

## IMPORTANT NOTICE

**THE ATTACHED OFFERING CIRCULAR MAY ONLY BE DISTRIBUTED TO PERSONS WHO ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) (“REGULATION S”)) AND ARE LOCATED OUTSIDE OF THE UNITED STATES IN ACCORDANCE WITH REGULATION S.**

**IMPORTANT: You must read the following before continuing.** The following applies to this offering circular (the “Offering Circular”) whether received by email, accessed from an internet page or otherwise received as a result of electronic communication, and you are therefore advised to read this page carefully before reading, accessing or making any other use of the attached Offering Circular. In reading, accessing or making any other use of the attached Offering Circular, you agree to be bound by the following terms and conditions and each of the restrictions set out in the attached Offering Circular, including any modifications to them from time to time, each time you receive any information from the Trustee, the Bank, the Arrangers or the Dealers (each as defined in the attached Offering Circular) as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE OR A SOLICITATION OF AN OFFER TO BUY THE CERTIFICATES (AS DEFINED IN THE ATTACHED OFFERING CIRCULAR) IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE CERTIFICATES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE CERTIFICATES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, 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 OR LOCAL SECURITIES LAWS.

THE ATTACHED OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON WITHOUT THE PRIOR WRITTEN CONSENT OF THE ARRANGERS AND THE DEALERS AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE SECURITIES LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE CERTIFICATES DESCRIBED IN THE ATTACHED OFFERING CIRCULAR.

ANY CERTIFICATES DESCRIBED IN THE OFFERING CIRCULAR 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) 2001 (SI 2001/544) AS AMENDED, 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, THE ATTACHED OFFERING CIRCULAR 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 THE OFFERING CIRCULAR, ANY APPLICABLE PRICING SUPPLEMENT AND ANY OTHER MARKETING MATERIALS RELATING TO THE SECURITIES IS BEING ADDRESSED, DISTRIBUTED TO, OR IS ONLY 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 SECURITIES 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 PROFESSIONALS 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 PERSONS 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 PROMOTED IN ACCORDANCE WITH THE PROMOTION OF CISS ORDER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “RELEVANT PERSONS”).

THIS COMMUNICATION IS BEING DIRECTED ONLY AT PERSONS HAVING PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS COMMUNICATION RELATES WILL BE ENGAGED IN ONLY WITH SUCH PERSONS. NO OTHER PERSON SHOULD RELY ON IT.

**CONFIRMATION OF YOUR REPRESENTATION:** By accessing the attached Offering Circular you confirm to the Arrangers and the Dealers, the Trustee, as issuer of the Certificates and the Bank, that: (i) you understand and agree to the terms set out herein; (ii) you are a Relevant Person; (iii) you are not a U.S. person (within the meaning of Regulation S), or acting for the account or benefit of any U.S. person, and, to the extent that you purchase the Certificates described herein, you will be doing so pursuant to Regulation S, and that the electronic mail address that you have given is not located in the United States (including the State and District of Columbia), its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands); (iv) you are a person who is permitted under applicable law and regulation to receive the attached Offering Circular; (v) you consent to delivery of such Offering Circular and any supplements thereto by electronic transmission; (vi) you will not transmit the attached Offering Circular (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person; and (vii) you acknowledge that you will make your own assessment regarding any credit, investment, legal, Shariah, taxation or other economic considerations with respect to your decision to subscribe or purchase any of the Certificates.

You are reminded that the attached Offering Circular has been delivered to you on the basis that you are a person into whose possession the attached Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of the Offering Circular, electronically or otherwise, to any other person and in particular to any U.S. person or to any U.S. address. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

If you received the Offering Circular by e-mail, you should not reply by e-mail to this announcement. Any reply e-mail communications, including those you generate by using the “Reply” function on your email software, will be ignored or rejected. If you received the Offering Circular by e-mail, your use of this email is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction the offering shall be deemed to be made by the Dealers or such affiliate on behalf of the Trustee in such jurisdiction.

Under no circumstances shall the Offering Circular constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. Recipients of the attached document who intend to subscribe for or purchase the Certificates are reminded that any subscription or purchase may only be made on the basis of the information contained in the Offering Circular.

The Arrangers, the Dealers, the Delegate and the Agents (each as defined in the Offering Circular) have not independently verified the information contained in the Offering Circular. Accordingly, none of the Arrangers, the Dealers, the Delegate, the Agents or any of their respective directors, affiliates, advisors or agents make any representation or warranty or accept any liability in relation to the information contained or incorporated by reference in the Offering Circular or for any other information provided by the Trustee or the Bank in connection with the programme described in the Offering Circular (the “Programme”) nor is any responsibility or liability accepted by them as to the accuracy or completeness of the information contained in the Offering Circular or any responsibility for any acts or omissions of the Trustee, the Bank or any other person (other than the relevant Dealer) in connection with the Offering Circular or the issue and offering of Certificates under the Programme. To the fullest extent permitted by law, none of the Arrangers, the Dealers, their respective directors, affiliates, advisors and agents and the Delegate and the

Agents accepts any responsibility for the contents of the Offering Circular and accordingly each disclaims all and any liability whether arising in tort, contract or otherwise which it might otherwise have in respect of the Offering Circular.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Trustee, the Bank, the Arrangers, the Dealers or any person who controls or is a director, officer, employee or agent of the Trustee, the Bank, the Arrangers or the Dealers nor any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arrangers or the Dealers.

**The distribution of the Offering Circular in certain jurisdictions may be restricted by law. Persons into whose possession the Offering Circular comes are required by the Trustee, the Bank, the Arrangers and the Dealers to inform themselves about, and to observe, any such restrictions.**

## OFFERING CIRCULAR



### MAR Finance LLC

(a special purpose company incorporated with limited liability in the Qatar Financial Centre)

**U.S.\$4,000,000,000**

### Trust Certificate Issuance Programme

Under the U.S.\$4,000,000,000 trust certificate issuance programme (the “Programme”) described in this offering circular (the “Offering Circular”), MAR Finance LLC (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.\$4,000,000,000 (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 Masraf Al Rayan (Q.P.S.C.) (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 Offering Circular 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 Certificates will be limited recourse obligations of the Trustee. An investment in Certificates issued under the Programme involves certain risks. For a discussion of the principal risk factors 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 25 April 2022 entered into by the Trustee, the Bank and HSBC Corporate Trustee Company (UK) 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 confer on the holders of the Certificates from time to time (the “Certificateholders”) the right to receive payments (as more particularly described herein) arising from the assets of a trust declared by the Trustee in relation to the relevant Series (the “Trust”).

This Offering Circular constitutes admission particulars for the purposes of the International Securities Market Rulebook (the “ISM Rulebook”). Application has been made to the London Stock Exchange plc (the “London Stock Exchange”) for Certificates issued under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to the International Securities Market (the “ISM”). The ISM is not a UK regulated market for the purposes of Regulation (EU) No 600/2014 as it forms part of United Kingdom (“UK”) domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”) (“UK MiFIR”) or a regulated market for the purposes of Directive 2014/65/EU, as amended (“MiFID II”). In respect of any Certificates which are specified as “Sustainability Certificates” in the applicable Pricing Supplement, application may also (if so specified in the applicable Pricing Supplement) be made for such Certificates to be admitted to trading on the London Stock Exchange’s Sustainable Bond Market (the “SBM”).

**The ISM is a market designated for professional investors. Certificates admitted to trading on the ISM are not admitted to the Official List of the Financial Conduct Authority (“FCA”). The London Stock Exchange has not approved or verified the contents of this Offering Circular.**

References in this Offering Circular to Certificates being admitted to trading (and all related references) shall mean that such Certificates have been admitted to trading on the ISM. The Programme provides that Certificates may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Trustee, the Bank and the relevant Dealer(s). The Trustee may also issue unlisted Certificates and/or Certificates not admitted to trading on any market. The applicable Pricing Supplement (as defined below) will state whether or not the relevant Certificates will be listed and/or admitted to trading. Certificates listed and/or admitted to trading will be delisted or removed from the relevant stock exchange or market following the occurrence of a Tangibility Event, see Condition 8(e) (*Dissolution at the Option of the Certificateholders (Tangibility Event)*).

The Certificates have not been and will not be registered under the United States Securities Act of 1933, as amended (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, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“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. For a description of certain restrictions on offers and sales of Certificates and on distribution of this Offering Circular, see “Subscription and Sale”.

Each Series of Certificates will initially be represented by a global certificate in registered form (a “Global Certificate”). Global Certificates will be deposited on the relevant issue date with, and registered in the name of a nominee for, a common depository (the “Common Depository”) on behalf of Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream, Luxembourg”). The provisions governing the exchange of interests in Global Certificates for definitive Certificates are described in “Summary of Provisions relating to the Certificates while in Global Form”.

The Bank has been assigned a long term rating of A1 with a stable outlook by Moody’s Investors Service Cyprus Ltd. (“Moody’s”). The Programme is expected to be rated A1 with a stable outlook by Moody’s. The State of Qatar (“Qatar”) has been assigned a credit rating of AA- with a stable outlook, Aa3 with a stable outlook and AA- with a stable outlook, by Fitch Ratings, Ltd. (“Fitch”), Moody’s Deutschland GmbH (“Moody’s Deutschland”) and S&P Global Ratings Europe Limited (“S&P”), respectively. Fitch is established in the UK and is registered under Regulation (EU) No. 1060/2009 as it forms part of UK domestic law by virtue of the EUWA (the “UK CRA Regulation”) and as such is included in the list of credit rating agencies published by the FCA on its website in accordance with the UK CRA Regulation. Each of Moody’s, Moody’s Deutschland and S&P is established in the European Union and is registered under Regulation (EU) No. 1060/2009 (the “EU CRA Regulation”) and as such is included in the list of credit rating agencies published by the European Securities and Markets Authority (“ESMA”) on its website in accordance with the EU CRA Regulation. The ratings assigned by Moody’s and Moody’s Deutschland have been endorsed by Moody’s Investors Service Ltd., which is established in the UK and registered under the UK CRA Regulation. The rating assigned by S&P has been endorsed by S&P Global Ratings UK Limited, which is established in the UK and registered under the CRA Regulation.

A Series of Certificates to be issued under the Programme may be rated or unrated. Where a Series of Certificates is rated, such rating will be disclosed in the applicable Pricing Supplement and will not necessarily be the same as the rating applicable to the Programme. 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.

Amounts payable on Floating Rate Certificates will be calculated by reference to one of EURIBOR, KIBOR, HIBOR, KLIBOR, TRLIBOR or TRYLIBOR, SIBOR, EIBOR, TIBOR, SAIBOR or QIBOR as specified in the applicable Pricing Supplement. As at the date of this Offering Circular, the administrators of EURIBOR, SAIBOR and SIBOR are included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the "EU Benchmarks Regulation"), and the administrators of EURIBOR, KLIBOR, SAIBOR and SIBOR are included in the register of administrators of the FCA under Article 36 of Regulation (EU) No. 2016/1011 as it forms part of UK domestic law by virtue of the EUWA (the "UK Benchmarks Regulation"). As at the date of this Offering Circular, the administrators of KIBOR, HIBOR, KLIBOR, TRLIBOR or TRYLIBOR, EIBOR, TIBOR and QIBOR are not included in ESMA's register of administrators under Article 36 of the EU Benchmarks Regulation, and the administrators of KIBOR, HIBOR, TRLIBOR or TRYLIBOR, EIBOR, TIBOR or QIBOR are not included in FCA's register of administrators under Article 36 of the EU Benchmarks Regulation. As far as the Trustee is aware, transitional provisions in Article 51 of the EU Benchmarks Regulation apply, such that the State Bank of Kuwait, the Treasury Markets Association, the Bank Negara Malaysia, the Banks Association of Turkey, the UAE Central Bank, the JBA TIBOR Administration and the Qatar Central Bank are not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence). As far as the Trustee is aware, transition provisions in Article 51 of the UK Benchmarks Regulation apply, such that the European Money Markets Institute, the State Bank of Kuwait, the Treasury Markets Association, the Banks Association of Turkey, the UAE Central Bank, the JBA TIBOR Administration and the Qatar Central Bank are not currently required to obtain authorisation/registration (or, if located outside the UK, recognition, endorsement or equivalence).

The transaction structure relating to the Certificates (as described in this Offering Circular) has been approved by the Sharia Supervisory Board of Masraf Al Rayan (Q.P.S.C.), the HSBC Global Shariah Supervisory Committee and the Global Shariah Supervisory Committee of Standard Chartered Bank. Prospective Certificateholders should not rely on such approvals in deciding whether to make an investment in the Certificates and should consult their own Sharia advisers as to whether the proposed transaction described in such approvals is in compliance with their individual standards of compliance with Sharia principles. None of the Trustee, the Bank, the Arrangers, the Dealers, the Delegate or the Agent makes any representation as to the Sharia compliance of the Certificates and/or any trading thereof.

*Arrangers*

**Al Rayan Investment L.L.C.**

**HSBC**

*Dealers*

**Al Rayan Investment L.L.C.**

**Barclays**

**Crédit Agricole CIB**

**Deutsche Bank**

**HSBC**

**J.P. Morgan**

**Mizuho Securities**

**MUFG**

**QNB Capital**

**SMBC Nikko**

**Société Générale  
Corporate & Investment Banking**

**Standard Chartered Bank**

The date of this Offering Circular is 25 April 2022.

This Offering Circular is not a prospectus or base prospectus for the purposes of Regulation (EU) 2017/1129 (the “Prospectus Regulation”) or Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA (the “UK Prospectus Regulation”).

Each of the Trustee and the Bank accepts responsibility for the information contained in this Offering Circular and the applicable Pricing Supplement for each Series of Certificates issued under the Programme. To the best of the knowledge of each of the Trustee and the Bank, the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. The Offering Circular should be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Certificates, should be read and construed together with the applicable Pricing Supplement.

The language of this Offering Circular is English. Certain legislative references and 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 is or has been authorised by the Trustee or the Bank to give any information or to make any representation other than those contained in this Offering Circular 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 Arrangers, any of the Dealers, the Delegate or the Agents (each as defined herein). Neither the delivery of this Offering Circular 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 Offering Circular 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 Offering Circular 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.

**MiFID II product governance / target market** – The Pricing Supplement 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 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.

**UK MiFIR product governance / target market** – The Pricing Supplement in respect of any Certificates may include a legend entitled “UK MiFIR 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 distributor should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) 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 UK MiFIR Product Governance Rules, any Dealer subscribing for any Certificates is a UK manufacturer in respect of such Certificates, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a UK manufacturer for the purpose of the UK MiFIR Product Governance Rules.

The distribution of this Offering Circular and the offering or sale of the Certificates in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Trustee, the Bank, the Arrangers 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, pledged or otherwise transferred 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 Offering Circular, see "Subscription and Sale".

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

None of the Arrangers, the Dealers, the Delegate or the Agents (as defined herein), or any of their respective directors, affiliates, advisers or agents, has independently verified the information contained or incorporated by reference herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of them (i) as to the accuracy, adequacy, reasonableness or completeness of the information contained or incorporated by reference in this Offering Circular or any other information provided by the Trustee or the Bank in connection with the Programme or the Certificates or (ii) for any acts or omissions of the Trustee, the Bank or any other person in connection with this Offering Circular or the issue and offering of the Certificates.

To the fullest extent permitted by law, none of the Arrangers, the Dealers, the Delegate or the Agents accepts any responsibility for the contents of this Offering Circular or for any other statement made, or purported to be made, by the Arrangers, the Dealers, 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, nor is any responsibility or liability accepted by them for any acts or omissions of the Trustee, the Bank or any other person (other than the relevant Dealer) in connection with the Offering Circular or the issue and offering of Certificates under the Programme. Each of the Arrangers, 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 this Offering Circular or any such statement, including in relation to the information contained in this Offering Circular 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 Offering Circular 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 Arrangers, the Dealers, the Delegate or the Agents that any recipient of this Offering Circular 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 Offering Circular and its purchase of Certificates should be based upon such investigation as it deems necessary. None of the Arrangers, 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 Offering Circular, 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 Arrangers, the Dealers, the Delegate or the Agents.

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 Offering Circular 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
- (v) 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.

None of the Arrangers or any of the Dealers makes any representation as to the suitability of any green certificates, including the listing or admission to trading thereof on any dedicated "green", "environmental", "sustainable", "social" or other equivalently-labelled segment of any stock exchange or securities market, to fulfil any green, social, environmental or sustainability criteria required by any prospective investors. The Arrangers and the Dealers have not undertaken, nor are they responsible for, any assessment of the eligibility criteria for Eligible Sustainable Projects (as defined herein) financed or refinanced with the proceeds of the issuance of the Certificates, any verification of whether the Eligible Sustainable Projects meet such criteria, the monitoring of the use of proceeds of any Certificates (or amounts equal thereto) or the allocation of the proceeds by the Bank to particular Eligible Sustainable Projects. Investors should refer to the Sustainable Finance Framework which the Bank may publish from time to time, any second party opinion delivered in respect thereof, and any public reporting by or on behalf of the Bank in respect of the application of the proceeds of any issue of Certificates for further information. Any such framework and/or second party opinion and/or public reporting will not be incorporated by reference in this Offering Circular and none of the Arrangers or any of the Dealers makes any representation as to the suitability or contents thereof.

The Certificates to which this Offering Circular 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 Offering Circular you should consult an authorised financial adviser.

No comment is made or advice given by the Agents (as defined under the Conditions), the Trustee, the Bank, the Arrangers, the Dealers or the Delegate in respect of taxation 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 TAX ADVISER, LEGAL ADVISER, SHARIA ADVISER AND BUSINESS ADVISER AS TO TAX, LEGAL, SHARIA, BUSINESS AND RELATED MATTERS CONCERNING THE PURCHASE OF ANY CERTIFICATES.**

**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 Pricing Supplement may over-allot Certificates or 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 is made 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 or over-allotment 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 Offering Circular 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 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 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 Offering Circular, 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 Offering Circular speak only as at the date of this Offering Circular. 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 Offering Circular 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 “*Description of Masraf Al Rayan (Q.P.S.C.)*” and “*The Qatar Banking Sector and Regulations*” has been extracted from information provided or obtained by the QCB's Quarterly Statistical Bulletin dated December 2021, the 2020 Annual Report of the QCB, the QCB website, the International Monetary Fund's 2019 Article IV Consultation - staff report (IMF Country Report No. 19/192), the BP Statistical Review of World Energy, 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 Arrangers, 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 Qatar Financial Centre. No financial statements for any period have been prepared in respect of the Trustee.

Unless otherwise indicated, the financial information herein has been derived from the audited consolidated financial statements of the Bank as at, and for the financial year ended, 31 December 2021 (together with the comparative information as at, and for the financial year ended, 31 December 2020, the notes thereto and the audit report in respect thereof, the “2021 Financial Statements”) and the audited consolidated financial statements of the Bank as at, and for the financial year ended, 31 December 2020 (together with the comparative information as at, and for the financial year ended, 31 December 2019, the notes thereto and the audit report in respect thereof, the “2020 Financial Statements” and together with the 2021 Financial Statements, the “Financial Statements”).

The Financial Statements have been prepared in accordance with Financial Accounting Standards (“FAS”) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (“AAOIFI”), as modified by the Qatar Central Bank (“QCB”) and the applicable provisions of the QCB regulations. For matters for which no AAOIFI standards or related guidance exist, the Group applied the relevant International Financial Reporting Standards (“IFRS”).

The Offering Circular also incorporates by reference the audited consolidated financial statements of Al Khalij Commercial Bank (Al Khaliji) P.Q.S.C. (“Al Khalij”) as at, and for the financial year ended, 31 December 2020 (together with the comparative information as at, and for the financial year ended, 31 December 2019, the notes thereto and the audit report in respect thereof, the “AKCB 2020 Financial Statements”) and the interim condensed consolidated financial statements of Al Khalij as at, and for the nine months ended, 30 September 2021 (together with the comparative financial information as at, and for the nine months ended, 30 September 2020, the notes thereto and the independent auditor's review report in respect thereof (the “AKCB Q3 2021 Financial Statements”). The AKCB 2020 Financial

Statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board, the applicable provisions of the QCB regulations and the Qatar Commercial Companies Law No. 11 of 2015. The AKCB Q3 2021 Financial Statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”.

The Group's financial year ends on 31 December, and references in this Offering Circular to any specific year are to the 12-month period ended on 31 December of such year.

The financial information included in this Offering Circular has not been prepared in accordance with IFRS and there may be material differences in the financial information had IFRS been applied to the historical financial information. See “*Summary of Significant Differences Between the Financial Accounting Standards issued by AAOIFI and International Financial Reporting Standards*”.

Please see Note 3(a) of the 2021 Financial Statements in respect of the new standards, amendments and interpretations adopted by the Bank in the preparation of the 2021 Financial Statements.

### *The Merger*

In June 2020, the Bank and Al Khalij commenced discussions regarding the possibility of a merger of the two banks and on 7 January 2021, the Bank and Al Khalij announced that their respective boards of directors had voted to recommend to their respective shareholders a merger of the two banks. The Merger was effected on the Effective Date (i.e. 30 November 2021). As part of the Merger, the assets and liabilities of Al Khalij were assumed by the Bank, and the subsidiaries of Al Khalij became the subsidiaries of the Bank, under the applicable Qatari law in consideration for the issue of new shares in the Bank to the shareholders of Al Khalij. On the Effective Date, Al Khalij was dissolved pursuant to the applicable Qatari law and the Bank became the surviving entity. The 2021 Financial Statements reflect the financial information of the Bank after the Merger. The business combination and related accounting policies in connection with the Merger affected the financial information of the Bank in the manner detailed in Note 45 and Note 3(c)-ii, respectively of the 2021 Financial Statements.

It should be noted that the 2020 Financial Statements reflect the financial information of the Bank prior to the Merger and do not include information in respect of Al Khalij or the Merger. As a result, investors should exercise caution when comparing the 2021 Financial Statements with the 2020 Financial Statements and in addition, comparability of financial information in respect of the different periods presented in this Offering Circular may also be limited.

### **Presentation of Other Information**

In this Offering Circular, unless otherwise specified or the context otherwise requires, any reference to:

- “Al Khalij” means Al Khalij Commercial Bank (Al Khaliji) P.Q.S.C.;
- “CAR” means Capital Adequacy Ratio;
- “CAGR” means compound annual growth rate;
- “Effective Date” means 30 November 2021 (being the date on which the Merger became effective);
- “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;
- “Group” means the Bank and its subsidiaries and affiliates taken as a whole;
- “IMF” means the International Monetary Fund;
- “Merger” means the merger of Al Khalij into the Bank which was effected on the Effective Date;
- “OPEC” means the Organisation of Petroleum Exporting Countries;
- “PPP” means purchasing power parity;
- “QAR”, “QR”, “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);
- “QCSD” means the Qatar Central Securities Depository;
- “QFC” means the Qatar Financial Centre;
- “QFC Law” means the Law of the Qatar Financial Centre (Law No.7 of 2005, as amended by Law No. 2 of 2009 and Law No. 14 of 2009);
- “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**

Certain figures and percentages included in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

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 Offering Circular. Translations of amounts from riyals to U.S. dollars in this Offering Circular 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

A number of the financial measures presented by the Bank in this Offering Circular are not defined in accordance with the FAS or IFRS. 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. 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 the FAS or 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 the FAS or IFRS and not included in the Bank's financial statements incorporated by reference into this Offering Circular:

- Earnings per share: Net profit for the year attributable to the equity holders of the Bank minus Distribution for Tier 1 Capital notes divided by weighted average number of ordinary shares outstanding during the year;
- Return on average equity: Net profit for the year attributable to the equity holders of the Bank divided by average equity attributable to the equity holders of the Bank;
- Return on average assets: Net profit for the year attributable to the equity holders of the Bank divided by average assets for the year;
- Capital adequacy ratio: Tier one capital as at year end plus tier two capital as at year end divided by risk weighted assets as at year end. The capital adequacy ratios for the years ended 31 December 2019, 31 December 2020 and 31 December 2021 were calculated in accordance with the Basel III guidelines as adopted by the QCB;
- Net financing assets to deposit ratio: Net financing assets as at year end divided by deposits as at year end;
- Liquid assets to customer deposits ratio: Sum of cash and balances with QCB, due from banks and investment securities at year end divided by deposits at year end;
- Cost to income ratio: Staff cost, depreciation, other expenses and tax expense for the year divided by total income (after deducting finance expenses and share of profit paid to URIA holders) for the year;
- Net profit margin: Net profit for the year divided by total income (after deducting finance expenses and return to investment account holders) for the year;
- Net financing to total assets ratio: Net financing assets as at year end divided by total assets as at year end;
- Non-performing financing ratio: Non-performing financing assets as at year end divided by gross financing assets net of deferred profit as at year end;
- Non-performing coverage ratio: Loss allowance for non-performing assets as at year end divided by non-performing financing assets as at year end;
- Liquidity coverage ratio: Stock of high-quality liquid assets divided by net cash outflows over the next 30 calendar days; and
- Net stable funding ratio: Available amount of stable funding divided by the required amount of stable funding.

## 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 advisors 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 Arrangers, 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) 2001 (SI 2001/544) as amended, 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, this Offering Circular 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 Offering Circular, any applicable Pricing Supplement 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 promoted.

Persons of any other description in the United Kingdom may not receive and should not act or rely on this Offering Circular, any Pricing Supplement 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 Offering Circular 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 Offering Circular and related offering documents may only be offered in registered form to existing accountholders and accredited investors (each term 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 Offering Circular 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 Offering Circular 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 Offering Circular 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 (as such term is defined by the CBB) for an offer outside Bahrain.

The CBB has not reviewed, approved or registered this Offering Circular or any 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 Offering Circular and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Offering Circular. No offer of Certificates will be made to the public in Bahrain and this Offering Circular 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 Offering Circular may not be distributed in the Kingdom of 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 the Kingdom of Saudi Arabia (the “Capital Market Authority”).

The Capital Market Authority does not make any representations as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the Certificates offered hereby should conduct their own due diligence on the accuracy of the information relating to the Certificates. If you do not understand the contents of this document you should consult an authorised financial adviser.

#### NOTICE TO RESIDENTS IN QATAR

Any Certificates to be issued under the Programme will not be offered or sold at any time, directly or indirectly, in Qatar (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Offering Circular 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 (including the Qatar Financial Centre) 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 KUWAIT

Unless all necessary approvals from the Kuwait Capital Markets Authority (the “Kuwait CMA”) pursuant to Law No. 7 of 2010, and its Executive Regulations (each as amended) (the “CML Rules”) and the various resolutions, regulations, directives and instructions issued pursuant thereto, or in connection therewith (regardless of nomenclature) or any other applicable law or regulation in Kuwait, have been given in relation to the marketing of, and sale of, the Certificates (the “CML Approval”), the Certificates may not be offered for sale, nor sold, in Kuwait. No such approvals have been received or applied for in respect of the Certificates. Neither this Offering Circular nor any of the information contained herein is intended to lead to the conclusion of any contract of whatsoever nature within Kuwait.

This Offering Circular is not for general circulation to the public in Kuwait nor will the Certificates be sold by way of a public offering in Kuwait. In the event where the Certificates are intended to be purchased onshore in Kuwait pursuant to a CML Approval, the same may only be so purchased through a licensed person duly authorised to undertake such activity pursuant to the CML Rules. Investors from Kuwait acknowledge that the Kuwait CMA and all other regulatory bodies in Kuwait assume no responsibility whatsoever for the contents of this Offering Circular and do not approve the contents thereof or verify the validity and accuracy of its contents. The Kuwait CMA, and all other regulatory bodies in Kuwait, assume no responsibility whatsoever for any damages that may result from relying (in whole or in part) on the contents of this Offering Circular. Prior to purchasing any Certificates, it is recommended that a prospective holder of any Certificates seek professional advice from its advisors in respect to the contents of this Offering Circular so as to determine the suitability of purchasing the Certificates.

#### 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 Offering Circular 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 Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b), and Schedule 8 or Section 257(3), read together with Schedule 9 or Section 257(3) of the Capital Market

and Services Act 2007 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 Offering Circular.

**NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE (the “SFA”)**

The applicable Pricing Supplement in respect of any Certificates may include a legend entitled “*Singapore Securities and Futures Act Product Classification*” which will state the product classification of the Certificates pursuant to section 309B(1) of the SFA. The Trustee will make a determination in relation to each issue about the classification of the Certificates being offered for the purposes of section 309B(1)(a). Any such legend included on the relevant Pricing Supplement will constitute notice to “relevant persons” for the purposes of section 309B(1)(c) of the SFA.

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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).*

*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 Offering Circular 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 was incorporated under the laws of the QFC on 17 March 2022 as a special purpose company with limited liability and has a limited 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. 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 the novel coronavirus 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 COVID-19 outbreak has had and continues to have 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 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, including Qatar, introduced restrictions on travel and on the freedom of movement of people. These measures, while aimed to slow the spread of COVID-19, 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 following administration of COVID-19 vaccines, the efficacy of such vaccinations (and whether or when booster doses are required, including in respect of variant strains of COVID-19) continues to be under study and therefore it is uncertain whether restrictions will be re-introduced in such countries. Accordingly, the ultimate impact of COVID-19 on global and local economies (including on the price of oil) is unclear. 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 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- Response to COVID-19*"), 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. On 16 March 2020, the QCB reduced the overnight deposit interest rate from 1.50 per cent. to 1.0 per cent., the overnight lending rate from 3.50 per cent. to 2.50 per cent. and the repo rate from 1.50 per cent. to 1.0 per cent. On 17 March 2022, the QCB increased the repo rate from 1.0 per cent. to 1.25 per cent. 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.

In addition, on 22 March 2020, the QCB issued a circular to banks operating in Qatar requiring such banks to agree to postpone the repayment of financing assets instalments and interest due on such instalments for a period of six months and this period was subsequently extended up to 31 March 2021. Similar to other financial institutions, a substantial amount of the Bank's business involves providing credit and other financial services to individuals, corporates, industries and governments. The ability of the Bank to undertake such business activities efficiently may be adversely impacted by increased regulatory interventions. In addition, the Bank's customers may also be detrimentally impacted by COVID-19 and low oil prices (see “– *Risks Relating to Macroeconomic, Social and Political Climate - Slower economic growth in the countries where the Bank operates could adversely impact the Bank*”).

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 the Bank 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 addition, concerns remain as to whether such policy tools available to governments and central banks 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.

In the event these conditions persist, the Bank's business, financial condition, results of operations, liquidity and prospects are likely to be negatively affected.

#### ***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 customers, from exposure to particular sectors and from withdrawal of large deposits.

The Bank's 10 largest customers represented 45.1 per cent. of the Bank's total net financing assets as at 31 December 2021. In addition, Government and Government related entities constituted 44.5 per cent. of the Bank's gross financing portfolio.

In terms of the Bank's investment portfolio concentration, as at 31 December 2021, investment in Qatar sovereign sukuk accounted for 87.0 per cent. of the Bank's total investment portfolio. In addition, as at 31 December 2021, the Bank's top ten depositors constituted 30.1 per cent. of total deposits.

In terms of the industry concentration of the Bank's deposit portfolio, as at 31 December 2021, personal and other deposits accounted for 27.4 per cent., corporate deposits accounted for 32.8 per cent. and the Government and Government related institutions deposits accounted for 39.8 per cent. 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*”.

#### ***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 depositors 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. Any unexpected withdrawals of such deposits could have a material impact on the Bank's liquidity. 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 term-funding during the global financial crisis and, since then, the availability of liquidity has continued to fluctuate including, as a result of COVID-19 and most recently, as a result of the conflict between Russia and Ukraine.

The perception of counterparty risk between banks also increased significantly during the global financial crisis and in the prevailing unstable macroeconomic climate, which led to further reductions, in common with many other banks, in the Bank's access to traditional sources of liquidity, such as the debt markets, asset sales and redemption of investments. 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 and there can be no assurance that the QCB will continue to provide the levels of support that it has provided to date, either to the Qatari banking sector generally or to the Bank in particular.

In addition, uncertainty or volatility in the capital and credit markets, as a result of the spread of COVID-19 or otherwise (See “– Risks relating to the emergence of the 2019 novel coronavirus COVID-19”), 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 it may need will depend on a variety of factors, such as market conditions, the availability of credit generally and to customers in the financial services industry specifically, and the Bank's financial condition and credit ratings.

***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 the high cost of funds in the interbank lending market and given the high level of interdependence between financial institutions, 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.

***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 such rates generally may decrease the value of the Bank's financing arrangements and raise its funding costs. Such an increase could also generally decrease the value of the Bank's securities portfolio. Volatility in interest rates may result in a re-pricing gap between the Bank's profit rate sensitive assets and liabilities. As a result, the Bank may incur additional costs.

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. Furthermore, there is market risk relating to the possible de-pegging of various GCC currencies from the U.S. dollar. The Bank's operations could be negatively impacted if Qatar should de-peg its currency. Ultimately, there can be no assurance that the Banks will be able to protect itself from any adverse effects of a currency revaluation or future interest rate fluctuations or any de-pegging from the U.S. dollar, all 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, fluctuations in currency exchange rates and general market volatility. Although the Bank has risk management processes that review and monitor the market risk aspects of investment proposals and investment portfolios (which comply 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. See “– Description of Masraf Al Rayan (Q.P.S.C.) – Risk Management– Market Risk”.

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

The Bank's total net financing assets as at 31 December 2021 stood at QR 120.8 billion, of which 24.2 per cent. or QR 29.3 billion are exposures to real estate. As at the date of this Offering Circular, residential property prices and commercial property prices in the Bank's core markets have started stabilising following a decline in 2020 and the first half of 2021 (mainly due to the overall effect of the COVID-19 pandemic on the real estate market), reflecting a positive market sentiment in light of the upcoming 2022 World Cup football tournament and the Qatar National Vision 2030. However, economic and other factors could lead to a contraction in the residential funding and commercial funding market, and decreases in residential and commercial property prices again which would have a negative impact on the Bank's profitability and, in turn, could have a material adverse effect on the Bank's business, financial condition, results of operations, liquidity and prospects. A fall or fluctuations in property values in Qatar could adversely affect the value of collateral supporting a significant proportion of its residential and commercial real estate financing assets and also adversely affect the ability of its real estate and construction clients to repay their financing assets, thereby giving rise to an increase in impairment losses. Furthermore, deteriorating economic conditions in the Qatari banking sector have in the past prompted the Government to provide certain support measures relating to the Qatari commercial banking sector's real estate portfolio. Although the Bank has indirectly benefited from such measures, there is no assurance that such support from the Government will be provided again.

***Market conditions may increase the risk of financing activities being impaired***

The Bank is exposed to the risk that customers may not repay their financing activities according to their contractual terms and that any collateral securing the payment of these activities may be insufficient. The risk of increased impairment losses is exacerbated as a result of the spread of COVID-19 (See “- Risks relating to the emergence of the 2019 novel coronavirus COVID-19”). 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 “– Description of Masraf Al Rayan (Q.P.S.C.) – 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'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 regulatory, legal, administrative, tax and other authorities and agencies. The processes for obtaining these permits and approvals are often lengthy, complex, unpredictable and costly. If the Bank is unable to maintain or obtain the relevant permits and approvals, its ability to achieve its strategic objectives could be impaired, with a consequent adverse impact on the market value of any Certificates issued under the Programme, the Trustee's and the Bank's ability to perform their 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 seeks to selectively expand 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.

***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. The Bank currently uses various hedging strategies to minimise risks, including securities, collateral and insurance policies that reduce the credit risk level to within its strategy and risk appetite. However, there can be no guarantee that such measures will eliminate or reduce such risks of the Bank. See “– Description of Masraf Al Rayan (Q.P.S.C.) – Risk Management”.

On 21 March 2011, the QCB launched the Central Credit Bureau (Credit Bureau), the purpose of which is to collate information about customers based in Qatar and their credit history to support sustainable growth of credit in Qatar. 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 financing assets. 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 credit delinquencies in its customer financing portfolio. Although the Bank has policies to deal with doubtful 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.

***Increasing competition may have a material adverse effect on the Bank's results of operations***

The Bank including its subsidiaries and associates face high levels of competition for all of their products and services. Competition is intensifying with international banks increasing their presence in Qatar, either directly or through strategic investments. These banks are competing against the Bank for acquiring market share in the wholesale corporate and Government sectors. In addition, the Qatar banking sector faces increased pressure for consolidation and it is possible that any significant acquisition, merger or consolidation in the Qatar banking sector that does not involve the Bank could materially increase the competition faced by the Bank. Based on QCB data and market updates, as at the date of this Offering Circular there are a total of 16 banks licensed by the QCB, consisting of four domestic conventional banks, one state-owned development bank, four domestic Islamic banks and seven foreign banks. In addition to the existing retail banks in Qatar, more international banks have commenced business through the QFC, which allows them to compete for large corporate and Government business (see “–The Qatar Banking Sector and Regulations - Qatar Financial Centre”).

The competitive nature of the Qatar market and the Bank's potential failure to continue to compete successfully may adversely impact the Bank's business, financial condition, operating results, liquidity and prospects.

***The Bank's profitability and capital position could be affected by the adequacy of its impairment of irrecoverable and doubtful financing***

Through a periodic review and consideration of its financing, the Bank determines the impairment charge of irrecoverable and doubtful financing by considering, amongst other factors, general market conditions, credit quality of financing, the collateral supporting the financing and performance of its customers relative to their financial obligations

with the Bank. The amount of future losses is susceptible to changes in economic, operating and other conditions, including changes in interest rates that may be outside the Bank's control, and these losses may exceed its original estimates. Although the Bank will aim to make a reasonable impairment of irrecoverable and doubtful financing, it cannot fully predict such losses or give assurances that its impairment charges will be adequate in the future. Excessive losses from financing *assets could have a material impact on the Bank's financial performance.*

***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 (for example, as a result of the Merger) will depend, in part, on the Bank's ability to continue to recruit and retain qualified and experienced banking and management personnel. Competition for key personnel in the various localities and business segments in which the Bank operates is intense. The Bank's ability to attract and retain key personnel, in particular senior officers, is dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent. 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, there is no guarantee that the Bank will have the continued service of key employees who the Bank has been relying upon to execute its business strategy and identify and pursue strategic opportunities and initiatives. In particular, the Bank may have to incur costs to replace departing senior executive officers or other key employees, and the Bank's ability to execute its business strategy could be impaired if it is unable to replace such persons in a timely manner. The Bank's failure to recruit, train and/or retain necessary personnel, or, in 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, operating results, liquidity and prospects.

***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 "*– Description of Masraf Al Rayan (Q.P.S.C.) – 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 which are subject to potential cyber-attack*". 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, operating results, liquidity and prospects.

***A downgrade in the Bank's credit ratings could limit its ability to access the debt capital markets and may increase its financing 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 debt security issuances taken out by the Bank are partly dependent on its credit ratings. As at the date of this Offering Circular, the Bank's long-term local and foreign currency rating was assessed by Moody's at A1 with a stable outlook. A downgrade of the Bank's credit ratings, or outlook, may increase its cost of financing and materially adversely affect its business, financial condition, operating results, liquidity and prospects.

As at 31 December 2021, 94.4 per cent. of the Bank's debt-type investment portfolio was rated AAA to A- and mainly represented Qatar sovereign debt instruments. Any downgrading in the investments in the Bank's debt-type investment portfolio 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, operating results, liquidity and prospects.

***The Bank is subject to risks relating to its information technology systems which are subject to potential cyber-attack***

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 the information technology systems or communications networks. Such failures can be caused by a variety of factors, including natural disasters, extended power outages, computer viruses, network security breaches or malicious attacks against the Bank's information technology infrastructure and data servers.

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 on-going 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, operating results, financial condition and prospects.

The proper functioning of the Bank's information technology systems also depends on accurate and reliable data and other system input, 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, operating results, liquidity and prospects.

***Employee misconduct could harm the Bank and is difficult to detect***

Misconduct by employees of the Bank could result in binding the Bank to transactions that exceed authorised limits or present unacceptable risks, or concealing from the Bank unauthorised or unsuccessful activities which, in each case, may result in unknown and unmanaged risks or losses. Employee misconduct could also involve the improper use or disclosure of confidential information which could result in regulatory and legal sanctions and significant reputational and/or financial harm and could have a material adverse effect on the Bank's results, operations or financial condition. It is not always possible to deter employee misconduct, and the precautions the Bank will take to detect, prevent and deter any such activity may not be effective in all cases.

***The Bank's business will entail operational risks***

The Bank is exposed to operational risks, which is the risk of loss resulting from inadequacy or failure of internal processes or systems or from external events. The Bank is susceptible to, amongst other things, fraud by employees or outsiders including unauthorised transactions, operational errors, clerical errors and record keeping errors resulting from faulty computer or telecommunications systems. Although the Bank maintains a system of controls designed to monitor and control operational risk, there is no guarantee that the Bank will not suffer losses from any failure of these controls to detect or contain operational risk in the future. Consequently, any inadequacy of the Bank's internal processes or systems in detecting or containing such risks could result in unauthorised transactions and errors, which may have a material adverse effect on the Bank's business, financial condition and results of operations.

The Bank's ability to manage operational risks, including its ability to comply with all applicable regulations, is largely dependent on its maintenance of effective compliance, audit and reporting systems and procedures, and its ability to attract and retain personnel qualified to manage and monitor such systems and procedures. Although the Bank will be subject to oversight by regulatory authorities, including regular examination activity, and performs regular internal audits, the Bank cannot be certain that these systems and procedures will be fully effective in all circumstances, particularly in the case of any deliberate employee misconduct or fraud perpetrated against the Bank. In the case of actual or alleged non-compliance with any applicable regulations, the Bank could be subject to investigations and judicial or administrative proceedings that may result in substantial penalties and/or civil lawsuits for damages. Any of these could have a material adverse effect on the Bank's business, financial condition and operating results.

***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***

In the aftermath of the 2008 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 Masraf Al Rayan (Q.P.S.C.) – Competitive Strengths – Strong shareholding structure and likelihood of support from Qatari authorities*”.

A significant portion of the Bank's shareholder base comprises of Qatari Government or Government related entities. In addition, the Bank has a strong government related franchise with Government and Government related entities accounting for 39.8 per cent. of the Bank's total deposits and 44.5 per cent. of total gross financing assets, respectively as at 31 December 2021. Although the Government has supported the domestic banking industry during the recent global economic crisis, and notwithstanding the fact that the Bank is categorised as a domestic systemically important bank (**DSIB**), 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.

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

In 2015, the QCB published new Corporate Governance Guidelines for Banks and Financial Institutions (the “**Guidelines**”) which replace those issued in 2008 and 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. The Guidelines state that all banks shall comply generally with the principles and explain the specific nature of business activities where these principles are not required to be complied with or require compliance. The QCB shall review these specific conditions for applicability or application of the principles. It is unclear what the impact will be, if any, if a bank or financial institution fails to comply with the recommendations in the Guidelines. Although the Bank has ensured compliance with the Guidelines, these standards are not equivalent to those required in the United States or Western Europe. Any failure to comply with the Guidelines or observe stringent corporate governance standards may expose the Bank to operational, liquidity and reputational risk and may impact the Bank's business, financial condition, results of operations, liquidity and prospects.

***The Government, through Qatar Holding LLC and other funds, has a significant shareholding in the Bank, and its interests may conflict with those of the Certificateholders***

The Government, through Qatar Holding LLC, QAF Investment Portfolio, QIA, the General Retirement and Social Insurance Authority and other Government and quasi-government funds and institutions, held approximately 34.45 per cent. of the Bank's share capital as at 31 December 2021. By virtue of such shareholding, the Government has the ability to influence the Bank's business through its ability to vote on corporate actions that require shareholder approval. If circumstances were to arise where the interests of the Government conflicted with the interests of the Certificateholders, the Certificateholders may be disadvantaged by such conflict.

***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 Sharia Supervisory Board, 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 FAS issued by AAOIFI as modified by QCB and, for matters not covered by those standards, IFRS and discretion is required to be exercised by management in the preparation of the Bank's financial statements***



The Bank's Financial Statements have been prepared in accordance with FAS issued by AAOIFI, as modified by the QCB, and the applicable provisions of QCB regulations and, for matters not covered by those standards, IFRS. In preparing its financial statements, the Bank also takes into account Sharia rules and principles as determined by its Sharia Supervisory Board and relevant laws and instructions issued by the QCB and the provisions of the Qatar Commercial Companies Law (Qatar law No. 11/2015) (the "Commercial Companies Law"). 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 certain differences between AAOIFI standards and IFRS, see "*Summary of Significant Differences Between the Financial Accounting Standards issued by AAOIFI and International Financial Reporting Standards*".

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 judgments in preparing the Bank's financial statements. Many of these estimates, assumptions and judgments relate to determinations as to whether or not financing advances and financial assets should be impaired. In part, the judgments 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 judgment 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 judgments 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 judgments, 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.

#### **Risks Relating to Legal and Regulatory Compliance**

***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, regulations, administrative actions and policies (particularly those of the QCB, the QFMA, the QCSD and the QSE) as well as the laws, regulations, administrative actions and policies of the other countries in which the Bank, its subsidiaries and its associates operate.

These regulations may limit the Bank's ability to increase its financing operations. Changes in supervision and regulations may also increase the Bank's cost of doing business, limit the products or services offered and could have a material adverse effect on the value of its assets, financial condition, financial performance or profitability. Furthermore, non-compliance with regulatory guidelines could expose the Bank to potential liabilities, and may result in the QCB imposing financial penalties on the Bank. Increased regulations, changes in laws and regulations (such as those made pursuant to Basel III) and the manner in which they are interpreted or enforced may have a material adverse effect on the Bank's business, financial condition, operating results, liquidity and prospects.

In the first quarter of 2022, the QCB introduced updates to the regulatory ratios, including loans to deposits ratio ("LDR"), liquidity coverage ratios ("LCR"), and net stable funding ratio ("NSFR") compliance of which is required March 2022, August 2022 and February 2023 respectively. The updates include changes to the computation methodology and introduction of sub ratios, as detailed in QCB circulars 09/2022 (amendments in LDR) and 10/2022 (amendments in LCR and NSFR). The Bank was in partial compliance with the NSFR, LDR and FX open position ratios as of the date of this Offering Circular and is committed to achieving full compliance as quickly as possible. If the Bank does not achieve full compliance with the regulatory ratios set by the QCB, then the QCB may impose financial penalties on the Bank.

Additionally, the Government announced in 2008 its intention to establish a single financial regulator in Qatar which would regulate the banking, insurance and securities sectors. Although these plans have been postponed by the Government for the foreseeable future, the QCB, the QFCRA and the QFMA welcomed the enactment of the QCB Law (Law No. 13 of 2012), which was enacted by H.H. The Emir on 2 December 2012. The QCB Law is seen as a key step in advancing the framework for financial regulation and supervision in Qatar and expanding the ambit of regulation and

supervision to cover areas requiring new and enhanced financial regulation within the State. It also lays the foundation for increased co-operation between the regulatory and supervisory bodies in Qatar as they develop and apply regulatory and supervisory policy and implement international standards and best practices to deliver the objectives of the Qatar National Vision 2030. Although at present, the Second Qatar National Development Strategy 2018-2022 focuses on increased co-ordination between regulators rather than the establishment of a single regulator, such co-ordination may change the way that current regulations are implemented or enforced. The three financial regulators in Qatar, namely QCB, QFCRA and QFMA have devised strategic plans (First Strategic Plan 2013-2016 and Second Strategic Plan 2017-2022 (the "Strategic Plans")) with the aim of ensuring a sound and resilient financial sector for sustainable economic growth. One of the goals of the three financial regulators under the Strategic Plans is to enhance financial sector regulation and promote regulatory cooperation which will be reinforced by close cooperation amongst the financial regulators as well as continuous interaction with the relevant government entities and ministries, as and when required. Non-compliance with regulatory guidelines could expose the Bank to potential liabilities. Although the Bank works closely with its regulators and continually monitors the situation, future changes in regulation, fiscal or other policies cannot be predicted and are beyond the control of the Bank.

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. 20 of 2019 read with Cabinet Resolution No. 41 of 2019 issuing the Executive Regulations in respect of the Anti Money Laundering Law No. 20 of 2019, and the QCB Anti Money Laundering and Combating Terrorism Financing Instructions for Financial Institutions issued in May 2020. 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 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 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. In December 2010 the Basel Committee published a revised set of guidelines (Basel III), the implementation of which began on 1 January 2013 and since 2018, Basel III's requirement for capital adequacy and liquidity have been implemented in Qatar.

These regulations increase the amount of capital the Bank is required to maintain and may limit the Bank's activities and further changes in supervision and regulation in Qatar could adversely affect the Bank's business, financial condition, operating results, liquidity and prospects, as well as the value of its assets. For additional information regarding QCB Basel III requirements and the Bank's procedures and controls implemented in respect of such requirements. See "*– Description of Masraf Al Rayan (Q.P.S.C.) – Capital Management/Adequacy*" and "*The Qatar Banking Sector and Regulations*".

In March 2015, the Bank was classified as a DSIB by the QCB and, therefore the total minimum capital adequacy ratio for the Bank, from 1 January 2018, is set at 13.5 per cent. (excluding ICAAP Pillar II capital charge).

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 financing, 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.

***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 a bankruptcy and insolvency provisions (part of the Commercial Code No. 27 of 2006) (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 laws and relate largely to the declaration of bankruptcy, its effects and its administration, and include conciliation to prevent bankruptcy. However, whilst there is some precedent the Bankruptcy Provisions are largely untested by Qatari courts and 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. There is no certainty as to whether and how the QCB might exercise its powers of temporary management and control under the QCB Law (including putting a financial institution into liquidation) in relation to financial institutions experiencing financial difficulties. The QCB Law provides that the QCB may place a financial institution under interim administration or temporary management 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 license 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 Qatar Cabinet approved a draft law on corporate bankruptcy and prevention in April 2017 which 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 (and the regulations) may come into force.

***Failure to comply with international sanctions could adversely affect the Bank***

European, U.S. 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 Offering Circular, the Bank believes that it is not in violation of any existing European, U.S. or international sanctions. Should the Bank or its associates in the future violate any existing or further European, U.S. or international sanctions, 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 U.S. or international capital markets. Any such sanction could have a material adverse effect on the Bank's business, financial condition, results of operations, liquidity and prospects.

**Risks Relating to Macroeconomic, Social and Political Climate**

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

Economic conditions in Qatar may deteriorate as a result of volatility 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 the novel coronavirus COVID-19*”). Despite diversification efforts, 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 (see “- *The Bank is dependent on the state of the Qatari economy which, in turn, is dependent on developments in international oil and gas prices*”).

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 volatility 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.

## *Qatar*

The operations of the Bank are predominantly based in Qatar; net income generated outside of Qatar constitutes less than 5 per cent. of the Bank's net income as at 31 December 2021. The Government has, in the past, relied upon loans to finance its economic development and infrastructure projects. If current economic conditions cause delays in key projects as a result of the decrease in the availability of credit, the Government may need to draw on its sovereign wealth fund in order to finance these projects. As long as these conditions persist, the Bank's business, financial condition, results of operations, liquidity and prospects could be adversely affected by conditions in the global economy and financial markets.

## *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 the present. 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, the United Kingdom (the "UK") 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.

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, Bahrain and Oman. 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. Saudi Arabia, which implemented VAT on 1 January 2018 at the rate of 5 per cent., increased the rate to 15 per cent. effective from 1 July 2020. 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 been published in the Official Gazette yet and as such they are not yet in force but it is anticipated that VAT may become effective in Qatar in 2022. The introduction of VAT in Qatar may impact the Bank negatively to the extent that it is unable to recover input VAT.

## *UK*

Following a referendum vote on 23 June 2016 and a formal notice given by the UK to the European Union on 29 March 2017 under Article 50 of the Treaty on European Union the UK left the European Union on 31 January 2020 at 11pm local time. At that time, EU treaties ceased to apply to the UK. However, as part of the withdrawal agreement agreed between the UK and the European Union, the UK remained in an implementation (or transition) period during which most EU law continued to apply in the UK, and the UK continued to be a part of the European Union single market, until the end of 2020. The UK ceased to be a member of the European Union single market and customs union on 31 December 2020. A Trade and Cooperation Agreement (the "Trade and Cooperation Agreement") was entered into between the European Union and the UK on 30 December 2020 and which came into force on 1 May 2021. The impact of the Trade and Cooperation Agreement remains difficult to predict but may include economic, financial and political instability in the UK. In addition, there are a number of potential risks that Certificateholders should consider, including legal and regulatory uncertainty in respect of English law governed Transaction Documents. Such uncertainty and consequential market disruption may also cause investment decisions to be delayed, reduce job security and damage consumer confidence. The resulting adverse economic conditions could affect obligors' willingness or ability to meet their obligations, resulting in increased defaults in the securitised portfolio and ultimately the ability of the Bank to pay profit and repay principal to Certificateholders. While the extent and impact of these issues is not possible for the Bank to predict, Certificateholders should be aware that, given the operations of the Bank's subsidiary Al Rayan Bank PLC are focused in the UK, they could have an adverse impact on the Bank's business, financial condition, operating results, liquidity and prospects.

## *France*

The operations of the Bank in France are vulnerable to political, macroeconomic and financial environments affecting France and the European Union. For instance, the 2008 financial crisis, the sovereign debt crisis in Europe in 2011 and COVID-19 had a significant detrimental impact on the wider French economy. Furthermore, during those periods the financial markets were subject to high volatility in response to various events, including, inter alia, the drop in oil and

commodity prices, the slowdown and turbulence in the economic and financial markets, which directly or indirectly impacted several business activities in France.

**The Bank is dependent on the state of the Qatari economy which, in turn, is dependent on developments in international oil and gas prices**

Qatar's economy is materially affected by international oil and natural gas prices, which have fluctuated widely over the past two decades. Although over the past few years Qatar has tried to diversify away from oil and gas, a significant portion of government revenue is dominated by oil and gas which (i) contributed an estimated U.S.\$36.3 billion, 78.0 per cent. of the total annual revenues for Qatar for the year ended 31 December 2020 and (ii) was budgeted to contribute 76.0 per cent. of the total annual revenues for Qatar for the year ended 31 December 2021, respectively. See “- *Slower economic growth in the countries where the Bank operates could adversely impact the Bank*”.

In the past, Qatar has been able to partially offset lower hydrocarbon prices by increasing hydrocarbon production, but the future rate of growth in Qatar's hydrocarbon production is expected to slow down. Most of Qatar's oilfields are mature and oil production has been in decline since 2011. Additionally, the reserves at Al Shaheen, one of Qatar's most productive oil fields, were reduced in 2011 after drilling results led to a reserves reassessment. Qatar is also approaching the end of a 20-year development cycle for liquefied natural gas (“LNG”) projects and LNG production is expected to plateau in the near future. In light of these developments, Qatar lifted its self-imposed moratorium on developing additional natural gas from the North Field in April 2017.

More recently, the Organisation of the Petroleum Exporting Countries (“OPEC”) Reference Basket price has been volatile since the outbreak of the COVID-19 virus. In early March 2020, OPEC officials proposed a plan to the members of OPEC and other non-OPEC member countries, including Russia, to cut global production by 1.5 per cent. No agreement was reached, ending a three-year partnership between OPEC and major non-OPEC oil exporters. This also resulted in 'OPEC plus' failing to extend the agreement of cutting 2.1 million barrels per day that was set to expire at the end of March 2020. In March 2020, Saudi Arabia announced that it would raise oil output and discount its oil in April 2020. As a result certain oil prices turned negative during April 2020 (with the West Texas Intermediate benchmark falling as low as minus U.S.\$37.63 a barrel), as weakened demand as a result of the COVID-19 outbreak coupled with the actions of Saudi Arabia led to buyers being paid to take oil due to storage capacity concerns. Although the OPEC Reference Basket price remained depressed throughout the remainder of 2020 averaging U.S.\$41.47 for the year ended 31 December 2020, oil prices increased in 2021 as the success of COVID-19 vaccination programmes globally led to increased economic activity. Whilst the OPEC Reference Basket price increased to U.S.\$74.37 per barrel as at 31 December 2021, there can be no assurance that the prices of oil will not fall again or be subject to further volatility. For example, in February and March 2022, as a result of the Russia-Ukraine conflict and the sanctions imposed by the United States, the UK and the European Union, among others, on certain Russian entities, persons and sectors, including Russian financial, oil and defence companies, oil prices experienced a sharp rise with the OPEC Reference Basket price increasing from U.S.\$96.41 per barrel as at 25 February 2022 to U.S.\$128.27 per barrel as at 3 March 2022, and subsequently fluctuating downwards to U.S.\$110.05 as at 29 March 2022.

Any prolonged period of low prices of natural gas, crude oil and other hydrocarbons may have a significant adverse impact on the economy of Qatar and may also materially adversely impact Qatar's revenues and financial condition. Such effects would be likely to materially adversely affect the Bank's business, financial condition, results of operations, liquidity and prospects by reducing the demand from its Qatari customers for financing and by adversely affecting the quality of its outstanding financing, thus potentially increasing its impairment losses and so reducing profitability. In addition, any reduction in Qatar's revenues would reduce the likelihood and/or extent of government financial support being available to Qatari banks, including the Bank, should such support be needed in the future.

***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. Whilst macroeconomic indicators have improved since the global financial crisis which occurred in the second half of 2008 and early 2009, any future increase in market volatility could result in a material reduction in the availability of financing, both for financial institutions and their customers, compelling many financial institutions to rely on central banks and governments to provide liquidity and, in some cases, additional capital. Enhanced credit risks could arise from a general deterioration in local or global economic conditions or from systemic risks within the financial systems.

Since 2014, there have been periods of reduced liquidity, widening credit spreads and a lack of price transparency in credit and capital markets. These adverse market conditions have impacted investment markets both globally and in

Qatar, through increased volatility in asset prices, commodity prices, interest rates and exchange rates. For example, between December 2015 and December 2018, the U.S. Federal Reserve increased U.S. overnight interest rates by an aggregate 225 basis points (in nine separate increments of 25 basis points each). However, in 2019, the U.S. Federal Reserve decreased U.S. overnight interest rates by an aggregate 75 basis points (in three separate increments of 25 basis points each) and, in March 2020, U.S. overnight interest rates were further cut to near zero in response to the COVID-19 outbreak. In an attempt to stabilise the economy against the negative impact of COVID-19, the U.S. Federal Reserve, through two separate cuts, decreased U.S. interest rates to effectively zero per cent. in March 2020. Similar cuts were announced by a number of other central banks, including the Bank of England which reduced interest rates to 0.1 per cent. in March 2020, and the central banks of countries such as Saudi Arabia and Bahrain, all of whom undertook similar action and cut their key rates in March 2020.

Governments around the world, including in Qatar and some other countries in the MENA region, have taken action intended to stabilise financial markets and prevent the failure of financial institutions. See “– *The Qatar Banking Sector and Regulations – Banking System*”. Despite implementing such measures, and although financial markets and liquidity fundamentals have improved since the 2008-2009 global financial crisis, overall, aversion to risk remains relatively high.

As a result of the 2008 global financial crisis and other adverse economic and political developments in more recent years, adverse changes in consumer confidence levels, consumer spending, liquidity levels, bankruptcy rates and commercial and residential real estate prices, among other factors, have historically impacted the Bank's customers and counterparties, and, in certain cases, adversely affected their ability to repay their financings or other obligations to the Bank. This, along with increased market volatility and decreased pricing transparency has, historically, adversely affected the Bank's credit risk profile.

#### ***Budget and spending plans are forward-looking***

As at the date of this Offering Circular, the prevailing unstable macroeconomic climate has prompted reduced fiscal budgets and public spending plans in Qatar and across the GCC economies, with particular concerns around the ongoing impact of the volatility of global crude oil prices and COVID-19 (see “– *The Bank is dependent on the state of the Qatari economy which, in turn, is dependent on developments in international oil and gas prices*”), the effects of the economic slowdown in emerging markets generally, and volatility in the Chinese economy in particular, and the broader impact of this climate on global debt and equity markets. For example, the 2008 financial crisis, the sovereign debt crisis in Europe in 2011 and the COVID-19 pandemic had a significant detrimental impact on the wider Qatari economy. During the financial crises of 2008 and 2011, the financial markets were subject to high volatility in response to various events including, among other things, the drop in oil and commodity prices, the slowdown and turbulence in the economic and financial markets, which directly or indirectly impacted several business activities in the jurisdictions where the Bank conducts its business.

Disruption to the macroeconomic environment has resulted in reduced availability of credit to financial institutions, higher credit losses and there remains an increased risk of future credit losses. The foregoing factors also affect the Bank's flexibility in planning for, or reacting to, changes in its operations and in the financial industry generally. 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. 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 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 is located in a region that is subject to ongoing political and security concerns, which may affect the financial performance of the Bank***

Although Qatar has historically enjoyed domestic political stability and good international relations, Qatar is located in a region that is strategically important and parts of this region are experiencing or have, at times, experienced political instability, geopolitical and diplomatic tensions, domestic turmoil and violence, and armed conflict. Since early 2011, there have been occurrences of political unrest ranging from public demonstrations to armed conflict in several countries in the MENA region, including Egypt, Algeria, Libya, Bahrain, Saudi Arabia, Yemen, Syria, Iraq, Tunisia and Oman. Such events and ongoing developments, along with terrorist acts, acts of maritime piracy and other forms of instability

in the region, that may or may not directly involve the State of Qatar, could have a material adverse effect on the State of Qatar's economy.

On 5 June 2017, three GCC member states, namely Saudi Arabia, the United Arab Emirates and Bahrain, together with Egypt, moved to cut diplomatic ties, trade, and transport links with Qatar. The measures to do this included a closure of land, sea, and air access and withdrawal of ambassadors, residents, and visitors from those countries. Kuwait and Oman, the remaining two member states of the GCC, have maintained ties with Qatar and as at the date of this Offering Circular, the former is mediating between Qatar and the relevant governments of the countries imposing the restrictions. Qatar was able to offset the reduced liabilities from GCC sources by increased inflows from the Government and related entities and thus, rebalance the funding profile of the Qatari banking system. The restrictions were lifted in early 2021 and diplomatic ties have since been reinstated. Despite this, there can be no assurance that restrictions might not be imposed again on Qatar in the future, and such restrictions could have a material adverse effect on the Banks' business, financial condition, results of operations or prospects in the future.

There can be no assurance that political instability in the MENA region will not escalate in the future and affect hitherto stable countries such as Qatar, that political instability will not spread to additional countries in the MENA region, that further violent activities will not occur or that the governments of the MENA region will be successful in maintaining domestic order and stability.

Any unrest may result in credit becoming more expensive for certain countries in the region or limit Qatar's ability to engage in international trade. Although these events have not had a significant impact on the Bank's operations to date there can be no assurance that they will not do so in the future. It is not possible to predict the occurrence of such events or circumstances or the impact of such occurrences and no assurance can be given that the Bank would be able to sustain its current performance levels if such events or circumstances were to occur. A general economic downturn in Qatar or geopolitical instability in Qatar or the broader regional economic downturn could have an adverse effect on the Bank's 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***

As at the date of this Offering Circular, the Qatari Riyal, remains pegged to the U.S. dollar (U.S.\$1.00 = QR3.64. The QCB purchases the U.S. dollar at a fixed rate of QR3.6385 and sells the U.S. dollar to banks operating in Qatar at a fixed rate of QR3.6415). However, the Bank's business, financial position, financial performance and prospects could be adversely impacted in case of possible de-pegging of the Qatari Riyal and other GCC currencies from the U.S. dollar, although it would depend on the level of open positions and exposure of the Bank to the U.S. dollar. 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.

## **RISKS RELATING TO THE MERGER**

***The Bank may experience difficulties in integrating the existing businesses with Al Khalij***

The Merger involves the integration of two businesses that have previously operated independently. The potential difficulties of combining the businesses include:

- the necessity of co-ordinating and consolidating management functions, organisations, systems and facilities;
- the task of integrating the management and personnel of the Bank and Al Khalij, maintaining employee morale and retaining and incentivising key employees;
- the possibility of losing Al Khalij customers who may not wish to maintain a banking relationship with the Bank following the Merger;
- the possibility of losing Al Khalij's customers if they are unwilling or incapable (for any reason) to replace the Al Khalij-offered products and services with Sharia compliant products and services;
- accurately evaluating the contractual, financial, regulatory, environmental and other obligations and liabilities associated with Al Khalij's legacy investments, including the appropriate implementation of financial oversight and internal controls and the timely preparation of financial statements that are in conformity with the Bank's accounting policies; and
- accurately judging market dynamics, demographics, growth potential and competitive environment (including evaluating and managing the risks and uncertainties in entering new markets and acquiring new businesses).

The process of integrating operations may present financial, managerial and operational risks, including an interruption of, or loss of momentum in, the activities of one or more of the Bank's businesses and the loss of key personnel. Any delays or difficulties encountered in connection with the integration of the operations of the businesses could have an adverse effect on the Bank's business, results of operations, financial condition or prospects. Moreover, if the management of the Bank is unable to integrate the operations of Al Khalij into the Bank successfully, the anticipated benefits of the Merger may not be realised.

In addition, the Bank also expects to incur a number of non-recurring costs associated with the integration of the businesses of Al Khalij into the Bank, including fees to financial, accounting and legal advisers and other related costs. If the integration is not successful, the Bank will not realise the anticipated benefits of the integration and may, therefore, fail to offset these integration costs over time. In particular, integration of some of the legacy Al Khalij operations and businesses may be more difficult to achieve as a result of the requirement to ensure that such operations and businesses remain Sharia-compliant where applicable. Furthermore, the regulatory landscape and regulators' attitude to Sharia-compliant functions of banks remains in flux and any requirement to establish further separation of Sharia-compliant functions from those of conventional banking functions could have a material adverse effect on the Bank's ability to leverage resources and benefit from synergies associated with the Merger. The Bank will also incur additional costs for converting Al Khalij's conventional debt to Sharia compliant debt.

### ***The Bank may not be able to successfully integrate Al Khalij into the Bank***

Prior to the Merger, the Bank and Al Khalij operated as independent companies. The Bank may face significant challenges integrating the two organisations, their policies, technological systems and operations in a timely and efficient manner, as well as in addressing differences in the business cultures of the two companies and retaining key former personnel.

The integration process may prove to be complex and time-consuming, require substantial resources and effort and may lead to a degree of uncertainty for customers and employees. It may also disrupt the Bank's ongoing businesses, which may adversely affect its relationships with customers, suppliers, partners, employees, regulators and others with whom the Bank has business or other dealings. The integration process may also lead to a reduction or loss of "brand equity" of the Bank.

If the Bank fails to manage the integration of Al Khalij into the Bank effectively, the growth strategy and future profitability of the Bank could be negatively affected and it may fail to achieve the anticipated benefits of the Merger. In addition, difficulties in integrating the businesses could harm the reputation of the Bank, which may result in the loss of customers and key employees.

### ***The Bank may not achieve the synergies expected from the Merger***

The Bank may fail to achieve the synergies that it anticipates will arise from the Merger. The success of the Merger will depend, in part, on the Bank's ability to realise anticipated cost savings, revenue synergies and growth opportunities from integrating the businesses of Al Khalij into the Bank. 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:

- the difficulty of implementing its cost saving plans;
- the challenges associated with the integration of Al Khalij's businesses and operations into the Bank, 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;
- the challenges associated with the integration of a Sharia compliant business; and
- unforeseeable events, including major changes in the markets in which the Bank operates.

There is a risk that the cost savings projected from the integration will not be realised in the time, manner or amounts expected due to unforeseen inaccuracies or factors in the pre-Merger computation of such savings or due to 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 will offset the incurred implementation and integration costs over time, the net benefit may not be achieved within the expected timetable. In addition, some of these costs could be higher than the Bank anticipated which could reduce the net benefits of the Merger and impact the Bank's business, results of operations, financial condition or prospects.



## **RISKS RELATED TO THE CERTIFICATES**

### ***Limitations relating to the indemnity provisions under the Purchase Undertaking and the Master Trust Deed***

The Bank has covenanted in the Purchase Undertaking and the Master Trust Deed that: (a) if, at the time of delivery of an exercise notice in accordance with the provisions of the Purchase Undertaking, the Bank remains in actual or constructive possession, custody or control of all or any part of the Wakala Assets; and (b) if, following delivery of an exercise notice in accordance with the provisions of the Purchase Undertaking, the Bank fails to pay the relevant Exercise Price in accordance with the provisions of the Purchase Undertaking for any reason whatsoever and thereby resulting in the Bank's failure to comply with its obligations under the Purchase Undertaking, 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 of such Series and, accordingly, the amount payable under any such indemnity claim will equal the relevant Exercise Price.

Subject to the satisfaction of the conditions set out in the above paragraph, if the Bank fails to pay the relevant Exercise Price in accordance with the Purchase Undertaking, the Delegate (on behalf of the Certificateholders) may, subject to the matters set out in Condition 12 (*Dissolution Events*) and the terms of the Master Trust Deed, seek to enforce, *inter alia*, the provisions of the Purchase Undertaking and the Master Trust Deed against the Bank by commencing arbitral or legal proceedings.

However, investors should note that, in the event that the Bank (acting in any capacity) does not remain in actual or constructive possession, custody or control of all or any part of the relevant Wakala Assets at the time of delivery of the exercise notice in accordance with the provisions of the Purchase Undertaking, the condition in (a) as described above will not be satisfied and, therefore, no amounts will be payable by the Bank under the separate indemnity provisions. For the avoidance of doubt, no investigation has been or will be made by the Trustee, the Arranger, the Dealers or the Delegate as to whether the Bank has or will continue to hold actual or constructive possession, custody or control of any Wakala Assets.

Accordingly, in such event, the Delegate (on behalf of the Certificateholders) may be required to establish that there has been a breach of contract by the Bank in order to prove for damages. Such breach of contract may be due to: (i) a breach by the Bank of the requirement to purchase the Trustee's rights, title, interest, benefits and entitlements in, to and under the relevant Wakala Assets on the relevant Dissolution Date pursuant to the provisions of the Purchase Undertaking; and/or (ii) a breach by the Bank of its undertaking to maintain actual or constructive possession, custody or control of all of the relevant Wakala Assets so long as any Certificate is outstanding, in each case in accordance with the terms of the relevant Wakala Asset Contract(s) (as defined in the Master Purchase Agreement).

As a result, the Delegate (on behalf of the Certificateholders) may not be able to recover, or may face significant challenges in recovering, an amount equal to the relevant Exercise Price and in turn, the amount payable to the Certificateholders upon redemption.

### ***The Certificates may be delisted following the occurrence of a Tangibility Event***

If a Tangibility Event occurs, the Bank (in its capacity as Servicing Agent) will be required to notify the Trustee and the Delegate of the same and the Trustee will be required to promptly notify the Certificateholders: (i) that a Tangibility Event has occurred, together with an explanation of the reasons for, and evidence of, such occurrence; (ii) the Certificates should be tradable only in accordance with the Sharia principles of debt trading; (iii) on the date falling 15 days following the Tangibility Event Redemption Date, the Certificates will be delisted from or removed from trading on any stock exchange (if any) on which the Certificates have been admitted to listing and/or to trading; and (iv) the Tangibility Event Put Right Period, during which period any Certificateholder shall have the option to require the redemption of all or any of its Certificates. The occurrence of such an event may have a significant adverse impact on the liquidity and market value of the Certificates.

### ***The Certificates may be an ownership interest for the purposes of the Volcker Rule***

The Trustee may be deemed to be a "covered fund" for the purposes of the Volcker Rule. Further, the Certificates may constitute an "ownership interest" for the purposes of the Volcker Rule. As a result, the Volcker Rule may, subject to certain exemptions, prohibit certain banking institutions from, directly or indirectly, acquiring or retaining the Certificates. This prohibition may adversely affect the liquidity and market price of the Certificates. In addition, any entity that is a "banking entity" under the Volcker Rule and is considering an investment in the Certificates should consider the potential impact of the Volcker Rule in respect of such investment and on its portfolio generally.

### ***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 is limited to the Trust Assets of the relevant Series and the proceeds of the Trust Assets of the relevant 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 the Conditions, 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 relevant 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 or Tangibility Event Liquidation Proceeds (each as defined in Restricted Mudaraba Agreement) (as the case may be) 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, any Agent 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 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.

### ***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, in each case as a result of certain changes affecting taxation in the QFC, 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 Pricing Supplement, a Series may also be redeemed early at the option of the Bank pursuant to Condition 8(c). Furthermore, the Certificates may be redeemed prior to their stated maturity on the occurrence of a Tangibility Event pursuant to Condition 8(e). If 75 per cent. or more of the aggregate face amount of Certificates then outstanding have been redeemed and/or purchased and cancelled, the Clean Up Call Right pursuant to Condition 8(i) will be applicable and Certificates then outstanding may be redeemed in full. Early redemption in any instance may reduce the return that a Certificateholder would have realised had the Certificates been redeemed at maturity.

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.

### ***Investors must make their own determination as to Sharia compliance***

The Sharia Supervisory Board of Masraf Al Rayan (Q.P.S.C.), the HSBC Global Shariah Supervisory Committee and the Global Shariah Supervisory Committee of Standard Chartered Bank have each confirmed that the Transaction Documents are, in their view, compliant with the principles of Sharia as applicable to, and interpreted by, them. 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 Agents, the Arrangers or the Dealers 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 and different *Sharia* standards may be applied by different Sharia boards. In addition, none of the Delegate, the Agents, the Arrangers or the Dealers will have any responsibility for monitoring or ensuring compliance with any *Sharia* principles of debt

trading nor shall it be liable to any Certificateholder or any other person in respect thereof. Potential investors should not rely on the above pronouncements in deciding whether to make an investment in the Certificates and should obtain their own independent *Sharia* advice as to the compliance of the Transaction Documents and whether the Certificates will meet their individual standards of compliance and the issue and trading of the Certificates with *Sharia* principles, including the tradability of the Certificates on any secondary market. Questions as to the *Sharia* compliance of the Transaction Documents or the *Sharia* permissibility of 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. In such circumstances, the arbitrator or judge (as applicable) will first apply the governing law of the relevant Transaction Document in determining the obligations of the parties.

***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 Offering Circular. 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 Offering Circular, 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 or the Bank to otherwise comply with their respective obligations under the Transaction Documents to which they are 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 and vote upon matters affecting their interests generally. 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 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 and 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 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 and the Delegate (as the case may be) by accountholders in the clearing systems with entitlements to such global certificate or, 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), provided that the Trustee, the Bank and the Delegate (as the case may be) have obtained commercially reasonable evidence to ascertain the validity of such holding and taken reasonable steps to ensure such holding does not alter following the giving of such consent/instruction and prior to effecting such resolution.

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 or, as the case may be, did not sign the written

resolution or give their consent electronically, and including those 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 (i) agree to any modification of the Trust Deed, 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 (ii)(a) give its consent under the Transaction Documents and agree to any other modification of any provisions of the Trust Deed, the Transaction Documents 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 (b) determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such, provided 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. of the outstanding aggregate face amount of the relevant Series and, in the case of modifications referred to in paragraph (ii)(a) 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, unless the Delegate agrees otherwise, shall be notified by the Trustee to the Certificateholders in accordance with Condition 17 as soon as practicable thereafter.

***The Delegate may request that the Certificateholders provide an indemnity and/or security and/or prefunding to its satisfaction***

Pursuant to the Conditions and the Master Trust Deed, the Delegate may, in certain circumstances, request the Certificateholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes any action on behalf of Certificateholders. The Delegate shall not be obliged to take any such actions if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or prefunding can be a lengthy process and may have an impact on when such actions can be taken.

***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 rating of A1 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 in this Offering Circular 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 regulated investors are restricted under the EU CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the European Economic Area ("EEA") and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction may also apply in the case of credit ratings issued by non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant non-EEA third country rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified credit rating agencies published by the ESMA on its website in accordance with the EU 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.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK-registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Certificates changes, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Certificates may have a different regulatory treatment. This may result in relevant regulated investors selling the Certificates which may impact the value of the Certificates and any secondary market.

Where a Tranche of Certificates is rated, limited information with respect to the credit rating agencies and ratings will be disclosed in the relevant Pricing Supplement. Certain information with respect to the credit rating agencies and ratings is set out on the cover page of this Offering Circular. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning credit rating agency at any time. Each rating should be evaluated independently of any other rating.

### ***Interest or profit rate risks***

Investment in Fixed Rate Certificates involves the risk that if market interest or profit rates subsequently increase above the 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, 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 risk 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.

### ***The use of proceeds of Sustainable Certificates may not meet investor expectations or requirements, including the expectations and requirements of sustainability focused investors***

If the relevant Pricing Supplement relating to any specific Certificates provides that such Certificates will constitute Sustainable Certificates, it is the Bank's intention to apply an amount at least equal to the net proceeds raised from the issuance of such Sustainable Certificates (the "equivalent amount") to the objectives set out in the Sustainable Finance Framework including to finance and/or refinance, in whole or in part, Eligible Sustainable Projects. The Sustainable Finance Framework has been published on the Bank's website.

The Bank will exercise its judgement and sole discretion in determining the businesses and projects that will be financed or refinanced by the equivalent amount. If the use of the proceeds of Sustainable Certificates is a factor in any potential investor's decision to invest in such Sustainable Certificates, that investor should carefully consider the disclosure in "*Use of Proceeds*" in the relevant Pricing Supplement, the Offering Circular and the Sustainable Finance Framework published on the Bank's website, and consult with its legal or other advisers and make any other investigation such investor deems necessary before making an investment in such Sustainable Certificates, including, but not limited to, reviewing the prevailing Sustainable Finance Framework. In particular, no assurance is given by the Trustee, the Bank,

the Arrangers, the Dealers, the Delegate or the Agents or any other person that the use of the equivalent amount for any Eligible Sustainable Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply. In addition, the Sustainable Finance Framework is subject to change at any time without notice.

The Sustainable Finance Framework is intended to be aligned with the ICMA Green Bond Principles 2021, Social Bond Principles 2021 and Sustainability Bond Guidelines 2021 published by the International Capital Markets Association (the “ICMA Principles”), the Green Loan Principles 2021 and Social Loan Principles 2021 published by the Loan Market Association (the “LMA Principles”) and QFC Sustainable Sukuk and Bonds Framework published by the QFC (“QFC Framework”).

None of the Bank, the Trustee, the Arrangers, the Dealers, the Delegate or the Agents or any other person makes any representation or gives any assurance as to the Sustainable Finance Framework’s compliance or alignment with the ICMA Principles, the LMA Principles or the QFC Framework. The Bank has appointed S&P to provide a second party opinion (the “Second Party Opinion”) in relation to the Bank’s Sustainable Finance Framework and its alignment with the ICMA Principles, the LMA Principles and the QFC Framework. Both the Sustainable Finance Framework and the Second Party Opinion have been published on the Bank’s website. No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any report, assessment, opinion or certification of any third party (whether or not solicited by the Bank or the Trustee) which may or may not be made available in connection with any issue of Sustainable Certificates and in particular with any Eligible Sustainable Projects to fulfil any green, environmental, social, sustainability and/or other criteria (including the Second Party Opinion). The Sustainable Finance Framework, the ICMA Principles, the LMA Principles and the QFC Framework and any such report, assessment, opinion or certification are not, nor shall be deemed to be, incorporated in and/or form part of this Offering Circular and are not, nor should be deemed to be, a recommendation by the Bank, the Trustee, the Arrangers, the Dealers, the Delegate or the Agents or any other person to buy, sell or hold any Sustainable Certificates. Any such report, assessment, opinion or certification is only current as of the date it was issued. Prospective investors of Sustainable Certificates must determine for themselves the relevance of any such report, assessment, opinion or certification and/or the information contained therein and/or the provider of such report, assessment, opinion or certification for the purpose of any investment in such Sustainable Certificates. As at the date of this Offering Circular, the providers of such reports, assessments, opinions and certifications are not subject to any specific oversight or regulatory or other regime.

There is currently no clearly defined definition (legal, regulatory or otherwise) of, nor any market consensus as to what constitutes, a “green”, “social”, “sustainable” or an equivalently-labelled project or a loan that may finance such a project, or as to what precise attributes are required for a particular project or loan to be defined as “green” or such other equivalent label nor can any assurance be given that such a clear definition or consensus with respect to such projects or loans will develop in the future or that any prevailing market consensus will not change significantly.

Accordingly, no assurance or representation is or can be given (whether by the Bank, the Trustee, the Arrangers, the Dealers, the Delegate or the Agents or any other person) that the use of the equivalent amount to finance or refinance Eligible Sustainable Projects will satisfy or meet, whether in whole or in part, investor expectations or requirements regarding such “green”, “social”, “sustainable” or other similar labels (including Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the so called **EU Taxonomy**) or Regulation (EU) 2020/852 as it forms part of UK domestic law by virtue of the EUWA), as regards any investment criteria or guidelines with which such investor or its investments are required to comply or that any adverse environmental, social and/or other impacts will not occur during the implementation of any Eligible Sustainable Projects. Each prospective investor should have regard to the factors described in the Bank’s Sustainable Finance Framework and the relevant information contained in the Offering Circular and seek advice from their independent financial adviser or other professional adviser regarding its purchase of any Sustainable Certificates before deciding to invest. None of the Arrangers and the Dealers shall be responsible for (i) the suitability of any Sustainable Certificates to fulfil environmental, social and/or sustainability criteria required by prospective investors, (ii) whether the equivalent amount will be used to finance and/or refinance relevant Eligible Sustainable Projects, (iii) any assessment of the Eligible Sustainable Projects, or (iv) the ongoing monitoring of the use of proceeds in respect of any such Sustainable Certificates.

Legal or regulatory definitions or market views as to what constitutes a “green”, “social” or “sustainable” or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as “green”, “social” or “sustainable” or any such other equivalent label may vary. Accordingly, no assurance is or can be given (whether by the Bank, the Trustee, the Arrangers, the Dealers, the Delegate or the Agents or any other person) to investors that: (a) any projects or uses the subject of, or related to, any Eligible Sustainable Projects will meet any or all investor expectations regarding such “green” or other equivalently labelled performance objectives; (b) any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject

of, or related to, any Eligible Sustainable Projects; or (c) the Sustainable Finance Framework will be aligned with the EU Taxonomy or any other present or future sustainability framework or guidelines.

If any Sustainable Certificates are at any time listed or admitted to trading on any dedicated “green”, “environmental”, “social”, “sustainable” or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated and including, without limitation, the London Stock Exchange’s Sustainable Bond Market), no representation or assurance is given by the Trustee, the Bank, the Arrangers, the Dealers, the Delegate, the Agents or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements regarding any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own bylaws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any of the businesses and projects funded with the proceeds from such Sustainable Certificates. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Trustee, the Bank, the Arrangers, the Dealers, the Delegate, the Agents or any other person that any such listing or admission to trading will be obtained in respect of such Sustainable Certificates or, if obtained, that any such listing or admission to trading will be maintained during the life of such Sustainable Certificates.

While it is the intention of the Bank to apply the equivalent amount to finance and/or refinance Eligible Sustainable Projects and obtain and publish the relevant reports, assessments, opinions and certifications in, or substantially in, the manner described in the Sustainable Finance Framework (including, not limited to, the selection of projects and allocation timeframe), there will be no contractual obligation to any potential investors of Sustainable Certificates to allocate the equivalent amount to finance or refinance any Eligible Sustainable Projects or to provide the reports as described in the Sustainable Finance Framework, and there can be no assurance (whether by the Trustee, the Arrangers, the Dealers, the Delegate or the Agents or any other person) that the Bank will be able to do this. Nor can there be any assurance that any Eligible Sustainable Projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment, social or sustainability or similar) as originally expected or anticipated by the Bank.

An Eligible Sustainable Project which initially satisfies the eligibility criteria set out in the Sustainable Finance Framework may not always satisfy that eligibility criteria during the life of the project, due to changes of the Sustainable Finance Framework and/or circumstances of the project or any other reasons. The reallocation of such proceeds to new Eligible Sustainable Project may not be possible or may be delayed. No representation or assurance is given or made by the Bank, the Trustee, the Arrangers, the Dealers, the Delegate or the Agents or any other person that the equivalent amount used for financing or refinancing of Eligible Sustainable Projects will always satisfy the eligibility criteria.

Any event or failure to apply the equivalent amount to finance or refinance any Eligible Sustainable Projects, to obtain and publish any such reports, assessments, opinions and certifications or any failure of any of the projects funded with the proceeds from any Sustainable Certificates to constitute an Eligible Sustainable Project, will not (i) give rise to any claim of a Certificateholder against the Trustee or the Bank (or against any of the Arrangers, the Dealers, the Delegate, the Agents or any other person), (ii) constitute a Dissolution Event, or (iii) lead to an obligation of the Trustee to redeem any such Sustainable Certificates.

The withdrawal of any report, assessment, opinion or certification as described above, or any such report, assessment, opinion or certification attesting that the Bank is not complying in whole or in part with any matters for which such report, assessment, opinion or certification is reporting, assessing, opining or certifying on, and/or the failure by the Bank to obtain or report on the use of proceeds as anticipated, may have a material adverse effect on the value of such Sustainable Certificates and/or result in adverse consequences for certain investors with portfolio mandates to invest in “green”, “environmental”, “social” or “sustainability” assets.

#### ***Certain benchmark rates, including EURIBOR, may be discontinued or reformed in the future***

Interest rates or other types of rates and indices which are deemed to be “benchmarks” are the subject of ongoing national and international regulatory discussion and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Certificates linked to or referencing such a benchmark.

Article 36 of the EU Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. The UK

Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the UK. The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, 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 terms of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain benchmarks, trigger changes in the rules or methodologies used in certain benchmarks or discontinuance or unavailability of quotes of certain benchmarks.

On 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a “risk free overnight rate” which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. The euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing the Euro Interbank Offered Rate (“EURIBOR”). The guiding principles indicate, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 11 May 2021, the euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates.

The elimination of EURIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the profit rate calculation provisions of the Conditions (as further described in Condition 7(b)(iv)) or result in adverse consequences to holders of any Certificates linked to such benchmark (including Floating Rate Certificates whose profit rates are linked to EURIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Certificates, the return on the relevant Certificates and the trading market for securities (including the Certificates) based on the same benchmark.

The Conditions provide for certain fallback arrangements in the event that a published benchmark, such as EURIBOR, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable, unlawful or unrepresentative, including the possibility that the profit rate could be set by reference to a successor rate or an alternative reference rate and that such successor rate or alternative reference rate may be adjusted (if required) in accordance with the recommendation of a relevant governmental body or in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark, although the application of such adjustments to the Certificates may not achieve this objective. Any such changes may result in the Certificates performing differently (which may include payment of a lower profit rate) than if the original benchmark continued to apply. In certain circumstances the ultimate fallback of profit rate for a particular Return Accumulation Period may result in the profit rate for the last preceding Return Accumulation Period being used. This may result in the effective application of a fixed rate for Floating Rate Certificates based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser (as defined in the Conditions), the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Certificates. Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or UK Benchmarks Regulation reforms or possible cessation or reform of certain reference rates in making any investment decision with respect to any Certificates linked to or referencing a benchmark.

***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, and the Certificates may be sensitive to changes in the financial markets. 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. This is particularly the case should the Bank be in financial distress, which may result in any sale of the Certificates having to be at a substantial discount to their face amount or for Certificates that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements



of limited categories of investors. These types of Certificates generally would have a more limited secondary market and more price volatility than conventional debt securities. 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 admission to trading of certain Series to be issued under the Programme on the ISM, 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 (as defined in the Conditions) 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 depository 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.

## **RISKS RELATING TO THE SUKUK ASSETS**

### ***Ownership of Wakala Assets***

In order to comply with the requirements of Sharia, an ownership 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 comprised within the relevant Wakala Portfolio should pass to the Trustee under the relevant Purchase Agreement or the relevant Sale Agreement, as the case may be. The Trustee will declare a trust in respect of its ownership interest in such Wakala Assets and the other relevant Trust Assets in favour of the Certificateholders of the relevant Series pursuant to the relevant Trust Deed. Accordingly, Certificateholders will, through the ownership interest of the Trustee, have ownership interests in the relevant Wakala Assets unless transfer of such interests in the Wakala Assets is prohibited by, or ineffective under, any applicable law (see “–Transfer of the Wakala Assets” below).

Limited investigation or enquiry will be made and limited 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 Wakala Assets). There is no intention to take any steps to perfect the transfer of the title 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 which they will be unable to recoup. See also “*Risk Factors – Limitations relating to the indemnity provisions under the Purchase Undertaking and the Master Trust Deed*”.

### ***Transfer of the Wakala Assets***

Limited investigation will be made as to whether (i) any Wakala Assets may be transferred as a matter of the law governing the contracts (if any) underlying such Wakala Assets, the law of the jurisdiction where such assets are located or any other relevant laws or (ii) the Bank has or will continue to have actual or constructive possession, custody or control of any of the Wakala Assets. In addition, limited investigation will be made to determine if any Supplemental Purchase Agreement or Sale Agreement will have the effect of transferring an ownership interest in the relevant Wakala Assets. The Master Purchase Agreement is, each Supplemental Purchase Agreement and Sale 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 ownership 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.

### ***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 payment obligations in respect of the Certificates. No investigation or enquiry will be made and no due diligence will be conducted in respect of any legal documentation or contracts entered into by the Bank with its customers in relation to 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.

## **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 make such payments, 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 having jurisdiction to settle any disputes (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*

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 Article 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 in 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. To the extent that proceedings were brought in Qatar and such courts applied Qatar law, it is uncertain how the Qatar courts would view the trust established pursuant to the Master Trust Deed, given there are only a limited number of trusts established and registered with the QFC and there has not been any reported cases of either the Qatar courts or the QFC Courts (which are themselves only relatively recently established) being asked to recognise or enforce such a trust.

On 10 February 2022, it was reported in The Times of London that the Court of Cassation in Qatar had refused to enforce a judgment issued by the English High Court. Although, a copy of the Court of Cassation judgment has not yet been published, it is understood that the reason for the refusal by the Court of Cassation to enforce the English High Court judgment was on account of the fact that there is no treaty or convention in place between Qatar and the United Kingdom for the reciprocal enforcements of court judgments. Although there is no general system of binding judicial precedent applied by the Qatari courts, given that this is a decision of the Court of Cassation, if the reasons for the judgment are confirmed in the written judgment it is likely that in future, the Qatar courts will follow this judgment.

Under the relevant Transaction Documents and the Certificates, the parties have agreed that any dispute will, subject as provided in the paragraph below, 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 enforcement of foreign arbitral awards in Qatar is presumed to be straightforward, however, a Qatari court may refuse enforcement of an arbitral award and may consider the relevant dispute on its merits if the subject matter of the award is not compatible with mandatory provisions of Qatari law and public policy and morals in Qatar. 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. Under Article 8 of the Arbitration Law, the court will dismiss any dispute between contracting parties which is required to be referred to arbitration pursuant to an arbitration agreement between the contracting parties. The respondent (in the dispute) is required to object to court proceedings before any other motion or statement of defence on the merits of the case is filed before the court.

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. Article 35 of the Arbitration Law specifies the limited grounds upon which the recognition and enforcement of an arbitral award may be refused irrespective of the location of the seat of arbitration, which are similar to those set out in the New York Convention on Enforcement of Foreign Arbitral Awards of 1958. The grounds on which recognition and enforcement of an arbitral award may be refused are as follows:

- (i) (1) a party to the arbitration agreement was, under the law applicable to it, under some incapacity or the agreement is not valid under the applicable law, (2) the party against whom the arbitral award was made was not provided with adequate notice of the appointment of the arbitrator or of the arbitration proceedings or was not given the opportunity to present its case, (3) the nature of the dispute fell outside the scope of the arbitration agreement, (4) the composition of the arbitral tribunal, the appointment of the arbitrators or arbitral tribunal or the arbitral proceedings were not in accordance with the law or agreement of the parties, or (5) the award has not become binding on the parties or has been set aside or suspended by the court of the country in which or under which the award was made; and

- (ii) (1) the subject matter of the dispute is not capable of settlement by arbitration under the law of the relevant jurisdiction; and (2) the recognition and enforcement of the award would be contrary to the public policy of the relevant country.

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. These factors create greater uncertainty.

#### ***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 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**

#### ***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 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 Offering Circular 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 Group's business and result in a decrease in the price of the Certificates.

#### ***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).

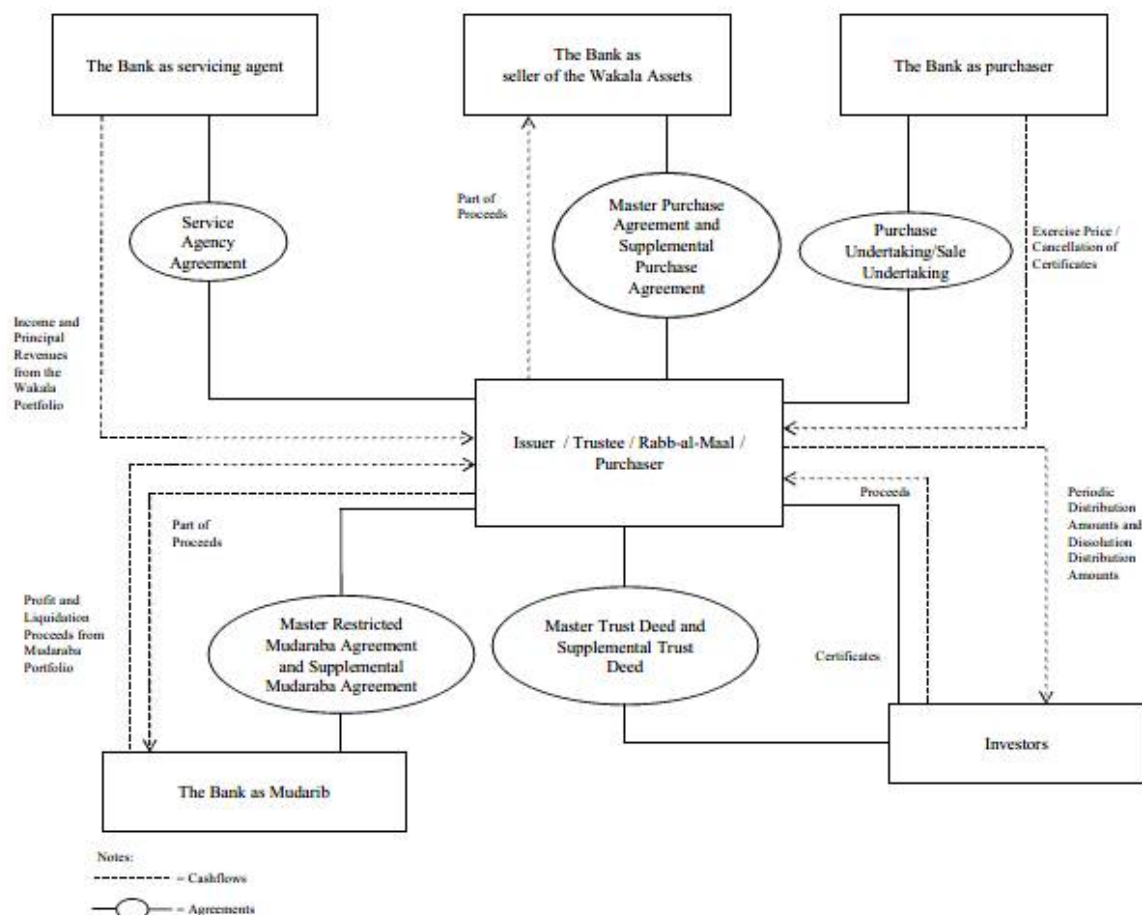
***Change of tax law***

Statements in this Offering Circular concerning the taxation of investors are of a general nature and are based upon current law and practice in the jurisdictions stated. Such law and practice is, in principle, subject to change, possibly with retrospective effect, and this could adversely affect investors.

In addition, any change in legislation or in practice in a relevant jurisdiction could adversely impact (i) the ability of the Trustee and the Bank to service the Certificates and (ii) the market value of the Certificates.

## 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 the first Tranche of any Series (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 Pricing Supplement 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, for the purposes of the Wakala Portfolio only, any Restricted Vehicles and any real estate assets not located in a Designated Area) (“Ijara Assets”); and
  - (b) tangible Sharia-compliant assets (other than Tangible Sukuk, Ijara Assets or any equity securities) originated, held or owned by or on behalf of the Bank, including the income generated therefrom and any agreements or documents in relation thereto (“Other Tangible Sharia Compliant Assets”)

(excluding, for the purposes of the Wakala Portfolio only, any Restricted Vehicles and any real estate assets not located in a Designated Area); and

- (c) Sukuk certificates that meet the Sharia requirements of tradability (“Tangible Sukuk”), (each such Ijara Asset, Other Tangible Sharia Compliant Asset or Tangible Sukuk, a “Wakala Asset”); and
- (ii) (as Rabb-al-Maal) in the case of a Wakala/Mudaraba Series, the percentage specified in the applicable Pricing Supplement 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) Ijara Assets;
  - (b) Other Tangible Sharia Compliant Assets; and/or
  - (c) Tangible Sukuk (each such Ijara Asset, Other Tangible Sharia Compliant Asset and Tangible Sukuk, 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 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 Business Day immediately preceding the Scheduled Dissolution Date; and

- (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) following a Tangibility Event; (d) if so specified in the applicable Pricing Supplement, at the option of the Bank; (e) if so specified in the applicable Pricing Supplement, at the option of the Certificateholders, and (f) following a Clean Up Call Right.

*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, a Tangibility 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, a Tangibility 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), the Tangibility Event Redemption Date (in the case of redemption following a Tangibility Event) or the Business Day immediately preceding the relevant Dissolution Date (in the case of dissolution at the option of Certificateholders); and
- (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), the Tangibility Event Redemption Date (in the case of redemption following a Tangibility 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), the Tangibility Event Redemption Date (in the case of redemption following a Tangibility 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 (including the Clean Up Call Right)*

In respect of an early redemption for tax reasons or an early redemption at the option of the Bank (*including the Clean Up Call Right*):

- (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(g) and 8(h), 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 Offering Circular and, in relation to the terms and conditions of any particular Tranche, the applicable Pricing Supplement. 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 offering circular 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.*

<b>Seller, Obligor and Servicing Agent and, in the case of a Wakala/Mudaraba Series, Mudarib:</b>	Masraf Al Rayan (Q.P.S.C.), incorporated in Qatar on 4 January 2006 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.
<b>Obligor Legal Entity Identifier (LEI):</b>	254900KFL51VLXABR231
<b>Trustee:</b>	MAR Finance LLC, as issuer of the Certificates and as trustee for and on behalf of the Certificateholders, a special purpose company established on 17 March 2022 in the Qatar Financial Centre pursuant to the Companies Regulations of the Qatar Financial Centre with company registration number 01518, and with its registered office at c/o TMF Group LLC, Office No. 1422, 14 <sup>th</sup> Floor, Al Fardan Office Towers, No. 12, Doha, Qatar. The Trustee has been incorporated solely for the purpose of participating in the transactions contemplated by the Transaction Documents (as defined below) to which it is a party.
<b>Trustee LEI:</b>	2763L3SGOM896H5KD452
<b>Ownership of the Trustee:</b>	The authorised share capital of the Trustee is QAR 1,000.00 consisting of 1,000 shares of QAR1.00 each, of which 1,000 shares are fully paid up and issued. The Trustee's entire issued share capital is held on trust by TMF Group LLC under the terms of a trust for non-profit organisations registered with the State of Qatar's regulatory authority for charitable activities.
<b>Administration of the Trustee:</b>	The affairs of the Trustee are managed by TMF Group LLC, a licensed trust company in the QFC (the “ <u>Trustee Administrator</u> ”), with registered office at c/o TMF Group LLC, Office No. 1422, 14 <sup>th</sup> Floor, Al Fardan Office Towers, No. 12, Doha, Qatar, 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 21 February 2022 made between the Trustee and the Trustee Administrator (the “ <u>Corporate Services Agreement</u> ”).
<b>Arrangers:</b>	Al Rayan Investment L.L.C. HSBC Bank plc
<b>Dealers:</b>	Al Rayan Investment L.L.C., Barclays Bank PLC, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, London Branch, HSBC Bank plc, J.P. Morgan Securities plc, Mizuho International plc, MUFG Securities EMEA plc, QNB Capital LLC, SMBC Nikko Capital Markets Limited, Société Générale, 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.

<b>Delegate:</b>	HSBC Corporate Trustee Company (UK) Limited (the “ <u>Delegate</u> ”). In accordance with the Master Trust Deed, the Trustee will, <i>inter alia</i> , unconditionally and irrevocably appoint the Delegate to be its delegate and attorney and to exercise certain present and future rights, powers, 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.
<b>Principal Paying Agent, Registrar and Transfer Agent:</b>	HSBC Bank plc.
<b>Initial Programme Size:</b>	Up to U.S.\$4,000,000,000 (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.
<b>Method of Issue:</b>	The Certificates may be issued on a syndicated or non-syndicated basis. The specific terms of each Series will be recorded in the Pricing Supplement.
<b>Issuance in Series:</b>	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 amount and date of the first payment of Periodic Distribution Amounts thereon and the date from which Periodic Distribution Amounts start to accrue.
<b>Currencies:</b>	Subject to any applicable legal or regulatory restrictions, Certificates may be denominated in any currency (each a “ <u>Specified Currency</u> ”) agreed between the Trustee, the Bank and the relevant Dealer.
<b>Maturities:</b>	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.
<b>Issue Price:</b>	Certificates may be issued at any price on a fully-paid basis, as specified in the applicable Pricing Supplement. 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.
<b>Denomination of Certificates:</b>	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 will be at least €100,000 (or, if the Certificates are denominated in a currency other than euro, the equivalent amounts 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 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 unsecured and unsubordinated monetary obligations of the Bank, present and future.

**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) 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) 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 (as defined in the Conditions) and the covenant given to the Trustee pursuant to Clause 13.1 of the Master Trust Deed); and (iv) 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 applicable Pricing Supplement.

**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 2021 ISDA Definitions or 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), as specified in the relevant pricing supplement 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.

See Condition 7(b).

**Benchmark Discontinuation:**

In the event that a Benchmark Event occurs, such that any profit rate (or any component part thereof) cannot be determined by reference to the original benchmark or screen rate (as applicable) specified in the applicable Pricing Supplement, then the Trustee and the Bank may (subject to certain conditions) be permitted to substitute such benchmark and/or screen rate (as applicable) with a successor, replacement or alternative benchmark and/or screen rate (with consequent amendment to the terms of such Series of Certificates and, potentially, the application of an Adjustment Spread (which could be positive, negative or zero)). See Condition 7(b)(iv) for further information.

**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 (c) 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 Pricing Supplement 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 Pricing Supplement 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) occurrence of a Tangibility Event (as set out in Condition 8(e) (*Dissolution at the Option of the Certificateholders (Tangibility Event)*));
- (iv) exercise of a Certificateholder Put Right (if applicable to the relevant Series);
- (v) occurrence of a Tax Event; or
- (vi) exercise of a Clean Up Call Right.

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 full at an amount equal to the relevant Dissolution Distribution Amount 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 the QFC (in the case of a payment by the Trustee) or Qatar (in the case of a payment by the Bank) or, in each case, any political subdivision or any authority therein or thereof having power to tax 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 Pricing Supplement, the Bank may, in accordance with Condition 8(c), require the Trustee to redeem all or some of the Certificates of the relevant Series 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 Pricing Supplement.

**Certificateholder Put Right:**

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

**Tangibility Event Put Right:**

Upon the occurrence of a Tangibility Event, Certificateholders may elect to redeem all or part of their Certificates in the circumstances set out in Condition 8(e) at the relevant Dissolution Distribution Amount. If, pursuant to such Condition, all of a Series of Certificates are redeemed, the Trust in respect of such Series of Certificates shall be dissolved.

Following the occurrence of a Tangibility Event, the Certificates should be tradable only in accordance with the Sharia principles of debt trading. On the date falling 15 days following the Tangibility Event Redemption Date, the Certificates will be delisted from any stock exchange (if any) on which the Certificates have been admitted to listing and/or to trading.

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

Pursuant to Condition 8(g), the Bank and/or any of its Subsidiaries may at any time purchase Certificates in the open 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(h).

**Clean Up Call Right:**

If 75 per cent. or more of the aggregate face amount of Certificates then outstanding have been redeemed and/or purchased and cancelled pursuant to Condition 8, the Obligor may, in accordance with Condition 8(i) require the Trustee, on giving notice not less than the minimum period nor more than the maximum period (each as specified in the applicable Pricing Supplement) to the Certificateholders (which notice shall be irrevocable) to redeem the Certificates in whole but not in part at the Dissolution Distribution Amount on the relevant Clean Up Call Dissolution Date, subject to and in accordance with Condition 8(i).

**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*”.

<b>Clearance and Settlement:</b>	<p>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.</p>
<b>Withholding Tax:</b>	<p>All payments by the Trustee in respect of the Certificates are to be made free and clear of, and without withholding 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 the QFC, Qatar or any authority therein or thereof having power to tax, unless such withholding 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 of such amounts as would have been received by it had no such withholding or deduction been required, subject to customary exceptions in accordance with Condition 10. If the Trustee is required to pay any additional amounts as aforesaid, the Bank has undertaken in 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.</p> <p>In addition, all payments by the Bank under the Transaction Documents to which it is a party are to be made without any deduction or withholding for, or on account of, any present or future taxes, levies, duties, fees, assessments or other charges of whatever nature unless required by law and without set-off or counterclaim of any kind. If any deduction or withholding is required by law, the Bank has undertaken to pay such additional amounts as shall result in receipt by the Trustee of such amounts as would have been received by it under the relevant Transaction Document had no such deduction or withholding been made.</p>
<b>Listing:</b>	<p>Application has been made to the London Stock Exchange for each Tranche of the Certificates issued under the Programme to be admitted to trading on the ISM. 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 Tranche and as will be specified in the applicable Pricing Supplement.</p> <p>If a Tangibility Event occurs, the relevant Certificates will be delisted from or removed from trading on any stock exchange or market (if any) in accordance with and subject to the provisions of Condition 8(e).</p> <p>Certificates may also be issued which are neither listed nor admitted to trading on any market.</p>
<b>Certificateholder Meetings:</b>	<p>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.</p>
<b>Tax Considerations:</b>	<p>See “<i>Taxation</i>” for a description of certain tax considerations applicable to the Certificates.</p>
<b>Governing Law and Submission to Jurisdiction:</b>	<p>The Certificates and any non-contractual obligations arising out of or in connection with them shall be governed by English law.</p> <p>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</p>



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 Terms (as defined in "*Description of the Trustee-The Administrator*") will be governed by the laws of the QFC.

**Waiver of Sovereign Immunity:**

The Bank has agreed in each of the Transaction Documents to which it is a party that, to the extent that it 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) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed to the Bank or any of its assets or revenues, it will not claim and has irrevocably and unconditionally waived such immunity in relation to any legal or arbitral proceedings or Disputes (as defined in the Conditions). 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 making, enforcement or execution against any of its assets whatsoever of any award, order 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 Service Agency Agreement, the Sale Undertaking, the Purchase Undertaking, (in respect of a Wakala/Mudaraba Series) the Master Restricted Mudaraba 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 A1 with a stable outlook by Moody's.

The Programme is expected to be rated A1 with a stable outlook by Moody's.

Qatar has been assigned a credit rating of AA- with a stable outlook, Aa3 with a stable outlook and AA- with a stable outlook, by Fitch, Moody's Deutschland and S&P.

Fitch is established in the UK and is registered under UK CRA Regulation and as such is included in the list of credit rating agencies published by the FCA on its website in accordance with the UK CRA Regulation. Each of Moody's, Moody's Deutschland and S&P is established in the European Union and is registered under the EU CRA Regulation and as such is

included in the list of credit rating agencies published by the ESMA on its website in accordance with the EU CRA Regulation. The ratings assigned by Moody's and Moody's Deutschland have been endorsed by Moody's Investors Service Ltd., which is established in the UK and registered under the UK CRA Regulation. The rating assigned by S&P has been endorsed by S&P Global Ratings UK Limited, which is established in the UK and registered under the UK 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 Pricing Supplement and may not necessarily be the same as the rating assigned to the Programme.

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 Dubai International Financial Centre, the EEA, Hong Kong, Kuwait, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, Malaysia, Singapore, Qatar (including the QFC), the United Arab Emirates (excluding the Dubai International Financial Centre), the United Kingdom and the United States of America. See "*Subscription and Sale*".

**United States Selling Restrictions:**

Regulation S, Category 2.

**Use of Proceeds**

The Issue Proceeds in respect of each Tranche of Certificates will be applied by the Trustee as follows:

(i) in the case of a Wakala Series, towards the purchase from the Bank of the Initial Wakala Portfolio; and

(ii) in the case 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).

Unless (i) otherwise specified in the relevant Pricing Supplement or (ii) the relevant Pricing Supplement specifies the relevant Series of Certificates as "Sustainable Certificates", the proceeds of each Tranche of Certificates issued and subsequently received by the Bank in consideration for the transactions entered into with the Trustee as set out above, as applicable, will be applied by the Bank for its general corporate purposes.

If the relevant Pricing Supplement specifies the relevant Series of Certificates as "Sustainable Certificates", an amount equivalent to the net proceeds of such Certificates will be applied to finance and/or refinance in whole or in part a portfolio of Eligible Sustainable Projects as set out in the Bank's Sustainable Finance Framework. (see "Description of the Group – Sustainable Finance Framework").

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published shall be incorporated in, and form part of, this Offering Circular:

- (a) the consolidated financial statements of the Bank for the year ended 31 December 2021, together with the audit report thereon (an electronic copy of which is available at: <https://www.alrayan.com/library/assets/Gallery/FinancialStatements/EN/MAR-FS-31-Dec-2021-English.pdf>); and
- (b) the consolidated financial statements of the Bank for the year ended 31 December 2020, together with the audit report thereon (an electronic copy of which is available at: <https://www.alrayan.com/library/assets/Gallery/FinancialStatements/EN/Q4-Financial-Results-En-2-11-2021.pdf>);
- (c) the unaudited interim consolidated financial statements of Al Khalij for the nine-month period ended 30 September 2021, together with the auditor's review report thereon (an electronic copy of which is available at: <https://www.alkhaliji.com/web/assets/site/pdf/akcb-fs-30-9-2021-english.pdf>); and
- (d) the consolidated financial statements of Al Khalij for the year ended 31 December 2020, together with the audit report thereon (an electronic copy of which is available at: <https://www.alkhaliji.com/web/assets/site/pdf/akcb-fs-31-dec-2020-final-qcb-approved-english.pdf>).

Any statement contained in a document which is incorporated by reference herein shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular. Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Offering Circular.

The Trustee and the Bank will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of any Certificates, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Certificates.

Copies of the documents incorporated by reference in this Offering Circular may be obtained from the registered office of the Trustee and from the specified office of the Principal Paying Agent during usual business hours.

## 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 relevant Pricing Supplement, 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 Pricing Supplement 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 relevant Pricing Supplement. 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.*

MAR Finance LLC (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.\$4,000,000,000 (or the equivalent in other currencies calculated as described in the amended and restated programme agreement between, amongst others, the Trustee, Masraf Al Rayan (Q.P.S.C.) (the “Obligor”) and the Dealers named therein dated 25 April 2022 (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 25 April 2022 between, amongst others, the Trustee, the Obligor and HSBC Corporate Trustee Company (UK) Limited as the Trustee's delegate (the “Delegate”, which expression shall include all persons for the time being the delegate or delegates under the Master 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 25 April 2022 has been entered into in relation to the Certificates between, amongst others, the Trustee, the Obligor, the Delegate, HSBC Bank plc as principal paying agent, registrar and transfer agent and the other agents named in it. The principal paying agent, the other paying agents, the registrar, the transfer agent 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 Agent” (which expression shall include the Registrar) and the “Calculation Agent(s)”, and together the “Agents”.

The terms and conditions (the “Conditions”) include summaries of, and are subject to, the detailed provisions of (i) the Trust Deed, which includes the form of Certificates referred to below, (ii) the Agency Agreement and (iii) 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 Pricing Supplement for the Certificate (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement attached to or endorsed on this Certificate which complete these Conditions. References to the “applicable Pricing Supplement” are, unless otherwise stated, to Part A of the Pricing Supplement (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 (including by means of email distribution) by Certificateholders during usual business hours at the specified office of the Principal Paying Agent.

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 any Tranche of Certificates (the “Proceeds”) in accordance with the terms of the Transaction Documents; (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:

“Adjustment Spread” means a spread (which may be positive, negative or zero) or a formula or methodology for calculating a spread which the Independent Adviser (in consultation with the Trustee and Obligor) or the Trustee and the Obligor (as the case may be) determine that it is required to be applied to the Successor Rate or the Alternative Reference Rate (as the case may be) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to the Certificateholders as a result of the replacement of the relevant Reference Rate with the Successor Rate or the Alternative Reference Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) (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) or the Trustee and the Obligor (as the case may be) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the relevant Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as the case may be); or
- (C) if no customary market usage is recognised or acknowledged, the Independent Adviser (following consultation with the Trustee and the Obligor) or the Trustee and the Obligor (as the case may be) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the relevant Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as the case may be); or
- (D) if no customary market usage is recognised or acknowledged, the Independent Adviser (following consultation with the Trustee and the Obligor) or the Trustee and the Obligor (as the case may be) determines in their sole discretion (acting in good faith and in a commercially reasonable manner) to be appropriate;

“Alternative Reference Rate” means an alternative benchmark or screen rate which the Independent Adviser (following consultation with the Trustee and the Obligor) determines, in accordance with Condition 7(b)(iv), is customarily applied in international debt capital markets transactions for the purposes of determining profit rates (or the relevant component part thereof) in the same Specified Currency as the Certificates or, if the Independent Adviser or the Obligor (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Obligor (as applicable) determines in their sole discretion is most comparable to the relevant Reference Rate;

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

“Benchmark Event” means: (i) the relevant Reference Rate ceasing to be published or ceasing to exist; or (ii) a public statement by the administrator of the relevant Reference Rate that it has ceased or that it will, by a specified future date within the following six months, cease publishing the relevant Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Rate); or (iii) a public statement by the supervisor of the administrator of the relevant Reference Rate, that the relevant Reference Rate has been or will, by a specified future date within the following six months, be permanently or indefinitely discontinued; or (iv) a public statement by the supervisor of the administrator of the relevant Reference Rate as a consequence of which the relevant Reference Rate will, by a specified future date within the following six months, 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 relevant Reference Rate that, in the view of such supervisor such Reference Rate is or will, by a specified future date within the following six months, be no longer representative of an underlying market, and such representativeness will not be restored (as determined by such supervisor); or (vi) it has become unlawful to calculate any payments due to be made to any Certificateholder using the relevant Reference Rate (including, without limitation, under the Benchmark Regulation (EU) 2016/1011 and/or as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as applicable), provided that in the case of sub-paragraphs (ii), (iii) and (iv) the Benchmark Event shall occur on the date of the cessation of publication of the relevant Reference Rate, the discontinuation of the relevant Reference Rate, or the prohibition of use of the relevant Reference Rate, as the case may be, and not the date of the relevant public statement;

“Broken Amount” means the amount specified as such in the applicable Pricing Supplement;

“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 TARGET2 System) specified in the applicable Pricing Supplement;
- (ii) if TARGET2 System is specified as a Business Centre in the applicable Pricing Supplement, 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 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”).

“Calculation Amount” means the amount specified as such in the applicable Pricing Supplement;

“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 Pricing Supplement and which must (if this Certificate is a Floating Rate Certificate) be a Periodic Distribution Date;

“Clean Up Call Right” means the right specified in Condition 8(i);

“Clean Up Call Dissolution Date” means, in relation to any exercise of the Clean Up Call Right, the date specified in the relevant Exercise Notice;

“Corporate Services Agreement” means the corporate services agreement entered into between the Trustee and the Trustee Administrator dated 25 April 2022;

“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 Pricing Supplement, 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 Pricing Supplement, the actual number of days in the Calculation Period divided by 365;
- (iii) if “Actual/365 (Sterling)” is specified in the applicable Pricing Supplement, 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 Pricing Supplement, 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 Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” 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<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

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

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” 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 D<sub>2</sub> will be 30;

- (viii) if Actual/Actual-ICMA is specified in the applicable Pricing Supplement,
- (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

- (y) the number of days in such Calculation Period falling in the next Determination 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 Pricing Supplement or, if none is so specified, the Periodic Distribution Date(s).

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

“Delisting Notice” has the meaning given to it in Condition 8(e);

“Designated Maturity” means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate;

“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;
- (f) any Tangibility Event Redemption Date;
- (g) any Clean Up Call Dissolution Date; or
- (h) such other date as specified in the applicable Pricing Supplement 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:
  - (1) the outstanding face amount of such Certificate; and
  - (2) any accrued but unpaid Periodic Distribution Amounts for such Certificate; or
- (b) such other amount specified in the applicable Pricing Supplement 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(C) of the Master Purchase Agreement, Clause 3.1(D)(3) of the Service Agency Agreement and, in respect of a Wakala/Mudaraba Series, Clause 10.2(C) 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;

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

“Fixed Amount” means the amount specified as such in the applicable Pricing Supplement;

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

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

“Guarantee” means, in relation to any Indebtedness or Relevant Indebtedness of any person, any obligation of another person to pay such Indebtedness or Relevant Indebtedness following demand or claim on that person including (without limitation):

- (a) any obligation to purchase such Indebtedness or Relevant Indebtedness;
- (b) any obligation to extend financing, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness or Relevant Indebtedness;
- (c) any indemnity against the consequences of a default in the payment of such Indebtedness or Relevant Indebtedness; and
- (d) any other agreement to be responsible for such Indebtedness or Relevant Indebtedness;

“Indebtedness” means any present or future indebtedness of any person for or in respect of any money borrowed or raised including (without limitation) any borrowed money or liability arising under or in respect of any acceptance or acceptance credit or evidenced by any notes, bonds, debentures, debenture stock, loan stock or other securities or any monies raised under any transaction having the commercial effect of borrowing or raising money;

“Independent Adviser” means an independent financial institution of international repute or an independent adviser with appropriate expertise appointed by the Trustee and the Obligor at the Obligor's expense relating to any Benchmark Event;

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

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

“Intangible Sukuk Assets” means in relation to Tangible Sukuk, the intangible portion of such Tangible Sukuk that does not comprise the Tangible Sukuk Assets;

“ISDA Definitions” means the version of the 2021 or 2006 ISDA Interest Rate Derivatives Definitions as specified in the relevant Pricing Supplement, as published by the International Swaps and Derivatives Association, Inc. as may be supplemented or amended as at the Issue Date, unless otherwise specified in the applicable Pricing Supplement;

“LCIA” means the London Court of International Arbitration;

“Liability” means any loss, damage, cost, 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 25 April 2022 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 25 April 2022 between, amongst others, 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:

- (a) 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 10 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
- (b) 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 (a) above, and

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 Pricing Supplement;

“Minimum Optional Dissolution Amount” means the amount specified as such in the applicable Pricing Supplement;

“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 (being no more than 49 per cent.) 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;

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

“Mudarib” means the Obligor in its capacity as such pursuant to the Restricted Mudaraba Agreement;

“Non-recourse Project Financing” means any financing of all or part of the costs of the acquisition, construction or development of any project, provided that: (i) any Security Interest given by the Obligor or the relevant Subsidiary, as the case may be, is limited solely to assets of the project, (ii) the person providing such financing expressly agrees to limit its recourse to the project financed and the revenues derived from such project as the principal source of repayment for the monies advanced and (iii) there is no other recourse to the Obligor or the relevant Subsidiary, as the case may be, in respect of any default by any person under the financing;

“Obligor Event” means any of the following events:

- (a) Non-payment: the Obligor fails to pay an amount in the nature of profit (or any amount corresponding to the Periodic 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 14 days, or the Obligor (acting in any capacity) fails to pay an amount in the nature of capital, principal (or any amount corresponding to 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
- (b) Breach of Other Obligations: the Obligor, acting in any capacity, defaults in the performance or observance of any of its covenants and/or obligations in relation to the Certificates or under the Transaction Documents to which it is a party (other than the Programme Agreement and the Agency Agreement) and such default remains unremedied for a period of 30 days after written notice of such default shall have been given to the Obligor by the Delegate (except where such default is, in the opinion of the Delegate, not capable of remedy in which case no such notice of default shall be required), except that a failure to comply with the obligations of clause 3.1(B) of the Service Agency Agreement (other than the failure by the Servicing Agent to deliver the required notice pursuant to clause 3.1(B)(2) of the Service Agency Agreement), shall not constitute an Obligor Event; or
- (c) Cross-Default: any Indebtedness of the Obligor or any of the Obligor's Material Subsidiaries (or any Guarantee given by any of them in respect of any Indebtedness) is not paid when due or, as the case may be, within any originally applicable grace period or any such Indebtedness becomes due and payable prior to its specified maturity (or, in the case of a Guarantee, is called) as a result of an event of default (however described) provided, however, that it shall not constitute an Obligor Event unless the aggregate amount (or its equivalent in U.S. dollars) of all such Indebtedness or Guarantees either alone or when aggregated with all other Indebtedness or Guarantees which shall remain unpaid or unsatisfied or is so declared or becomes due and payable or is called, or a creditor becomes entitled so to do, as the case may be, shall be more than U.S.\$10,000,000 (or its equivalent in any other currencies); or
- (d) Winding-up, etc.: the Obligor or any of the Obligor's Material Subsidiaries takes any corporate action or an effective resolution is passed or legal proceedings are started (and such proceedings have not been discharged within 30 days and are not being actively contested in good faith) for its winding-up, dissolution, bankruptcy, administration or reorganisation (whether by way of voluntary arrangement, scheme of arrangement or otherwise) or for the appointment of a liquidator, receiver, administrator, administrative receiver, conservator, custodian, trustee or similar officer of it or of any substantial part or all of its revenues and assets, except for the purposes of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation: (A) on terms approved by an Extraordinary Resolution of the Certificateholders; or (B) in the case of a Material Subsidiary, whereby all or a substantial part of the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Obligor or another Subsidiary of the Obligor; or
- (e) Ceasing of business, etc.: the Obligor or any of the Obligor's Material Subsidiaries ceases to carry on the whole or a substantial part of its business except for the purposes of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Certificateholders or (ii) in the case of a Material Subsidiary, whereby all or a substantial part of the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Obligor or another Subsidiary of the Obligor; or

- (f) Insolvency, etc.: the Obligor or any of its Material Subsidiaries is (or is deemed by a court or any applicable legislation to be) insolvent or bankrupt or unable to pay all or a material part of its debts as the same fall due, or stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, or commences negotiations with its creditors as a whole or any one or more classes of its creditors with a view to the general readjustment or rescheduling of all or a material part of its debts or proposes or makes a general assignment for the benefit of or an arrangement or a composition or conciliation with its creditors in respect of such debts; or
- (g) Execution, attachment etc.: any execution, attachment, distress, sequestration or other similar legal process made pursuant to a court order or judgment or arising by virtue of any law or regulation affects the whole or a substantial part of the assets of the Obligor or any of the Obligor's Material Subsidiaries and is not discharged within 30 days; or
- (h) Unsatisfied judgment: the Obligor or any of the Obligor's Material Subsidiaries fails to comply with or pay any sum which amount shall not be less than U.S.\$10,000,000 due from it under any final non-appealable judgment or any final non-appealable order made or given by any court of competent jurisdiction and such failure continues for a period of 30 days next following the service by the Delegate on the Obligor of notice requiring the same to be paid/remedied; or
- (i) Government intervention: by or under the authority of any government or governmental body (acting solely in its capacity as such), (A) the management of the Obligor or any of the Obligor's Material Subsidiaries is wholly or substantially displaced or the authority of the Obligor or any of its Material Subsidiaries in the conduct of its business is wholly or substantially curtailed or (B) all or a majority of the issued shares of the Obligor or any of the Obligor's Material Subsidiaries or the whole or substantial part of their respective revenues or assets is seized, nationalised, expropriated or compulsorily acquired provided that, in the case of (A), an Obligor Event will not occur as a result of any duly authorised action taken by a government or governmental body acting solely in its capacity as a shareholder of the Obligor or any Material Subsidiary, as the case may be; or
- (j) Unlawfulness: the Obligor repudiates any Transaction Document to which it is a party or at any time it is or becomes unlawful for the Obligor (acting in any capacity) to perform or comply with any or all of its material obligations under or in respect of the Transaction Documents to which it is respectively a party or any of the material obligations of the Obligor (acting in any capacity) thereunder are not or cease to be legal, valid, binding and enforceable; or
- (k) Security Enforced: any Security Interest present or future, created or assumed by the Obligor or any of the Obligor's Material Subsidiaries in respect of all or a material part of the property, assets or revenues of the Obligor or any of its Material Subsidiaries, as the case may be, becomes enforceable and is enforced (including the taking of possession or the appointment of a receiver, administrative receiver, manager or other similar person); or
- (l) Analogous Event: any event occurs which under the laws of Qatar has an analogous effect to any of the events referred to in paragraphs (iv), (vi), and (xi) above;

“Optional Dissolution Date” means, in relation to any exercise of the Optional Dissolution Right, the date(s) specified as such in the applicable Pricing Supplement 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 7(b), as applicable;

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

“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;

“Permitted Security Interest” means:

- (a) any Security Interest securing any Relevant Indebtedness of a person existing at the time that such person is merged into, or consolidated with the Obligor or the relevant Subsidiary, as the case may be, provided that such Security Interest was not created in contemplation of such merger or consolidation and does not extend to any other assets or property of the Obligor or the relevant Subsidiary, as the case may be;
- (b) any Security Interest existing on any property or assets prior to the acquisition thereof by the Obligor or the relevant Subsidiary, as the case may be, provided that such Security Interest was not created in contemplation of such acquisition and does not extend to other assets or property of the Obligor or the relevant Subsidiary, as the case may be (other than proceeds of such acquired assets or property), and provided that the maximum amount of Relevant Indebtedness thereafter secured by such Security Interest does not exceed the purchase price of such property or the Relevant Indebtedness incurred solely for the purpose of financing the acquisition of such property; or
- (c) any renewal of or substitution for any Security Interest permitted by any of paragraphs (a) to (b) (inclusive) of this definition, provided that with respect to any such Security Interest the principal amount secured has not increased and the Security Interest has not been extended to any additional assets (other than the proceeds of such assets);

“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:

- (a) 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 Pricing Supplement, shall mean the Fixed Amount or Broken Amount specified in the applicable Pricing Supplement as being payable on the Periodic Distribution Date ending the Periodic Distribution Period of which such Return Accumulation Period forms part; and
- (b) 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 Pricing Supplement;

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

“Profit Rate” means the profit rate payable from time to time in respect of this Certificate and that is either specified in the applicable Pricing Supplement or calculated in accordance with the provisions hereof;

“Profit Rate Determination Date” means, with respect to a Profit Rate and Return Accumulation Period, the date specified as such in the applicable Pricing Supplement or, if none is so specified (i) the first day of such Return Accumulation Period, if the Specified Currency is sterling or (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 amended and restated Master Purchase Agreement as supplemented by the applicable Supplemental Purchase Agreement;

“Purchase Undertaking” means the amended and restated purchase undertaking dated 25 April 2022 and granted by the Obligor for the benefit of the Trustee and the Delegate;

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

“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 Calculation Agent 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 Pricing Supplement) in respect of the currency and period specified in the applicable Pricing Supplement:

- (a) EURIBOR;
- (b) KIBOR;
- (c) HIBOR;
- (d) KLIBOR;
- (e) TRLIBOR or TRYLIBOR;
- (f) SIBOR;
- (g) EIBOR;
- (h) TIBOR;
- (i) SAIBOR; and
- (j) QIBOR

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

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

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

“Relevant Indebtedness” means: (i) any Indebtedness, other than Indebtedness incurred in connection with a Non-recourse Project Financing or a Securitisation, 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, dealt in or traded on any stock exchange, over-the-counter or other securities market; and (ii) any Relevant Sukuk Obligation;

“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;

“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 Pricing Supplement;

“Relevant Sukuk Obligation” means any undertaking or other obligation, other than any undertaking or obligation incurred in connection with a Non-recourse Project Financing or a Securitisation, to pay any money given in connection with the issue of certificates, 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, dealt in or traded on any stock exchange, over-the-counter or other securities market;

“Relevant Time” means the time specified as such in the applicable Pricing Supplement;

“Restricted Mudaraba Agreement” means the amended and restated 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;

“Sale Undertaking” means the amended and restated sale undertaking dated 25 April 2022 and granted by the Trustee for the benefit of the Obligor;

“Scheduled Dissolution Date” means the date specified as such in the applicable Pricing Supplement;

“Securitisation” means any securitisation of existing or future assets and/or revenues, provided that: (i) any Security Interest given by the Obligor or the relevant Subsidiary, as the case may be, in connection therewith is limited solely to the assets and/or revenues which are the subject of the securitisation; (ii) each person participating in such securitisation expressly agrees to limit its recourse to the assets and/or revenues so securitised as the principal source of repayment for the money advanced or payment of any other liability; and (iii) there is no other recourse to the Obligor or the relevant Subsidiary, as the case may be, in respect of any default by any person under the securitisation;

“Security Interest” means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

“Seller” means the Obligor in its capacity as such pursuant to the Master Purchase Agreement;

“Series” means a Tranche of Certificates 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 date from which Periodic Distribution Amounts start to accrue;

“Service Agency Agreement” means the amended and restated Service Agency Agreement dated 25 April 2022 between, amongst others, 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 Pricing Supplement 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 Pricing Supplement;

“Subsidiary” means any person: (i) in which another person (the parent) holds a majority of the voting rights; or (ii) of which the parent has the right to appoint or remove a majority of the board of directors; or (iii) of which the parent controls a majority of the voting rights, and includes any person which is a Subsidiary of a Subsidiary of the parent;

“Successor Rate” means the rate that the Independent Adviser (in consultation with the Trustee and the Obligor) determines is a successor to or replacement of the relevant Reference Rate which is formally recommended by any Relevant Nominating Body.

“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 purchase of the Initial 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;

“Tangibility Event” means, at any time, the Tangibility Ratio falls below 33 per cent.;

“Tangibility Event Notice” means a notice in or substantially in the form set out the relevant schedule to the Service Agency Agreement, indicating that a Tangibility Event has occurred;

“Tangibility Event Put Exercise Notice” has the meaning given to it in Condition 8(e);

“Tangibility Event Put Right” has the meaning given to it in Condition 8(e);

“Tangibility Event Put Right Period” shall be the period of 30 days commencing on the date that a Delisting Notice is given;

“Tangibility Event Redemption Date” shall be: (a) a date falling not less than 75 days following the expiry of the Tangibility Event Put Right Period; and (b) (if the Floating Periodic Distribution Provisions are specified in the applicable Pricing Supplement as being applicable) a Periodic Distribution Date;

“Tangibility Ratio” means:

(a) in respect of a Wakala Series, the ratio of:

- (1) the aggregate Value of the Wakala Assets comprising a Wakala Portfolio (excluding any Wakala Portfolio Principal Revenues and Intangible Sukuk Assets received in respect of such Wakala Portfolio and not used to acquire further assets in accordance with the terms of the Service Agency Agreement); to
- (2) the aggregate of the Value of the Wakala Portfolio and any Wakala Portfolio Principal Revenues received in respect of such Wakala Portfolio and not used to acquire further assets in accordance with the terms of the Service Agency Agreement,

expressed as a percentage; and

(b) in respect of a Wakala/Mudaraba Series, the ratio of:

- (1) the aggregate of the Value of the Wakala Assets and the Mudaraba Assets (excluding any Wakala Portfolio Principal Revenues and Mudaraba Portfolio Principal Revenues received in respect of the Wakala Portfolio and the Mudaraba Portfolio, respectively, and not used to acquire further assets in accordance with the terms of the Service Agency Agreement and the Master Restricted Mudaraba Agreement, respectively, and Intangible Sukuk Assets comprising the Mudaraba Portfolio and/or the Wakala Portfolio, as applicable); to
- (2) the aggregate of the Value of the Wakala Portfolio and Mudaraba Portfolio and any Wakala Portfolio Principal Revenues and Mudaraba Portfolio Principal Revenues received in respect of such Wakala Portfolio and Mudaraba Portfolio (as the case may be) and not used to acquire further assets in accordance with the terms of the Service Agency Agreement or the Master Restricted Mudaraba Agreement (as the case may be),

expressed as a percentage;

“Tangible Sukuk” means Sukuk certificates that meet the *Shari'a* requirements of tradability;



“Tangible Sukuk Asset” means, in relation to Tangible Sukuk, the portion of such Tangible Sukuk corresponding to the minimum tangibility requirement (expressed as a percentage) that: (i) is required to be satisfied during the tenor of such Tangible Sukuk post the issue date thereof; or (ii) if there is no such requirement, was required to be satisfied on the relevant issue date, in the case of each of (i) or (ii), as further detailed in the relevant legal documentation relating to such Tangible Sukuk;

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

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System 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 in London in the Trustee’s name held with HSBC Bank plc and into which the Obligor will deposit all amounts due to the Trustee under the Transaction Documents, details of which are specified in the applicable Pricing Supplement;

“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 TMF Group LLC;

“Trustee Event” means any of the following events:

- (i) Non-Payment: default is made in the payment of the Dissolution Distribution Amount on the date fixed for payment thereof or default is made in the payment of any Periodic Distribution Amount on the due date for payment thereof and, in the case of the Dissolution Distribution Amount, such default continues unremedied for a period of seven days and, in the case of a Periodic Distribution Amount, such default continues unremedied for a period of 14 days; or
- (ii) Breach of Other Obligations: the Trustee defaults in the performance or observance of or compliance with any of its other obligations or undertakings under 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 written notice of such default shall have been given to the Trustee by the Delegate; or

- (iii) Repudiation: the Trustee repudiates any Transaction Document to which it is a party or does or causes to be done any act or thing evidencing an intention to repudiate any Transaction Document to which it is a party; or
- (iv) Illegality: at any time it is or will become unlawful or impossible for the Trustee (by way of insolvency or otherwise) to perform or comply with any or all of its obligations under the Transaction Documents or any of the obligations of the Trustee under the Transaction Documents are not or cease to be legal, valid, binding and enforceable; or
- (v) Insolvency: either: (a) the Trustee becomes insolvent or is unable to pay its debts as they fall due; (b) an administrator or liquidator of the whole or substantially the whole of the undertaking, assets and revenues of the Trustee is appointed (or application for any such appointment is made); (c) the Trustee takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it; or (d) the Trustee ceases or threatens to cease to carry on all or substantially the whole of its business; or
- (vi) Winding-up: an order or decree is made or an effective resolution is passed for the winding-up, liquidation or dissolution of the Trustee; or
- (vii) Analogous Events: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (v) and (vi) above.

For the purpose of paragraph (i) above, all amounts payable in respect of the Certificates shall be considered due and payable (including for the avoidance of doubt any amounts calculated as being payable under Condition 7 and Condition 8) notwithstanding that the Trustee has at the relevant time insufficient funds or relevant Trust Assets to pay such amounts;

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

“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 Pricing Supplement;

“Wakala/Mudaraba Series” means a Series of Certificates specified as such in the applicable Pricing Supplement; and

“Wakala Portfolio Principal Revenues” has the meaning given to it in the Service Agency Agreement.

All references to the “face amount” of a Certificate shall be deemed to include 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 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 Pricing Supplement. 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 Pricing Supplement.

The Certificates may form part of a Wakala Series or a Wakala/Mudaraba Series, as the case may be, as specified in the applicable Pricing Supplement.

Certificates are represented by registered certificates and, save as provided in Condition 3(c), each 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 Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the Register. Except as ordered by a court of competent jurisdiction or as required by law, the registered holder 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 an interest in it, any writing on it or its theft or loss) and no person shall be liable for so treating the holder. The registered 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 Pricing Supplement, 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. The Conditions are modified by certain provisions contained in the Global Certificate.*

*Except in limited circumstances, owners of interests in the Global Certificate will not be entitled to receive definitive 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 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 one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new 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 certificate representing the enlarged holding shall only be issued against surrender of the certificate representing the existing holding. All transfers of Certificates and entries on the Register will be made subject to 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 Certificate, a new 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. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent.

- (c) Delivery of New Certificates: Each new Certificate to be issued pursuant to Condition 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, Certificateholder Put Exercise Notice or Tangibility Event Put Exercise Notice, as the case may be, and surrender of the Certificate for exchange. Delivery of the new Certificate 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, Certificateholder Put Exercise Notice or Tangibility Event Put Exercise Notice, as the case may be, and surrender of such 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 Tangibility Event Put Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new 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 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 on registration, transfer, exercise of an option or partial dissolution shall be effected without charge by or on behalf of the Trustee, the Registrar or the Transfer Agents, but upon payment of any stamp duty, tax or other governmental charges that may be imposed in relation to it (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. 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 Obligor (in any capacity) to the Trustee under the Transaction Documents in respect of each Series of Certificates 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 unsecured and unsubordinated monetary obligations of the Obligor, present and future.

- (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 relevant Trust Assets are the sole source of payments on the Certificates of each Series. The net proceeds of the realisation of, or enforcement with respect to, the relevant Trust Assets may not be sufficient to make all payments due in respect of the Certificates. Certificateholders, by subscribing for or acquiring the Certificates, acknowledge and 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 directors, officers, employees or agents on their behalf except to the extent funds are available therefor from the relevant Trust Assets and further acknowledge and agree that 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 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 relevant Trust Assets), or the Trustee Administrator, the Delegate, the Agents or any of their respective directors, officers, employees, agents, shareholders or affiliates, 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 as a consequence of such shortfall or otherwise;
- (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 or 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 payments under the relevant Transaction Documents to which it is a party directly to or to the order of the Trustee. Such payment obligations form part of the Trust Assets and the Trustee and the Delegate 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) 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) 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) 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 Offering Circular 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 in its capacity as trustee administrator and provider of registered office services, 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 the Certificates hereunder 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 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 interests 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 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 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 has, pursuant to the Purchase Undertaking, undertaken that, so long as any Certificate remains outstanding, the Obligor shall not, and shall procure that none of its Material Subsidiaries will, create or have outstanding any Security Interest, other than a Permitted Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness of the Obligor or any Guarantee (by the Obligor) of any Relevant Indebtedness of others, without: (i) at the same time or prior thereto according to the Certificates the same security as is created or subsisting to secure any such Relevant Indebtedness or any Guarantee in respect of such Relevant Indebtedness; or (ii) providing such other

Security Interest for the Certificates as may be approved by an Extraordinary Resolution of Certificateholders.

## 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 Pricing Supplement as Specified Periodic Distribution Dates or, if no Specified Periodic Distribution Date(s) is/are shown in the applicable Pricing Supplement, Periodic Distribution Date shall mean each date which falls the number of months or other period shown in the applicable Pricing Supplement 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 Pricing Supplement and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the applicable Pricing Supplement.

(A) ISDA Determination for Floating Rate Certificates

Where ISDA Determination is specified in the applicable Pricing Supplement 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 Pricing Supplement;
- (y) the Designated Maturity is a period specified in the applicable Pricing Supplement; and
- (z) the relevant Reset Date is the first day of that Return Accumulation Period unless otherwise specified in the applicable Pricing Supplement.

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 Pricing Supplement 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 Pricing Supplement) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) 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 Calculation Agent 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) If paragraph (y) above applies and the Calculation Agent 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 (and at the request of) the Calculation Agent 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, or the arithmetic mean of the offered rates 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) and that such failure is not due to the occurrence of a Benchmark Event, the Profit Rate shall be determined as at the last preceding Profit Rate Determination Date (though substituting, where a different Margin or Maximum 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 the Profit Rate cannot be determined because of the occurrence of a Benchmark Event, the Profit Rate shall be calculated in accordance with the terms of Condition 7(b)(iv).

(iv) *Benchmark Replacement*

Notwithstanding the other provisions of this Condition 7(b), if the Trustee and the Obligor, following consultation with the Calculation Agent, determine that a Benchmark Event has occurred in relation to the relevant Reference Rate specified in the applicable Pricing Supplement when any Profit Rate (or the relevant component part thereof) remains to be determined by such Reference Rate, then the following provisions shall apply:

- (A) 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 five Business Days prior to the relevant Profit Rate Determination Date relating to the next succeeding Periodic Distribution Period (the “IA Determination Cut-Off Date”), a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Reference Rate and, in either case, an Adjustment Spread for the purposes of determining the Profit Rate (or the relevant component part thereof) applicable to the Certificates;
- (B) if (A) the Trustee and the Obligor are unable to appoint an Independent Adviser; or (B) the Independent Adviser appointed by the Trustee and the Obligor fails to determine a Successor Rate or, failing which, an Alternative Reference Rate and, in either case, an Adjustment Spread in accordance with this Condition 7(b)(iv) prior to the relevant IA Determination Cut-Off Date, then the Obligor (acting in good faith and in a commercially reasonable manner) may elect to determine the Successor Rate or, failing which, an Alternative Reference Rate (as applicable) and, in either case, an Adjustment Spread itself for the purposes of determining the Profit Rate (or the relevant component part thereof) applicable to the Certificates or, if applicable, any Benchmark Amendments (as defined below), to ensure the proper operation of such Successor Rate or Alternative Reference Rate and/or (in either case) the applicable Adjustment Spread (with the relevant provisions in this Condition 7(b)(iv) applying *mutatis mutandis* to allow such determinations to be made by the Obligor without consultation with the Independent Adviser);
- (C) 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, Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Periodic Distribution Periods in respect of such Certificates (subject to the subsequent operation of, and to adjustment as provided

in, this Condition 7(b)(iv)). If, however, the Independent Adviser (in consultation with the Trustee and the Obligor) or the Obligor (acting in good faith and in a commercially reasonable manner) (as applicable) is unable to determine, prior to the IA Determination Cut Off Date relating to the next succeeding Interest Period, the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread;

- (D) 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);
- (E) if any Successor Rate, Alternative Reference Rate or Adjustment Spread is determined in accordance with this Condition 7(b)(iv) and the Independent Adviser (following consultation with the Trustee and the Obligor) or the Obligor (acting in good faith and in a commercially reasonable manner), as applicable, determines: (A) that amendments to these Conditions (including, without limitation, amendments to the definitions of Day Count Fraction, Business Day, Business Day Convention, Profit Rate Determination Date or Relevant Screen Page) are necessary to ensure the proper operation of such Successor Rate, Alternative Reference Rate and/or 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 delivery of a notice in accordance with Condition 7(b)(iv)(F): (x) the Obligor shall vary these Conditions and the relevant Transaction Documents to give effect to such Benchmark Amendments with effect from the date specified in such notice; and (y) the Trustee, 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 Obligor in effecting such Benchmark Amendments, provided that none of the Trustee, the Delegate or any Agent shall be required to effect any such Benchmark Amendments if the same 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 the Master Trust Deed and/or these Conditions and/or the Agency Agreement (as applicable).

Prior to any such Benchmark Amendments taking effect: (1) the Trustee shall provide a certificate signed by a director or a duly authorised signatory of the Trustee to the Delegate and the Principal Paying Agent; and (2) the Obligor shall provide a certificate signed by a duly authorised signatory of the Obligor to the Trustee, the Delegate and the Principal Paying Agent that such Benchmark Amendments are: (x) in the Trustee's or the Obligor's (as the case may be) reasonable opinion (following consultation with the Independent Adviser), necessary to give effect to any application of this Condition 7(b); and (y) in each case, have been drafted solely to such effect, and the Trustee, the Delegate and the Principal Paying Agent (as the case may be) shall be entitled to rely on such certificates without further enquiry or liability to any person. For the avoidance of doubt, none of the Delegate or any Agent shall be liable to the Certificateholders or any other person for so acting or relying on such certificate, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such Certificateholder or person;

- (F) the Obligor shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable) and the specific terms of any Benchmark Amendments, give notice to the Calculation Agent (at least five Business Days prior to the date on which they are to become effective, to enable it to update its systems in order to carry out the new calculation (and for the clearing systems' records to be updated)), the Delegate, the other Agents, and, in accordance with Condition 17, the Certificateholders 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) The confirmation shall be by way of a certificate signed by two Authorised Signatories and shall also certify that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate and/or Alternative Reference Rate;

The Delegate and the Agents shall be entitled to rely on such certificate (without enquiry or liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Reference Rate and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error in the determination of the Successor Rate or Alternative Reference Rate and the Benchmark Amendments (if any) and without prejudice to the Delegate's or the Agent's ability to rely on such certificate as aforesaid) be binding on the Trustee, the Delegate, the Obligor, the Agents and the Certificateholders;

- (G) if, following the occurrence of a Benchmark Event and in relation to the determination of the Profit Rate (or the relevant component thereof) on the immediately following Profit Rate Determination Date, no Successor Rate or Alternative Reference Rate (as applicable) is determined pursuant to this provision, then the Profit Rate (or the relevant component part thereof) 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 Periodic Distribution Period from that which applied to the last preceding Periodic Distribution Period, the Margin or Maximum Rate Profit Rate or Minimum Profit Rate relating to the relevant Periodic Distribution Period, in place of the Margin or Maximum Profit Rate or Minimum Profit Rate relating to that last preceding Periodic Distribution Period). For the avoidance of doubt, this Condition 7(b)(iv)(G) shall apply to the relevant immediately following Periodic Distribution Period only and any subsequent Periodic Distribution Periods are subject to the subsequent operation of and to adjustment as provided in, this Condition 7(b)(iv);
- (H) the Independent Adviser appointed pursuant to this Condition 7(b)(iv) shall act and make all determinations pursuant to this Condition 7(b)(iv) in good faith and the Independent Adviser shall act as an expert. In the absence of bad faith, wilful default or fraud, neither the Independent Adviser nor the Obligor shall have any liability whatsoever to the Principal Paying Agent, the Paying Agents or the Certificateholders in connection with any determination made by it or, in the case of the Independent Adviser, for any advice given to the Obligor in connection with any determination made by the Obligor pursuant to this Condition 7(b)(iv); and
- (v) *Linear Interpolation*: Where Linear Interpolation is specified as applicable in respect of a Periodic Distribution Period in the applicable Pricing Supplement, the Profit Rate for such Periodic Distribution 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 Pricing Supplement) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Pricing Supplement), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Periodic Distribution Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Periodic Distribution Period, provided however that, if there is no rate available for a 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.
- (c) Entitlement to Profit: Profit shall cease to accumulate in respect of each Certificate on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event profit shall, subject to the terms of the Transaction Documents, continue to accumulate (both before and after judgment) at the Profit Rate in the manner provided in this Condition 7 to the Relevant Date.

- (d) Margin, Maximum Profit Rates/Minimum Profit Rates and Rounding:
- (i) If any Margin is specified in the applicable Pricing Supplement (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 Pricing Supplement, 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 halves being rounded up),
    - (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and
    - (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves 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.
- (e) 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 Pricing Supplement 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 Pricing Supplement 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.
- (f) 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 relevant 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 (other than the stock exchange or other relevant authority in each of the United Kingdom, Luxembourg and the Republic of Ireland), 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.

- (g) Determination or Calculation by the Delegate: If the Calculation Agent does not at any time for any reason determine or calculate the Profit Rate for a Return Accumulation Period or any Profit Amount or Dissolution Distribution Amount, the Delegate may do so (or may appoint an agent on behalf of the Trustee to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Delegate or, as the case may be, such agent shall apply the foregoing provisions of this Condition 7(g), with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.
- (h) 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 Pricing Supplement 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 the 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 interbank 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.

For the avoidance of doubt, in no event shall the Calculation Agent be responsible for determining any Successor Rate or an Alternative Reference Rate. The Calculation Agent will be entitled to conclusively rely on any determination made by the Trustee, the Obligor or the Independent Adviser and will have no liability for such actions taken at the direction of the Trustee, the Obligor or the Independent Adviser.

## 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 Pricing Supplement 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 the QFC or any political subdivision or, in each case, any authority thereof or therein having power to tax, 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 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 Qatar or any political subdivision or, in each case, any authority thereof or therein having power to tax, 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 Pricing Supplement 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 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 such certificate and legal 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 (without liability to any person), 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 Pricing Supplement, 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 Pricing Supplement to the Delegate and the Certificateholders, redeem all or, if so specified in the relevant Exercise Notice, 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 Pricing Supplement and no greater than the Maximum Optional Dissolution Amount to be redeemed specified in the applicable Pricing Supplement.

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 deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (d) Dissolution at the Option of Certificateholders (Certificateholder Put Right): If Certificateholder Put Right is specified as applicable in the applicable Pricing Supplement, 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 Pricing Supplement 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 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 certificate so deposited and right exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Trustee.

- (e) Dissolution at the Option of Certificateholders (Tangibility Event): If a Tangibility Event occurs, upon receipt of a Tangibility Event Notice from the Obligor in accordance with the Service Agency Agreement, the Trustee shall promptly give a Delisting Notice to the Certificateholders, in accordance with Condition 17 specifying:
- (1) that a Tangibility Event has occurred, together with an explanation of the reasons for, and evidence of, such occurrence;
  - (2) the Certificates should be tradable only in accordance with the Shari'a principles of debt trading;
  - (3) on the date falling 15 days following the Tangibility Event Redemption Date, the Certificates will be delisted from any stock exchange (if any) on which the Certificates have been admitted to listing; and
  - (4) the Tangibility Event Put Right Period, during which period any Certificateholder shall have the option to require the redemption of all or any of its Certificates.

Upon receipt of the Delisting Notice, any Certificateholder may exercise its option within the Tangibility Event Put Right Period to require the redemption of all or any of its Certificates. If any Certificateholder exercise its right to redeem its Certificate in accordance with this Condition 8(e), the Trustee shall redeem such Certificates on the Tangibility Event Redemption Date at its Dissolution Distribution Amount. If all (and not some only) of the Certificates are to be redeemed on any Tangibility Event Redemption Date in accordance with this Condition 8(e), upon payment in full of such amounts to all Certificateholders and execution of a sale agreement pursuant to the Purchase Undertaking, the Trustee shall be bound to dissolve the Trust.

To exercise this “Tangibility Event Put Right”, a Certificateholder must deposit the certificate representing such Certificate(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed exercise notice (“Tangibility Event Put Exercise Notice”) in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the within the Tangibility Event Put Right Period.

No certificate so deposited and right exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Trustee.

- (f) 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, as the case may be.
- (g) Purchases: Each of the Obligor and the Obligor's Subsidiaries may at any time purchase Certificates in the open market or otherwise at any price.



- (h) **Cancellation:** Any Certificates purchased by or on behalf of the Obligor or any of the Obligor's Subsidiaries may, at the option of the Obligor, be surrendered for cancellation by surrendering the 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 Sale Undertaking. Any Certificates so surrendered and all Certificates that are redeemed in accordance with this Condition 8 and/or Condition 12 shall be cancelled forthwith and may not be 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(h), the Trustee shall be bound to dissolve the Trust.
- (i) **Clean Up Call Right:** If 75 per cent. or more of the aggregate face amount of Certificates then outstanding have been redeemed and/or purchased and cancelled pursuant to this Condition 8, as the case may be, the Trustee shall, upon receipt of a duly completed Exercise Notice from the Obligor in accordance with the Sale Undertaking, and on giving notice not less than the minimum period nor more than the maximum period, as specified in the Pricing Supplement, to the Certificateholders in accordance with Condition 17 (which notice shall be irrevocable), redeem all (but not some only) of the Certificates at the relevant Dissolution Distribution Amount on the date specified in such notice (such dissolution date being a "Clean Up Call Dissolution Date") ("Clean Up Call Right"). Upon payment in full of the relevant Dissolution Distribution Amount to the Certificateholders, the Trustee shall be bound to dissolve the Trust.
- (j) **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 and the subsequent dissolution of the Trust as provided in this Condition 8 and/or Condition 12 (as the case may be), 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.

## 9. **Payments**

- (a) **Method of Payment:** Payments of the Dissolution Distribution Amount shall be made against presentation and surrender of the relevant 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 paid 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.

- (b) **Payments subject to Laws:** Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto, 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 (the "Code") or otherwise imposed pursuant to Sections 1471 to 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 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 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 the 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 business day, the holder shall not be entitled to payment until the next following business day, nor to any profit or other sum in respect of such postponed payment. In this Condition 9(d), “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 Pricing Supplement 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 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 the QFC or Qatar or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Trustee shall pay such additional amounts as shall result in receipt by the Certificateholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Certificate:

- (a) Other connection: the holder of which is liable to such taxes, duties, assessments or governmental charges in respect of such Certificate by reason of his having some connection with the QFC or, in the case of payments by the Obligor, Qatar other than the mere holding of the Certificate; or
- (b) Surrender more than 30 days after the Relevant Date: if the relevant Certificate 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 the Certificate for payment on the last day of such period of 30 days assuming that day to have been a 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 (Notices) that, upon further presentation of the Certificate being made in accordance with the 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.

The Transaction Documents provide that payments thereunder by the Obligor shall be made without any deduction or withholding for, or on account of, any present or future taxes, levies, duties, fees, assessments or other charges of any nature, unless such withholding or deduction is required by law and without set-off or counterclaim of any kind. If withholding 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 amounts as would have been received by it if no withholding or deduction had been made.

Further, in accordance with the terms of the Master Trust Deed, the Obligor has undertaken to pay such additional amounts as may be necessary pursuant to this Condition 10 so that the full amount due and payable by the Trustee in respect of the Certificates to the Certificateholders is received by the Trustee for the purposes of payment to the Certificateholders in accordance with and subject to the provisions of 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) of 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 to indicate to the Trustee and the Delegate in writing 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 shall 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 (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 in the name of the Trustee) shall (x) deliver an Exercise Notice to the Obligor under the Purchase Undertaking 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 specified in the relevant Dissolution 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 provision 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) take one or more of the following steps:

- (i) enforce the provisions of the Transaction Documents against the Obligor; and/or
- (ii) take such other actions, steps or proceedings as the Trustee or the Delegate may consider necessary to recover amounts due to the Certificateholders.

#### 13. **Realisation of Trust Assets**

(a) Neither the Trustee nor the Delegate shall be bound in any circumstances to take any action, step or proceeding to enforce or to realise the relevant Trust Assets or take any action or steps or 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 then outstanding aggregate face amount of the Series of Certificates and in either case then only if it shall be indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

- (b) No Certificateholder shall be entitled to proceed directly against the Trustee or the Obligor unless the Delegate or the Trustee, as the case may be, having become bound so to proceed, (a) fails or (b) is unable by reason of an order of a court having competent jurisdiction to do so, in each case, within a reasonable period and such failure or inability 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 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 relevant Trust Assets in respect of the Certificates of the relevant Series and distributing the net proceeds of the relevant Trust Assets in respect of the Certificates of the relevant Series in accordance with Condition 5(b), the obligations of the Trustee in respect of the Certificates of the relevant Series 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 of the relevant Series 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 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 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 Eligible Persons present and holding or representing in the aggregate not less than a clear majority in face amount of the Certificates for the time being outstanding, or at any adjourned meeting one or more Eligible Persons present whatever the face amount of the Certificates so held or represented by them, unless the business of such meeting includes consideration of proposals, *inter alia*,
  - (i) to amend any Dissolution Date in respect of the Certificates or any date for payment of Periodic Distribution Amounts in respect of the Certificates,
  - (ii) to reduce or cancel the face amount of, or any premium payable on redemption of, the Certificates,
  - (iii) to reduce the rate or rates of profit in respect of the Certificates or to vary 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 (other than pursuant to the operation of these Conditions),
  - (iv) if a Minimum Profit Rate and/or a Maximum Profit Rate is shown in the applicable Pricing Supplement, to reduce any such Minimum Profit Rate and/or Maximum Profit Rate,
  - (v) to vary any method of, or basis for, calculating the Dissolution Distribution Amount,

- (vi) to vary the currency of payment or denomination of the Certificates,
- (vii) to modify the provisions concerning the quorum required at any meeting of Certificateholders or the majority required to pass an Extraordinary Resolution,
- (viii) to modify or cancel 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) to amend any of the Obligor's covenants included in the Transaction Documents, or
- (x) to amend the above list, in which case the necessary quorum shall be one or more Eligible 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 face amount of the Certificates for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Certificateholders (whether or not they were present and whether or not they voted at the meeting at which such resolution was passed).

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 face amount of the Certificates 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.

*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 of the Certificateholders, (i) agree to any modification of the Trust Deed, the Transaction Documents 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 any of the provisions of the Trust Deed, the Transaction Documents 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 the Transaction Documents or (B) determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such, provided 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 request in writing by the holders of at least 20 per cent. of the outstanding aggregate face amount of that 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 4.4 of Schedule 3 of the Master Trust Deed). Any such modification, consent, waiver, authorisation or determination shall be binding on the Certificateholders and, unless the Delegate agrees otherwise, such modification shall be notified by the Trustee to the Certificateholders in accordance with Condition 17 as soon as practicable. Additionally, the Trustee may, subject to Condition 7(b)(iv), vary, or amend the Conditions, the Agency Agreement and the Master Trust Deed to give effect to certain amendments without any requirement for the consent or approval of the Certificateholders, as described in Condition 7(b)(iv) and the Delegate and Agents shall concur to such Benchmark Amendments subject to the terms of Condition 7(b)(iv).
- (c) Entitlement of the Delegate: In connection with the exercise by it of any of its powers, trusts, authorities and discretions under these presents (including, without limitation, any modification), 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 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 attorney and in its name, on its behalf and as its act and deeds, 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 “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 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 it 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 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 it is a party and shall not under any circumstances have any liability or be obliged to account to Certificateholders in respect of any payments which should have been paid by the Obligor or the Trustee but are not so paid 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 rely on any certificate, report or information of the auditors or insolvency officials (as applicable) of the Trustee or the Obligor (as applicable) or any other expert or other person called for by or provided to the Delegate or the Trustee (whether or not addressed to the Delegate or Trustee) in accordance with or for the purposes of the Trust Deed or the other Transaction Documents and such certificate, report or information may be relied upon by the Delegate and the Trustee (without liability to any person) as sufficient evidence of the facts stated therein, notwithstanding that such certificate or report and/or

any engagement letter or other document entered into by the Delegate or the Trustee in connection therewith contains a monetary or other limit on the liability of the auditors or insolvency officials of the Trustee or the Obligor (as applicable) or such other expert or other person in respect thereof and notwithstanding that the scope and/or basis of such certificate, report or information may be limited by an engagement or similar letter or by the terms of the certificate, report or information itself and the Delegate or the Trustee shall not be bound in any such case to call for further evidence or be responsible for any liability or inconvenience that may be occasioned by their 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 and to the Relevant Powers delegated to it), respectively exempt the Trustee or the Delegate from or indemnify either of them against any Liability for 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 responsible for monitoring or ascertaining whether or not a Dissolution Event or Potential Dissolution Event has occurred or exists or is continuing and, unless 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 or circumstance exists or has occurred or is continuing (without any liability to 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 Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority 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 fees and costs 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 Certificates must be surrendered before replacements will be issued.

## 17. Notices

Notices to the holders of Certificates shall be mailed to them 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 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 or by which they have been 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. Any notices shall be deemed to have been given on the fourth day (being a day other than a Saturday or a Sunday)

after being so mailed (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 shall be at liberty from time to time without the consent of the Certificateholders to create and issue additional 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 the same shall be consolidated and form a single Series with the outstanding Certificates of such Series. Any additional 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 as to the existence, validity, interpretation, performance, breach or termination of the Trust Deed or the consequence 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 deemed to be 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 parties to the Dispute shall each nominate one arbitrator and both arbitrators in turn shall appoint a further arbitrator who shall be the chairman of the tribunal. In cases where there are multiple claimants and/or multiple respondents, the class of claimants jointly, and the class of respondents jointly shall each nominate one arbitrator. If one party or both fails to nominate an arbitrator within the time limits specified by the Rules, such arbitrator(s) shall be appointed by the LCIA. If the party nominated arbitrators fail to nominate the third arbitrator within 15 days of the appointment of the second arbitrator, such arbitrator shall be appointed by the LCIA; 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 and the Agents (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.
- (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) as paragraphs (i) and (ii) above are for the benefit of the Delegate for and on behalf of the Certificateholders only, notwithstanding paragraphs (i) and (ii) above, the Delegate shall not be prevented from taking proceedings relating to a Dispute (“Proceedings”) in any other courts with jurisdiction and, to the extent allowed by law, the Delegate 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 the Trust Deed, the Obligor has acknowledged that the transactions contemplated by the Trust Deed are commercial transactions and, to the extent that the Obligor may claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed 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 in relation to any legal or arbitral proceedings or Disputes. In addition, the Obligor has irrevocably and unconditionally consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any of its assets whatsoever of any award, order 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 therewith and if it is determined that any interest is payable or receivable in connection therewith by a party, whether as a result of any judicial award or by operation of any applicable law or otherwise, 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) 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 the 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 depository for Euroclear and Clearstream, Luxembourg (the “Common Depository”).

Upon registration of the Certificates in the name of any nominee for, and deposit of the Global Certificate with, a Common Depository, 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 Depository may also be credited to the accounts of subscribers with (if indicated in the applicable Pricing Supplement) 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 is 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. Transfers in Part

Transfers of the holding of Certificates represented by a Global Certificate pursuant to Condition 3(a) may only be made in part:

- (i) if the Certificates represented by the Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg or any Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) upon the occurrence of a Dissolution Event,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph (i) above, the holder of the Certificates represented by the relevant Global Certificate has given the Registrar not less than 30 days' notice at its specified office of such holder's intention to effect such transfer. Where the holding of Certificates

represented by the relevant Global Certificate is only transferable in its entirety, the Certificate issued to the transferee upon transfer of such holding shall be a Global Certificate. Where transfers are permitted in part, Certificates issued to transferees shall not be Global Certificates unless the transferee so requests and certifies to the Registrar that it is, or is acting as a nominee for, Clearstream, Luxembourg, Euroclear and/or an Alternative Clearing System.

#### **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 Offering Circular. The following is a summary of certain of those provisions:

##### **4.1 Payments**

**Record Date:** 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 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 “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 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).

##### **4.4 Certificateholder Put Right/Tangibility Event 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).

##### **4.5 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.

##### **4.6 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, or otherwise to the holder of the Global Certificate, rather than by publication 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 clearing system, approval of a resolution proposed by the Trustee 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 face amount of the Certificates outstanding (an “Electronic Consent”) shall, for all purposes (including matters that would otherwise require a special quorum resolution (as defined in paragraph 4.4 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 PRICING SUPPLEMENT

*The form of Pricing Supplement that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, will be substantially as set out below, duly completed to reflect the particular terms of each Tranche:*

**NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH REGULATION (EU) 2017/1129 AS IT FORMS PART OF UNITED KINGDOM (“UK”) DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (THE “UK PROSPECTUS REGULATION”) OR REGULATION (EU) 2017/1129 (THE “PROSPECTUS REGULATION”) FOR THE ISSUE OF THE CERTIFICATES DESCRIBED BELOW AND THE FINANCIAL CONDUCT AUTHORITY HAS NEITHER APPROVED NOR REVIEWED THE INFORMATION CONTAINED HEREIN.**

**[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/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/s’] target market assessment) and determining appropriate distribution channels.]

**[UK MiFIR 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 only eligible counterparties, as defined in the UK Financial Conduct Authority (“FCA”) Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (“UK MiFIR”); 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/s’] target market assessment; however a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining the appropriate distribution channels.]

**[Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”)** – Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the SFA, the Trustee has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Certificates are [“prescribed capital markets products”]/[“capital markets products other than prescribed capital markets products”] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).]

Any person making or intending to make an offer of the Certificates may only do so in circumstances in which no obligation arises for the Trustee, the Bank or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or section 85 of the FSMA or to supplement a prospectus pursuant to Article 23 of the Prospectus Regulation or Article 23 of the UK Prospectus Regulation, in each case, in relation to such offer.

### Pricing Supplement

[Date]

MAR FINANCE LLC

**Issue of [Aggregate Face 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”)]<sup>1</sup>**

**under the U.S.\$4,000,000,000 Trust Certificate Issuance Programme**

<sup>1</sup> Include only for an issue of further Certificates in accordance with Condition 18.

## 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 Offering Circular dated 25 April 2022 [and the supplement[s] to it dated [●] [and [●]] (the “Offering Circular”). This document constitutes the Pricing Supplement of the Certificates described herein and must be read in conjunction with the Offering Circular in order to obtain all the relevant information. The Offering Circular is available for viewing during normal business hours at the registered office of the Trustee at c/o TMF Group LLC, No, 1422, 14th Floor, Al Fardan Office Towers, No.12 Doha, Qatar and copies may be obtained during normal business hours 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 an offering circular 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 (the “Conditions”) set forth in the Offering Circular dated [●] which are incorporated by reference in the Offering Circular dated [●] [and the supplement(s) to it dated [●] [and [●]]] (the “Offering Circular”). This document constitutes the Pricing Supplement of the Certificates described herein and must be read in conjunction with the Offering Circular in order to obtain all the relevant information, save in respect of the Conditions which are extracted from the Offering Circular. The Offering Circular is available for viewing during normal business hours at the registered office of the Trustee at c/o TMF Group LLC, No, 1422, 14th Floor, Al Fardan Office Towers, No.12 Doha, Qatar and copies may be obtained during normal business hours 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:   | MAR Finance LLC  |
|    | (b)  | Trustee Legal Entity Identifier (LEI):  | 2763L3SGOM896H5KD452   |
|    | (c)  | Obligor, Servicing Agent and, in the case of a Wakala/Mudaraba Series, Mudarib: | Masraf Al Rayan (Q.P.S.C.)   |
| 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 [ <i>identify earlier Tranche(s)</i> ] on [ <i>insert date/ the Issue Date</i> ]] [Not Applicable]  |
| 3. |      | Specified Currency:   | [●]  |
| 4. |      | Aggregate Face Amount:  | [●]  |
|    | (i)  | Series:   | [●]  |
|    | (ii) | Tranche:  | [●]  |
| 5. |      | Issue Price:  | [●] per cent. of the Aggregate Face Amount [plus [ <i>specified currency</i> ] [●] in respect of [●] days of accrued Periodic Distribution Amounts from (and including) [ <i>the issue date of the Original Certificates</i> ] to (but excluding) the Issue Date] <sup>2</sup> |
| 6. | (a)  | Specified Denominations:  | [●]  |
|    | (b)  | Calculation Amount:   | [●]  |

<sup>2</sup> Include only for an issue of further Certificates in accordance with Condition 18.

7. (a) Issue Date: [●]
- (b) Profit Commencement Date: [[●]/Issue Date]
8. Scheduled Dissolution Date: [●]
9. Profit Basis: [Fixed Rate Certificates/Floating Rate Certificates]  
(further particulars specified at paragraph [15][16] below)
10. Dissolution Basis: Dissolution at par
11. Change of Profit Basis: [[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]
12. Put/Call Rights: [Not Applicable]  
[Optional Dissolution Right]  
[Certificateholder Put Right]
13. Status Unsubordinated
14. Date of Trustee's board approval and date of Obligor's board approval for issuance of Certificates: [●] and [●], respectively

#### Provisions relating to profit payable

15. Fixed Rate 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 (d) below/, not subject to adjustment, as the Business Day Convention in (d) below is specified to be Not Applicable]]
- (b) Periodic Distribution Period: [Not Applicable]/[●]]
- (c) Profit Period Date [Not Applicable]/[●]]
- (d) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]  
[Not Applicable]
- (e) Business Centre(s): [●] [Not Applicable]
- (f) Manner in which the Profit Rate and the Periodic Distribution Amount are to be determined: [Screen Rate Determination/ISDA Determination]
- (g) Party responsible for calculating the Profit Rate and the Periodic Distribution Amount (if not the Calculation Agent): [●]
- (h) Screen Rate Determination: [Applicable]/[Not Applicable]
- (i) Reference Rate: [●] month  
[EURIBOR/KIBOR/HIBOR/KLIBOR/TRLIBOR or TRYLIBOR/SIBOR/EIBOR/TIBOR/SAIBOR/QIBOR]
- (ii) Profit Rate Determination Date(s): [●]
- (iii) Relevant Screen Page: [●]
- (iv) Relevant Time: [●]
- (v) Relevant Financial Centre: [●]
- (vi) Reference Banks: [●]
- (i) ISDA Determination: [Applicable]/[Not Applicable]
- (i) Floating Rate Option: [●]
- (ii) Designated Maturity: [●]
- (iii) Reset Date: [●]
- (iv) ISDA Definitions: [2006 ISDA Definitions/2021 ISDA Definitions]
- (j) Margin(s): [+/-][●] per cent. per annum
- (k) Linear Interpolation: [Not Applicable/Applicable – the Profit Rate for the [long/short] [first/last] Periodic Distribution Period shall

be calculated using Linear Interpolation (specify for each short or long periodic distribution period)]

- (l) Maximum Profit Rate: [●] per cent. per annum
- (m) Minimum Profit Rate: [●] per cent. per annum
- (n) 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/[●]]
  - (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 5 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) 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/[●]]

(b) Certificateholder Put Right 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 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. Notice period for Clean Up Call: 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 5 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)*

21. 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]/[●]

22. Dissolution Distribution Amount following the occurrence of a Tangibility Event : [As per Condition 1]/[●]

#### **General provisions applicable to the Certificates**

23. 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

24. Financial Centre(s) relating to payment (Condition 9(d)): [Not Applicable]/[●]

#### **Provisions in respect of the Trust Assets Series:**

25. Series: [Wakala Series]/[Wakala/Mudaraba Series]

(a) Wakala Percentage: [●] per cent.

(b) Mudaraba Percentage: [Not Applicable]/[●] per cent.]

26. Trust Assets: Condition 5(a) applies

27. (a) Details of Transaction Account: MAR Finance LLC Transaction Account No: [●] with [HSBC Bank plc] for Series No.: [●]

- |     |  |  |
|-----|--|--|
| (b) | Supplemental Trust Deed:                             | Supplemental Trust Deed dated [●] between the Trustee, the Obligor and the Delegate                |
| (c) | Supplemental Purchase Agreement:                     | Supplemental Purchase Agreement dated [●] between the Trustee and the Obligor                      |
| (d) | Supplemental Restricted Mudaraba Mudaraba Agreement: | [Not Applicable]/[Supplemental Restricted Agreement dated [●] between the Trustee and the Obligor] |
| (e) | Declaration of Commingling of Assets: <sup>3</sup>   | [Declaration of Commingling of Assets dated [●] executed by the Trustee]/[Not Applicable]          |
| (f) | Sale Agreement: <sup>4</sup>                         | [Sale Agreement dated [●] between the Trustee and the Obligor]/[Not Applicable]                    |

Signed on behalf of MAR Finance LLC

Signed on behalf of Masraf Al Rayan (Q.P.S.C.)

By:

By:

*Duly authorised*

*Duly authorised*

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<sup>3</sup> Include only for an issue of further Certificates in accordance with Condition 18.

<sup>4</sup> Include only for an issue of further Certificates in accordance with Condition 18.

## PART B – OTHER INFORMATION

### 1. Listing and Admission to Trading

- (a) Listing and Admission to trading: [Application [has been][is expected to be] made by the Trustee (or on its behalf) for the Certificates to be (i) admitted to trading on [the London Stock Exchange's International Securities Market [and Sustainable Bond Market]]/[●], with effect from [●].]

[Not Applicable.]

- (b) Estimate of total expenses related to admission to trading: [●]

### 2. Ratings

Ratings: The Certificates to be issued [are not]/[have been]/[are expected to be] rated:

[Fitch: [●]]  
[Moody's:[●]]  
[S&P: [●]]  
[[●]: [●]]

[[●] is established in the United Kingdom and is registered under Regulation (EU) No 1060/2009 as it forms part of UK domestic law by virtue of the EUWA. [The ratings [have been]/[are expected to be] endorsed by [●] in accordance with Regulation (EU) No 1060/2009.]]

[[●] is established in the European Union and is registered under Regulation (EU) No 1060/2009. [The ratings [have been]/[are expected to be] endorsed by [●] in accordance with Regulation (EU) No 1060/2009 as it forms part of UK domestic law by virtue of the EUWA.]]

[[●] is not established in the [European Union]/[United Kingdom] and has not applied for registration under [Regulation (EU) No. 1060/2009]/[Regulation (EU) No 1060/2009 as it forms part of UK domestic law by virtue of the EUWA]. The ratings [[have been]/[are expected to be]] endorsed by [●] which is established in the [European Union]/[United Kingdom] and registered under [Regulation (EU) No. 1060/2009]/[Regulation (EU) No 1060/2009 as it forms part of UK domestic law by virtue of the EUWA].]

[[●] is not established in the [European Union]/[United Kingdom] and has not applied for registration under [Regulation (EU) No. 1060/2009]/[Regulation (EU) No 1060/2009 as it forms part of UK domestic law by virtue of the EUWA], but it is certified in accordance with such Regulation.]

### 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.]

**4. Use of Proceeds**

(a) Use of proceeds: [General corporate purposes]/[The Certificates are specified as Sustainable Certificates and an amount equivalent to the net proceeds will be applied to finance and/or refinance, in whole or in part, a portfolio of Eligible Sustainable Projects as set out in the Bank's Sustainable Finance Framework]/[●]

(b) Estimated amount of net proceeds: [●]

**5. Yield (Fixed Rate Certificates only):** [●] per cent. per annum

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

**6. Operational Information**

(a) ISIN Code: [●].

(b) Common Code: [●].

(c) CFI: [●]/[See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/[Not Applicable]

(d) FISN: [●]/[See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/[Not Applicable]

(e) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable/give name(s), address(es) and number(s)]

(f) Names and addresses of additional Paying Agent(s) (if any): [●]

(g) Stabilisation Manager(s): [●]

(h) Method of distribution: [Syndicated]/[Non-syndicated].

(i) If syndicated, names of Managers: [Not Applicable/give names].

(j) If non-syndicated, name of Dealer: [Not Applicable/give name].

## USE OF PROCEEDS

The Issue Proceeds in respect of each Tranche of Certificates will be applied by the Trustee as follows:

- (i) in the case of a Wakala Series, towards the purchase from the Bank of the Initial Wakala Portfolio; and
- (ii) in the case 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).

Unless (i) otherwise specified in the relevant Pricing Supplement or (ii) the relevant Pricing Supplement specifies the relevant Series of Certificates as “Sustainable Certificates”, the proceeds of each Tranche of Certificates issued subsequently received by the Bank in consideration for the transactions entered into with the Trustee as set out above, as applicable, will be applied by the Bank for its general corporate purposes.

If the relevant Pricing Supplement specifies the relevant Series of Certificates as “Sustainable Certificates”, an amount equivalent to the net proceeds of such Certificates will be applied to finance and/or refinance in whole or in part a portfolio of Eligible Sustainable Projects as set out in the Bank’s Sustainable Finance Framework.

The Sustainable Finance Framework is available on the following website <https://www.alrayan.com/Library/Assets/Gallery/Files/Sustainability-Finance-Framework-4-19-2022.pdf> (“Sustainable Finance Framework”).

## DESCRIPTION OF THE TRUSTEE

### The Trustee

MAR Finance LLC (the “Trustee”), a special purpose company incorporated in the Qatar Financial Centre with limited liability, was incorporated on 15 March 2022 under the Companies Regulations of the Qatar Financial Centre with company registration number 01518. The registered office of the Trustee is at Office No, 1422, 14<sup>th</sup> Floor, Al Fardan Office Towers, No.12, Doha, Qatar.

### Share Capital

The authorised share capital of the Trustee is QAR 1,000.00 divided into 1,000 shares of QAR 1.00 par value each, 1,000 of which have been issued. All of the issued shares (the “Shares”) are fully-paid and are held by TMF Group LLC 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 non-profit organisations registered with the State of Qatar’s Regulatory Authority for Charitable Activities. It is not anticipated that any distribution will be made whilst any Certificates are outstanding. Following the Termination Date (as defined in the Share Declaration of Trust), the Share Trustee will wind up the trust and make a final distribution to these non-profit organisations. 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 articles 2 and 3 of its Articles of Association as registered or adopted on 17 March 2022.

The Trustee has a limited prior operating history relating to the issuance of Certificates under the Programme and will not have any substantial assets or liabilities other than in connection with the Certificates.

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 (otherwise 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 QAR 1,000.00 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, TMF Group LLC or any other party.

### Financial Statements

Since the date of incorporation, no financial statements of the Trustee have been prepared. The Trustee is not required by QFC 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:



<b>Name</b>	<b>Principal Occupation</b>
Alpher Alcaraz Reyes	Director
Jonathan Neil Wheeler	Director

The business address of Alpher Alcaraz Reyes is c/o TMF Group LLC, Office No. 1422, 14<sup>th</sup> Floor, Al Fardan Office Towers, No. 12, Doha, Qatar.

The business address of Jonathan Neil Wheeler is c/o TMF Group LLC, Office No. 1422, 14<sup>th</sup> Floor, Al Fardan Office Towers, No. 12, Doha, Qatar.

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.

### **Secretary**

The Trustee's secretary is TMF Group LLC of Office No. 1422, 14<sup>th</sup> Floor, Al Fardan Office Towers, No. 12, Doha, Qatar.

### **The Trustee Administrator**

TMF Group LLC 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 Qatar Financial Centre 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 Administrator will also provide registered office services to the Trustee in accordance with its standard terms and conditions for the provision of registered office services (the "Registered Office Terms"). 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 Terms provide that either the Trustee or the Trustee Administrator may terminate such appointments 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 Terms 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 Office No. 1422, 14<sup>th</sup> Floor, Al Fardan Office Towers, No. 12, Doha, Qatar.

The directors of the Trustee are all employees or officers of the Trustee Administrator or an affiliate thereof.

## DESCRIPTION OF MASRAF AL RAYAN (Q.P.S.C.)

### OVERVIEW

Incorporated on 4 January 2006 under commercial registration number 32010, the Bank commenced operations in October 2006 as a full service Islamic bank in Qatar. The Bank is subject to the State of Qatar Law No.13 of 2012 on Issuing the Law on Qatar Central Bank and the Regulation of Financial Institutions. The registered office of the Bank is Masraf Al Rayan Tower, 69 Alad Al Sharqi Street, Marina 40, Lusail City, P.O. Box 28888, Doha, Qatar and its telephone number is +974 4425 3333.

In June 2020, the Bank and Al Khalij commenced discussions regarding the possibility of a merger of the two banks and on 7 January 2021, the Bank and Al Khalij announced that their respective boards of directors had voted to recommend to their respective shareholders a merger of the two banks. The Bank announced the successful completion of the Merger on 30 November 2021. As part of the Merger, the assets and liabilities of Al Khalij were assumed by the Bank under the applicable Qatari law in consideration for the issue of new shares in the Bank to the shareholders of Al Khalij. On the Effective Date, Al Khalij was dissolved pursuant to the applicable Qatari law and the Bank became the surviving entity.

Following the Merger, the Bank has become the second largest Islamic bank in Qatar by total assets accounting for 33 per cent. of total assets of all Islamic banks in Qatar as at 31 December 2021. Since its inception in 2006, the Bank's shares have been listed on the Qatar Exchange. The Bank was the second largest Islamic bank in Qatar by market capitalisation which amounted to QAR 43 billion as at 31 December 2021 (Source: Capital IQ).

The Bank's authorised and issued share capital was QAR 9.3 billion as at 31 December 2021. Key shareholders of the Bank include QIA and Qatar Holding (20.2 per cent.), Qatar Armed Forces Investment Portfolio (7.55 per cent.) and Pension Fund – General Retirement and Social Insurance Authority (5.26 per cent.). The remaining shareholders in Qatar collectively hold 47.6 per cent. (see "*Description of Masraf Al Rayan (Q.P.S.C.) – Competitive Strengths – Strong shareholding structure and likelihood of support from Qatari authorities*" below for further details).

As of 31 December 2021, the Bank operates through a network of 17 branches in Qatar and 109 automatic teller machines ("ATMs") located throughout Qatar. The Bank also operates three branches in the UK through its subsidiary, Al Rayan Bank PLC, two branches in the UAE, three ATMs located throughout the UAE and a branch in France through its subsidiary, Al Khaliji France S.A.

Following the Merger, the Bank's total assets stood at QAR 174.0 billion as at 31 December 2021 compared with the Bank's total assets (prior to the completion of the Merger) which amounted to QAR 121.1 billion as at 31 December 2020. Amounts held by the Bank as unrestricted investment accounts ("URIA") stood at QAR 97.8 billion as at 31 December 2021 as compared to the amounts held by the Bank (prior to the completion of the Merger) as URIA as at 31 December 2020 which amounted to QAR 60.4 billion.

Following the Merger, the Bank's total income for the year ended 31 December 2021 amounted to QAR 5.1 billion and the Bank's total income (prior to the completion of the Merger) for the year ended 31 December 2020 amounted to QAR 5.0 billion. The Bank's net profit for the year ended 31 December 2021 amounted to QAR 1.7 billion and the net profit for the Bank for the year ended 31 December 2020 (prior to the completion of the Merger) amounted to QAR 2.2 billion.

The Bank's total capital adequacy ratio stood at 21.2 per cent. as at 31 December 2021 and the Bank's total capital adequacy ratio stood at 20.3 per cent. as at 31 December 2020 (in each case calculated in accordance with the QCB's Basel III guidelines), well above the QCB requirement of 13.5 per cent. (excluding ICAAP Pillar II capital charge). The Bank's Additional Tier 1 capital stood at QAR 1.0 billion as at 31 December 2021 and the Bank's Additional Tier 1 capital stood at nil at 31 December 2020. The Bank's Tier 1 capital adequacy ratio stood at 20.3 per cent. and 19.6 per cent. as at 31 December 2021 and 31 December 2020 respectively.

The Bank's activities are conducted in accordance with *Sharia* principles, the provisions of its Memorandum and Articles of Association and regulations of the QCB. In line with a full Islamic banking license issued and regulated by the QCB, the Bank provides banking services, investment and financing activities through various *Sharia*-compliant modes of financing such as *Murabaha*, *Ijara*, *Mudaraba*, *Musawama*, *Wakala* and *Istisna'a* agreements. The Bank carries out investment activities on its own account and on behalf of its customers. Furthermore, the Bank's Sharia Supervisory Board (the "SSB") ensures the Bank's compliance with *Sharia* principles and is responsible for vetting the products and services offered by the Bank to its customers.

In October 2021, Moody's Investor Service Limited (“Moody's”) affirmed the Bank's long term issuer rating at A1, with a stable outlook. Moody's is established in the European Union and is registered under the CRA Regulation.

### ***Branch Network and Product Distribution***

As of 31 December 2021, the Bank had a network of 17 branches and 109 ATMs located throughout Qatar, two branches and three ATMs located throughout the UAE and a branch in France. Additionally, the Bank is able to provide customers with expanded access to ATM banking through shared ATMs operated by other banks as part of the Qatari National ATM and POS Switch Network.

Furthermore, the Bank has a range of digital distribution channels available to customers as set out below:

- mobile banking;
- internet banking; and
- personalised/interactive telephone banking.

As part of the Bank's commitment to providing cutting-edge digital solutions, it launched Instant Savings Account opening and an Instant Western Union remittance solution via its web and mobile banking platforms. Additionally, the Bank activated several critical services on its digital platforms to assist customers in making branch appointments online, managing their cards' lifecycles, managing their card PINs, and updating their information.

### ***Share Capital and Significant Shareholders***

As at 31 December 2021, the Bank's issued and paid-up share capital comprised 9.3 billion shares with a nominal value of QAR 1 each.

The Qatari Government and government related-entities control approximately 34.45 per cent. of the total issued share capital of the Bank. As of 31 December 2021, significant shareholders, after considering both direct and indirect interests, comprised QIA (20.5 per cent.) and Qatar Armed Forces Portfolio (7.55 per cent.).

Dividends are recorded and paid subject to approval from the Bank's shareholders and the Bank has a long standing history of dividend payouts. For the year ended 31 December 2021, the Bank's Board of Directors proposed a cash dividend of QAR 1,581 million (representing 17 per cent. of the Bank's share capital).

### ***Awards***

In recognition of its successful track record, the Bank has won several international awards, including:

- Qatar Largest Public Companies from Forbes Digital Awards 2021 – Qatar.
- Business Excellence Awards 2015 from EY - Best Country Performance – Qatar
- World Islamic Banking Conference's Performance Awards: Country, Regional and Global (December 2015)
- "Best Arab Bank in 2016" in business and financial services category from Global DTI Group, Morocco (November 2016)
- Best Islamic Bank in Sustainability Award at the New Age Banking Awards 2018 (September 2018)
- Excellence Award in Partnership and Social Responsibility For Islamic Financial Institutions (October 2018)
- Elite Quality Recognition Awards For Outstanding Achievement of Best In Class – 2018 - From JP Morgan
- MENA Fund Manager Performance Awards 2015, 2016, 2019 and 2020: Qatar Asset Manager
- MENA Fund Manager Performance Awards 2019: ETF Issuer
- MENA Fund Manager Performance Awards 2016 and 2017: GCC Equity >\$50m
- Global Investor Group MENA 2019: Sukuk Fund Manager of the Year, Qatar Manager of the Year, ETF Provider of the Year

- Global Investor Group MENA Awards 2018: Asset Manager Of The Year: Qatar, ETF Provider of the Year and Best New Fund
- Wealth & Finance 2016 and 2017: Asset Manager of the Year - Qatar
- Wealth & Finance 2017: Best GCC Asset Manager

Al Rayan Bank PLC, the Bank's UK subsidiary, has also garnered several accolades and awards:

- Best Islamic Bank - UK 2019 - Global Business Outlook annual business awards
- Best Islamic Deal (Client) United Kingdom - Asset Triple A Islamic Finance Awards 2019
- Most Innovative Islamic Bank - International Finance - Banking Awards 2019

In 2020, Al Khalij's wholesale banking segment won the prestigious "Best Corporate Bank – Qatar" award from European Magazine. In addition, Al Khalij's private banking won the "Best Private Bank MENA" and "Best Private Bank" from European Magazine and International Business Magazine respectively and "Best Premium Bank" at the New Age Banking Awards 2020.

## COMPETITIVE LANDSCAPE

### *Increased competition from Qatari and international banks*

The Bank is subject to competition in Qatar from both locally incorporated and foreign banks. Based on QCB data and market updates, as at the date of this Offering Circular there are a total of sixteen banks licensed by the QCB, consisting of four domestic conventional banks, one state-owned development bank, four domestic Islamic banks and seven foreign banks.

As at 31 December 2021 (or 30 September 2021, as the case may be, where market data for 31 December 2021 was not available), Qatar National Bank was the largest bank in Qatar with its total assets accounting for approximately 56 per cent. of the total assets of all main Qatari commercial banks. Within the Islamic banking sector, the Bank had a market share of approximately 33 per cent. in terms of total assets of Qatari Islamic banks. The Bank's main competitors include Qatar Islamic Bank ("QIB"), Dukhan Bank and Qatar International Islamic Bank ("QIIB"). QIB, Dukhan Bank and QIIB had market share of approximately 36 per cent., 19 per cent. and 12 per cent., respectively, in terms of total assets of Qatari Islamic banks as at 31 December 2021 (or 30 September 2021, as the case may be, where market data for 31 December 2021 was not available) (Source: Financial Reports).

The focus of foreign banks in Qatar is primarily related to trade finance, foreign currency operations and government-related business. Furthermore, several of these foreign banks also provide personal accounts and related services to individuals resident in Qatar. Although local banks generally have stronger relationships with local customers, foreign banks may have greater resources and access to cheaper funding than local banks. Foreign 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, a 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, for example, conduct transactions with retail customers in Qatar. In addition, the Qatari banking sector faces increased pressure for consolidation and it is possible that any significant acquisition, merger or consolidation in the Qatari banking sector such as the Merger that does not involve the Bank could materially increase the competition faced by the Bank.

## STRATEGY

The Bank strives to become the leading Islamic bank within Qatar and one of the leading Islamic banks globally by offering a broad spectrum of Sharia-compliant products and services, delivered through an expanding network of branches and other alternative channels, to a broad range of markets and sectors.

The goal is to pursue a balanced growth strategy across its existing operating segments of Corporate Banking, Retail and Private Banking and Treasury. At the same time, the Bank aims to distinguish itself by providing expertise in financial services founded upon Sharia principles and servicing both Islamic and conventional customers. The Bank focuses on attracting and retaining business from the Qatari Government and Government-related entities, cross-selling its retail banking options to individuals within such institutions and also focuses on Qatari nationals and high net worth individuals. This enables the Bank to expand organically through a selectively built book of high quality assets.

The Bank's key strategic objectives are:

***Maintain and continue to strengthen the Bank's retail, private and corporate banking franchises***

- Maintain a strong customer-centric approach through dedicated relationship management to enhance service quality and customer satisfaction;
- strengthen existing corporate relationships and continue to leverage strong Qatari government related franchise that provides a solid domestic asset base;
- diversify and expand the Bank's client mix and target both Islamic and conventional customers;
- capitalise on the growth potential of private banking and wealth management business by increasing focus on high net worth individuals across the GCC;
- strengthen market positioning through product and service differentiation by developing and offering a wide array of innovative financing and investment solutions, treasury products, asset management and advisory services while adhering to Sharia principles and international standards; and
- expand and optimise branch network across strategic locations, further develop alternative distribution channels including telephone, internet and mobile banking capabilities and adapt the Bank's ATM/CDM network to changing customer preferences.

***Identify and seek growth opportunities to expand and diversify its income streams***

- Identify and leverage growth opportunities in strategic markets outside Qatar with a focus on expanding commercial banking capabilities;
- continue to grow the Bank's retail presence in the UK through its subsidiary, Al Rayan Bank PLC;
- continue to grow and develop the asset management and advisory business through its subsidiary, Al Rayan Investments LLC; and
- manage the Bank's strategic investments and investment securities portfolio to enhance risk-adjusted returns.

***Deliver sustainable and profitable growth while maintaining strong asset quality and diversifying funding mix***

- Balance business growth objectives to maintain strong asset quality and a strong capital base;
- maximise shareholder value by enhancing key performance indicators through operational efficiency, cost rationalisation and enhancing revenue per customer;
- monitor performance of core and non-core business operations and take proactive action to sustain and grow the Bank's profitability; and
- reduce reliance on short-term customer deposits and seek stable and long-term funding sources to diversify funding sources and improve funding and liquidity.

### *Continue to develop risk control systems and ensure corporate governance*

- Adopt a rigorous approach for monitoring, mitigating and managing the Bank's exposure to potential risks including credit risk, market risk, operational risk, liquidity risk, reputation risk and compliance risk;
- maintain and continue to enhance the governance, risk and compliance structure of the Bank as well as leverage advanced risk assessment systems to increase efficiency and improve decision making process;
- adhere to regulatory requirements and demonstrate strong corporate governance culture; and
- consistently enhance IT security framework to safeguard client information and enhance management information systems.

### *Develop human capital through ongoing training and development and ensure talent retention:*

- Focus on attracting and retaining talented employees and enhancing training initiatives to ensure professional growth and development; and
- expand graduate development and leadership programme for Qatari employees including career development programme.

## **SUSTAINABLE FINANCE FRAMEWORK**

If the relevant Pricing Supplement relating to any specific Certificates provides that such Certificates will constitute Sustainable Certificates, it is the Bank's intention to apply an amount at least equal to the net proceeds raised from the issuance of such Sustainable Certificates to finance and/or refinance, in whole or in part, a portfolio of eligible sustainable projects (such projects being "Eligible Sustainable Projects") as set out in the Bank's Sustainable Finance Framework published on its website (<https://www.alrayan.com/Library/Assets/Gallery/Files/Sustainability-Finance-Framework-4-19-2022.pdf>). On an annual basis, the Bank will publish an allocation report and an impact report in respect of its Eligible Sustainable Projects portfolio. For the avoidance of doubt, finance provided to any business or project that is not eligible under the criteria set out in the Sustainable Finance Framework will not be considered as the use of proceeds of a Sustainable Certificate.

The Bank has broadly defined the eligible categories of Eligible Sustainable Projects in accordance with the "Green Bond Principles (GBP) 2021", "Social Bond Principles (SBP) 2021" and "Sustainability Bond Guidelines (SBG) 2021" published by the International Capital Market Association, and the "Green Loan Principles (GLP) 2021" and "Social Loan Principles (SLP) 2021" published by the Loan Markets Association. The Sustainable Finance Framework is also aligned with the Sustainable Sukuk and Bonds Framework published by the QFC.

Eligible Sustainable Projects include:

- Green Project Categories:
  - green buildings;
  - renewable energy; and
- Social Project Categories:
  - employment generation / small and medium enterprise financing.

An amount equal to up to 100 per cent. of the proceeds of any Sustainable Certificates may be applied to finance and/or refinance existing Eligible Sustainable Projects within the eligible categories listed in the Sustainable Finance Framework. Where any portion of such equivalent amount have not been applied to finance and/or refinance Eligible Sustainable Projects within the eligible categories, proceeds may be deployed according to the Bank's general funding requirements. The proceeds of any Sustainable Certificates may be applied globally without geographical restriction.

To ensure that the Bank satisfies the relevant eligibility criteria for Eligible Sustainable Projects, the Bank has formed an ESG Governance Committee which is comprised of representatives from the following departments: Treasury;

Finance and Investor Relations; Wholesale Banking; Corporate Affairs; GCEO Office - Strategy and Development; Corporate Governance - Company Secretary; Compliance; and Risk. The ESG Governance Committee will be chaired by Group Chief Financial Officer and will convene on a semi-annual basis.

The Bank has appointed S&P to provide an external review of the Sustainable Finance Framework and its alignment with the ICMA Principles and the LMA Principles. The S&P review has been published on the Bank's website at the following address:

<https://www.alrayan.com/Library/Assets/Gallery/Files/Masraf-Al-Rayan-SPO-Report-4-20-2022.pdf>

For the avoidance of doubt, the information contained on the websites referred to in this paragraph is not incorporated by reference into, or otherwise included in, this Offering Circular.

## **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 Merger has resulted in one of the largest banks in Qatar that can benefit from combined synergies***

The Merger resulted in the Bank becoming the second largest Sharia compliant financial institution in Qatar based on assets and deposits. The increase in capital base resulting from the Merger will allow the Bank to benefit from more growth and an enhanced ability to manage large exposures and sector limits. The resulting economies of scale are expected to help contain funding costs by enhancing the Bank's deposit gathering ability, provide greater access to funding diversification and allow significant scope for increased efficiency through the realisation of synergies.

Furthermore, the Merger is expected to provide increased product diversification allowing the Bank to benefit from the key strengths of the two banks in the areas of retail and private banking services, corporate and government institutions, capital markets, and wealth and asset management.

These factors will allow the Bank to further strengthen its presence in Qatar and diversify revenues.

### ***Strong asset quality, earnings growth and strong capitalisation***

The Bank has maintained strong asset-quality metrics through its prudent credit risk management policies. As at December 2021, total non-performing financing (“NPF”) to gross financing ratio stood at 1.7%, which was lower than the Qatari banking sector average. The Bank's asset quality performance is mainly attributable to the Bank's credit portfolio, primarily comprised of prime borrowers related to the Qatari government and private companies engaged in government-sponsored projects, and reinforced by the Bank's selective acquisition of its customer base.

The Bank also continues to maintain stability in its profitability with a relatively healthy return on average assets (“ROAA”) (two year average of 1.64 per cent. from 2020 to 2021) and return on average equity (“ROAE”) (two year average of 13.37 per cent. from 2020 to 2021). As at 31 December 2021, the Bank reported ROAA and ROAE of 1.4 per cent. and 11.4 per cent. respectively, which are mainly contributed by systemic margin compression and higher impairment charges. These were mainly driven by economic factors including, but not limited to, the effects of the COVID-19 pandemic.

The Bank recorded net income attributable to equity shareholders of QAR 1,713 million for the year ended 31 December 2021. Further, the Bank's cost-to-income ratio (averaging 21.8 per cent. from 2020-2021) highlights the Bank's increased efficiency. As at 31 December 2021, the Bank's cost-to-income ratio stood at 22.1 per cent., one of the lowest among all Qatari banks.

The Bank is well-capitalised with a capital adequacy ratio of 21.2 per cent. as at 31 December 2021, exceeding the regulatory threshold of 13.50 per cent. (excluding ICAAP Pillar II capital charge) and indicating ample room for realising the Bank strategic growth objectives.

### ***Diversified and innovative product offering and improved geographical diversification***

The Bank offers customers a comprehensive range of customised Islamic products across each of its operating segments. These include financing solutions, deposit accounts, treasury and investment products and advisory services, which the

Bank provides through its dedicated relationship managers and extensive distribution network. This capability has been further strengthened as a result of the Merger which has allowed the Bank to further diversify its offerings to government, corporate, private and retail segments through the addition of Al Khalij's leading corporate and private banking business (including a sizeable credit card business) to the Bank's existing strength.

In line with its strategic objectives, the Bank has also sought to diversify geographically. A key step to meet this objective was its entry into the UK banking market through its subsidiary, Al Rayan Bank PLC, to tap strong growth potential and demand for Sharia-compliant products and services.

### ***Experienced management team and commitment to corporate governance***

The Bank is led by an experienced Board and senior management team (see "*Description of Masraf Al Rayan (Q.P.S.C) - Management*")

The Board and the Bank's senior management believe that strong corporate governance practices contribute to superior results in creating and maintaining shareholder value. Reflecting this commitment, the Bank has established a strong corporate governance framework and management continuously seeks to adopt best practices to provide full transparency and accountability to the Bank's stakeholders.

### ***Strong shareholding structure and likelihood of support from Qatari authorities***

The Bank has a strong shareholding structure with the Qatari government and government institutions holding approximately 34.45 per cent. share ownership. The government sector not only provides funding capital in the form of deposits, which contributed 39.8 per cent. (QAR 42.5 billion) of total customer deposits as at 31 December 2021, but also contributes to its strong domestic asset base. Financing assets outstanding to the Government and Government related entities have increased from QAR 34.3 billion as at 31 December 2016 to QAR 57.5 billion as at 31 December 2021, accounting for 44.5 per cent. of total gross financing assets. Similarly, the Bank's state-linked investment securities amounted to QAR 28.5 billion as at 31 December 2021, accounting for 87.0 per cent. of the Bank's total investment securities portfolio.

Historically, the Government, through the QCB and QIA, has taken several steps to provide capital to support the domestic commercial banking sector (see "*The Qatar Banking Sector and Regulations – Banking System*").

The Merger also resulted in the creation of a leading Sharia compliant financial institution with a solid financial position and robust liquidity that can support Qatar's economic growth and finance development initiatives in line with the Qatar National Vision 2030 further strengthening the relationship between the Bank and the Government.

Given the Government's significant share ownership and strong relationship, the Bank is well-positioned to benefit from support if needed. Whilst other banks in the Qatari banking sector received direct support during the 2008-2009 global financial crisis, the Bank's strong balance sheet and asset quality meant that the Bank did not require any such direct support.

## **BUSINESS ACTIVITIES**

In November 2021, the Bank merged successfully with Al Khalij. While the primary focus remains on customers, Al Khalij's conventional book was successfully converted into a Shariah-compliant financing and deposit portfolio. Additionally, with the growing demand for innovative solutions, the Bank remains focused on providing convenient access to electronic banking services as well as delivering a premium banking experience through segment-specific products and services.

On an operational level, the Bank's business activities are organised by the following business groups:

- Corporate Banking (including Small and Medium Enterprises);
- Retail (Private and Premium) Banking;
- Treasury & Financial Institutions; and
- Asset Management (offered by the Bank's subsidiary, Al Rayan Investment L.L.C.)



## **Corporate Banking**

Corporate Banking is the main segment of the Bank's business and provides a full range of Sharia-compliant financial products and services to its corporate customers in both the government and private sectors.

The Corporate Banking team maintains a close relationship and collaboration with all its clients, working to ensure optimal utilisation of working capital financing and support for their corporate financing needs, in addition to completing ground-breaking transactions in support of Government related entities' efforts to upgrade infrastructure and develop new projects in Qatar. Additionally, the Bank arranges, originates and participates in syndications through Sharia structures for large and sophisticated customers. It also provides advisory services ranging from general advice relating to the optimisation of customers' balance sheets (including structuring club and syndicated loans) to advice on obtaining credit ratings.

In line with the goals of the National Vision 2030, the Bank supports local Qatari businesses and Small and Medium Enterprises with tailor-made solutions. The Bank also has a dedicated network of branches to serve corporate clients exclusively.

The Bank provides financing services through a wide array of financing products such as project finance, working capital (through Sharia structures such as Ijara, Murabaha, Mudaraba, Istisna'a) and foreign trade finance products such as letters of credit, letters of guarantee and import and trade financing. Its financing products also include project finance, medium and long term finance (including syndicated lending), contract financing (including through the issue of bid, performance and advance payment bonds) and structured financing.

The transaction banking team provides a diverse range of cash management services such as payroll, salary card, bulk cheques and cash collection and a full suite of Sharia-compliant trade financing products. The Corporate Net Banking platform contributed significantly to the efficiency of the Bank's businesses by on-boarding a large number of corporate clients to assist them in conducting financial transactions in a paperless environment.

## **Retail and Private Banking**

### ***Retail & Premier Banking***

The Retail & Premier Banking segments offer Islamic banking products and services to retail individual customers via the Bank's extensive network of branches, ATMs, and digital banking channels, which include Mobile Banking, Web Banking, and Personalised / Interactive Phone Banking.

Retail and Premier Banking contribute significantly to the Bank's bottom line by generating sustainable revenue and growing a profitable customer base. Consistent acquisition of Qatari nationals and premium customers, as well as collaboration with key employers, resulted in a robust client portfolio throughout this trying period. Additionally, the Bank carries out numerous customer acquisition campaigns in order to acquire profitable customers and ensure the company's success. The Products and Channels team will continue to prioritise the development of new and innovative financial products and services in order to grow the Bank's preferred customer base.

### ***Private Banking***

Private Banking's value proposition is centred on an aggressive growth strategy within its preferred customer base in order to increase market share on both sides of the balance sheet within the High Net Worth and Ultra High Net Worth segments. Private Banking consists of an experienced team of Private Bankers based in Qatar, who can leverage the expertise of our Corporate Banking and Treasury teams in Qatar, the United Kingdom, the United Arab Emirates, and France to provide a truly unique banking experience.

The Bank strives to develop long-term relationships with its Private Banking clients. To achieve this, the Bank seeks to be informed about each client's circumstances, objectives and long-term interests in order to be able to advise them accordingly. The Private Banking team takes pride in seeing their clients' businesses succeed and their wealth grow, thinking holistically about the clients' families and presenting solutions that can benefit them. By providing an unmatched customer experience, the Bank's vision is to be recognised as the "Best Private Bank in Qatar" by its clients and competitors.

Private Banking is built on several pillars including client privacy, transparency in business dealing, financing strength, international presence and family office services. The Bank's Private Banking franchise offers several sharia-compliant

solutions including real estate & project finance, bespoke investment solutions, asset management, wealth preservation, credit planning & management and business planning for private business owners.

As a result of the Merger, the Bank's market share in Qatar's retail banking business has increased to 19.4 per cent. and 9.5 per cent. in terms of loans and deposits respectively as of 31 December 2021.

Total customer deposits (Personal and Others) from Retail customers (individuals), as at 31 December 2021, amounted to QAR 28.8 billion, representing 26.9 per cent. of the Bank's total customer deposits.

### Key Sharia-compliant financing products

The Bank's principal products and services include the following Sharia-compliant financing arrangements:

#### *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.

#### *Ijara*

The form of *Ijara* offered by the Bank is a finance or capital lease which enables the Bank's 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 customers for the purchase or lease of properties.

#### *Ijarah Muntahia Bittamleek*

One of the forms of *Ijarah* used by the Bank is *Ijarah Muntahia Bittamleek*. This is a form of leasing contract which includes a promise by the lessor to transfer the ownership in the leased property to the lessee, either at the end of the term of the *Ijarah* period or by stages during the term of the contract *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.

#### *Musharaka*

It is an agreement under which the Bank provides funds which are mingled with the funds of the business enterprise and others. All providers of capital are entitled to participate in the management but not necessarily required to do so. The profit is distributed among the partners in predetermined ratios, while the loss is borne by each partner in proportion to his contribution.

#### *Istisna'a*

In an *Istisna'a* 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 2021, the most popular financing methods for the Bank's customers were *Murabaha* and *Ijara*, which together represent 93.9 per cent. of the total gross financing portfolio as at that date. The table below sets out the financing methods for the Bank's customers as at 31 December 2021:

Product	Outstanding (QAR'000)	Proportion of portfolio (%)
<i>Murabaha</i> .....	103,645,172	80.3%
<i>Ijara</i> .....	17,516,448	13.6%
<i>Musharaka</i> .....	6,118,414	4.7%

<b>Product</b>	<b>Outstanding</b>	<b>Proportion of</b>
	<i>(QAR'000)</i>	<i>(%)</i>
<i>Istisna'a</i> .....	816,057	0.6%
<i>Others</i> .....	971,931	0.8%
<i>Total</i> .....	<b>129,068,022</b>	<b>100.0%</b>

## **Treasury and Financial Institutions**

An axiomatic imperative of any big bank is to have a well-managed Treasury and Financial Institution (“FI”) department, which serves as the nerve centre of the institution. It functions as the main artery of the bank, which branches into a large number of networks that extend throughout the institution. The Bank's Treasury and FI department facilitates the Bank in maintaining its position as a strong government-related franchise, and remain well capitalised and profitable by securing reliable sources of funding. In the process, the Bank's Treasury and FI department fulfils the Board of Directors' strategic vision of the future for the Bank. The Treasury and FI department also helps the Executive Management team achieve its objectives with respect to growing the Bank's profitability, consistently maintaining high asset quality, mitigating risks and expanding the Bank's brand name.

By promoting Islamic banking principles and practices, the Bank’s Treasury segment is equipped with a range of Treasury and FI products and solutions designed to support the Bank’s activities and fulfil the banking needs of the Bank’s customers.

The Treasury and FI product suite includes a range of Sharia-compliant solutions. This include Wakala, reverse Wakala, foreign exchange spot transactions, Islamic FX forward and swap (wa'ad), Tawarruq, Islamic Fixed Income "Sukuk", commodity Murabaha, reverse Murabaha, cross currency swap, options, profit rate swap, special term deposits, structured deposits, hedging solutions, collateralised Murabaha (“Repo”), and bilateral and syndicated financing facilities.

The Treasury and FI segment consists of five units, namely Asset and Liability Management (ALM), Foreign Exchange and Derivatives, Treasury Sales, Investments and Capital Markets, and Financial Institutions.

### ***Asset and Liability Management (ALM)***

The ALM unit is responsible for ensuring (i) that the Bank always has ample liquidity, (ii) that the Bank has a mechanism in place to manage cost of funding and (iii) that the Bank complies with regulatory and Basel III requirements. This is achieved by: (a) broadening the Bank's client base; (b) strengthening the Bank's existing local relationships and exploring new ones; (c) expanding the Bank's international network; (d) tapping into the capital markets for public/private securities issuances; and (e) enforcing internal monitoring measures and policies. By promoting Islamic banking principles and practices, the Bank's Treasury unit is equipped with a full suite of Treasury & FI products and solutions designed to support the Bank's activities and fulfil the banking needs of the Bank's customers.

### ***Foreign Exchange & Derivatives***

The Foreign Exchange and Derivatives unit works closely with the ALM unit in carrying out the functions of managing and executing foreign exchange transactions and monitoring the Bank's comprehensive foreign exchange net open position. The Foreign Exchange and Derivatives unit also implements robust mechanisms to cope with rapid market developments for the purposes of mitigating interest rate risk and foreign exchange volatility and exposure. In line with the Treasury & FI group's objective of enhancing the Banks income, the Foreign Exchange and Derivatives unit continuously seeks opportunities to enhance the income generated from the Bank's investment book and take advantage of foreign exchange (“FX”) proprietary opportunities in accordance to the Bank's risk appetite.

### ***Treasury Sales***

The purpose of the Treasury Sales unit is a combination of liquidity solicitation and income generation. In addition, the Treasury Sales unit supports the Banks liquidity pool through marketing of the Programme, fostering the Bank local presence and enriching its international relationships. The promotion and sale of treasury solutions to clients has fulfilled the requirements of the Bank's clients and served as an income stream for the Bank and the Treasury and FI group. By capturing FX and derivative hedging business emanating from the local market, the team has built a strong reputation.

### ***Financial Institutions***

The Bank's FI unit also offers correspondent banking services and therefore acts as the gateway for the Bank to keep in close contact with its global network of banks and other financial entities. Relationships with over 200 financial institutions worldwide has already been developed by the Bank's Treasury & FI team in order to support corporate and retail clients within the Bank's network. The FI team also attends to the cross-border needs of the Bank's clients at any time. It does this by continuously providing a complete range of services that facilitate international cash management, cross-border payments, as well as trade finance products (letters of credit, guarantee, documentary collections). Moreover, the Bank's FI team actively seeks to secure funding from relationship banks, as well as participating in Murabaha financing syndications through primary & secondary markets, thus providing strong profit and diversification to the asset base.

### ***Investments and Capital Markets***

In line with the Bank's strategy, the Investments unit continuously looks for investment opportunities in Sharia compliant assets, such as sukuk and equity. Investments in those asset classes are executed in accordance with the Bank's risk parameters and guidance provided by the Executive Management and the Board of Directors through their respective strategies, policies and corporate governance process. Consequently, this helps achieve a balanced, diversified, and robust position for the Bank and its liquidity. The Investments unit's book contributes significantly to profitability for the Bank.

The Bank has been utilising this Programme to raise term funding in public and private formats in the capital markets. The Programme also creates visibility for the Bank amongst the regional and global capital markets investors and enables the Bank to further diversify its sources of funding.

### **Information Technology (IT)**

IT plays a key role in achieving the following strategic objectives:

- enable the Bank to differentiate services from its competitors;
- facilitate customer-centric approach by accurately analysing customer data;
- enable two way flow of information between IT and senior management in order to equip the various business units to accurately analyse the financial performance of the Bank by providing robust systems and technology;
- enable process improvements on a continuous basis, improve efficiency and optimise on cost by automation of standards and routine processes;
- enable knowledge development and easy dissemination of knowledge assets to create unique value proposition to customers;
- adopt and comply with Qatar regulatory and legal bodies to meet their expectations on timely manner; and
- implement sophisticated security features in the Bank's IT infrastructure to prevent data leaks and ensure the safety and security of customer data.

The Bank has invested heavily in information technology and has an advanced 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 mobile banking services.

Further, 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.

### **SUBSIDIARIES AND ASSOCIATES**

The table below provides a list of the Bank's subsidiaries and affiliates as at 31 December 2021:

Entity's Name	Jurisdiction of incorporation	Entity's activities	Effective percentage of ownership as of 31 December 2021	Entity's capital
Al Rayan Investment L.L.C.	Qatar	Investment Banking	100%	USD 100 million
Al Rayan Financial Brokerage <sup>1</sup>	Qatar	Financial Brokerage	100%	QAR 50 million
Al Rayan (UK) Limited <sup>2</sup>	UK	Investment Activities	75%	GBP 100 million
Al Rayan Partners L.L.C.	Qatar	Real Estate Consulting	100%	QAR 10 million
Al Khaliji France S.A	France	Banking	100%	EUR 104 million
AKCB Finance Limited	Cayman Islands	Debt issuance	100%	USD 1
AKCB Falcon Limited	Cayman Islands	Debt issuance	100%	USD 1
AKCB Markets Limited	Cayman Islands	Over the counter Sharia-compliant risk management instruments	100%	USD 1
Lusail Limited	Cayman Islands	Financing and investment activities	100%	USD 1
Lusail Waterfront Investment Co.	Cayman Islands	Investment Activities	100%	USD 100
MAR Finance LLC <sup>3</sup>	Qatar Financial Centre	Sukuk issuance	-	QAR 1,000
MAR Sukuk Limited <sup>4</sup>	Cayman Islands	Sukuk issuance	-	USD 250

<sup>1</sup> The operations have ceased since 12 January 2017 after QFMA approved to freeze its license for two years. The freezing of the license was extended up to 10 September 2019. On 13 January 2019, the Board of Directors passed a resolution to liquidate Al Rayan Financial Brokerage to comply with the QFMA requirements and the liquidation procedures have been completed.

<sup>2</sup> On 14 July 2021, the Bank acquired additional 5 per cent. shares in Al Rayan (UK) Limited. Al Rayan (UK) Limited owns 98.34 per cent. of its subsidiary, Al Rayan Bank PLC (formerly known as Islamic Bank of Britain PLC). Effectively, the Bank owns 73.76 per cent. of Al Rayan Bank PLC. Al Rayan Bank PLC is the designated "Servicer" of Tolkien Funding Sukuk No. 1 Plc, a special purpose entity incorporated in the UK for the purpose of sukuk issuance for the benefit of Al Rayan Bank PLC.

<sup>3</sup> MAR Finance LLC was incorporated in the Qatar Financial Centre as an orphan special purpose company solely for the purpose of sukuk issuance and other activities under the Programme, for the benefit of the Bank.

<sup>4</sup> MAR Sukuk Limited was incorporated in the Cayman Islands as an orphan exempted company with limited liability for the purpose of sukuk issuance and other activities, for the benefit of the Bank.

The table below provides a list of the Bank's associate companies as at 31 December 2021:

Entity's Name	Country of incorporation	Entity's activities	Effective percentage of ownership as of 31 December 2021 (audited)
Ci-San Trading W.L.L.	Qatar	Investing and Trading	50.00%
Kirnaf Finance Company	Saudi Arabia	Leasing	48.76%
Linc Facility Services W.L.L.	Qatar	Facility Management	33.50%
Damaan Islamic Insurance Company" Beema" (Q.P.S.C.)	Qatar	Insurance	20.00%
National Mass Housing Company SAOC	Oman	Real Estate Services	20.00%

### Al Rayan Investment L.L.C. (ARI)

ARI was launched in 2008 with a fully paid-up capital of USD 100 million as the Bank's fully-owned investment banking arm. ARI was the first *Sharia*-compliant institution authorised by the Qatar Financial Centre Regulatory Authority ("QFCRA") in the QFC. As at 30 December 2021, ARI's total assets were QAR 725 million.

ARI's strategy is to invest in developing a wide product suite that caters to the growing demand for *Sharia*-compliant Islamic finance products. ARI's operations are divided into three segments:

#### *Asset Management Group*

ARI's Asset Management Group (“ARI AMG”) offers investment products and services to a diverse mix of clientele including sovereign wealth funds, high net worth, ultra-high net worth individuals and corporates. The group manages the Bank's flagship Al Rayan GCC Fund, one of the largest *Sharia*-compliant mutual funds regionally with GCC investment focus in equities and sukuk. The Bank currently owns more than 10 per cent stake in these investment funds.

In addition, ARI AMG launched the first *Sharia*-compliant Exchange Traded Fund in March 2018, expanding its product offering. The Exchange Traded Fund's net assets as of 31 December 2021 is QAR 554 million. As of 31 December 2021, ARI AMG's offerings include client segregated mandates in both equity and sukuk asset classes, money market mudaraba and sukuk execution services. ARI AMG plans to continue to broaden its product offerings to include the other products across different assets classes such as fixed income, a money market fund and alternative investments fund.

### ***Financial Advisory Group***

ARI's Financial Advisory group focuses on providing financial and strategic advisory services to a broad client base including family owned businesses, publicly listed entities, private corporations and the government and government related entities. The group's mandate includes advising on equity and debt capital markets, M&A and corporate finance transactions.

### ***Strategic Investments***

This division focuses on investing ARI's capital by acquiring strategic stakes in companies (listed or private) across different sectors which offer growth potential and sukuk opportunities to diversify ARI's income stream.

### ***Al Rayan Financial Brokerage***

Al Rayan Financial Brokerage was established to buy and sell shares of locally listed companies that are either declared to be fully *Sharia*-compliant or in companies where their main line or activity of business is *Sharia*- compliant. On 28 December 2016, the QFMA approved the freezing of ARFB's license for two years. The operations of ARFB ceased from 12 January 2017. On 13 January 2019, the Board of Directors passed a resolution to liquidate Al Rayan Financial Brokerage. The liquidation procedures have been completed as of 31 December 2021.

### ***Al Rayan Partners***

Al Rayan Partners was established on 6 October 2010 and is a fully owned subsidiary of the Bank. This subsidiary provides real estate management and engineering services to the Bank as well as to other clients.

### ***Al Rayan Bank PLC***

Al Rayan Bank PLC is the oldest Islamic bank in the UK and has been fully *Sharia*-compliant retail bank since its inception. Founded in 2004, the bank serves customers throughout the UK and the GCC and provides a range of Islamic banking products and services, which includes property finance; savings accounts; current accounts; commercial finance and business banking. Al Rayan Bank PLC has won multiple international awards and accolades and was named 'Best Islamic Bank UK 2021'. It is the only Islamic bank in the UK to receive a public credit rating.

The Bank, through Al Rayan (UK) Limited (a wholly-owned subsidiary of the Bank at the time), acquired a 95.0 per cent. stake in Al Rayan Bank PLC in 2014, which was increased to 98.3 per cent. immediately after the acquisition, in line with its strategy to improve geographical diversification. However, in December 2016, the Bank sold 30 per cent. of its ownership in Al Rayan (UK) Limited reducing its effective ownership in Al Rayan Bank PLC from 98.3 per cent. to 68.8 per cent. The sale was agreed pursuant to the financing arrangements the Bank had entered into at the time of acquisition under which the Bank could, at its option, sell to QIA up to 30 per cent. of the shares of Al Rayan Bank PLC. In July 2021, the Bank acquired an additional 5 per cent. of the shares in the capital of Al Rayan (UK) Limited, which increased its shareholding in Al Rayan Bank PLC from 68.8 per cent. to 73.8 per cent.

Al Rayan Bank PLC witnessed strong asset growth and turned profitable in 2015 having sustained losses for several years prior to the Bank's acquisition. Net profit after tax for 2015 was reported at GBP 10.3 million, an increase of approximately 745 per cent. compared to GBP 1.2 million for 2014. As at 31 December 2021, Al Rayan PLC reported net profit after tax of GBP 8.8 million and total assets of GBP 2.3 billion.

Al Rayan Bank PLC has a total of three branches strategically located throughout major cities in the UK. In 2015, an exclusive high-end private banking branch was launched in Knightsbridge in London to cater to the Bank's retail and high net worth client base.

In addition to the bank's branch and office network, the bank serves over 83,193 customers through a telephone-based contact centre and online and mobile banking services.

#### ***Al Khaliji France S.A.***

Al Khaliji France S.A. ("Al Khaliji France"), previously known as BLC Bank (France) S.A., is a wholly-owned subsidiary of the Bank which was acquired in late 2008. Al Khaliji France holds a European banking license and a network of two branches in the UAE and one branch in Paris. Al Khaliji France's board of directors and compliance structure conforms with both French and UAE legal requirements. The Bank became the sole shareholder of Al Khaliji France in 2021 following the completion of the Merger.

#### ***AKCB Falcon Limited***

AKCB Falcon Limited is a wholly-owned subsidiary of the Bank which was established for the purposes of raising funds by issuing euro commercial paper and certificates of deposit. The Bank became the sole shareholder of AKCB Falcon Limited in 2021 following the completion of the Merger.

#### ***AKCB Markets Limited***

AKCB Markets Limited is a wholly-owned subsidiary of the Bank which was established for entering into Over the Counter (OTC) derivative transactions on behalf of the group. The Bank became the sole shareholder of AKCB Markets Limited in 2021 following the completion of the Merger.

#### ***AKCB Finance Limited***

AKCB Finance Limited is a wholly-owned subsidiary of the Bank which was established for the purposes of raising funding by issuing debt instruments guaranteed by the group. The Bank became the sole shareholder of AKCB Finance Limited in 2021 following the completion of the Merger.

### **FINANCIAL REPORTING SEGMENTATION**

For the purpose of financial reporting, the Bank provides segmental breakdown by five strategic divisions. The strategic divisions offer different products and services, and are managed separately based on the Bank's management and internal reporting structure. For each of the strategic divisions, the management reviews internal reports periodically. The following summary describes the operations in each of the Group's reportable segments.

- *Corporate Banking* provides an extensive range of Islamic funded and non-funded credit facilities, deposit services, investment advisory, currency exchange facilities, profit rate swaps, financing syndication and other services to corporate, commercial and multinational customers.
- *Retail Banking* provides investment accounts services, credit card and Islamic financing to retail customers.
- Treasury and Financial Institutions undertakes the Group's funding and centralised risk management activities through borrowings, sukuk and debt financing, use of Sharia compliant instruments for risk management purposes and investing in liquid assets such as short-term placements and corporate and government debt securities.
- *Asset Management* has two distinct functions: firstly, the management of the Bank's portfolio of listed and private equities and funds, strategic investments, income producing instruments such as sukuks and real estate investments; and secondly, the development and operation of the Bank's investment products, asset management and investment placement business.
- *International Operations* includes financing assets, deposits and other products and services with corporate and individual customers in the Bank's international locations.

In addition to the above, the Bank reports unallocated assets, liabilities and revenues which are related to some central functions and non-core business operations, like common property and equipment, cash functions and development projects related payables. Information regarding the results, assets and liabilities of each reportable segment is set out in further detail below.

For a detailed analysis of the financial performance and position of the reportable segments see ("*Operating Performance*").

## **INVESTMENT SECURITIES**

### **Categorisation and classification**

The Group uses FAS 33 – “Investment in sukuk, shares and similar instruments” (“FAS 33”) classification and measurement approach for investments in sukuk, shares and similar instruments that reflects the business model in which such investments are managed and their underlying cash flow characteristics.

#### *Investment categorisation*

Under the standard, each investment is to be categorised as investment in:

- equity-type instruments;
- debt-type instruments (including monetary and non-monetary); and
- other investment instruments.

#### *Investment classification*

Investments are classified on the basis of: (a) the Bank's assessment of the business model within which the investments are managed; and (b) the Bank's assessment of whether the contractual terms of the investment represents either a debt-type instrument or other investment instrument having reasonably determinable effective yield.

Unless irrevocable initial recognition choices provided in FAS 33 are exercised, an institution shall classify investments as subsequently measured at either of (i) amortised cost, (ii) fair value through equity or (iii) fair value through income statement, on the basis of both:

- the Bank's business model for managing the investments; and
- the expected cash flow characteristics of the investment in line with the nature of the underlying Islamic finance contracts.

#### *Amortised cost*

- An investment shall be measured at amortised cost if both of the following conditions are met:
- the investment is held within a business model whose objective is to hold such investment in order to collect expected cash flows till maturity of the instrument; and
- the investment represents either a debt-type instrument or other investment instrument having reasonable determinable effective yield.

#### *Fair value through equity (“FVTE”)*

An investment shall be measured at FVTE if both of the following conditions are met:

- the investment is held within a business model whose objective is achieved by both collecting expected cash flows and selling the investment; and



- the investment represents a non-monetary debt-type instrument or other investment instrument having reasonable determinable effective yield.

*Fair value through income statement (“FVTIS”)*

An investment shall be measured at FVTIS unless it is measured at amortised cost or at FVTE or if irrevocable classification at initial recognition is applied.

*Irrevocable classification at initial recognition*

The Bank may make an irrevocable election to designate a particular investment, at initial recognition, being:

- an equity-type instrument that would otherwise be measured at FVTIS, to present subsequent changes in fair value through equity; and
- a non-monetary debt-type instrument or other investment instrument, as measured at FVTIS if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or correlated liabilities or recognising the gains and losses on them on different bases.

**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 risk 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 FVTIS (which are charged to consolidated income statement).

*Subsequent measurement*

*FVTIS*

Investments at FVTIS are re-measured at fair value at the end of each reporting period and the resultant re-measurement gains or losses is 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 on de-recognition or impairment of the investments, are recognised in the consolidated income statement.

*FVTE - Policy applicable up to the issuance of QCB circular 13/2020*

Investments at FVTE are remeasured 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 equity and presented in a separate fair value reserve within equity. When the investments classified as FVTE 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.

*FVTE - Policy applicable after the issuance of QCB circular 13/2020*

The Group has adopted QCB Circular 13/2020 dated 29 April 2020, which modifies the requirements of FAS 33 “Investments in Sukuk, shares and similar instruments” and FAS 30 “Impairment, credit losses and onerous commitments” and requires Islamic Banks to follow principles of IFRS 9 “Financial Instruments” in respect of equity-type investments carried at FVTE.

Investments at FVTE are remeasured 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 equity and presented in a separate fair value reserve within equity.

The Group 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 on initial recognition and is irrevocable. Gains and losses on such equity-type instruments are never subsequently reclassified to consolidated income statement, including on disposal. However, cumulative gains and losses recognised in fair value reserve are transferred to retained earnings on disposal of an investment. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in consolidated income statement, unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in consolidated statement of changes in equity.

For debt type investments classified as fair value through equity, 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 when 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 Group measures the fair value of quoted investments using the market closing price for that instrument. For unlisted investments, the Bank recognises any increase in the fair value when they have 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.

The following table presents a breakdown of the Bank's direct financial investments in securities:

	<b>As at 31 December 2021 (QAR '000)</b>	<b>As at 31 December 2020 (QAR '000)</b>
<i>Investments classified as fair value through income statement</i>		
Investments classified as held for trading (Quoted)		
Debt type investments - Fixed Profit rate	7,119	2018
Accrued profit	85	11
	<b>7,204</b>	<b>2,029</b>
<i>Debt type investments classified at amortised cost</i>		
Fixed profit rate-Quoted	3,857,927	1,850,563
Fixed profit rate-Unquoted	57,162	50,967
Floating profit rate-Quoted	27,969	-
Government of Qatar Quoted	4,751,011	1,214,119
Government of Qatar Unquoted	23,465,000	17,150,000
Accrued profit	349,666	243,602
Less: Allowance for impairment	(75,251)	(76,416)
	<b>32,433,484</b>	<b>20,432,835</b>
<i>Investments classified as fair value through equity</i>		
Equity type investments		
-Quoted	235,087	51,665
-Unquoted	97,571	99,198
Accrued profit	1,742	107
	<b>334,400</b>	<b>150,970</b>

As at 31 December 2021 (QAR '000)	As at 31 December 2020 (QAR '000)
<u>32,775,088</u>	<u>20,585,834</u>

## 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) and operational risk. The Board mitigates these risks by implementing internal control systems that clearly determine the responsibilities of each control function in the organisation and its relationship with other departments to ensure its independence and effectiveness. The Board supports the control functions by allocating resources and clear reporting lines to the Board and to senior management. The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has delegated authority to the Executive Management to take decisions necessary to monitor and manage risks on a daily basis.

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, on an annual basis.

Governance over the management of risk cascades from the Board and is managed at a departmental level by each area. This is completed in a variety of methods through regular departmental reporting, inclusion of key risk indicators or quarterly bank risk registers. Specific metrics are set by the business to monitor risks within an acceptable level. These are set either by the Board or at the departmental level to deliver service quality.

### Risk Management Department

In addition to Board supervision, risk management is also carried out by independent functions headed by experts such as the AGM Credit Risk, Head of Compliance, and Chief Internal Auditor; and their departments identify, assess, monitor, provide consultation, and raise reports about the various risks of non-compliance with applicable laws, regulations, and standards.

### 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 categories:

- setting the Bank's risk tolerance levels 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.

### Stress testing

The measurement and monitoring of various risks is a vital concern in assuring the health of financial institutions and the financial system as a whole. Stress testing has been widely used by international financial institutions and especially by regulatory entities to verify the ability of banks and other financial institutions to withstand pressure.

The idea behind stress testing is to assess the effects of exceptional but viable situations on the financial position of the Bank as well as other entities. Several quantitative technical methods have been utilised which can be divided into two main categories: sensitivity testing and scenario testing. These tests are conducted to include testing: credit risk, liquidity risk, market risk, and operational risk.

These tests which are performed by the Risk Management department aim to measure the Bank's ability to withstand future losses which it might be exposed to in light of specific scenarios about future economic factors starting with what is known as the base scenario, i.e. the scenario of the situation remaining as it is, and several other scenarios that vary in their degree of severity of the assumptions made.

Specifically, these tests aim to discover whether the Bank will continue to have viable assets sufficient to face the potential losses in case the worst scenario occurs. In this way, the Bank is able to present a realistic view of its exposure sensitivity and its ability to withstand potential shocks to the economy, if a situation was to develop, as well as evaluate the Bank's ability to sustain various shocks as a result of market risk and credit risk.

These tests are conducted based on the Bank's current financials and the data collected about the risks that it is facing by the risk management function of the Bank. Financial stress testing of the Bank allows taking the appropriate actions and to determine what financial assets the Bank has to be able to meet its financial obligations and to cover its potential future losses in the worst possible scenario, and whether it can continue to act as a financial agent without government support through financial assistance, or to seek support from other financial support sources in the private finance market. These are all assumptions that enable the Bank to hedge its position and provide studied options in case of any negative developments.

The Bank has complied with all QCB regulations concerning stress testing and has also complied with the reporting requirements.

### 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) 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 party balances and transactions as at and for the periods specified:

	As at and for the year ended 31 December 2021 (QAR '000)	As at and for the year ended 31 December 2020 (QAR '000)
<b>Associate Companies and Shareholders</b>		
<b>Statement of financial position</b>		
Customer current accounts	80,169	83,994
Equity of investment account holders – customer	3,218,705	3,198,142
Other liabilities	103,005	-
<b>Income statement</b>		
Return on equity of investment account holders – customer	32,339	48,243
Operating expenses	15,826	14,637

Key management personnel and their immediate relatives have transacted with the Group for the years ended 31 December 2021 and 31 December 2020 as follows:

	As at and for the year ended 31 December 2021 (QAR '000)	As at and for the year ended 31 December 2020 (QAR '000)
<b>Statement of financial position</b>		
Financing assets	775,119	5,046
Customer current accounts	54,644	10,224
Equity of investment account holders	538,837	64,615

	<b>As at and for the year ended 31 December 2021 (QAR '000)</b>	<b>As at and for the year ended 31 December 2020 (QAR '000)</b>
<b>Income statement</b>		
Income from financing activities	3,341	293
Return on equity of investment account holders	3,049	1,449

Key management personnel compensation for the years ended 31 December 2021 and 31 December 2020 comprised:

	<b>As at and for the year ended 31 December 2021 (QAR '000)</b>	<b>As at and for the year ended 31 December 2020 (QAR '000)</b>
Salaries and other benefits to key management	13,026	13,848
Remuneration to Board of Directors including meeting allowances	15,670	15,589

### Risk management structure



### Credit Risk

Credit risk is the risk of one party's failure to discharge a financial obligation which causes the financier to incur a financial loss. Credit risk arises principally from the Group's financing activities.

The Group seeks to manage and mitigate its credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

The Group seeks to manage its credit risk exposure through diversification of financing activities to avoid undue concentrations of risks with individuals or group of customers in specific locations or businesses. It also obtains collaterals, when appropriate. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The collaterals obtained varies from cash margin, lien on deposits, pledge of shares, transfer or mortgage of properties, bank guarantee, mortgage of assets, assignment of receivables or vehicle etc.

Management constantly monitors the market value of collaterals. The Group also obtains corporate guarantees from parent companies or J&S guarantees of owners.

### Credit risk measurement

The Group's risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses. The Group also runs worse case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

Monitoring and controlling risks is primarily performed based on limits established by the Group.

These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept, with additional emphasis on selected industries. In addition, the Group monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk type activities and the module makes use of probabilities derived from historical experience adjusted to reflect the economic environment.

As a part of overall risk management, the Group uses swap deals and other instruments to manage exposures from changes in profit rates, foreign currencies, equity risks, credit risks and exposures arising from forecast transactions.

### Concentration 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.

	Gross exposure	
	As at 31 December 2021	As at 31 December 2020
	<i>(QAR'000)</i>	
<b>Funded and unfunded</b>		
Government.....	38,260,345	36,025,692
Government agencies.....	45,599,988	31,450,803
Industry.....	3,623,943	461,669
Commercial.....	8,313,368	5,440,363
Services.....	30,833,046	9,671,300
Contracting.....	2,597,170	1,564,492
Real estate.....	30,179,005	24,799,711
Personal.....	10,690,994	9,665,245
Others.....	-	4,028
Contingent liabilities.....	24,113,674	13,965,797
Contingent liabilities of a non-Sharia-compliant subsidiary.....	682,218	-
	194,893,751	133,049,100

### Credit policy

A key aspect of the Credit Risk Management's function is to establish, maintain and enhance the Bank's credit policy. The Bank is keen to develop a comprehensive tool to evaluate credit by placing a comprehensive Credit Policy that contains the framework of standards and conditions for granting credit by following a standardised approach in the process of credit evaluation and management.

The Bank extends credit facilities only after the applicants meet a set of requirements including a clearly identified purpose of the requested facility, adequacy of sources of repayment, customer creditworthiness and experience, acceptable risk level as per the Bank's approved risk level, as per the Bank's approved risk appetite, and sufficient collateral to protect the Bank's rights should the client face difficulty in repayment.

There are four levels of approval committees in the Bank, with varying levels of authority (together the **Credit Committees**). They are:

- (i) Executive Committee of the Board (EXCOB): This is the highest credit approval level in the Group.
- (ii) Credit & Investment Committee (CIC): The highest management approval level in the Group.
- (iii) Level 1 credit committee: Management level committee.
- (iv) Level 2 credit committee: Management level committee excluding the Head of Credit Risk.

Accordingly, no one individual has unilateral financing authority for non-personal financing.

## **Credit Risk Division**

The Credit Risk Division in the Bank follows a number of procedures to identify, assess, measure and monitor risks associated with any financing.

The Credit Risk Division operates by:

- (i) Determining credit types and sectors for which the Bank may extend financing.
- (ii) Establishing a limit cap for group exposure.
- (iii) Determining types of collaterals, their mechanism of evaluation, the approved professional agents which conduct the evaluation, its financing to collateral value, and taking precautionary steps to protect the bank against any such risk by obtaining property insurance and periodical evaluation of these collaterals.
- (iv) Placing conditions for approval of credit inclusive of information that must be obtained prior to granting of credit facilities, and establishing independent review of credit and conditions for rating of credit and provisioning.
- (v) Establishing the level of risk for financing as approved by the Board.
- (vi) Preparing independent credit recommendations.
- (vii) Ensuring full transparent disclosure of all the information related to the client to the relevant Credit Committee to facilitate a well advised credit decision.
- (viii) Enhancing the role of monitoring and managing credit to ensure the necessary follow up is done to complete all the documentation and collateral required under the relevant Credit Committee's recommendation to activate the limits in the internal system.
- (ix) Implementing an internal credit rating system that takes into consideration both quantitative and qualitative aspects of the client and their position in the market and the presented collaterals that would assist in taking a proper credit decision.
- (x) Implementing stress testing on the facilities provided in order to bolster the process of identifying and controlling the risks and providing the tools that would complement risk management with the objective of arriving at an overall evaluation of credit risks.

## **Implementation of Measures to Determine Credit Risks**

The process of granting credit is set out below:

- (i) Reviewing a credit application supported by a finance request signed by the customer or the authorised signatory.
- (ii) Obtaining sufficient information in order to make a comprehensive evaluation of the client and types of risk underlying the requested facility, as well as to be able to rate the client as per the Bank's internal credit rating system.
- (iii) Acquiring knowledge of the customer's reputation, experience, market share (economic sector), and purpose of finance.
- (iv) Studying the nature of the current and future risks of the credit applicant, such as industry, market conditions and sensitivity to the economic developments, and assessing the relation between associated risks and profit.
- (v) Evaluating the sources of repayment and customer's capacity to settle debts and type of acceptable collaterals.
- (vi) Obtaining all the collaterals and completing their evaluation.

- (vii) Analysing the client's financial position using updated audited financials.
- (viii) Reviewing the client's Qatar Credit Bureau report to understand the nature and volume of existing commitments with other financial institutions and client's credit history.
- (ix) Establishing credit limit caps for all on and off-balance sheet items, credit limit caps for industry, countries, and establishing credit limit caps based on the customer risk rating.
- (x) Establishing credit limit caps which can be extended for equity at one obligor level, group level, and inter-related relations level, as well as those with overlapping interests.
- (xi) Ensuring compliance to QCB regulations regarding financing.
- (xii) Approving the modus operandi of stress testing which includes policy, framework, methodology, and assuring the definition and identification of the suitable factors related to credit risk and assigning the associated responsibilities and their consequences, as well as presenting them to the specialised committees for final decisions.

### **Existence of Procedures to Handle and Follow-up Credit**

The procedures in place for handling credit include:

- (i) Maintaining a filing system to handle customers' files and update its information and documents on periodic basis.
- (ii) Following up on the execution of the credit facilities to make sure that such facilities are in compliance with the procedures, policies, laws and compliance regulations namely, the client's current financial position, existence of sufficient securities with coverage suitable to the current status of the customer, and the client's utilisation of the facilities.
- (iii) Following up on the utilisation of credit limits.
- (iv) Monitoring internal credit rating of the client.
- (v) Periodic monitoring of any credit risk or defaulting sectors for business units to take the necessary action.
- (vi) Issuing periodic reports and advising business units and senior management as needed.
- (vii) Reviewing credit approval conditions, collaterals, facilities agreements, and all operational matters via Credit Risk Administration (an independent unit established for this purpose) prior to releasing credit, inclusive of activating the approved limits and issuing periodic reports.
- (viii) Ensuring the existence of sufficient procedures to monitor credit risks.

Risk monitoring procedures include the following:

- (i) Internal controls to make sure that any exception or deviation in the credit policy or credit procedures and credit limits and / or regulations is reported.
- (ii) A Collection Unit to detect defaulted credit at an early stage through generating a daily past dues report and advise the concerned business unit in order to avoid it in future.
- (iii) Periodic review of the delegation of authority of those authorised to sign, and the associated documentation.
- (iv) Updating the Bank's Credit Policy to develop it and improve it with the latest changes and variables to improve risk management.
- (v) Conducting a regular periodic review of all the approved credit facilities granted as per its delegation to monitor its portfolio status, exposures, credit concentrations, and sector performance. Follow up on all credit facilities,



increases in limits, and follows up and monitors completion of collateralisation, and takes the necessary actions at the appropriate times.

- (vi) Risk Management establishes an area of common grounds with the business units in order to exchange information and create a risk aware culture that is aligned with the Bank's strategy.
- (vii) Continuously enhancing the risk management activities are in line with the Bank's strategy.
- (viii) Adopting and using systems to evaluate client risks in accordance with Basel guidelines and QCB regulations.

Moreover, non-active facilities are reviewed, as well as risk rating based exposures inclusive of all limits granted, and recommendations are made, if any, to 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) bad. 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
- *Bad*: 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 October 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 9 requirements. Accordingly, the bank has adopted an Expected Credit Loss (ECL) model for recognition of impairment losses on financial assets. IFRS 9 contains a "three stage" model, based on the changes observed in the credit quality of financial assets since initial recognition. As assets move through these three stages, the level of impairment losses to be recognised increases. Stage one refers to performing assets; stage two refers to performing assets but with significant increase in credit risk since initial recognition; and stage three refers to non-performing assets which will continue to be measured as Substandard, Doubtful or Bad. The ECL for stage one and stage two are computed after taking into consideration Exposure At Default (EAD), Probability of Default (PD) and Loss Given Default (LGD) of the assets with 12-month expected loss computation for Stage 1 and lifetime expected loss computation for stage two.

QCB requires credit provision for impaired assets to be computed as per Substandard, Doubtful or Bad, subject to a floor of ECL as per Stage 2.

The Bank recognises that accurate and timely risk assessment of the bank's exposure to counterparty credit risk requires a flexible and secure enterprise platform for collection, analysis and robust storage of data. In line with this view, the Bank has implemented an ECL computation model which calculates EAD, PD and LGD, in line with the QCB guidelines. The Bank has also integrated its internal credit rating system with an upgraded version of Moody's Risk Analyst platform (Moody's Credit Lens) which consistently collects, analyses and stores historical and projected financial statements and non-financial assessment data for public and private firms.

Moody's Credit Lens will enable the Bank to realise efficiencies, enhance accuracy and further streamline the internal credit decision process which exceeds internal and regulatory requirements.

*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.

The table below sets out the receivables and balances from financing activities and risk reserves of the Bank as at the dates indicated:

	<b>As at 31 December</b>	
	<b>2020</b>	<b>2021</b>
	<i>(QAR'000)</i>	<i>(QAR'000)</i>
Risk Reserve percentage (%).....	2.5%	2.5%
Net receivables and balances from financing activities excluding Government financing and securities and cash collateralised facilities .....	71,864,000	110,761,910
<b>Risk Reserve</b> .....	<b>1,796,600</b>	<b>2,282,824</b>

### *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 Bank will be unable to meet its funding requirements when they fall due. In extreme circumstances, lack of liquidity could result in losses on sales of assets, or potentially an inability to fulfil lending commitments. Liquidity risk is inherent in all banking operations and can be caused by institution-specific and market-wide events such as market disruptions or credit downgrades resulting in certain sources of funding being unavailable.

A key measure used by the Bank for managing liquidity risk is the liquidity coverage ratio, which calculates the stock of high-quality liquid assets divided by net cash outflows over the next 30 calendar days. The Group's ratios of liquid assets to customer deposits as at 31 December 2021 and 31 December 2020 were 44.1 per cent. and 49.3 per cent., respectively.

The Bank also monitors on a monthly basis its loans to deposits ratio, net stable funding ratio and maturity profile, and ensures appropriate measures are taken to comply with applicable regulatory limits.

The Risk Management department also presents a stringent analysis to the Board, which closely monitors the Bank's liquidity position.

### **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 and the limits set by the Board. Overall authority for the management of market risks and ensuring compliance with this framework rests with the Board. The Group Assets, Liabilities and Capital Committee ("GALCCO") is responsible for the development of detailed risk management policies (subject to review and approval by the Board of Directors) and is assisted by the Risk Management department in its day-to-day monitoring activities.

The principal risk to which non-trading portfolios are exposed to is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market profit rates. Assets and liabilities profit rate gaps are reviewed on a regular basis, which is used to reduce the profit rate gaps to within the limits established by the Board.

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 (“IFS”). 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**

Equity risk is the risk that the fair values of equity investments decrease as a result of changes in the levels of equity indices and the values of individual stocks. To mitigate equity risk, the Group follows the approved treasury policy and the limits set by the QCB. Moreover, stress tests of the equity portfolio are performed by the Risk Management department on a periodic basis.

### **Profit Rate Risk (Sukuk Book)**

The Group follows the approved treasury policy based on, among other things, issuance size, ratings and sector limits. As a result, any deviation from the treasury policy has to be approved by the Credit & Investment Committee. In addition, stress tests on the profit rates are performed by the Risk Management department on a periodic basis.

### **Foreign Exchange Risk**

All traders follow the approved treasury policy and the limits set by the QCB. Such limits are based on overnight positions that are monitored by the Risk Management department. Moreover, stress tests on foreign exchange rates are performed by the Risk Management department on a periodic basis.

### **Operating and Other Risks**

Operational risk is defined as the risk of loss resulting from inadequate or failed processes, people and systems or from external events. Key operational risk categories include clients, products and business practices, damage to physical assets and disaster management, cyber security and information security risks and external frauds, execution and process management, and business disruptions or systems failures.

The Group mitigates operational risk by putting in place controls and programs to reduce the exposure, frequency, or severity of an event and hence, manage risk exposures. The Bank's controls are examined to know whether the control is truly reducing risk, or merely transferring exposure from the operational risk area to another business sector. In addition, the Group has implemented best practices to mitigate operational risk:

- Maintaining ISO23301 certification for business continuity management with successful periodic tests in compliance with the best practices.
- Maintaining ISO27001 certification for Information security standards.
- Enhancing and practicing protection of systems, networks and applications in MAR by applying best practices for rapid cyber threat identification, protection, detection, response and recovery actions.
- Conducting internal capital adequacy assessment processes (ICAAP) in implementation of the first requirement of the second pillar of Basel II and that is to assist the Board in the continual evaluation of the risks that the Bank is exposed to.
- Preparing a Bank capital plan according to QCB guidelines.
- Developing of a recovery plan for the business continuity of the Bank and to ensure a continually viable operational financial model when faced with short liquidity or severe insufficient capital adequacy.

- Providing a complete framework for testing and to assess the results of such testing.
- Covering intolerable risks via insurance.
- Continuously monitoring system of information security threats and incident response process.
- Maintaining the advanced malware protection, phishing prevention system and implementation of brand abuse protection.
- Performing regular cyber-security control assessments in line with the QCB's technical risk advisory and the Qatar 2022 framework requirement, including the establishing of a cyber-security team.
- Maintaining the regulatory key risk indicators defined by the QCB and supporting related assessments from the Ministry and QCB.
- Implementing the mandatory controls for the SWIFT customer security program requirement to safeguard the SWIFT payment systems.
- Conducting intrusion vulnerability tests on information technology systems.
- Providing the latest information security awareness for staffs to combat security breaches.
- Implementing a real time monitoring system of suspicious transaction (AML) and integrating it with SWIFT to intercept any transaction suspected of being related to money laundering while the transactions are taking place before their completion.
- Maintaining specialised system for managing operational risks (SAS) to manage operational risk indicators inclusive of analysis and follow up of incidents and operational losses.
- Establishing fraud monitoring unit to deal on a 24/7 basis with detection and prevention of fraud on ATM Cards and Credit Cards. The unit utilises a pre-emptive approach to stop suspect transactions.
- Successfully participating in a National Cyber Security Drill organised by the Ministry of Transport and Communication (MoTC/ ictQatar).

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 and procedures to address the risks identified;
- 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, regulatory and reputational 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.

### Regulatory and Legal Compliance Risk

Regulatory and legal risk is the risk of 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 Offering Circular regarding any outstanding legal proceedings against the Group.

The Bank is aware that three lawsuits have been filed in the Eastern District of New York against the Bank, Qatar Charity, and Qatar National Bank (“QNB”) (collectively, the “Defendants”), where the plaintiffs allege that the Defendants spearheaded a funding campaign to support terrorist actions. The Bank’s counsel in the United States have expressed high confidence in the various defences to such lawsuits and have already sought the dismissal of each of these lawsuits, which are deemed to have no merit and insufficient factual grounds and pleadings.

### Capital Management/Adequacy

As at 31 December 2021, the Bank's Tier 1 capital adequacy ratio was 20.3 per cent. and its total Tier 1 and 2 capital adequacy ratio was 21.2 per cent. with total Common Equity Tier 1 Capital at QAR 20.3 billion (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 adequacy ratio purposes of the Bank as at 31 December 2021 compared with historical levels:

	As at 31 December	
	2020	2021
	(QAR'000)	(QAR'000)
Common Equity Tier 1 (CET 1) capital.....	13,299,338	20,312,960
Additional Tier 1 Capital.....	-	1,000,000
Total Regulatory Capital.....	13,758,927	22,234,795
Total Risk Weighted Assets.....	67,746,153	105,136,517
CET 1 Ratio.....	19.6%	19.3%
<b>Total Capital Adequacy Ratio</b> .....	<b>20.3%</b>	<b>21.2%</b>

The assessment of the various capital adequacy risks across the Group is carried out in conjunction with the Bank’s Internal Capital Adequacy Assessment Process (“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
- annual review of the ICAAP by the external auditors prior to submission to the QCB.

## **Basel Capital Accords**

### **Basel III**

The Bank is currently 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 capital adequacy ratios for Tier 1 and Tier 2 capital including capital conservation buffer and Tier 1 capital including capital conservation buffer under QCB Basel III requirements are 12.5 per cent. and 10.5 per cent., respectively, in accordance with the Basel Committee on Banking Supervision Basel III requirements. In March 2015, the Bank was classified as a DSIB by the QCB and, therefore the minimum requirement, as at 31 December 2021, is set at 13.5 per cent. (excluding ICAAP Pillar II capital charge) by the QCB. The Bank exceeds both thresholds with a capital adequacy ratio of 21.2 per cent. as at 31 December 2021.

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 financial control department; 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.

### **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 on-going basis and believes the coverage to be in accordance with industry practice in Qatar.

### **Sharia Supervisory Board (SSB)**

The SSB is appointed at the Bank's annual general assembly meeting and must consist of at least three members who are experts in Islamic jurisprudence. The SSB may include an expert in the field of Islamic financial institutions who also has knowledge of Islamic jurisprudence. Members must at all times be independent and should not hold positions of responsibility in the Bank other than as part of the SSB.

The current members of the SSB are as follows:

#### **Head of the Sharia Supervisory Committee**

Sh. Dr. Waleed Ben Hady

#### *Qualifications:*

PhD in Islamic Law (Fiqh Muaamalat) research of the accepted solutions in Islamic financial institutions. Sheikh Dr. Waleed Ben Hady has also written books and research papers on different Islamic topics

**Member**

Sh. Dr. Sultan Al Hashmi

*Qualifications:*

PhD in Sharia and Islamic Law. Sheikh Dr. Sultan Al Hashmi has also written books and research papers in Islamic finance

**Member**

Sh. Dr. Mohammed Ahmeen

*Qualifications:*

PhD in Islamic Law. Sheikh Dr. Mohammed Ahmeen has also written books and research papers in Islamic finance

The SSB is the ultimate authority on Sharia compliance for the Bank. The primary function of the SSB is (i) review of the Bank's proposed transactions and activities, (ii) the issue of resolutions and fatwas that approve or reject such proposed transactions or activities for compliance with Islamic *Sharia* principles, (iii) provide 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* certificate reports on a yearly basis and (iv) deal 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 SSB. The SSB 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 SSB.

The SSB through the *Sharia* audit department continuously reviews the Bank's transactions to ensure adherence to *Sharia* principles and the broader framework established by the fatwas of the SSB to ensure that the Bank's activities and investments do not contradict *Sharia* rules and principles.

The SSB meets once every quarter.

The *Sharia* audit department reports directly to the SSB 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 SSB 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. *Sharia* audit department supports this process through its regular audits and quarterly reviews of the various activities of the Bank.

## **MANAGEMENT**

### **The Board**

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 Group Chief Executive Officer.

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 currently comprises eleven members, with the General Assembly electing seven members and the following shareholders of the Bank (namely, QIA represented by Qatar Holding LLC appointing 2 members and the General Retirement and Social Insurance Authority ("GRSIA") and the Ministry of Defence's Armed Forces Investment Fund, represented by "Barzan Holding", appointing 1 member each). Directors are elected for a term of three years and may be re- elected for similar periods henceforth.

Decisions of the Board are made by majority votes of those present (in person or by proxy) at the meeting where there is quorum. The Board have delegated certain powers to committees, as described later in this section.

The members of the Board as at the date of this document are:

Name	Positions	Appointment/Election
<b>H.E. Sheikh Mohammed Bin Hamad Bin Qassim Alabdullah Al Thani</b>	<p>Chairman of the Board of Directors – Masraf Al Rayan (since 17 November 2021)</p> <p>Other currently held positions:</p> <ul style="list-style-type: none"> <li>• Minister of Commerce and Industry (since October 2021)</li> <li>• Chairman of the Boards of Directors of Qatar Stock Exchange, the Advisory Board of the Investment Promotion Agency and the Qatar Financial Centre Authority</li> <li>• Member of the Supreme Council for Economic Affairs &amp; Investment</li> <li>• Member of the Board of Directors of the QIA and Qatar Energy</li> </ul> <p>Positions previously held:</p> <ul style="list-style-type: none"> <li>• Deputy Governor and Vice-Chairman of the Board of Directors of Qatar Central Bank (from March 2018 to October 2021)</li> <li>• Chairman of the Board of Directors of the Qatar Financial Markets Authority (from April 2018 to October 2021)</li> <li>• Deputy Chairman of the Board of Directors of Qatar Development Bank (between 2019 and 2021)</li> <li>• Director of the Risk Management Department at Qatar Central Bank (until 2012)</li> <li>• Secretary of the Personal Representative of His Highness the Amir for follow-up affairs (for five years)</li> </ul>	<p>Appointed on 17 November 2021</p>
<b>H.E. Sheikh Hamad Bin Faisal Bin Thani Al Thani</b>	<p>Vice Chairman – Masraf Al Rayan (since 1 December 2021)</p> <p>Board Member – Masraf Al Rayan (since 1 December 2021)</p> <p>Other positions currently held:</p> <ul style="list-style-type: none"> <li>• Chairman – Executive Committee - Masraf Al Rayan (since 1 December 2021)</li> <li>• Chairman of the Board of Directors of Al Khaliji France SA</li> <li>• Member of the Board of Directors of Qatar Free Zones Authority</li> <li>• Vice Chairman of the Board of Directors of Qatari Investors Group Q.S.C. (since 2012)</li> <li>• Independent Non-Executive Director of Vodafone Qatar P.Q.S.C. (since 2018)</li> <li>• Member of the Board of Directors of the Qatari Businessmen Association</li> </ul>	<p>Confirmed at the general meeting on 5 October 2021 as a result of the Merger.</p>



Name	Positions	Appointment/Election
	<ul style="list-style-type: none"> <li>• Member of the Board of Directors of Qatar Insurance Company Q.S.P.C.</li> </ul> <p>Positions previously held:</p> <ul style="list-style-type: none"> <li>• Minister of Economy and Commerce of Qatar</li> <li>• Vice Chairman of QNB</li> <li>• Chairman of the Qatar General Organization for Standard and Metrology</li> <li>• Member of the Supreme Council for Economic Affairs and Investment</li> <li>• Director of the Customs Department</li> </ul>	
<b>Mr. Abdulla Bin Nasser Al Misnad</b>	<p>Board Member – Masraf Al Rayan (since 1 December 2021)</p> <p>Other positions held:</p> <ul style="list-style-type: none"> <li>• Chairman of the Board of Directors of the Qatari Investors Group</li> <li>• Member of the Board of Directors of Vodafone Qatar</li> </ul>	<p>Confirmed at the general meeting on 5 October 2021 as a result of the Merger.</p>
<b>Mr. Turki Mohammed Al Khater</b>	<p>Board Member – Masraf Al Rayan</p> <p>Other positions held:</p> <ul style="list-style-type: none"> <li>• Chairman – United Development Company</li> <li>• Board Member – Ooredoo (Qatar)</li> <li>• President - General Retirement and Social Insurance Authority</li> </ul>	<p>Appointed by GRSIA on 18 March 2020</p>
<b>Abdulrahman Mohamed Al Khayarin</b>	<p>Board Member – Masraf Al Rayan (since March 2020)</p> <p>Other Positions held:</p> <ul style="list-style-type: none"> <li>• Member of the board of directors of Barwa Real Estate</li> </ul>	<p>Elected at the general meeting on 18 March 2020</p>
<b>Mohammed Ibrahim Al-Abdulla</b>	<p>Board Member – Masraf Al Rayan (since March 2020)</p> <p>Other positions held:</p> <ul style="list-style-type: none"> <li>• Member of the board of directors of Muntajat B.V.</li> </ul>	<p>Elected at the general meeting on 18 March 2020</p>
<b>Sheikh Nasser Bin Hamad Bin Nasser Al Thani</b>	<p>Board Member – Masraf Al Rayan (since May 2009)</p> <p>Other positions held:</p> <ul style="list-style-type: none"> <li>• Board Member – Ooredoo (Oman)</li> <li>• Chief Commercial Officer – Ooredoo Qatar</li> </ul>	<p>Elected at the general meeting on 18 March 2020</p>

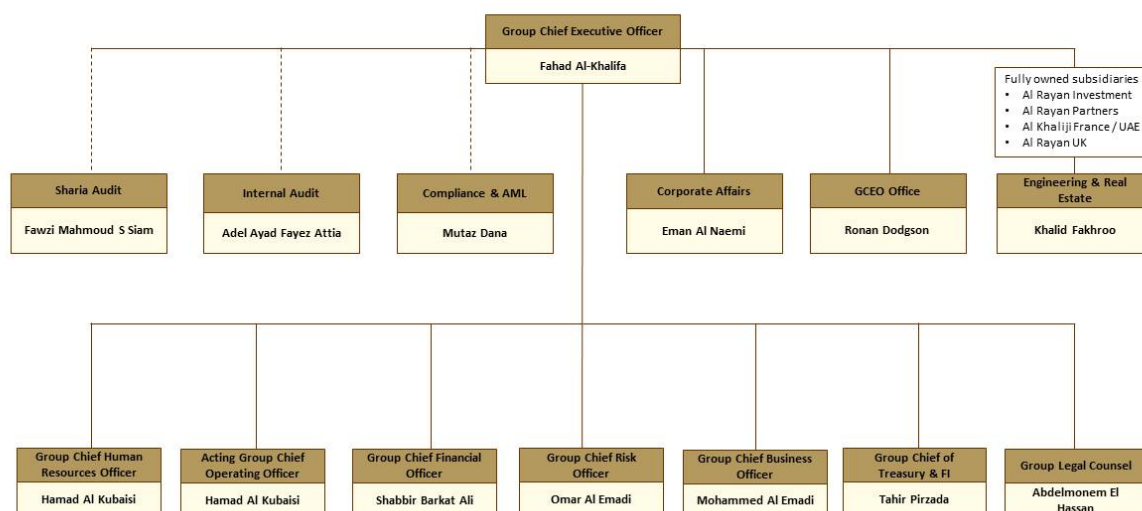
<b>Name</b>	<b>Positions</b>	<b>Appointment/Election</b>
<b>Mr. Abdulla Ahmed Al Maleki Al Jahni</b>	Board Member – Masraf Al Rayan (since April 2006) Other positions held: <ul style="list-style-type: none"> <li>• Board Member – Qatar Business Council</li> <li>• Board Member, Qatar General Insurance &amp; Reinsurance Co.</li> </ul>	Elected at the general meeting on 18 March 2020
<b>Mr. Nasser Jaralla S. Jaralla Al Marri</b>	Board Member – Masraf Al Rayan (since April 2016) Other positions held: <ul style="list-style-type: none"> <li>• Chairman of Financial Affairs Authority – Ministry of Defence</li> <li>• Chairman – Al Rayan Investment LLC</li> <li>• Board Member – Vodafone Qatar Q.S.C.</li> <li>• Board Member – United Development Company</li> <li>• Board Member of the Barzan Holding Company / Investment Arm at the Ministry of Defense</li> </ul>	Elected at the general meeting on 18 March 2020
<b>Sheikh Ali Jassim M J Al-Thani</b>	Board Member – Masraf Al Rayan (since April 2017) Other positions held: <ul style="list-style-type: none"> <li>• Advisor to the CEO – QIA</li> <li>• Board Member – Qatar General Insurance and Reinsurance Co.</li> </ul>	Elected at the general meeting on 18 March 2020
<b>Tamy Ahmed Al Binali</b>	Board Member – Masraf Al Rayan (since March 2020) Other positions held: <ul style="list-style-type: none"> <li>• Assistant President, Support Services, State Audit Bureau</li> </ul>	Elected at the general meeting on 18 March 2020

The Bank's code of conduct (the “Code”) covers the conduct of members of the Bank's 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, anti-bribery and corruption. Board members are also bound by specific regulations relating to insider trading and are required to disclose details of their shareholdings in the Bank.

Certain Board members, 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 in the market at the same time for comparable transactions with unrelated parties and did not involve more than a normal amount of risk (see “– Risk Management – Related party transactions.”).

### **Senior Management**

The organisational structure of the Bank's senior management is as follows:



The members of the Bank's senior management team are as follows:

**Fahad Al Khalifa - Group Chief Executive Officer:** Mr. Fahad Bin Abdulla Al Khalifa is the Group CEO of the Bank. He is a senior banker with over 20 years of experience. He started his career in 1994 with the QCB. His professionalism and strong work ethics helped him develop swiftly and grow his career in the finance and banking industry. In 2000, he joined QNB's Treasury group, where he consistently moved up the ranks to become the Group Treasurer and GM Group Corporate & Institution Banking. In 2014, Mr. Al Khalifa was appointed as Group CEO of Al Khalij. On 1 December 2021 Mr. Al Khalifa became GCEO of the Bank upon the completion of the Merger. Mr. Al Khalifa holds a BSc in Finance from Seattle University, USA. Mr. Al Khalifa is supported by an experienced management team with an understanding of markets in which the Bank operates.

**Khalid Fakhroo - General Manager, Engineering & Real Estate:** Mr. Fakhroo has over 37 years of experience in the construction sector. Prior to joining the Bank, he worked as the senior project manager at Qatar Airways where his responsibilities included expansion and renovation of Doha International Airport. Prior to that he served for a year as Manager of Projects Department Building Affairs at the Public Works Authority and for over 20 years with the Building Engineering Department, Ministry of Municipal Affairs and Agriculture where his last position is Assistant Director for Technical Affairs. Mr. Khalid holds a Bachelor's degree in Civil Engineering from Metropolitan State University, USA.

**Shabbir Barkat Ali - Group Chief Financial Officer:** Mr. Ali joined the Group in December 2021 as a result of the Merger with Al Khalij where he held the position of Group Chief Finance Officer since 2017. Mr Ali has over 21 years' experience having previously worked with The Royal Bank of Scotland plc, ABN AMRO Bank N.V., AB Kinnevik, Metropolitan Bank and Price Waterhouse Coopers in a variety of roles in finance, audit and risk consultancy. Mr. Ali is a Chartered Accountant, and a member of the Association of Chartered Certified Accountants (ACCA), UK and Institute of Chartered Accountants of Pakistan (ICAP).

**Hamad Al Kubaisi - Group Chief Human Resources Officer; Acting Group Chief Operating Officer:** Mr. Al Kubaisi became a member of the Bank's Executive Committee in December 2021 as a result of the Merger with Al Khalij. He previously joined Al Khalij in April 2011. Mr. Al Kubaisi gained a Bachelor's degree in Science of Information Technology from Qatar University. Mr. Al Kubaisi has more than 20 years' experience with an extensive background in human resources. Mr. Al Kubaisi has headed several human resource departments including those of Kahramaa, the Qatar Public Works Authority, and the Supreme Council of Information and Communications Technology.

**Omar Al Emadi - Group Chief Risk Officer:** Mr. Al Emadi was appointed as the Group Chief Risk Officer in 2021 to focus on strengthening and further developing the risk management framework in support of the Bank's future growth. He is an experienced senior banker with over 20 years' experience and has a wealth of knowledge of the Qatari, GCC and international markets. Previously he held the position of Group Chief Business Officer at Al Khalij, where he lead its strategic plan to foster long term relationships with the wholesale and private banking clients. Prior to joining Al Khalij, he held various leadership roles at Commercial Bank of Qatar. Mr. Al Emadi holds a BSc in Finance from California State University in USA.

**Mohammed Ismail Al Emadi - Group Chief Business Officer:** Mr. Emadi has been with the Bank for the past 15 years with various roles in Wholesale Banking, Corporate Banking, Small Medium Enterprise, Financial Institutions, Investment and Islamic Banking. He has a successful record in generating income and growing bank's financing book and deposits. Mr. Mohammed holds a Bachelor's degree in Business Administration and Management from George Washington University, USA.

**Tahir Pirzada - Group Head of Treasury and FI:** Mr. Pirzada joined the Bank in December 2021 as a result of the Merger with Al Khalij, where he held the position of Group Head of Treasury. Mr Pirzada has over 25 years' banking experience in working at leading regional and international banks. He previously worked with Dubai Bank PJSC, ABN AMRO Bank N.V., Prime Bank and First International Investment Bank in variety of roles in the banks' Treasury, Financial Institutions, and Corporate Banking departments. Mr. Pirzada holds an MBA (Finance) degree from Imperial College of Business Studies, Pakistan.

**Abdel Monem El Hassan – Group Legal Counsel:** Mr. El Hassan has more than 43 years of experience in the legal profession. Prior to joining the Bank, Mr. El Hassan acted as the Head of Section (A) of the Legal Department of Islamic Development Bank, KSA. Mr. El Hassan holds a Bachelor of Laws (LLB) Degree with honors degree from University of Khartoum-Sudan and a Master of Laws (LLM) Degree from University of Cambridge, UK. He has also participated in the Program of Instruction for Lawyers from Harvard Law School, USA.

**Eman H. Al Naemi - Group Head of Corporate Affairs:** Mrs Al Naemi has more than 16 years of experience in Marketing Banking Experience. She has been working at the Bank since 2008. Prior to joining the Bank, she worked at QNB. Mrs Al Naemi graduated with Magna Cum Laude Honors in Visual Communication and Business in Design from Virginia Commonwealth University. She has shown a record in leading multifaceted marketing operations aligned with the core business goals and strategy and is experienced in improving corporate brand exposure and digital marketing expansion.

**Mutaz Jamal Fahad Dana – Group Head of Compliance and AMLO:** Mr. Dana joined the Bank in December 2021 as a result of the Merger with Al Khalij. He had been working at Al Khalij since 2014 and has over 17 years of banking experience. Before joining Al Khalij, Mr. Dana worked at Arab Bank PLC in Amman. Mr Dana holds a Master's Degree in Finance Administration and a Bachelor's Degree in Accounting. Mr Dana is a certified AML specialist.

**Adel Attia – Group Chief Internal Auditor:** Mr. Attia has over 30 years of post-qualification experience in banking, internal audits, risk management, corporate governance, compliance and internal control in the financial services industry, more than 13 years of which he acted as Head of Internal Audit function of different banks. Mr. Adel joined the Bank in October 2016 having previously worked with HSBC Bank Oman, Oman International Bank, and Barclays Egypt. He has a Bachelor's degree in Management Sciences – specialist Banking from Egypt.

**Ronan Dodgson - Head of Group Chief Executive Officer's Office:** Mr. Dodgson joined the Bank in December 2021 as a result of the Merger with Al Khalij. He has over 30 years of experience in financial services including private banking, trusts, investments and insurance. Prior to joining Al Khalij in 2008, he held the role of Chief Operating Officer at HSBC in the Cayman Islands. He previously worked at HSBC in Ireland as the Chief Financial Officer and during his career has operated in Europe, the Americas and Middle East. Mr. Dodgson is a Chartered Accountant, and a member of the Association of Chartered Certified Accountants (ACCA).

The business address of each member of the Board and senior management is Masraf Al Rayan Tower, 69 Alad Al Sharqi Street, Marina 40, Lusail City, P.O. Box 28888, 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:

Committee	Key purposes/responsibilities
<p><i>Executive Committee</i></p> <p>(Four members of the Board of Directors)</p> <p>The Executive Committee held 4 meetings in 2021</p>	<ul style="list-style-type: none"> <li>Review of the main functions of the Board.</li> <li>Discuss and approve items that fall under the purview of the Board or those that develop in between Board Meetings.</li> </ul>

Committee	Key purposes/responsibilities
<p>On 12 December 2021, the Board of Directors of the Bank restructured all of its committees. As part of this exercise, the former Group Investment Committee was combined with the Executive Committee where all the responsibilities of the former Group Investment Committee were assumed by the Executive Committee of the Board. Prior to the restructuring, the former Group Investment Committee held 3 meetings in 2021.</p>	<ul style="list-style-type: none"> <li>• Recommend the strategy and business plan of the Bank for Board approval.</li> <li>• Approve financing transactions in accordance with the Bank's the delegation of authority matrix.</li> <li>• Review and recommend the Bank's investment policies for Board approval.</li> <li>• Review and approve investment transactions for the Bank, or where applicable, for Group in accordance with the delegation of authority matrix.</li> <li>• Recommend any strategic investments to the Board.</li> <li>• Evaluate investment performance of the Bank's investment portfolio.</li> </ul>
<p><i>Audit Committee</i> (Three members of the Board of Directors) The Committee held 6 meetings in 2021</p>	<ul style="list-style-type: none"> <li>• Review the annual, semi-annual and quarterly financial statements of the Group and recommend its adoption to the Board.</li> <li>• Monitor the integrity of the financial statements, preliminary results announcements and any other formal announcement relating to the Bank's financial performance.</li> <li>• Provide an opinion on significant changes to financial policies, financial reporting issues, interpretation of financial standards and any other matters brought forward for its consideration.</li> <li>• Review significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature prior to submission or publication.</li> <li>• Approve policies and charters related to accounting, finance, internal audit, external audit, whistleblowing and internal control.</li> <li>• Adopt a whistleblowing system and review the Bank's protocols with regards to enabling employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters relating to the Bank.</li> <li>• Ensure that an adequate system of internal controls has been developed for and is followed by all levels of the Bank's management.</li> <li>• Evaluate the overall effectiveness of the Bank's internal control and risk management frameworks, and consider whether recommendations made by the internal and external auditors of the Bank have been implemented by the Bank's management.</li> </ul>

Committee	Key purposes/responsibilities
	<ul style="list-style-type: none"> <li>• Monitor and review the effectiveness of the Bank's internal audit function in the context of the Group's overall risk management system.</li> <li>• Approve the appointment and removal of individuals to the Group Head of Internal Audit role, subject to the QCB's prior approval of the appointment.</li> <li>• Consider and approve the responsibilities of the Bank's internal audit team and ensure it has adequate resources and unrestricted access to, and obtain copies of, any information required to enable it to perform its function effectively and in accordance with the relevant professional standards.</li> <li>• Review and approve the Bank's Internal Control over Financial Reporting (ICOFR) policy and procedures and recommend the annual ICOFR report for Board approval.</li> <li>• Oversee the Bank's relationship with its external auditor and recommend to the Bank's Annual General Assembly the appointment external auditors.</li> </ul>
<p><i>Corporate Governance, Nominations and Remuneration Committee</i></p> <p>(Three members of the Board of Directors)</p> <p>The Remuneration and Compensation Committee was restructured on 12 December 2021 and combined with the Nominations and Governance Committee.</p> <p>Prior to its restructuring, the former Remuneration and Compensation Committee held 1 meeting in 2021. The former Nominations and Governance Committee also held 1 meeting in 2021.</p>	<ul style="list-style-type: none"> <li>• The Corporate Governance, Nominations and Remuneration Committee is responsible for all matters related to corporate governance, Board nominations and elections, senior management appointments, Human Resources policies, compensation, remuneration and incentives.</li> </ul>
<p><i>Risk and Compliance Committee</i></p> <p>(Three members of the Board of Directors)</p> <p>The Risk and Compliance Policies Committee was restructured on 12 December 2021 to become the "Risk and Compliance Committee". Prior to its restructuring, the former Risk and Policies Committee held 3 meetings in 2021.</p>	<ul style="list-style-type: none"> <li>• The Compliance and Risk Committee of the Board ("<u>CRC</u>") is a committee of the Board of Directors of the Bank for the purpose of assisting the Board in fulfilling its supervisory responsibilities with regards to assessing and managing the various types of risk to which the Bank is exposed as well as approving the Bank's risk framework, risk tolerance levels, risk strategies and risk policies.</li> <li>• The CRC also oversees compliance with all applicable regulatory and internal policy requirements, ensure that effective and appropriate measures are defined and implemented to promote good compliance culture, comply with regulatory requirements, prevent money laundering and financing of terrorism, prevent fraud and conflicts of interest, set forth a Group compliance framework and policies, criteria and control mechanisms for all activities involving risks.</li> </ul>

For further discussion please see "*Business – Risk Management – Risk management structure*".

## **Employees**

### **Overview**

As at 31 December 2021, the Group employed a total of 750 members of staff (including 16 at ARI) as compared to 780 employees (in aggregate at both the Bank and Al Khalij prior to the Merger) as at 31 December 2020 (including 16 at ARI). Prior to the Merger, the Bank had 576 employees as at 31 December 2020 (including 16 at ARI).

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 30 of the 2021 Financial Statements and Note 28 of the 2020 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**

As of 31 December 2021, Qatar nationals accounted for 27 per cent. of the Group's employees (excluding Al Rayan Bank PLC), compared to 28 per cent. of the Group's employees (in aggregate at both the Bank and Al Khalij prior to the Merger) as at 31 December 2020. Prior to the Merger, Qatari nationals accounted for 30 per cent. of the Group's employees as at 31 December 2020 (excluding Al Rayan Bank PLC).

### **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.

## SELECTED FINANCIAL INFORMATION

The following tables set out in summary form the statement of financial position and income statement information relating to the Bank. Such information has been extracted from the Financial Statements. The Financial Statements, together with the auditor's report by Deloitte & Touche, Qatar Branch and the accompanying notes, are incorporated by reference in this Offering Circular. The financial information presented below should be read in conjunction with the Financial Statements, such reports and the notes thereto and the other information contained in this Offering Circular.

The following information has been derived from, and should be read in conjunction with, and is qualified in its entirety by reference to, the Bank's Financial Statements.

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, as modified by the QCB and the applicable provisions of the QCB regulations and where no AAOIFI standards and guidance exist, and relevant laws and instructions issued by the QCB and the provisions of the Commercial Companies Law.

### Selected statement of financial position data (in QAR'000)

	As at 31 December		
	2019	2020	2021
<i>ASSETS</i>			
Cash and balances with Qatar Central Bank	3,122,860	7,070,507	5,220,712
Due from banks	6,035,090	6,307,575	9,155,812
Financing assets	74,837,309	85,983,437	120,806,731
Investment securities	21,378,706	20,585,834	32,775,088
Investment in associates	527,398	534,116	348,935
Fixed assets	227,731	271,406	714,680
Intangible asset	-	-	1,758,698
Other assets	267,427	362,005	3,253,204
<b>Total Assets</b>	<b>106,396,521</b>	<b>121,114,880</b>	<b>174,033,860</b>
<i>LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND EQUITY</i>			
<i>LIABILITIES</i>			
Due to banks	19,367,191	27,979,497	23,246,577
Customer current accounts	7,526,683	8,491,997	9,192,634
Sukuk financing	3,333,998	6,023,180	7,614,762
Other borrowings	2,002,003	1,270,775	5,699,994
Other liabilities	1,948,849	2,331,558	5,849,975
<b>Total Liabilities</b>	<b>34,178,724</b>	<b>46,097,007</b>	<b>51,603,942</b>
<b>Equity of Investment Account Holders</b>	<b>58,085,882</b>	<b>60,425,902</b>	<b>97,763,630</b>
<i>EQUITY</i>			
Share capital	7,500,000	7,500,000	9,300,000
Legal reserve	2,496,623	2,714,166	9,644,166
Risk reserve	1,636,268	1,796,600	2,282,824
Fair value reserve	23,604	25,204	36,125
Foreign currency translation reserve	(9,703)	(3,618)	(5,915)
Other reserves	123,405	126,222	127,274
Retained earnings	2,148,999	2,206,731	2,082,166
Total Equity attributable to Equity Holders of the Bank	13,919,196	14,365,305	23,466,640
Non-controlling interest	212,719	226,666	199,648
Instrument eligible as additional capital	-	-	1,000,000
<b>Total Equity</b>	<b>14,131,915</b>	<b>14,591,971</b>	<b>24,666,288</b>
<b>Total Liabilities, Equity of Investment Account Holders and Equity</b>	<b>106,396,521</b>	<b>121,114,880</b>	<b>174,033,860</b>



## Selected income statement (in QAR'000)

	For the year ended 31 December		
	2019	2020	2021
Income from financing activities	3,710,384	3,680,336	3,710,612
Income from investing activities	930,588	925,202	884,589
<b>Total income from financing and investing activities</b>	<b>4,640,972</b>	<b>4,605,538</b>	<b>4,595,201</b>
<b>Net fee and commission income</b>	<b>388,083</b>	<b>260,730</b>	<b>323,723</b>
Foreign exchange gain (net)	162,380	158,227	167,198
Share of results of associates	19,832	17,888	13,706
Other income	9,708	3,891	1,298
<b>Total income</b>	<b>5,220,975</b>	<b>5,046,274</b>	<b>5,101,126</b>
Net impairment losses on due from banks	231	(113)	(1,241)
Net impairment losses and reversals on financing assets	(54,830)	(298,764)	(910,340)
Net impairment losses on investment securities	(1,117)	(58,227)	(188,836)
Net reversals on other exposures subject to credit risk	10,976	5,415	3,733
<b>Net profit for the year</b>	<b>2,188,109</b>	<b>2,180,594</b>	<b>1,725,292</b>

## Selected breakdown of sources of income (in QAR'000)

### Income from financing activities

	For the year ended 31 December		
	2019	2020	2021
<i>Murabaha</i> .....	2,437,252	2,335,570	2,512,330
<i>Istisna'a</i> .....	68,223	53,764	55,058
<i>Ijarah</i> .....	949,746	1,071,189	933,157
<i>Musharka</i> .....	255,163	219,813	210,067
	<b>3,710,384</b>	<b>3,680,336</b>	<b>3,710,612</b>

### Income from investing activities

	For the year ended 31 December		
	2019	2020	2021
Income from investment in debt-type instruments .....	804,074	847,222	846,887
Dividend income .....	2,528	1,442	3,911
Income from inter-bank placements with Islamic banks .....	113,843	62,678	33,450
Net gain / (loss) on sale of equity-type investments .....	6,895	-	-
Net gain on sale of debt-type investments .....	3,314	13,805	137
Fair value (loss) / gain on investment securities carried as fair value through income statement .....	(66)	55	(81)
Net gain on derivatives .....	-	-	285
	<b>930,588</b>	<b>925,202</b>	<b>884,589</b>

### Income from Fees and Commission

	For the year ended 31 December		
	2019	2020	2021
Commission on financing activities	234,697	138,507	177,940
Commission on trade finance activities	103,134	80,196	99,470
Commission on banking services	53,387	44,307	51,850

	For the year ended 31 December		
	2019	2020	2021
	391,218	263,010	329,260
Fee and Commission Expense	(3,135)	(2,280)	(5,537)
<b>Net Fee and Commission Income</b>	<b>388,083</b>	<b>260,730</b>	<b>323,723</b>

### *Selected ratios*

	As at and for the year ended 31 December		
	2019	2020	2021
Earnings per share (basic and diluted earnings per share (QR per share))	0.290	0.290	0.217
Return on average equity <sup>1</sup>	16.0	15.4	11.4
Return on average assets <sup>2</sup>	2.1	1.9	1.4
Capital adequacy ratio <sup>3</sup>	20.3	20.3	21.2
Net financing assets to deposit ratio <sup>4</sup>	114.1	124.8	112.9
Cost to income ratio <sup>5</sup>	22.8	21.6	22.1
Net profit margin <sup>6</sup>	75.7	67.5	47.6
Total financing to total assets ratio <sup>7</sup>	70.3	71.0	69.4
Non-performing financing ratio <sup>8</sup>	1.0	1.1	1.7
Non-performing coverage ratio <sup>9</sup>	43.2	56.0	50.2

<sup>(1)</sup> Net Profit attributable to equity holders of the bank for the year divided by average equity attributable to the equity holders of the Bank

<sup>(2)</sup> Net Profit attributable to equity holders of the bank for the year divided by average assets for the year

<sup>(3)</sup> Tier one capital as at year end plus tier two capital as at year end divided by risk weighted assets for the year. The capital adequacy ratios were calculated in accordance with the Basel III guidelines issued by the QCB.

<sup>(4)</sup> Net financing assets as at year end divided by deposits as at year end

<sup>(5)</sup> Staff cost, depreciation, other expenses and tax expense for the year divided by total income (after netting off finance expenses and return to investment account holders) for the year

<sup>(6)</sup> Net profit for the year divided by total income (after netting off finance expenses and share of profit paid to URIA holders) for the year

<sup>(7)</sup> Net financing and receivables for the year divided by total assets for the year

<sup>(8)</sup> Non-performing financing facilities as at year end divided by gross financing assets net of deferred profit as at year end

<sup>(9)</sup> Loss allowance for non-performing assets as at year end divided by non-performing financing facilities as at year end

## OPERATING PERFORMANCE

### OPERATING PERFORMANCE

#### Year ended 31 December 2021 compared to year ended 31 December 2020

Below is a brief discussion the Group's operating performance for the year ended 31 December 2021 compared to the year ended 31 December 2020.

**Table 1: Information relating to operating segments for the year ended 31 December 2021**

	Corporate Banking	Retail Banking	Treasury and Financial Institutions	Asset Management (QAR' 000)	International Operations	Central Function	Total
Revenue	2,310,130	1,362,720	1,034,951	48,295	330,026	15,004	5,101,126
Net impairment losses	(164,692)	(750,315)	4,944	1,748	1,631	(190,000)	(1,096,684)
Profit before tax	1,572,164	320,362	503,154	29,166	45,778	(740,560)	1,730,064
Total assets	81,544,578	30,536,244	44,778,061	237,409	13,937,375	3,000,193	174,033,860
Total liabilities	4,880,247	2,814,198	35,867,227	123,188	4,518,202	3,400,880	51,603,942
Total equity of investment account holders	57,772,998	18,133,799	13,693,422	-	8,163,411	-	97,763,630

Source: The Bank's 2021 annual financial statements

**Table 2: Information relating to operating segments for the year ended 31 December 2020**

	Corporate Banking	Retail Banking	Treasury and Financial Institutions	Asset Management (QAR' 000)	International Operations	Central Function	Total
Revenue	2,131,713	1,494,632	1,039,626	43,481	315,043	21,779	5,046,274
Net impairment losses	(170,829)	(105,924)	(54,601)	(2,540)	(7,795)	(10,000)	(351,689)
Profit before tax	1,297,200	1,016,471	302,330	20,221	28,859	(482,130)	2,182,951
Total assets	51,239,748	25,333,414	32,072,251	263,407	11,170,475	1,035,585	121,114,880
Total liabilities	4,343,170	2,730,997	34,056,187	248,592	2,439,532	2,278,529	46,097,007
Total equity of investment account holders	35,862,395	15,942,432	222,075	-	8,399,000	-	60,425,902

Source: The Bank's 2021 annual financial statements. The operating segments for the year ended 31 December 2020 as disclosed in Note 6 of the 2021 Financial Statements are a restated version of the operating segments disclosed for the same year in Note 6 of the 2020 Financial Statements.

#### Segmental revenue for the year ended 31 December 2021 compared to the year ended 31 December 2020

The Bank's total segmental revenue for the year ended on 31 December 2021 stood at QAR 5.101 million compared to QAR 5,046 million for the year ended on 31 December 2020, an increase of QAR 55 million or 1.1 per cent. year-on-year. This increase was primarily driven by the following factors:

- Revenue from Corporate Banking segment for the year ended 31 December 2021 amounted to QAR 2,310 million, an increase of QAR 178 million or 8.4 per cent. year-on-year. The key contributor was income from financing and investing activities which increased by QAR 149 million or 7.5 per cent. year-on-year. Another contributor was fee and commission income which increased by QAR 29 million or 21.2 per cent. year-on-year.
- Revenue from Asset Management for the year ended 31 December 2021 amounted to QAR 48 million, an increase of QAR 5 million or 11.1 per cent. year-on-year. The increase was driven by an increase of QAR 8 million or 30.6 per cent. year-on-year in fee and commission income.
- Revenue from International Operations for the year ended 31 December 2021 amounted to QAR 330 million, an increase of QAR 15 million or 4.8 per cent. year-on-year. This was primarily attributable to an increase of QAR 13 million or 4.0 per cent. year-on-year in income from financing and investing activities.

## **Net profit attributable to shareholders for the year ended 31 December 2021 compared to the year ended 31 December 2020**

Net profit attributable to shareholders decreased by QAR 463 million or 21.3 per cent. year-on-year, to QAR 1,713 million compared to QAR 2,175 million in 2020. The decrease in net profit was attributable to the increase in impairment losses on financing assets, investments, due from banks and off-balance sheet exposures by QAR 745 million or 211.8 per cent. year-over-year, partly offset by decreases in profit paid to investment account holders and finance expenses by QAR 196 million or 17.1 per cent. and QAR 143 million or 21.3 per cent. year-on-year, respectively, and by an increase in net fees and commission income by QAR 63 million or 24.2 per cent. year-on-year.

Total expenses decreased by QAR 41 million or 3.0 per cent. year-over-year. The key contributor to the decrease in total expenses was finance expense, which decreased by 21.3%, partly offset by increases in staff expenses and depreciation and amortisation expense, by 10.8 per cent. and 174.4 per cent. respectively. The cost-to-income ratio increased from 21.6 per cent. in 2020 to 22.1 per cent. in 2021.

- In terms of reportable segment contribution, Corporate Banking accounted for 63.6 per cent. of total net profit before tax. On a year-on-year basis, this segment witnessed an increase of QAR 275 million or 21.2 per cent. year-on-year to reach QAR 1,572 million in 2021 due to increase in income from financing and investing activities and net fee and commission income.
- Treasury and financial institutions was the second largest contributor (20.4 per cent.) to net profit before tax and increased by QAR 201 million or 66.4 per cent. year-on-year, to QAR 503 million in 2021 due to decrease in finance expense and impairment losses on investments by 21.4 per cent. and 99.3 per cent., respectively.
- Retail Banking was the third largest contributor (13.0 per cent.) to net profit before tax and decreased by QAR 696 million or 68.5 per cent. year-on-year, to QAR 320 million in 2021 due to increase in impairment losses on financing assets by QAR 644 million or 608.3 per cent. year-on-year.
- International Operations recorded net profit before tax of QAR 46 million in 2021 compared to QAR 29 million in 2020.
- Asset Management recorded a net profit before tax of QAR 29.2 million in 2021 compared to QAR 20 million in 2020, an increase of QAR 9 million or 44.2 per cent. year-on-year, due to an increase in net fee and commission income.

Net profit before return to investment account holders, net impairment losses and income taxes for the year ended 31 December 2021 stood at QAR 3,776 million compared to QAR 3,680 million in 2020, an increase of QAR 95.8 million or 2.6 per cent. year-on-year .

## **FINANCIAL POSITION**

As at 31 December 2021, total assets amounted to QAR 174,034 million, an increase of 43.7 per cent. compared to 2020 as a result of the Merger. There was an increase in amounts due from banks of QAR 2,848 million or 45.2 per cent. year-on-year, an increase in financing assets of QAR 34,823 million or 40.5 per cent. year-on-year and an increase in investments securities of QAR 12,189 million or 59.2 per cent. year-on-year.

The Bank reported an increase in customer deposits of QAR 38,038 million or 55.2 per cent. year-on-year, a decrease in due to banks of QAR 4,733 million or 16.9 per cent. year-on-year, and an increase in Sukuk financing of QAR 1,592 million or 26.4 per cent. year-on-year.

### **Total income from financing and investing activities**

The Bank's total income from financing and investing activities decreased by QAR 10 million or 0.2 per cent. in the year ended 31 December 2021 compared to the corresponding period in 2020. This decrease was driven by the overall decrease in the total Ijarah financing portfolio over the comparative period.

### **Total Expenses**

Total expenses stood at QAR 1,326 million, a decrease of 3.0 per cent. compared to the corresponding period in 2020.

## **Financing Assets**

Financing assets increased from QAR 85,983 million as at 31 December 2020 to QAR 120,807 million as at 31 December 2021, representing an increase of 40.5 per cent.

## **Investments**

Total investments (includes Investment Securities and Investment in Associates) amounted to QAR 33,124 million as at 31 December 2021, representing an increase of 56.8 per cent. from 31 December 2020.

## **Total Assets**

The Bank's total assets amounted to QAR 174,034 million as at 31 December 2021, representing an increase of 43.7 per cent. from 31 December 2020. This increase was largely attributable to the Merger and there were increases in financing assets of QAR 34,823 million or 40.5 per cent. year-on-year, due from banks of QAR 2,848 million or 45.2 per cent. year-on-year, investments of QAR 12,004 million or 56.8 per cent. year-on-year, intangible asset of QAR 1,759 million and other assets of QAR 2,891 million or 798.7 per cent. year-on-year. However, cash and balances with central banks decreased by QAR 1,850 million or 26.2 per cent. year-on-year.

## **Customer Deposits**

Customer deposits (including Customer Current Accounts and Equity of Investment Account Holders) increased from QAR 68,918 million as at 31 December 2020 to QAR 106,956 million as at 31 December 2021, representing an increase of 55.2 per cent.

## **Total Equity attributable to Equity Holders of the Bank**

Total equity attributable to equity holders of the Bank amounted to QAR 23,467 million as at 31 December 2021, an increase of 63.4 per cent. compared to 31 December 2020. This increase was led primarily by issuance of 1,800 million shares to the shareholders of Al Khalij Commercial Bank (Al Khaliji) P.Q.S.C. on the effective date of the Merger.

## **Capital adequacy and ratios**

The Bank's total capital adequacy as at 31 December 2021 stood at 21.15 per cent., in excess of the QCB's requirement of 15.11 per cent. As at 31 December 2021, the Bank's financing to deposit ratio stood at 112.9 per cent. and the Bank's non-performing financing ratio stood at 1.7 per cent.

Return on average equity stood at 11.4 per cent. as at 31 December 2021 and return on average assets stood at 1.4 per cent.

The Bank's cost-to-income ratio stood at 22.1 per cent. during the year ended 31 December 2021.

## THE QATAR BANKING SECTOR AND REGULATIONS

### Qatar Central Bank

In its supervisory capacity, the QCB oversees the activities of Qatar's commercial banks (both conventional and Islamic banks), non-bank financial institutions (including insurance companies) (outside the QFC) with a view to minimising banking and financial risk in Qatar's financial sector. The QCB conducts regular inspections of commercial banks and non-bank financial institutions 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. of its total deposits. 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's customer group 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's customer group in the form of credit or investment facilities. Additionally, no customer and their customer group may borrow more than QR8.0 billion (U.S.\$2.2 billion) in aggregate from Qatar's commercial banks. Credit facilities extended to a single major shareholder's customer group 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 banks' 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 QR2.0 million (U.S.\$549,450) with a maximum repayment period of six years. Expatriates are not permitted to borrow more than QR0.4 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. The maximum period permitted for repayment of the real estate finance is 20 years, including any grace period. The QCB regulations dictate that the maximum salary deductions, including instalments and other liabilities, is capped at 75 per cent. of the basic salary and social allowance for Qatari citizens, and capped at 50 per cent. of total salary for non-Qatari residents, *provided that* the salary and post retirement service dues are transferred to the bank offering the finance. 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 and that the maximum repayment period of that real estate finance is 15 years, including any grace period. QCB regulations also provide that these maximum limits may be increased to 70 per cent. and that the maximum period permitted for repayment be extended to 20 years, if cash is regularly transferred to the bank through a formal assignment of claims to cover the full instalment during the repayment period, including rents and other contractual incomes and revenues.

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 macro-economic 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 banks' capital adequacy ratio 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 capital adequacy ratio 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"; non-resident deposits recovered to QR280.7 billion at the end of December 2021 from QR245.2 billion at the end of December 2020.

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 directive in 2011 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 2016 to 2021.

	As at 31 December					
	2016	2017	2018	2019	2020	2021
	<i>(QR in millions, except as otherwise noted)</i>					
<b>Assets:</b>						
<b>Foreign assets:</b>						
Gold .....	3,986.7	4,528.1	4,675.5	7,485.8	12,572.4	12,047.2
Foreign securities .....	72,307.1	14,166.8	54,818.0	80,266.8	89,793.9	109,401.4
Balances with foreign banks .....	37,506.5	33,793.6	49,061.5	54,652.7	44,290.0	26,135.6
IMF reserve position .....	0.0	0.0	553.1	511.2	532.4	517.4
SDR holdings .....	1,331.6	1,414.8	1,387.4	1,387.1	1,447.5	5,001.5
<b>Total foreign assets .....</b>	<b>115,131.9</b>	<b>53,903.3</b>	<b>110,495.5</b>	<b>144,303.6</b>	<b>148,636.2</b>	<b>153,103.1</b>
Balances with local banks .....	44,567.2	110,460.7	80,193.6	65,310.7	76,845.1	74,928.3
Other assets .....	21,750.4	24,042.4	42,337.8	23,521.7	38,720.4	46,490.3
<b>Total assets .....</b>	<b>181,449.5</b>	<b>188,406.4</b>	<b>233,026.9</b>	<b>233,136.0</b>	<b>264,202.0</b>	<b>274,521.7</b>
<b>Liabilities:</b>						
<b>Reserve money:<sup>(1)</sup></b>						
Currency issued .....	16,184.1	16,539.5	16,215.7	16,404.3	26,271.4	24,590.2
Required reserves .....	33,022.4	35,953.8	36,041.9	37,448.0	40,268.4	43,611.5
Deposits of local banks .....	5,781.3	10,278.0	30,608.8	18,205.0	34,676.4	34,273.8
Total reserve money .....	54,987.7	62,771.3	82,866.4	72,057.4	101,216.2	102,475.5
Foreign liabilities .....	1,262.3	1,316.5	1,296.5	1,294.5	1,346.3	4,902.9
Government deposits .....	1,312.0	312.0	670.6	349.1	1,001.6	4,700.2
Capital and reserves .....	51,762.2	52,031.5	143,246.0	147,311.2	149,892.2	149,892.2
Revaluation account .....	0.0	3,655.0	1,398.5	2,414.2	7,318.4	7,159.1
Other liabilities .....	-	69,636.6	4,854.4	11,004.1	4,773.6	10,294.7
<b>Total liabilities<sup>(2)</sup> .....</b>	<b>181,449.5</b>	<b>188,406.4</b>	<b>233,026.9</b>	<b>233,136.0</b>	<b>264,202.0</b>	<b>274,521.7</b>

<sup>(1)</sup> Reserve requirements were QR33.0 billion (U.S.\$9.1 billion), QR36.0 (U.S.\$9.9 billion), QR36 (U.S.\$9.9 billion) QR37.4 (U.S.\$10.3 billion), QR40.3 billion (U.S.\$11.1 billion) and QR43.6 billion (U.S.\$12.0 billion) as at 31 December 2016, 2017, 2018, 2019, 2020 and 2021 respectively.

<sup>(2)</sup> Total liabilities is equal to the sum of Total Reserve Money, Foreign Liabilities, Government Deposits, Capital Accounts, Reserve Revaluation and Unclassified Liabilities.

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 Offering Circular, the QCB overnight deposit rate is 1.0 per cent., its overnight lending rate is 2.50 per cent. and its repo rate is 1.25 per cent.

## Currency

The Qatari riyal has been fixed to the U.S. dollar at a rate of QR3.64 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 0.1 per cent. in 2018 and decreased by 0.9 per cent. in 2019 and 2.6 per cent. in 2020 according to preliminary estimates. The preliminary estimates for 2021 is that there was an increase of 2.3 per cent. as at the third quarter.

Housing, water, electricity and gas fell by 3.0 per cent. in 2017, by 3.9 per cent. in 2018, 2.1 per cent. in 2019, 5.0 per cent. in 2020 and 4.5 per cent. in 2021.

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 QR8.0 billion (U.S.\$2.2 billion) as at March 2010, and were subsequently reduced to zero in 2011. They have remained at zero until the date of this Offering Circular. 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 Offering Circular, the lending rate is at 2.50 per cent. and the deposit rate is at 1.0 per cent.

The following table sets forth the CPI and percentage change for the years ended 31 December 2019, 2020 and 2021.

	Consumer Price Index		
	2019	2020	2021
Food and beverages .....	100.02	100.22	102.90
Tobacco .....	227.00	244.42	246.00
Clothing and footwear.....	99.09	94.51	91.94
Housing, water, electricity and gas .....	97.03	92.67	87.96
Furnishings and household equipment.....	100.82	101.00	104.09
Medical Services.....	100.23	101.79	101.32
Transportation.....	99.42	98.63	108.35



Communication.....	92.27	90.93	92.96
Recreation and culture .....	93.43	78.54	84.72
Education .....	105.48	107.27	110.52
Restaurants and hotels.....	100.57	103.93	107.18
Miscellaneous goods and services .....	102.59	104.07	106.82
<b>General Price Index</b> .....	<b>99.10</b>	<b>96.55</b>	<b>98.78</b>
<b>Change (%)</b> .....	<b>(0.90)</b>	<b>(2.60)</b>	<b>2.30</b>

Source: PSA

## VAT

As at the date of this Offering Circular, 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 United Arab Emirates, 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 been published in the Official Gazette yet and as such they are not yet in force. It is not clear when VAT may be introduced in Qatar.

## Withholding Taxes

On 11 December 2019, Qatar published the new Income Tax Executive Regulations (the "**Executive Regulations**"), relating to the Income Tax Law No 24 of 2018 (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
- 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 2020. 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 2021, 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 QR148.3 billion (U.S.\$40.7 billion), a 1.3 per cent. increase from 31 December 2020. This led to a decrease of M1 domestic share in liquidity (M3) to 20.9 per cent. in December 2021 compared to 21.7 per cent. in December 2020. As of December 2021, currency in circulation decreased to QR12.7 billion (U.S.\$3.5 billion) from QR13.8 billion (U.S.\$3.8 billion) in December 2020. As of December 2021, demand deposits increased to QR135.6 billion (U.S.\$37.3 billion) from QR132.7 billion (U.S.\$36.5 billion) from December 2020. As of December 2021, 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 QR608.5 billion (U.S.\$167.2 billion), an increase of 1.4 per cent. from the end of December 2020. Time deposits reduced by 1.9 per cent. from the end of December 2020 to QR282.5 billion (U.S.\$79.1 billion) in December 2021. Foreign currency deposits increased by 7.4 per cent. from QR165.5 billion (U.S.\$45.5 billion) in December 2020 to QR177.7 billion (U.S.\$48.8 billion) in December 2021. Total quasi-money represented by time deposits and foreign currency deposits increased to QR460.2 billion (U.S.\$126.4 billion) as of December 2021, a 1.5 per cent. increase from the end of December 2020.

The following table provides an overview of the money supply and sets forth certain liquidity indicators for Qatar as at 31 December 2017 to 31 December 2021.

	<b>Foreign assets:</b>				
	<b>QCB:</b>				
	<b>As at 31 December</b>				
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
		<i>(QR in millions, except as otherwise noted)</i>			
Assets <sup>(1)</sup> .....	54,314.5	110,898.3	144,704.5	149,051.4	153,508.0
Liabilities.....	(1,316.5)	(1,296.5)	(1,294.5)	(1,346.3)	(4,902.9)
<b>QCB foreign assets (net)</b> .....	<b>52,998.0</b>	<b>109,601.8</b>	<b>143,410.0</b>	<b>147,705.1</b>	<b>148,605.1</b>
Commercial banks:					
Assets .....	234,442.2	239,086.0	240,143.9	232,680.3	251,578.5
Liabilities.....	(361,878.3)	(437,998.2)	(538,506.3)	(635,021.4)	(716,923.1)
<b>Commercial bank foreign assets (net)</b> .....	<b>(127,436.1)</b>	<b>(198,912.2)</b>	<b>(298,362.4)</b>	<b>(402,341.1)</b>	<b>(465,344.6)</b>
<b>Foreign assets (net)</b> .....	<b>(74,438.1)</b>	<b>(89,310.4)</b>	<b>(154,952.4)</b>	<b>(254,636.0)</b>	<b>(316,739.5)</b>
<b>Domestic assets:</b>					
Claims on Government:					
Claims <sup>(2)</sup> .....	332,125.1	293,943.6	296,198.1	293,474.4	318,308.7
Deposits <sup>(3)</sup> .....	(94,479.6)	(89,172.9)	(74,872.4)	(75,256.3)	(102,348.5)
<b>Claims on Government (net)</b> .....	<b>237,645.5</b>	<b>204,770.7</b>	<b>221,325.7</b>	<b>218,218.1</b>	<b>215,960.2</b>
Domestic credit: Claims on public enterprises <sup>(4)</sup> .....	165,983.2	166,758.1	183,694.1	216,074.1	237,394.6
Claims on private sector <sup>(5)</sup> .....	493,251.6	553,712.4	659,737.8	741,735.8	819,726.3

<b>Foreign assets:</b>					
<b>QCB:</b>					
<b>As at 31 December</b>					
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>(QR in millions, except as otherwise noted)</i>				
<b>Total domestic credit</b> .....	<b>659,234.8</b>	<b>720,470.5</b>	<b>843,431.8</b>	<b>957,809.9</b>	<b>1,057,120.9</b>
Other items (net).....	(219,110.1)	(271,922.8)	(331,801.6)	(321,505.0)	(347,841.3)
<b>Domestic assets (net)</b> .....	<b>677,770.2</b>	<b>653,318.4</b>	<b>732,955.9</b>	<b>854,523.0</b>	<b>925,239.8</b>
Broad money:					
Money (M1):					
Currency in circulation.....	11,590.3	11,243.9	11,599.5	13,791.1	12,708.1
Demand deposits .....	111,497.4	107,832.0	113,103.2	132,668.0	135,611.3
<b>Total money</b> .....	<b>123,087.7</b>	<b>119,075.9</b>	<b>124,702.8</b>	<b>146,459.1</b>	<b>148,319.4</b>
<b>Quasi-money:</b>					
Savings and time deposits.....	259,691.2	245,367.8	295,406.6	287,924.0	282,466.2
Foreign currency deposits.....	220,553.2	199,564.3	157,894.2	165,504.0	177,714.7
Total quasi-money .....	480,244.4	444,932.1	453,300.8	453,428.0	460,180.9
Total broad money (M2) .....	603,332.1	564,008.0	578,003.5	599,887.1	608,500.3
<b>Change (%):</b>					
Foreign assets (net).....	25.4	20.0	73.8	64.3	24.4
Domestic assets (net).....	21.7	(3.6)	12.2	16.6	8.3
<b>Total broad money</b> .....	<b>21.3</b>	<b>(6.5)</b>	<b>2.5</b>	<b>3.8</b>	<b>(1.4)</b>

(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.

Sources: 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 QR119.3 billion (U.S.\$32.8 billion) of domestic bonds, sukuk, T-bills and term loans outstanding as at 02 February 2022, as per the QCB. As at 02 February 2022, Government domestic issuance included: T-bills denominated in local currency each month, with QR3.0 billion (U.S.\$0.8 billion) outstanding; QR47.5 billion (U.S.\$13.1 billion) in sukuk and QR68.8 billion (U.S.\$18.9 billion) in Government long-term bonds.

### Response to COVID-19

On 16 March 2020, the QCB reduced the overnight deposit interest rate from 1.50 per cent. to 1.0 per cent., the overnight lending rate from 3.50 per cent. to 2.50 per cent. and the repo rate from 1.50 per cent. to 1.0 per cent. (this was since increased to 1.25 per cent. with effect from 17 March 2022). Additionally, the QCB has issued a number of circulars to banks as a result of the COVID-19 outbreak. The QCB had 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 also required banks operating in Qatar to postpone the repayment of loan instalments and interest due on such instalments for a 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. This was later extended to 31 March 2022. During this postponement period, interest/return shall be calculated at a rate of 2.5 per cent. 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 of Qatar (acting through Qatar Development Bank) for financing provided to the private sector to enable them to pay salaries and rent payment. This guarantee programme applied to entities in all sectors of the economy (except for real estate) which are wholly private owned 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. + 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. + QCB lending rate. Furthermore, the QCB had allocated QR50 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. This amount was reduced to QAR25 billion (approximately USD6.87 billion) on 17 March 2022 with a view to suspend this window on 31 December 2022.

## **Banking System**

### ***Commercial Banks (Outside the QFC)***

Commercial banks in Qatar consist of four 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), seven branches of foreign banks and one specialised bank.

The conventional local banks in Qatar are QNB, Commercialbank, Doha Bank and Ahli Bank. Al Khalij Commercial Bank (alkhaliji) merged with Masraf Al Rayan in November 2021. The conventional banks accounted for 70.0 per cent. of total banking sector assets as at 31 December 2021.

The Islamic banks in Qatar are Qatar Islamic Bank, Qatar International Islamic Bank, Masraf Al Rayan, and Dukhan Bank. The Islamic banks account for 28.0 per cent. of market share by total assets as at 31 December 2021.

The seven foreign banks present in Qatar had a total of QR36.4 billion (U.S.\$10.0 billion) in total assets as at 31 December 2021, equivalent to 2.0 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 (“QDB”), accounts for the remaining 1.0 per cent. of the total assets in the banking sector. QDB's main objective is to contribute to the development and diversification of economic and industrial investments in Qatar. QDB finances small and medium sized industrial projects and provides technical assistance and advice to industrialists for the implementation of their projects. QDB also provides consultancy services and financing for projects in the education, agriculture, fisheries, healthcare, animal resources and tourism sectors.

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 April 2019, Barwa Bank (now Dukhan Bank) and International Bank of Qatar announced the official completion of their legal merger. A further merger between Masraf Al Rayan and Al Khaliji completed in November 2021.

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 2021. Such affirmation was supported by Qatar's large sovereign net foreign assets, one of the world's highest ratios of GDP per capita, a flexible public finance structure and a favourable outlook for debt reduction. Qatar's long-term credit rating with Moody's is Aa3 with a stable outlook. This rating was affirmed in September 2020 as a result of a number of strengths embedded in Qatar's credit profile, which underpin the sovereign's resilience to shocks, including the shock triggered by the COVID-19 pandemic and lower global oil prices. In November 2021, S&P affirmed its AA-/Stable/A-1+ rating for Qatar for foreign and local currency ratings based on Qatar's government and external balance sheets providing sufficient buffers to withstand the shocks of the COVID-19 pandemic and the sharp fall in hydrocarbon prices.

The QCB requires commercial banks to maintain a total minimum capital adequacy ratio ("CAR") of 12.5 per cent. (including a capital conservation buffer but excluding the ICAAP capital charge) in accordance with the new the QCB's Basel III requirements. QCB issued a circular in January 2014 introducing new requirements in accordance with Basel III recommendations. Historically, commercial banks have complied with QCB capital adequacy requirements and, at the end of 2020, the average CAR of the sector was 18.8 per cent. compared with 18.6 per cent. in 2019, 18.0 per cent. in 2018 and 16.8 per cent. in 2017. At the end of 2020, Tier 1 average CAR for all banks was 17.6 per cent. compared with 17.5 per cent. in 2019, 17.0 per cent. in 2018 and 16.5 per cent. in 2017. As a result of challenging economic conditions, in May 2009, the QCB amended its methods for calculating its capital adequacy ratio. 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.

The QIA 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 into 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 line with the plan, from 2009 through to 2011, the QIA through Qatar Holding LLC acquired equity positions ranging from 5 per cent. to 20 per cent. in various domestic banks, including the Commercial Bank, Qatar Islamic Bank, Ahli Bank and Doha Bank.

The amount of credit extended by commercial banks to the private sector grew at a CAGR of 9.3 per cent. from QR450.1 billion (U.S.\$123.7 billion) at the end of 2016 to QR766.8 billion (U.S.\$210.7 billion) at the end of 2021. As at 31 December 2021, consumer credit accounted for 20.9 per cent. of total private sector credit extended by commercial banks, while credit extended to other sectors amounted to: real estate, 21.0 per cent.; general trade, 49.5 per cent.; services, 28.4 per cent.; and other sectors, 3.1 per cent. of total private sector credit. In December 2021 compared with December 2020, the amount of consumer credit increased by 9.0 per cent., credit extended to the real estate sector increased by 5.4 per cent., credit for general trade increased by 11.1 per cent. and credit to the services sector increased by 15.8 per cent.

The level of "non-performing" loans of all commercial banks decreased to 1.3 per cent. in 2016, increased to 1.6 per cent. in 2017, increased to 1.9 per cent. in 2018, decreased to 1.8 per cent. in 2019 and increased to 2.0 per cent. in 2020. 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 sets forth the consolidated balance sheets of Qatari commercial banks as at 31 December 2017 to 31 December 2021.

	<b>As at 31 December</b>				
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>(QR in millions)</i>				
<b>Assets:</b>					
<b>Reserves:</b>					
Cash.....	4,949.2	4,971.8	4,804.8	12,480.3	11,882.2
Balances with the QCB .....	45,486.3	66,315.3	55,384.3	74,711.7	81,201.5
<b>Foreign assets:</b>					
Cash.....	3,526.0	5,522.8	8,003.4	9,461.3	9,257.1
Claims on foreign banks.....	77,285.5	89,950.5	94,416.0	86,011.0	110,235.9
<b>Foreign credit</b>	90,482.1	80,531.8	74,893.7	75,424.8	69,969.3
Foreign investments .....	58,801.4	59,139.7	58,960.8	57,244.3	57,621.8
<b>Domestic Assets:</b>					
Due from Banks in Qatar.....	48,847.2	56,015.2	65,354.9	62,910.6	62,811.9
Domestic Credit.....	820,556.1	859,899.5	964,192.3	1,053,284.7	1,145,473.2
Domestic Investments .....	183,695.9	165,785.4	185,120.9	207,457.9	239,428.9
Fixed assets .....	6,997.7	6,586.1	7,110.7	7,725.3	7,464.9
Other Assets .....	18,665.2	19,296.7	27,442.7	30,921.7	26,579.8
<b>Total assets</b> .....	<b>1,363,639.8</b>	<b>1,417,956.0</b>	<b>1,549,554.5</b>	<b>1,682,172.5</b>	<b>1,827,420.9</b>
<b>Liabilities:</b>					
<b>Foreign Liabilities:</b>					
Non-resident deposits.....	137,125.5	169,076.3	208,221.8	245,157.8	280,669.0
Due to foreign banks .....	177,284.1	218,743.4	273,502.9	312,611.2	350,691.8
Debt securities.....	47,069.8	51,060.5	61,616.8	79,423.2	81,415.7
<b>Domestic Liabilities:</b>					
Resident deposits.....	685,909.4	641,266.4	640,927.3	660,350.7	693,440.5
Due to domestic banks .....	37,021.3	49,097.1	63,224.0	54,314.5	61,907.8

	As at 31 December				
	2017	2018	2019	2020	2021
			<i>(QR in millions)</i>		
Due to QCB.....	34,354.2	21,788.7	13,984.3	31,269.0	32,697.8
Debt securities.....	1,001.7	1,561.5	1,325.5	1,742.0	1,739.7
Margins.....	1,856.5	2,706.0	2,628.8	2,994.3	2,976.9
Capital accounts.....	146,716.3	145,499.6	155,420.8	164,844.8	172,932.9
Provisions.....	13,624.8	20,796.0	23,798.4	26,904.5	34,450.4
Unclassified liabilities.....	81,277.3	97,242.5	109,739.2	104,731.3	110,351.7
<b>Total liabilities.....</b>	<b>1,363,639.8</b>	<b>1,417,956.0</b>	<b>1,549,554.6</b>	<b>1,682,172.5</b>	<b>1,827,420.9</b>

Source: QCB

The following table summarises the CAR and the ratio of non-performing loans to total loans for the banking system as at 31 December 2016 to 31 December 2020.

	As at 31 December				
	2016	2017	2018	2019	2020
Capital adequacy ratio (%).....	16.1	16.8	18.0	18.6	18.8
Non-performing loans/total loans (%).....	1.3	1.6	1.9	1.8	2.0

Source: QCB

The following table sets out the distribution of Qatari commercial bank credit facilities as at 31 December 2017 to 31 December 2021.

	As at 31 December				
	2017	2018	2019	2020	2021
			<i>(QR in millions)</i>		
<b>Public Sector:</b>					
Government.....	175,578.3	151,916.6	133,790.4	136,797.5	142,257.8
Government institutions.....	146,198.5	148,299.1	170,020.5	196,988.9	218,664.8
Semi-government institutions.....	19,784.7	18,459.0	13,673.6	18,690.2	16,628.9
<b>Total public sector loans.....</b>	<b>341,561.5</b>	<b>318,674.7</b>	<b>317,484.4</b>	<b>352,871.7</b>	<b>379,652.4</b>
<b>Private sector:</b>					
General trade.....	64,535.5	83,985.4	132,093.3	146,861.3	163,217.6
Contractors and Real Estate.....	186,076.8	185,923.9	181,884.5	190,385.4	202,943.3
Consumption.....	123,372.9	127,232.5	137,225.9	146,999.7	160,280.0
Other.....	9,230.6	9,704.0	11,674.3	11,169.6	2,860.1
<b>Total private sector loans.....</b>	<b>478,994.6</b>	<b>541,224.8</b>	<b>646,707.9</b>	<b>700,413.1</b>	<b>766,820.8</b>
<b>Total domestic loans.....</b>	<b>820,556.1</b>	<b>859,899.5</b>	<b>964,192.3</b>	<b>1,053,284.7</b>	<b>1,146,473.2</b>
<b>Loans outside Qatar.....</b>	<b>90,482.1</b>	<b>80,531.7</b>	<b>74,893.7</b>	<b>75,424.8</b>	<b>69,969.3</b>
<b>Total loans.....</b>	<b>911,038.2</b>	<b>940,431.2</b>	<b>1,039,086.0</b>	<b>1,128,709.5</b>	<b>1,216,442.5</b>

Source: QCB

Total commercial bank deposits grew at a CAGR of 5.0 per cent. from QR726.9 billion (U.S.\$199.7 billion) at the end of 2016 to QR974.1 billion (U.S.\$267.6 billion) at the end of 2021. As at 31 December 2020, deposits accounted for 53.3 per cent. of total commercial bank liabilities. Private sector deposits grew at a CAGR of 2.1 per cent. from 2016 to 2021, compared with 7.6 per cent. for public sector deposits. As at 31 December 2021, demand deposits accounted for 18.9 per cent. of total deposits, and time and savings deposits for 52.2 per cent. (the remaining 28.8 per cent. are the deposits of non-residents and are not classified according to their term). As at 31 December 2021, a total of 49.6 per cent. of deposits are local currency deposits and 21.6 per cent. are foreign currency (the remaining 28.8 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 2017 to 31 December 2021.

	<b>As at 31 December</b>				
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>(QR in millions)</i>				
<b>Public Sector:</b>					
<b>By term and currency:</b>					
<b>In Qatari Riyal</b>					
Demand deposits .....	30,569.4	23,807.4	23,346.7	27,380.8	31,094.1
Time and savings deposits	110,765.0	88,778.0	156,274.8	141,384.3	133,409.2
<b>In foreign currencies.....</b>					
Demand deposits .....	9,707.3	12,219.6	12,589.4	14,807.0	18,612.8
Time and savings deposits	164,356.4	157,200.9	80,869.2	79,717.1	105,559.4
<b>By sector:</b>					
Government.....	94,167.6	88,502.3	74,523.3	74,254.8	97,648.3
Government institutions ...	188,805.3	163,246.6	166,790.7	156,018.0	151,648.7
Semi-government institutions.....	32,425.0	30,257.0	31,766.1	33,016.4	39,378.5
<b>Total public sector deposits.....</b>	<b>315,397.9</b>	<b>282,005.9</b>	<b>273,080.0</b>	<b>263,289.2</b>	<b>288,675.5</b>
<b>Private sector:</b>					
<b>By term and currency:</b>					
<b>In Qatari Riyal</b>					
Demand deposits .....	90,050.1	89,498.9	92,826.4	112,176.4	111,236.8
Time and savings deposits	188,752.7	189,998.5	197,518.6	203,139.1	207,231.5
<b>In foreign currencies.....</b>					
Demand deposits .....	19,596.3	16,634.2	17,524.9	19,479.0	42,232.2
Time and savings deposits	72,112.4	63,128.9	59,977.4	62,267.0	168,236.7
<b>By sector:</b>					
Personal.....	170,999.4	178,953.5	199,365.7	216,119.4	219,268.3
Companies and institutions.....	199,512.1	180,307.0	168,481.5	180,942.1	185,496.7
<b>Total private sector deposits.....</b>	<b>370,511.0</b>	<b>359,260.5</b>	<b>367,847.3</b>	<b>397,061.5</b>	<b>404,765.0</b>
<b>Total deposits:</b>					
<b>By currency:</b>					
In Qatari Riyal.....	420,137.2	392,082.8	469,966.4	484,080.6	482,971.6
In foreign currencies.....	265,772.2	249,183.6	170,960.9	176,270.1	210,468.9
<b>By term:</b>					
Total demand deposits.....	149,923.1	142,160.1	146,287.4	173,843.2	184,563.1
Total time deposits .....	535,986.3	499,106.3	494,640.0	486,507.5	508,877.4
Non-resident deposits.....	137,125.5	169,076.3	208,221.8	245,157.8	280,669.0
<b>Total deposits.....</b>	<b>823,035.0</b>	<b>810,342.7</b>	<b>849,149.1</b>	<b>905,508.5</b>	<b>974,109.5</b>

Source: QCB

The total assets of commercial banks grew at a CAGR of 6.4 per cent. from 2016 to 2021. Domestic credit is the largest component of total assets and grew at a CAGR of 7.5 per cent. from 2016 to 2021. 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 4.5 per cent. from the end of 2016 to the end of 2021. Domestic investments increased by 15.4 per cent. in the 12 months to 31 December 2021 to QR239.4 billion (U.S.\$65.8 billion). Correspondingly, their share of total assets increased from 12.3 per cent. at the end of 2020 to 13.1 per cent. at the end of 2021.

**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: the QFCA, the QFCRA and the Qatar International Court (previously the QFC Civil and Commercial Court) and the QFC Tribunal. The QFCA determines the commercial strategy of the QFC and is responsible for legislation and compliance matters relating to the QFC legal environment. 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's regulatory approach is modelled closely on that of the UK's Financial Conduct Authority. The Qatar International Court has jurisdiction over civil and commercial disputes arising between: (i) entities established within the QFC; (ii) employees or contractors employed by entities established in the QFC; (iii) QFC entities and residents of the State of Qatar if they elect such jurisdiction; and (iv) QFC institutions and entities established in the QFC. The QFC Tribunal hears appeals against decisions of the QFCRA, QFCA and other QFC institutions. The Qatar International Court and Dispute Resolution Centre (QICDRC) offers international arbitration and mediation services. The QFCA, QFCRA, the Qatar International Court and the QFC 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. All QFC firms must apply to the QFCA for a business licence to conduct a permitted activity in or from the QFC. Firms planning to conduct regulated activities also need to apply to the QFCRA for authorisation. The operations of the Companies Registration Office are handled by the QFCA. The QFCA imposed a tax rate of 10 per cent. on local source business profits effective 1 January 2010. QFC entities which are 90 per cent. or more owned by Qatari nationals may be exempted from this tax rate and can instead opt for a concessionary rate change which is determined by the value of the share capital.

Firms licenced by the QFCRA banking business firms are authorised to conduct banking businesses, including, amongst other things, deposit taking and credit services. Under the QFC's licensing policy, such firms are currently prohibited from conducting retail banking with, or on behalf of, retail customers unless they obtain authorisation from the QFCRA. Financial institutions authorised by the QFCRA as investment management and advisory firms will be authorised to conduct activities such as dealing in investments (as agent), managing investments and providing custody services, amongst other things (depending on the scope of authorisation).

### **Principal regulator and collaborative regulatory approach**

Law No. 13 of 2012, which came into force in 2013, gave the Governor of the QCB ultimate responsibility for governance of the QFC. While the QFCRA continues to regulate QFC entities that offer financial services, the QCB and the QFCRA collaborate on strategic matters.



## 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 and/or collection (including by means of email distribution) at the offices of the Principal Paying Agent (as defined in the Conditions).*

### **Master Purchase Agreement**

The Master Purchase Agreement will be entered into on 25 April 2022 between, amongst others, MAR Finance LLC (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 the first Tranche 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 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 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 Wakala Assets which are the subject of the Purchase Agreement will consist of Income Generating Wakala Assets. The details of the Initial 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 Income Generating Wakala Assets shall be an amount in the Specified Currency equal to the Value of such asset.

For the purposes of the Purchase Agreement, the “Value” means:

- (i) in respect of any Wakala Asset (other than Tangible Sukuk), 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 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 (and, in each case whether, then due and unpaid or due and payable on or after such date), each of which is payable to the Bank under the relevant contract, agreement or other document related to or otherwise in respect of that 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;
- (ii) in respect of Tangible Sukuk:
  - (A) in the case of the Tangible Sukuk Assets comprising such Tangible Sukuk, the product of: (A) the outstanding face amount of such Tangible Sukuk; and (B) the minimum tangibility requirement (expressed as a percentage) that: (i) is required to be satisfied during the tenor of such Tangible Sukuk post the issue date thereof; or (ii) if there is no such requirement, was required to be satisfied on the relevant Issue Date of such Tangible Sukuk, in the case of each of (i) or (ii), as further detailed in the relevant legal documentation relating to such Tangible Sukuk; and
  - (B) in the case of the Intangible Sukuk Assets comprising such Tangible Sukuk: (A) (if a proportion of the proceeds of the issue of such Tangible Sukuk was utilised by the issuing entity of such Tangible Sukuk to enter into a commodity murabaha transaction and provided that the murabaha profit instalment amount(s) (or equivalent term detailed in the relevant legal documentation relating to such Tangible Sukuk) relating to such commodity murabaha transaction can be determined by the Servicing Agent from, to the extent relevant, any publicly available offering document (or related document) prepared by the issuing entity in connection with the issue of such Tangible Sukuk), the amount equal to the aggregate of: (x) the outstanding face amount of such Tangible Sukuk less the aggregate amount calculated in accordance with paragraph (ii)(A) above (the “Intangible Face Amount”); and (y) the aggregate outstanding murabaha profit instalment amount(s) (or equivalent term detailed in the relevant legal documentation relating to such Tangible Sukuk) relating to such commodity murabaha transaction; or (B) in all other cases, the Intangible Face Amount;

- (iii) in respect of the relevant Initial Wakala Portfolio, the aggregate of the amounts determined under paragraphs (i) and (ii) above in respect of the Wakala Assets comprising the Initial Wakala Portfolio on such date; and
- (iv) in respect of each Additional Wakala Portfolio, the aggregate of the amounts determined under paragraphs (i) and (ii) above in respect of the Wakala Assets comprising such Additional 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 or on the date on which additional or substitute Wakala Assets become part of the Wakala Portfolio in accordance with the terms of the Master Purchase Agreement, 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) that 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) that each Wakala Asset complies in all material respects with Sharia principles as laid down by the Bank's 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 Servicing Agent shall (on behalf of the Purchaser) exercise the Purchaser's 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 investment areas designated in Qatar where, pursuant to the Law No. 28 of 2020, as may be amended or supplemented from time to time, or any relevant resolution or decision issued pursuant thereto from time to time, a non-Qatari person may have a right of ownership or own a renewable 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 an Income Generating Wakala Asset:

- (i) in respect of which the lessee in respect of the related Ijara Asset or other obligor in the case of any other income generating Wakala Asset is not in breach of its payment obligations in respect of that Ijara Asset or in respect of that other income generating 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) under the relevant Income Generating Wakala Assets and/or relevant Wakala Asset Contract;
- (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, total loss, destruction, expropriation or analogous event; 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 and all applicable law.

“Ijara Asset” means a Non-Real Estate Ijara Asset or a Real Estate Ijara Asset;

“Income Generating Wakala Asset” means:

- (i) an Ijara Asset;
- (ii) any Tangible Sukuk; and/or
- (iii) any Other Tangible Sharia Compliant 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;

“Other Tangible Sharia Compliant Asset” means any asset (other than (i) an Ijara Asset; (ii) a Tangible Sukuk; (iii) any real estate asset not located in a Designated Area; (iv) any Restricted Vehicle; or (v) any equity securities), which is an income generating asset originated, held or otherwise owned by or on behalf of the Bank, in each case, in accordance with *Sharia* principles as laid down by the Sharia Supervisory Board of Masraf Al Rayan (Q.P.S.C.) and that has associated with it underlying tangible assets and in respect of which rental or other instalment amounts are payable by the obligor, including the income generated therefrom, any agreements or documents in relation to such asset and all rights, title, interests, benefits and entitlements in, to and under such agreements and documents.

“Real Estate Ijara Asset” means a real estate asset located in a Designated Area and 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);

“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 as amended by Qatar Law No. 16 of 2015, may not be registered in the name of a foreign entity.

### ***Service Agency Agreement***

The Service Agency Agreement will be entered into on 25 April 2022 between, amongst others, 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 service the Wakala Portfolio in accordance with the services schedule 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) shall ensure that the Tangibility Ratio shall (in conjunction with the Mudarib in the case of a Wakala/Mudaraba Series), at all times on and from the Issue Date of the first Tranche of the relevant Series, be more than 50 per cent. and if, at any time, the Tangibility Ratio falls:
  - (A) to 50 per cent. or less (but is still 33 per cent. or higher), the Service Agent shall take any and all steps as may be required (in conjunction with the Mudarib in the case of a Wakala/Mudaraba Series) by Sharia Supervisory Board of Masraf Al Rayan (Q.P.S.C.) to ensure such Tangibility Ratio is restored to more than 50 per cent. within the time period specified by Sharia Supervisory Board of Masraf Al Rayan (Q.P.S.C.); and
  - (B) below 33 per cent. (such event, being a “Tangibility Event”), within 10 Business Days of the Service Agent becoming aware of the occurrence of the Tangibility Event, the Service Agent shall send a Tangibility Event Put Right Notice notifying the Trustee and the Delegate of such occurrence and requesting the Trustee to promptly deliver a notice to the Certificateholders (a “Delisting Notice”) in accordance with Condition 17, specifying:
    - (1) that a Tangibility Event has occurred, together with an explanation of the reasons for, and evidence of, such occurrence;
    - (2) the Certificates should be tradable only in accordance with the Sharia principles of debt trading;
    - (3) on the date falling 15 days following the Tangibility Event Redemption Date, the Certificates will be delisted from any stock exchange (if any) on which the Certificates have been admitted to listing; and
    - (4) the Tangibility Event Put Right Period, during which period any Certificateholder shall have the option to require the redemption of all or any of its Certificates.
- (iii) it shall, in the case of a Wakala Series, on the Issue Date of such Series ensure that the Wakala Percentage shall be 100 per cent.
- (iv) if at any time there are Wakala Portfolio Principal Revenues standing to the credit of the Principal Collection Account, the Servicing Agent shall notify the Trustee of the amounts standing to the credit of the Principal Collection Account which can be used by the Trustee for the purposes of purchasing the Eligible Wakala Assets. The Bank shall use its reasonable endeavours to identify further Eligible Wakala Assets and, to the extent that the Bank has Eligible Wakala Assets available for sale to the Trustee, shall notify the Trustee of the details and Value of such proposed Eligible Assets, in order to allow the Trustee to have sufficient information to enable it to purchase such Wakala Assets pursuant to a Supplemental Purchase Agreement, provided that that the Bank is able to represent and warrant on the date of such acquisition or origination (as the case may be) as follows:

- (a) that 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 Sharia Supervisory Board;
- (v) shall do all acts and things that it considers 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;
  - (vi) 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;
  - (vii) may 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;
  - (viii) shall use all reasonable endeavours to ensure the timely receipt of all Wakala Portfolio Revenues, ensure proceeds of insurance (if any) be credited into the Principal Collection Account, investigate non-payment of Wakala Portfolio Revenues and generally make all reasonable endeavours to collect or enforce the collection of such Wakala Portfolio Revenues under all related contracts as and when the same shall become due, so 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 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;
  - (ix) shall maintain the Collection Accounts in accordance with the terms of the Service Agency Agreement;
  - (x) 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;
  - (xi) shall use its best endeavours to ensure that all Wakala Assets comprising the Wakala Portfolio are insured in accordance with the terms of the relevant Wakala Asset Contracts;
  - (xii) may provide (or may procure the provision of, as applicable) a Liquidity Facility in the circumstances and on the terms of the relevant series of Certificates;
  - (xiii) shall maintain actual or constructive possession, custody or control of the Wakala Assets comprising the Wakala Portfolio;
  - (xiv) shall procure that any assets included in the Wakala Portfolio are maintained to a standard it would hold in respect of its own assets; and
  - (xv) shall 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 is not repugnant to AAOIFI Sharia standards as determined by the Bank's 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.

The Trustee and the Servicing Agent agree that, in the event that any Wakala Asset is determined not to be an Eligible Wakala Asset, Masraf Al Rayan shall promptly notify the Trustee by a substitution instruction, and shall (on behalf of the Trustee) exercise the Trustee's right by delivering a substitution notice on the same day to exercise the rights relating to substitution as set out in the Purchase Undertaking. The Trustee shall use its reasonable endeavours to substitute any such Wakala Asset with one or more New Wakala Assets of a Value in aggregate at least equal to the Value of such Wakala Asset upon the date of transfer of such Wakala Asset under the relevant Supplemental Purchase Agreement or Purchase Undertaking, as applicable, and in accordance with the provisions of 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 may also advance (or may 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 the 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;

“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;

“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, a Tangibility Event Redemption 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 Tangibility Event Redemption Date, an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) payable on such Tangibility Event Redemption Date in respect of the Tangibility Event Put Right Certificates; or

- (v) 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;

“Value” means:

- (i) in respect of any Wakala Asset (other than Tangible Sukuk), 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 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 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;
- (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;
- (iii) in respect of Tangible Sukuk:
- (A) in the case of the Tangible Sukuk Assets comprising such Tangible Sukuk, the product of: (A) the outstanding face amount of such Tangible Sukuk; and (B) the minimum tangibility requirement (expressed as a percentage) that: (i) is required to be satisfied during the tenor of such Tangible Sukuk post the issue date thereof; or (ii) if there is no such requirement, was required to be satisfied on the relevant Issue Date of such Tangible Sukuk, in the case of each of (i) or (ii), as further detailed in the relevant legal documentation relating to such Tangible Sukuk; and
- (B) in the case of the Intangible Sukuk Assets comprising such Tangible Sukuk: (A) (if a proportion of the proceeds of the issue of such Tangible Sukuk was utilised by the issuing entity of such Tangible Sukuk to enter into a commodity murabaha transaction and provided that the murabaha profit instalment amount(s) (or equivalent term detailed in the relevant legal documentation relating to such Tangible Sukuk) relating to such commodity murabaha transaction can be determined by the Servicing Agent from, to the extent relevant, any publicly available offering document (or related document) prepared by the issuing entity in connection with the issue of such Tangible Sukuk), the amount equal to the aggregate of: (x) the outstanding face amount of such Tangible Sukuk less the aggregate amount calculated in accordance with paragraph (iii)(A) above (the “Intangible Face Amount”); and (y) the aggregate outstanding murabaha profit instalment amount(s) (or equivalent term detailed in the relevant legal documentation relating to such Tangible Sukuk) relating to such commodity murabaha transaction; or (B) in all other cases, the Intangible Face Amount; and
- (iv) in respect of the relevant Wakala Portfolio, the aggregate of the amounts determined under paragraphs (i), (ii) (iii) above in respect of the Wakala Assets and the Wakala Portfolio Principal Revenues so comprising the Wakala Portfolio on such date;

“Wakala Asset Contract” means an Ijara Contract or the contracts and/or other agreements and/or documents evidencing or otherwise related to or associated with a Wakala Asset and forming part of the Wakala Portfolio, as the case may be;

“Wakala Portfolio” means, in relation to each Series (i) the Initial Wakala Portfolio related to that Series, (ii) 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 Asset(s) 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) or (ii) 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)), (iii) 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 (iv) 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 Master Restricted Mudaraba Agreement will be entered into on 25 April 2022 between, amongst others, 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 services and activities of the Mudarib and 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 (and on each date on which any additional Certificates are issued, invest the Additional Mudaraba Capital) 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) at any time after the relevant Issue Date, in the event that any Mudaraba Asset is determined not to be an Eligible Mudaraba Asset, the Mudarib shall be obliged to replace such Mudaraba Asset with a replacement Eligible Mudaraba Asset in respect of which certain representations and warranties will be given in the agreement;
- (iii) in conjunction with the Servicing Agent (please refer to summary of Service Agency Agreement above), ensure that the Tangibility Ratio shall at all times on and from the Issue Date of the first Tranche of the relevant Series, be more than 50 per cent. and if, at any time, the Tangibility Ratio falls:
  - (A) to 50 per cent. or less (but is 33 per cent. or more), the Mudarib shall take all steps and all steps as may be required (in conjunction with the Servicing Agent) by the Sharia Supervisory Board of Masraf Al Rayan (Q.P.S.C.) to ensure such Tangibility Ratio is restored to more than 50 per cent. within the time period specified by the Sharia Supervisory Board of Masraf Al Rayan (Q.P.S.C.); and
  - (B) below 33 per cent. (such event, being a “Tangibility Event”), within 10 Business Days of the Mudarib becoming aware of the occurrence of the Tangibility Event, the Mudarib (in conjunction with the Service Agent) shall send a Tangibility Event Notice notifying the Trustee and the Delegate of such occurrence and requesting the Trustee to promptly deliver a Delisting Notice to the Certificateholders in accordance with Condition 17;
- (iv) to the extent possible and subject to (v), use reasonable endeavours to reinvest all Mudaraba Portfolio Principal Revenues derived from the Mudaraba Portfolio in Eligible Mudaraba Assets, in each case in accordance with the terms of the Master Restricted Mudaraba Agreement, the relevant Supplemental Restricted Mudaraba Agreement and the related Mudaraba Investment Plan, provided that the Value of such further Eligible Mudaraba Assets is not less than the consideration given for, the purchase price of or the amounts otherwise applied in the acquisition of such assets provided that, subject to (v) below and certain liquidation requirements, if sufficient Eligible Mudaraba Assets are not available for such purpose, the Mudaraba Portfolio Principal

Revenues may be held in the Mudaraba Accounts until such time as sufficient Eligible Mudaraba Assets become available;

- (v) monitor, subject to, and in accordance with its usual and standard practices from time to time, on a monthly basis the Value and income generating properties of the Mudaraba Assets and use its best endeavours to manage the Mudaraba Portfolio such that the Value of the relevant Mudaraba Portfolio and any Mudaraba Portfolio Principal Revenues held by the Mudarib on such date is, on the Business Day immediately preceding the relevant Dissolution Date, equal to or greater than the relevant Mudaraba Capital less the Mudaraba Percentage of any relevant Surrender Amount;
- (vi) ensure that industry standard insurances/takaful and all applicable structural repair and major maintenance obligations in respect of the relevant Ijara Assets are maintained (each in accordance with the terms of any underlying Ijara Contract, as applicable);
- (vii) use all reasonable endeavours to ensure the timely receipt of all Mudaraba Portfolio Principal Revenues and Mudaraba Profit, if any, ensure proceeds of insurance (if any) be credited into the Principal Collection Account, investigate non-payment of the same and generally make all reasonable efforts to collect or enforce the collection of such amounts in respect of all Non-Real Estate Ijara Assets, Real Estate Ijara Assets, contracts in respect of Tangible Sukuk Assets and Other Tangible Sharia Compliant Assets as and when the same shall become due, including so 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 then outstanding Certificates of such Series;
- (viii) 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 is not repugnant to Accounting and Auditing Organisation for Islamic Financial Institutions Sharia standard as determined by the Bank's Sharia Supervisory Board
- (ix) 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;
- (xi) it shall discharge or procure the discharge of all obligations to be discharged by the Obligor (in whatever capacity) in respect of any of the Mudaraba Assets, it being acknowledged that the Obligor may appoint one or more agents to discharge these obligations on its behalf; and
- (xii) it shall procure that any assets included in the Mudaraba Portfolio are maintained to a standard it would hold in respect of its own assets.

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 (howsoever described) in respect of any Mudaraba Asset shall use its 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 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 one 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(g), if the Bank elects to cancel such Certificates in accordance with Condition 8(h), the Mudarib shall also liquidate a portion Mudaraba Portfolio in the manner described above and release to the Rabb-al-Maal a corresponding portion of the relevant 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 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 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 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 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:

Any defined terms not set out below have the meanings given to them in the Master Purchase Agreement section above.

“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, a Tangible Sukuk 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 Ijara Asset or other obligor in the case of any Tangible Sukuk 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, total loss, destruction, expropriation or analogous event;

“Mudaraba Portfolio” means, in relation to a Mudaraba (i) the Initial Mudaraba Portfolio, (ii) 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, (iii) 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 (iv) the Mudaraba Portfolio Principal Revenues then held by the Mudarib on the relevant date;

“Required Amount” means, in relation to each Wakala/Mudaraba 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, a Tangibility Event Redemption 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;
- (iv) in relation to an amount payable on a Tangibility Event Redemption Date, an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) payable on such Tangibility Event Redemption Date in respect of the Certificates to be redeemed on such Tangibility Event Redemption Date; or
- (v) 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(a)(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;

“Value” means:

- (i) in respect of any Mudaraba Asset (other than Tangible Sukuk), 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:
  - (a) 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
  - (b) in the case of any Mudaraba Portfolio Principal Revenues, the amount of such Mudaraba Portfolio Principal Revenues then recorded in the Principal Collection Account;
- (ii) in respect of Tangible Sukuk:
  - (a) in the case of the Tangible Sukuk Assets comprising such Tangible Sukuk, the product of: (A) the outstanding face amount of such Tangible Sukuk; and (B) the minimum tangibility requirement (expressed as a percentage) that: (i) is required to be satisfied during the tenor of such Tangible Sukuk post the issue date thereof; or (ii) if there is no such requirement, was required to be satisfied on the relevant Issue Date of such Tangible Sukuk, in the case of each of (i) or (ii), as further detailed in the relevant legal documentation relating to such Tangible Sukuk; and
  - (b) in the case of the Intangible Sukuk Assets comprising such Tangible Sukuk: (A) (if a proportion of the proceeds of the issue of such Tangible Sukuk was utilised by the issuing entity of such Tangible Sukuk to enter into a commodity murabaha transaction and provided that the murabaha profit instalment amount(s) (or equivalent term detailed in the relevant legal documentation relating to such Tangible

Sukuk) relating to such commodity murabaha transaction can be determined by the Servicing Agent from, to the extent relevant, any publicly available offering document (or related document) prepared by the issuing entity in connection with the issue of such Tangible Sukuk), the amount equal to the aggregate of: (x) the outstanding face amount of such Tangible Sukuk less the aggregate amount calculated in accordance with paragraph (ii)(a) above (the “Intangible Face Amount”); and (y) the aggregate outstanding murabaha profit instalment amount(s) (or equivalent term detailed in the relevant legal documentation relating to such Tangible Sukuk) relating to such commodity murabaha transaction; or (B) in all other cases, the Intangible Face Amount; and

- (iii) in respect of the relevant Mudaraba Portfolio, the aggregate of the amounts determined under paragraph (i) above in respect of the Mudaraba Assets comprising the Mudaraba Portfolio on such date.

### ***Purchase Undertaking***

The Purchase Undertaking will be executed as a deed on 25 April 2022 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 the right to require the Bank to purchase 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, (if there is a Tangibility Event) the Tangibility 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 or when there is a Tangibility Event on which some but not all of the Certificates 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 or Tangibility Event Redemption 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.

In relation to each Series, the Bank also irrevocably undertakes, in favour of the Trustee and the Delegate, to (a) on the applicable Substitution Date, assign and/or transfer, subject to the terms of the applicable transfer agreement, to the Trustee all of the Bank's rights, title, interests, benefits and entitlements in, to and under the New Wakala Assets against the assignment and/or transfer of all of Trustee's rights, title, interests, benefits and entitlements in, to and under the substituted Wakala Assets, and/or (b) in the event that the Bank does not have sufficient New Wakala Assets to allow such a transfer and conveyance to take place under (a) above, to purchase all of Trustee's rights, title, interests, benefits and entitlements in, to and under the Ineligible Wakala Assets on the relevant Exercise Date at the Ineligible Wakala Assets Exercise Price, in each case, provided that:

- (i) no Dissolution Event or Tangibility Event has occurred and is continuing;
- (ii) the Value of New Wakala Assets (to the extent applicable) is 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 Wakala Asset(s) which have been credited to the Principal Collection Account in accordance with the Service Agency Agreement;
- (iii) in respect of the substituted Wakala Assets (or any of them), no Exercise Notice has been delivered under the Purchase Deed nor has any Exercise Notice (as defined in the Sale Undertaking) been delivered under the Sale Undertaking, in each case where such Exercise Notice remains outstanding and the related redemption of Certificates referred to therein has not occurred in accordance with the Conditions; and
- (iv) each New Wakala Asset is an Eligible Wakala Asset.

The Bank shall represent and warrant on each applicable Substitution Date that:

- (i) each New Wakala Asset, immediately prior to its assignment and/or transfer (as applicable) is 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 Assets, free and clear of any adverse claim;

- (ii) the Value of each New Wakala Asset ascribed by the Servicing Agent is true, accurate and correct as of such date each New Wakala Asset is an Eligible Wakala Asset;
- (iii) each New Wakala Asset complies in all material respects with Sharia principles as laid down by the Bank's Sharia Supervisory Board; and
- (iv) (where applicable) the Ineligible Wakala Assets Exercise Price represents a fair price for the purchase, transfer and conveyance of all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Ineligible Wakala Assets and shall be no less than the Value of the Ineligible Wakala Assets immediately prior to such assets ceasing to be Eligible Wakala Assets.

If the Trustee or the Delegate exercises its rights 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 Master Purchase Agreement, the Seller shall in certain circumstances substitute 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 exercised by the Servicing Agent, on behalf of the Trustee, by delivering a substitution notice to the Bank.

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 in the Purchase Undertaking that if the Certificateholder Put Right Exercise Price, the Wakala Assets Exercise Price or the Tangibility Event Exercise Price (as the case may be) (each of these terms is defined in the Purchase Undertaking) is not paid in accordance with the provisions of the Purchase Undertaking after the relevant Exercise Notice is duly served in accordance with this Purchase Undertaking, whether as a result of a dispute or challenge in relation to the right, title, interests, benefits and entitlements of the Trustee in, to and under the Wakala Assets or any of them, or for any other reason, if at the time of delivery of an Exercise Notice, the Bank remains in actual or constructive possession, custody or control of all or any part of the Wakala Assets, the Bank shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full or (in the case of Certificateholder Put Right and Tangibility Event only) in part of the outstanding Certificates and, accordingly, the amount payable under any such indemnity claim will equal the Certificateholder Put Right Exercise Price, the Wakala Assets Exercise Price or the Tangibility Event Exercise Price (as the case may be).

The Bank will agree in the Purchase Undertaking that all payments by it under the Purchase Undertaking 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 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 deduction or withholding 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 *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 the provisions of the Transaction Documents to which it is a party (acting in any capacity) and the provisions of Condition 6(b) and will agree that the Obligor Events applicable to it will be set out in full in the Conditions, and that the occurrence and continuation thereof shall constitute a Dissolution Event for the purposes of the Conditions and the Purchase Undertaking.

If a right granted pursuant to the Purchase Undertaking is exercised in accordance with its terms, the Trustee and the Bank will be required to enter into a sale or transfer agreement, substantially in the form set out as a schedule to the Purchase Undertaking.

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) an amount equal to the aggregate face amount of the relevant Certificates minus (in the case of a Wakala/Mudaraba Series only) any relevant liquidation proceeds held by the Trustee in the Transaction Account for the payment of the relevant Dissolution Distribution Amount on the date on which the payment of the relevant Exercise Price is made pursuant to the Purchase Undertaking;
- (ii) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the Certificates including any additional amounts payable by the Trustee pursuant to Condition 10 less any amounts held by the Trustee in the Transaction Account for the payment of such Periodic Distribution Amounts, in each case on the date on which the payment of the relevant Exercise Price is made pursuant to the Purchase Undertaking;
- (iii) (provided that all Certificates for the relevant Series are to be redeemed 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) Service Agency 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; and
- (v) without duplication or double-counting, any other amounts payable in relation to the Certificates on the relevant Dissolution Date, as specified in the applicable Pricing Supplement.

“Ineligible Wakala Assets” means any Wakala Asset which ceases to be an Eligible Wakala Asset and is not substituted by the New Wakala Assets.

“Ineligible Wakala Assets Exercise Price” means the amount specified as such in the relevant Exercise Notice.

“New Wakala Assets” means the Eligible Wakala Asset(s) specified as such in the relevant substitution instruction, the identity of which shall be determined by the Bank in its sole and absolute discretion.

### ***Sale Undertaking***

The Sale Undertaking will be executed as a deed on 25 April 2022 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, Clean Up Call 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 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:



“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) an amount equal to the aggregate face amount of the relevant Certificates for the relevant series minus (in the case of a Wakala/Mudaraba Series only) any liquidation proceeds held by the Trustee in the Transaction Account for the payment of the relevant Dissolution Distribution Amount on the date on which the payment of the relevant Exercise Price is made pursuant to the Sale Undertaking;
- (ii) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the Certificates including any additional amounts payable by the Trustee pursuant to Condition 10 in respect of the relevant Certificates less any amounts held by the Trustee in the Transaction Account for the payment of such Periodic Distribution Amounts, in each case on the date on which the payment of the relevant Exercise Price is made pursuant to the Sale Undertaking;
- (iii) (provided that all Certificate of the relevant Series are to be redeemed 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) Service Agency 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 Sale Undertaking;
- (v) without duplication or double-counting, any other amounts payable in relation to the Certificates relevant Dissolution Date as specified in the applicable Pricing Supplement;

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 Pricing Supplement after the date on which the exercise notice is given and (b) if the Floating Periodic Distribution Provisions are specified in the applicable Pricing Supplement 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;
- (ii) Upon 75 per cent. or more of the aggregate face amount of Certificates then outstanding have been redeemed and/or purchased and cancelled pursuant to Condition 8, as the case may be, and the Obligor delivering an Exercise Notice to the Trustee specifying the Clean Up Call Dissolution Date, which must be not less than the minimum period nor more than the maximum period of notice specified in the applicable Pricing Supplement after the date on which the Exercise Notice is given;
- (iii) if Optional Dissolution Right is specified in the applicable Pricing Supplement 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 Pricing Supplement after the date on which the exercise notice is given and (b) an Optional Dissolution Date; and
- (iv) if and to the extent the Trustee has exercised its rights under Condition 18 (Further Issues) to issue additional Certificates in respect of a Series, to require the Trustee to accept the transfer of all of the Bank's interests, rights, benefits and entitlements in to, and under the Additional Wakala Portfolio at the Additional Assets Purchase Price, by executing a sale agreement.

For the purposes of the foregoing:

“Additional Assets Exercise Notice” means a notice substantially in the form set out in Schedule 3 to the Sale Undertaking.

“Additional Assets Purchase Price” means the amount specified as such in an Additional Assets Exercise Notice.

“Additional Wakala Portfolio” means in respect of the exercise of the right granted under Clause 2.1(d) of the Sale Undertaking, the Additional Wakala Portfolio specified as such is the relevant Additional Assets Exercise Notice.

“Clean Up Call Dissolution Date” means, in respect of the exercise of the right contained in Clause 3.1(E) of the Sale Undertaking, the date specified as such in the relevant Exercise Notice.

“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 the QFC or any political subdivision or, in each case, any authority thereof or therein having power to tax, 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 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 Qatar or any political subdivision or, in each case, any authority thereof or therein having power to tax, 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(g) and 8(h), 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, substantially in the form set out as a schedule to the Sale Undertaking.

### ***Trust Deed***

The Master Trust Deed will be entered into on 25 April 2022 between, amongst others, 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 Series of Certificates 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) 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) the rights, title, interest, benefits and entitlements, present and future of the Trustee in, to and under the Transaction Documents (excluding the Excluded Representations (as defined in the Conditions) 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 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 irrevocably and unconditionally appoint the Delegate to be its 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), 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 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, 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.

The Delegation 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 been vested solely in the Delegate, including, amongst other things, the power to call and conduct meetings at the request of Certificateholders, to determine the occurrence of a Dissolution Event or a Potential Dissolution Event, 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 Liabilities 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.

If and to the extent the Trustee has exercised its rights under Condition 18 (Further Issues) 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 issued, declaring that (i) the relevant Additional Wakala Assets transferred to the Trustee in accordance with the terms of the sale agreement pursuant to the exercise of the Sale Undertaking (in respect of the issuance of the additional Certificates) and the Wakala Assets comprised in the Wakala Portfolio immediately prior to the acquisition of the Additional Wakala Assets (in respect of the relevant Series as in existence immediately prior to the issue of such additional Certificates) and (ii) the Mudaraba Portfolio and the Additional Mudaraba Portfolio 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.

The Bank will further undertake in the Master Trust Deed that if at the time of delivery of an Exercise Notice in accordance with the provisions of the Purchase Undertaking, the Bank remains in actual or constructive possession, custody or control of all or any part of the Wakala Assets and following delivery of an Exercise Notice in accordance with the provisions of the Purchase Undertaking, the Bank fails to pay the relevant Exercise Price in accordance with

the provisions of the Purchase Undertaking and thereby resulting in the Bank's failure to comply with its obligations under the Purchase Undertaking, the Bank shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the Certificates and, accordingly, the amount payable under any such indemnity claim will equal the relevant Exercise Price.

### ***Agency Agreement***

The Agency Agreement will be entered into on 25 April 2022 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.

### ***Shari'a Compliance***

Each Transaction Document provides that each of MAR Sukuk Limited, MAR Finance LLC and Masraf Al Rayan (Q.P.S.C.) agrees that it has accepted the Shari'a-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 Shari'a;
- (b) it shall not take any steps or bring any proceedings in any forum to challenge the Shari'a 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 is a party are not compliant with the principles of Shari'a.

## TAXATION

*The following is a general description of certain Qatar, Qatar Financial Centre and certain other 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 Offering Circular and is subject to any change in law that may take effect after such date.*

### **Qatar**

This general description of taxation in Qatar is based upon: (a) Law No. 24 of 2018 on Income Tax (the “Qatar Tax Law”) which has recently replaced Law No. 21 of the year 2009 on income tax; (b) the Cabinet Resolution No. 39 of 2019 issuing the Executive Regulations of Qatar Tax Law (the Executive Regulations of the Income Tax Law issued in June 2011 under the Previous Qatar Tax Law (the “Current Executive Regulations”)); (c) Circular No. 14 of 2019 and other circulars issued by the General Tax Authority; (d) the published practices that have been adopted and applied by the General Tax Authority in Qatar (previously the Qatar Taxes Department and Public Revenues and Taxes Department), each as in effect on the date of this Offering Circular. This general description is subject to any subsequent change in Qatar Tax Law, regulations and practice that may come into force after such date.

Under the Qatar 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 and gross income from shares in companies resident in Qatar including capital gains arising on the disposal of such shares. 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 (i) 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 and (ii) arising from the revaluation of assets that are used as in-kind contribution to the capital of another shareholding company resident in Qatar provided these shares are at nominal value and are not sold for five years. 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.

A withholding tax applies to certain payments made to “non-residents” (as defined in the Qatar Tax Law) in respect of activities not connected with a permanent establishment in Qatar. Particularly, the Qatar Tax Law specifies a withholding tax rate of 5 per cent. on payments of interest. The Executive Regulations provide for certain exemptions to withholding tax on interest payments. These exemptions are: (i) interest on deposits in banks in Qatar; (ii) interest on bonds and securities issued by Qatar and public authorities, establishments, corporations and companies owned wholly or partly by Qatar; (iii) interest on transactions, facilities and loans with banks and financial institutions; and (iv) 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 Qatar 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 (iii) 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 Qatar Tax Law, gains of a capital nature are treated as income and taxed at the same rate as income).

### **Qatar Financial Centre**

The following is a discussion on certain QFC 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 QFC law.

Under existing QFC law, payments on Certificates to be issued should not be subject to taxation in the QFC 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 QFC corporation tax. The QFC currently has no capital gains tax and no estate duty, inheritance or gift tax.

No capital or stamp duties are levied in the QFC on the issue, transfer or redemption of Certificates. An instrument transferring title to any Certificates, if executed in or brought into the QFC, would not be subject to QFC stamp duty. According to the QFC Authority Rules (Version No. 10 December 2021), a firm licensed to act as a trustee, must pay to the QFC Authority a standard annual fee of U.S.\$5,000.

### **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 Qatar 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 advisors regarding how these rules may apply to their investment in the Certificates. In the event that 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 such 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 the Certificates (including secondary market transactions) in certain circumstances. The issuance and subscription of Certificates should, however, 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 the 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 the 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 25 April 2022, agreed with, amongst others, 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**

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 possesses or distributes this Offering Circular, any other offering material or any Pricing Supplement, in all cases at its own expense.

### ***United States***

The Certificates have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and 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 under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. 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. Until 40 days after the later of the commencement of the offering of any Tranche of Certificates and the completion of the distribution of all Certificates of the Tranche of which such Certificates are a part, an offer, delivery or sale of Certificates within the United States or to, or for the account or benefit of, U.S. persons by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available 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 under the Securities Act.

Each Dealer has represented and agreed that, and each further Dealer appointed under the Programme will be required to represent and agree, that, it will not offer, sell or deliver Certificates (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of any Tranche of Certificates and the completion of the distribution of all Certificates of the Tranche of which such Certificates are a part, as determined and certified to the Principal Paying Agent by the relevant Dealer (or, in the case of a Tranche of Certificates sold to or through more than one Dealer, by the relevant lead manager), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Certificates during the distribution compliance period a confirmation or other notice setting out the restrictions on offers, delivery and sales of the Certificates within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Certificates are being offered and sold only outside the United States to non-U.S. persons in offshore transactions in reliance on, and in compliance with, Regulations S.

### ***European Economic Area***

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 Offering Circular as completed by the applicable Pricing Supplement in relation thereto to the public in that Member State, except that it may make an offer of such Certificates to the public in that Member 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 Member 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 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 it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in the United Kingdom except that it may make an offer of such Certificates to the public in the United Kingdom:

- (i) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom 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 section 86 of the FSMA,

provided that no such offer of Certificates referred to in (i) to (iii) above shall require the Trustee, the Bank or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression: an “offer of Certificates to the public” in relation to any Certificates 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 “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

### ***Other United Kingdom regulatory restrictions***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) No deposit-taking: 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) General compliance: 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 and/or the Bank; and
- (iii) Financial promotion: 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.

### ***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 (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 the offering should note that the offer of Certificates is a private placement under Article 8 of the Rules on the Offer of Securities and Continuing Obligations as issued by the Board of the Capital Market Authority (“CMA”) resolution number 3-123-2017 dated 27 December 2017 as amended by CMA resolution number 5-5-2022 dated 5 January 2022 (the “Rules on the Offer of Securities and Continuing Obligations”), made through a capital market institution licensed by the CMA, and following a notification to the CMA in accordance with Article 10 of the Rules on the Offer of Securities and Continuing Obligations.

The Certificates to be issued under the Programme may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to institutional and qualified clients under Article 8(a)(1) or by way of a limited offer under Article 9 of the Rules on the Offer of Securities and Continuing Obligations. 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 by it to a Saudi Investor will be made in compliance with either Article 8(a)(1) or Article 9 and Article 10(a)(2) of the Rules on the Offer of Securities and Continuing Obligations.

Each offer of Certificates shall not therefore constitute a “public offer”, an “exempt offer” or a “parallel market offer” pursuant to the Rules on the Offer of Securities and Continuing Obligations, but is subject to the restrictions on secondary market activity under Article 14 of the Rules on the Offer of Securities and Continuing Obligations.

### ***Qatar (including the Qatar Financial Centre)***

This Offering Circular is not intended to constitute an offer, sale or delivery of bonds or other debt financing instruments under the laws of the Qatar (including the Qatar Financial Centre). The Certificates have not been and will not be

registered with the QSE, the QFCRA, the Qatar Financial Markets Authority, the QCB or with any other authority pursuant to any laws, regulations and rules in Qatar. The Certificates and interests therein do not constitute debt financing in Qatar under the Commercial Companies Law No. (11) of 2015 or any other laws of Qatar. 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, delivered or sold, and will not offer, deliver or sell at any time, 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 Offering Circular: (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.

### ***Kuwait***

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, promoted or advertised by it in Kuwait other than in compliance with Decree Law No. 31 of 1990 and the implementing regulations thereto, as amended, and Law No. 7 of 2010 and the bylaws thereto, as amended governing the issue, offering and sale of securities.

No private or public offering of the Certificates is being made in Kuwait, and no agreement relating to the sale of the Certificates will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Certificates in Kuwait.

### ***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 “structured products” 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 “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; 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 Offering Circular has not been registered as a prospectus with the Securities Commission of Malaysia under 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 or sold, 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 one of the categories of persons specified under Schedule 6 or Section 229(1)(b) and Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3), read together with Schedule 9 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 Offering Circular 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 Offering Circular 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 persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 (2020 Revised Edition) (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)(c)(ii) 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 (Offer of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

## ***Switzerland***

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that neither this Offering Circular nor any other offering or marketing material relating to the Certificates constitutes a prospectus pursuant to the Swiss Financial Services Act (“FinSA”) and no application has or will be made to admit the Certificates to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that: (i) the Certificates may not be publicly offered, sold or advertised by it, directly or indirectly, in or from Switzerland; and (ii) neither this Offering Circular nor any other offering or marketing material relating to the Certificates may be publicly distributed or otherwise made publicly available by it in Switzerland.

## GENERAL INFORMATION

### Listing of the Certificates

Application has been made to the London Stock Exchange for Certificates issued under the Programme during the 12 months from the date of this Offering Circular to be admitted to trading on the ISM. The ISM is not a regulated market within the meaning of MiFID II or UK MiFIR. The ISM is a market designated for professional investors. Certificates admitted to trading on the ISM are not admitted to the Official List of the Financial Conduct Authority. The London Stock Exchange has not approved or verified the contents of this Offering Circular.

Certificates may also be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or that they will be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Trustee and the Bank.

### 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 (including a no-objection confirmation from the Qatar Central Bank prior to each issuance of 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 Bank dated 27 January 2022. The substitution of MAR Sukuk Limited by MAR Finance LLC as the Issuer and Trustee for Certificates to be issued under the Programme was authorised by a resolution of the board of directors of the Trustee dated 21 April 2022.

### Significant or Material Change

There has been no significant change in the financial performance or position, or material adverse change in the financial position or prospects, of the Trustee since the date of its incorporation.

There has been no significant change in the financial performance or position of the Bank or the Group and no material adverse change in the financial position or prospects of the Bank or the Group since 31 December 2021.

### 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 Offering Circular 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 Series of Certificates will be set out in the applicable Pricing Supplement.

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 Pricing Supplement.

### Third Party Information

Where information in this Offering Circular 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.

### Websites

Other than in relation to the documents which are deemed to be incorporated by reference (see “*Documents Incorporated by Reference*”), the information on the websites to which this Offering Circular refers does not form part of this Offering Circular.

### **Documents Available**

For the period of 12 months following the date of this Offering Circular, copies of the following documents (and English translations where the documents in question are not in English) will, when published, be available for viewing at <https://www.alrayan.com/>:

- (i) the Master Trust Deed;
- (ii) the audited consolidated financial statements of the Bank in respect of the financial years ended 31 December 2021 and 31 December 2020 together with the audit reports prepared in connection therewith;
- (iii) the unaudited interim consolidated financial statements of Al Khalij for nine-month period ended 30 September 2021 and audited consolidated financial statements of Al Khalij in respect of the financial years ended 31 December 2020;
- (iv) the most recently published unaudited interim condensed consolidated financial statements (if any) of the Bank, together with any review reports prepared in connection therewith;
- (v) the constitutional documents of the Trustee and the Bank; and
- (vi) this Offering Circular together with any supplement to this Offering Circular or further Offering Circular.

### **Auditors**

The auditors of the Bank are Deloitte & Touche, Qatar Branch of Al Ahli Bank – Head Office Building, Suhaim Bin Hamad Street, Al Sadd Area, P.O. Box 431, Doha, Qatar. Deloitte & Touche, Qatar Branch is a firm registered with the Ministry of Economy and Commerce, license number 12877 appearing in the public register of approved auditing firms held by the Accounts Auditors section at the Ministry of Economy and Commerce. Deloitte & Touche, Qatar Branch have audited the Bank's accounts, without qualification, in accordance with the Financial Accounting Standards issued by the AAOIFI, as at and for the financial years ended 31 December 2020 and 31 December 2021, as stated in their reports appearing therein.

Deloitte & Touche, Qatar Branch does not have a material interest in the Bank.

Since the date of its incorporation, no financial statements of the Trustee have been prepared. The Trustee is not required by the laws of QFC, and does not intend, to publish audited financial statements.

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.

### **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. Certain of the Dealers or their affiliates that have a lending relationship with the Trustee, the Bank and their affiliates 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.

## **SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN FINANCIAL ACCOUNTING STANDARDS ISSUED BY AAOIFI AND INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The Financial Statements have been prepared in accordance with the FASs issued by the AAOIFI as modified by the QCB. For matters for which no AAOIFI standards or related guidance exist, the Group applies the relevant IFRSs.

The Financial Statements have been prepared under the historical cost convention, except for the measurement at fair value of financial investments classified as “investments at fair value through equity”, “investments at fair value through income statement” and Sharia-compliant risk management instruments.

FASs differ from IFRSs in certain respects. Accordingly, the Bank has prepared as of the date of this Offering Circular a narrative summary of the significant differences between FASs as applied by the Bank in the Financial Statements and IFRSs, in so far as they relate to the significant accounting policies adopted by the Bank.

Deloitte & Touche, Qatar Branch 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 and neither 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.

### **Equity of investment account holders – Unrestricted (URIA)**

Equity of investment account holders are funds held by the Group, which it can invest at its own discretion. The investment account holder authorises the Group to invest the account holders' funds in a manner which the Group deems appropriate without laying down any restrictions as to where, how and for what purpose the funds should be invested.

In accordance with AAOIFI – FAS 1, URIA is disclosed and presented in the statement of financial position as a separate line item between liabilities and shareholders' equity. Under IFRS, URIA would be presented on the statement of financial position as a liability.

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