so that Government revenues from the oil and gas sector are supplemented by an increased percentage of Government revenues from non-oil and gas-related activities. As set forth in the National Vision, Qatar’s long-term economic objectives include developing its infrastructure and strengthening its private sector. In pursuit of these objectives and consistent with increased revenues and surpluses, Qatar has increased total expenditure to QAR89.6 billion (U.S.$24.6 billion) for the fiscal year ended 31 December 2019, funnelling much of this expenditure into major construction projects such
as railway, the Lusail real estate development (including Energy City), the Hamad International Airport, ports, roads, healthcare and education.

Qatar is also strengthening the private sector by undertaking regulatory reforms aimed at improving Qatar’s business climate and creating an environment that will support enterprise creation, private competition and foreign direct investment, including through taking steps such as liberalising the telecommunications sector and creating special economic zones. In addition, Qatar has sought to increase the country’s attractiveness to foreign direct investment by implementing laws that allow more foreign participation in the domestic economy. For example, the Government has established the QFC, which enables global financial firms to operate in Qatar, although there are restrictions on such financial institutions dealing with retail customers.

In addition, on 13 December 2018, Law No. (24) of 2018 introduced an income tax law (the “Income Tax Law”) replacing the previous Law No. (21) of 2009. Under the Income Tax Law (which is applicable outside the QFC and retains most features and provisions from the previous law), taxable income in any taxable year is taxed at a flat tax rate of 10.0 per cent., except for certain oil and gas companies that will continue to be taxed at the previous rate of 35.0 per cent. (which the new law now also applies to agreements relating to petrochemical industries). This is part of a broad plan to diversify the Qatari economy to reduce reliance on the oil and gas sector, which accounted for approximately 34.0 per cent. of total nominal GDP in 2019. However, Qatari companies that are 100 per cent. owned by Qataris do not pay income tax.

In December 2018, the Excise Law No. (25) of 2018 (the “Excise Law”) was introduced and came into effect on 1 January 2019. As at the date of this Base Prospectus, the Excise Law applies to tobacco, energy drinks and goods of a special nature (including alcohol) at the rate of 100 per cent., and to carbonated drinks at the rate of 50 per cent.

In February 2019, the Foreign Investment Law No. (1) of 2019 (the “Foreign Investment Law”) came into effect, which, in principle, removed the restriction on foreign investment to allow investments by non-Qataris in large sectors of the Qatari economy. The Minister of Commerce and Industry has discretion to approve an investment by a non-Qatari which exceeds 49 per cent. of the share capital of a company. However, the executive regulations relating to the Foreign Investment Law have not been issued yet and the practice and procedures that the regulator and the Ministry of Commerce and Industry will adopt is not yet known.

In June 2014, in its Annual Market Classification Review, MSCI Inc. upgraded Qatar from a “frontier market” to an “emerging market”. This classification is among the criteria used by a large number of institutional investors and private equity funds to identify markets in which they can invest. This upgrade is expected to increase investment in Qatari securities with the entry of foreign institutional investors and passive or index-tracking investors.

Gross Domestic Product

Qatar’s nominal GDP increased by 10.0 per cent. in 2017, 15.0 per cent. in 2018 and decreased by 4 per cent. in 2019, principally as a result of a decrease in non-oil and gas and manufacturing sectors’ contribution to the total nominal GDP. Previously, annual nominal GDP declined by 21.6 per cent. in 2015, and by 6.2 per cent. in 2016, generally reflecting trends in commodity prices during these periods.

The following table sets forth certain information about Qatar’s nominal GDP by economic sector and by percentage contribution to total nominal GDP for each of the five years ended 31 December.
### Year end 31 December

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value</td>
<td>%</td>
<td>Value</td>
<td>%</td>
<td>Value</td>
</tr>
<tr>
<td>Oil and gas sector</td>
<td>394,190</td>
<td>52.5</td>
<td>163,984</td>
<td>29.7</td>
<td>195,981</td>
</tr>
<tr>
<td>Non-oil and gas</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>sector by activity:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial and insurance activities; real estate activities.....</td>
<td>78,291</td>
<td>10.4</td>
<td>89,795</td>
<td>16.3</td>
<td>92,107</td>
</tr>
<tr>
<td>Manufacturing(1)</td>
<td>76,133</td>
<td>10.1</td>
<td>46,814</td>
<td>8.5</td>
<td>52,785</td>
</tr>
<tr>
<td>Construction .......</td>
<td>50,031</td>
<td>6.7</td>
<td>77,079</td>
<td>14.0</td>
<td>91,089</td>
</tr>
<tr>
<td>Wholesale and retail trade; repair of motor vehicles and motorcycles; accommodation and food service activities ..........</td>
<td>54,030</td>
<td>7.2</td>
<td>52,601</td>
<td>9.5</td>
<td>52,953</td>
</tr>
<tr>
<td>Transport and storage; information and communication ...</td>
<td>25,091</td>
<td>3.3</td>
<td>34,737</td>
<td>6.3</td>
<td>35,393</td>
</tr>
<tr>
<td>Electricity, gas, steam and air conditioning supply; water supply, sewerage, waste management and remediation activities ........</td>
<td>3,290</td>
<td>0.4</td>
<td>5,979</td>
<td>1.1</td>
<td>6,161</td>
</tr>
<tr>
<td>Agriculture, forestry and fisheries ...............</td>
<td>880</td>
<td>0.1</td>
<td>1,016</td>
<td>0.2</td>
<td>1,129</td>
</tr>
<tr>
<td>Other services(2)</td>
<td>68,723</td>
<td>9.2</td>
<td>80,303</td>
<td>14.5</td>
<td>80,023</td>
</tr>
<tr>
<td>Total non-oil and gas sector ....</td>
<td>356,468</td>
<td>47.5</td>
<td>388,322</td>
<td>70.3</td>
<td>411,639</td>
</tr>
<tr>
<td>Total nominal GDP</td>
<td>750,658</td>
<td>100.0</td>
<td>552,305</td>
<td>100.0</td>
<td>607,620</td>
</tr>
</tbody>
</table>

(Values are in QAR in millions, except for percentages)

Notes:

1. Non-oil and gas sector includes real estate activities.
2. Other services include trade, hospitality, education, health, community, social and personal services, and public administration and defense.

Total nominal GDP excludes government services.
For the purposes of calculating GDP, certain downstream activities generally associated with Qatar’s oil and gas industry, such as the production and export of gas to liquids, petrochemicals, fertilisers, steel, aluminium, iron and metal coating, are included in the manufacturing sector as part of the non-oil and gas sector.

Includes social services, imputed bank service charges, government services, household services and import duties.

Source: PSA

The Economy of Qatar

In 2018, Qatar’s economic growth reached 1.8 per cent. Qatar is one of the most prosperous countries in the world, with a nominal GDP per capita of QAR257.6 thousand (U.S.$70.8 thousand) in 2019. Much of Qatar’s wealth is derived from its hydrocarbon resources. As at year-end 2019, Qatar’s proven reserves of oil amounted to approximately 25.2 billion barrels, while its proven reserves of natural gas amounted to 871.6 tcf, according to BP’s “Statistical Review of World Energy” published in June 2020. According to the same report, Qatar’s natural gas reserves are the third largest in the world and translated into 12.4 per cent. of overall global reserves in 2019.

Qatar’s carefully planned exploitation of its hydrocarbon reserves resulted in a nominal GDP CAGR of 15.9 per cent. from 2005 to 2019. Qatar’s total nominal GDP decreased by 4.1 per cent. in 2019, reaching QAR667.8 billion (U.S.$183.5 billion).

In the early 1990s, Qatar developed a multi-directional and fast-track strategy to accelerate the commercialisation of its substantial natural gas reserves as a means to diversify and ultimately modernise Qatar’s economy. In line with this strategy, Qatar has made large-scale investments across the entire value chain of LNG, including liquefaction trains, tankers, and storage and regasification facilities abroad. Qatar has been the world’s leading LNG exporter since 2006. Qatar continues to be the leading global LNG exporter accounting for 22.1 per cent. of overall global LNG trade in 2019, according to BP. Through its flagship Qatargas and RasGas LNG projects, Qatar has developed its LNG business through strategic partnerships with a number of the world’s leading oil and gas companies, including ExxonMobil, Shell, Total and ConocoPhillips. By investing across the entire LNG value chain, Qatar now enjoys meaningful cost advantages in the gas sector due to significant economies of scale and a low-cost structure. Qatar also has a good central geographic location for global shipping to all major gas consuming regions of the world and, based on contractual commitments, Qatari LNG is expected to be sold globally to customers in various regions, including Central and South America (Mexico and Argentina), Northwest Europe (the United Kingdom and Belgium), Western Europe (Italy, France and Spain), South Asia (India), East Asia (China, Malaysia, Thailand, South Korea, Japan and Taiwan) and the Middle East (UAE). Most of the LNG produced by Qatar’s upstream ventures is sold under long-term take-or-pay agreements that provide certainty of volume offtake.

The decision to increase LNG output by 64 per cent. by 2027 will help fuel Qatar’s next phase of development. This increase in capacity will require substantial investments both onshore and offshore including the construction of four new LNG trains to process the gas. These new investments are expected to generate substantial multiplier effects on the wider economy, increasing demand for goods and services and driving the country’s development in line with the Qatar National Vision 2030.

Qatar has also focused on developing and exploiting its natural gas resource base prudently beyond the LNG industry, implementing a downstream strategy driven by opportunities to add value to existing oil and gas production as well as the requirements of the domestic economy. QP has developed pipeline gas both for regional export markets and for domestic petrochemicals and industrial consumption. In addition, QP is the majority shareholder in a number of industrial companies located primarily at Mesaieed Industrial City, which use natural gas as feedstock and/or fuel to produce various value-added products, such as petrochemicals and fertiliser, steel, iron, aluminium and metal coating, both for domestic consumption and for export.
In years where Qatar has experienced a budget surplus, Qatar has used its budget surpluses to diversify the economy through increased spending on infrastructure, social programmes, healthcare and education, which have modernised Qatar’s economy. Qatar’s economic growth has also enabled it to diversify its economy through domestic and international investment into different classes of assets. In 2005, Qatar established the QIA to propose and implement investments for Qatar’s growing financial reserves, both domestically and abroad. The aim of the QIA is to strengthen the nation’s economy through the diversification of asset classes across a wide range of geographies. Through the QIA, Qatar has made investments in private equity, the banking sector, real estate, publicly traded securities and alternative assets. With its growing portfolio of international and domestic long-term strategic investments, the QIA has continued to develop Qatar’s economic diversification strategy while contributing to the nation’s significant economic expansion. Qatar incurred budget deficits in 2015, 2016 and 2017 and turned to deficit financing, including the issuance of bonds, as a way of continuing its investments in its economy. Such deficits reflected Qatar’s continued commitment to capital expenditure with respect to ongoing infrastructure projects combined with conservative oil prices. Qatar’s budget returned to surplus in 2018 and 2019.

As a response to the 2008-2009 global financial crisis and as a supportive measure to preserve the general stability in Qatar’s banking sector, Qatar has provided financial support to its financial sector. During the first quarter of 2009 and in 2010 and 2011, the QIA began making direct capital injections into Qatar’s commercial banking sector through the planned purchase in equity of ownership interests of up to 20.0 per cent. in certain domestic banks listed on the QSE. In addition, on 9 March 2009, the Government declared that in order to further support Qatar’s banking sector, Qatar would purchase a portion of the investment portfolios of seven of the nine domestic banks listed on the QSE. These purchases were completed on 22 March 2009 at a total purchase price of approximately QAR6.5 billion (U.S.$1.8 billion). In an effort to further boost liquidity and encourage lending, in early September 2009, Qatar offered to buy a portion of the real estate portfolios and investments of nine domestic commercial banks at a sale price equivalent to the net book value of such portfolios and investments with a total ceiling amount of QAR15.5 billion (U.S.$4.3 billion).

With regard to the continuing diplomatic rift between Qatar and some countries in the region, the IMF provided the following commentary in its latest Article IV consultation, published in June 2019. The IMF noted:

“Qatar’s economy has successfully absorbed the shocks from the 2014-16 drop in hydrocarbon prices and the 2017 diplomatic rift. The country has managed to retain expert ties and develop newer trade relations, sustaining its one-third share of global LNG trade.

The banking system has also adjusted to the diplomatic rift as non-resident deposits and placements edged upward. With improved bank liquidity conditions, public-sector deposits placed in the banking system in response to the diplomatic rift have been reduced.

The banking sector remains healthy, with high asset quality and strong capitalization. A sound regulatory and supervisory framework has contributed to the resiliency of the banking sector.”

Source: IMF Article IV Consultation, IMF Country Report No.19/146

Oil and Gas Sector
The following table sets forth Qatar’s total proven reserves of crude oil, natural gas and field condensate, as of 31 December 2019.
As of 31 December 2019

<table>
<thead>
<tr>
<th></th>
<th>Proven</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural gas (in tcf)</td>
<td>871.6</td>
</tr>
<tr>
<td>Oil and Condensates (in billions of barrels)</td>
<td>25.2</td>
</tr>
<tr>
<td><strong>Total barrels of oil equivalent (&quot;BOE&quot;) (in billions)</strong>&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td><strong>170.5</strong></td>
</tr>
</tbody>
</table>

**Notes:**

<sup>(1)</sup> Proven reserves of natural gas have been converted to BOE using the methodology in BP’s “Statistical Review of World Energy”, which converts gas to BOE on a calorific basis according to a conversion factor of 1 bcf of gas to 0.17 million BOE.

*Source: BP*

QP, which is wholly-owned by Qatar and represents Qatar’s primary source of revenues, is responsible for all phases of the oil and gas industry in Qatar. The principal activities of QP and its subsidiaries and joint ventures cover exploration, drilling and production, storage and transport, and the marketing and sale of crude oil, condensates, pipeline gas, LNG, petrochemicals, GTL, steel, fertilisers and other products and services. QP conducts its operations and activities at various onshore and offshore locations, while certain hydrocarbon exploration activities and new projects are conducted under production sharing agreements with international oil and gas companies. QP’s downstream strategy is driven by opportunities to add value to existing oil and gas production as well as the requirements of the domestic economy. QP is also the majority shareholder in a number of industrial companies located primarily at Mesaieed Industrial City, which use natural gas as feedstock and/or fuel to produce various value-added products, such as petrochemicals, fertilisers and steel, both for domestic consumption and export. Although oil-related activities currently account for a significant portion of QP’s revenues and net cash flows, Qatar expects that the contribution of non-oil revenues to QP’s net cash flow will steadily increase relative to other sources of income, with Qatar deriving a majority of its oil and gas revenue from the sale of LNG and other natural gas in 2011 as a result of its investment in the commercialisation of Qatar’s substantial natural gas reserves. Crude oil and refined products sales, however, continue to remain significant. Qatar’s LNG output is expected to increase by 64 per cent. to 126 mtpa from 77 mtpa by 2027.

QP’s strategy is to continue to contribute to the diversification of Qatar’s economy and Qatar’s assets by leveraging QP’s experience along with Qatar’s vast hydrocarbon wealth, to generate long-term returns on investment in the international oil and gas industry. In line with this strategy, QP has invested outside Qatar in the oil and gas industry in foreign markets and has explored and evaluated various investment and acquisition opportunities that would further optimise the operations of QP as well as maximise the value of Qatar’s hydrocarbon resources, including by expanding into downstream activities in the natural gas sector, so that Qatar has greater involvement and ownership in the entire LNG value chain.

**Non-Oil and Gas Sector**

In recent years, Qatar has invested heavily in diversifying its economy to reduce its historically high dependence on oil and gas revenues. The non-oil and gas sector of Qatar now contributes significantly to the overall economy of Qatar, contributing 63.9 per cent. of total nominal GDP in 2019, as compared to 41.0 per cent. in 2005. In the coming years, the absolute value of the non-oil and gas sector is expected to continue to grow along with the overall economy of Qatar. The relative contribution of the non-oil and gas sector to total nominal GDP as compared to the oil and gas sector has fluctuated in recent years largely due to increases in production and volatile commodity prices. Within the non-oil and gas sector, the finance, business services, insurance and real estate sectors made the largest contribution to total nominal GDP in 2019, as has been the case since 2006.
The following table sets forth the nominal and percentage contribution of the non-oil and gas sector to Qatar’s total nominal GDP from 2015 to 2019.

<table>
<thead>
<tr>
<th>Year end 31 December</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value</td>
<td>%</td>
<td>Value</td>
<td>%</td>
<td>Value</td>
</tr>
<tr>
<td>(QAR in millions, except for percentages)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-oil and gas</td>
<td>367,692</td>
<td>62.5</td>
<td>388,322</td>
<td>70.3</td>
<td>411,639</td>
</tr>
</tbody>
</table>

Source: QCB

Qatar’s Public Finance

General

Qatar experienced significant revenue growth and large budget surpluses from 2000 until 2014, driven primarily by the rapid development of its hydrocarbon sector. As a result of the lower oil prices then prevailing, Qatar experienced lower revenue and a budget deficit in 2017 but had a surplus in 2018. Government revenues stood at QAR163.5 billion (U.S.$44.9 billion) at the end of 2017 and at QAR207.9 billion (U.S.$57.1 billion) at the end of 2018. By 31 December 2018, there was an overall surplus of QAR15.1 billion (U.S.$4.1 billion), or 2.2 per cent. of GDP, as a result of higher global oil prices. The surplus for the year ended 31 December 2019 was QAR4.4 billion (U.S.$1.2 billion).

The Government’s primary sources of budget revenues are oil and gas-related revenues generated by QP’s activities. In 2019 (the latest period for which a full-year breakdown is available), this accounted for 83.3 per cent. of the total revenues, up from 81.5 per cent. in the previous year. The Government’s budget is formulated using a conservative estimate of the oil price per barrel for the relevant fiscal year: U.S.$65 for the budget for each of the fiscal years ended 31 March 2014 and 2015; U.S.$65 for the budget for the shortened nine-month fiscal period ended 31 December 2015; U.S.$48 for the budget for the fiscal year ended 31 December 2016; U.S.$45 for the budget for the fiscal year ended 31 December 2017; U.S.$45 for the budget for the fiscal year ended 31 December 2018; and U.S.$55 for the budget for the fiscal year ended 31 December 2019. The Ministry of Finance receives royalties and tax revenue on export sales of crude oil, refined products and gas products, including LNG and downstream products from QP and its joint venture partners. In addition to such export sale receipts, the Government receives a significant portion of QP’s net income as miscellaneous transferables. Miscellaneous transferables accounted for 16.7 per cent. of total revenue in 2018 (based on both QP- and non-QP related investment income earned by the Government). The Government has other revenue sources including customs duties, taxes on the operations of foreign owned businesses and charges for certain services provided by the Government.

The principal items of Government expenditure are the development of Qatar’s infrastructure, the wages and salaries of Government employees and principal and interest payments in respect of Government indebtedness (both internal and external). Other items of Government expenditure include the provision of social services such as healthcare, education and the pensions of former Government employees, as well as utilities, such as water, electricity and telephone services. In recent years, the Government has increased aggregate expenditures substantially as the Government has invested in the development of Qatar’s physical infrastructure to meet the needs of its growing population and to develop Qatar into a trade centre and leading LNG exporter. Expenditure growth has been characterised by gradual year-on-year growth at a CAGR of 10.2 per cent. between the fiscal year ended 31 March 2001 and the fiscal year ended 31 March 2004 and more significant year-on-year growth at a CAGR of 33.5 per cent. between the fiscal year ended 31 March 2004 and the fiscal year ended 31 March
2008, as Qatar’s larger infrastructure projects have moved from the planning phase to the development and construction phases. Qatar’s expenditure grew at a CAGR of 6.8 per cent. from the fiscal year ended 31 March 2008 to 31 December 2018, as the total expenditure increased to QAR192.8 billion (U.S.$53.0 billion) from QAR86.2 billion (U.S.$23.7 billion) in the fiscal year ended 31 March 2008.

In years where Qatar has experienced a budget surplus, the Government has used the budget surplus for the purpose of investment both in Qatar and abroad. Investment of the surplus in Qatar has been focused on capital projects, particularly related to real estate development and transportation and social infrastructure. Investment outside Qatar has been focused primarily on securities and other capital market instruments, with Qatar acquiring stakes in leading international financial institutions and real estate holdings. These investments are administered by the QIA on the Government’s behalf. A portion of the budget surplus has also been placed into stabilisation funds administered by the QIA. Education and health services are expected to be funded in future years by the interest derived from revenues of designated LNG trains currently being placed into dedicated stabilisation funds. The Government does not publish figures relating to the size, scope or performance of the portfolio of investments administered by the QIA. Such deficits reflect Qatar’s commitment to capital expenditure with respect to ongoing infrastructure projects combined with conservative oil prices. However, since 2018, there has been a budget surplus which is also expected for 2020.

**Budget Policy and Process**

Qatar’s budget plays a central role in Qatar’s economy and is a key tool in achieving the Government’s economic development goals. Fiscal policy is considered to be the core of Qatar’s general economic policy, which aims to utilise fully Qatar’s economic resources to raise the standard of living in Qatar and to achieve sustainable development through cooperation between the private and public sectors. Governmental expenditure is considered by the Government to be a primary stimulant of economic activity and consequently a facilitator of economic growth in Qatar.

Until 31 March 2015, the Government operated under a fiscal year running from 1 April to 31 March. From 1 January 2016, the Government changed to a calendar year budget (1 January to 31 December). Therefore, the Government operated under a shortened nine-month fiscal period from 1 April 2015 to 31 December 2015 and has issued budgets for full calendar years since then. Each year, the Budget Department of the Ministry of Finance supervises the preparation of ministerial and agency budgets for the following fiscal year. After approval by the Minister of Finance, the consolidated budget is submitted to the Council of Ministers for its approval (normally by 1 December in advance of the fiscal year, which commences on 1 January). The budget for capital projects is sent to the Advisory Council for discussion and the Advisory Council submits its recommendations to the Council of Ministers for approval. Thereafter, the budget is submitted to the Amir for his approval and, if approved, a decree implementing the budget is issued.

Along with the release of the budget, the Ministry of Finance publishes a circular regarding the preparation of Qatar’s budget. The circular provides that the financial policy of Qatar focuses on achieving the highest value for money possible for Qatar’s budgetary resources, ensuring appropriate allocation of resources to enable timely execution of projects, including infrastructure and public services projects, improving efficiency and cost savings in connection with government-related services, and stimulating private sector economic activity to increase growth and expand employment opportunities for Qatari nationals.

The following table sets forth the actual revenues, expenditure and overall surplus of the Government for the fiscal years ended 31 December 2016, 2017, 2018 and 2019.
### Qatar’s Indebtedness

The Government’s total outstanding indebtedness as at 31 December 2019 was QAR371.5 billion (U.S.$102.1 billion), with internal indebtedness of QAR188.1 billion (U.S.$51.7 billion) or 50.6 per cent. of total indebtedness, and external indebtedness of QAR183.4 billion (U.S.$50.4 billion), or 49.4 per cent. of total indebtedness. Total indebtedness as at 31 December 2019 constituted 55.6 per cent. of Qatar’s total nominal GDP in 2019.

A decision of the Council of Ministers, No. (17) of 2008 (as amended) established the Qatar Finance Policy Committee, which comprises senior government officials, including the Minister of Finance as chairman, a representative of QCB as deputy chairman, and representatives of the QIA and QP. Under its mandate, the Qatar Finance Policy Committee (a) provides guidance to all government-related entities that seek to access the international capital markets and (b) coordinates debt offerings by Qatari issuers in order to increase liquidity and optimise borrowing costs for Qatari borrowers.

The following table sets forth the Government’s direct indebtedness as at 31 December 2016, 2017, 2018 and 2019.

<table>
<thead>
<tr>
<th></th>
<th>Fiscal year ended 31 December</th>
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<tbody>
<tr>
<td></td>
<td>2016</td>
</tr>
<tr>
<td></td>
<td>(QAR in millions)</td>
</tr>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
</tr>
<tr>
<td>Oil, gas and investment revenues</td>
<td>140,717</td>
</tr>
<tr>
<td>Miscellaneous transferables</td>
<td>30,139</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>170,856</td>
</tr>
<tr>
<td><strong>Expenditure:</strong></td>
<td></td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>59,241</td>
</tr>
<tr>
<td>Current expenditure</td>
<td>59,766</td>
</tr>
<tr>
<td>Secondary capital</td>
<td>3,929</td>
</tr>
<tr>
<td>Major projects</td>
<td>98,748</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td>221,685</td>
</tr>
<tr>
<td><strong>Surplus or Deficit</strong></td>
<td>(50,829)</td>
</tr>
</tbody>
</table>

*Source: Ministry of Finance and QCB citing the Ministry of Finance*

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As at 31 December(1)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(U.S.$ in millions, except for percentages)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total internal indebtedness</strong>(2)</td>
<td>38,974</td>
<td>51,669</td>
<td>50,515</td>
<td>47,601</td>
</tr>
<tr>
<td>% of nominal GDP</td>
<td>25.7%</td>
<td>31.0%</td>
<td>26.4%</td>
<td>25.9%</td>
</tr>
<tr>
<td><strong>Total external indebtedness</strong>(3)(4)</td>
<td>31,900</td>
<td>31,386</td>
<td>45,102</td>
<td>61,869</td>
</tr>
<tr>
<td>% of nominal GDP</td>
<td>21.0%</td>
<td>18.8%</td>
<td>23.6%</td>
<td>33.7%</td>
</tr>
<tr>
<td><strong>Total indebtedness</strong></td>
<td>70,874</td>
<td>83,055</td>
<td>95,617</td>
<td>109,470</td>
</tr>
<tr>
<td><strong>Total nominal GDP</strong>(2)</td>
<td>151,732</td>
<td>166,929</td>
<td>191,362</td>
<td>183,466</td>
</tr>
</tbody>
</table>
As at 31 December\(^{(1)}\)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of nominal GDP</td>
<td>46.7%</td>
<td>49.8%</td>
<td>50.0%</td>
<td>59.7%</td>
</tr>
</tbody>
</table>

(U.S.$ in millions, except for percentages)

Notes:

(1) Numbers presented on a calendar year basis.

(2) Internal indebtedness means direct indebtedness of the Government incurred inside Qatar (excluding guarantees by the Government), regardless of the currency of denomination.

(3) External indebtedness means direct indebtedness of the Government incurred by the Government outside Qatar (excluding guarantees by the Government), regardless of the currency of denomination.

(4) Does not include any indebtedness guaranteed by Qatar.

Source: Ministry of Finance

Qatar has never defaulted on any payment of principal, premium or interest on any of its internal or external indebtedness. Qatar’s long-term credit rating was downgraded to AA- as of June 2017 and placed on “CreditWatch with negative implications” with a negative outlook as a result of the Qatar Political Developments. In August 2017, S&P removed Qatar from “CreditWatch with negative implications”, stating that, “This reflects our expectation that the authorities will continue to actively manage the impact of the boycott while preserving Qatar’s core rating strengths, including strong public finances”. Similarly, Qatar’s foreign and local currency bond rating by Moody’s was downgraded to Aa3 in May 2017. In July 2017, Qatar’s Moody’s rating was placed on negative outlook while the Aa3 rating was affirmed. In June 2018, Fitch raised its sovereign rating outlook for Qatar to “stable” from “negative”, citing a “stabilising business sector due to public sector liquidity injections, and a narrowing government fiscal deficit.” Following that, Fitch upgraded the outlook of all Qatari banks to “stable” in July 2018, reflecting Fitch’s view that Qatar has successfully managed the effects of the diplomatic rift with some of its neighbours. In February 2020, Fitch affirmed Qatar’s outlook at “stable” and rating at AA-. Moody’s and S&P took similar action in July and December 2018, raising their long-term issuer ratings outlook to “stable” from “negative”, citing “evidence of broad resilience of Qatar’s credit metrics” and Qatar’s ability to “effectively mitigate the economic and financial impacts of the boycott” as the key driver. In January 2020, Moody’s affirmed Qatar’s outlook at “stable” and rating at Aa3. In May 2020, S&P affirmed Qatar’s outlook at “stable” and rating at AA-.

Monetary and Financial System of Qatar

The QCB, the QFCRA and the QFMA are the three regulatory authorities tasked with regulating and supervising the monetary, banking and financial system, and the capital markets in Qatar. The Government issued the Banking Law which is aimed at advancing the framework for financial regulation in Qatar and expanding the ambit of regulation to cover areas requiring new and enhanced financial regulation. It also lays the foundation for increased cooperation between the regulatory bodies in Qatar. The Banking Law, among other matters, mandates the QCB to act as the competent supreme authority in framing the policies for the regulation and supervision of all financial services and markets in Qatar, including the insurance sector which was previously regulated by the Ministry of Commerce and Industry (formerly known as the Ministry of Economy and Commerce).

The QCB formulates and implements monetary and exchange rate policies and is entrusted with the supervision of the banking system and non-bank financial institutions (including insurance companies). Its objectives include maintaining the stability of the riyal and its free convertibility to other currencies, the stability of commodity and service prices and the stability of the financial and banking system in Qatar. The QCB also acts
as the primary supervisory authority and regulator for Qatar’s commercial banks, and issues licences and consents to banking and financial services companies operating in Qatar. The QFCRA is an independent statutory body of the QFC that licenses and supervises banking, financial and insurance-related businesses that provide financial and advisory services in or from the QFC. The QFMA is the independent regulatory authority for Qatar’s capital markets that regulates and supervises the QSE along with the securities industry and associated activities.

**Qatar Central Bank**

![Diagram of Qatar Central Bank](image)

*Source: The QCB*

The QCB was established as an independent organisation in 1993 and operates in coordination with the Ministry of Finance, which currently has one of five seats on the board of directors. The QCB is tasked with maintaining both monetary and financial stability. Monetary stability refers to stable prices and currency, while financial
stability refers mainly to supervision, support and development of the financial sector. The QCB is managed by a board of directors, which is chaired by its Governor. The board of directors includes the Deputy Governor of the QCB and at least three other members, including a representative from the Ministry of Finance and a representative from the Ministry of Commerce and Industry (formerly known as the Ministry of Economy and Commerce). See “The Qatar Banking Sector and Regulations”. The diagram above outlines the organisational structure of the QCB.

**Qatar Financial Centre**

The QFC is a financial and business centre established by the Government in 2005 with a view to attracting international financial services institutions and multinational corporations to Doha in order to grow and develop the market for financial services in the region. Unlike other financial centres in the region, the QFC is an onshore financial and business environment.

The QFC comprises four primary bodies: the QFCA, the QFCRA, the QFC Civil and Commercial Court and the QFC Tribunal. The QFCA determines the commercial strategy of the QFC, while the QFCRA regulates, authorises, supervises and, when necessary, disciplines banking, securities, insurance and other financial businesses carried on in or from the QFC. The QFCRA also registers and supervises the directors and other designated officers of the businesses authorised by it. The QFCRA regulatory approach is modelled closely on that of the UK’s Financial Conduct Authority. The QFC Civil and Commercial Court has jurisdiction over disputes arising within the QFC, and the QFC Tribunal hears appeals against decisions of the QFCRA. The QFCRA, the Court and the Tribunal are all statutory independent bodies reporting to the Council of Ministers.

Firms operating under the QFC umbrella fall into two categories: those providing financial services, which are regulated activities and those engaged in non-regulated activities.

**Monetary Policy**

Currently, Qatar’s monetary policy is formulated by the QCB to, among other things, regulate interest rates, maintain the stability of the riyal, and control inflation. See “The Qatar Banking Sector and Regulations—Interest Rates” and “The Qatar Banking Sector and Regulations—Inflation”. While the QCB operates in coordination with the Ministry of Finance, it is independent from political interference in its management of monetary policy.

**General Tax Authority**

Qatar has established the General Tax Authority (the “GTA”), which is in charge of implementing all tax laws and improving tax compliance in the country. The GTA was established as a separate entity, under the supervision of the Ministry of Finance, and its establishment is in line with Qatar’s plans to reduce the country’s dependence on hydrocarbon resources.

The law establishing the GTA mandates the authority to implement all tax laws, establish all related bylaws, procedures and instructions and be responsible for their implementation, review and assess tax return forms and collect taxes from subject entities. It also mandates the GTA to represent Qatar in relevant international and regional organisations and at international conferences and events and sign tax agreements with other countries to encourage economic cooperation and joint investments.
The Qatar Banking Sector and Regulations

Qatar Central Bank

In its supervisory capacity, the QCB oversees the activities of Qatar’s commercial banks and non-bank financial institutions (including insurance companies) with a view to minimising banking and financial risk in Qatar’s financial sector. The QCB conducts regular inspections of commercial banks and reviews reports and other mandatory data submitted by commercial banks, including monthly capital adequacy compliance reports.

The QCB has implemented regulations regarding non-performing loans, large exposures, country risk, money market and foreign exchange accounts, credit ratios, fixed assets for banks’ use, reserve requirements and banks’ investments. The QCB has the authority to impose penalties in the event that banks fail to comply with these regulations. The QCB requires commercial banks to maintain a minimum reserve requirement of 4.50 per cent. and a CAR of 16.0 per cent. (including the capital conservation buffer, the highest applicable DSIB buffer and the ICAAP capital charge of 1.0 per cent.) in line with the “well-capitalised” level in the Basel III guidelines and above the guidelines minimum recommended level of 10.0 per cent. (excluding the capital conservation buffer). The QCB also requires each commercial bank to maintain a risk reserve balance of not less than 2.5 per cent. of the total amount of direct credit facilities provided by the bank and its subsidiaries as determined at the end of each year. Certain provisions and credit provided to the Ministry of Finance and credit secured by cash collateral are excluded from the calculation of the total amount of direct credit facilities for the purposes of determining the minimum risk reserve balance. A bank may not use any portion of its risk reserve amount without the prior approval of the QCB. Commercial banks are also required to have their annual accounts audited by the QCB’s approved independent auditors and to obtain prior approval from the QCB to appoint senior management.

In January 2014, the QCB issued a circular to all commercial banks in Qatar (No. AR/2/2014) with instructions regarding the implementation of the QCB’s Basel III requirements. The QCB’s minimum recommended capital adequacy requirements under Basel III are currently 16.0 per cent. (including a capital conservation buffer of 2.5 per cent.). Furthermore, banks identified as DSIBs are subject to an additional buffer, as determined by the QCB for each identified DSIB.

The QCB also imposes certain exposure limits and credit controls on commercial banks. No more than 20.0 per cent. of any bank’s capital and reserves may be extended to a single customer in the form of credit facilities and no more than 25.0 per cent. of any commercial bank’s capital and reserves may be extended to a single customer in the form of credit or investment facilities. Additionally, no customer may borrow more than QAR3.0 billion (U.S.$824.1 million) in aggregate from Qatar’s commercial banks. Credit facilities extended to a single major shareholder in any bank cannot exceed 10.0 per cent. of that bank’s capital and reserves. Credit facilities granted to a single country in the form of loans to customers or the government must not exceed 20.0 to 150.0 per cent. of the bank’s capital and reserves depending on the category of country. The maximum real estate finance that can be granted to all customers should not exceed 150.0 per cent. of the bank’s capital and reserves. In April 2011, the QCB introduced maximum limits for individual consumer loans secured against salaries. Qatari nationals are not permitted to borrow more than QAR2.0 million (U.S.$549,450) with a maximum repayment period of six years. Expatriates are not permitted to borrow more than QAR0.4 million (U.S.$109,890) with a maximum repayment period of four years. In relation to real estate finance made available to individuals against their salary, the total real estate finance must not exceed 70.0 per cent. of the value of the mortgaged property. In relation to financing provided to other types of borrowers, the finance must not exceed 60.0 per cent. of the value of the mortgaged property. In 2010, the QCB also began the process of establishing the Qatar Credit Bureau in order to collect and make available consumer credit information to commercial banks. The Qatar Credit Bureau began operations in March 2011.
In its Article IV Country Report for Qatar published in June 2019, the IMF noted the following: (i) Qatar’s macroeconomic performance remains positive with real GDP growth expected to reach 2.6 per cent. in 2019, underpinned by a recovery in hydrocarbon output and robust growth of the non-hydrocarbon sector; (ii) inflation is projected to peak at 3.7 per cent. in 2020 with the expected introduction of VAT; (iii) fiscal balances are expected to improve due to continued expenditure restraint and a rise in oil prices; and (iv) the main macroeconomic risks related to lower hydrocarbon prices and the uncertainty associated with the rising trade and geopolitical tension in the region.

The QCB initiated single-factor stress testing of the portfolios of commercial banks in Qatar in 2010. The testing covers the broad areas of liquidity risk, credit risk, interest rate risk, foreign exchange risk and equity market risk. The results of these stress tests illustrate the possible impact of adverse financial conditions on a commercial bank’s CAR or return on assets. Stress testing of commercial banks, on an aggregate basis, conducted by the QCB based on data for March 2010, suggested that neither the CAR nor the returns on assets of Qatar’s commercial banks were significantly impaired.

In its Article IV Country Report for Qatar published in June 2019, the IMF concluded that “Qatar’s banking sector remains healthy, reflecting high asset quality and strong capitalization”. Overall liquidity remained “comfortable” in 2019; non-resident deposits recovered to QAR208.2 billion at the end of December 2019 from QAR169 billion at the end of December 2018.

The QCB also issues domestic currency and conducts bank clearing operations and settlements. The investment department of the QCB manages the investments of the QCB’s financial reserves that are primarily in the form of securities issued or guaranteed by other governments with maturities of up to 10 years. These investments are maintained at a level at least equal to 100.0 per cent. of the riyals issued by the QCB at any time.

The QCB, in order to ensure better regulation and risk management in the domestic Islamic and conventional banking sector, issued instructions in 2011 to conventional banks to wind up their Islamic banking operations by the end of 2011. The QCB directive to close the Islamic branches of conventional banks was made with the aim of bringing in enhanced supervision, more financial stability, and also enhancing monetary policy tools for Islamic banks.

The following table sets forth the QCB’s balance sheet data as at 31 December in each of the years 2014 to 2019.

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<tbody>
<tr>
<td><strong>Foreign assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gold</td>
<td>2,150.1</td>
<td>2,758.0</td>
<td>3,986.7</td>
<td>4,528.1</td>
<td>4,675.5</td>
<td>7,485.8</td>
</tr>
<tr>
<td>Foreign securities</td>
<td>105,203.9</td>
<td>90,248.9</td>
<td>72,307.1</td>
<td>14,166.8</td>
<td>54,818.0</td>
<td>80,266.8</td>
</tr>
<tr>
<td>Balances with foreign banks</td>
<td>47,699.2</td>
<td>40,756.5</td>
<td>37,506.5</td>
<td>33,793.6</td>
<td>49,061.5</td>
<td>54,652.7</td>
</tr>
<tr>
<td>IMF reserve position</td>
<td>62.7</td>
<td>27.9</td>
<td>0.0</td>
<td>0.0</td>
<td>553.1</td>
<td>511.2</td>
</tr>
<tr>
<td>SDR holdings</td>
<td>1,434.4</td>
<td>1,372.2</td>
<td>1,331.6</td>
<td>1,414.8</td>
<td>1,387.4</td>
<td>1,387.1</td>
</tr>
<tr>
<td><strong>Total foreign assets</strong></td>
<td><strong>156,550.3</strong></td>
<td><strong>135,163.5</strong></td>
<td><strong>115,131.9</strong></td>
<td><strong>53,903.3</strong></td>
<td><strong>110,495.5</strong></td>
<td><strong>144,303.6</strong></td>
</tr>
<tr>
<td>Claims on commercial banks</td>
<td>55,863.4</td>
<td>55,976.2</td>
<td>44,567.2</td>
<td>110,460.7</td>
<td>80,193.6</td>
<td>65,310.7</td>
</tr>
<tr>
<td>Unclassified assets</td>
<td>1,134.8</td>
<td>2,833.6</td>
<td>21,750.4</td>
<td>24,042.4</td>
<td>42,337.8</td>
<td>23,521.7</td>
</tr>
</tbody>
</table>
As at 31 December

<table>
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<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total assets</strong></td>
<td>213,548.5</td>
<td>193,973.3</td>
<td>181,449.5</td>
<td>188,406.4</td>
<td>233,026.9</td>
<td>233,136.0</td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Reserve money:</strong></td>
<td>(1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency issued</td>
<td>14,075.8</td>
<td>14,985.2</td>
<td>16,184.1</td>
<td>16,539.5</td>
<td>16,215.7</td>
<td>16,404.3</td>
</tr>
<tr>
<td>Deposits of local banks</td>
<td>11,592.2</td>
<td>3,196.8</td>
<td>5,781.3</td>
<td>10,278.0</td>
<td>30,608.8</td>
<td>18,205.0</td>
</tr>
<tr>
<td>Reserve requirement</td>
<td>(1)</td>
<td>28,541.2</td>
<td>30,479.9</td>
<td>33,022.4</td>
<td>35,953.8</td>
<td>36,041.9</td>
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<tr>
<td>Government deposits</td>
<td>34,632.7</td>
<td>7,946.5</td>
<td>1,312.0</td>
<td>312.0</td>
<td>670.6</td>
<td>349.1</td>
</tr>
<tr>
<td>Capital and reserves</td>
<td>34,632.7</td>
<td>7,946.5</td>
<td>1,312.0</td>
<td>51,762.2</td>
<td>143,246.0</td>
<td>143,246.0</td>
</tr>
<tr>
<td>Revaluation account</td>
<td>30,603.7</td>
<td>51,795.1</td>
<td>51,762.2</td>
<td>0.0</td>
<td>1,398.5</td>
<td>2,412.2</td>
</tr>
<tr>
<td>Other liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>91,927.2</td>
<td>85,569.8</td>
<td>73,387.5</td>
<td>181,449.5</td>
<td>233,026.9</td>
<td>233,136.0</td>
</tr>
</tbody>
</table>

Note:
(1) Reserve requirements were QAR28.5 billion (U.S.$7.8 billion), QAR30.5 billion (U.S.$8.4 billion), QAR33.0 billion (U.S.$9.1 billion), QAR36.0 billion (U.S.$9.9 billion), QAR36 billion (U.S.$9.9 billion) and QAR37.4 billion (U.S.$10.3 billion) as at 31 December 2014, 2015, 2016, 2017, 2018 and 2019, respectively.

Source: QCB

**Interest Rates**

Prior to 2000, the QCB imposed certain ceilings on the credit and deposit interest rates offered by commercial banks. The QCB removed these restrictions in order to further liberalise the financial sector. However, in April 2011 the QCB introduced a cap on interest rates that can be charged on personal loans of 1.5 per cent. over its benchmark lending rate and 1.0 per cent. per month for credit cards. Otherwise, Qatar’s banking system is free from any form of interest rate ceilings.

The QCB utilises three different interest rates: a lending rate, a deposit rate and a reverse repo rate. The lending rate is used for the lending facility through which commercial banks can obtain liquidity from the QCB. The deposit rate is used for the deposit facility through which commercial banks can place deposits with the QCB. Both of these facilities may be rolled over to the next day, when transactions are executed electronically. The reverse repo rate is a pre-determined interest rate set by the QCB for reverse repo transactions entered into between the QCB and commercial banks. The overnight liquidity facility rate is used for overnight lending by the QCB to commercial banks.

Prior to July 2007, the QCB closely tracked the interest rates of the U.S. Federal Reserve Bank as the Qatari riyal is pegged to the U.S. dollar. However, the QCB did not deem it necessary to reduce interest rates to the same extent, or as quickly, as the U.S. Federal Reserve Bank on the last several occasions that the latter has reduced its interest rates. Since December 2016, the QCB has again begun closely tracking the interest rates of the U.S. Federal Reserve Bank. On 16 March 2020, taking into account the enduring domestic and international macroeconomic developments triggered by the COVID-19 outbreak, the QCB reduced the interest rates and as at the date of this Base Prospectus, the QCB overnight deposit rate is 1.0 per cent., its overnight lending rate is 2.50 per cent. and its repo rate is 1.0 per cent.
Currency

The Qatari riyal has been fixed to the U.S. dollar at a rate of QAR3.64 per U.S. dollar since 1980. It is one of the QCB’s objectives to keep the riyal stable against the U.S. dollar. As the riyal is pegged to the U.S. dollar, the exchange rate of the riyal against other major currencies fluctuates in line with the movements of the exchange rate of the U.S. dollar against such currencies. The IMF’s June 2019 Article IV report emphasised that, “the peg to the U.S. dollar continues to provide a clear and credible monetary anchor and is considered to be sustainable.”

Inflation

CPI inflation in Qatar increased by 2.7 per cent. in 2016, 0.4 per cent. in 2017 and 0.3 per cent. in 2018 and decreased by 0.6 per cent. in 2019.

Housing, water, electricity and gas prices rose by 2.9 per cent. in 2015 and 4.0 per cent. in 2016 and fell by 3.0 per cent. in 2017, by 3.9 per cent. in 2018 and by 2.1 per cent. in 2019.

The QCB uses various monetary instruments to address price stability. The required reserve ratio for commercial banks was increased by two percentage points to 4.75 per cent. in 2008 in an effort to absorb excess liquidity from the domestic markets. In April 2017, this was reduced to 4.50 per cent. Certificates of deposit for terms of one, three, six and nine months were increased from zero at the end of 2007 to a total of QAR8.0 billion (U.S.$2.2 billion) as at March 2010 and were subsequently reduced to zero in 2011. They remained at zero at the date of this Base Prospectus. In addition, the QCB maintained its lending interest rate at 5.5 per cent. from 2007 until April 2011 and its deposit interest rate at 2.0 per cent. from May 2008 until August 2010. The most recent cuts took place in August 2011, wherein rates went down on lending from 5.0 per cent. to 4.5 per cent. and for deposits from 1.0 per cent. to 0.75 per cent. These were later increased and then cut again, following international monetary trends, and at the date of this Base Prospectus, the lending rate was at 2.50 per cent. and the deposit rate was at 1.0 per cent. In March 2020, as part of its plan to insulate the global economy from the effects of COVID-19, the U.S. Federal Reserve Bank reduced its benchmark deposit rate to 0.00–0.25 per cent.

The following table sets forth the CPI and annual average percentage change for the years ended 31 December 2017, 2018 and 2019, as well as the share represented by each item in the general index using the new series, which is based on 2013 prices using a basket of 12 goods and services.

<table>
<thead>
<tr>
<th>Based on 2013 prices:</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>% share in index</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Housing, water,</td>
<td>21.9</td>
<td>111.9</td>
<td>(3.0)</td>
</tr>
<tr>
<td>electricity and gas</td>
<td>12.6</td>
<td>101.1</td>
<td>1.9</td>
</tr>
<tr>
<td>Food and beverages</td>
<td>5.1</td>
<td>101.7</td>
<td>(1.2)</td>
</tr>
<tr>
<td>Clothing and footwear</td>
<td>0.3</td>
<td>114.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Tobacco ..................</td>
<td>7.7</td>
<td>108.2</td>
<td>0.4</td>
</tr>
<tr>
<td>Furnishings and</td>
<td>1.8</td>
<td>103.2</td>
<td>2.3</td>
</tr>
<tr>
<td>household equipment...</td>
<td>14.6</td>
<td>118.1</td>
<td>7.3</td>
</tr>
</tbody>
</table>

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Annual Average for the year ended 31 December

<table>
<thead>
<tr>
<th>Based on 2013 prices:</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>% share in index</td>
<td>Index</td>
<td>%</td>
<td>Index</td>
</tr>
<tr>
<td>Communication ...........</td>
<td>5.9</td>
<td>98.7</td>
<td>(0.6)</td>
</tr>
<tr>
<td>Recreation and culture</td>
<td>12.7</td>
<td>107.0</td>
<td>(2.0)</td>
</tr>
<tr>
<td>Education...............</td>
<td>5.8</td>
<td>124.1</td>
<td>2.2</td>
</tr>
<tr>
<td>Restaurants and hotels</td>
<td>6.1</td>
<td>98.7</td>
<td>(1.4)</td>
</tr>
<tr>
<td>Miscellaneous goods and services ..........</td>
<td>5.7</td>
<td>102.8</td>
<td>0.2</td>
</tr>
<tr>
<td>General Index.........</td>
<td>100.0</td>
<td>108.5</td>
<td>0.5</td>
</tr>
</tbody>
</table>

Source: PSA

VAT

As at the date of this Base Prospectus, Qatar does not impose VAT on the sale of goods and services. However, in November 2016, the GCC states executed the GCC Framework Agreement on VAT, which has been implemented in the UAE, Saudi Arabia and Bahrain and is expected to come into force in the other GCC states over the coming years. The tax will apply a single rate of 5.0 per cent. to a broad basket of goods and services. On 3 May 2017, the Qatari Council of Ministers approved the Qatar VAT law and its executive regulations, which are expected to reflect the provisions of the GCC Framework Agreement. The Qatar VAT law and its executive regulations have not yet been published in the Official Gazette and as such they are not yet in force. It is understood that VAT may be introduced in 2021.

The introduction of VAT in Qatar may impact the Bank negatively to the extent that it is unable to recover input VAT.

Withholding Taxes

On 11 December 2019, Qatar published the new Income Tax Executive Regulations (the “Executive Regulations”) relating to the Income Tax Law. The new Executive Regulations repeal the previous Executive Regulations and were effective from 12 December 2019.

In line with Qatar’s decision in November 2017 to join the OECD Inclusive Framework and align Qatar’s tax rules with the emerging global consensus of shared international tax rules, the new Executive Regulations include provisions on such issues as the permanent establishment, definition and transfer pricing documentation requirements. Many domestic tax rules have also changed. The main changes introduced by the Income Tax Law and the Executive Regulations relate to:

- merger and amalgamation transactions;
- withholding tax sourcing rules and the refund process;
- loss carry-forward rules and Bad Debt deductions;
- capital gains tax (the “CGT”), including the deadline to file CGT tax returns;
- conditions to exempt Qatari shareholders and wholly/partially owned Qatari entities;
- administrative procedures, including registration, filing extensions and changes in accounting periods;


- head office and entertainment expense allowances;
- charitable contributions allowances, including zakat;
- thin capitalisation and other interest deductibility restrictions;
- tax paid-on-behalf of non-residents;
- deductibility of provisions, including end of service and leave provisions;
- fixed asset categories and accelerated depreciation rates;
- commissions paid to local agents;
- financial thresholds for filing a tax return;
- disclosures and attachments to the tax returns;
- process for conducting tax audits and assessments;
- objection and appeal processes;
- contract reporting procedures and associated penalties;
- anti-avoidance rules;
- related party disclosures and transfer pricing documentation requirements;
- methods of communication with the GTA, including through digital means; and
- instructions regarding the new electronic portal (Dhareeba).

Money Supply

Since 2006, the money supply in Qatar has grown steadily, primarily as a result of significant increases in Government spending and an expansion of private sector credit, which has increased more than eight times within the period from 2007 to 2019. The expansion in private sector credit occurred despite the Government’s implementation of a credit ratio and an increase in reserve requirements designed to moderate such credit expansion.

As of 31 December 2019, the narrow measure of money (“M1”), which comprises currency held by the public and deposits denominated in riyals of the private sector, government and semi-government institutions, increased to QAR124.7 billion (U.S.$34.3 billion), a 4.7 per cent. increase from 31 December 2018. This led to an increase of M1 domestic share in liquidity to 19.1 per cent. as of 31 December 2019 compared to 18.2 per cent. as of 31 December 2018. As of 31 December 2019, currency in circulation increased to QAR11.6 billion (U.S.$3.2 billion) from QAR11.2 billion (U.S.$3.1 billion) as of 31 December 2018. As of 31 December 2019, demand deposits increased to QAR113.1 billion (U.S.$31.1 billion) from QAR107.8 billion (U.S.$29.6 billion) as of 31 December 2018. As of 31 December 2019, the broad measure of money (“M2”), which comprises M1 plus savings and time deposits denominated in riyals and foreign currency deposits of the private sector, government and semi-government institutions, increased to QAR578.0 billion (U.S.$158.8 billion), an increase of 2.5 per cent. from QAR 563.9 billion (U.S.$154.9 billion) as of 31 December 2018. Time deposits increased by 20.4 per cent. from QAR 245.3 billion (U.S.$67.4 billion) as of 31 December 2018 to QAR295.4 billion (U.S.$81.2 billion) as of 31 December 2019. Foreign currency deposits decreased by 20.9 per cent. from QAR199.6 billion (U.S.$54.8 billion) as of 31 December 2018 to QAR179.7 billion (U.S.$43.4 billion) as of 31 December 2019. Total quasi-money represented by time deposits and foreign currency deposits increased to
QAR 453.3 billion (U.S.$124.5 billion) as of 31 December 2019, a 1.9 per cent. increase from QAR 415.9 billion (U.S.$114.2 billion) as of 31 December 2018.

The following table provides an overview of the money supply and sets forth certain liquidity indicators for Qatar as at 31 December in each of the years 2015 to 2019.

<table>
<thead>
<tr>
<th>Foreign assets: QCB: As at 31 December</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>(QAR in millions, except as otherwise noted)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets(^{(1)})</td>
<td>135,565.0</td>
<td>115,523.0</td>
<td>54,314.5</td>
<td>110,898.3</td>
<td>144,704.5</td>
</tr>
<tr>
<td>Liabilities(^{(1)})</td>
<td>(1,314.0)</td>
<td>(1,262.3)</td>
<td>(1,316.5)</td>
<td>(1,296.5)</td>
<td>(1,294.5)</td>
</tr>
<tr>
<td>QCB foreign assets (net)</td>
<td>134,251.0</td>
<td>114,260.7</td>
<td>52,998.0</td>
<td>109,601.8</td>
<td>143,410.0</td>
</tr>
<tr>
<td>Commercial banks:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td>222,931.8</td>
<td>273,202.1</td>
<td>234,442.2</td>
<td>239,086.0</td>
<td>240,143.9</td>
</tr>
<tr>
<td>Liabilities</td>
<td>(309,998.0)</td>
<td>(446,819.1)</td>
<td>(361,878.3)</td>
<td>(437,998.2)</td>
<td>(538,506.3)</td>
</tr>
<tr>
<td>Commercial bank foreign assets (net)</td>
<td>(87,066.2)</td>
<td>(173,617.0)</td>
<td>(127,436.1)</td>
<td>(198,912.2)</td>
<td>(298,362.4)</td>
</tr>
<tr>
<td>Foreign assets (net)</td>
<td>47,184.8</td>
<td>(59,356.3)</td>
<td>(74,438.1)</td>
<td>(89,310.4)</td>
<td>(154,952.4)</td>
</tr>
<tr>
<td>Domestic assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claims on Government:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claims(^{(2)})</td>
<td>193,399.0</td>
<td>256,679.6</td>
<td>332,125.1</td>
<td>293,943.6</td>
<td>296,198.1</td>
</tr>
<tr>
<td>Deposits(^{(3)})</td>
<td>(61,224.9)</td>
<td>(59,366.9)</td>
<td>(94,479.6)</td>
<td>(89,172.9)</td>
<td>(74,872.4)</td>
</tr>
<tr>
<td>Claims on Government (net)</td>
<td>132,174.1</td>
<td>197,312.7</td>
<td>237,645.5</td>
<td>204,770.7</td>
<td>221,325.7</td>
</tr>
<tr>
<td>Domestic credit: Claims on public enterprises(^{(4)})</td>
<td>161,460.1</td>
<td>155,192.7</td>
<td>165,983.2</td>
<td>166,758.1</td>
<td>183,694.1</td>
</tr>
<tr>
<td>Claims on private sector(^{(5)})</td>
<td>437,283.9</td>
<td>464,122.6</td>
<td>493,251.6</td>
<td>553,712.4</td>
<td>659,737.8</td>
</tr>
<tr>
<td>Total domestic credit</td>
<td>598,744.0</td>
<td>619,315.3</td>
<td>659,234.8</td>
<td>720,470.5</td>
<td>843,431.8</td>
</tr>
<tr>
<td>Other items (net)</td>
<td>(256,719.9)</td>
<td>(259,723.8)</td>
<td>(219,110.1)</td>
<td>(271,922.8)</td>
<td>(331,801.6)</td>
</tr>
<tr>
<td>Domestic assets (net)</td>
<td>474,198.2</td>
<td>556,904.2</td>
<td>677,770.2</td>
<td>653,318.4</td>
<td>732,955.9</td>
</tr>
<tr>
<td>Broad money:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money (M1):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency in circulation</td>
<td>11,032.7</td>
<td>11,947</td>
<td>11,590.3</td>
<td>11,243.9</td>
<td>11,599.5</td>
</tr>
<tr>
<td>Demand deposits</td>
<td>115,892.1</td>
<td>116,401.5</td>
<td>111,497.4</td>
<td>107,832.0</td>
<td>113,103.2</td>
</tr>
<tr>
<td>Total money</td>
<td>126,924.8</td>
<td>128,348.5</td>
<td>123,087.7</td>
<td>119,075.9</td>
<td>124,702.8</td>
</tr>
<tr>
<td>Quasi-money:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Savings and time deposits</td>
<td>242,417.1</td>
<td>244,790.4</td>
<td>259,691.2</td>
<td>245,367.8</td>
<td>295,406.6</td>
</tr>
<tr>
<td>Foreign currency deposits</td>
<td>152,041.1</td>
<td>124,409.0</td>
<td>220,533.2</td>
<td>199,564.3</td>
<td>157,894.2</td>
</tr>
<tr>
<td>Total quasi-money</td>
<td>394,458.2</td>
<td>369,199.4</td>
<td>480,224.4</td>
<td>444,932.1</td>
<td>453,300.8</td>
</tr>
<tr>
<td>Total broad money (M2)</td>
<td>521,383.0</td>
<td>497,547.9</td>
<td>603,332.1</td>
<td>564,008.0</td>
<td>578,003.5</td>
</tr>
<tr>
<td>Change (%):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign assets (net)</td>
<td>(62.1)</td>
<td>(225.8)</td>
<td>25.4</td>
<td>20.0</td>
<td>73.8</td>
</tr>
<tr>
<td>Domestic assets (net)</td>
<td>25.0</td>
<td>17.4</td>
<td>21.7</td>
<td>(3.6)</td>
<td>12.2</td>
</tr>
<tr>
<td>Total broad money</td>
<td>3.4</td>
<td>(4.6)</td>
<td>21.3</td>
<td>(6.5)</td>
<td>2.5</td>
</tr>
<tr>
<td>Velocity of broad money</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Foreign assets: QCB: As at 31 December

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>(to total nominal GDP(^6))</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Velocity of broad money (to non-oil and gas nominal GDP(^6))</td>
<td>0.7</td>
<td>0.8</td>
<td>0.7</td>
<td>0.8</td>
<td>0.8</td>
</tr>
</tbody>
</table>

Notes:
(1) Excludes the QCB’s foreign currency deposits with local commercial banks.
(2) Includes Government borrowing on behalf of public enterprises in 2001.
(3) Includes foreign and local currency deposits.
(4) Non-financial sector enterprises with some Government ownership.
(5) Includes financial securities.
(6) Velocity of broad money calculations use the sum of nominal GDP for the last four available quarters (Q3 2018 to Q2 2019).

Source: QCB and PSA

**Liquidity**

The QCB, on behalf of the Government, issues bonds, sukuk and T-bills to absorb domestic liquidity. The QCB has issued a number of domestic bonds since 1999. The Government had a total of QAR140.4 billion (U.S.$38.6 billion) of domestic bonds, sukuk, T-bills and term loans outstanding as at 11 February 2020, according to Bloomberg. As at 11 February 2020, the Government’s domestic issuances included: T-bills denominated in local currency each month, with QAR3.0 billion (U.S.$0.8 billion) outstanding; QAR44.4 billion (U.S.$12.2 billion) in sukuk; QAR72.8 billion (U.S.$20.0 billion) in Government long-term bonds; and QAR20.2 billion (U.S.$5.5 billion) in term loans, according to Bloomberg. Additionally, the Government had also issued QAR279.6 billion (U.S.$76.8 billion) in U.S.$-denominated long-term bonds as at 11 February 2020, according to Bloomberg. As at 11 February 2020, the Government had issued long-term sukuk denominated in foreign currency of QAR7.3 billion (U.S.$2.0 billion).

**Response to COVID-19**

The QCB has issued a number of circulars to banks as a result of the COVID-19 outbreak. The QCB has requested all banks to review and activate their business continuity plans and to evaluate such plans according to how the pandemic evolves and the potential business risks arising as a result to ensure that there are no significant interruptions to their businesses. The QCB has also required banks operating in Qatar to postpone the repayment of loan instalments and interest due on such instalments for an initial period of six months with effect from 16 March 2020 for impacted sectors and without imposing any delay fees or impacting the credit rating of such customers. During this postponement period, interest/return shall be calculated at a rate of 2.5 per cent. The postponement period has subsequently been extended for a further period of three months until December 2020. Furthermore, a national guarantee programme was announced to support the private sector whereby banks operating in Qatar will benefit from a 100 per cent. guarantee from the Government (acting through Qatar Development Bank) for financing provided to the private sector to enable them to pay salaries and rent payment. This guarantee programme applies to entities in all sectors of the economy (except for real estate) which are wholly privately owned and which have been economically impacted by the COVID-19 outbreak. The funding should cover up to six months of salaries and rent payments with a maximum funding limit of QAR7.5 million (U.S.$2.06 million) in respect of each application. The funding is repayable over a maximum of three years. The Government through Qatar Development Bank will cover the interest payments.
up to a rate of 1.5 per cent. for the first six months of such funding and at 1 per cent. plus the QCB lending rate for the following six months. The interest for the remaining two years of the funding shall be borne by the customer at a rate not exceeding 2 per cent. plus the QCB lending rate. Furthermore, the QCB has allocated a QAR50 billion (approximately USD13.74 billion) repurchase window at a zero interest rate for the purposes of providing liquidity to banks to enable them to commit to reducing the interest/return rate for customers who benefit from the relief measures announced by the Government.

Banking System

Commercial Banks (Outside the QFC)
Commercial banks in Qatar consist of five locally owned conventional banks, four Islamic banks that operate according to Islamic Shari’a principles (including the prohibition on the charging of interest on loans) (including the Bank, which is 43.11 per cent. Government-owned), seven branches of foreign banks and one specialised bank.

The conventional local banks in Qatar are Qatar National Bank (“QNB”), Commercial Bank of Qatar, Doha Bank, Al Khaliji and Ahli Bank. The conventional banks accounted for 70.4 per cent. of total banking sector assets as at 31 December 2019.

The Islamic banks in Qatar are Qatar Islamic Bank, Qatar International Islamic Bank, Masraf Al Rayan and the Bank. The Islamic banks account for 26.6 per cent. of market share by total assets as at 31 December 2019.

The seven foreign banks present in Qatar had a total of QAR34.9 billion (U.S.$9.6 billion) in total assets as at 31 December 2019, equivalent to 2.2 per cent. of the total banking sector. The foreign banks in Qatar are Arab Bank, Bank Saderat Iran, BNP Paribas, HSBC, Mashreq Bank, Standard Chartered Bank and United Bank Limited.

One state-owned specialised bank, Qatar Development Bank, accounts for the remaining 0.8 per cent. of the total banking sector.

Commercial banks are the primary financial institutions in Qatar, receiving deposits and providing credit and investment services, as well as foreign exchange and clearance services. The deposits made in Qatar’s commercial banks are not insured as there is no deposit insurance scheme in Qatar.

There has recently been some consolidation in the Qatari banking sector. In December 2016, it was announced that subject to shareholder and regulatory approval, Masraf Al Rayan, the Bank and IBQ would merge to form one consolidated entity. In August 2018, it was announced that the Bank and IBQ had reached a final merger agreement. In April 2019, the Bank and IBQ completed the merger. Upon the Combination becoming effective, IBQ was dissolved. The combined bank retained the Bank’s legal registrations and licenses and continued to be a sharia-compliant entity.

In June 2018, Fitch revised upward Qatar’s outlook to “stable” from “negative” and affirmed its long-term foreign currency issuer default rating of AA-, which was further affirmed in June 2020. The upward revision resulted from Fitch’s assessment that Qatar has successfully managed the effects of the diplomatic rift and that the economy has reconfigured its supply chain and continues to grow at a steady rate. Fitch also emphasised that Qatar’s sovereign net foreign assets are far above most AA and A-rated peers. In July 2018, Moody’s also revised its outlook for Qatar to “stable” from “negative” and reaffirmed its long-term issuer rating of Aa3, which was further affirmed in September 2020. Moody’s emphasised a number of credit strengths embedded in Qatar’s credit profile, including the large net asset position of Qatar’s government, exceptionally high levels of per-capita income, substantial hydrocarbon reserves and relatively low fiscal and external break-even oil prices. These factors will continue to provide significant shock absorption capacity for Qatar. In December 2018, S&P Global Ratings also revised its outlook on Qatar to “stable” from “negative” due to their view that Qatar will
continue to effectively mitigate the economic and financial consequences of the diplomatic rift. In May 2020, S&P Global Ratings further affirmed Qatar’s outlook at “stable” and rating at AA-.

The QCB requires commercial banks to maintain a total minimum CAR of 12.5 per cent. (including a capital conservation buffer but excluding the ICAAP capital charge) in accordance with the QCB’s Basel III requirements. QCB issued a circular in January 2014 introducing requirements in accordance with Basel III recommendations. Historically, commercial banks have complied with QCB capital adequacy requirements and, at the end of 2019, the average CAR of the sector was 18.6 per cent. compared with 18.0 per cent. in 2018, 16.8 per cent. in 2017 and 16.1 per cent. in 2016. At the end of 2019, the Tier 1 average CAR for all banks was 17.5 per cent. compared with 17.0 per cent. in 2018, 16.5 per cent. in 2017 and 15.7 per cent. in 2016. As a result of challenging economic conditions, in May 2009, the QCB amended its methods for calculating its CAR. See “Risk Factors—The Bank may be subject to increased capital requirements or standards due to new Governmental or regulatory requirements and changes in perceived levels of adequate capitalisation”. Currently, Qatar’s commercial banks are compliant with Basel III Pillar I and, as of January 2014, the QCB instructed all commercial banks in Qatar to comply with the QCB’s Basel III requirements.

Qatar has provided financial support to Qatar’s financial sector as a response to the 2008-2009 global economic downturn and as a preventative measure to preserve the general stability of Qatar’s banking sector. In late 2008 and early 2009, the QIA began making direct capital injections in Qatar’s commercial banking sector through a plan to purchase equity ownership interests of up to 20.0 per cent. in all domestic banks listed on the QSE, excluding QNB. In January 2009, the QIA acquired 5.0 per cent. of the shares of Qatar Islamic Bank for QAR956 million (U.S.$263 million), 5.0 per cent. of the shares of Commercial Bank of Qatar for approximately QAR807 million (U.S.$221.7 million), 5.0 per cent. of the shares of Qatar International Islamic Bank for QAR464 million (U.S.$127.5 million), 5.0 per cent. of the shares of Ahli Bank for QAR161 million (U.S.$44.2 million), and 5.0 per cent. of the shares of Doha Bank for QAR369 million (U.S.$101.4 million). In February 2009, the QIA acquired 20.0 per cent. of the shares of First Finance Company for QAR257 million (U.S.$70.6 million). These capital injections were based on the share price of the relevant bank as at 12 October 2008. In addition, the shareholders of Masraf Al Rayan have approved a share capital increase to be issued to the QIA, and the shareholders of Al Khaliji Bank have approved a share capital increase of up to 20.0 per cent. to be issued to the QIA. The QIA implemented procedures to acquire an additional 5.0 per cent. stake in the capital of Qatari banks consistent with the above-mentioned plan to purchase equity ownership interests of up to 20.0 per cent. in domestic commercial banks. In late 2009 and early 2010, the QIA purchased approximately QAR2.7 billion (U.S.$741.7 million) worth of shares in local banks, representing the fourth support package extended by the Government in line with the 2008/2009 plan referenced above. In December 2009, the QIA acquired shares of Commercial Bank of Qatar for QAR807 million (U.S.$221.7 million), increasing its shareholding to 9.1 per cent.

In addition, on 9 March 2009, the Government declared that, in order to further support Qatar’s banking sector, the Government would purchase a portion of the investment portfolios of seven of the nine domestic banks listed on the QSE. These purchases were completed on 22 March 2009 at a total purchase price of approximately QAR6.5 billion (U.S.$1.8 billion) paid through a combination of cash and domestic Government bonds. This purchase price was equal to the net book value of such investment portfolios as registered in the records of each bank as at 28 February 2009.

In an effort to further boost liquidity and encourage lending, in early June 2009, Qatar offered to buy a portion of the real estate portfolios and investments of nine domestic commercial banks at a sale price equivalent to the net book value of such portfolios and investments with a total ceiling amount of QAR15.5 billion (U.S.$4.3 billion). The amount of credit extended by commercial banks to the private sector grew at a CAGR of 14.5 per cent. from QAR190.9 billion (U.S.$52.4 billion) at the end of 2010 to QAR646.7 billion (U.S.$177.6 billion) at the
end of 2019. As at 31 December 2019, consumer credit accounted for 21.2 per cent. of total private sector credit extended by commercial banks, while credit extended to other sectors amounted to: real estate, 22.8 per cent.; general trade, 20.4 per cent.; services, 25.7 per cent.; and other sectors, 9.8 per cent. of total private sector credit. In December 2019 compared with December 2018, the amount of consumer credit increased by 7.9 per cent., credit extended to the real estate sector decreased by 1.7 per cent., credit for general trade increased by 57.3 per cent. and credit to the services sector increased by 41.3 per cent.

The level of “non-performing” loans of all commercial banks increased to 1.9 per cent. in 2013, decreased to 1.7 per cent. in 2014, decreased to 1.6 per cent. in 2015, decreased to 1.3 per cent. in 2016, increased to 1.6 per cent. in 2017, increased to 1.9 per cent. in 2018 and decreased to 1.8 per cent. in 2019. Under QCB regulations, non-performing loans are defined as those loans that meet one of the following conditions for at least three months: (i) the borrower is not able to meet its loan repayments and the loan is past due; (ii) other credit facilities of that borrower are past due; (iii) the existing credit limits granted to that borrower for its other credit facilities are not renewed; or (iv) a borrower exceeds its agreed credit limit by 10.0 per cent. or more without prior authorisation. Commercial banks in Qatar categorise non-performing loans into three groups: sub-standard, doubtful and bad. Sub-standard loans are those that have not performed for three or more months, doubtful loans are those that have not performed for six or more months, and bad loans are those that have not performed for nine or more months.

The following table summarises the CAR and the ratio of non-performing loans to total loans for the banking system as at 31 December in each of the years 2015 to 2019.

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAR (%)</td>
<td>15.6</td>
<td>16.1</td>
<td>16.8</td>
<td>18.0</td>
<td>18.6</td>
</tr>
<tr>
<td>Non-performing loans/total loans (%)</td>
<td>1.6</td>
<td>1.3</td>
<td>1.6</td>
<td>1.9</td>
<td>1.8</td>
</tr>
</tbody>
</table>

Source: QCB

The following table sets out the distribution of commercial bank credit facilities as at 31 December in each of the years 2015 to 2019.

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Sector:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government</td>
<td>76,822.1</td>
<td>138,683.2</td>
<td>175,578.3</td>
<td>151,916.6</td>
<td>133,790.4</td>
</tr>
<tr>
<td>Government institutions</td>
<td>140,148.0</td>
<td>139,386.4</td>
<td>146,198.5</td>
<td>148,299.1</td>
<td>170,020.5</td>
</tr>
<tr>
<td>Semi-government institutions</td>
<td>21,312.1</td>
<td>15,806.3</td>
<td>19,784.7</td>
<td>18,459.0</td>
<td>13,673.6</td>
</tr>
<tr>
<td>Total public sector loans</td>
<td>238,282.2</td>
<td>293,875.9</td>
<td>341,561.5</td>
<td>318,674.7</td>
<td>317,484.4</td>
</tr>
<tr>
<td>Private Sector:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General trade</td>
<td>59,015.8</td>
<td>64,520.7</td>
<td>64,535.5</td>
<td>83,985.4</td>
<td>132,093.3</td>
</tr>
<tr>
<td>Industry</td>
<td>15,342.2</td>
<td>15,773.3</td>
<td>16,781.4</td>
<td>16,655.2</td>
<td>17,509.2</td>
</tr>
<tr>
<td>Contractors</td>
<td>37,543.8</td>
<td>38,155.7</td>
<td>38,314.0</td>
<td>35,668.8</td>
<td>34,168.9</td>
</tr>
<tr>
<td>Real estate</td>
<td>121,214.2</td>
<td>130,490.1</td>
<td>147,762.8</td>
<td>150,255.1</td>
<td>147,715.5</td>
</tr>
<tr>
<td>Consumption</td>
<td>115,842.2</td>
<td>119,953.2</td>
<td>123,372.9</td>
<td>127,232.5</td>
<td>137,225.9</td>
</tr>
<tr>
<td>Services</td>
<td>65,752.6</td>
<td>71,243.8</td>
<td>78,997.4</td>
<td>117,723.8</td>
<td>166,320.8</td>
</tr>
</tbody>
</table>
As at 31 December

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(QAR in millions)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>7,756.6</td>
<td>9,928.6</td>
<td>9,230.6</td>
<td>9,704.0</td>
<td>11,674.3</td>
</tr>
<tr>
<td>Total private sector loans</td>
<td>422,467.4</td>
<td>450,065.4</td>
<td>478,994.6</td>
<td>541,224.8</td>
<td>646,707.9</td>
</tr>
<tr>
<td>Total domestic loans</td>
<td>660,749.6</td>
<td>743,941.3</td>
<td>820,556.1</td>
<td>859,899.5</td>
<td>964,192.3</td>
</tr>
<tr>
<td>Loans outside Qatar</td>
<td>87,930.2</td>
<td>95,363.6</td>
<td>90,482.1</td>
<td>80,531.7</td>
<td>74,893.7</td>
</tr>
<tr>
<td>Total loans</td>
<td>748,679.8</td>
<td>839,304.8</td>
<td>911,038.2</td>
<td>940,431.2</td>
<td>1,039,086.0</td>
</tr>
</tbody>
</table>

Source: QCB

Total commercial bank deposits grew at a CAGR of 7.6 per cent. from QAR548.4 billion (U.S.$150.7 billion) at the end of 2013 to QAR849.1 billion (U.S.$233.3 billion) at the end of 2019. As at 31 December 2019, deposits accounted for 54.8 per cent. of total commercial bank liabilities. Private sector deposits grew at a CAGR of 4.4 per cent. from 2013 to 2019, compared with 2.9 per cent. for public sector deposits. As at 31 December 2019, demand deposits accounted for 17.2 per cent. of total deposits and time and savings deposits for 58.3 per cent. (the remaining 24.5 per cent. are the deposits of non-residents and are not classified according to their term). As at 31 December 2019, a total of 55.4 per cent. of deposits are local currency deposits and 20.1 per cent. are foreign currency (the remaining 24.5 per cent. are the deposits of non-residents and are not classified according to their currency).

The following table sets out the breakdown of commercial bank deposits as at 31 December in each of the years in 2015 to 2019.

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(QAR in millions)</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Public Sector:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>By term and currency:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In Qatari Riyal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demand deposits</td>
<td>16,662.6</td>
<td>26,301.7</td>
<td>30,569.4</td>
<td>23,807.4</td>
<td>23,346.7</td>
</tr>
<tr>
<td>Time deposits</td>
<td>67,749.3</td>
<td>73,885.7</td>
<td>110,765.0</td>
<td>88,778.0</td>
<td>156,274.8</td>
</tr>
<tr>
<td>In foreign currencies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demand deposits</td>
<td>9,978.0</td>
<td>14,979.1</td>
<td>9,707.3</td>
<td>12,219.6</td>
<td>12,589.4</td>
</tr>
<tr>
<td>Time deposits</td>
<td>114,716.0</td>
<td>70,753.4</td>
<td>164,356.4</td>
<td>157,200.9</td>
<td>80,869.2</td>
</tr>
<tr>
<td>By sector:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government</td>
<td>53,278.4</td>
<td>58,054.9</td>
<td>94,167.6</td>
<td>88,502.3</td>
<td>74,523.3</td>
</tr>
<tr>
<td>Government institutions</td>
<td>116,896.1</td>
<td>93,319.4</td>
<td>188,805.3</td>
<td>163,246.6</td>
<td>166,790.7</td>
</tr>
<tr>
<td>Semi-government institutions</td>
<td>38,931.4</td>
<td>34,545.6</td>
<td>32,425.0</td>
<td>30,257.0</td>
<td>31,766.1</td>
</tr>
<tr>
<td>Total public sector deposits</td>
<td>209,105.9</td>
<td>185,919.9</td>
<td>315,397.9</td>
<td>282,005.9</td>
<td>273,080.0</td>
</tr>
<tr>
<td>Private sector:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>By term and currency:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In Qatari Riyal</td>
<td>101,122.5</td>
<td>94,532.9</td>
<td>90,050.1</td>
<td>89,498.9</td>
<td>92,826.4</td>
</tr>
</tbody>
</table>
The total assets of commercial banks grew at a CAGR of 9.3 per cent. from 2013 to 2019. Domestic credit is the largest component of total assets and grew at a CAGR of 10.4 per cent. from 2013 to 2019. This strong credit growth spanned the private and public sectors and was driven by rapid economic growth, increasing private consumption and large allocations in government spending for major development projects.

The increase in the domestic investments of commercial banks has grown at a CAGR of 3.9 per cent. from the end of 2013 to the end of 2019. Domestic investments increased by 11.7 per cent. in the 12 months to 31 December 2019 to QAR185.1 billion (U.S.$50.9 billion). Correspondingly, their share of total assets increased from 11.7 per cent. at the end of 2018 to 11.9 per cent. at the end of 2019.

The following table sets forth the consolidated balance sheets of Qatari commercial banks as at 31 December in each of the years 2015 to 2019.
### As at 31 December

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foreign credit</strong></td>
<td>87,930.2</td>
<td>95,363.6</td>
<td>90,482.1</td>
<td>80,531.8</td>
<td>74,893.7</td>
</tr>
<tr>
<td><strong>Foreign investments</strong></td>
<td>50,638.9</td>
<td>58,203.6</td>
<td>58,801.4</td>
<td>59,139.7</td>
<td>58,960.8</td>
</tr>
<tr>
<td><strong>Other foreign assets</strong></td>
<td>259.9</td>
<td>3,698.1</td>
<td>4,347.2</td>
<td>3,941.2</td>
<td>3,870.0</td>
</tr>
<tr>
<td><strong>Domestic Assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due from banks in Qatar</td>
<td>32,932.7</td>
<td>38,758.9</td>
<td>48,847.2</td>
<td>56,015.2</td>
<td>65,354.9</td>
</tr>
<tr>
<td>Domestic credit</td>
<td>660,749.6</td>
<td>743,941.3</td>
<td>820,556.1</td>
<td>859,899.5</td>
<td>964,192.3</td>
</tr>
<tr>
<td>Domestic investments</td>
<td>141,751.2</td>
<td>142,722.1</td>
<td>183,695.9</td>
<td>165,785.4</td>
<td>185,120.9</td>
</tr>
<tr>
<td>Domestic fixed assets</td>
<td>5,091.7</td>
<td>6,791.1</td>
<td>6,997.7</td>
<td>6,586.1</td>
<td>7,110.7</td>
</tr>
<tr>
<td>Other domestic assets</td>
<td>11,839.4</td>
<td>14,437.9</td>
<td>18,665.2</td>
<td>19,296.7</td>
<td>27,442.7</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>1,112,729.4</strong></td>
<td><strong>1,262,736.9</strong></td>
<td><strong>1,363,639.8</strong></td>
<td><strong>1,417,956.0</strong></td>
<td><strong>1,549,554.5</strong></td>
</tr>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign Liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-resident deposits</td>
<td>86,632.2</td>
<td>183,223.7</td>
<td>137,125.5</td>
<td>169,076.3</td>
<td>208,221.8</td>
</tr>
<tr>
<td>Due to foreign banks</td>
<td>180,887.8</td>
<td>208,339.3</td>
<td>177,284.1</td>
<td>218,743.4</td>
<td>273,502.9</td>
</tr>
<tr>
<td>Debt securities</td>
<td>34,733.9</td>
<td>49,130.4</td>
<td>47,069.8</td>
<td>51,060.5</td>
<td>61,616.8</td>
</tr>
<tr>
<td>Other foreign liabilities</td>
<td>7,744.1</td>
<td>6,125.7</td>
<td>389.9</td>
<td>(882.0)</td>
<td>(4,835.3)</td>
</tr>
<tr>
<td>Domestic Liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident deposits</td>
<td>563,628.7</td>
<td>543,655.8</td>
<td>685,909.4</td>
<td>641,266.4</td>
<td>640,927.3</td>
</tr>
<tr>
<td>Due to domestic banks</td>
<td>32,716.5</td>
<td>36,824.5</td>
<td>37,021.3</td>
<td>49,097.1</td>
<td>63,224.0</td>
</tr>
<tr>
<td>Due to QCB</td>
<td>7,041.6</td>
<td>9,075.1</td>
<td>34,354.2</td>
<td>21,788.7</td>
<td>13,984.3</td>
</tr>
<tr>
<td>Debt securities</td>
<td>4,103.8</td>
<td>3,371.7</td>
<td>1,001.7</td>
<td>1,561.5</td>
<td>1,325.5</td>
</tr>
<tr>
<td>Margins</td>
<td>1,681.4</td>
<td>1,753.0</td>
<td>1,856.5</td>
<td>2,706.0</td>
<td>2,628.8</td>
</tr>
<tr>
<td>Capital accounts</td>
<td>124,317.9</td>
<td>135,141.1</td>
<td>146,716.3</td>
<td>145,499.6</td>
<td>155,420.8</td>
</tr>
<tr>
<td>Provisions</td>
<td>10,684.4</td>
<td>10,739.7</td>
<td>13,624.8</td>
<td>20,796.0</td>
<td>23,798.4</td>
</tr>
<tr>
<td>Unclassified liabilities</td>
<td>58,557.1</td>
<td>75,356.9</td>
<td>81,277.3</td>
<td>97,242.5</td>
<td>109,739.2</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>1,112,729.4</strong></td>
<td><strong>1,262,736.9</strong></td>
<td><strong>1,363,639.8</strong></td>
<td><strong>1,417,956.0</strong></td>
<td><strong>1,549,554.6</strong></td>
</tr>
</tbody>
</table>

*Source: QCB*
SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the principal Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the principal Transaction Documents. Copies of the Transaction Documents will be available for inspection by appointment at the offices of the Principal Paying Agent (as defined in the Conditions) or at the Principal Paying Agent’s option available by email (upon receipt of evidence satisfactory to the Principal Paying Agent that such request has been made by a Certificateholder). Words and expressions defined elsewhere in this Base Prospectus shall have the same meanings in this section.

Master Purchase Agreement

The amended and restated Master Purchase Agreement will be entered into on 2 December 2020 between BBG Sukuk Ltd (in its capacities as Trustee and as Purchaser) and the Bank (in its capacity as Seller) and will be governed by the laws of Qatar. A Supplemental Purchase Agreement between the same parties will be entered into on the Issue Date of each Series and will also be governed by the laws of Qatar (the Master Purchase Agreement as supplemented by the relevant Supplemental Purchase Agreement for each Series, the “Purchase Agreement”).

Pursuant to the Purchase Agreement, the Seller will sell, transfer and assign to the Purchaser, and the Purchaser will purchase and accept the transfer and assignment from the Seller of, the Initial Wakala Portfolio (in the case of the first Tranche of a Series) and the Additional Wakala Portfolio (in the case of any Additional Tranche), in each case, together with all of the Seller’s rights, title, interests, benefits and entitlements in, to and under the Wakala Assets comprising the Initial Wakala Portfolio or the Additional Wakala Portfolio, as the case may be, for an amount equal to the Wakala Percentage of the Issue Proceeds (the “Purchase Price”), which will be payable on the Issue Date of the relevant Series. The details of the Initial Wakala Portfolio or, as the case may be, the Additional Wakala Portfolio purchased pursuant to the Purchase Agreement will be set out in the schedule to the relevant Supplemental Purchase Agreement.

The proportion of the Purchase Price payable in respect of each such Wakala Asset shall be an amount in the Specified Currency equal to the Value of such asset.

For the purposes of the Purchase Agreement, the “Value” of a Wakala Asset means (a) the amount in the Specified Currency (following conversion, if necessary, of any relevant amount(s) at the applicable Wakala Exchange Rate) determined by the Seller on the relevant date as being equal to, in respect of any Wakala Asset, the aggregate of all outstanding fixed rental instalment amounts payable by the relevant lessee or other equivalent fixed instalment amounts payable by the relevant obligor, as applicable, in each case, in the nature of capital or principal payments in respect of the relevant asset, each of which is payable to the Bank under or in respect of the relevant contract, agreement or other document (in each case, whether then due and unpaid or due and payable on or after such date), as applicable, and (b) in respect of the relevant Wakala Portfolio, the aggregate of the amounts determined in (a) above in respect of the Wakala Assets comprising such Wakala Portfolio on such date.

The Seller will provide limited representations and warranties to the Trustee (as Purchaser) on the date of the Master Purchase Agreement, including in respect of its power to enter into the transactions contemplated by the Master Purchase Agreement. In addition, on each Issue Date, the Seller will represent and warrant to the Trustee (as Purchaser) that:

(a) each Wakala Asset, immediately prior to its sale, assignment and/or transfer, as applicable, to the Purchaser, is owned by or on behalf of the Seller free and clear of any adverse claim (subject to certain limited exceptions) and upon the payment by or on behalf of the Purchaser of the Purchase Price therefor, the Purchaser will acquire such Wakala Asset, together with all the rights, title, interests, benefits and
entitlements in, to and under such Wakala Asset, free and clear of any adverse claim (subject as aforesaid);

(b) each Wakala Asset is an Eligible Wakala Asset;

(c) the Value of each Wakala Asset ascribed by the Seller is true, accurate and correct as at such date; and

(d) each Wakala Asset complies in all material respects with Sharia principles as laid down by the Bank’s Fatwa and Sharia Supervisory Board.

If the Seller is in breach of any of the representations and warranties listed above, it shall be required to substitute the Wakala Asset(s) in respect of which the representations and warranties are inaccurate for new Wakala Assets in respect of which the representations and warranties can be given, whereupon the Seller shall be required to deliver a substitution instruction to the Purchaser in respect of such Wakala Assets and upon delivery thereof the Trustee shall be deemed to exercise its right under the Purchase Undertaking to require the substitution of such Wakala Assets with new Wakala Assets in respect of which such representations and warranties can be given by the Seller, subject to and in accordance with the Purchase Agreement and the Purchase Undertaking.

For these purposes:

“applicable Wakala Exchange Rate” means, in the case of any amount paid or payable in respect, or any face amount, principal amount or par value, of a Wakala Asset that is in a currency (the “Wakala Currency”) other than the Specified Currency, the spot rate of exchange at which the Seller is able to purchase the Specified Currency with such amount of the Wakala Currency on the date on which the Wakala Currency is required to be exchanged into the Specified Currency in accordance with the Master Purchase Agreement (or if it is not practicable to make such purchase on such date, on the immediately preceding date on which it is so practicable), without taking into account any premium or other costs of exchange;

“Designated Area” means:

(i) the 16 investment areas in Qatar where, pursuant to the Cabinet Resolution No. (6) of 2006, as may be amended or supplemented from time to time, a non-Qatari person may own a 99-year usufruct right over the relevant real estate; and

(ii) any other real estate in Qatar, from time to time, in respect of which the Trustee may own freehold title or a usufruct right under the laws of Qatar;

“Eligible Wakala Asset” means a Wakala Asset:

(i) in respect of which the lessee in respect of the related Non-Real Estate Ijara Asset or other obligor in the case of any other Wakala Asset is not in breach of its payment obligations in respect of that Non-Real Estate Ijara Asset or in respect of that other Wakala Asset;

(ii) which has been acquired or originated or is held or owned by or on behalf of the Seller in a manner consistent with its usual credit and origination and/or investment policies;

(iii) which constitutes legal, valid, binding and (subject to the laws of bankruptcy and other laws affecting the rights of creditors generally) enforceable obligations of the relevant obligor in the jurisdiction in which it is located and the jurisdiction in which any related asset is located;

(iv) in respect of which the Seller or the Servicing Agent (as applicable) is entitled to receive all payments due or proceeds of sale (as the case may be);

(v) which is free and clear of any adverse claim (subject to certain limited exceptions);
(vi) in respect of which there has not occurred any event of default (howsoever described) which is subsisting nor any acceleration or analogous event nor is the Seller or the Servicing Agent (as applicable) aware of any event which is subsisting and which, following the giving of any originally applicable notice and/or the lapse of any originally applicable grace period and/or the making of any determination and/or the giving of any certificate, would constitute an event of default or analogous event under any relevant documentation; and

(vii) which is capable of being sold, assigned and/or transferred, as applicable, by the Seller to the Purchaser in accordance with the terms set out in the Purchase Agreement or (as applicable) capable of being acquired and/or originated by the Servicing Agent in accordance with the terms set out in the Service Agency Agreement;

“Ijara Asset” means a Non-Real Estate Ijara Asset or a Real Estate Ijara Asset;

“Non-Real Estate Ijara Asset” means a non-real estate tangible asset (excluding, for the purposes of the Wakala Portfolio only, any Restricted Vehicles) in relation to which the Bank or any person on its behalf has entered into a Non-Real Estate Ijara Contract (and includes that Non-Real Estate Ijara Contract, the rental and all other amounts payable thereunder and all rights, title, interest, benefits and entitlements in, to and under such Non-Real Estate Ijara Contract);

“Non-Real Estate Ijara Contract” means: (i) a lease ijara contract entered into by the Bank or any person as agent on its behalf (the “Non-Real Estate Ijara Lessor”) and another person (the “Non-Real Estate Ijara Lessee”) pursuant to which the Non-Real Estate Ijara Lessor leases a non-real estate tangible asset to the Non-Real Estate Ijara Lessee and in respect of which the Bank is entitled to receive the rental and all other amounts arising thereunder, including any other agreements or documents associated with that contract; or (ii) any arrangement similar in economic effect to that described in (i) above;

“Real Estate Ijara Asset” means a real estate asset in relation to which the Bank or any person as agent on its behalf has entered into a Real Estate Ijara Contract (and includes any ancillary rights under such Real Estate Ijara Contract) provided that, for the purposes of the Wakala Portfolio only, such real estate asset shall be located in a Designated Area;

“Real Estate Ijara Contract” means: (i) a lease ijara contract entered into by the Bank or any person as agent on its behalf (the “Real Estate Ijara Lessor”) and a person (the “Real Estate Ijara Lessee”) pursuant to which the Real Estate Ijara Lessor leases a real estate asset to the Real Estate Ijara Lessee, and in respect of which payments are due from the Real Estate Ijara Lessee to the Real Estate Ijara Lessor; or (ii) any arrangement similar in economic effect to that described in sub-paragraph (i), including, for the avoidance of doubt, a forward lease ijara contract where the relevant real estate asset has been delivered to, or for the order of, the Real Estate Ijara Lessee; and

“Restricted Vehicles” means an asset comprising a vehicle which, pursuant to Law No. (19) of 2007, may not be registered in the name of a foreign entity.

Service Agency Agreement

The amended and restated Service Agency Agreement will be entered into on 2 December 2020 between the Trustee and the Bank (in its capacity as Servicing Agent) and will be governed by English law.

Pursuant to the Service Agency Agreement, the Trustee will appoint the Servicing Agent to provide certain services in respect of the Wakala Portfolio relating to each Series. In particular, the Servicing Agent, in relation to each Series:

(i) shall manage the Wakala Portfolio in accordance with the investment plan for such Series which shall be in the form set out in the schedule to the Service Agency Agreement and scheduled to the relevant
Supplemental Purchase Agreement, which will include an expected return to be generated by the Wakala Portfolio on a periodic basis (the “Expected Wakala Portfolio Return”);

(ii) if the Trustee issues an Additional Tranche, as soon as practicable after such issuance, shall amend the Wakala Investment Plan for that Series to take into account the issuance of such Additional Tranche;

(iii) shall, at no time, substitute any Wakala Asset(s) for any Wakala Asset(s) of a Wakala Portfolio Value less than the Wakala Portfolio Value of the Wakala Asset(s) so substituted;

(iv) shall, in conjunction with the Mudarib and the Seller (in the case of any Wakala/Mudaraba Series), ensure that (A), on the Issue Date of a Tranche at least 51 per cent. of (i) in the case of a Wakala Series, the Wakala Portfolio Value on such Issue Date is derived from Tangible Wakala Assets or, (ii) in the case of a Wakala/Mudaraba Series, the aggregate of the Wakala Portfolio Value and the Mudaraba Portfolio Value on such Issue Date, is derived from Tangible Wakala Assets and Tangible Mudaraba Assets and (B), on the Issue Date of a Tranche, in the case of a Wakala/Mudaraba Series, the Wakala Portfolio Value represents at least 51 per cent. of the aggregate value of the Proceeds of that Tranche;

(v) in conjunction with the Mudarib (in the case of any Wakala/Mudaraba Series), shall use all reasonable endeavours to procure that, at all times, at least 51 per cent. of (i) in the case of a Wakala Series, the Wakala Portfolio Value or (ii) in the case of a Wakala/Mudaraba Series, the aggregate of the Wakala Portfolio Value and the Mudaraba Portfolio Value, is derived from Tangible Wakala Assets and, in the case of a Wakala/Mudaraba Series, Tangible Mudaraba Assets (in each case, the “Minimum Tangible Assets Requirement”). If the Servicing Agent, using all reasonable endeavours, fails to procure satisfaction of the Minimum Tangible Assets Requirement, it shall immediately take all such steps as are necessary (including, without limitation, in accordance with the Service Agency Agreement and seeking guidance from the Bank’s Fatwa and Sharia Supervisory Board) to procure the satisfaction of the Minimum Tangible Assets Requirement. If the failure to procure satisfaction of the Minimum Tangible Assets Requirement continues for whatever reason such that, at any time, less than 33 per cent. of (i) in the case of a Wakala Series, the Wakala Portfolio Value or (ii) in the case of a Wakala/Mudaraba Series, the aggregate of the Wakala Portfolio Value and the Mudaraba Portfolio Value, is derived from Tangible Wakala Assets and, in the case of a Wakala/Mudaraba Series, Tangible Mudaraba Assets, it shall take any such measures as advised by the Bank’s Fatwa and Sharia Supervisory Board;

(vi) shall use all reasonable endeavours to manage the Wakala Portfolio to ensure that the Wakala Portfolio Value is at all times at least equal to the Purchase Price paid by the Trustee (in its capacity as Purchaser) under the relevant Purchase Agreement less any relevant Surrender Amount;

(vii) shall use all reasonable endeavours to utilise all Wakala Portfolio Principal Revenues standing to the credit of the Principal Collection Account to acquire or originate (as applicable) further Eligible Wakala Assets to the extent necessary to maintain the Minimum Tangible Assets Requirement, such that the further Eligible Wakala Assets so acquired or originated are included in the Wakala Portfolio, subject to: (i) the Value of such further Eligible Wakala Assets being not less than the consideration given as the purchase price of or the amounts otherwise applied in the acquisition of such assets; and (ii) such further Eligible Wakala Assets being Eligible Wakala Assets in respect of which the Servicing Agent shall represent and warrant on the date of such acquisition or origination (as the case may be) as follows:

(a) each Eligible Wakala Asset being acquired, immediately prior to its acquisition, by the Servicing Agent on behalf of the Trustee, is owned by or on behalf of the Bank free and clear of any adverse claim (subject to certain limited exceptions) and upon the utilisation of Wakala Portfolio Principal Revenues in respect thereof, the Servicing Agent will, on behalf of the Trustee, acquire such Eligible Wakala Asset, together with all the rights, title, interests, benefits and entitlements in, to and under such Eligible Wakala Asset, free and clear of any adverse claim (subject as aforesaid);
(b) that each Wakala Asset in which Wakala Portfolio Principal Revenues are being reinvested is an Eligible Wakala Asset;

(c) the Value of each Eligible Wakala Asset ascribed by the Servicing Agent is true, accurate and correct as at such date;

(d) that it has the power and capacity to originate new Eligible Wakala Assets or (as applicable) to acquire the applicable Eligible Wakala Assets in the manner specified by the Service Agency Agreement; and

(e) that each such Eligible Wakala Asset complies in all material respects with Sharia principles as laid down by the Bank’s Fatwa and Sharia Supervisory Board;

(viii) shall do all acts and things (including execution of such documents, issue of notices and commencement of any proceedings) that it considers (and without the need for the consent of the Trustee) reasonably necessary to ensure the assumption of, and compliance by each Wakala Asset obligor with its covenants, undertakings or other obligations in respect of the Wakala Assets in accordance with the relevant contractual terms;

(ix) shall discharge or procure the discharge of all obligations to be discharged by the Bank (in whatever capacity) in respect of any of the Wakala Assets under all related contracts, it being acknowledged that the Servicing Agent may appoint one or more agents to discharge these obligations on its behalf;

(x) shall pay on behalf of the Trustee any actual costs, expenses, losses and taxes which would otherwise be payable by the Trustee as a result of the Trustee’s ownership of the Wakala Portfolio;

(xi) shall use all reasonable endeavours to ensure the timely receipt of all Wakala Portfolio Revenues, investigate non-payment of Wakala Portfolio Revenues and generally make all reasonable effort to collect or enforce the collection of such Wakala Portfolio Revenues under all related contracts as and when the same shall become due;

(xii) shall use all reasonable endeavours to ensure that the Wakala Portfolio Income Revenues are at least equal to the Expected Wakala Portfolio Return (together with any additional amounts to be paid pursuant to the Service Agency Agreement), provided that such Expected Wakala Portfolio Return shall be reduced from time to time upon any redemption and/or cancellation of any of the Certificates of the relevant Series in accordance with the Conditions such that the Expected Wakala Portfolio Return shall be determined by reference to the then outstanding Certificates of such Series;

(xiii) shall maintain the Collection Accounts in accordance with the terms of the Service Agency Agreement;

(xiv) shall obtain all necessary authorisations in connection with any of the Wakala Assets and its obligations under or in connection with the Service Agency Agreement;

(xv) shall ensure all Wakala Asset obligors in respect of the Tangible Wakala Assets maintain industry standard insurances in an amount not less than the Value of the relevant Tangible Wakala Assets, such that the proceeds of the insurances are paid within 30 days of the occurrence of the total loss, and fulfil all structural repair and major maintenance obligations, in respect of the relevant Tangible Wakala Assets in accordance with their applicable contractual terms;

(xvi) in the event of the total loss of a Tangible Wakala Asset, if the insurance proceeds received by the Servicing Agent and credited by the Servicing Agent to the Principal Collection Account in respect of such Tangible Wakala Asset are less than the Value of such Tangible Wakala Asset (the “Total Loss Shortfall”), and if the Servicing Agent is unable to prove beyond any doubt that the Total Loss Shortfall is neither attributable to its negligence nor its failing to fully comply with its obligations relating to such
insurances, including, without limitation, the obligation in (xv) above shall, on the 31st calendar day following such total loss, irrevocably and unconditionally indemnify (on an after-Tax basis) the Trustee for the Total Loss Shortfall by crediting the aggregate of any such Total Loss Shortfall amounts to the Principal Collection Account (in same day, freely transferable, cleared funds);

(xvii) shall provide (or procure the provision of, as applicable) a Liquidity Facility in the circumstances and on the terms described below;

(xviii) if on a Dissolution Date: (A) the Bank fails to pay an Exercise Price (as defined below) in accordance with the Purchase Undertaking or the Sale Undertaking, as the case may be (in which case no Sale Agreement shall be entered into until such Exercise Price or an indemnity equal to such Exercise Price has been paid in full); or (B) the Servicing Agent fails to pay to the Transaction Account the amount of any Wakala Portfolio Principal Revenues held by the Servicing Agent in relation to the Series that have not, as of the relevant Dissolution Date, been utilised in the acquisition or origination (as applicable) of Eligible Wakala Assets:
   (a) the Trustee shall maintain its interest in the applicable Wakala Portfolio;
   (b) the Servicing Agent shall continue to perform the Services in respect of such Wakala Portfolio; and
   (c) unless otherwise instructed by the Delegate, the Servicing Agent shall, for the period for which any Exercise Price remains outstanding, continue to credit all Wakala Portfolio Revenues in accordance with the Service Agency Agreement; and

(xix) will carry out any incidental matters relating to any of the above.

The Servicing Agent shall perform its duties under the Service Agency Agreement in accordance with all applicable laws and regulations, with the degree of skill and care that it would exercise in respect of its own assets and in a manner that complies in all material respects with the Sharia principles laid down by the Bank’s Fatwa and Sharia Supervisory Board.

The Bank shall be entitled to receive a fee for acting as Servicing Agent which will comprise a fixed fee of U.S.$100 and may also receive incentive payments as described below.

In the Service Agency Agreement, the Trustee and the Servicing Agent agree that, in relation to each Series: (a) (provided that no Dissolution Event has occurred and is continuing) the Servicing Agent may on behalf of the Trustee at any time; and (b) (whether or not a Dissolution Event has occurred and is continuing) upon becoming aware of any default or potential default (howsoever described) in respect of any Wakala Asset shall use its reasonable endeavours to, substitute any one or more Wakala Assets (the “Substituted Wakala Assets”) as the Servicing Agent may in its absolute discretion select (subject, in the case of (b), to any Wakala Asset(s) to be substituted being the Wakala Asset(s) in respect of which a default or potential default (howsoever described) has occurred) by delivering to the Trustee a substitution instruction in accordance with the Service Agency Agreement, whereupon the Trustee shall be deemed to have exercised its right under the Purchase Undertaking.

The substitute Wakala Asset(s) for these purposes (the “New Wakala Assets”) shall be Eligible Wakala Asset(s) of a Value not less than the value of the consideration paid for the Substituted Wakala Assets when they first became part of the Wakala Portfolio after deduction of all Wakala Portfolio Principal Revenues relating to such Substituted Wakala Assets which have been credited to the Principal Collection Account in accordance with the Service Agency Agreement, and provided further that the New Wakala Assets shall be Tangible Wakala Assets. In addition, the Servicing Agent shall represent and warrant on the date on which the relevant substitution is effected that:
the New Wakala Assets, immediately prior to their assignment and/or transfer (as applicable) in accordance with the Purchase Undertaking, are owned by or on behalf of the Bank free and clear of any adverse claim (subject to certain limited exceptions) and upon the assignment and/or transfer (as applicable) of the applicable Substituted Wakala Assets therefor the Trustee will acquire such New Wakala Assets, together with all the rights, title, interests, benefits and entitlements in, to and under such New Wakala Asset, free and clear of any adverse claim (subject as aforesaid) pursuant to the provisions of the Purchase Undertaking;

(ii) each New Wakala Asset is an Eligible Wakala Asset;

(iii) the Value of each New Wakala Asset ascribed by the Servicing Agent is true, accurate and correct as of such date; and

(iv) each New Wakala Asset complies in all material respects with Sharia principles as laid down by the Bank’s Fatwa and Sharia Supervisory Board,

and any such substitution shall otherwise be undertaken on the terms and subject to the conditions of the Service Agency Agreement and the Purchase Undertaking.

The Servicing Agent will maintain, in relation to each Series, three separate book-entry ledger accounts (referred to as the “Principal Collection Account”, the “Income Collection Account” and the “Wakala Reserve Collection Account”, respectively, and, together, the “Collection Accounts”) in which all revenues from the Wakala Assets (the “Wakala Portfolio Revenues”) will be recorded.

All Wakala Portfolio Revenues relating to a Series in the nature of capital or principal payments in respect of the relevant Wakala Assets (the “Wakala Portfolio Principal Revenues”) shall be credited to the applicable Principal Collection Account and reinvested by the Servicing Agent in acquiring or originating further Eligible Wakala Assets. All Wakala Portfolio Revenues other than Wakala Portfolio Principal Revenues (the “Wakala Portfolio Income Revenues”) for that Series shall be credited to the applicable Income Collection Account.

In relation to each Series, amounts standing to the credit of the Income Collection Account will be applied by the Servicing Agent on the Business Day immediately preceding each Periodic Distribution Date in the following order of priority:

(i) first, in repayment to the Servicing Agent of any amounts advanced by way of a Liquidity Facility;

(ii) second, in payment to the Servicing Agent on behalf of the Trustee of any Service Agency Liabilities Amounts for the period corresponding to the Return Accumulation Period ending on that Periodic Distribution Date or any Service Agency Liabilities Amounts for any previous periods that remain unpaid;

(iii) third, to pay into the Transaction Account an amount equal to the lesser of (i) the Wakala Percentage of the Required Amount payable on the immediately following Periodic Distribution Date and (ii) the balance of the Income Collection Account; and

(iv) fourth, any amounts still standing to the credit of the Income Collection Account immediately following payment of all of the above amounts shall be debited from the Income Collection Account and credited to the Wakala Reserve Collection Account.

On the Business Day immediately preceding any Dissolution Date which is not a Dissolution Event Redemption Date or (in the case of a Dissolution Date which is a Dissolution Event Redemption Date) on the applicable Dissolution Event Redemption Date, the Servicing Agent shall be obliged to pay an amount in the Specified Currency (following conversion, if necessary, of any relevant amount(s) at the applicable Wakala Exchange Rate) equal to the amount of any Wakala Portfolio Principal Revenues standing to the credit of the Principal
Collection Account (or in the case of a redemption of some but not all of the Certificates, a corresponding portion thereof) into the Transaction Account.

If there is a shortfall at any relevant time in relation to a Series between the amounts standing to the credit of the Transaction Account and the Required Amount payable on the immediately following Periodic Distribution Date, amounts standing to the credit of the Wakala Reserve Collection Account may be applied towards such shortfall. If a shortfall remains following such application, together with the corresponding application of any amounts standing to the credit of the Mudaraba Reserve Account in the case of a Wakala/Mudaraba Series as described below, the Servicing Agent shall also advance (or procure the advance of, as applicable) amounts to the Trustee by way of a Liquidity Facility to ensure the Trustee receives the Required Amount on such Periodic Distribution Date to pay the relevant Periodic Distribution Amount, by paying the amounts so advanced into the Transaction Account on the Business Day immediately preceding the relevant Periodic Distribution Date. Any Liquidity Facility shall be provided on terms that it is repayable from Wakala Portfolio Income Revenues in accordance with the Service Agency Agreement or on the Dissolution Date.

The Servicing Agent will be entitled to deduct amounts standing to the credit of the Wakala Reserve Collection Account at any time and use such amounts for its own account, provided that such amounts shall be repaid by it if so required to fund any shortfall as described above.

The Servicing Agent shall keep detailed records of all movements in the Collection Accounts for each Series and, if so requested, provide the Trustee with copies of such records and any other information or details in relation to the Collection Accounts as the Trustee may reasonably request. Following payment of all amounts due and payable under the Certificates of a Series on its Dissolution Date, the Servicing Agent shall be entitled to retain any amounts that remain standing to the credit of the Wakala Reserve Collection Account for that Series for its own account as an incentive payment for acting as Servicing Agent.

The Servicing Agent will agree in the Service Agency Agreement that all payments by it under the Service Agency Agreement will be made without any deduction or withholding for or on account of tax unless required by law and without set-off or counterclaim of any kind. If there is any deduction or withholding, the Servicing Agent shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no deduction or withholding had been made. The payment obligations of the Servicing Agent under the Service Agency Agreement in relation to a Series will be direct, unconditional, unsecured and general obligations of the Bank which rank (save for such exceptions as may be provided by applicable legislation) at least pari passu with all other unsecured, unsubordinated monetary obligations of the Bank, present and future.

For these purposes:

“applicable Wakala Exchange Rate” means, in the case of any amount paid or payable in respect, or any face amount, principal amount or par value, of a Wakala Asset (including any amount of Wakala Portfolio Principal Revenues) that is in a currency (the “Wakala Currency”) other than the Specified Currency, the spot rate of exchange at which the Servicing Agent is able to purchase the Specified Currency with such amount of the Wakala Currency on the date on which the Wakala Currency is required to be exchanged into the Specified Currency in accordance with the Service Agency Agreement (or if it is not practicable to make such purchase on such date, on the immediately preceding date on which it is so practicable), without taking into account any premium or other costs of exchange;

“Required Amount” means, in relation to each Series:

(i) in respect of an amount payable on a Periodic Distribution Date, an amount equal to the aggregate of all Periodic Distribution Amounts payable on each such Periodic Distribution Date in respect of the Certificates of such Series; or
(ii) in respect of an amount payable on a Dissolution Date (other than a Certificateholder Put Right Date or an Optional Dissolution Date), an amount equal to the aggregate of all accrued and unpaid Periodic Distribution Amounts payable on such Dissolution Date in respect of the Certificates of such Series; or

(iii) in relation to an amount payable on a Certificateholder Put Right Date, an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) payable on such Certificateholder Put Right Date in respect of the Certificates to be redeemed on such Certificateholder Put Right Date; or

(iv) in relation to an amount payable on an Optional Dissolution Date, an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) payable on such Optional Dissolution Date in respect of the Certificates to be redeemed on such Optional Dissolution Date,

together with, in each case, an amount equal to the amounts payable pursuant to Conditions 5(a)(i) and 5(b)(ii) (as the case may be), in each case, provided that the Bank has received notification from the relevant party by the date specified for such purpose in the Service Agency Agreement;

“Service Agency Liabilities Amount” means, in relation to each Series, the amount of any claims, losses, costs and expenses properly incurred or suffered by the Servicing Agent or other payments made by the Servicing Agent on behalf of the Trustee as may from time to time be notified in writing by the Servicing Agent to the Trustee, in each case in providing the relevant services during the relevant period but does not include any amount due to the Servicing Agent under the Service Agency Agreement in respect of any Liquidity Facility;

“Surrender Amount” means, in relation to a Series, the aggregate face amount of any Certificates cancelled by the Trustee pursuant to Condition 8;

“Tangible Wakala Asset” means an Eligible Wakala Asset but, in all cases, excluding any asset which is the subject of a forward lease contract where such asset has not been delivered;

“Value” means: (i) in respect of any Wakala Asset, the amount in the Specified Currency (following conversion, if necessary, of any relevant amount(s) at the applicable Wakala Exchange Rate) determined by the Servicing Agent on the relevant date as being equal to, in respect of any Wakala Asset, the aggregate of all outstanding fixed rental instalment amounts payable by the relevant lessee or other equivalent fixed instalment amounts payable by the relevant obligor, as applicable, in each case in the nature of capital or principal payments in respect of the relevant asset, each of which is payable to the Bank under or in respect of the contract relating to the relevant Wakala Asset (in each case, whether then due and unpaid or due and payable on or after such date), as applicable; (ii) in the case of any Wakala Portfolio Principal Revenues, the amount of such Wakala Portfolio Principal Revenues standing to the credit of the Principal Collection Account on such date; and (iii) in respect of the relevant Wakala Portfolio, the aggregate of the amounts determined under (i) and (ii) above in respect of the Wakala Assets and the Wakala Portfolio Principal Revenues so comprising the Wakala Portfolio on such date;

“Wakala Portfolio” means, in relation to each Series (i) the assets comprised in the Initial Wakala Portfolio related to that Series, (ii) the assets comprised in any Additional Wakala Portfolio related to that Series (as commingled with the Initial Wakala Portfolio in accordance with the Declaration of Commingling); (iii) from the time of any acquisition or origination of a Wakala Asset by the Servicing Agent in accordance with the Service Agency Agreement or substitution of a Wakala Asset in accordance with the Master Purchase Agreement or the Service Agency Agreement (as applicable) and, in each case, the Purchase Undertaking, shall include the Eligible Wakala Assets so acquired or originated (as applicable) or substituted for the relevant Wakala Asset and cease to include the Wakala Asset so substituted (but shall not include in the case of (i), (ii) or (iii) above any obligations or liabilities of the Bank in respect of any such assets accruing prior to the date upon which the relevant Wakala Asset became part of the Wakala Portfolio (other than in its capacity as Servicing Agent)), (iv) from the time of any other sale or transfer of a Wakala Asset to the Bank in accordance
with the Sale Undertaking or purchase or transfer of a Wakala Asset by the Bank pursuant to the Purchase Undertaking, shall cease to include the Wakala Asset so sold, transferred or purchased and (v) at any time, the Wakala Portfolio Principal Revenues standing to the credit of the Principal Collection Account on the relevant date; and

“Wakala Portfolio Value” means the Value of a Wakala Portfolio.

Master Restricted Mudaraba Agreement

The amended and restated Master Restricted Mudaraba Agreement will be entered into on 2 December 2020 between the Trustee (in its capacity as Trustee and as Rabb-al-Maal) and the Bank (in its capacity as Mudarib) and will be governed by English law. A Supplemental Restricted Mudaraba Agreement between the same parties will be entered into on the Issue Date of each Wakala/Mudaraba Series which will also be governed by English law (the Master Restricted Mudaraba Agreement as supplemented by the relevant Supplemental Restricted Mudaraba Agreement for each Series, the “Restricted Mudaraba Agreement”).

Pursuant to the Restricted Mudaraba Agreement, the Rabb-al-Maal will agree that, on the Issue Date of each Wakala/Mudaraba Series, it shall invest the Mudaraba Percentage of the Issue Proceeds as the initial Mudaraba Capital relating to that Series with the Mudarib and the Mudarib agrees to invest and manage the Mudaraba Capital, in each case, in accordance with the relevant Restricted Mudaraba Agreement (which shall include the relevant Mudaraba Investment Plan). The Mudaraba Investment Plan, in relation to each Wakala/Mudaraba Series, will specify, among other things, the expected return from the Mudaraba Assets which the parties commercially intend to achieve during the term of the Mudaraba (the “Expected Mudaraba Return”).

Pursuant to the Mudaraba Agreement, the Mudarib will unconditionally and irrevocably undertake, in relation to each Wakala/Mudaraba Series, to:

(i) on each Issue Date of a Wakala/Mudaraba Series, invest the Mudaraba Capital of the relevant Mudaraba in accordance with the terms of the relevant Restricted Mudaraba Agreement, including the relevant Mudaraba Investment Plan, solely in Eligible Mudaraba Assets (including an undivided ownership interest in such assets) the Value of which is not less than the value of the consideration given for each such asset as at the date upon which it becomes part of the Mudaraba Portfolio;

(ii) if the Trustee issues an Additional Tranche of any Wakala/Mudaraba Series, as soon as practicable after such issuance, amend the Mudaraba Investment Plan for that Series to take into account the issuance of such Additional Tranche;

(iii) in conjunction with the Servicing Agent, ensure that (A) on the Issue Date of a Tranche at least 51 per cent. of the aggregate of the relevant Mudaraba Portfolio Value and Wakala Portfolio Value on such Issue Date is derived from Tangible Mudaraba Assets and Tangible Wakala Assets, and (B) on the Issue Date of a Tranche of any Wakala/Mudaraba Series, the Mudaraba Portfolio Value represents not more than 49 per cent. of the aggregate value of the Proceeds of that Tranche;

(iv) use all reasonable endeavours to procure satisfaction of the Minimum Tangible Assets Requirement with respect to the Mudaraba Portfolio Value. If the Mudarib, using all reasonable endeavours, fails to procure satisfaction of the Minimum Tangible Assets Requirement, it shall immediately take all such steps as are necessary to procure the satisfaction of the Minimum Tangible Assets Requirement. If the failure to procure satisfaction of the Minimum Tangible Assets Requirement continues for whatever reason such that, at any time, less than 33 per cent. of the Mudaraba Portfolio Value is derived from the Tangible Mudaraba Assets, it shall take any such measures as advised by the Bank’s Fatwa and Sharia Supervisory Board;
reinvest all Mudaraba Portfolio Principal Revenues received in relation to the Mudaraba in additional Eligible Mudaraba Assets in each case in accordance with the terms of the relevant Restricted Mudaraba Agreement, including the relevant Mudaraba Investment Plan. Such additional Eligible Mudaraba Assets will form part of the Mudaraba Portfolio of the relevant Mudaraba from the date of such investment and the value of the consideration given for such Tangible Mudaraba Assets shall be not less than the Value of such assets;

in relation to each Mudaraba, monitor, subject to and in accordance with the usual and standard practices of the Bank from time to time, the Value and income generating properties of the Mudaraba Assets and use all reasonable endeavours to manage the Mudaraba Portfolio to ensure that the Mudaraba Portfolio Value is at all times at least equal to the Mudaraba Capital less the Mudaraba Percentage of any relevant Surrender Amount;

ensure that lessees in respect of the Real Estate Ijara Assets and the Non-Real Estate Ijara Assets and other obligors in respect of Other Tangible Sharia Compliant Assets maintain industry standard insurances in an amount not less than the Value of the relevant Tangible Mudaraba Assets comprised within each Mudaraba Portfolio, such that the proceeds of the insurances are paid by the insurer to the Mudarib within 30 days of the occurrence of the total loss of any Tangible Mudaraba Asset, and fulfil all structural repair and major maintenance obligations in respect of such Tangible Mudaraba Assets (each in accordance with the relevant contractual terms);

in the event of the total loss of a Tangible Mudaraba Asset, if the insurance proceeds received by the Mudarib in respect of such asset are less than the Value of such Tangible Mudaraba Asset (the “Total Loss Shortfall”), and if the Mudarib is unable to prove beyond any doubt that the Total Loss Shortfall is neither attributable to its negligence nor its failing to fully comply with its obligations relating to such insurances, including without limitation the obligation in (vii) above, the Mudarib shall irrevocably and unconditionally indemnify the Trustee for the Total Loss Shortfall by crediting the aggregate of any such Total Loss Shortfall amounts to the Principal Collection Account;

use all reasonable endeavours to ensure the timely receipt of all Mudaraba Portfolio Principal Revenues and Mudaraba Profit, if any, investigate non-payment of the same and generally make all reasonable effort to collect or enforce the collection of such amounts in respect of all Non-Real Estate Ijara Assets, Real Estate Ijara Assets and Other Tangible Sharia Compliant Assets as and when the same shall become due;

it shall use all reasonable endeavours to ensure that the Mudaraba Profit received in respect of each profit distribution period is at least equal to the Expected Mudaraba Return (together with any additional amounts to be paid pursuant to the Restricted Mudaraba Agreement), provided that such Expected Mudaraba Return shall be reduced from time to time upon any redemption and/or cancellation of any of the Certificates of the relevant Series in accordance with the Conditions such that the Expected Mudaraba Return shall be determined by reference to the aggregate amount of the then outstanding Certificates of such Series;

exercise such rights, powers and discretions as arise under any Restricted Mudaraba Agreement (together with any other incidental rights, powers, authorities and discretions), and take such action as it deems appropriate, in each case:

a. in accordance with applicable laws and regulations;

b. with the degree of skill and care that it would exercise in respect of its own assets; and

c. in a manner that complies in all material respects with the Sharia principles laid down by the Bank’s Fatwa and Sharia Supervisory Board;
(xii) in relation to each Mudaraba, maintain separate ledger accounts (the “Mudaraba Accounts”) to record:

a. any amounts received in the nature of capital or principal payments in respect of the Mudaraba Assets (“Mudaraba Portfolio Principal Revenues”);

b. the amount of Mudaraba Profit for each period corresponding to a Return Accumulation Period; and

c. any amount of Mudaraba Profit remaining on the Business Day immediately preceding each Periodic Distribution Date after deducting amounts payable to the Rabb-al-Maal.

In each Restricted Mudaraba Agreement, the Mudarib and the Rabb-al-Maal will acknowledge and agree in relation to each Mudaraba (a) (provided that no Dissolution Event has occurred and is continuing in respect of the relevant Wakala/Mudaraba Series) the Bank may at any time request the Mudarib to substitute and (b) (whether or not a Dissolution Event has occurred and is continuing) upon any breach of the representations and warranties given in relation to a Mudaraba Asset) the Mudarib shall so substitute and upon any default or potential default (however described) in respect of any Mudaraba Asset shall use all reasonable endeavours to so substitute, any one or more of the Mudaraba Assets as the Mudarib may select (subject to any Mudaraba Asset(s) to be substituted being the Mudaraba Asset(s) in respect of which such default or potential default has occurred or the Mudaraba Asset not in compliance with such representations and warranties, if applicable). The substitute Mudaraba Asset(s) for these purposes shall be Eligible Mudaraba Assets that are Tangible Mudaraba Assets of a Value not less than the value of the consideration paid for such substituted Mudaraba Asset(s) when it or they (as applicable) first became part of the Mudaraba Portfolio, after deduction of all Mudaraba Portfolio Principal Revenues relating to such Mudaraba Asset(s) which have been credited to the relevant Mudaraba Account in accordance with the Master Restricted Mudaraba Agreement and any such substitution shall otherwise be undertaken on the terms and subject to the conditions of the relevant Restricted Mudaraba Agreement.

In relation to each Wakala/Mudaraba Series, the amount of any profit earned from the investment of the Mudaraba Capital by the Mudarib during the relevant profit distribution period (being an amount in the Specified Currency (following conversion, if necessary, of any relevant amount(s) at the applicable Mudaraba Exchange Rate) equal to all revenues earned and received in respect of the Mudaraba Assets during such profit distribution period, minus the aggregate of (a) any Mudaraba Portfolio Principal Revenues received in respect of the Mudaraba Assets during the relevant profit distribution period; (b) any costs (consisting of direct costs and allocated costs) and/or specific provisions associated with the Mudaraba Assets during the relevant profit distribution period; and (c) any taxes incurred in connection with the Restricted Mudaraba Agreement (including in connection with any transfer, sale or disposal of any Mudaraba Asset during the relevant profit distribution period) but excluding the Mudarib’s obligations (if any) to pay any taxes or additional amounts under, or in connection with, the Conditions, in each case as reflected in the Mudaraba Accounts shall constitute the “Mudaraba Profit”.

Any Mudaraba Profit in respect of a profit distribution period will be allocated between the Rabb-al- Maal and the Mudarib in accordance with a profit sharing ratio of 99 per cent. for the Rabb-al-Maal and 1 per cent. for the Mudarib. The Mudarib will distribute the Rabb-al-Maal’s share of such Mudaraba Profit by payment of the same into the relevant Transaction Account on the date of its determination.

If, in relation to a Wakala/Mudaraba Series, the Rabb-al-Maal’s share of any Mudaraba Profit to be paid by the Mudarib into the Transaction Account on any relevant determination date is greater than the Mudaraba Percentage of the Required Amount for that Series on the immediately following Periodic Distribution Date, the amount of any excess shall be retained by the Mudarib as a reserve and credited to a reserve book-entry ledger account (the “Mudaraba Reserve Account”) and the amount payable to the Transaction Account in respect of such Mudaraba Profit shall be reduced accordingly. If there is a shortfall on such date or on a
Dissolution Date between the amounts standing to the credit of the Transaction Account (after payment into the Transaction Account of the Rabb-al-Maal’s share of any Mudaraba Profit and any other amounts to be paid into the Transaction Account on such date in accordance with the other Transaction Documents) and the Required Amount payable on the immediately following Periodic Distribution Date or the Dissolution Date, as the case may be, amounts standing to the credit of the applicable Mudaraba Reserve Account (or a portion thereof where some only of the Certificates of a Series are to be redeemed on a Dissolution Date) may be applied towards such shortfall.

The Mudarib will be entitled to deduct amounts standing to the credit of any Mudaraba Reserve Account at any time and use such amounts for its own account, provided that such amounts shall be repaid by it if so required to fund a shortfall as described above. After all amounts due and payable under the Certificates of the relevant Wakala/Mudaraba Series have been paid in full, the Mudarib shall be entitled to retain the remaining balance (if any) of the Mudaraba Reserve Account for its own account as an incentive payment for its performance as Mudarib.

In relation to each Wakala/Mudaraba Series, where all Certificates of a Series are to be redeemed on a Dissolution Date, the relevant Mudaraba, or where some only of the Certificates of a Series are to be redeemed on a Dissolution Date, a portion of the Mudaraba Portfolio will be liquidated on the Business Day immediately preceding the relevant Dissolution Date or, where the Dissolution Date is a Dissolution Event Redemption Date, on such Dissolution Event Redemption Date by the Mudarib, and through such liquidation the Mudarib will (i) return to the Rabb-al-Maal an amount in the Specified Currency equal to the Mudaraba Portfolio Value for that Mudaraba (or the Value of the relevant portion of the Mudaraba Portfolio that is liquidated where some only of the Certificates of a Series are to be redeemed on a Dissolution Date) (provided that the Rabb-al-Maal’s share of the final liquidation proceeds shall not exceed the Mudaraba Capital) and (ii) pay to the Rabb-al-Maal its share of any Mudaraba Profit realised upon such liquidation (provided that the Rabb-al-Maal’s share of such Mudaraba Profit to be paid into the Transaction Account shall not be greater than the Mudaraba Percentage of the Required Amount on such date as described above) by payment of the same into the Transaction Account on the Business Day immediately preceding the Dissolution Date or, where the Dissolution Date is a Dissolution Event Redemption Date, on such Dissolution Event Redemption Date.

Following any purchase of Certificates of a Series by the Bank or any Subsidiary of the Bank pursuant to Condition 8(f), if the Bank elects to cancel such Certificates in accordance with Condition 8(g)), the Mudarib shall also liquidate a portion of the Mudaraba Portfolio in the manner described above and release to the Rabb-al-Maal a corresponding portion of the Mudaraba Assets, the Value of which shall be equal to the cancellation percentage (being the aggregate face amount of the Certificates to be cancelled divided by the aggregate face amount of the Certificates then outstanding, expressed as a percentage) of the aggregate Value of the Mudaraba Assets as at the relevant Cancellation Date against the cancellation of the applicable Certificates of that Series so purchased.

The Mudarib will agree in the Restricted Mudaraba Agreement that all payments by it under the Restricted Mudaraba Agreement will be made free and clear of, and without any deduction, retention or withholding for or on account of tax unless required by law and without set-off or counterclaim of any kind. If there is any deduction, retention or withholding, the Mudarib shall pay all additional amounts as will result in the receipt by the Rabb-al-Maal of such net amounts as would have been received by it if no deduction, retention or withholding had been made. Further, the obligations of the Mudarib in relation to a Series shall be direct, unconditional, unsubordinated and unsecured obligations of the Bank which rank (save for such exceptions as may be provided by applicable legislation) at all times at least pari passu with all other unsecured, unsubordinated monetary obligations of the Mudarib, present and future.

For these purposes:
“applicable Mudaraba Exchange Rate” means, in the case of any amount payable in respect, or any face amount or par value, of a Mudaraba Asset (including any amount of Mudaraba Portfolio Principal Revenues) that is in a currency (the “Mudaraba Currency”) other than the Specified Currency, the spot rate of exchange at which the Mudarib is able to purchase the Specified Currency with such amount of the Mudaraba Currency on the date on which the Mudaraba Currency is required to be exchanged into the Specified Currency in accordance with this Agreement, without taking into account any premium or other costs of exchange;

“Eligible Mudaraba Asset” means a Real Estate Ijara Asset, a Non-Real Estate Ijara Asset and/or any Other Tangible Sharia Compliant Asset:

(a) in respect of which the relevant lessee or other obligor is not in breach of its payment obligations in respect of the relevant Real Estate Ijara Asset, Non-Real Estate Ijara Asset or Other Tangible Sharia Compliant Asset;

(b) which has been acquired or originated or is held or owned by or on behalf of the Bank in a manner consistent with its usual credit and origination and/or investment policies;

(c) which constitutes legal, valid, binding and (subject to the laws of bankruptcy and other laws affecting the rights of creditors generally) enforceable obligations of the relevant lessee and/or obligor (as applicable) thereof in the jurisdiction in which it is located and the jurisdiction in which any related asset is located;

(d) in respect of which the Bank is entitled to receive all payments due or proceeds of sale (as the case may be);

(e) which is free and clear of any adverse claim (subject to limited exceptions); and

(f) in respect of which there has not occurred any event of default (howsoever described) which is subsisting, acceleration or analogous event nor is the Bank aware of any event which is subsisting and which, following the giving of any originally applicable notice and/or the lapse of any originally applicable grace period and/or the making of any determination and/or the giving of any certificate, would constitute an event of default or analogous event under any relevant documentation;

“Mudaraba Portfolio” means, in relation to a Mudaraba (i) the assets comprised in the Initial Mudaraba Portfolio related to that Wakala/Mudaraba Series, (ii) the assets comprised in any Additional Mudaraba Portfolio related to that Wakala/Mudaraba Series (as commingled with the Initial Mudaraba Portfolio in accordance with the Declaration of Commingling), (iii) from the time of any substitution of a Mudaraba Asset or investment in further Mudaraba Assets in accordance with the Restricted Mudaraba Agreement and the Mudaraba Investment Plan, shall include the Eligible Mudaraba Asset(s) substituted for the relevant Mudaraba Asset or in which the Mudarib further invests and cease to include the Mudaraba Asset so substituted, as applicable, (iv) from the time of any release of Mudaraba Assets from, or liquidation of, the Mudaraba, in each case in accordance with the Restricted Mudaraba Agreement, shall cease to include any assets released or liquidated from time to time as a result of an early redemption of the Certificates or cancellation of Certificates in accordance with the Conditions and (v) the Mudaraba Portfolio Principal Revenues then held by the Mudarib on the relevant date;

“Required Amount” means, in relation to each Wakala/Mudaraba Series:

(a) in respect of an amount payable on a Periodic Distribution Date, an amount equal to the aggregate of all Periodic Distribution Amounts payable on each such Periodic Distribution Date in respect of the Certificates of such Series; or
(b) in respect of an amount payable on a Dissolution Date (other than a Certificateholder Put Right Date or an Optional Dissolution Date), an amount equal to the aggregate of all accrued and unpaid Periodic Distribution Amounts payable on such Dissolution Date in respect of the Certificates of such Series; or

(c) to be redeemed on such Certificateholder Put Right Date; or

(d) in relation to an amount payable on an Optional Dissolution Date, an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) payable on such Optional Dissolution Date in respect of the Certificates to be redeemed on such Optional Dissolution Date,

Together with, in each case, an amount equal to the amounts payable pursuant to Conditions 5(b)(i) and 5(b)(ii) (as the case may be), in each case provided that the Bank has received notification from the relevant party by the date specified for such purpose in the Master Restricted Mudaraba Agreement;

“Surrender Amount” means, in relation to a Series, the aggregate face amount of any Certificates cancelled by the Trustee pursuant to Condition 8;

“Tangible Mudaraba Asset” means a Real Estate Ijara Asset, Non-Real Estate Ijara Asset or Other Tangible Sharia Compliant Asset that is an Eligible Mudaraba Asset; and

“Value” means:

(a) in respect of any Mudaraba Asset, the amount in the Specified Currency (following conversion, if necessary, of any relevant amount(s) at the applicable Mudaraba Exchange Rate) determined by the Mudarib on the relevant date as being equal to:

(i) in the case of a Real Estate Ijara Asset, Non-Real Estate Ijara Asset or Other Tangible Sharia Compliant Asset, the aggregate of all outstanding fixed rental instalment amounts payable by the relevant lessee or other equivalent fixed instalment amounts payable by the relevant obligor, as applicable, in each case, in the nature of capital or principal payments in respect of the relevant asset, each of which is payable to the Bank under or in respect of the relevant contracts relating to the Real Estate Ijara Asset, Non-Real Estate Ijara Asset or Other Tangible Sharia Compliant Asset (in each case, whether then due and unpaid or due and payable on or after such date), as applicable; or

(ii) in the case of any Mudaraba Portfolio Principal Revenues, the amount of such Mudaraba Portfolio Principal Revenues standing to the credit of the Principal Collection Account on such date; and

(b) in respect of the relevant Mudaraba Portfolio, the aggregate of the amounts determined under paragraphs (i) and (ii) above in respect of the Mudaraba Assets comprising the Mudaraba Portfolio on such date.

Purchase Undertaking

The amended and restated Purchase Undertaking will be executed as a deed on 2 December 2020 by the Bank in favour of the Trustee and the Delegate and will be governed by English law.

Pursuant to the Purchase Undertaking, the Bank will, in relation to each Series, irrevocably undertake in favour of the Trustee and the Delegate (for and on behalf of the Certificateholders) the right to require the Bank to purchase (or procure the purchase of) all of the Trustee’s rights, title, interests, benefits and entitlements in, to and under:

(i) the Wakala Assets on the Scheduled Dissolution Date, a Dissolution Event Redemption Date, and each Certificateholder Put Right Date, in each case provided that all Certificates of the relevant Series are to be redeemed in full on such date; or
(ii) a proportion of the Wakala Assets on each Certificateholder Put Right Date on which some but not all of the Certificates of a Series are to be redeemed, where such proportion of Wakala Assets to be so purchased will be equal to the proportion that the Certificates to be redeemed on the relevant Certificateholder Put Right Date, as the case may be, bear to the aggregate of all such Certificates outstanding in respect of the relevant Series on such date,

in each case, in consideration for payment by the Bank of the relevant Exercise Price. For these purposes:

“Exercise Price” means, in relation to each Series, the price payable by the Bank to the Trustee in respect of the purchase by the Bank of all of the Trustee’s rights, title, interests, benefits and entitlements in, to and under the Wakala Assets (or the relevant proportion thereof), which shall be an amount in the Specified Currency equal to the aggregate of:

(i) the Value of the Wakala Assets (or the relevant proportion thereof) on the relevant Dissolution Event Redemption Date (in respect of the exercise of the right following the occurrence of a Dissolution Event) or the Business Day immediately preceding the Scheduled Dissolution Date or the Certificateholder Put Right Date, as the case may be;

(ii) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the Certificates to be redeemed on such date;

(iii) (provided that all Certificates of the relevant Series are to be redeemed on such date and only to the extent not previously satisfied in accordance with the Service Agency Agreement) an amount equal to the sum of any outstanding (i) amounts repayable in respect of any Liquidity Facility and (ii) management liabilities amounts payable in respect of any distribution period (or part thereof, as applicable);

(iv) an amount equal to the amounts payable pursuant to Conditions 5(b)(i) and 5(b)(ii) (as the case may be), in each case provided that the Bank has received notification from the relevant party by the date specified for such purpose in the Purchase Undertaking;

(v) an amount equal to:

(a) (in the case of Wakala Series) any decrease in the Value (as defined in the Service Agency Agreement) of the Wakala Assets (or the relevant proportion thereof) between the date on which such Wakala Asset(s) became part of the Wakala Portfolio and (in respect of a redemption on a Scheduled Dissolution Date or a Certificateholder Put Right Date) the Business Day immediately preceding such Scheduled Dissolution Date or Certificateholder Put Right Date or (in respect of a redemption following the occurrence of a Dissolution Event) the Dissolution Event Redemption Date, in either case as a result of: (x) the application thereto of the applicable Wakala Exchange Rate on (in respect of a redemption on a Scheduled Dissolution Date or a Certificateholder Put Right Date) the Business Day immediately preceding the Scheduled Dissolution Date or Certificateholder Put Right Date or (in respect of a redemption following the occurrence of a Dissolution Event) the Dissolution Event Redemption Date; and/or (y) any failure by the Servicing Agent to substitute any Wakala Assets to be purchased pursuant to an exercise of the Purchase Undertaking in accordance with the Service Agency Agreement (in each case whether or not the Servicing Agent has used its reasonable endeavours to do so as provided therein) and/or (without double counting) any failure by the Seller to substitute any Wakala Assets to be purchased pursuant to an exercise of the Purchase Undertaking which are comprised in the Initial Wakala Portfolio in accordance with the Master Purchase Agreement, in each case (in respect of a redemption following the occurrence of a Dissolution Event) on or before the Dissolution Event Redemption Date or (in respect of a redemption on a Scheduled Dissolution Date or a
Certificateholder Put Right Date) on or before the Business Day immediately preceding such Scheduled Dissolution Date or Certificateholder Put Right Date; or

(b) (in the case of a Wakala/Mudaraba Series) the aggregate of:

(A) any decrease in the Value (as defined in the Service Agency Agreement) of the Wakala Assets (or the relevant portion thereof) between the date on which such Wakala Asset(s) became part of the Wakala Portfolio and (in respect of a redemption on a Scheduled Dissolution Date or a Certificateholder Put Right Date) the Business Day immediately preceding such Scheduled Dissolution Date or Certificateholder Put Right Date or (in respect of a redemption following the occurrence of a Dissolution Event) the Dissolution Event Redemption Date, in either case as a result of (x) the application thereto of the applicable Wakala Exchange Rate on (in respect of a redemption on a Scheduled Dissolution Date or a Certificateholder Put Right Date) the Business Day immediately preceding the Scheduled Dissolution Date or Certificateholder Put Right Date or (in respect of a redemption following the occurrence of a Dissolution Event) the Dissolution Event Redemption Date and/or (y) any failure by the Servicing Agent to substitute any Wakala Assets to be purchased pursuant to an exercise of the Purchase Undertaking in accordance with the Service Agency Agreement (in each case whether or not the Servicing Agent has used its reasonable endeavours to do so as provided therein) and/or (without double counting) any failure by the Seller to substitute any Wakala Assets to be purchased pursuant to an exercise of the Purchase Undertaking which are comprised in the Wakala Portfolio in accordance with the Master Purchase Agreement, in each case (in respect of a redemption following the occurrence of a Dissolution Event) on or before the Dissolution Event Redemption Date or (in respect of a redemption on a Scheduled Dissolution Date or a Certificateholder Put Right Date) on or before the Business Day immediately preceding such Scheduled Dissolution Date or Certificateholder Put Right Date; and

(B) any decrease in the Value (as defined in the Master Restricted Mudaraba Agreement) of the Mudaraba Assets to be liquidated pursuant to the Restricted Mudaraba Agreement (or the relevant portion thereof) between the date on which such Mudaraba Asset(s) became part of the Mudaraba Portfolio and (in respect of a redemption on a Scheduled Dissolution Date or a Certificateholder Put Right Date) the Business Day immediately preceding the Scheduled Dissolution Date or a Certificateholder Put Right Date, as the case may be or (in respect of a redemption following the occurrence of a Dissolution Event) the Dissolution Event Redemption Date, in either case as a result of (x) the application thereto of the applicable Mudaraba Exchange Rate (in respect of a redemption on a Scheduled Dissolution Date or a Certificateholder Put Right Date) on the Business Day immediately preceding the Scheduled Dissolution Date or a Certificateholder Put Right Date, as the case may be, or (in respect of a redemption following the occurrence of a Dissolution Event) on the Dissolution Event Redemption Date and/or (y) any failure by the Mudarib to substitute any Mudaraba Assets subject to liquidation in connection with a redemption of Certificates on a Scheduled Dissolution Date, a Dissolution Event Redemption Date or a Certificateholder Put Right Date, in accordance with the Master Restricted Mudaraba Agreement (in respect of a redemption on a Scheduled Dissolution Date or a Certificateholder Put Right Date) on the Business Day immediately preceding the Scheduled Dissolution Date or Certificateholder Put Right Date, as the case may be, or (in respect of a redemption following the occurrence of a Dissolution Event) on the Dissolution Event Redemption Date (whether or not the Mudarib has used its reasonable endeavours to do so as provided therein); and
(vi) any other amounts payable in relation to the Certificates on the relevant Dissolution Event Redemption Date, Scheduled Dissolution Date or Certificateholder Put Right Date (as applicable) as specified in the applicable Final Terms,

less any amount (other than an amount of Wakala Portfolio Principal Revenues paid pursuant to the Service Agency Agreement) in the Specified Currency standing to the credit of the Transaction Account on the date on which payment of the Exercise Price is made in accordance with the Purchase Undertaking to the extent that such amount has been so credited pursuant to any other Transaction Document (including, but not limited to, as a result of the payment of any Wakala Portfolio Income Revenues and/or any amounts standing to the credit of the Wakala Reserve Collection Account, in each case, pursuant to the Service Agency Agreement and (in the case of a Wakala/Mudaraba Series) the payment of any Mudaraba Profit and/or amounts standing to the credit of the Mudaraba Reserve Account in each case pursuant to the Master Restricted Mudaraba Agreement).

If the Trustee or the Delegate exercises its option prior to the Scheduled Dissolution Date of the relevant Series, an exercise notice will be required to be delivered by the Trustee or the Delegate under the Purchase Undertaking.

Pursuant to the Service Agency Agreement, the Servicing Agent may, from time to time, and shall in certain circumstances substitute Substituted Wakala Assets for New Wakala Assets, as more particularly described above. In addition, pursuant to the Master Purchase Agreement, the Seller shall in certain circumstances substitute Substituted Wakala Assets for New Wakala Assets, as more particularly described above. To effect such substitution, the Bank shall irrevocably grant the right to the Trustee and the Delegate to require the Bank to purchase the New Wakala Assets against the assignment, transfer and/or conveyance of all of the Trustee’s rights, title, interests, benefits and entitlements in, to and under the Substituted Wakala Assets pursuant to the Purchase Undertaking, provided that certain conditions are satisfied. This right shall be deemed to have been exercised by the Trustee upon delivery by the Servicing Agent to the Trustee of a substitution instruction in accordance with the Service Agency Agreement.

The Bank will undertake in the Purchase Undertaking that if it fails to pay all or part of any Exercise Price when due (the “Outstanding Exercise Price”), it will automatically continue to act as Servicing Agent in respect of the relevant Wakala Assets in accordance with the terms of the Service Agency Agreement until payment of the Outstanding Exercise Price is made by it in full.

The Bank will further undertake that if the relevant Exercise Price is not paid in accordance with the provisions of the Purchase Undertaking for any reason whatsoever, then the Bank shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates and, accordingly, the amount payable under any such indemnity claim will equal the relevant Exercise Price.

The Bank will agree in the Purchase Undertaking that all payments by it under the Purchase Undertaking will be made free and clear of, and without any withholding, retention or deduction for or on account of tax unless required by law and without set-off or counterclaim of any kind. If there is any withholding, retention or deduction, the Bank shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no withholding, retention or deduction had been made. In addition, if additional amounts are payable by the Trustee in respect of the Certificates in accordance with Condition 10, the Bank will undertake in the Purchase Undertaking to pay to the Trustee an amount equal to such additional amounts so that the full amount which would otherwise have been due and payable under the Certificates is received by the Trustee.

Without prejudice to the negative pledge provisions contained in Condition 6(b), the payment obligations of the Bank under the Purchase Undertaking in relation to a Series will be direct, unconditional, unsubordinated and unsecured obligations of the Bank which rank (save for such exceptions as may be provided by applicable
legislation) at least \textit{pari passu} with all other unsecured, unsubordinated monetary obligations of the Bank, present and future.

In the Purchase Undertaking, the Bank will undertake to comply with and perform and observe all the provisions of the Transaction Documents, the Certificates and the Conditions which are expressed to be binding on it and agrees that the Trustee and/or the Delegate shall be entitled to enforce the obligations of the Obligor under the Transaction Documents to which it is party, the Certificates and the Conditions and to notify the Delegate and the Trustee in writing of any Dissolution Event (and the steps, if any, being taken to remedy it) and/or any Potential Dissolution Event, in each case, promptly upon becoming aware of its occurrence.

If a right granted pursuant to the Purchase Undertaking is exercised in accordance with its terms, subject to and only following payment in full of the Exercise Price (or any indemnity equal to the Exercise Price) to the relevant Transaction Account in accordance with the Purchase Undertaking, the Obligor shall enter into a Sale Agreement, substantially in the form set out as a schedule to the Purchase Undertaking, with the Trustee.

\textbf{Sale Undertaking}

The amended and restated Sale Undertaking will be executed as a deed on 2 December 2020 by the Trustee in favour of the Bank and will be governed by English law.

Pursuant to the Sale Undertaking, the Trustee will grant the right to the Bank to oblige the Trustee to sell all of its rights, title, interests, benefits and entitlements in, to and under:

(i) the Wakala Assets on the Early Tax Dissolution Date or on an Optional Dissolution Date, in each case provided that all Certificates of the relevant Series are to be redeemed in full on such date; or

(ii) a proportion of the Wakala Assets on each Optional Dissolution Date on which some but not all of the Certificates of a Series are to be redeemed, where such proportion of Wakala Assets to be so purchased will be equal to the proportion that the Certificates to be redeemed on the relevant Optional Dissolution Date bears to the aggregate of all such Certificates outstanding in respect of the relevant Series on such date,

in each case in consideration for payment by the Bank of the relevant Exercise Price. For these purposes:

“\textbf{Exercise Price}” means, in relation to each Series (if applicable), the price payable by the Bank to the Trustee in respect of the purchase by the Bank of all of the Trustee’s rights, title, interests, benefits and entitlements in, to and under the Wakala Assets (or the relevant portion thereof), which shall be an amount in the Specified Currency equal to the aggregate of:

(i) the Value of the Wakala Assets (or the relevant portion thereof) on the Business Day immediately preceding the Early Tax Dissolution Date or the Optional Dissolution Date, as the case may be;

(ii) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the Certificates to be redeemed on the Early Tax Dissolution Date or the Optional Dissolution Date, as the case may be;

(iii) (only where no Certificate of the relevant Series remains outstanding following the exercise of the Optional Dissolution Right or following an early redemption of Certificates for tax reasons and to the extent not previously satisfied in accordance with the Service Agency Agreement) an amount equal to the sum of any outstanding: (i) amounts repayable in respect of any Liquidity Facility and (ii) Service Agency Liabilities Amounts payable in respect of any relevant distribution period (or part thereof, as applicable) in respect of the Wakala Portfolio;
(iv) an amount equal to the amounts payable pursuant to Conditions 5(b)(i) and 5(b)(ii) (as the case may be), in each case provided that the Bank has received notification from the relevant party by the date specified for such purpose in the Sale Undertaking;

(v) an amount equal to:

(a) (in the case of a Wakala Series) any decrease in the Value (as defined in the Service Agency Agreement) of the Wakala Assets (or the relevant portion thereof) between the date on which the relevant Wakala Asset(s) became part of the Wakala Portfolio and the Business Day immediately preceding the relevant Early Tax Dissolution Date or Optional Dissolution Date, as the case may be, as a result of: (x) the application thereto of the applicable Wakala Exchange Rate on the Business Day immediately preceding the relevant Early Tax Dissolution Date or Optional Dissolution Date, as the case may be; and/or (y) any failure by the Servicing Agent to substitute any Wakala Assets in respect of which the Sale Undertaking is exercised in accordance with the Service Agency Agreement (whether or not the Servicing Agent has used its reasonable endeavours to do so as provided therein) and/or (without double counting) any failure by the Seller to substitute any Wakala Assets in respect of which the Sale Undertaking is exercised which are comprised in the Initial Wakala Portfolio in accordance with the Master Purchase Agreement, in each case on or before the Business Day immediately preceding the relevant Early Tax Dissolution Date or Optional Dissolution Date, as the case may be; and

(b) (in the case of a Wakala/Mudaraba Series) any decrease in the aggregate of:

(A) the Value (as defined in the Service Agency Agreement) of the Wakala Assets (or the relevant portion thereof) between the date on which the relevant Wakala Asset(s) became part of the Wakala Portfolio and the Business Day immediately preceding the relevant Early Tax Dissolution Date or Optional Dissolution Date, as the case may be, as a result of (x) the application thereto of the applicable Wakala Exchange Rate on the Business Day immediately preceding the relevant Early Tax Dissolution Date or Optional Dissolution Date, as the case may be and/or (y) any failure by the Servicing Agent to substitute any Wakala Assets in respect of which the Sale Undertaking is exercised in accordance with the Service Agency Agreement (whether or not the Servicing Agent has used its reasonable endeavours to do so as provided therein) and/or (without double counting) any failure by the Seller to substitute any Wakala Assets in respect of which the Sale Undertaking is exercised which are comprised in the Initial Wakala Portfolio in accordance with the Master Purchase Agreement, in each case on or before the Business Day immediately preceding the relevant Early Tax Dissolution Date or Optional Dissolution Date, as the case may be; and

(B) the Value (as defined in the Master Restricted Mudaraba Agreement) of the Mudaraba Assets (or the relevant portion thereof) between the date on which the relevant Mudaraba Asset(s) became part of the Mudaraba Portfolio and the Business Day immediately preceding the relevant Early Tax Dissolution Date or Optional Dissolution Date, as the case may be, as a result of (x) the application thereto of the applicable Mudaraba Exchange Rate on the Business Day immediately preceding the relevant Early Tax Dissolution Date or Optional Dissolution Date, as the case may be, and/or (y) any failure by the Mudarib to substitute any Mudaraba Assets subject to liquidation in connection with a redemption of Certificates on an Early Tax Dissolution Date, or an Optional Dissolution Date in accordance with the Master Restricted Mudaraba Agreement.
on or before Business Day immediately preceding the relevant Early Tax Dissolution Date or Optional Dissolution Date, as the case may be, (whether or not the Mudarib has used its reasonable endeavours to do so as provided therein); and

(vi) any other amounts payable in relation to the Certificates as specified in the applicable Final Terms, less any amount (other than an amount of Wakala Portfolio Principal Revenues paid pursuant to the Service Agency Agreement) in the Specified Currency standing to the credit of the Transaction Account on the date on which payment of the Exercise Price is made in accordance with the Sale Undertaking to the extent such amount has been so credited pursuant to any other Transaction Document (including, but not limited to, as a result of the payment of any Wakala Portfolio Income Revenues and/or any amounts standing to the credit of the Wakala Reserve Collection Account in each case pursuant to the Service Agency Agreement and (in the case of a Wakala/Mudaraba Series) the payment of any Mudaraba Profit and/or amounts standing to the credit of the Mudaraba Reserve Account, in each case, pursuant to the Master Restricted Mudaraba Agreement);

The rights granted under the Sale Undertaking may be exercised by serving notice on the Trustee:

(i) following the occurrence of a Tax Event and upon satisfaction of the conditions precedent relating thereto set out in Condition 8(b), by the Obligor delivering an exercise notice to the Trustee specifying the Early Tax Dissolution Date, which must be (a) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms after the date on which the exercise notice is given and (b) if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable to the relevant Series, a Periodic Distribution Date, provided that no such exercise notice may be given earlier than 90 days prior to the earliest date on which the Trustee or the Obligor, as the case may be, would be obliged to pay the additional amounts referred to in Condition 8(b) were a payment in respect of the Certificates (in the case of the Trustee) or to the Trustee pursuant to any Transaction Document (in the case of the Obligor) then due; and

(ii) if Optional Dissolution Right is specified in the applicable Final Terms as being applicable, by the Bank delivering an exercise notice to the Trustee specifying the Optional Dissolution Date which must be (a) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms after the date on which the exercise notice is given and (b) an Optional Dissolution Date.

For the purposes of the foregoing, “Tax Event” means either (i) (A) the Trustee has or will become obliged to pay additional amounts as described under Condition 10 as a result of any change in, or amendment to, the laws or regulations of any Relevant Jurisdiction, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the relevant Series, and (B) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or (ii) (A) the Trustee has received notice from the Obligor that the Obligor has or will become obliged to pay additional amounts to the Trustee pursuant to the terms of any Transaction Document as a result of any change in, or amendment to, the laws or regulations of any Relevant Jurisdiction, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the relevant Series, and (B) such obligation cannot be avoided by the Obligor taking reasonable measures available to it.

Pursuant to Conditions 8(f) and 8(g), the Bank and its subsidiaries may at any time purchase Certificates in the open market or otherwise. If the Bank chooses to cancel any Certificates so purchased, the Bank will also have the right under the Sale Undertaking to require the Trustee to transfer all of its rights, title, interests, benefits and entitlements in, to and under a portion of the Wakala Assets comprising the Wakala Portfolio to the Bank
in consideration for cancellation of the relevant Certificates provided that certain conditions are satisfied, as more particularly described in the Sale Undertaking.

If a right granted pursuant to the Sale Undertaking is exercised in accordance with its terms, the Trustee and the Bank will be required to enter into a sale or transfer agreement to give effect to the sale or transfer of the Wakala Assets in respect of which the Sale Undertaking has been exercised to the Bank, substantially in the form set out as a schedule to the Sale Undertaking.

**Trust Deed**

The amended and restated Master Trust Deed will be entered into on 2 December 2020 between the Bank, the Trustee, and the Delegate and will be governed by English law. A Supplemental Trust Deed between the same parties shall be entered into on the Issue Date of each Tranche and shall also be governed by English law.

Upon issue of a Series of Certificates, the Master Trust Deed as supplemented by the relevant Supplemental Trust Deed shall together constitute the Trust declared by the Trustee in relation to such Series (the Master Trust Deed as supplemented by the relevant Supplemental Trust Deed for each Series being referred to herein as the “Trust Deed”).

The Trust Assets in respect of each Series shall comprise:

(i) the cash proceeds of the issue of Certificates, pending application thereof in accordance with the terms of the Transaction Documents;

(ii) any and all of the rights, title, interest, benefits and entitlements, present and future of the Trustee in, to and under the Wakala Portfolio and, in the case of a Wakala/Mudaraba Series, the Mudaraba Portfolio;

(iii) any and all of the rights, title, interest, benefits and entitlements, present and future of the Trustee in, to and under the Transaction Documents (excluding the Excluded Representations and the covenant given to the Trustee pursuant to clause 13.1 of the Master Trust Deed);

(iv) all moneys standing to the credit of the Transaction Account from time to time; and

(v) all proceeds of the foregoing.

Pursuant to the relevant Trust Deed, the Trustee will, in relation to each Series of Certificates, amongst other things, hold the relevant Trust Assets on trust absolutely for the holders of the Certificates as beneficiaries pro rata according to the face amount of Certificates of that Series held by each Certificateholder and act as trustee in respect of the Trust Assets, distribute the income from the Trust Assets and perform its duties in accordance with the provisions of the relevant Trust Deed. Pursuant to the Master Trust Deed, the Trustee will, by way of security for the performance of all covenants, obligations and duties of the Trustee to the Certificateholders under the relevant Trust Deed, irrevocably and unconditionally appoint the Delegate to be its delegate and attorney and in its name, on its behalf and as its act and deed to:

(i) execute, deliver and perfect all documents; and

(ii) exercise all of the present and future powers (including the power to sub-delegate), trusts, rights, authorities (including, but not limited to, the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Transaction Documents) and discretions vested in the Trustee by the Trust Deed and the Certificates,

that the Delegate may consider to be necessary or desirable in order to, upon the occurrence of a Dissolution Event or a Potential Dissolution Event, and subject to its being indemnified and/or secured and/or pre-funded to its satisfaction, (i) exercise all of the rights, powers, authorities and discretions of the Trustee under the Purchase Undertaking and any of the other Transaction Documents and (ii) make such distributions from the
Trust Assets as the Trustee is bound to make in accordance with the Conditions and the Trust Deed (together, the “Relevant Powers” and the delegation thereof, the “Delegation of the Relevant Powers”), provided that (i) no obligations, duties, liabilities or covenants of the Trustee pursuant to the Trust Deed or any other Transaction Document shall be imposed on the Delegate by virtue of the Delegation; (ii) in no circumstances will such Delegation of the Relevant Powers result in the Delegate holding on trust or managing the Trust Assets; and (iii) such Delegation of the Relevant Powers shall not include any duty, power, trust, right, authority or discretion to dissolve the trusts constituted by the Trust Deed following the occurrence of a Dissolution Event or Potential Dissolution Event or to determine the remuneration of the Delegate. The Trustee will undertake in the Master Trust Deed to ratify and confirm all things done and all documents executed by the Delegate in the exercise of all or any of its powers pursuant to the Delegation of the Relevant Powers.

The Delegation of the Relevant Powers is to be made by the Trustee to the Delegate for the benefit of the Delegate and the Certificateholders, subject to the terms of the Conditions and the Trust Deed. Each of the Obligor and the Trustee will confirm in the Master Trust Deed that the Delegate may consult with or request and rely on (without liability to any person for so doing) the advice of any lawyer, valuer, banker, broker, accountant or other expert in exercising the rights, powers or actions delegated to it under the Master Trust Deed.

In addition to the Delegation of the Relevant Powers, certain powers, rights, authorities and discretions under the Master Trust Deed will be vested solely in the Delegate, including, amongst other things, the power to call and conduct meetings at the request of Certificateholders, to determine whether a certain event is, in its opinion, materially prejudicial to the interests of the holders of the Certificates so as to qualify as a Trustee Event or Obligor Event, and the powers set out in Condition 12 to decide, pursuant to the provisions therein, whether the Certificates should become immediately due and payable subject to and in accordance with Condition 12, to waive or authorise a breach of an obligation or determine that a Dissolution Event or Potential Dissolution Event shall not be treated as such, and the power to consent to certain types of amendments to any Transaction Document or the memorandum and articles of association of the Trustee, in each case as more particularly described in the Master Trust Deed.

Pursuant to the Master Trust Deed, the Bank will agree to pay certain fees and expenses incurred by the Trustee and/or the Delegate and will grant certain indemnities in favour of the Trustee and the Delegate in respect of any liabilities incurred in connection with their involvement in the Programme.

The Bank will covenant and undertake in the Master Trust Deed, among other things, as follows:

(a) to comply with and perform and observe all provisions of the Conditions which are expressed to be applicable to it including, without limitation, the negative pledge provisions described in Condition 6(b);

(b) to comply with and perform and observe all provisions of the Transaction Documents to which it is a party which are expressed to be binding on it; and

(c) that it shall forthwith notify the Delegate and the Trustee in writing of any Dissolution Event (and the steps, if any, being taken to remedy it) and/or Potential Dissolution Event, in each case promptly upon becoming aware of its occurrence.

The Bank will acknowledge in the Master Trust Deed that the Obligor Events applicable to it are set out in full in the Conditions, that it is fully aware of and understands the terms thereof and that the occurrence thereof shall constitute a Dissolution Event for the purposes of the Conditions.

The Bank will also covenant and undertake in the Master Trust Deed that if the relevant Exercise Price is not paid in accordance with the provisions of the Purchase Undertaking or the Sale Undertaking (as the case may be) for any reason whatsoever, the Bank shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates or
the relevant Certificates to be redeemed on the Certificateholder Put Right Date or Optional Dissolution Date, as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the relevant Exercise Price. Following payment in full of an amount equal to the relevant Exercise Price in accordance with the Purchase Undertaking or the Sale Undertaking, as the case may be, the Bank hereby irrevocably undertakes to enter into a Sale Agreement with the Trustee in accordance with the Purchase Undertaking or the Sale Undertaking, as the case may be.

In addition, if the Trustee fails to comply with any obligation to pay additional amounts pursuant to Condition 10, the Bank will covenant and undertake in the Master Trust Deed that it will unconditionally and irrevocably (irrespective of the payment of any fee), as a continuing obligation, pay to or to the order of the Delegate (for the benefit of the Certificateholders) such net amounts as are necessary so that the amount receivable by the Delegate (after any withholding, retention or deduction for or on account of tax) equals any and all additional amounts required to be paid by it in respect of the Certificates pursuant to Condition 10.

If and to the extent the Trustee has exercised its rights under Condition 18 to issue additional Certificates in respect of a Series, on the date of issue of such additional Certificates, the Trustee will execute a Declaration of Commingling of Assets for and on behalf of the holders of the existing Certificates and the holders of such additional Certificates so created and issued, declaring that the relevant Additional Assets (as defined in the relevant Declaration of Commingling of Assets) and the Wakala Assets comprised in the Wakala Portfolio as in existence immediately prior to the creation and issue of such additional Certificates in respect of the relevant Series, are commingled and shall collectively comprise part of the Trust Assets for the benefit of the holders of the existing Certificates and the holders of such additional Certificates as tenants in common pro rata according to the face amount of Certificates held by each Certificateholder, in accordance with the Master Trust Deed.

Agency Agreement

The amended and restated Agency Agreement will be entered into on 2 December 2020 in relation to the Certificates between, amongst others, the Trustee, the Bank, the Delegate, the Principal Paying Agent and the Registrar. The Agency Agreement will govern the arrangements between the Trustee and the agents named therein for the issuance of Certificates and the making of payments in respect thereof. The Agency Agreement will be governed by English law.

Sharia Compliance

Each Transaction Document to which it is a party provides that each of BBG Sukuk Ltd and Dukhan Bank Q.P.S.C. agrees that it has accepted the Sharia compliant nature of the Transaction Documents to which it is a party and, to the extent permitted by law, further agrees that:

(a) it shall not claim that any of its obligations under the Transaction Documents to which it is a party (or any provision thereof) is ultra vires or not compliant with the principles of Sharia;

(b) it shall not take any steps or bring any proceedings in any forum to challenge the Sharia compliance of the Transaction Documents to which it is a party; and

(c) none of its obligations under the Transaction Documents to which it is a party shall in any way be diminished, abrogated, impaired, invalidated or otherwise adversely affected by any finding, declaration, pronouncement, order or judgment of any court, tribunal or other body that the Transaction Documents to which it is a party are not compliant with the principles of Sharia.
TAXATION

The following is a general description of certain tax considerations relating to the Certificates. It does not purport to be a complete analysis of all tax considerations relating to the Certificates, whether in those jurisdictions or elsewhere, nor does it address the considerations that are dependent on individual circumstances. Prospective purchasers of Certificates should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Certificates and receiving payments under the Certificates and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

Cayman Islands

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Certificates. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor’s particular circumstances and does not consider tax consequences other than those arising under Cayman Islands law.

Under existing Cayman Islands laws, payments on Certificates to be issued will not be subject to taxation in the Cayman Islands and no withholding will be required on the payments to any holder of the Certificates, nor will gains derived from the disposal of the Certificates be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance or gift tax.

The Trustee has received an undertaking from the Governor in Cabinet of the Cayman Islands, pursuant to the Tax Concessions Law (2011 Revision) of the Cayman Islands, that for a period of 20 years from 9 June 2015 no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Trustee or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable on or in respect of the shares, debentures or other obligations (which includes the Certificates) of the Trustee or by way of the withholding in whole or part of any relevant payment as defined in the Tax Concessions Law (2011 revision). No capital or stamp duties are levied in the Cayman Islands on the issue or redemption of Certificates. However, an instrument transferring title to any Certificates, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty. An annual registration fee is payable by the Trustee to the Cayman Islands Registrar of Companies which is calculated by reference to the nominal amount of its authorised capital. At current rates, this annual registration fee is U.S.$853.66. The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

Qatar

This general description of taxation in Qatar is based upon: (a) Law No. 24 of 2018 (the “Income Tax Law”); (b) the Executive Regulations of the Income Tax Law issued in December 2019 (the “Executive Regulations”); (c) the practices that have been adopted and applied by the Income Tax Department at the Ministry of Finance in Qatar (now the General Tax Authority), each as in effect on the date of this Base Prospectus. This general description is subject to any subsequent change in Income Tax Law, regulations and practice that may come into force after such date.

Under the Income Tax Law, tax is imposed on income derived from a source in Qatar. Income derived from a source in Qatar includes gross income arising from an activity carried on in Qatar, contracts wholly or partially performed in Qatar and real estate situated in Qatar. The gross income of Qatari natural persons resident in
Qatar, including their shares in the profits of legal entities, is exempt from Qatar tax as is the capital gains on the disposal of real estate and securities derived by natural persons, provided that the real estate and securities so disposed of do not form part of the assets of a taxable activity. Natural or legal persons deemed subject to income tax in Qatar will either pay tax at the standard rate of 10 per cent. on the net taxable income or the tax will be withheld at source from the gross payment to be made.

Withholding tax applies to certain payments made to “non-residents” (as defined in the Income Tax Law) in respect of activities not connected with a permanent establishment in Qatar. Particularly, the Income Tax Law specifies a withholding tax rate of 5 per cent. on payments of interest. Article 21.4 of the Executive Regulations provide for certain exemptions to withholding tax on interest payments. These exemptions are: (1) interest on deposits in banks in Qatar; (2) interest on bonds and securities issued by Qatar and public authorities, establishments, corporations and companies owned wholly or partly by Qatar; (3) interest on transactions, facilities and loans with banks and financial institutions; and (4) interest paid by a permanent establishment in Qatar to the head office or to an entity related to the head office outside Qatar.

The provisions of the Income Tax Law and the Executive Regulations apply to profit payments made under Islamic financial instruments (including sukuk and certificates).

The profit payments received by the Trustee from the Bank, acting in any capacity, under the Purchase Undertaking, the Sale Undertaking, the Service Agency Agreement or the Restricted Mudaraba Agreement will be exempt from withholding tax, under (3) above, on the basis that the Bank qualifies as a “bank and financial institution”.

There is no stamp duty, capital gains tax or sales tax applicable in Qatar (however, unless specifically exempt under the Income Tax law, gains of a capital nature are treated as income and taxed at the same rate as income).

**Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as “FATCA”, a foreign financial institution (as defined by FATCA) may be required to withhold on certain payments it makes (“foreign passthru payments”) to persons that fail to meet certain certification, reporting, or related requirements. The Trustee may be a foreign financial institution for these purposes. A number of jurisdictions (including the Cayman Islands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Certificates, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Certificates, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Certificates, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Certificates characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Certificates (as described under “Terms and Conditions of the Certificates—Further Issues”) that are not distinguishable from previously issued Certificates are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Certificates, including the Certificates offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their
own tax advisers regarding how these rules may apply to their investment in the Certificates. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Certificates, no person will be required to pay additional amounts as a result of the withholding.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the “Commission’s Proposal”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “participating Member States”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in Certificates (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Certificates where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Certificates are advised to seek their own professional advice in relation to the FTT.
SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement (the “Programme Agreement”) dated 2 December 2020, agreed with the Trustee and the Bank a basis upon which they or any of them may from time to time agree to purchase Certificates. Any such agreement will extend to those matters stated under “Terms and Conditions of the Certificates”.

In accordance with the terms of the Programme Agreement, each of the Trustee and the Bank has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Certificates under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

General

These selling restrictions may be modified by the agreement of the Trustee, the Bank and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the applicable Final Terms issued in respect of the issue of Certificates to which it relates or in a supplement to this Base Prospectus.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it shall (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Certificates or possessed or distributes this Base Prospectus, any other offering material or any Final Terms, in all cases at its own expense.

None of the Trustee, the Bank and the Dealers represents that (i) Certificates may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale or (ii) any action has been, or will be taken in any jurisdiction that would permit a public offering of any Certificates, or possession or distribution of this Base Prospectus or any other offering material or any applicable Final Terms, in any country or jurisdiction where action for that purpose is required.

United States

Each Dealer has acknowledged and agreed that the Certificates have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Dealer has represented and agreed that, and each further Dealer appointed under the Programme will be required to represent and agree that, it has not offered or sold the Certificates and each Dealer has agreed that, and each further Dealer appointed under the Programme will be required to agree that, it will not offer or sell any Certificates (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Certificates of the Tranche of which such Certificates are a part, as determined and certified as provided below, within the United States or to, or for the account or benefit of, U.S. persons.

The Certificates are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. Each Dealer who purchases Certificates of a Tranche (or in the case of a sale of a Tranche of Certificates issued to or through more than one Dealer, each of such Dealers as to the Certificates of such Tranche to be purchased by or through it or, in the case of a syndicated issue, the relevant lead manager) shall determine and certify to the Principal Paying Agent the completion of the distribution of the Certificates of such Tranche.
On the basis of such notification or notifications, the Principal Paying Agent has agreed to notify such Dealer/lead manager of the end of the distribution compliance period with respect to such Tranche. Each Dealer has also agreed that, at or prior to confirmation of sale of Certificates, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Certificates from it during the distribution compliance period a confirmation or notice to substantially the following effect:

“The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Securities as determined and certified by the relevant Dealer, in the case of a non-syndicated issue, or the lead manager, in the case of a syndicated issue, and except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S.”

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Certificate, and it and they have complied and will comply with the offering restrictions requirement of Regulation S.

In addition, until 40 days after the commencement of the offering of the Certificates, an offer or sale of the Certificates within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

**Public Offer Selling Restriction under the Prospectus Regulation**

In relation to each Member State of the European Economic Area and the United Kingdom (each, a “Relevant State”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms in relation thereto to the public in that Relevant State, except that it may make an offer of such Certificates to the public in that Relevant State:

(i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Trustee and the Bank for any such offer; or

(iii) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Certificates referred to above shall require the Trustee, the Bank or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer of Certificates to the public” in relation to any Certificates in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.
United Kingdom
Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) in relation to any Certificates which have a maturity of less than one year: (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (b) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Trustee;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Trustee or the Bank; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

Cayman Islands
Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no invitation or offer, whether directly or indirectly, to subscribe for the Certificates has been or will be made to any member of the public in the Cayman Islands.

United Arab Emirates (excluding the Dubai International Financial Centre)
Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Certificates to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

Dubai International Financial Centre
Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Certificates to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

(i) an “Exempt Offer” in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority rulebook (the “DFSA Rulebook”); and

(ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA Rulebook.

Kingdom of Bahrain
Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Certificates, except on a private placement basis, to persons in the Kingdom of Bahrain who are “accredited investors”.

For this purpose, an “accredited investor” means:

(i) an individual holding financial assets (either singly or jointly with a spouse) of U.S.$1,000,000 or more excluding that person’s principal place of residence;
(ii) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.$1,000,000; or

(iii) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Certificates. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a “Saudi Investor”) who acquires any Certificates pursuant to an offering should note that the offer of Certificates is a private placement under Article 9 or Article 10 of the “Rules on the Offer of Securities and Continuing Obligations” as issued by the Board of the Capital Market Authority (the “CMA”) resolution number 3-123-2017 dated 27 December 2017, as amended by the Board of the CMA resolution number 1-104-2019 dated 30 September 2019 (the “KSA Regulations”), made through an authorised person licensed to carry out arranging activities by the CMA and following a notification to the CMA under Article 11 of the KSA Regulations.

The Certificates may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to “Sophisticated Investors” under Article 9 of the KSA Regulations or by way of a limited offer under Article 10 of the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Certificates made by it to a Saudi Investor will be made in compliance with the KSA Regulations.

Each offer of Certificates shall not therefore constitute a “public offer”, an “exempt offer” or a “parallel market offer” pursuant to the KSA Regulations. Any Saudi Investor who has acquired Certificates pursuant to a private placement under Article 9 or Article 10 of the KSA Regulations may not offer or sell those Certificates to any person unless the offer or sale is made through an authorised person appropriately licensed by the CMA and (a) the Certificates are offered or sold to a Sophisticated Investor (as defined in Article 9 of the KSA Regulations); (b) the price to be paid for the Certificates in any one transaction is equal to or exceeds Saudi Riyals 1 million or an equivalent amount; or (c) the offer or sale is otherwise in compliance with Article 15 of the KSA Regulations.

Qatar (including the Qatar Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Certificates in Qatar (including the Qatar Financial Centre), except: (a) in compliance with all applicable laws and regulations of Qatar (including the Qatar Financial Centre); and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in Qatar (including the Qatar Financial Centre). This Base Prospectus (i) has not been, and will not be, registered with or approved by the Qatar Financial Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority and may not be publicly distributed in Qatar (including the Qatar Financial Centre); (ii) is intended for the original recipient only and must not be provided to any other person; and (iii) is not for general circulation in Qatar (including the Qatar Financial Centre) and may not be reproduced or used for any other purpose.

Japan

The Certificates have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “FIEA”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold, and will not, directly or indirectly, offer or sell any Certificates in Japan.
or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other relevant laws and regulations of Japan.

**Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates, except for Certificates which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) other than (a) to “professional investors” as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “Companies Ordinance”) or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, in each case whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

**Malaysia**

This Base Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia under the Capital Markets and Services Act 2007 of Malaysia (the “CMSA”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Certificates have not been and will not be offered, sold or delivered, and no invitation to subscribe for or purchase the Certificates has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any of the categories of persons specified under Part I of Schedule 6 or Section 229(1)(b) and Part I of Schedule 7 or Section 230(1)(b), read together with Schedule 8 or Section 257(3) of the CMSA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals, including approval from the Controller of Foreign Exchange to purchase the Certificates. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Dealers is responsible for any invitation, offer, sale or purchase of the Certificates as aforesaid without the necessary approvals being in place.

**Singapore**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Certificates or caused such Certificates to be made the subject of an invitation for subscription or purchase and will not offer or sell such Certificates or cause such Certificates to be made the subject of an invitation for
subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Certificates, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in 4A of the Securities and Futures Act (Chapter 289) of Singapore (as modified or amended from time to time, the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with, the conditions of, any other applicable provision of the SFA.

Where Certificates are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Certificates pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments)(Securities and Securities-based Derivatives Contracts) Regulations 2018.

**Singapore SFA Product Classification:** In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified in the applicable Final Terms, the Trustee has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Certificates are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).
SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN THE FINANCIAL
ACCOUNTING STANDARDS ISSUED BY AAOIFI AND INTERNATIONAL FINANCIAL
REPORTING STANDARDS

The Bank prepares its Financial Statements in accordance with the FAS issued by AAOIFI, the Sharia Rules and Principles as determined by the Bank’s Shari’a Committee, related regulations of the QCB and applicable provisions of the Qatar Commercial Companies Law No. 11 of 2015. For matters which are not covered by AAOIFI standards, the Bank uses guidance from the relevant IFRS. Accordingly, the unaudited interim condensed consolidated financial statements of the Bank for the periods ended 30 June 2020 and 30 June 2019, have been prepared in accordance with the guidance provided by IAS 34 “Interim Financial Reporting”.

The unaudited interim condensed consolidated financial statements for the periods ended 30 June 2020 and 30 June 2019 have been prepared on the historical cost basis except for investment securities classified as “Investments at fair value through equity”, “Investments at fair value through income statement”, “derivative financial instruments” and “investment properties” (measured at fair value).

AAOIFI – FAS differs from IFRS in certain respects. Accordingly, the Bank has prepared, as of the date of this Base Prospectus, a narrative summary of the significant differences between FAS as applied by the Bank in the Financial Statements and IFRS in so far as they relate to the significant accounting policies adopted by the Bank.

EY has not performed any audit, review or other procedures including any reconciliation in respect of the summary of differences described below.

The Bank has not performed a reconciliation of its Financial Statements to IFRS, nor has it quantified such differences nor does the Bank undertake to identify all such differences. Had the Bank undertaken any such quantification or reconciliation, other accounting and disclosure differences may have come to the Bank’s attention that are not identified below.

The differences discussed below relate to differences in presentation of financial information and disclosure in relation to URIA, Investment Securities and Investment Properties. Please note that the differences described below are not exhaustive, as there are differences between the application of IFRS and FAS to Islamic financial contracts (including, but not limited to, Murabaha, Ijarah and Wakala). For instance, there is a difference in the application of the frameworks to impairment on equity investments treatment.

Equity of URIA holders

The Bank accepts funds from its retail and commercial clients (depositors) on the basis of Mudaraba contracts on an unrestricted basis.

In accordance with FAS 27 of AAOIFI - FAS, equity of URIA holders is disclosed and presented in the statement of financial position in a separate line item as quasi-equity between total liabilities and equity. Under IFRS, equity of URIA holders would be presented on the face of the statement of financial position.

Wakala Contracts

The objective of FAS 31 “Investment Agency (Al-Wakala Bi Al-Istithmar)” is to establish the principles of accounting and financial reporting for the investment agency (Al-Wakala Bi Al-Istithmar) instruments and the related assets and obligations from both the principal (investor) and the agent perspectives.

It allows recognition of Wakala deposits either on-balance sheet or off-balance sheet depending upon the terms of the transactions. This standard was intended to be effective from financial periods beginning on or after 1
January 2020. At its 18th meeting held on 22-23 June 2020, AAOIFI permitted the delay in the implementation of the standard by one year (this does not apply to the institutions which started the implementation process or are subject to special regulatory requirements not permitting for such an extension). The Bank has adopted the standard effective from 1 January 2020.

**Murabaha and Musawama Contracts**

FAS 28 “Murabaha and Other Deferred Payment Sales” supersedes the earlier FAS 2 “Murabaha and Murabaha to the Purchase Orderer” and FAS 20 “Deferred Payment Sales”. FAS 28 aims at setting out the accounting rules for measurement, recognition and disclosure of the transactions of Murabaha and other deferred payment sales, excluding commodity murabaha. The overall objective of this standard is to bring murabaha and other deferred sales closer to the international best practices of accounting such as IFRS 9 “Financial Instruments” without compromising on the Sharia principles and rules. Under AAOIFI, “Murabaha and Other Deferred Payment Sales instruments” are treated as sale transactions at cost plus deferred profit model with deferred profit, sales and cost of sales disclosed separately whereas under IFRS, these transactions are treated as debt type instruments measured at amortised cost.

**Ijarah Muntahia Bittamleek**

With regard to their structure, the Ijarah Muntahia Bittamleek leases are recorded as operating leases. Under AAOIFI, leased assets in the books of the Bank (lessor) are presented at original cost less accumulated depreciation and accumulated impairment, if any up to the date of financial position, and income is allocated proportionately to the financial periods of the lease term. Under IFRS, the leased assets are presented at amounts disbursed less repayments and income is accrued since inception of the lease.

**Investment Securities**

Investments in equity-type instruments are classified into the following categories: (i) as investments carried at fair value through income statement or (ii) at fair value through equity.

Unrealised gains or losses arising from a change in the fair value of investments classified as fair value through equity are recognised directly in the fair value reserve under equity attributable to equity holders of the Bank, which is then split between quasi-equity account holders and other equity account holders until the investment is sold, collected or otherwise disposed of or the investment is determined to be impaired. In other words, the fair value reserves attributable to equity holders of the Bank are recognised under statement of changes in equity as disclosed in Note 11 to the 2019 Financial Statements, and the fair value reserves attributable to URIA are included in the balance for URIA holders as disclosed in Note 21 to the 2019 Financial Statements. Under IFRS, the unrealised gains or losses arising from a change in the fair value of investments classified as fair value through other comprehensive income investments are recognised under the consolidated statement of other comprehensive income. When the investments classified as fair value through equity are sold, impaired, collected or otherwise disposed of, the cumulative gain or loss previously recognised in the consolidated statement of changes in equity is transferred to the consolidated statement of income. Under IFRS, however, the reserve through equity will not be recognised in the consolidated statement of income even in the case of derecognition of investment.

However, pursuant to the adoption of QCB Circular 13/2020 with effect from 28 April 2020, the Bank has amended its policy relating to the measurement of equity-type instruments classified as fair value through equity in the unaudited interim condensed consolidated financial statements for the period ended 30 June 2020. The amended policy states that the Bank may elect to present in statement of changes in equity changes in the fair value of certain investments in equity-type instruments that are not held for trading. The election is made on an
instrument by instrument basis upon initial recognition and is irrevocable. Gains and losses on such equity-type instruments are never subsequently reclassified to consolidated statement of income, including on disposal. The fair value reserves attributable to equity holders of the Bank are recognised under statement of changes in equity, and the fair value reserves attributable to URIA are included in the balance for URIA holders. However, cumulative gains and losses recognised in fair value reserve are transferred to retained earnings on disposal of an investment.

One of the differences in FAS 30 is the retention of “significant or prolonged decline in the fair value of an investment below its cost” as objective evidence of impairment for investments carried at fair value through equity, whereas such criteria does not exist in IFRS 9.

**Investment Property**

As regards FAS 26 and IAS 40, investment property held for rental or capital appreciation is measured at fair value with the resulting unrealised gains being recognised in the statement of changes in equity under fair value reserve. IAS 40 requires gains or losses arising from changes in the fair value of investment property to be included in net profit or loss for the period in which it arises. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income for the period in which the property is derecognised.
GENERAL INFORMATION

Listing of the Certificates

This Base Prospectus has been approved by the FCA as competent authority under the Prospectus Regulation. Such approval relates only to the Certificates which are to be admitted to trading on the Regulated Market or any other MiFID Regulated Markets or which are to be offered to the public in any Member State of the European Union or the United Kingdom. The FCA only approves this Base Prospectus as meeting the requirements imposed under English and EU law pursuant to the Prospectus Regulation.

Application has been made to the London Stock Exchange for Certificates (other than PR Exempt Certificates) issued under the Programme during the 12 months from the date of this Base Prospectus to be admitted to the Official List and admitted to trading on the Regulated Market. The approval of the Certificates (other than PR Exempt Certificates) to be issued under the Programme is expected to be granted on or around 4 December 2020. It is expected that each Tranche of Certificates (other than PR Exempt Certificates) which is to be admitted to the Official List and to trading on the Regulated Market will be admitted separately as and when issued, subject only to the issue of a Global Certificate representing the Certificates of such Tranche. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions on the Regulated Market will normally be effected for delivery on the third working day after the day of the transaction.

In the case of PR Exempt Certificates, the relevant Certificates will not be listed and/or admitted to trading on the Regulated Market or any MiFID Regulated Market, and the applicable Pricing Supplement will state whether or not the relevant Certificates will be listed and/or admitted to trading on an unregulated market.

Authorisation

Each of the Trustee and the Bank has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Certificates and the entry into and performance of the Transaction Documents to which it is a party. The update of the Programme was authorised by a resolution of the board of directors of the Trustee dated 12 October 2020, by a written resolution of the board of directors of the Bank dated 29 July 2020 and by a resolution of the shareholders of the Bank dated 21 September 2020.

Significant or Material Change

There has been no significant change in the financial performance or financial position, or material adverse change in the prospects, of the Trustee since the date of its incorporation.

Save as disclosed in “Risk Factors - Risks Relating to the Bank and its Ability to Fulfil its Obligations under the Transaction Documents - Risks relating to the emergence of COVID-19”, since 30 June 2020, there has been no significant change in the financial performance or financial position of the Bank or the Group and, save as disclosed in “Risk Factors - Risks Relating to the Bank and its Ability to Fulfil its Obligations under the Transaction Documents - Risks relating to the emergence of COVID-19”, since 31 December 2019, there has been no material adverse change in the prospects of the Bank or the Group.

Litigation

Neither the Trustee nor the Bank nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened
of which the Trustee or the Bank is aware) in the 12 months preceding the date of this Base Prospectus which may have or has had in the recent past significant effects on the financial position or profitability of the Trustee, the Bank or the Group.

Clearing Systems

Certificates have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The Common Code, the International Securities Identification Number ("ISIN") and (where applicable) the identification number for any other relevant clearing system for each Tranche of Certificates will be set out in the applicable Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.

Third Party Information

Where information in this Base Prospectus has been sourced from third parties, this information has been accurately reproduced and, as far as each of the Trustee and the Bank is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

Condition for Determining Price

The price and amount of Certificates to be issued under the Programme will be determined by the Trustee, the Bank and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

Documents Available

For the period of 12 months from the date of this Base Prospectus, physical copies of the following documents will be available for inspection at the office of the Paying Agents or by email (upon receipt of evidence satisfactory to the Paying Agent that such request has been made by a Certificateholder):

(i) each Final Terms and the other Transaction Documents in relation to each Series (save that such documents relating to a Series which is neither admitted to trading on a regulated market in the United Kingdom or the European Economic Area nor offered in the United Kingdom or the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation will only be available for inspection by a holder of such Certificate and such holder must produce evidence satisfactory to the Trustee and the Principal Paying Agent as to its holding of the relevant Certificate and identity);

(ii) the constitutional documents of the Trustee and the Bank;

(iii) the Annual Financial Statements, in each case together with the audit reports prepared in connection therewith;

(iv) the 2020 Interim Financial Statements, together with the review report prepared in connection therewith;

(v) the most recently published consolidated financial statements of the Bank together with any audit or review report(s) prepared in connection therewith; and

(vi) this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus.
The Final Terms for Certificates that are listed on the Official List and admitted to trading on the Regulated Market and, for a period of 12 months only from the date hereof, this Base Prospectus will be published on the website of the London Stock Exchange at http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html.

**Independent Auditors**

The Independent auditors of the Bank are Ernst & Young, Qatar Branch ("EY") of Al Gassar Tower, P.O. Box 164, Majlis Al Taawon Street, West Bay, Doha, Qatar. EY were appointed by the Bank on 1 April 2019 and are regulated by the Ministry of Commerce and Industry in Qatar, who have audited the 2019 Financial Statements, without qualification, in accordance with the International Standards on Auditing, as stated in their report incorporated by reference in this Base Prospectus.

The 2018 Financial Statements were audited by Deloitte & Touche, Qatar Branch and an unqualified opinion was expressed on them, as stated in their report.

The 2020 Interim Financial Statements have been prepared in accordance with FAS issued by AAOIFI, the Sharia Rules and Principles as determined by the Bank’s Shari’a Committee, related regulations of the QCB and applicable provisions of the Qatar Commercial Companies Shari’a Law No. 11 of 2015. The 2020 Interim Financial Statements have been reviewed by EY in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as stated in their review report incorporated by reference in this Base Prospectus. With respect to the 2020 Interim Financial Statements, EY has reported that they have applied limited procedures in accordance with ISRE 2410. However, their review report dated 29 July 2020, incorporated by reference in this Base Prospectus, states that they did not audit and they do not express any audit opinion on that interim consolidated financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

**No material contracts**

There are no material contracts entered into other than in the ordinary course of the Trustee’s or the Obligor’s respective business, which could result in any member of the Group being under an obligation or entitlement that is material to the Trustee’s or the Obligor’s ability to meet its obligations to Certificateholders in respect of the Certificates being issued.

**Cayman Islands Data Protection**

The Cayman Islands Government enacted the Data Protection Law, 2017 of the Cayman Islands (the “DPL”) on 18 May 2017 which was brought into force on 30 September 2019. The DPL introduces legal requirements for the Trustee based on internationally accepted principles of data privacy.

Prospective investors should note that, by virtue of making investments in the Certificates and the associated interactions with the Trustee and its affiliates and/or delegates, or by virtue of providing the Trustee with personal information on individuals connected with the investor (for example, directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals may be providing the Trustee and its affiliates and/or delegates (including, without limitation, the Trustee Administrator) with certain personal information which constitutes personal data within the meaning of the DPL. The Trustee shall act as a data controller in respect of this personal data and its affiliates and/or delegates, such as the Trustee Administrator, may act as data processors (or data controllers in their own right in some circumstances).
For further information on the application of the DPL to the Trustee, please refer to the Privacy Notice (a copy of which may be requested from the Trustee Administrator by email at dubai@maples.com), which provides an outline of investors’ data protection rights and obligations as they relate to the investment in the Certificates.

Oversight of the DPL is the responsibility of the Ombudsman’s office of the Cayman Islands. Breach of the DPL by the Trustee could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties or referral for criminal prosecution.

**Dealers transacting with the Bank**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Bank and its affiliates in the ordinary course of business for which they have received, and for which they may in the future receive, fees.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank financings) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Trustee, the Bank and their affiliates, including, without limitation, the Certificates. Certain of the Dealers or their affiliates that have a lending relationship with the Trustee, the Bank and their affiliates may routinely hedge their credit exposure to the Trustee, the Bank and their affiliates consistent with their customary risk-management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially any Certificates issued under the Programme. Any such short positions could adversely affect future trading prices of Certificates issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.
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