

## IMPORTANT NOTICE

**THE BASE 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”) AND ARE OUTSIDE OF THE UNITED STATES.**

**IMPORTANT:** You must read the following notice before continuing. The following notice applies to the attached base offering circular following this page (the “**Base Offering Circular**”), whether received by e-mail, accessed from an internet page or otherwise received as a result of electronic communication, and you are therefore advised to read this notice carefully before reading, accessing or making any other use of the Base Offering Circular. In reading, accessing or making any other use of the Base Offering Circular, you agree to be bound by the following terms and conditions and each of the restrictions set out in the Base Offering Circular, including any modifications made to them from time to time, each time you receive any information from SAB AT1 Limited (the “**Trustee**”) and Saudi Awwal Bank (the “**Bank**”) as a result of such access.

**RESTRICTIONS:** NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE CERTIFICATES (AS DEFINED IN THE BASE OFFERING CIRCULAR) IN THE UNITED STATES OR IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. ANY CERTIFICATES TO BE ISSUED HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION. THE CERTIFICATES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED DIRECTLY OR INDIRECTLY 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 IS AVAILABLE AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

THE SECURITIES DESCRIBED IN THE BASE OFFERING CIRCULAR DO NOT CONSTITUTE “ALTERNATIVE FINANCE INVESTMENT BONDS” (“**AFIBS**”) WITHIN THE MEANING OF ARTICLE 77A OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (REGULATED ACTIVITIES) ORDER 2001 (SI 2001/544), AS AMENDED, AND THEREFORE 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 UK FINANCIAL CONDUCT AUTHORITY. ACCORDINGLY, THE BASE OFFERING CIRCULAR IS NOT BEING DISTRIBUTED TO, AND MUST NOT BE PASSED ON TO, THE GENERAL PUBLIC IN THE UNITED KINGDOM (THE “**UK**”).

THE DISTRIBUTION IN THE UK OF THE BASE OFFERING CIRCULAR, ANY PRICING SUPPLEMENT (AS DEFINED HEREIN) AND ANY OTHER MARKETING MATERIALS RELATING TO THE SECURITIES IS BEING ADDRESSED TO, OR DIRECTED AT: (A) IF THE DISTRIBUTION OF THE SECURITIES 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 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 A 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 (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS RELEVANT PERSONS).

FOR A MORE COMPLETE DESCRIPTION OF RESTRICTIONS ON OFFERS AND SALES, SEE “*Subscription and Sale*”.

THE BASE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE BASE 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 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 THE SECURITIES.

The Base Offering Circular must not be acted on or relied on (i) in the UK, by persons who are not Relevant Persons, and (ii) in any member state of the European Economic Area, by persons who are not qualified investors (as defined in Regulation (EU) 2017/1129 (as amended)). Any investment or investment activity to which the Base Offering Circular relates is available only to (i) in the UK, Relevant Persons, and (ii) in any member state of the EEA, qualified investors, and will be engaged in only with such persons.

**CONFIRMATION OF YOUR REPRESENTATION:** In order to be eligible to view the Base Offering Circular or make an investment decision with respect to the Certificates described therein, (1) each prospective investor in respect of the Certificates being offered outside of the United States in an offshore transaction pursuant to Regulation S must be a non-U.S. person (as defined in Regulation S) and outside of the United States and (2) each prospective investor in respect of the Certificates being offered in the UK must be a Relevant Person. By accepting this e-mail and accessing, reading or making any other use of the Base Offering Circular, you shall be deemed to have represented to the Trustee, the Bank and each of the Arrangers and the Dealers (as defined in the Base Offering Circular) that (1) you have understood and agree to the terms set out herein, (2) you are a non-U.S. person (within the meaning of Regulation S) and are outside the United States, and are not acting for the account or benefit of any U.S. person, and the electronic mail (or e-mail) address to which, pursuant to your request, the attached Base Offering Circular has been delivered by electronic transmission is not located in the United States, its territories and possessions or in any State of the United States or the District of Columbia (3) in respect of the Certificates being offered in the UK, you are (or the person you represent is) a Relevant Person, (4) you consent to delivery of the Base Offering Circular and any amendments or supplements thereto by electronic transmission, (5) you will not transmit the Base 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 except with the consent of the Dealers and (6) you acknowledge that you will make your own assessment regarding any legal, taxation or other economic considerations with respect to your decision to subscribe for or purchase of any of the Certificates.

The Base Offering Circular may not be distributed in the Kingdom of Saudi Arabia (the “**Kingdom**” or “**Saudi Arabia**”) except to such persons as are permitted under the Rules on the Offer of Securities and Continuing

Obligations as issued by the Board of the Capital Market Authority (the “CMA”) pursuant to its resolution number 3-123-2017 dated 9/4/1439H (corresponding to 27 December 2017), as amended by its resolution number 3-114-2024 dated 4/4/1446H (corresponding to 7 October 2024) and as further amended from time to time (the “**Rules on the Offer of Securities and Continuing Obligations**”).

The CMA does not make any representation as to the accuracy or completeness of the Base Offering Circular, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of the Base Offering Circular. 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 the Base Offering Circular you should consult an authorised financial adviser.

The Saudi Central Bank does not make any representation as to the accuracy or completeness of the Base Offering Circular, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of the Base Offering Circular. In particular, prospective purchasers of the Certificates agree and acknowledge that the Saudi Central Bank assumes no liability whatsoever to any purchaser of the Certificates for any loss arising from, or incurred as a result of, the occurrence of a Non-Viability Event. See “*Risk Factors – The circumstances triggering a Write-down are unpredictable and Certificateholders may suffer losses in respect of their holding of the Certificates ahead of, and without, any losses being required to be borne by the Bank’s shareholders*” and “*Risk Factors – Certificateholders’ right to receive payment of the face amount of the Certificates and the Certificateholders’ right to any profit will be permanently cancelled or permanently Written-down (in whole or in part) upon the occurrence of a Non-Viability Event*”. If you do not understand the contents of the Base Offering Circular, you should consult an authorised financial adviser.

You are reminded that the Base Offering Circular has been delivered to you on the basis that you are a person into whose possession the Base 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 Base Offering Circular, electronically or otherwise, to any other person and in particular 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 Base Offering Circular by e-mail, you should not reply by e-mail to this transmission. Any reply e-mail communications, including those you generate by using the **Reply** function on your e-mail software, will be ignored or rejected. If you receive the Base Offering Circular by e-mail, your use of this e-mail 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 licenced broker or dealer and a Dealer or any affiliate of the relevant Dealer is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by the relevant Dealer or such affiliate on behalf of the Trustee and the Bank in such jurisdiction.

Under no circumstances shall the Base 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 Base Offering Circular 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 final Base Offering Circular, as supplemented from time to time, and the applicable Pricing Supplement.

None of the Arrangers, the Dealers or any of their respective affiliates accepts any responsibility whatsoever for the contents of the Base Offering Circular or for any statement made or purported to be made by any of them, or on their behalf, in connection with the Trustee or any offer.

The Base 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 Arrangers, the Dealers, the Trustee, the Bank nor any person who controls or is a director, officer, employee or agent of any Arranger, Dealer, the Trustee, the Bank nor any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Base Offering Circular distributed to you in electronic format and the hard copy version available to you on request from each Dealer.

None of the Arrangers or the Dealers make any representation as to the suitability of any Certificates to fulfil any sustainability criteria of prospective investors or to fulfil any green, social, environmental or sustainability criteria or labels (including in relation to Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment and any related technical screening criteria, Regulation (EU) 2023/2631 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds, Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector and any implementing legislation and guidelines, or any similar legislation in the UK or any requirements of such criteria and/or labels as they may evolve from time to time). None of the Arrangers, the Dealers or any of their respective affiliates have undertaken, nor are they responsible for (1) any assessment of the sustainable projects; (2) any verification as to whether the projects meet any such criteria; or (3) any monitoring of the use of proceeds of any Certificates. Prospective investors should make their own investigation and refer to the Sustainable Debt Framework (as defined in the Base Offering Circular) and the second party opinion issued by S&P Global Ratings on 31 October 2023 (the “**Second Party Opinion**”), each accessible through the Bank's website at: <https://www.sab.com/esg/>. The contents of this webpage, the Sustainable Debt Framework and the Second Party Opinion do not form part of the Base Offering Circular, and neither the Arrangers nor any of the Dealers makes any representation as to the suitability or contents thereof.

If a Tranche of Sustainable Certificates is 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), no representation or assurance is given by the Bank, the Trustee, the Arrangers, the Dealers or any other person that such listing or admission to trading will be obtained in respect of any Sustainable Certificates or, if obtained, that any such listing or admission to trading will be maintained during the life of the Sustainable Certificates concerned.

**Notification under Section 309(B) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)** - unless otherwise specified in the applicable Pricing Supplement, the Trustee has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Certificates are ‘prescribed capital markets products’ (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and ‘excluded investment products’ (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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



## SAB AT1 Limited

*(an exempted company incorporated with limited liability in the Cayman Islands)*

**U.S.\$5,000,000,000**

### **Additional Tier 1 Capital Certificate Issuance Programme**

Under the U.S.\$5,000,000,000 additional tier 1 capital certificate issuance programme (the “**Programme**”) described in this base offering circular (the “**Base Offering Circular**”), SAB AT1 Limited (in its capacity as issuer and trustee), as applicable, the “**Trustee**”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue additional tier 1 capital certificates (the “**Certificates**”) denominated in any currency agreed between the Trustee and the Dealers (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.\$5,000,000,000 (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 Saudi Awwal Bank (“**SAB**”, the “**Bank**” or the “**Obligor**”) (each a “**Dealer**” and together, the “**Dealers**”), which appointment may be for a specific issue of Certificates or on an ongoing basis. References in this Base 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.

In respect of each Series (as defined herein), if a Non-Viability Event (as defined herein) occurs prior to the Effective Date (as defined herein), a Write-down (as defined herein) shall occur on the relevant Non-Viability Event Write-down Date (as defined herein), as more particularly described in Condition 10. In such circumstances, the Certificates of such Series shall be cancelled (in the case of a Write-down in whole) or Written-down (as defined herein) in part on a *pro rata* basis (in the case of a Write-down in part) by the Trustee and the Certificateholders’ rights to the Trust Assets (including the Mudaraba Assets (as defined herein)) shall automatically be deemed to be irrevocably and unconditionally Written-down in a proportion corresponding to the relevant Write-down Amount (as defined herein). See “*Risk Factors – Certificateholders’ right to receive payment of the face amount of the Certificates and the Certificateholders’ right to any profit will be permanently cancelled or permanently Written-down (in whole or in part) upon the occurrence of a Non-Viability Event*”).

**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”.** In particular, there are risks inherent in the holding of the Certificates, including the risks relating to subordination of claims in connection therewith and the circumstances in which a Certificateholder may suffer losses as a result of holding the Certificates. See “*Risk Factors – The circumstances triggering a Write-down are unpredictable and Certificateholders may suffer losses in respect of their holding of the Certificates ahead of, and without, any losses being required to be borne by the Bank’s shareholders*”.

The Periodic Distribution Amount payable, subject to and in accordance with the terms and conditions of the Certificates (the “**Conditions**”), on each Periodic Distribution Date: (a) for the Initial Period, shall be an amount equal to the Initial Periodic Distribution Amount (each as defined in the Conditions); and (b) during each Reset Period (if any), shall be the relevant amount calculated on the basis of the aggregate of the Margin and the Relevant Reset Rate on the relevant Reset Determination Date (each as defined in the Conditions) in accordance with the provisions of Condition 7.4. Payments of profit amounts under the Master Mudaraba Agreement (as defined herein) are subject to mandatory cancellation if a Non-Payment Event (as defined herein) occurs,

and are otherwise at the sole discretion of the Bank (as Mudareb). Any Periodic Distribution Amounts not paid as aforesaid will not accumulate and neither the Trustee nor the Certificateholders shall have any claim in respect thereof.

In respect of each Series, the payment obligations of the Bank under the Master Mudaraba Agreement (including all payments which are the equivalent of principal and profit) (the “**Relevant Obligations**”) will, in any Winding-up Proceeding (as defined herein), rank (i) subordinate and junior to all Senior Obligations but not further or otherwise; (ii) *pari passu* with all other *Pari Passu* Obligations; and (iii) in priority to all Junior Obligations (each as defined herein).

The Certificates of each Series are perpetual securities and have no fixed or final redemption date. Unless the Certificates have previously been redeemed or purchased and cancelled as provided herein, the Bank may (acting in its sole discretion) instruct the Trustee to, whereupon the Trustee shall, redeem all but not some only of the Certificates on the applicable Call Date (as defined herein). In addition, upon the occurrence of a Tax Event or a Capital Event (each as defined herein), the Certificates may be redeemed in whole (but not in part) by the Trustee (but only upon the instructions of the Bank (acting in its sole discretion), at any time on or after the Issue Date in accordance with the Conditions.

Each Tranche (as defined herein) of Certificates will be constituted by: (i) a master trust deed (the “**Master Trust Deed**”) dated 16 April 2025 entered into by the Trustee, the Bank and HSBC Bank plc 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**”).

Application has been made to the London Stock Exchange plc (the “**London Stock Exchange**”) for the Certificates issued under the Programme during the period of 12 months from the date of this Base Offering Circular to be admitted to the London Stock Exchange’s International Securities Market (the “**ISM**”). The ISM is not a regulated market for the purposes of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”) (the “**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 “FCA”). The London Stock Exchange has not approved or verified the contents of this Base Offering Circular.**

References in this Base Offering Circular to the 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 and, if so, on which exchange the Certificates are to be listed.

This Base Offering Circular does not constitute a prospectus for the purposes of a listing or an admission to trading on any market in the United Kingdom (“**UK**”) which has been designated as a regulated market for the purposes of UK MiFIR and has not been approved by the FCA pursuant to the Official Listing of Securities, Prospectus and Transparency (Amendment etc.) (EU Exit) Regulations 2019.

This Base Offering Circular does not constitute a prospectus for the purposes of a listing or an admission to trading on any market in the European Economic Area (the “**EEA**”) which has been designated as a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU) (as amended, “**MiFID II**”), and has not been approved by the competent authority in any member state of the EEA pursuant to Regulation (EU) 2017/1129.

Notice of the aggregate face amount of Certificates, profit (if any) payable in respect of such Certificates, the issue price of such Certificates and other information which is applicable to each Tranche of such Certificates will be set out in a pricing supplement (the “**Pricing Supplement**”), which with respect to Certificates to be admitted to trading on the ISM, will be delivered to the London Stock Exchange. Copies of the Pricing Supplement in relation to Certificates to be admitted to trading on the ISM will also be published on the website of the London Stock Exchange through a regulatory information service or may be published in such other manner permitted by the International Securities Market Rulebook effective as of 1 January 2021 (as may be modified and/or supplemented and/or restated from time to time, the “**ISM Rulebook**”).

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. Subject to certain exceptions, the Certificates may not be offered or sold 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**”)). For a description of certain restrictions on offers and sales of Certificates and on distribution of this Base 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 depositary (the “**Common Depositary**”) 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 long-term issuer default ratings of “A-” with a stable outlook by Fitch Ratings Limited (“**Fitch**”) and a long term bank deposit rating of “A1” with a stable outlook by Moody’s Investors Service Cyprus Ltd. (“**Moody’s**”). Fitch is established in the UK and is registered in accordance with Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the EUWA (the “**UK CRA Regulation**”) and is included on the list of registered credit agencies (as of 16 April 2025) on the UK FCA’s Financial Services Register. Fitch is not established in the EEA and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “**EU CRA Regulation**”). The rating issued by Fitch has been endorsed by Fitch Ratings Ireland Limited in accordance the EU CRA Regulation. Fitch Ratings Ireland Limited is established in the EEA and is registered under the EU CRA Regulation. As such, Fitch Ratings Ireland Limited is included on the list of credit rating agencies published by the European Securities and Markets Authority on its website (<https://www.esma.europa.eu/credit-rating-agencies/cra-authorisation>). Moody’s is established in the EEA and is registered under the EU CRA Regulation. As such, Moody’s is included on the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <https://www.esma.europa.eu/credit-rating-agencies/cra-authorisation>). Moody’s is not established in the UK and has not applied for registration under the UK CRA Regulation. The rating issued by Moody’s has been endorsed by Moody’s Investors Service Limited and has not been withdrawn. Moody’s Investors Service Limited is established in the UK and registered under the UK CRA Regulation. As such, the ratings of Moody’s may be used for regulatory purposes in the UK in accordance with the UK CRA Regulation.

The transaction structure relating to the Certificates (as described in this Base Offering Circular) has been approved by the Shariah Committee of the Bank, the Shari’a Supervisory Board of Citi Islamic Investment Bank E.C., the Shari’ah Committee of HSBC Saudi Arabia, the Shari’a advisers of J.P. Morgan Securities plc and the Global Shariah Supervisory Committee of Standard Chartered Bank as, in their view, complying with the *Shari’a* principles as applicable to, and as interpreted by, them. Prospective Certificateholders should not rely on the approvals referred to above in deciding whether to make an investment in the Certificates and should consult their own *Shari’a* advisers as to whether the proposed transaction described in the approvals referred to above, including the tradability of the Certificates in the secondary market, is in compliance with *Shari’a* principles (including, without limitation, their individual standards of compliance relating thereto). Prospective Certificateholders are reminded that, as with any *Shari’a* views, differences in opinion are possible and different *Shari’a* standards may be applied by different *Shari’a* advisers.

This Base Offering Circular may not be distributed in the Kingdom of Saudi Arabia (the “**Kingdom**” or “**Saudi Arabia**”) except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority of Saudi Arabia (the “**CMA**”) pursuant to its resolution number 3-123-2017 dated 9/4/1439H (corresponding to 27 December 2017), as amended by its resolution number 3-114-2024 dated 4/4/1446H (corresponding to 7 October 2024) and as further amended from time to time (the “**Rules on the Offer of Securities and Continuing Obligations**”). The CMA does not make any representation as to the accuracy or completeness of this Base Offering Circular and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Offering Circular. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this Base Offering Circular, you should consult an authorised financial adviser.

The Saudi Central Bank (“**SAMA**”) does not make any representation as to the accuracy or completeness of this Base Offering Circular and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Offering Circular. In particular, prospective purchasers of the Certificates agree and acknowledge that SAMA assumes no liability whatsoever to any purchaser of the Certificates for any loss arising from, or incurred as a result of, the occurrence of a

Non-Viability Event. If you do not understand the contents of this Base Offering Circular, you should consult an authorised financial adviser. The distribution of this Base Offering Circular and the offering, sale and delivery of the Certificates in any jurisdiction other than the Kingdom may be restricted by law.

**Arrangers**

**HSBC**

**BofA Securities**

**Dealers**

**BofA Securities**

**Citigroup**

**HSBC**

**J. P. Morgan**

**Kamco Invest**

**Mizuho**

**Standard Chartered Bank**

**Warba Bank**

**The date of this Base Offering Circular is 16 April 2025**



## **IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE OFFERING CIRCULAR AND OFFERS OF CERTIFICATES GENERALLY**

This Base Offering Circular comprises admission particulars for the purpose of the ISM Rulebook. This Base Offering Circular does not comprise a prospectus for the purposes of either Regulation (EU) 2017/1129 or Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA, and has not been approved as such by the competent authority in any member state of the EEA or the FCA.

The Trustee and the Bank accept responsibility for the information contained in this Base Offering Circular and the applicable Pricing Supplement for each Series of Certificates issued under the Programme. To the best of the knowledge of the Trustee and the Bank (each having taken all reasonable care to ensure that such is the case), the information contained in this Base Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Base Offering Circular should be read and construed together with any amendments or supplements hereto, 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.

Certain information under the headings “*Risk Factors*”, “*Saudi Arabia’s Banking Sector and Regulations*” and “*Description of SAB*” has been extracted from information provided by: (i) the SAMA and the Organization of Petroleum Exporting Countries (“**OPEC**”), in the case of “*Risk Factors*”; (ii) SAMA, in the case of “*Saudi Arabia’s Banking Sector and Regulations*”; and (iii) SAMA, Saudi Credit Bureau (“**SIMAH**”) in the case of “*Description of SAB*”, and, in each case, the relevant source of such information is specified where it appears under those headings. Each of the Trustee and the Bank confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant sources referred to, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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

Any *Shari’a* non-compliant terminology or term used in this Base Offering Circular has been used to give the proper meaning to a particular definition or a clause and does not impact the *Shari’a* compliant nature of the Transaction Documents.

None of the Arrangers, the Dealers, the Delegate, the Agents or any of their respective affiliates have authorised the whole or any part of this Base Offering Circular and none of them makes any representation or warranty (and no such representation or warranty is implied) or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Offering Circular or any responsibility for any acts or omissions of the Trustee, the Bank or any other person in connection with this Base Offering Circular or the issue and offering of the Certificates under the Programme.

No person has been authorised to give any information or to make any representation other than those contained in this Base 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, the Dealers, the Delegate or the Agents (each as defined herein). Neither the delivery of this Base Offering Circular nor any offering or sale of the Certificates shall, under any circumstances, create any implication that there has been no change in the affairs of the Trustee or the Bank since the date hereof or the date upon which this Base 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 Base 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.

The distribution of this Base Offering Circular and the offering or sale of the Certificates in certain jurisdictions may be restricted by law. Persons into whose possession this Base Offering Circular comes are required by the Trustee, the Bank, the Arrangers and the Dealers to inform themselves about and to observe any such restriction. 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. Subject to certain exceptions, Certificates may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S). Each purchaser of the Certificates in making its purchase will be deemed to have made certain acknowledgements, representations and agreements. Prospective purchasers are hereby notified that the offer, sale or delivery of Certificates to it will be made in reliance on the exemption from the registration requirements of the Securities Act provided by Regulation S. For a description of certain restrictions on offers and sales of Certificates and on distribution of this Base Offering Circular, see “*Subscription and Sale*”.

The Trustee and the Bank have confirmed to the Dealers named under “*Subscription and Sale*” below that this Base Offering Circular contains all information which is (in the context of the Programme or the issue, offering and sale of the Certificates) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed in the Base Offering Circular are honestly held or made; that the Base Offering Circular does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme or the issue, offering and sale of the Certificates) not misleading in any material respect. Reasonable enquiries have been made to ascertain or verify the foregoing.

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

This Base 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.

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 Base 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 or any responsibility for any acts or omissions of the Trustee, the Bank or any other person in connection with this Base 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 which it might otherwise have in respect of this Base Offering Circular or any such statement. Neither this Base 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 Base 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 Base 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 Base 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.

Admission to trading on the ISM is not to be taken as an indication of the merits of the Trustee, the Bank or the Certificates. 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:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the relevant Certificates, the merits and risks of investing in the relevant Certificates and the information contained in this Base Offering Circular or any applicable supplement;
- (b) 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;
- (c) 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 home currency;
- (d) understands thoroughly the terms of the relevant Certificates and is familiar with the behaviour of any relevant indices and financial markets; and
- (e) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, profit rate 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 the ability of certain investors to make investments in Certificates. 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 raising of finance and (iii) other restrictions apply to its purchase or pledge of any Certificates by the investor. The Certificates may not satisfy an investor's requirements or any future legal or industry standards for investment in assets with sustainability characteristics. Investors should conduct their own assessment of the Certificates from a sustainability perspective. 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.

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

The proceeds of certain issuances of Certificates may be used by the Bank to achieve objectives set out in the Bank's Sustainable Debt Framework (as defined in "*Use of Proceeds*" below). None of the Trustee, the

Arrangers, the Dealers, the Delegate or the Agents make any representation as to the suitability or content of the Sustainable Debt Framework and none of the Bank, the Trustee, the Arrangers, the Dealers, the Delegate or the Agents make any representation as to the suitability of the second party opinion issued by S&P Global Ratings in respect of the Sustainable Debt Framework on 31 October 2023 which was published on the Bank's website (the "**Second Party Opinion**"). Prospective investors should refer to the Bank's Sustainable Debt Framework and the Second Party Opinion and determine for itself the relevance of such information for the purposes of an investment in the Certificates together with any other investigation it deems necessary. The Second Party Opinion is not a recommendation to buy, sell or hold securities and is only current as of the date it was initially issued. Furthermore, the Second Party Opinion is for information purposes only.

None of the Trustee, the Delegate, the Agents, the Bank, the Arrangers or the Dealers nor any of their respective affiliates make any representation as to the suitability of the 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, or to fulfil any green, social, environmental or sustainability criteria required by any prospective investors.

No advice is given by the Trustee, the Bank, the Arrangers, the Dealers, the Delegate or the Agents in respect of taxation or *Shari'a* 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 *SHARI'A* ADVISER, TAX ADVISER, LEGAL ADVISER AND BUSINESS ADVISER AS TO *SHARI'A*, TAX, LEGAL, BUSINESS AND RELATED MATTERS CONCERNING THE PURCHASE OF ANY CERTIFICATES.**

## **STABILISATION**

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

## **EU MIFID II PRODUCT GOVERNANCE/TARGET MARKET**

The applicable 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 MiFID II is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**EU MiFID Product Governance Rules**"), any Dealer subscribing for any Certificates is a manufacturer in respect of such Certificates, but otherwise

neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the EU MiFID Product Governance Rules.

## UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET

The applicable 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 person subsequently offering, selling or recommending the Certificates (a “**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 manufacturer in respect of such Certificates, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

## PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Certificates are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a “**retail investor**” means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129.

Consequently, no key information document required by Regulation (EU) No 1286/2014 (the “**PRIPs Regulation**”) for offering or selling any Certificates or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Certificates or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

## PROHIBITION OF SALES TO UK RETAIL INVESTORS

The Certificates are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a “**retail investor**” means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA, and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Certificates or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling any Certificates or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES  
ACT 2001 OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (THE  
“SFA”)**

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

**VOLCKER RULE**

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

The Certificates do not constitute “alternative finance investment bonds” (“**AFIBs**”) within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544), as amended, and therefore 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 UK Financial Conduct Authority. Accordingly, any Certificates must not be marketed in the UK to the general public and this Base Offering Circular is not being distributed to, and must not be passed on to, the general public in the UK.

The distribution in the UK of this Base 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 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 distribution is effected by a person who is an authorised person under the FSMA, only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial

Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the “**Promotion of CISs Order**”); (ii) persons falling within any of the categories of person described in Article 22 (High net worth companies, unincorporated associations, etc.) of the Promotion of CISs Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Promotion of CISs Order.

Persons of any other description in the UK may not receive and should not act or rely on this Base Offering Circular, any applicable Pricing Supplement or any other marketing materials in relation to any Certificates.

Prospective investors in the UK in any Certificates are advised that all, or most, of the protections afforded by the UK regulatory system will not apply to an investment in such Certificates and that compensation will not be available under the UK Financial Services Compensation Scheme. Any prospective investor intending to invest in any investment described in this Base 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 OF THE KINGDOM OF BAHRAIN**

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

This Base Offering Circular does not constitute an offer of securities in the Kingdom of Bahrain pursuant to the terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Base 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 Base 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 the Kingdom of Bahrain, other than to accredited investors for an offer outside the Kingdom of Bahrain.

The CBB has not reviewed, approved or registered this Base Offering Circular or related offering documents and it has not in any way considered the merits of the Certificates to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Base 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 Base Offering Circular. No offer of Certificates will be made to the public in the Kingdom of Bahrain and this Base 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 OF SAUDI ARABIA**

This document may not be distributed in the Kingdom except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the CMA.

The CMA does not make any representation 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 securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult an authorised financial advisor.

## **NOTICE TO RESIDENTS IN THE STATE OF QATAR**

Any Certificates will not be offered, sold or delivered at any time, directly or indirectly, in the State of Qatar (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Base 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 the State of 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 the State of Qatar and do not constitute debt financing in the State of Qatar under the Commercial Companies Law No. (11) of 2015 or otherwise under the laws of the State of Qatar.

## **NOTICE TO RESIDENTS IN THE CAYMAN ISLANDS**

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

## **NOTICE TO RESIDENTS OF THE STATE OF KUWAIT**

Unless all necessary approvals from the Kuwait Capital Markets Authority (the “**Kuwait CMA**”) pursuant to Law No. 7 of 2010, and its executive bylaws (each as amended) (the “**CML Rules**”), together with the various resolutions, regulations, directives and instructions issued pursuant thereto, or in connection therewith (regardless of nomenclature) or any other applicable or regulation in the State of Kuwait, have been given in relation to the marketing of, and sale of, the Certificates (the “**Kuwait CMA Approval**”), the Certificates may not be offered for sale, nor sold, in the State of Kuwait.

This Base Offering Circular is not for general circulation to the public in the State of Kuwait nor will the Certificates be sold by way of a public offering in the State of Kuwait. In the event where the Certificates are intended to be purchased onshore in the State of Kuwait pursuant to a Kuwait CMA 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 the State of Kuwait acknowledge that the Kuwait CMA and all other regulatory bodies in the State of Kuwait assume no responsibility whatsoever for the contents of this Base 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 the State of Kuwait, assume no responsibility whatsoever for any damages that may result from relying (in whole or in part) on the contents of this Base Offering Circular. Prior to purchasing any Certificates, it is recommended that a prospective holder of any Certificates seeks professional advice from its advisers in respect to the contents of this Base Offering Circular so as to determine the suitability of purchasing the Certificates.

## **NOTICE TO RESIDENTS IN MALAYSIA**

Any Certificates may not be offered for subscription or purchase and no invitation to subscribe for or purchase such Certificates in Malaysia may be made, directly or indirectly, and this Base 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 Part I of Schedule 6 or Section 229(1)(b), Part I of Schedule 7 or Section 230(1)(b), read together with Schedule 8 or Section 257(3) of the Capital Market and Services Act 2007 (the “**CMSA**”) of Malaysia, as may be amended and/or varied from time to time and subject to any amendments to the applicable laws from time to time.



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

## PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

### Presentation of Financial Information

#### *Historical Financial Statements*

The financial statements relating to SAB and its subsidiaries (together, the “**Group**”) which are incorporated by reference in this Base Offering Circular are as follows:

- audited consolidated financial statements of the Group as at and for the year ended 31 December 2024 (including the comparative financial information as at and for the year ended 31 December 2023) and the notes thereto (the “**2024 Financial Statements**”); and
- audited consolidated financial statements of the Group as at and for the year ended 31 December 2023 (including the restated comparative financial information as at and for the year ended 31 December 2022) and the notes thereto (the “**2023 Financial Statements**” and, together with the 2024 Financial Statements, the “**Financial Statements**”).

Accordingly, the consolidated financial information of the Group included in this Base Offering Circular:

- as at and for the year ended 31 December 2024 has been derived from the 2024 Financial Statements;
- as at and for the year ended 31 December 2023 has been extracted or derived from the 2023 Financial Statements, except for the reclassified financial information as at and for the year ended 31 December 2023 which has been extracted or derived from the comparative column of the 2024 Financial Statements; and
- as at and for the year ended 31 December 2022, have been derived from the restated comparative column of the 2023 Financial Statements.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards as endorsed in Saudi Arabia (“**IFRS**”) and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants (“**SOCPA**”) and have been prepared in compliance with the provisions of The Banking Control Law as issued by Royal Decree No. M/5 dated 22/02/1386H (corresponding to 12 June 1966) (the “**BCL**”), the Regulations for Companies in Saudi Arabia] and the by-laws of SAB.

The 2024 Financial Statements have been jointly audited by PricewaterhouseCoopers – Public Accountants (“**PwC**”) and Ernst & Young Professional Services (Professional LLC) (“**EY**”) in accordance with International Standards on Auditing as endorsed in Saudi Arabia (“**ISA**”), as stated in their joint audit report incorporated by reference in this Base Offering Circular. The 2023 Financial Statements have been jointly audited by PwC and KPMG Professional Services (“**KPMG**”) in accordance with ISA as stated in their joint audit report incorporated by reference in this Base Offering Circular.

SAB publishes its consolidated financial statements in Saudi Riyals, rounded to the nearest thousand. SAB’s financial year ends on 31 December and references in this Base Offering Circular to “2024”, “2023” and “2022” are to the 12-month period ended on 31 December in each such year.

#### *Reclassification and restatement of financial information*

During 2024, the Bank re-evaluated the presentation of certain balances within due to banks and other financial institutions in the consolidated statement of financial position to determine if such balances were appropriately presented in the consolidated financial statements. Those balances were re-evaluated by management as new

information was received to substantiate the fact that those balances were in fact deposits from customers. Where necessary, changes in presentation of prior years were made in accordance with IAS 8 “Accounting policies, changes in accounting estimates and errors”. As a result of the re-evaluation, the liability balances amounting to SAR 12.5 billion as of 31 December 2023 were reclassified from due to banks and other financial institutions to customers’ deposits. The consolidated statement of cash flows for the year ended 31 December 2023 was adjusted to reflect the changes in the consolidated statement of financial position. The related special commission expense for the year ended 31 December 2023 was accordingly reclassified from due to banks and other financial institutions to customers’ deposits in note 21 to the 2024 Financial Statements. See Note 41 to the 2024 Financial Statements for further details See “*Selected Financial Information*” and “*Operating and Financial Review*”. Furthermore, special commission paid on debt securities in issue have been reclassified from financing activities to operating activities in the consolidated statement of cash flows to align with related reclassification.

Certain financial information as at and for the year ended 31 December 2022, as reflected in the 2023 Financial Statements, have been restated in the 2023 Financial Statements (see Notes 39 to the 2023 Financial Statements).

## **Presentation of Other Information**

### ***Currencies***

Unless otherwise indicated, in this Base Offering Circular, all references to:

- “**riyal**”, “**Saudi Riyal**” and “**SAR**” are to the lawful currency of Saudi Arabia;
- “**euro**” and “**€**” are to the currency introduced at the third stage of the European economic and monetary union pursuant to the Treaty Establishing the European Community, as amended; and
- “**U.S. dollars**” and “**U.S.\$**” are to the lawful currency of the United States.

Unless otherwise indicated, the financial information contained in this Base Offering Circular has been expressed in riyal. The Group’s functional currency is the riyal and the Group prepared the Financial Statements in riyal, rounded to the nearest thousand.

Translations of amounts from riyal to U.S. dollars in this Base Offering Circular are solely for the convenience of the reader. The riyal has been pegged to the U.S. dollar since 1986 at a fixed rate of SAR 3.75 = US\$1.00 and, unless otherwise stated, all conversions of riyal amounts to U.S. dollar amounts in this Base Offering Circular have been converted at this rate.

### ***Alternative Performance Measures***

This Base Offering Circular includes references to certain ratios and financial measures which have not been prepared in accordance with IFRS and which also constitute alternative performance measures for the purposes of the European Securities and Markets Authority Guidelines on Alternative Performance Measures. None of this financial information is subject to any audit or review by independent auditors. These ratios and financial measures include, but are not limited to, the Group’s return on average assets, return on average tangible equity, cost to income ratio, net special commission income margin, cost of credit risk, non-performing loan (“**NPL**”) coverage ratio, NPL ratio, adjusted advances to deposits ratio, liquidity coverage ratio, net stable funding ratio and leverage ratio (see “*Selected Financial Information – Selected Consolidated Financial Ratios*” which explains the basis of the calculation of each ratio).

SAB uses these ratios and financial measures to evaluate performance and believes that the presentation of these ratios and financial information is helpful to investors because these and other similar measures are widely used by certain investors, security analysts and other interested parties as supplemental measures of performance and liquidity. However, these ratios and financial measures are not presented in accordance with IFRS and should be viewed as supplemental to the Financial Statements and not be considered in isolation or as a substitute for operating profit, cash flow from operating activities or other financial measures of the Group's results of operations or liquidity computed in accordance with IFRS. Other companies, including those in the Group's industry, may calculate these ratios differently from the Group. As all companies do not calculate these ratios in the same manner, the Group's presentation of these ratios may not be comparable to other similarly titled measures of other companies. Investors are cautioned not to place undue reliance on this information.

### ***Third party and market share data***

This Base Offering Circular contains information regarding the Group's business and the industry in which it operates and competes, which the Group has obtained from third party sources. The Group and other institutions operating in the banking and financial services industry in Saudi Arabia make available a wide range of financial and operational information to regulatory and market bodies, including SAMA and the CMA. These bodies use certain of the data supplied to publish statistical information, amongst other matters. However, no assurance can be made that the information reported to these bodies by different market participants is, in all cases, directly comparable. Where third party information has been used in this Base Offering Circular, it has been accurately reproduced and the source of such information has been identified.

In some cases, independently determined industry data is not available. In these cases, any Group market share data included in this Base Offering Circular is referred to as having been estimated. All such estimates have been made by the Bank using its own information and other market information which is publicly available. The Bank believes that these estimates of market share are helpful as they give prospective investors a better understanding of the industry in which the Group operates, as well as its position within that industry. Although all such estimations have been made in good faith based on the information available and the Group's knowledge of the market within which it operates, the Bank cannot guarantee that a third-party expert using different methods would reach the same conclusions.

Statistical information relating to Saudi Arabia included in this Base Offering Circular has been derived from official public sources, including the General Authority for Statistics ("GASTAT"), SAMA, the Ministry of Finance, the Ministry of Economy and Planning, the International Monetary Fund (the "IMF") and the Organisation for Petroleum Exporting Countries ("OPEC"). All such statistical information may differ from that stated in other sources for a variety of reasons, including the use of different definitions and cut-off times. This data may subsequently be revised as new data becomes available and any such revised data will not be circulated by the Bank to investors who have purchased Certificates issued under the Programme.

Where information has not been independently sourced, it is the Group's own information.

### ***Certain Defined Terms***

In this Base Offering Circular, references to:

"GCC" are to the Cooperation Council for the Arab States of the Gulf, the members of which are the Kingdom of Bahrain ("Bahrain"), Saudi Arabia, the State of Kuwait ("Kuwait"), the State of Qatar ("Qatar"), the Sultanate of Oman ("Oman") and the United Arab Emirates ("UAE");

"Government" are to the Government of Saudi Arabia;

"Group" are to SAB and its consolidated subsidiaries and associates taken as a whole;

“**HSBC**” are to HSBC Holdings plc;

“**HSBC Group**” are to HSBC Holdings and its subsidiaries and associates taken as a whole;

“**HSBC Holdings**” are to HSBC Holdings B.V.; and

“**MENA region**” are to the Middle East and North Africa region.

***Certain Conventions***

Certain figures and percentages included in this Base 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 language of the Base 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.

Dates are referred to in accordance with the Hijri (“**H**”) and the Gregorian calendar.

***Rounding***

The Financial Statements present the Group’s results in thousands of Saudi Riyal. Certain financial data in this Base Offering Circular has been rounded to the nearest million or billion. For the purposes of calculating certain figures and percentages, the underlying numbers used have been extracted from the rounded figures presented in the Financial Statements. As a result of such rounding, the totals of data presented in tables in this Base Offering Circular may vary slightly from the arithmetic totals of such data.

In addition, all percentage data in this Offering Circular has been rounded to one decimal place, with 0.050 being rounded up and 0.049 being rounded down.

***No Incorporation of Website Information***

SAB’s website is <https://www.sab.com>. The information on this website or any other website mentioned in this Base Offering Circular or any website directly or indirectly linked to these websites has not been verified and is not incorporated by reference into this Base Offering Circular, and investors should not rely on it.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some statements in this Base Offering Circular may be deemed to be “forward-looking statements”. Forward-looking statements include statements concerning the Bank’s plans, objectives, goals, strategies and future operations and performance and the assumptions underlying these forward-looking statements. When used in this Base Offering Circular, the words “anticipates”, “estimates”, “expects”, “believes”, “intends”, “plans”, “aims”, “seeks”, “may”, “will”, “should” and any similar expressions generally identify as forward-looking statements. These forward-looking statements are contained in the sections entitled “*Risk Factors*”, “*Description of the Trustee*” and “*Description of SAB*” and other sections of this Base Offering Circular. The Bank has based these forward-looking statements on the current view of its management with respect to future events and financial performance. Although the Bank believes that the expectations, estimates and projections reflected in its forward-looking statements are reasonable, if one or more of the risks or uncertainties materialise, including those identified below or which the Obligor has otherwise identified in this Base Offering Circular, or if any of the Bank’s underlying assumptions prove to be incomplete or inaccurate, the Bank’s actual results of operation may vary from those expected, estimated or predicted. Investors are therefore strongly advised to read the sections “*Risk Factors*”, “*Description of the Trustee*”, and “*Saudi Arabia’s Banking Sector and Regulations*”, which include a more detailed description of the factors that might have an impact on the Bank’s business development and on the industry sector in which the Bank operates.

The risks and uncertainties referred to above include:

- macro-economic and financial market conditions (and changes therein);
- credit risks, including 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 investing assets;
- the effects of, and changes in laws, regulations or governmental policy affecting the Bank’s business activities;
- removal or adjustment of the peg between the U.S. dollar and the Saudi riyal;
- liquidity risks, including the inability of the Bank to meet its contractual and contingent cash flow obligations or its inability to fund its operations; and
- changes in interest rates and other market conditions.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “*Risk Factors*”.

These forward-looking statements speak only as at the date of this Base Offering Circular. Without prejudice to any requirements under applicable laws, the Trustee and the Bank expressly disclaim any obligation or undertaking to disseminate after the date of this Base 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.

## TABLE OF CONTENTS

RISK FACTORS .....	20
DOCUMENTS INCORPORATED BY REFERENCE.....	63
STRUCTURE DIAGRAM AND CASH FLOWS .....	64
OVERVIEW OF THE PROGRAMME.....	67
TERMS AND CONDITIONS OF THE CERTIFICATES .....	76
SUMMARY OF PROVISIONS RELATING TO THE CERTIFICATES WHILE IN GLOBAL FORM.....	116
FORM OF PRICING SUPPLEMENT .....	120
USE OF PROCEEDS .....	129
DESCRIPTION OF THE TRUSTEE.....	131
SELECTED FINANCIAL INFORMATION .....	133
OPERATING AND FINANCIAL REVIEW.....	141
DESCRIPTION OF SAB .....	169
MANAGEMENT AND EMPLOYEES .....	201
SAUDI ARABIA'S BANKING SECTOR AND REGULATIONS .....	215
SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS .....	231
TAXATION .....	238
SUBSCRIPTION AND SALE .....	248
GENERAL INFORMATION .....	254

## **RISK FACTORS**

*Each of the Trustee and the Bank believes that the following factors may affect both the Trustee's ability to pay amounts owing under Certificates issued under the Programme and the Bank's ability to satisfy its obligations under the relevant Transaction Documents (as defined in the Conditions). All of these factors are contingencies which may or may not occur. However, should any of these factors occur, it would have the potential to materially adversely affect the Bank's business, results of operations, financial condition and prospects and thereby affect its ability to perform its obligations in respect of the relevant Transaction Documents.*

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

*Each of the Trustee and the Bank believes that the factors described below represent the principal 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 and of the Bank to pay amounts owing under the relevant Transaction Documents may occur for other reasons and neither the Trustee nor the Bank represents that the statements below regarding the risks of holding any Certificates issued under the Programme are exhaustive.*

*Prospective investors should also read the detailed information set out elsewhere in this Base Offering Circular (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision. Words and expressions defined elsewhere in this Base Offering Circular shall have the same meanings in this section.*

### **Factors that may affect the Trustee's ability to fulfil its obligations under or in connection with the Certificates**

#### ***The Trustee has a limited operating history and no material assets***

The Trustee is an exempted company with limited liability incorporated under the laws of the Cayman Islands on 6 February 2025. The Trustee has not as at the date of this Base Offering Circular 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 as Trustee and other activities incidental or related to the foregoing as required under the Transaction Documents.

The Trustee's only material assets, which will be held on trust for Certificateholders, will be Trust Assets, including the right to receive amounts paid by the Bank under the Transaction Documents. Therefore, the Trustee is subject to all the risks to which the Bank is subject to the extent that such risks could limit the Bank's ability to satisfy in full and on a timely basis its obligations under the Transaction Documents.

The Certificates represent limited recourse obligations of the Trustee and the recourse of the Certificateholders against the Trustee in relation to the Certificates of each Series is limited to the Trust Assets relating to that Series and the proceeds from those Trust Assets.

The ability of the Trustee to pay amounts due on Certificates will be dependent upon receipt by the Trustee from the Bank of amounts to be paid under the relevant Transaction Documents (which in aggregate may not be sufficient to meet all claims under the Certificates of any Series and the relevant Transaction Documents). See "Risk Factors – Risks relating to SAB and its ability to fulfil its obligations under the Transaction Documents" below.



## **Risks relating to SAB and its ability to fulfil its obligations under the Transaction Documents**

### ***SAB's operations and the majority of its assets are located in Saudi Arabia and, accordingly, SAB is exposed to the financial, political and general economic conditions in Saudi Arabia***

SAB's operations and the majority of its assets are located in Saudi Arabia and, accordingly, its business may be affected by the financial and general economic conditions prevailing from time to time in Saudi Arabia or the Middle East generally, as well as global economic conditions that affect the economy of Saudi Arabia.

The Government continues to pursue a policy of diversification, including the Saudi Vision 2030 (a strategic framework to reduce Saudi Arabia's dependence on oil, diversify its economy and develop public service sectors) and the National Transformation Program (an economic action plan implemented as part of the Saudi Vision 2030), to enhance the contribution of the non-oil sector to its real Gross Domestic Product ("GDP"). Nevertheless, and despite growth in other economic sectors, oil income will continue to play a pivotal role in economic planning and development in Saudi Arabia. As oil is Saudi Arabia's most important export, any change in oil prices affects various macroeconomic and other indicators, including, but not limited to, GDP, Government revenues, balance of payments and foreign trade. GDP at current prices reached SAR 4,070 billion in 2024 and, among economic activities, crude oil and natural gas activities recorded the highest contribution at 22.3 per cent. of GDP compared to 25.4 per cent. in 2023 and 42.2 per cent. in 2022 (source: General Authority for Statistics). In addition, oil exports accounted for 77.1 per cent. and 79.5 per cent. of Saudi Arabia's total exports by value in 2023 and 2022, respectively. As such, Saudi Arabia's economy is still dependent on oil revenues and the price of oil and gas on the world markets. Since the oil industry has been the basis of development of Saudi Arabia's economy, which means that economic planning and development has been, and will continue to be, impacted by fluctuations in oil prices. See "*Risk Factors – Risks relating to the Kingdom of Saudi Arabia – Economic risks relating to Saudi Arabia's economy and its dependency on oil revenues*".

International oil prices have fluctuated significantly over the past two decades, and may remain volatile in the future. For example, in 2021, the yearly average OPEC Reference Basket price (a weighted average of prices for petroleum blends produced by OPEC countries) was U.S.\$69.89 per barrel, reflecting a recovery from the level in 2020 which was affected by restrictions imposed to combat the COVID-19 pandemic. In 2022, the yearly average OPEC Reference Basket price was U.S.\$100.08 per barrel, reflecting the impact of the Russian invasion of Ukraine in early 2022 and the sanctions imposed on Russia by numerous countries in response. In 2023, the yearly average OPEC Reference Basket price was U.S.\$82.95 per barrel, reflecting adjustments in the sanctions regime at the end of 2022 and generally lower demand than expected. In 2024, the yearly average OPEC Reference Basket price was U.S.\$79.89 per barrel driven by geopolitical tensions, concerns about supply disruptions and macroeconomic developments. The price per barrel of Arabian Light Crude Oil (which is one of five grades of crude oil produced by Saudi Arabia and constitutes part of the OPEC Reference Basket) has also generally moved in line with these trends. Oil prices continue to fluctuate significantly. International crude oil prices remain volatile and are expected to continue to fluctuate in the future in response to changes in many factors over which SAB has no control. Low oil prices and low demand for oil may have a material adverse effect on Saudi Arabia's economy and revenues, and may ultimately cause an increase in the budget deficit and a decrease in liquidity and funding in the financial sector. Saudi Arabia has financed past budget deficits by borrowing and utilising its reserves and it may need to do so again. Any reduction in foreign exchange reserves and/or additional borrowing could result in foreign exchange outflows and have a tightening effect on liquidity and credit expansion which may not be mitigated by any adjustments in Government spending aimed at offsetting the adverse effects of any of the foregoing. Any such significant adverse effect on Saudi Arabia's economy could, in turn, have an adverse effect on SAB's business, financial condition, results of operations or prospects, which may impact its ability to fulfil its obligations under the Transaction Documents. See further "*Risk Factors – Risks relating to the Kingdom of Saudi Arabia – Economic risks relating to Saudi Arabia's economy and its dependency on oil revenues*".

A general downturn or sustained deterioration in the economy of Saudi Arabia, instability in certain sectors of Saudi Arabia's economy, any negative change in one or more macro-economic factors (such as exchange rates, wage levels, unemployment, foreign investment and international trade) or any major political upheaval, war or hostilities could have a material adverse effect on SAB's business, results of operations, financial condition and prospects, which may impact its ability to fulfil its obligations under the Transaction Documents. Additionally, adverse social, economic or political developments in neighbouring countries or other countries in the MENA region may also have a material adverse effect on SAB's business, financial condition, results of operations and prospects.

***Current macro-economic and financial market conditions may have increased the risk of SAB's loans and advances being impaired***

SAB's non-performing loans and advances (SAR 3,613.2 million, SAR 3,875.2 million and SAR 4,292.4 million as at 31 December 2024, 2023 and 2022 respectively) as a percentage of its gross loans, including purchased or originated credit impaired loans (SAR 3,722.1 million, SAR 3,813.1 million and SAR 3,841.4 million as at 31 December 2024, 2023 and 2022 respectively) was 2.8 per cent. as at 31 December 2024, 3.5 per cent. as at 31 December 2023 and 4.3 per cent. as at 31 December 2022.

As at 31 December 2024, SAB's non-performing loans and advances (including purchased or originated credit impaired loans) ("NPLs") (net of accumulated special commission income in suspense) represented 2.8 per cent. of its total gross loans and advances (compared to 3.5 per cent. and 4.3 per cent. as at 31 December 2023, and 31 December 2022 respectively). SAB is exposed to the risk that customers may not repay the amounts they owe according to their contractual terms and that the collateral securing the payment of such obligations may be insufficient. SAB continuously reviews and analyses its loan portfolio and credit risks and SAB's provision for losses on loans is based on, among other things, its analysis of current and historical delinquency rates and loan management and the valuation of the underlying assets, as well as a number of other management assumptions. Factors which contribute to an increase in the amount of SAB's NPLs include growth in its loan portfolio as well as any continued or intensified slowdown in the economy of Saudi Arabia and the factors set out below.

SAB, in common with other financial institutions, is susceptible to changes in the macro-economic environment and the performance of financial markets generally. Both the macro-economic environment and the financial markets have experienced significant volatility and uncertainty since early 2020, owing to, among other things, the COVID-19 pandemic and related lockdown restrictions and supply chain disruptions, the ongoing war between Russia and Ukraine, the slowdown of the Chinese economy, the Israeli war in Palestine, the conflicts between Israel and Hezbollah and Iran, inflationary pressures globally which have triggered fiscal tightening measures by central banks around the world and the recent tariffs imposed by the United States on most of its trading partners (including Saudi Arabia). Under IFRS 9, GDP and other key macroeconomic factors are taken into consideration when calculating SAB's expected credit losses ("ECL"). A worsening macroeconomic environment may result in increased ECL allowances which, in turn, may have a material adverse effect on SAB's business, financial condition, results of operations and prospects.

In February 2022, an armed conflict erupted between Russia and Ukraine which is currently ongoing. The conflict is resulting in tragic loss of life, an influx of refugees to neighbouring countries, as well as causing significant damage to Ukraine's physical infrastructure. The United States, the UK, the EU, Japan, Canada and other countries have implemented extensive and unprecedented sanctions (including SWIFT cut-off) against certain Russian entities, persons and sectors, including Russian financial, oil and defence companies as a result of the conflict. In addition, certain members of the North Atlantic Treaty Organization ("NATO") and European countries have banned the import of Russian oil and transactions with the Central Bank of Russia, with more predicted to follow suit in respect of Russian gas. As a result of the Russia-Ukraine conflict, the economic sanctions imposed on Russia and any retaliatory measures that Russia could adopt in response to the sanctions,

energy and commodity prices (including wheat and other grains) have surged, adding to the inflationary pressures experienced globally due to supply chain disruptions caused by the COVID-19 pandemic, and there will likely be significant disruptions to regional economies and global financial markets. While not directly impacting Saudi Arabia's territory, the conflict could negatively affect SAB's corporate and individual customers.

Furthermore, the ongoing war between Israel and Palestine (including the Israeli military campaign in Gaza which commenced in October 2023), which remains highly volatile and uncertain, presents a risk to geopolitical stability in the Middle East and in turn the global macroeconomy. For example, in response to the Israeli military campaign in Gaza, the Houthi militants in Yemen have been attacking commercial vessels in the Red Sea and have threatened to continue such attacks until Israel ends its military campaign in Gaza. As a result, some of the world's largest shipping companies suspended travel in the Red Sea and diverted container vessels through the much longer maritime passage around Africa's Cape of Good Hope. In addition, a multinational naval coalition was formed to help safeguard commercial traffic in the Red Sea and, recently, the United States have escalated its attacks on the Houthi militants in Yemen. This could exacerbate the inflationary pressures experienced globally since the end of 2022 due to supply chain disruptions and a resulting rise in transportation costs which in turn could cause significant disruptions to regional economies and global financial markets. Also, in April 2024, Israel and Iran engaged in a limited but direct exchange of missile strikes (the first such exchange directly between the two countries). A rise in oil prices caused by geopolitical instability in the Middle East could also further exacerbate the inflationary pressures. Such inflationary pressures could negatively affect SAB's corporate and individual customers. This, in turn, may have an adverse effect on SAB's business, financial condition, results of operations and prospects.

After President Trump assumed office, the United States began imposing tariffs on goods imported from most of its trading partners, including, among others, the United Kingdom, EU countries, Australia, Canada, Mexico, China and Saudi Arabia. The tariffs range from 10 to 50 per cent. with the aim of improving the United States' economy. The immediate result of the tariffs is that U.S., EU and Asian stock markets experienced a sharp decline in March and April 2025. The tariffs, if maintained, are expected to cause prices of goods and services to increase globally and may also drive a global recession as consumer demand drops.

Furthermore, many of the world's economies are experiencing high levels of inflation, which is expected to remain as such for longer than previously forecasted. Whilst the IMF's expectation at the beginning of 2025 was for inflation to generally decline, as with the growth outlook, considerable uncertainty surrounds inflation projections. Various factors have contributed to shaping inflation outlook, including the Russia-Ukraine conflict, which increased energy and food prices (due to disruptions in the supply of commodities such as wheat, corn and fertilisers), the maritime disruptions in the Red Sea caused by Houthi attacks on commercial vessels which are resulting in increased logistical costs and the recent tariffs imposed by the United States on most of its trading partners. Although supply bottlenecks are generally anticipated to ease as production responds to higher prices, the Russia-Ukraine conflict, widespread sanctions on Russian persons, entities and institutions, the Red Sea maritime attacks and the tariffs imposed by the United States are likely to prolong disruptions in some sectors into 2025. Prolonged inflation could affect the wider global economy (by, for example, causing prompt broad-based selling in long-duration, fixed-rate debt, which could have negative implications for equity and real estate markets) and SAB's customers and counterparties (leading to lower recoverability), which, in turn, could have an adverse effect on SAB's business, results of operations, financial condition or prospects.

The current instability of interest rates across global markets has also had an adverse impact on the macro-economic environment. In response to the COVID-19 outbreak, the U.S. Federal Reserve reduced the U.S. overnight interest rates to near zero. On 28 July 2021, the U.S. Federal Reserve announced the decision to establish the interest rate paid on reserve balances at 0.15 per cent. Subsequently, the U.S. Federal Reserve raised the interest rate paid on reserve balances by 25 basis points in March 2022, 50 basis points in May 2022,

75 basis points in each of June 2022, July 2022, September 2022 and November 2022, 50 basis points in December 2022 and 25 basis points in February 2023, March 2023, May 2023 and July 2023 to reach 5 per cent. on 26 July 2023. The U.S. Federal Reserve then reduced the interest rate on 18 September 2024 to 5 per cent. followed by a further drop on 7 November 2024 to 4.75 per cent. and subsequently to 4.5 per cent. on 18 December 2024. Tracking these hikes, SAMA increased both its repo rate and its reverse repo rate by 25 basis points in March 2022, 50 basis points in each of May 2022 and June 2022, 75 basis points in each of July 2022, September 2022 and November 2022, 50 basis points in December 2022 to reach 5 per cent. on 15 December 2022, and 25 basis points in each of February 2023, March 2023, May 2023 and July 2023 to reach 6 per cent. on 26 July 2023. SAMA then decreased the repo rate to 5.5 per cent. on 19 September 2024, 5.25 per cent. on 7 November 2024 and 5.00 per cent. on 18 December 2024. Further loosening of monetary policy by the U.S. Federal Reserve could exacerbate the inflationary pressures posed by the forces discussed above and therefore negatively impact global economic growth. See further *“Risk Factors – Risks relating to SAB and its ability to fulfil its obligations under the Transaction Documents – SAB’s financial condition and results of operations could be affected by market risks”*.

SAB is also exposed to the effects of fluctuations in foreign currency exchange rates on its financial position and cash flows. This risk includes the possibility that the value of a foreign currency asset or liability will change due to changes in currency exchange rates as well as the possibility that SAB may have to close out any open position in a foreign currency at a loss due to an adverse movement in exchange rates. SAB attempts to match the currencies of its assets and liabilities and any open currency position is maintained within the limits set by SAMA. However, where SAB is not so hedged, it is exposed to fluctuations in foreign exchange rates and any such hedging activity may not in all cases protect SAB against such risks. See further *“Risk Factors – Risks relating to SAB and its ability to fulfil its obligations under the Transaction Documents – SAB’s financial condition and results of operations could be affected by market risks”*.

Adverse movements in interest and foreign exchange rates may also adversely impact the revenues and financial condition of SAB’s depositors, customers and other counterparties which, in turn, may impact SAB deposit base and the quality of its credit exposures to certain customers and other counterparties. Further, in the event that Saudi Arabia and other regional oil producing countries elect to remove the foreign exchange peg of their domestic currencies to the U.S. dollar, this would pose systemic risks to the banking systems in the GCC (see *“Risk Factors – Risks relating to SAB and its ability to fulfil its obligations under the Transaction Documents – De-pegging of the Saudi Riyal from the U.S. dollar or re-pegging at a different rate could have a material adverse effect on SAB”* below).

The current macro-economic conditions raise challenges to SAB’s future earnings profile which may affect the assessment of goodwill for impairment that is required to be done under accounting standards at least on an annual basis, if not sooner if prevailing factors so indicate. An impairment of goodwill may adversely affect SAB’s financial condition, results of operations and prospects.

Any one or more of the preceding risks could adversely affect SAB’s credit ratings (see *“Risk Factors – Risks relating to SAB and its ability to fulfil its obligations under the Transaction Documents – Reductions in SAB’s credit ratings could adversely affect its ability to access the capital markets and may increase its borrowing costs”* below).

### ***The Group's business is exposed to political conditions in Saudi Arabia and the MENA region***

While Saudi Arabia is seen as a relatively stable political environment, certain other jurisdictions in the Middle East are not and there is a risk that regional geopolitical instability could impact Saudi Arabia. Instability in the Middle East may result from a number of factors, including government or military regime change, civil unrest or terrorism. In particular, since early 2011, there has been political unrest in a range of countries in the MENA region. This unrest has ranged from public demonstrations to, in extreme cases, armed conflict (including the

civil war in Yemen that began in 2015 and the multinational conflict with Islamic State) and the overthrow of existing leadership, and has given rise to increased political uncertainty across the region. These situations have caused disruption to the economies of affected countries and have had a destabilising effect on international oil and gas prices. Though the effects of the uncertainty have been varied, it is not possible to predict the occurrence of events or circumstances such as war or hostilities, or the impact of such occurrences, and no assurance can be given that Saudi Arabia would be able to achieve previously attained economic growth levels if adverse political events or circumstances were to occur.

In June 2017, three GCC countries, Saudi Arabia, the UAE and Bahrain, as well as two other regional countries, Egypt and Yemen, severed diplomatic ties with Qatar, cut transport links and imposed sanctions on Qatar. The stated rationale for such actions was Qatar's support of terrorist and extremist organisations and Qatar's interference in the internal affairs of other countries. The termination of diplomatic relations included the withdrawal of ambassadors and the imposition of trade and travel bans. The three-year embargo came to an end in January 2021 with diplomatic relations with the State of Qatar being reinstated following the signing of the Al Ula Agreement by the United Arab Emirates, Saudi Arabia, Qatar, Bahrain, Kuwait, Oman and Egypt. As part of the Al-Ula Declaration, the parties committed to the attempt to terminate all complaints and disputes between themselves by the end of the first year from the signing of the agreement. Bahrain re-opened its airspace to Qatar as of 11 January 2021.

In addition, in March 2015, a coalition of countries, led by Saudi Arabia and supported by the international community, commenced military action against the Houthi rebels in Yemen. The conflict in Yemen has not yet been fully resolved and military operations continue at a reduced scale. Saudi Arabia has been targeted on several occasions by ballistic missiles fired by the Houthi rebels in Yemen since 2017, and, while the majority of these missile attacks were successfully intercepted by Saudi Arabia's defence systems, there can be no assurance that the conflict in Yemen will not continue or re-escalate.

In addition, Saudi Arabia has experienced occasional terrorist attacks and other disturbances in recent years, including incidents in Jeddah, Medina and Qatif in July 2016, oil tanker sabotage and drone strikes on a crude oil pipeline in May 2019 and a major act of sabotage at its Abqaiq processing facility and the Khurais oil field in September 2019. On 23 November 2020, an explosion took place as a result of a terrorist attack by a projectile, causing a fire in a fuel tank at a Saudi Aramco petroleum products distribution terminal in the north of Jeddah. In December 2021, two people were killed in Jizan in a projectile attack blamed on Yemen's Houthi rebels. In March 2022, Saudi Aramco Group's refineries in Riyadh and Yasref and petroleum products distribution terminals in Jeddah and Jizan regions were attacked. See also "*Risk Factors – Risks relating to the Kingdom of Saudi Arabia – Economic risks relating to Saudi Arabia's economy and its dependency on oil revenues*". While the political situation in Saudi Arabia has remained stable, the Government faces a number of challenges, arising mainly from the relatively high levels of population growth, unemployment amongst Saudi Arabian youth and the security threat posed by certain groups of extremists.

In May 2018, the United States announced its withdrawal from the Joint Comprehensive Plan of Action between the United Nations Security Council's five permanent members plus Germany and Iran that was reached in July 2015, reinstating primary U.S. sanctions on the Iranian regime. In January 2020, the United States carried out a military strike which killed a senior Iranian military commander, leading to retaliatory Iranian strikes at a US base in Iraq. Any continuation of or increase in international or regional tensions regarding Iran, including further attacks on or seizures of oil tankers which disrupt international trade, any impairment of trade flow through the Strait of Hormuz, or any military conflict, could have a destabilising impact on the Gulf region, including Saudi Arabia and its ability to export oil.

Furthermore, the ongoing war between Israel and Palestine (including the Israeli military campaign in Gaza which commenced in October 2023), which remains highly volatile and uncertain, presents a risk to geopolitical stability in the Middle East and in turn the global macroeconomy. See "*SAB's operations and the majority of its*

*assets are located in Saudi Arabia and, accordingly, SAB is exposed to the financial, political and general economic conditions in Saudi Arabia".* While not directly impacting Saudi Arabia's territory, the war and regional repercussions could negatively affect SAB's corporate and individual customers. This, in turn, may have an adverse effect on SAB's business, financial condition, results of operations and prospects.

The situations described above have caused significant disruption to the economies of the affected countries, have given rise to increased political uncertainty across the MENA region and have had a destabilising effect on oil and gas prices. There is no certainty that extremists or terrorist groups will not escalate violent activities in the MENA region, or that any currently stable governments in the MENA region will be successful in maintaining the prevailing levels of domestic order and stability. As it is not generally possible to predict the occurrence or impact of events or circumstances, such as war, hostilities or diplomatic rifts, no assurance can be given that the Group will be able to sustain the profitable operation of its business if adverse political events or circumstances impacting the MENA region were to occur.

Prospective investors should also note that the Group's business and financial performance could be adversely affected by political, economic or related developments outside the MENA region because of inter-relationships within the global financial markets. Moreover, there is no certainty that the governments of the countries to which the Group is exposed will not implement restrictive fiscal or monetary policies or regulations, including changes with respect to interest rates and new legal interpretations of existing regulations, any of which could have a material adverse effect on the Group's business, results of operations, financial condition, cashflows and prospects.

***SAB is exposed to credit risk due to its lending and financing activities and the materialisation of such risks could have a material adverse effect on SAB***

Credit risk arising from adverse changes in the credit quality and recoverability of the Group's loans and advances, securities and other amounts due from counterparties are inherent in a wide range of the Group's businesses, principally in its financing and investment activities. In particular, the Group is exposed to the risk that its counterparties may not meet their obligations in respect of financing provided by the Group and that the collateral (if any) securing the financing provided may be insufficient, each of which could affect the recoverability and value of the Group's assets, result in an increase in NPLs and require an increase in the Group's impairment provisions.

Credit losses could arise from a deterioration in the credit quality of specific issuers and counterparties of the Group, from a general deterioration in local or global economic conditions, or from systemic risks within these financial systems, any of which could affect the recoverability and value of the Group's assets and require an increase in its impairment provisions.

As at 31 December 2024, the Group's loans and advances, net (its "**customer financing portfolio**") amounted to SAR 259,345.5 million, compared to SAR 215,935.8 million as at 31 December 2023 and SAR 183,132.2 million as at 31 December 2022. The Group's NPLs were SAR 3,613.2 million as at 31 December 2024, SAR 3,875.2 million as at 31 December 2023 and SAR 4,292.4 million as at 31 December 2022, and its provision for ECL in respect of its customer financing portfolio amounted to 2.4 per cent. as at 31 December 2024, 2.8 per cent. as at 31 December 2023 and 3.2 per cent. of the value of its customer financing portfolio as at 31 December 2022.

The Group calculates its ECL in accordance with IFRS 9 rules and guidelines to cover bad and doubtful debts and impaired investments and the Group's portfolio and credit exposures are managed in accordance with the relevant credit policy and customer financing classifications set by SAMA. Any failure by the Group to maintain the quality of its assets through effective risk management policies could lead to higher loss provisioning and result in higher levels of defaults and write-offs, all of which would be likely to reduce the Group's profitability.

Although SAB has a credit risk management framework in place and seeks to limit its exposure to credit risk in a number of ways (see “*Description of SAB – Risk Management*”), if these measures prove to be inadequate for any reason, such as a deterioration in the credit quality of counterparties, a general deterioration in local or global economic conditions (see “*Risk Factors – Risks relating to SAB and its ability to fulfil its obligations under the Transaction Documents – Current macro-economic and financial market conditions may have increased the risk of SAB’s loans and advances being impaired*” above) or systemic risks within the financial system, then this could have a material adverse effect on SAB’s business, financial condition, results of operations and prospects.

***Security interests provided in favour of the Group may not be sufficient to cover all losses, and the Group may experience difficulty in enforcing certain types of collateral***

The practice of pledging assets (such as share portfolios and real estate assets) to obtain bank financing is subject to certain limitations and administrative restrictions under Saudi Arabian law, and the interpretation of updated legislation in this area remains uncertain and untested. In particular, such security may, in some cases, not be enforced without a court order. Accordingly, the value of the collateral may erode over time while the Group seeks to enforce it, and the time and costs associated with enforcing the collateral may also adversely affect the Group’s ability to recover its loan losses in full.

***The Group’s customer financing portfolio, investment securities portfolio and customer deposits are concentrated in Saudi Arabia***

Given the nature of the business environment in Saudi Arabia, SAB’s investment and financing portfolios and deposits are concentrated in terms of geography, counterparty, customer segment and currency.

Geographically, SAB’s net loans and advances portfolio, net investments and customer deposits concentrated in Saudi Arabia represent 96.5 per cent. of total net loans and advances, 91.4 per cent. of total net investments and 99.7 per cent. of total customer deposits as at 31 December 2024. Accordingly, any deterioration in general economic conditions in Saudi Arabia or any failure by SAB to effectively manage its geographic risk concentrations could have a material adverse effect on SAB’s business, financial condition, results of operations and prospects (see also “*SAB’s operations and the majority of its assets are located in Saudi Arabia and, accordingly, SAB is exposed to the financial, political and general economic conditions in Saudi Arabia*” above).

***The Group has significant customer and sector concentrations***

In addition, SAB’s customer financing portfolio is concentrated in a small number of industry sectors. As at 31 December 2024, loans and advances, net to the commerce sector, the manufacturing sector and the building and construction sector accounted for 23.8 per cent., 9.0 per cent. and 6.4 per cent. respectively of SAB’s total net loans and advances compared to 23.8 per cent., 10.5 per cent. and 7.4 per cent. respectively as at 31 December 2023, and 23.5 per cent., 12.9 per cent. and 6.6 per cent. respectively as at 31 December 2022. In addition, credit card and other retail lending accounted for 25.5 per cent. of SAB’s total loans and advances, net as at 31 December 2024 compared to 25.1 per cent. as at 31 December 2023 and 25.5 per cent. as at 31 December 2022.

SAB’s loan and financing portfolio is concentrated in a small number of industry sectors (see “*Operating and Financial Review – Loans and Advances, Net*”). In addition, a significant proportion of SAB’s loan portfolio is made up of loans and advances to a relatively small number of SAB’s customers. Accordingly, any change that has a material adverse impact on one or more of these industry sectors, or a material weakening in the credit quality of, or a default by, one or more of SAB’s large loan customers could result in it making significant additional loan loss provisions and experiencing reduced special commission income and other operating income streams. Sector specific factors might include: (i) low levels of economic growth or a recession in Saudi Arabia which, particularly if coupled with increased levels of unemployment or other factors constraining

consumer income, could materially adversely impact the ability of the Group's retail customers to repay their financing; (ii) falling oil and gas prices which could reduce the liquidity of its Government and quasi-Government borrowers, as well as other borrowers that operate in the oil and gas sector or provide products and services to that sector, and could also negatively affect the value of any securities issued by those entities which the Group holds in its investment securities portfolio; and (iii) a significant decline in real estate values would reduce the value of the real estate collateral which the Group holds.

SAB also has some large deposits from individual institutional depositors. The withdrawal or non-renewal of its deposits by any one or more of SAB's material customers (including any government-related customer) could require SAB to obtain replacement funding from other sources which may not be readily available or may be significantly more expensive. Any of these eventualities would likely have a material adverse effect on SAB's business, financial condition, results of operations and prospects.

***The Group has significant credit-related contingent liabilities and commitments that may lead to potential losses***

As part of its normal banking business, the Group issues letters of guarantee, letters of credit and acceptances which are accounted for off the Group's balance sheet until such time as they are actually funded or cancelled. In addition, the Group makes irrevocable commitments to extend credit to its customers. Although these commitments are contingent, they nonetheless subject the Group to both credit and liquidity risks. As at 31 December 2024, the Group had SAR 170,386.8 million in contingent liabilities and commitments outstanding, equal to 39.6 per cent. of its on-balance sheet loans and advances net and off-balance sheet contingent liabilities and commitments outstanding.

Although the Group anticipates that only a portion of its obligations in respect of these commitments will be triggered and funds itself accordingly, the Group may need to make payments in respect of a greater portion of such commitments, particularly in cases where there has been a general deterioration in market conditions. This could result in the Group needing to obtain additional funding, potentially at relatively short notice, which may not be readily available or may be significantly more expensive, which could reduce the Group's margins and adversely impact its operating income and profitability.

***The Group could be adversely affected by the soundness or the perceived soundness of other financial institutions and counterparties***

Financial service institutions that transact with each other are interrelated as a result of trading, investment, clearing, counterparty and other relationships. 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 which SAB interacts on a daily basis. SAB routinely executes a high volume of transactions with numerous counterparties in the financial services industry, including brokers and dealers and commercial banks, resulting in significant credit concentration. As a result, SAB is exposed to counterparty risk and will continue to be exposed to the risk of loss if counterparty financial institutions fail or are otherwise unable to meet their obligations. Moreover, problems at certain financial institutions in Saudi Arabia or in other countries could cause general market concerns over the health of financial institutions. Furthermore, these problems could lead to reduced access to liquidity and funding for financial institutions and/or decline in the value of their debt or equity instruments, possibly including the Sukuk, such risk being sometimes referred to as "contagion effect". In addition, many of the hedging and other risk management strategies utilised by SAB also involve transaction counterparties that are financial institutions. The weakness of these counterparties may impair the effectiveness of SAB's hedging and other risk management strategies. The "systemic risk" has further been exacerbated by the collapse in 2023 of a number of banks worldwide, such as Credit Suisse in Europe and Silicon Valley Bank and Signature Bank in the United States. All of these factors could have a material adverse effect on SAB's



ability to raise new funds and have a material adverse effect on SAB's business, financial condition, results of operations and prospects.

***SAB's financial condition and results of operations could be affected by market risks***

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as special commission rates, foreign exchange rates and prices of securities or commodities. For instance, changes in securities prices may affect the values of SAB's investment and trading portfolios (see further Note 31 to the 2024 Financial Statements).

SAB is also exposed to special commission rate risk resulting from mismatches between the special commission rates on its special commission-bearing assets and liabilities. Although SAB monitors special commission rates with respect to its assets and liabilities and seeks to match its special commission rate positions, it is difficult to accurately predict changes in economic and market conditions and to anticipate the effects that such changes could have on SAB's financial performance and business operations. As a result, special commission rate movements may adversely affect SAB's business, financial condition, results of operations and prospects.

All of the above risks may be further exacerbated by the persisting global macroeconomic challenges, including increased benchmark interest rates and elevated inflation. See *"Risk Factors – Risks relating to SAB and its ability to fulfil its obligations under the Transaction Documents – Current macro-economic and financial market conditions may have increased the risk of SAB's loans and advances being impaired"*.

Further, SAB is exposed to the effects of fluctuations in foreign currency exchange rates on its financial position and cashflows (see further *"Risk Factors – Risks relating to SAB and its ability to fulfil its obligations under the Transaction Documents – Current macro-economic and financial market conditions may have increased the risk of SAB's loans and advances being impaired"*). Although SAB is subject to limits on its open currency positions pursuant to SAMA rules and SAB's internal policies, including placing limits on the level of exposure by currency, and in total for both overnight and intraday positions (which are monitored daily), significant movements in currency exchange rates may adversely affect SAB's foreign currency positions.

***SAB is subject to the risk that liquidity may not always be readily available***

Liquidity risk is the risk that the Group will be unable to meet its obligations, including funding commitments, as they become due. If the Group's cash flow from its operations is not sufficient to meet its short- and medium-term contractual and contingent payment obligations when they fall due, it could experience liquidity issues, even if it continues to receive new customer deposits and proceeds from new financing or future revenue streams. Such liquidity mismatches could also arise if there is an unexpected outflow of customer deposits, if there is a material decline in the value of the Group's investment securities portfolio or if the Group is unable to secure short-term funding or sell assets to bridge any such funding gap. This risk is inherent in banking operations and can be heightened by 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 in the final quarter of 2008 and the first half of 2009. Since then, financial institutions have continued to experience periods of reduced liquidity and industry, regulator and investor focus on liquidity increased following three bank failures in early 2023.

The perception of counterparty risk between banks has also increased significantly since the final quarter of 2008, which has led at times to reductions in certain traditional sources of liquidity, such as the fixed income securities markets, asset sales and redemption of investments. The Group's access to these traditional sources of liquidity may at times be restricted or available only at a higher cost and there can be no assurance that the Government will provide any support to the Saudi Arabian banking sector in the future. See *"Risk Factors —*

*The Government is under no obligation to support SAB and there is no assurance that SAB will receive any Government support in the future” below.*

In addition, uncertainty or material adverse changes in the capital and credit markets may limit the Group’s ability to refinance maturing liabilities with long-term funding or may increase the cost to the Group of such funding. The Group’s access to any additional financing it may need will depend on a variety of factors, including market conditions, the availability of credit generally and to borrowers in the financial services industry specifically, and the Group’s financial condition, credit ratings and credit capacity.

As with most Saudi banks, a significant portion of SAB’s funding requirements are met through short-term funding sources, primarily in the form of stable customer deposits. For instance, as at 31 December 2024, customer deposits comprised 84.4 per cent. of SAB’s total undiscounted financial liabilities. Of these customer deposits, 43.3 per cent. had a remaining contractual maturity of within three months, 4.9 per cent. had a remaining contractual maturity of three to 12 months, 0.4 per cent. had a remaining contractual maturity of one to five years, 51.3 per cent. had no fixed maturity (on demand deposits) and the remaining had maturity of over five years (see further Note 32 to the 2024 Financial Statements). In the past, such deposits have been a stable source of funding since it is usual in the Saudi Arabian banking industry for short-term deposits to be rolled over on maturity such that, in practice, they have longer maturities. However, there is no assurance that customers will continue to roll over or maintain their deposits with SAB, particularly in light of the current difficult economic conditions. The Group may experience outflows of deposits at times when liquidity is constrained generally in Saudi Arabia or when its major depositors experience short- or longer-term liquidity requirements. Particularly, if international oil and gas prices fall significantly for a sustained period, the Group’s large depositors (including the Government and quasi- Governmental depositors) may start to withdraw part or even all of their deposits with it.

In addition, the Group’s deposits are geographically concentrated and the Group is reliant on certain large deposits from a limited group of customers. See “*Risk Factors —The Group’s customer financing portfolio, investment securities portfolio and customer deposits are concentrated in Saudi Arabia*” above and “*Risk Factors —The Group has significant customer and sector concentrations*” above.

If a substantial portion of the Group’s depositors, or any of its largest depositors, withdraw their demand deposits or do not roll over their time deposits at maturity, the Group may need to seek other sources of funding or may have to sell, or enter into sale and repurchase or securitisation transactions over, certain of its assets to meet its funding requirements. There can be no assurance that the Group will be able to obtain additional funding as and when required or at prices that will not affect its ability to compete effectively and, if the Group is forced to sell assets to meet its funding requirements, it may suffer material losses as a result.

In extreme cases, if the Group is unable to refinance or replace such deposits with alternative sources of funding to meet its liquidity needs, through deposits, the interbank markets, the international capital markets or through asset sales, this would have a material adverse effect on its business generally and could, potentially, result in its insolvency.

***SAB is exposed to operational risks and the materialisation of such risks could have a material adverse effect on SAB***

Operational risk is the risk of direct or indirect loss arising from inadequate or failed people, processes, technology and infrastructure within the Group, natural disasters or the failure of external systems (for example, those of the Group’s counterparties or vendors). The Group has implemented risk management policies and strategies, and substantial resources are devoted to developing efficient risk management tools, procedures and risk awareness programmes, but it is not possible to eliminate entirely each of the potential operational risks that the Group faces. Losses from the failure of the Group’s system of internal controls could have a material adverse effect on its business generally and its reputation.

The Group's employees could engage in misrepresentation, misconduct or improper practice that could expose the Group to direct and indirect financial loss and damage to its reputation. Such practices may include embezzling clients' funds, engaging in corrupt or illegal practices to originate further business, intentionally or inadvertently releasing confidential information about clients or failing to follow internal procedures. It is not always possible to detect or deter these types of misconduct, and the precautions which the Group takes to detect and prevent such misconduct may not be effective in all cases. There can be no assurance that measures undertaken to combat these types of misconduct will be successful. Any such actions by employees could expose the Group to financial losses resulting from the need to reimburse clients, co-investors or other business partners who suffered loss or as a result of fines or other regulatory sanctions, and could damage the Group's reputation.

***SAB is dependent on its information technology systems and any disruption to these systems could have a material adverse effect on SAB***

The Group's operations are critically reliant on the proper functioning of its information technology (IT) systems. These systems are essential for processing a large number of transactions on an accurate and timely basis and to store and process substantially all of SAB's business and operating data. The proper functioning of SAB's financial control, risk management, credit analysis and reporting, accounting, customer service and other IT systems, as well as the communication networks between its branches and main data processing centres, are critical to SAB's business and its ability to compete effectively.

Any significant disruption, prolonged outage or complete failure of its critical IT systems or communication networks could materially and adversely affect the Group's business operations. Various factors, some of which are beyond the Group's control, can cause such disruptions. These include natural disasters, extended power outages, computer viruses and other malicious software, hardware failures, software failures and cyber-attacks (which are separately discussed below).

The proper functioning of SAB's IT systems also depends on accurate and reliable data and other system inputs, which are subject to internal human errors. Any failure or delay in recording or processing transaction data could subject SAB to claims for losses, as well as regulatory fines and penalties.

The Group's ability to maintain and upgrade its IT systems and controls in a timely manner is crucial in addressing these risks. While the Group implements and regularly updates its IT safeguards, no assurance can be given that SAB's IT safeguards will be fully effective in the event of a disaster and any failure of its IT systems may have a material adverse effect on SAB's business, financial condition, results of operations and prospects.

***SAB's business is dependent on its information and technology systems which are subject to potential cyber-attack***

In common with other financial institutions based in Saudi Arabia, the wider GCC and globally, the threat of exposure or loss resulting from a cyber-attack or data breach presents a real and growing risk to SAB's business. Activists, rogue states and cyber-criminals are among those targeting information and technology systems around the world. Risks to technology and cyber-security evolve and change rapidly and require continued focus, monitoring and investment in preventative measures. Given the increasing sophistication and scope of potential cyber-attacks, it is possible that future attacks may lead to significant breaches of security. A failure to adequately manage cyber-security risk and continually monitor, review and update current processes in response to new threats could have a number of adverse effects on SAB, including disruption to SAB's business, unauthorised disclosure of confidential information, significant financial and/or legal exposure and damage to SAB's reputation, which could have a material adverse effect on SAB's business, results of operations, financial condition and prospects.

***SAB's accounting judgements and estimates are critical to how it reports its financial condition and results of operations and require management to make estimates about matters that are uncertain***

Accounting judgements and estimates are fundamental to how SAB records and reports its financial condition and results of operations. Management must exercise judgement in selecting and applying many of these accounting policies and methods so that they comply with IFRS.

Management has identified certain accounting judgements and estimates in the notes to its financial statements as being critical because they require management's judgement to ascertain the valuations of assets, liabilities, commitments and contingencies (see Note 1.1(f) to each of the Financial Statements). These judgements include, for example, ECL determinations and the determination of fair values of assets and liabilities.

A variety of factors could affect the ultimate value that is obtained either when recognising income or expenses, recovering an asset or reducing a liability. SAB has established policies and control procedures that are intended to ensure that estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances. 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 SAB's judgements and the estimates pertaining to these matters, actual results may differ from these estimates and SAB cannot guarantee that it will not be required to make changes in accounting estimates or restate prior period financial statements in the future. Further, potential changes to accounting policies or reclassifications could have a material adverse effect on the financial condition or results of operations of SAB.

***SAB's risk management policies and procedures may leave it exposed to unidentified or unanticipated risks***

There can be no assurance that the Group's risk management and internal control policies and procedures will adequately control, or protect it against, all credit, liquidity, market, operational and other risks. In addition, certain risks may not be accurately quantified by the Group's risk management systems. Some of the Group's methods of managing risk are based upon the use of historical market data which, as evidenced by events caused by the global financial crisis, may not always accurately predict future risk exposures which could be significantly greater than historical measures indicate. In addition, certain risks could be greater than the Group's empirical data would otherwise indicate.

Other risk management methods depend upon evaluation of information regarding the markets in which the Group operates, its clients or other matters that are publicly available or information otherwise accessible to it. This information may not be accurate, complete, up to date or properly evaluated in all cases. Any material deficiency in the Group's risk management or other internal control policies or procedures may expose it to significant losses as a result of unidentified credit, liquidity, market or operational risks, should they occur.

The Group's risk management techniques may not be consistently implemented or fully effective in mitigating its exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Investors should note that any failure by the Group to identify and/or adequately control these risks, including as a result of any failure to successfully implement new risk management policies, systems and procedures in the future, may have a material adverse effect on the Group.

***SAB and some of its subsidiaries are highly regulated entities 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 SAB***

SAB and some of its subsidiaries are subject to the supervision of SAMA, which regulates the banking and financial sector in Saudi Arabia. As a listed company, SAB is also subject to the statutory requirements of the CMA applicable to listed companies, including disclosure, governance and other continuing obligations. SAB

is subject to a number of laws, regulations, administrative actions and policies designed to maintain the safety and soundness of banks in Saudi Arabia, ensure their compliance with economic and other obligations and limit their exposure to risk. These laws and regulations include Saudi laws and regulations, particularly those issued by SAMA and the CMA (see further “*Saudi Arabia’s Banking Sector and Regulations*”). These regulations may limit SAB’s activities and SAB’s ability to grow its business and any changes to such regulations may increase SAB’s cost of doing business. In addition, a breach or violation of any laws, regulations or regulatory guidelines applicable to SAB could expose SAB to potential liabilities, sanctions and reputational damage. Changes in these laws and regulations (such as the Basel IV changes which became effective in January 2023 and are described under “*Saudi Arabia’s Banking Sector and Regulations*”) and the manner in which they are interpreted or enforced or implemented may also impose significant additional compliance costs on the Group. All of these factors could have a negative effect on SAB’s regulatory capital position, which, in turn, may limit SAB’s ability to exercise its strategy. In addition, a breach of regulatory guidelines could expose SAB to potential liabilities, sanctions and reputational damage. Although SAB works closely with its regulators and, in particular, continually monitors compliance with SAMA and the CMA’s regulations and policy, future changes in regulation, fiscal or other policies cannot be predicted and are beyond its control.

In order to carry out and expand its businesses, it is necessary for SAB to maintain or obtain a variety of licences, permits, approvals and consents from various regulatory, legal, administrative, tax and other governmental authorities and agencies. The processes for obtaining these licences, permits, approvals and consents are often lengthy, complex, unpredictable and costly. If SAB is unable to maintain or obtain the relevant licences, permits, approvals and consents, its ability to achieve its strategic objectives could be impaired.

There is increased international scrutiny of banks operating in all markets, including Saudi Arabia, in connection with anti-money laundering (“**AML**”), anti-terrorist financing, sanctions and other regulations. In addition, over the past 10 years, Saudi Arabia has put into place a relatively comprehensive legislative and regulatory framework that deals with money laundering and terrorist financing (see further “*Saudi Arabia Banking Sector and Regulations*”). These laws and regulations require SAB, among other things, to adopt and enforce anti-money laundering and sanctions policies and procedures, including “know your customer” (“**KYC**”) and transaction screening and monitoring practices and reporting to the regulatory authorities. SAB has adopted KYC and AML policies and procedures and reviews them regularly in light of any relevant regulatory and market developments. In the event of actual or alleged compliance breaches, SAB may become subject to investigation and judicial or administrative proceedings, which could result in penalties or lawsuits (including by customers) for damages and/or the loss of SAB’s ability to do business in the international banking market or specific jurisdictions and/or even the loss of its banking licence, in each instance, having a material adverse effect on SAB’s business, financial condition, results of operations and reputation. Furthermore, any damage to the Group’s reputation could cause existing customers to withdraw their business and lead potential customers to be reluctant to do business with the Group which could have a material adverse effect on the Group.

***The loss of key personnel could have a material adverse effect on SAB***

SAB’s performance and future growth is heavily dependent on the efforts, experience, skill, reputation, technical know-how and commercial abilities of key employees and on SAB’s ability to attract, motivate and retain appropriately qualified staff.

There can be no assurance that SAB will always be able to retain its key members of staff or hire appropriately qualified personnel. Competition for personnel with banking expertise is significant in Saudi Arabia and the GCC. SAB may be required to offer more generous salaries and other benefits than it may have budgeted for in order to attract and retain employees. The market price of attracting and retaining employees is outside SAB’s control as it is driven by factors such as the packages offered by competitor banks and other employers, general salary rates and cost of living considerations in Saudi Arabia. SAB is not insured against any loss that may be incurred in case of the departure of any of its key personnel. The loss of such key personnel may result in a loss

of organisational focus, poor execution of operations and corporate strategy or an inability to identify and execute lucrative strategic initiatives.

In addition, the Government has introduced a number of initiatives which require private sector entities to employ a certain proportion of Saudi nationals among their employees (a measure known as “**Saudisation**”). As at 31 December 2024, SAB’s Saudisation level is 93 per cent., and SAB strives to encourage and increase the employment of young Saudi nationals. However, if further changes are implemented to the Government’s Saudisation policies, such changes may adversely affect SAB’s ability to recruit foreign employees in the future.

Any failure by SAB to manage its personnel needs successfully, including retaining or replacing key members of its staff and/or recruiting new qualified personnel at a pace consistent with its growth, could have a material adverse effect on SAB’s business, financial condition, results of operations and prospects.

***Increasing competition may affect SAB’s results of operations***

All sectors of the Saudi market for financial and banking services are highly competitive. SAB faces competition from local and foreign banks that operate in Saudi Arabia. As at 23 August 2023, there were 36 commercial banks licensed to operate in Saudi Arabia, of which 14 are incorporated in Saudi Arabia including three banks being digital banks that have been recently licensed by SAMA but not yet commenced their operations. Of the remaining 22 licensed banks which are all foreign, six are branches or subsidiaries of banks based in other GCC countries, 10 are international banks and six have been licensed but are yet to commence operations under their licences. Given the growing trend towards liberalisation of the banking industry in Saudi Arabia, allowing the presence of both foreign banks and digital banks, and the rise of digital banking, SAB faces the prospect of a further increased competitive environment in the future.

The Saudi Arabian market is becoming increasingly competitive, and this may increase the pressure on SAB to improve the range and sophistication of the products and services it currently offers. Competition in its key areas of operation may limit SAB’s ability to implement its growth strategy, increase its client base and expand its operations, and reduce or reverse its asset growth rate and profit margins on the services it provides. As a result, SAB may experience increasing margin pressure (including for example from the recently licensed digital banks who may have lower operating cost models and be capable of generating higher returns from asset growth when they commence operations) and rising operating expenses as the banking sector in Saudi Arabia develops, meaning it may not be able to compete effectively against its competitors or may have to incur significant additional costs as it seeks to do so. Any of the above factors could have a material adverse effect on SAB’s business, results of operations, financial condition and prospects.

***SAB is influenced by certain principal shareholders whose interests may not be aligned with the interests of Sukukholders***

SAB’s principal shareholder, HSBC Holdings, holds 31 per cent. of SAB’s shares (see further “*Description of SAB – CORPORATE ORGANISATION – Relationship with the HSBC*”), and maintains a strategically important partnership with SAB. As a result, HSBC Holdings has the ability to significantly influence SAB’s business through its ability to influence decisions and actions that require shareholder approval, as well as its retention of the right to appoint three directors to the board of directors of SAB (one of whom must be Managing Director). If circumstances were to arise where the interests of SAB’s principal shareholder conflict with the interests of SAB’s creditors (including the Sukukholders), the Sukukholders may be disadvantaged by any such conflict.

***Reductions in SAB’s credit ratings could adversely affect its ability to access the capital markets and may increase its borrowing costs***

SAB’s credit ratings, which are intended to measure its ability to meet its debt obligations as they mature, are an important factor in determining SAB’s cost of borrowings. The commission rates charged on SAB’s

borrowings are partly dependent on its credit ratings. As of the date of this Base Offering Circular, SAB was assigned a foreign currency long-term issuer default rating and a local currency long-term issuer default rating of A- with a stable outlook by Fitch (affirmed on 16 December 2024) and a long-term bank deposit rating of A1 with a stable outlook by Moody's (upgraded from A2 on 28 November 2024). There can be no assurance that any of SAB's ratings will remain the same in the future.

According to Fitch, the affirmation of SAB's ratings on 16 December 2024 was driven by potential sovereign support, as reflected by its Government Support Rating (GSR) of 'a-'. According to Moody's, SAB's rating change was primarily driven by Moody's upgrade of the Government of Saudi Arabia's issuer rating to A1 from A2 and the change in outlook to stable from positive. Fitch and Moody's also stated that the ratings actions reflect each agency's view of a high probability of government support for banks at times of stress. Each of Fitch and Moody's indicated that SAB's credit ratings could be downgraded as a result of a downgrade in Saudi Arabia's sovereign rating or (according to Moody's) a material deterioration in the bank's solvency and liquidity.

A downgrade of SAB's credit ratings (or announcement of a change of outlook) may increase its cost of borrowing and may also limit its or its subsidiaries' or associates' ability to raise capital, which in turn could have a material adverse effect on SAB's business, results of operations, financial condition and prospects. Moreover, actual or anticipated changes in SAB's credit ratings may affect the market value of the Sukuk.

A securities rating is not a recommendation to buy, sell or hold securities. Ratings may be subject to revision or withdrawal at any time by the assigning rating organisation and each rating should be evaluated independently of any other rating.

***The Group may not be able to raise capital as and when needed on commercially attractive terms***

The Group is subject to the risk, inherent in all regulated financial businesses, of having insufficient capital resources to meet the minimum regulatory capital requirements applicable to it. Under Basel III and its related guidance, capital requirements are inherently more sensitive to market movements than under previous regimes and capital requirements will increase if economic conditions or negative trends in the financial markets worsen. Any failure of the Group to maintain its minimum regulatory capital ratios could result in administrative actions or sanctions, which in turn may have a material adverse effect on the Group. In addition, a shortage of available capital might restrict the Group's opportunities for expansion.

A variety of factors affect the Group's capital adequacy levels. For example, unless matched by capital increases, a significant increase in lending in any period would be likely to reduce the Group's capital adequacy ratios and any losses experienced by it in any period would have a similar effect. In addition, regulatory requirements in relation to the calculation of capital adequacy and required levels of capital adequacy may change from time to time, including as a result of new guidance issued by the Basel Committee on Banking Supervision and implemented by SAMA. The Group may also need to increase its capital as a result of market perceptions of adequate capitalisation levels and the perceptions of rating agencies.

If the Group requires additional capital in the future, there can be no assurance that it will be able to obtain this capital on favourable terms, in a timely manner or at all. Moreover, should its capital ratios fall close to regulatory minimum levels or its own internal minimum levels, the Group may need to adjust its business practices, including reducing the risk and leverage of certain activities. If the Group is unable to maintain satisfactory capital adequacy ratios, its credit ratings may be lowered and its cost of funding may therefore increase. Any of these factors could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

***The Government is under no obligation to support SAB and there is no assurance that SAB will receive any Government support in the future***

Although the Government has in the past supported the domestic banking industry, including in the period following the global financial crisis and, more recently, during the COVID-19 pandemic, there can be no assurance that it will continue to provide support to the domestic banking industry, including the Bank, in the future. The Certificates issued under the Programme are not guaranteed by the Government, any of SAB's shareholders or any other party.

***De-pegging of the Saudi Riyal from the U.S. dollar or re-pegging at a different rate could have a material adverse effect on SAB***

The primary exchange rate of relevance to SAB is the Saudi Riyal to the U.S. dollar. The Saudi Riyal is pegged to the U.S. dollar at a fixed exchange rate (in the case of the Saudi Riyal, the exchange rate is currently USD 1: SAR 3.75). The peg to the U.S. dollar has been maintained by SAMA at the same rate since 1986. In addition, the following oil-producing GCC countries have their currencies pegged to the U.S. dollar: Qatar, the United Arab Emirates, Oman and Bahrain. From time to time, certain regional oil producing countries including Saudi Arabia that have traditionally “pegged” their domestic currencies to the U.S. dollar have faced pressure to remove these foreign exchange “pegs”. For example, each of Kazakhstan and Azerbaijan have chosen to unwind the U.S. dollar peg of their domestic currencies.

While it continues to be the policy of the Government and SAMA to maintain the currency peg at its existing level, there can be no assurance that the U.S. dollar peg will be maintained going forward or that the peg will be retained at its current rate. Any de-pegging of the Saudi Riyal from the U.S. dollar, or its re-pegging at a different rate, could result in a significant fluctuation and revaluation of the Saudi Riyal relative to the U.S. dollar and, by extension, to other GCC currencies pegged to the U.S. dollar, which could have a material adverse effect on SAB's business, results of operations, financial condition and prospects.

Furthermore, any de-pegging or re-evaluation to the current exchange rate either in Saudi Arabia or across the wider region, particularly if the de-pegging or re-evaluation is accompanied by a significant depreciation of the relevant currency against the U.S. dollar or other major currencies, could contribute to higher inflation, increase the burden of servicing external debt and damage investor confidence, resulting in capital outflows and market volatility, each of which could have a material adverse effect on Saudi Arabia's economic and financial condition and, in turn, on SAB's business, financial condition, results of operations and prospects.

**Risks relating to the Kingdom of Saudi Arabia**

***Saudi Arabia's banking regulatory environment is continually evolving and may change which could have a material adverse effect on SAB***

SAB is subject to regulatory supervision by SAMA, which is the body charged with regulating the banking sector in Saudi Arabia. SAB operates in compliance with SAMA rules, regulations and guidelines, which from time to time may be amended in accordance with economic and political developments in the country. SAMA operates to a standard expected of international regulators and follows the recommendations of the Basel Committee. SAB's business could be directly affected by changes in Saudi Arabia's banking regulatory policies, laws and regulations, such as those affecting the extent to which SAB can engage in specific businesses, as well as changes in other governmental policies. The laws and regulations governing the banking sector are subject to future changes and SAB cannot provide any assurance that such changes will not adversely affect SAB's business, financial condition or results of operations, nor can SAB provide any assurance that it will be able to adapt to all such changes on a timely basis. Failure to comply with the rules, regulations and guidelines of SAMA could have a material adverse effect on SAB's reputation as well as its business, financial condition, results of operations and prospects.



### ***Economic risks relating to Saudi Arabia's economy and its dependency on oil revenues***

Saudi Arabia's economy is undergoing a transformation as it implements reforms to reduce oil dependence, diversify income sources, and enhance competitiveness. However, Saudi Arabia's economy remains dependent upon oil revenues. According to U.S. Energy Information Administration data, as at 31 December 2023, Saudi Arabia had approximately 17 per cent. of global proven crude oil reserves while, according to preliminary data produced by GASTAT, oil related activities accounted for 22.3 per cent. of Saudi Arabia's GDP at current prices in 2024, oil revenues accounted for an estimated 63 per cent. and 67 per cent. of total Government revenue in 2023 and 2022, respectively, and oil exports accounted for 77.1 and 79.5 per cent. of Saudi Arabia's total exports by value, in each case in 2023 and 2022, respectively.

As oil is Saudi Arabia's most important export, any change in oil prices affects various macroeconomic and other indicators, including, but not limited to, GDP, Government revenues, balance of payments and foreign trade. According to the OPEC website, the price of the OPEC Reference Basket (a weighted average of prices per barrel for petroleum blends produced by the OPEC countries) has fluctuated significantly in recent years. The annual average OPEC Reference Basket price per barrel was U.S.\$64.04 in 2019, U.S.\$41.47 in 2020 (when it was impacted by restrictions imposed to combat the COVID-19 pandemic and disagreements between OPEC member and related countries on production quotas), U.S.\$69.89 per barrel in 2021 (as COVID-19 restrictions were eased), U.S.\$100.08 per barrel in 2022 (reflecting the impact of international sanctions imposed on Russia following its invasion of Ukraine early in 2022), U.S.\$82.95 per barrel in 2023 (reflecting adjustments in the sanctions regime at the end of 2022 and generally lower demand than expected) and U.S.\$79.89 per barrel in 2024 driven by geopolitical tensions, concerns about supply disruptions and macroeconomic developments. The annual average price per barrel of Arabian Light Crude Oil (which is one of the five grades of the crude oil produced by Saudi Arabia and constitutes part of the OPEC Reference Basket) has also moved in line with these trends.

Separately, it is not possible to predict what impact acts of sabotage or any other incident relating to critical oil and gas infrastructure in Saudi Arabia (or any prolonged period of reduced production following any such incident or act) will have on the price of, and global demand for, oil and gas and any corresponding impact on Saudi Arabia's hydrocarbon exports, Government revenues and Saudi Arabia's economy as a whole.

Factors that may affect the price of oil include, but are not limited to: (i) economic and political developments in oil-producing regions, particularly in the Middle East; (ii) global and regional supply and demand, and expectations regarding future supply and demand, for oil products; (iii) the ability of members of OPEC and other crude oil-producing nations to agree upon and maintain specified global production levels and prices; (iv) the impact of international environmental regulations designed to reduce carbon emissions; (v) other actions taken by major crude oil-producing or consuming countries; (vi) prices and availability of alternative fuels and new technologies using alternative fuels; (vii) the impact of pandemic diseases, such as COVID-19, and wars (such as the Russia/Ukraine war); (viii) the impact of terrorist action against significant hydrocarbon facilities; and (ix) global weather and environmental conditions.

If oil prices drop to low levels for a significant period of time, this, together with a failure to adequately diversify the economy and generate alternative revenues, could have a significant effect on Saudi Arabia's economy, and the banking sector in particular, which could in turn have a significant effect on SAB's business, financial condition, results of operations and prospects. See further *"Risks relating to SAB and its ability to fulfil its obligations under the Transaction Documents – SAB's operations and the majority of its assets are located in Saudi Arabia and, accordingly, SAB is exposed to the financial, political and general economic conditions in Saudi Arabia"*.

In recent years the Government has invested heavily in diversifying Saudi Arabia's economy to reduce its reliance on oil revenues. Measures taken include the National Transformation Program 2020 and Saudi Vision

2030. Through the Saudi Vision 2030, the Government is seeking to implement far-reaching reforms of Saudi Arabia's economy and society. Some of the measures envisaged include the greater participation of Saudi citizens in the private sector, a decrease in certain subsidies historically available to the fuel and energy sectors, as well as the imposition of new taxes and administrative fees. The implementation of these and other similar measures may be a lengthy and complex process. The implementation of these and other similar measures, in whole or in part, may have a disruptive effect and consequently may have an adverse effect on Saudi Arabia's economic and financial condition.

There can be no assurance that the increased contribution of the non-oil sector to Saudi Arabia's economy will continue in the future or that the non-oil sector will continue to grow at a sufficient extent to achieve effective and adequate diversification of the economy. Furthermore, there can be no assurance that the Government will be able to successfully implement Saudi Vision 2030, and/or the subset of Vision Realization Programmes (a series of programmes which aim to achieve the strategic objectives of Saudi Vision 2030) in their current form, or that their implementation will be in line with the timelines originally set out. Any amendment to the scope or timing of the implementation of the objectives of Saudi Vision 2030 and/or the subset of Vision Realization Programmes, in whole or in part, may result in the Government being unable to achieve the diversification of the economy and its sources of revenue to the required extent. Additionally, to the extent that a prolonged decline in oil prices has an adverse impact on the Government's revenues, this may in turn adversely impact the Government's ability to invest in the diversification of Saudi Arabia's economy. Any failure to diversify Saudi Arabia's economy may result in its economy remaining susceptible to the risks associated with the oil sector. Any material deterioration in Saudi Arabia's economic and financial condition would be likely to also negatively affect its banking sector and could have a material adverse effect on SAB.

***A slowdown in the economies of Saudi Arabia's key trading partners could adversely affect its economy***

Saudi Arabia has strong trading relationships with many countries, particularly major oil-importing economies such as China, the United States, Japan, South Korea, India and a number of states of the European Union. To the extent that there is a slowdown in the economies of any of these countries, this may have a negative impact on Saudi Arabia's foreign trade and balance of payments, which could have a material adverse effect on Saudi Arabia's economic and financial condition.

Any sustained market and economic downturn or geopolitical uncertainties in the United States, China or any of Saudi Arabia's other key trading partners may exacerbate the risks relating to Saudi Arabia's trade with those countries which, in turn, may have a negative impact on Saudi Arabia's foreign trade and balance of payments. In particular, demand for crude oil and, consequently, the price of crude oil may be adversely affected and this may have a material adverse effect on Saudi Arabia's economic and financial condition.

Any material deterioration in Saudi Arabia's economic and financial condition would be likely to also negatively affect its banking sector and could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

***The future development of Saudi Arabia's banking sector is subject to a number of uncertainties which could have a material adverse effect on SAB***

The growth rate of the Saudi banking sector may not be as high and sustainable as in previous years. While it is expected that the banking sector will expand and its number of customers may increase with the growth of Saudi Arabia's economy, population and demographic changes and potential legal and other reforms, the impact on the Saudi banking sector of certain trends and events, such as the pace of economic growth in Saudi Arabia, is currently not clear. In addition to the impact due to COVID-19, lower oil prices in 2020 exerted fiscal and economic pressures on Saudi Arabia's economy and, in turn, the private sector, including the banking sector. Challenging operating conditions, such as those experienced in 2020 and 2021 in particular, may result in a reduction in customers' deposits, and a rise in the levels of non-performing financing while limiting financing

growth. Financing opportunities may diminish with higher levels of sovereign debt issuance. Net income may also decrease due to the increase in total operating expenses on account of higher impairment charges. Credit conditions for the banks may deteriorate leading to increased non-performing financing, credit losses and a decline in profitability. Any slowdown in the growth and development of the banking sector in Saudi Arabia will have an adverse impact on SAB's own growth and, in turn, on its business, results of operations, financial condition and prospects.

***Saudi Arabia's and other GCC legal systems continue to develop and this may create an uncertain environment for investment and business activity***

Saudi Arabia and many of the other GCC countries are in various stages of developing their legal and regulatory institutions that are characteristic of more developed markets. As a result, procedural safeguards as well as formal regulations and laws may not be applied consistently. The courts, judicial committees and adjudicatory bodies in Saudi Arabia (the "**Saudi Courts**") have a wide discretion as to how laws and regulations are applied to a particular set of circumstances. There is no doctrine of binding precedent in the Saudi Courts, decisions of the Saudi Courts are not routinely published and there is no comprehensive up-to-date reporting of judicial decisions. Bankruptcy procedures also remain largely untested. In some circumstances, it may not be possible to obtain the legal remedies provided under Saudi Arabian law in a timely manner. As a result, the outcome of any legal disputes in Saudi Arabia may be uncertain.

As the legal environment remains subject to continuous development, investors in Saudi Arabia and the other GCC countries may face uncertainty as to the security of their investments. Any unexpected changes in the legal systems in Saudi Arabia and the other GCC countries may have a material adverse effect on the rights of Certificateholders or the investments that the Group has made or may make in the future, which may in turn have a material adverse effect on the Group's business, results of operations, financial condition, cashflows or prospects.

***Saudi Arabia's banking regulatory environment is continually evolving and may change in a manner that is adverse to the Group***

SAB falls under the supervision of SAMA, which regulates the banking sector in Saudi Arabia. SAB operates in compliance with SAMA rules, regulations and guidelines, which from time to time may be amended in accordance with economic and political developments in the country. SAMA operates to a standard expected of international regulators and generally follows the recommendations of the Basel Committee. The Group's business could be directly affected by future changes to Saudi Arabia's banking regulatory policies, laws and regulations, such as those affecting the extent to which the Bank can engage in specific businesses, as well as changes to other governmental policies. The laws and regulations governing the banking and financial sector are subject to future changes and the Group cannot provide any assurance that such changes will not adversely affect its business, financial condition, cashflows or results of operations, nor can the Group provide any assurance that it will be able to adapt to all such changes on a timely basis. Failure to comply with the rules, regulations and guidelines of SAMA could result in significant financial penalties, a requirement to cease carrying on one or more particular businesses currently undertaken and significant reputational damage which could lead to a material loss of customers.

As a publicly listed company, the Bank is also subject to the regulations of the CMA, which include certain requirements related to disclosure, governance and other continuing obligations. Changes in, or violation of, any such requirements may adversely affect the Bank's business, financial position, results of operations and prospects.

***SAB is subject to labour force regulations in Saudi Arabia and non-compliance with such regulations could have a material adverse effect on SAB***

Companies in Saudi Arabia are in general required by the Ministry of Human Resources and Social Development to ensure that a certain percentage of their staff are Saudi nationals. SAB aims to recruit, train and retain Saudi nationals to comply with the relevant regulations, although, in common with other corporate entities in Saudi Arabia, SAB experiences competition and may occasionally find it difficult to recruit and retain qualified Saudi nationals. Failing to achieve the stipulated percentage could cause SAB to be questioned by the Ministry of Human Resources and Social Development for non-compliance with these requirements which could in turn have an adverse effect on the business, financial condition, results of operations and reputation of SAB (see further “*Management and Employees*”).

In addition, Saudi Arabia has tightened controls on the employment of foreign workers, required increased localisation of the operations of foreign investors in Saudi Arabia and introduced amendments to labour laws. There is no guarantee that those changes will not have an impact on SAB’s customers in general, or customers in a particular segment of business. If any changes in Saudi Arabia’s labour laws negatively affect one or more of SAB’s customers, this in turn could affect the ability of these customers to meet their payment obligations to SAB. The occurrence of any such effect with respect to a major customer, or a group of customers, could have a substantial negative effect on SAB’s business, financial position, results of operations and prospects.

***The statistical data contained in this Base Offering Circular should be treated with caution by prospective investors***

Statistics contained in this document, including in relation to GDP, money supply, inflation and indebtedness of the Government, have been obtained from, amongst other sources, GASTAT, SAMA, the Ministry of Finance, the Ministry of Economy and Planning and the IMF. Such statistics, and the component data on which they are based, may not have been compiled in the same manner as data provided by other sources and may be different from statistics published by third parties, reflecting the fact that the underlying assumptions and methodology may vary from source to source. There may also be material variances between preliminary, estimated or projected statistics included in this Base Offering Circular and actual results, and between statistics included in this Base Offering Circular and corresponding data previously published by or on behalf of the bodies listed above. Consequently, the statistical data contained in this Base Offering Circular should be treated with caution by prospective investors.

***Investing in securities involving emerging markets generally involves a higher degree of risk***

Investors in emerging markets, such as Saudi Arabia, should be aware that these markets are subject to greater risks than more developed markets, including, but not limited to, higher volatility, limited liquidity and changes in the political and economic environment. In addition, there can be no assurance that the market for securities bearing emerging market risk, such as any Certificates issued under the Programme, will not be affected negatively by events elsewhere, especially in the emerging markets.

Specific risks in Saudi Arabia and the MENA region generally that could have a material adverse effect on the Group’s business include, without limitation, the following: (i) political, economic or social instability; (ii) external acts of warfare, civil clashes or other hostilities or conflict; (iii) domestic unrest or violence; (iv) increases in inflation and the cost of living; (v) changing tax regimes and tax laws, including the raising of the rate of Saudi VAT from 5 per cent. to 15 per cent. and the imposition of other taxes in tax-free jurisdictions or the increase of taxes in low-tax jurisdictions; (vi) government interventions and protectionism; (vii) potential adverse changes in laws and regulatory practices, including legal structures and tax laws; (viii) difficulties in staffing and managing operations; (ix) legal systems which could make

it difficult for the Group to enforce its intellectual property and contractual rights; (x) restrictions on the right to convert or repatriate currency or export assets; (xi) greater risk of uncollectible accounts and longer collection cycles; and (xii) logistical and communications challenges.

Accordingly, prospective investors should exercise particular care in evaluating the risks involved and must determine for themselves whether, in light of those risks, an investment in any Certificates is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risk involved.

### **Risks relating to the Certificates**

*Capitalised terms not defined in this section “Risks relating to the Certificates” have the meanings given to them in “Terms and Conditions of the Certificates”.*

#### **Certificateholders’ right to receive payment of the face amount of the Certificates and the Certificateholders’ right to any profit will be permanently cancelled or permanently Written-down (in whole or in part) upon the occurrence of a Non-Viability Event**

If, in respect of any Series of Certificates, a Non-Viability Event (as defined below) occurs at any time on or after the Issue Date of the first Tranche issued under such Series and prior to the date on which the Applicable Statutory Loss Absorption Regime becomes effective, except to the extent such provisions are required by the Applicable Statutory Loss Absorption Regime or the Financial Regulator in the exercise of its powers thereunder, the Certificates of that Series will be permanently cancelled (in the case of a Write-down in whole) or permanently Written-down in part on a *pro rata* basis (in the case of a Write-down in part), as determined by the Financial Regulator, by the Trustee in accordance with the Conditions and (except as described in paragraph (e) of the definition of Write-down in the Conditions) all rights of any Certificateholder to payment of any amounts under or in respect of the Certificates of that Series (including, without limitation, the Dissolution Distribution Amount and any amounts arising as a result of, or due and payable upon the occurrence of, a Dissolution Event) in a proportion corresponding to the relevant Write-down Amount (and any related unpaid Periodic Distribution Amounts) shall, as the case may be, be cancelled or Written-down *pro rata* among the Certificateholders and, in each case, not restored under any circumstances, irrespective of whether such amounts have become due and payable prior to the date of the Non-Viability Event or notice in relation thereto. Where a Write-down in part is required by the Financial Regulator, a Write-down in part may occur on one or more occasions as determined by the Financial Regulator. Further, a Write-down in full or in part of the Certificates of a Series could occur prior to the Ordinary Shares absorbing losses in full. A Write-down shall not constitute a Dissolution Event.

The Conditions do not in any way impose restrictions on the Bank following a Write-down, including restrictions on making any distribution or equivalent payment in connection with any Junior Obligations (including, without limitation, the Ordinary Shares), any Pari Passu Obligations or any Senior Obligations.

Certificateholders will lose the entire amount or, as the case may be, a material amount, of their investment in the Certificates as a result of a Write-down and moreover, in such event, it is likely that Certificateholders will suffer losses in respect of their investment in the Certificates ahead of, or without, any losses being required to be borne by the Bank’s shareholders.

Investors should also be aware that the application of a non-viability loss absorption feature similar to Condition 10 has not been tested in the Kingdom and therefore uncertainty exists in its application.

A “**Non-Viability Event**” means that the Financial Regulator has notified the Bank in writing that it has determined that the Bank is, or will become, Non-Viable without:

- a Write-down of the Certificates (and write-down of any of the Bank’s other capital instruments or other obligations constituting Tier 1 Capital and/or Tier 2 Capital of the Bank that, pursuant to their terms or by operation of law, are capable of being written-down and/or converted into equity); or
- a public sector injection of capital (or equivalent support) provided that such injection of capital is not made (i) by a shareholder of the Bank; or (ii) on terms that are more favourable to the Bank than those that would be accepted by private investors in comparable transactions.

The Group’s current and future Junior Obligations or Pari Passu Obligations might not include write-down or similar features comparable to those of the Certificates. As a result, it is possible that the Certificates will be subject to a Write-down, while certain Junior Obligations and/or Pari Passu Obligations remain outstanding and continue to receive payments and, as such, Certificateholders may be subject to losses ahead of holders of certain Junior Obligations and/or Pari Passu Obligations.

### **Basel III reforms and risk of a change in the regulations relating to loss absorption affecting the Certificates**

On 13 January 2011, the Basel Committee expanded on the Basel III capital rules with additional non-viability requirements (the “**January 13 Annex**”). The January 13 Annex requires non-common equity Tier 1 or Tier 2 instruments issued by an internationally active bank to have a provision in their terms and conditions or be included in a statutory legal framework that requires such instruments, at the option of the relevant authority, to either be written off or converted to common equity upon a “trigger event”. A “trigger event” is the earlier of: (1) a decision that a write-off, without which the bank would become non-viable, is necessary, as determined by the relevant authority; or (2) the decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non-viable, as determined by the relevant authority. SAMA mandated all Saudi banks, including the Bank, to implement the additional requirements imposed by the January 13 Annex from 1 January 2013. See “*Risk Factors – Certificateholders’ right to receive payment of the face amount of the Certificates and the Certificateholders’ right to any profit will be permanently cancelled or permanently Written-down (in whole or in part) upon the occurrence of a Non-Viability Event*”.

There can be no assurance that in the future SAMA will not amend its interpretation and implementation of the January 13 Annex described above. In addition, revisions to the January 13 Annex may be implemented in the Kingdom in a manner that is different from that which is currently envisaged, or regulations may be introduced through the introduction of an Applicable Statutory Loss Absorption Regime in the Kingdom.

In particular, the Law on the Treatment of Systemically Important Financial Institutions M/38 dated 25/4/1442H (corresponding to 10 December 2020) (the “**SIFI Law**”), provides that in respect of any systemically important financial institution, subject to certain conditions being met which include, among others, the financial institution being in distress or likely to become distressed, SAMA may, among other things, amend the rights of the holders of capital instruments.

The SIFI Law provides for implementing regulations to be prepared by SAMA and the CMA. On 29 August 2023, SAMA published a draft of the implementing regulations of the SIFI Law for institutions subject to the supervision of SAMA (the “**Implementing Regulations**”) for public consultation. As of the date of this Base Offering Circular, the Implementing Regulations have not yet been issued and there can be no assurance that the Implementing Regulations, once they are finalised, will be consistent with the draft version that was published on 29 August 2023. The draft Implementing Regulations include certain provisions relating to the procedure for the amendment of rights of holders of capital instruments, including in relation to the required

valuation by SAMA of the relevant SIFI's assets prior to the application of any such procedure to determine, among other things, the extent of the write down of relevant capital instruments.

The SIFI Law, together with its implementing regulations (once published), would likely constitute an Applicable Statutory Loss Absorption Regime for the purposes of the Certificates.

The Conditions provide that, on or after the date on which the Applicable Statutory Loss Absorption Regime becomes effective, except to the extent such provisions are required by the Applicable Statutory Loss Absorption Regime or the Financial Regulator in the exercise of its powers thereunder, the provisions of Condition 10 will lapse and cease to apply, except to the extent such provisions are required by the Applicable Statutory Loss Absorption Regime or the Financial Regulator in the exercise of its powers thereunder.

If, on or after such date, an event occurs which under the Applicable Statutory Loss Absorption Regime would lead to a determination of non-viability by SAMA in respect of the Bank, SAMA (or the Bank following instructions from SAMA) may take such action in respect of the Certificates as is required or permitted by such Applicable Statutory Loss Absorption Regime.

Whilst the SIFI Law provides that creditors whose rights are amended shall not incur greater losses than what is estimated would have been lost had the relevant financial institution been wound up, there can be no assurance that any such amendment of rights of holders or other action taken by SAMA will adhere to such objective, be similar to the loss absorption provisions set out in Condition 10 or otherwise be in the interests of Certificateholders.

Accordingly, the operation of any such future legislation or implementation of an Applicable Statutory Loss Absorption Regime may result in the Certificates absorbing losses in a manner other than as described herein, which may in turn have an adverse effect on the position of the Certificateholders.

**The circumstances triggering a Write-down are unpredictable and Certificateholders may suffer losses in respect of their holding of the Certificates ahead of, and without, any losses being required to be borne by the Bank's shareholders**

The occurrence of a Non-Viability Event is inherently unpredictable and depends on a number of factors, many of which are outside of the Group's control. The occurrence of a Non-Viability Event is subject to, *inter alia*, a subjective determination by the Financial Regulator. As a result, the Financial Regulator may require a Write-down in circumstances that are beyond the control of the Group and with which the Group may not agree. See *"Risk Factors – Certificateholders' right to receive payment of the face amount of the Certificates and the Certificateholders' right to any profit will be permanently cancelled or permanently Written-down (in whole or in part) upon the occurrence of a Non-Viability Event"*. The exercise (or perceived likelihood of exercise) of any such power by the Financial Regulator or any suggestion of such exercise could materially adversely affect the value of the Certificates of a Series and could lead to the Certificateholders losing some or all of their investment in the relevant Certificates of a Series.

The Financial Regulator shall, in its sole discretion, determine the occurrence and scope of a Non-Viability Event and therefore the requirement for a Write-down. Accordingly, prospective investors should note that the Financial Regulator may require a Write-down, without also requiring the Ordinary Shares and/or Other Common Equity Tier 1 Instruments to absorb any losses. In such circumstances, Certificateholders of a Series may suffer losses in respect of their holding of the relevant Certificates of a Series ahead of, or without, any losses being required to be borne by the Bank's shareholders.

The financial viability of the Group will also depend in part on decisions made by the Group in relation to its business and operations, including the management of its capital position. In making such decisions, the Group will not necessarily have regard to the interests of Certificateholders and, in particular, the consequences for Certificateholders of any such decisions and there can be no assurance in any such circumstances that the

interests of the Group, its shareholders and the Financial Regulator will be aligned with those of the Certificateholders.

Prospective investors should also be aware that the application of a non-viability loss absorption feature as contained in Condition 10 has not been tested in the Kingdom and therefore uncertainty exists in its application.

**The payment obligations of the Bank under the Master Mudaraba Agreement are conditional, subordinated and unsecured obligations**

Prospective investors should note that, subject to Condition 10 (see “*Risk Factors – Certificateholders’ right to receive payment of the face amount of the Certificates and the Certificateholders’ right to any profit will be permanently cancelled or permanently Written-down (in whole or in part) upon the occurrence of a Non-Viability Event*”), except upon the occurrence and continuation of any Winding-Up Proceeding and without prejudice to Condition 8, the Relevant Obligations with respect to each Series of the Certificates are conditional upon satisfaction of the Solvency Conditions (and, in the case of payments of profit (other than in respect of Rab-al-Maal Final Mudaraba Profit payable on any Mudaraba End Date in the case of a Non-Payment Election (as defined below)), upon a Non-Payment Election or Non-Payment Event not having occurred), are unsecured and no collateral is or will be given by the Bank in relation thereto.

In respect of each Series of the Certificates, payments of Periodic Distribution Amounts will be made by the Trustee provided that the Bank (as Mudareb) shall have paid to the Trustee profit amounts equal to such Periodic Distribution Amount pursuant to the terms of the Master Mudaraba Agreement. In this regard, prospective investors should note that upon the occurrence and continuation of any Winding-Up Proceeding, the Relevant Obligations will rank (a) subordinate and junior to all Senior Obligations but not further or otherwise, (b) *pari passu* with all other *Pari Passu* Obligations and (c) in priority only to all Junior Obligations, as more particularly described in Condition 4(b). In such case, there may not be sufficient assets to satisfy the claims of the holders of the Certificates in full.

**No limitation on issuing senior securities; subordination**

Other than the limitations in relation to the issue of further Additional Tier 1 Capital by the Bank as set out in Condition 4(d) which limits the circumstances in which Additional Tier 1 Capital of the Bank can be issued that ranks senior to each Series of the Certificates, there is no restriction in the Conditions or in the terms of the Transaction Documents on the Bank (in its capacity as Mudareb or otherwise) incurring additional financing or issuing securities or creating any guarantee or contractual support arrangement which would rank senior to each Series of Certificates and the obligations of the Bank under the Master Mudaraba Agreement (the “**Bank Senior Obligations**”). The issue of or the creation of any such Bank Senior Obligations may reduce the likelihood of the Solvency Conditions being met and/or the amount recoverable by the relevant Certificateholders of a Series on a winding-up of the Bank. Accordingly, in the winding-up of the Bank and after payment of the claims of Senior Creditors, there may not be a sufficient amount to satisfy the amounts owing to the relevant Certificateholders of a Series. See also “*Risk Factors – The payment obligations of the Bank under the Master Mudaraba Agreement are conditional, subordinated and unsecured obligations*”.

**Payments of Periodic Distribution Amounts may be cancelled and are non-cumulative**

The Bank may elect (any such election being a “**Non-Payment Election**”), in its sole discretion and by instructing the Trustee to such effect, to not make payment of a Periodic Distribution Amount (in whole or in part) to Certificateholders on the corresponding Periodic Distribution Date as more particularly provided in Condition 8.2, except that no such election may be made in respect of the Periodic Distribution Amount payable on the date on which the Certificates of such Series are to be redeemed in whole at the Bank’s discretion in accordance with Condition 9.1.



In addition, if, in respect of any Series, a Non-Payment Event occurs (which includes the case where sufficient Distributable Profits are not available in order to permit the Bank to make the relevant payment or as a result of a breach of Applicable Regulatory Capital Requirements (including any payment restrictions due to a breach of any applicable capital buffers imposed on the Bank by the Financial Regulator)), the Bank (in its capacity as Mudareb) shall be prohibited from paying Rab-al-Maal Mudaraba Profit or Rab-al-Maal Final Mudaraba Profit, as applicable, on any Mudaraba Profit Distribution Date or Mudaraba End Date (as the case may be) pursuant to the Master Mudaraba Agreement, and as a result thereof the Trustee shall be prohibited from paying Periodic Distribution Amounts to the Certificateholders on the corresponding Periodic Distribution Date, as more particularly provided in, Condition 8.1.

In relation to the paragraph above, “**Distributable Profits**” is defined in the Conditions as the amount of the Bank’s consolidated retained earnings and reserves, including general reserves, special reserves and statutory reserves (to the extent not restricted from distribution by applicable law), after the transfer of any amounts to non-distributable reserves, all as calculated by the Bank based on its most recent consolidated financial statements, or any equivalent or successor term from time to time as prescribed by the Capital Regulations. As at 31 December 2024, the Bank’s Distributable Profits amounted to SAR 8,646 million. In addition, as at the date of this Base Offering Circular, the Bank is subject to a capital conservation buffer requirement of 2.5 per cent., comprised of Common Equity Tier 1 Capital, above the regulatory minimum capital requirements. The Capital Regulations provide that capital distribution constraints (including in relation to dividends, share buybacks and discretionary payments on Tier 1 Capital instruments such as the Certificates) will be imposed on the Bank if its Common Equity Tier 1 Capital falls within the aforesaid conservation buffer, with such distribution constraints increasing on a scaled basis as the Common Equity Tier 1 Capital ratio decreases. Any such capital distribution constraint may constitute a Non-Payment Event as set out under Condition 8.1(b).

If, in respect of any Series, any amount of Rab-al-Maal Mudaraba Profit, Rab-al-Maal Final Mudaraba Profit or Periodic Distribution Amount is not paid as a consequence of a Non-Payment Election or a Non-Payment Event then, from the date of such Non-Payment Election or Non-Payment Event (the “**Dividend Stopper Date**”), the Bank will be prohibited from declaring or paying certain distributions, dividends or other payments (other than to the extent that any such distributions, dividends or other payments are declared before such Dividend Stopper Date, and excluding securities the terms of which do not at the relevant time enable the Bank to defer or otherwise not to make such payments) and from redeeming, purchasing, cancelling, reducing or otherwise acquiring Other Common Equity Tier 1 Instruments or securities ranking as to the right of payment of capital, junior to or *pari passu* with the Relevant Obligations (excluding securities the terms of which stipulate (i) any mandatory redemption in accordance with its terms or (ii) any conversion into, or exchange for, ordinary shares of the Bank), only to the extent such restriction on redemption, purchase, cancellation, reduction or acquisition is permitted under the relevant regulatory criteria for Tier 1 Capital applicable from time to time, in each case unless or until the next following payment of Rab-al-Maal Mudaraba Profit or Rab-al-Maal Final Mudaraba Profit following the Dividend Stopper Date has been made in full (or an amount equal to the same has been duly set aside or provided for in full for the benefit of the Trustee in accordance with the Master Mudaraba Agreement), as more particularly described in Condition 8.4.

In the absence of notice of a Non-Payment Election or a Non-Payment Event, as the case may be, having been given in accordance with Condition 8.3, the fact of non-payment of the Rab-al-Maal Mudaraba Profit (or any part thereof) on the relevant Mudaraba Profit Distribution Date or Mudaraba End Date, as the case may be, shall be evidence of the occurrence of a Non-Payment Election or a Non-Payment Event, as the case may be. Accordingly, the Certificateholders shall have no claim in respect of any Periodic Distribution Amount (or any part thereof, as applicable) not paid as a result of either a Non-Payment Election or a Non-Payment Event (irrespective of whether notice of such Non-Payment Election or Non-Payment Event, as the case may be, has been given in accordance with Condition 8.3) and the consequential non-payment of any Periodic Distribution Amount in such a circumstance shall not constitute a Dissolution Event. Any Periodic Distribution Amounts

not paid following either a Non-Payment Election or a Non-Payment Event will not accumulate or compound. The Bank shall not have any obligation to make any subsequent payment in respect of any such unpaid profit (whether from its own cash resources, from the relevant Mudaraba Reserve or otherwise) and the Trustee will not have any obligation to make any subsequent payment in respect of any such Periodic Distribution Amounts.

Any non-payment of Periodic Distribution Amounts or perceived risk of such non-payment may have a material adverse effect on the market value of the Certificates.

**The Certificates are perpetual securities, which may be subject to redemption (subject to certain conditions)**

The Certificates are perpetual securities which have no scheduled payment date. The Trustee is under no obligation to redeem the Certificates of any Series at any time and the Certificateholders have no right to call for their redemption unless a Bank Event occurs.

The Bank Events and Certificateholders' rights following a Bank Event, in respect of any Series, are set out in Condition 12 and further described in “– *Due to the deeply subordinated nature of the obligations arising under the Certificates, the Conditions contain limited Dissolution Events and remedies*”. In respect of each Series, the Dissolution Events in the Conditions are limited to: (a) Bank Events (including: (i) a failure by the Mudareb to pay an amount equivalent to principal or profit (including Additional Amounts) due and payable by it under the Master Mudaraba Agreement, and such failure continues for a period of (in the case of an amount which is equivalent to payment of principal) seven days or more or (in the case of an amount which is equivalent to payment of profit) 14 days or more (save, in each case, where such failure occurs solely as a result of the occurrence of a Non-Payment Event or a Non-Payment Election); or (ii) an administrator is appointed, an order is made by any competent court or the government of the Kingdom or an effective resolution is passed for the administration, winding-up, liquidation or dissolution of the Bank in accordance with applicable law or the Bank applies or petitions for a winding-up or administration order in respect of itself (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation approved by any court of competent jurisdiction or other competent authority); and (b) Trustee Events (being similar in nature to Bank Events in respect of the Trustee), all as more fully described in the Conditions.

In certain circumstances the Bank may (acting in its sole discretion) instruct the Trustee to, whereupon the Trustee shall, redeem the Certificates of a Series on the relevant Call Date of that Series and, on any date on or after the Issue Date, if a Tax Event or a Capital Event occurs (the determination of a Capital Event being at the discretion of the Financial Regulator), as more particularly described in Condition 9.1, although there is no assurance that the Bank will require it to do so. Any such redemption will also be subject to a number of conditions, as set out in Condition 9.1(a), including obtaining the prior consent of the Financial Regulator (unless such consent is no longer required by the Financial Regulator and/or by the Capital Regulations). There can be no guarantee that the approval of the Financial Regulator will be received on time or at all.

Therefore, prospective investors should be aware that they may be required to bear the financial risks of an investment in the Certificates indefinitely, unless:

- the Trustee (upon the Bank's instruction) exercises its rights to redeem the Certificates in accordance with Condition 9.1;
- the Trustee is directed by an Extraordinary Resolution of the Certificateholders, or by the Delegate (acting in accordance with the Master Trust Deed and the Conditions), following a Bank Event to redeem the Certificates; or
- they sell their Certificates.

The exercise of (or perceived likelihood of exercise of) any such redemption feature of the Certificates may limit their market value, which is unlikely to rise substantially above the price at which the Certificates can be redeemed.

If the Certificates are redeemed, there can be no assurance that Certificateholders will be able to reinvest the amount received upon redemption in a comparable security at a rate that will provide the same rate of return as their investment in the Certificates. Potential investors should consider reinvestment risk in light of other investments available at that time. See also “*Risk Factors – Absence of secondary market/limited liquidity*” for a description of the risks relating to the ability of holders of Certificates to sell the Certificates in the secondary market.

**The Certificates will cease to accrue profit from the due date for redemption (if any)**

Investors are advised that each Certificate will cease to accrue profit from the due date for redemption (following liquidation of the Mudaraba). Consequently, should payments owing to relevant Certificateholders of a Series on the due date for redemption (if any) be received by them after the due date for any reason, no additional profit payment, late payment amount or other equivalent amount will be payable in respect of such delay. See Condition 7.3.

**Due to the deeply subordinated nature of the obligations arising under the Certificates, the Conditions contain limited Dissolution Events and remedies**

In respect of each Series, the Dissolution Events in the Conditions are limited to: (a) Bank Events (including: (i) a failure by the Mudareb to pay an amount equivalent to principal or profit (including Additional Amounts) due and payable by it under the Master Mudaraba Agreement, and such failure continues for a period of (in the case of an amount which is equivalent to payment of principal) seven days or more or (in the case of an amount which is equivalent to payment of profit) 14 days or more (save, in each case, where such failure occurs solely as a result of the occurrence of a Non-Payment Event or a Non-Payment Election); or (ii) an administrator is appointed, an order is made by any competent court or the government of the Kingdom or an effective resolution is passed for the administration, winding-up, liquidation or dissolution of the Bank in accordance with applicable law or the Bank applies or petitions for a winding-up or administration order in respect of itself (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation approved by any court of competent jurisdiction or other competent authority); and (b) Trustee Events (being similar in nature to Bank Events in respect of the Trustee), all as more fully described in the Conditions.

In addition, the Trustee may be prohibited from making, or instructed by the Bank not to make, payments of Periodic Distribution Amounts on the relevant Certificates of a Series in accordance with Condition 8.1 and Periodic Distribution Amounts will not therefore be due other than in the limited circumstances described in the Conditions. See also “*Risk Factors – Payments of Periodic Distribution Amounts may be cancelled and are non-cumulative*”.

Moreover, pursuant to Condition 12, upon the occurrence of any Bank Event in respect of a Series, the Mudaraba for that Series will be liquidated in accordance with the provisions of the Master Mudaraba Agreement and the remedies available to the Trustee, the Delegate and/or the Certificateholders (as applicable) are limited to giving notice to the Trustee and the Bank that the Certificates are, and shall immediately become, due and payable without presentation, demand, protest or other notice of any kind at their aggregate face amount together with any Outstanding Payments and thereafter: (i) instituting any steps, actions or proceedings for the winding-up or bankruptcy of the Bank and/or (ii) proving in the winding-up of the Bank and/or (iii) claiming in the liquidation of the Bank and/or (iv) taking such other steps, actions or proceedings which, under the laws of the Kingdom, have an analogous effect to the actions referred to paragraphs (i) to (iii) above, in each case, for the payment of amounts due under the Master Mudaraba Agreement. Therefore, it will only be possible to

enforce claims for payment of the applicable Dissolution Distribution Amount and/or Periodic Distribution Amounts in respect of the Certificates when the same have become due pursuant to the Master Mudaraba Agreement and the Conditions.

Furthermore, the claims of Senior Creditors of the Bank will first have to be satisfied in any winding-up, bankruptcy, dissolution, liquidation or analogous proceedings before the Certificateholders may expect to obtain any amounts in respect of their Certificates and prior thereto Certificateholders will have only limited (if any) ability to influence the conduct of such winding-up, liquidation or analogous proceedings.

Prospective investors should also note that any claims on a winding-up would be subject to KSA bankruptcy and other laws. Therefore there can be no assurance that Certificateholders will receive payment of their claims in full or at all in these circumstances. See also “*Risk Factors – Compliance with bankruptcy law in Saudi Arabia may affect the Bank’s ability to perform its obligations under the Transaction Documents*”.

### **Resettable fixed rate instruments have a market risk**

A holder of an instrument with a fixed profit (or equivalent) rate that will be reset during the term of the instrument (as will be the case for the Certificates with effect from each Reset Date if not previously redeemed and/or purchased and cancelled) is exposed to the risk of fluctuating profit rate levels and uncertain profit rate income. While the expected profit rate on such Series of Certificates is fixed until the First Reset Date (with a reset of the initial profit rate on the First Reset Date as set out in the Conditions and every Reset Date thereafter), the current investment return rate in the capital markets (the market return rate) typically changes on a daily basis. As the market return rate changes, the market value of a Series of Certificates may also change, but in the opposite direction. If the market return rate increases, the market value of a Series of Certificates would typically decrease. If the market return rate falls, the market value of the Certificates would typically increase. Certificateholders should be aware that movements in these market return rates can adversely affect the market value of the Certificates of a Series and can lead to losses for the Certificateholders if they sell the Certificates.

### **The Certificates are limited recourse obligations**

The Certificates issued under the Programme are not debt obligations of the Trustee. Instead, the Certificates represent an undivided ownership interest solely in the Trust Assets. Recourse to the Trustee in respect the Certificates of a Series is limited to the Trust Assets and the proceeds of the Trust Assets are the sole source of payments on the Certificates of a Series. Upon receipt by the Trustee of a Dissolution Notice in accordance with the terms of Condition 12.1, the sole rights of each of the Trustee and/or the Delegate (acting on behalf of the Certificateholders) will be (subject to Condition 12.3) against the Bank to perform its obligations under the Transaction Documents.

Certificateholders will have no recourse to any assets of the Trustee (other than the Trust Assets in the manner contemplated in the Transaction Documents), the Delegate or the Agents or any of their respective affiliates in respect of any shortfall in the expected amounts from the Trust Assets. The Bank is obliged to make certain payments under the Transaction Documents directly to, or to the order of, the Trustee or the Delegate, and the Trustee and/or the Delegate will have recourse against the Bank to recover such payments due to the Trustee pursuant to the Transaction Documents. In addition, no Certificateholder shall be entitled to proceed directly against the Trustee or the Bank or to take the actions, steps or proceedings referred to in Conditions 12.3(a) and 12.3(b), unless the Delegate or the Trustee, as the case may be, having become bound so to proceed (i) fails to do so within a reasonable period or (ii) is unable for any reason (including by reason of an order of a court having competent jurisdiction) to do so, and in each case such failure or inability is continuing.

After enforcing or realising the rights in respect of the Trust Assets and distributing the net proceeds of such Trust Assets in accordance with Condition 5(b), the obligations of the Trustee in respect of the Certificates shall be satisfied and neither the Delegate nor any Certificateholder may take any further steps against the Trustee to

recover any further sums in respect of the Certificates and the right to receive any such sums from the Trustee remaining 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 expressly contemplated in the Transaction Documents) and the sole right of the Delegate and the Certificateholders against the Trustee and the Bank shall be (in accordance with Condition 12.3) to enforce their respective obligations under the Transaction Documents. Accordingly, there can be no assurance that the proceeds of the realisation of, or enforcement with respect to, the Trust Assets (which, as described above, will be by way of enforcing each of the Trustee's and the Bank's respective obligations under the Transaction Documents) will be sufficient to make all payments due in respect of the Certificates of the relevant Series.

### **No Guarantees**

Investors should be aware that no guarantee is given in relation to any amounts payable by the Bank under the Certificates issued under the Programme or any of the Transaction Documents by the Bank, the shareholders of the Bank or by any other person.

### **Absence of secondary market/limited liquidity**

There is no assurance that a secondary market for any Series of Certificates 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 the Certificates. Accordingly, a Certificateholder may not be able to find a buyer to buy its Certificates readily or at prices that will enable the Certificateholder to realise a desired yield. The market value of each Series of Certificates may fluctuate and a lack of liquidity, in particular, can have a material adverse effect on the market value of the Certificates. The Certificates of any Series generally may have a more limited secondary market liquidity and may be subject to greater price volatility than conventional debt securities as they are perpetual securities (see "*Risk Factors – The Certificates are perpetual securities, which may be subject to redemption (subject to certain conditions)*"), are subordinated (see "*Risk Factors – The payment obligations of the Bank under the Master Mudaraba Agreement are conditional, subordinated and unsecured obligations*"), will be fully and permanently written down upon the occurrence of a Non-Viability Event (see "*Risk Factors – Certificateholders' right to receive payment of the face amount of the Certificates and the Certificateholders' right to any profit will be permanently cancelled or permanently Written-down (in whole or in part) upon the occurrence of a Non-Viability Event*") and payments of Periodic Distribution Amounts may be restricted in certain circumstances (see "*Risk Factors – Payments of Periodic Distribution Amounts may be cancelled and are non-cumulative*"). If a Series of Certificates is issued to a single investor or a limited number of investors, this may result in an even more illiquid or volatile market in such Series of Certificates. Furthermore, certain shareholders and related parties of the Bank may participate in the offering of any Series of Certificates. The secondary market liquidity of the Certificates for such Series may be adversely affected if, and to the extent that, such person(s) intend(s) to adopt a buy and hold strategy in respect of such Series of 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.

### **Investment in the Mudaraba Assets**

Pursuant to the Mudaraba Agreement, the proceeds of the issue of each Tranche of Certificates will be contributed by the Trustee (as "**Rab-al-Maal**") to the Mudareb on the relevant Issue Date, which proceeds will form the capital of the Mudaraba of the relevant Series and which may be subject to change after the relevant Issue Date in accordance with Condition 9.2 (the "**Mudaraba Capital**"). The Mudaraba Capital will be commingled with (i) shareholders' equity, (ii) proceeds of all current, savings and investment deposit accounts with the Bank (as "**Mudareb**"), and (iii) any other source of funds included in the General Mudaraba Pool (as defined in the Master Mudaraba Agreement) by the Mudareb from time to time, and invested, on an unrestricted co-

mingling Mudaraba basis, by the Mudareb, in the Business Portfolio (as defined below) carried out through the General Mudaraba Pool and, following investment of the Mudaraba Capital, the Mudaraba Capital shall constitute *pro rata* undivided assets in the General Mudaraba Pool (the “**Mudaraba Assets**”) with a view to earning profit therefrom, which will in turn be applied towards payments due to Certificateholders in respect of the relevant Certificates.

Limited investigation or enquiry will be made and no due diligence will be conducted in respect of any Mudaraba Assets. The investment activities of the Mudaraba will be carried out by the Bank, and the Certificateholders shall have no ability to influence such activities. The Bank shall be granted the express entitlement to co-mingle its *Shari’a*-compliant assets in the General Mudaraba Pool assets and, as a result, it may not be possible to identify the Mudaraba Assets separately from the assets of the Bank.

If any of the risks relating to the business of the Bank mentioned above (see “*Risk Factors – Risks relating to SAB 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 Assets may decrease which may, in turn, have a material adverse effect on the Bank’s ability to fulfil its payment obligations under the Master Mudaraba Agreement and consequently, the Trustee’s ability to make payments in respect of the Certificates.

Furthermore, whilst the Mudareb has agreed in the Master Mudaraba Agreement to ensure that the Mudaraba Capital is invested in accordance with the Investment Plan (and with the degree of skill and care that it would exercise in respect of its own assets), the Master Mudaraba Agreement also provides that there is no guarantee of any return from the Mudaraba Assets. In addition, the Trustee and the Mudareb have agreed in the Master Mudaraba Agreement that the Mudareb shall not be responsible for any losses to the Mudaraba Capital suffered by the Trustee except to the extent such losses are caused by: (i) the Mudareb’s breach of the Master Mudaraba Agreement; or (ii) the Mudareb’s gross negligence, wilful misconduct or fraud.

Accordingly, potential investors are advised that any claim by or on behalf of the Trustee for the Mudaraba Capital following any Dissolution Event may be reduced if and to the extent that the Mudareb is able to prove that any losses to the Mudaraba Capital were not caused by: (i) the Mudareb’s breach of the Master Mudaraba Agreement; or (ii) the Mudareb’s gross negligence, wilful misconduct or fraud. If the Mudareb is able to provide such proof, Certificateholders may lose all or some of their investment. It is not possible to state with certainty what approach any court with jurisdiction will take in such circumstances.

**Credit ratings assigned to the Bank or the Certificates may not reflect all the risks associated with an investment in the Certificates and may be subject to revision or withdrawal**

One or more independent credit rating agencies may assign credit ratings to the Bank or the Certificates. The ratings may not reflect the potential impact of all risks related to the structure, market, additional factors discussed above and other factors that may affect the value of any Series of Certificates, and will not reflect the deeply subordinated nature of the Bank’s payment obligations under the Transaction Documents if such ratings relate to senior payment obligations of the Bank. Credit rating agencies could also seek to rate the Bank without having been requested to do so by the Bank. Such unsolicited ratings may be lower than any ratings sought by the Bank, which could have an adverse effect on the value of any Series of Certificates. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time. The Trustee has no obligation to inform Certificateholders of any revision, downgrade or withdrawal of its current or future credit ratings. A suspension, downgrade or withdrawal at any time of a credit rating assigned to the Bank and/or the Certificates may adversely affect the trading price 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 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 will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country non-EEA 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 rating agencies published by the European Securities and Markets Authority (“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 Regulation (EC) No. 1060/2009 (as amended) as it forms part of domestic law by virtue of the EUWA (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 third country 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 (i) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (ii) transitional provisions that apply in certain circumstances.

If the status of the rating agency rating the Bank or any Series of Certificates changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EU or the UK, as applicable, and the Certificates may have a different regulatory treatment, which may impact the value of the Certificates and their liquidity in the secondary market.

Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Offering Circular. Any real or anticipated changes in the Bank’s credit ratings generally will affect the market value of any Series of Certificates.

### **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 risks that: (a) exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor’s Currency); and (b) 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: (i) the Investor’s Currency-equivalent yield on the Certificates; (ii) the Investor’s Currency-equivalent value of the Dissolution Distribution Amount payable in respect of the Certificates; and (iii) 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.

**Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade**

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

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

**Enforcement of any obligations of any of the parties under the Transaction Documents would be, if in dispute, the subject of arbitration under the Rules**

Prospective investors are reminded that the enforcement of any obligations of any of the parties under the Transaction Documents would be, if in dispute, the subject of arbitration under the Rules. In such circumstances, the arbitrator should apply English law, being the governing law of the relevant Transaction Document in determining the obligations of the parties.

***Shari'a* requirements in relation to interest awarded by an arbitrator**

In accordance with applicable *Shari'a* 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 in connection with any dispute under any of the Transaction Documents to which it is a party. Should there be any delay in the enforcement of an arbitral award against the Bank, interest 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 in respect of a dispute).

**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 administrative practices in effect as at the date of this Base Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practices after the date of this Base 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 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 Certificates and the Transaction Documents.



**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 (including by way of conference call or by use of a telephony or electronic platform or facility) to consider and vote upon matters affecting their interests generally, or to pass resolutions in writing or through the use of electronic consents. A written resolution signed by or on behalf of the holders of not less than 75 per cent. in aggregate face amount of the Certificates of the relevant Series for the time being outstanding shall, for all purposes, take effect as an Extraordinary Resolution.

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

- where the terms of the proposed resolution have been notified to the Certificateholders through the relevant clearing system(s), approval of a resolution proposed by the Trustee, the Bank or the Delegate (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures (in a form satisfactory to the Delegate) by or on behalf of the holders of not less than 75 per cent. in aggregate face amount of the Certificates of the relevant Series for the time being outstanding; and
- where electronic consent is not being sought, for the purpose of determining whether a written resolution has been validly passed, the Trustee, the Bank and the Delegate shall be entitled to rely on consent or instructions given in writing directly to the Trustee, the Bank and/or the Delegate, as the case may be, (a) by accountholders in the clearing system(s) with entitlements to such Global Certificate and/or, (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held whether such beneficiary holds directly with the accountholder or via one or more intermediaries. For the purpose of establishing the entitlement to give any consent or instruction the Trustee and the Delegate shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant clearing system (the “**relevant clearing system**”) and in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Certificateholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s Easyway or Clearstream, Luxembourg’s Xact Web Portal) in accordance with its usual procedures and in which the accountholder of a particular face amount of the Certificates is clearly identified together with the amount of such holding. None of the Trustee, the Bank and/or the Delegate shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

A written resolution or an electronic consent as described above may be effected in connection with any matter affecting the interests of Certificateholders, including a 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, Certificateholders who did not sign a

written resolution, Certificateholders who did not participate in any electronic consents sought by the Trustee as well as Certificateholders who voted in a manner contrary to the majority).

The Conditions also provide that the Delegate may, without the consent or approval of the Certificateholders, agree to the substitution of another company in place of the Trustee under the Certificates, in the circumstances described in Condition 12.2.

The Master Trust Deed also provides that the Delegate may, without the consent or sanction of Certificateholders (a) agree to any modification of the Trust Deed (including the Conditions) or any other Transaction Document that (in the opinion of the Delegate) is of a formal, minor or technical nature, or is made to correct a manifest error, or (b)(i) give its consent under the Transaction Documents and agree to any other modification of the Trust Deed (including the Conditions) or any other Transaction Document or to any waiver or authorisation of any breach or proposed breach of any of the provisions of the Trust Deed or any of the other Transaction Documents or (ii) determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such, provided in each case that such modification, consent, waiver, authorisation or determination is in the opinion of the Delegate not materially prejudicial to the interests of the Certificateholders and, in the case of modifications referred to in paragraph (b)(i) above, other than in respect of a matter which requires a special quorum resolution (as defined in the Master Trust Deed), provided that such consent, waiver, authorisation or determination is not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least one-fifth of the aggregate face amount of the Certificates of the relevant Series then outstanding. Any such modification, consent, waiver, authorisation or determination may be made on such terms and subject to such conditions (if any) as the Delegate may determine and shall be binding on the Certificateholders and shall, unless the Delegate otherwise decides (in the case of paragraph (a) above), be notified by the Trustee to the Certificateholders in accordance with Condition 18 as soon as practicable thereafter.

**The Delegate may request that the Certificateholders provide an indemnity and/or security and/or pre-funding 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 pre-funding 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 pre-funding can be a lengthy process and may have an impact on when such actions can be taken.

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

Each Series of Certificates will be represented on issue by a Global Certificate that may be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg. Except in the limited circumstances described in each Global Certificate, investors will not be entitled to receive Certificates in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the 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 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 an 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, interests in any Global Certificate. Holders of 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.

**The use of proceeds of any issue of Certificates identified as Sustainable Certificates in the applicable Pricing Supplement may not meet investor expectations or requirements or be suitable for an investor's investment criteria**

The Bank intends to use an amount at least equal to the net proceeds from each issue of Certificates identified as Sustainable Certificates (“**Sustainable Certificates**”, which includes Green Certificates, Social Certificates and Sustainability Certificates (each as defined in “*Use of Proceeds*” below)) in the applicable Pricing Supplement (the “**equivalent amount**”) in achieving its objectives as set out in the Sustainable Debt Framework (as defined in “*Use of Proceeds*” below). See “*Use of Proceeds*”.

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 Sustainable Certificates, that investor should carefully consider the disclosure in “*Use of Proceeds*” and the Sustainable Debt Framework published on the Bank's website and consult with its legal or other advisers and determine for itself the relevance of such information for the purpose of an investment in such Sustainable Certificates together with any other investigation such investor deems necessary before making an investment in Sustainable Certificates. In particular, no assurance is given by the Bank, the Trustee, the Arrangers, the Dealers or any other person that the use of the equivalent amount for any Eligible Assets (as defined in “*Use of Proceeds*” below) 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 particular with regard to any direct or indirect environmental or sustainability impact of any project or uses, the subject of or related to, the Sustainable Debt Framework. In addition, the Sustainable Debt Framework is subject to change at any time without notice.

Furthermore, notwithstanding the Bank's intention stated above, potential investors should be aware that the Bank has no contractual obligation to use the equivalent amount as stated in the applicable Pricing Supplement, or to provide the reports described in the Sustainable Debt Framework. In addition, no assurance is given by the Bank, the Trustee, the Arrangers, the Dealers or any other person that the application of such equivalent amount to the relevant Eligible Assets will be capable of being implemented in, or substantially in, such manner and/or in accordance with any timeframe or at all, or that such proceeds will be totally or partially disbursed as planned. Nor can there be any assurance that such Sustainable Certificates or the activities or projects they finance, refinance or invest in will have the results or outcome (whether or not related to environmental, social or other objectives) originally expected or anticipated by the Bank. Any such event or failure and/or the failure by the Bank to meet any environmental, social or sustainability targets and/or failure of the Eligible Assets to perform as expected will not: (i) give rise to any claim in contract of a holder of any Sustainable Certificates against the Trustee, the Bank, any other member of the Group, the Arrangers, any Dealer or any other person; (ii) create an obligation of the Bank to redeem the relevant Sustainable Certificates; (iii) create an option for the holders of the relevant Sustainable Certificates to redeem such Sustainable Certificates; (iv) create an incentive to redeem; or (v) compromise the ability of the relevant Sustainable Certificates to qualify as Additional Tier 1 Capital of the Bank or have any impact on the status and/or ranking of such Sustainable Certificates, but such failures, events and facts may affect the value and/or the trading price of Sustainable Certificates and/or have adverse consequences for certain investors with portfolio mandates to invest in green or social assets.

Investors should be aware that Sustainable Certificates will be subject to non-viability loss absorption to the same extent and with the same ranking as any other Certificate which is not a Sustainable Certificate. See further, “*Risk Factors – Certificateholders' right to receive payment of the face amount of the Certificates and the Certificateholders' right to any profit will be permanently cancelled or permanently Written-down (in whole*

*or in part) upon the occurrence of a Non-Viability Event*". Further, proceeds from any Sustainable Certificates will cover all losses in the balance sheet of the Bank regardless of their "sustainable" label and whether such losses arise from "sustainable" or other assets.

The net proceeds of the issue of Sustainable Certificates which, from time to time, are not earmarked towards Eligible Assets are intended by the Bank to be invested in cash, cash equivalents and/or marketable securities, in accordance with the Group's cash management policies and excluding investments covered by the exclusions referenced in "*Use of Proceeds*". While the Bank will earmark an amount equivalent to the net proceeds of the issue of any Sustainable Certificates in a segregated account, there can be no assurance that the Sustainable Certificates or the proceeds therefrom will not be used to absorb any and all losses of the Bank, regardless of whether or not such losses stem from green, sustainable, social or other assets, in the same way as the Bank's other instruments not classified as Sustainable Certificates which may be called upon to cover all losses on the balance sheet. In addition, there will be no direct or contractual link between any Sustainable Certificates and any Eligible Assets (or any other environmental, social or similar targets set by the Bank) and consequently payments of principal and profit (as the case may be) on the Sustainable Certificates shall not depend on the application of an amount equal to the net proceeds of any issue of Sustainable Certificates, the performance of the relevant Eligible Assets or the performance of the Bank in respect of any such environmental, social or similar targets.

An Eligible Asset may, during the life of the project, due to changes in the Sustainable Debt Framework and/or circumstances of the project or any other reasons, no longer satisfy the eligibility criteria set out in the Sustainable Debt Framework. The reallocation of such proceeds to new Eligible Assets 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 or any other person that the equivalent amount used for financing or refinancing of Eligible Assets will always satisfy the eligibility criteria.

Furthermore, it should be noted that there is currently no clear definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green", "sustainable", "social" or an equivalently labelled project or as to what precise attributes are required for a particular project to be so considered and no assurance can be given that such a clear definition or consensus will develop over time or that any prevailing market consensus will not change significantly. Accordingly, no assurance is or can be given (whether by the Bank, the Trustee, the Arrangers, the Dealers or any other person) to investors that: (a) any projects or uses the subject of, or related to, any Eligible Assets will meet any or all investor expectations or requirements regarding such "green", "sustainable", "social" or other equivalently labelled performance objectives (including in relation to Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the so called "**EU Taxonomy**") or the EU Taxonomy as it forms part of UK domestic law by virtue of the EUWA, Regulation (EU) 2023/2631 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds (the "**EU Green Bond Regulation**"), Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (the "**SFDR**") and any implementing legislation and guidelines, or any similar legislation in the UK or any requirements of such criteria and/or labels as they may evolve from time to time) and, accordingly, the status of any Certificates as being "sustainable" (or equivalent) could be withdrawn at any time; (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 Assets; (c) the Sustainable Debt Framework will be aligned with the EU Taxonomy, the EU Green Bond Regulation, the SFDR or any other present or future sustainability framework or guidelines; or (d) any event with an adverse environmental, social or other connotation will not occur during the life of any Sustainable Certificate, which event may affect the value of such Sustainable Certificate, and/or have adverse consequences for certain investors in such Sustainable Certificate. It is not clear if the establishment of the European Green Bond Standard label and the optional disclosures regime for bonds issued as "environmentally sustainable" under the EU Green Bond Regulation could have an impact on investor demand for, and pricing

of, sustainable use of proceeds securities that do not comply with the requirements of the European Green Bond Standard label or the optional disclosures regime, such as the Sustainable Certificates issued under this Programme. It could, in future, result in reduced liquidity or lower demand or could otherwise affect the market price of any Sustainable Certificates issued under this Programme that do not comply with those standards proposed under the European Green Bond Standard.

The Sustainable Debt Framework is intended to be aligned with the Green Bond Principles (2021 version) (with June 2022 Appendix I), Social Bond Principles (2023 version) and Sustainability Bond Guidelines (2021 version) and published by the International Capital Market Association and the Green Loan Principles 2023 and Social Loan Principles 2023 published by the Loan Markets Association, the Asia Pacific Loan Market Association and the Loan Syndications and Trading Association, each as referred to in the Sustainable Debt Framework (together, the “**ESG Principles**”). The Bank has appointed S&P Global Ratings to assess its Sustainable Debt Framework and its alignment with the ESG Principles, and to issue the Second Party Opinion.

None of the Bank, the Trustee, the Arrangers, the Dealers or any other person makes any representation or gives any assurance as to the Sustainable Debt Framework’s compliance or alignment with the ESG Principles. Furthermore, none of the Sustainable Debt Framework, the Second Party Opinion, the ESG Principles or any associated reports, verification assessments or the contents of the Bank’s website have been verified nor do they constitute or form part of any offer to sell or issue, or any solicitation of any offer to purchase or subscribe for, any Sustainable Certificates and are not incorporated in or form part of this Base Offering Circular.

None of the Arrangers or the Dealers nor any of their respective affiliates makes any representation as to nor are they responsible for (i) the suitability of any Sustainable Certificates to fulfil any environmental, social and/or sustainability criteria required by prospective investors, (ii) whether the net proceeds of the issuance of any such Certificates will be used to finance and/or refinance relevant Eligible Assets, including their sustainability criteria or (iii) the characteristics of relevant Eligible Assets or businesses to whom the proceeds of such Certificates are to be allocated, including their sustainability characteristics. None of the Arrangers, the Dealers or any of their respective affiliates have undertaken, nor are they responsible for, any assessment of or due diligence in respect of the Sustainable Debt Framework, the Eligible Assets or the eligibility criteria, any verification of whether the Eligible Assets meet the eligibility criteria, or the assessment, verification or monitoring of the use of proceeds. For the purposes of an investment in any Sustainable Certificates, prospective investors should make their own investigation and should determine for themselves the relevance of the Sustainable Debt Framework, the Second Party Opinion and the information contained in this Base Offering Circular regarding the use of proceeds and its investment in any Sustainable Certificates should be based upon such investigation as it deems necessary.

**The Bank cannot provide any assurances regarding the suitability or reliability of any second party opinion (including the Second Party Opinion) or admission to any index obtained with respect to Sustainable Certificates**

No assurance or representation can be given as to the suitability or reliability for any purpose whatsoever of any report, assessment, opinion (including the Second Party 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 the issue of Sustainable Certificates (including, for the avoidance of doubt, the entry of the details of Eligible Assets into the asset register, as described in the Sustainable Debt Framework) and in particular with any of the businesses and projects funded with the equivalent amount to fulfil any green, environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Base Offering Circular. Any such report, assessment, opinion or certification is not, nor should it be deemed to be, a recommendation by the Bank, the Trustee, the Arrangers or any other person to buy, sell or hold Sustainable Certificates. Any such report, assessment, opinion or certification is only current as at the date that opinion was initially issued and is based upon the judgment of

the opinion provider. Prospective investors 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 opinion or certification for the purpose of any investment in Sustainable Certificates. The providers of such reports, assessments, opinions and certifications are not subject to any specific oversight or any regulatory or other regime. Furthermore, a second party opinion (including the Second Party Opinion) may not reflect the potential impact of all the risks related to the structure or market, or the additional risk factors discussed above or the other factors that may affect the value of the Sustainable Certificates or the projects financed or refinanced thereby, in an amount corresponding to the equivalent amount.

If a Tranche of Sustainable Certificates is at any time listed or admitted to trading on any dedicated “green”, “environmental”, “sustainable” or other equivalently labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Bank, the Trustee, the Arrangers, the Dealers or any other person that such listing or admission satisfies, 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, 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 any 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 Bank, the Trustee, the Arrangers, the Dealers or any other person that any such listing or admission to trading will be obtained in respect of any Sustainable Certificates or, if obtained, that any such listing or admission to trading will be maintained during the life of the Sustainable Certificates concerned.

### **Risks relating to Enforcement**

#### ***There are uncertainties around the choice of English law as the governing law of the Transaction Documents and around enforcing foreign arbitral awards in the Kingdom***

The Certificates and the Transaction Documents are expressed to be governed by English law, and the parties thereto have agreed to refer any unresolved disputes in relation thereto to arbitration under the LCIA Arbitration Rules with an arbitral tribunal with its seat in London. The Bank is a Saudi Arabian company and is incorporated in and has its operations and the majority of its assets located in Saudi Arabia.

Any foreign arbitral award, including an LCIA award, should be enforceable in Saudi Arabia in accordance with the terms of the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the “**New York Convention**”), subject to filing a legal action for recognition and enforcement of foreign arbitral awards with the enforcement courts of Saudi Arabia (the “**Enforcement Courts**”). As a party to the New York Convention, Saudi Arabia has an obligation to recognise and enforce foreign arbitral awards unless the party opposing enforcement can prove one of the grounds under Article V of the New York Convention to refuse enforcement, or the Saudi courts find that the subject matter of the dispute is not capable of settlement by arbitration or enforcement would be contrary to the public policy of Saudi Arabia. In addition, the Enforcement Courts may decline to enforce foreign arbitral awards if the requirements of enforcing foreign arbitral awards are not met. These requirements include that: (a) the arbitral award does not conflict with public policy in Saudi Arabia; (b) there is reciprocity in the enforcement of arbitral awards between the courts of Saudi Arabia and the country in which the award was made; (c) the courts of Saudi Arabia do not have jurisdiction over the dispute and the award has been issued in accordance with the jurisdictional rules of the country in which such award was made; (d) the respective parties to the dispute were present, duly represented and able to defend themselves; (e) the award was final in accordance with the rules of the court; and (f) the award is not conflicting with any ruling or order issued by a court of competent jurisdiction on the same matter in Saudi Arabia. There can therefore be no assurance that the Saudi courts will enforce a foreign arbitral award in

accordance with the terms of the New York Convention (or any other multilateral or bilateral enforcement convention). In addition, even if such requirements were met, Certificateholders should also be aware that if any terms of the Certificates or the Transaction Documents were found to be inconsistent with public policy in Saudi Arabia (including *Shari'a* law and principles) or any mandatory law of, or applicable in, Saudi Arabia, they would not be enforced by the Enforcement Courts.

In particular, the courts and judicial committees of the Kingdom will require any arbitral award pursuant to the arbitration agreement to satisfy certain requirements, including compliance with the principles of *Shari'a*. Accordingly, in any proceedings relating to the Certificates or the Transaction Documents in the Kingdom, *Shari'a*, as interpreted in the Kingdom, may be applied by the relevant court or judicial committee. The courts and judicial committees of Saudi Arabia have the discretion to deny the enforcement of any contractual or other obligations, if, in their opinion, the enforcement thereof would be contrary to the principles of *Shari'a*. As such there can be no assurance that the Saudi courts will recognise and enforce any arbitral award made under the arbitration agreement.

In addition, whilst the choice of English law as the governing law of the Certificates and the Transaction Documents does not contravene the laws and regulations of the Kingdom, the courts and judicial committees of the Kingdom may not recognise the choice of English law.

***The choice of forum clause may not be upheld by a Saudi Arabian judicial body***

The choice of forum clause in relation to the Certificates and the Transaction Documents may not be upheld by a Saudi Arabian court. Under Saudi Arabian law, only a court will finally determine the appropriate adjudicating forum for the dispute, notwithstanding the contractual election of the parties to the agreement. However, the Arbitration Law issued by Royal Decree No M/34, dated 24/5/1433 AH (corresponding to 16 April 2012) provides that a Saudi Arabian court must dismiss a claim if the defendant raises an arbitration agreement as its first defence in the case.

***The interpretation of the compliance of the Certificates and Transaction Documents with Shari'a principles may differ amongst Saudi courts and judicial committees***

Prospective Certificateholders should note that Saudi law, and, in particular, the relevant principles of Islamic law are generally construed and applied by Saudi Arabian adjudicatory bodies pursuant to the teachings of the Hanbali school of jurisprudence. There are majority and minority views within the Hanbali school of jurisprudence either of which may be applied in any particular case. In this regard, the courts and judicial committees of Saudi Arabia may decline to enforce any contractual or other obligations (including any provisions relating to the payment of profit) if it is their view that the enforcement thereof would be contrary to principles of *Shari'a*.

Prospective Certificateholders should note that to the best of the Trustee's and the Bank's knowledge, no securities of a similar nature to the Certificates have previously been the subject of adjudicatory interpretation or enforcement in Saudi Arabia.

Prospective Certificateholders should note that different *Shari'a* advisers and courts and judicial committees in Saudi Arabia may form different opinions on identical issues and therefore prospective Certificateholders should consult their own legal and *Shari'a* advisers to receive an opinion, as to the compliance of the Certificates and the Transaction Documents with *Shari'a* principles. Prospective Certificateholders should also note that although the Shariah Committee of the Bank has approved the transaction structure relating to the Certificates (as described in this Base Offering Circular), and each of the *Shari'a* Supervisory Board of Citi Islamic Investment Bank E.C., the *Shari'ah* Committee of HSBC Saudi Arabia, the *Shari'a* advisers of J.P. Morgan Securities plc and the Global Shariah Supervisory Committee of Standard Chartered Bank has confirmed that the transaction structure relating to the Certificates (as described in this Base Offering Circular) as, in their

view, complying with *Shari'a* principles as applicable to, and interpreted by, them, such approvals would not bind a court or judicial committee in Saudi Arabia, including in the context of any insolvency or bankruptcy proceedings relating to the Bank, and any court or judicial committee in Saudi Arabia will have the discretion to make its own determination about whether the Transaction Documents comply with the laws of Saudi Arabia and *Shari'a* principles and therefore are enforceable in Saudi Arabia.

**There are concerns as to the effectiveness under Saudi Arabian law of any transfer of an interest in an asset in Saudi Arabia on behalf of foreign nationals without a corporate presence in Saudi Arabia and the relevant licensing requirements having been met**

The Foreign Investment Law issued under Royal Decree No. M/1 dated 5/1/1421H (corresponding to 10 April 2000), as last amended by Council of Ministers' Decision No. 83 dated 30/1/1443H (corresponding to 8 September 2021) and the Anti-Concealment Law issued by Royal Decree No. M/4 dated 1/1/1442H (corresponding to 20 August 2020) prohibit persons and Saudi Arabian companies from doing business in Saudi Arabia on behalf of foreign nationals unless they meet certain requirements, including certain licensing requirements. The Trustee and the Bank could be interpreted as contravening this prohibition by entering into the Transaction Documents.

As a result, the transactions contemplated by the Transaction Documents may be considered void as a result of non-compliance with any of the matters specified above. If that is the case, a Saudi adjudicatory body is likely to require that the Obligor return to the Trustee the relevant issue proceeds less any Mudaraba Profit already paid in respect of the relevant Series. It is uncertain whether the parties will be entitled to any damages.

***Courts and judicial committees in Saudi Arabia may not give effect to the Bank Events***

Prospective Certificateholders should note that the courts and judicial committees of Saudi Arabia may not give effect to any of the Bank Events other than those Bank Events relating to the non-payment of amounts due under the Transaction Documents.

***Courts and judicial committees in Saudi Arabia may not give effect to penalties and certain types of indemnities***

Prospective Certificateholders should note that should any provision of the Transaction Documents be construed by a court or judicial committee in Saudi Arabia to be an agreement or undertaking by a party to pay indemnities or damages that are greater than a genuine estimate of actual direct loss incurred, a Saudi Arabian adjudicatory body may decline to enforce such provision. Further, any indemnity provided by the Bank pursuant to the Transaction Documents or in relation to any Series may not be enforceable under the laws and regulations of Saudi Arabia in certain circumstances. As such, Certificateholders may ultimately not be able to enforce the Trustee's and/or the Bank's relevant obligations under the Transaction Documents.

***Compliance with bankruptcy law in Saudi Arabia may affect the Bank's ability to perform its obligations under the Transaction Documents***

If the Bank's insolvency satisfied the eligibility conditions for one of the bankruptcy procedures under the Bankruptcy Law (issued pursuant to Royal Decree No. M/50 dated 28/05/1439H (corresponding to 13 February 2018)), as amended and its implementing regulations issued pursuant to the Resolution of the Council of Ministers No. 622 dated 24/12/1439H (corresponding to 4 September 2018) (the "**Bankruptcy Law**"), this could adversely affect the Bank's ability to perform its obligations under the Transaction Documents and, in turn, affect the Trustee's ability to perform its obligations in respect of the Certificates. The Bankruptcy Law, which came into effect on 18 August 2018, remains relatively new and several provisions are untested or are subject to different interpretations. Therefore, there is some uncertainty as to the practical application of certain provisions under the Bankruptcy Law. In particular, there is little precedent to predict how claims by or on behalf of the Certificateholders and/or the Delegate would be resolved in the event of the Bank satisfying the



eligibility conditions of any such bankruptcy procedures and, accordingly, it is uncertain exactly how and to what extent the Transaction Documents would be enforced by a Saudi Arabian adjudicatory body in that situation. Therefore, there can be no assurance that Certificateholders will receive payment of their claims in full or at all in these circumstances. In addition, there is a material likelihood that a Saudi Arabian adjudicatory body could consider void a contractual provision that seeks to terminate a contract in the event of a protective settlement or financial restructuring procedure being instigated. This is based on article 23 of the Bankruptcy Law, which states that contracts should continue during protective settlement or financial restructuring procedures and any condition to the contrary is deemed null and void. It is open to a contractual party to apply for its contract to be terminated, pursuant to article 24 of the Bankruptcy Law, if the party undergoing protective settlement fails to satisfy its contractual obligations in the period after the commencement of the protective settlement procedure.

In addition, in case of financial distress of a financial institution, the SIFI Law is generally applicable, and it remains uncertain to what extent the Bankruptcy Law will be applied once the treatment procedures set out in the SIFI Law were unsuccessful.

In case of a write down in a Non-Viability Event, see further *“Risk Factors – Certificateholders’ right to receive payment of the face amount of the Certificates and the Certificateholders’ right to any profit will be permanently cancelled or permanently Written-down (in whole or in part) upon the occurrence of a Non-Viability Event”*.

***A court may not grant an order for specific performance***

In the event that the Bank fails to perform its obligations under any Transaction Document, the potential remedies available to the Trustee and the Delegate include (i) obtaining an order for specific performance of the Bank’s obligations, or (ii) a claim for damages.

There is no assurance that a court will provide an order for specific performance, as this is generally a matter for the discretion of the relevant court. Specific performance, injunctive relief and declaratory judgments and remedies are rarely available as judicial and other adjudicative remedies in Saudi Arabia. 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 Trustee and the Delegate to mitigate any loss arising as a result of such 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 set out in the Transaction Documents. Damages for loss of profits, consequential damages or other speculative damages are not awarded in Saudi Arabia by the courts or other adjudicatory authorities, and only actual, direct and proven damages are awarded. Therefore, prospective investors should note that, if damages are awarded, they may receive less than they would have had an order for specific performance been granted.

***The terms of the Master Trust Deed may not be enforceable in Saudi Arabia***

The English law concept of a trust does not exist as such in Saudi Arabia. Accordingly, there is no certainty that the terms of the Master Trust Deed and any Supplemental Trust Deed (each of which will be governed by English law) would be enforced by the courts of Saudi Arabia and, as such, there can be no assurance that the obligations of the Trustee and/or the Delegate under the Master Trust Deed and any Supplemental Trust Deed to act on behalf of the Certificateholders in accordance with their instructions (given in accordance with the Conditions of the Certificates) are enforceable as a matter of contract under the laws of Saudi Arabia or that the courts and judicial committees of Saudi Arabia would recognise any claim of the Delegate on behalf of Certificateholders under the Transaction Documents pursuant to the Master Trust Deed.

***No assurances can be given as to change of law after the date of this Base Offering Circular***

The structure of each issue of Certificates under the Programme is based on English law, Cayman Islands law, the laws of Saudi Arabia and administrative practices in effect as at the date of this Base Offering Circular. No

assurance can be given as to the impact of any possible change to, or interpretation of, English, Cayman Islands or Saudi law or administrative practices in such jurisdiction after the date of this Base Offering Circular, nor can any assurance be given as to whether any such change could adversely affect the ability of the Trustee to make payments under the Certificates or of the Bank to comply with its obligations under the Transaction Documents.

## **Risks relating to Taxation**

### ***Taxation risks on payments***

Payments made by the Bank to the Trustee under, or pursuant to, the Transaction Documents are, and payments by the Trustee in respect of the Certificates could become, subject to taxation in Saudi Arabia. The relevant Transaction Documents require the Bank to pay additional amounts in the event that any withholding, retention or deduction for, or on account of, Taxes is required by applicable law to be made in respect of payments made by it to the Trustee which are intended to fund Periodic Distribution Amounts and Dissolution Distribution Amounts and/or if Additional Amounts are payable by the Trustee in respect of the Certificates of any Series in accordance with Condition 13. Condition 13 provides that the Trustee is required to pay Additional Amounts in respect of any such withholding, retention or deduction for, or on account of, Taxes imposed by Cayman Islands law in certain circumstances. In the event that the Trustee fails to pay any such Additional Amounts in respect of any such withholding, retention or deduction on payments due in respect of the Certificates to Certificateholders, the Bank has unconditionally and irrevocably undertaken (irrespective of the payment of any fee), as a continuing obligation, to pay to the Trustee (for the benefit of the Certificateholders) an amount equal to the liabilities of the Trustee in respect of any and all Additional Amounts required to be paid in respect of the Certificates pursuant to Condition 13 in respect of any withholding, retention or deduction in respect of any tax as set out in that Condition.

## DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the consolidated financial statements of the Group for the year ended 31 December 2024 together with the joint audit report thereon and the notes thereto (an electronic copy of which is available at: <https://www.sab.com/content/dam/sabpws/files/reports-documents/en/category-reports/2024/financial-statements/SAB%20FS%2031%20Dec%202024%20English.pdf.coredownload.inline.pdf>); and
- (b) the consolidated financial statements of the Group for the year ended 31 December 2023 together with the joint audit report thereon and the notes thereto (an electronic copy of which is available at: <https://www.sab.com/content/dam/sabpws/files/reports-documents/en/category-reports/2023/financial-statements/sab-31-dec-2023-english-fs.pdf.coredownload.inline.pdf>),

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

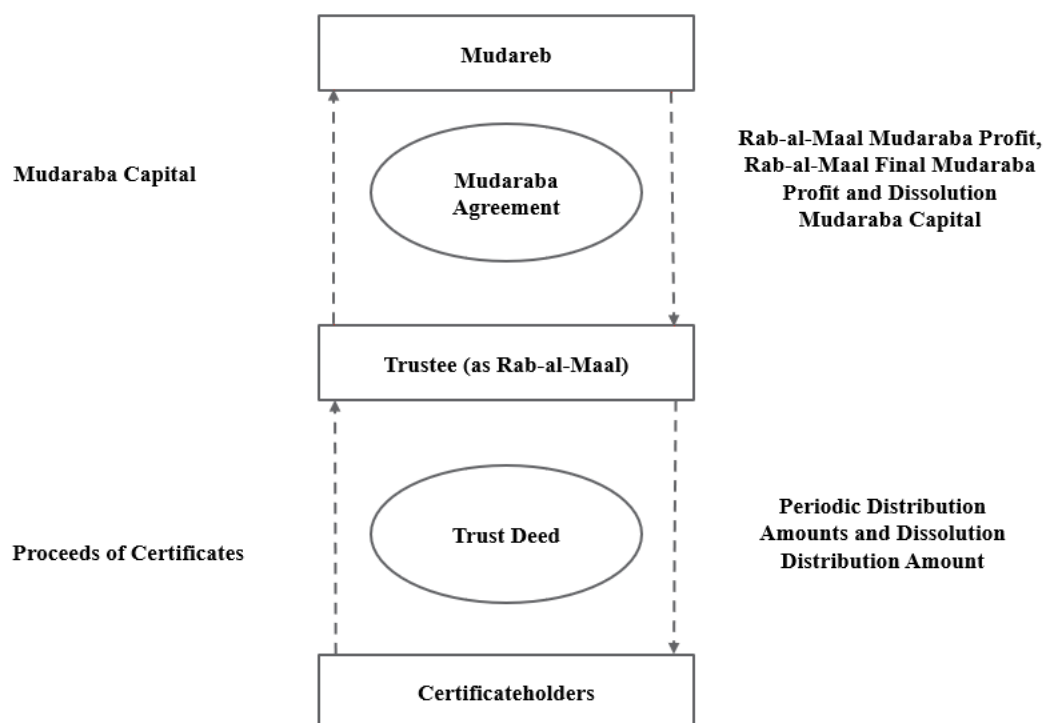
The Documents Incorporated by Reference shall be incorporated in, and form part of, this Base Offering Circular, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Offering Circular to the extent that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

Copies of the Documents Incorporated by Reference in this Base Offering Circular can be obtained upon request, free of charge, from the registered office of the Trustee and the Bank, and from the specified office of the Principal Paying Agent during usual business hours.

## STRUCTURE DIAGRAM AND CASH FLOWS

Set out below is a simplified structure diagram and description of the principal cash flows relating to each Series of Certificates issued under the Programme. This does not purport to be complete and is qualified in its entirety by reference to, and must be read in conjunction with, the more detailed information appearing elsewhere in this Base Offering Circular. Potential investors are referred to the Conditions and the detailed descriptions of the relevant Transaction Documents set out elsewhere in this Base Offering Circular for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalised terms used below. Potential investors should read this entire Base Offering Circular carefully, especially the risks of investing in the Certificates discussed under “Risk Factors”.

### Structure Diagram



### Principal Cash Flows

#### *Payments by the Certificateholders and the Trustee*

On the Issue Date of each Tranche, the Certificateholders will pay the issue price in respect of the Certificates to the Trustee. In respect of each Series, pursuant to the Trust Deed, the Trustee will declare a trust, in favour of the Certificateholders of such Series, over:

- the cash proceeds of the issue of such Series of Certificates, pending application thereof in accordance with the terms of the Transaction Documents;
- any and all of the rights, title, interests, benefits and entitlements, present and future, of the Trustee in, to and under the assets from time to time constituting the Mudaraba Assets of that Series (as defined below);
- any and all of the rights, title, interests, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (other than in relation to any representation given by the Bank

(acting in any capacity) to the Trustee pursuant to any of the Transaction Documents and the covenants given to the Trustee by the Bank pursuant to clause 13.1 of the Master Trust Deed); and

- (d) any and all moneys standing to the credit of the Transaction Account of the relevant Series from time to time,

and all proceeds of the foregoing (together, the “**Trust Assets**”).

The proceeds of the issue of each Tranche of Certificates will be contributed by the Trustee (as Rab-al-Maal) to the Mudareb on the relevant Issue Date, which proceeds will form the capital of the Mudaraba of the relevant Series and which may be subject to change after the relevant Issue Date in accordance with Condition 9.2 (the “**Mudaraba Capital**”) pursuant to the Master Mudaraba Agreement. The Mudaraba Capital will be co-mingled with (i) shareholders’ equity, (ii) proceeds of all *Shari’a*-compliant current, savings and investment deposit accounts with the Mudareb, and (iii) any other *Shari’a*-compliant source of funds included in the General Mudaraba Pool from time to time and invested, on an unrestricted co-mingling Mudaraba basis, by the Mudareb, in its fully *Shari’a*-compliant banking activities (the “**Business Portfolio**”) carried out through the General Mudaraba Pool and, following investment of the Mudaraba Capital, the Mudaraba Capital shall constitute *pro rata* undivided assets in the General Mudaraba Pool (the “**Mudaraba Assets**” for that Mudaraba).

***Periodic payments by the Trustee***

In respect of a Series, unless a Non-Payment Event or a Non-Payment Election has occurred, prior to each Periodic Distribution Date, the Mudareb shall distribute the profit generated by the relevant Mudaraba to both the Trustee and the Mudareb in accordance with an agreed profit sharing ratio (99 per cent. to the Trustee (as Rab-al-Maal) and 1 per cent. to the Mudareb). In respect of a Series, the Trustee shall apply its share of the profit (if any) generated by the relevant Mudaraba on each Periodic Distribution Date to pay the relevant Periodic Distribution Amount due to the Certificateholders of such Series on such date.

In respect of a Series, payments of Rab-al-Maal Mudaraba Profit (as defined in the Master Mudaraba Agreement) by the Bank (as Mudareb) will not be made in circumstances where a Non-Payment Event has occurred or a Non-Payment Election has been made. The Mudareb shall not have any obligation to make any subsequent payment in respect of such unpaid profit (whether from its own cash resources, from the relevant Mudaraba Reserve (as defined below) or otherwise).

Under the terms of the Master Mudaraba Agreement, the Mudareb shall be expressly entitled to co-mingle any of its own fully *Shari’a*-compliant assets from time to time with the Mudaraba Assets of any Mudaraba.

***Dissolution payments and redemption by the Trustee and the Mudareb***

Each Mudaraba is a perpetual arrangement with no fixed end date. Accordingly, each Series of Certificates issued under the Programme are perpetual securities in respect of which there is no fixed redemption date.

Subject to certain conditions set out in clause 7 of the Master Mudaraba Agreement, the Bank (as Mudareb) may at its option liquidate the Mudaraba of any Series in whole, but not in part, on the basis of a final actual liquidation of such Mudaraba in accordance with the Master Mudaraba Agreement in the following circumstances:

- (a) on the relevant Call Date, by giving not less than 20 nor more than 35 days’ prior notice to the Trustee; or
- (b) on any date on or after the relevant Issue Date (whether or not a Periodic Distribution Date), by giving not less than 20 nor more than 35 days’ prior notice to the Trustee:
  - (i) upon the occurrence of a Tax Event; or

- (ii) upon the occurrence of a Capital Event.

In respect of each Series, the Bank may (acting in its sole discretion) instruct the Trustee to, whereupon the Trustee shall, upon receipt of notice in accordance with paragraph (a) above redeem all, but not some only, of such Series of Certificates, and upon receipt of notice in accordance with paragraph (b) above redeem all, but not some only, of such Series of Certificates, in each case by giving not less than 15 nor more than 30 days' prior notice to the Certificateholders, all as more particularly described in the Conditions and following final actual liquidation of the relevant Mudaraba, as described above.

## OVERVIEW OF THE PROGRAMME

*The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base 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, if appropriate, a supplement to the Base 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>Bank</b>	Saudi Awwal Bank
<b>Trustee</b>	SAB AT1 Limited, an exempted company with limited liability incorporated in the Cayman Islands under the Companies Act (as amended) of the Cayman Islands on 6 February 2025 (with registration number 418283) and with its registered office at c/o Walkers Fiduciary Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands. The Trustee has been incorporated solely for the purpose of participating in the transactions contemplated by the Transaction Documents.
<b>Bank (LEI)</b>	558600TQS0WENZUC5190
<b>Trustee (LEI)</b>	254900G0214VUC31CW54
<b>Ownership of the Trustee</b>	The authorised share capital of the Trustee is U.S.\$50,000 consisting of 50,000 ordinary shares of U.S.\$1 each, of which 250 shares are fully paid up and issued. The Trustee’s entire issued share capital is held on trust for charitable purposes by Walkers Fiduciary Limited under the terms of a share declaration of trust dated 7 February 2025 (the “ <b>Share Declaration of Trust</b> ”).
<b>Administration of the Trustee</b>	The affairs of the Trustee are managed by Walkers Fiduciary Limited (the “ <b>Corporate Administrator</b> ”), with registered office at 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands, who will provide, amongst other things, corporate administrative services, director services and act as share trustee for and on behalf of the Trustee pursuant to the corporate services agreement dated 16 April 2025 between, amongst others, the Trustee and the Corporate Administrator (the “ <b>Corporate Services Agreement</b> ”).
<b>Arrangers</b>	HSBC Bank plc and Merrill Lynch International (the “ <b>Arrangers</b> ”).

<b>Dealers</b>	Citigroup Global Markets Limited, HSBC Bank plc, J.P. Morgan Securities plc, Kamco Investment Company K.S.C.P., Merrill Lynch International, Mizuho International plc, Standard Chartered Bank and Warba Bank K.S.C.P., 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 Bank plc (the “ <b>Delegate</b> ”). 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 (and, in certain circumstances, shall be obliged), subject to being indemnified and/or secured and/or pre-funded to its satisfaction, 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 (the “ <b>Principal Paying Agent</b> ”, “ <b>Registrar</b> ” and “ <b>Transfer Agent</b> ”)
<b>Initial Programme Size</b>	Up to U.S.\$5,000,000,000 (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 applicable 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 “ <b>Specified Currency</b> ”) agreed between the Trustee, the Bank and the relevant Dealer.



<b>Issue Price</b>	<p>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 will be determined by the Trustee and the Bank and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.</p>
<b>Denomination of Certificates</b>	<p>The Certificates will be issued in such denominations as may be agreed between the Trustee, the Bank and the relevant Dealer(s), save that 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.</p>
<b>Status</b>	<p>Each Certificate will represent an undivided ownership interest in the Trust Assets of the relevant Series, will be a limited recourse obligation of the Trustee and will rank <i>pari passu</i> without any preference or priority with all other Certificates; see Condition 4(a).</p>
<b>Subordination</b>	<p>The Relevant Obligations will (a) constitute Additional Tier 1 Capital of the Bank, (b) constitute direct, unsecured, conditional and subordinated obligations of the Bank, and (c) upon the occurrence and continuation of any Winding-Up Proceeding, rank (i) subordinate and junior to all Senior Obligations (as defined in the Conditions) but not further or otherwise, (c) <i>pari passu</i> with all other <i>Pari Passu</i> Obligations (as defined in the Conditions) and (d) in priority only to all Junior Obligations (as defined in the Conditions); see Condition 4(b).</p>
<b>Trust Assets</b>	<p>The Trust Assets of the relevant Series will be (a) the cash proceeds of the issue of such Series of Certificates, pending application thereof in accordance with the terms of the Transaction Documents; (b) any and all of the rights, title, interests, benefits and entitlements, present and future, of the Trustee in, to and under the assets from time to time constituting the Mudaraba Assets of that Series; (c) any and all of the rights, title, interests, benefits and entitlements, present and future of the Trustee in, to and under the Transaction Documents (other than in relation to any representation given by the Bank (acting in any capacity) to the Trustee pursuant to any of the Transaction Documents and the covenants given to the Trustee by the Bank pursuant to clause 13.1 of the Master Trust Deed);</p>

(d) any and all moneys standing to the credit of the Transaction Account of the relevant Series from time to time; and all proceeds of the foregoing (together, the “**Trust Assets**”).

### **Periodic Distributions**

Subject to and in accordance with the Conditions, Certificateholders of each Series are entitled to receive, on each Periodic Distribution Date, the Periodic Distribution Amounts calculated on the basis of the Profit Rate specified in the applicable Pricing Supplement.

The Profit Rate for a Series will be reset on each Reset Date in respect of that Series on the basis of the aggregate of the Margin and the Relevant Reset Rate on the relevant Reset Determination Date.

In respect of a Series, if the Bank makes a Non-Payment Election or a Non-Payment Event occurs, the Trustee shall not pay the corresponding Periodic Distribution Amounts (or any part thereof, as applicable) and neither the Bank nor the Trustee shall have any obligation to make any subsequent payment in respect of any unpaid Periodic Distribution Amount as more particularly described in Condition 8. In such circumstances, distributions will not be cumulative and any distributions which are not paid will not accumulate or compound and the Certificateholders will have no right to receive such distributions at any time, even if other distributions are paid in the future.

### **Redemption of Certificates**

The Certificates of each Series are perpetual securities and accordingly do not have a fixed or final redemption date. The Certificates of a Series may be redeemed in whole but not in part only in accordance with the provisions of Condition 9.1. Pursuant to Condition 9.1(b), the Trustee may (but only upon the instructions of the Bank (acting in its sole discretion)), on any Call Date, redeem all, but not some only, of the Certificates of a Series at the Trustee Call Amount. In addition (on any date on or after the relevant Issue Date, whether or not a Periodic Distribution Date), upon the occurrence of a Tax Event or a Capital Event, all but not some only, of the Certificates of the relevant Series may be redeemed in accordance with Conditions 9.1(c) and 9.1(d).

The redemption of any Series of Certificates, pursuant to Condition 9.1, is subject to the conditions described in Condition 9.1(a).

## **Limited Recourse**

Proceeds of the relevant Trust Assets are the sole source of payments on the Certificates of a Series. Save as otherwise provided in Condition 4(c), the Certificates do not represent an interest in any of the Trustee, the Delegate, the Bank, any of the Agents or any of their respective affiliates. If the proceeds of the relevant Trust Assets are insufficient to make all payments due in respect of any Series of Certificates, the relevant 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 in the manner and to the extent contemplated by the Transaction Documents), or of the Trustee Administrator, the Delegate, the Agents or any of their respective directors, officers, employees, agents, shareholders or affiliates, in each case in respect of any shortfall or otherwise and any unsatisfied claims of the Certificateholders shall be extinguished.

In respect of each Series, the Bank is obliged to make certain payments under the Transaction Documents directly to, or to the order of, the Trustee or the Delegate. Such payment obligations form part of the relevant Trust Assets and the Trustee and/or the Delegate will, subject to Condition 4(b) and Condition 12.3, have recourse against the Bank to recover payments due to the Trustee from the Bank pursuant to such Transaction Documents notwithstanding any other provision of Condition 4(c). Such right of the Trustee and the Delegate shall constitute an unsecured claim against the Bank. 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 Bank in connection with the enforcement of any such claim. See Condition 4(c) for further details.

## **Non-Viability/Write-down of the Certificates**

If a Non-Viability Event (as defined in the Conditions) occurs at any time on or after the Issue Date of the first Tranche of a Series and prior to the date on which an Applicable Statutory Loss Absorption Regime becomes effective in respect of such Series, except to the extent such provisions are required by the Applicable Statutory Loss Absorption Regime or the Financial Regulator in the exercise of its powers thereunder, a Write-down (as defined herein) shall occur on the relevant Non-

Viability Event Write-down Date (as defined herein), as more particularly described in Condition 10. In such circumstances, in relation to the relevant Series, the Certificateholders' rights to the relevant Trust Assets shall automatically be deemed to be irrevocably and unconditionally Written-down in a proportion corresponding to the relevant Write-down Amount and the relevant Certificates shall be cancelled (in the case of the relevant Write-down Amount corresponding to the full proportion of the face amount of the Certificates then outstanding) or Written-down in part on a *pro rata* basis in a proportion corresponding to the Write-down Amount (in the case of the relevant Write-down Amount corresponding to less than the full proportion of the face amount of the Certificates then outstanding) by the Trustee. See Condition 10.

#### **Dissolution Events**

Subject to Condition 12, if, in relation to a Series, a Bank Event occurs and if so requested in writing by the Certificateholders of at least one-fifth of the aggregate face amount of the Certificates then outstanding or if so directed by an Extraordinary Resolution of the Certificateholders in accordance with Condition 12.1, the Delegate shall give a Dissolution Notice to the Trustee, whereupon the Mudaraba of that Series will be liquidated in accordance with the provisions of the Master Mudaraba Agreement and the Delegate shall, subject to Condition 12.3, take the actions referred to therein.

#### **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 interests in a Global Certificate, which will be deposited with, and registered in the name of a nominee for, a Common Depositary for Euroclear and Clearstream, Luxembourg. Individual Certificates evidencing holdings of Certificates will be issued in exchange for interests in the relevant Global Certificate only in certain limited circumstances described under "*Summary of Provisions relating to the Certificates while in Global Form*".

#### **Clearance and Settlement**

Holders of the Certificates must hold their interest in the relevant Global Certificate in book-entry form through Euroclear and/or Clearstream, Luxembourg. Transfers within and between each of Euroclear or Clearstream, Luxembourg will be in accordance with

## **Withholding Tax**

the usual rules and operating procedures of the relevant clearing system.

All payments in respect of the Certificates are to be made free and clear of, and without withholding, retention or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Relevant Jurisdiction, unless such withholding, retention or deduction is required by law. In such event, the Trustee has agreed to pay such Additional Amounts as shall result in receipt by the Certificateholders (after such withholding, retention or deduction) of such net amounts as would have been receivable by them had no such withholding, retention or deduction been required, subject to and in accordance with Condition 13.

Further, in accordance with the terms of the Master Trust Deed, the Bank has unconditionally and irrevocably undertaken to (irrespective of the payment of any fee), as a continuing obligation, in the event that the Trustee fails to comply with any obligation to pay Additional Amounts pursuant to Condition 13, pay to or to the order of the Delegate (for the benefit of the Certificateholders) such net amounts as are necessary so that the amount receivable by the Delegate (after any such withholding, retention or deduction) equals any and all Additional Amounts, required to be paid by it in respect of the Certificates pursuant to Condition 13.

The Master Mudaraba Agreement provides that payments thereunder by the Bank to the Trustee shall be made free and clear of, and without withholding, retention or deduction for, or on account of, any present or future Taxes (as defined in the Master Mudaraba Agreement), unless such withholding, retention or deduction is required by law. In such event, and/or if Additional Amounts are payable by the Trustee in respect of the Certificates of any Series in accordance with Condition 13, the Master Mudaraba Agreement provides for the payment by the Bank of such Taxes and/or Additional Amounts by payment to the Transaction Account of the relevant Series in the Specified Currency by wire transfer for same day value so that the net amounts received by the Trustee or the Certificateholders, as the case may be, shall equal the respective amounts

## **Listing and Admission to Trading**

that would have been received in the absence of such withholding, retention or deduction and in the absence of the withholding, retention or deduction to which Condition 13 applies.

Application has been made to the London Stock Exchange for the Certificates to be admitted to trading on the ISM during the period of 12 months after the date hereof.

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 relevant Tranche.

The applicable Pricing Supplement will state whether or not the relevant Certificates are to be listed and/or admitted to trading and, if so, on which stock exchange and/or market.

## **Certificateholder Meetings**

A summary of the provisions for convening meetings of Certificateholders to consider matters relating to their interests as such is set out in Condition 15.

## **Tax Considerations**

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

## **Governing Law and Dispute Resolution**

The Certificates and any non-contractual obligations arising out of or in connection with them shall be governed by, and construed in accordance with, English law.

Each Transaction Document and any non-contractual obligations arising out of or in connection with it will be governed by, and construed in accordance with, English law.

In respect of any dispute under any Transaction Document, the Bank has agreed to arbitration in London under the Rules. The Corporate Services Agreement and the Share Declaration of Trust will be governed by the laws of the Cayman Islands and subject to the non-exclusive jurisdiction of the courts of the Cayman Islands.

## **Waiver of Immunity**

Under each of the Transaction Documents, the Bank has explicitly acknowledged that its execution of such documents constitutes, and its exercise of its rights and performance of its obligations thereunder will constitute, private and commercial acts done and performed for private and commercial purposes (rather than an act in its or any other sovereign capacity) and has irrevocably and unconditionally waived with respect to any proceedings arising under

the Conditions or any of such documents any sovereign or other immunity that it or its property, assets or revenues may have including (without limitation) from jurisdiction, suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process or defence and 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 property, assets or revenues whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any 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 Master Mudaraba Agreement and each Supplemental Mudaraba Agreement.

#### **Ratings**

The Bank has been assigned long-term issuer default ratings of “A-” with a stable outlook by Fitch and a long term bank deposit rating of “A1” with a stable outlook by Moody’s. Series of Certificates issued under the Programme may be rated or unrated. Where a Series of Certificates is rated, such rating, and the credit rating agency issuing such rating, will be disclosed in the applicable Pricing Supplement. 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 Cayman Islands, the Dubai International Financial Centre, the EEA, the UK, Hong Kong, Japan, Kuwait, the Kingdom of Bahrain, Saudi Arabia, Malaysia, Singapore, the State of Qatar (including the Qatar Financial Centre), the United Arab Emirates (excluding the Abu Dhabi Global Market and the Dubai International Financial Centre) and the United States of America. See “*Subscription and Sale*”.

#### **United States Selling Restrictions**

Regulation S, Category 2.

## TERMS AND CONDITIONS OF THE CERTIFICATES

*The following is the text of the terms and conditions that, subject to completion in accordance with the provisions of Part A of the applicable 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 applicable 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 applicable Pricing Supplement. Those definitions will be endorsed on the definitive Certificates.*

*The Saudi Central Bank (“SAMA”) does not make any representation as to the accuracy or completeness of this Base Offering Circular and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Offering Circular. In particular, prospective purchasers of the Certificates agree and acknowledge that SAMA assumes no liability whatsoever to any purchaser of the Certificates for any loss arising from, or incurred as a result of, the occurrence of a Non-Viability Event (as defined in these Conditions).*

SAB AT1 Limited (in its capacity as issuer and in its capacity as trustee, as applicable, the “**Trustee**”, which expression shall where the context allows include the Delegate (as defined below) acting pursuant to the powers delegated to it by the Trustee pursuant to the relevant Trust Deed (as defined below)) has established a programme (the “**Programme**”) for the issuance of additional tier 1 capital certificates (the “**Certificates**”) in a maximum aggregate face amount of U.S.\$5,000,000,000 (or the equivalent in other currencies calculated as described in the programme agreement between the Trustee, Saudi Awwal Bank (the “**Bank**” or the “**Obligor**”) and the Dealers named therein dated 16 April 2025 (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 a Master Trust Deed dated 16 April 2025 between the Trustee, the Obligor and HSBC Bank plc (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 agency agreement (the “**Agency Agreement**”) dated 16 April 2025 has been entered into in relation to the Certificates between the Trustee, the Obligor, the Delegate, HSBC Bank plc as principal paying agent and transfer agent, HSBC Bank plc as registrar 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**” and the “**Calculation Agent(s)**”, and together the “**Agents**”.

These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of: (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 final terms for this 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: (1) are available for inspection by Certificateholders from the registered office of the Trustee and the specified office of the Principal Paying Agent during usual business hours; or (2) will, at the option of the Principal Paying Agent, be available by email at a Certificateholder’s request (subject to provision of proof of holding satisfactory to the Principal Paying Agent and the Obligor, as the case may be), in each case, during normal business hours.

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 Tranche of Certificates in accordance with the terms of the Transaction Documents; (b) to act as Rab-al-Maal (as defined in Condition 5) pursuant to the Mudaraba Agreement on its behalf (which authorisation and direction shall also apply to its successors in title and any Substituted Trustee); and (c) to enter into, and perform its obligations under and in connection with, each Transaction Document, subject to the provisions of the Trust Deed and these Conditions.

The Certificates of each Series shall form a separate series and these Conditions shall apply *mutatis mutandis* separately and independently to the Certificates of each Series and, in these Conditions, the expressions “**Certificates**”, “**Certificateholders**” and related expressions shall be construed accordingly.

## **1 Interpretation**

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

“**Additional Amounts**” has the meaning given to it in Condition 13;

“**Additional Business Centre(s)**” means the city or cities specified as such in the applicable Pricing Supplement;

“**Additional Tier 1 Capital**” means capital qualifying as (or which would qualify as, but for any applicable limitation on the amount of such capital), and approved by the Financial Regulator as, additional tier 1 capital in accordance with the Capital Regulations;

“**Applicable Regulatory Capital Requirements**” means the requirements contained in the Capital Regulations for the maintenance of capital from time to time applicable to the Bank, including transitional rules and waivers granted in respect of the foregoing;

“**Applicable Statutory Loss Absorption Regime**” means a Statutory Loss Absorption Regime that is applicable to the Certificates and which, alone or together with any other law(s) or regulation(s), has the effect that Conditions 10.2 and 10.3 could cease to apply to the Certificates without giving rise to a Capital Event;

“**Auditors**” means, at any time, the statutory independent auditors to the Bank at the relevant time or such other auditor as may be appointed for the purpose of the Transaction Documents;

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

“**Bank Assets**” means the total assets of the Bank as shown (if required by any relevant party) in the latest audited or (as the case may be) auditor reviewed consolidated statement of financial position of the Bank, but adjusted for subsequent events in such manner as the directors of the Bank, the Auditors or (if a bankruptcy trustee (or any equivalent insolvency practitioner) has been appointed in respect of the Bank) a bankruptcy trustee (or such equivalent insolvency practitioner) may determine;

**“Bank Event”** means, in respect of a Series, any of the following events:

(a) **Non-payment**

the Bank (acting in its capacity as Mudareb) fails to pay an amount which is equivalent to principal or profit (including Additional Amounts) due and payable by it pursuant to the Mudaraba Agreement and the failure continues for a period of (in the case of an amount which is equivalent to principal) seven days or (in the case of an amount which is equivalent to profit) 14 days (save, in each case, where such failure occurs solely as a result of the occurrence of a Non-Payment Event or a Non-Payment Election); or

(b) **Winding-up**

a Winding-up Proceeding has occurred and is continuing; or

(c) **Analogous Event**

any event occurs which under the laws of the Kingdom of Saudi Arabia has an analogous effect to any of the events referred to in paragraph (b) above;

**“Bank Liabilities”** means the total liabilities of the Bank as shown (if required by any relevant party) in the latest audited or (as the case may be) auditor reviewed consolidated statement of financial position of the Bank, but adjusted for contingent liabilities and for subsequent events in such manner as the directors of the Bank, the Auditors or (if a bankruptcy trustee (or any equivalent insolvency practitioner) has been appointed in respect of the Bank) a bankruptcy trustee (or such equivalent insolvency practitioner) may determine;

**“Basel III”** means the set of reforms to the international regulatory capital framework issued by the Basel Committee (including, but not limited to, the Basel III Documents) as part of a package of new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for international credit institutions (including guidance on the eligibility criteria for tier 1 capital instruments and tier 2 capital instruments);

**“Basel III Documents”** means the Basel Committee document *“A global regulatory framework for more resilient banks and banking systems”* released by the Basel Committee on 16 December 2010 and revised in June 2011 and the Annex contained in its document *“Basel Committee issues final elements of the reforms to raise the quality of regulatory capital”* on 13 January 2011;

**“Basel Committee”** means the Basel Committee on Banking Supervision;

**“Business Day”** means a day, other than a Friday, Saturday, Sunday or public holiday, on which registered banks settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the Kingdom of Saudi Arabia, London, the principal financial centre of the country of the relevant Specified Currency and each Additional Business Centre(s);

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

**“Call Date”** has the meaning given to it in Condition 9.1(b);

**“Capital Event”** in relation to any Series, is deemed to have occurred if the Bank is notified in writing by the Financial Regulator to the effect that the outstanding face amount (or, if some amount of the relevant Certificates outstanding is held by the Bank or has been purchased with funding by the Bank, the amount that qualifies as regulatory capital) of the relevant Certificates is excluded (in full or, to the extent not prohibited by relevant regulatory criteria for Tier 1 Capital, in part) from the consolidated Tier 1 Capital of the Bank (save where such non-qualification is only as a result of either (a) any applicable limitation on the amount of such capital; or (b) such capital ceasing to count towards the Bank’s capital base through any amortisation or similar process or

any changes thereto (including any amortisation or similar process imposed through any grandfathering arrangement));

“**Capital Event Redemption Amount**” in relation to a Certificate means 100 per cent. of its outstanding face amount together with any Outstanding Payments;

“**Capital Regulations**” means, at any time, the regulations, standards, requirements, guidelines, guidance and policies relating to the maintenance of capital and/or capital adequacy then in effect in the Kingdom of Saudi Arabia, including those of the Financial Regulator;

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

“**Common Equity Tier 1 Capital**” means capital of the Bank qualifying as, and approved by the Financial Regulator as, or capital which would, but for any applicable limitation on the amount of such capital, qualify as, common equity tier 1 capital in accordance with the Capital Regulations;

“**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) (the “**Calculation Period**”):

- (a) if “**Actual/Actual-ICMA**” is specified in the applicable Pricing Supplement:
  - (i) 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
  - (ii) if the Calculation Period is longer than one Determination Period, the sum of:
    - (A) 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
    - (B) 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; and
- (b) if “**30/360**” 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:

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

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;

“**Delegation**” has the meaning given to it in Condition 16(a);

“**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);

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

“**Dispute**” has the meaning given to it in Condition 21(b);

“**Dissolution Distribution Amount**” means, in respect of a Series, the Trustee Call Amount, the Capital Event Redemption Amount or the Tax Event Redemption Amount, as the case may be, or such other amount in the nature of a redemption amount as may be determined in accordance with these Conditions;

“**Dissolution Event**” means Bank Event and/or a Trustee Event;

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

“**Dissolution Notice**” has the meaning given to it in Condition 12.1;

“**Dissolution Request**” has the meaning given to it in Condition 12.1;

“**Distributable Profits**” means the amount of the Bank’s consolidated retained earnings and reserves, including general reserves, special reserves and statutory reserves (to the extent not restricted from distribution by applicable law), after the transfer of any amounts to non-distributable reserves, all as calculated by the Bank based on its most recent consolidated financial statements, or any equivalent or successor term from time to time as prescribed by the Capital Regulations;

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

“**Final Mudaraba Profit**” has the meaning given to it in the Master Mudaraba Agreement;

“**Financial Regulator**” means SAMA or such other governmental authority which assumes or performs the functions of SAMA, as at the relevant Issue Date, or such other successor authority exercising primary banking supervision, in each case with respect to prudential matters in relation to the Bank;

“**First Call Date**” means the date specified as such in the applicable Pricing Supplement;

“**First Fallback Reset Rate**” means the rate specified as such in the applicable Pricing Supplement;

“**First Reset Date**” means the date specified as such in the applicable Pricing Supplement;

“**General Mudaraba Pool**” has the meaning given to it in the Master Mudaraba Agreement;

“**H.15**” means the daily statistical release designated as such, or any successor or replacement publication, published by the Board of Governors of the United States Federal Reserve System and “**most recent H.15**” means the H.15 published closest in time but prior to the applicable U.S. Securities Determination Date. H.15 may be currently obtained at the following website: <https://www.federalreserve.gov/releases/h15/>;

“**Indemnity Payment**” has the meaning given to it in the Master Mudaraba Agreement;

“**Initial Period**” means the period from (and including) the relevant Issue Date to (but excluding) the First Reset Date;

**“Initial Periodic Distribution Amount”** means the amount specified as such in the applicable Pricing Supplement;

**“Initial Periodic Distribution Rate”** means the rate specified as such in the applicable Pricing Supplement;

**“Issue Date”** means the date specified as such in the applicable Pricing Supplement;

**“LCIA”** means the London Court of International Arbitration;

**“Junior Obligations”** means all claims of the holders of Ordinary Shares and all payment obligations of the Bank in respect of its Common Equity Tier 1 Capital and any other payment obligations of the Bank which rank, or are expressed to rank, junior to the Relevant Obligations;

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

**“Margin”** means the percentage specified as such in the applicable Pricing Supplement;

**“Master Mudaraba Agreement”** has the meaning given to it in Condition 5;

**“Mid-Swap Maturity”** means the maturity specified as such in the applicable Pricing Supplement;

**“Mudaraba”** has the meaning given to it in Condition 5;

**“Mudaraba Agreement”** has the meaning given to it in Condition 5;

**“Mudaraba Assets”** has the meaning given to it in Condition 5;

**“Mudaraba Capital”** has the meaning given to it in Condition 5;

**“Mudaraba End Date”** has the meaning given to it in the Master Mudaraba Agreement;

**“Mudaraba Profit”** has the meaning given to that term in the Master Mudaraba Agreement;

**“Mudaraba Profit Distribution Date”** has the meaning given to that term in the Master Mudaraba Agreement;

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

**“Mudareb”** has the meaning given to it in Condition 5;

**“Non-Payment Election”** has the meaning given to it in Condition 8.2;

**“Non-Payment Event”** has the meaning given to it in Condition 8.1;

**“Non-Viability Event”** means, in relation to a Series, that the Financial Regulator has notified the Bank in writing that it has determined that the Bank is, or will become, Non-Viable without:

- (a) a Write-down of the Certificates of that Series (and write-down of any of the Bank’s other capital instruments or other obligations constituting Tier 1 Capital and/or Tier 2 Capital of the Bank that, pursuant to their terms or by operation of law, are capable of being written-down and/or converted into equity); or
- (b) a public sector injection of capital (or equivalent support), provided that such injection of capital is not made (i) by a shareholder of the Bank or (ii) on terms that are more favourable to the Bank than those that would be accepted by private investors in comparable transactions;

**“Non-Viability Event Write-down Date”** shall, in respect of a Series, be the date on which the Write-down will take place as specified in the Non-Viability Notice, which date shall be no later than 10 Business Days after the date of the Non-Viability Notice (or such earlier date as determined by the Financial Regulator);

**“Non-Viability Notice”** has the meaning given to it in Condition 10.3;

**“Non-Viable”** means, in the case of the Bank, (a) insolvent, bankrupt, unable to pay a material part of its obligations as they fall due or unable to carry on its business or (b) any other event or circumstance which is specified as constituting non-viability by the Financial Regulator or in the applicable Capital Regulations or any Applicable Statutory Loss Absorption Regime;

**“Ordinary Shares”** means the ordinary shares of the Bank;

**“Other Common Equity Tier 1 Instruments”** means securities issued by the Bank that qualify as Common Equity Tier 1 Capital of the Bank other than Ordinary Shares;

**“Outstanding Payments”** means, in relation to any amounts payable on redemption of the Certificates of any Series, an amount representing accrued and unpaid Periodic Distribution Amounts for the relevant Periodic Distribution Period during which redemption occurs to the date of redemption plus Additional Amounts thereon, if any;

**“Pari Passu Obligations”** means all subordinated payment obligations of the Bank which rank, or are expressed to rank, *pari passu* with the Relevant Obligations;

**“Periodic Distribution Amount”** has the meaning given to it in Condition 7.2;

**“Periodic Distribution Date”** means the date(s) specified as such in the applicable Pricing Supplement;

**“Periodic Distribution Period”** means the period beginning on (and including) the relevant Issue 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;

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

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

**“Profit Rate”** means, in respect of the Initial Period, the Initial Periodic Distribution Rate, and in respect of each Reset Period thereafter, the rate calculated in accordance with the provisions of Condition 7.4;

**“Rab-al-Maal Final Mudaraba Profit”** has the meaning given to it in the Master Mudaraba Agreement;

**“Rab-al-Maal Mudaraba Profit”** has the meaning given to it in the Master Mudaraba Agreement;

**“Record Date”** has the meaning given to it in Condition 11(a);

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

**“Relevant Jurisdiction”** has the meaning given to it in Condition 13;

**“Relevant Obligations”** has the meaning given to it in Condition 4(b);

**“Relevant Reset Rate”** means, in respect of each Reset Period:

- (a) if the Specified Currency is U.S. dollars (i) a rate per annum (expressed as a decimal) determined on the relevant U.S. Securities Determination Date equal to the yield that represents the average of the daily yields for the week immediately preceding the relevant U.S. Securities Determination Date to maturity for U.S. Treasury securities with the Mid-Swap Maturity and trading in the public securities markets; or (ii) if there is no such published U.S. Treasury security with the Mid-Swap Maturity and trading in the public securities markets, then the rate will be determined on the relevant U.S. Securities Determination Date by interpolation between the most recent yield that represents the average of the daily yields for the week immediately preceding the relevant U.S. Securities Determination Date to maturity for two series of U.S. Treasury securities trading in the public securities market: (A) one maturing as close as possible to, but earlier than, the immediately following Reset Date; and (B) the other maturing as close as possible to, but later than, the immediately following Reset Date, in each case as derived from the most recent H.15. If the Bank cannot procure the determination of the Relevant Reset Rate on the relevant U.S. Securities Determination Date pursuant to the methods described in paragraphs (i) and (ii) above, then the Relevant Reset Rate will be: (i) equal to the rate applicable to the immediately preceding Reset Period; or (ii) in the case of the Reset Period commencing on the First Reset Date, the First Fallback Reset Rate; and
- (b) if the Specified Currency is any currency other than U.S. dollars, the rate calculated in accordance with the method prescribed by the applicable Pricing Supplement;

“**Reset Date**” has the meaning given to it in the applicable Pricing Supplement;

“**Reset Determination Date**” means, in respect of each Reset Period:

- (a) if the Specified Currency is U.S. dollars, the U.S. Securities Determination Date; and
- (b) if the Specified Currency is any currency other than U.S. dollars, the date specified as such in the applicable Pricing Supplement;

“**Reset Period**” means, in relation to a Series, the period from (and including) the First Reset Date to (but excluding) the earlier of (a) the Mudaraba End Date of that Mudaraba and (b) the following Reset Date, and (if applicable) each successive period thereafter from (and including) such Reset Date to (but excluding) the earlier of (x) the Mudaraba End Date of that Mudaraba and (y) the next succeeding Reset Date, in each case of that Series;

“**SAMA**” means the Saudi Central Bank and/or any of its successors or assigns;

“**Saudi Arabia**” means the Kingdom of Saudi Arabia;

“**Senior Creditors**” means creditors of the Bank (including payment obligations to the Bank’s depositors (in respect of their due claims) and, for this purpose, holders of any instrument issued by, or other obligation of, the Bank which ranks senior to the claims of the Trustee in respect of the Relevant Obligations) other than creditors in respect of obligations, the claims in relation to which rank or are expressed to rank *pari passu* with, or junior to, the claims of the Trustee in respect of the Relevant Obligations;

“**Senior Obligations**” means all unsubordinated payment obligations of the Bank (including payment obligations to the Bank’s depositors (in respect of their due claims)) and all subordinated payment obligations (if any) of the Bank except *Pari Passu* Obligations and Junior Obligations;

“**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 relevant Issue Date;

**“Solvency Conditions”** has the meaning given to it in Condition 4(b);

**“Solvent”** means that: (a) the Bank is able to pay its debts as they fall due and (b) the Bank Assets exceed Bank Liabilities;

**“Specified Currency”** means the currency specified as such in the applicable Pricing Supplement or, if none is specified, the currency in which the relevant Series of Certificates is denominated;

**“Specified Denominations”** means the amount(s) specified as such in the applicable Pricing Supplement;

**“Statutory Loss Absorption Regime”** means any statutory regime implemented in the Kingdom of Saudi Arabia which provides the Financial Regulator with the powers to implement loss absorption measures in respect of capital instruments (such as the Certificates), including, but not limited to, any such regime which is implemented pursuant to Basel III and/or, to the extent applicable to the Bank, the Law on the Treatment of Systemically Important Financial Institutions issued by Royal Decree number M/38 dated 25/04/1442H (corresponding to 11 December 2020);

**“Subsidiary”** means, in relation to any Person (the **“first Person”**) at any particular time, any other Person (the **“second Person”**): (i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person and **“Subsidiaries”** shall be construed accordingly;

**“Substituted Territory”** has the meaning given to it in Condition 12.2;

**“Substituted Trustee”** has the meaning given to it in Condition 12.2;

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

**“Taxes”** has the meaning given to it in Condition 13;

**“Tax Event”** means, in relation to a Series, the Bank or the Trustee (as the case may be) would, as a result of a Tax Law Change, in making any payments under the Master Mudaraba Agreement (in the case of the Bank (in its capacity as Mudareb)) on the next due date for a payment of Mudaraba Profit or the Certificates (in the case of the Trustee) on the next due date for payment of a Periodic Distribution Amount (as the case may be) (whether or not a Non-Payment Event has occurred or a Non-Payment Election has been made), be required to pay any Additional Amounts and/or Taxes under, or in connection with, clause 5.11 of the Master Mudaraba Agreement (and such requirement cannot be avoided by the Bank or the Trustee (as the case may be) taking reasonable measures available to it);

**“Tax Event Redemption Amount”** in relation to a Certificate means 100 per cent. of its outstanding face amount together with any Outstanding Payments;

**“Tax Law Change”** means any change in, or amendment to, the laws, published practice or regulations of any Relevant Jurisdiction, or any change in the application or official interpretation of such laws, published practice or regulations (including a holding by a court of competent jurisdiction);

**“Tier 1 Capital”** means capital qualifying as (or which would qualify as, but for any applicable limitation on the amount of such capital), and approved by the Financial Regulator as, tier 1 capital in accordance with the Capital Regulations;

**“Tier 2 Capital”** means capital qualifying as (or which would qualify as, but for any applicable limitation on the amount of such capital), and approved by the Financial Regulator as, tier 2 capital in accordance with the Capital Regulations;



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

“**Transaction Account**” has the meaning given to it in Condition 5;

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

- (a) the Master Trust Deed;
- (b) each Supplemental Trust Deed;
- (c) the Agency Agreement;
- (d) the Master Mudaraba Agreement; and
- (e) each Supplemental 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 of that Series pursuant to the Trust Deed;

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

“**Trustee Administrator**” means Walkers Fiduciary Limited;

“**Trustee Call Amount**” in relation to a Certificate means 100 per cent. of its outstanding face amount together with any Outstanding Payments;

“**Trustee Event**” means, in respect of a Series, any of the following events:

- (a) **Non-Payment:** default is made in the payment of the Dissolution Distribution Amount, or default is made in the payment of any Periodic Distribution Amount, in each case, on the due date for payment thereof and such default continues in the case of any Dissolution Distribution Amount for a period of seven days and, in the case of a Periodic Distribution Amount, for a period of 14 days; or
- (b) **Winding-up:** an administrator is appointed, an order is made by any competent court or the government of the Cayman Islands or an effective resolution is passed for the administration, winding-up, liquidation, dissolution or similar event of the Trustee in accordance with applicable law or the Trustee applies or petitions for a winding-up or an administration order in respect of itself (except, in any such case, a solvent winding-up solely than for the purposes of a reorganisation, reconstruction or amalgamation approved by any court of competent jurisdiction or other competent authority); or
- (c) **Analogous Event:** any event occurs that under the laws of the Cayman Islands has an analogous effect to any of the events referred to in paragraph (b) above.

For the purpose of paragraph (a) above, in relation to such Series, all amounts payable in respect of the Certificates shall be considered due and payable (including any amounts calculated as being payable under Condition 7.4) notwithstanding that the Trustee has at the relevant time insufficient funds or relevant Trust Assets to pay such amounts including, without limitation, as a result of any failure by the Mudareb to comply with the matters described in Condition 4(c)(vii) (save, in each case, where such insufficient funds arise solely as a result of the occurrence of a Non-Payment Event or a Non-Payment Election in relation to such Series);

“**Trustee’s Territory**” has the meaning given to it in Condition 12.2;

“**U.S.**” means the United States of America;

“**U.S.\$**” or “**U.S. dollars**” means the lawful currency for the time being of the U.S.;

**“U.S. Government Securities Business Day”** means any day except for a Saturday, Sunday or a day on which the U.S. Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities;

**“U.S. Securities Determination Date”** means the second U.S. Government Securities Business Day before the commencement of the Reset Period for which the rate will apply;

**“Winding-Up Proceeding”** means an administrator is appointed, an order is made by any competent court or the government of the Kingdom of Saudi Arabia or an effective resolution is passed for the administration, winding-up, liquidation, dissolution or similar event of the Bank in accordance with applicable law or the Bank applies or petitions for a winding-up or an administration order in respect of itself (except, in any such case, a solvent winding-up solely than for the purposes of a reorganisation, reconstruction or amalgamation approved by any court of competent jurisdiction or other competent authority);

**“Write-down”** means, in relation to a Series:

- (a) the Certificateholders’ rights under or in respect of the relevant Trust Assets (including the relevant Mudaraba Assets) shall automatically be deemed to be irrevocably and unconditionally Written-down (if applicable, on a *pro rata* basis) in a proportion corresponding to the relevant Write-down Amount;
- (b) (in the case of the relevant Write-down Amount corresponding to the full proportion of the face amount of the Certificates then outstanding) the relevant Certificates shall be cancelled or (in the case of the relevant Write-down Amount corresponding to less than the full proportion of the face amount of the Certificates then outstanding) Written-down in part on a *pro rata* basis in a proportion corresponding to the Write-down Amount;
- (c) (in the case of the relevant Write-down Amount corresponding to the full proportion of the face amount of the Certificates then outstanding) the relevant Certificateholders’ rights under the relevant Mudaraba Assets shall be granted to the Mudareb such that the value of the relevant Mudaraba Assets is zero;
- (d) (in the case of the relevant Write-down Amount corresponding to less than the full proportion of the face amount of the Certificates then outstanding) the relevant Certificateholders’ rights under the relevant Mudaraba Assets shall be granted to the Mudareb such that the value of the relevant Mudaraba Assets is reduced in part on a *pro rata* basis in a proportion corresponding to the Write-down Amount;
- (e) the Trustee shall pay (x) any accrued and unpaid Periodic Distribution Amounts (in relation to the relevant Write-down Amount); and (y) any Additional Amounts (in relation to the relevant Write-down Amount), in each case, if and only to the extent that such Periodic Distribution Amount or Additional Amount, as applicable, became due and payable prior to the date of the Non-Viability Notice (and provided payment of such amounts are not prohibited by the Financial Regulator or the Capital Regulations at such time); and
- (f) except as described in paragraph (e) above, all rights of any Certificateholder for payment of any amounts under or in respect of such Series of Certificates (including, without limitation, the Dissolution Distribution Amount and any amounts arising as a result of, or due and payable upon the occurrence of, a Dissolution Event) in a proportion corresponding to the relevant Write-down Amount (and any related unpaid Periodic Distribution Amounts) shall be cancelled and not restored under any circumstances, irrespective of whether such amounts have become due and payable prior to the date of the Non-Viability Notice or the Non-Viability Event Write-down Date,

and all references to **“Written-down”** will be construed accordingly; and

**“Write-down Amount”** means, in relation to a Series, the outstanding face amount of the Certificates of such Series that the Financial Regulator has determined to be Written-down.

## 2 Form, Denomination and Title

The Certificates are issued in registered form in the Specified Denominations specified in the applicable Pricing Supplement.

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

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

In these Conditions, “**Certificateholder**” or “**holder**” means the person in whose name a Certificate is registered.

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

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

## 3 Transfers

### (a) Transfer of Certificates

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

*provided that* any such change is not materially prejudicial to the interests of the Certificateholders. A copy of the current regulations will be made available by email by the Registrar to any Certificateholder upon request (subject to provision of proof of holding satisfactory to the Registrar), during normal business hours.

(b) **Delivery of New Registered Certificates**

Each new Registered Certificate to be issued pursuant to Condition 3(a) 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. Delivery of the new Registered Certificate(s) shall be made at the specified office of the relevant Transfer Agent or of the Registrar (as the case may be) to whom delivery of such form of transfer and surrender of such Registered Certificate shall have been made or, at the option of the holder of Certificates making such delivery and surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder of Certificates entitled to the new Registered Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance or takaful as it may specify. In this Condition 3(b), “**business day**” means a day, other than a Saturday or a Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) **Transfers Free of Charge**

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

(d) **Closed Periods**

No Certificateholder may require the transfer of a Certificate to be registered during the period of 15 days ending on a Periodic Distribution Date or any other date on which any payment of the face amount or payment of any premium or profit in respect of a Certificate falls due.

## **4 Status**

(a) **Status**

Each Certificate represents an undivided ownership interest in the Trust Assets and is limited recourse obligation of the Trustee. Each Certificate will constitute unsecured obligations of the Trustee and shall at all times rank *pari passu* without any preference or priority, with all other Certificates. The rights and claims of the Trustee and the Certificateholders against the Bank in respect of the Relevant Obligations are subordinated as described in Condition 4(b).

(b) **Subordination**

- (i) The payment obligations of the Bank under the Master Mudaraba Agreement (including all payments which are the equivalent of principal and profit) (the “**Relevant Obligations**”) will: (a) constitute Additional Tier 1 Capital of the Bank, (b) constitute direct, unsecured, conditional and subordinated obligations of the Bank, and (c) upon the occurrence and continuation of any Winding-Up Proceeding, rank (i) subordinate and junior to all Senior Obligations but not further

or otherwise, (ii) *pari passu* with all other Pari Passu Obligations and (iii) in priority only to all Junior Obligations.

- (ii) The Trustee irrevocably waives its rights to the extent necessary to give effect to the subordination provisions of this Condition 4(b). In order to give effect to such subordination provisions, the Trustee, the Bank and the Certificateholders agree that if a Winding-Up Proceeding shall have occurred and be continuing, any amounts that would be due and payable to them (including any amounts standing to the credit of the relevant Mudaraba Reserve) will be applied:
  - (A) first, to the payment in full of each claim in respect of a Senior Obligation (including any amount in respect of such claim accruing after the date of commencement of such Winding-Up Proceeding); and
  - (B) thereafter, to the payment, equally and rateably, of each amount owing in respect of the Relevant Obligations and all Pari Passu Obligations.
- (iii) Neither the Trustee nor any Certificateholder may exercise or claim any right of set-off in respect of any amount owed to it by the Bank arising under or in connection with the Relevant Obligations and the Trustee and, by its holding of any Certificates, each Certificateholder, shall be deemed to have waived all such rights of set-off to the fullest extent permitted by law.

*As a consequence of these subordination provisions, if a Winding-Up Proceeding should occur, the Certificateholders may recover less rateably than the holders of deposit liabilities, the holders of other unsubordinated liabilities or the holders of subordinated liabilities ranking senior to the Relevant Obligations, in each case, of the Bank.*

- (iv) The Trustee may only exercise its enforcement rights in relation to any Relevant Obligation or in relation to any of its other rights under the Master Mudaraba Agreement or any other Transaction Document in the manner provided in Condition 12.3.
- (v) The provisions of this Condition 4(b) apply only to the Relevant Obligations and nothing in this Condition 4(b) shall affect or prejudice the payment of the costs, charges, expenses, liabilities, indemnities or remuneration of the Delegate or the rights and remedies of the Delegate in respect thereof and in such capacity the Delegate shall rank as an unsubordinated creditor of the Bank.
- (vi) Except upon the occurrence and continuation of any Winding-Up Proceeding and without prejudice to Condition 8, the Relevant Obligations are conditional upon the following (together, the “**Solvency Conditions**”):
  - (a) the Bank (in its capacity as Mudareb or otherwise) being Solvent at all times from (and including) the first day of the relevant Periodic Distribution Period (or the Issue Date in the case of the first such period) to (and including) the time of payment of the Relevant Obligations that are due and payable;
  - (b) the Bank (in its capacity as Mudareb or otherwise) being capable of making payment of the Relevant Obligations and any other payment that is due to be made on the relevant date to a creditor in respect of all Senior Obligations and all Pari Passu Obligations and still be Solvent immediately thereafter; and
  - (c) the total share capital (including, without limitation, retained earnings) of the Bank being greater than zero at all times from (and including) the first day of the relevant Periodic Distribution Period (or the Issue Date in the case of the first such period) to (and including) the time of payment of the Relevant Obligations that are due and payable.

(c) **Limited Recourse and Agreement of Certificateholders**

Save as provided in this Condition 4(c), the Certificates do not represent an interest in, or obligation of, any of the Trustee, the Delegate, the Bank, or any of their respective affiliates.

The proceeds of the realisation of, or enforcement with respect to, the Trust Assets are the sole source of payments on the Certificates. Such proceeds may not be sufficient to make all payments due in respect of the Certificates. Certificateholders, by subscribing for or acquiring any Series of 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 of their respective shareholders, directors, officers, employees, corporate services providers or agents on their behalf except to the extent funds are available therefor from the relevant Trust Assets and no recourse shall be had for the payment of any amount due and owing hereunder or under any Transaction Document, whether for the payment of any fee, indemnity or other amount hereunder or any other obligation or claim arising out of or based upon the Transaction Documents, against the Trustee or the Delegate to the extent the relevant 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 Trust Assets to a third party, and may only realise its rights, title, interests, benefits and entitlements, present and future, in, to and under the Trust Assets in the manner expressly provided in the Transaction Documents;
- (iii) if the proceeds of the relevant Trust Assets are insufficient to make all payments due in respect of any 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 in the manner and to the extent contemplated by the Transaction Documents), or of the Trustee Administrator, the Delegate, the Agents or any of their respective directors, officers, employees, agents, shareholders or affiliates, in each case in respect of any shortfall or otherwise and any unsatisfied claims of the Certificateholders shall be extinguished;
- (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 or any of their respective directors, officers, employees, agents, shareholders or affiliates;
- (v) no recourse (whether by institution or enforcement of any legal proceedings or assessment or otherwise) in respect of any breaches of any duty, obligation or undertaking of the Trustee or the Delegate arising under or in connection with these Conditions or any Transaction Documents by virtue of any customary law, statute or otherwise shall be had against any shareholder, officer, director, employee, agent 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 officers or directors 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;

- (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 any sums due under such Certificate. No collateral is or will be given for the payment obligations under the Certificates;
- (vii) the proceeds of the relevant Trust Assets are the sole source of payments on the Certificates of the relevant Series. Payment by the Trustee of any Periodic Distribution Amount or any amount required to redeem the Certificates of a Series is subject to receipt by the Trustee of the amounts expected to be received by it from the Mudareb in accordance with the provisions of the Master Mudaraba Agreement. The Master Mudaraba Agreement provides that there is no guarantee of any return from the Mudaraba Assets and the Bank's obligation to pay amounts thereunder are subject to the more detailed provisions set out therein, and references in these Conditions to "Periodic Distribution Amount", "profit" and "Profit Rate" should be construed accordingly; and
- (viii) the Trustee and the Mudareb have agreed in the Master Mudaraba Agreement that the Mudareb shall not be responsible for any losses to the Mudaraba Capital suffered by the Trustee unless such losses are caused by (i) the Mudareb's breach of the Master Mudaraba Agreement or (ii) the Mudareb's gross negligence, wilful misconduct or fraud.

Pursuant to the terms of the Transaction Documents, the Obligor is obliged to make certain payments directly to or to the order of the Trustee. Such payment obligations form part of the Trust Assets and the Trustee and the Delegate (failing which the Certificateholders pursuant to Condition 12.3(e)) will thereby, subject to Condition 4(b) and Condition 12.3, have 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(c). Such right of the Trustee and the Delegate shall 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.

(d) **Other Issues**

So long as any of the Certificates of any Series remain outstanding, the Bank (in its capacity as Mudareb or otherwise) will not issue any securities (regardless of name or designation) or create any guarantee of, or provide any contractual support arrangement in respect of, the obligations of any other entity which in each case constitutes (whether on a solo, or a solo consolidated or on a consolidated basis) issued Additional Tier 1 Capital of the Bank if claims in respect of such securities, guarantee or contractual support arrangement would rank (as regards distributions on a return of assets on a winding-up or in respect of distribution or payment of dividends and/or any other amounts thereunder) senior to the Relevant Obligations. This prohibition will not apply if at the same time or prior thereto: (a) these Conditions and (to the extent applicable) the Transaction Documents are amended to ensure that the Trustee (on behalf of the Certificateholders) obtains and/or (b) the Relevant Obligations have, in each case, the benefit of, such of those rights and entitlements as are contained in or attached to such securities or under such guarantee or contractual support arrangement as are required so as to ensure that claims in respect of the Relevant Obligations rank *pari passu* with, and contain substantially equivalent rights of priority as to distributions or payments on, such securities or under such guarantee or contractual support arrangement.

## 5 The Trust

### (a) Trust Assets

SAB AT1 Limited (in its capacity as Trustee and as the “**Rab-al-Maal**”) has entered into a Master Mudaraba Agreement (the “**Master Mudaraba Agreement**”) dated 16 April 2025 with the Bank (in such capacity, the “**Mudareb**”). Pursuant to the Master Mudaraba Agreement, as supplemented by the relevant Supplemental Mudaraba Agreement(s) (together the “**Mudaraba Agreement**”), the Rab-al-Maal will contribute the proceeds of the issue of each Tranche of Certificates to the Mudareb on the relevant Issue Date, which proceeds will form the capital of the Mudaraba (as defined below) of the relevant Series and which may be subject to change after the relevant Issue Date in accordance with Condition 9.2 (the “**Mudaraba Capital**”). The Mudareb will invest the Mudaraba Capital in its fully *Shari’a* compliant banking activities carried out through the General Mudaraba Pool and following such investment, the Mudaraba Capital shall constitute *pro rata* undivided assets in the General Mudaraba Pool (the “**Mudaraba Assets**”) in accordance with the Master Mudaraba Agreement, which shall include an investment plan prepared by the Mudareb and shall constitute a mudaraba for the relevant Series (the “**Mudaraba**”).

In relation to each Series and prior to the relevant Issue Date, the Trustee will open a non-interest bearing transaction account in London (the “**Transaction Account**”) in its own name with the Principal Paying Agent, details of which will be set out in the applicable Pricing Supplement. The Transaction Account shall be operated by the Principal Paying Agent on behalf of the Trustee and shall be the account into which the Mudareb will pay all amounts due to the Trustee under the Transaction Documents. If the Trustee is substituted in accordance with Condition 12.2, the Substituted Trustee will be required to open a new non-interest bearing transaction account in London in its name with the Principal Paying Agent into which the Mudareb will pay all amounts due to the Trustee under the Transaction Documents from the date of substitution onwards, and references in these Conditions to the “**Transaction Account**” will be construed accordingly.

Pursuant to the terms of 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 such Series of Certificates, pending application thereof in accordance with the terms of the Transaction Documents;
- (ii) any and all of the rights, title, interests, benefits and entitlements, present and future, of the Trustee in, to and under the assets from time to time constituting the Mudaraba Assets of that Series;
- (iii) any and all of the rights, title, interests, benefits and entitlements, present and future of the Trustee in, to and under the Transaction Documents (other than in relation to any representation given by the Bank (acting in any capacity) to the Trustee pursuant to any of the Transaction Documents and the covenants given to the Trustee by the Bank pursuant to clause 13.1 of the Master Trust Deed); and
- (iv) any and all moneys standing to the credit of the Transaction Account of the relevant Series from time to time,

and all proceeds of the foregoing.



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

**(b) Priority of Payments**

On each Periodic Distribution Date and on any date fixed for payment of the Dissolution Distribution Amount, 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 date fixed for payment of the Dissolution Distribution Amount, as the case may be;
- (ii) *second*, only if such payment is made on a Periodic Distribution Date, in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due but unpaid;
- (iii) *third*, only if such payment is made on a date fixed for payment of the Dissolution Distribution Amount, in or towards payment *pari passu* and rateably of the relevant Dissolution Distribution Amount; and
- (iv) *fourth*, after all amounts required to be paid in respect of such Certificates have been discharged in full, in payment of any residual amount to the Obligor.

## **6 Trustee Covenants**

The Trustee has covenanted in the Trust Deed that, *inter alia*, for so long as any Certificate is outstanding, it shall not (without the prior written consent of the Delegate):

- (a) incur any indebtedness in respect of borrowed or raised money whatsoever (whether structured (or intended to be structured) in accordance with the principles of *Shari’a* 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) or any other certificates except, in all cases, as contemplated in the Transaction Documents;
- (b) grant or permit to be outstanding any lien, pledge, charge, mortgage or other security interest upon any of its present or future undertakings, assets, properties or revenues (other than those arising by operation of law (if any) or permitted under or pursuant to any of the Transaction Documents);
- (c) 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;
- (d) amend or agree to any amendment of any Transaction Document (other than in accordance with the terms thereof) or its constitutional documents;
- (e) 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;

- (f) have any subsidiaries or employees;
- (g) redeem or purchase any of its shares or pay any dividend or make any other distribution to its shareholders;
- (h) use the proceeds of the issue of any Series of Certificates for any purpose other than as stated in the Transaction Documents;
- (i) 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
- (j) enter into any contract, transaction, amendment, obligation or liability other than the Certificates and the Transaction Documents or any permitted amendment or supplement thereto or as expressly contemplated, permitted or required thereunder or engage in any business or activity other than:
  - (i) as contemplated, provided for or permitted in the Transaction Documents;
  - (ii) the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and
  - (iii) such other matters which are incidental thereto.

## 7 Periodic Distributions

### 7.1 Distribution of Mudaraba Profit

The Trustee has agreed in the Master Mudaraba Agreement that the Bank shall be entitled (in its capacity as Mudareb or otherwise) to utilise the General Mudaraba Pool to make payments in respect of the claims of Senior Creditors or to cover losses of the General Mudaraba Pool and that such entitlement shall apply at any time before an order has been made, or an effective resolution has been passed, for the winding-up, dissolution or liquidation (or other analogous event) of the Bank (in its capacity as Mudareb or otherwise).

### 7.2 Periodic Distribution Amounts

Subject to Conditions 4(b), 4(c), 7.3, 8, 10 and 11, the Trustee shall distribute to Certificateholders, *pro rata* to their respective holdings, out of amounts transferred into the relevant Transaction Account, a distribution in relation to such Series of Certificates on each Periodic Distribution Date equal to the Periodic Distribution Amount.

The “**Periodic Distribution Amount**” payable on each Periodic Distribution Date:

- (a) for the Initial Period, shall be an amount equal to the Initial Periodic Distribution Amount; and
- (b) during each Reset Period (if any), shall be the relevant amount calculated in accordance with the provisions of Condition 7.4.

### 7.3 Cessation of Accrual

Subject to Conditions 4(b), 8 and 10, each Certificate of a Series will cease to be eligible to earn Periodic Distribution Amounts from the due date for redemption, following liquidation of the Mudaraba in accordance with these Conditions and the Master Mudaraba Agreement.

### 7.4 Periodic Distributions

Subject to Conditions 4(b), 7.3, 8, 10 and 11 and, the Certificates bear profit at the applicable Profit Rate from (and including) the relevant Issue Date in accordance with the provisions of this Condition 7.4,

such profit being payable in arrear on each Periodic Distribution Date in respect of the Periodic Distribution Period ending on (but excluding) such date. Periodic Distribution Amounts will not be cumulative and any Periodic Distribution Amount which is not paid will not accumulate or compound and Certificateholders will have no right to receive such Periodic Distribution Amount at any time, even if Periodic Distribution Amounts are paid in the future.

If a Periodic Distribution Amount is required to be calculated in respect of a period of less than a full Periodic Distribution Period, it shall be calculated as an amount equal to the product of: (a) the applicable Profit Rate; (b) the face amount of the relevant Certificates then outstanding; and (c) the Day Count Fraction, rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

**(a) Profit Rate**

For the Initial Period, the Certificates bear profit at the Initial Periodic Distribution Rate. The Profit Rate for a Series will be reset on each Reset Date in respect of that Series on the basis of the aggregate of the Margin and the Relevant Reset Rate procured by the Bank on the relevant Reset Determination Date and notified to the Calculation Agent on such Reset Determination Date.

The Calculation Agent will, as soon as practicable upon determination of the Profit Rate which shall apply to the Reset Period commencing on the relevant Reset Date, but in no event later than the second Business Day thereafter, cause the applicable Profit Rate and the corresponding Periodic Distribution Amount to be notified to each of the Paying Agents, the Trustee, the Delegate and the Bank and the Trustee shall cause such Profit Rate and the corresponding Periodic Distribution Amount to be notified to Certificateholders in accordance with Condition 18.

For the avoidance of doubt, the Calculation Agent shall not be responsible to the Trustee, the Bank, the Certificateholders or to any third party (except, in the case of the Trustee only, in the event of wilful default, gross negligence or fraud of the Calculation Agent) as a result of the Calculation Agent having relied upon any quotation, ratio or other information provided to it by any person for the purposes of making any determination hereunder, which subsequently may be found to be incorrect or inaccurate in any way or for any loss or damage in relation thereto, or for failure to comply or delay in complying with any duty or obligation, under or pursuant to the Conditions, arising as a direct or indirect result of any *force majeure* or any act beyond its control.

**(b) Calculation Agent**

In relation to any Series, the Trustee will maintain a Calculation Agent named as such in the applicable Pricing Supplement for the purposes of such Series.

The Trustee may, with the prior written approval of the Delegate (given in accordance with the Trust Deed and these Conditions), from time to time replace the Calculation Agent with another leading investment, merchant or commercial bank or financial institution. If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent or (without prejudice to Condition 7.4(c)) fails duly to determine the Profit Rate in respect of any Reset Period as provided in Condition 7.4(a), the Trustee shall forthwith appoint another leading investment, merchant or commercial bank or financial institution approved in writing by the Delegate (in accordance with the Trust Deed, the Agency Agreement and these Conditions) to act as such in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed as aforesaid.

(c) **Determinations of Calculation Agent, the Bank or Trustee Binding**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7, whether by the Calculation Agent, the Trustee or the Bank (or their respective agents), shall (in the absence of manifest error) be binding on the Trustee, the Bank, the Calculation Agent, the Paying Agents, the Delegate and all Certificateholders and (in the absence of its own wilful default or gross negligence) no liability to the Trustee, the Bank, any Agent, the Delegate and the Certificateholders shall attach to the Calculation Agent or the Trustee (or its agents) in connection with the exercise or non-exercise by them of any of their powers, duties and discretions.

## **8 Periodic Distribution Restrictions**

### **8.1 Non-Payment Event**

Notwithstanding Condition 7.4, if any of the following events occur in respect of a Series (each, a “**Non-Payment Event**”), the Bank (as Mudareb) shall not pay Mudaraba Profit (and, as a result, Rab-al-Maal Mudaraba Profit) or Final Mudaraba Profit (and, as a result, Rab-al-Maal Final Mudaraba Profit) on any relevant Mudaraba Profit Distribution Date or Mudaraba End Date (as the case may be), in each case in respect of the Mudaraba of that Series, and as a result thereof the Trustee shall not pay the relevant Periodic Distribution Amounts on the corresponding Periodic Distribution Date:

- (a) the amount equal to the then applicable Periodic Distribution Amount in respect of the relevant Series to be paid by the Bank out of the relevant Rab-al-Maal Mudaraba Profit or Rab-al-Maal Final Mudaraba Profit, as applicable (the “**Relevant Rab-al-Maal Mudaraba Profit Amount**”), when aggregated with any distributions or amounts payable by the Bank (in its capacity as Mudareb or otherwise) on the same date (or otherwise due and payable on such date) on any other obligations in respect of Pari Passu Obligations and Junior Obligations, exceeds, on the relevant date for payment of the Relevant Rab-al-Maal Mudaraba Profit Amount, the Distributable Profits; or
- (b) the Bank (in its capacity as Mudareb or otherwise) is, on that Mudaraba Profit Distribution Date or Mudaraba End Date (as the case may be), in breach of (or payment of the Relevant Rab-al-Maal Mudaraba Profit Amount would cause a breach of) the Applicable Regulatory Capital Requirements (including any payment restrictions due to a breach of any applicable capital buffers imposed on the Bank by the Financial Regulator); or
- (c) the Financial Regulator requires (i) the Bank not to pay the Relevant Rab-al-Maal Mudaraba Profit Amount to the Trustee (in its capacity as Rab-al-Maal) on that Mudaraba Profit Distribution Date or Mudaraba End Date (as the case may be) or (ii) the Trustee (in its capacity as Rab-al-Maal) not to pay the relevant Periodic Distribution Amount on that Periodic Distribution Date, in each case, on account of the Bank making a net loss during the relevant financial period or for any other reason as it may deem necessary; or
- (d) the Solvency Conditions are not satisfied (or would no longer be satisfied if the Relevant Rab-al-Maal Mudaraba Profit Amount or the Periodic Distribution Amount was paid).

### **8.2 Non-Payment Election**

In respect of a Series, notwithstanding Condition 7.4, the Bank may in its sole discretion elect that Rab-al-Maal Mudaraba Profit (in whole or in part) will not be paid to the Trustee (in its capacity as Rab-al-Maal) on any Mudaraba Profit Distribution Date, and the Bank shall, in each case, instruct the Trustee not to make payment of a Periodic Distribution Amount (in whole or in part) to Certificateholders on

such Periodic Distribution Date, provided that the foregoing in this Condition 8.2 shall not apply in respect of Rab-al-Maal Final Mudaraba Profit payable on any Mudaraba End Date (any such election in respect of a Series being a “**Non-Payment Election**”). The Bank may not, however, make a Non-Payment Election once the Trustee has given notice to Certificateholders that such Series of Certificates will be redeemed in whole in accordance with Condition 9.1.

### **8.3 Effect of Non-Payment Event or Non-Payment Election**

In respect of each Series, if the Bank makes a Non-Payment Election or a Non-Payment Event occurs, then the Bank shall (i) in the case of a Non-Payment Election, no later than 14 calendar days prior to such event, and (ii) in the case of a Non-Payment Event, as soon as practicable thereafter but in any case no later than five Business Days prior to the relevant Mudaraba Profit Distribution Date or Mudaraba End Date, as the case may be, give notice to the Trustee in accordance with the Master Mudaraba Agreement, the Principal Paying Agent in accordance with the Agency Agreement, the Delegate in accordance with the Trust Deed and the Certificateholders in accordance with Condition 18 in each case providing details of the Non-Payment Election (including, if relevant, details of any partial payment to be made) or Non-Payment Event, as the case may be. In the absence of notice of such Non-Payment Election or Non-Payment Event, as the case may be, having been given in accordance with this Condition 8.3, the fact of non-payment of the Relevant Rab-al-Maal Mudaraba Profit Amount (or any part thereof) on the relevant Mudaraba Profit Distribution Date or Mudaraba End Date (as the case may be) shall be evidence of the occurrence of a Non-Payment Election or a Non-Payment Event, as the case may be. In respect of each Series, Certificateholders shall have no claim in respect of any Periodic Distribution Amount (or any part thereof, as applicable) not paid as a result of either a Non-Payment Election or a Non-Payment Event (in each case, irrespective of whether notice of such Non-Payment Election or Non-Payment Event has been given in accordance with this Condition 8.3) and any such non-payment in whole or in part, as applicable, of Rab-al-Maal Mudaraba Profit, Rab-al-Maal Final Mudaraba Profit (in the case of a Non-Payment Event only) or a Periodic Distribution Amount in such circumstance shall not constitute a Dissolution Event with respect to such Series. The Bank shall not have any obligation to make any subsequent payment in respect of any such unpaid profit (or any part thereof, as applicable) (whether from its own cash resources, from the relevant Mudaraba Reserve or otherwise) and the Trustee shall not have any obligation to make any subsequent payment in respect of any such Periodic Distribution Amounts (or any part thereof, as applicable).

### **8.4 Dividend and Redemption Restrictions**

In respect of each Series, if any amount of Rab-al-Maal Mudaraba Profit, Rab-al-Maal Final Mudaraba Profit or Periodic Distribution Amount is not paid as a consequence of a Non-Payment Election or a Non-Payment Event pursuant to Condition 8.1 or 8.2 (as the case may be), then, from the date of such Non-Payment Election or Non-Payment Event (the “**Dividend Stopper Date**”), the Bank will not, so long as any Certificates of such Series are outstanding:

- (a) declare or pay any distribution or dividend or make any other payment on, and will procure that no distribution or dividend or other payment is made on, Ordinary Shares (other than to the extent that any such distribution, dividend or other payment is declared before such Dividend Stopper Date); or
- (b) declare or pay profit or any other distribution on any of its Other Common Equity Tier 1 Instruments or securities ranking, as to the right of payment of dividend, distributions or similar payments, junior to or *pari passu* with the Relevant Obligations (excluding securities the terms of which do not at the relevant time enable the Bank to defer or otherwise not to make such

payment), only to the extent such restriction on payment or distribution is permitted under the relevant regulatory criteria for Tier 1 Capital applicable from time to time; or

- (c) directly or indirectly redeem, purchase, cancel, reduce or otherwise acquire any Ordinary Shares; or
- (d) directly or indirectly redeem, purchase, cancel, reduce or otherwise acquire Other Common Equity Tier 1 Instruments or any securities issued by the Bank ranking, as to the right of repayment of capital, junior to or *pari passu* with the Relevant Obligations (excluding securities the terms of which stipulate (i) any mandatory redemption in accordance with its terms or (ii) any conversion into, or exchange for, Ordinary Shares), only to the extent such restriction on redemption, purchase, cancellation, reduction or acquisition is permitted under the relevant regulatory criteria for Tier 1 Capital applicable from time to time,

in each case unless or until (i) the next following payment of Rab-al-Maal Mudaraba Profit or (ii) (as the case may be) payment of the Rab-al-Maal Final Mudaraba Profit, in each case following the Dividend Stopper Date, has been made in full (or an amount equal to the same has been duly set aside or provided for in full for the benefit of the Trustee in accordance with the Master Mudaraba Agreement) with respect to such Series.

## **9 Redemption, Purchase and Cancellation**

### **9.1 Redemption**

#### **(a) No Fixed Redemption Date and Conditions for Redemption**

The Certificates are perpetual securities in respect of which there is no fixed redemption date and the Trustee shall (subject to the provisions of Condition 4(b), Condition 10 and Condition 12.3 and without prejudice to the provisions of Condition 14) only have the right to redeem the Certificates in accordance with the following provisions of this Condition 9.1.

The redemption of any Series of Certificates, pursuant to this Condition 9.1, is subject to the following conditions (in addition to those set out elsewhere in this Condition 9.1):

- (i) (except to the extent that the Financial Regulator and/or the Capital Regulations no longer so require(s)) the Bank having obtained the prior consent of the Financial Regulator;
- (ii) (except to the extent that the Financial Regulator and/or the Capital Regulations no longer so require(s)) at the time when the relevant notice of redemption is given, the Bank being in compliance with the Applicable Regulatory Capital Requirements;
- (iii) (except to the extent that the Financial Regulator and/or the Capital Regulations no longer so require(s)) immediately following such redemption, the Bank being in compliance with the Applicable Regulatory Capital Requirements;
- (iv) the Solvency Conditions being satisfied; and
- (v) (in the case of a redemption pursuant to Condition 9.1(c) or 9.1(d) only) the Tax Law Change or Capital Event, as the case may be, having become, or becoming, effective on or after the Issue Date of the first Tranche of the relevant Series.

#### **(b) Trustee's Call Option**

Subject to Condition 9.1(a) and Condition 9.1(e), the Bank may (acting in its sole discretion) instruct the Trustee to, whereupon the Trustee shall, by giving not less than 15 nor more than 30

days' prior notice to the Certificateholders in accordance with Condition 18 and to the Delegate in accordance with the Trust Deed (which notice shall specify the date fixed for redemption and shall, subject to Condition 9.1(e), be irrevocable), redeem all, but not some only, of the Certificates of any Series at the Trustee Call Amount.

Redemption of any Series of Certificates pursuant to this Condition 9.1(b) may only occur on any of the following dates (each, a **"Call Date"**):

- (i) if 'Par Call Period' is specified as applicable in the Pricing Supplement, any date during the period commencing from (and including) the First Call Date to and including the First Reset Date or any Periodic Distribution Date thereafter; or
- (ii) if 'Par Call Period' is specified as being not applicable in the Pricing Supplement, the First Call Date or any Periodic Distribution Date thereafter.

Prior to the publication of any notice of redemption pursuant to this Condition 9.1(b), the Bank shall give to the Trustee and the Delegate a certificate signed by two Authorised Signatories stating that all conditions precedent to the redemption of the relevant Series of Certificates pursuant to this Condition 9.1(b) (other than the notice to Certificateholders described in this Condition 9.1(b)) have been satisfied (upon which the Delegate may rely without further enquiry and without liability to any person), and the Delegate shall accept the certificate without any further enquiry and without liability to any person as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Certificateholders.

**(c) Redemption due to Taxation**

- (i) Subject to Condition 9.1(a), this Condition 9.1(c) and Condition 9.1(e), if a Tax Event occurs, the Bank may (acting in its sole discretion) instruct the Trustee to, whereupon the Trustee shall, by giving not less than 15 nor more than 30 days' prior notice to the Certificateholders in accordance with Condition 18 and to the Delegate in accordance with the Trust Deed, (which notice shall specify the date fixed for redemption and the applicable Record Date, and shall, subject to Condition 9.1(e), be irrevocable), redeem all, but not some only, of the relevant Series of Certificates in respect of which the Tax Event has occurred at the Tax Event Redemption Amount. No such notice shall be given earlier than 90 days prior to the earliest date on which the Trustee or the Bank would be obliged to pay any Additional Amounts and/or Taxes under, or in connection with, clause 5.11 of the Master Mudaraba Agreement. If the Bank does not instruct the Trustee to so redeem in accordance with this Condition 9.1(c)(i) in respect of such Tax Event then the Certificates of such Series shall continue to be perpetual securities in respect of which there is no fixed redemption date unless the Trustee shall otherwise (subject to the provisions of Condition 4(b), Condition 10 and Condition 12.3 and without prejudice to the provisions of Condition 14) redeem any Certificates in accordance with the provisions of this Condition 9.1.
- (ii) Redemption of any Series of Certificates pursuant to this Condition 9.1(c) may occur on any date on or after the relevant Issue Date (whether or not a Periodic Distribution Date).
- (iii) Prior to the delivery of any notice of redemption pursuant to this Condition 9.1(c), the Bank shall give to the Trustee and the Delegate (i) a copy of the opinion of an independent tax or legal adviser of recognised standing to the effect that a Tax Event has occurred (upon which the Delegate may rely without any further enquiry and without liability to

any person) and (ii) a certificate signed by two Authorised Signatories (upon which the Delegate may rely without any further enquiry and without liability to any person) stating that (A) the conditions set out in Condition 9.1(a) have been satisfied; and (B) a Tax Event has occurred. Such certificate and opinion shall be conclusive and binding evidence of the satisfaction of the conditions precedent set out above in this Condition 9.1(c)(iii) and the Delegate shall accept and rely on such certificate and opinion without any further enquiry as sufficient evidence of the satisfaction of such conditions precedent and without liability to any person. Upon expiry of such notice, the Trustee shall redeem the Certificates.

**(d) Redemption for Capital Event**

- (i) Subject to Condition 9.1(a), this Condition 9.1(d) and Condition 9.1(e), if a Capital Event occurs and is continuing, the Bank may (acting in its sole discretion) instruct the Trustee to, whereupon the Trustee shall, by giving not less than 15 nor more than 30 days' prior notice to the Certificateholders in accordance with Condition 18 and to the Delegate in accordance with the Trust Deed, (which notice shall specify the date fixed for redemption and the applicable Record Date and shall, subject to Condition 9.1(e), be irrevocable), redeem all, but not some only, of the relevant Series of Certificates in respect of which the Capital Event has occurred at the Capital Event Redemption Amount. If the Bank does not instruct the Trustee to so redeem in accordance with this Condition 9.1(d)(i) in respect of such Capital Event then the Certificates of such Series shall continue to be perpetual securities in respect of which there is no fixed redemption date unless the Trustee shall otherwise (subject to the provisions of Condition 4(b), Condition 10 and Condition 12.3 and without prejudice to the provisions of Condition 14) redeem the Certificates in accordance with the provisions of this Condition 9.1.
- (ii) Redemption of any Series of Certificates pursuant to this Condition 9.1(d) may occur on any date on or after the relevant Issue Date (whether or not a Periodic Distribution Date).
- (iii) Prior to the delivery of any notice of redemption pursuant to this Condition 9.1(d), the Bank shall give to the Trustee and the Delegate a certificate signed by two Authorised Signatories (upon which the Delegate shall rely without any further enquiry and without liability to any person) stating that (A) the conditions set out in Condition 9.1(a) have been satisfied; and (B) a Capital Event has occurred and is continuing as at the date of the certificate. Such certificate shall be conclusive and binding evidence of the satisfaction of the conditions precedent set out above in this Condition 9.1(d)(iii) and the Delegate shall accept and rely on such certificate without any further enquiry as sufficient evidence of the satisfaction of such conditions precedent and without liability to any person. Upon expiry of such notice the Trustee shall redeem the Certificates.

**(e) No redemption following delivery of a Non-Viability Notice**

If the Bank has instructed the Trustee to redeem any Series of Certificates and prior to the redemption of the Certificates a Non-Viability Event occurs, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect and the Trustee shall (upon receiving written notice of the Non-Viability Event) give notice thereof to the Certificateholders (in accordance with Condition 18), the Delegate, the Principal Paying Agent and the Registrar as soon as practicable. Further, no notice of redemption shall be given in the period following the giving of a Non-Viability Notice and prior to the relevant Non-Viability Event Write-down Date.



## **9.2 Purchase**

Subject to the Bank (A) obtaining the prior approval of the Financial Regulator (except to the extent that the Capital Regulations and/or the Financial Regulator no longer so require(s)), (B) being in compliance with the Applicable Regulatory Capital Requirements and (C) satisfying the Solvency Conditions at the time of and immediately following such purchase, the Bank or any of its Subsidiaries, may purchase any Certificates of any Series in any manner and at any price. Upon any such purchase, the Bank shall deliver such Certificates to the Registrar for cancellation and, upon such cancellation, the Mudaraba Capital of the relevant Series shall be reduced by the face amount of the relevant Certificates so cancelled.

## **9.3 Cancellation**

All Certificates that are redeemed, and all Certificates that are purchased pursuant to Condition 9.2 and which the Bank delivers for cancellation in accordance with Condition 9.2, will be cancelled as soon as possible and accordingly may not be held, reissued or resold.

# **10 Write-down at the Point of Non-Viability**

## **10.1 Effectiveness of this Condition 10**

The provisions of this Condition 10 will lapse and cease to apply with effect from (and including) the date on which the Applicable Statutory Loss Absorption Regime becomes effective in respect of any Series of Certificates (the “**Effective Date**”), except to the extent such provisions are required by the Applicable Statutory Loss Absorption Regime or the Financial Regulator in the exercise of its powers thereunder. Forthwith following the occurrence of the Effective Date, the Bank shall give notice of such occurrence to the Trustee and the Delegate in accordance with the Trust Deed and to the Certificateholders in accordance with Condition 18. If the Bank becomes Non-Viable on or after the Effective Date, the Financial Regulator (or the Bank on instructions from the Financial Regulator) may take such action in respect of the Certificates as is required or permitted by such Applicable Statutory Loss Absorption Regime.

## **10.2 Non-Viability Event**

If a Non-Viability Event occurs at any time on or after the Issue Date of the first Tranche of a Series and prior to the Effective Date, a Write-down (in whole or in part, as applicable) will take place in accordance with Condition 10.3.

## **10.3 Non-Viability Notice**

- (a) In respect of each Series, on the third Business Day following the date on which a Non-Viability Event occurs (or on such earlier date as determined by the Financial Regulator), (i) the Bank will notify the Trustee thereof in accordance with the Master Mudaraba Agreement and (ii) the Trustee will then notify the Delegate and the Certificateholders and the Principal Paying Agent thereof in accordance with the Transaction Documents and Condition 18, as the case may be (a “**Non-Viability Notice**”).
- (b) Such Non-Viability Notice shall:
  - (i) state that a Non-Viability Event has occurred;
  - (ii) state that a Write-down will take place, state the Series in respect of which such Write-down will take place and, following guidance from the Financial Regulator, whether such Write-down will be a full or partial Write-down;
  - (iii) specify, in the case of a partial Write-down, the Write-down Amount as determined by the Financial Regulator and notified to the Bank;

- (iv) specify, in the case of a full Write-down, that the Bank has received written confirmation from the Financial Regulator that the Financial Regulator has determined the aggregate face amount of the Certificates of the relevant Series then outstanding to be zero; and
  - (v) specify the Non-Viability Event Write-down Date.
- (c) A Write-down will occur on the Non-Viability Event Write-down Date.
- (d) In relation to any Series, in the case of a Write-down in full only, the Mudaraba Agreement will be automatically terminated (with respect to such Series only) with effect from the relevant Non-Viability Event Write-down Date and none of the Trustee, the Certificateholders nor the Delegate shall be entitled to any claim for any amounts in connection with the Mudaraba Assets of that Series.
- (e) In relation to any Series, in the case of a Write-down in part only, the Mudaraba Capital of that Series shall be reduced in proportion to the face amount of the Certificates of that Series that are to be Written-down and none of the Trustee, the Certificateholders nor the Delegate shall be entitled to any claim for any amounts in connection with the Mudaraba Assets of that Series that relate to the proportion of the Mudaraba Capital of that Series that has been reduced.

#### 10.4 Liability of Delegate and Agents

Neither the Delegate nor the Agents shall have any responsibility for, or liability or obligation in respect of, any loss, claim or demand incurred as a result of or in connection with a Non-Viability Event (or its disapplication, if applicable) or any consequent Write-down and/or cancellation of any Certificates or termination of the Mudaraba Agreement (in relation to any Series) or any claims in respect thereof, and neither the Delegate nor any Agent shall be responsible for any calculation, determination or the verification of any calculation or determination in connection with the foregoing.

## 11 Payments

### (a) Method of Payment

Payments of Dissolution Distribution Amounts shall be made against presentation and surrender of the relevant Registered Certificate at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided below.

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

Payments of Periodic Distribution Amounts and the Dissolution Distribution Amount in respect of each Certificate shall be made in the Specified Currency by wire transfer in same day funds to the registered account (as defined below).

In these Conditions, a “**registered account**” means an account denominated in the Specified Currency maintained by or on behalf of the payee with a bank that processes payments in the Specified Currency, details of which appear on the Register at the close of business on the relevant Record Date.

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

amount. If the Periodic Distribution Amount being paid is less than the amount then due, the Registrar will annotate the Register with the amount so paid.

(b) **Payments Subject to Laws**

Payments are subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 13 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or 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 and the Transfer Agents initially appointed by the Trustee and the Obligor and their respective specified offices are listed below. The Principal Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Trustee and the Obligor and do not assume any obligation or relationship of agency or trust for or with any Certificateholder. The Trustee reserves the right at any time with the prior written approval of the Delegate to terminate the appointment of the Principal Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents, Transfer Agents or Calculation Agent(s), *provided that* the Trustee shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, (iv) one or more Calculation Agent(s) where these Conditions so require, (v) a Paying Agent having a specified office in at least one major European city and (vi) such other agents as may be required by any stock exchange on which the Certificates may be listed and/or admitted to trading, 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) **Payment only on a Payment Business Day**

If any date for payment in respect of any Certificate is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day, nor to any profit or other sum in respect of such postponed payment. In this Condition 11(d), “**Payment Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, 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; or

For the purpose of this Condition 11:

- (A) “**TARGET Business Day**” means any day on which T2 is open for the settlement of payments in euro;
- (B) “**T2**” means the real time gross settlement system operated by the Eurosystem, or any successor system;

- (C) All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 11 by the Calculation Agent, will (in the absence of manifest error) be binding on the Trustee, the Obligor, the Agents and all Certificateholders.

## 12 Dissolution Events and Winding-up

The Trust Deed contains provisions entitling the Delegate to claim from the Trustee and the Bank, *inter alia*, the fees, expenses and liabilities incurred by it in carrying out its duties under the Trust Deed. The restrictions on commencing proceedings described below will not apply to any such claim.

### 12.1 Bank Events

If, in relation to a Series, a Bank Event occurs, the Delegate (provided it shall have been given notice in writing thereof by the Trustee or the Bank or otherwise upon the Delegate having received written notification of the Bank Event, and subject to it being indemnified and/or secured and/or prefunded to its satisfaction) shall promptly give notice of the occurrence of such Bank Event to the Certificateholders of that Series in accordance with Condition 18 with a request to such Certificateholders to indicate to the Trustee and the Delegate in writing if they wish the Certificates to be redeemed in whole and the Trust to be dissolved (a “**Dissolution Request**”). The Delegate may and, if so requested in writing by the Certificateholders of at least one-fifth of the aggregate face amount of the Certificates then outstanding or if so directed by an Extraordinary Resolution of Certificateholders, shall (but in each case subject to Condition 12.3(e)(i)), give notice (a “**Dissolution Notice**”) to the Trustee that the Certificates are immediately due and payable at the aggregate face amount of the relevant Series of Certificates then outstanding together with any Outstanding Payments, whereupon the aggregate face amount of the relevant Series of Certificates then outstanding together with any Outstanding Payments shall become immediately due and payable without presentation, demand, protest or other notice of any kind, provided, however, that the Trustee or the Delegate may only take any such steps, actions or proceedings as described in Condition 12.3(a), but may take no further or other steps, actions or proceedings to enforce, prove or claim for any such payment. A Dissolution Notice may be given whether or not a Dissolution Request has been given to Certificateholders.

### 12.2 Trustee Events

- (a) The Bank has undertaken in the Trust Deed that, as soon as practicable following the occurrence of a Trustee Event with respect to a Series, it will procure, without the consent of the Certificateholders (notwithstanding any provisions to the contrary in schedule 3 to the Master Trust Deed), subject to the consent of the Financial Regulator, the substitution of any newly formed special purpose company in form substantially the same as that of the Trustee, in place of the Trustee (the “**Substituted Trustee**”), or of any previous substituted company, as trustee and issuer under the Trust Deed and the Certificates, provided that:
- (i) a deed is executed or undertaking given by the Substituted Trustee to the Delegate, in form and manner satisfactory to the Delegate (acting in accordance with the Trust Deed and these Conditions), agreeing to be bound by the Trust Deed, the relevant Series of Certificates and the Transaction Documents (with any consequential amendments as the Delegate may deem appropriate) as if the Substituted Trustee had been named in the Trust Deed, the Certificates and the other Transaction Documents as trustee and issuer in place of the Trustee;
  - (ii) if the Substituted Trustee is subject generally to the taxing jurisdiction of a territory or any authority of or in that territory with power to tax (the “**Substituted Territory**”) other than

the territory of the taxing jurisdiction to which (or to any such authority of or in which) the Trustee is subject generally (the “**Trustee’s Territory**”), the Substituted Trustee shall give to the Delegate an undertaking satisfactory to the Delegate in terms corresponding to Condition 13 with the substitution for or the addition to the references in that Condition to the Trustee’s Territory of references to the Substituted Territory or any political subdivision or authority thereof or therein having the power to tax whereupon the Trust Deed and the Certificates shall be read accordingly (and the Bank shall also be required to give to the Delegate an undertaking satisfactory to the Delegate in terms corresponding to the last paragraph of Condition 13, extending its obligations thereunder to the Substituted Territory);

- (iii) two directors of the Substituted Trustee certify that it will be solvent immediately after such substitution (the Delegate need not have regard to the Substituted Trustee’s financial condition, profits or prospects or compare them with those of the Trustee); and
  - (iv) the Trustee, the Substituted Trustee and the Bank comply with such other requirements as the Delegate may direct in the interests of the Certificateholders; and
  - (v) if the Trustee is substituted in accordance with this Condition 12.2, the Substituted Trustee will open a new non-interest bearing transaction account in London in its name with the Principal Paying Agent into which the Bank will pay all amounts due to the Trustee under the Transaction Documents from the date of substitution onwards, and references in the Transaction Documents to the **Transaction Account** will be construed accordingly.
- (b) Subject to this Condition 12.2, the Delegate may agree to the substitution of the Substituted Trustee without obtaining the consent or approval of the Certificateholders (it being acknowledged that each Certificateholder has by virtue of the last paragraph of the preamble to these Conditions authorised each Substituted Trustee to act as Rab-al-Maal pursuant to the Mudaraba Agreement on its behalf). The Bank shall give to the Delegate a certificate signed by two Authorised Signatories stating that the conditions set out in Condition 12.2(a) have been satisfied. Such certificate shall be conclusive and binding evidence of the satisfaction of the conditions set out in Condition 12.2(a) and the Delegate shall accept and rely on such certificate without any further enquiry as sufficient evidence of the satisfaction of such conditions and without liability to any person.
- (c) The Substituted Trustee shall deliver or procure to be delivered to the Delegate one or more legal opinions in a form approved by the Delegate confirming that: (i) it has obtained all necessary governmental and regulatory approvals and consents necessary for its assumption of the duties and liabilities as Substituted Trustee; (ii) such approvals and consents are at the time of substitution in full force and effect; and (iii) any documents to which the Substituted Trustee is a party in accordance with this Condition 12.2 constitute legal, valid and binding obligations of the Substituted Trustee, and the Delegate shall be entitled to rely on such legal opinions without liability to any person.
- (d) If the Bank fails to comply with the foregoing provisions of this Condition 12.2 within 60 days of the occurrence of the relevant Trustee Event, Conditions 12.1 and 12.3 shall apply to the relevant Trustee Event as if it was a Bank Event.

### **12.3 Winding-up, dissolution or liquidation**

#### **(a) Proceedings for Winding-up**

If, in relation to a Series, a Bank Event occurs and a Dissolution Notice is delivered pursuant to Condition 12.1, the Mudaraba of that Series will be liquidated in accordance with the provisions of the Master Mudaraba Agreement, and either the Trustee or the Delegate may at its discretion, and the Delegate shall, in each case subject to Condition 12.3(e)(i), if it shall have been so requested by an Extraordinary Resolution of the Certificateholders or so requested in writing by the Certificateholders holding at least one-fifth of the aggregate face amount of the Certificates then outstanding (i) institute any steps, actions or proceedings for the winding-up of the Bank and/or (ii) prove in the winding-up of the Bank and/or (iii) institute any steps, actions or proceedings for the bankruptcy of the Bank and/or (iv) claim in the liquidation of the Bank and/or (v) take such other steps, actions or proceedings which, under the laws of the Kingdom of Saudi Arabia, have an analogous effect to the actions referred to in paragraphs (i) to (iv) above, in each case, for (subject as set out below) all amounts of Mudaraba Capital, Dissolution Mudaraba Capital, any Indemnity Payment, Rab-al-Maal Mudaraba Profit, Rab-al-Maal Final Mudaraba Profit and/or other amounts due in each case in respect of such Series to the Trustee on termination of the Mudaraba Agreement (with respect to such Series) in accordance with its terms and the terms of the other Transaction Documents, provided, however, that the Trustee or the Delegate may only take any such steps, actions or proceedings as described in this Condition 12.3(a), but may take no further or other steps, actions or proceedings to enforce, prove or claim for any payment and provided further that neither the Trustee nor the Delegate may take any steps, actions or proceedings against the Bank with respect to any sum that the Bank has paid into the Transaction Account of such Series in accordance with the Transaction Documents in circumstances where the Trustee has failed to pay that amount to Certificateholders in accordance with these Conditions. No payment in respect of the Transaction Documents may be made by the Bank as a result of any steps, actions or proceedings taken pursuant to Condition 12.1, nor will the Trustee or the Delegate accept the same, otherwise than during or after a winding-up (or analogous event) of the Bank, unless the Bank has given prior written notice (with a copy to the Trustee and the Delegate) to, and received no objection from, the Financial Regulator (which the Bank shall confirm in writing to the Trustee and the Delegate).

#### **(b) Enforcement**

Without prejudice to Condition 12.1 and the remaining provisions of this Condition 12.3, the Trustee (or the Delegate) may at its discretion and the Delegate shall, in each case subject to Condition 12.3(e)(i), if it shall have been so requested by an Extraordinary Resolution of the Certificateholders or so requested in writing by the Certificateholders holding at least one-fifth of the aggregate face amount of the Certificates then outstanding of the relevant Series and without further notice institute such steps, actions or proceedings against the Bank and/or the Trustee, as it may think fit to enforce any term or condition binding on the Bank or the Trustee (as the case may be) under the Certificates and the Transaction Documents (other than any payment obligation of the Bank under or arising from the Transaction Documents, including, without limitation, payment of any principal or premium or satisfaction of any payments in respect of the Transaction Documents, including any damages awarded for breach of any obligations), including, without limitation, any failure by the Bank to procure the substitution of the Trustee in the circumstances described in Condition 12.2. However, in no event shall the Bank, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by

it in accordance with the Transaction Documents. Nothing in this Condition 12.3, however, shall prevent the Trustee (or the Delegate) from taking such steps, actions or proceedings as described in Condition 12.3(a) in respect of any payment obligations of the Bank arising from the Master Mudaraba Agreement or any other Transaction Document (including any damages awarded for breach of any obligations).

**(c) Non-Viability**

All claims by the Delegate and/or the Certificateholders against the Trustee under the Certificates and all claims by the Trustee (or the Delegate) against the Bank under the Transaction Documents (including, without limitation, any claim in relation to any unsatisfied payment obligation of the Trustee and/or the Bank under the Certificates or the Transaction Documents, as the case may be) shall be subject to, and shall be superseded by the provisions of Condition 10, irrespective of whether the relevant Non-Viability Event occurs prior to or after the event which is the subject matter of the claim, provided that nothing in these Conditions shall affect or prejudice the payment of the costs, charges, expenses, liabilities, indemnities or remuneration of the Delegate or the rights and remedies of the Delegate in respect thereof, all of which shall accordingly remain unsubordinated.

**(d) Extent of Certificateholder remedy**

No remedy against the Bank, other than as referred to in this Condition 12, shall be available to the Delegate, the Trustee or the Certificateholders, whether for the recovery of amounts owing in respect of the Transaction Documents or in respect of any breach by the Bank of any of its other obligations under or in respect of the Transaction Documents.

**(e) Realisation of Trust Assets**

- (i) Neither the Trustee nor the Delegate shall be bound in any circumstances to take any action or step or institute any proceedings to enforce or to realise the relevant Trust Assets or take any action or step or institute any proceedings against the Bank or (in the case of the Delegate) against the Trustee to enforce the terms of any Series of Certificates or the Transaction Documents or give a Dissolution Notice (including, without limitation, pursuant to this Condition 12), unless, in either case, (a) it shall have been so requested by an Extraordinary Resolution of the Certificateholders or in writing by Certificateholders holding at least one-fifth of the aggregate face amount of the relevant Series of Certificates then outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.
- (ii) No Certificateholder shall be entitled to proceed directly against the Trustee or the Bank or to take the actions, steps or proceedings referred to in Conditions 12.3(a) and 12.3(b) above, unless the Trustee or the Delegate (as the case may be), having become so bound to proceed, (i) fails to do so within a reasonable period or (ii) is unable for any reason (including by reason of an order of a court having competent jurisdiction) to do so, and in each case such failure or inability is continuing.
- (iii) 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 Bank shall be to enforce their respective obligations under the relevant Series of Certificates and the Transaction Documents.

- (iv) The foregoing paragraphs in this Condition 12.3(e) are subject to this paragraph. After enforcing or realising the Trust Assets in respect of the Certificates of the relevant Series and distributing the net proceeds thereof in accordance with Condition 5(b), the obligations of the Trustee in respect of the Certificates shall be satisfied and no Certificateholder may take any further steps against the Trustee (or any steps against the Delegate) to recover any further sums in respect of the Certificates and the right to receive any such sums from the Trustee 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.
- (v) Proof that, as regards any specified Certificate of a Series, the Trustee has defaulted in paying any amount due in respect of such Certificate shall (unless the contrary be proved) be sufficient evidence that the same default has been made as regards all other Certificates of such Series in respect of which the relevant amount is due and payable.

### 13 Taxation

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

- (a) **Other connection:** held by or on behalf of, a holder who is liable to such taxes, levies, imposts, duties, fees, assessments or governmental charges in respect of such Certificate by reason of such holder having some connection with a Relevant Jurisdiction other than the mere holding of any Certificate; or
- (b) **Surrender more than 30 days after the Relevant Date:** in respect of which the Registered Certificate representing it is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Amounts on presenting or surrendering such Registered Certificate for payment on the last day of such period of 30 days assuming that day to have been a Payment Business Day (in accordance with Condition 11(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 the full amount of the money payable has not been duly paid on or prior to such due date) 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 18 that, upon further presentation of the Registered Certificate representing such Certificate being made in accordance with these Conditions, such payment will be made, *provided that* payment in full is in fact made upon such presentation; and

“**Relevant Jurisdiction**” means the Cayman Islands or Saudi Arabia or in each case any political subdivision or any authority or agency thereof or therein having power to tax.

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 13 or any similar undertaking given in addition to or in substitution for it under the Trust Deed.



*The Master Mudaraba Agreement provides that payments thereunder by the Obligor to the Trustee shall be made free and clear of, and without withholding, retention or deduction for, or on account of, any present or future Taxes, unless such withholding, retention or deduction is required by law. In such event, and/or if Additional Amounts are payable by the Trustee in respect of the Certificates of any Series in accordance with this Condition 13, the Master Mudaraba Agreement provides for the payment by the Obligor of such Taxes and/or Additional Amounts by payment to the Transaction Account of the relevant Series in the Specified Currency by wire transfer for same day value so that the net amounts received by the Certificateholders shall equal the respective amounts that would have been received in the absence of such withholding, retention or deduction and in the absence of the withholding, retention or deduction to which this Condition 13 applies.*

*Further, in accordance with the terms of the Trust Deed, the Obligor has unconditionally and irrevocably undertaken to (irrespective of the payment of any fee), as a continuing obligation, in the event that the Trustee fails to comply with any obligation to pay Additional Amounts pursuant to this Condition 13, pay to or to the order of the Delegate (for the benefit of the Certificateholders) such net amounts as are necessary so that the amount receivable by the Delegate (after any such withholding, retention or deduction) equals any and all Additional Amounts, required to be paid by it in respect of the Certificates pursuant to this Condition 13.*

## **14 Prescription**

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

## **15 Meetings of Certificateholders, Modifications, Waivers, Authorisations and Determinations**

### **(a) Meetings of Certificateholders**

The Trust Deed contains provisions for convening meetings (including by way of telephony or electronic platform or facility) of Certificateholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification or abrogation of any of these Conditions or any provisions of the Trust Deed or any other Transaction Document. Such a meeting may be convened by the Trustee, the Obligor or the Delegate at any time, or shall be convened by the Trustee upon a direction by Certificateholders holding not less than 10 per cent. in aggregate face amount of the Certificates for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be one or more persons holding or representing in the aggregate more than 50 per cent. in face amount of the Certificates for the time being outstanding, or at any adjourned meeting one or more persons being or representing Certificateholders whatever the face amount of the Certificates held or represented, unless the business of such meeting includes consideration of proposals which would have the effect of *inter alia*: (i) modifying any date for payment in respect of the Certificates (including any Call Date), (ii) amending Condition 4, (iii) reducing or cancelling or varying the method for calculating the face amount of, or any amount or premium payable or due in respect of, the Certificates, (iv) reducing the rate or rates of profit in respect of the Certificates or varying the method or basis of calculating the rate or rates or amount of profit or the basis for calculating any profit amount in respect of the Certificates, (v) varying the currency of payment or denomination of the Certificates, (vi) modifying the provisions concerning the quorum required at any meeting of Certificateholders or the majority required to pass an Extraordinary Resolution, (vii) modifying or cancelling the payment obligations of the Obligor (in any capacity) and/or the Trustee under the Transaction Documents and/or the Certificates (as the case may be), (viii) amending any of the Obligor's or the Trustee's covenants included in the Transaction Documents, (ix) amending the priority of payments as described in Condition 5(b), or (x) amending the above list, in which case the necessary quorum shall be one or more

persons holding or representing in the aggregate not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate face amount of the Certificates for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on all Certificateholders (whether or not they were present and whether or not they voted at the meeting at which such resolution was passed). To be passed, an Extraordinary Resolution requires a majority in favour consisting of not less than 75 per cent. of the votes cast on a show of hands, or, if a poll is duly demanded, not less than 75 per cent. on such poll.

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

This Condition 15 is without prejudice to Condition 9.1(c) and Condition 9.1(d).

*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 the holders 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) Waivers, authorisations, determinations and modifications of the Trust Deed or any other Transaction Document**

(i) The Delegate may agree, without the consent or sanction of Certificateholders, to any modification of the Trust Deed (including these Conditions) or any of the other Transaction Documents if, in the opinion of the Delegate, such modification is:

- (A) of a formal, minor or technical nature; or
- (B) made to correct a manifest error; or
- (C) not materially prejudicial to the interests of the outstanding Certificateholders, is other than in respect of a matter which requires a special quorum resolution (as defined in schedule 3 to the Master Trust Deed).

Any such modification may be made on such terms and subject to such conditions (if any) as the Delegate may determine, shall be binding upon the Certificateholders and, unless the Delegate otherwise decides, shall be notified by the Trustee to Certificateholders in accordance with Condition 18 as soon as practicable thereafter.

(ii) The Delegate may, without the consent or sanction of the Certificateholders and without prejudice to its rights in respect of any subsequent breach, from time to time and at any time if, in the opinion of the Delegate, such consent, waiver, authorisation or determination is not materially prejudicial to the interests of the outstanding Certificateholders: (i) give its consent under the Trust Deed or any other Transaction Document and agree to any waiver or authorisation of any breach or proposed breach of any provision of the Trust Deed or any other Transaction Document; or (ii) determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such, *provided that* such consent, waiver, authorisation or determination is not in contravention of an express direction given by an Extraordinary Resolution or request in writing by the holders

of at least one-fifth of the aggregate face amount of the Certificates of that Series then outstanding. No such direction or request will affect a previous consent, waiver, authorisation or determination. Any such consent, waiver, authorisation or determination shall be binding on the Certificateholders and shall be notified by the Trustee to the Certificateholders in accordance with Condition 18 as soon as practicable thereafter.

(c) **Entitlement of the Delegate**

In connection with the exercise by it of any of its powers, authorities and discretions (including, without limitation, those referred to in this Condition 15), the Delegate shall have regard to the general interests of the Certificateholders as a class and shall not have regard to any interest arising from circumstances particular to individual Certificateholders (whatever their number) and, in particular, but without limitation, shall not have regard to the consequences of any such exercise for individual Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof or taxing jurisdiction and the Delegate shall not be entitled to require, nor shall any Certificateholder be entitled to claim from the Trustee, the Delegate, the Obligor or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders except in the case of the Trustee and the Obligor, to the extent already provided for in Condition 13.

## **16 Delegate**

(a) **Delegation of Powers**

The Trustee will in the Trust Deed irrevocably and unconditionally appoint the Delegate to be its delegate and attorney and in its name, on its behalf as its act and deed, to execute, deliver and perfect all documents, and to exercise all 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 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 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 the Delegate from taking any action, step or proceeding unless indemnified and/or secured and/or pre-funded to its satisfaction.

(c) **No Liability**

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

(d) **Reliance on Certificates, Reports and/or Information**

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

(e) **Proper Performance of Duties**

Nothing shall, in any case in which the Trustee or the Delegate has failed to show the degree of care and diligence required of it as trustee, in the case of the Trustee (having regard to the provisions of the Trust Deed conferring on it any trusts, powers, authorities or discretions) or as delegate, in the case of the Delegate (having regard to the powers, rights, authorities and discretions conferred on it by the Trust Deed), respectively exempt the Trustee or the Delegate from or indemnify either of them against any liability which by virtue of any rule of law would otherwise attach to either of them in respect of any gross negligence, wilful default or fraud of which either of them may be guilty in relation to their own duties under the Trust Deed. The Delegate shall incur no liability in respect of the Transaction Documents save in the case of the Delegate's gross negligence, wilful default or fraud.

(f) **Notice of Events**

Neither the Delegate nor the Trustee shall be bound to take any steps to ascertain whether any Dissolution Event or Potential Dissolution Event has happened and, until it shall have received express written notice to the contrary, it will be entitled to assume that no such event has happened (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 the directors or officers of a corporation acting as the Delegate may acquire, hold or dispose of any Certificates or other security (or any interest therein)

of the Trustee or any other person, may enter into or be interested in any contract or transaction with any such person and may act on, or as depositary or agent for, any committee or body of holders of any securities of any such person, in each such case with the same rights as they would have had if the Delegate were not acting as Delegate and need not account for any profit made thereby or in connection therewith.

## **17 Replacement of Registered Certificates**

If a Registered Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant regulatory 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 costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Trustee may reasonably require (*provided that* such requirement is reasonable in light of prevailing market practice). Mutilated or defaced Registered Certificates must be surrendered before replacements will be issued.

## **18 Notices**

Notices required to be given to the Certificateholders shall be mailed to them by registered mail (airmail if overseas) at their respective addresses in the Register.

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

*So long as the Certificates are represented by a Global Certificate and such Global Certificate is held on behalf of Euroclear, Clearstream, Luxembourg, or any other clearing system, notices to the Certificateholders 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 this Condition 18. Any such notice shall be deemed to have been given to the Certificateholders on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system.*

## **19 Further Issues**

In respect of any Series, the Trustee may from time to time without the consent of the Certificateholders, but subject to the Bank obtaining the prior approval of the Financial Regulator if so required, create and issue further Certificates having the same terms and conditions as the outstanding Certificates of such Series or terms and conditions which are the same in all respects save for the date and amount of the first payment of the Periodic Distribution Amount and the date from which Periodic Distribution Amounts start to accrue and so that such further issue shall be consolidated and form a single Series with the outstanding Certificates of such Series. Any further Certificates which are to form a single Series with the outstanding Certificates previously constituted by the relevant 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.

## **20 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.

## **21 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 them are governed by, and shall be construed in accordance with, English law.

### **(b) Arbitration**

The Delegate, the Trustee and the Obligor have in the Trust Deed agreed that (subject as provided therein) any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Trust Deed (which includes the Certificates, these Conditions and this Condition 21(b)) (including any dispute claim, difference or controversy as to the existence, validity, interpretation, performance, breach or termination of the Trust Deed or the consequences of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with it (a “**Dispute**”)) shall be referred to and finally resolved by arbitration, with a seat (or legal place) of arbitration in London, England conducted in the English language by three arbitrators pursuant to the arbitration rules of the LCIA (the “**Rules**”) (such arbitration to also be administered by the LCIA in accordance with those Rules). The claimant (or claimants jointly) shall nominate one arbitrator for appointment by the LCIA Court. The respondent (or respondents jointly) shall nominate one arbitrator for appointment by the LCIA Court. The third arbitrator, who shall act as presiding arbitrator of the tribunal, shall be nominated by the two arbitrators nominated by the parties. If not so nominated within 30 days of the date of nomination of the later of the two party-nominated arbitrators to be nominated, the third arbitrator shall be chosen by the LCIA Court. Sections 45 and 69 of the Arbitration Act 1996 shall not apply.

### **(c) Consolidation**

The Delegate, the Trustee and the Obligor have in the Trust Deed:

- (i) agreed that the arbitration agreement set out in this Condition 21 and the arbitration agreement contained in each Relevant Agreement shall together be deemed to be a single arbitration agreement;
- (ii) agreed to the consolidation of any two or more arbitrations commenced pursuant to this Condition 21 and/or the arbitration agreement contained in any Relevant Agreement, subject to and in accordance with the Rules. Notwithstanding anything to the contrary in the Rules, the Delegate, the Trustee and the Obligor have agreed that no arbitrations other than those referred to in this Condition 21(c)(ii) may be consolidated. For the avoidance of doubt, this Condition 21(c)(ii) is an agreement in writing by all parties for the purposes of Article 22.7(i) and Article 22.8(i) of the Rules. The parties to the Trust Deed have further agreed that:

- (A) if a tribunal has been constituted in more than one of the arbitrations in respect of which consolidation is sought pursuant to this Condition 21(c)(ii), the tribunal which shall have the power to order consolidation shall be the tribunal appointed first in time; and
- (B) the requirement in the Rules that a tribunal considering whether to consolidate disputes should give the parties a reasonable opportunity to state their views shall extend to all parties to each of the arbitrations in respect of which consolidation is sought; and
- (iii) to the extent permitted by law, waived any objection, relating to the fact that a Dispute has been resolved in a manner contemplated by this Condition 21(c), to the validity and/or enforcement of any arbitral award.

In this Condition 21(c), “**Relevant Agreement**” means each Transaction Document other than the Trust Deed.

(d) **Waiver of Immunity**

Under each of the Transaction Documents, the Obligor has explicitly acknowledged that its execution of such documents constitutes, and its exercise of its rights and performance of its obligations thereunder will constitute, private and commercial acts done and performed for private and commercial purposes (rather than an act in its or any other sovereign capacity) and has irrevocably and unconditionally waived with respect to any proceedings arising under these Conditions or any of such documents any sovereign or other immunity that it or its property, assets or revenues may have including (without limitation) from jurisdiction, suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process or defence and 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 property, assets or revenues whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any proceedings or Disputes.

(e) **Waiver of Interest**

- (i) Each of the Trustee, the Delegate and the Obligor has irrevocably agreed in the Trust Deed that no interest will be payable or receivable under or in connection with the Trust Deed or any other Transaction Documents and if it is determined that any interest is payable or receivable in connection with the Trust Deed or any other Transaction Documents by any of the Trustee, the Delegate or the Obligor, whether as a result of any arbitral or judicial award or by operation of any applicable law or otherwise, each such party has agreed to waive any rights it may have to claim or receive such interest and has agreed that if any such interest is actually received by it, it shall hold such amount in a suspense account and promptly donate the same to a registered or otherwise officially recognised charitable organisation.
- (ii) For the avoidance of doubt, nothing in this Condition 21(e) shall be construed as a waiver of rights in respect Mudaraba Profit, Final Mudaraba Profit, Rab-al-Maal Mudaraba Profit, Rab-al-Maal Final Mudaraba Profit, Periodic Distribution Amounts, Indemnity Payment, Outstanding Payments or profit or principal of any kind howsoever described payable by the Bank or the Trustee pursuant to the Transaction Documents and/or these Conditions, howsoever such amounts may be described or re-characterised by any court or arbitral tribunal.

(f) **Service of Process**

Each of the Trustee and the Obligor has in the Trust Deed irrevocably appointed Walkers (Europe) at its registered office at The Scalpel, 11 Floor, 52 Lime Street, London, EC3M 7AF, England, United Kingdom to receive for it and on its behalf, service of process in any proceedings in England.

## SUMMARY OF PROVISIONS RELATING TO THE CERTIFICATES WHILE IN GLOBAL FORM

### 1 Initial Issue of Certificates

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

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

Certificates that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with 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 Exchange for Definitives

Interests in a Global Certificate will be exchangeable in whole but not in part (free of charge) for definitive Certificates of a particular Series only upon the occurrence of an Exchange Event. The Trustee will promptly give notice to the Certificateholders in accordance with Condition 18 upon the occurrence of an Exchange Event. For these purposes, an “**Exchange Event**” will occur (i) if the Delegate has given notice in accordance



with Condition 18 that a Dissolution Event has occurred and is continuing or (ii) if the Trustee has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor or alternative clearing system satisfactory to the Trustee is available or (iii) with the consent of the Trustee. In the event of an occurrence of an Exchange Event, any of the Trustee or Euroclear and/or Clearstream, Luxembourg, as the case may be, acting on the instructions of any holder of an interest in such Global Certificate may give notice to the Registrar requesting exchange. Any exchange shall occur no later than 15 days after the date of receipt of the first relevant notice by the Registrar.

## **4 Amendment to Conditions**

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

### **4.1 Payments**

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

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. The provisions for meetings of Certificateholders in the Master Trust Deed contain other provisions that apply while the Certificates are represented by a Global Certificate.

### **4.3 Delegate’s Powers**

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

### **4.4 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.

### **4.5 Notices**

Notices required to be given in respect of the Certificates represented by a Global Certificate may be given by their being delivered (so long as this Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg or any other clearing system) to Euroclear, Clearstream, Luxembourg or such

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

## 5 Electronic Consent

While any Global Certificate is held on behalf of, and registered in the name of any nominee for a Common Depositary for, a clearing system, then:

- (i) approval of a resolution proposed by the Trustee, the Obligor or the Delegate (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in aggregate face amount of the Certificates for the time being outstanding (an “**Electronic Consent**”) shall, for all purposes (including matters that would otherwise require a special quorum resolution (as defined in paragraph 7 of schedule 3 (*Provisions for Meetings of Certificateholders*)) 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; and
- (ii) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Master Trust Deed) has been validly passed, the Trustee, the Bank and the Delegate shall be entitled to rely on consent or instructions given in writing directly to the Trustee, the Bank and/or the Delegate, as the case may be, (a) by accountholders in the clearing system(s) with entitlements to such Global Certificate and/or, (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held whether such beneficiary holds directly with the accountholder or via one or more intermediaries. For the purpose of establishing the entitlement to give any consent or instruction the Trustee and the Delegate shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant clearing system (the “**relevant clearing system**”) and in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Certificateholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s Easyway or Clearstream, Luxembourg’s Xact Web Portal) in accordance with its usual procedures and in which the accountholder of a particular face amount of the Certificates is clearly identified together with the amount of such holding. None of the Trustee, the Bank and/or the Delegate shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

## 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, is set out below:

### Pricing Supplement

**NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH REGULATION (EU) 2017/1129 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (THE UK PROSPECTUS REGULATION) FOR THE ISSUE OF THE CERTIFICATES DESCRIBED BELOW AND THE FINANCIAL CONDUCT AUTHORITY HAS NEITHER APPROVED NOR REVIEWED 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 FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of 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 appropriate distribution channels.]

**[Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)]**

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

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

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<sup>1</sup> Notice to be included if classification of the Certificates is not “prescribed capital markets products” and not “Excluded Investment Products”.

UK Prospectus Regulation or to supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation, in each case, in relation to such offer.

*[Date]*

**SAB AT1 Limited**

**Legal Entity Identifier (LEI): 254900G0214VUC31CW54**

**Issue of [Aggregate Face Amount of Tranche] Additional Tier 1 Capital [Sustainability/Green/Social] 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>2</sup> under the U.S.\$5,000,000,000 Additional Tier 1 Capital Certificate Issuance Programme**

**PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Certificates set forth in the Base Offering Circular dated 16 April 2025 [and the supplement[s] to it dated [●] [and [●]] (the “**Base Offering Circular**”). This document constitutes the Pricing Supplement of the Certificates described herein and must be read in conjunction with the Base Offering Circular in order to obtain all the relevant information. The Base Offering Circular (i) is available for viewing at the registered office of the Obligor at 7383 King Fahad Branch Road, 2338 Al Yasmineen District, Riyadh 113325, Kingdom of Saudi Arabia and copies may be obtained from the specified office of the Principal Paying Agent, in each case during usual business hours or (ii) at the option of the Principal Paying Agent, may be emailed to any Certificateholder, at its request (subject to provision of proof of holding satisfactory to the Principal Paying Agent).

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a base 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 Base Offering Circular dated [original date] [and the supplement[s] to it dated [●] [and [●]] which are incorporated by reference in the Base Offering Circular dated [●] (the “**Base Offering Circular**”). This document constitutes the Pricing Supplement of the Certificates described herein and must be read in conjunction with the Base Offering Circular dated [current date] [and the supplement(s) to it dated [●]], in order to obtain all the relevant information, save in respect of the Conditions which are extracted from the Base Offering Circular dated [original date] [and the supplement(s) to it dated [●]]. The Base Offering Circular (i) is available for viewing at the registered office of the Obligor at 7383 King Fahad Branch Road, 2338 Al Yasmineen District, Riyadh 113325, Kingdom of Saudi Arabia and copies may be obtained from the specified office of the Principal Paying Agent, in each case during usual business hours or (ii) at the option of the Principal Paying Agent, may be emailed to any Certificateholder, at its request (subject to provision of proof of holding satisfactory to the Principal Paying Agent).*

- |   |     |   |   |
|---|-----|---|---|
| 1 | (a) | Trustee:  | SAB AT1 Limited   |
|   | (b) | Obligor:  | Saudi Awwal Bank  |
| 2 |     | Series Number:  | [●]   |
|   | (a) | Tranche Number:   | [●]   |
|   | (b) | Date on which the Certificates will be consolidated and form a single Series: | [The Certificates will be consolidated and form a single Series with [identify earlier Tranche(s)] on [insert date/the Issue Date]]<br>[Not Applicable] |
| 3 |     | Specified Currency:   | [●]   |

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<sup>2</sup> Include only for an issue of further Certificates in accordance with Condition 19.

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 Periodic Distribution Amounts from (and including) <i>[the issue date of the Original Certificates]</i> to (but excluding) the Issue Date] <sup>3</sup>
6	(a) Specified Denominations:	[●]
	(b) Calculation Amount:	[●]
7	Issue Date:	[●]
8	Date of Trustee's board approval and date of Obligor's board approval for issuance of Certificates:	[●] and [●], respectively
9	Financial Centre(s) relating to payment (Condition 11(d)):	[Not Applicable]/[●]

#### Provisions relating to Periodic Distributions

10	Initial Periodic Distribution Rate:	[●] per cent. per annum payable [annually/semi-annually/quarterly/monthly/[●]]
11	Initial Periodic Distribution Amount:	[●] per Calculation Amount
12	Margin:	[+/-] [●] per cent. per annum
13	Periodic Distribution Date(s):	[●] in each year, commencing on [●]
14	Day Count Fraction:	[30/360] [Actual/Actual-ICMA]
15	Determination Date(s):	[[ ] in each year][Not Applicable]
16	First Reset Date:	[●]
17	Reset Date(s):	[First Reset Date and every [●] anniversary thereafter]
18	Relevant Reset Rate:	[As per Condition 1]/[[●]
19	Reset Determination Date:	[As per Condition 1]/[[●]
20	Mid-Swap Maturity:	[●] years
21	First Fallback Reset Rate:	[●]
22	Calculation Agent:	[Principal Paying Agent] <i>[specify other]</i>
23	Additional Business Centre(s)	[●]/[Not Applicable]

#### Provisions Relating to Redemption

24	Par Call Period:	[Applicable/Not Applicable]
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<sup>3</sup> Include only for an issue of further Certificates in accordance with Condition 19.

25 First Call Date: [●]

**Provisions Relating to Trust Assets**

- 26 (a) Details of Transaction Account: SAB AT1 Limited Transaction Account No: [●] for Series No.: [●]
- (b) Supplemental Trust Deed: Supplemental Trust Deed dated [●] between the Trustee, the Obligor and the Delegate
- (c) Supplemental Mudaraba Agreement Supplemental Mudaraba Agreement dated [●] between the Trustee and the Obligor
- (d) Declaration of Commingling of Assets:<sup>4</sup> [Declaration of Commingling of Assets dated [●] executed by the Trustee] / [Not Applicable]

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<sup>4</sup> Include only for an issue of further Certificates in accordance with Condition 19.



Signed on behalf of  
**SAB AT1 Limited**

By: \_\_\_\_\_  
*Duly authorised*

Signed on behalf of  
**Saudi Awwal Bank**

By: \_\_\_\_\_  
*Duly authorised*

## PART B – OTHER INFORMATION

### 1 Admission to Trading

- (a) Admission to trading: [Application [has been] [is expected to be] made by the Trustee (or on its behalf) for the Certificates to be admitted to trading on [the London Stock Exchange’s International Securities 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 rated] [have been/are expected to be] rated:

[Fitch: [●]]

[Moody’s: [●]]

[Each of [●] and] [●] is established in the European Economic Area and registered under Regulation (EC) No 1060/2009, as amended (the “**EU CRA Regulation**”)] [Each of [●] and][\*] is not established in the European Economic Area and has not applied for registration under Regulation (EC) No. 1060/2009 (the “**EU CRA Regulation**”). The ratings [have been][are expected to be] endorsed by [●] in accordance with the EU CRA Regulation. [●] is established in the European Economic Area and registered under the EU CRA Regulation.]

[Each of [●] and][●] is not established in the European Economic Area and has not applied for registration under Regulation (EC) No. 1060/2009 (the “**EU CRA Regulation**”), but it is certified in accordance with the EU CRA Regulation.]

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

[Each of [●] and] [●] is not established in the UK and has applied for registration under Regulation (EC) No. 1060/2009 as it forms part of domestic law in the UK by virtue of the EUWA (the “**UK CRA Regulation**”), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

[Each of [●] and] [●] is not established in the UK and has not applied for registration under Regulation (EC) No. 1060/2009 as it forms part of domestic law in the UK by virtue of the EUWA

(the UK CRA Regulation) but is certified in accordance with the UK CRA 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.]

[The [Managers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Trustee or the Obligor and their affiliates in the ordinary course of business/[●]].

### 4 **Sustainable Certificates**

Sustainable Certificates: [Applicable]/[Not Applicable]

[See “*Use of Proceeds*” in the Base Offering Circular]

Type of Sustainable Certificates: [“Sustainability Certificates”]/[“Green Certificates”]/[“Social Certificates”]

### 5 **Operational Information**

(a) ISIN: [●]/[Until the Certificates are consolidated, become fungible with and form a single series with the Original Certificates, the Certificates will have the temporary ISIN [●]. After that, the Certificates will have the same ISIN as the Original Certificates, which is [●].

(b) Common Code: [●]/Until the Certificates are consolidated, become fungible with and form a single series with the Original Certificates, the Certificates will have the temporary Common Code [●]. After that, the Certificates will have the same Common Code as the Original Certificates, which is [●].

(c) FISN: [[See/[include code]<sup>5</sup>, as updated, as set out on] 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/Not Available]

(d) CFI: [[See/[include code]<sup>6</sup>, as updated, as set out on] the website of ANNA or alternatively sourced from the responsible national numbering agency that assigned the ISIN/Not Applicable/Not Available]

(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)]

<sup>5</sup> The actual code should only be included where the Trustee is comfortable that it is correct.

<sup>6</sup> The actual code should only be included where the Trustee is comfortable that it is correct.

- (f) Names and addresses ☐ of additional Paying Agent(s) (if any):
- (g) Delivery: ☐ Delivery [against / free of] payment
- (h) Name and address of the Registrar(s): ☐

6 **Distribution**

- (a) Method of distribution: ☐ [Syndicated] / ☐ [Non-syndicated]
- (b) If syndicated, names of Managers: ☐ / ☐ [Not Applicable]
- (c) Stabilisation Manager(s): ☐ / ☐ [Not Applicable]
- (d) If non-syndicated, name of Dealer: ☐ / ☐ [Not Applicable]
- (e) U.S. Selling Restrictions: ☐ Regulation S, Category 2

7 **Third Party Information**

☐ has been extracted from ☐. The Trustee and the Bank confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by ☐, no facts have been omitted which would render the reproduced information inaccurate or misleading.] / ☐ [Not Applicable].

8 **Use of Proceeds**

*[Specify use of proceeds if different to what is contemplated in the "Use of Proceeds" section of the Base Offering Circular.]*

## USE OF PROCEEDS

The net proceeds of the issue of each Tranche of Certificates will be paid by the Trustee (as Rab-al-Maal) to the Bank (as Mudareb) on the relevant Issue Date, which proceeds will form the Mudaraba Capital of the relevant Series and will be used by the Bank to improve its Tier 1 capital and for general corporate purposes in a *Shari'ah*-compliant manner, all in accordance with the investment plan set out in the Master Mudaraba Agreement.

In respect of each issue of Certificates identified as “Green Certificates” in the applicable Pricing Supplement (“**Green Certificates**”), the Bank intends to apply, in accordance with SAB’s sustainable debt framework dated September 2023 (as amended, supplemented, restated and/or otherwise updated and published on SAB’s website from time to time, the “**Sustainable Finance Framework**”), an amount equal to the net proceeds of such Certificates (the “**equivalent amount**”) to finance and/or refinance, in whole or in part, new and/or existing eligible financings or investments (each an “**Eligible Green Asset**”) that meet the eligibility criteria for Eligible Green Assets (the “**Green Eligibility Criteria**”) set out in the Use of Proceeds section of the Sustainable Finance Framework under green eligible categories and within the boundaries prescribed and approved by the *Shari'ah* Committee.

In respect of each issue of Certificates identified as “Social Certificates” in the applicable Pricing Supplement (“**Social Certificates**”), the Bank intends to apply, in accordance with the Sustainable Finance Framework, the equivalent amount to finance and/or refinance, in whole or in part, new and/or existing eligible financings or investments (each an “**Eligible Social Asset**”, together with Eligible Green Assets, the “**Eligible Assets**” and each an “**Eligible Asset**”) that meet the eligibility criteria for Eligible Social Assets (the “**Social Eligibility Criteria**”, together with the Green Eligibility Criteria, the “**Eligibility Criteria**”) set out in the Use of Proceeds section of the Sustainable Finance Framework under social eligible categories and within the boundaries prescribed and approved by the *Shari'ah* Committee.

In respect of each issue of Certificates identified as “Sustainability Certificates” in the applicable Pricing Supplement (“**Sustainability Certificates**”), the Bank intends to apply, in accordance with the Sustainable Finance Framework, the equivalent amount to finance and/or refinance, in whole or in part, a combination of Eligible Green Assets and Eligible Social Assets and within the boundaries prescribed and approved by the *Shari'ah* Committee.

References in this Base Offering Circular to “**ESG Certificates**” means Green Certificates, Social Certificates and/or Sustainability Certificates.

The Sustainable Finance Framework is aligned with international recommendations and guidelines including the Green Bond Principles 2021 (“**GBP**”) (with June 2022 Appendix I), the Social Bond Principles 2023 (“**SBP**”) and the Sustainability Bond Guidelines 2021 (“**SBG**”) published by the International Capital Markets Association (“**ICMA**”), the Green Loan Principles 2023 (“**GLP**”) and Social Loan Principles 2023 (“**SLP**”, together with the GBP, the SBP, the SBG, the GLP and the SLP, “**ESG Principles**”) published by the Loan Markets Association (the “**LMA**”), the Asia Pacific Loan Market Association (“**APLMA**”) and the Loan Syndications and Trading Association (the “**LSTA**”). However, see “*Risk Factors – Risks relating to the Certificates – The use of proceeds of any issue of Certificates identified as Sustainable Certificates in the applicable Pricing Supplement may not meet investor expectations or requirements or be suitable for an investor’s investment criteria*”.

The Green Eligibility Criteria pertain to the following categories:

- Green Buildings (Climate Change Mitigation);
- Renewable Energy (Climate Change Mitigation);

- Energy Efficiency (Climate Change Mitigation);
- Clean Transportation (Climate Change Mitigation);
- Pollution Prevention and Control (Pollution Prevention and Control);
- Environmentally sustainable management of living natural resources and land (Natural Resources Conservation); and
- Sustainable Water and Waste Water Management (Natural Resources Conservation).

The Social Eligibility Criteria pertain to the following categories:

- Access to Essential Services;
- Affordable Housing; and
- Employment Generation and Programs designed to prevent and/or alleviate unemployment through the potential effect of SME financing.

For the avoidance of doubt, any future changes to the Eligibility Criteria may not necessarily apply to any ESG Certificates issued under the version of the Sustainability Finance Framework published as of the date of this Base Prospectus.

A specified group of internal committees and teams comprised of representatives from the relevant departments and business units of the Bank will be responsible for evaluating and allocating assets to a single register of assets that are considered to be Eligible Assets to be financed and/or refinanced using the equivalent amount.

During the term of the ESG Certificates, if the designated assets cease to comply with the relevant Eligibility Criteria or are withdrawn, the proceeds of the ESG Certificates (or the equivalent amount) will be re-allocated to other Eligible Assets as soon as reasonably practicable.

While any proceeds from ESG Certificates (or equivalent amount) are unallocated, such amounts will be held by the Bank in cash and cash equivalents and managed in accordance with the Bank's general cash management policies in a *Shari'ah*-compliant manner.

The Bank expects to publish an allocation report and (where feasible) an impact report in respect of its Eligible Assets portfolio in line with the portfolio approach described in the standards specified in the Sustainable Finance Framework. The reporting will be updated annually until full allocation of the net proceeds of any ESG Certificates issued, or until such ESG Certificates are no longer outstanding.

The Bank has appointed S&P Global Ratings to provide an external review of the Sustainable Finance Framework and its alignment with the GBP, SBP, SBG, GLP and SLP and issue a second party opinion in this regard (the “**Second Party Opinion**”).

The Sustainable Finance Framework and the Second Party Opinion are accessible through the Bank's website at: <https://www.sab.com/esg/>.

For the avoidance of doubt, any information on, or accessible through, the Bank's website (including the Sustainable Finance Framework and the Second Party Opinion) is not, nor shall it be deemed to be, incorporated in and/or form part of this Base Offering Circular and should not be relied upon in connection with making any investment decision with respect to any Certificates to be issued under the Programme.

## DESCRIPTION OF THE TRUSTEE

### General

SAB AT1 Limited, an exempted company with limited liability incorporated in the Cayman Islands with registration number 418283, having its registered office at c/o Walkers Fiduciary Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

### Share Capital

The authorised share capital of the Trustee is U.S.\$50,000 divided into 50,000 shares of a nominal or par value of U.S.\$1.00 each, 250 of which have been issued. All of the issued shares (the “**Shares**”) are fully paid and are held by Walkers Fiduciary Limited as share trustee (the “**Share Trustee**”) under the terms of 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 the power to benefit Charity (as defined in the Share Declaration of Trust). It is not anticipated that any distribution will be made whilst any of the Certificates is outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to charity. The Share Trustee has no beneficial interest in, and derives no benefit (other than its fee for acting as Share Trustee) from, its holding of the Shares.

### Purpose and business activity

The principal objects of the Trustee are unrestricted and, as set out in its Memorandum of Association, the Trustee has full power and authority to carry out any object not prohibited by law.

The Trustee is organised as a special purpose entity and consequently does not have any employees or own any physical assets.

The Trustee does not engage in, and has not, since its incorporation, engaged in, any activities other than those incidental to: (i) its registration as an exempted company; (ii) the authorisation of the offering and issue of the Certificates; (iii) the ownership of such interests and other assets referred to herein; (iv) the other matters contemplated in this Base Offering Circular or any other offering circular related to the offering and issue of the Certificates; (v) the authorisation and execution of the other documents referred to in this Base Offering Circular or any other Offering Circular related to the offering and issue of the Certificates; and (vi) other matters which are incidental or ancillary to those activities.

The Trustee’s ongoing activities will principally comprise: (i) the issue of the Certificates; (ii) the entering into of any documents related to an update of the Programme and issue of the Certificates; and (iii) the exercise of related rights and powers and other activities referred to in this Base Offering Circular or reasonably incidental to those activities.

The Trustee will not have any substantial liabilities other than in connection with the Certificates issued under this Programme. The Certificates are the obligations of the Trustee alone and not the Share Trustee.

### Management

The directors of the Trustee and their respective business addresses and principal activities are as follows:

Name	Occupation
Kathleen Kay Ramos	Assistant Vice President, Walkers Fiduciary Limited
Gennie Bigord	Senior Vice President, Walkers Fiduciary Limited

<b>Name</b>	<b>Occupation</b>
Linval Stewart	Vice President, Walkers Fiduciary Limited

The business address of Kathleen Kay Ramos is c/o Walkers Professional Services (Middle East) Limited, Level 14, Burj Daman, DIFC, PO Box 506513, Dubai, United Arab Emirates.

The business address of Gennie Bigord is c/o Walkers Fiduciary Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

The business address of Linval Stewart is c/o Walkers Fiduciary Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

There are no potential conflicts of interest between the private interests or other duties of the directors listed above and their duties to the Trustee.

### **The Corporate Administrator**

Walkers Fiduciary Limited also acts as the Corporate Administrator. The office of the Corporate Administrator serves as the general business office of the Trustee. Through the office, and pursuant to the Corporate Services Agreement, the Corporate Administrator has agreed to perform in the Cayman Islands 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. In consideration of the foregoing, the Corporate 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 provides that either the Trustee or the Corporate Administrator may terminate such agreement 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 provides that each party shall be entitled to terminate such agreement by giving at least three months' notice in writing to the other parties.

The Corporate Administrator will be subject to the overview of the Trustee's Board of Directors. The Corporate Administrator's principal office is c/o Walkers Fiduciary Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

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

The Trustee has no employees and is not expected to have any employees in the future.

### **Independent auditors**

The Trustee is not required by Cayman Islands law, and does not intend, to publish audited financial statements or appoint any auditors. Since the date of its incorporation, no financial statements of the Trustee have been prepared.



## SELECTED FINANCIAL INFORMATION

*The information presented below has been extracted from the Financial Statements or calculated based on information derived from the Financial Statements and should be read in conjunction with, and is qualified in its entirety by reference to, the Financial Statements as included in this Base Offering Circular. The information presented below should also be read in conjunction with the information set out in “Presentation of Certain Financial and Other Information” and “Operating and Financial Review”.*

### Consolidated Statement of Financial Position Data

	As at 31 December		
	2024	2023	2022 (Restated)
		(SAR'000)	
<b>Assets</b>			
Cash and balances with SAMA.....	17,362,692	16,741,235	19,258,717
Due from banks and other financial institutions, net.....	3,429,772	7,407,481	5,871,533
Positive fair value derivatives, net .....	2,631,208	2,368,382	2,538,074
Investments, net .....	98,412,224	96,566,836	86,363,159
Loans and advances, net.....	259,345,516	215,935,845	183,132,249
Investment in associates.....	463,350	462,046	599,289
Other assets .....	3,050,018	2,758,518	2,228,977
Property, equipment and right of use assets, net .....	4,087,561	3,844,926	3,621,644
Goodwill and other intangibles, net <sup>(1)</sup> .....	10,660,468	10,556,367	10,790,482
<b>Total assets<sup>(1)</sup> .....</b>	<b>399,442,809</b>	<b>356,641,636</b>	<b>314,404,124</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Due to banks and other financial institutions <sup>(2)</sup> .....	40,996,981	19,678,918	25,517,303
Customers' deposits <sup>(2)</sup> .....	267,010,659	253,457,490	214,278,851
Negative fair value derivatives, net.....	2,546,204	2,231,470	1,907,436
Debt securities in issue.....	5,178,059	5,177,862	5,114,836
Other liabilities.....	15,424,723	14,196,333	12,949,047
<b>Total liabilities .....</b>	<b>331,156,626</b>	<b>294,742,073</b>	<b>259,767,473</b>
<b>Equity</b>			
<i>Equity attributable to equity holders of SAB:</i>			
Share capital.....	20,547,945	20,547,945	20,547,945
Share premium .....	8,524,882	8,524,882	8,524,882
Statutory reserve .....	20,547,945	20,547,945	20,547,945
Other reserves .....	(2,818,768)	(1,414,343)	(1,182,348)

As at 31 December			
	2024	2023	2022 (Restated)
		(SAR'000)	
Retained earnings <sup>(1)</sup> .....	11,464,384	9,708,134	6,198,227
Proposed dividends .....	2,054,795	—	—
<b>Total equity attributable to equity holders of SAB<sup>(1)</sup> ..</b>	<b>60,321,183</b>	<b>57,914,563</b>	<b>54,636,651</b>
Additional Tier 1 Sukuk .....	7,965,000	3,985,000	—
<b>Total equity .....</b>	<b>68,286,183</b>	<b>61,899,563</b>	<b>54,636,651</b>
<b>Total liabilities and equity .....</b>	<b>399,442,809</b>	<b>356,641,636</b>	<b>314,404,124</b>

Notes:

- (1) The comparative financial information as at 31 December 2022 was restated in the 2023 Financial Statements (see Note 39(d) to the 2023 Financial Statements).
- (2) During 2024, the Bank re-evaluated the presentation of certain balances within due to banks and other financial institutions in the consolidated statement of financial position to determine if such balances were appropriately presented in the consolidated financial statements. As a result of the re-evaluation, the liability balances amounting to SAR 12.5 billion as of 31 December 2023 were reclassified from due to banks and other financial institutions to customers' deposits. See Note 41 to the 2024 Financial Statements for further details.

## Consolidated Statement of Income Data

For the year ended 31 December			
	2024	2023	2022 (Restated)
			(SAR'000, unless otherwise indicated)
Special commission income .....	20,501,416	17,088,441	9,321,874
Special commission expense .....	(9,477,916)	(6,746,972)	(1,913,587)
<b>Net special commission income .....</b>	<b>11,023,500</b>	<b>10,341,469</b>	<b>7,408,287</b>
Fees and commission income .....	3,997,013	3,255,403	2,770,173
Fees and commission expense .....	(2,547,451)	(2,110,865)	(1,884,517)
<b>Net fee and commission income .....</b>	<b>1,449,562</b>	<b>1,144,538</b>	<b>885,656</b>
Exchange income, net .....	1,132,874	915,124	777,313
Gain from FVSI financial instruments, net .....	554,929	345,598	430,861
Dividend income .....	7,323	4,747	—
Losses on FVOCI debt instruments, net .....	(60,924)	(4,892)	(11,654)
(Losses) / gains on amortised cost investments, net .....	(41,808)	(14,929)	30,505
Other operating income .....	69,549	87,143	258,906

	For the year ended 31 December		
			2022
	2024	2023	(Restated)
	(SAR '000, unless otherwise indicated)		
Other operating expense.....	(117,333)	(108,338)	(129,646)
Net other operating (expense) / income <sup>(1)</sup> .....	(47,784)	(21,195)	129,260
<b>Total operating income</b> .....	<b>14,017,672</b>	<b>12,710,460</b>	<b>9,650,228</b>
Provision for expected credit losses, net .....	(566,063)	(562,442)	(445,261)
<b>Operating expenses:</b>			
Salaries and employee related expenses.....	(2,271,876)	(2,087,799)	(1,809,465)
Rent and premises related expenses .....	(77,818)	(73,646)	(49,957)
Depreciation and amortisation .....	(546,646)	(565,603)	(464,482)
General and administrative expenses .....	(1,394,556)	(1,386,042)	(1,337,942)
<b>Total operating expenses</b> .....	<b>(4,290,896)</b>	<b>(4,113,090)</b>	<b>(3,661,846)</b>
<b>Income from operating activities</b> .....	<b>9,160,713</b>	<b>8,034,928</b>	<b>5,543,121</b>
Share in earnings of associates.....	205,369	188,214	172,144
<b>Net income for the year before zakat and income tax</b> .....	<b>9,366,082</b>	<b>8,223,142</b>	<b>5,715,265</b>
Provision for zakat and income tax .....	(1,295,621)	(1,220,769)	(835,810)
<b>Net income for the year after zakat and income tax from continuing operations</b> .....	<b>—</b>	<b>—</b>	<b>4,879,455</b>
<b>Net loss from discontinued operations</b> .....			<b>(53,860)</b>
<b>Net income for the year after zakat and income tax<sup>(2)</sup></b> .....	<b>8,070,461</b>	<b>7,002,373</b>	<b>4,825,595</b>
<b>Basic and diluted earnings per share (SAR) <sup>(2)</sup></b> .....	<b>3.78</b>	<b>3.41</b>	<b>2.35</b>

Notes:

- (1) This line item was referred to as “Other operating (expense) / income, net” in the 2023 Financial Statements.
- (2) The comparative financial information for the year ended 31 December 2022 was restated in the 2023 Financial Statements (see Note 39(d) to the 2023 Financial Statements).

## Consolidated Statement of Comprehensive Income Data

	For the year ended 31 December		
			2022
	2024	2023	(Restated)
		(SAR'000)	
Net income for the year after zakat and income tax....	8,070,461	7,002,373	4,825,595

For the year ended 31 December			
	2024	2023	2022
		(SAR'000)	(Restated)
<b>Other comprehensive (loss)/income for the year</b>			
<i>Items that will not be reclassified to consolidated statement of income in subsequent years</i>			
Net changes in fair value (FVOCI equity instruments)....	113,805	207,197	4,778
Re-measurement of defined benefit liability .....	62,470	(23,467)	3,088
<i>Items that will be reclassified to consolidated statement of income in subsequent years</i>			
<i>Debt instruments at FVOCI:</i>			
Net changes in fair value, net.....	(1,261,373)	(420,181)	(1,436,597)
Transfer to consolidated statement of income, net.....	60,924	4,892	11,654
<i>Cash flow hedges:</i>			
Net changes in fair value.....	(249,308)	149,222	228,784
Transfer to consolidated statement of income, net.....	1,171	(144,717)	(25,617)
<b>Total other comprehensive loss for the year.....</b>	<b>(1,272,311)</b>	<b>(227,054)</b>	<b>(1,213,910)</b>
<b>Total comprehensive income for the year.....</b>	<b>6,798,150</b>	<b>6,775,319</b>	<b>3,611,685</b>

#### Consolidated Statement of Cash Flows Data

For the year ended 31 December			
	2024	2023	2022
		(SAR'000)	(Restated)
<b>Operating Activities</b>			
<b>Net income for the year before Zakat and income tax</b>	<b>9,366,082</b>	<b>8,223,142</b>	<b>5,661,405</b>
<i>Adjustments to reconcile net income before Zakat and income tax to net cash generated from operating activities</i>			
Amortisation of premium on investments not held as FVSI investments, net.....	(358,971)	(361,786)	(28,092)
Depreciation and amortisation .....	546,646	565,603	464,482
Special commission expense on debt securities in issue <sup>(1)</sup>	402,538	387,029	203,039
Special commission expense on lease liabilities .....	13,149	16,049	19,439
Losses/(gains) on amortised cost financial investments...	41,808	14,929	(30,505)

	For the year ended 31 December		
	2024	2023	2022
			(Restated)
		(SAR'000)	
Bargain purchase on acquisition of business.....	—	—	(108,600)
Losses/(income) transferred to consolidated statement of income.....	62,095	(139,825)	(13,963)
Share in earnings of associates.....	(205,369)	(188,214)	(172,144)
Provision for expected credit losses, net .....	566,063	562,442	445,261
Employee share plan reserve.....	44,690	32,473	61,501
	10,478,731	9,111,842	6,501,823
<b><i>Change in operating assets</i></b>			
Statutory deposit with SAMA .....	(1,417,215)	(422,881)	(1,260,487)
Due from banks and other financial institutions .....	66,411	(203,851)	297,660
Investments held as FVSI.....	14,011	(53,788)	420,094
Loans and advances .....	(43,864,853)	(33,290,214)	(14,675,827)
Positive fair value derivatives .....	(512,134)	318,914	(1,199,445)
Other assets .....	(58,840)	(350,911)	1,131,920
<b><i>Change in operating liabilities</i></b>			
Due to banks and other financial institutions <sup>(2)</sup> .....	21,318,063	2,294,366	10,853,637
Customers' deposits <sup>(2)</sup> .....	13,553,169	31,045,888	27,518,239
Negative fair value derivatives.....	314,734	324,034	392,844
Other liabilities.....	916,552	1,086,689	1,444,612
Special commission paid on debt securities in issue <sup>(1)</sup> .....	(402,341)	(324,003)	(149,736)
Zakat and income tax paid .....	(1,155,222)	(1,241,856)	(877,776)
<b>Net cash (used in)/ generated from operating activities<sup>(3)</sup> .....</b>	<b>(748,934)</b>	<b>8,294,229</b>	<b>30,397,558</b>
<b>Investing Activities</b>			
Proceeds from sale and maturity of investments not held as FVSI.....	22,802,264	12,812,581	4,766,592
Purchase of investments not held as FVSI .....	(25,490,935)	(22,833,309)	(28,115,568)
Dividend received from associates.....	204,065	325,457	156,214
Purchase of property, equipment and intangibles, net.....	(893,382)	(554,770)	(661,030)
Acquisition of business .....	—	—	(1,216,800)
<b>Net cash used in investing activities.....</b>	<b>(3,377,988)</b>	<b>(10,250,041)</b>	<b>(25,070,592)</b>
<b>Financing Activities</b>			
Payment of lease liabilities.....	(118,321)	(118,281)	(99,854)

	For the year ended 31 December		
	2024	2023	2022 (Restated)
		(SAR'000)	
Dividends paid .....	(3,946,034)	(3,465,931)	(1,962,582)
Purchase of treasury shares .....	(176,804)	(37,414)	—
Tier 1 Sukuk payments.....	(304,617)	—	—
Additional Tier 1 Sukuk .....	3,980,000	3,985,000	—
Additional Tier 1 Sukuk issuance cost .....	(14,289)	(16,956)	—
<b>Net cash (used in)/generated from financing activities<sup>(3)</sup> .....</b>	<b>(580,065)</b>	<b>346,418</b>	<b>(2,062,436)</b>
<b>Net change in cash and cash equivalents .....</b>	<b>(4,706,987)</b>	<b>(1,609,394)</b>	<b>3,264,530</b>
Cash and cash equivalents at beginning of the year .....	10,198,684	11,808,078	8,543,548
<b>Cash and cash equivalents at end of the year .....</b>	<b>5,491,697</b>	<b>10,198,684</b>	<b>11,808,078</b>
<b>Supplemental non-cash information</b>			
Special commission income received .....	20,147,607	16,542,810	8,408,449
Special commission expenses paid <sup>(2)</sup> .....	(9,502,684)	6,299,657	1,469,694
Net changes in fair value and transfers to consolidated statement of income .....	(1,272,311)	(227,054)	(1,213,910)

Notes:

- (1) During 2024, special commission paid on debt securities in issue have been reclassified from financing activities to operating activities in the consolidated statement of cash flows to align with related re-classification in due to banks and other financial institutions and customers' deposits. (see Note 41 to the 2024 Financial Statements). A similar reclassification was made to the 2022 financial information. disclosed in the table above to make the balances comparable.
- (2) During 2024, the Bank re-evaluated the presentation of certain balances within due to banks and other financial institutions in the consolidated statement of financial position to determine if such balances were appropriately presented in the consolidated financial statements. As a result of the re-evaluation, the liability balances amounting to SAR 12.5 billion as of 31 December 2023 were reclassified from due to banks and other financial institutions to customers' deposits. See Note 41 to the 2024 Financial Statements for further details.
- (3) The "Net cash generated from operating activities" and "Net cash used in financing activities" for the year ended 31 December 2022, as reflected in the 2023 Financial Statements, are SAR 30,547,294 thousand and SAR 2,212,172 thousand respectively. During 2024 SAB has reclassified "special commission paid on debt securities in issue" from Financing Activities to Operating Activities (see Note 41 to the 2024 Financial Statements for further details) and, therefore, similar reclassification was made to the 2022 financial information disclosed in the table above to make the balances comparable.

### Selected Consolidated Financial Ratios

The following table contains information relating to selected consolidated ratios of the Group. This information is not presented in accordance with IFRS and has not been audited or reviewed by any external auditor (including EY, KPMG and PwC). Investors are cautioned not to place undue reliance on this information and

should note that such non-IFRS financial measures, as calculated by SAB, may differ materially from similarly titled financial measures reported by other companies, including SAB's competitors. See further "*Presentation of Certain Financial and Other Information – Presentation of Financial Information – Alternative Performance Measures*".

	As at and for the year ended 31 December		
	2024	2023	2022
	(per cent.)		
	(unaudited)		
<b>Financial Performance Measures</b>			
Return on average assets <sup>(1)</sup> .....	2.1	2.1	1.5
Return on average tangible equity <sup>(2)</sup> .....	16.6	15.3	11.3
Cost to income ratio <sup>(3)</sup> .....	30.6	32.4	37.9
Net special commission income margin <sup>(4)</sup> .....	2.9	3.0	2.5
Cost of credit risk <sup>(5)</sup> .....	0.2	0.3	0.2
NPL coverage ratio <sup>(6)</sup> .....	173.2	158.1	140.0
NPL ratio <sup>(7)</sup> .....	2.8	3.5	4.3
<b>Capital Adequacy and Liquidity Measures</b>			
Tier 1 capital adequacy ratio <sup>(8)</sup> .....	17.9	17.7	17.7
Tier 1 and Tier 2 ratio (total capital adequacy ratio) <sup>(8)</sup> .....	19.7	19.7	19.9
Adjusted advances to deposits ratio <sup>(9)</sup> .....	82.8	77.6	74.8
Liquidity coverage ratio <sup>(10)</sup> .....	143.2	183.7	171.9
Net stable funding ratio <sup>(10)</sup> .....	117.7	131.3	128.0
Leverage ratio <sup>(10)</sup> .....	11.7	11.7	10.3

Notes:

- (1) For the years ended 31 December 2024, 2023 and 2022, "Return on average assets" is calculated as "Net income for the year after Zakat and income tax" divided by average total assets based on a 5-point average (calculated as the sum of total assets at the beginning of the year and end of each quarter during the year divided by five).
- (2) For the years ended 31 December 2024, 2023 and 2022, "Return on average tangible equity" is calculated as "Net income for the year after Zakat and income tax" divided by average tangible equity based on a 5-point average (calculated as the sum of tangible equity at the beginning of the year and end of each quarter during the year divided by five). Tangible equity is calculated by removing "Goodwill and other intangibles, net" from "Total equity" attributable to equity holders of the Bank.
- (3) "Cost to income ratio" is calculated as "total operating expenses" divided by "total operating income".
- (4) For the years ended 31 December 2024, 2023 and 2022, "Net special commission income margin" is calculated by "Net special commission income" for the year divided by average interest earning assets. Average interest earning assets are calculated using the average of daily balances from internal SAB systems. Present value unwind is excluded from "Net special commission income" for the periods ended 31 December 2024, 2023 and 2022. Interest earning assets are calculated as the sum of net due from banks and other financial institutions, net investments (excluding investment in associates), gross loans and advances (excluding PPA) and cash and balances with Saudi Central Bank (SAMA).

- (5) For the years ended 31 December 2024, 2023 and 2022, “Cost of credit risk” is calculated as “Provision for expected credit losses, net” divided by average gross loans and advances based on a 5-point average (calculated as the sum of gross loan and advances at the beginning of the year and end of each quarter during the year divided by five).
- (6) “NPL coverage ratio” is calculated as “Provision for expected credit losses, net” divided by non-performing loans and advances excluding purchased or originated credit impaired balances.
- (7) “NPL ratio” is calculated as the sum of non-performing loans and advances and purchased or originated credit impaired balances, divided by total gross loans and advances.
- (8) Calculated in accordance with Basel III as implemented in Saudi Arabia (also see Note 36 to the 2024 Financial Statements and Note 36 to the 2023 Financial Statements).
- (9) Loans and advances, net (SAR 259,345,516 thousand, SAR 215,935,845 thousand and SAR 183,132,249 thousand as at 31 December 2024, 2023 and 2022 respectively) divided by total customers’ deposits (SAR 267,010,659 thousand SAR 253,457,490 thousand and SAR 214,278,851 thousand as at 31 December 2024, 2023 and 2022 respectively), debt securities in issue (SAR 5,178,059 thousand SAR 5,177,862 thousand and SAR 5,114,836 thousand as at 31 December 2024, 2023 and 2022 respectively) and due to banks and other financial institutions (SAR 40,996,981 thousand SAR 19,678,918 thousand and SAR 25,517,303 thousand as at 31 December 2024, 2023 and 2022 respectively).
- (10) Calculated in accordance with Basel III as implemented in Saudi Arabia.



## OPERATING AND FINANCIAL REVIEW

*The information presented below should be read in conjunction with, and is qualified in its entirety by reference to, the Financial Statements which are incorporated by reference in this Base Offering Circular. The information presented below should also be read in conjunction with the information set out in “Presentation of Certain Financial and Other Information”, “Selected Financial Information” and “Risk Factors” and other information included elsewhere in this Base Offering Circular.*

### OVERVIEW

SAB is the fourth largest bank in Saudi Arabia in terms of total assets (*source*: financial statements for the year ended 31 December 2024 for Saudi banks) as at 31 December 2024. It operates through a network of 103 branches as at 31 December 2024 (compared to 104 branches as at 31 December 2023) spread across Saudi Arabia. SAB does not have any branches outside Saudi Arabia.

SAB’s principal lines of business are wealth and personal banking, corporate and institutional banking, treasury services, and capital markets. SAB offers *Shari’ah*-compliant products which are approved and supervised by the *Shari’ah* Committee (as defined in “*Description of SAB*”). SAB also offers conventional banking products and services to corporate and institutional customers.

The principal challenges facing the Group are:

- adverse changes in regulation, such as caps on financing rates, regulations on fee-based activities and financing and investment restrictions;
- adverse macroeconomic and geopolitical developments, including adverse movements in interest rates and exchange rates, negative geopolitical developments affecting the MENA region and social and economic instability; and
- the threat of a significant increase in competition due to recent and potential future consolidation among competitor banks, as well as competition from new entrants, particularly financial technology (“**fintech**”) entities.

### PRINCIPAL FACTORS AFFECTING RESULTS OF OPERATION

The discussion below sets out the principal factors that have affected, or are expected to affect, the Group’s results of operations.

#### Merger, Acquisition and Sale

On 24 February 2022, SABB Takaful Company (“**SABB Takaful**”), a former subsidiary of SAB, entered into a binding merger agreement with Walaa Cooperative Insurance Company (“**Walaa**”). After the completion of the merger transaction on 19 October 2022, Walaa became, by operation of law, the legal successor of the assets, liabilities, rights and obligations of SABB Takaful and SABB Takaful ceased to exist. As a result of the merger, SAB’s shareholding in Walaa dropped from 65.0 per cent. to 15.6 per cent. as at 24 February 2022 (see “*Description of SAB – Corporate Organisation – Strategic Transactions relating to Subsidiaries and Associates*”), and consequently, the investment in Walaa has been classified as “Fair Value through Other Comprehensive Income” (“**FVOCI**”) from the effective date of the merger. See note 40 to the 2023 Financial Statements.

On 15 September 2022, HSBC Saudi Arabia completed the transfer of its asset management, retail brokerage and retail margin lending businesses to SAB Invest for a purchase consideration of SAR 1,216.8 million. The

business acquisition was accounted for using the acquisition method under the IFRS 3 – Business Combinations. See Note 39 of the 2023 Financial Statements.

### **Condition of Saudi Arabian Economy**

SAB is a Saudi Arabian bank primarily focused on lending to, and accepting deposits from, institutions, companies and residents in Saudi Arabia. As a result, its revenue and results of operations are significantly affected by economic and market conditions in Saudi Arabia. Reduced economic activity in the Kingdom typically negatively impacts the Group's operating income in subsequent years. For instance, the Saudi Arabian economy is materially impacted by oil prices (see "*Risk Factors – Risks relating to the Kingdom of Saudi Arabia – Economic risks relating to Saudi Arabia's economy and its dependency on oil revenues*"). In 2022, Saudi Arabia's real GDP grew by 7.5 per cent. reflecting a 15.0 per cent. growth in GDP from oil activities, a 5.0 per cent. growth in GDP due to non-oil activities and a 4.6 per cent. growth in GDP due to Government activities. In 2023, however, Saudi Arabia's real GDP contracted by 0.8 per cent., principally reflecting OPEC-driven production cuts. The non-oil sector's real GDP increased by 4.4 per cent. compared to a 9.0 per cent. reduction in GDP due to oil activities and a 2.1 per cent. increase in GDP due to Government activities. SAMA repo and reverse repo rates reached 6.0 per cent. and 5.5 per cent., respectively, in December 2023, mirroring rate increases by the U.S. Federal Reserve. In 2024, Saudi Arabia experienced a GDP growth of 1.3 per cent. resulting primarily from a lower contraction of GDP in the oil sector (4.5 per cent.) which was mitigated by GDP growth of 4.3 per cent. in non-oil activities and 2.6 per cent. in oil activities. Volatility in oil prices could result in lower government spending into key sectors of the economy; this may result in an increased counterparty risk since borrowers' ability to service their debt may be impaired. Such an occurrence may, in turn, affect the Group's results of operations. Further, any deterioration in the economic and market conditions in Saudi Arabia may result in a widening fiscal deficit and the Government may withdraw deposits from the banking system to fund such deficit. Saudi banks (including SAB) may therefore be exposed to tightened liquidity in such circumstances. See "*Risk Factors – Risks relating to SAB and its ability to fulfil its obligations under the Transaction Documents – SAB's operations and the majority of its assets are located in Saudi Arabia and, accordingly, SAB is exposed to the financial, political and general economic conditions in Saudi Arabia*".

### **Factors Affecting Net Special Commission Income**

The Group's net special commission income is the principal contributor to its total operating income, comprising 78.6 per cent. of the total operating income for the year ended 31 December 2024 (compared to 81.4 per cent. for the year ended 31 December 2023 and 76.8 per cent. for the year ended 31 December 2022). Within the Group's net special commission income:

- special commission income from loans and advances to customers is the principal contributor to total special commission income, comprising 77.5 per cent. of the Group's total special commission income for the year ended 31 December 2024 (compared to 75.1 per cent. for the year ended 31 December 2023 and 76.0 per cent. for the year ended 31 December 2022); and
- special commission expense relating to customers' deposits is the principal contributor to total special commission expense, comprising 83.7 per cent. of the Group's total special commission expense for the year ended 31 December 2024 (compared to 85 per cent. for the year ended 31 December 2023 and 68.6 per cent. for the year ended 31 December 2022).

The Group's net special commission income is affected by a number of factors, including the volume of special commission-earning assets relative to special commission-bearing liabilities and the differential between the rates earned on special commission-earning assets and the rates paid on special commission-bearing liabilities (including as a result of fluctuations of benchmark interest rates).

An increase in interest rates results in an increase in net special commission income and a positive impact on the Bank's net interest margin ratio. An decrease in interest rates results in an reduction in net special commission income and a negative impact on the Bank's net interest margin ratio.

### **Factors Affecting Net Fees and Commission Income**

The Group's net fees and commission income is a contributor to its total operating income, comprising 10.3 per cent. of the total operating income for the year ended 31 December 2024 (compared to 9.0 per cent. for the year ended 31 December 2023 and 9.2 per cent. for the year ended 31 December 2022).

Within the Group's net fees and commission income:

- fee and commission income from card products and trade finance are the principal contributors to the total fee and commission income, comprising 47.5 per cent. and 22.3 per cent., respectively, of the Group's total fee and commission income for the year ended 31 December 2024 (compared to 45.0 per cent. and 24.2 per cent., respectively, for the year ended 31 December 2023 and 47.4 per cent. and 25.3 per cent., respectively, for the year ended 31 December 2022); and
- fee and commission expense relating to card products is the principal contributor to total fee and commission expense, comprising 88.1 per cent. of the Group's total fee and commission expense for the year ended 31 December 2024 (compared to 87.6 per cent. for the year ended 31 December 2023 and 88.0 per cent. for the year ended 31 December 2022).

The Group's net fees and commission income is affected by a number of factors including the volume of transactions conducted (especially in relation to fee and commission income from card products and trade finance) and the differential in the rates charged and paid by the Group (especially in relation to card transactions).

### **Provision for Expected Credit Losses, Net**

The Group applies an Expected Credit Loss ("ECL") model under IFRS 9. The determination of the Group's provision for expected credit losses, net involves significant management judgement and this may have a material effect on the consolidated financial statements of the Group. Elements of the ECL models that are considered accounting judgements and estimates include (as reflected in the 2024 Financial Statements): (a) the Group's internal credit grading model, which assigns probability of default ("PDs") to the individual grades; (b) the Group's criteria for assessing if there has been a significant increase in credit risk, allowances for financial assets are measured on a lifetime ECL basis and the qualitative assessment; (c) the segmentation of financial assets when the ECL is assessed on a collective basis; (d) development of ECL models, including the various formulae and the choice of inputs; (e) determination of associations between macroeconomic scenarios, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, exposure at default and loss given default; and (f) selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models. As at 31 December 2024, the gross loans and advances of the Group were SAR 265.6 billion against which a provision for ECL of SAR 6.3 billion was maintained (compared to gross loans and advances of SAR 222.1 billion against which a provision for ECL of SAR 6.1 billion was maintained as at 31 December 2023 and gross loans and advances of SAR 189.1 billion against which a provision for ECL of SAR 6.0 billion was maintained as at 31 December 2022). The Group's provision for expected credit losses, net charge for the year ended 31 December 2024 was SAR 566.1 million as compared to SAR 562.4 million for the year ended 31 December 2023 and SAR 445.3 million for the year ended 31 December 2022.

## MATERIAL ACCOUNTING POLICIES

For a discussion of the material accounting policies applied by the Group in the preparation of the Audited Financial Statements, see Note 2 to the 2024 Financial Statements and Note 2 to the 2023 Financial Statements.

## CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing the Group's financial statements, SAB's management is required to make certain critical accounting judgements, estimates and assumptions that affect the reported amounts of the Group's assets and liabilities, including disclosure of contingent assets and liabilities, at the date of the financial statements as well as the reported amounts of its revenues and expenses during the periods presented. Management bases such judgements, estimates and assumptions on historical experience and other factors that it believes to be reasonable at the time these are made and evaluates such judgements, estimates and assumptions on an ongoing basis. However, future events and their effects cannot be predicted with certainty and the determination of appropriate estimates and assumptions requires the use of judgement. Actual outcomes may differ from any estimates or assumptions made and such differences may be material to the financial statements. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods. For a discussion of the significant areas where management has used judgements, estimates and assumptions in the preparation of the Audited Financial Statements, see Note 1.1(f) to the 2024 Financial Statements and Note 1.1(f) to the 2023 Financial Statements.

## RESULT OF OPERATIONS

### Total Operating Income

The following table sets out the components of the Group's reported total operating income for each of the years ended 31 December 2024, 31 December 2023 and 31 December 2022.

	For the year ended 31 December		
	2024	2023	2022 (Restated)
		(SAR '000)	
Special commission income .....	20,501,416	17,088,441	9,321,874
Special commission expense .....	(9,477,916)	(6,746,972)	(1,913,587)
<b>Net special commission income .....</b>	<b>11,023,500</b>	<b>10,341,469</b>	<b>7,408,287</b>
Fee and commission income .....	3,997,013	3,255,403	2,770,173
Fee and commission expense .....	(2,547,451)	(2,110,865)	(1,884,517)
<b>Net fees and commission income.....</b>	<b>1,449,562</b>	<b>1,144,538</b>	<b>885,656</b>
Exchange income, net .....	1,132,874	915,124	777,313
Income from FVSI financial instruments.....	554,929	345,598	430,861
Dividend income .....	7,323	4,747	—
Losses on FVOCI debt investments, net .....	(60,924)	(4,892)	(11,654)
(Losses) / gains on amortised cost investments, net.....	(41,808)	(14,929)	30,505
Other operating income.....	69,549	87,143	258,906

	For the year ended 31 December		
	2024	2023	2022 (Restated)
		(SAR '000)	
Other operating expense.....	(117,333)	(108,338)	(129,646)
Net other operating (expense) income <sup>(1)</sup> .....	(47,784)	(21,195)	129,260
<b>Total operating income<sup>(2)</sup> .....</b>	<b>14,017,672</b>	<b>12,710,460</b>	<b>9,650,228</b>

Note:

- (1) This line item was referred to as “Other operating (expense) / income, net” in the 2023 Financial Statements.
- (2) The comparative financial information for the year ended 31 December 2022 was restated in the 2023 Financial Statements (see Note 39(d) to the 2023 Financial Statements).

The principal components of the Group’s total operating income are:

- net special commission income which, for the year ended 31 December 2024, comprised 78.6 per cent. of the Group’s total operating income (compared to 81.4 per cent. for the year ended 31 December 2023 and 76.8 per cent. for the year ended 31 December 2022); and
- net fees and commission income which, for the year ended 31 December 2024, comprised 10.3 per cent. of the Group’s total operating income (compared to 9.0 per cent. for the year ended 31 December 2023 and 9.2 per cent. for the year ended 31 December 2022).

### ***Net Special Commission Income***

The following table sets out the components of the Group’s net special commission income for each of the years ended 31 December 2024, 31 December 2023 and 31 December 2022.

	For the year ended 31 December		
	2024	2023	2022 (Restated)
		(SAR '000)	
<b>Special commission income</b>			
Investments			
Held at amortised cost.....	1,788,104	1,653,731	1,343,838
FVOCI .....	2,267,685	2,060,475	705,641
	<b>4,055,789</b>	<b>3,714,206</b>	<b>2,049,479</b>
Loans and advances .....	15,893,097	12,838,133	7,083,479
Due from banks and other financial institutions .....	552,530	536,102	188,916
<b>Total special commission income .....</b>	<b>20,501,416</b>	<b>17,088,441</b>	<b>9,321,874</b>
<b>Special commission expense</b>			

For the year ended 31 December			
	2024	2023	2022 (Restated)
		(SAR '000)	
Customers' deposits <sup>(1)</sup> .....	(7,937,014)	(5,732,281)	(1,312,950)
Due to banks and other financial institutions <sup>(1)</sup> .....	(1,122,469)	(608,358)	(378,159)
Debt securities in issue .....	(402,538)	(387,029)	(203,039)
Others .....	(15,895)	(19,304)	(19,439)
<b>Total special commission expense .....</b>	<b>(9,477,916)</b>	<b>(6,746,972)</b>	<b>(1,913,587)</b>
<b>Net special commission income .....</b>	<b>11,023,500</b>	<b>10,341,469</b>	<b>7,408,287</b>

Note:

- (1) During 2024, the Bank re-evaluated the presentation of certain balances within due to banks and other financial institutions in the consolidated statement of financial position to determine if such balances were appropriately presented in the consolidated financial statements. As a result of the re-evaluation, the liability balances amounting to SAR 12.5 billion as of 31 December 2023 were reclassified from due to banks and other financial institutions to customers' deposits. The consolidated statement of cash flows for the year ended 31 December 2023 was adjusted to reflect the changes in the consolidated statement of financial position. The related special commission expense for the year ended 31 December 2023 was accordingly reclassified from due to banks and other financial institutions to customers' deposits in note 21 to the 2024 Financial Statements. See Note 41 to the 2024 Financial Statements for further details.

The Group's special commission income for the year ended 31 December 2024 was SAR 20,501.4 million as compared to SAR 17,088.4 million for the year ended 31 December 2023, representing an increase of SAR 3,413.0 million or 20.0 per cent. This increase was largely driven by higher Saudi Arabian Interbank Offered Rate ("SAIBOR") rates together with a growth in SAB's customer loans and advances and investments.

The Group's special commission income for the year ended 31 December 2023 was SAR 17,088.4 million as compared to SAR 9,321.9 million for the year ended 31 December 2022, representing an increase of SAR 7,766.6 million or 83.3 per cent. This increase was primarily attributable to an increase in SAIBOR rates together with a growth in SAB's customer loans and advances and investments.

The Group's special commission expense for the year ended 31 December 2024 was SAR 9,477.9 million as compared to SAR 6,747.0 million for the year ended 31 December 2023, representing an increase of SAR 2,730.9 million or 40.5 per cent. This increase was primarily attributable to higher cost of funds due to the increase in SAIBOR rates as well as increase in balances for interest bearing time deposits and inter-bank borrowing.

The Group's special commission expense for the year ended 31 December 2023 was SAR 6,747.0 million as compared to SAR 1,913.6 million for the year ended 31 December 2022, representing an increase of SAR 4,833.4 million or 252.6 per cent. This increase was primarily attributable to higher cost of funds due to the increase in SAIBOR rates as well as increase in balances for interest bearing time deposits and inter-bank borrowing.

As a result of the above:

- the Group's net special commission income for the year ended 31 December 2024 was SAR 11,023.5 million as compared to SAR 10,341.5 million for the year ended 31 December 2023, representing an increase of SAR 682.0 million or 6.6 per cent.; and
- the Group's net special commission income for the year ended 31 December 2023 was SAR 10,341.5 million as compared to SAR 7,408.3 million for the year ended 31 December 2022, representing an increase of SAR 2,933.2 million or 39.6 per cent.

### ***Net Fees and Commission Income***

The following table sets out the components of the Group's net fees and commission income for each of the years ended 31 December 2024, 31 December 2023 and 31 December 2022.

	For the year ended 31 December		
	2024	2023	2022 (Restated)
		(SAR'000)	
<b>Fee and commission income</b>			
Card products .....	1,899,938	1,463,971	1,313,611
Trade finance.....	889,637	789,407	700,305
Corporate finance and advisory .....	328,802	258,179	209,777
Fund management fees.....	329,808	241,115	87,450
Other banking services.....	548,828	502,731	459,030
<b>Total fee and commission income.....</b>	<b>3,997,013</b>	<b>3,255,403</b>	<b>2,770,173</b>
<b>Fee and commission expense</b>			
Card products .....	(2,244,884)	(1,849,538)	(1,658,024)
Corporate finance and advisory .....	(53,359)	(53,199)	(22,904)
Fund management fees.....	(57,836)	(27,394)	(15,678)
Custodial services .....	(1,555)	(3,711)	(3,959)
Other banking services.....	(189,817)	(177,023)	(183,952)
<b>Total fee and commission expense .....</b>	<b>(2,547,451)</b>	<b>(2,110,865)</b>	<b>(1,884,517)</b>
<b>Net fees and commission income.....</b>	<b>1,449,562</b>	<b>1,144,538</b>	<b>885,656</b>

The Group's net fees and commission income for the year ended 31 December 2024 was SAR 1,449.6 million as compared to SAR 1,144.5 million for the year ended 31 December 2023, representing an increase of SAR 305.0 million or 26.7 per cent. This increase was primarily attributable to an increase in trade products fee income along with securities and investments, cash management, corporate and retail lending fee and merchant acquiring products.

The Group's net fees and commission income for the year ended 31 December 2023 was SAR 1,144.5 million as compared to SAR 885.7 million for the year ended 31 December 2022, representing an increase of SAR 258.9 million or 29.2 per cent. This increase was primarily attributable to higher income from securities and investments, Trade products and fees collected from Saudi payment network transaction charges partially offset

by decrease in credit card fee income due to scheme charges by credit card companies (e.g. charges by Visa and Mastercard to acquirers and issuers for the service providers).

### ***Other Significant Sources of Operating Income***

Apart from net special commission income and net fees and commission income, net exchange income is the Group's other significant source of operating income.

The Group's exchange income, net for the year ended 31 December 2024 was SAR 1,132.9 million as compared to SAR 915.1 million for the year ended 31 December 2023, representing an increase of SAR 217.8 million or 23.8 per cent. This increase was primarily attributable to an increase in business activity and higher margins.

The Group's exchange income, net for the year ended 31 December 2023 was SAR 915.1 million as compared to SAR 777.3 million for the year ended 31 December 2022, representing an increase of SAR 137.8 million or 17.7 per cent. This increase was primarily attributable to higher business activity and higher margins.

### ***Total Operating Income***

As a result of the above:

- the Group's total operating income for the year ended 31 December 2024 was SAR 14,017.7 million as compared to SAR 12,710.5 million for the year ended 31 December 2023, representing an increase of SAR 1,307.2 million or 10.3 per cent.; and
- the Group's total operating income for the year ended 31 December 2023 was SAR 12,710.5 million as compared to SAR 9,650.2 million for the year ended 31 December 2022, representing an increase of SAR 3,060.2 million or 31.7 per cent.

### ***Provision for expected credit losses, net***

The Group's provision for expected credit losses, net charge for the year ended 31 December 2024 was SAR 566.1 million as compared to SAR 562.4 million for the year ended 31 December 2023, representing an increase of SAR 3.6 million or 0.6 per cent. This increase was primarily due to higher ECL charges contributed by a number of special asset management and corporate clients and other model generated ECL charges partially offset by reversals of ECL charges.

The Group's provision for expected credit losses, net charge for the year ended 31 December 2023 was SAR 562.4 million as compared to provision for credit losses, net of SAR 445.3 million for the year ended 31 December 2022, representing an increase of SAR 117.2 million or 26.3 per cent. The higher ECL charge during the period ended 31 December 2023 was mainly due to: (a) the review of wholesale PD, loss given default and exposure at default models in 2023 which resulted in an additional ECL charge; and (b) ECL caused by a high interest rate impact.

### ***Total Operating Expenses***

The following table sets out the components of the Group's total operating expenses for each of the years ended 31 December 2024, 31 December 2023 and 31 December 2022.

	For the year ended 31 December		
	2024	2023	2022 (Restated)
		(SAR '000)	
Salaries and employee related expenses.....	(2,271,876)	(2,087,799)	(1,809,465)



	For the year ended 31 December		
	2024	2023	2022
			(Restated)
		(SAR '000)	
Rent and premises related expenses .....	(77,818)	(73,646)	(49,957)
Depreciation and amortisation .....	(546,646)	(565,603)	(464,482)
General and administrative expenses .....	(1,394,556)	(1,386,042)	(1,337,942)
<b>Total operating expenses.....</b>	<b>(4,290,896)</b>	<b>(4,113,090)</b>	<b>(3,661,846)</b>

The principal components of the Group's total operating expenses are:

- salaries and employee related expenses which, for the year ended 31 December 2024, comprised 52.9 per cent. of the Group's total operating expenses (compared to 50.8 per cent. for the year ended 31 December 2023 and 49.4 per cent. for the year ended 31 December 2022); and
- general and administrative expenses which, for the year ended 31 December 2024, comprised 32.5 per cent. of the Group's total operating expenses (compared to 33.7 per cent. for the year ended 31 December 2023 and 36.5 per cent. for the year ended 31 December 2022).

#### ***Salaries and Employee Related Expenses***

The Group's salaries and employee related expenses for the year ended 31 December 2024 were SAR 2,271.9 million as compared to SAR 2,087.8 million for the year ended 31 December 2023, representing an increase of SAR 184.1 million or 8.8 per cent. This increase was primarily attributable to higher payroll, mainly driven by higher headcount, bonus payments and promotion cycles.

The Group's salaries and employee related expenses for the year ended 31 December 2023 were SAR 2,087.8 million as compared to SAR 1,809.5 million for the year ended 31 December 2022, representing an increase of SAR 278.3 million or 15.4 per cent. This increase was primarily due to higher headcount resulting in an increase in salaries, bonus accruals, incentive payments and medical expenses.

#### ***General and Administrative Expenses***

The Group's general and administrative expenses for the year ended 31 December 2024 were SAR 1,394.6 million as compared to SAR 1,386.0 million for the year ended 31 December 2023, representing an increase of SAR 8.5 million or 0.6 per cent. This increase was primarily attributable to higher expenses related to managed services, advisory and management consultancy, cash operations and customer verification charges offset by lower marketing, ESG and communication charges.

The Group's general and administrative expenses for the year ended 31 December 2023 were SAR 1,386.0 million as compared to SAR 1,337.9 million for the year ended 31 December 2022, representing an increase of SAR 48.1 million or 3.6 per cent. This increase was primarily due to higher advertising, public relations and business travel expenses partially offset by a decrease in communication charges and outsourced managed services.

#### ***Other Operating Expenses***

Apart from salaries and employee related expenses and general and administrative expenses, rent and premises related expenses and depreciation and amortisation are the Group's other operating expenses.

The Group's depreciation and amortisation for the year ended 31 December 2024 was SAR 546.6 million as compared to SAR 565.6 million for the year ended 31 December 2023, representing a decrease of SAR 19.0 million or 3.4 per cent. This decrease was primarily attributable to higher depreciation on equipment expenses booked during 2023 due to a capitalisation of SAB projects (i.e. a change in classification of projects from work in progress to their respective fixed asset category upon completion) partially offset by increase in depreciation related to furniture and building.

The Group's depreciation and amortisation for the year ended 31 December 2023 was SAR 565.6 million as compared to SAR 464.5 million for the year ended 31 December 2022, representing an increase of SAR 101.1 million or 21.8 per cent. This increase was primarily due to change in the useful life policy for SAB's assets.

The Group's rent and premises related expenses for the year ended 31 December 2024 were SAR 77.8 million as compared to SAR 73.6 million for the year ended 31 December 2023, representing an increase of SAR 4.2 million or 5.7 per cent. This increase was primarily attributable to higher utilities and maintenance expenses offset by decrease in property insurance.

The Group's rent and premises related expenses for the year ended 31 December 2023 were SAR 73.6 million as compared to SAR 50.0 million for the year ended 31 December 2022, representing an increase of SAR 23.7 million or 47.4 per cent. This increase was primarily due to impact of inflation and higher rentals.

### ***Total Operating Expenses***

As a result of the above:

- the Group's total operating expenses for the year ended 31 December 2024 were SAR 4,290.9 million as compared to SAR 4,113.1 million for the year ended 31 December 2023, representing an increase of SAR 177.8 million or 4.3 per cent.; and
- the Group's total operating expenses for the year ended 31 December 2023 were SAR 4,113.1 million as compared to SAR 3,661.8 million for the year ended 31 December 2022, representing an increase of SAR 451.2 million or 12.3 per cent.

### **Share in Earnings of Associate**

The Group's share in earnings of its associates for the year ended 31 December 2024 was SAR 205.4 million as compared to SAR 188.2 million for the year ended 31 December 2023, representing an increase of SAR 17.2 million or 9.1 per cent. This increase was primarily attributable to improved financial results of its associate in 2024.

The Group's share in earnings of its associates for the year ended 31 December 2023 was SAR 188.2 million as compared to SAR 172.1 million for the year ended 31 December 2022, representing an increase of SAR 16.1 million or 9.3 per cent. which reflected improved financial results of associate in 2023.

### **Provision for Zakat and Income Tax**

The zakat regulations issued by the Zakat, Tax and Customs Authority under resolution No. 2215 dated 14 March 2019 (the "**Zakat Regulations**") provide the basis for the calculation of zakat for companies and banks engaged in financing activities and licensed by SAMA. The zakat base computed in accordance with the formula specified in the Zakat Regulations is also subject to thresholds for minimum and maximum liability. In addition, the Group is subject to corporate income tax to reflect the portion of its strategic shareholder base that is non-Saudi. Such corporate income tax is calculated at a rate of 20 per cent. applied to the share of taxable income of the non-Saudi strategic shareholders of SAB. Deferred tax arises on end of service benefits, impairment allowance, etc. Deferred income tax is provided for using the liability method on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes.

The Group's provision for zakat and income tax for the year ended 31 December 2024 was SAR 1,295.6 million as compared to SAR 1,220.8 million for the year ended 31 December 2023, representing an increase of SAR 74.9 million or 6.1 per cent. This increase was primarily attributable to higher profit posted by SAB. Deferred tax charge also increased in 2024.

The Group's provision for zakat and income tax for the year ended 31 December 2023 was SAR 1,220.8 million compared to SAR 835.8 million for the year ended 31 December 2022, representing an increase of SAR 385.0 million or 46.1 per cent. This increase was primarily attributable to higher profit for the year coupled with decrease in deferred tax charge related to property, right of use assets (relating to leased properties), Goodwill and other intangibles.

### **Net Income**

As a result of the above:

- the Group's net income for the year after zakat and income tax for the year ended 31 December 2024 was SAR 8,070.5 million as compared to SAR 7,002.4 million for the year ended 31 December 2023, representing an increase of SAR 1,068.1 million or 15.3 per cent.; and
- the Group's net income for the year after zakat and income tax for the year ended 31 December 2023 was SAR 7,002.4 million as compared to SAR 4,825.6 million for the year ended 31 December 2022 (including losses from discontinued operations), representing an increase of SAR 2,176.8 million or 45.1 per cent.

During the period ended 30 June 2022, SABB Takaful entered into a binding merger agreement with Walaa on 24 February 2022. After completing the Merger on 19 October 2022, Walaa became, by operation of law, the legal successor of the assets, liabilities, rights and obligations of SABB Takaful and SABB Takaful ceased to exist. The investment in Walaa was classified as FVOCI from the effective date of the merger. The statement of income of SABB Takaful, the merged entity, included in SAB's consolidated statement of income for the year ended 31 December 2022 under discontinued operations reflected a net loss from discontinued operations for the period of SAR 53.9 million.

### **Total Comprehensive Income**

#### ***Other Comprehensive Income***

The Group's sources of other comprehensive income principally comprise equity and debt instruments classified as FVOCI as well as cash flow hedges.

The Group's total other comprehensive loss for the year ended 31 December 2024 was SAR 1,272.3 million as compared to total other comprehensive loss of SAR 227.1 million for the year ended 31 December 2023, representing an increase of SAR 1,045.3 million or 460.4 per cent. This increase was primarily attributable to the decrease in market value of debt investments classified as FVOCI.

The Group's total other comprehensive loss for the year ended 31 December 2023 was SAR 227.1 million as compared to a total other comprehensive loss of SAR 1,213.9 million for the year ended 31 December 2022, representing a decrease of SAR 986.9 million or 81.3 per cent. This was primarily due to the increase in market value of equity investments classified as FVOCI.

### **Total Comprehensive Income**

As a result of the above:

- the Group's total comprehensive income for the year ended 31 December 2024 was SAR 6,798.2 million as compared to SAR 6,775.3 million for the year ended 31 December 2023, representing an increase of SAR 22.8 million or 0.3 per cent.; and
- the Group's total comprehensive income for the year ended 31 December 2023 was SAR 6,775.3 million as compared to total comprehensive income of SAR 3,611.7 million for the year ended 31 December 2022, representing an increase of SAR 3,163.6 million or 87.6 per cent.

## FINANCIAL POSITION

### Total Assets

The following table sets out the components of the Group's total assets as at 31 December 2024, 31 December 2023 and 31 December 2022.

	As at 31 December		
	2024	2023	2022 (Restated)
		(SAR'000)	
Cash and balances with Saudi Central Bank ("SAMA") .	17,362,692	16,741,235	19,258,717
Due from banks and other financial institutions, net.....	3,429,772	7,407,481	5,871,533
Positive fair value of derivatives, net.....	2,631,208	2,368,382	2,538,074
Investments, net .....	98,412,224	96,566,836	86,363,159
Loans and advances, net.....	259,345,516	215,935,845	183,132,249
Investment in an associate.....	463,350	462,046	599,289
Other assets .....	3,050,018	2,758,518	2,228,977
Property, equipment and right of use assets, net .....	4,087,561	3,844,926	3,621,644
Goodwill and other intangibles, net <sup>(1)</sup> .....	10,660,468	10,556,367	10,790,482
<b>Total assets<sup>(1)</sup> .....</b>	<b>399,442,809</b>	<b>356,641,636</b>	<b>314,404,124</b>

Note:

- (1) The comparative financial information as at 31 December 2022 was restated in the 2023 Financial Statements (see Note 39 to the 2023 Financial Statements).

The principal components of the Group's total assets are:

- loans and advances, net, which, as at 31 December 2024, comprised 64.9 per cent. of the Group's total assets (compared to 60.5 per cent. as at 31 December 2023 and 58.2 per cent. as at 31 December 2022);
- investments, net, which, as at 31 December 2024, comprised 24.6 per cent. of the Group's total assets (compared to 27.1 per cent. as at 31 December 2023 and 27.5 per cent. as at 31 December 2022); and
- cash and balances with SAMA which, as at 31 December 2024, comprised 4.3 per cent. of the Group's total assets (compared to 4.7 per cent. as at 31 December 2023 and 6.1 per cent. as at 31 December 2022).

### *Loans and Advances, net*

The following table sets out the components of the Group's loans and advances, net, as at 31 December 2024, 31 December 2023 and 31 December 2022.

	As at 31 December		
	2024	2023	2022
		(SAR'000)	
Credit cards .....	3,396,831	2,920,994	2,384,882
Other retail lending .....	62,630,761	51,291,643	44,317,192
Corporate and institutional lending .....	193,317,924	161,723,208	136,430,175
<b>Total loans and advances, net.....</b>	<b>259,345,516</b>	<b>215,935,845</b>	<b>183,132,249</b>

As at 31 December 2024, the Group's loans and advances, net were SAR 259.3 billion as compared to SAR 215.9 billion as at 31 December 2023, representing an increase of SAR 43.4 billion or 20.1 per cent. This increase was primarily attributable to a SAR 31.6 billion growth in the corporate loan book. The growth in corporate loans was driven largely by Global and Institutional Banking (SAR 15 billion), Large Corporates (SAR 12 billion) and Commercial Banking (SAR 3.5 billion). Apart from Corporate, SAB's other retail lending increased by SAR 11.3 billion. Growth in Retail comprises a major contribution in mortgage portfolio (SAR 8.5 billion).

As at 31 December 2023, the Group's loans and advances, net were SAR 215.9 billion as compared to SAR 183.1 billion as at 31 December 2022, representing an increase of SAR 32.8 billion or 17.9 per cent. This increase was primarily attributable to a growth in corporate (primarily under large corporates and global and institutional banking) and retail (credit cards, home loans and personal finance) loan books.

### *Provision for expected credit losses, net*

The following table sets out the provision for expected credit losses, net in respect of the Group's loans and advances, net as at 31 December 2024, 31 December 2023 and 31 December 2022.

	As at 31 December		
	2024	2023	2022 (Restated)
		(SAR'000)	
Total loans and advances, gross .....	265,604,117	222,064,216	189,142,729
Provision for expected credit losses, net .....	(6,258,601)	(6,128,371)	(6,010,480)
<b>Total loans and advances, net.....</b>	<b>259,345,516</b>	<b>215,935,845</b>	<b>183,132,249</b>

### *Collateral*

In the ordinary course of lending activities, the Group holds collateral as security to mitigate credit risk in loans and advances. This collateral mostly includes time, demand and other cash deposits, financial guarantees, local and international equities, real estate and other fixed assets. Such collateral is held mainly against commercial and consumer loans and is managed against relevant exposures at the relevant net realisable values. As at 31 December 2024, the value of identifiable collateral held against such loans and advances amounted to SAR 1,552 million (compared to SAR 1,446 million as at 31 December 2023 and SAR 929 million as at 31 December 2022).

#### *Economic sector concentration*

The following table sets out the economic sector breakdown of the Group's loans and advances, net as at 31 December 2024, 31 December 2023 and 31 December 2022.

	As at 31 December		
	2024	2023	2022 (Restated)
		(SAR'000)	
Government and quasi-government .....	3,455,368	—	143,096
Finance .....	17,375,825	11,483,025	11,974,593
Agriculture and fishing .....	929,724	602,713	433,153
Manufacturing .....	23,434,388	22,674,932	23,658,733
Mining and quarrying .....	8,623,065	7,181,082	5,134,595
Electricity, water, gas and health services .....	26,079,378	21,053,474	16,418,578
Building and construction .....	16,635,337	16,045,662	12,107,316
Commerce .....	61,851,971	51,369,428	43,064,926
Transportation and communication .....	13,856,580	12,978,253	11,056,815
Services .....	11,202,698	10,523,759	9,363,993
Credit cards and other retail lending .....	66,027,592	54,212,637	46,702,074
Others .....	9,873,590	7,810,880	3,074,377
<b>Total loans and advances, net .....</b>	<b>259,345,516</b>	<b>215,935,845</b>	<b>183,132,249</b>

As at 31 December 2024, 39.3 per cent. of the Group's loans and advances, net was attributable to the sum of commerce, manufacturing and building and construction sectors (compared to 41.7 per cent. as at 31 December 2023 and 43.0 per cent. as at 31 December 2022) while 25.5 per cent. of the Group's loans and advances, net was attributable to credit cards and other retail lending (compared to 25.1 per cent. as at 31 December 2023 and 25.5 per cent. as at 31 December 2022).

#### *Geographic concentration*

The following table sets out the geographic breakdown of the Group's loans and advances, net, as at 31 December 2024, 31 December 2023 and 31 December 2022.

	As at 31 December		
			2022
	2024	2023	(Restated)
		(SAR '000)	
Kingdom of Saudi Arabia.....	250,199,552	210,107,502	178,297,131
GCC and Middle East .....	2,809,852	5,107,423	3,401,591
Europe.....	2,552,050	—	—
Other countries.....	3,784,062	720,920	1,433,527
<b>Total loans and advances, net.....</b>	<b>259,345,516</b>	<b>215,935,845</b>	<b>183,132,249</b>

### *Maturity profile*

The following table sets out the maturity profile of the Group's loans and advances, net (according to when they are expected to be recovered) as at 31 December 2024, 31 December 2023 and 31 December 2022.

	Within 3 months	3-12 months	1-5 years <sup>(1)</sup>	Over 5 years	No fixed maturity	Total
	(SAR '000)					
<b>As at 31 December 2024</b>						
Credit cards.....	3,396,831	—	—	—	—	3,396,831
Other retail lending .....	14,042,779	2,038,888	21,287,288	25,261,806	—	62,630,761
Corporate and institutional lending .....	164,360,051	26,659,295	2,063,401	235,177	—	193,317,924
<b>As at 31 December 2023</b>						
Credit cards.....	2,920,994	—	—	—	—	2,920,994
Other retail lending .....	1,664,626	1,947,797	20,109,173	27,570,047	—	51,291,643
Corporate and institutional lending .....	125,856,048	32,870,651	2,858,858	137,651	—	161,723,208
<b>As at 31 December 2022</b>						
Credit cards.....	2,384,882	—	—	—	—	2,384,882
Other retail lending .....	1,878,307	1,835,809	18,780,022	21,823,054	—	44,317,192
Corporate and institutional lending .....	103,385,652	31,088,703	1,804,933	150,887	—	136,430,175

Note:

(1) NPL and POCI are reflected under "1-5 years" in the Financial Statements

### *Investments, net*

The Group maintains an investment portfolio consisting primarily of fixed and floating rate securities, the purpose of which is to manage liquidity and enhance yield. The Group's investment portfolio comprises investments of high credit quality, with 85.8 per cent. of the investment portfolio as at 31 December 2024 consisting of government and quasi-government debt (compared to 83.6 per cent. as at 31 December 2023 and 94.8 per cent. as at 31 December 2022).

As at 31 December 2024, the Group's investments, net were SAR 98,412.2 million as compared to SAR 96,566.8 million as at 31 December 2023, representing an increase of SAR 1,845.4 million or 1.9 per cent. This increase was primarily attributable to an increase in FVOCI debt securities offset by a net decrease in

investments held at amortized cost as a result of the exchange of around SAR 10.8 billion Saudi Government bonds as part of the Ministry of Finance Liability Management program initiative. Apart from the exchange, the main increase is attributable to the net purchase of Saudi Government bonds in 2024.

As at 31 December 2023, the Group's investments, net were SAR 96,566.8 million as compared to SAR 86,363.2 million as at 31 December 2022, representing an increase of SAR 10,203.7 million or 11.8 per cent. The increase in investment balance was mainly attributed to new investments with the majority of the exposure in local currency Saudi Government bills and Saudi SAR sukuk. This was partly offset by maturities of investments mostly in local currency Saudi Government exposure and from the sale of Saudi Government bonds.

#### ***Cash and Balances with SAMA***

The table below sets out the breakdown of the Group's cash and balances with SAMA as at 31 December 2024, 31 December 2023 and 31 December 2022.

	As at 31 December		
	2024	2023	2022
		(SAR'000)	(Restated)
Cash in hand.....	1,794,960	1,775,854	1,779,646
Statutory deposit .....	15,164,156	13,746,941	13,324,060
Placements with SAMA .....	313,000	56,000	4,039,485
Other balances.....	90,576	1,162,440	115,526
<b>Total.....</b>	<b>17,362,692</b>	<b>16,741,235</b>	<b>19,258,717</b>

In accordance with the Banking Control Law and regulations issued by SAMA, the Group is required to maintain a statutory deposit with SAMA at stipulated percentages of its deposit liabilities calculated on monthly average balances at the end of each reporting period. The statutory deposit with SAMA is not available to finance the Group's day-to-day operations and therefore is not a part of cash and cash equivalents. Placements with SAMA comprise securities purchased under an agreement to re-sell (reverse repo) with SAMA.

As at 31 December 2024, the Group's cash and balances with SAMA were SAR 17,362.7 million as compared to SAR 16,741.2 million as at 31 December 2023, representing an increase of SAR 621.5 million or 3.7 per cent. This increase was primarily attributable to Statutory deposits with SAMA partially offset by decrease in overnight placements with SAMA.

As at 31 December 2023, the Group's cash and balances with SAMA were SAR 16,741.2 million as compared to SAR 19,258.7 million as at 31 December 2022, representing a decrease of SAR 2,517.5 million or 13.1 per cent. This decrease was primarily attributable to a decrease in placements with SAMA, cash in hand and other balances. The placements with SAMA vary from day-to-day and are maintained mainly for liquidity management purposes.

#### **Total Liabilities**

The following table sets out the components of the Group's total liabilities as at 31 December 2024, 31 December 2023 and 31 December 2022.



	As at 31 December		
	2024	2023	2022
		(SAR '000)	(Restated)
Due to banks and other financial institutions <sup>(1)</sup> .....	40,996,981	19,678,918	25,517,303
Customers' deposits <sup>(1)</sup> .....	267,010,659	253,457,490	214,278,851
Negative fair value of derivatives, net .....	2,546,204	2,231,470	1,907,436
Debt securities in issue .....	5,178,059	5,177,862	5,114,836
Other liabilities .....	15,424,723	14,196,333	12,949,047
<b>Total liabilities .....</b>	<b>331,156,626</b>	<b>294,742,073</b>	<b>259,767,473</b>

Note:

- (1) During 2024, the Bank re-evaluated the presentation of certain balances within due to banks and other financial institutions in the consolidated statement of financial position to determine if such balances were appropriately presented in the consolidated financial statements. As a result of the re-evaluation, the liability balances amounting to SAR 12.5 billion as of 31 December 2023 were reclassified from due to banks and other financial institutions to customers' deposits. See Note 41 to the 2024 Financial Statements for further details.

The principal component of the Group's total liabilities is customers' deposits which, as at 31 December 2024, comprised 80.6 per cent. of the Group's total liabilities (compared to 86.0 per cent. as at 31 December 2023 and 82.5 per cent. as at 31 December 2022).

### **Customers' Deposits**

As at 31 December 2024, the Group's customers' deposits were SAR 267,010.7 million as compared to SAR 253,457.5 million as at 31 December 2023, representing an increase of SAR 13,553.2 million or 5.3 per cent. This increase was primarily attributable to an increase in time deposits by SAR 14,277.5 million, partially offset by a decrease in demand deposits by SAR 1,887.0 million. The demand to total deposits ratio as at 31 December 2024 was 51.3 per cent. which was 3.5 per cent. lower than the corresponding ratio as at 31 December 2023. The shift from demand to time deposit is mainly due to an increase in interest rates.

As at 31 December 2023, the Group's customers' deposits were SAR 253,457.5 million as compared to SAR 214,278.9 million as at 31 December 2022, representing an increase of SAR 39,178.6 million or 18.3 per cent. This increase was primarily attributable to an increase in time deposits by SAR 41,443.9 million, partially offset by a decrease in balances of demand by SAR 2,473.5 million. The demand to total deposits ratio as at 31 December 2023 was 54.8 per cent. compared to 66 per cent. as at 31 December 2022.

For further information in relation to the Group's customers' deposits, see "Operating and Financial Review – Liquidity and Funding – Funding".

### **Total Liabilities**

As a result of the above:

- the Group's total liabilities as at 31 December 2024 were SAR 331,156.6 million as compared to SAR 294,742.1 million as at 31 December 2023, representing an increase of SAR 36,414.6 million or 12.4 per cent.; and



	Wealth and Personal Banking	Corporate and Institutional Banking	Treasury	Capital Markets	Others	Total
			(SAR '000)			
Net fees and commission income / (expenses) .....	208,616	950,695	(4,406)	294,657	—	1,449,562
Reversal of / (provision for) expected credit losses, net.....	(198,735)	(367,758)	1,064	(634)	—	(566,063)
Total operating expenses.....	(1,865,017)	(1,719,728)	(434,281)	(257,674)	(14,196)	(4,290,896)
Share in earnings of an associate.....	—	—	—	—	205,369	205,369
Net income for the year before Zakat and income tax.....	2,050,233	5,446,670	1,491,380	187,998	189,801	9,366,082
<b>As at/year ended 31 December 2023<sup>(1)</sup></b>						
Total assets .....	61,934,769	165,446,807	124,613,981	2,185,929	2,460,150	356,641,636
Loans and advances, net.....	53,013,292	161,723,208	—	1,199,345	—	215,935,845
Investments, net .....	—	—	95,756,549	386,435	423,852	96,566,836
Investment in an associate.....	—	—	—	—	462,046	462,046
Total liabilities.....	82,222,616	152,853,673	59,441,350	171,439	52,995	294,742,073
Operating income/(loss) from external customers .....	1,878,386	8,417,825	2,088,289	337,515	(11,555)	12,710,460
Inter-segment operating income / (expense).....	1,575,447	(1,548,150)	(27,297)	—	—	—
Total operating income/(loss), of which:.....	3,453,833	6,869,675	2,060,992	337,515	(11,555)	12,710,460
Net special commission income .....	3,060,389	5,792,332	1,374,810	113,938	—	10,341,469
Net fees and commission income/(expenses).....	134,627	802,646	(27)	207,292	—	1,144,538
Reversal of / (provision for) expected credit losses, net.....	(77,806)	(480,836)	(3,584)	(216)	—	(562,442)
Total operating expenses.....	(1,868,207)	(1,581,273)	(397,072)	(227,644)	(38,894)	(4,113,090)
Share in earnings of an associate.....	—	—	—	—	188,214	188,214
Net income for the year before Zakat and income tax.....	1,507,820	4,807,566	1,660,336	109,655	137,765	8,223,142
<b>As at/year ended 31 December 2022</b>						
Total assets <sup>(2)</sup> .....	54,775,263	139,458,637	115,987,828	1,705,322	2,477,074	314,404,124
Loans and advances, net.....	45,512,240	136,430,175	—	1,189,834	—	183,132,249
Investments, net .....	—	—	85,951,195	193,632	218,332	86,363,159
Investments in associates .....	—	—	—	—	599,289	599,289
Total liabilities.....	75,467,137	136,274,783	47,838,236	180,785	6,532	259,767,473
Operating income / (loss) from external customers .....	2,230,391	5,250,681	2,035,209	211,090	(77,143)	9,650,228
Inter-segment operating income .....	595,586	(392,031)	(206,981)	—	3,426	—
Total operating income/(loss), of which: <sup>(2)</sup> ...	2,825,977	4,858,650	1,828,228	211,090	(73,717)	9,650,228
Special commission income, net.....	2,403,159	3,932,477	1,035,780	36,871	—	7,408,287
Fees and commission income, net .....	184,137	684,994	(4,707)	66,502	(45,270)	885,656
Reversal of / (provision for) expected credit losses, net.....	80,910	(530,085)	4,291	(377)	—	(445,261)
Total operating (expense) / income.....	(1,764,547)	(1,432,880)	(361,738)	(146,447)	43,766	(3,661,846)

Notes:

(1) During 2024, the Bank re-evaluated the presentation of certain balances within due to banks and other financial institutions in the consolidated statement of financial position to determine if such balances were appropriately presented in the consolidated financial statements. As a result of the re-evaluation, the liability balances amounting to SAR 12.5 billion as of 31 December 2023 were reclassified from due to banks and other financial institutions to customers' deposits. See Note 41 to the 2024 Financial Statements for further details.

(2) The comparative financial information as at and/or for the year ended 31 December 2022 was restated in the 2023 Financial Statements (see Note 39(d) to the 2023 Financial Statements).

The Group's liquidity needs are primarily to fund loans and advances to customers, the payment of expenses, taxes and dividends, and to make investments in securities. To date, the Group's liquidity needs have been funded principally through deposits, the issuance of debt securities, operating cash flow and the sale or redemption of investments.

The following table sets out the Group's cash flow position for each of the years ended 31 December 2024, 31 December 2023 and 31 December 2022.

During 2024, the Bank re-evaluated the presentation of certain balances within due to banks and other financial institutions in the consolidated statement of financial position to determine if such balances were appropriately presented in the consolidated financial statements. As a result of the re-evaluation, the liability balances amounting to SAR 12.5 billion as of 31 December 2023 were reclassified from due to banks and other financial institutions to customers' deposits. The consolidated statement of cash flows for the year ended 31 December

2023 was adjusted to reflect the changes in the consolidated statement of financial position. The related special commission expense for the year ended 31 December 2023 was accordingly reclassified from due to banks and other financial institutions to customers' deposits in note 21 to the 2024 Financial Statements. See Note 41 to the 2024 Financial Statements for further details.

### ***Operating Activities***

For the year ended 31 December 2024, the Group's net cash used in operating activities was SAR 748.9 million, compared to net cash generated from operating activities of SAR 8,294.2 million for the year ended 31 December 2023 (representing a decrease in net cash from operating activities of SAR 9,043.2 million) and net cash generated from operating activities of SAR 30,397.6 million for the year ended 31 December 2022 (representing a decrease in net cash generated from operating activities of SAR 22,103.3 million).

The decrease in cash from operating activities during 2024 was primarily due to the increase in loans and advances, statutory deposit with SAMA, increase positive fair value of derivatives; partially offset by an increase in due to banks and other financial institutions, customers' deposits and net income for the year before Zakat and income tax.

The decrease in cash from operating activities during 2023 was primarily due to the increase in Loans and advances, Statutory deposit with SAMA; partially offset by an increase in Customers' Deposits, Due to banks and other financial institutions, Other liabilities and net income for the year before Zakat and income tax.

### ***Investing Activities***

For the year ended 31 December 2024, the Group's net cash used in investing activities was SAR 3,378.0 million, compared to net cash used in investing activities of SAR 10,250.0 million for the year ended 31 December 2023 (representing a decrease in net cash used in investing activities of SAR 6,872.0 million) and net cash used in investing activities of SAR 25,070.6 million for the year ended 31 December 2022 (representing a decrease in net cash used in investing activities of SAR 14,820.6 million.).

The decrease in net cash used in investing activities during 2024 was primarily attributable to an increase in the proceeds from sale and maturity of investments not held as FVSI; partially offset by purchase of investments not held as FVSI and purchase of property, equipment and intangibles.

The decrease in net cash used in investing activities during 2023 was primarily due to an increase in purchase of investments not held as FVSI and purchase of property, equipment and intangibles ; partially offset by an increase in proceeds from sale and maturity of investments not held as FVSI.

### ***Financing Activities***

For the year ended 31 December 2024, the Group's net cash used in financing activities was SAR 580.1 million, compared to net cash generated from financing activities SAR 346.4 million for the year ended 31 December 2023 (representing a decrease in net cash from financing activities of SAR 926.5 million) and net cash used in financing activities of SAR 2,062.4 million for the year ended 31 December 2022 (representing an increase in net cash from financing activities of SAR 2,408.9 million.).

The net cash used in financing activities during 2024 included dividend payments, Tier 1 Sukuk payment, purchase of treasury shares and payment of lease liabilities; partially offset by an issuance of Additional Tier 1 Sukuk.

The net cash generated from financing activities during 2023 included issuance of Additional Tier 1 Sukuk; partially offset by dividend payments and payment of lease liabilities.

## Funding

### Sources of Funding

The Group's principal source of non-equity funding is its customer deposits. In addition, the Group also relies on its debt securities in issue and inter-bank deposits accepted by it as sources of funding.

The following table sets out the Group's principal sources of funding as at 31 December 2024, 31 December 2023 and 31 December 2022.

	As at 31 December		
	2024	2023	2022 (Restated)
		(SAR'000)	
Due to banks and other financial institutions <sup>(1)</sup> .....	40,996,981	19,678,918	25,517,303
Customers' deposits <sup>(1)</sup> .....	267,010,659	253,457,490	214,278,851
Debt securities in issue .....	5,178,059	5,177,862	5,114,836

Note:

- (1) During 2024, the Bank re-evaluated the presentation of certain balances within due to banks and other financial institutions in the consolidated statement of financial position to determine if such balances were appropriately presented in the consolidated financial statements. As a result of the re-evaluation, the liability balances amounting to SAR 12.5 billion as of 31 December 2023 were reclassified from due to banks and other financial institutions to customers' deposits. See Note 41 to the 2024 Financial Statements for further details.

### Due to banks and other financial institutions

Amounts due to banks and other financial institutions comprise current accounts, repo with banks as well as money market deposits held with the Group. The following table sets out the breakdown of amounts due to banks and other financial institutions as at 31 December 2024, 31 December 2023 and 31 December 2022.

	As at 31 December		
	2024	2023	2022 (Restated)
		(SAR'000)	
Current accounts .....	4,782,449	5,293,646	3,735,075
Money market deposits .....	13,893,022	4,670,081	12,804,597
Repo with banks .....	19,807,023	6,974,026	2,777,696
Others .....	2,514,487	2,741,165	6,199,935
<b>Total .....</b>	<b>40,996,981</b>	<b>19,678,918</b>	<b>25,517,303</b>

### Customers' deposits

As at 31 December 2024, customer deposits comprised 80.6 per cent. of the Group's total liabilities, compared to 86.0 per cent. as at 31 December 2023 and 82.5 per cent. as at 31 December 2022. The following table sets

out the breakdown of funding from the Group's customer deposits as at 31 December 2024, 31 December 2023 and 31 December 2022.

	As at 31 December		
	2024	2023	2022
	(SAR '000)		
Demand <sup>(1)</sup> .....	137,066,920	138,953,931	141,427,465
Time <sup>(2)</sup> .....	125,373,090	111,095,584	69,651,646
Savings <sup>(3)</sup> .....	2,987,570	2,092,397	1,981,334
Margin and others <sup>(4)</sup> .....	1,583,079	1,315,578	1,218,406
<b>Total</b> .....	<b>267,010,659</b>	<b>253,457,490</b>	<b>214,278,851</b>

Notes:

- (1) Demand deposits include non-interest bearing current accounts.
- (2) Time deposits comprise profit-bearing treasury, murabaha and call deposits.
- (3) Saving deposits include profit-sharing mudaraba deposits.
- (4) Margin deposits include cash collateral held against trade finance products.

#### *Debt Securities in Issue*

	As at 31 December		
	2024	2023	2022
	(SAR '000)		
SAR 5,000 million 10-year subordinated Sukuk due July 2030 .....	5,178,059	5,177,862	5,114,836

The sukuk referred to in the table above were issued in July 2020 and SAB has an option to redeem them in July 2025 subject to SAMA approval and certain other conditions of issue.

#### *Geographic Concentration of Funding*

The Group's principal sources of funding are geographically concentrated in Saudi Arabia. The following table sets out the geographic breakdown of the Group's principal sources of funding as at 31 December 2024, 31 December 2023 and 31 December 2022.

	Saudi Arabia	GCC and Middle East	Europe	North America	Other Countries	Total
	(SAR '000)					
As at 31 December 2024						
Due to banks and other financial institutions						
Current accounts.....	3,335,555	304,321	475,466	382,517	284,590	4,782,449
Money market deposits.....	8,539,757	3,307,355	1,649,579	396,331	—	13,893,022
Repo with banks.....	15,298,918	—	4,508,105	—	—	19,807,023

Note:

(1) During 2024, the Bank re-evaluated the presentation of certain balances within due to banks and other financial institutions in the consolidated statement of financial position to determine if such balances were appropriately presented in the consolidated financial statements. As a result of the re-evaluation, the liability balances amounting to SAR 12.5 billion as of 31 December 2023 were reclassified from due to banks and other financial institutions to customers' deposits. See Note 41 to the 2024 Financial Statements for further details.

The following table sets out the maturity profile of the Group's principal sources of funding (according to when they are expected to be settled) as at 31 December 2024, 31 December 2023 and 31 December 2022.



	Within 3 months	3-12 months	1-5 years	Over 5 years	Non-special commission bearing	Total
	(SAR '000)					
As at 31 December 2024						
Due to banks and other financial institutions						
Current accounts.....	412,404	—	—	—	4,370,045	4,782,449
Money market deposits .....	9,983,686	3,909,336	—	—	—	13,893,022
Repo with banks.....	15,148,699	-	4,658,324	—	—	19,807,023
Others.....	1,812,577	701,910	-	—	—	2,514,487
Customers' deposits						
Demand.....	—	—	—	—	137,066,920	137,066,920
Time.....	112,558,178	12,480,412	334,500	—	—	125,373,090
Saving .....	2,987,570	—	—	—	—	2,987,570
Margin and other deposits .....	—	—	—	—	1,583,079	1,583,079
Debt securities in issue .....	5,178,059	—	—	—	—	5,178,059
As at 31 December 2023 <sup>(1)</sup>						
Due to banks and other financial institutions						
Current accounts.....	80,718	—	—	—	5,212,928	5,293,646
Money market deposits.....	3,990,417	679,664	—	—	—	4,670,081
Repo with banks.....	6,403,742	—	570,284	—	—	6,974,026
Others.....	230,836	2,510,329	—	—	—	2,741,165
Customers' deposits						
Demand.....	—	—	—	—	138,953,931	138,953,931
Time.....	99,550,958	11,518,539	26,087	—	—	111,095,584
Saving .....	2,092,397	—	—	—	—	2,092,397
Margin and other deposits .....	—	—	—	—	1,315,578	1,315,578
Debt securities in issue .....	5,177,862	—	—	—	—	5,177,862
As at 31 December 2022						
Due to banks and other financial institutions						
Current accounts.....	—	—	—	—	3,735,075	3,735,075
Money market deposits.....	4,485,201	8,319,396	—	—	—	12,804,597
Repo with banks.....	1,994,910	213,000	569,786	—	—	2,777,696
Others.....	1,669,595	1,793,596	2,736,744	—	—	6,199,935
Customers' deposits						
Demand.....	—	—	—	—	141,427,465	141,427,465
Time.....	60,654,812	8,692,288	304,546	—	—	69,651,646
Saving .....	1,981,334	—	—	—	—	1,981,334
Margin and other deposits .....	—	—	—	—	1,218,406	1,218,406
Debt securities in issue .....	5,114,836	—	—	—	—	5,114,836

Note:

- (1) During 2024, the Bank re-evaluated the presentation of certain balances within due to banks and other financial institutions in the consolidated statement of financial position to determine if such balances were appropriately presented in the consolidated financial statements. As a result of the

re-evaluation, the liability balances amounting to SAR 12.5 billion as of 31 December 2023 were reclassified from due to banks and other financial institutions to customers' deposits. See Note 41 to the 2024 Financial Statements for further details.

## Equity

For a discussion of the Group's share capital and reserves as at 31 December 2024, 31 December 2023 and 31 December 2022, see Notes 16 to 18 to the 2024 Financial Statements and Notes 16 to 18 to the 2023 Financial Statements.

## CAPITAL ADEQUACY

Capital adequacy, financial leverage and the use of various levels of regulatory capital are monitored regularly by Management and are also governed by guidelines of the Basel Committee on Banking Supervision (the "**Basel Committee**") as adopted by SAMA.

The Basel III Framework includes the minimum risk-based capital and the relevant capital buffers, leverage, liquidity and large exposure standards, the supervisory review process under Pillar 2 and public disclosures under Pillar 3.

The Basel III framework consists of three pillars:

- *pillar 1*, which provides a framework for measuring capital requirements for credit, counterparty credit, operational and market risks;
- *pillar 2*, which relates to the supervisory review process and emphasises the importance of the internal capital adequacy assessment process performed by banks; and
- *pillar 3*, which aims to complement the pillar 1 and pillar 2 capital adequacy requirements by requiring banks to provide a consistent and understandable disclosure framework which facilitates comparison, thus enhancing the safety and soundness of the banking industry in Saudi Arabia.

Under the Basel III framework, the minimum requirements for capital are underpinned by a leverage ratio that serves as a backstop to the risk-based capital measures. There are also buffer requirements in the form of a capital conservation buffer, a counter-cyclical capital buffer and an additional surcharge for banks designated as Domestic Systemically Important Banks.

SAB maintains an actively managed capital base to cover the risks inherent in its business. The adequacy of SAB's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee, including the framework and guidance regarding the implementation of capital reforms under Basel III (the "**Basel III Framework**") which has been adopted by SAMA. These ratios measure capital adequacy by comparing SAB's eligible capital with its balance sheet assets, commitments and notional amount of derivatives at a weighted amount to reflect their relative risk. SAMA requires holding a minimum level of regulatory capital and maintaining a ratio of total regulatory capital to the risk-weighted assets ("**RWA**") at or above the agreed minimum of 10.5 per cent. including a capital conservation buffer (2.5 per cent.).

The following table sets out the composition of the Group's regulatory capital and its capital ratios (determined in accordance with Basel III as implemented in Saudi Arabia) as at 31 December 2024, 31 December 2023 and 31 December 2022.

	As at 31 December		
	2024	2023	2022 (Restated)
	<i>(SAR '000, unless otherwise indicated)</i>		
<b>Risk Weighted Assets (RWA)</b>			
Credit risk RWA .....	308,505,820	279,968,368	232,948,313
Operational risk RWA .....	12,233,759	10,458,162	16,212,894
Market risk RWA .....	1,193,229	3,724,396	7,091,185
<b>Total RWA.....</b>	<b>321,932,808</b>	<b>294,150,926</b>	<b>256,252,392</b>
Tier I capital .....	57,625,716	52,038,574	45,236,925
Tier II capital.....	5,778,894	5,958,473	5,795,143
<b>Tier I and II capital.....</b>	<b>63,404,610</b>	<b>57,997,047</b>	<b>51,032,068</b>
<b>Capital Adequacy Ratio.....</b>			
Tier I capital ratio.....	17.90%	17.69%	17.65%
Tier I + Tier II capital ratio.....	19.69%	19.72%	19.91%

For further information, see “Selected Financial Information – Key Financial Ratios”.

## COMMITMENTS AND CONTINGENCIES

The Group is exposed to capital commitments as well as credit related commitments and contingencies. As at 31 December 2024, the Group had capital commitments of SAR 1,340.0 million (compared to SAR 1,316.0 million as at 31 December 2023 and SAR 1,436.0 million as at 31 December 2022) in respect of land, buildings and equipment purchases.

Credit related commitments and contingencies mainly comprise guarantees, letters of credit, acceptances and commitments to extend credit. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments if a customer cannot meet its obligations to third parties, carry the same credit risk as loans and advances. Documentary letters of credit, which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are generally collateralised by the underlying shipments of goods to which they relate and therefore have significantly less risk. Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The cash requirement under these instruments is considerably less than the amount of the related commitment because the Group generally expects the customers to fulfil their primary obligation. Commitments to extend credit represent the unutilised portion of authorisations to extend credit, principally in the form of loans and advances, guarantees and letters of credit and, in respect of such instruments, the Group is potentially exposed to a loss in an amount equal to the total unutilised commitments. However, the likely amount of loss, which cannot readily be quantified, is expected to be considerably less than the total unutilised commitment as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The total outstanding commitments to extend credit do not necessarily represent future cash requirements, as many of the commitments could expire or be terminated without being funded. As at 31 December 2024, the Group had credit related commitments and contingencies of SAR 170,386.8 million (compared to SAR 130,803.4 million as at 31 December 2023 and SAR 99,944.1 million as at 31 December

2022). As at 31 December 2024, the unutilised portion of the Group's non-firm commitments which can be revoked unilaterally at any time by the Group amounted to SAR 141,303 million (compared to SAR 128,165 million as at 31 December 2023 and SAR 128,942 million as at 31 December 2022).

For further information, see Note 20 to the 2024 Financial Statements and Note 20 to the 2023 Financial Statements.

## **RELATED PARTY TRANSACTIONS**

The Group enters into transactions with related parties in the ordinary course of its business. Such transactions are performed on an arm's length basis and are governed by the limits prescribed by the Banking Control Law and regulations issued by SAMA.

In addition, managerial and specialised expertise is provided to SAB by HSBC pursuant to a technical services agreement. This agreement was amended on 3 October 2018 and renewed for a period of 10 years commencing on 30 September 2017.

For further information on the Group's related party transactions, see Note 35 to the 2024 Financial Statements and Note 35 to the 2023 Financial Statements.

## DESCRIPTION OF SAB

### OVERVIEW

Saudi Awwal Bank (formerly known as the Saudi British Bank) is a joint stock company incorporated under the laws of Saudi Arabia. SAB was established by Royal Decree No. M/4 dated 21 January 1978. SAB formally commenced business on 1 July 1978 by taking over the operations of The British Bank of the Middle East in Saudi Arabia. SAB operates under Commercial Registration No. 1010025779 dated 13 October 1979. SAB's registered office is located at 7383 King Fahad Branch Road, 2338 Al Yasmineen District, Riyadh 13325, Kingdom of Saudi Arabia, and its telephone number is +966 11 4408440.

SAB's tax identification number (TIN) is 3000026131.

SAB operates under a banking licence granted by SAMA (which permits it to operate as a commercial bank) and is authorised under its by-laws to conduct all types of banking activities within Saudi Arabia and abroad.

SAB's principal lines of business are wealth and personal banking, corporate and institutional banking, treasury services, and capital markets. SAB offers *Shari'ah*-compliant products which are approved and supervised by an independent *Shari'ah* committee. SAB also offers conventional banking products and services to corporate and institutional customers.

SAB operates through a network of 103 branches as at 31 December 2024 (compared to 104 branches as at 31 December 2023) spread across Saudi Arabia. SAB does not have any branches outside Saudi Arabia.

As at 31 December 2024, SAB (with total assets of SAR 399.4 billion) is the fourth largest bank in Saudi Arabia in terms of total assets (*source*: financial statements for the year ended 31 December 2024 for Saudi banks) with over 28,000 active corporate and institutional customers and over 1.6 million retail customers as of 31 December 2024. SAB had a market capitalisation of SAR 77,055 million as of 27 March 2025 (*source*: Tadawul). SAB generated operating income of SAR 14.0 billion for the year ended 31 December 2024, SAR 12.7 billion for the year ended 31 December 2023 and SAR 9.7 billion for the year ended 31 December 2022 and had net income for the year before zakat and income tax of SAR 9.4 billion for the year ended 31 December 2024 and SAR 8.2 billion for the year ended 31 December 2023 compared to a net income for the year before zakat and income tax of SAR 5.7 billion for the year ended 31 December 2022. SAB had total equity of SAR 68.3 billion, SAR 61.9 billion and SAR 54.6 billion as at 31 December 2024, 31 December 2023 and 31 December 2022, respectively.

SAB's return on average tangible equity was 16.6 per cent. for the year ended 31 December 2024, 15.3 per cent. for the year ended 31 December 2023 and 11.3 per cent. for the year ended 31 December 2022 and its return on average assets was 2.1 per cent. for the year ended 31 December 2024, 2.1 per cent. for the year ended 31 December 2023 and 1.5 per cent. for the year ended 31 December 2022. SAB's total capital adequacy ratio (Tier I + Tier II ratio) was 19.7 per cent. as at 31 December 2024, 19.7 per cent. as at 31 December 2023 and 19.9 per cent. as at 31 December 2022 (see further "*Summary Financial Information – Key Financial Ratios*").

### AWARDS

In 2024, SAB was granted the following awards:

Award	Publication
1. Best Trade Finance Provider in the KSA	Global Finance
2. Best SME AO and Onboarding Initiative and Best SME Bank	The Digital Banker

3.	Highest Card Spend Growth in the KSA - Global Excellence Award	MasterCard
4.	Market Leader in the KSA - Euromoney Trade Finance Survey	Euromoney
5.	Best Bank for Sustainable Finance in the KSA and Best Bank for Sustainability Infrastructure Finance in the Middle East	Global Finance
6.	Best Domestic Private Bank and Best for Digital Solutions	Euromoney Private Banking Awards
7.	Best Credit Card Initiative - SAB Al Fursan	MEED MENA Banking Excellence Awards
8.	Best Bank in the KSA	Global Finance
9.	Best Digital Bank - KSA	Euromoney
10.	Best Bank for ESG - KSA	Euromoney
11.	Best Data and Analytics Driven Bank	8th Middle East Banking AI & Analytics Summit
12.	Best Bank for Treasury and Cash Management	Global Finance
13.	Best Cashback Credit Card - SAB Visa Cashback	The Digital Banker
14.	Best Consumer Digital Bank in the KSA	Global Finance
15.	Best Banking Brand in the KSA	Global Brands Magazine
16.	Payments Innovation of the Year - KSA	MEA Finance
17.	Saudi Arabia's Best Cash Management Bank Saudi Arabia's Best Cash Management Bank for Client Service Saudi Arabia's Best Bank for Cash Management Products Saudi Arabia's Best Bank for Cash Management Technology	Euromoney Cash Management Survey
18.	Platinum Award - SME Financier of the Year MENA	Global SME Finance Awards
19.	Best Banking Customer Experience and Best Measurement in CX	3rd Edition of CX & Loyalty Summit
20.	Best BI and Data Analytics Implementation	The Asian Banker
21.	10th Most Valuable Saudi Brand	Kantar BrandZ
22.	Best Customer Experience in Banking	XE Live Summit
23.	Gold Award: Best Use of Customer Insight and Feedback Bronze Award: Best Measurement in CX	Saudi CX Awards
24.	Best Co-Branded Travel Credit Card - SAB EK Visa Infinite	Global Economics Magazine

## RATINGS

As at the date of this Base Offering Circular, SAB has been assigned long-term issuer default rating of A- with a stable outlook by Fitch and long term bank deposits rating of A1 (upgraded from A2 on 28 November 2024)

with a stable outlook by Moody's. Rating upgrades were recently taken by international rating agencies including Fitch and Moody's on a number of banks in the GCC (including SAB), triggered largely by, and consistent with, the rating actions taken in respect of the governments of a number of GCC states (see "*Risk Factors – Risks relating to SAB and its ability to fulfil its obligations under the Transaction Documents – Reductions in SAB's credit ratings could adversely affect its ability to access the capital markets and may increase its borrowing costs*").

## HISTORY

SAB was incorporated on 29 May 1978 for a term of 99 years, which may be extended by a resolution of its shareholders at an extraordinary general meeting. The origins of SAB's business derive from the establishment by The British Bank of the Middle East ("**BBME**") of a presence in Saudi Arabia in 1950. BBME was subsequently purchased by the HSBC Group in 1959. SAB was established for the purpose of acquiring BBME's business in Saudi Arabia following the issue of a directive by the Government in 1976 that prohibited more than 40 per cent. foreign ownership of banks in Saudi Arabia. SAB began commercial operations on 1 July 1978 following completion of the acquisition. At that time, the acquired business included branches in Jeddah, Al Khobar and Dammam. Since its incorporation, SAB has maintained a strategic partnership with the HSBC Group, which is one of the world's largest and most geographically diverse financial services corporations. This partnership has provided SAB with a key competitive advantage, providing customers with international services and capability. As at the date of this Base Offering Circular, the HSBC Group retains a 31.0 per cent. stake in SAB.

In April 2019, the Saudi British Bank received regulatory approval from the CMA for its proposed merger with Alawwal Bank (the "**Merger**"). Further to receipt of regulatory approvals, the shareholders of the Saudi British Bank and Alawwal Bank approved the merger of the two banks at extraordinary general meetings held on 15 May 2019 pursuant to the Companies Law and the Merger and Acquisitions Regulations issued by the Capital Market Authority. SAB completed the Merger on 16 June 2019, which was effected by a capital issuance of 554,794,522 shares of SAR 10 each by SAB to the shareholders of Alawwal Bank, in a share swap transaction at the rate of 0.48535396 shares of SAB (formerly Saudi British Bank) for each share of Alawwal Bank. Following the Merger, the shares of Alawwal Bank were delisted from Tadawul and the two banks became a single listed company under the name of the Saudi British Bank with SAR 54.9 billion of shareholders' equity upon the completion of the Merger. The post-Merger integration of Saudi British Bank with Alawwal Bank was completed in March 2021. The bank changed its commercial name from "Saudi British Bank" to "Saudi Awwal Bank" on 11 June 2023.

## CAPITAL STRUCTURE

SAB's share capital at the time of its establishment was SAR 100,000,000, of which SAR 42,750,000 was raised by public subscription for 427,500 shares (representing 42.75 per cent. of the total issued share capital). Since its establishment, SAB's share capital has been increased by successive capital increases (including the last increase resulting from the Merger) and as at 31 December 2024 SAB's authorised, issued and fully-paid share capital amounted to SAR 20,547,945,220, consisting of 2,054,794,522 shares of SAR 10 each.

As at the date of this Base Offering Circular, SAB has two substantial shareholders, being HSBC Holdings, a wholly-owned subsidiary of HSBC, holding 31.0 per cent. of SAB's share capital, and Olayan Saudi Investment Company, holding 20.4 per cent. of its share capital. The remaining 48.6 per cent. of SAB's share capital is held by other shareholders that include Saudi institutions, corporates and individuals, as well as foreign institutions investing through the CMA's qualified foreign investor framework.

SAB's shares have been listed on Tadawul since the inception of the exchange, in August 1990.

## VISION AND STRATEGY

SAB's strategic vision is to remain a leading international bank in the financial services industry in the Kingdom by offering a comprehensive suite of banking and finance products and services to its customers, accessing a wide global network through HSBC and embedding Environmental, Social, and Governance principles ("ESG") principles at the heart of the organisation, thereby making SAB a highly attractive organisation for all stakeholders.

Following the Merger, SAB announced in May 2021 its longer-term strategy which targets regaining some of the key business and financial positions that SAB held prior to the Merger and integration.

The first phase of the strategy has been successfully implemented, transforming SAB back to a growth trajectory backed by strong financial results (see "*Operating and Financial Review*" and "*Selected Financial Information*").

SAB's vision is to:

- offer a leading online and mobile digital banking experience;
- provide best-in-class universal banking, serving all customer groups in the Kingdom;
- be the leading international bank in the Kingdom, accessing an unrivalled global network through the HSBC Group; and
- embed ESG at the heart of the organisation, making SAB the most attractive organization for all stakeholders.

To achieve its vision, SAB's strategy is to:

- build on its core strengths by:
  - being the bank of choice for large corporate entities;
  - reinforcing its leadership in trade and payments;
  - maintaining its leadership in wealth banking; and
  - reinforcing our position in card payments;
- maximise its participation in the following key growth areas:
  - fastest-growing mid-corporate businesses;
  - digital SMEs;
  - mortgage expansion through the Real Estate Development Fund;
  - growth in sustainable finance and investment assets, deposits, and revenue; and
- transform the organisation by:
  - leading in digital innovation and evolving its IT architecture;
  - transforming HR and developing the right talent;
  - revamping its operating model through automation and digitisation; and
  - align itself with the Kingdom's green initiative, supporting a sustainable future for the Kingdom.



In terms of returns, SAB is aiming to increase its return on tangible equity and earnings per share, improve its cost to income ratio while maintaining strong capital and liquidity levels and continuing dividend payout.

SAB is looking to achieve its strategic objectives by, among other things:

- growing the assets portfolio at a faster rate than its peers in the market;
- minimising cost of funding; and
- achieving a healthy growth of non-funds income.

SAB's Corporate and Institutional Banking, Wealth and Personal Banking and Treasury are to be the drivers for achieving SAB's growth strategy with positive contribution from SAB Invest Company (formerly Alawwal Invest Company) ("**SAB Invest**").

Corporate Banking will continue to be SAB's core focus by further enhancing its position as the bank of choice for large corporate entities and leveraging its multinational corporates and international capabilities as cross-border activity increases in line with the Kingdom's Vision 2030. SAB is looking to actively participate in some of the announced giga projects in the Kingdom. SAB is targeting to grow corporate total loans by low-double digit (at a compounded annual growth rate) by 2026. However, such growth efforts Bank will continue to be in line with its risk appetite statement and will take into account changing market conditions.

SAB's SME portfolio is expected to grow faster than the overall total corporate loans by leveraging SAB's investment in its digital SME proposition to accelerate growth by offering SME-friendly products and solutions with focus on higher quality SME assets.

SAB is also aiming to further enhance its payments and cash management solutions and trade products in order to protect and grow customer's liabilities and non-funds income.

Furthermore, SAB's is working to advance its retail proposition by driving overall growth through SAB's wealth and private banking businesses using SAB's international capability. In addition, SAB is aiming to grow its mortgage portfolio through a more efficient digital journeys and improved system functionality. This is also in line with the Kingdom's Vision 2030 initiative to achieve a home ownership target of 70 per cent. by 2030.

SAB's private banking strategic aspiration is to be the leading private bank for internationally focused entrepreneurs, business leaders and the emerging next generation of Saudi wealth, targeting a growth in its private banking portfolio in low double digits (at a compounded annual growth rate) by 2026.

Moreover, SAB is striving to reinforce its credit card position by driving credit card growth through a refreshed product range focused on digital, partnerships and an improved cardholder value proposition.

In addition, SAB will continue to invest in payments solutions in line with Vision 2030's strategic initiatives to reduce cash usage and increase electronic payments penetration.

The Kingdom has the largest population in the GCC (at approximately 35 million people) with more than 60% of the population below the age of 30 (*source: The Kingdom's General Authority for Statistics – Population Estimates Publication 2024*) offering a significant growth opportunity for cards especially in youth and female segments which are expected to be major sources of new job growth in the coming years.

SAB will also look to increase digital penetration of channels in order to improve customer experience and drive operational efficiency.

SAB's Treasury will aim to support the Bank's growth ambition through effective balance sheet management and by striving to be among the top three banks in the Kingdom in terms of treasury revenues, foreign exchange revenues and for cost of funding.

SAB is also working to enhance its digital capabilities with respect to foreign exchange digital services and connectivity to SAB channels and branches.

SAB Invest's growth is accelerating following the acquisition of the asset management businesses from HSBC Saudi Arabia, delivering greater contribution through cross-selling and integration with SAB's Wealth proposition.

As one of the pillars of its corporate strategy, SAB announced in September 2022 its ESG strategy, which is aligned with that of Vision 2030's by envisioning a scaling up of Sustainable Financing & Investments to SAR34bn by 2025, plant one million trees to offset 0.9 Mil tons of CO2 and an aim to achieve Net Zero in our operations by 2035 supporting KSA's Vision 2030.

SAB is also focused on offering a market-leading digital experience through its strategy on digital banking and innovation. In particular, SAB is committed to accelerating the pace and scale of innovation to foster the new economy and shape a future-ready bank. This strategic progress in digital banking aligns with the SAB's growth aspirations and forms a significant part of its technology infrastructure evolution.

## **COMPETITION**

SAB faces competition from many banks operating locally in each of the different business areas in which it operates.

In the corporate and institutional banking segment, including treasury products, whilst all banks in Saudi Arabia compete to attract corporate customers, SAB competes primarily with banks that have a significant focus on the corporate segment, notably the Saudi National Bank, Riyadh Bank, Banque Saudi Fransi and AlRajhi Bank. In the retail banking segment, the extent of competition is more broadly spread across the banks in Saudi Arabia but SAB's offerings compete more closely with Riyadh Bank, Albilad Bank and Alinma Bank. Emerging market participants also include large regional banks that have expanded into the Saudi market, as well as the potential growth of digital-only banking services.

SAB's investment banking and securities business associate, HSBC Saudi Arabia, and subsidiary, SAB Invest, compete with subsidiaries and affiliates of the same group of Saudi banks mentioned above, along with other parties authorised by the CMA.

See "*Saudi Arabia Banking Sector and Regulations – General*" for further details.

## **COMPETITIVE STRENGTHS**

SAB considers itself to be a leader in corporate banking in Saudi Arabia covering a wide range of corporate clients and products including corporate lending. SAB also has a market share of 24 per cent. for trade finance products as at 31 December 2024 (*source*: Published financial statements of banks in the Kingdom for the year ended 31 December 2024). Furthermore, SAB is well-positioned to provide banking services to multinational corporate entities by leveraging its connection with the HSBC Group network worldwide. This allows SAB to be a leading bank in Saudi Arabia for foreign exchange and other products.

SAB's strategic alliance with the HSBC Group is unique in Saudi Arabia. The partnership allows SAB to leverage HSBC's globally-recognised customer relationship management capabilities, insight and expertise and access to traditional tried-and-tested as well as emerging technologies.

SAB also provides competitive lending and payments offerings in retail banking and wealth management, with a leading position in credit cards and significant growth in its home finance business.

SAB is supported by a leading investment banking offering through its associate, HSBC Saudi Arabia, and through its wholly-owned subsidiary, SAB Invest. SAB Invest specializes in retail brokerage, asset management, and retail margin lending, while HSBC Saudi Arabia focuses on institutional brokerage and margin lending, debt and equity capital market advisory, and independent custody and securities services. HSBC Saudi Arabia benefits from HSBC Group's extensive international market presence and access to its capabilities in debt finance and advisory, offering significant strategic value to SAB's corporate clients. On the other hand, SAB Invest enhances SAB's wealth and private banking business by providing strong asset management and brokerage services

SAB, in line with the financial sector, is focused on continuously developing its digital banking offering and infrastructure. SAB has the financial strength to invest in and obtain access to local and international expertise to provide opportunities to its customers in Saudi Arabia. SAB continues to make a significant investment in its customer solutions and architecture. For example, in October 2023, SAB entered into an agreement with Mastercard to deploy SAB's SME business credit card within the Kingdom to offer local enterprises and entities quick and seamless access to a diverse range of benefits, enabling them to gain greater access to credit (along with enhanced visibility on their transactions), the ability to pay their suppliers faster and the ability to optimise their cash flow. Furthermore, in September 2023, SAB entered into an agreement with Wise a global leader in international money transfers and management, with the aim of providing SAB's customers with fast, secure, and cost-effective solutions for sending and receiving money internationally. In addition, SAB entered into an agreement with UnionPay, a global Chinese-based payment network, to allow SAB to enable digital acceptance of Union Pay International payments across physical stores, ATMs, and e-commerce platforms. These partnerships are in line with the Government's Financial Sector Development Plan as a key pillar of Vision 2030.

The workforce of SAB is an important strength. SAB is a well-regarded employer in Saudi Arabia. One of the key focus areas of SAB's workforce strategy is Saudisation, consistent with the Kingdom's Vision 2030 to enhance local employment. About 93 per cent. of SAB's workforce consists of Saudi nationals, who are supported by targeted recruitment and professional development programmes. As an example, SAB's Sustainability Graduate Programme offers graduates essential training and career opportunities in the banking sector. Furthermore, diversity and inclusion are an integral component of SAB's values, underscored by its signing of the UN Women's Empowerment Principles. SAB's 'Balance' and 'Stronger Together' programmes empower female employees by providing resources, support, and opportunities for advancement.

SAB's business strengths and competitiveness are supported by a strong and resilient balance sheet, supported by international best practice in risk management techniques. SAB maintains strong capital, a diversified funding base across operating segments, and solid liquidity.

SAB has been actively participating in financing in the context of Saudi Arabia's national growth ambitions under Vision 2030. For instance, SAB is a primary dealer appointed by the National Debt Management Centre and supports the growth of the local corporate bond market, together with its investment banking associate, HSBC Saudi Arabia. SAB is fully committed as a primary dealer to support the Government's Financial Sector Development Plan as a key pillar of Vision 2030.

SAB regularly measures its competitive positioning in a dynamic and rapidly evolving market and market share key performance indicators remain pivotal to tracking performance. SAB monitors market share across all of its different business units and measures them (*source*: Published financial statements of banks in the Kingdom for the year ended 31 December 2024). Some of these key performance indicators include, as at 31 December 2024:

- SAB's gross loans lending growth (20 per cent.) and market share (approximately 9.3 per cent.);

- SAB's corporate lending as a proportion of the market (approximately 13 per cent.);
- SAB's retail lending as a proportion of the market (approximately 5.3 per cent.);
- SAB's trade activities as a proportion of the market (approximately 24 per cent.);
- non-interest bearing deposits market share (approximately 9 per cent.).

## CORPORATE ORGANISATION

### Relationship with the HSBC Group

HSBC Holdings is a major shareholder of SAB and holds 31.0 per cent. of SAB's share capital. The HSBC Group is one of the world's leading banking and financial services groups. The other shareholders of SAB include Saudi and international institutions and individuals.

Pursuant to an agreement between SAB and HSBC Holdings (the "**Agreement**"), HSBC Holdings is responsible for providing management support and specialised expertise to SAB and assisting SAB in expanding and improving its banking services in accordance with the HSBC Group's banking practices and standards. The Agreement also governs the relationship between SAB and HSBC B.V. as SAB's strategic foreign shareholder. Under the Agreement, HSBC Holdings also supports SAB in staff development and training. The Agreement was first entered into on 23 July 1978 and has been renewed periodically since that date. It was renewed most recently on 3 October 2018 for a period of 10 years commencing on 30 September 2017.

### Subsidiaries and Associate

The following table provides a summary of SAB's subsidiaries and associates as at the date of this Base Offering Circular, with further details on strategic transactions in respect of certain subsidiaries set out in "*Strategic Transactions relating to Subsidiaries and Associates*" below.

Company name	Relationship with SAB	Ownership interest	Share capital	Country of incorporation
SAB Invest Company	Subsidiary	100%	SAR 840,000,000	Saudi Arabia
Alawwal Real Estate Company	Subsidiary	100%	SAR 500,000	Saudi Arabia
Arabian Real Estate Company Limited	Subsidiary	100%	SAR 1,000,000	Saudi Arabia
HSBC Saudi Arabia	Associate	49%	SAR 500,000,000	Saudi Arabia
SAB Markets Limited	Subsidiary	100%	U.S.\$50,000	Cayman Islands
X-Tech Fund	Subsidiary	100%	-	Saudi Arabia

SAB Invest Company (formerly Alawwal Invest Company) ("**SAB Invest**"), a wholly-owned subsidiary of SAB, is a closed joint stock company incorporated in Saudi Arabia under Commercial Registration No.1010242378 dated 9 January 2008. SAB Invest was formed and licensed as a capital market institution in accordance with the CMA's Resolution No. 1-39-2007. SAB Invest's principal activity is to engage in security activities regulated by the CMA related to dealing, managing, arranging, advising, and taking custody of securities. See further "*Strategic Transactions relating to Subsidiaries and Associates*" below.

Alawwal Real Estate Company ("**AREC**"), a wholly-owned subsidiary of SAB, is a limited liability company incorporated in Saudi Arabia under Commercial Registration No. 1010250772 dated 26 May 2008. AREC is engaged in real estate activities with own and leased property.

Arabian Real Estate Company Limited (“**ARECO**”), a wholly-owned subsidiary of SAB, is a limited liability company incorporated in Saudi Arabia under Commercial Registration No. 1010188350 dated 12 July 2003. ARECO is engaged in real estate activities with own and leased property.

HSBC Saudi Arabia (“**HSBC Saudi Arabia**”) is a closed joint stock company incorporated in Saudi Arabia under Commercial Registration No. 1010221555 dated 23 July 2006. It was formed and licensed as a capital market institution in accordance with the Resolution No. 37-05008 of the CMA dated 5 January 2006. Its principal activity is to engage in the full range of securities activities regulated by the CMA related to dealing, managing, arranging, advising, and taking custody of securities. SAB holds 49 per cent. while HSBC Asia Holdings B.V. holds 51 per cent. of the share capital in HSBC Saudi Arabia. The main activities of HSBC Saudi Arabia are to provide a full range of investment banking services including investment banking advisory, brokerage, debt, and project finance. HSBC Saudi Arabia also manages mutual funds and discretionary portfolios. See further “*Strategic Transactions relating to Subsidiaries and Associates*” below.

SAB Markets Limited (“**SAB Markets**”), a wholly-owned subsidiary of SAB, is a limited liability company incorporated in the Cayman Islands under Commercial Registration No. 323083 dated 17 May 2017. SAB Markets is engaged in derivatives trading and repo activities.

X-Tech fund, a wholly-owned subsidiary of SAB, is a private equity fund which was incorporated in the Kingdom of Saudi Arabia on 21 April 2024 and is engaged in investing activities. In line with its strategy, SAB has made a number of investments, which are focused on technology and financial innovation. The Board of Directors has approved the allocation of SAR 100 million to be invested in fintech companies via a private equity structure (X-Tech fund), which is managed by SAB Invest. This is in line with SAB’s aspirations to support the ongoing transformation of the Kingdom’s financial services sector. The related underlying funding (in the form of equity) to the X-Tech fund by SAB is recorded on SAB’s consolidated statement of financial position.

Since the Merger, SAB has dissolved a number of subsidiaries and associates, including Alawwal Financial Markets Limited, SABB Real Estate Company Limited, SABB Insurance Agency Limited, Alawwal Insurance Agency Company, Yanbu Asset Leasing Company, Wataniya and SABB Takaful, which was merged with Walaa.

Furthermore, SAB has participated in two structured entities for the purpose of effecting syndicated loan transactions in Saudi Arabia and securing collateral rights over specific assets of the borrowers of those facilities under Islamic financing structures. SAB had a 50 per cent. shareholding in Rabigh Asset Leasing Company, which was liquidated in 2024, and it has a 50 per cent. shareholding in Saudi Kayan Assets Leasing Company (which is currently in the process of being liquidated). SAB had a 100 per cent. stake in Yanbu Asset Leasing Company but that entity was liquidated during the six-month period ended 30 June 2023. These entities have no other business operations.

### **Strategic Transactions relating to Subsidiaries and Associates**

On 24 February 2022, SABB Takaful, a joint stock company incorporated in Saudi Arabia on 6 June 2007 and in which SAB held a 65.0 per cent. ownership interest, entered into a binding merger agreement with Walaa. After the merger’s completion on 19 October 2022, Walaa became, by operation of law, the legal successor of the assets, liabilities, rights and obligations of SABB Takaful, and SABB Takaful, which was a listed company, ceased to exist as a result of the merger and was subsequently delisted from the Saudi Exchange. Following the merger, Walaa increased its share capital by issuing 20,418,619 shares of SAR 10 each to SABB Takaful’s eligible shareholders based on an agreed exchange ratio. The value of Walaa’s share capital accordingly became SAR 850,583,250 divided into 85,058,325 shares, out of which 20,418,619 shares, or 24.01 per cent., are held by the SABB Takaful shareholders. As a result, SAB’s shareholding in Walaa dropped from 65.0 per cent. to 15.6 per cent. (which remains its shareholding as at the date of this Base Offering Circular). Consequently, the

investment in Walaa has been classified as “Fair Value through Other Comprehensive Income” as of the effective date of the merger.

On 15 September 2022, HSBC Saudi Arabia completed the transfer of its asset management, retail brokerage and retail margin lending businesses to SAB Invest.

## **BUSINESS OPERATIONS**

SAB divides its operations into the following business segments: (i) Wealth and Personal Banking; (ii) Corporate and Institutional Banking; (iii) Capital Markets; and (iv) Treasury.

### **Wealth and Personal Banking**

SAB’s Wealth and Personal Banking (“**WPB**”) segment provides a wide range of services and products to personal and private banking customers including time deposits, current and savings accounts, home finance, consumer loans, and credit cards, where it maintains a market leading position in the Kingdom. WPB provides a range of digital solutions, enabling customers to access their finance anytime and anywhere, along with access to a traditional branch network. SAB’s customer segments include “Top Tier”, “Premier” and “Advance” for affluent and high-net-worth individuals and general banking for the rest of its customers. SAB’s dedicated Premier and Advance service centres and lounges provide benefits and priority servicing for the Top Tier, Premier and Advance segments, with support from highly trained relationship managers, available within the branch network and virtual channels. SAB focuses on high-net-worth private customers through a number of dedicated centres within the Kingdom which provide private customers with tailored products and services, addressing their investment needs through collaboration with SAB Invest and HSBC’s global network.

### **Corporate and Institutional Banking**

SAB’s Corporate and Institutional Banking (“**CIB**”) segment is one of the largest commercial lenders in the Kingdom by assets and operating income. The Bank serves its corporate and institutional customers through relationship managers based in the Kingdom’s main commercial hubs, with access to global markets and services provided through the HSBC Group. CIB offers a varied suite of conventional and *Shari’ah*-compliant corporate banking products and services, catering to a wide range of customers, including global corporate entities, institutional clients, multinational corporate entities, large commercial corporate entities and SMEs.

SAB’s CIB segment provides banking services (including core banking, liquidity management, trade-finance, and treasury services) to over 28,000 active customers across diverse sectors. CIB has obtained an approximately 13 per cent. market share in corporate lending and is a leading international trade bank in the Kingdom, with around 24 per cent. of market share of off-balance sheet trade balances (*source*: Published financial statements of banks in the Kingdom for the year ended 31 December 2024).

Some of the services provided by the CIB segment include:

- lending, saving, liquidity management, payments, cash and electronic payment collections through SAB’s Global Liquidity and Cash Management offering;
- trade and receivables finance through SAB’s Global Trade and Receivables Finance offering; and
- a range of other solutions including foreign exchange and interest rate management, insurance, investment banking, custody services, brokerage, and asset management through subsidiaries and strategic associates.

The relationship managers in CIB can draw on specialist teams in treasury, liquidity and cash management, trade and receivables finance, investment banking and insurance to serve SAB’s customers. SAB is also in a

unique position to provide access to global financial markets and services through SAB's partnership with the HSBC Group.

CIB is divided into five segments: Global Corporate and Institutional Banking ("GIB"), Multinational Corporates ("MNC"), Large Corporates ("LCB"), Commercial Banking ("CMB") and Small & Medium Enterprises ("MSMEs"). The CIB segment offers a varied suite of conventional and *Shar'iah*-compliant corporate banking products and services, catering to a wide range of customers, from SMEs to multinational businesses, local large corporates, and institutional clients including Government and quasi-government customers.

GIB-dedicated relationship managers work with the Government and Ministries, as well as many other Government-related agencies and Saudi global corporate entities and institutions in the Kingdom. Additionally, GIB manages all relationships with financial institutions such as banks, securities houses, broker-dealers and insurers. Through SAB's strong ties to the HSBC Group and the joint venture, HSBC Saudi Arabia, the GIB team is in a unique position to deliver tailored solutions to its clients, both domestically and internationally. Through this combination of expertise and resources, GIB has provided funding support on major infrastructure projects in the Kingdom, supporting and advising Saudi clients with their international expansion efforts and with accessing liquidity through non-Saudi financial institutions by way of Export Credit Agency finance and international bonds and sukuk.

MNCs headquartered outside the Kingdom and that have an extensive operation in the Kingdom are supported by the specialized relationship managers under the MNC segment, whereby dedicated relationship manager teams focus on supporting the needs of customers seeking local expertise and expecting international service quality.

LCB is responsible for delivering the entire range of SAB's financial services and solutions to local large corporate entities. LCB clients are assigned a dedicated relationship manager to structure solutions that meet their banking needs. As an affiliate of the HSBC Group, SAB can assist LCB clients with cross-border expansion plans by finding the right solutions that could enable them grow regionally and globally.

CMB provides coverage for middle market companies in the Kingdom, with annual revenues of between SAR 200 million to SAR 700 million. CMB specialises in managing relationships with companies which are domestic with each company managed by a dedicated relationship manager.

MSMEs are supported by SAB through its digital offerings as well as through five dedicated centres across the Kingdom covering major business hubs. SAB offers a range of financial and non-financial products and services that meet the MSME's needs for *Shari'ah*-compliant products. Customers receive a dedicated relationship manager to offer banking solutions that meet their requirements.

SAB's strategic focus for SMEs is centered around empowering SME businesses by enhancing their access to finance, fostering digital transformation, and promoting sustainability

Global Trade Solutions ("GTS") has developed a market leading trade finance proposition and continues to be involved in a range of digital initiatives with a view to enhancing the customer experience, reducing risk and paper in the industry. With the support of SAB's global network, the award winning GTS business is growing across all customer segments supporting Saudi Giga projects as well as the increasing trade flows between the Kingdom and key international corridors.

## **Capital Markets**

SAB's Capital Markets segment was acquired from HSBC Saudi Arabia in September 2022.

Under the Capital Markets segment, SAB has over SAR 32.8 billion in assets-under-management. The Capital Markets segment brings together the margin lending, brokerage, and asset management businesses. Merging

and dedicating capital to this business will allow the Bank to deliver a broader proposition to our WPB customers and CIB clients. The asset management offering provides a comprehensive range of investment management and advisory solutions, in both conventional and *Shariah*-compliant formats, in Saudi Arabia as well as regional markets. In addition, the asset management offering launched a range of innovative new products. These offerings spanned a diverse range of asset classes, including pioneering real estate funds focused on co-living, income-generating properties, and logistics development, along with a landmark mixed-use project in Riyadh. Demonstrating its commitment to providing clients with cutting-edge investment opportunities, the business also diversified its offering with a fixed income product featuring a conventional MENA region strategy, and products linked to the technology sector, by launching both a venture capital programme and a ground breaking *Shariah*-compliant venture capital income fund.

SAB Invest's brokerage business plays a crucial role in the financial markets, by offering clients a range of products, such as equity, fixed income, and derivatives in both local and international markets. During 2024, SAB Invest traded in excess of SAR 93 billion with online channels contributing over 73 per cent. of the total traded value for the year. This was an increase of over 70 per cent. compared with 2023, highlighting the growing importance of digital platforms in client trading.

In 2024, the Capital Markets segment's contribution to the Bank's total operating income reached SAR 446.3 million, a substantial increase from the SAR 337.5 million generated in 2023 and SAR 211.1 million generated in 2022.

## **Treasury**

SAB's Treasury segment carries out the following functions:

- providing corporate, institutional, retail and private banking customers with access to treasury and capital markets products across multiple asset classes, including foreign currency, interest rate and commodities hedging solutions through its sales and trading unit;
- managing the Group's liquidity currency and special commission rate risk; and
- funding the Group's operations and managing the Group's investment portfolio and liquidity position.

The Treasury segment played a substantial role in SAB's financial performance, contributing to a total operating income of SAR 1,924.6 million in 2024 compared to SAR 2,061.0 million in 2023. Also, in 2024, the Bank increased its trading income by 66% and exchange income by 14% compared to 2023. Furthermore, its investment portfolio grew 2 per cent. to SAR 98,412 million as at 31 December 2024 (compared to 31 December 2023) reflecting its continued role as a primary dealer and its active management of the portfolio in the current rate cycle.

## **Islamic Banking**

SAB also provides *Shari'ah*-compliant products which are approved and supervised by an independent *Shariah* Committee established by the Bank. The *Shari'ah* Committee of SAB (the "***Shari'ah* Committee**") supervises the compliance of SAB's Islamic banking activities with *Shari'ah* principles and issues decisions on matters to enable SAB to comply with *Shari'ah* rules. The *Shari'ah* Committee approves documents, forms, contracts, agreements, policies, procedures etc. used in *Shari'ah*-compliant products besides reviewing and approving *Shari'ah* review reports.

Furthermore, SAB has a dedicated Islamic financial services team specialising in advisory, risk management and review. Training and awareness seminars are conducted by SAB on Islamic banking principles, products and specific processing requirements. SAB also has a technology platform that facilitates compliance with *Shari'ah* requirements to further reduce the risk of operational error or oversight.



## **RISK MANAGEMENT**

### **Risk Governance**

SAB has a consistently strong risk culture across the organisation, which is embedded throughout business units, enablement and control functions. Ultimate accountability belongs to SAB's board of directors (the "**Board**") which exercises active governance through its Board sub-committees. Clear communication and a structured risk training programme are provided to all employees. SAB operates under the principle that all staff are responsible for identifying and managing risk within the scope of their role, whilst providing effective oversight by control functions and internal audit, as defined by the "three lines of defence model" operated by SAB. Adherence to risk management is a key performance indicator applied in the performance management of all executive management and staff across SAB. A strict policy of consequence management is applied where failures occur.

SAB has in place a well-established risk governance and ownership structure which ensures oversight of, and accountability for, the effective management of risk. The Board approves SAB's risk framework, plans and performance targets, which include the establishment of management-level risk governance committees, bank-wide and business risk appetite statements, the delegation of authorities for acceptance of credit and other risks and the establishment of effective control procedures.

The Risk Management Committee ("**RMC**") and the Asset and Liability Committee ("**ALCO**") are two critical risk governance committees that support the Board Risk Committee (the "**BRC**") and Executive Committee (the "**EXCOM**") respectively in setting SAB's overall risk appetite. The RMC reviews risk appetite, emerging risks and risk policy and is chaired by the Chief Risk Officer (the "**CRO**"). ALCO reviews the risks associated with SAB's balance sheet, including asset and liability management, capital management liquidity and funding, and is chaired by the Chief Financial Officer. The RMC meets at least six times a year, the ALCO meets at least 10 times a year, the BRC meets four times a year and the EXCOM meets six times a year. The BRC and EXCOM provide oversight of these committees respectively at least four times a year, reviewing key performance metrics within the risk appetite statements, discussing emerging risk matters, and incorporating learnings from international best practice.

### **Risk Management Approach**

#### ***Three Lines of Defence***

SAB operates a "three lines of defence" approach to risk management. Descriptions of each line of defence applied by SAB are summarised further below.

##### ***First Line of Defence***

The first line of defence operated by SAB consists of risk and control owners. Risk owners are responsible for the end-to-end management of risks that they own. Risk owners are supported by control owners who are responsible for carrying out control activities with the object of ensuring that risks are managed within defined policy and appetite. Generally, the first line of defence applies to all units of SAB, except for the Internal Audit unit.

##### ***Second Line of Defence***

The second line of defence operated by SAB is comprised of its operational risk management function and risk stewards within SAB's risk management, finance, compliance, legal and other functions that own policy and provide guidance and oversight to ensure proper management of the risks that they steward.

### *Third Line of Defence*

The third line of defence operated by SAB consists of the independent Internal Audit function which provides assurance with regard to the design and implementation of SAB's controls and risk management practices. The Internal Audit function reports directly to the Board's Audit Committee ("AUCOM").

### *Enterprise-wide risk management tools*

As part of its risk management control function, SAB operates the following risk management tools to effectively manage risk within SAB: (i) risk appetite identification; (ii) risk mapping; and (iii) stress testing. Descriptions of these risk management tools are set out in further detail below.

### *Risk appetite identification*

SAB's risk appetite is documented and defines SAB's desired risk profile and tolerances within which risk should be managed. The risk appetite covers risks which are actively accepted and engaged in, such as credit, market, operational, liquidity and funding, and regulatory risks. Risk appetite statements ("RAS") have been developed for all key risk categories and business areas which document the respective risk appetite and limits. The RAS are established and approved by the Board annually. Prior to obtaining Board approval, the RAS are reviewed by the RMC and the BRC. Risk appetite is central to an integrated approach to risk, capital and business management and supports SAB in achieving its strategy, as well as being a key element in meeting SAB's obligations under Pillar 2 of the Basel III Framework (as defined below).

### *Risk map*

SAB maintains a risk map, covering an assessment of current and anticipated levels of risk across all major financial and non-financial risk types. The risk map is reviewed by the RMC and any risk identified as being at an "amber" or "red" level is investigated further and actions to mitigate the elevated level of risk are determined.

### *Stress testing*

SAB's stress testing programme is performed at an enterprise-wide level and focuses on the key risk types to which SAB is exposed. Stress testing refers to various quantitative and qualitative techniques used to gauge SAB's vulnerability to exceptional but plausible events. SAB's stress testing programme incorporates guidelines set out by SAMA and the principles set out by the Basel Committee (as defined in "*Saudi Arabia Banking Sector and Regulations – Financial Requirements – Capital Adequacy – Basel III Framework*" below) and is a key component of SAB's risk management approach. A major objective of stress testing is to provide assurance that SAB is adequately capitalised and sufficiently liquid to withstand a stress event and, in particular, would be able to restore its financial standing and operations to normal levels without undue reliance on external parties following a stress testing event. Sensitivities that are identified during the stress testing process are followed up with management actions to mitigate their potential impact in the event of an actual stress event.

## **Principal Risks**

As part of its risk management procedures, SAB has identified specific risks and has instituted appropriate management strategies with a view to effectively managing such risks. A description of each of these risks and the methods employed to manage them are set out in further detail below.

### ***Credit Risk Management***

Credit risk is the risk of loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations to SAB. Credit risk arises from SAB's direct lending operations, its issuance of guarantees, bonds and similar instruments, its trade finance activities and its investment and trading activities. See further "*Risk Factors – Risks relating to SAB and its ability to fulfil its obligations under the Transaction Documents – SAB is exposed to credit risk due to its lending and financing activities and the materialisation of such risks could have a material adverse effect on SAB*".

The granting of credit to customers is a core business of SAB and accounts for a major portion of SAB's balance sheet and profitability. The quality of the credit portfolio has a direct and important impact on SAB's performance and strength. SAB maintains credit policies, manuals and procedures specifying lending guidelines to manage credit risk across SAB's portfolios, within the approved risk appetite.

#### *Credit Risk Policies and Standards*

The SAB risk policy manuals covering SAB principles, the risk management framework and credit policy are subject to annual review by the Board or its designated committees.

The credit manuals provide clear and consistent lending guidelines, policies, and procedures to manage the corporate and personal banking asset portfolios. These policy manuals are reviewed annually by Risk Management and endorsed by the CRO, and reviewed by the Retail Risk Management Committee ("RRMC") or the Wholesale Credit Oversight Committee ("WCOC"), as appropriate, before submission to the RMC for onward approval by the BRC or Board in line with the requirements stipulated in the SAMA Rules on Credit Risk Management.

The credit manuals are segregated between corporate and retail credit risk requirements given the different regulatory requirements and approaches to credit risk applied. The credit policy covers the risk framework and governance requirements, delegation of authority approaches for credit risk, credit assessment and approval processes and requirements for different customer segments (such as banks, sovereigns, central clearing houses and corporates). It also includes policies covering connected parties, concentration risk, specific sectors, sustainability risk, climate related transition and physical risks, higher risk sectors, early warning signals, monitoring of exposures, large exposure monitoring and reporting, conflicts of interest, Small and Medium Enterprise ("SME") tailored policies, management of problem exposures, impairment allowances and portfolio management. In addition to the credit manual, credit guidelines are provided across a range of risk aspects such as target market and risk acceptance criteria as well as SME and program lending criteria, sectoral and sustainability policies and risk appetite.

#### *Credit Management*

SAB operates an independent credit risk function which provides high-level oversight and management of credit risk for SAB, aligned with SAMA rules on credit risk management in banks. Its primary responsibilities include: independent risk assessment to ensure that applications conform with SAB's credit policy and local applicable regulations; guiding business segments on SAB's appetite for credit exposure to specified industry sectors, activities and banking products; and controlling exposures to sovereign entities, banks and other financial institutions.

SAB operates an independent credit risk function which provides high-level oversight and management of credit risk for SAB, aligned with SAMA rules on credit risk management in banks. The Credit Risk function is responsible for the key policies and processes for managing credit risk, which include formulating credit policies and risk rating frameworks, guiding business segments on the Group's appetite for credit exposure to specified industry sectors, activities and banking products; and controlling exposures to sovereign entities, banks and other financial institutions, undertaking independent reviews and objective assessment of credit risk, and monitoring performance and management of portfolios.

Credit risk assessment is undertaken by an independent credit approval unit which reports to the CRO, to ensure an appropriate degree of independence. The team is responsible for credit approval decisions, with a separate portfolio management function managing the risk rating systems, including selection, implementation, performance and oversight.

Credit approval authorities are delegated by the Board to the Managing Director together with the authority to sub-delegate them. Outside of these limits, including for credit proposals with specified higher risk characteristics, EXCOM approval is required. Credit risks are measured and aggregated for review and management of credit risk and any associated concentrations.

The approval process is reviewed annually by the BRC with limit delegations determined at Board level. Within SAB, emphasis is placed on the individual's responsibility for making credit decisions and as such there are a series of delegated approval limits agreed by the Board. A key element of SAB's credit culture is the proactive management of the portfolio through the following measures;

- the regular review of facilities by lending and credit officers, at least annually;
- the operation of an independent special asset management function to handle non-performing and problem exposures;
- the central monitoring of credit concentration in certain countries, specialised industries / sectors, products, customers and customer groups with monthly reports to the RMC and to BRC;
- discussion of counterparty concentration at ALCO;
- the continual development of improved techniques for measuring and evaluating risk, and for optimizing risk-adjusted return on capital;
- the development and adoption of automated application processing and assessment systems, to enable consistency of decisions and an efficient framework for application processing;
- a structured framework of credit training and accreditation to build risk awareness and credit assessment capabilities; and
- independent reviews of the entire credit risk management process across businesses, credit approvals and credit operations by the credit review and assurance department to provide assurance and expert advice on design and operating effectiveness of credit risk management.

Personal lending decisions are based on credit scoring models and decision strategies, developed using internal data and credit bureau information from SIMAH, with behavioural scoring applied to support credit card processing, authorisation, collections and limit review decisions.

Provision for credit losses is based on IFRS 9, where SAB is required to recognise ECL, computed through a process which takes into account past events, current conditions and forecast information. See also the table set out at Note 30(i)(a) to the 2023 Financial Statements setting out the provision for expected credit losses, net for due from banks and other financial institutions, investments, loans and advances and off balance sheet exposures.

Loans are identified as forborne and classified as either performing or non-performing when SAB modifies the contractual terms due to financial difficulty of the borrower. Non-performing forborne loans are stage 3 and classified as non-performing until they met the cure criteria. Performing forborne loans are initially stage 2 and remain classified as forborne until they meet applicable cure criteria. At this point, the loan is either stage 1 or stage 2 as determined by comparing the risk of a default occurring at the reporting date (based on the modified contractual terms) and the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms).

SAB considers a financial asset to be in default based on:

- a quantitative objective-based indicator where the obligor's contractual repayments are past due in excess-over-limits or has overdrawn advised agreed limits for more than 90 days on any material credit obligation to SAB.
- a qualitative criterion by which SAB considers that the obligor is "unlikely-to-pay" its obligations to SAB in full without recourse by SAB to action such as realizing securities (if any).

Some of the primary indicators for qualitative criteria to objectively define "Unlikelihood to Pay" (UTP) events" may include the following:

- distressed debt restructuring resulting in diminished financial obligation;
- significant and/or persistent deteriorations in financial performance, financial ratios, covenants waivers/easing, cash flow and liquidity concerns and future outlook of the obligor;
- imminent probability of facility foreclosure and/or repossession of collateral or securities due to insolvency or other financial difficulties indicating the Bank's inability to recover the exposure.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by SAB for regulatory capital purposes.

Loan modifications that are not identified as forbore are considered to be commercial restructurings. Where a commercial restructuring results in a modification (whether legalized through an amendment to the existing terms or the issuance of a new loan contract) such that SAB's rights to the cash flows under the original contract have expired, the old loan is derecognized and the new loan is recognized at fair value. The rights to cash flows are generally considered to have expired if the commercial restructure is at market rates and no payment-related concession has been provided.

SAB operates dedicated special assets and recoveries teams to manage companies in financial distress and non-performing loans to maximise recovery rates. For high value and problematic accounts, the recovery process includes the direct involvement of the legal division. For personal banking, a dedicated collections function undertakes debt counselling and recovery activities at each stage of delinquency. Wherever needed, the services of external and overseas recovery agencies are enlisted.

SAB's internal risk rating system uses credit risk models and methodologies to assess customer risk rating which reflects their probability of default. The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the probability of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower. Credit risk grades are defined and calibrated such that the probability of default occurring increases exponentially as the credit risk deteriorates. For example, the difference in probability of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3. Each corporate exposure is allocated a credit risk grade at initial recognition based on available information about the borrower. Retail credit risks are assessed on a pooled portfolio basis, based on common customer characteristics. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade.

The credit risk rating models operate in accordance with SAB's model risk policy, with governance oversight provided through the Model Oversight Committee and independent model review activities. In addition to supporting the risk segmentation of the portfolio, credit approval and pricing decisions, these models also support the impairment calculations under IFRS 9.

Systems and procedures are in place to identify, monitor, control and report on credit risk matters including credit downgrades of counterparties, significant increases in credit risk, default and restructuring events, limit excesses or covenant breaches, along with external events, sustainability or reputational risk matters arising from the counterparty.

The monitoring of exposures involves the use of a range of internal and external data. For corporates, exposure information is obtained during the periodic review of customer files, receipt of annual audited or interim unaudited financial statements or management information in the form of performance data, budgets or projections. This is used to derive ratios such as profit margins, leverage, debt service coverage as well as to assess compliance with covenants along with any non-financial changes in the company structure, ownership or senior management. For retail customers, the information used focuses more on behavioural information, affordability metrics and credit bureau data including industry standard scores. External information is also sourced, where available, from credit reference agencies reports and changes in external credit ratings, credit bureau data and market information for traded counterparties from share prices movements, credit default swaps and bond prices where available. External macroeconomic data and changes seen in specific sectors related to technical, regulatory or geopolitical events that can impact a customer's business are also considered. This supplements the internally available information on the payment record such as the details of overdue payments or breaches of limits, the level of facility utilisation and requests for granting forbearance.

Exposure to risk events is monitored where possible through automated triggers, automated retail decision systems, a wholesale portfolio early warning system, worry and watch account lists, business level risk appetite triggers and reporting into the RRMC, and the WCOC, which escalate matters to the RMC.

SAB's practice is to lend based on a customers' ability to meet its obligations out of cash flow resources rather than relying on the value of security offered. Depending on a customer's standing and the type of product, facilities may be provided without security. For other lending, collateral is obtained and considered in determining the credit decision and pricing. In the event of default, the Group may utilise the collateral as a source of repayment.

Collateral may be provided in various forms, such as cash, securities, letters of credit or guarantees, real estate, receivables, inventories, other non-financial assets, and credit enhancements such as netting agreements. Depending on its form, collateral can have a significant financial effect in mitigating SAB's exposure to credit risk. Additionally, risk may be managed by employing other types of collateral and credit risk enhancements such as second charges, debentures, other liens, assignments of proceeds, and unsupported guarantees, but the valuation of such mitigants is less certain and their financial effect is not readily quantified.

SAB manages credit exposure relating to its treasury trading activities by entering into master netting agreements and collateral support arrangements with counterparties in appropriate circumstances, and by limiting the duration of exposure. SAB's credit risk exposure through derivatives represents the potential cost of replacing the derivative contracts if counterparties fail to fulfil their obligations. To control the level of credit risk taken, SAB's executive management team ("**Management**") assesses counterparties using the same techniques as for lending activities.

Concentrations of credit risk arise when a number of counterparties have comparable economic characteristics, or such counterparties are engaged in similar business activities, or operate in the same geographical areas or industry sectors so that their collective ability to meet contractual obligations is similarly affected by changes in economic, political or other conditions. Concentration risk can also arise from large exposures to a single borrower or group of related borrowers. Management seeks to manage concentration of credit risk through a number of controls and measures including the diversification of lending activities to ensure there is no undue concentration of risks to individuals or groups of customers in specific geographical locations or economic sectors and through the use of portfolio and counterparty limits, approval and review controls, and stress testing.

## ***Market Risk Management***

Market risk is the risk that movements in market factors, including foreign exchange rates, special commission rates, credit spreads and equity prices, will reduce SAB's income or the value of its portfolios. See further "*Risk Factors – Risks relating to SAB and its ability to fulfil its obligations under the Transaction Documents – SAB's financial condition and results of operations could be affected by market risks*". SAB classifies exposure to market risk into trading and non-trading portfolios. Market risk exposures in the trading portfolio result from instruments classified as held for trading in the Financial Statements. Market risk exposures in the non-trading or banking-book arise on special commission rate risk as described below.

Market risk is monitored and measured using limits and metrics approved by the BRC. The exposure and limits are monitored by an independent risk function. SAB uses a range of control measures to manage market risk ranging from specific stop loss control limits, sensitivity analysis, stress testing and Value at Risk ("VAR").

### ***Market risk – Trading book***

The Board has set limits for the acceptable level of risks in managing the trading book. The Group applies a VAR methodology to assess the market risk positions held and to estimate the potential economic loss based on a number of parameters and assumptions for change in market conditions.

VAR methodology estimates the potential negative change in market value of a portfolio at a given confidence level and over a specified period. The Group uses simulation models to assess the possible changes in the market value of the trading book based on historical data. VAR models are usually designed to measure the market risk in a normal market environment and therefore the use of VAR has limitations because it is based on historical correlations and volatilities in market prices and assumes that the future movements will follow a statistical distribution.

The measure of the Bank's VAR is an estimate, using a confidence level of 99 per cent., of the potential loss that is not expected to be exceeded if the current market positions were to be held unchanged for one day. The use of 99 per cent. confidence level depicts that within a one-day time period, losses exceeding the VAR figure should occur, on average, not more than once every 100 days. The VAR represents the risk of portfolios at the close of a business day, and it does not account for any losses that may occur beyond the defined confidence interval. The actual trading results, however, may differ from the VAR calculations and, in particular, the calculation does not provide a meaningful indication of profits and losses in stressed market conditions. See also the table setting out the Group's VAR related information included in Note 31(a) to each of the 2024 Financial Statements and the 2023 Financial Statements.

In addition to VAR, the Group also carries out stress testing of its portfolio to simulate conditions outside normal confidence intervals. The potential losses occurring under stress test conditions are reported regularly to the RMC for their review.

### ***Market Risk – Non-trading or banking-book***

Market risks on SAB's non-trading book mainly arise from special commission rate movements and, to a minor extent, from currency fluctuations.

Special commission rate risk arises from the possibility that the changes in commission rates will affect either the fair values or the future cash flows of commission rate-sensitive financial instruments in the non-trading book. The Board has established commission rate gap limits for stipulated periods. The Group monitors positions daily and uses hedging strategies to ensure maintenance of positions within the established gap limits.

The Group is exposed to risks associated with fluctuations in the levels of market special commission rates. The Group is exposed to special commission rate risks as a result of mismatches or gaps in the amounts of assets and liabilities and derivative financial instruments that reprice or mature in a given period. The Group

manages this risk by matching the repricing of financial assets and liabilities through risk management strategies. See also Note 31(b)(i) to each of the 2024 Financial Statements and the 2023 Financial Statements which provides further detail on the sensitivity of special commission income, income and equity. In the ordinary course of business, SAB utilises derivative financial instruments for both trading and hedging purposes. Most of SAB's derivative trading activities relate to sales, positioning, and arbitrage. Sales activities involve offering products to customers in order, *inter alia*, to enable them to transfer, modify or reduce current and future risks. Positioning involves managing market risk positions with the expectation of profiting from favourable movements in prices, rates, or indices. Arbitrage involves identifying, with the expectation of profiting from price differentials between markets or products.

SAB also employs derivatives to hedge against currency and special commission rate risks, aligning with its asset and liability management approach. This is generally achieved by hedging specific transactions as well as by strategic hedging against overall statement of financial position exposures. The use of forward foreign exchange contracts and currency swaps helps the bank mitigate identified currency risks. Additionally, the Group uses special commission rate swaps to hedge against the special commission rate risk arising from specifically identified fixed special commission rate exposures. The Group also uses special commission rate swaps to hedge against the cash flow risk arising on certain floating rate exposures.

#### *Currency Risk*

Currency risk represents the risk of change in the value of financial instruments due to changes in foreign exchange rates. The Group is exposed to fluctuations in foreign currency exchange rates. The Board sets limits on the level of exposure by currency, and in total for both overnight and intraday positions, which are monitored daily. The Group does not maintain material non-trading open currency positions. Currency risk is managed by transferring foreign currency exposure from its non-trading book to the trading book, where they are managed as part of the trading portfolio. The foreign exchange risk VAR disclosed in Note 31(a) to the 2024 Financial Statements reflects the Group's total exposure to currency risk. See also Note 31(b)(ii) to the 2024 Financial Statements which shows the Group's significant net exposures denominated in foreign currencies as at 31 December 2024.

#### ***Liquidity Risk Management***

Liquidity risk is the risk that SAB does not have sufficient financial resources to meet its obligations as they fall due or that it can only do so at an excessive cost. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to be less readily available. To mitigate this risk, Management has diversified funding sources in addition to its core deposit base, and manages assets with due consideration for liquidity, maintaining an adequate balance of cash and cash equivalents and readily marketable securities and monitors future cash flows and liquidity on a daily basis. The Group also has committed lines of credit that it can access to meet liquidity needs. See further "*Risk Factors – Risks relating to SAB and its ability to fulfil its obligations under the Transaction Documents – SAB is subject to the risk that liquidity may not always be readily available*".

To support adherence to the RAS on an ongoing basis, SAB has established a range of key monitoring metrics including, but not limited to, the liquidity coverage ratio and the net stable funds ratio. All metrics are closely monitored against RAS limits in the ALCO and RMC and reported to the BRC.

Management monitors the maturity profile of the Group's financial liabilities to ensure that adequate liquidity is maintained. The weekly liquidity position is monitored. SAB conducts cash flow stress testing for liquidity and funding risk. The stress test takes into consideration a number of market-wide and idiosyncratic scenarios and time periods, to assess SAB's ability to continue to operate effectively in support of its customers throughout the stress period and beyond. The stress tests are conducted semi-annually.



SAB has established a mechanism for charging the cost of liquidity within the Group to support the management of the balance sheet structure for liquidity and funding risk purposes.

SAB maintains a Liquidity Contingency Funding Plan (“CFP”) and a recovery plan to provide guidance for Management who constitute its Liquidity and Capital Crisis Management Team during a period of liquidity stress. The CFP establishes early warning monitoring metrics to forewarn Management of an impending stress, sets out responsibilities, and describes the approach that Management may take during various stages of severity of a crisis. The CFP is updated and subject to scenario testing at least annually.

In accordance with the BCL and the Regulations issued by SAMA, SAB maintains a statutory deposit with SAMA equal to 7 per cent. of monthly average demand deposits, and 4 per cent. of monthly average of savings and time deposits. In addition to the statutory deposit, SAB also maintains liquid reserves of not less than 20 per cent. of its deposit liabilities in the form of cash, Government securities or assets which can be converted into cash within a period not exceeding 30 days. SAB may raise additional funds through repo facilities available with SAMA against its holding of Government securities up to 100 per cent. of the nominal value of the securities.

All liquidity policies and procedures are subject to review and approval by ALCO. A summary report, covering the Group and operating subsidiaries, including any exceptions and remedial action taken, is submitted monthly to ALCO.

### ***Shari’ah Risk Management***

*Shari’ah* risk is the risk of financial loss, regulatory sanction and/or reputational damage to SAB as a result of either a failure to comply with the directions, guidelines and conditions issued by SAB’s *Shari’ah* Committee in respect of the development, execution, delivery and marketing of Islamic products, or of a direction of the *Shari’ah* Committee being disputed by another body.

*Shari’ah* rules are open to different interpretations, so there is a potential risk that a SAB product could be interpreted as non-compliant by another *Shari’ah* body. To mitigate this, SAB has ensured that its *Shari’ah* Committee members are of high standing. Further, SAB has a dedicated *Shari’ah* Affairs team specialising in *Shari’ah*-compliant issues. Training and awareness seminars are undertaken on Islamic banking principles as well as product specific processing requirements. SAB also has a technology platform that facilitates compliance with *Shari’ah* requirements to further reduce the risk of operational error or oversight.

*Shari’ah* risk is identified as a distinct risk in SAB’s risk heat map, at business unit level and at the *Shari’ah* Affairs level. Status is monitored through the appropriate governance committees.

The Head of Islamic Financial Services reports directly to the CRO to oversee the development and independent control of *Shari’ah*-compliant products and services. Islamic Financial Services maintains a strong interaction with the *Shari’ah* Committee with respect to all *Shari’ah*-related affairs. The *Shari’ah* Committee reports directly to the Board of Directors.

### ***Operational and Resilience Risk Management***

Operational risk is the risk to achieving SAB’s strategy or objectives as a result of inadequate or failed internal processes, people and systems, or from external events. See further “*Risk Factors – Risks relating to SAB and its ability to fulfil its obligations under the Transaction Documents – SAB is exposed to operational risks and the materialisation of such risks could have a material adverse effect on SAB*”.

The risk appetite for operational risk is established annually and approved by the Board. This is reviewed by the Operational and Resilience Risk Committee and the RMC with quarterly updates to the BRC.

To ensure continuous assessment of adequacy of control over operational risks, risk and control assessments are made and the controls identified periodically are tested by control owners and business risk control managers. Issues identified are entered in the risk repository system and the resolution of issues is monitored and followed up by Management and the status communicated to and monitored by governance committees.

In addition, issues identified in other reviews including internal audit, external audit and regulatory authorities are also communicated and followed up by the governance committees.

The protection of SAB's technology infrastructure and SAB's customers' data are key emerging risks as banking becomes increasingly digitalised.

As part of its core business processes, SAB handles various types of customer information and data relating to its customers. Handling of information and data includes its storage, processing and transmission. SAB has established an information security risk unit reporting to the CRO. This unit provides assurance that SAB's network is secure and complies with information security policies by undertaking monitoring of information flows, data risk management and access management over SAB's core systems.

Cyber-security risk is the probability of exposure or loss resulting from a cyber-attack on or breach of SAB's cyber-security systems. SAB continues to strengthen its cyber-control framework and improve its resilience and cyber-security capabilities, including threat detection and analysis, access control, payment systems controls, data protection, network controls and back-up and recovery. Cyber risk is a priority area for SAB and is routinely reviewed by the Information Security Risk Committee and reported at both the RMC and BRC to ensure appropriate visibility, governance and executive support for SAB's ongoing cyber-security programme. See further *"Risk Factors – Risks relating to SAB and its ability to fulfil its obligations under the Transaction Documents – SAB's business is dependent on its information and technology systems which are subject to potential cyber-attack"*.

### ***Reputational Risk Management***

Reputational risk is the failure to meet stakeholder expectations as a result of any event, behaviour, action or inaction, by SAB itself, its employees or those with whom it is associated, that may cause stakeholders to form a negative view of SAB.

As stakeholders' expectations are constantly changing, reputational risk is dynamic. Therefore, SAB's approach to reputational risk management is upheld at all times and across all businesses and functions. SAB has built a strong image and reputation within the Saudi market, and maintains an unwavering commitment to operate, and to be seen to be operating, to the highest standards set for itself.

The reputation of SAB is critical to its success. Any financial services organisation stands or falls by its reputation and the customers' confidence in it, and this reputation can be severely damaged by non-compliance with relevant regulations or by inappropriate actions or comments to the media or in the public domain. The maintenance of customer confidence is a prime objective of Management and can be achieved through a strong and healthy financial position and by exhibiting successful risk management.

SAB has zero tolerance for knowingly engaging in any business or activity where foreseeable reputational risk and/or damage has not been considered and/or mitigated. SAB tolerates a limited degree of reputational risk arising from activities where the risk has been carefully considered and/or mitigated and determined to fall below the risk threshold.

### ***Regulatory Compliance and Financial Crime Compliance Risk Management***

Compliance risk is the risk leading to statutory, legal sanctions, material financial loss, or damage to the reputation of SAB that may be suffered as a result of failure to comply with all applicable laws, rules and regulations. See further *"Risk Factors – Risks relating to SAB and its ability to fulfil its obligations under the*

Transaction Documents – *SAB and certain of its subsidiaries are highly regulated entities 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 SAB*". The aim of compliance is to protect the reputation and credibility of SAB, protect the interests of shareholders and depositors and safeguard the institution against legal and regulatory consequences.

Compliance is a specialised activity and managing the risks of financial crime and regulatory compliance covering sanctions, money laundering, terrorist financing, fraud, and anti-bribery and corruption is complex. SAB continues to make significant investments in people and compliance infrastructure including monitoring systems, internal reporting tools and training in order to better control the compliance risks across the Group.

All identified risks to and breaches of local regulations are reported to the Management and Board committees, along with corrective actions.

### ***Business Continuity Management***

Business Continuity Management ("BCM") relates to the risk associated with failure of an organisation to prevent any incident, large or small, internal or external, deliberate or accidental, from causing a significant disruption to its critical processes and services.

SAB has an established BCM programme to enhance its resilience and to ensure the continuity and availability of its critical operations and services. The programme is compliant with the International Standards Organisation's ISO 22301 certification.

SAB's approach has developed in compliance with the framework issued by SAMA. SAB also participates in the BCM regulatory committee which was set up by SAMA.

The Business Continuity Management Committee meets on a quarterly basis to assess BCM activities, impact analysis, incidents and the outcomes from any disaster recovery or business continuity management tests. The committee is also convened in the event of an actual material incident, to coordinate and manage the incident response.

Impact analysis and recovery strategies are reviewed and updated annually and annual tests are performed to simulate different disruption scenarios (both technology and non-technology incidents). A set of procedure manuals have been developed to respond to different types of incidents and crisis events.

The key BCM programme elements are governance, impact analysis and risk assessment, planning, simulation exercises and awareness.

### ***Capital Risk Management***

Capital adequacy, financial leverage and the use of various levels of regulatory capital are monitored regularly by Management and are also governed by guidelines of the Basel Committee as adopted by SAMA.

SAB maintains an actively managed capital base to cover the risks inherent in its business. The adequacy of SAB's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee, including the Basel III Framework which has been adopted by SAMA. These ratios measure capital adequacy by comparing SAB's eligible capital with its balance sheet assets, commitments and notional amount of derivatives at a weighted amount to reflect their relative risk. SAMA requires holding a minimum level of regulatory capital and maintaining a ratio of total regulatory capital to the risk-weighted assets ("RWA") at or above the agreed minimum of 10.5 per cent. including a capital conservation buffer (2.5 per cent.).

### ***Real Estate Finance Risk Management***

The Bank's total outstanding residential real estate finance portfolio as of 31 December 2024 was SAR 35.3 billion. The Bank has developed adequate policies and procedures to ensure that the appropriate insurance coverage is in place to hedge against potential financial losses associated with its residential real estate portfolio. However, risk elements which are not part of the insurance coverage are dealt with according to the Bank's internal risk management framework.

The different types of insurance covers that the Bank has utilised to hedge various risks associated with its residential real estate finance portfolio include: (i) requiring customers to obtain death and disability insurance to provide financial protection in the event of death or disability preventing the customer from being able to work or engage in an income earning activity; and (ii) requiring customers to obtain property insurance to provide coverage for physical damage or loss to the property caused by events such as fire, flood, or natural disasters etc, and is intended to mitigate the financial impact of property damage, allowing the Bank to recover the costs due to unexpected or unforeseen events.

### ***ESG Risk Management***

SAB actively incorporates various dimensions of Environmental, Social, and Governance ("ESG") considerations in its internal strategic discussions, operational framework and risk management framework. See *"Risk Factors – Risks relating to the Certificates – The use of proceeds of any issue of Certificates identified as Sustainable Certificates in the applicable Pricing Supplement may not meet investor expectations or requirements or be suitable for an investor's investment criteria"*.

SAB is actively taking steps to enhance its understanding of climate-related risks through a project aimed at quantifying its financed emissions. Once completed, the assessment should contribute to SAB's ability to manage ESG-related risks adequately and inform further strategic decisions.

SAB incorporates sustainability risks into its risk framework alongside financial risks like capital, liquidity, and market risks. These can be linked to the social or governance dimension of ESG and include, among others people risk, legal risk, and regulatory and compliance risk. These non-financial risks are seamlessly integrated into SAB's Three Lines of Defence risk management model (see *"Description of SAB – Risk Management"* above), with specific risk stewards and audit procedures assigned. When necessary, these risks are further subdivided to enable effective risk management at a suitable level.

Considering insights from the Task Force on Climate-related Financial Disclosures (TCFD), SAB identified a range of risks. For the Bank, physical risks (e.g., extreme weather events, long-term shifts in climate patterns) and transition risks (e.g., change in legislation, change in consumer perception) can materialise in a variety of different ways.

SAB has identified two thematic risks being greenwashing risk and net-zero alignment risk. Greenwashing risk includes drivers such as the failure to communicate progress accurately and transparently against net zero goals, failure to develop and market 'green' and 'sustainable' products appropriately, and failure of products being used for 'green' and 'sustainable' business activity including lack of credibility of customers' climate commitments. Net zero alignment risk includes failure to meet SAB's net zero ambition, or meet external expectations related to net zero due to insufficient or poor execution by the bank or its stakeholders.

SAB recognizes the impact that may arise from these risks, for both the CIB and WPB operating segments, and at a corporate level. Such impact includes but is not limited to decreasing household income or wealth, real estate devaluation, lower asset performance or stranded assets due to technological shifts or changing demands, increased public scrutiny, and higher compliance costs. These factors are considered in corporate strategy deliberations, and SAB is continuously working to enhance its overall resilience in the face of these risks. In

this regard, SAB recognises the necessity to enhance its climate-related practices, including scenario analyses, to adhere to the Kingdom's climate commitments and transition timelines.

## **INTERNAL CONTROLS**

The ultimate responsibility for maintaining a system of internal controls resides with the Board which has approved the Internal Control System of SAB (the "ICS"). The ICS is designed to manage the risk of failure to achieve SAB's strategic objectives. Management is responsible for establishing and maintaining an adequate and effective framework of internal control in support of the policies approved by the Board. The ICS ensures quality of external and internal reporting, maintenance of proper records, design and operational effectiveness of processes, compliance with applicable laws and regulations, and internal policies with respect to the conduct of business.

### **Regulatory Compliance**

The ICS is compliant with the Guidelines on Internal Controls issued by SAMA. This includes ensuring that there is an ongoing process for the identification, evaluation and management of significant risks faced by SAB. Observations made by external and internal auditors, and SAMA's inspection team are promptly reviewed and addressed by Management and subject to oversight by the Board and its AUCOM. SAB believes that the ICS in place provides reasonable assurance as to the integrity and reliability of the controls established and the management of information produced.

### **AUCOM Assessment of the Adequacy of SAB's ICS**

During 2024, AUCOM reviewed various reports on the adequacy of internal controls and systems including the financial statements and risk reports. The committee reviews the minutes of the various Management committees, for example, RMC, and the Compliance Committee ("CCM"). Committee discussions and decisions are documented in the meetings' minutes and matters requiring attention are escalated to the Board.

The AUCOM also reviewed the effectiveness of the system of internal control and procedures for compliance with SAB's internal policies, relevant regulatory and legal requirements in Saudi Arabia and whether Management has fulfilled its duty in having an effective internal control system, seeking independent assurance from internal audit to assess the adequacy and effectiveness of such internal controls.

The AUCOM assures the Board and SAB's shareholders that to the best of its knowledge and in all material aspects, SAB's internal control system is adequately designed and operating effectively. Further, the AUCOM has made recommendations (which the Board has adopted) in respect of: (i) the appointment or dismissal of the external auditors; (ii) the assessment or determination of the remuneration of the external auditors; and (iii) the appointment of the Chief Internal Auditor.

### **Annual Review of the Effectiveness of Internal Control Procedures**

The Board is responsible for maintaining and reviewing the effectiveness of risk management. The framework of standards, policies and key procedures that the Board has established is designed to provide effective internal control within SAB for managing risks within the accepted risk appetite of SAB, safeguarding assets against unauthorised use or disposal, maintaining proper accounting records and the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage and mitigate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, errors, losses or fraud. Such procedures for the ongoing identification, evaluation and management of the significant risks faced by SAB have been in place throughout the year.

SAB's management is responsible for implementing and reviewing the effectiveness of SAB's internal control framework as approved by the Board. All employees are responsible for identifying and managing risk within the scope of their role as part of the "three lines of defence" model described above.

The Risk function, under the CRO, is responsible for maintaining oversight of the management of various risks across SAB. The compliance function maintains oversight of business operations and management action to ensure conformity with regulatory requirements. The risk management process is fully integrated with strategic planning, the annual operating plan and the capital planning cycle. Results are communicated for the information of the Board by means of periodic reports provided to the AUCOM and BRC members.

### **Internal Audit Department**

The Internal Audit department ("**Internal Audit**") provides independent and objective assurance and consulting to the senior management of SAB and its subsidiaries (other than SAB Invest) in connection with the risk management and controls framework, to add value and to improve operations. Internal Audit also helps Management accomplish its objectives by bringing a systematic, disciplined approach in the evaluation and improvement of the effectiveness of risk management, control, and governance processes. SAB Invest is governed by its own board of directors, audit committee and internal audit function but is supported by Internal Audit under service level agreements between SAB and SAB Invest.

The Chief Internal Auditor reports to the chairperson of AUCOM on all audit matters. For administrative matters, the Chief Internal Auditor reports to SAB's Managing Director and Chief Executive Officer.

Internal Audit staff are independent of the operations which they audit in order to remain free from interference by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing, or report content.

Annual performance evaluation, salary increments and the bonus of the Chief Internal Auditor are approved by the AUCOM in conjunction with the Managing Director and Chief Executive Officer and the Nomination and Remuneration Committee.

### **Summary of Key Internal Controls**

To ensure the quality of external and internal reporting, maintenance of proper records, design and operational effectiveness of processes, compliance with applicable laws and regulations and internal policies with respect to the conduct of business, SAB maintains a number of internal controls. The key internal controls of SAB are as follows:

- *SAB Principles:* SAB has established clear principles as well as functional, operating and financial reporting standards for application across the whole of SAB.
- *Policies and Procedure framework:* SAB has a strong policies and procedures framework governed by the "Procedures of SAB Manuals". SAB's Standards Manuals set out the core principles within which SAB must operate. Policies articulate the key policies related to all major activities of SAB in addition to standalone policies on the key regulations. All policies are approved by the Board and are subject to periodic review to ensure that they adequately cover SAB and its operating environment, including alignment with regulation and international best practices.
- *Delegation of authority within limits set by the Board:* Authority to carry out various activities and responsibilities for financial performance are delegated to Management within limits set by the Board. Delegation of authority from the Board to the Managing Director and to individuals and Management Committees requires those individuals to maintain a clear and appropriate apportionment of significant responsibilities and to oversee the establishment and maintenance of a system of controls appropriate to the business. Authorities to incur credit and market risk exposures are delegated with limits to line

management. Outside these limits, including for credit proposals with specified higher risk characteristics, EXCOM approval is required. Credit and market risks are measured and aggregated for review and management of risk concentrations. The appointment of executives to the most senior positions within SAB requires the approval of the Board and concurrence from SAMA.

- *Risk identification and monitoring:* Systems and procedures are in place in SAB to identify, monitor, control and report on the major risks including credit, market, liquidity, capital, financial management, model, reputational, strategic, sustainability, compliance, other operational risks and any emerging risks. Exposure to these risks is monitored by various management Governance Committees. These include: the ALCO, the RMC, the CCM, the Counter-Fraud Governance Committee, the ESG Committee, the Sustainable Finance Committee, the IFRS9 Committee, the Treasury Oversight Committee, the Retail Risk Committee, the Wholesale Credit Oversight Committee, the Model Oversight Committee, the Business Continuity Management Committee, the Information Security Risk Committee, the Benchmark Rate Setting Committee, the Operational and Resilience Risk Committee, the SAB People Committee, the Digital Steering Committee, the Data and Analysis Steering Committee, the IT Steering Committee, the Fintech Investment Committee, the SME steering committee, the Customer Experience Steering Committee, the Cost and Investment Committee, and their various sub-committees.
- *Governance Committees:* The effectiveness, membership and terms of reference are reviewed annually and minutes of meetings are submitted to the Board sub-committees where required.
- *Risk and Control Assessment (“RCA”):* All significant operational risks, together with the associated controls, are identified through an RCA process conducted by risk owners with input from subject matter experts in the second line of defence. The design and operating effectiveness of controls is tested at several levels including by dedicated business risk and control managers (operating within the first line of defence), the relevant risk stewards (the second line of defence) and by Internal Audit (the third line of defence) to provide reasonable assurance to the Management about the adequacy of the controls.
- *Financial reporting:* SAB’s financial reporting process for preparing the Audited Financial Statements is controlled using documented accounting policies and reporting formats. The submission of financial information is subject to certification by the Chief Financial Officer.
- *Changes in operations, market conditions and practices:* Processes are in place to identify new risks arising from changes in market conditions and practices and customer behaviour.
- *Annual operating plans:* Annual operating plans, informed by detailed analysis of risk appetite describing the types and quantum of risk that SAB is prepared to take in executing its strategy, are prepared at business and functional levels and set out the key business initiatives and the likely financial effects of those initiatives.
- *Governance arrangements:* Governance arrangements are in place to provide oversight of, and advice to the Board on, material risk-related matters. These are effected through the Board sub-committees as well as management sub-committees which oversee the effectiveness of risk management and report to the Board sub-committees.
- *Internal Audit:* Internal Audit represents the third line of defence and monitors the effectiveness of the internal control framework across the whole of SAB, focusing on the areas of greatest risk to SAB as determined by a risk-based audit approach. Internal Audit accomplishes this by independently reviewing the design and operating effectiveness of internal control systems and policies established by first and second line functions to ensure that SAB is operating within its stated risk appetite and in compliance with the regulatory framework. The Chief Internal Auditor reports to the AUCOM on all audit-related matters. The SAB Internal Audit Activity Charter sets out the accountability, independence,

responsibility and authority of Internal Audit, while the SAB Audit Instruction Manual prescribes the standards and procedures adhered to by Internal Audit. Both documents are reviewed and approved by the AUCOM, acting on behalf of the Board on an annual basis. Executive Management is responsible for ensuring that Management Action Plans agreed by Internal Audit are implemented within an appropriate and agreed timetable. Confirmation to this effect must be provided to Internal Audit.

On an overall basis, audits of the effectiveness of the internal control environment conducted during 2024 confirmed that systems and procedures for the ongoing identification, evaluation and management of significant risks faced by SAB were in place throughout the year. These procedures enabled SAB to discharge its obligations under the rules and regulations issued by SAMA and the standards established by the Board.

### **Provision for Credit Losses**

SAB adopts a conservative approach towards provisioning in relation to loans and other credit and is in compliance with SAMA regulations. SAB, in the ordinary course of lending and financing activities, holds collateral as security to mitigate credit risk in its loans and advances portfolio. This collateral includes financial guarantees, local and international equities, time, demand and other cash deposits, real estate and other fixed assets.

SAB's gross loans and advances to customers were SAR 265.6 billion as at 31 December 2024, compared to SAR 222.1 billion as at 31 December 2023 and SAR 189.1 billion as at 31 December 2022. SAB's non-performing loans and advances (SAR 3,613.2 million, SAR 3,875.2 million and SAR 4,292.4 million as at 31 December 2024, 2023 and 2022 respectively) as a percentage of its gross loans, including purchased or originated credit impaired loans (SAR 3,722.1 million, SAR 3,813.1 million and SAR 3,841.4 million as at 31 December 2024, 2023 and 2022 respectively) was 2.8 per cent. as at 31 December 2024, 3.5 per cent. as at 31 December 2023 and 4.3 per cent. as at 31 December 2022.

SAB's combined provision for ECL (relating to loans and advances) amounted to SAR 6.3 billion as at 31 December 2024, compared to SAR 6.1 billion as at 31 December 2023 and SAR 6.0 billion as at 31 December 2022. See Note 6 to the Financial Statements for further details regarding SAB's loans and advances, provision for credit losses and collateral policy.

## **INFORMATION TECHNOLOGY (IT) AND DIGITAL**

Digitalisation of banking services is one of SAB's strategic priorities.

In 2021, SAB focused on building the foundations which centred on its digital servicing capabilities. To this end, SAB, among other things: (i) established a Digital Office function tasked with leading SAB's digital transformation; (ii) upgraded its technical platforms where necessary; (iii) introduced benchmarking against global practice for user experience; and (iv) launched a digital design toolkit to mirror HSBC best practice for digital journeys. During 2022, SAB developed and enhanced its distribution and engagement capabilities.

In March 2021, SAB became the first bank in Saudi Arabia to introduce an instant digital international money transfer service. In November 2021, SAB launched an instant, cross-border transfer service for the US corridor through a blockchain payment technology powered by Ripple. In September 2022, SAB launched digital accounting opening for Micro, Small and Medium-sized Enterprises ("MSMEs") and corporate customers, speeding up the process from approximately two weeks to around two days.

During 2022, SAB implemented a number of digital customer journeys that enabled customers to perform many of their banking needs remotely using their mobile devices or other digital methods, thereby minimising the need to visit branches. Within SAB's retail business for existing customers, SAB created journeys for mortgage,



personal finance and credit card applications, and utilised digital signature technology. For new-to-bank customers, SAB launched the “Corporate Digital Account Opening” process targeting SME customers, which allows SAB’s new customers to set up a new account without the need for a branch visit. This has proven extremely successful with over 70 per cent. of new customers coming through this channel. SAB is making progress on accelerating digitisation to enhance customers’ experience and operational efficiency.

During 2022, SAB also launched “SAB360”, a tool that helps retail customers understand their spending patterns using the SAB mobile app. It allows users to order, categorise and compare spending, which will improve their ability to make informed financial decisions.

During 2023 and 2024, SAB further implemented its digital core technologies which includes a centralised digital security platform, real time FX rates and cover, new payment schemes mandated by regulation, and a data lake. Several business-driven technologies were introduced and SAB is engaged in efforts to digitise back office operations processes for operational efficiency for the end customers. Many new technologies were also introduced to the Bank’s IT infrastructure to enhance its private and hybrid cloud implementations. SAB also completed integrations with the public cloud providers in line with the Bank’s agenda on infrastructure options and modernisation. A number of initiatives were implemented to modernise the main data centre and disaster recovery site. The technology for integration was also refreshed during the same period bringing benefits of a single platform with modern capabilities.

SAB is also using digital technologies to gather data collected by SAMA and SAB (through customer surveys) in relation to customer experiences for the purpose of improving the same. SAB’s digital complaints journeys through SABNet and SABMobile are also continuously developed to improve customer experience.

SAB has also continued to invest in technology to improve its internal banking infrastructure. SAB has partnered with a wide range of specialised third-party fintech providers to develop innovative solutions using a range of modern techniques. For instance, SAB uses digital signatures to rapidly authenticate and process transactions, and has launched an enterprise fraud management system for tracking and managing AML and fraud cases, and an enterprise data warehouse for consolidating bank-wide data from disparate sources.

In addition to investments in customer facing and operational technology, SAB also invests significantly in cyber-security, which is a key component of its risk management process, with SAB needing to ensure that it has the right level of governance and scrutiny through various committees at the Management level, the Board level and Board sub-committee level (through the Technology and Digital Committee). SAB and other banks operate in an environment with a continuously evolving cyber threat, and therefore are required to constantly review and invest in capabilities to mitigate potential threats. All new systems, changes and upgrades are designed and implemented with a focus on cyber-security and continuously monitored for live threats and cyber-attacks. Moreover, SAB possesses cyber-security response and recovery plans which have been developed according to international best practice, and uses independent parties to periodically test technology for weaknesses, while maintaining dialogue with national authorities to share best practice and using national and international incidents to improve cyber-security in Saudi Arabia.

## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE**

In 2021, in line with the launch of the Saudi Green Initiative and the formal declaration of the Kingdom’s Nationally Determined Contributions (“NDC”) at COP26, SAB has participated in fulfilling the Kingdom’s vision by committing a component of its balance sheet towards ESG and also by playing three key roles in this regard:

- first, by supporting public and private institutions in developing in a sustainable manner through SAB's financing solutions, such as issuing the first green loan in the Kingdom, setting up the first climate change equity fund in the Kingdom and launching of the first *Shari'ah*-compliant green deposit;
- second, SAB's partnership with HSBC allows for SAB, at an institutional level, to transfer knowledge and skills from international markets to Saudi Arabia; and
- third, as an influential corporate citizen, SAB has laid out a clear ESG strategy (approved by the Board and announced in September 2022) that shares the Bank's principles and goals, aligned to Saudi Vision 2030 (see further below). As part of this strategy, SAB has commenced measuring and baselining its carbon footprint from its own operations and supply chain with the aim of achieving net zero in its operations by 2035 or sooner. SAB has also committed to achieving "Net Zero Financed Emissions" by 2060 aligned with Saudi Arabia's NDCs, along with a commitment to deploy SAR 34 billion in sustainable financing by 2025.

SAMA has recently formed the ESG Banks Advisory Committee to focus on ESG. The committee is comprised of representatives from all of the domestic banks in Saudi Arabia, and SAB's Chief Executive Officer has been appointed as the chairperson. The purpose of this committee and the associated working groups is to drive collaboration and provide inputs on how best to leverage the group's joint capabilities in working closely together with SAMA to ensure a coherent and effective approach for managing the ESG priorities in the Kingdom's financial sector.

SAB has also been proactive in aligning with international best practice in its approach to ESG conduct, reporting and disclosures, including by becoming (in March 2023) a signatory to the United Nations Principles for Responsible Banking, the world's largest global banking community focused on sustainable finance.

As one of the pillars of its 2025 corporate strategy, SAB announced in September 2022 its ESG strategy which is aligned with Saudi Vision 2030's sustainability commitments.

SAB's ESG strategy is organised around three pillars focusing on: (i) supporting SAB's clients and their transition journeys; (ii) playing a leading role to shape a more inclusive and diverse society; and (iii) a commitment to a higher standard of governance, integrity and responsibility in all decision-making.

SAB's ESG strategy consists of the following key elements:

#### *Environment*

- supporting the transition of SAB's customers to a more sustainable and diversified economy through its products and services;
- scaling up sustainable financing and investments to SAR 34 billion by 2025, supporting the Kingdom's Vision 2030;
- measuring the carbon footprint of SAB's portfolio, and achieving Net Zero by 2060 or sooner, with an active focus on a just transition;
- aligning SAB's operations and supply chain to ambitious science-based targets and achieving key milestones by 2030, with the aim of achieving Net Zero in our operations by 2035; and
- plant 1 million trees to offset 0.9 million tons of carbon dioxide.

#### *Social*

- further developing SAB's digital capabilities to build sustainable finance capability amongst its customers and across the Kingdom;

- ambitiously pursue playing its part in closing the regional savings gap;
- continue to actively shape and advance the development of ESG and the sustainable finance market across the Kingdom; and
- removing barriers for women and the para-abled for engagement in financial services, including financing for female-led enterprises;

#### *Governance*

- deploying an ESG governance structure;
- embedding ESG into all departments, functions and staff members, for every financial decision to be reviewed through an ESG lens;
- partnering with an international body to build reporting and disclosure frameworks for enhanced transparency; and
- rolling out an updated corporate governance framework in line with international best practices.

## **COMPLIANCE**

SAB's compliance department and the CCM are responsible for managing regulatory and financial crime compliance. The compliance department is headed by the Chief Compliance Officer, who reports directly to the BRC and administratively to the Managing Director. The regulations, guidelines and policies applicable to the different business units and functions within SAB and the risks associated with Financial Crime Compliance ("FCC") and Regulatory Compliance ("RC") are discussed at CCM level. The CCM comprises representatives from compliance units, including RC and FCC, operations and business representatives, with the CRO, Chief Operating Officer, Head of Operational Risk, Chief Information Officer and Internal Audit also represented. The CCM meets every two months and reports all significant compliance risks and mitigation plans to the RMC and the BRC regularly.

The compliance function is segregated into the following areas:

### **Financial Crime Compliance**

FCC ensures that effective systems and controls are in place to manage financial crime risk across the Group and to ensure that it meets all relevant legal and regulatory requirements. FCC, as risk steward, plays a second line of defence role, setting policy and guidelines for managing risks, and provides advice and guidance to the business.

SAB operates a zero-tolerance approach to knowing or having reason to know that it is facilitating business which gives rise to illicit activity. SAB's overarching approach and appetite to financial crime risk is that SAB will not tolerate operating without the appropriate systems and controls in place to prevent and detect financial crime and will not conduct business with individuals or entities it believes are engaged in illicit behaviour.

### **Anti-Fraud, Bribery and Corruption**

Anti-Fraud, Bribery and Corruption is responsible for the risk stewardship over fraud risk (including special investigations) and also ensures the operation of controls related to bribery and corruption through staff activity monitoring, associated persons review and staff hiring.

### **Regulatory Compliance**

RC seeks to keep up-to-date with the global and local regulatory landscape and works with the businesses to identify and manage regulatory compliance risks across the Group. RC is responsible for ensuring that all new

regulations are implemented in the businesses diligently and in a sustainable manner. As a risk steward, RC provides independent and objective oversight and challenges and promotes a compliance-orientated culture through awareness, supporting the business in delivering fair outcomes for customers and achieving SAB's strategic objectives.

#### **Self-Supervisory Unit**

The Self-Supervisory Unit is an independent function within Compliance responsible for submitting the technical reports to SAMA, managing the blacklist prescribed by SAMA and responding to SAMA CTF Unit's 'Call for Action' e.g. block balance/ account, share original documents from the mandate files or transaction, transfer funds, etc.

#### **Compliance Business Management**

Compliance Business Management is responsible for providing support across the compliance function to ensure that it works effectively. This includes the management of resourcing, governance, control, review, compliance analytics, compliance systems, project management and strategy execution.

#### **Compliance Assurance and Systems**

Compliance Assurance is an independent review function within Compliance responsible for conducting quality assurance, monitoring and testing activities related to financial crime and regulatory risks across the first and second lines of defence. Additionally, the team is responsible for the administration of Compliance-operated systems. The role of Compliance Assurance is to provide SAB with ongoing assurance over its compliance with applicable laws and regulations.

### **LITIGATION**

In the ordinary course of its business, SAB may pursue debt collection and other litigation claims against third parties and may also have litigation claims filed against it. As part of SAB's debt collection process, SAB is involved, as at the date of this Base Offering Circular, in routine legal proceedings against third parties and in litigation filed by third parties against it. However, none of this litigation is material or would have a material adverse effect, individually or in aggregate, on the business, results of operations, financial condition and prospects of SAB. As at 31 December 2024, no significant provision had been made in respect of legal proceedings, as related professional legal advice indicated that it would be unlikely that any significant loss would arise out of routine legal proceedings.

SAB is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which SAB is aware) in the 12 months preceding the date of this Base Offering Circular which may have or have in such period had a significant effect on the financial position or profitability of SAB.

## MANAGEMENT AND EMPLOYEES

### BOARD OF DIRECTORS

In accordance with applicable Saudi regulations and SAB's articles of association, SAB is managed by the Board.

The Board is responsible for the overall direction, supervision and control of SAB. The principal role of the Board is to oversee the implementation of SAB's strategic initiatives and its functioning within the agreed framework in accordance with relevant statutory and regulatory structures. To enhance corporate governance, SAB has established corporate governance policies and frameworks that seek to establish and encourage transparency and the enforcement of shareholders' rights.

In accordance with the applicable regulations and SAB's articles of association, the Board is required to meet at least four times each year. As at the date of this Base Offering Circular, the Board consists of 10 members (the "**Directors**"), including the Chairperson, Vice Chairperson and Managing Director. Eight of the Directors are appointed by the ordinary general meeting ("**OGM**") of SAB's shareholders for renewable three-year terms by way of election pursuant to the accumulative voting method (the "**Elected Directors**") while the other three Directors are appointed by the shareholder, HSBC Holdings (the "**Appointed Directors**"). In accordance with SAB's by-laws, the Chairperson of the Board is required to be a Saudi national and the Managing Director is required to be selected from among the Directors appointed by HSBC Holdings.

The following table sets out the names and positions of the members of the Board as at the date of this Base Offering Circular:

Name	Position
Ms. Lubna S. Olayan	Non-Executive Chairperson
Mr. Saad Abdulmohsen Al-Fadly	Non- Executive Vice-Chairperson
Mr. Tony Cripps	Executive Director (Managing Director and Chief Executive Officer)
Mr. Samir Assaf	Non-Executive Director
Mr. Stuart Thomson Gulliver	Independent Director
Mr. Mohammed Omran Al-Omran	Non-Executive Director
Mr. Ahmed Farid Al-Aulaqi	Independent Director
Mr. Sulaiman AlGwaiz	Independent Director
Mr. Martin Edward Powell	Independent Director
Mr. Mohammed Almaraj	Independent Director

Brief biographies of each of the members of the Board are set out below:

**Ms. Lubna S. Olayan**  
***Non-Executive Chairperson***

Ms. Olayan has been a member and Chairperson of SAB's Board since June 2019. She holds a bachelor's degree in Science (BSc) from Cornell University, United States, a Master of Business Administration ("**MBA**") degree from Indiana University, United States and an honorary PhD in Law from Trinity College, Ireland.

In 2005, Ms. Olayan became the first woman to join the board of a publicly-listed Saudi company when she was elected to the board of

Alawwal Bank (formerly known as Saudi Hollandi Bank) and served as its Deputy Chairperson. Ms. Olayan has wide-ranging experience in investments and the operation of companies. In her career with Olayan Financing Company, she held multiple roles since 1983 and is currently the vice chairperson of the board and the Chair of the executive committee. She is also board chairperson and member of various committees and boards of subsidiaries of Olayan Saudi Holding Company.

She is also a member of various international advisory boards including those of: Akbank; Bank of America; Hakluyt; Hong Kong Exchanges and Clearing Limited; and TotalEnergies. In addition, Ms. Olayan is a member of the panel of senior advisors at Chatham House; a member of the global board of advisors at the Council on Foreign Relations; a trustee of the Massachusetts Institute of Technology; a trustee of King Abdullah University of Science and Technology (KAUST); a trustee of Cornell University; a trustee of the World Economic Forum; and a member of the Asia Business Council. She is also the president of the Suliman S. Olayan Foundation and chairperson of Alfanar Venture Philanthropy.

Previously, Ms. Olayan was a non-executive director of WPP and a member of the board of Schlumberger and Ma'aden. Ms. Olayan was the vice-chair and member of the board of directors of Alawwal Bank. In addition, Ms. Olayan was a member of the board of directors of Insead.

Ms. Olayan's business address is c/o Olayan Group, P.O. Box 8772, Riyadh 11492, Saudi Arabia.

**Mr. Saad Abdulmohsen Al-Fadly**  
*Non-Executive Vice-Chair*

Mr. Al-Fadly has been a member of SAB's Board since April 2014. He is currently the Vice Chairperson of the Bank's Board. He holds a BSc in Accounting from King Saud University, Saudi Arabia and a master's degree in Financial Economics from Boston University, United States. He has more than 24 years' experience in investment, banking services, risk control and governance.

Currently, he is also a board member of Hassana Investment Company and serves as the Chairman of the board of directors of several companies including National Medical Care Co., Maarif Holding, and Ma'arif Education Company. Previously, Mr. Al-Fadly was a member of the board of directors at Al Marai Company. He was also chief of staff and senior officer of Central and Eastern Regions at the SNB Capital Company, and a vice president at Morgan Stanley.

Mr. Al-Fadly's business address is 7383 King Fahad Branch Road, 2338 Al Yasmeen District, Riyadh 13325, Kingdom of Saudi Arabia.

**Mr. Tony Cripps**  
*Managing Director and Chief Executive Officer*

Mr. Cripps is a member of the Board and Managing Director of SAB. He has more than 40 years of experience in international banking, assuming management roles in institutional banking, treasury, trading and sales businesses, transaction banking, information technology and

operations. He was also appointed as HSBC Group General Manager in 2016 before joining SAB in May 2021.

Previously, Mr. Cripps was a group general manager and chief executive officer of HSBC Singapore and chief executive officer of HSBC Australia.

Mr. Cripps is currently a member of the board of directors of HSBC Saudi Arabia and SAB Invest.

Mr. Cripps' business address is 7383 King Fahad Branch Road, 2338 Al Yasmeen District, Riyadh 13325, Kingdom of Saudi Arabia.

**Mr. Samir Assaf**  
***Non-Executive Director***

Mr. Assaf has been a member of the Board since April 2016, representing the strategic partner HSBC Holdings BV. Mr. Assaf holds a bachelor's degree in Finance from L'Institut d'Etudes Politiques, France, a master's degree in Economics and International Finance from La Sorbonne University, France and a master's degree in Economics from Saint Joseph University of Beirut, Lebanon.

Mr. Assaf is currently a Senior Advisor at HSBC Group, as well as chairman of the board of HSBC Middle East Holdings. He is also a board chair of Middle East and North Africa and a senior advisor at General Atlantic. Mr. Assaf is a member of the board of HSBC Middle East Ltd. and Property Finder International Ltd.

Mr. Assaf has over 30 years of experience in banking and financial markets, and holds several leading roles, including group managing director and chief executive officer of Global Banking and Markets at HSBC Group.

Previously, Mr. Assaf was a board chair of HSBC Middle East Ltd, and a board member of several companies including BeyondNetZero (a General Atlantic venture), Alfamar UK, HSBC Group Plc, HSBC Continental Europe, HSBC Egypt, HSBC Asset Management Limited, Global Financial Markets Association, HSBC Trinkhaus, & Burkhardt AG.

Mr. Assaf's business address is c/o HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

**Mr. Stuart Thomson Gulliver**  
***Independent Director***

Mr. Gulliver has been a member of the Board since January 2020. He holds a master's degree of Law from Oxford University, United Kingdom. Mr. Gulliver has over 41 years of experience in international banking and assumed numerous executive roles at HSBC group between 1980 to 2018, the latest being group chief executive officer of HSBC Holdings plc.

He currently also serves on the boards of Jardine Matheson Holdings Ltd and Saudi Arabian Oli Co. (ARAMCO).

Previously, Mr. Gulliver also served as board chair of the Hong Kong and Shanghai Banking Corporation Limited, and he was a member of the Hong Kong Airport Authority and executive director and group chief executive of HSBC Holdings plc.

Mr. Gulliver's business address is 7383 King Fahad Branch Road, 2338 Al Yasmeen District, Riyadh 13325, Kingdom of Saudi Arabia.

**Mr. Mohammed Omran Al-Omran**  
*Non-Executive Director*

Mr. Al-Omran has been a member of the Board since 2009. He holds a bachelor's degree in Civil Engineering from King Saud University, Saudi Arabia and a master's degree in Structural Engineering and Management from the University of Southern California, United States.

In addition to his previous experience in the business and investment sectors, he is a member of the boards of many leading Saudi companies. Currently, Mr. Al-Omran serves as a board chair of Omran Mohammad Al-Omran and Partners Investment Company, and he is a board member of YANAL Finance Company, Tarabot Investment and Development and the Tourism Development Fund.

Previously, Mr. Al-Omran was a board member of several companies including Al-Rajhi Company for Cooperative Insurance, Saudi Arabia Credit Suisse, Saudi Telecom Company, Saudi Arabia Railways, Riyadh Chamber of Commerce, Civil Aviation Authority, The National Agricultural Development Co..

Mr. Al-Omran's business address is 7383 King Fahad Branch Road, 2338 Al Yasmeen District, Riyadh 13325, Kingdom of Saudi Arabia.

**Mr. Ahmed Farid Al-Aulaqi**  
*Independent Director*

Mr. Al-Aulaqi has been a member of the Board since June 2019. He holds a Bachelor of Business Administration from King Abdulaziz University, Saudi Arabia and an MBA degree in Finance from the University of Stirling, United Kingdom. He has over 34 years of experience in investment management, banking, treasury and capital markets.

Mr. Al-Aulaqi's previous roles include chief executive officer and board member of SNB Capital, board member of Safanad Invest Company, board chair of Saudi Tunisian Bank, board member of Alawwal Bank, member of the board of Company for Corporate Insurance (Tawuniya). Also, he was a Treasurer of SNB Capital, and he held various positions at the National Commercial Bank in Saudi Arabia and in the United Kingdom, the latest of which was the Chief Executive Officer of SNB Capital Company. He is currently the board chair and CEO of Lakemore Partners.

Mr. Al-Aulaqi's business address is 7383 King Fahad Branch Road, 2338 Al Yasmeen District, Riyadh 13325, Kingdom of Saudi Arabia.

**Mr. Sulaiman AlGwaiz**  
*Independent Director*

Mr. AlGwaiz has been a member of the Board since November 2021. He holds a bachelor's degree in Business Management from the University of Portland, United States. Mr. AlGwaiz was the Governor of the General Organization for Social Insurance (GOSI) from 2013 to 2021.

In addition to his previous experience in banking operations, finance, credit, trading and enterprise management, Mr. AlGwaiz presently serves as the chair of the board of directors of Blackrock Saudi Arabia and sits on the board of directors of several leading companies including Saudi Industrial Investments Group and AlMunajem Foods



Co., AlBawani Holding Co. and Agriculture and livestock Investments Co. (Salic).

Previously, Mr. AlGwaiz was the chair of the board of directors of Etihad Etisalat Co (Mobily), Royal Sun Alliance Insurance, MasterCard International, Banque Saudi Fransi and Hassanah Investment Co. He was also a member of the board of directors of Saudi Arabian Mining Co, National Company for Glass Industries (ZOUJAJ), National Industries Company (NIC), Ajil Financial Services. He was a Governor of the General Organization for Social Insurance, deputy chief executive officer of Riyadh Bank, and trading division head for regional corporate bank of Samba Financial Group.

Mr. AlGwaiz's business address is 7383 King Fahad Branch Road, 2338 Al Yasmeen District, Riyadh 13325, Kingdom of Saudi Arabia.

**Mr. Martin Edward Powell**  
*Independent Director*

Mr. Powell has been a member of the Board since July 2019. He has over 44 years of experience in the banking sector with a focus on risk management. He was a member of the executive team at Royal Bank of Scotland plc for more than 15 years, and his last position was the chief risk officer for the capital resolution division.

Mr. Powell was a member of the board and executive committee of Alawwal Bank from June 2017 and holds an ACIB qualification from the Chartered Institute of Bankers.

Mr. Powell's business address is 7383 King Fahad Branch Road, 2338 Al Yasmeen District, Riyadh 13325, Kingdom of Saudi Arabia.

**Mr. Mohammed Almaraj**  
*Independent Director*

Mr. Almaraj has been a member of the Board since January 2023. He holds a BSc in Economics with a major in Finance and Accounting from Wharton School of Business at the University of Pennsylvania, Philadelphia, United States. He has an experience in retail banking, investment banking, digital transformation and business management. Mr. Almaraj is currently the Chief Executive Officer of ABC Digital Retail Bank "ila Bank". He is also a member of the committees at King Fahd Causeway Authority and Bahrain Car Parks Company "Amakin" as well as a member of the board of Bank ABC Jordan in Jordan.

He was previously a member of the board of directors of Arab Financial Services, the chief operating officer of ila Bank, the vice president for group strategy at Arab Banking Corporation, the investment team senior analyst at The Family Office and an investment banking associate at Perella Weinberg Partners in New York.

Mr. Almaraj's business address is 7383 King Fahad Branch Road, 2338 Al Yasmeen District, Riyadh 13325, Kingdom of Saudi Arabia.

As at the date of this Base Offering Circular, no member of the Board had any actual or potential conflict of interest between his/her duties to SAB and his/her private interests or other duties.

## **BOARD COMMITTEES**

The Board has formed six committees to assist it in performing its duties, namely, the Executive Committee, the Audit Committee, the Nomination and Remuneration Committee, the Technology and Digital Committee, the Board Risk Committee and the *Shari'ah* Committee.

### **Executive Committee**

The EXCOM is appointed by the Board and reports directly to the Board. The EXCOM consists of the Chairperson and four other members selected from among the members of the Board or such other individuals as may be approved by the Board. As at the date of this Base Offering Circular, the EXCOM members are Ms. Lubna Olayan (Chairperson, Non-Executive), Mr. Tony Cripps (Executive Director), Mr. Mohammed Omran Al-Omran (Non-Executive Director), Mr. Sulaiman AlGwaiz (Independent Director) and Mr. Mr. Mohammed Almaraj (Independent Director).

The EXCOM is responsible for assisting the Managing Director on matters which are referred to it by the Managing Director or by the Board, including matters relating to the business and financial performance of SAB's main business units as well as legal, risk, compliance and human resources-related matters. In addition, the EXCOM reviews and considers all monthly reports submitted by different functional heads and business segments of SAB. The EXCOM meets at least six times during the year.

### **Audit Committee**

The AUCOM is appointed by the Board of Directors and reports directly to the Board. The committee consists of three to five Independent and Non-Executive Directors and independent non-Board members and their appointment is subject to non-objection by SAMA. As at the date of this Base Offering Circular, the AUCOM members are Mr. Martin Powell (Chair – Independent Director), and three independent non-Board members (Mr. Abdullah Alfai, Dr. Maysa Basoudan and Mr. Andrew Jackson).

The AUCOM is responsible for the supervision of the Internal Audit Department reviewing control and reporting systems, overseeing the compliance function and recommending the appointment of external auditors and fixing of their fees in addition to any other tasks assigned by the Board. The AUCOM meets at least four times during the year.

### **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee (the “NRC”) is appointed by the Board and reports directly to the Board. The committee consists of three to five Board members. As at the date of this Base Offering Circular, the Nomination and Remuneration Committee members are Mr. Ahmed Al-Aulaqi (Chair – Independent Director), Mr. Samir Assaf (Non-Executive Director), Mr. Saad Al-Fadly (Non-Executive Director), Mr. Stuart Gulliver (Independent Director) and Ms. Lubna Olayan (Non-Executive Director).

The NRC is responsible for evaluating and recommending the names of persons nominated for the membership of the Board and senior management in line with SAB policies and criteria. In addition, it is required to ensure compliance with the remuneration policy and the corporate governance practices and framework adopted by SAB. The NRC also annually reviews the skills and capabilities required of those suitable for Board membership, reviews the structure of the Board, evaluates the effectiveness thereof as well as of the members and committees and ensures the independence of independent members and the absence of potential conflicts of interest. It also reviews the scope and limits of SAB's governance in addition to drawing-up and approving the compensation and remuneration policies and schemes and submits necessary recommendations in that regard. The NRC meets at least twice a year.

## Board Risk Committee

The BRC is appointed by the Board and reports directly to the Board. The committee consists of three to five Non-Executive Directors and independent non-Board members and their appointment is subject to non-objection by SAMA. As at the date of this Base Offering Circular, the BRC members are Mr. Suliman AlGwaiz (Chair – Independent Director), Mr. Stuart Gulliver (Independent Director), Mr. Martin Powell (Independent Director), Mr. Abdulhameed Al Muhaidib (independent non-Board member) and Mr. Gareth Thomas (independent non-Board member).

The BRC is responsible for overseeing and advising the Board on all high-level risk related matters and providing strategic direction for risk across the Group, including setting the risk vision, deciding priorities and overseeing the execution of major transformational risk initiatives. The BRC meets at least four times a year.

## Technology and Digital Committee

The Technology and Digital Committee (the “TDC”) is appointed by the Board and reports directly to the Board. The TDC consists of three to five members and their appointment is subject to non-objection by SAMA. As at the date of this Base Offering Circular, the TDC members are Ms. Deema AlAthel (Chair – independent non-Board member), Mr. Tony Cripps (Executive Director) and Mr. Mohammed Almaraj (Independent Director).

The overarching responsibility of the TDC is to assist the Board in setting and overseeing the execution of SAB’s strategic plan, strategic objectives and major initiatives with respect to information technology, digital technology, transformation and innovation.

## SAB *Shari’ah* Committee

The *Shari’ah* Committee of SAB is an independent committee appointed by the Board. It guides SAB and meets regularly to review and appraise various transactions and ensure compliance with the principles of *Shari’ah*.

Brief biographies of each of the members of the SAB’s *Shari’ah* Committee are set out below:

### **Sheikh Dr. Abdullah Bin Mohammed Al-Mutlaq (Chairman)**

Sheikh Abdullah Al-Mutlaq is a Consultant to the Royal Diwan and is also a member of the Senior *Shari’ah* Scholars Council and the Permanent Committee for Research and Pronouncements (iftaa). He is a Professor of *Shari’ah* at Imam Mohammed Bin Saud University, Riyadh and was formerly Chairman of the Comparative Fiqh Departments at the High Judicial Institute and Imam Mohammed Bin Saud University, Riyadh.

Sheikh Abdullah Al-Mutlaq is Chairman and member of *Shari’ah* Boards of a number of Islamic financial institutions and also a member of AAOFI *Shari’ah* Board Bahrain. He received his Ph.D. from Imam Mohammed Bin Saud University, Riyadh in 1404H and has supervised a number of Ph.D. theses and dissertations. He has compiled a number of *Shari’ah* rulings and is an author of many books on Islamic finance.

### **Sheikh Dr. Abdullah Bin Eisa Aydhy**

Sheikh Dr. Abdullah Bin Eisa Aydhy is a member of several *Shari’ah* committees of financial institutions as well as the Accounting and Auditing Organization for Islamic Financial Institutions (“AAOIFI”) *Shari’ah* Standards Committee. In addition, he is a member of the Law of Civil Procedures team in the Judicial Legislation Committee in Saudi Arabia.

Sheikh Dr. Abdullah Bin Eisa Aydhay is an Associate Professor in the *Shari'ah* department at Jazan University, Jazan, and holds a Ph.D. in Comparative Jurisprudence (*Fiqh*) from Al Imam Muhammad bin Saud Islamic University, Riyadh. He has authored a number of books and research papers on the Islamic economy.

**Sheikh Dr. Essam Bin Khalaf Alenazi**

Sheikh Dr. Essam Bin Khalaf Alenazi is a member of several *Shari'ah* committees of financial institutions, such as Boubyan Bank, Warba Bank, Ahli United Bank, Bank of London and the Middle East, and Islamic institutions. He is also a member of the AAOIFI *Shari'ah* Standards Committee.

Sheikh Dr. Essam Bin Khalaf Alenazi is a Professor in the Department of Comparative *Fiqh* at Kuwait University, and holds a Ph.D. in Comparative Jurisprudence (*Fiqh*) from University of Jordan, Amman, Jordan. He has authored a number of books and research papers on the Islamic economy.

## SENIOR MANAGEMENT

The following table sets out the names and positions of the members of SAB's senior management as at the date of this Base Offering Circular:

Name	Position
Mr. Tony Cripps	Managing Director and Chief Executive Officer
Mr. Mohammed Abdullatif Al-Shaikh	Chief Treasury and Investment Officer
Mr. Yasser Albarrak	Chief Corporate and Institutional Banking Officer
Mr. Bandar Al-Gheshayan	Chief Wealth and Personal Banking Officer
Ms. Lama Ghazzaoui	Chief Financial Officer
Mr. Ali Al-Qahtani	Chief Compliance Officer
Mr. Khalid Ismail	Chief Risk Officer
Ms. Reema Al-Humoud	Chief Legal Officer
Ms. Rania Alsharyoufi	Chief Human Resources Officer
Mr. Musaifer AlOsaimi	Chief Information Officer
Mr. Abdullah Al-Qahtani	Chief Internal Audit Officer
Mr. Faris Alshareef	Chief Strategy Officer
Ms. Ghada Al Jarbou	Chief Operating Officer
Mr. Saeed Assiri	Chief Innovation Officer
Ms. Faten Abalkhail	Company Secretary

Brief biographies of each of the members of SAB's senior management are set out below:

**Mr. Tony Cripps**

See "*Board of Directors*" above.

***Managing Director and Chief Executive Officer***

**Mr. Mohammed Abdullatif Al-Shaikh**

***Chief Treasury and Investment Officer***

Mr. Al-Shaikh has been the Chief Treasury and Investment Officer of SAB since June 2019. With over 26 years of experience in Treasury, he was the General Manager (Treasurer) at Alawwal Bank since 2012 until the merger of Alawwal Bank and Saudi British Bank. Prior to joining Alawwal Bank, he was Assistant General Manager – Treasury and held various treasury roles at Samba Financial Group (including as the head of fixed income investment, money market and treasurer of Samba Financial Group (London)). He holds a BSc degree in Finance from King Saud University, Saudi Arabia and has completed a number of executive programmes at INSEAD Fontainebleau and Oxford University, United Kingdom.

**Mr. Yasser Albarrak**

***Chief Corporate and Institutional Banking Officer***

Mr. Albarrak has been the Chief Corporate and Institutional Banking Officer of SAB since 1 July 2022. He was appointed to lead the corporate and institutional banking sector at SAB owing to his expertise and practical experience in the banking industry in Saudi Arabia spanning more than 18 years. Mr. Albarrak joined SAB in 2012 and has held many leadership positions, the most recent being General Manager of Global Corporate and Institutional Banking since May 2019, and Co-Head of Global Banking from 2017 to 2019. He has also served as Head of the Public Sector from 2013 to 2017. He graduated from King Fahd University of Petroleum and Minerals, Saudi Arabia with a bachelor's degree in Information Systems. He is a board member of SAB Invest Company and a board member of HSBC Saudi Arabia.

**Mr. Bandar Al-Gheshayan**

***Chief Wealth and Personal Banking Officer***

Mr. Al-Gheshayan has been the Chief Wealth and Personal Banking Officer of SAB since 9 May 2022. He has more than 22 years of extensive experience in several sectors and 16 years in retail banking. He joined SAB in 2012 and has held various leadership positions, including Regional Head of Retail Banking and Chief Operating Officer for Wealth and Personal Banking. Mr. Al-Gheshayan sits on the board of Simah and SAB Invest. He holds a master's degree in International Management from the University of Liverpool, United Kingdom and attended various programmes in executive leadership and management from London Business School, IMD, INSEAD and Cambridge.

**Ms. Lama Ghazzaoui**

***Chief Financial Officer***

Mrs. Ghazzaoui has been the Chief Financial Officer of SAB since April 2021. She was the chief financial officer at the National Commercial Bank for eight years with a long and successful 24-year career. She is widely respected in the industry and has considerable experience in all aspects of accounting and finance for financial institutions. She holds a BSc degree from the Lebanese American University, Lebanon, in Accounting, and obtained her Certified Public Accountant accreditation in 2001 from the State of Colorado, United States.

**Mr. Ali Al-Qahtani**  
*Chief Compliance Officer*

Mr. Al-Qahtani has been the Chief Compliance Officer of SAB since April 2021. He joined SAB in 2013 and has held various compliance positions, the most recent being Deputy Chief Compliance Officer and Head of Financial Crime Compliance. He has more than 22 years of in-depth experience and knowledge in compliance and IT, in addition to his extensive experience in financial crimes, fraud, internal control and IT project management. Mr. Al-Qahtani has chaired a number of banking committees in compliance and financial crimes. He holds a bachelor's degree in Law and a diploma in Information Technology.

**Mr. Khalid Ismail**  
*Chief Risk Officer*

Mr. Ismail was appointed as Chief Risk Officer of SAB in November 2022. He is responsible for overseeing SAB's governance and strategy for risk management, including relationships with key regulatory and supervisory institutions. He has significant Saudi banking expertise with a global mindset and a focus on financial and non-financial risk, corporate and investment banking. He is a prominent member of SAB's executive team and has also undertaken Deputy Chief Executive Officer responsibilities.

Mr. Ismail joined Alawwal Bank prior to the merger with SAB (formerly known as the Saudi British Bank) in September 2018 as Deputy Head of Corporate Banking and was appointed as General Manager for Special Asset Management in January 2020 prior to assuming the offices of Chief Financial Risk Officer and Acting Chief Non-Financial Risk Officer in May 2022.

He has served in a number of senior roles throughout the industry with extensive experience in establishing and overseeing large teams which provide independent oversight and guidance for managing risk including the development and implementation of financial and non-financial risk measures across the bank.

Mr. Ismail's former appointments include: corporate treasurer for one of the leading Saudi corporations covering multiple asset classes across public equity, private equity and real estate; general manager; and head of treasury and strategic planning. Mr. Ismail has also held a number of senior board positions in companies including chairman of the audit committee of MEDGULF Insurance company in 2015. He graduated from Boston College, United States with a degree in Business Management and Accounting.

**Ms. Reema Al-Humoud**  
*Chief Legal Officer*

Ms. Al-Humoud has been the Chief Legal Officer of SAB since January 2025. Prior to joining SAB, she oversaw Apple's legal affairs across the Middle East and Africa. She also worked in Magic Circle law firm Clifford Chance in the UK, UAE and Saudi Arabia, gaining extensive experience in digital transformation, innovation, finance and in advising financial and digital institutions on a number of landmark transactions. Her expertise spans advising regional and international entities on investments, project financing, financial regulation, digital transformation, regulatory compliance and banking litigation. Ms. Al-Humoud was also a legal counsel at Standard Chartered Bank in Dubai, UAE and legal counsel at Mubadala Investment Company in Abu

Dhabi, UAE. She holds a bachelor of arts degree in law and international relations at Kingston University, London, United Kingdom, a master of arts degree in international and comparative commercial law with a focus on banking law from SOAS University of London, United Kingdom and a graduate diploma in law from BPP University in London, United Kingdom. Ms. Al-Humood is qualified to practice law as a solicitor in England and Wales and is qualified to practice law in the Kingdom.

**Ms. Rania Alsharyoufi**  
*Chief Human Resources Officer*

Ms. Alsharyoufi has been the Chief Human Resources Officer of SAB since February 2022. She is an accomplished human resources (“HR”) executive with over 10 years of experience in HR. She holds a master’s degree in Human Resources Management from Brunel University, London, United Kingdom. She also has several HR accreditations including CIPD, the Work-Life Certified Professional and Coaching Leader, as well as executive education from London Business School, United Kingdom, INSEAD and Harvard University, United States.

**Mr. Musaifer AlOsaimi**  
*Chief Information Officer*

Mr. AlOsaimi has been the Chief Information Officer of SAB since 2016. He has more than 29 years of experience in the banking and technology fields. He started his career in 1994 in the Saudi Arabian Monetary Authority (now known as the Saudi Central Bank) where he spent more than 10 years within the Banking Technology department. In 2005, he joined SAB progressing through different roles in the Information Technology department such as the Head of Payment Channels and the Head of Software and Solutions Development. Over the years, he played a significant role in the strategic transformation of SAB’s IT systems. He has completed a number of executive training programmes in management, leadership and strategy offered by international centres and universities.

**Mr. Abdullah Al-Qahtani**  
*Chief Internal Audit Officer*

Mr. Al-Qahtani has been the Chief Internal Auditor of SAB since July 2023. He has 18 years of internal audit experience with companies such as Saudi Aramco, Aramco Overseas Company in the Netherlands and Mobily. During his time at Saudi Aramco, he held various leadership positions, including Head of Downstream Audits, Head of Fraud Investigations division and Head of Subsidiaries and JV Audits. During the three years he spent at Aramco Overseas Company, he held the position of chief internal auditor. Before joining SAB, he was the senior vice president of assurance audits at Mobily. He holds a bachelor’s degree in Accounting from Michigan State University, United States as well as an MBA from the University of British Columbia, Canada.

**Mr. Faris Alshareef**  
*Chief Strategy Officer*

Mr. Faris Alshareef has been the Chief Strategy Officer of SAB since March 2021. Previously, he served as Deputy Chief Financial Officer, Head of Investor Relations and other roles at SAB. Prior to joining SAB, Faris worked in reputable organisations such as Ernst & Young, General Electric and Bahri. He played important roles in areas including financial planning and analysis, reporting, commercial finance and auditing. He graduated from General Electric’s leadership

programme and 2030 Leaders Program and passed the Certified Public Accountant exams. He holds a bachelor's degree in Accounting from King Fahd University of Petroleum and Minerals, Saudi Arabia and an MBA degree from London Business School, United Kingdom.

**Ms. Ghada Al Jarbou**  
***Chief Operating Officer***

Ms. Al Jarbou has been the Chief Operating Officer of SAB since October 2020. She is a strong Saudi-talent leader and a youth professional with more than 22 years of diversified banking experience across different banking fields, including information technology, HR, retail banking and wealth management and corporate and institutional banking. Throughout her career, she has held various executive roles at SAB prior to her current role including Senior IT Program Manager, Head of Service Delivery, Head of Retail Digital Banking, Retail Banking Chief Operating Officer and General Manager of Global Liquidity and Cash Management. She holds a bachelor's degree in Computer Science from King Saud University, Saudi Arabia and an MBA degree from University of Bath, United Kingdom.

**Mr. Saeed Assiri**  
***Chief Innovation Officer***

Mr. Assiri has been the Chief Digital Officer of SAB since April 2022. He has over 15 years of experience working across the Saudi banking sector, during which he held several leadership positions. He joined SAB in 2021 as Head of the Digital Strategy and Innovation Department, where he oversaw the development of the bank's strategy for innovation and digital transformation. He holds a master's degree in Engineering and Technology Management from Portland State University, United States and attended INSEAD's Executive Leadership program.

**Ms. Faten Abalkhail**  
***Company Secretary***

Ms. Abalkhail has been the Company Secretary of SAB since June 2019. She is also responsible for the ESG and corporate communications agenda of SAB. She is a seasoned banker with more than 24 years of experience and in-depth knowledge in governance, strategic planning and execution of strategic initiatives. She previously held various positions in Business, Operations, and Control functions, including, Treasury, Retail, Strategy, and Finance groups. Ms. Abalkhail holds a bachelor's degree in Home Economics and Nutrition and a Diploma in Computer Sciences, Programming and Information Systems.

The business address of the members of SAB's senior management is c/o Saudi Awwal Bank, 7383 King Fahad Branch Road, 2338 Al Yasmeen District, Riyadh 13325, Kingdom of Saudi Arabia.

As at the date of this Base Offering Circular, no member of SAB's senior management had any actual or potential conflict of interest between his/her duties to SAB and his/her private interests or other duties.

## **MANAGEMENT COMMITTEES**

SAB has established 24 management committees. The RMC, the CCM and the ALCO are responsible for overseeing the various day-to-day activities of SAB.



### **Risk Management Committee**

The RMC acts as the BRC's designated body for the application of SAB's risk management philosophy and strategic direction as established by the BRC. The RMC provides recommendations and advice to SAB's Chief Risk Officer (the "CRO") on the enterprise-wide management of all risks. It also provides key policies and frameworks for the management of risk within SAB. The RMC supports the CRO's individual accountability for the oversight of enterprise risk as set out in the Risk Management Framework.

The RMC serves as the governance body for enterprise-wide risk management with a particular focus on risk culture, risk appetite, risk profile and integration of risk management into SAB's strategic objectives, including the management of all financial crime risks. The RMC meets at least six times during the year and is chaired by the CRO. Attending members include the Managing Director, the Chief Corporate and Institutional Banking Officer, the Chief Wealth and Personal Banking Officer, the Chief Treasury and Investment Officer, the Chief Financial Officer, the Chief Compliance Officer, Chief Information Officer, Chief Innovation Banking Officer, Chief Operating Officer, Chief Human Resources Officer, General Manager of Enterprise and the Chief Internal Auditor (as an observer).

### **Compliance Committee**

The CCM (together with SAB's Compliance Department) has responsibility for managing regulatory and financial crime compliance and meets to discuss the application of compliance in SAB according to regulations, internal policies, and instructions related to the operations and activities within the bank and to ensure that regulatory issues are captured, monitored and controlled by management and escalated to the BRC. The CCM meets on a bi-monthly basis and is chaired by the Chief Compliance Officer.

### **Asset and Liability Committee**

The ALCO is responsible for ensuring compliance with local regulatory requirements relating to ALCO risk, including applicable capital adequacy ratios, to ensure compliance with all risk limits set by the Board in relation to asset liability and capital management, and to manage the overall balance sheet, capital, liquidity and funding structure of the Group. The ALCO advises the EXCOM and the Board in relation to key assets and liabilities related issues. The ALCO meets monthly, with a minimum of 10 meetings per annum and is chaired by the Chief Financial Officer. Attending members include the Managing Director, the Chief Corporate and Institutional Banking Officer, Chief Wealth and Personal Banking Officer, the Chief Treasury and Investment Officer, the CRO, the Chief Operating Officer, Chief Strategy Officer, Chief Accounting Officer, General Manager of Enterprise Risk the Head of Performance and Capital Management and the Chief Internal Auditor (as an observer).

### **ESG Steering Committee**

SAB has established an ESG Steering Committee which acts as the designated management committee to oversee environmental, social and governance. The committee has overall responsibility for ESG-related matters and their contribution to the Group's strategy. The committee draws its authority from the EXCOM and fulfils its delegated responsibilities in accordance with the Group's corporate governance framework. The committee, which is chaired by the Managing Director and comprised of representatives of various business lines and functions, meets at least four times during the year.

## **EMPLOYEES**

As at 31 December 2024, SAB had 4,062 full-time employees (compared to 4,055 full-time employees as at 31 December 2023).

SAB's HR Department supports the Group in achieving its overall strategic goals of market leadership and becoming one of the best banks to work for in Saudi Arabia. The HR team focuses on developing talented

individuals across the business lines to ensure a defined career path for individuals and, simultaneously, the delivery of desired business results. SAB also aims to foster a welcoming and positive work environment for its employees built on collaboration, respect and recognition across the organisation.

As part of SAB's overall strategy, it continues to invest in a robust performance management system including its total reward proposition, combined with high quality and structured learning and development programmes as well as ongoing initiatives designed to enhance the employee value proposition and employee engagement in order to embed the "SAB values" and international standards across the organisation. HR continues to provide technical and soft skills training programmes with more than 9,744 training days being delivered throughout 2024.

Companies in Saudi Arabia are required by the Ministry of Human Resources and Social Development to ensure that a certain percentage of their staff are Saudi nationals (i.e. "**Saudisation**" requirement). As a result of enhanced recruitment practices, career fairs and graduate events, SAB's Saudisation ratio as at 31 December 2024 was approximately 92.7 per cent., with an increase in the number of female employees in all departments (with approximately 26.3 per cent. of all employees as at 31 December 2024 being female).

## SAUDI ARABIA'S BANKING SECTOR AND REGULATIONS

### General

According to SAMA's website, as of 19 February 2025, 37 commercial banks are licensed to operate in Saudi Arabia.

Of the 37 commercial banks, 14 are incorporated in Saudi Arabia. Three of the 14 banks incorporated in Saudi Arabia are digital banks (namely STC Bank, D360 Bank and Vision Bank). The remaining 11 Saudi banks provide a broad range of retail and wholesale banking products and services. Alinma Bank, Al Rajhi Bank, Bank Al-Bilad and Bank Al Jazira provide only *Shari'ah*-compliant products and services. The remaining seven banks provide a combination of *Shari'ah*-compliant and conventional banking products and services.

Apart from Gulf International Bank Saudi Arabia ("**GIB**"), all of the 11 Saudi non-digital banks mentioned above are publicly-listed joint stock companies and their shares are traded on the Tadawul.

The remaining 22 banks are licensed foreign banks, six of which are branches or subsidiaries of banks based in other GCC countries (namely Bank Muscat, Emirates NBD, First Abu Dhabi Bank, National Bank of Bahrain, National Bank of Kuwait and Qatar National Bank), 10 of which are international banks (namely BNP Paribas, Deutsche Bank, Industrial and Commercial Bank of China, J.P. Morgan Chase, N.A., MUFG Bank, Ltd., National Bank of Pakistan, T.C. Ziraat Bankası A.Ş., Credit Suisse Bank, Standard Chartered Bank and National Bank of Iraq) and six of which have been licensed but have yet to commence operations under their licences (namely Trade Bank of Iraq, Bank of China Limited, Banque Misr, National Bank of Egypt, Sohar International Bank, Bank of Jordan and Abu Dhabi Commercial Bank).

In addition to the commercial banks, there are a number of state-run credit institutions, including the Saudi Industrial Development Fund, the Real Estate Development Fund and the Saudi Arabian Agricultural Bank, which provide funds for targeted sectors. The Public Investment Fund ("**PIF**") is the investment arm of the Government while the Islamic Development Bank is a multilateral development financing institution headquartered in Jeddah. SAMA does not regulate any of these entities.

As at 28 February 2025, there were 1,908 bank branches and 14,951 ATMs and 1,972,242 of sale terminals in Saudi Arabia (*source*: SAMA February 2025 Monthly Statistics).

According to SAMA's 2024 Financial Stability Report:

- total assets in the banking system grew in 2023 by 9.3% at a slower pace compared to the growth rate in 2022, to reach SAR 3,957 billion;
- banking sector credit increased by 10 per cent., reaching SAR 2,584 billion in 2023, supported by corporate real estate activities. There was a notable change in the composition of credit growth drivers, where credit growth was driven mainly by non-financial corporations;
- credit to the private sector continued to grow in 2023 in line with private sector economic growth, as measured by the credit to private sector GDP gap;
- by the end of 2023, corporate credit was the primary driver of bank credit, increasing by 13.2 per cent. to reach SAR 1,329 billion. The growth was driven by utilities and real estate activities, which registered an increase of 27.8 per cent. and 19.6 per cent., respectively, reflecting the expansion in non-oil growth. By contrast, retail credit grew by 6.7 per cent. in 2023, driven mainly by mortgages, which accounted for 48.8 per cent. of the total retail credit;

- total bank real estate loans grew by 11.5 per cent. in 2023, reaching SAR 767 billion, compared to the 20.9 per cent. growth rate in 2022. Retail real estate loans, which represented 79.1 per cent. of total real estate loans, increased by 10.4 per cent. in 2023 compared to 23.3 per cent. in 2022. However, real estate loans provided to the corporate sector increased by 15.9 per cent. compared to 12.1 per cent. in 2022;
- the overall non-performing loans ratio has shown a consistent decline since 2020, reaching 1.5 per cent. in 2023 compared to 1.8 per cent. in 2022;
- the sector's gross average liquidity coverage ratio ("**LCR**") decreased in 2023 to reach 178 per cent. compared to 180.3 per cent. in 2022. Similarly, median LCR decreased to 177.6 per cent. in 2023 compared to 179.9 per cent. in 2022, due to a slight decline in high-quality liquidity assets and net outflows increased. While the gross average net stable funding ratio ("**NFSR**") slightly decreased, reaching 113.3 per cent., compared to 115.8 per cent. in 2022 and the median NFSR decreased to 113.1 per cent. compared to 118.1 per cent. in 2022, it remained well above SAMA requirements. The decline in the NFSR was due to the increase in required stable funding driven by the expansion in mortgage;
- the banking sector saw improved profitability levels in 2023, driven by higher private sector credit demand and a higher interest rate environment, with the sector's return on equity ("**ROE**") reaching 12.8 per cent. compared to 12.5 per cent. in 2022; and
- both gross banking system average and median capital adequacy ratio increased to 20.1 per cent. in 2023 compared to 19.9 per cent. and 19.8 per cent., respectively in 2022. The growth in capital in the banking system was driven by enhanced profitability in addition to capital issuances by banks throughout the year to bolster their capital position.

## History

Prior to 1976, a number of wholly foreign-owned banks operated branches and subsidiaries in Saudi Arabia.

In 1976, the Government issued a directive requiring all banks operating within its borders to convert to entities incorporated locally with at least 60 per cent. of the shares held by Saudi nationals.

In 2000, the first branch of a foreign bank was authorised to open in Saudi Arabia in over 40 years, in connection with changes in GCC countries' policies concerning cross-border banking. The new entrant was GIF, an offshore bank based in Bahrain and owned by the six GCC states. Gulf Investment Bank had been active in Saudi Arabia for many years, but having a Saudi Arabian branch allowed it to compete at close hand. SAMA has since granted banking licences to several branches of foreign banks.

In May 2020, Gulf Investment Bank converted its branch into a locally incorporated bank jointly owned by the PIF and GIB.

There are also non-bank competitors in brokerage and personal finance. The Saudi banking sector has seen an accelerating competitive convergence focused on Islamic banking, private and affluent segments and brokerage and investment banking, as well as significant investment in new distribution, marketing and technology.

Following the licence granted to GIB in 2000, SAMA granted licences to operate branches in Saudi Arabia to Emirates NBD, National Bank of Bahrain, National Bank of Kuwait, Muscat Bank, JPMorgan Chase, BNP Paribas, Deutsche Bank, National Bank of Pakistan, T.C. Ziraat Bankası A.S., Industrial and Commercial Bank of China, UBS AG Bank (previously Credit Suisse), Qatar National Bank, First Abu Dhabi Bank, MUFG Bank, Ltd., National Bank of Iraq and Standard Chartered Bank. The Government also developed the capital markets sector in Saudi Arabia with the enactment of the Capital Market Law, issued by Royal Decree No. (M/30) dated 2/6/1424H (corresponding to 31/7/2003G) as amended by Royal Decree No. (M/16) dated 19/1/1441H

(corresponding to 18 September 2019G) (the **CML**) which also established the CMA. In line with the Government's overall desire to develop and boost the capital markets in Saudi Arabia, the CMA has encouraged the participation of foreign investment banks. According to its website, as of 7 April 2025 the CMA has licensed 193 capital market institutions, although a number of those have not yet commenced operations.

## **Corporate Banking Sector**

The majority of banking assets in Saudi Arabia are loans to businesses and, as at 28 February 2025, commercial banks' claims on the private sector constituted approximately SAR 2,933.2 billion and approximately 55.98 per cent. of the total assets of all commercial banks (*source*: SAMA February 2025 Monthly Statistics). This has been driven by strong economic growth and increased investment within Saudi Arabia in various sectors such as electricity, water and health services, building and construction, commercial and Government projects in oil and gas, infrastructure and education.

Investment banking activities have been growing rapidly in Saudi Arabia. Project finance has also been a strong growth area with several projects being financed in recent years. Project finance is expected to continue to be a strong area for banking business as a result of planned investments in infrastructure and industry are being planned in line with the reform and stabilisation programmes being implemented to reduce the economy's dependency of the Kingdom's economy on oil-related revenues.

## **Personal Banking Sector**

Consumer lending increased by 4.3 per cent. from SAR 451.6 billion as at 31 December 2022 to SAR 471.0 billion as at 31 December 2024 (*source*: SAMA February 2025 Monthly Statistics). Historically, growth in consumer finance has been driven by several factors, including:

- economic growth coupled with favourable consumer demographics;
- growth of the credit card market;
- product innovation and a rapidly expanding range of product and service offerings; and
- the creation of Saudi Credit Bureau ("**SIMAH**").

The value of the credit card loans market in Saudi Arabia was SAR 31.4 billion as at 31 December 2024, up from SAR 23.1 billion as at 31 December 2022 (*source*: SAMA February 2025 Monthly Statistics). This credit card growth is expected to continue as a result of the increasing use of electronic forms of payment within Saudi Arabia.

The majority of personal lending is tied to electronic salary assignment, thereby enhancing asset quality and effectively reducing the risk associated with personal lending which, coupled with higher margins than in corporate lending, has made personal finance a particularly attractive segment for banks in Saudi Arabia.

Residential new mortgage lending for individuals provided by banks was SAR 120.3 billion as at 31 December 2022, SAR 77.7 billion as at 31 December 2023 and SAR 91.1 billion as at 31 December 2024 (*source*: SAMA, February 2025 Monthly Statistics).

## **The Saudi Credit Bureau**

In 1998, SAMA and the domestic banks operating in Saudi Arabia conducted a study with regard to establishing a centre or a company to provide credit information. As a result, SIMAH was established in 2002 and began operating in 2004. In addition, in 2008, the Council of Ministers issued a decision approving the Credit

Information Law (issued pursuant to Royal Decree No. M/37 dated 05/07/1429H (corresponding to 8 July 2008)), which sets out general principles and controls for the collection, exchange and protection of credit information of consumers. SIMAH, which is supervised by SAMA, was the first credit information company to be established in Saudi Arabia and offers consumer credit information services to its members in Saudi Arabia. SIMAH aggregates credit-related information among participating members to provide credit providers with credit risk information. In 2015, SIMAH introduced a number of initiatives and projects to further its strategies to provide an effective information infrastructure to enhance the ability of assessing and managing risks. For example, SIMAH established an information centre developed to international specifications (TIER IV) and published a procedural manual as part of a “Know Your Rights” Campaign to increase credit awareness among all segments of society. A number of SIMAH’s projects were acknowledged by the G-20 based on an initiative of the Financial Stability Board (of which SAMA is a member), aimed at helping financial institutions to evaluate risks in a systematic and effective manner and put regulatory and operational requirements in place, and develop products and services, to ensure stability and efficiency of the financial sector.

## Islamic Finance

Islamic finance has been a main growth area for the Saudi financial economy and has been one of the most significant developments in financial markets in recent years. Saudi Arabia is one of the largest and the fastest growing markets for Islamic banking in the world.

The Islamic banking industry in Saudi Arabia encompasses a blend of institutions of different categories ranging from fully dedicated Islamic banks to conventional banks offering Islamic banking services through separate divisions or windows. Many banks in Saudi Arabia have *Shari’ah* boards that provide independent opinions as to the application of *Shari’ah* principles in financing structures and approving all Islamic products.

Currently, a wide range of *Shari’ah*-compliant products are available in the market for the corporate and personal banking segments covering credit, deposit, investment and treasury offerings.

The personal banking segment has experienced the strongest demand for Islamic banking products and services with consumer Islamic assets forming the bulk of total consumer assets. In addition to deposit products, Islamic financing solutions include personal finance, home finance and Islamic credit cards. With growing business activity in the real estate sector and a growing population, *Shari’ah*-compliant home financing is expected to be a major driver of Islamic personal banking asset growth in the future.

Credit demand from the corporate banking segment is rapidly growing following the launch of infrastructure projects and increasing interest in manufacturing. Main product offerings include *Ijarah* and *Murabaha* and are offered as bilateral facilities, as well as through syndications. To cater to this market segment, Islamic banks have also introduced innovative *Shari’ah*-compliant solutions. In recent years, there have been several large size Islamic project finance transactions attracting participation from banks.

The Islamic banking segment is expected to continue to grow with credit demand anticipated from corporate and consumer segments. It is also expected to be accompanied by an increase in innovative Islamic product offerings and growing awareness and demand within the general public for sophisticated *Shari’ah*-compliant solutions.

## Treasury

The treasury activities of Saudi Arabian banks have increased over the past few years as the financial markets have become more sophisticated with the increased use of financial instruments. Some Saudi banks also offer their customers structured products that make use of derivatives that are also *Shari’ah*-compliant.

## **Investment Banking and Asset Management**

Investment banking and mutual fund services have grown in past years. Brokerage services activity especially flourished between 2003 and 2006, when Tadawul peaked to all-time highs. The level of the Tadawul All Share Index was 10,478.46 as at 31 December 2022, 11,967.39 as at 31 December 2023 and 12,036.5 as at 31 December 2024.

As a response to the Government's drive to develop an efficient capital markets platform, a number of banks, including the Bank, embarked on providing corporate finance and equity and debt capital markets advisory services to companies. Since 2003, a number of initial public offerings have been effected, several of which were Government initiatives.

Furthermore, the CMA has issued licences to several financial institutions to engage as principal or as an agent in equity lead arrangements, equity management arrangements and/or advisory and securities custody services. Following this, a number of Saudi banks established separate subsidiaries to undertake these activities. Foreign financial institutions have been permitted to buy and sell shares directly in companies listed on Tadawul since 2015 in accordance with the Rules for Qualified Financial Institutions Investment in Listed Securities.

In August 2020, Tadawul launched a new derivatives market as part of its strategy to diversify its product offering and provide more investment opportunities for market participants. Investors have been able to trade the Saudi Futures 30, based on the MSCI Tadawul 30 Index, since 30 August 2020.

## **Saudi Central Bank (Formerly Saudi Arabian Monetary Authority)**

### ***Overview and Functions***

SAMA is the regulator and supervisor of licensed financial institutions, including banks, finance companies (including leasing and real estate finance companies), money exchange companies, payment service providers and credit information companies in Saudi Arabia. In November 2023, the regulation of insurance companies was transferred from SAMA to a newly established regulator, the Insurance Authority.

SAMA was established pursuant to Royal Decree No. 30/4/1/1046 dated 25/07/1371H (corresponding to 20/04/1952G), and renamed by the Royal Decree No. M/36 dated 11/4/1442H (corresponding to 26/11/2020G) to Saudi Central Bank while maintaining the acronym SAMA. SAMA's principal functions include:

- issuing the national currency;
- dealing with the banking affairs of the Government;
- supervising commercial banks and exchange dealers;
- managing Saudi Arabia's foreign exchange reserves;
- carrying out the role of the Government's bank and advisor in monetary, banking, and financial matters;
- managing monetary policy for maintaining price and exchange rate stability;
- promoting the growth of the financial system and ensuring its soundness;
- supervising finance companies; and
- supervising credit information companies.

### ***Banking Control Law***

The Banking Control Law was issued by Royal Decree No. M/5 dated 22/02/1386H (corresponding to 12 June 1966) (the "BCL") with the aim of protecting banks, customers' deposits and shareholders and securing

adequate liquidity levels. The BCL prohibits banks from undertaking certain activities that might cause damage to their shareholders and customers. In addition, the BCL prohibits individuals and companies from using the word “bank” or its synonyms in their names or conducting any banking activities without obtaining a licence from SAMA. The BCL sets out the framework within which banks must operate in Saudi Arabia and is supplemented by circulars, directives and guidelines issued by SAMA from time to time. These circulars and directives are generally not made publicly available outside the banking sector.

### ***Consumer Protection***

SAMA has been a strong advocate of consumer protection since obtaining its charter in 1952 and the issuance of the BCL in 1966. Consequently, SAMA has played an important role in ensuring that the financial institutions under its supervision deal with consumers fairly and honestly.

As Saudi Arabia’s financial sector evolves and grows, SAMA continues to review these developments and decides on appropriate legislative, regulatory and organisational changes to provide the level of consumer protection expected from a country that is a member of the world’s main economic and financial organisations.

SAMA’s current objective is to ensure that all consumers who have dealings with licensed financial institutions in Saudi Arabia receive the expected level of consumer protection, including fair treatment, honesty and ease of access to financial products and services.

SAMA has set out the conduct expected from such financial institutions through various regulations, policies and issued instructions, including the “Banking Consumer Protection Principles” (the “**Principles**”) issued in June 2013 which are based on the General Principles for Financial Consumer Protection developed by the Organisation for Economic Co-operation and Development (the “**OECD**”) in 2011.

The Principles set out key guidelines to enable licensed banking institutions to deliver the required level of fair treatment, honesty and financial inclusiveness, thereby meeting SAMA’s strategic objective for financial consumer protection in Saudi Arabia. The Principles apply to the activities of banks operating by way of a licence, which are under the supervision of SAMA and which are dealing with persons who are, or may become, consumers. They also apply to the activities of any third party engaged by such banks to undertake any outsourced activities. The Principles are binding on all such banks, complementary to the instructions and internal regulations issued by any such bank and applicable to all transactions that are made with individual consumers.

The Principles were issued pursuant to powers granted to SAMA under the following legislation and regulations:

- Charter of the Saudi Arabian Monetary Authority – Article (3d), issued by Royal Decree No. 23 dated 23/05/1377H (corresponding to 15/12/1957G), as replaced by the Law of the Saudi Central Bank – Article (4.3), issued by Royal Decree No. M/36 dated 11/4/1442H (corresponding to 26/11/2020G);
- the BCL; and
- Ministerial Decree No.3/2149 dated 14/10/1406H (corresponding to 22/06/1986G).

In September 2022, SAMA published updated Financial Consumer Protection Principles and Rules (the **New “Consumer Finance Regulations”**). The New Consumer Finance Regulations contain a number of provisions relating to the protection of consumer rights, including:

- requiring financial institutions in Saudi Arabia to develop appropriate data protection and information privacy policies;
- unifying fees, commissions and administrative service charges across all banks in Saudi Arabia;



- providing customers with summaries of their financings, which include basic details of the financing and also reference key provisions of the financing;
- prescribing rules and standards in relation to how banks deal with customers; and
- emphasising the principles of transparency and disclosure in consumer finance contracts.

The New Consumer Finance Regulations are aimed at ensuring that consumer finance contracts have enhanced levels of disclosure and transparency and are aimed at, among other things, enabling customers to be better informed of their rights and obligations under their financings.

### ***Real Estate Financing and Finance Leasing***

In August 2012, the Saudi Council of Ministers issued a package of legislation approved by Royal Decrees in relation to the finance industry, including real estate financing (the “**Real Estate Finance Law**”), leasing (the “**Finance Lease Law**”) and supervision of financial companies (the “**Financial Companies Control Law**”), in each case, as further described below. In February 2013, SAMA issued the implementing regulations of these laws.

#### ***Real Estate Finance Law***

This law provides the regulatory architecture for the authorisation and licensing of banks and finance companies to enter the real estate market. In particular:

- banks may own real estate for the purposes of real estate finance, which is a key feature of Islamic financing products;
- the Government publicises real estate market activity and financiers are granted access to courts and notary registers; and
- the Council of Ministers is entitled to grant tax incentives in connection with investing in real estate securities; and
- a credit check must be conducted against customers through one of the authorised credit bureaus.

The Implementing Regulations of the Real Estate Finance Law define the role of finance companies and set out the requirements for entering into and registering a real estate finance lease. They also set out the SAMA’s requirements for licensing re-finance companies as well as the rules governing the activities of re-finance companies. In 2020, SAMA issued guidelines on the provision of real-estate financing products to individuals setting out minimum requirements on entities providing such products.

#### ***Finance Lease Law***

This law prescribes the rules relating to finance leasing and specifically states that:

- the responsibilities of the lessor and lessee must be carried out in a *Shari’ah*-compliant manner (placing asset risk on the lessor during the lease term but making the lessee responsible for the relevant use);
- the transfer of leased assets is permitted to the lessee upon maturity of the lease term; and
- the lessor is permitted to request payments of future rentals if the lessee is in payment default, provided the number of such payments is not greater than the number of late payments.

The Implementing Regulations of the Finance Lease Law set out the rights and obligations of the lessor and lessee in a finance lease, outline rules relating to assignment of rights, instalment payments and ownership rights of the relevant parties and specify the requirements for establishing a company that registers finance leases and the requirements for such companies to register finance leases.

### *Financial Companies Control Law*

This law provides a regulatory and supervisory framework for Shari'a-compliant finance companies to provide SAMA approved forms of financing, including real estate financing.

The Implementing Regulations of the Financial Companies Control Law set out SAMA's rules and requirements for licensing finance companies and contain corporate governance requirements, internal auditing requirements and other rules which the finance companies must comply with to maintain their licence.

### **Capital Market Authority**

The CMA was established by the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H (corresponding to 31 July 2003) as amended by Royal Decree No. M/16 dated 19/01/1441H (corresponding to 18 September 2019) (the “**Capital Market Law**”). The CMA is a governmental organisation with financial, legal and administrative independence.

The CMA regulates Saudi Arabia's capital markets. It issues the required rules and regulations for the implementation of the provisions of the Capital Market Law aimed at creating an appropriate investment environment. Some of the CMA's major objectives are to:

- regulate and develop the capital market;
- protect investors and the general public from unfair and unsound practices involving fraud, deceit, cheating, manipulation and insider trading;
- achieve fairness, efficiency and transparency in securities transactions;
- develop measures to reduce the risks pertaining to securities transactions;
- develop, regulate and monitor the issuance of, and trading in, securities;
- regulate and monitor the activities of entities subject to the control of the CMA;
- regulate and monitor full disclosure of information related to securities and their issuers; and
- regulate proxy and purchase requests and public share offerings.

In addition, pursuant to the CML, the CMA has formed the Committee for the Resolution of Securities Disputes and the Council of Ministers has, also pursuant to the CML, formed the Appeal Committee for the Resolution of Securities Disputes. Both of these committees are quasi-judicial bodies authorised to adjudicate disputes and violations in respect of the CML or the rules and regulations of the CMA and/or Tadawul.

In 2016 the Financial Leadership Program 2020 (the “**Program**”) was launched, under which a set of initiatives on the Financial Sector Development Program (i.e. one of Saudi Arabia's 2030 vision executive programmes) were enacted, including achieving the strategic objectives and initiatives of the second strategic pillar with respect to developing an advanced capital market.

Through the Program, the CMA seeks to position the Saudi capital market as the main market in the Middle East and one of the leading financial markets in the world, while being an advanced market and attractive to domestic and foreign investment, enabling it to play a pivotal role in developing the economy and diversifying its sources of income. The Program consists of four main pillars, as follows:

- **Facilitating Funding:** Deepening the capital markets and promoting its role in raising capital;
- **Encouraging Investment:** Supporting the growth of asset management and promoting institutional investment;

- **Promoting Confidence:** Reinforcing the capital markets' regulatory structure; and
- **Building Capacities:** Supporting the development of market participants.

The Program also has a focus on the developing regulatory environment for the Saudi financial markets to ensure investor protection, as well as enhancing adherence to international standards.

The CMA intends to increase the number of listed companies in both the main and junior parallel markets to more than 250 companies as well as doubling the invested capital via managed channels to reach SAR 650 billion of assets under management.

In accordance with the CMA's objective of developing market-leading international best practices and with a view to collaborating with other similar institutions internationally, the CMA is an active participant in the International Organisation of Securities Commissions which is recognised as the leader in setting the standards for securities and capital markets sectors globally. In addition, the CMA is also a participant in the Ministerial Committee of the Chairpersons of GCC Capital Markets Regulators as well as the Union of Arab Securities Authorities.

### **The Saudi Exchange (Tadawul)**

In the early 1980s, the Government embarked on forming a regulated market for trading. In 1984, a Ministerial Committee comprising the Ministry of Finance and National Economy, the Ministry of Commerce and SAMA was formed to regulate and develop the market. SAMA was the government body charged with regulating and monitoring market activities until the establishment of the CMA in July 2003. As the sole regulator and supervisor of the capital markets, the CMA issues the required rules and regulations to protect investors and ensure fairness and efficiency in the market.

On 19 March 2007, the Saudi Council of Ministers approved the formation of The Saudi Exchange (Tadawul) Company. This was in accordance with Article 20 of the CML establishing Tadawul as a joint stock company for the purposes of issuing and managing mechanisms for listing and trading securities and disclosure of related information. Tadawul is responsible for the executive and operational functions in the market. It is the only authorised body to manage the stock market and it aims to provide efficiency and justice in trading as well as transparency in listing requirements, technical trading systems, securities information systems in the market in addition to providing systems with high levels of efficiency for settlements and clearing and applying professional standards for brokers and their agents in the market.

In April 2021 a holding company called Saudi Tadawul Group was established in anticipation of an initial public offering of its shares later that year. Four subsidiaries were established under the holding company: the Saudi Exchange, a dedicated stock exchange business previously called Saudi Stock Exchange (Tadawul) Company, the Securities Clearing Center Company (Muqassa), the Securities Depository Center Company (Edaa) and Wamid, a new technology services business. The Saudi Exchange was established in March 2021. As Saudi Arabia's dedicated stock exchange and the largest stock exchange in the Middle East, the Saudi Exchange carries out listing and trading in securities for local and international investors. The official source of all market information, the Saudi Exchange is instrumental to achieving long-term growth plans for the Saudi Tadawul Group and providing market participants with attractive and diversified investment opportunities.

The Saudi Exchange is among the 10 largest stock market among the members of the World Federation of Exchanges and is the dominant market in the GCC. It is an affiliate member of the International Organization of Securities Commissions, the World Federation of Exchanges, and the Arab Federation of Exchanges.

The legal status, duties, and responsibilities of the Saudi Exchange and Depository Center are defined in the Capital Markets Law.

## Management Of Liquidity and Credit Risk

Under the BCL, a bank's deposit liabilities must not exceed 15 times its reserves and paid-up share capital or invested capital. The current percentage specified by SAMA for a statutory deposit is 7 per cent. of total customers' demand deposits and 4 per cent. of balances due to banks and other financial institutions (excluding balances due to SAMA and non-resident foreign currency deposits), savings deposits, time deposits and margins on letters of credit and guarantees (excluding all types of repo deposits).

In addition to the statutory deposit, each bank in Saudi Arabia is also required to maintain a liquidity reserve of at least 20 per cent. of its total deposit liabilities. The liquid reserve must comprise cash, gold or assets which can be converted into cash within a period not exceeding 30 days in order to comply with the requirements of the BCL.

Previously, the BCL set a maximum limit on the amount of financial liability that a bank may incur in respect of any one person. This was replaced by the SAMA Rules on Large Exposures of Banks in August 2019. Under these rules, a bank may not grant a loan, extend a credit facility, give a guarantee or incur any other financial liability in respect of any one person in an aggregate amount exceeding:

- in the case of banks, 25 per cent. of the lending bank's total eligible capital (although if the lending bank and/or the counter party bank is/are classified as a "Domestically Systemically Important Bank" or a "Globally Systematically Important Bank", then the sum of all exposures of the lending bank to its counterparty bank cannot exceed 15 per cent. of the lending bank's available eligible capital base at all times);
- in the case of companies, 15 per cent. of the lending bank's total eligible capital; and
- in the case of individuals, 5 per cent. of the lending bank's total eligible capitals.

SAMA also has the power to regulate the liquidity and credit risk of a bank by restricting, among other things, the maximum amount of money which may be financed by a bank and the categories of financings which a bank can make. These restrictions may vary from bank to bank depending on the relevant circumstances and are in addition to the statutory deposit and liquid reserve requirements provided for in the BCL.

SAMA carries out a full review of the operations of each bank every three years and more regular assessments of specific functions within each institution. SAMA has also intervened to support banks that have found themselves in difficulties. Similarly, it allowed distressed banks to benefit from low- cost funding in the 1980s and provided support to banks during the COVID-19 pandemic.

Over the years, SAMA has developed a reputation as a strict regulator. In 1989, SAMA introduced accounting and disclosure standards for commercial banks in Saudi Arabia, which essentially comply with IFRS. All banks in Saudi Arabia are now in compliance with IFRS that are endorsed in Saudi Arabia and other standards and pronouncements issued by SOCPA. The banks also prepare their financial statements to comply with the BCL and The Companies Law issued pursuant to Royal Decree No. M/132 dated 01/12/1443H (corresponding to 30 June 2022) (the "**Companies Law**").

## Reporting Requirements

Banks are required to submit monthly statements of the consolidated financial position of their domestic and foreign branches. Banks also have to submit quarterly, semi-annual and annual reports to SAMA. These reports are comprehensive and deal with matters such as the maturity schedule of credit facilities, risk concentrations, large exposures, foreign exchange exposure, analysis of specific loan loss reserves and a calculation of the relevant bank's risk asset-based capital adequacy.

Banks are required to submit their audited consolidated annual financial statements to SAMA within six months of each financial year end and listed banks are required to report within three months in accordance with the CMA's Rules on the Offer of Securities and Continuing Obligations. Annual consolidated financial statements have to be audited by two independent joint auditors. The published audited consolidated financial statements of Saudi banks are required to adopt all IFRS as endorsed in Saudi Arabia and other standards and pronouncements issued by SOCPA. The consolidated financial statements are also required to comply with the BCL and the Companies Law. Listed joint stock companies are required to publish quarterly financial statements for so long as their stocks are listed on Tadawul. Quarterly financial statements are reviewed by the auditors in accordance with the International Standard on Review Engagements 2410: "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia and are limited in terms of the scope of procedures performed.

Since SAMA introduced mandatory disclosure standards, there has been an improvement in the level of disclosure by Saudi banks. Banks now publish a breakdown of loans by sector and geography, in addition to loans to the Government and related parties. Banks also report doubtful loans, loan loss reserves and write-offs.

### **Anti-Money Laundering and Counter-Terrorist Financing**

Saudi Arabia is a signatory to, and has implemented measures required by, the 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, the International Convention for the Suppression of the Financing of Terrorism and various other international conventions and agreements relating to money laundering and terrorist financing. In June 2019, Saudi Arabia was the first Arab country to join the Financial Action Task Force (the "**FATF**"). On a regional level, Saudi Arabia is a founding member of the Middle East and North Africa Financial Action Task Force (the "**MENA-FATF**") which was created in 2004.

Money laundering is considered an offence under Shari'a law. Over the past 10 years, Saudi Arabia has put into place a relatively comprehensive legislative and regulatory framework that deals with money laundering and terrorist financing. Saudi Arabia implemented its first customer identification procedure in 1975.

Saudi Arabia has comprehensive rules covering KYC, AML and counter-terrorist financing ("**CTF**") requirements for the banking sector. In April 2003, SAMA issued updated Rules Governing the Opening of Bank Accounts and General Operational Guidelines (SAMA No. 3222/BCI/60: dated 8 April 2003) (the "**Account Opening Rules**"). These rules contain comprehensive requirements governing customer identification, the opening and maintenance of bank accounts, the transmission of funds and the deposit of cash and also contain detailed rules controlling the operation of bank accounts for charitable and welfare organisations. SAMA has revised the Account Opening Rules over the past years (with the most recent update from November 2024) amending, *inter alia*, guidelines on dealing with non-resident individuals, entities and multi-lateral organisations, submitting further specified legal entities to KYC requirements, increasing the required information for corporate clients to identify their beneficial owners, tightening account operating controls, regulating the procedures of opening accounts at commercial banks and specifying the supervisory rules related to operating bank accounts.

In October 2017, Saudi Arabia's existing Anti-Money Laundering Law and Implementing Rules were replaced by (i) the Anti- Money Laundering Law and Implementing Rules issued pursuant to Royal Decree No. M/20 dated 05/02/1439H (corresponding to 25/10/2017G) and (ii) and the Combating- Terrorism Crimes and its Financing Law and its implementing regulations issued pursuant to Royal Decree No. M/21 dated 12/02/1439H (corresponding to 1 November 2017) (together, the "**AML Law**") which provides an up-to-date legal framework for money laundering and terrorist financing offences.

In November 2019, SAMA issued the Anti-Money Laundering and Counter-Terrorism Financing Guide setting out the requirements of the updated AML Law for financial institutions and requiring all financial institutions

operating in Saudi Arabia and supervised by SAMA to strictly comply with such requirements as well as requesting financial institutions to put in place additional appropriate measures as required by the result of their internal risk assessment.

Similarly, the CMA required capital market institutions to comply with the AML Law under the Capital Market Institutions Regulations issued by the Board of the CMA pursuant to its resolution number 1- 83-2005, dated 21/5/1426H (corresponding to 28 June 2005), as last amended by the Board of the CMA pursuant to its resolution number 1-94-2022 dated 24/1/1444H (corresponding to 22 August 2022).

In August 2020, SAMA issued guidelines to combat financial fraud in banks operating in Saudi Arabia. The guidelines aim to institutionally tackle fraud, bribery and corruption by requiring all banks operating in Saudi Arabia to implement and comply with specified controls as minimum standards.

In April 2021, Saudi Arabia issued the Law on Combating Financial Fraud and Deceit, which set out certain penalties (including fines and imprisonment) for fraudulent and deceitful activities. Saudi Arabia's public prosecution body has authority to institute lawsuits in relation to acts that constitute a violation of this law.

In September 2018, the FATF and the MENA-FATF jointly conducted an assessment of Saudi Arabia's anti-money laundering and counter-terrorism financing system. The key findings, priority actions and recommendations for Saudi Arabia of this assessment were discussed in June 2018 in the joint plenary meeting of the MENA-FATF in Paris. The assessment report of Saudi Arabia can be found on the websites of MENA-FATF and FATF. In January 2020, a follow-on report was published analysing Saudi Arabia's progress in addressing the technical compliance deficiencies that were identified in the 2018 mutual evaluation report issued by the FATF and the MENA-FATF. The report found that Saudi Arabia has made some progress in addressing the technical compliance deficiencies previously identified but will remain in enhanced follow-up and continue to report back to the FATF on the progress made to strengthen its implementation of AML and CTF measures. Saudi Arabia is compliant with 17 of the 40 FATF recommendations, largely compliant with 21 and partially compliant on two, relating to statistics and international instruments, respectively.

## **Independent External Auditors**

As a measure of prudence, SAMA requires the financial statements of all banks in Saudi Arabia to be audited jointly by two independent external auditors.

## **Financial Requirements**

SAMA has introduced regulations to ensure that banks do not have disproportionate concentrations of risk in any one sector or client and that sufficient liquidity and capitalisation is maintained to support bank activities. The most significant regulations are summarised below.

### ***Doubtful and Past Due Loans/Loan Loss Reserves***

In 2004, SAMA issued regulations regarding the classification of assets, as well as provisioning norms. The following table shows the classifications and the reserves required for prudential regulation purposes:

<b>Classification</b>	<b>Defined as</b>	<b>Reserve requirement</b>
Current	No problems	1 per cent. of outstanding
IA (Special mention)	Potential weakness	1 per cent. of outstanding
II (Substandard)	Inadequate capacity to pay and/or profit or principal overdue by more than 90 days	25 per cent. of outstanding

Classification	Defined as	Reserve requirement
III (Doubtful)	Full collection questionable and/or overdue by more than 180 days	50 per cent. of outstanding
IV (Loss)	Uncollectible and/or overdue by more than 360 days	100 per cent. of outstanding

With effect from 1 January 2018, all Saudi banks have adopted IFRS 9 “*Financial Instruments*”. Among other things, IFRS 9 provides a new model for the calculation of impairment provisions based on a forward-looking “Expected Credit Loss” model. The impairment assessment is based on forward-looking elements, including an economic forecast covering key macro-economic factors such as unemployment, GDP growth, inflation, special commission rates and other market related variables, obtained through internal and external sources. This approach resulted in an increase in the total level of impairment allowances over the previously applicable International Account Standard 39 (Financial Instruments: Recognition and Measurement) determined levels, although SAMA has permitted the impact that this would have otherwise immediately on bank’s capital ratios to be recognised over a five-year period.

### ***Liquidity***

Saudi banks are required to maintain liquid assets of at least 15 per cent. of deposit liabilities. For the purposes of this calculation, cash, gold, treasury bills, government bonds, up to one month placements and any asset that can be liquidated within 30 days are included. The breakdown of call deposits, savings accounts and time deposits must also be shown on the balance sheet. The maturity of assets and liabilities has to be disclosed to determine the sensitivity to commission rate risk.

### ***Capital Adequacy***

The GCC has introduced a common standard for capital adequacy based on Bank for International Settlements capital adequacy standards. The GCC standard applicable in Saudi Arabia recommends a minimum 8 per cent. ratio of capital to risk weighted assets, including off-balance sheet risk. Assets are categorised into four risk groups carrying varying risk weights according to the risk assessment of the counterparty. There are also two levels of country risk, one for the GCC and member countries of the OECD and others that have special lending arrangements with the IMF under its general agreement to borrow, which is considered a preferred risk. All other countries are considered full risk. In contrast, BIS only counts Saudi risk and not all of the GCC at par with OECD. The other major difference is that the GCC standards account for mortgage loans as 100 per cent. risk, which differs from the BIS approach (which is applied by SAMA).

Deposit liabilities of banks are limited to 15 times capital and reserves. In cases where this ratio is exceeded, banks have to place interest-free deposits of half the excess amount with SAMA. Furthermore, 25 per cent. of net profits (after deduction of Zakat liabilities) have to be transferred to statutory reserves until the reserve balance equals paid-up capital.

### ***Basel III Framework***

In response to the global financial crisis which commenced in 2007, the Basel Committee on Banking Supervision (the “**Basel Committee**”) enhanced its capital measurement and capital standards by issuing a new capital framework (the “**Basel III Framework**”). The Basel III Framework focuses on strengthening the quality of regulatory capital, raising the minimum capital requirements, enhancing risk coverage and reducing cyclicity of regulatory capital. It introduces new leverage and liquidity ratio requirements and capital buffers (including in the form of a capital conservation buffer) to promote the build-up of capital. These enhancements were implemented by means of a staggered approach up to 2019.

SAMA has introduced the main elements of the Basel III Framework in accordance with the timelines agreed by the Basel Committee. This includes the introduction of the leverage ratio, the liquidity coverage ratio, the net stable funding ratio and the capital adequacy framework as well as the sound management and operational risk guidelines, the standardised approach for measuring counterparty credit-risk exposures and capital requirements for banks' exposures to central counterparties. The final pillar of the Basel III reforms changed the methodology for calculating risk-weighted assets for credit, operational and market risk. On 28 December 2022, SAMA issued its final guidelines on these changes, which became effective on 1 January 2023.

The Basel III Framework requires banks' exposures to be backed by a high-quality capital base. To this end, the predominant form of Tier 1 capital must be common shares and retained earnings. The Basel Committee principles adopted by SAMA ensure that banks hold high-quality Tier 1 capital that represents "Pure Capital" which is highly "Loss Absorbent" through the following measures:

- deductions from capital and prudential filters to be generally applied at the level of common equity or its equivalent;
- subordinated debt of high quality;
- fully discretionary non-cumulative dividends or coupons;
- neither a maturity date nor an incentive to redeem;
- innovative hybrid capital instruments with an incentive to redeem through features such as step-up clauses, currently limited to 15 per cent. of the Tier 1 capital base, are being phased out;
- Tier 3 capital instruments to cover market risks have been eliminated; and
- to improve market discipline, the transparency of the capital base has been improved, with all elements of capital required to be disclosed along with a detailed reconciliation to the reported accounts.

Following the implementation of Basel III standards related to capital, the minimum requirements for regulatory capital, excluding capital buffers, in Saudi Arabia are:

- common equity tier 1 must be at least 4.5 per cent. of risk-weighted assets at all times;
- Tier 1 capital must be at least 6.0 per cent. of risk-weighted assets at all times; and
- total capital (Tier 1 capital plus Tier 2 capital) must be at least 8.0 per cent. of risk-weighted assets at all times.

#### *Basel IV Regulation*

In response to the ongoing evolution of the banking sector following the 2007 financial crisis, the Basel Committee introduced further reforms known as the Basel IV framework (the "**Basel IV Regulation**"), building upon the Basel III Framework. The implementation of the Basel IV Regulation, initially proposed for 2022, was deferred to January 2023 due to the COVID-19 pandemic. These measures aim to increase the resilience of the banking system, ensuring higher capital adequacy, reducing variability in risk assessments, and enhancing transparency and comparability in banks' capital ratios.

SAMA has implemented the Basel IV Regulation, with full implementation taking effect from 1 January 2023. This includes an updated approach to calculating risk-weighted assets ("**RWA**") thresholds, emphasising an improved standardised approach and reducing reliance on an internal ratings-based approach. Additionally, such implementation incorporates a revised leverage framework and introduces minimum output floors for RWA calculations, which are key components in aligning with the Basel IV Regulation.



## The Law on Treatment of Systemically Important Financial Institutions

The Law of Systemically Important Financial Institutions issued pursuant to Royal Decree No. M/38 dated 25/04/1442H (corresponding to 10 December 2020) (the “**SIFI Law**”) relates to the treatment of systemically important financial institutions. As at the date of this Base Offering Circular, the implementing regulations to the SIFI Law which will contain more detailed provisions have not yet been issued. Therefore, there is a current uncertainty as to the exact scope and effect of the SIFI Law and whether and to what extent it will apply to the Bank in the future.

The SIFI Law gives the relevant regulator the authority to determine, from time to time, whether a financial institution should be deemed to be systematically important. As at the date of this Offering Circular, no financial institution in Saudi Arabia has been deemed to be a systematically important financial institution by SAMA under the SIFI Law.

In light of the uncertainty as to whether the Bank will be classified by SAMA as a systemically important financial institution (**SIFI**) and SAMA’s powers in relation to SIFIs, it cannot be discounted that, in the event that the Bank meets the requirements for a treatment plan to be applied as discussed below, any of the following actions could be imposed by SAMA on Certificateholders:

- conversion of the Certificates or other debt of the Bank into equity; or
- write-down or write-off of the value of the Certificates.

Among other things, the SIFI Law provides that:

- the management of the relevant financial institution shall be required to notify SAMA when the financial institution is distressed or likely to become distressed;
- within 180 days of being requested by SAMA, the relevant financial institution shall submit, for review by SAMA, a recovery plan detailing the steps and procedures to be taken for the restoration of the financial institution’s financial position;
- any application for bankruptcy procedures in respect of the relevant financial institution is subject to approval by SAMA, such that SAMA may instead commence a Treatment Plan (as defined below); and
- subject to the Treatment Conditions (as defined below) being met, SAMA may prepare a treatment plan (“**Treatment Plan**”) for the relevant financial institution group which, subject to review and input from the financial institution and approval by the Council of Economic and Development Affairs, may provide for:
  - the sale of all or part of the shares, stocks, assets and/or liabilities of the Financial Institution to a third party;
  - incorporation of a bridge institution, to which all or part of the shares, stocks, assets and/or liabilities of the financial institution or bridge institution are transferred;
  - establishment of an asset management institution to whom the assets or liabilities of the financial institution are transferred; and/or
  - an amendment of the rights of creditors and/or holders of capital instruments of the financial institution, including, without limitation, the reduction, cancellation or conversion thereof.

The SIFI Law also provides that in implementing the relevant Treatment Plan, shareholders and creditors shall not receive less, or shall not incur greater losses, than what is estimated would have been received or lost had the relevant financial institution been wound-up at the time of the Treatment Plan.

The “**Treatment Conditions**” are:

- the financial institution is in distress (as further explained below), or is likely to become distressed in a way that affects its continuity and ability to fulfil its obligations;
- the financial institution is unable to fulfil its obligations, affecting its ability to continue in due course, if a Treatment Plan is not undertaken;
- the Treatment Plan achieves any of the objectives of the SIFI Law; and
- implementing a Treatment Plan for the financial institution is better than it being wound-up.

Pursuant to the SIFI Law, in this context, “**distress**” includes:

- a lack of financial and administrative resources necessary to achieve the requirements of financial adequacy, liquidity, risk management or institution management in general, and to meet the continuing obligations of licensing which, if not met, justify licensing revocation;
- where the value of the financial institution’s assets fall below, or is expected to fall, below the value of its liabilities in near future;
- where the financial institution is unable, or is expected to become unable, to pay its debts when due; and
- a need for exceptional government support.

### **SAMA Support Programme and Initiatives**

As part of SAMA’s role in activating monetary policy tools and preserving financial stability, as well as in support of the Government’s efforts to mitigate the expected financial and economic effects on the private sector as a result of the COVID-19 pandemic, SAMA injected over SAR 50 billion into the banking sector to enhance banking liquidity and enable banks to continue providing credit facilities for the private sector. Through this support measure, SAMA intended to help banks revise or restructure their private sector loans with no additional charges, support plans to maintain employment levels in the private sector and provide certain e-banking services for free.

SAMA’s programme was aimed at supporting and enabling the private sector to promote economic growth through a package of measures, including depositing approximately SAR 50 billion for bank and financing companies to delay the payment of dues to the financial sector (banks and finance companies) from micro, small- and medium- sized enterprises (**MSMEs**) for defined periods. This programme was completed in March 2022. Other support included a guaranteed facility programme and a loan guarantee programme, both also aimed at supporting the MSME sector.

## 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 as set out under “General Information – Documents Available”. Words and expressions defined elsewhere in this Base Offering Circular shall have the same meanings in this section.*

### Master Trust Deed

The Master Trust Deed will be entered into on 16 April 2025 between the Bank, the Trustee and the Delegate and will be governed by English law. A Supplemental Trust Deed between the same parties shall be entered into on the Issue Date of each Tranche and shall also be governed by English law.

Upon issue of a Series of Certificates, the Master Trust Deed as supplemented by each 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 each 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:

- (a) the cash proceeds of the issue of such Series of Certificates, pending application thereof in accordance with the terms of the Transaction Documents;
- (b) any and all of the rights, title, interests, benefits and entitlements, present and future, of the Trustee in, to and under the assets from time to time constituting the Mudaraba Assets of that Series (as defined below);
- (c) any and all of the rights, title, interests, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (other than in relation to any representation given by the Bank (acting in any capacity) to the Trustee pursuant to any of the Transaction Documents and the covenants given to the Trustee by the Bank pursuant to clause 13.1 of the Master Trust Deed); and
- (d) any and all moneys standing to the credit of the Transaction Account of the relevant Series from time to time,

and all proceeds of the foregoing.

Pursuant to the 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 Certificateholders of such Series *pro rata* according to the face amount of Certificates 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 Trust Deed, the Trustee will, by way of security for the performance of all covenants, obligations and duties of the Trustee to the Certificateholders under the relevant Trust Deed, irrevocably and unconditionally appoint the Delegate to be its delegate and attorney and in its name, on its behalf and as its act and deed to:

- (a) execute, deliver and perfect all documents; and
- (b) 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 Transaction Documents and (ii) make such distributions from the relevant 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* (A) 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; (B) in no circumstances will such Delegation of the Relevant Powers result in the Delegate holding on trust or managing the relevant Trust Assets; and (C) 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 has undertaken in the 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, shall not affect the Trustee’s continuing role and obligations as trustee. Pursuant to the Trust Deed:

- (a) in relation to a Series, upon the occurrence of a Bank Event and the delivery of a Dissolution Notice by the Delegate to the Trustee, to the extent that the amounts payable in respect of the Certificates of such Series have not been paid in full pursuant to Condition 12.1, the Delegate may at its discretion or shall, if so directed by an Extraordinary Resolution of the Certificateholders or if so requested in writing by the Certificateholders holding at least one-fifth of the then aggregate face amount of the Certificates outstanding, and subject to its being indemnified and/or secured and/or prefunded to its satisfaction take one or more of the following steps: (i) institute any steps, actions or proceedings for the winding-up of the Bank and/or (ii) prove in the winding-up of the Bank and/or (iii) institute any steps, actions or proceedings for the bankruptcy of the Bank; and/or (iv) claim in the liquidation of the Bank and/or (v) take such other steps, actions or proceedings which, under the laws of the Kingdom, have an analogous effect to the actions referred to in paragraphs (i) to (iv) above, in each case for (subject to the provisos contained in Condition 12.3(a)) all amounts of Mudaraba Capital, Dissolution Mudaraba Capital, any Indemnity Payment, Rab-al-Maal Mudaraba Profit, Rab-al-Maal Final Mudaraba Profit and/or other amounts due in each case in respect of such Series to the Trustee on termination of the Master Mudaraba Agreement (with respect to such Series) in accordance with its terms and the terms of the other Transaction Documents); and
- (b) without prejudice to Conditions 12.1 and 12.3, the Trustee (or the Delegate) may at its discretion and the Delegate shall, if so directed by an Extraordinary Resolution of the Certificateholders or if so requested in writing by Certificateholders holding at least one-fifth of the then aggregate face amount of the Certificates then outstanding of the relevant Series and without further notice (subject in each case to Condition 12.3(e)(i)) institute such steps, actions or proceedings against the Bank and/or the Trustee, as it may think fit to enforce any term or condition binding on the Bank or the Trustee (as the case may be) under the Certificates and the Transaction Documents (other than any payment obligation of the Bank under or arising from the Transaction Documents, including, without limitation, payment of any principal or premium or satisfaction of any payments in respect of the Transaction Documents, including any damages awarded for breach of any obligations) including, without limitation, any failure by the Bank to procure the substitution of the Trustee in the circumstances described in Condition 12.2. However, in no event shall the Bank, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it in accordance with the Transaction Documents.

In relation to each Series and prior to the relevant Issue Date, a Transaction Account will be established in the name of the Trustee. Monies received in the Transaction Account will, *inter alia*, comprise payments of amounts payable under the Master Mudaraba Agreement immediately prior to each Periodic Distribution Date (see “ – *Master Mudaraba Agreement*” below). The Trust Deed shall provide that all monies credited to the relevant Transaction Account from time to time will be applied in the order of priority set out in Condition 5(b).

### **Agency Agreement**

The Agency Agreement will be entered into on 16 April 2025 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.

Pursuant to the Agency Agreement, the Registrar has agreed to be appointed as agent of the Trustee and has agreed, amongst other things, to authenticate (or procure the authentication of) and deliver the Global Certificate and, if any, each Definitive Certificate; the Principal Paying Agent has agreed to be appointed as agent of the Trustee and has agreed, amongst other things, to pay amounts due in respect of the Certificates on behalf of the Trustee; and the Transfer Agent has agreed to be appointed as agent of the Trustee and has agreed, amongst other things, to effect requests to transfer and issue Definitive Certificates.

On the Issue Date, the Registrar will (i) authenticate (or procure the authentication of) the Global Certificate in accordance with the terms of the Trust Deed; and (ii) deliver the Global Certificate to the Common Depository.

The Trustee shall cause to be deposited into the relevant Transaction Account opened by the Trustee with the Principal Paying Agent, in same day freely transferable and immediately available, cleared funds, any payment which may be due under the Certificates in accordance with the Transaction Documents.

The Principal Paying Agent agrees that it shall, on each Periodic Distribution Date and on the date fixed for payment of the Dissolution Distribution Amount, or any earlier date specified for the liquidation of the Mudaraba of a Series, apply the monies standing to the credit of the relevant Transaction Account in accordance with the order of priority set out in Condition 5(b).

### **Master Mudaraba Agreement**

The Master Mudaraba Agreement will be entered into on 16 April 2025 between the Bank (as the Mudareb) and SAB AT1 Limited (as Trustee and Rab-al-Maal) and will be governed by English law. A Supplemental Mudaraba Agreement between the same parties shall be entered into on the Issue Date of each Tranche and shall also be governed by English law.

In respect of each Series, the Mudaraba (as defined in the Master Mudaraba Agreement) will commence on the date of the payment of the Initial Mudaraba Capital (which means, in relation to the first Tranche of each Series, the amount specified as such in each relevant Supplemental Mudaraba Agreement) to the Mudareb and will end (i) on the date (being, in respect of each Mudaraba, the “**Mudaraba End Date**”) on which the relevant Series of Certificates are redeemed in whole but not in part in accordance with the Conditions following the actual liquidation of the relevant Mudaraba in accordance with the terms of the Master Mudaraba Agreement or (ii) (if earlier), and in the case of a Write-down with respect to such Series resulting in the reduction of the face amount of the Certificates of that Series then outstanding to zero, on the relevant Non-Viability Event Write-down Date.

Pursuant to the Mudaraba Agreement, the proceeds of the issue of each Tranche will be contributed by the Rab-al-Maal to the Mudareb and such amount (together with the Mudaraba Capital of any other Tranche of the relevant Series) shall constitute the Mudaraba Capital of the relevant Mudaraba. The Mudaraba Capital of the relevant Mudaraba shall be invested by the Bank (as Mudareb), on an unrestricted co-mingling basis, in the Business Portfolio carried out through the General Mudaraba Pool in accordance with the investment plan prepared by the Mudareb and scheduled to the Master Mudaraba Agreement (the “**Investment Plan**”). The Mudareb will acknowledge and agree in the Master Mudaraba Agreement that the Investment Plan was prepared by it with due skill, care and attention, and acknowledge that the Trustee has entered into the Mudaraba in reliance on the Investment Plan and that the terms of the Investment Plan shall apply to each Mudaraba. The General Mudaraba Pool does not include any other investment pool maintained by the Bank.

The Mudareb is authorised to co-mingle any of its own *Shari’a*-compliant assets from time to time with the Mudaraba Assets of any Mudaraba during any Mudaraba Term (as defined in the Master Mudaraba Agreement), provided that prior to the calculation of any Mudaraba Profit or Final Mudaraba Profit for each relevant Mudaraba the Mudareb shall deduct a proportion of any profit earned for its own account.

The Master Mudaraba Agreement provides that the profit (if any) generated by the Mudaraba will be distributed by the Mudareb on each Mudaraba Profit Distribution Date relating to a Mudaraba, on the basis of a constructive (and, in the case of the final Mudaraba Profit Distribution Date, an actual) liquidation of such Mudaraba by the Mudareb in accordance with the following profit sharing ratio:

- (a) the Trustee, 99 per cent.; and
- (b) the Mudareb, 1 per cent.

If, in respect of a Mudaraba, the Mudareb elects to make a payment of Mudaraba Profit, or the Final Mudaraba Profit of that Mudaraba is otherwise payable pursuant to the Master Mudaraba Agreement, and if the Trustee’s share of the Mudaraba Profit (the “**Rab-al-Maal Mudaraba Profit**”) or the Trustee’s share of the Final Mudaraba Profit (the “**Rab-al-Maal Final Mudaraba Profit**”) (as applicable) payable to the Trustee is (i) greater than the then applicable Periodic Distribution Amount, the amount of any excess shall be credited to a reserve account (in respect of each Mudaraba, the “**Mudaraba Reserve**”) for and on behalf of the Rab-al-Maal and the Rab-al-Maal Mudaraba Profit or the Rab-al-Maal Final Mudaraba Profit (as applicable) payable to the Trustee will be reduced accordingly; or (ii) is less than the then applicable Periodic Distribution Amount, the Mudareb shall first utilise any amount available in the relevant Mudaraba Reserve to make payments to the Rab-al-Maal in order to cover such shortfall and second, may (at its sole discretion) elect (but shall not be obliged) to make one or more payments from its own cash resources in order to cover such shortfall.

During each Mudaraba Term, the Mudareb shall invest amounts standing to the credit of the relevant Mudaraba Reserve (after deducting any amounts to be applied in accordance with clause 5.4(b), clause 5.4(c) or clause 5.11 of the Master Mudaraba Agreement) in the same manner as it invested the relevant Mudaraba Capital for and on behalf of the Rab-al-Maal in accordance with the Investment Plan.

In respect of each Series, if the Mudareb makes a Non-Payment Election or a Non-Payment Event occurs, then the Mudareb shall give notice to the Trustee, the Principal Paying Agent, the Delegate and the Certificateholders, in each case providing details of such Non-Payment Election or Non-Payment Event in accordance with the notice periods set out in the Master Mudaraba Agreement. In respect of each Series, the Trustee shall have no claim in respect of any Rab-al-Maal Mudaraba Profit or Rab-al-Maal Final Mudaraba Profit not paid as a result of either a Non-Payment Event or (in the case of any Rab-al-Maal Mudaraba Profit only) a Non-Payment Election and such non-payment in whole or in part, as applicable, in such circumstance will not constitute a Dissolution Event with respect to such Series.

In respect of each Series, if the Mudareb makes a Non-Payment Election or a Non-Payment Event occurs, then from the date of such Non-Payment Election or Non-Payment Event (the “**Dividend Stopper Date**”), the Mudareb shall be prohibited, during the relevant Mudaraba Term, from declaring or paying certain distributions or dividends, declaring or paying profit for other distributions on certain of its securities, or redeeming, purchasing, cancelling, reducing or otherwise acquiring certain of its share capital and securities, in each case unless or until (i) the next following payment of Rab-al-Maal Mudaraba Profit or, (ii) as the case may be, Rab-al-Maal Final Mudaraba Profit, in each case following the Dividend Stopper Date, has been made in full to the Trustee following such Non-Payment Election or Non-Payment Event (or an amount equal to that amount has been duly set aside or provided for in full for the benefit of the Trustee).

Subject to certain conditions as set out in the Master Mudaraba Agreement, the Bank (as Mudareb) may (in its sole discretion) liquidate the Mudaraba in whole, but not in part, on the basis of a final actual liquidation of such Mudaraba in accordance with the Master Mudaraba Agreement in the following circumstances:

- (a) on the relevant Call Date, by giving not less than 20 nor more than 35 days’ prior notice to the Trustee; or
- (b) on any date, on or after the relevant Issue Date (whether or not a Periodic Distribution Date), by giving not less than 20 nor more than 35 days’ prior notice to the Trustee:
  - (i) upon the occurrence of a Tax Event; or
  - (ii) upon the occurrence of a Capital Event.

If the Mudareb were to exercise its option to liquidate the Mudaraba of a Series in accordance with paragraph (a) or (b) above and, based on the constructive liquidation of the relevant Mudaraba Assets, the proceeds which would be generated upon such liquidation are less than the Required Liquidation Amount with respect to such Series (such difference being, the “**Shortfall**”), the Mudareb shall either (i) continue investing the Mudaraba Capital of the relevant Series in the Mudaraba of that Series, and accordingly the Mudareb shall not proceed with the final actual liquidation of the Mudaraba and no distribution of the liquidation proceeds shall occur, or (ii) proceed with such final actual liquidation and indemnify the Trustee in respect of such Shortfall and transfer the Rab-al-Maal Liquidation Proceeds (as defined in the Master Mudaraba Agreement) and the Shortfall into the Transaction Account of the relevant Series, subject to certain conditions not being breached. The “**Required Liquidation Amount**” means, in respect of each Mudaraba: (a) the Mudaraba Capital of such Mudaraba; (b) subject to a Non-Payment Event not having occurred, the Final Mudaraba Profit for such Mudaraba; and (c) any amount that remains outstanding for recovery pursuant to Clause 5.4(c) of the Master Mudaraba Agreement.

Under the terms of the Master Mudaraba Agreement, the Mudaraba of a Series will mandatorily be liquidated in whole but not in part if a Bank Event occurs and a Dissolution Notice is delivered pursuant to Condition 12.1. The Mudareb acknowledges under the Master Mudaraba Agreement that the Trustee shall in each such case be entitled to claim for all amounts due in accordance with the terms of the Master Mudaraba Agreement, subject to certain conditions being satisfied.

The Master Mudaraba Agreement also provides that if a Non-Viability Event occurs at any time on or after the Issue Date of the first Tranche of a Series and prior to the Effective Date, a Write-down (in whole or in part, as applicable) will take place. In such circumstances in relation to any Series, in the case of a Write-down in whole only, the Master Mudaraba Agreement (with respect to such Series only) will be automatically terminated (and none of the Trustee, the Certificateholders nor the Delegate shall be entitled to any claim for any amounts in connection with the Mudaraba Assets of that Series) and in the case of a Write-down in part only, the Mudaraba Capital of that Series shall be reduced in proportion to the face amount of the Certificates of that Series that are to be Written-down and none of the Trustee, the Certificateholders nor the Delegate shall be entitled to any

claim for any amounts in connection with the Mudaraba Assets of that Series that relate to the proportion of the Mudaraba Capital of that Series that has been reduced.

The Mudareb shall not be responsible for any losses to the Mudaraba Capital of any Series suffered by the Trustee unless such losses are caused by the Mudareb's (i) breach of the Master Mudaraba Agreement or (ii) gross negligence, wilful misconduct or fraud.

The Mudareb shall exercise its rights, powers and discretions under the Master Mudaraba Agreement and shall take such action as it deems appropriate, in each case, in accordance with material applicable laws, 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 *Shari'a*.

The Master Mudaraba Agreement also provides that, following the investment of the Mudaraba Capital of each Series, the Mudareb shall ensure, in conjunction with Saudi Awwal Bank's Shariah Committee that the Mudaraba Capital of such Series remains, at all times, compliant with the principles of *Shari'a*. The Master Mudaraba Agreement also provides that the Mudareb shall ensure that in respect of each Mudaraba, at all times during the relevant Mudaraba Term, the value of the Business Portfolio is equal to or greater than the Mudaraba Capital of the relevant Mudaraba.

Other than its share of profit from the Mudaraba and any incentive payable in accordance with the Master Mudaraba Agreement, the Mudareb shall not be entitled to receive any remuneration from any Mudaraba.

The Mudareb will agree in the Master Mudaraba Agreement that all payments thereunder by the Mudareb to the Trustee shall be made free and clear of, and without withholding, retention or deduction for, or on account of, any present or future Taxes, unless such withholding, retention or deduction is required by law. In such event, and/or if Additional Amounts are payable by the Trustee in respect of the Certificates of any Series in accordance with Condition 13, the Master Mudaraba Agreement provides for the payment by the Mudareb of such Taxes and/or Additional Amounts by payment to the Transaction Account of the relevant Series in the Specified Currency by wire transfer for same day value so that the net amounts received by the Certificateholders shall equal the respective amounts that would have been received in the absence of such withholding, retention or deduction and in the absence of the withholding, retention or deduction to which Condition 13 applies. The Master Mudaraba Agreement provides that to the extent any such additional amounts are paid by the Mudareb, the Mudareb shall immediately recover such additional amounts from the amounts (if any) standing to the credit of the Mudaraba Reserve and if, following such recovery, a shortfall remains between the amounts standing to the credit of the relevant Mudaraba Reserve and such additional amounts paid by the Mudareb, the Mudareb shall be entitled to recover amounts equal to such shortfall amounts from any excess liquidation proceeds of that Mudaraba.

### ***Shari'a* Compliance**

Each Transaction Document provides that each of SAB AT1 Limited and Saudi Awwal Bank agrees that it has accepted the *Shari'a*-compliant nature of the Transaction Documents and, to the extent permitted by law, further agrees that:

- (a) it shall not claim that any of its obligations under the Transaction Documents (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; and
- (c) none of its obligations under the Transaction Documents 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 are not compliant with the principles of *Shari'a*.

## TAXATION

*The following is a general description of certain tax considerations relating to the Certificates. It does not purport to be a complete analysis of all tax considerations relating to the Certificates, whether in those jurisdictions or elsewhere, nor does it address the considerations that are dependent on individual circumstances. Prospective purchasers of Certificates should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Certificates and receiving payments under the Certificates and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Offering Circular and is subject to any change in law that may take effect after such date.*

### **Cayman Islands**

*The following is a discussion on certain Cayman Islands tax consequences of an investment in the Certificates. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances and does not consider tax consequences other than those arising under Cayman Islands law.*

Under existing Cayman Islands laws, payments on Certificates to be issued will not be subject to taxation in the Cayman Islands and no withholding will be required on the payments to any holder of the Certificates, nor will gains derived from the disposal of the Certificates be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance or gift tax. On 10 February 2025, the Trustee received an undertaking from the Governor in Cabinet of the Cayman Islands, pursuant to the Tax Concessions Act (As Revised) of the Cayman Islands, that for a period of 30 years from the date of grant of that undertaking no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Trustee or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable on or in respect of the shares, debentures or other obligations (which includes the Certificates) of the Trustee or by way of the withholding in whole or part of any relevant payment as defined in the Tax Concessions Act (as amended). No capital or stamp duties are levied in the Cayman Islands on the issue or redemption of Certificates. However, an instrument transferring title to any Certificates, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty. An annual registration fee is payable by the Trustee to the Cayman Islands Registrar of Companies which is calculated by reference to the nominal amount of its authorised capital. At current rates, this annual registration fee is U.S.\$1,128. The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

### **Saudi Arabia**

Unless otherwise stated, capitalised terms in this section shall have the meanings given to them in “*Definitions*” below.

The statements herein regarding taxation/Zakat are based on the Saudi Arabia's laws in effect as of the date of this Base Offering Circular and are subject to any changes occurring after such date, which changes could have retroactive effect. These include the Income Tax Law promulgated under Royal Decree No. M/1 dated 15/1/1425H (corresponding to 6 March 2004) and its By-Laws issued under Ministerial Resolution (“**MR**”) No. 1535 dated 11/6/1425H (corresponding to 29 July 2004), as amended from time to time (collectively the “**Income Tax Law**”), and the Zakat Collection Regulations issued pursuant to Royal Decree No. 17/2/28/8634 dated 29/06/1370H (corresponding to 7 April 1951), as amended under MR No. 1007 dated 19/08/1445 (corresponding to 29 February 2024 ) (the “**New Zakat Regulations**”), and the Value Added Tax Law promulgated under Royal Decree No. M113 dated 2/11/1438H (Corresponding to 25 July 2017) and its implementing regulations notified under the ZATCA Board of Directors Resolution No. 3839 dated

14/12/1438H (corresponding to 5 September 2017), as amended from time to time, with the most recent being a Royal Order (A/638) issued on 15/10/1441H (corresponding to 7 June 2020) ratifying the amendment, with effect from 1 July 2020, of Article 2 of the Value Added Tax (“VAT”) Law, increasing the VAT rate from 5 per cent. to 15 per cent. (the “**KSA VAT Law**”).

The following summary is a general description of certain Saudi Arabian tax and Zakat considerations relating to the Certificates. It does not purport to be a comprehensive description of all the tax and Zakat considerations which may be relevant for a decision to subscribe for, purchase, own or dispose of the Certificates and does not purport to deal with the tax and Zakat consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules.

Prospective purchasers of the Certificates are advised to consult their own Saudi Arabian tax and Zakat advisers concerning the overall tax and Zakat consequences of their ownership of the Certificates.

## ***Overview of Saudi Tax and Zakat***

### *Corporate Income Tax*

Persons Subject to Taxation (as defined below) include a Resident capital company owned by non-GCC persons and a non-Resident who carries out business in Saudi Arabia through a Permanent Establishment are subject to corporate income tax in Saudi Arabia.

As per the Income Tax Law, Persons Subject to Taxation are subject to 20 per cent. corporate income tax (other than legal entities Resident in Saudi Arabia which are engaged in oil and hydrocarbon) in Saudi Arabia on their gross income, less deduction of allowable costs and certain other tax adjustments.

However, legal entities Resident in Saudi Arabia (other than legal entities Resident in Saudi Arabia which are engaged in oil and hydrocarbon and natural gas production), which are owned jointly by GCC persons and non-GCC persons are subject to corporate income tax in respect of the share of their profit attributable to the ownership percentage held by non-GCC persons and Zakat on the ownership percentage held by GCC persons.

Non-GCC natural persons Resident in Saudi Arabia who are not performing commercial activities in Saudi Arabia (as defined in Article 1 of the Income Tax Law and Article 2 of the By-laws to the Income Tax Law) are not currently subject to corporate income tax in Saudi Arabia. However, non-GCC natural persons Resident in Saudi Arabia who conduct business in Saudi Arabia, are subject to corporate income tax on the profits deriving from their business activity.

In determining the tax or Zakat profile of a legal entity Resident in Saudi Arabia, the ZATCA applies a “look-through” approach to determine whether the up-stream shareholding structure at any point exists outside of the GCC. However, the “look-through” approach only applies to shareholders that are GCC Resident persons. Therefore, the percentage of the share capital of a legal entity Resident in Saudi Arabia that is owned by a shareholder entity incorporated outside the GCC is subject to corporate income tax regardless of the nationalities of the ultimate shareholder in such non-GCC incorporated entity.

Finally, as per the Income Tax Law, legal entities Resident in Saudi Arabia which are engaged in oil and hydrocarbon and natural gas production are subject to corporate income tax in Saudi Arabia at levels either between 50 per cent. and 85 per cent. (in the case of oil and hydrocarbon production) depending on the level of total capital investment of such entity or 20 per cent. (in the case of natural gas production) on their gross income, less deduction of allowable costs and certain other tax adjustments, regardless of their shareholders being GCC and/or non-GCC persons.

Resident companies engaged in oil and hydrocarbons production activities as well as engaged in related downstream activities are subject to a 20 per cent. corporate income tax on their profits attributable to

downstream activities for the first five years starting from 1 January 2020 if certain conditions are fulfilled. An extension of the due date to 31 December 2030 is in progress.

### *Zakat*

Zakat is a religious levy computed based on the zakat regulations and subject to varying interpretations and complex computation rules. Separate computation rules are applicable for Zakat by Zakatpayers who are carrying out financing activities licensed by SAMA in Saudi Arabia and Zakatpayers who are engaged in Saudi Arabia in non-financing activities. Persons Subject to Zakat (as defined below) include Saudi/GCC persons (natural or corporate) licensed to perform an activity in Saudi Arabia, sole proprietorship of a Saudi/GCC person established in Saudi Arabia, Resident companies which are owned by Saudi/GCC persons (whether fully or partially) on the Saudi/GCC share, financing funds licensed by the CMA, non-Saudi/GCC persons (other than founding shareholders) who own shares in companies which are listed on a Saudi financial market and Resident in Saudi Arabia.

This section broadly covers the Zakat consequences of investment in Certificates by investors who are engaged in non-financing activities in Saudi Arabia. Zakat base, in general, comprises equity, provisions, loans and credit balances (subject to certain conditions) reduced by certain deductible long-term investments, fixed assets etc. plus/minus the difference between the adjusted net profit/(loss) and the book net profit/(loss).

There are certain rules that apply to the method of calculating the Zakat liability. The Zakat base for persons engaged in non-financing activities is generally computed by adding the ending balances of equity, loans and credit balances (subject to certain conditions), provisions and the difference between the adjusted net profit or loss for Zakat purposes and the book net profit/(loss), reduced by, among other items, certain deductible long-term investments and fixed assets among other deduction items. The Zakat base is currently levied on the higher of the minimum or actual Zakat base, not exceeding the maximum Zakat base.

Under the New Zakat Regulations, the minimum Zakat base for Zakat payers which are engaged in non-financing activities is the lower of (i) total non-deductible assets plus the difference between net adjusted profit/(loss) and net accounting profit/(loss) or (ii) net adjusted profit. The maximum Zakat base is the total of equity components and their equivalents (such as profits under distribution classified as a liability, shareholder loans and certain other amounts classified as equity for Zakat purposes) plus the difference between the adjusted net profit/(loss) and the book net profit/(loss).

The Zakat rate under the New Zakat Regulations is 2.5 per cent. based on the Hijri year. If a Zakat payer is following the Gregorian financial year (of 365 days), the zakat rate would be approximately 2.578 per cent.

Under the New Zakat Regulations, Zakat payers may treat Certificates and bonds they issue as equity for zakat purposes, regardless of their classification in the issuer's financial statements. In this case, these Certificates and bonds are deducted from the zakat base for investors if these are not for trading, and the issuer has declared through any document acceptable to ZATCA to treat them as equity in the zakat return. The issuer may not deviate from this treatment during the period of maturity of the Certificates and bonds.

### *Zakat Rules for Financing Activities*

Under the New Zakat Regulations, resident Zakat payers engaged in financing activities pertain to banking and finance lease activities which are licenced by SAMA and financing funds licensed by the CMA. These Zakat rules are based on the attributable method in computing Zakat, by calculating the Zakatable assets and sources of funds subject to Zakat which depend on the residual maturity profile of all assets and liabilities.

The rules provide for minimum and maximum cap amounts for the Zakat base depending on the net profit or net loss of the Zakatpayer as per their financial statements:

	If the Zakatpayer has reported net profit <sup>(1)</sup>	If the Zakatpayer has not reported net profit <sup>(2)</sup>
Minimum cap .....	4 times net profit	4 times of 10 per cent. of gross profit
Maximum cap .....	8 times net profit	8 times of 10 per cent. of gross profit

Notes:

- (1) Net profit means profit before provision for Zakat.
- (2) If there is no gross profit, the minimum and maximum caps shall not apply.

### *Zakat Rules for Investment Funds*

Under the New Zakat Regulations, investment funds are not subject to Zakat but are required to register and submit Zakat base calculation (information declaration to ZATCA);

Unitholders in such funds are subject to Zakat, except in the case of:

- a unitholder in a finance fund; and
- a unitholder which (i) is a 100 per cent. direct or indirect owner of the fund and (ii) has submitted a consolidated declaration with such fund.

### ***Withholding Tax (“WHT”)***

Residents of the Kingdom and the Permanent Establishment of a non-Resident are required to withhold taxes on certain payments to non-Residents of the Kingdom, including to residents of the other GCC countries if such payment is from a source in the Kingdom. The WHT rate varies from 5 per cent. to 20 per cent. depending on the nature of the underlying payment. Income earned by Certificateholders from their investments in the Certificates in the nature of profit is, in substance, more of a financing activity and as such it should be considered akin to a Loan Charge (akin in interest) as per Article 5(1) of the By-laws to Income Tax Law.

WHT is imposed on payments against services and not on goods. Services are defined to mean any work performed for compensation except for the purchase and sale of goods or any other properties. A Loan Charge paid to non-Residents attracts 5 per cent. WHT unless such WHT is reduced or eliminated pursuant to the terms of an applicable double tax treaty between Saudi Arabia and the country of such non-Resident beneficiary. As at the date of this Base Offering Circular, no effective tax treaty between Saudi Arabia and the Cayman Islands is in place. Moreover, as of the date of this Base Offering Circular, the Kingdom had double tax treaties that are currently or about to be effective with 58 countries.

In view of the above, payment of periodic distributions by the Bank to the Trustee (being a non-resident) will be subject to a 5 per cent. WHT as a Loan Charge.

The Transaction Documents provide that payments by the Bank (in its relevant capacity) shall be made without withholding, retention or deduction for, or on account of, any present or future Taxes (as defined in the Conditions), unless the withholding, retention or deduction of the Taxes is required by law and, in such case, provide for the payment by the Bank of additional amounts so that the full amount which would otherwise have been due and payable is received by the Trustee. In addition, Condition 13 (*Taxation*) provides that all payments by the Trustee in respect of the Certificates shall be made without withholding, retention or deduction for, or on account of, any present or future Taxes, unless the withholding, retention or deduction of the Taxes is required by law. In such event, the Trustee shall pay Additional Amounts so that the full amount which otherwise would have been due and payable under the Certificates is received by the parties entitled thereto,

subject to certain exceptions described in Condition 13 (*Taxation*). The Trust Deed provides that, in the event that the Trustee fails to comply with any obligation to pay Additional Amounts pursuant to Condition 13 (*Taxation*), the Bank will pay to the Delegate (for the benefit of the Certificateholders) an amount equal to the liability of the Trustee in respect of any and all Additional Amounts required to be paid by it in respect of the Certificates pursuant to those provisions.

### ***Capital gains tax (“CGT”)***

According to Article 2 of the Income Tax law, Person Subject to Taxation (as defined below) include non-Residents in Saudi Arabia with taxable income generated from sources in Saudi Arabia and without having a Permanent Establishment for tax purposes in Saudi Arabia.

Further, Article 1(2) of the By-Laws to the Income Tax Law defined the applicable tax on such a Person as to being subject to the following:

- (a) WHT, if the income generated is stipulated under Article 68 of the Income Tax Law (as discussed in “—*Withholding Tax (“WHT”)*” and “—*Certain tax and Zakat implications for Certificateholders—Certificateholders who are not Resident in Saudi Arabia*”); and
- (b) capital gains tax, if the income is derived from disposal of fixed and traded assets, or from disposal of shares in a resident company under general provisions of the Income Tax Law.

Based on the above, if the sale of Certificates by the Certificateholders is considered a source of income in Saudi Arabia, then the related income (or capital gain) will be subject to 20 per cent. tax according to the rules for computation of capital gain tax provided in the Income Tax Law for non-Residents in Saudi Arabia.

Capital gains realised from disposal of securities (such as the Certificates) traded inside or outside Saudi Arabia are exempt from tax in Saudi Arabia if the following conditions are met:

- The disposal is carried out in accordance with the regulations of Tadawul or the disposal is carried out outside of Saudi Arabia, but such securities are also traded on Tadawul; and
- The investor did not hold the securities before the effective date of the Income Tax Law (i.e., 30 July 2004).

The above exemption provided in the Income Tax Law is not applicable to the Certificates, as the Certificates will not be listed on a stock exchange in Saudi Arabia and, therefore, the exemption is not considered in the below taxation summary.

Capital gains realised from disposal of the Certificates by a Resident Certificateholders will not be subject to capital gains tax. However, such gains will be included in the total income of such Certificateholders and subject to corporate income tax or Zakat in Saudi Arabia. Certain Tax and Zakat implications for Certificateholders

#### **(a) Certificateholders who are GCC persons and Resident in Saudi Arabia**

##### *Legal Entities Resident in Saudi Arabia and Wholly Owned by GCC persons*

All income in the nature of profit, Loan Charge or capital gains realised in respect of the Certificates will be part of such Certificateholders’s Saudi Arabian reportable gross income subject to Zakat. This summary does not consider the extent to which such Certificateholders would be liable to Zakat as a consequence of acquiring, holding or disposing of its Certificates.

##### *Legal entities Resident in Saudi Arabia but not wholly owned by GCC persons*

Certificateholders who are legal entities Resident in Saudi Arabia and owned jointly by GCC persons and non-GCC persons are subject to Zakat and corporate income tax in Saudi Arabia, based on the

percentage of shares held by GCC and non-GCC shareholders, respectively in respect of any income received in the nature of profit, Loan Charge or capital gains realised in respect of the Certificates.

*Certificateholders that are GCC Natural Persons and Resident in Saudi Arabia*

Certificateholders that are GCC natural persons and Resident in Saudi Arabia are not subject to Zakat in Saudi Arabia in respect of any income received in the nature of profit, Loan Charge or capital gains realised in respect of the Certificates, unless such Certificateholders's investment in the Certificates is connected to such Certificateholders's business activity in Saudi Arabia. If such payment is connected to such Certificateholders's business activity in Saudi Arabia, such amounts generally will be subject to Zakat in Saudi Arabia. WHT is not applicable on payments to persons who are Resident in Saudi Arabia.

**(b) Certificateholders who are Non-GCC persons and Resident in Saudi Arabia**

Certificateholders that are non-GCC persons and Resident in Saudi Arabia will be subject to corporate income tax in Saudi Arabia.

Income in the nature of a profit, Loan Charge or capital gains realised in respect of the Certificates will be part of such Certificateholders's Saudi Arabian reportable gross income. Such gross income, less deduction of allowable costs and certain other tax adjustments, will be subject to 20 per cent. corporate income tax (other than in respect of persons engaged in oil and hydrocarbon and natural gas production).

Certificateholders that are Resident in Saudi Arabia and engaged in oil and hydrocarbon and natural gas production in Saudi Arabia are subject to corporate income tax in Saudi Arabia. Any income received in the nature of a profit, Loan Charge or capital gains realised in respect of the Certificates is subject to corporate income tax on the gross income, less deduction of allowable costs and certain other tax adjustments between 50 to 85 per cent. (in the case of oil and hydrocarbon production depending on the level of total capital investment of such entity) or 20 per cent. (in the case of natural gas production).

Certificateholders that are non-GCC natural persons and Resident in Saudi Arabia are not subject to income tax, be it by way of withholding or by way of direct corporate income tax, in respect of any income received in the nature of a profit, Loan Charge or capital gains realised in respect of the Certificates unless such Certificateholders's investment in the Certificates is connected to such Certificateholders's business activity in Saudi Arabia. If such payment is connected to such Certificateholders's business activity in Saudi Arabia (including on capital gains realised from disposal of Certificates), such amounts generally will be subject to 20 per cent. corporate income tax in Saudi Arabia.

**(c) Certificateholders who are not Resident in Saudi Arabia**

Certificateholders, either natural persons or legal entities, that are not Resident and do not have a Permanent Establishment in Saudi Arabia, whether such Certificateholders are GCC persons (other than Saudi Arabia) or non-GCC persons, prima facie, should not be subject to Saudi Arabian corporate income tax or Zakat.

However, direct payments by the Bank (if any) that are in the nature of a Loan Charge (other than capital gain realised from disposal of Certificates) in respect of the Certificates (as provided by the Terms and Conditions of the Certificates) to Certificateholders that are resident outside Saudi Arabia are subject to WHT at a rate of five per cent. as per Saudi Arabian domestic tax law. In a few limited instances, Certificateholders may claim a refund of the WHT where a double tax treaty is in place between Saudi Arabia and the country in which the Certificateholders is resident for tax purposes and where such treaty provides for an exemption, lower tax rate or refund, subject to meeting certain conditions and submission of prescribed documents.

Certain Transaction Documents require the Bank to pay additional amounts in the event that any withholding, retention or deduction is required by applicable law to be made in respect of payments made by it to the Trustee, or by the Trustee to Certificateholders, which are intended to fund Periodic Distribution Amounts and Dissolution Distribution Amounts.

Generally, the capital gains arising from the disposal of Certificates will be subject to 20 per cent. capital gains tax provided that the resulting capital gain is considered to be a source of income in Saudi Arabia.

Certificateholders, either natural persons or legal entities, that are not Resident in Saudi Arabia with a Permanent Establishment in Saudi Arabia for tax purposes will be subject to corporate income tax on the income earned by the Permanent Establishment in the nature of profit, Loan Charge or capital gains realised from the disposal of Certificates if such profit is attributable to the Permanent Establishment's activities in Saudi Arabia.

The income earned by the Permanent Establishment in the nature of profit, Loan Charge or capital gains realised from the Certificates is subject to 20 per cent. corporate income tax (provided that such income from the Certificates is attributable to the Permanent Establishment). Furthermore, any transfer of the profit by the Permanent Establishment (whose profit was subjected to corporate income tax or Zakat) to its head office outside Saudi Arabia will be considered to be a distribution of profit and will be subject to a five per cent. WHT.

#### *Indirect and Transfer Taxes*

There are no transfer taxes currently applicable in Saudi Arabia (other than the applicable rules for real estate transaction / transfer taxes).

#### ***Value Added Tax ("VAT")***

Saudi Arabia introduced VAT with effect from 1 January 2018 pursuant to ratifying the GCC Framework Agreement with the remaining GCC member states. The VAT legislation was implemented in Saudi Arabia in line with the GCC Framework Agreement.

All goods and services supplied within or imported into Saudi Arabia are subject to VAT, unless they are classified as exempt or outside the scope for VAT purposes. Certain supplies are prescribed to be subject to VAT at a rate of zero (including qualifying medicines and medical goods, exports and international transportation). From 1 July 2020, the standard rate of VAT was increased from five per cent to fifteen per cent and is applicable on all the standard-rated taxable supplies made in Saudi Arabia.

Certain financial services, including those where the consideration payable in respect of the services is by way of an implicit margin or spread (including but not limited to profit, spread, margin or other implicit margin), are treated as exempt supplies from a Saudi Arabian VAT perspective. Further, the exemption also applies to the issue or transfer of a debt security, equity security, or any other transferable document recognising an obligation to pay a monetary amount to the bearer.

"Trust Certificates" is not a defined term for Saudi Arabian VAT purposes, but is akin in nature to a debt security and the sale of Certificates should therefore be exempt for Saudi Arabian VAT purposes where the supply is made by a registered taxpayer in Saudi Arabia as a part of its economic activity. However, the issue of debt security by persons residing outside Saudi Arabia would be outside the scope of VAT in Saudi Arabia on the premise that its issuance is closely connected to the place of residence of the issuer outside Saudi Arabia. According to Article 29(3) of Saudi Arabian VAT Implementing Regulations, Islamic finance products, being financial products are Shari'a-compliant, and which simulate the intention and achieve effectively the same result as a non-Shari'a-compliant financial product will be treated in the same manner as the equivalent non-Shari'a financial product for the purpose of applying VAT exemption. Any explicit fee in respect of a service,



such as an administration charge in relation to the issue of a security, would be treated as consideration for a taxable supply subject to VAT at standard rate where the supply is made in Saudi Arabia. Such fee could be subject to VAT under a reverse charge mechanism if it is received by a VAT-registered taxpayer in Saudi Arabia from a supplier located outside Saudi Arabia.

Profits generated by holding the Certificates or trading gains from its sale should be treated as VAT-exempt or outside the scope of VAT (depending on the client-specific circumstances of the transaction) for Saudi Arabian VAT purposes. The VAT exemption does not apply to fees charged by intermediary parties for their services provided in Saudi Arabia. Notwithstanding, it is worth noting that any Saudi Arabian VAT incurred on expenses, also termed as input tax, can typically be recovered when it can be attributed to the making of a taxable supply. However, if incurred for the purposes of making a VAT exempt transaction, such input tax incurred will not be recoverable.

Further, services provided by a Saudi Arabian VAT registered person that are not related to Saudi Arabian real estate may qualify for zero rating if supplied to a customer without a place of residence in Saudi Arabia, subject to the fulfilment of the relevant conditions as mentioned in Article 33 of the Saudi Arabian VAT Implementing Regulations. Otherwise, the services would be subject to VAT at the standard rate of 15% or VAT exempt, depending on the types of services supplied.

The precise reporting requirements related to the various payments and receipts associated with the aforementioned transactions will depend on the residence of the Certificateholders, their types of activity and whether they are registered for Saudi Arabian VAT purposes. However, with the exception of explicit fees or charges, any trading gains should not be subject to VAT as they should either be treated as outside the scope or exempt for the purposes of Saudi Arabian VAT.

### ***Definitions***

For the purposes of this summary:

**“Dependent Agent”** means, as per Article 4(1) of the By-Laws to the Income Tax Law, an agent who:

- (a) is authorised to negotiate on behalf of a non-resident;
- (b) is authorised to enter into contracts on behalf of a non-resident;
- (c) has a stock of goods, owned by a non-resident, located in Saudi Arabia to supply the client’s demands on behalf of the non-resident.

**“GCC”** means the Kingdom of Bahrain, the State of Kuwait, the Sultanate of Oman, the State of Qatar, the Kingdom of Saudi Arabia and the United Arab Emirates.

**“GCC person”** means (a) a citizen of any of the member countries of the Cooperation Council of the Arab States of the Gulf (namely, the Kingdom of Saudi Arabia, the United Arab Emirates, the Kingdom of Bahrain, the Sultanate of Oman, the State of Qatar and the State of Kuwait), (b) a legal entity owned by GCC citizens and established under the laws of a GCC country and (c) public shareholders (or persons who hold shares for speculation) in a resident listed company (irrespective of their nationalities).

The following persons are not considered to be a GCC person irrespective of their nationalities:

- (a) shareholders of Resident legal entities engaged in oil and hydrocarbons production;
- (b) shareholders of Resident legal entities engaged in natural gas production; and
- (c) shareholders of Resident legal entities if such shares are ultimately owned by a Resident legal entity engaged in the oil and hydrocarbon production (directly or indirectly). Effective 1 January 2020, this

provision will not apply to shares held directly or indirectly in the resident capital companies listed on Tadawul in Saudi Arabia and shares held by such listed companies in other capital companies.

**“Resident”** means any natural person or company that satisfies the residency conditions stipulated in Article 3 of the Income Tax Law, Article 4 of the New Zakat Regulations or any governmental department or ministry, public entity, or other corporate person or entity formed in Saudi Arabia (Article 1 of the Income Tax Law).

The concept of Residency in Saudi Arabia as defined in Article 3 of the Income Tax Law is set out below:

- (a) a natural person is considered to be a Resident in Saudi Arabia for a taxable year if he/she meets either of the two following conditions:
  - a. he/she has a permanent place of abode in Saudi Arabia and is physically residing in Saudi Arabia for a period, in aggregate, of not less than 30 days during the taxable year; or
  - b. he/she is physically residing in Saudi Arabia for a period of not less than 183 days in the taxable year.

For the purposes of this paragraph, residence in Saudi Arabia for part of a day is considered residence for the whole day, except in the case of a person in transit between two points outside Saudi Arabia.

- (b) a company is considered Resident in Saudi Arabia during the taxable year if it meets either of the following conditions:
  - (i) it is formed in accordance with the Saudi Arabian Companies Law; or
  - (ii) its central management is located in Saudi Arabia.

**“Loan Charge”** as defined in Article 5 (1) of the By-Laws to Income Tax Law means an amount paid for the use of money. This includes income realised from loan transactions of any type, whether secured by guarantees or not, or by giving rights to participate in the profits of the debited person or not. It also includes income realised from governmental and non-governmental bonds.

**“Persons Subject to Taxation”** as defined in Article 2 of the Income Tax Law, are:

- (a) a Resident capital company with respect to the shares owned directly or indirectly by non-Saudi partners, as well as the shares owned directly or indirectly by persons working in the production of oil and hydrocarbons. Excluding shares owned directly or indirectly by persons working in the production of oil and hydro carbonates in resident capital companies listed in the Saudi capital markets and the shares owned directly or indirectly by these companies in capital companies;
- (b) a Resident non-GCC natural person who does business in Saudi Arabia;
- (c) a non-Resident who does business in Saudi Arabia through a Permanent Establishment;
- (d) a non-Resident having taxable income from sources in Saudi Arabia without having a Permanent Establishment therein;
- (e) a person engaged in the field of natural gas investment; and
- (f) a person engaged in the field of oil and hydrocarbons production.

**Note:** A capital company, as per Article 1 of the Income Tax Law, is a joint stock company, a limited liability company, or a company limited by shares. For purposes of the Income Tax Law, investment funds shall be considered capital companies.

**“Persons Subject to Zakat”** as per Article 3 of the New Zakat Regulations, are:

- (a) Saudi residents who engage in activities under a licence in Saudi Arabia.
- (b) Sole proprietorship owned by a Saudi/GCC and established in Saudi Arabia in accordance with relevant regulations and rules.
- (c) Companies owned by a Saudis and established in Saudi Arabia in accordance with relevant regulations and rules, including the share of the Saudi partner in foreign companies.
- (d) Financing funds licensed by the CMA.
- (e) State owned companies owned by the Public Investment Fund in accordance with the provisions of relevant ministerial decisions.
- (f) Non-Saudi shareholders' stakes in resident companies listed on the Saudi Financial Market, excluding the shares of non-Saudi founders as per the articles of incorporation or relevant regulatory documents.

**“Permanent Establishment”** for income tax purposes means a permanent place of a non-Resident’s activity through which it carries out its business activity, in full or in part; including business carried out through its agent (an agent having the meaning specified in the Article 4(1) of the By-laws to the Income Tax Law). A non-Resident carrying out an activity in Saudi Arabia through a licensed branch (as defined in Article 4(b) 4 of the Income Tax Law) is considered to have a Permanent Establishment in Saudi Arabia.

**“ZATCA”** means the Zakat, Tax and Customs Authority.

### **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 pass thru payments”**) to persons that fail to meet certain certification, reporting, or related requirements. The Trustee may be a foreign financial institution for these purposes. A number of jurisdictions (including the Cayman Islands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**“IGAs”**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Certificates, proposed regulations have been issued that provide that including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as 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 Certificates, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign pass thru payments are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Additionally, 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 pass thru 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 Condition 19) that are not distinguishable from previously issued Certificates are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Certificates, including the Certificates offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Certificates. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Certificates, no person will be required to pay additional amounts as a result of the withholding.

## SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement (the “**Programme Agreement**”) dated 16 April 2025 (such programme agreement as modified and/or supplemented and/or restated from time to time), agreed with the Trustee and the Bank a basis upon which they or any of them may from time to time agree to purchase Certificates.

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.

The Dealers are entitled in certain circumstances to be released and discharged from their obligations under any agreement they make to purchase the Certificates prior to the closing of the issue of the Certificates, including in the event that certain conditions precedent are not delivered or met to their satisfaction on the Issue Date. In this situation, the issuance of the Certificates may not be completed. Investors will have no rights against the Trustee, the Bank or Dealers in respect of any expense incurred or loss suffered in these circumstances.”

### United States

Each Dealer has acknowledged and agreed that the Certificates have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Dealer has represented and agreed that, and each further Dealer appointed under the Programme will be required to represent and agree that, it has not offered or sold the Certificates and each Dealer has agreed that, and each further Dealer appointed under the Programme will be required to agree that, it will not offer or sell any Certificates (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the relevant Issue Date, within the United States or to, or for the account or benefit of, U.S. persons.

The Certificates are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

Each Dealer has also agreed that, at or prior to confirmation of sale of Certificates, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Certificates from it during the distribution compliance period a confirmation or notice to substantially the following effect:

“The securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the issue date of the offering, and except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S.”

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Certificate, and it and they have complied and will comply with the offering restrictions requirement of Regulation S.

In addition, until 40 days after the commencement of the offering of the Certificates, an offer or sale of the Certificates within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

#### **Prohibition of sales to EEA Retail Investors**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Certificates which are the subject of the offering contemplated by this Base Offering Circular as completed by the applicable Pricing Supplement in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
  - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129; and
- (b) the expression an “**offer**” includes 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.

#### **United Kingdom**

##### ***Prohibition of sales to UK Retail Investors***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Certificates which are the subject of the offering contemplated by this Base Offering Circular as completed by the applicable Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression an “**offer**” includes 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.

### ***Other regulatory restrictions***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Trustee or the Bank; and
- (b) 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 UK.

### **State of Qatar (including the Qatar Financial Centre)**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Certificates in the State of Qatar (including the Qatar Financial Centre), except: (a) in compliance with all applicable laws and regulations of the State 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 the State of Qatar (including the Qatar Financial Centre). This Base 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 the State of 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 the State of Qatar (including the Qatar Financial Centre) and may not be reproduced or used for any other purpose.

### **Japan**

The Certificates have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the “FIEA”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold Certificates, and will not, directly or indirectly, offer or sell any Certificates in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### **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, marketed and/or sold by it in the State of Kuwait, except through a licensed person duly authorised to undertake such activity pursuant to the CML Rules and unless all necessary approvals from the Kuwait Capital Markets Authority pursuant to the CML Rules, together with the various resolutions, regulations, directives and instructions issued pursuant thereto or in connection therewith (regardless of nomenclature or type), or any other applicable law or regulation in the State of Kuwait, have been given in respect of the offering, marketing and/or sale of the Certificates.

### **Singapore**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Offering Circular has not been 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 the Certificates to be made the subject of an invitation for subscription or purchase and will not offer or sell any Certificates or cause the Certificates to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Certificates, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to, and in accordance with the conditions specified in Section 275 of the SFA.

*Singapore SFA Product Classification: In connection with Section 309B(1)(c) of the SFA and the CMP Regulations 2018, unless otherwise specified in the applicable Pricing Supplement, the Trustee has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Certificates are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

### **Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong by means of any document any Certificates other than (a) to “**professional investors**” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”) and any rules made thereunder, 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
- (b) 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, 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 the 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.

### **Saudi Arabia**

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Certificates. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a “**Saudi Investor**”) who acquires any Certificates pursuant to an offering should note that the offer of Certificates is a private placement under the Rules on the Offer of Securities and Continuing Obligations, made through a capital market institution licensed to carry out arranging activities by the CMA and following a notification to the CMA under Article 10 of the Rules on the Offer of Securities and Continuing Obligations.

The Certificates 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) of the Rules on the Offer of Securities and Continuing Obligations or by way of a limited offer under Article 9 of, or as otherwise required or permitted by, 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 made by it to a Saudi Investor will be made in compliance with Article 10 and either Article 8(a)(1) or Article 9 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.

Although HSBC Bank plc is appointed as a Dealer pursuant to the Programme Agreement, HSBC Saudi Arabia, which is a Capital Market Institution licensed by the CMA, will be the relevant legal entity for all regulated activities in the Kingdom of Saudi Arabia relating to the issuance of any Certificates under the Programme, including offering and related applications to the CMA.

### **United Arab Emirates (excluding the Abu Dhabi Global Market and 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 have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

#### **Abu Dhabi Global Market**

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 any person in the Abu Dhabi Global Market unless such offer is:

- (a) an “Exempt Offer” in accordance with the Market Rulebook (MKT) Module of the Financial Services Regulatory Authority (the “**FSRA**”) Rules; and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.4.1 of the Conduct of Business Rulebook of the FSRA Rules.

#### **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 any person in the Dubai International Financial Centre unless such offer is:

- (a) an “Exempt Offer” in accordance with the Markets Rules (MKT Module) of the Dubai Financial Services Authority (the “**DFSA**”) rulebook; and
- (b) 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:

- (a) an individual who has a minimum net worth (either singly or jointly with their spouse) of U.S.\$1,000,000, excluding that person’s principal place of residence;



- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000;
- (c) 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); or
- (d) any other entity which is an “accredited investor” as defined in the Central Bank of Bahrain Rulebook.

### **Cayman Islands**

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 any offer or invitation (whether directly or indirectly) to the public in the Cayman Islands to subscribe for any Certificates.

### **Malaysia**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base 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, sold or delivered, and no invitation to subscribe for or purchase the Certificates has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any one of the categories of persons specified under Part I of Schedule 6 or Section 229(1)(b) and Part I of Schedule 7 or Section 230(1)(b), read together with Schedule 8 or Section 257(3) of the CMSA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals including approval from the Controller of Foreign Exchange to purchase the Certificates. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Dealers are responsible for any invitation, offer, sale or purchase of the Certificates as aforesaid without the necessary approvals being in place.

### **General**

These selling restrictions may be modified by the agreement of the Trustee, the Bank and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the applicable Pricing Supplement issued in respect of the issue of Certificates to which it relates or in a supplement to this Base Offering Circular.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree, that it will (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 Base Offering Circular and neither the Trustee, the Bank nor any of the other Dealers shall have any responsibility therefor.

None of the Trustee, the Bank and the Dealers represents that (i) Certificates may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale; or (ii) any action has been, or will be taken in any jurisdiction that would permit a public offering of any Certificates, or possession or distribution of this Base Offering Circular or any other offering material or any applicable Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

## **GENERAL INFORMATION**

### **Admission to Trading**

Application has been made to the London Stock Exchange for Certificates issued under the Programme during the 12 months from the date of this Base Offering Circular to be admitted to trading on the ISM. The ISM is not a regulated market within the meaning of 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 Base 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 and the entry into and performance of the Transaction Documents. The establishment of the Programme was authorised by a resolution of the board of directors of the Trustee dated 10 April 2025. The establishment and the periodic update of the Programme was authorised by resolution of the board of directors of the Bank dated 24 October 2024.

### **Significant or Material Change**

There has been no significant change in the financial or trading position, or material adverse change in the prospects, of the Trustee since the date of its incorporation.

There has been no significant change in the financial or trading position of the Bank or the Group since 31 December 2024 (which is the date of the latest published audited financial statements) and there has been no material adverse change in the prospects of the Bank or the Group since 31 December 2024.

### **Litigation**

Neither the Trustee nor the Bank nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Trustee or the Bank is aware) in the 12 months preceding the date of this Base 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 are expected to be accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Tranche of Certificates will be set out in the applicable 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 relevant Pricing Supplement.

## **Documents Available**

For the 12 months following the date of this Base Offering Circular, copies of the following documents (together with English translations, when appropriate) may be (i) inspected during normal business hours at the registered offices of the Bank and the specified office of the Principal Paying Agent; or (ii) at the option of the Principal Paying Agent, emailed to any Certificateholder, at its request (subject to provision of proof of holding satisfactory to the Principal Paying Agent and the Obligor):

- (a) each applicable Pricing Supplement and the other Transaction Documents in relation to each Series (save that such documents will only be available for inspection by a holder of Certificates of such Series and such holder must produce evidence satisfactory to the Trustee and the Principal Paying Agent as to its holding of the relevant Certificate and identity);
- (b) the constitutional documents of the Trustee and the Bank;
- (c) the 2024 Financial Statements and the 2023 Financial Statements;
- (d) the most recently published consolidated financial statements of the Bank and interim condensed consolidated financial information of the Bank, in each case, together with any joint audit or joint review reports thereon and the notes thereto; and
- (e) this Base Offering Circular together with any supplement to this Base Offering Circular or further base offering circular.

## **Independent Auditors**

The current joint auditors of the Bank are PricewaterhouseCoopers – Public Accountants (“**PwC**”) and Ernst & Young Professional Services (Professional LLC) (“**EY**”). The business address of PwC is Kingdom Tower, P.O. Box 8282, Riyadh 11482, Kingdom of Saudi Arabia and the business address of EY is Al Faisaliah Office Tower, 14th Floor, King Fahad Road, P.O. Box 2732, Riyadh 11461, Kingdom of Saudi Arabia. PwC and EY are independent auditors regulated by and registered to practice as auditors with the SOCPA in Saudi Arabia.

The 2024 Financial Statements were jointly audited by PwC and EY, without qualification, in accordance with the International Standards on Auditing as endorsed in the Kingdom, as stated in their joint audit report incorporated by reference herein.

The 2023 Financial Statements were jointly audited by KPMG Professional Services (“**KPMG**”) and PwC, without qualification, in accordance with the International Standards on Auditing as endorsed in the Kingdom, as stated in their joint audit reports incorporated by reference herein. The business address of KPMG, the previous joint auditor of the Bank, is Roshn Front, Airport Road, P O Box 92876, Riyadh 11663, Kingdom of Saudi Arabia. KPMG are independent auditors regulated by and registered to practice as auditors with the SOCPA in Saudi Arabia

Since the date of its incorporation, no financial statements of the Trustee have been prepared. The Trustee is not required by Cayman Islands law, and does not intend, to publish audited financial statements.

## **Cayman Islands Data Protection**

Under the Cayman Islands Data Protection Act (as amended) and, in respect of EU data subjects, the EU General Data Protection Regulation (together, the “**Data Protection Legislation**”), individual data subjects have rights and the Trustee as data controller has obligations with respect to the processing of personal data by the Trustee and its affiliates and delegates. Breach of the Data Protection Legislation by the Trustee could lead to enforcement action.

The Trustee has published a privacy notice (the “**Data Privacy Notice**”), which provides prospective investors with information on the Trustee's use of their personal data in accordance with the Data Protection Legislation. The Data Privacy Notice can be accessed at:

<https://www.walkersglobal.com/external/SPVDPNotice.pdf>.

## **Dealers transacting with the Bank**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Bank and its affiliates in the ordinary course of business for which they have received, and for which they may in the future receive, fees.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank financings) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Trustee, the Bank and their affiliates, including, without limitation, the Certificates. The Dealers and/or their affiliates may receive allocations of Certificates (subject to customary closing conditions), which may affect the future trading of the Certificates. Certain of the Dealers or their affiliates that have a financing relationship with the Trustee, the Bank and their affiliates may routinely hedge their credit exposure to the Trustee, the Bank and their affiliates consistent with their customary risk-management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially any Certificates issued under the Programme. Any such short positions could adversely affect future trading prices of Certificates issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

**THE TRUSTEE**

**SAB AT1 Limited**

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**THE BANK AND OBLIGOR**

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**DELEGATE**

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**PRINCIPAL PAYING AGENT, REGISTRAR AND TRANSFER AGENT**

**HSBC Bank plc**

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*With respect to the 2024 Financial Statements*

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*With respect to the 2023 Financial Statements*

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