

IMPORTANT NOTICE

THE BASE OFFERING CIRCULAR MAY ONLY BE DISTRIBUTED TO PERSONS WHO ARE NON 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 SNB Tier 1 Sukuk Limited (the “**Trustee**”) and The Saudi National 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 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 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 securities 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 Arranger and Dealers (each, 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 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 of the Kingdom 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 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.

The Saudi Central Bank 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. 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 this document, 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 announcement. 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.

None of the Arranger, 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 Arranger, 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 Arranger or the Dealers make any representation as to the suitability of any Certificates to fulfil any green, social or 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 Arranger, the Dealers or any of their respective affiliates have undertaken, nor are they responsible for (1) any assessment of the green, social or 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 Finance Framework (as defined in the Base Offering Circular) and the second party opinion issued by S&P Global which was published on 23 December 2021 and is accessible at the Bank's website (the "**Second Party Opinion**"). The contents of this webpage, the Sustainable Finance Framework and the Second Party Opinion do not form part of the Base Offering Circular, and neither the Arranger 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", "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 Arranger, 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 the Monetary Authority of Singapore (the "**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 Arranger, the Dealers, the Trustee and the Bank, to inform themselves about, and to observe, any such restrictions.



SNB Tier 1 Sukuk 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**”), SNB Tier 1 Sukuk 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 The Saudi National Bank (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 for 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 24 April 2025 entered into by the Trustee, the Bank and Citibank, N.A., London Branch 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 ratings of “A” with a stable outlook by S&P Global Ratings Europe Limited (“**S&P**”), “A-” with a stable outlook by Fitch Ratings Ltd (“**Fitch**”), “Aa3” with a stable outlook by Moody’s Investors Service Cyprus Ltd. (“**Moody’s**”) and “AA-” with a stable outlook by Capital Intelligence Ratings Ltd (“**Capital Intelligence**”). Fitch is established in the UK and is registered in accordance with Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the “**UK CRA Regulation**”). 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**”). Accordingly, the rating issued by Fitch has been endorsed by Fitch Ratings Ireland Limited in accordance with the EU CRA Regulation and has not been withdrawn. 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 in 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>) in accordance with the EU CRA Regulation. Each of S&P, Moody’s and Capital Intelligence are established in the EEA and are registered under the EU CRA Regulation. As such, each of S&P, Moody’s and Capital Intelligence are included in 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>) in accordance with the EU CRA Regulation. Neither S&P nor Moody’s is established in the UK nor has applied for registration under the UK CRA Regulation. Accordingly, the ratings issued by S&P and Moody’s have been endorsed by S&P Global Ratings UK Limited and Moody’s Investors Service Limited, respectively, in accordance with the UK CRA Regulation and have not been withdrawn. Each of S&P Global Ratings UK Limited and Moody’s Investors Service Limited is established in the UK and is registered in accordance with the UK CRA Regulation. Capital Intelligence is not established in the UK. The rating issued by Capital Intelligence has not been endorsed 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 Shariah Committee of HSBC Saudi Arabia 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 independent *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 document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. In particular, prospective purchasers of the securities agree and acknowledge that SAMA assumes no liability whatsoever to any purchaser of the securities 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 document, you should consult an authorised financial adviser. The distribution of this document and the offering, sale and delivery of the Certificates in any jurisdiction other than the Kingdom may be restricted by law.

Arranger

HSBC

Dealers

DBS Bank Ltd.

HSBC

Mizuho

SMBC

SNB Capital

Standard Chartered Bank

The date of this Base Offering Circular is 24 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*”, “*The Kingdom’s Banking Sector and Regulations*” and “*Business Description of the Bank*” has been extracted from information provided by: (i) SAMA and the Organization of Petroleum Exporting Countries (“**OPEC**”), in the case of “*Risk Factors*”; (ii) SAMA, in the case of “*The Kingdom’s Banking Sector and Regulations*”; and (iii) SAMA, Saudi Credit Bureau in the case of “*Business Description of the Bank*”, 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 Arranger, 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 Arranger, 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 Arranger 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 Arranger or Dealers or any affiliate of the Arranger or Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Arranger or Dealer or such affiliate on behalf of the Trustee in such jurisdiction.

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

To the fullest extent permitted by law, none of the Arranger, the Dealers, the Delegate or the Agents accepts any responsibility for the contents of this Base Offering Circular or for any other statement made, or purported to be made, by the Arranger, 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 Arranger, 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 Arranger, 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 Arranger, the Dealers, the Delegate or the Agents undertakes to review the financial condition or affairs of the Trustee or the Bank during the life of the arrangements contemplated by this Base 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 Arranger, 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 hereto;
- (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 legal 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 Finance Framework (as defined in "*Use of Proceeds*" below). None of the Trustee, the Arranger, the Dealers, the Delegate or the Agents make any representation as to the suitability or content of the Sustainable Finance Framework and none of the Bank, the Trustee, the Arranger, the Dealers, the Delegate or the Agents make any representation as to the suitability of the second party opinion issued by S&P Global in

respect of the Sustainable Finance Framework which was published on 23 December 2021 on the Bank's website (the "**Second Party Opinion**"). Further, the contents of the Sustainable Finance Framework and the Second Party Opinion do not form part of the Base Offering Circular, and neither the Arranger nor any of the Dealers makes any representation as to the suitability or contents thereof. Each prospective investor should refer to the Bank's Sustainable Finance 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 Arranger 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 Arranger, 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 any person 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 any person 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 Arranger 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 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 Arranger 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 (as amended, the “**PRIIPs Regulation**”) for offering or selling the 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 domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (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 the 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 (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 Arranger, 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

Any Certificates which do not constitute “alternative finance investment bonds” (“**AFIBs**”) within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544), as amended, will represent interests in a collective investment scheme (as defined in the Financial Services and Markets Act 2000, as amended (the “**FSMA**”)) which has not been authorised, recognised or otherwise approved by the 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 (as such term is defined by the CBB) 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 the Group and incorporated by reference in this Base Offering Circular are:

- the audited consolidated financial statements as at and for the year ended 31 December 2024, which include comparative financial information as at and for the year ended 31 December 2023 (the “**2024 Financial Statements**”); and
- the audited consolidated financial statements as at and for the year ended 31 December 2023, which include comparative financial information as at and for the year ended 31 December 2022 (the “**2023 Financial Statements**” and, together with the 2024 Financial Statements, the “**Financial Statements**”).

The Financial Statements have been prepared (i) in accordance with IFRS Accounting Standards that are endorsed in Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (“**SOCPA**”) (collectively referred to as “**IFRS Accounting Standards that are endorsed in Saudi Arabia**”) and (ii) in compliance with the provisions of Banking Control Law, the Regulations for Companies in Saudi Arabia and the by-laws of the Bank.

The Group’s financial year ends on 31 December in each year. References in this Base Offering Circular to “**2024**”, “**2023**” and “**2022**” are to the 12-months ended 31 December in each such year.

Auditors

The 2024 Financial Statements were jointly audited by Ernst & Young Professional Services (Professional LLC) (“**EY**”) and Deloitte and Touche & Co. - Chartered Accountants (“**Deloitte**”), in accordance with International Standards on Auditing that are endorsed in Saudi Arabia as stated in their joint audit report incorporated by reference into this Base Offering Circular. EY and Deloitte issued an unqualified audit report on the 2024 Financial Statements.

The 2023 Financial Statements were jointly audited by EY and KPMG Professional Services (“**KPMG**”) in accordance with International Standards on Auditing that are endorsed in Saudi Arabia, as stated in their joint audit report incorporated by reference into this Base Offering Circular. EY and KPMG issued an unqualified audit report on the 2023 Financial Statements.

Reclassification and restatement of financial information

Certain financial information relating to term loans as at, and for the year ended, 31 December 2023 has been reclassified in the 2024 Financial Statements in order to reflect the Group’s funding profile, see note 44 to the 2024 Financial Statements. The equivalent financial information as at, and for the year ended 31 December 2022 has not been reclassified and, to that extent, is not comparable with the reclassified financial information or the equivalent financial information as at, and for the years ended 31 December 2023 and 31 December 2024.

All financial information in this Base Offering Circular as at and for the years ended, 31 December 2024 and 31 December 2023 has been extracted from the 2024 Financial Statements.

All financial information in this Base Offering Circular as at and for the year ended 31 December 2022 has been extracted from the 2023 Financial Statements.

Certain non-IFRS Accounting Standards financial information

This Base Offering Circular includes selected consolidated ratios which have not been prepared in accordance with IFRS Accounting Standards and which also constitute alternative performance measures for the purposes

of the ESMA Guidelines on Alternative Performance Measures (“**APMs**”). None of this financial information is subject to any audit or review by independent auditors. See “*Selected financial information—Selected consolidated ratios and APMs*”.

Presentation of other information

Currencies

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

- “**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;
- “**Japanese Yen**” are to the lawful currency of Japan;
- “**PKR**” are to the lawful currency of Pakistan;
- “**riyal**” and “**SAR**” are to the lawful currency of Saudi Arabia; 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 Bank’s functional currency is the riyal and the Group prepares its financial statements in riyal.

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 = U.S.\$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.

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 Capital Market Authority (the “**CMA**”). These bodies use certain of the data supplied to publish statistical information, amongst other matters. However, no assurance can be given 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 Group 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 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. Statistical data for 2024 and 2023 is preliminary and this and other data may subsequently be revised as new data becomes available and any such revised data will not be circulated by the Group to investors who have purchased Certificates issued under the Programme.

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

No incorporation of website information

The Bank's website is <https://www.alahli.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.

Definitions

In this Base Offering Circular, references to:

- a **"billion"** are to a thousand million;
- the **"GCC"** are to the Gulf Cooperation Council (comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE);
- **"Government"** are to the government of Saudi Arabia;
- **"Group"** are to the Bank together with its subsidiaries;
- the **"MENA region"** are to the Middle East and North Africa region;
- **"Saudi Arabia"**, **"KSA"** or **"Kingdom"** are to the Kingdom of Saudi Arabia;
- **"Turkey"** are to the Republic of Türkiye; and
- the **"UAE"** are to the United Arab Emirates.

In this Base Offering Circular, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

Rounding

The Financial Statements present the Group's results in thousands of riyal. Certain financial statement data in this Base Offering Circular has been expressed in millions of riyal and rounded to one decimal place, with 0.050 being rounded up. As a result of such rounding, the totals of financial statement data presented in tables in this Base Offering Circular may vary slightly from the arithmetic totals of such data. Where used in tables, the figure "0" means that the data for the relevant item has been rounded to zero and the symbol "—" means that there is no data in respect of the relevant item.

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

Dates

Certain dates in this Base Offering Circular have been referred to in accordance with the Hijri ("**H**") calendar and the Gregorian calendar.

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 “*Business Description of the Bank*” 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 Bank 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*”, “*Business Description of the Bank*” and “*The Kingdom’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), including changes in commodity prices and inflation;
- 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 riyal;
- liquidity risks, including the inability of the Bank to meet its contractual and contingent cash flow obligations or the 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.

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RISK FACTORS

Each of the Trustee and the Bank believes that the following factors may affect both the Trustee's ability to pay amounts owing under Certificates issued under the Programme and the Bank's ability to satisfy its obligations under the relevant Transaction Documents (as defined in the Conditions). 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 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 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 Programme

The Trustee has no operating history and no material assets

The Trustee is an exempted company with limited liability incorporated under the laws of the Cayman Islands on 4 March 2025 and has no operating history. 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, the acquisition of the Trust Assets as described herein, acting in the capacity 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 the 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 " – Risks relating to the Bank and its ability to fulfil its obligations under the Transaction Documents" below.

Risks relating to the Bank and its ability to fulfil its obligations under the Transaction Documents

The Group's operations and assets are principally located in the Kingdom and, accordingly, the Group is exposed to general economic conditions in the Kingdom

The majority of the Group's assets, operations and interests are located in the Kingdom. Accordingly, its business is, and will continue to be, affected by the general economic conditions prevailing from time to time in the Kingdom and the Middle East generally as well as by global economic conditions that affect the Kingdom's economy generally.

The Group is susceptible to changes in the macroeconomic environment and the performance of financial markets generally. The Russia-Ukraine conflict, bank insolvencies in Switzerland and the United States and a surge in inflation impacted the world economy across many industries and markets, including Saudi Arabia, since 2022.

As stated in its January 2025 World Economic Outlook Update, the IMF projects global economic growth to grow at around 3.3 per cent. in both 2025 and 2026. Among other risks, the IMF noted that an intensification of protectionist policies, for instance, in the form of a new wave of tariffs, could exacerbate trade tensions, lower investment, reduce market efficiency, distort trade flows and disrupt supply chains. Considering tariff announcements made during February 2025 by countries such as the United States and China, this appears to be an increasing risk.

In its Staff Report for the 2024 Article IV Consultation for Saudi Arabia, the IMF noted that Saudi Arabia's economic transformation is progressing well, unemployment is at a record low (with the participation of women in the labour force well above the 30 per cent. target for 2030), headline inflation has decelerated rapidly and geopolitical events have not had any major impact on the Saudi Arabian economy so far, although rents are growing and wholesale prices have recently increased. The IMF believes that risks to the outlook are broadly balanced amidst high global uncertainty. On the upside, accelerated implementation of reforms and investments could yield stronger or earlier-than-expected growth dividends. Conversely, pressures to accelerate investment further could heighten overheating risks. On the downside, potential risks include slippages in the reform agenda, subdued global activity, financial market volatility, geopolitical events, and non-OPEC+ supply growth. Over the longer term, a quicker shift in the demand away from fossil fuel could hamper growth.

The Group conducts regular stress tests of its financial assets, including its financing and advances, under scenarios of differing severity to identify key vulnerabilities and to measure resultant impacts on asset quality and performance. However, these stress-testing activities do not provide assurance against impacts that may be realised through external shocks and customer defaults may nevertheless occur. The occurrence of a significant economic downturn and a related material increase in loan losses could have a material adverse effect on the Group, through increases in the Group's non-performing financing and advances ("NPFAs"), increased loan loss provisions, which could negatively impact the Group's profitability, and reduced demand for loans and other banking services.

The Kingdom's economy is affected by international oil prices, which are subject to significant fluctuation and a significant decline in international oil prices may materially adversely affect the Group, particularly if it is sustained for a long period

The Government continues to pursue a policy of diversification, including the Saudi Vision 2030 (a strategic framework to reduce the Kingdom'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, oil income will continue to play a pivotal role in economic planning and development in the

Kingdom. According to GASTAT, the oil sector accounted for 32.0 per cent., 38.7 per cent. and 28.1 per cent. of the Kingdom's nominal GDP in each of 2023, 2022 and 2021 respectively. In addition, oil exports accounted for 77.3 per cent., 79.5 per cent. and 73.2 per cent. of the Kingdom's total exports by value in 2023, 2022 and 2021, respectively and oil revenues accounted for an estimated 62.2 per cent., 67.6 per cent. and 32.4 per cent. of total Government revenue in 2023, 2022 and 2021, respectively.

International oil prices have fluctuated significantly in the past and may remain volatile in the future. For example, in 2022, the yearly average OPEC Reference Basket price was U.S.\$100.08 compared to U.S.\$69.89 in 2021 (principally driven by supply uncertainties caused by the Russian invasion of Ukraine in February 2022 and sanctions imposed by major countries around the world on Russia as a result). In 2023, the yearly average OPEC Reference Basket price was U.S.\$82.95, principally driven by changes towards the end of 2022 in the sanctions regime imposed on Russia and announcements by OPEC and non-OPEC members towards the end of 2022 and in early 2023 with the aim of stabilising oil prices. In 2024, the yearly average OPEC Reference Basket price was U.S.\$79.89 per barrel. The annual average price per barrel of Arabian Light Crude Oil (which is one of the five grades of crude oil produced by the Kingdom and constitutes part of the OPEC Reference Basket) has also moved in line with these trends.

Although oil and gas prices remain relatively high, any sustained downturn in these prices in the future could substantially slow down or disrupt the Kingdom's economy, and the banking sector in particular, which could in turn have an adverse impact on the Group and the market price of the Certificates. See also *"Risks relating to the economic, political and regulatory environment in the Kingdom—The Kingdom's economy remains dependent on its oil revenue"*.

The Group operates in a region that is subject to ongoing political and security concerns

Several countries in the MENA region are currently subject to armed conflicts and/or social and political unrest, including conflicts or disturbances in Yemen, Syria, Libya, Iraq, Palestine and Sudan, as well as multinational conflicts with extremist groups and/or militias.

In addition, in March 2015, a coalition of countries, led by the Kingdom and supported by the international community, commenced military action against the Al-Houthi rebels in Yemen. The conflict in Yemen has not yet been fully resolved and military operations continue at a reduced scale. The Kingdom has been targeted on several occasions by ballistic missiles fired and drone attacks launched by the Al-Houthi rebels in Yemen since 2017. While most of these attacks were successfully intercepted by the Kingdom's defence systems, some attacks led to damage to property and civilian injuries. There can be no assurance that the conflict in Yemen will not continue or re-escalate. In addition, there have been attacks on oil infrastructure in the Kingdom, including, on 25 March 2022, airborne attacks on oil facilities in Jeddah and Jizan. Although there were no casualties or any interruption to Saudi Aramco's fuel supplies following these attacks, there can be no assurance what impact such acts of terrorism and sabotage may have on the geopolitical situation in the region, including any potential escalation of tensions.

The recent conflicts between Israel and Hamas, which started in October 2023, and Israel and Hezbollah, as well as increasing tensions between Israel and Iran, have further heightened tensions in the region. Each of these conflicts is currently volatile, with temporary ceasefires being agreed and broken in certain cases. Most recently, the fall of the Bashar Al-Assad regime in Syria in December 2024 has created additional uncertainty compounded by Israeli airstrikes and ground force advances past a buffer zone between the two countries. There has also been an escalation of attacks on shipping in the Red Sea and Gulf region by the Al Houthi militia resulting in US and other international allies conducting retaliatory strikes on Al Houthi bases. Any continuation of or increase in international or regional tensions, 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 on the Kingdom and its ability to export oil and gas.

These situations have caused significant disruption to the economies of the affected countries, have given rise to increased political uncertainty across the MENA region and have, at times, 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 Bank would be able to sustain the profitable operation of its business if adverse political events or circumstances impacting the MENA region were to occur.

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 particularly 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, cash flows and prospects. Further, the implementation of significant tariffs by the United States could significantly increase volatility in global markets which could impact the value of financial investments held by the Group. See also "*—Risks relating to the economic, political and regulatory environment in the Kingdom*" below.

The Group also has significant operations in Turkey, through its 67.03 per cent. shareholding in Türkiye Finans Katılım Bankası A.Ş. ("**TFKB**") as at 31 December 2024, and in Pakistan through its 84.51 per cent. shareholding in Samba Bank Limited ("**SBL**") as at 31 December 2024 (see "*Business Description of the Bank—Business—International*"). As a result, the Group's operating results and growth are and will continue to be affected to a certain extent by financial, political and economic developments in or affecting Turkey and Pakistan. Both countries have from time to time experienced volatile political, economic and social conditions in the past and may continue to do so in the future. For example, Turkey has been impacted by the ongoing conflict in Syria, is involved in disputes with Kurdish separatist groups and Russia and has experienced terrorist attacks, all of which have adversely affected its capital markets, the level of tourism and foreign investment. Turkey has experienced significant increases in inflation in recent years and its economy remains hyperinflationary. Any prolonged or deepened political instability or worsening of economic conditions may adversely affect Turkey's or Pakistan's economy which in turn could adversely affect the Group's business, results of operations, financial condition, cash flows or prospects.

The Group is exposed to the credit risk of borrowers and other counterparties due to its financing and investment activities, which could give rise to material losses in future periods

Credit risk arising from adverse changes in the credit quality and recoverability of loans, securities and amounts due from counterparties are inherent in a wide range of the Group's businesses, principally in its lending and investment activities. Credit risk could also arise from a deterioration in the credit quality of specific borrowers, issuers and counterparties of the Group or from a general deterioration in local or global economic conditions, or from systemic risks within the financial systems in which the Group operates.

In particular, the Group is exposed to the risk that its borrowers may not meet their obligations in respect of financing advanced by the Group and that the collateral (if any) securing the financing advanced may be insufficient, each of which could:

- affect the recoverability and value of the Group's assets;
- result in an increase in NPFAs; and

- require an increase in the Group’s provisions for the impairment of loans, securities and other credit exposures.

As at 31 December 2024, the Group’s financing and advances, net (its “**customer financing portfolio**”) amounted to SAR 654,252 million, its NPFAs amounted to SAR 7,692 million and its allowance for financing losses (its “**ECL allowance**”) amounted to SAR 10,405 million.

The Group’s non-performing financing and advances coverage ratio (calculated as its ECL allowance divided by its NPFAs) was 135.3 per cent. as at 31 December 2024. The Group’s non-performing financing and advances ratio (calculated as its NPFAs divided by its total financing and advances) was 1.16 per cent. as at 31 December 2024.

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 lending classifications set by SAMA. However, as a result of adverse economic and political developments in recent years (including the impact of the coronavirus disease 2019 (“**COVID-19**”) in 2020 and 2021), adverse changes in consumer confidence levels, reduced consumer spending, volatile liquidity levels and increased bankruptcy rates, among other factors, the ability of certain of the Group’s customers and counterparties to repay their loans or other obligations has been, and may continue to be, adversely affected.

If the Group experiences a higher level of customer defaults and its provisions prove to be inadequate for any reason, including because of a significant economic downturn or a significant failure of its credit risk management policies and procedures, this could have a material adverse effect on the Group’s business, results of operations, financial condition and prospects.

In addition, the merger on 1 April 2021 between The National Commercial Bank (“**NCB**”) and Samba Financial Group (“**Samba**”) which created the Bank increased the level of the Group’s credit risk and its enlarged customer financing portfolio. For instance, the Group’s purchased/originated credit impaired exposures as at 31 December 2021 increased to SAR 2.6 billion from SAR nil as at 31 December 2020 as a result of the merger and was SAR 2.5 billion as at 31 December 2024. Any failure by the Group to maintain the quality of its financing and advances through effective risk management policies could lead to higher loan loss provisioning and higher levels of defaults and write-offs which, in turn, would be likely to reduce the Group’s profitability.

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. For example, such security may, in some cases, not be enforced without a court order. Accordingly, the value of any such collateral may decrease 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 customers’ deposits are concentrated in the Kingdom

The Group’s customer financing portfolio and investments, net (its “**investment securities portfolio**”) are geographically concentrated in the Kingdom. As at 31 December 2024, these portfolios together aggregated SAR 946,739 million, or 85.7 per cent. of the Group’s total assets. As at the same date, 89.6 per cent. of the Group’s customer financing portfolio and 62.5 per cent. of its investment securities portfolio were based in the Kingdom.

The Group's customers' deposits aggregated SAR 579,762 million, or 63.6 per cent. of its total liabilities, as at 31 December 2024. Of these deposits, 94.9 per cent. were sourced in the Kingdom.

Accordingly, any deterioration in general economic conditions in the Kingdom or any failure by the Group to effectively manage its geographic risk concentrations could have a more significant adverse effect on the Group's business than on that of a more diversified bank. See "*—The Group's operations and assets are principally located in the Kingdom and, accordingly, the Group is exposed to general economic conditions in the Kingdom*" above and "*—The Group operates in a region that is subject to ongoing political and security concerns*" above.

The Group has significant customer and sector concentrations

Consumer loans and credit card advances accounted for 52.5 per cent. of the Group's customer financing portfolio as at 31 December 2024. Any deterioration in the performance of the Kingdom's economy, stagnation or a reduction in levels of personal income, individual purchasing power and consumer confidence, either generally or specifically in respect of the banking sector, as well as any overleveraging or instability in the consumer finance market and any resulting regulatory restrictions, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. If consumers become overleveraged and start to default, the proportion of the Group's NPFAs could increase and the Group could be required to create significantly greater ECL provisions to reflect rising credit risk and default rates on its retail finance portfolio, which could negatively affect its profitability, capital generation and capital adequacy levels.

In addition, the Group's customer financing portfolio is concentrated in a small number of industry sectors, including the commerce, electricity, water, gas and health services and manufacturing sectors, which together accounted for 26.1 per cent. of the Group's customer financing portfolio as at 31 December 2024. Accordingly, the Group's significant exposure to these sectors, combined with any downturn or adverse trends in these sectors, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's exposure to the Government and quasi-Government entities accounted for 72.4 per cent. of its investment securities portfolio as at 31 December 2024. The financial condition and ongoing profitability of Government-controlled or Government-related entities largely depends upon Government spending and policy. The Group is therefore exposed to shifts in Government spending and policy and the impact of such shifts on the level of economic activity in the Kingdom and, in turn, on the Group's Government-related customers, over which it has no control. The Group's failure to adequately foresee and assess any such shifts may have an adverse effect on its business, results of operations, financial condition and prospects.

A material weakening in the credit quality of, or a default by, any one or more of the Group's large financing counterparties or issuers of debt securities, or any factors which negatively impact any of the sectors to which the Group has significant exposure, could result in the Group having to make significant additional ECL provisions and experiencing reduced special commission income. Sector specific factors might include:

- 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 and could also impact the Group's customers engaged in the manufacturing and commerce sectors; and
- falling oil and gas prices which could reduce the liquidity of the Group's Government and quasi-Government borrowers, particularly those that operate in the oil and gas sector or provide products and services to that sector.

The Group is also exposed to a significant decline in real estate values or a sustained downturn in the construction industry, which could both weaken the credit quality of the Group's building and construction

borrowers (which accounted for 1.5 per cent. of the Group's customer financing portfolio as at 31 December 2024) and could also reduce the value of the real estate collateral which the Group holds.

The Group also has a high concentration of customers' deposits from large institutional depositors. The withdrawal or non-renewal of the Group's customers' deposits by any one or more of its material depositors (including Government-related depositors) could require the Group to obtain replacement funding from other sources 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. See "*—The Group is subject to the risk that liquidity may not always be readily available*" below.

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 guarantees, letters of credit ("LCs") 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 advance 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 159,664 million in credit-related commitments and contingencies outstanding, equal to 19.6 per cent. of its combined customer financing portfolio and credit-related commitments and contingencies.

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

Given the high level of interdependence between financial institutions, the Group is subject to the risk of deterioration in the commercial and financial soundness, or perceived soundness, of other financial institutions. Within the financial services industry, the default of any one institution could lead to significant losses, and potentially defaults, by other institutions. Concerns about, or a default by, one institution could also lead to significant liquidity problems, losses or defaults by other institutions, because the commercial and financial soundness of many financial institutions is closely related due to their credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of, or questions about, a counterparty may lead to market-wide liquidity problems and losses or defaults by the Group or other institutions. This risk, often referred to as "systemic risk", may also adversely affect other financial intermediaries, such as clearing agencies, clearing houses, securities firms and exchanges, with whom the Group interacts on a daily basis. Systemic risk, should it materialise, could have a material adverse effect on the Group's ability to raise new funding and on its business generally.

The Group is subject to the risk that liquidity may not always be readily available

The Group is exposed to the risk that it will be unable to meet its obligations, including funding commitments, as they become due because of maturity mismatches between its assets and liabilities. 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 customers' deposits and proceeds from new financings or future revenue streams. Such liquidity mismatches could also arise if there is an unexpected outflow of customers' deposits, if there is a material decline in the value of the Group's liquid securities portfolio or if the Group is unable to secure short-term funding or sell

assets to bridge any 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 (such as, for example, customers' deposits from Government institutions or short-term and overnight funding), changes in credit ratings or market-wide phenomena such as market dislocation and major disasters.

Financial institutions worldwide have been experiencing periods of reduced liquidity since 2009, 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 perception of counterparty risk between banks has also increased, most recently following the failure of certain U.S. and Swiss banks in early 2023. The Group's access to 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 "*—There are no third-party guarantees or other assurances of Government support*" below.

In addition, uncertainty or volatility 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

The Group meets a significant portion of its funding requirements through short-term funding sources, primarily in the form of customers' deposits. In the past, such customers' deposits have been a stable source of funding; however, the availability of customers' deposits is subject to fluctuation due to factors outside the Group's control, including possible loss of consumer confidence and competitive pressures, and this could result in a significant outflow of deposits within a short period of time or may cause the Group to increase the return paid on its deposits to ensure that it retains sufficient deposits. As at 31 December 2024, 77.6 per cent. of the Group's customers' deposits (current and call accounts and other accounts as a percentage of total customers' deposits) did not have a fixed maturity although, as is typical in the Saudi Arabian banking industry, these deposits have generally proved to be sticky in nature and a stable source of funding based on historical behaviour analysis. Nevertheless, they are effectively repayable on demand. 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 decrease significantly, the Group's large depositors (including the Government and quasi-Government 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 "*—The Group's customer financing portfolio, investment securities portfolio and customers' deposits are concentrated in the Kingdom*" above and "*—The Group has significant customer and sector concentrations*" above.

If a substantial portion of the Group's depositors, or any of its largest depositors, fail to roll over short-term time deposits upon maturity or withdraw their demand deposits, the Group's liquidity and financial position could be adversely affected and it may be required to seek other more expensive 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. No assurance can be given 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 could have a material adverse effect on its business generally and could, potentially, result in its insolvency.

The Group could be adversely affected by market risks

The Group could be adversely affected by market risks that are outside its control, including, without limitation, volatility in benchmark interest rates, prices of securities or commodities and currency exchange rates. An increase in benchmark interest rates generally may decrease the value of the Group's fixed-rate loans and securities and may increase the Group's funding costs. In addition, fluctuations in benchmark interest rates may result in a pricing gap between the Group's rate-sensitive assets and liabilities. Benchmark interest rates are sensitive to many factors beyond the Group's control, including the policies of central banks, such as SAMA and the U.S. Federal Reserve, political factors and domestic and international economic conditions.

Changes in interest rate levels and spreads may also affect the Group's future cash flows by adversely impacting the margin realised between the Group's lending and investment activities and its borrowing costs. Changes in debt, equity and commodity prices may also affect the values of the Group's investment and trading portfolios.

Although the Group monitors profit and cost rates with respect to its assets and liabilities and seeks to match its profit and cost rate positions, rate movements may lead to mismatches between the rates on its profit-earning assets and cost-bearing liabilities which, in turn, may adversely affect the Group's net profit income. Future movements in such rates may adversely impact the Group's net interest margins, borrowing costs and capital if the Group is unable to adjust to a volatile interest rate environment. In particular, the Group provides personal financing and real estate financing on a fixed profit rate basis over the term of the advance. The Group's funding, particularly its short-term funding (see "*—The Group is subject to the risk that liquidity may not always be readily available*" above) is more exposed to changes in market conditions. The Group's marginal cost of funding may increase due to a variety of factors, including rising benchmark rates, deteriorating conditions in the financial markets or loss of confidence by and between financial institutions. If the Group's cost of funding increases and it is not able to pass the increased costs on to all or a significant portion of its existing financing customers in a timely manner or at all due to market, competitive or other conditions, this could have a material adverse effect on its business, results of operations, financial condition or prospects and future profitability.

The above risks may be exacerbated by persisting global macroeconomic challenges, including high benchmark interest rates and elevated inflation. Reflecting the Kingdom's pegged currency exchange rate, 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 and 25 basis points in each of February 2023, March 2023, May 2023 and July 2023, before reducing them by 50 basis points in September 2024 and by 25 basis points in each of November and December 2024, in each case generally in line with US Federal Reserve interest rate changes. It is unclear what impact these measures will ultimately have on the Kingdom's economy. Any further aggressive or unexpected monetary policy tightening by the US Federal Reserve could shock the markets, adversely affecting asset prices and ultimately economic growth.

Furthermore, many of the world's economies continue to experience elevated inflation. According to the IMF (in its January 2025 World Economic Outlook Update), global headline inflation is projected to be 4.2 per cent. in 2025 and 3.5 per cent. in 2026. However, as with the IMF's global growth outlook, these inflation projections remain uncertain.

An extended period of high inflation could affect the wider global economy (by, for example, causing broad-based selling in long-duration, fixed-rate debt, which could have negative implications for equity and real estate markets) and the Group's customers and counterparties (leading to lower recoverability), which, in turn, could have an adverse effect on the Group's business, results of operations, financial condition or prospects. In addition, TFKB, the Group's Turkish bank, operates in an economy that has experienced significant challenges in past years, including continuing hyper-inflation. The impact of these circumstances, including further depreciation of the Turkish lira against the U.S. dollar, could have a material adverse effect on TFKB, including

through borrower defaults, increased non-performing loans, reduced loan volumes and reduced earnings, the revaluation of assets and liabilities (including increases in the TL-equivalent value of TFKB's obligations in other currencies), a decline in capital and/or rapid changes in the economic and legal environment.

The Group 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 the Group may have to close out any open position in a foreign currency at a loss due to an adverse movement in exchange rates. The Group 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 the Group is not so hedged, it is exposed to fluctuations in foreign exchange rates and any such hedging activity may not in all cases protect the Group against such risks.

The Group enters into derivative transactions, such as commission rate and currency swaps, forward and future contracts and options, as part of its ordinary customer business, in order to manage, modify or reduce current and future risks and to take advantage of price differentials or anticipated market movements. As at 31 December 2024, these derivative contracts in aggregate had a notional amount of SAR 937,671 million, a positive fair value of SAR 27,375 million and a negative fair value of SAR 25,903 million. There is no assurance that the Group's derivative contracts will be successful in mitigating its interest rate and foreign exchange rate exposures or that the Group will not experience significant losses on its derivatives contracts from time to time.

Adverse movements in interest and foreign exchange rates may also adversely impact the revenues and financial condition of the Group's depositors, borrowers and other counterparties which, in turn, may impact the Group's deposit base and the quality of its credit exposures to certain borrowers and other counterparties. Ultimately, there can be no assurance that the Group will be able to protect itself from any adverse effects of a currency revaluation or future volatility in interest rate or currency exchange rates or from a significant change in the prices of its securities.

The Group's risk management policies, systems 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 and the COVID-19 pandemic, 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 due to unidentified credit, liquidity, market or operational risks, should they occur.

Although the Group invests substantial time and effort in its risk management systems and believes it has implemented the appropriate policies, systems and procedures to control and mitigate these risks, its 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's reputation, business, results of operations, financial condition or prospects.

The Group is exposed to operational risk which could result in damage to its reputation as well as financial losses

The Group is exposed to a wide range of operational risks, including those arising from external events and natural disasters or from process error (including failure to document transactions properly or to obtain proper internal authorisation), fraud, failure to comply with regulatory requirements and conduct of business rules, systems and equipment failure (including in particular information technology (“IT”) failures), inadequate customer services protocols, inadequate employee skills and performance, poor product development and maintenance, unauthorised activities and inadequate security and physical protection. Although the Group has implemented risk controls and loss mitigation strategies and has devoted (and continues to devote) substantial resources to developing efficient procedures and to employee training, it is not possible to eliminate entirely each of the potential operational risks that the Group faces. Any losses arising from the materialisation of such risks may have a material adverse effect on the Group’s business, results of operations, financial condition or prospects.

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.

The Group is dependent on its IT systems and any disruption to these systems could materially disrupt the Group’s business

The Group depends on its IT systems to process large numbers of transactions on an accurate and timely basis, and to store and process substantially all of the Group’s business and operating data. The proper functioning of the Group’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 the Group’s business and ability to compete effectively. The Group’s business activities would be materially disrupted if there is a partial or complete failure of any of the IT systems or communications networks. Such failures can be caused by a variety of factors some of which are outside the Group’s control, including natural disasters, extended power outages, computer viruses and other external electronic attacks as discussed under “—*The Group’s business is dependent on its IT systems which are subject to potential cyber-attack*” below. The proper functioning of the Group’s IT systems also depends on accurate and reliable data and other system input, which are subject to human error. Any failure or delay in recording or processing the Group’s transaction data could subject it to claims for losses and regulatory fines and penalties. There can be no assurance that the Group’s IT safeguards will be fully effective in the event of a disaster or that they will protect the Group from all losses that could occur.

The Group’s business is dependent on its IT systems which are subject to potential cyber-attack

The threat to the security of the Group’s information and customer data from security breaches and cyber-attacks presents a real and growing risk to the Group’s business. Activists, rogue states and cyber criminals are among those targeting IT 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-attack, 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 adversely affect the Group, including through disruption to its business, unauthorised disclosure of confidential information, significant financial and/or legal exposure and damage to its reputation.

The Group may face difficulties raising capital

For the Group to fund its growth strategy and enter into new lines of business, it will be required to expand its base of operations while continuing to meet regulatory capital adequacy requirements.

As at 31 December 2024, the Group's common equity tier 1 ("CET1") capital adequacy ratio (calculated according to Basel IV standards for Pillar 1) was 17.6 per cent. and its total capital adequacy ratio (comprising its core ("Tier 1") and supplementary ("Tier 2") capital) was 20.8 per cent. The Group has been designated as a domestically systemic important bank ("D-SIB") with an additional CET1 D-SIB surcharge of 1.5 per cent. Accordingly, the Group's total minimum Pillar 1-based capital requirement as at 31 December 2024 was 12.18 per cent., which also included a capital conservation buffer of 2.5 per cent. and a countercyclical capital buffer of 0.18 per cent.

The Group is subject to the risk of having insufficient capital resources to meet the minimum regulatory capital requirements applicable to it. Under Basel III, 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, a significant increase in lending in the future would be likely to reduce the Group's capital adequacy ratios and any losses experienced by it in future periods would have a similar effect. In addition, regulatory requirements in relation to the calculation and required levels of capital adequacy may change from time to time, including due to new guidelines issued by the Basel Committee on Banking Supervision, such as the Basel IV reforms. 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 Group is a highly regulated entity and changes to, or to the interpretation or enforcement of, applicable laws or regulations, or the failure to comply with such laws or regulations could have an adverse impact on the Group's business

Each of the Bank and its subsidiaries (including SNB Capital Company ("SNB Capital"), TFKB and SBL) are subject to prudential and regulatory controls designed to maintain the safety and soundness of financial institutions, ensure their compliance with economic, social and other objectives and limit their exposure to risk. For example, the Kingdom's Law on the Treatment of Systemically Important Financial Institutions, which was issued on 11 December 2020 and came into effect in June 2021 (the "SIFI Law"), provides for the relevant regulator to determine whether a financial institution, such as the Bank, should be deemed to be systemically important. The objectives of the SIFI Law include the protection of the financial system and sector in the

Kingdom and minimising dependence on Government support by instead utilising the resources of the relevant financial institution. The SIFI Law gives the relevant regulator the right to undertake certain protective measures to safeguard the financial system, such as the ability to amend, reduce, cancel or convert into equity the rights of bondholders or sukukholders of the relevant financial institution, which may include the Certificateholders.

These laws, regulations and other rules, which include Saudi Arabian, Turkish and Pakistani laws and regulations, as applicable, may limit the activities of the Group and increase its cost of doing business. Changes in these laws and regulations (such as those pursuant to Basel III and Basel IV) and the manner in which they are interpreted or enforced may affect the Group's reserves, revenue and performance and may have a material adverse effect on the Group's business, results of operations, financial condition or prospects. In particular, the implementation of Basel IV in the Kingdom, which commenced on 1 January 2023 and is scheduled to be fully implemented by 1 January 2028, is expected to result in increased risk-weighting for certain of the Group's exposures to unrated financial institutions and project finance transactions as well as certain off-balance sheet exposures. In addition, the revised approach to assessing market risk proposed by Basel IV might further increase the Group's risk weighted assets. These factors could have a negative effect on the Group's regulatory capital position, which, in turn, may limit the Group's ability to exercise its strategy. In addition, a breach of regulatory guidelines could expose the Group to potential liabilities, sanctions and reputational damage. Although the Group works closely with its regulators and continually monitors compliance with SAMA and CMA regulations and policy, future changes in regulation, fiscal or other policies cannot be predicted and are beyond its control.

To carry out and expand its businesses, it is necessary for the Group 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 the Group 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 also increased international scrutiny of banks operating in all markets, including the Kingdom, Turkey and Pakistan, in connection with sanctions, anti-money laundering ("AML"), anti-terrorist financing and other regulations, some of which are international in their operation. These laws and regulations require the Group's banking entities, amongst other things, to adopt and enforce "know your customer" ("KYC") policies and procedures and to report suspicious and large transactions as part of their AML requirements to the applicable regulatory authorities. The Group has adopted KYC and AML policies and procedures and reviews them regularly in response to regulatory and market developments. The ability of the Group's banking entities to comply with all such applicable laws and rules is driven by the robustness of their IT, compliance, audit and reporting systems and procedures, as well as their ability to attract and retain qualified compliance and risk management personnel. In the event of actual or alleged compliance breaches, the Bank or any of its subsidiaries may become subject to investigation and judicial or administrative proceedings, which could result in penalties or lawsuits (including by customers) for damages, the loss of its ability to do business in the international banking market or in specific jurisdictions, the loss of its banking licence or material damage to its reputation, each of which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

The Bank faces increasing competition which may negatively impact its results of operations

All sectors of the market for financial and banking services in Saudi Arabia are highly competitive. Based on SAMA's website, there are 37 commercial banks licensed to operate in the Kingdom, of which seven are still to commence business, although all seven are currently in a pilot phase of operation. Of the 30 operating licensed banks, 11 are incorporated in the Kingdom, seven are branches or subsidiaries of banks based in other GCC countries (namely Emirates NBD, National Bank of Bahrain, National Bank of Kuwait, Bank Muscat, Qatar National Bank, First Abu Dhabi Bank and Sohar International Bank), 10 are international banks (namely

Deutsche Bank, BNP Paribas, J.P. Morgan Chase, N.A., National Bank of Pakistan, T.C. Ziraat Bankası A.Ş., Industrial and Commercial Bank of China, MUFG Bank, Ltd., UBS AG (previously Credit Suisse), Standard Chartered Bank and National Bank of Iraq) and two (D360 Bank and STC Bank) are digital banks.

Digital banks may, in some cases, have lower operating cost models and may therefore be capable of generating higher returns from asset growth. Given the growing trend towards liberalisation of the banking industry in the Kingdom, which has allowed the presence of both foreign banks and digital banks and promoted the rise of digital banking, the Bank faces the prospect of an increasingly competitive environment in the future.

The Bank faces intensifying competition in the Kingdom both from new entrants to the market and from existing competitors, which may increase pressure on the Bank to improve the range and sophistication of its products and services currently offered. Competition in its key areas of operation, among other things, may limit the Bank's ability to grow its business, increase its client base and expand its operations and/or reduce or reverse its asset growth rate and profit margins on the services it provides. If the Bank experiences increasing margin pressure and rising operating expenses as the banking sector in the Kingdom develops and/or the Bank is not able to compete effectively against its competitors and/or the Bank incurs significant additional costs as it seeks to compete effectively, these factors could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

There are no third-party guarantees or other assurances of Government support

Although the Government indirectly owned 37.24 per cent. of the Bank's shares as at 31 December 2024 through the Public Investment Fund (the "PIF"), investors should be aware that no guarantee (implicit or explicit) has been given in relation to the financial obligations of the Bank (including in respect of Certificates issued under the Programme) by the Government, the shareholders of the Bank or any other person. Further, despite the significant Government shareholding in the Bank and notwithstanding the Bank's status as a D-SIB, there can be no assurance that Government support will be available to the Bank in the event of any future crisis or economic disruption in the Kingdom's banking sector. Neither the Government nor any of its related entities are under any obligation to continue to invest in, make customers' deposits with, do business with or otherwise support the Bank.

The Bank's principal shareholder is able to exert significant influence on the Bank and its interests may not be aligned with the interests of Certificateholders

The Bank's principal shareholder, the PIF, held 37.24 per cent. of the Bank's shares as at 31 December 2024, giving the Government an indirect blocking shareholding in the Bank. As a result, the Bank's principal shareholder, acting alone or with other shareholders, can significantly influence the Bank's business through its ability to effectively veto decisions and actions that require super-majority shareholder approval. If circumstances were to arise where the interests of the Bank's principal shareholders conflict with the interests of the Bank's creditors (including Certificateholders), the Certificateholders may be disadvantaged by any such conflict.

The Group's accounting principles and policies 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 principles and policies are fundamental to how the Group records and reports its financial position and results of operations. Management must exercise judgment in selecting and applying many of these accounting policies so that they comply with IFRS Accounting Standards that are endorsed in Saudi Arabia.

Management has identified certain accounting policies in the notes to its financial statements as being material because they require management's judgment to ascertain the valuations of assets, liabilities, commitments and

contingencies. These are described in note 3 to the 2024 Financial Statements. In addition, certain critical accounting judgments, estimates and assumptions are described in note 2.6 to the 2024 Financial Statements.

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. The Group has established policies and control procedures that are intended to ensure that its accounting judgments and estimates are monitored and applied consistently. In addition, the policies and procedures are intended to ensure that the process for changing methodologies occurs in an appropriate manner. Because of the uncertainty surrounding the Group's judgments and the estimates pertaining to these matters, no assurance can be given that the Group will not be required to make changes in accounting estimates or restate prior period financial statements in the future.

The Group's continued success depends on its ability to attract key management and qualified personnel

The Group's continued success will depend, in part, on its ability to continue to attract, retain and motivate qualified and skilled personnel, including foreign and Saudi Arabian nationals. Although the Group attempts to structure its compensation packages appropriately to attract and retain experienced personnel, there is significant competition in the Saudi banking industry for personnel with relevant expertise due to the limited number of available and/or qualified individuals relative to the high level of demand.

In addition, the Group is not insured against loss that may be incurred because of the departure of any of its key personnel. The loss of certain members of the Group's senior management team or any significant number of its mid-level managers and skilled professionals, or their counterparts within the Group's subsidiaries and associates, may result in a loss of organisational focus, poor execution of operations and corporate strategy or an inability to identify and execute potential strategic initiatives.

Any failure by the Group to manage its personnel needs successfully, including retaining key members of its senior management team and/or recruiting new qualified personnel at a pace consistent with its growth, could impede the implementation of the Group's strategy, hinder the growth of its business and have a material adverse effect on its business, results of operations, financial condition or prospects.

The Group is exposed to reputational risks related to its operations and industry and its reputation may be adversely affected if any of its Islamic finance products are deemed to be non-Shari'a compliant

The Group depends on the trust and confidence of its customers to succeed in its business. The Group is exposed to the risk that litigation, misconduct, operational failures, negative publicity and press speculation will harm its reputation. The Group's reputation may also be adversely affected by the conduct of third parties over whom it has no control, including entities to which it has advanced financing or in which it has invested. For example, if one of the Group's financing counterparties becomes associated with financial scandals or widely publicised improper behaviour, the Group's own reputation may be affected. The Group is also exposed to adverse publicity relating to the financial services industry. Financial scandals unrelated to the Group or questionable ethical conduct by a competitor may taint the reputation of the industry and affect the perception of investors, public opinion and the attitude of regulators. 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.

The Group currently offers a range of Islamic finance products which are reviewed and approved by the Bank's independent Shariah Committee (the "**Shariah Committee**"). In doing so, each member of the Shariah Committee must employ his interpretative efforts in accordance with methodological rules and/or principles of Islamic jurisprudence. While various Islamic schools of thought agree on the general methodology and the basic principles of interpretation, they may disagree on particular rules. If any issues are called into question relating to the extent of Shari'a compliance of Shariah Committee-approved products offered by the Group, the Group's

reputation could be negatively affected which may in turn have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

A negative change in the Bank's credit ratings could adversely affect the Group's ability to access the debt capital markets and may increase its borrowing costs

The Bank's credit ratings, which are intended to measure its ability to meet its debt obligations as they mature, are an important factor in determining the Group's cost of borrowings.

The Bank's long-term corporate ratings were most recently assessed "A" with a stable outlook by S&P, "A-" with a stable outlook by Fitch, "Aa3" with a stable outlook by Moody's and "AA-" with a stable outlook by Capital Intelligence. 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.

There can be no assurance that any of the Bank's ratings will remain the same in the future. Any actual or anticipated changes in the Bank's credit ratings may affect the market value of the Certificates.

A downgrade of the Bank's credit ratings (or a negative change of outlook) may increase the Group's cost of borrowing and may also limit its or any of its subsidiaries' ability to raise capital and funding, each of which could adversely affect the Group's business, results of operations, financial condition and prospects.

According to Moody's credit opinion dated 28 May 2024, the Bank's ratings could be downgraded if the sovereign rating is downgraded, indicating a lower government capacity to provide support and/or if Moody's sees or expects to see a deterioration in the operating environment that would lead it to lower Saudi Arabia's macro profile. The Bank's ratings would be also downgraded if Moody's sees sustained pressure on capital or a deterioration in the Bank's funding through higher reliance on market funding as funding pressures in the system continue. S&P noted in its ratings outlook communication on 13 March 2025 that a negative rating action on the sovereign could lead to a similar action on the Bank's ratings in the next 12 to 24 months.

Saudi Arabia has been assigned the following credit ratings: Aa3 (stable outlook) by Moody's, A+ (stable outlook) by Fitch, A+ (stable outlook) by S&P and AA- (stable outlook) by Capital Intelligence. As a result, if any of the Bank's rating agents were to reduce their ratings, or change the outlook of their ratings, on Saudi Arabia, this could also result in the relevant rating agent lowering its rating, or changing the outlook of its rating, on the Bank. Any event that causes these or any other applicable rating agency in the future to adjust this view would be likely to result in a negative change in the Bank's rating. See "*—There are no third-party guarantees or other assurances of Government support*" above.

Risks relating to the economic, political and regulatory environment in the Kingdom

The Kingdom's economy remains dependent on its oil revenue

The Kingdom's economy remains dependent upon oil revenue. As at 31 December 2023, the Kingdom had approximately 17.1 per cent. of proven global crude oil reserves (according to OPEC's Annual Statistical Bulletin 2024) which generated 32.0 per cent. of its nominal GDP in 2023 according to GASTAT. Oil revenues also accounted for an estimated 62.2 per cent. and 67.6 per cent. of total Government revenue in 2023 and 2022, respectively, and oil exports accounted for 77.3 and 79.5 per cent. of Saudi Arabia's total exports by value in 2023 and 2022, respectively.

As oil is the Kingdom's main 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. International oil prices are volatile. 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 in 2021 (as COVID-19 restrictions were eased), U.S.\$100.08 in 2022 (reflecting the impact of international sanctions imposed on Russia following its invasion of Ukraine early in 2022), U.S.\$82.95 in 2023 (reflecting adjustments in the sanctions regime at the end of 2022 and generally lower demand than expected) and U.S.\$79.89 in 2024. The annual average price per barrel of Arabian Light Crude Oil has also moved in line with these trends.

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 and Russia;
- (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);
- (viii) the impact of terrorist action against significant hydrocarbon facilities; and
- (ix) global weather and environmental conditions.

It is possible that the broad-ranging tariffs announced by the United States, and any other countries (including China) in response, could result in a slowdown of global economic activity which could reduce demand for oil and therefore the price of oil. This could reduce liquidity in the Saudi banking system and cause international investors to reduce their exposure to emerging markets, including the GCC, potentially slowing foreign direct investment or portfolio inflows into the Kingdom.

Low oil prices and low demand for oil may have a material adverse effect on the Kingdom's economy and revenues, and may give rise to significant budget deficits and a reduction in liquidity and funding in the financial sector. The Kingdom 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 the Kingdom's economy could, in turn, have an adverse effect on the Group's business, financial condition, results of operations or prospects.

There can be no assurance that the Government's efforts to diversify the Kingdom's economy will be successful and such efforts may have undesirable effects

In recent years the Government has invested heavily in diversifying the Kingdom's economy to reduce its reliance on oil revenues. Through the Saudi Vision 2030, the Government is seeking to implement far-reaching reforms of the Kingdom'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, and there can be no assurance that these measures will not have unexpected or undesirable consequences in the Kingdom.

There can be no assurance that the increased contribution of the non-oil sector to the Kingdom'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 Programs (a series of programmes which aim to achieve the strategic objectives of the 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 Programs, 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 the Kingdom's economy. Any failure to diversify the Kingdom's economy may result in its economy remaining susceptible to the risks associated with the oil sector. Any material deterioration in the Kingdom'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 or prospects.

A slowdown in the economies of the Kingdom's key trading partners could adversely affect the Kingdom's economy

The Kingdom has strong trading relationships with many countries, particularly major oil-importing economies such as China, the United States, Japan, South Korea, India and several states of the European Union. To the extent that there is a slowdown in the economies of any of these countries, for example as a result of tariffs implemented by the United States and any other countries (including China) in response, this may have a negative impact on the Kingdom's foreign trade and balance of payments, which could have a material adverse effect on the Kingdom's economic and financial condition.

Any sustained market and economic downturn or geopolitical uncertainties in the United States, China or any of the Kingdom's other key trading partners may exacerbate the risks relating to the Kingdom's trade with those countries. If an economic downturn occurs or continues in the United States, China or any of the Kingdom's other key trading partners, this may have a negative impact on the Kingdom'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 the Kingdom'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 or prospects.

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

The Kingdom 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 the Kingdom (the "**Kingdom 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 Kingdom Courts, decisions of the Kingdom 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 Kingdom law in a timely

manner. As a result of these and other factors, the outcome of any legal disputes in the Kingdom may be uncertain.

As the legal environment remains subject to continuous development, investors in the Kingdom and the other GCC countries may face uncertainty as to the security of their investments. Any unexpected changes in the legal systems in the Kingdom 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 or prospects.

The Bank is subject to labour force regulations in the Kingdom and any failure to comply with those regulations could have a material adverse effect on the Group

Companies in the Kingdom are in general encouraged by the Ministry of Human Resources and Social Development to ensure that Saudi nationals are prioritised with regards to employment opportunities with strong career progression and development programmes. The Bank aims to recruit, train and retain Saudi nationals to comply with the relevant regulations, although, in common with other corporate entities in the Kingdom, the Bank experiences competition for, and may occasionally find it difficult to recruit and retain, qualified Saudi nationals. Any failure to fill specific regulated roles with Saudi nationals could cause the Bank 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 Bank's reputation.

In addition, in recent years, the Kingdom has tightened controls on the employment of foreign workers, required increased localisation of the operations of foreign investors in the Kingdom and introduced amendments to labour laws. There is no guarantee that those changes will not have an impact on the Bank's customers in general, or customers in a particular segment of business which comprises a significant proportion of the Group's credit exposure. If any changes in the Kingdom's labour laws negatively affect the Group's borrowers, this could reduce the ability of those borrowers to meet their payment obligations to the Group. The occurrence of any such effect with respect to a major borrower, or a group of borrowers, could have a substantial negative effect on the Group.

Any alteration to, or abolition of, the foreign exchange "peg" of the riyal or other regional currencies at a fixed exchange rate to the U.S. dollar will expose the Group to U.S. dollar foreign exchange movements against the riyal or other such currencies

The Group maintains its accounts and reports its results in riyal. The riyal has been pegged to the U.S. dollar since 1986. In addition, the following oil-producing GCC countries have their currencies pegged to the U.S. dollar: Qatar, the UAE, Oman and Bahrain. From time to time, oil-producing countries with currencies that have been traditionally pegged to the U.S. dollar have faced pressure to de-peg and, in certain cases, have de-pegged their currencies. For example, Kazakhstan de-pegged the Kazakhstani tenge from the U.S. dollar on 20 August 2015, which was followed on 21 December 2015 by the removal of the U.S. dollar peg against the Azerbaijani manat.

There is a risk that additional countries may choose to unwind their existing currency peg to the U.S. dollar, both in the GCC and the wider region. While the long-term impacts of such actions are uncertain, it is likely that any such de-pegged currency would face a devaluation against the U.S. dollar immediately following the removal of the peg. 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 future unanticipated events, including an increase in the rate of decline of the Government's reserve assets, will not lead the Government to reconsider its exchange rate policy.

Any de-pegging or re-evaluation to the current exchange rate either in the Kingdom 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 the Kingdom's economic and financial condition and, in turn, on the Group's business, financial condition, results of operations or prospects.

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

Statistics contained in this Base Offering Circular, including in relation to GDP, trade, government revenue, inflation and oil prices, have been obtained from, amongst other sources, GASTAT, SAMA, the Ministry of Finance, the Ministry of Economy and Planning and OPEC. 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.

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 (each as defined in the Conditions)) in a proportion corresponding to the relevant Write-down Amount (and any related unpaid Periodic Distribution Amounts) (each as defined in the Conditions) 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 the occurrence of 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; and (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 “– *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. Further, 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 25/04/1442H (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 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 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 “– *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 “ – *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, payment of any amount in respect of, or arising from, the Relevant Obligations is conditional upon satisfaction of the Solvency Condition (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(e) 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 Condition 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 “ – *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 (as defined in the Conditions) 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 9,663 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 Mudarabah 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) five 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 “ – *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) five 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 and Periodic Distribution Amounts will not therefore be due other than in the limited circumstances described in the Conditions. See also “ – *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 (as defined in the Conditions) 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 “ – *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 (as defined in the Conditions) 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 of the Trustee

The Certificates of a Series are not debt obligations of the Trustee. Instead, the Certificates represent an undivided ownership interest in the Trust Assets relating to that Series. Recourse to the Trustee is limited to the Trust Assets of the relevant Series and the proceeds of the Trust Assets of the relevant Series are the sole source of payments on the Certificates of that Series. Upon the 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 to which it is a party.

Certificateholders will have no recourse to any assets of the Trustee (other than the Trust Assets in the manner and to the extent 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 due on the Certificates. The Bank is

obliged to make certain payments under the Transaction Documents to which it is a party directly to, or to the order of, the Trustee or the Delegate, and the Trustee and/or the Delegate will have direct recourse against the Bank to recover such payments due to the Trustee pursuant to the Transaction Documents. 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 30 days 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 to which they are a party) 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 “ – *The Certificates are perpetual securities, which may be subject to redemption (subject to certain conditions)*”), are subordinated (see “ – *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 “ – *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 “ – *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 (as defined in the Conditions), 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 co-mingled 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 “ – *Risks relating to the Bank and its ability to fulfil its obligations under the Transaction Documents*”) materialise or otherwise impact the Bank’s business, the value of and profit earned from the investment in such Mudaraba 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. Neither the Trustee or the Bank have any 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 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 (as defined in the Conditions)

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 (as defined in the Conditions). 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 to which it is a party and/or the Trustee to make payments under any Series of Certificates, or the ability of the Trustee or the Bank to otherwise comply with their respective obligations under the Certificates and the Transaction Documents to which they are a party.

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

The Master Trust Deed contains provisions for calling meetings of the Certificateholders (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, consent or instructions given in writing directly to the Trustee, the Bank or the Delegate (as the case may be) by (a) accountholders in the clearing systems with entitlements to such global certificate or (b), where the accountholders hold such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Bank, the Delegate and/or the Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction. As used in this paragraph, “commercially reasonable evidence” includes any certificate or other document issued by Euroclear, Clearstream Luxembourg or any relevant clearing system, and/ or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Certificates.

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 (x), 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) and (y) in the case of consent, waiver, authorisation or determination referred to in paragraph (b) above, 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 depository for Euroclear and Clearstream, Luxembourg. Except in the limited circumstances described in each Global Certificate, investors will not be entitled to receive Certificates in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the 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*”)) in the applicable Pricing Supplement (the “**equivalent amount**”) in achieving its objectives as set out in the Sustainable Finance Framework (as defined in “*Use of Proceeds*”).

The Bank will exercise its judgment 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 Finance 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 Arranger, the Dealers or any other person that the use of the equivalent amount for any Eligible Sustainable Projects (as defined in “*Use of Proceeds*”) 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 Finance Framework. In addition, the Sustainable Finance 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, or to provide the reports described in, “*Use of Proceeds*”. In addition, no assurance is given by the Bank, the Trustee, the Arranger, the Dealers or any other person that the application of such equivalent amount to the relevant Eligible Sustainable Projects 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 by the Bank to use the equivalent amount as stated or to provide the reports and/or the fact that the maturity of an Eligible Sustainable Project may not match the duration of any Sustainable Certificates and/or the failure by the Bank to meet any environmental, social or sustainability targets and/or any changes to the composition of the Eligible Sustainable Projects before the applicable maturity date or any applicable optional redemption date of the applicable Sustainable Certificates and/or failure of the Eligible Sustainable Projects 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 Arranger, 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, “ – *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 Sustainable Projects 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 Sustainable Projects (or any other environmental, social or similar targets set by the Bank) and consequently neither payments of principal and profit (as the case may be) on, nor an investor’s right to accelerate payment of, the Sustainable Certificates shall depend on the application of an amount equal to the net proceeds of any issue of Sustainable Certificates, the performance of the relevant Eligible Sustainable Projects or the performance of the Bank in respect of any such environmental, social or similar targets.

An Eligible Sustainable Project may, during the life of the project, due to changes in the Sustainable Finance Framework and/or circumstances of the project or any other reasons, no longer satisfy the eligibility criteria set out in the Sustainable Finance Framework. The reallocation of such proceeds to new Eligible Sustainable Projects may not be possible or may be delayed. No representation or assurance is given or made by the Bank, the Trustee, the Arranger, the Dealers or any other person that the equivalent amount used for financing or refinancing of Eligible Sustainable Projects 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 Arranger, the Dealers or any other person) to investors that: (a) any projects or uses the subject of, or related to, any Eligible Sustainable Projects will meet any or all investor expectations 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 Sustainable Projects; (c) the Sustainable Finance 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 Finance Framework is intended to be aligned with the ICMA Green Bond Principles (2021 version) (with June 2022 Appendix I), Social Bond Principles (2023 version) and Sustainability Bond Guidelines (2021 version), each as referred to in the Sustainable Finance Framework and published by the International Capital Markets Association (the “**ICMA Principles**”). The Bank has appointed S&P Global to assess its Sustainable Finance Framework and its alignment with the ICMA Principles, and to issue the Second Party Opinion.

None of the Bank, the Trustee, the Arranger, the Dealers or any other person makes any representation or gives any assurance as to the Sustainable Finance Framework’s compliance or alignment with the ICMA Principles. Furthermore, none of the Sustainable Finance Framework, the Second Party Opinion, the ICMA 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 Arranger 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 Sustainable Projects, including their sustainability criteria or (iii) the characteristics of relevant Eligible Sustainable Projects or businesses to whom the proceeds of such Certificates are to be allocated, including their sustainability characteristics. None of the Arranger, 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 Finance Framework, the Eligible Sustainable Projects or the eligibility criteria, any verification of whether the Eligible Sustainable Projects 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 Finance 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

Sustainable Projects into the Bank's Sustainable Financing Register, as described in the Sustainable Finance 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 report, assessment, 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 Arranger 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 Arranger, 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 Arranger, 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 Shariah Committee of HSBC Saudi Arabia 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 to which it is a party.

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 by Royal Decree No. M/89 dated 09/07/1441H (corresponding to 4 March 2020) (the “**Bankruptcy Law**”), this could adversely affect the Bank’s ability to perform its obligations under the Transaction Documents to which it is a party and, in turn, affect the Trustee’s ability to perform its obligations in respect of the Certificates. 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 “ – *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 to which it is a party, 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 to which it is a party. 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 to which it is a party.

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 2024 Financial Statements together with the joint audit report thereon and the notes thereto (an electronic copy of which is available at: <https://www.alahli.com/-/media/project/snb/snb-web/about-us/02-1-investor-relations/financial-information/financial-statements/english/SNB-English-YE-2024-Financials-Final.pdf?view=1>); and
- (b) the 2023 Financial Statements together with the joint audit report thereon and the notes thereto (an electronic copy of which is available at: <https://www.alahli.com/-/media/project/snb/snb-web/about-us/02-1-investor-relations/financial-information/financial-statements/english/snb-english-ye-2023-financials.pdf?view=1>),

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

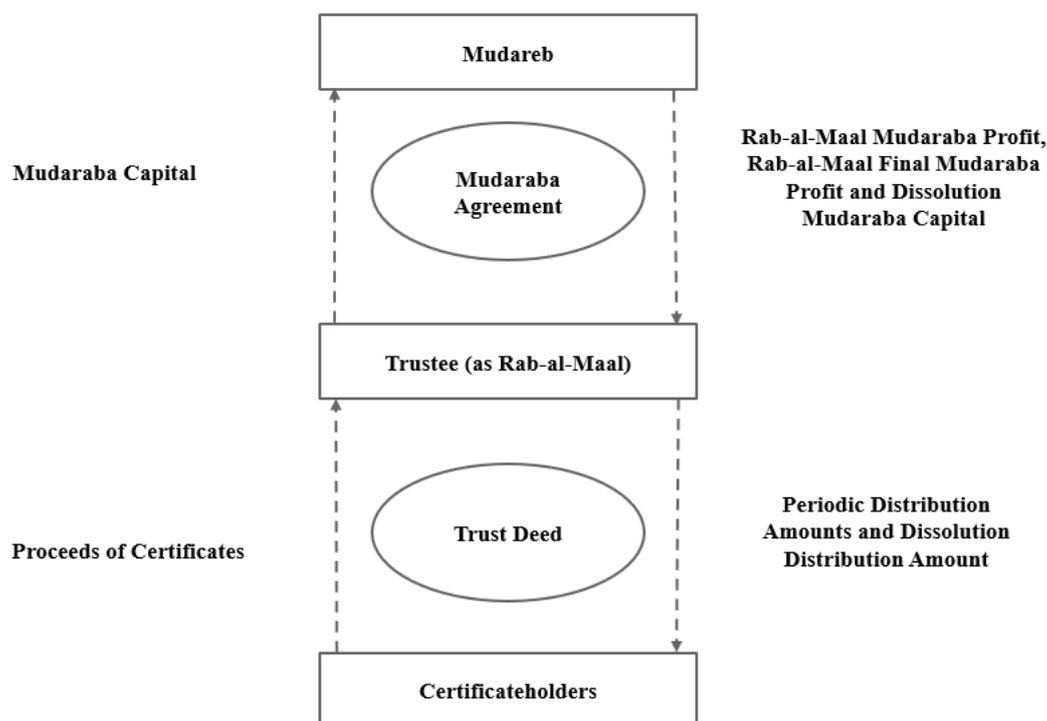
The Documents Incorporated by Reference shall be incorporated in, and form part of, this Base Offering Circular, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Offering Circular to the extent that 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 may be obtained from the registered office of the Trustee 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:

- (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 (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.

Bank	The Saudi National Bank
Trustee	SNB Tier 1 Sukuk Limited, an exempted company with limited liability incorporated on 4 March 2025 under the Companies Act (As Revised) of the Cayman Islands with company registration number 419194 and with its registered office at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands. The Trustee has been incorporated solely for the purpose of participating in the transactions contemplated by the Transaction Documents to which it is a party.
Bank (LEI)	5586006ZEFQ542K7CY16
Trustee (LEI)	254900FX6HJLCXA56S52
Ownership of the Trustee	The authorised share capital of the Trustee is U.S.\$50,000 consisting of 50,000 ordinary shares of U.S.\$1.00 each, of which 250 shares are fully paid up and issued. The Trustee’s entire issued share capital is held on trust for charitable purposes by MaplesFS Limited under the terms of a share declaration of trust dated 15 April 2025 (the “ Share Declaration of Trust ”).
Administration of the Trustee	The affairs of the Trustee are managed by MaplesFS Limited, a licensed trust company in the Cayman Islands (the “ Trustee Administrator ”), with registered office at P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands, who will provide, amongst other things, corporate administrative services, director services and act as share trustee for and on behalf of the Trustee pursuant to the corporate services agreement dated 15 April 2025 between the Trustee and the Trustee Administrator (the “ Corporate Services Agreement ”). The Trustee Administrator also provides registered office services to the Trustee in accordance with its standard terms and conditions for

	the provision of registered office services (the “ Registered Office Terms ”).
Arranger	HSBC Bank plc (the “ Arranger ”).
Dealers	DBS Bank Ltd., HSBC Bank plc, Mizuho International plc, SMBC Bank International plc, SNB Capital Company and Standard Chartered Bank and any other Dealer appointed from time to time either generally in respect of the Programme or in relation to a particular Series of Certificates.
Delegate	Citibank, N.A., London Branch (the “ Delegate ”). 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.
Principal Paying Agent and Transfer Agent	Citibank, N.A., London Branch
Registrar	Citibank Europe Plc
Initial Programme Size	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.
Method of Issue	The Certificates may be issued on a syndicated or non-syndicated basis. The specific terms of each Series will be recorded in the applicable Pricing Supplement.
Issuance in Series	Certificates will be issued in Series. Each Series may comprise one or more Tranches issued on different Issue Dates. The Certificates of each Series will have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of Periodic Distribution Amounts thereon and the date from which Periodic Distribution Amounts start to accrue.
Currencies	Subject to any applicable legal or regulatory restrictions, Certificates may be denominated in any

currency (each a “**Specified Currency**”) agreed between the Trustee, the Bank and the relevant Dealer.

Issue Price

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.

Denomination of Certificates

The Certificates will be issued in such denominations as may be agreed between the Trustee, the Bank and the relevant Dealer(s), save that 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.

Status

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 *pari passu* without any preference or priority with all other Certificates; see Condition 4(a).

Subordination

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) *pari passu* with all other *Pari Passu* Obligations (as defined in the Conditions) and (d) in priority only to all Junior Obligations (as defined in the Conditions); see Condition 4(b).

Trust Assets

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); (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(d), 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, employees or agents 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(d). 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(d) 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 Depository for Euroclear and Clearstream, Luxembourg. Individual Certificates evidencing holdings of Certificates will be issued in exchange for interests in the relevant Global Certificate only in certain limited circumstances described under "*Summary of Provisions Relating to the Certificates while in Global Form*".

Clearance and Settlement

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

Withholding Tax

All payments in respect of the Certificates are to be made free and clear of, and without withholding, retention or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by 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 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.

Listing and Admission to Trading

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, the Registered Office Terms 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 ratings of “A” with a stable outlook by S&P, “A-” with a stable outlook by Fitch, “Aa3” with a stable outlook by Moody’s and “AA-” with a stable outlook by Capital Intelligence. 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 credit 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 Dubai International Financial Centre and the Abu Dhabi Global Market), the Abu Dhabi Global Market and

United States Selling Restrictions

the United States of America. See “*Subscription and Sale*”.

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).

SNB Tier 1 Sukuk 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, The Saudi National Bank (the “**Bank**” or the “**Obligor**”) and the Dealers named therein dated 24 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 24 April 2025 between the Trustee, the Obligor and Citibank, N.A., London Branch (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 24 April 2025 has been entered into in relation to the Certificates between the Trustee, the Obligor, the Delegate, Citibank, N.A., London Branch as principal paying agent and transfer agent, Citibank Europe 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), 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;

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

“**Bank Assets**” means the total assets of the Bank as shown 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 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) five 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 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 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, requirements, guidelines and policies relating to 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:

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

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

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

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

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

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ 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;

“**Directors**” means the executive and non-executive directors of the Mudareb who make up its board of directors;

“**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 Condition**” has the meaning given to it in Condition 4(c);

“**Solvent**” means that: (a) the Bank is able to pay its debts which are Senior Obligations 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 MaplesFS 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 five 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(d)(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 a 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) and Condition 4(c) apply only to the Relevant Obligations and nothing in this Condition 4(b) and Condition 4(c) 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.

(c) **Solvency Condition**

Except upon the occurrence and continuation of any Winding-Up Proceeding and without prejudice to Condition 8, payment of any amount in respect of, or arising from, the Relevant Obligations is conditional upon the Bank (in its capacity as Mudareb or otherwise) being capable of making such payment and still being Solvent at the time of such payment and immediately thereafter (the “**Solvency Condition**”).

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

Save as provided in this Condition 4(d), 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 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), Condition 4(c) 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(d). 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.

(e) **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

SNB Tier 1 Sukuk Limited (in its capacity as Trustee and as the “**Rab-al-Maal**”) has entered into a Master Mudaraba Agreement (the “**Master Mudaraba Agreement**”) dated 24 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), 4(d), 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), 4(c), 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), 4(c), 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 on the relevant Reset Determination Date, as determined by the Calculation Agent.

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 Condition is not satisfied in respect of the payment of the Relevant Rab-al-Maal Mudaraba Profit Amount.

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 amount 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 Condition in respect of the payment of the applicable Relevant Obligations 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) being capable of making payment with respect to such purchase and still being Solvent 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 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 Non-Viability Event, Dissolution Event, Potential Dissolution Event, Non-Payment Event, Non-Payment Election, Tax Event or Capital 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 Maples and Calder at its registered office at 6th Floor, DUO, 280 Bishopsgate, London EC2M 4RB, 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) 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 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 presentation and surrender of that Global Certificate) 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 and the Delegate shall be entitled to rely on consent or instructions given in writing directly to the Trustee and the Delegate as the case may be, by accountholders in the clearing system with entitlements to such Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Trustee and the Delegate have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Certificateholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, “commercially reasonable evidence” includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Certificates. Any such certificate or other document shall, in the absence of manifest error, 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 system) in accordance with its usual procedures and in which the accountholder of a particular principal or face amount of the Certificates is clearly identified together with the amount of such holding. Neither the Trustee nor 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.)¹

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

¹ 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]

SNB Tier 1 Sukuk Limited

Legal Entity Identifier (LEI): 254900FX6HJLCXA56S52

**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)]²
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 24 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 is available for viewing at the registered office of the Trustee at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands and copies may be obtained from the specified office of the Principal Paying Agent, in each case during usual business hours.

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 is available for viewing at the registered office of the Trustee at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands and copies may be obtained from the specified office of the Principal Paying Agent, in each case during usual business hours.*

- | | | |
|---|---|---|
| 1 | (a) Trustee: | SNB Tier 1 Sukuk Limited |
| | (b) Obligor: | The Saudi National 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]]
[Not Applicable] |
| 3 | Specified Currency: | [●] |
| 4 | Aggregate Face Amount: | [●] |
| | (i) Series: | [●] |

² Include only for an issue of further Certificates in accordance with Condition 19.

	(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 ³
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]
25	First Call Date:	[●]

³ Include only for an issue of further Certificates in accordance with Condition 19.

Provisions Relating to Trust Assets

- 26 (a) Details of Transaction Account: SNB Tier 1 Sukuk 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:⁴ [Declaration of Commingling of Assets dated [●] executed by the Trustee] / [Not Applicable]

⁴ Include only for an issue of further Certificates in accordance with Condition 19.

Signed on behalf of
SNB Tier 1 Sukuk Limited

By: _____
Duly authorised

Signed on behalf of
The Saudi National 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:
[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]⁵, 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]⁶, 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)]

⁵ The actual code should only be included where the Trustee is comfortable that it is correct.

⁶ 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 from the issue of each Tranche of Certificates will be applied 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 for general corporate purposes (relating to *Shari'a* compliant business activities and operations), all in accordance with the investment plan set out in the Master Mudaraba Agreement.

In respect of:

1. Sustainable Certificates identified as Green Certificates (“**Green Certificates**”), an amount at least equal to the equivalent amount will be allocated by the Bank, in part or in full, to finance and/or refinance financing facilities which have a positive environmental impact (“**Eligible Green Projects**”) and in accordance with any additional requirements of the Shariah Committee;
2. Sustainable Certificates identified as Social Certificates (“**Social Certificates**”), an amount at least equal to the equivalent amount will be allocated by the Bank, in part or in full, to finance and/or refinance financing facilities which have a positive social impact (“**Eligible Social Projects**”) and in accordance with any additional requirements of the Shariah Committee; and
3. Sustainable Certificates identified as Sustainability Certificates (“**Sustainability Certificates**”), an amount at least equal to the equivalent amount will be allocated by the Bank, in part or in full, to finance and/or refinance a combination of Eligible Green Projects and Eligible Social Projects and in accordance with any additional requirements of the Shariah Committee.

Eligible Green Projects and Eligible Social Projects together being “**Eligible Sustainable Projects**”, as set out in the sustainable finance framework adopted by the Bank in November 2021 (the “**Sustainable Finance Framework**”) and summarised under “*Business Description of the Bank — Sustainable Finance Framework*” and available on its website.

None of the Sustainable Finance Framework or the contents of any of the above websites are incorporated in or form part of this Base Offering Circular.

See further “*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*”.

DESCRIPTION OF THE TRUSTEE

General

The Trustee, an exempted company incorporated in the Cayman Islands with limited liability, was incorporated on 4 March 2025 under the Companies Act (As Revised) of the Cayman Islands with company registration number 419194. The registered office of the Trustee is at the offices of MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102 Cayman Islands with telephone number +971 4 511 4203.

Share Capital

The authorised share capital of the Trustee is U.S.\$50,000 divided into 50,000 ordinary shares of U.S.\$1.00 par value each, 250 of which have been issued. All of the issued shares (the “**Shares**”) are fully paid and are held by MaplesFS Limited as share trustee (in such capacity, the “**Share Trustee**”) under the terms of a share declaration of trust (the “**Share Declaration of Trust**”) under which the Share Trustee holds the Shares in trust until the Termination Date (as defined in the Share Declaration of Trust) and may only dispose or otherwise deal with the Shares in accordance with the Share Declaration of Trust. Prior to the Termination Date, the trust is an accumulation trust, but the Share Trustee has power to benefit Qualified Charities (as defined in the Share Declaration of Trust). It is not anticipated that any distribution will be made whilst any Certificates are outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to charity. The Share Trustee has no beneficial interest in, and derives no benefit (other than its fee for acting as Share Trustee) from, its holding of the Shares.

The Business of the Trustee

The objects for which the Trustee is established are set out in clause 3 of its Memorandum of Association as registered or adopted on 4 March 2025.

The Trustee has no prior operating history or prior business and will not have any substantial assets or liabilities other than in connection with the Certificates.

The Certificates are the obligations of the Trustee alone and not the Share Trustee. Furthermore, they are not the obligations of, or guaranteed in any way by, MaplesFS Limited or any other party.

Financial Statements

Since the date of incorporation, no financial statements of the Trustee have been prepared. The Trustee is not required by Cayman Islands law, and does not intend, to publish audited financial statements or appoint any auditors.

Directors of the Trustee

The directors of the Trustee are as follows:

Name	Principal Occupation
Phillip Hinds	Senior Vice President at MaplesFS Limited
John Irwin	Vice President at MaplesFS Limited
Jamie Sanford	Vice President at MaplesFS Limited

The business address of John Irwin is Maples Fund Services (Middle East) Limited, Level 14, Burj Daman, Dubai International Financial Centre, P.O. Box 506734, Dubai, United Arab Emirates.

The business address of each of Phillip Hinds and Jamie Sanford is MaplesFS Limited, P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

The Trustee's Articles of Association provide that the board of directors of the Trustee will consist of at least one director.

Conflicts

There are no potential conflicts of interest between the duties of the directors of the Trustee to the Trustee and their private interests or other duties.

Secretary

The Trustee's secretary is Maples Secretaries (Cayman) Limited of P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Trustee Administrator

MaplesFS Limited also acts as the administrator of the Trustee (in such capacity, the "**Trustee Administrator**"). The office of the Trustee Administrator serves as the general business office of the Trustee. Through the office, and pursuant to the terms of a corporate services agreement entered into between the Trustee and the Trustee Administrator (the "**Corporate Services Agreement**"), the Trustee Administrator has agreed to perform in the Cayman Islands, the United Arab Emirates and/or such other jurisdiction as may be agreed by the parties from time to time various management functions on behalf of the Trustee and to provide certain clerical, administrative and other services until termination of the Corporate Services Agreement. The Trustee Administrator will also provide registered office services to the Trustee in accordance with its standard terms and conditions for the provision of registered office services (the "**Registered Office Terms**"). In consideration of the foregoing, the Trustee Administrator will receive various fees payable by the Trustee at rates agreed upon from time to time, plus expenses.

The terms of the Corporate Services Agreement and the Registered Office Terms provide that either the Trustee or the Trustee Administrator may terminate such appointments upon the occurrence of certain stated events, including any breach by the other party of its obligations under such agreements. In addition, the Corporate Services Agreement and the Registered Office Terms provide that either party shall be entitled to terminate such agreements by giving at least three months' notice in writing to the other party.

The Trustee Administrator will be subject to the overview of the Trustee's board of directors.

The Trustee Administrator's principal office is P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

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

SELECTED FINANCIAL INFORMATION

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

Consolidated statement of financial position data

The table below shows the Group's consolidated statement of financial position data as at 31 December 2024, 31 December 2023 and as at 31 December 2022.

	As at 31 December		
	2024	2023	2022
	(SAR million)		
Assets			
Cash and balances with central banks ⁽¹⁾	42,120	47,499	41,611
Due from banks and other financial institutions, net.....	21,088	34,563	16,497
Investments, net.....	292,487	269,129	258,292
Financing and advances, net.....	654,252	601,527	545,311
Positive fair value of derivatives.....	27,375	21,304	20,574
Property, equipment and software, net.....	11,888	11,000	9,993
Goodwill.....	34,007	34,007	34,007
Intangible assets.....	5,742	6,562	7,383
Right of use assets, net.....	1,006	1,039	1,534
Other assets ⁽²⁾	14,190	10,450	10,295
Total assets	1,104,155	1,037,081	945,496
Liabilities and equity			
Liabilities			
Due to banks, Saudi Central Bank and other financial institutions ⁽³⁾	185,120	181,142 ⁽⁴⁾	150,995
Customers' deposits.....	579,762	590,051	568,283
Debt securities issued and term loans ⁽⁵⁾	95,305	44,412 ⁽⁴⁾	12,987
Negative fair value of derivatives.....	25,903	20,145	19,420
Other liabilities.....	24,789	24,701	27,033
Total liabilities	910,879	860,452	778,719
Equity			
<i>Equity attributable to equity holders of the Bank</i>			
Share capital.....	60,000	60,000	44,780
Share premium.....	63,702	63,702	63,702
Treasury shares.....	(2,099)	(2,203)	(2,028)
Statutory reserve.....	46,481	41,115	36,020
Other reserves (cumulative changes in fair values).....	(3,405)	(3,718)	(7,808)
Employees' share based payments reserve.....	461	415	409
Retained earnings.....	14,351	9,157	21,966
Foreign currency translation reserve.....	(8,113)	(7,750)	(6,556)
Equity attributable to shareholders of the Bank	171,378	160,717	150,486
Tier 1 sukuk.....	21,188	15,188	15,488
Equity attributable to equity holders of the Bank	192,565	175,905	165,973
Non-controlling interest.....	710	724	804

	As at 31 December		
	2024	2023	2022
	<i>(SAR million)</i>		
Total equity	193,275	176,629	166,778
Total liabilities and equity	1,104,155	1,037,081	945,496

Notes:

- (1) This line item was referred to as 'Cash and balances with SAMA' in the 2023 Financial Statements.
- (2) In the 2024 Financial Statements, 'Investments in associates, net' was included in other assets. In the 2023 Financial Statements, 'Investments in associates, net' was disclosed as a separate line item and amounted to SAR 246 million as at 31 December 2023 and SAR 246 million in the comparative financial information as at 31 December 2022. For comparability, the presentation in the 2024 Financial Statements has been adopted for this table.
- (3) This line item was referred to as 'Due to banks and other financial institutions' in the 2023 Financial Statements.
- (4) In the comparative financial information as at 31 December 2023 in the 2024 Financial Statements, the Group reclassified SAR 30,523 million from 'Due to banks, Saudi Central Bank and other financial institutions' to 'Debt securities and term loans'. The equivalent figures for 'Due to banks, Saudi Central Bank and other financial institutions' and 'Debt securities and term loans' in the financial information as at 31 December 2023 in the 2023 Financial Statements were SAR 211,666 million and SAR 13,889 million, respectively. The financial information for 'Due to banks, Saudi Central Bank and other financial institutions' and 'Debt securities and term loans' as at 31 December 2022 appearing in the table has not been reclassified and is not comparable with the equivalent information as at 31 December in each of 2024 and 2023 in the table.
- (5) This line item was referred to as 'Debt securities issued' in the 2023 Financial Statements.

Consolidated statement of income data

The table below shows the Group's consolidated statement of income data for each of 2024, 2023 and 2022.

	2024	2023	2022
	<i>(SAR million)</i>		
Special commission income	57,842	49,857	34,393
Special commission expense	(30,112)	(22,848)	(8,106)
Net special commission income	27,730	27,009	26,287
Fee income from banking services, net	4,600	3,925	3,736
Exchange income, net	1,923	1,945	1,580
Gain from fair value through income statement (FVIS) financial instruments, net	2,875	2,416	1,694
Gains/income on non-FVIS financial instruments, net	493	594	774
Other operating expenses, net	(1,583)	(1,300)	(1,067)
Total operating income	36,038	34,589	33,005
Salaries and employee-related expenses	4,703	4,662	4,310
Rent and premises-related expenses	508	549	531
Depreciation/amortisation of property, equipment, software and right of use assets	1,788	1,459	1,435
Amortisation of intangible assets	820	820	845
Other general and administrative expenses	3,218	2,867	2,664
Total operating expenses before expected credit losses	11,037	10,357	9,785
Impairment charge for expected credit losses, net	1,024	923	1,685

	<u>2024</u>	<u>2023</u>	<u>2022</u>
		<i>(SAR million)</i>	
Total operating expenses	12,061	11,280	11,470
Income from operations, net	23,977	23,310	21,534
Other non-operating expenses, net	(363)	(537)	(258)
Income for the year before zakat and income tax	23,615	22,773	21,277
Zakat and income tax expenses	(2,521)	(2,664)	(2,548)
Net income for the year	21,094	20,109	18,729
Net income for the year attributable to:			
Equity holders of the Bank	21,193	20,010	18,581
Non-controlling interests	(99)	99	148
Net income for the year	21,094	20,109	18,729

Consolidated statement of comprehensive income data

The table below shows the Group's consolidated statement of comprehensive income data for each of 2024, 2023 and 2022.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
		<i>(SAR million)</i>	
Net income for the year	21,094	20,109	18,729
Other comprehensive loss			
<i>Items that cannot be reclassified to the consolidated statement of income in subsequent years:</i>			
Revaluation losses on equity instruments at fair value through other comprehensive income and actuarial valuation ⁽¹⁾	(1,006)	(2,666)	(1,801)
<i>Items that are or may be reclassified to the consolidated statement of income in subsequent years:</i>			
Net movement in foreign currency translation reserve losses	(541)	(1,767)	(704)
<i>FVOCI debt instruments:</i>			
Net changes in fair values	1,130	1,470	(6,025)
Net amounts transferred to the consolidated statement of income	(10)	58	(179)
<i>Cash flow hedges:</i>			
Effective portion of changes in fair values	(114)	(110)	(649)
Net amounts transferred to the consolidated statement of income	528	432	20
Total other comprehensive loss	(13)	(2,582)	(9,337)
Total comprehensive income for the year	21,081	17,526	9,392
Attributable to:			
Equity holders of the Bank	21,485	17,894	9,359

	<u>2024</u>	<u>2023</u>	<u>2022</u>
		<i>(SAR million)</i>	
Non-controlling interests.....	(405)	(368)	33
Total comprehensive income for the year	<u>21,081</u>	<u>17,526</u>	<u>9,392</u>

Note:

- (1) This line item was referred to as 'Net losses of movement in fair value through other comprehensive income in equity instruments and actuarial valuation' in the 2023 Financial Statements.

Consolidated statement of cash flows data

The table below summarises the Group's consolidated statement of cash flows data for each of 2024, 2023 and 2022 (extracts).

	<u>2024</u>	<u>2023</u>	<u>2022</u>
		<i>(SAR million)</i>	
Net cash (used in)/generated from operating activities	(42,129)	29,197 ⁽¹⁾	(4,239)
Net cash used in investing activities	(23,586)	(9,376)	(28,550)
Net cash generated from financing activities	46,779	1,141 ⁽¹⁾	727
Cash and cash equivalents at the beginning of the year	40,480	20,158	52,873
Cash and cash equivalents at the end of the year	21,002	40,480	20,158

Note:

In the 2024 Financial Statements, SAR 9,882 million of terms loans issued and paid in 2023 (which had been classified within net increase/(decrease) in operating liabilities in the operating activities section of the consolidated statement of cash flows in the 2023 Financial Statements) was reclassified to the financing activities section of the consolidated statement of cash flows in the 2024 Financial Statements. The figure for net cash generated from operating cash flows in 2023 in the 2023 Financial Statements was SAR 39,079 million and the figure for net cash used in financing activities in 2023 in the 2023 Financial Statements was SAR 8,741 million.

Selected consolidated ratios and APMs

The table below shows selected consolidated ratios and APMs for the Group as at, and for the years ended, 31 December 2024, 31 December 2023 and 31 December 2022.

	<u>As at/year ended 31 December</u>		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
		<i>(percentage)</i>	
Performance measures			
Return on average tangible assets ⁽¹⁾	2.1	2.1	2.1
Return on average tangible equity ⁽²⁾	16.2	16.8	16.6
Cost to income ratio ⁽³⁾	28.3	27.6	27.1
Financial ratios			
Net special commission income margin ⁽⁴⁾	3.0	3.2	3.2

	As at/year ended 31 December		
	2024	2023	2022
	<i>(percentage)</i>		
Commission yield ⁽⁵⁾	6.3	5.9	3.1
Asset quality			
NPFA ratio ⁽⁶⁾	1.16	1.21	1.62
NPFA coverage ratio ⁽⁷⁾	135.3	139.6	127.0
Liquidity coverage ratio ⁽⁸⁾	265.2	258.1	277.6
Regulatory loans to deposits ratio ⁽⁹⁾	84.0	83.9	82.6
Other ratios			
Common Equity Tier 1 Capital (CET1) ratio ⁽¹⁰⁾	17.6	17.3	16.1
Core capital (Tier 1) ratio ⁽¹⁰⁾	20.3	19.4	18.3
Core and supplementary capital (Tier 1 and Tier 2) ratio ⁽¹⁰⁾	20.8	20.1	19.0
Leverage ratio ⁽¹⁰⁾	13.2	12.4	12.9

Notes:

- (1) Net income for the year attributable to equity holders of the Bank divided by average total tangible assets for the year (calculated as the sum of total tangible assets as at the start and end of the year divided by two). Total tangible assets equals total assets excluding goodwill and intangible assets.
- (2) Net income for the year attributable to equity holders of the Bank less the Tier 1 sukuk related costs divided by average equity attributable to equity holders of the Bank less intangible assets and goodwill (with average equity attributable to equity holders of the Bank less intangible assets and goodwill calculated as the sum of equity attributable to equity holders of the Bank less intangible assets and goodwill at the start and end of the year divided by two).
- (3) Total operating expenses before expected credit loss excluding amortisation of intangible assets divided by total operating income.
- (4) Net special commission income for the year divided by average special commission earning assets for the year (with average special commission earning assets calculated as the sum of special commission earning assets at the start and end of the year divided by two). Special commission earning assets comprise due from banks and other financial institutions, net, financing and advances, net and investments, net.
- (5) Special commission income for the year divided by average special commission earning assets for the year (with average special commission earning assets calculated as the sum of special commission earning assets at the start and end of the period divided by two).
- (6) Non-performing financing and advances as a percentage of total financing and advances (excluding purchased or originated credit impaired financings), in each case at the end of the year.
- (7) ECLs in respect of financing and advances as a percentage of non-performing financing and advances, in each case at the end of the year.
- (8) High quality liquid assets divided by net cash outflow (three-month average). Determined in accordance with SAMA requirements.
- (9) Financing and advances, net, divided by weighted deposits. In accordance with SAMA requirements, weighted deposits consist of customers' deposits, repo, debt securities and Tier 1 sukuk and SAMA's eligible deposits due to banks and other financial institutions.

(10) Calculated in accordance with the requirements of Basel IV as adopted by SAMA.

SUMMARY OPERATING PERFORMANCE AND FINANCIAL REVIEW

Set out below is a brief discussion of the Group's consolidated operating performance and financial position as at, and for the years ended, 31 December in each of 2024, 2023 and 2022.

Operating performance

Total operating income

The Group's total operating income increased by SAR 1,449 million, or 4.2 per cent., to SAR 36,038 million in 2024 from SAR 34,589 million in 2023 and by SAR 1,585 million, or 4.8 per cent., in 2023 from SAR 33,005 million in 2022.

The increase in 2024 compared to 2023 was driven by (i) an SAR 721 million, or 2.7 per cent. increase in net special commission income, (ii) an SAR 675 million, or 17.2 per cent. increase in fee income from banking services, net and (iii) an SAR 460 million, or 19.0 per cent., increase in gain from fair value through income statement ("FVIS") financial instruments, net. The increase in net special commission income principally reflected an increase in the Group's average earning assets in 2024, partially offset by an increase in the cost of funds driven by higher interest rates. The increase in fee income from banking services, net principally reflected strong activity in the Group's wholesale, retail and capital markets segments which was partially offset by lower fee income from the international segment. The increase in gain from FVIS financial instruments, net principally reflected an increase in the domestic trading portfolio. These increases were principally offset by SAR 283 million, or 21.7 per cent., higher other operating expenses, net in 2024.

The increase in 2023 compared to 2022 was driven by a 2.7 per cent. increase in net special commission income, to SAR 27,009 million, resulting from two main factors. First, an SAR 15,464 million, or 45.0 per cent., growth in special commission income driven by growth in financing and advances, net and sound credit quality which was only partly offset by the carefully contained SAR 14,742 million, or 181.9 per cent., increase in special commission expense. Second, net growth in fee income from banking services, net and all other items of total operating income (excluding net special commission income) was SAR 863 million, or 12.8 per cent., reaching SAR 7,580 million in the year ended 31 December 2023, supported by higher international income driven by growth in financing and investment-related income and partially offset by lower domestic fees from banking services.

Operating expenses

Total operating expenses before expected credit losses increased by SAR 680 million, or 6.6 per cent., in 2024 compared to 2023 and by SAR 572 million, or 5.8 per cent., in 2023 compared to 2022.

The increase in 2024 compared to 2023 was mainly due to higher other general and administrative expenses and higher depreciation/amortisation of property, equipment, software and right of use assets. The cost-to-income ratio stood at 28.3 per cent. in 2024, an increase of 70 basis points compared to 27.6 per cent. in 2023, driven by hyperinflation in Turkey that affected the Group's cost-to-income ratio despite an improvement in the domestic cost-to-income ratio.

The increase in 2023 compared to 2022 was mainly due to inflationary pressures in Turkey. Domestic operating expenses remained largely stable. The cost-to-income ratio stood at 27.6 per cent. for 2023, an increase of 48 basis points compared to 27.1 per cent. for 2022, driven by inflationary pressures in Turkey offset by a disciplined cost management in the domestic business.

Credit impairments and cost of risk

The Group's net impairment charge for expected credit losses increased by SAR 101 million, or 11.0 per cent., to SAR 1,024 million in 2024 from SAR 923 million in 2023 and declined by SAR 763 million, or 45.3 per cent., in 2023 from SAR 1,685 million in 2022.

The increase in 2024 principally reflected (i) an SAR 392 million increase in impairment charge for expected credit losses, net in the retail operating segment in 2024 compared to 2023, which movement was mainly due to growth in the retail portfolio that resulted in higher credit impairment which was partially offset by higher recoveries in 2024 and (ii) an SAR 41 million, or 26.8 per cent., increase in reversal of charge for expected credit losses, net in the wholesale operating segment in 2024 compared to 2023. These increases were partly offset by an SAR 238 million reduction in impairment charge for expected credit losses, net in the international operating segment in 2024 compared to 2023, which movement was mainly due to lower credit impairment that was partially offset by lower recoveries in 2024.

The decline in 2023 was due to an SAR 679 million, or 50.3 per cent., lower net impairment charge for expected credit losses in the Group's domestic operating segments (being the retail, wholesale and capital markets operating segments) as a result of increased wholesale recoveries due to higher collection activities related to legacy portfolios, and an SAR 83 million, or 24.9 per cent., decrease in net impairment charge for expected credit losses in the Group's international operating segment.

Net income for the year

Reflecting the above factors, the Group's net income for the year increased by SAR 985 million, or 4.9 per cent., to SAR 21,094 million in 2024 from SAR 20,109 million in 2023 and by SAR 1,380 million, or 7.4 per cent., in 2023 from SAR 18,729 million in 2022.

Financial position

Assets

The Group's total assets increased by SAR 67,074 million, or 6.5 per cent., to SAR 1,104,155 million as at 31 December 2024 from SAR 1,037,081 million as at 31 December 2023. The main drivers for this increase were (i) an SAR 52,725 million, or 8.8 per cent., growth in financing and advances, net, which reflected SAR 29,705 million, or 10.6 per cent., growth in wholesale financing (corporate, international and others) and SAR 23,020 million, or 7.2 per cent., growth in retail financing (consumer and credit card), and (ii) an SAR 23,358 million, or 8.7 per cent., increase in investments, net, mainly of fixed rate securities held at amortised cost.

The Group's total assets increased by SAR 91,585 million, or 9.7 per cent., to SAR 1,037,081 million as at 31 December 2023 from SAR 945,496 million as at 31 December 2022. The main driver for this increase was an SAR 56,217 million, or 10.3 per cent., growth in financing and advances, net, which reflected SAR 29,066 million, or 11.5 per cent., growth in wholesale financing (corporate, international and others) and SAR 27,151 million, or 9.3 per cent., growth in retail financing (consumer and credit card). Other asset classes also increased, notably due from banks and other financial institutions, net (which is a volatile category reflecting the short-term nature of the lending), investments, net and cash and balances with SAMA.

Geographical breakdowns of financing and advances, net

The table below shows the geographical breakdown of the Group's financing and advances, net as at 31 December 2024.

BUSINESS DESCRIPTION OF THE BANK

Overview

The Group provides both conventional and *Shari'a*-compliant banking services. The principal business groups through which the Group conducts its operations are Retail Banking, Wholesale Banking (which includes corporate, treasury and global markets), Capital Markets, and International (see “—*Business*” below). Conventional products offered by the Bank include deposits, term loans, trade financing, structured solutions, cash management, foreign exchange and money remittance. The Bank’s Islamic financing products span all business groups and include most of the wholesale banking and retail banking products offered by the Bank. The primary Islamic modes used include *tawarruq*, *murabaha*, *ijara*, *istisna* and *wakala*. These products are supervised by the Shariah Committee (see “—*Business—Islamic Banking—Shariah Committee*” below).

As at 31 December 2024, the Bank operated through 481 domestic branches, which is one of the largest banking sector branch networks in the Kingdom, four overseas branches (in Bahrain, the UAE, Qatar and Singapore) and two representative offices overseas (in Seoul and Shanghai). It also has two majority-owned banking subsidiaries: TFKB, a Turkish participation bank which provides *Shari'a*-compliant banking services in Turkey, and SBL, a bank incorporated in Pakistan which provides *Shari'a*-compliant banking services in Pakistan. The Bank’s other principal subsidiary is SNB Capital, which is the Kingdom’s largest investment bank in terms of revenue and the region’s largest asset manager in terms of assets under management and which provides corporate finance, investment banking, asset management and brokerage services in the Kingdom. In July 2021, the former investment banking subsidiaries of NCB and Samba merged to create SNB Capital.

The Bank’s domestic branch network is supported by one of the Kingdom’s largest networks of ATMs, POS terminals and QuickPay remittance centres with 3,727 ATMs as at 31 December 2024, 340,408 POS terminals as at 31 December 2024 and 93 QuickPay remittance centres as at 31 December 2024.

As at 31 December 2024, the Bank had 8,318 employees, 99.3 per cent. of which were citizens of the Kingdom.

As at 31 December 2024, the principal shareholder of the Bank was the Government through the PIF, which owns 37.24 per cent. of the Bank’s shares.

As at 31 December 2024, the Group had total assets of SAR 1,104 billion, total customers’ deposits of SAR 580 billion and total equity attributable to equity holders of the Bank of SAR 193 billion. As at 31 December 2024, the Group’s CET1 and total (Tier 1 and Tier 2) capital adequacy ratios, calculated in accordance with Basel III as implemented in Saudi Arabia, were 17.6 per cent. and 20.8 per cent., respectively. In 2024, the Group had total operating income of SAR 36 billion and income for the year before zakat and income tax of SAR 24 billion. In 2023, the Group had total operating income of SAR 35 billion and income for the year before zakat and income tax of SAR 23 billion.

As at the date of this Base Offering Circular, the Bank’s long-term corporate ratings were “A” with a stable outlook from S&P, “A-” with a stable outlook from Fitch, “Aa3” with a stable outlook from Moody’s and “AA-” with a stable outlook from Capital Intelligence.

History

The Bank is a Saudi Joint Stock Company formed pursuant to Cabinet Resolution No. 186 on 30 March 1997 and Royal Decree No. M/19 on 31 March 1997 when NCB converted from a general partnership into a Saudi Joint Stock Company. The Bank’s head office and registered office is The Saudi National Bank Tower, King Fahd Road, 3208 Al Aqeeq District, Unit No. 778, Riyadh 13519 – Additional No. 6676, Saudi Arabia and the switchboard telephone number is +966 9 2000 1000.

NCB was originally founded in 1938 as the “Saleh and Abdulaziz Kaki and Salem Bin Mahfouz Company” and commenced business as a general partnership under a registration certificate authenticated by Royal Decree on 15 May 1950. By Royal Decree No. 3737 on 26 December 1953, the Saleh and Abdulaziz Kaki and Salem Bin Mahfouz Company changed its name to “The National Commercial Bank” and became the first officially recognised bank in the Kingdom. At that time, NCB had only nine domestic retail branches and two overseas branches. In May 1999, the Government, through the PIF, acquired a 50.00 per cent. stake in NCB together with management control from the Bin Mahfouz family (which had previously owned 98.00 per cent. of NCB).

In late 2001, the remaining shares of NCB still owned by the Bin Mahfouz family were purchased by the Government (through the PIF) and other nationals and companies in the Kingdom, which increased the Government’s ownership stake in NCB at the time to 79.29 per cent., consisting of 69.29 per cent. owned by the PIF and 10.00 per cent. owned by the General Organisation for Social Insurance (“GOSI”).

In March 2008, NCB acquired a 60 per cent. controlling interest in the Turkish participation bank TFKB. This equity stake has since been increased to 67.03 per cent. (as at 31 December 2024) through additional capital subscriptions.

Following an initial public offering in late 2014, NCB’s (and subsequently, the Bank’s) shares have been traded on Tadawul since 12 November 2014.

The merger between NCB and Samba became effective on 1 April 2021 with the transfer of all the assets and liabilities of Samba to NCB and the subsequent liquidation of Samba. Samba was established in February 1980. It was formed under the name “Saudi American Bank” for the purpose of taking over the existing branches of Citibank, N.A. (“**Citibank**”) in Riyadh and Jeddah following the issue of a directive by the Government in 1976 that required all foreign banks operating in Saudi Arabia to sell majority equity interests to Saudi nationals.

Pursuant to the directive, 44.5 per cent. of Samba’s shares were sold to the Saudi public for cash and an additional 15.5 per cent. of the equity was sold for cash to a selected group of 60 Saudi nationals, including the original Saudi members of Samba’s board of directors. The remaining 40 per cent. was retained by Citibank, which over time, reduced its holding in the Bank to nil.

In 1999, Samba merged with United Saudi Bank, creating one of the largest financial institutions in the Middle East. In 2008, Samba acquired a majority shareholding in Crescent Commercial Bank in Pakistan, now branded as Samba Bank Limited.

In April 2021, all of the assets and liabilities of Samba were transferred to NCB, Samba was liquidated and NCB was renamed The Saudi National Bank.

Competition and competitive strengths

Competition

All sectors of the market for financial and banking services in Saudi Arabia are highly competitive. Based on SAMA’s website, there are 37 commercial banks licensed to operate in the Kingdom, of which seven are still to commence business, although all seven are currently in a pilot phase of operation. Of the 30 operating licensed banks, 11 are incorporated in the Kingdom, seven are branches or subsidiaries of banks based in other GCC countries (namely Emirates NBD, National Bank of Bahrain, National Bank of Kuwait, Bank Muscat, Qatar National Bank, First Abu Dhabi Bank and Sohar International Bank), 10 are international banks (namely Deutsche Bank, BNP Paribas, J.P. Morgan Chase, N.A., National Bank of Pakistan, T.C. Ziraat Bankası A.Ş., Industrial and Commercial Bank of China, MUFG Bank, Ltd., UBS AG (previously Credit Suisse), Standard Chartered Bank and National Bank of Iraq) and two (D360 Bank and STC Bank) are digital banks.

All 11 local operational Saudi banks provide a broad range of retail and wholesale banking products and services. Al Rajhi Bank, Bank Albilad, Bank AlJazira and Alinma Bank provide *Shari'a*-compliant products and services only. The remaining seven banks provide a combination of *Shari'a*-compliant and conventional banking products and services.

All segments of the financial services markets in the Kingdom are highly competitive. The Bank is a major participant in all segments and competition arises across all products and services. The Bank's primary competitors are Al Rajhi Bank, Arab National Bank, Banque Saudi Fransi, Riyad Bank and Saudi Awwal Bank. In addition, there are a number of "fintech" start-ups in the Kingdom providing limited banking services such as e-wallets enabling merchant payments, remittances and inter-bank transfers.

As at 31 December 2024 and based on the published financial statements of 10 of the 11 local banks in the Kingdom, the Bank had:

- an 18.4 per cent. market share in commercial financing with its closest competitor at 14.1 per cent.;
- a 32.6 per cent. market share in investment portfolios with its closest competitor at 19.5 per cent.;
- a 26.2 per cent. market share of total assets with its closest competitor at 23.2 per cent.; and
- a 21.6 per cent. market share in total customers' deposits with its closest competitor at 23.4 per cent.

Competitive strengths

Management believes that the Bank's competitive strengths are:

Regional leadership in product innovation: the Bank considers itself to be a regional market leader in product design and innovation, particularly in relation to its Islamic product design capabilities. It has previously launched innovative Islamic products, including the world's first Islamic automobile leasing product. Its *Shari'a* division acts as a catalyst for *Shari'a*-compliant product development in each of its businesses, including advising on the development of hedging products for Global Markets and new residential financing products for the Retail Bank. Additionally, the Bank approved the first Islamic double wa'ad repurchase transaction, in which corporate clients are offered collateralised lending options.

Broad distribution: the Bank has one of the largest banking sector branch networks in the Kingdom (with 481 branches as at 31 December 2024) and has strong alternative distribution channels, such as ATMs, telephone and internet banking, mobile phone systems, smart phone and tablet applications and SMS messaging, which enable it to service its existing customer base and attract new customers.

Government ownership and support: the Government, indirectly through the PIF, owns 37.24 per cent. of the Bank's shares as at 31 December 2024, and a significant proportion of the Bank's deposits are made by the Government and/or its departments or agencies. The Bank's management believes that the Government's interests in the Bank enhance the Bank's reputation as a stable and secure institution with which to do business, for both retail depositors and corporate customers, as well as other counterparties.

Experienced Saudi management team: the Bank has a strong management team with extensive knowledge of the banking sector in the Kingdom and the wider MENA region and significant experience in leading international financial institutions.

Large, stable customer base: the Bank has an existing customer base of approximately 12.2 million customers in Saudi Arabia as at 31 December 2024, which provides the Bank with access to a large and stable deposit base with a variety of maturity and re-pricing profiles. The Bank capitalises on this strong customer base to cross-sell products and services across its financing, investment and takaful businesses.

Strong capitalisation: the Group's CET1 and total (Tier 1 and Tier 2) capital adequacy ratios were 17.6 per cent. and 20.8 per cent., respectively, as at 31 December 2024, which exceeds the minimum Pillar 1-based capital ratio requirement of 12.18 per cent. as at the same date. The Bank believes that the Group's capital buffers are sufficiently solid to withstand possible credit-related losses, even under an adverse scenario. The Bank conducts regular stress tests in line with its internal policies and in compliance with applicable regulatory requirements. These tests are performed in relation to all quantified risks and are designed to evaluate the Group's ability to withstand the effects of a range of improbable but plausible scenarios. In all stress tests performed, the Group has maintained its capital adequacy and liquidity ratios at levels above the regulatory minimum. The Bank believes that the strength of its balance sheet and its robust capital and liquidity position give it operational and financial flexibility and enable it to optimise its return on equity.

Solid funding and liquidity position: the Group has a solid funding and liquidity profile, supported by a well-established local deposit franchise. The Group has consistently maintained low regulatory loans to deposit ratios (in the range of 70.7 per cent. to 84.0 per cent. in the period since the merger that formed the Bank). As at 31 December 2024, 48.6 per cent. of the Group's funding (customers' deposits, due to banks, Saudi Central Bank and other financial institutions and debt securities issued and term loans) was from relatively low cost and stable call and current customers' deposits. The proportion of its low-cost current and call customers' deposits was 72.1 per cent. of its total deposits as at 31 December 2024. The Group benefits from a stable and substantial balance of non-interest-bearing deposits. These deposits are primarily sourced from retail clients, public institutions, large corporates, and key strategic account holders with long relationships with the Group. These strengths are, however, moderated by relatively high deposit concentrations, a feature common to all Saudi banks. The bulk of such concentrations relate to Government and quasi-Government institutions, but historically have been stable. See "*Risk Factors—Risks relating to the Bank and its ability to fulfil its obligations under the Transaction Documents—The Group's customer financing portfolio, investment securities portfolio and customers' deposits are concentrated in the Kingdom*" and "*Risk Factors—Risks relating to the Bank and its ability to fulfil its obligations under the Transaction Documents—The Group has significant customer and sector concentrations*". The Group also has limited reliance on market funding.

The Bank also believes that the Group's robust liquidity profile positions it to withstand short-term deposit volatility. The Group's ratio of net financing and advances to customers' deposits (including Tier 1 sukuk as permitted by SAMA) was 84.0 per cent. as at 31 December 2024, which provides it with scope to further expand its loan book before it reaches the regulatory maximum net loans to customers' deposits ratio of 90.0 per cent.

Brand Equity: the Bank believes that its brand continues to benefit from the fact that both NCB and Samba had strong franchises. NCB was a pervasive and strong Saudi Arabian brand with a 70-year heritage in banking, which was bolstered by a strong corporate social responsibility presence in the Kingdom. Samba had a strong overall domestic franchise and a leading brand name in domestic high-net-worth consumer/private banking as well as strong positions in both the ladies and salaried customer segments.

Strong domestic corporate business: the Bank has a well-established corporate banking business, with strengths in corporate lending, cash management and treasury products. In addition, corporate clients are offered specialised corporate finance products, including syndications, project finance and structured finance. The Bank is also a Saudi government bond primary dealer. This corporate banking business is complemented by a wide range of products and services offered by SNB Capital, which include investment banking (advising on and arranging transactions across equity and debt capital markets and mergers and acquisitions), asset management (comprising public funds, private funds and discretionary portfolio management) and brokerage. The strength of the corporate banking business and the SNB Capital's franchise have enabled the development of long-lasting and deep relationships with corporate clients across the Kingdom.

The Group's retail, wholesale, capital market and international reporting segments contributed 37.6 per cent., 56.3 per cent., 6.5 per cent. and minus 0.5 per cent., respectively, of its income for the year before zakat and income tax in 2024.

Strategy

The Bank is committed to fulfilling its vision to be the premier financial services group in the region. Its strategy aspires to achieve and maintain the leading position in revenue and profit, to be the best digital bank, to provide the best customer service, and to be the employer of choice.

The Bank's overall strategy is built on five pillars:

- strengthen market share leadership in retail and corporate with a focus on cross-selling and liability acquisition;
- sustain leadership in efficiency through continued cost optimisation;
- establish a culture of customer centricity across the organisation;
- lead in digital innovation through professional apps with expanded functionalities and enhanced user experience; and
- foster human capital.

This overall strategy revolves around the retail banking and wholesale businesses, each of which has its own strategy to drive and deliver the overall aspirations.

For the retail banking business, the strategy is to:

- grow current accounts by acquiring and increasing balances, elevating segment propositions and executing analytics use cases;
- increase fee income by reducing loyalty costs, increasing volumes from existing fees and introducing new fee streams;
- increase market share through addressing risk-adjusted capital (“**RAC**”) gaps to market and optimising pricing;
- continue to improve customer experience, focusing on addressing issues causing complaints, reducing turnaround time in residential and lease finance customer journeys and driving a customer-centric culture through training, recognition and rewards;
- upgrade the operating model through selectively expanding the branch network, rolling out mixed-gender branches, increasing revenue generating roles, expanding the universal banker role, implementing in-branch technologies and refreshing incentives schemes;
- accelerate digital value creation by enhancing digital sales and marketing and introducing embedded banking and open banking capabilities;
- become the bank for small business by developing tailored product propositions and establishing a dedicated small and medium enterprise (“**SME**”) platform;
- expand the target market to private sector employees and expatriates to become a world-class high net worth franchise; and

- strengthen the mass segment by expanding the Bank's target market/risk acceptance criteria to make certain requirements less stringent, add flexibility and revise aspects of the acceptance process.

For the corporate business group, the strategy is to:

- enhance the relationship manager operating model by systematically shifting operational and control tasks from relationship managers, optimising the coverage model and introducing new teams for targeted industries;
- improve the customer credit journey by enhancing the corporate and risk operating models and reviewing risk appetite frameworks;
- elevate cross-selling and current account acquisition by accelerating trade finance growth (through revising risk appetite, digitising offerings, prioritising corridors and improving the cash margin product), driving current account and fee income growth through enhanced cash management products and dedicated non-borrowing teams, digitising the account opening journey and enhancing the Bank's e-Corp platform mobile user experience;
- launch bank-wide initiatives such as pricing governance, cross-sell first right of refusal and collection systems; and
- transform customer experience by reducing end-to-end turnaround time, forming an aftersales function and improving complaints resolution processes.

For the treasury business group, the strategy is to:

- expand the contribution from financial investments held at FVIS;
- drive more active capital generation;
- broaden the Bank's liabilities and extend their duration; and
- support the Bank's aspirations through financial institution acceleration by strengthening global financial institution partnerships through IT systems and digital offerings and reviewing risk appetite to grow lending market share.

Sustainable Finance Framework

From time to time and pursuant to the Programme, the Bank may procure the Trustee to issue Sustainable Certificates in respect of which it will apply the equivalent amount to fund and/or refinance, in whole or in part, a portfolio of Eligible Sustainable Projects as set out in the Bank's Sustainable Finance Framework.

The Sustainable Finance Framework envisages that the Sustainable Certificates may comprise Certificates where the equivalent amount is used either to finance or refinance Eligible Green Projects, Eligible Social Projects or a combination thereof as described below.

Eligible green projects comprise (i) loans related to the development, construction and installation of wind and solar energy generation facilities and/or to energy transmission, distribution projects and smart metering systems with the purpose of connecting wind and solar energy production units or (ii) loans related to tree planting, management, operation, maintenance and research and development in connection with FSC/PEFC certified afforestation activities. Eligible social projects comprise (i) financing to the micro, small and medium-sized enterprises, women-owned SMEs, and/or to new businesses and start-ups with the objective of reducing unemployment and (ii) investments in the provision of affordable housing and shelter to disadvantaged populations, the renovation, maintenance and improvements of existing social housing projects and eligible

governing housing programmes (such as the Developing Housing Program and the Defaulters Support Program). The equivalent amount in relation to Sustainable Certificates will not be used in cases where the main purpose of the financing is related to fossil fuels, nuclear power generation, conflict minerals, weapons, gambling, vaping and/or tobacco.

To ensure that the equivalent amount of each issue of Sustainable Certificates is allocated to eligible green projects and/or eligible social projects, the details of these projects will be entered into the Sustainable Financing Register. If, during the term of any Sustainable Certificates, any relevant eligible green project and/or eligible social project is found to no longer be eligible for entry on the Sustainable Financing Register, the details of the relevant project will be removed. The proceeds allocated to projects which are no longer eligible will be re-allocated to another eligible green project or eligible social project.

If the equivalent amount of any issue of Sustainable Certificates cannot be immediately and fully allocated, or in the event of any early repayment, any unallocated amount will be held in cash or short-term marketable securities until allocation to Eligible Sustainable Projects.

The Bank intends to allocate the equivalent amount of each issue of Sustainable Certificates to Eligible Sustainable Projects originated no more than three years prior to the issuance. The equivalent amount will be allocated within two years from the date of issue of the relevant Sustainable Certificates.

On an annual basis, the Bank will publish on its website an allocation report and an impact report on its Sustainable Certificates and any other sustainable funding obtained. The first report will be published within one year from the date on which the first such funding is received. These reports will be subject to external verification by an external reviewer and will be updated annually until no such funding is outstanding. The external reviewer's reports will also be published on the Bank's website.

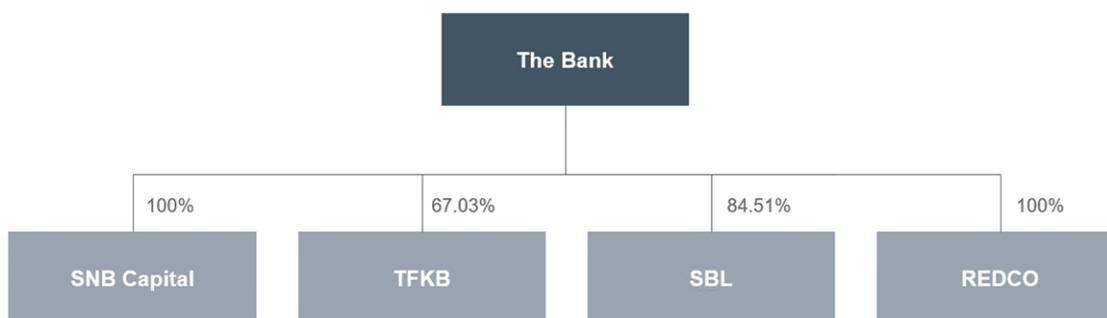
The Bank has appointed S&P Global to provide an external review of its Sustainable Finance Framework and confirm its alignment with the ICMA Green Bond Principles, the ICMA Social Bond Principles and the ICMA Sustainable Bond Guidelines, each as published by the International Capital Markets Association from time to time. This opinion is available on the Bank's website at <https://www.alahli.com/-/media/project/snb/snb-web/about-us/02-1-investor-relations/sustainable-finance-framework/snb-sustainable-finance-framework-15-11-2021-v2.pdf>.

None of the Sustainable Finance Framework, the ICMA Green Bond Principles the ICMA Social Bond Principles, the ICMA Sustainable Bond Guidelines or any of the above reports, verification assessments or the contents of any of the above websites are incorporated in or form part of this Base Offering Circular.

See also *“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”*.

Group structure

The chart below sets out details of the Bank and certain of its subsidiaries described elsewhere in this Base Offering Circular as at the date of this Base Offering Circular. Percentage figures refer to the Bank's effective ownership share.



Shareholders

The table below shows the shareholders which owned more than 5.0 per cent. of the Bank's share capital as at 31 December 2024.

Shareholder	Number of shares	Percentage of issued share capital
PIF.....	2,234,280,000	37.24%
Remaining shareholders	3,765,720,000	62.76%
	6,000,000,000	100.00%

The PIF is a Government-controlled entity, giving the Government an indirect holding of 37.24 per cent. of the Bank's shares as at 31 December 2024.

Samba had a foreign shareholder (whose shareholding resulted from a previous merger) that owned 1.22 per cent. of Samba as of 31 March 2021. Upon the merger of Samba into the Bank on 1 April 2021, this shareholder became a shareholder in the Bank (with a shareholding of less than 0.5 per cent. of the Bank's shares). This shareholder is subject to international sanctions. Its holding is entirely passive and it has no control or input on the Bank's management or operations.

Business

Overview

The Group has four principal reporting segments which correspond to its core businesses. These are:

- **Retail:** The retail business provides banking services, including lending, deposit taking and remittance services, in addition to products in compliance with *Shari'a* rules which are supervised by the Shariah Committee, to individuals and private banking and affluent customers in the Kingdom.
- **Wholesale:** The wholesale business provides banking services including all conventional credit-related products and *Shari'a*-compliant financing products to small-sized businesses, medium and large establishments and companies as well as trade finance, cash management and a full range of treasury and correspondent banking products and services, including money market and foreign exchange, to the Group's clients. In addition, the wholesale business carries out investment and trading activities (local and international) and manages liquidity risk, market risk and credit risk (related to investments).

- **Capital Markets:** The capital markets business, which comprises SNB Capital, provides wealth management, asset management, investment banking and brokerage services (local, regional and international).
- **International:** The international business comprises banking services provided outside the Kingdom, including through TFKB and SBL.

The Group's retail, wholesale, capital market and international reporting segments contributed 37.6 per cent., 56.3 per cent., 6.5 per cent. and minus 0.5 per cent., respectively, of its income for the year before zakat and income tax in 2024.

The table below shows certain income statement data for each of the Group's reporting segments for the years ended 31 December in each of 2024 and 2023.

	Retail	Wholesale	Capital Markets	Internation al	Total
	(per cent.)				
Year ended 31 December 2024					
Total operating income	46.8	42.2	6.3	4.6	100.0
Net income ⁽¹⁾	37.6	56.3	6.5	(0.5)	100.0
Year ended 31 December 2023					
Total operating income	45.9	39.9	5.2	9.0	100.0
Net income ⁽²⁾	38.2	52.6	5.1	4.1	100.0

Notes:

(1) Income for the year before zakat and income tax.

(2) Net income for the year before zakat and income tax.

Retail

Overview

The Bank's retail banking business, which is headed by the Group Head of Retail Banking and accounted for 46.8 per cent. of the Group's total operating income and 37.6 per cent. of its income before zakat and income tax in 2024, comprises:

- consumer banking, which delivers sales and services through the branch network, manages the complete product suite of liabilities, provides residential finance, personal finance, cards and auto lease services, and delivers banking services to business banking customers;
- high net worth banking, which delivers sales and services, including advisory services, to private banking and affluent banking customers; and
- QuickPay, which delivers remittance banking services largely targeting the expatriate market.

These operational businesses are supported by a retail operations unit that manages the delivery of product fulfilment, customer care, collections and operational administration, and a retail strategy and analytics unit that enables all retail businesses with strategy development, marketing services, sales analytics and customer analytics.

The Bank conducts almost all its financial transactions with its retail customers through the following alternative distribution channels: ATMs, telephone and internet banking, mobile phone systems, and smartphone and tablet applications. These channels enable the Bank to deliver many of its products in a more secure, cost-effective and user-friendly manner, often using the customer's own hardware.

Personal banking is highly competitive in the Kingdom, with the Bank's main competitors being Al Rajhi Bank, Bank Albilad, Saudi Awwal Bank and Riyad Bank. The Bank distinguishes itself from its competitors through its reach, product development expertise, solid balance sheet, brand value, customer loyalty and holistic approach to providing banking services across all client segments and businesses. As at 31 December 2024, the Bank was the second largest local bank in the Kingdom in terms of consumer financing (source: published financial statements of all local banks in the Kingdom), with a market share of 28.30 per cent.

Consumer and business banking

The Bank's consumer and business banking customers are served through its branch network and alternative channels. As at 31 December 2024, the Bank had the second largest banking branch network in the Kingdom at 481 branches. The Bank aims to achieve a fully Islamic retail bank by focusing on migrating conventional products to Islamic alternatives.

The Bank offers a broad suite of consumer banking products to customers through both its branches and partnership channels. The key products offered are:

- personal loans, principally payroll loans which are loans that are secured by an assignment of the borrower's salary, with loan repayments being deducted directly from periodic salary payments;
- deposit solutions, including savings accounts, time deposits and structured deposits;
- credit and pre-pay cards, which comprise both conventional and *Shari'a*-compliant cards, with loyalty features designed to attract and retain customers (including air-miles rewards and cash-back rewards). The cards offered include the Alfursan Visa credit card as well as the full range of classic, gold, titanium and platinum cards (which are offered in partnership with Mastercard). Customers can also take advantage of pre-pay cards (to which users can credit funds and which can then be used at ATMs or POS terminals without the need for an account with the Bank);
- residential finance, which is offered through mortgage specialists at the Bank's branches. A full range of product solutions is offered, which includes murabaha, ijara, equity release, multi-family dwelling, near-completion projects, construction finance, off-plan finance and "land loan" finance. The Bank aims to grow its market share in real estate financing through an emphasis on customer-focused mortgage planning (which involves guiding customers through the mortgage and lending process) and partnerships with property brokers and developers; and
- leasing, which is an ijara-based facility provided to individuals buying passenger vehicles. This involves the Bank, at the request of the customer, acquiring a car of the customer's choice and leasing it to the customer for a maximum period of five years. The Bank has representatives in the showrooms of all leading automobile dealers in the Kingdom and works collaboratively with automobile dealers on joint marketing initiatives.

The Bank offers business banking services to clients owning an SME (which it classifies for this purpose as a micro or small business with a turnover up to SAR 40 million per year). These clients are served by relationship managers operating within the branch network providing a full suite of products, including current accounts, digital banking, Saudi government-backed financing for SMEs under the Kafala programme, cash management and trade finance, to assist them in running their businesses.

The Bank also offers card-acquiring facilities to a significant number of merchants.

High net worth banking

The Bank's high net worth customers include both private banking customers (those with personal financial assets of greater than SAR 5 million) and affluent banking customers (those with personal financial assets of between SAR 100,000 and SAR 5 million or with a salary of SAR 20,000 or greater per month).

The private banking service leverages the expertise of the Group to develop a strategy tailored to the clients' specific requirements and banking needs.

The Bank offers its private banking clients borrowing solutions against their investments, specialised treasury products, time deposit account options, exclusive debit cards, credit facilities, professional trading facilities for local shares and sophisticated deposit and hedging solutions. All private banking customers are also provided with a dedicated relationship manager and a wealth manager.

The Bank also utilises its strong relationships with private banking customers to cross-sell other Group products, in particular treasury and SNB Capital products. Through SNB Capital, wealth managers provide clients with a range of services such as financial planning, investment advice, asset allocation, comprehensive portfolio management and retirement planning. In addition, personal relationship managers are assigned to private banking customers to manage individual portfolios and provide clients with one-to-one support.

The Bank's affluent banking programme provides qualifying retail customers with priority services in the "Wessam Lounges", an exclusive lounge within the majority of the Bank's branches. The "Wessam Program" provides affluent banking customers with a personalised service and offers exclusive privileges to its members, who are classified as either platinum or gold status. These include the service of dedicated tellers, merchant offerings or the waiver of banking transaction fees (100 per cent. for platinum members and 50 per cent. for gold members), exclusive fees-free credit cards and dedicated relationship managers who can also be reached through the Bank's digital channels and wealth managers.

Products targeted to affluent banking customers include credit cards, takaful insurance, mutual funds, residential mortgage financing and auto leasing. These products and services are provided by dedicated relationship managers, who cater to the customer's overall personal banking and investment needs.

QuickPay

QuickPay serves the remittance needs of the Kingdom's large expatriate labour market. As at 31 December 2024, the Bank had 93 QuickPay remittance centres, which represented a market share of 18.53 per cent. of the distribution market in the Kingdom and served a total of over 1.2 million active customers. These remittance centres are a vital channel for the Bank through which customers, particularly expatriate workers, can remit funds overseas, thereby providing financial services to a previously under-served segment.

Wholesale

Overview

The Bank's wholesale business, which accounted for 42.2 per cent. of the Group's total operating income and 56.3 per cent. of its income before zakat and income tax in 2024, comprises two coverage areas: Corporate Banking Group and Group Treasury. The Corporate Banking Group covers, among others, the global corporates division, the large corporates division, the corporate banking division, the commercial banking division and the corporate finance division. The Corporate Banking Group also covers financial institutions clients, public sector (comprising government and quasi-government entities) and certain international branches. Group Treasury undertakes the asset and liability management and manages the Group's liquidity and regulatory ratios and covers global markets and certain international branches. The principal strategies team under Group Treasury

continues to manage the fixed-income investment portfolio while the private markets team under Group Treasury manages the equity investments in funds portfolio.

The wholesale business services more than 10,000 corporate customers across various sectors and has four dedicated corporate service centres in Jeddah, Riyadh and Dammam, which are designed as “one-stop” service centres and aim to provide a superior quality of service to the Bank’s corporate customers across the Kingdom.

The Bank’s wholesale business aims to be the preferred provider of financial solutions to its clients. Its strategy for expansion is to provide its corporate clients with the full range of financial products and services and to attract and develop new customer relationships from targeted market segments, as well as to enhance relationships with existing customers. The strategy aims to increase market share by focusing on all the three major regions (central, western and eastern) of the Kingdom. Target customers are determined by the type of company, industry in which it operates, potential fee income and perceived risk.

Corporate Banking Group

The Corporate Banking Group consists of, amongst others, the following:

Global corporates, large corporates and corporate finance

Global corporates division: The global corporates division services selected clients that generate sales turnover of SAR 800 million and above. Reflecting the Bank’s value-focused strategy, this division services the Bank’s top 50 to 70 clients with the objective of being closer to the customer through relationship managers dedicated to each customer. This division offers a wide range of corporate banking services, as well as trade finance and global market services (both conventional and *Shari’a*-compliant solutions).

Large corporates division: The large corporates division services remaining clients that generate sales turnover of SAR 800 million and above. This division offers a wide range of corporate banking services, as well as trade finance and global market services (both conventional and *Shari’a*-compliant solutions).

Corporate finance: The corporate finance division offers clients specialised financing products. Through its corporate finance division, the Corporate Banking Group is also active in domestic project finance, participates in Government oil, petrochemical, power, mining and water-related projects and actively leads and arranges large corporate and contractor financing transactions in the Kingdom with other banks.

The Bank offers a comprehensive suite of products to its global corporate and large corporate customers, including deposit taking, overdraft facilities, term loans, participation loans, securitised loans, bills discounting, commodity sales, cash management and risk management solutions. It also offers a range of *Shari’a*-compliant products and has enlisted the services of product development specialists to focus specifically on *Shari’a*-compliant product development.

Corporate banking and commercial banking

Corporate banking: The corporate banking division services medium and large corporate clients that generate an annual sales turnover between SAR 200 million and SAR 800 million. This division principally offers *Shari’a*-compliant products and services (including *Shari’a*-compliant business banking, murabaha, musharaka, ijara and tawarruq), cash management, structured finance and trade finance solutions to its approximately 880 customers. It also offers dividend distribution, business-to-business solutions, escrow and cash collection services and a payroll and card service.

Commercial banking: The commercial banking division provides coverage to clients that generate sales turnover between SAR 40 million and SAR 200 million. This division services approximately 1,300 customers. Its financing options include funded and non-funded facilities as well as cash management and treasury products. Tayseer AlAhli is the funding product used to finance working capital and capital expenditure needs.

A variety of trade products are also offered to customers of this unit, such as standby LCs, documentary LCs and all types of letters of guarantee. Cash management products (point of sale, dividend distribution and SWIFT services) and global market products (interest rate and foreign currency hedging and structured deposits) are also available.

The corporate banking and commercial banking divisions also manage the Bank's existing and prospective impaired corporate loans and work closely with corporate customers that have financial, operational or other business difficulties to find solutions that best protect the Bank's exposure while helping the client overcome financial difficulties.

The Bank is a leading lender through the Government's Kafala loan guarantee programme, a collaboration between the Ministry of Finance, represented by the Saudi Industrial Development Fund, and banks in the Kingdom, which aims to promote financing to SMEs within the Kingdom (the "**Kafala Programme**"). Through the Kafala Programme, banks offering finance to SME customers of up to SAR 15 million receive a guarantee from the Kafala Programme, covering up to 90 per cent. of the financing amount. As at 31 December 2024, the combined volume of funds granted by Saudi banks through Kafala guarantees exceeded SAR 110 billion and the Bank's share exceeded SAR 28 billion, making it the leading provider.

Financial Institutions, Public Sector and certain international branches

Financial institutions: The financial institutions division provides coverage to approximately 760 banking and non-banking financial institutions.

Public sector: The public sector division provides coverage to more than 2,600 public sector entities, including Government and quasi-Government entities.

The Corporate Banking Group also manages certain of the Bank's international branches and, along with Group Treasury, is responsible for delivering the Bank's strategy of servicing its clients overseas and exposing the Bank to international depositors to strengthen its liability base. Additionally, the Corporate Banking Group is responsible for:

- establishing and maintaining the Bank's relationships with a wide network of regional and global banks, offering a full range of products and services including payments, trade finance and treasury activities; and
- managing the Bank's international branch in the UAE.

Global transaction banking

The global transaction banking product area provides the Bank's wholesale customers with tailored products and services, which include (a) payments, collections and cash management solutions, mainly through electronic channels and (b) trade finance responsibilities that look after clients' overall trade utilisation. Global transaction banking also offers these services through the Bank's corporate service centres. The product area is also responsible for digital innovation for corporate and public sector clients.

Group Treasury

The Bank's Group Treasury product area is responsible for:

- managing the Bank's liquidity and ensuring that the Bank can meet its financial obligations at all times. This includes overseeing all liquidity sources, pricing and managing short-term and long-term funding and ensuring the Bank's compliance with applicable regulatory ratios and limits;
- managing the Bank's fixed income and equity investment portfolios. To do this, it provides superior asset allocation, balance sheet optimisation and direct investment management expertise and seeks to protect

the Bank's balance sheet from abnormal profit rate movements, enhance yields/income and contribute to the maintenance of adequate liquidity coverage within defined risk limits; and

- managing the Bank's international branches in Bahrain and Singapore and its representative offices in Seoul and Shanghai.

Group Treasury manages the Bank's liquidity and funding operations in accordance with pre-determined limits set by the asset and liability committee (the "ALCO") in relation to net outflows, stress scenarios, projected cash flows, and regulatory liquidity ratios. The stability and behaviour of the Bank's deposit base is analysed by its risk group (see further "Risk Management") using historical and simulated data and statistical interval analysis. The results of such analyses, the Bank's funding limits, potential funding issues and pricing history and mechanics are discussed by the ALCO. Any changes to pricing strategy and environment are communicated to the ALCO through the head of Group Treasury.

The Bank's excess liquidity is deployed in investment portfolios, primarily in high quality liquid assets and in other asset classes in line with the overall risk appetite with an objective to achieve the targeted risk-adjusted return while complying with risk management requirements approved by the Bank's board of directors (the "Board"). The Bank's Risk Group closely monitors the investment portfolios to ensure compliance with risk limits.

Group Treasury has an established limit structure, which includes sophisticated risk management and measurement tools such as Murex and Moody's systems, which consolidate credit, price and liquidity risk limit information and manage the data in real-time across all instrument types, thereby enabling risk managers to exercise real-time oversight and control of credit and market risk exposures.

Global markets

The global markets trading team provides solutions, pricing and execution of commission rate derivative products at the request of clients. It provides competitive market quotes for banks and financial institutions within defined profit and risk parameters. It also analyses the client's commission rate exposure and provides case-by-case solutions. Further, it manages the commission rate trading book by trading on a proprietary basis while applying rigorous risk management techniques to efficiently absorb the flow and generate the required profitability. The team also provides solutions, pricing and execution of vanilla commodities products, including spot, swaps and forwards, and manages all market risk associated with commodities transactions. It also executes clients' orders, analyses clients' requirements in relation to physical commodities and ensures that clients' needs are met.

Global markets also designs standard and customised *Shari'a*-compliant structured products (including approved Islamic alternatives) for the Bank's client base. Any risks to which the Bank may be exposed in connection with offering these products are hedged by Group treasury.

Global markets also aims to execute its foreign exchange trading business in a profitable and efficient manner by adding value to the execution service through proprietary trading that is accompanied by strict controls. It also manages the Bank's foreign exchange exposures by ensuring sufficient banknotes are available to meet client demands.

Capital Markets (via SNB Capital)

SNB Capital is the Kingdom's largest investment bank in terms of revenue and the MENA region's largest asset manager in terms of assets under management. The Capital Markets segment accounted for 6.3 per cent. of the Group's total operating income and 6.5 per cent. of its income before zakat and income tax in 2024.

SNB Capital is licensed by the CMA to carry out dealing, as principal and agent, as well as underwriting, managing, arranging, advising and custody services, with respect to securities. Its head office is in Riyadh.

SNB Capital's paid-up capital is SAR 1 billion and it is a wholly-owned subsidiary of the Bank.

SNB Capital operates five business lines: Asset Management, Wealth Management, Investment Banking, Securities and Principal Investments.

Asset Management

The Asset Management business is responsible for launching and managing *Shari'a*-compliant and conventional mutual funds, closed-ended funds and separately managed accounts across the following asset classes: money market and fixed income, local and international equities, multi-asset, and alternatives (including private equity, real estate and private credit). As at 31 December 2024, SNB Capital's client assets under management stood at SAR 239.4 billion of assets.

Wealth Management

The Wealth Management business serves SNB Capital's increasingly sophisticated institutional, high net worth, affluent and retail clients, offering them investment advisory services, as well as access to SNB Capital's market-leading asset management offerings. In addition, the Wealth Management business also offers employee savings programmes to the Kingdom's leading public and private sector employers, positioning SNB Capital as the Kingdom's largest employee savings fiduciary/provider.

Investment Banking

The Investment Banking business offers public and private sector clients the full range of investment banking services, including equity capital markets (such as initial public offerings, rights issues and private placements), debt capital markets, mergers and acquisitions and debt advisory services.

Securities

The Securities business offers local and international cash and margin brokerage services through multiple trading channels to SNB Capital's institutional, high net worth, affluent and retail clients. In addition, the Securities business also offers on-the-ground equity research coverage of a broad range of sectors, local and global custody and other market-leading securities services, including employee share plan programmes. As at 31 December 2024, SNB Capital was the Kingdom's largest broker by market share, with a market share of 18.76 per cent. based on Tadawul's data.

Principal Investments

The Principal Investments business is responsible for managing SNB Capital's liquidity (in line with its business requirements and applicable regulations) and investments (across a broad range of asset classes). In addition to delivering appropriate risk-adjusted returns, the Principal Investments business is also responsible for providing for the funding requirements of SNB Capital's different business lines as needed.

International

The international business principally comprises the Bank's majority investments in two banks: TFKB in Turkey and SBL in Pakistan. The International segment accounted for 4.6 per cent. of the Group's total operating income and minus 0.5 per cent. of its income before zakat and income tax in 2024.

Türkiye Finans Katılım Bankası A.Ş., Turkey

The Bank has a 67.03 per cent. shareholding in TFKB, a Turkish participation (or *Shari'a*-compliant) bank, which operates by attracting current accounts and profit-sharing investment accounts. It provides those funds to retail and corporate clients in the form of *Shari'a*-compliant finance, lease and profit/loss sharing partnerships.

TFKB's key strategic objective is to improve productivity, grow Turkish lira deposits, increase the share of retail banking in its total loan book and expedite its digital transformation programme, which includes the

expansion and improvement of digital capabilities and digital channels to meet customer needs, strengthen the bank's liquidity profile, diversify its funding structure, strengthen underwriting, improve collections and increase automation. TFKB had 292 branches in Turkey as at 31 December 2024 and its alternative distribution channels include ATMs, POS, telephone banking and online banking.

TFKB is the fifth largest participation bank in Turkey and the fifteenth largest bank in Turkey based on total assets as at 31 December 2024.

As at 31 December 2024, TFKB's total assets amounted to TRY 283.2 billion (SAR 29.9 billion) and its net loss for 2024 was TRY 2.7 billion (SAR 306.3 million).

Samba Bank Limited, Pakistan

The Bank has an 84.51 per cent. shareholding in SBL. SBL principally offers its customers corporate and investment banking, retail banking and commercial banking services from its network of 47 branches across Pakistan and through a range of electronic channels. Products offered include a range of financing and deposits, cash management and investment banking solutions. SBL also undertakes treasury operations, such as foreign exchange, fixed income and equities trading.

As at 31 December 2024, SBL's total assets amounted to PKR 177.7 billion (SAR 2.4 billion) and its net income after tax for 2024 was PKR 788.9 million (SAR 10.6 million).

Subsidiaries

In addition to TFKB, SBL and SNB Capital, the Bank has other subsidiaries, of which the most significant is Real Estate Development Company (“**REDCO**”), which is wholly owned. REDCO's objectives primarily include (i) maintaining and managing asset and real estate transfers to the Bank and third parties as guarantees; (ii) purchasing, accepting and transferring properties; (iii) purchasing land and properties and investing in their development by selling and leasing on cash or instalment terms; (iv) real estate management and development; (v) accepting, discharging, effecting and executing mortgages and applying for discharge and acceptance of the mortgages; and (vi) purchasing and selling off-plan housing units and operating through residential financing.

Islamic banking

Shariah Committee

The Shariah Committee functions as an independent body carrying out its duties under a mandate from the Board. The Shariah Committee is responsible for reviewing and approving each Islamic product and service presented to the Bank's customers in accordance with the Shariah Committee Charter. The Shariah Committee comprises prominent scholars in the fields of *Shari'a*, Islamic economics and applied aspects of modern Islamic banking and finance. See “*Management and employees*”.

Shari'a division

The *Shari'a* division supports the Bank's objectives and plans to expand and increase the Islamic services and products provided to the Bank's customers. The *Shari'a* division also supervises and controls the Bank's Islamic banking business and aims to ensure full compliance with Islamic law, including by verifying the implementation of all the Shariah Committee's resolutions and requirements in all the Bank's policies and procedures, product programmes, electronic systems and training programmes.

The *Shari'a* division supports working groups across the Bank which aim to create innovative Islamic products that satisfy the growing needs of the money market for new Islamic solutions. In addition, the *Shari'a* division supervises the issuance of *Shari'a*-compliant sukuk by reviewing and approving their structures, executing documents and the related policies and procedures and conducting periodic auditing to ensure the sukuk remain compatible with the *Shari'a* approvals.

Internationally, the *Shari'a* division co-operates with reputable legislative bodies and international organisations (including the Islamic Financial Services Board, the Accounting and Auditing Organisation for Islamic Financial Institutions, the International Islamic Financial Market and the General Council for Islamic Banks and Financial Institutions) interested in developing an appropriate Islamic banking environment by assisting with the development of (i) the legislative environment, (ii) Islamic standards and (iii) liquidity and risk management products.

In addition, the Bank organises an annual symposium that discusses the future of Islamic banking with the participation of a group of *Shari'a* scholars, economists and Islamic banking experts as part of the Bank's strategy to develop and grow the Islamic banking industry. The 16th meeting of this symposium was held in 2024, hosting over 1,500 attendees.

Internal audit

The Bank has an independent internal audit function (the “**Internal Audit Group**”), which reports directly to the audit committee of the Board (the “**Audit Committee**”). Its main role is to deliver independent, objective and value-added assurance and advisory services to enhance and protect the Bank's values.

The Internal Audit Group helps the Bank to accomplish its strategic objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The nature of the internal audit work encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the Bank's corporate governance framework, risk management and system of internal controls as well as the quality of management actions and performance in carrying out their assigned responsibilities to achieve the Bank's stated goals and objectives. It also assesses and makes appropriate recommendations for improving the governance process and seeks to:

- promote appropriate ethics and values within the Bank;
- ensure effective organisational performance management and accountability;
- communicate risk and control information to appropriate areas of the Bank; and
- co-ordinate the activities of, and communicate information among, the Board, external and internal auditors and management.

The internal audit, subject to risk assessments, takes into account the need to provide the widest possible coverage of the Bank over a cycle of four years so as to ensure that a culture of organisational ethics, good governance, risk management and control is promoted and practised throughout the Bank. The internal audits cover all activities, departments and legal entities in the Bank and are risk-assessed periodically to determine the frequency and priority of the audits. The results of the audits, with detailed recommendations for improvements, are tracked to ensure full resolution. All significant and material findings from Internal Audit Group audits and corrective actions are reported to senior executive management and the Audit Committee.

The Internal Audit Group comprises six specialised divisions: Wholesale Banking Audit, Retail Banking Audit, Control and Support Services Audit, Technology Audit, Saudi Central Bank (SAMA) Audit and Audit Centre of Excellence which includes audit quality assurance. To ensure that the internal audit services are provided in a professional manner and in accordance with best international practices, the Internal Audit Group has adopted the International Professional Practices Framework (IPPF), issued by the Institute of Internal Auditors (the “**IIA**”).

The Internal Audit Group maintains a quality assurance and improvement programme that covers all aspects of the internal audit activity. The programme includes both internal and external assessments. The external quality assessment is performed by an external independent body every five years. The Internal Audit Group was awarded ratings of “General Conformance” following an external assessment conducted by IIA Quality

Services during 2019, with the next assessment planned for 2025. This is the top rating and means the assessor or assessment team has concluded that the relevant structures, policies and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the IIA Code of Ethics in all material respects.

Compliance

The Bank defines compliance risks as risks that result in or lead to the application of regulatory, legal or administrative penalties, or incurring serious financial losses or damage to its reputation, due to its non-compliance with the rules and regulations and regulatory and ethical standards applicable to its banking activities.

The Bank's compliance function (the "**Compliance Group**") is an independent function at the first managerial level of executive management reporting directly to the Chief Executive Officer ("**CEO**"). The role of the Compliance Group is to identify, evaluate, advise, monitor, train and report on the risks of non-compliance in the Bank related to its exposure to regulatory, legal or administrative penalties or financial losses or damage to its reputation because of its failure to comply with applicable rules, regulations and standards.

The Compliance Group manages the Bank's responsibilities towards combating money laundering and terrorist financing. It organises anti-money laundering and anti-terrorist financing training within the Bank, monitors and reports transactions, receives internal reports on suspicious activities and makes official reports on suspicious activities to SAMA and relevant law enforcement agencies.

The Bank has stringent customer identification policies which apply to all new customers and on an ongoing basis to existing customers. The Bank also uses reliable and independent sources to verify its customers' information.

The Bank screens its new and existing customers against international sanctions lists, including those of the United Nations and the U.S. Office of Foreign Assets Control, and local sanctions lists provided by SAMA. The Bank's sanctions compliance programme governs and informs all facets of the Bank's operations to ensure robust controlling measures. The programme creates a sanctions compliance framework to ensure compliance and effectively manage risk and it also addresses sanctions-related components of the Bank's policies and procedures.

In case of on-boarding and maintaining the relationship with local and foreign politically exposed persons or persons otherwise indicated as high risk, the Bank requires an approval from the CEO or another authorised officer.

The Compliance Group manages the Bank's responsibilities towards financial fraud through fraud prevention and risk assessment and fraud detection policies and procedures, investigating and prosecuting fraud and social engineering cases, bribery and corruption cases and insider information cases, investigating personal account dealing, designating whistle blowing channels to receive reports from employees, customers, vendors and the public in relation to fraud and malpractice and organising anti-fraud awareness campaigns for both employees and customers.

The Compliance Group reports directly to the CEO and has the right to directly reach the Board of Directors, its chairman and/or the Audit Committee, as and when necessary.

Information technology

The Bank owns and operates two data centres, one in the Jeddah metropolitan area and one in King Abdullah Economic City, which contain operating equipment and systems in a climatically controlled environment. The two data centres are constantly monitored to ensure service availability and delivery according to the agreed service levels of the Bank.

In 2019, the Bank completed a comprehensive plan to further modernise its technology platform. It introduced a new core banking information system that replaced many of the Bank's existing software systems and provided a new foundation for the Bank's core banking needs. The new system allows for accelerated system growth and change and supports the Bank's entire core banking operations across all channels including branches, ATMs and digital channels. In 2021, the Bank implemented a state-of-the-art data centre in King Abdullah Economic City.

The Bank places particular emphasis on data protection. For example, it encrypts data both at rest and during transmission while regulating data traffic using multi-layers of controls including firewalls to prevent system breaches. It employs dedicated controls against malicious activities, and ethical hacking is conducted on all new internet-based business applications and for subsequent changes. The Bank's IT infrastructure is backed up by its data centres. In addition, the Bank has built redundancy interruption and protection and recovery into its primary IT infrastructure with the use of automatic backup and mirroring facilities.

RISK MANAGEMENT

Risk governance

In line with Basel guidance, the Bank believes that effective risk management involves the strategic implementation of three lines of defence as the first principle of the risk management framework. The first line of defence is the business units which have primary responsibility for day-to-day risk management and internal controls. The second line of defence is the Risk Group, which partners with the business units to formulate the Bank's risk appetite and provides oversight support, monitoring and reporting. The third line of defence is the internal audit function which provides independent and objective assurance on the overall effectiveness of the Bank's risk governance framework.

Risk at the Bank is governed through the Board and its delegated committees, namely the Executive, Risk and Audit committees (see "*Management and employees—Corporate governance—Board committees*"). At the management level, the Risk Group is an independent control group headed by the Group Chief Risk Officer (the "**GCRO**"). The GCRO reports directly to the Chief Executive Officer (the "**CEO**") and has direct engagement and interaction with the Board and its committees throughout the year. Further, the GCRO is the chairman of the management-level Operational Risk, Information Security and Counter-Fraud Governance Committees and a member of the following management-level committees: Higher Management Committee, ALCO, Credit and Remedial Management Committee, Compliance Committee, Information Technology Committee, Micro, Small and Medium Enterprises Committee, Data Management & Governance Committee and Business Continuity Committee. The GCRO also acts as the Secretary to the Board Risk Committee.

The Board is constantly informed and updated regarding the risk status of the Bank through (i) quarterly risk reports submitted to the Board Risk Committee, which provide a concise overview of key regulatory ratios and thresholds, capital adequacy, asset quality and provision coverage, risk adjusted return, liquidity position of the Bank, market risk due to the trading activities, interest rate risk in the banking book, major operational risk incidents and mitigating actions, and an information security update, (ii) stress testing which is reported in the quarterly risk report and is part of the internal capital adequacy assessment process ("**ICAAP**") referred to below and (iii) the ICAAP (which conducts a risk assessment of the Bank on a forward looking basis based on the business plan and growth aspirations and provides a complete overview of existing capital adequacy and future capital requirements to the Board and the senior management, which aids the long-term capital management process in the Bank) and the internal liquidity adequacy assessment processes (which documents the Bank's liquidity risk management framework, including identifying the critical liquidity and funding risks to which the Bank is exposed, explaining how these risks are identified, monitored and measured, and describing the approaches and resources used to manage and mitigate these risks).

The Bank, through the risk governance arrangements and organisational structure described below, manages its major risks through well-established processes, policies, and tools that meet applicable regulatory requirements and are in line with industry best practice.

Risk organisational structure

The organisational structure of the Risk Group is built around its responsibilities of managing different types of risk, including credit, market, liquidity, information security and operational risks. Each risk management activity is governed by a specific policy to assess and control the risks. The Risk Group comprises six divisions: Retail Risk Management, Wholesale Credit Risk Management, Enterprise Risk Management, Treasury Risk Management, Information Security Management and Operational Risk Management. The Risk Group operates closely with all the core functions of the Bank to ensure overall risk governance. Risk management is ensured through management and Board level committees and aims to ensure that the Bank acquires assets with an

acceptable risk-return profile in the interest of generating sustainable earnings, whilst maintaining healthy capital adequacy and liquidity to secure a strong credit rating.

Retail Risk Management division

The Retail Risk Management division comprises four departments:

- two separate Credit Policy departments, for the secured and unsecured portfolios, respectively, with the secured department covering residential finance and auto-leases, and the unsecured department covering personal finance, credit cards and business banking. These departments develop and enforce credit policies to manage risks in retail finance, ensuring that lending practices align with the Bank's strategic goals and regulatory requirements to enhance profitable portfolio growth. The departments proactively design policies to minimise potential risks while maintaining the Bank's competitive edge;
- the Portfolio & Strategy department, which has three segments: portfolio management, collection strategies and analytics, and employer relationships. The department leads the integration and optimisation of risk management strategies across all retail lending portfolios, utilising advanced analytics and artificial intelligence to enhance decision-making and portfolio performance. It focuses on developing risk analyses and monitoring frameworks for the credit initiation and collection stages, facilitating the tailored adjustment of credit policies, and providing strategic guidance to exceed financial targets in collections while ensuring the portfolio is behaving within the approved risk appetite; and
- the Quality and Governance department, which has two segments: quality and governance. The department aims to ensure the highest standards of quality and governance in retail risk processes, maintains compliance with all regulatory requirements and internal policies and strengthens the risk control functions by conducting periodic reviews to ensure the proper implementation of policies and compliance with approved programmes lending risk acceptance criteria.

Wholesale Risk Management division

The Wholesale Risk Management division comprises the following departments:

Wholesale Credit Risk Management department

Wholesale credit risk is the risk that a customer or counterparty of the Bank fails to meet its obligations under the relevant agreed terms causing the Bank to incur a financial loss. The Bank manages credit exposure relating to its wholesale financing and investment activities by monitoring credit limits, entering collateral arrangements with customers and counterparties in appropriate circumstances and by managing duration and exposure limits.

Wholesale Credit Policy and Controls department

The Wholesale Credit Policy and Controls department ensures that appropriate credit policies are maintained at a high level of standards and applied consistently across the Group, works closely with business units on amendments to, and adoption of new, credit policies and ensures the full understanding and proper implementation of these policies. The Early Warning Signals unit is a dedicated unit within the Wholesale Credit Policy and Controls department and aims to enhance the existing monitoring and reporting activities carried out by the business and risk functions by providing the business and risk personnel managing an account with the insights generated from early warning signals. The Bank believes that the sooner a problem is identified, the more effective its existing monitoring and classification process will be in employing corrective action measures and managing the potential risks.

The early warning signals framework seeks to support the Bank's existing credit monitoring and classification process to enable the Bank to identify customers with potential or emerging credit deterioration. It is an internal

tool for the Bank to pro-actively monitor its portfolio and discreetly approach the borrower to help remediate potential credit concerns.

Enterprise Risk Management division

Enterprise risk management is an overarching function within the Risk Group and the Enterprise Risk Management division is responsible for Bank-wide independent risk management practice. Its functions are discussed in more detail under “–*Enterprise risk management*” below.

Treasury Risk Management division

Market risk is the risk that changes in market prices, such as special commission rate, credit spreads (not relating to changes in the obligor’s credit standing), equity and commodity prices and foreign exchange rates, will affect the Bank’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The Bank’s exposure to market risk is governed by risk management policies, which define the limits which the Bank should maintain for its investment and trading portfolios.

The Treasury Risk Management division mainly manages, monitors, measures, analyses and reports market risks related to investments and proprietary trading book positions covering interest rate, foreign exchange, equities and commodities related instruments.

It is also responsible for monitoring and overseeing the Bank’s ALM risk and treasury middle office functions, including funding instruments and the Bank’s hedging strategies. The Treasury Risk Management division also monitors private markets, hedge funds and the Bank’s collective investment portfolios. The risks arising from these instruments are managed and mitigated by adherence to the investment portfolio plan and risk limits and guidelines approved by the Board in line with the Bank’s risk appetite. In addition, this division ensures compliance with both internal and regulatory requirements with respect to market and liquidity risks and related reporting requirements.

Information Security Management division

The Information Security Management division is responsible for the establishment and ongoing management of the Bank’s information security policies, which set out how the Bank protects its information technology assets from attack and misuse. It manages the education and mentoring of the Bank’s staff to train them in safe information security practices and the external partners engaged by the Bank to monitor global information security threats. See further “–*Information security management*” below.

Operational Risk Management division

The Operational Risk Management division seeks to ensure that operational losses do not cause material damage to the Bank. Operational risk exposures are managed through a consistent management process that drives risk identification, assessment, control, and monitoring. See further “–*Operational risk*” below.

Credit risk management

Credit risk is the risk that a customer or counterparty of the Group fails to meet its obligations in accordance with the relevant agreed terms causing the Group to incur a financial loss. The Group’s credit exposures arise principally in credit-related risk that is embedded in financing and advances and investments, but also in off-balance sheet financial instruments, such as trade-finance related products, derivatives and financing commitments.

The Group seeks to manage credit exposure relating to its financing activities by monitoring credit limits, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. The Group’s risk management policies are designed to identify risks and to set appropriate risk

limits and to monitor the risks and adherence to limits. Actual exposures against limits are monitored on a daily basis. The Group also manages its credit risk exposure through the diversification of financing activities to ensure that there is no undue concentration of risks with individuals or groups of customers in specific locations or businesses. It takes security when appropriate and seeks additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant financing and advances. The Group monitors the market value of collateral periodically and requests additional collateral in accordance with the underlying agreement and Group's policy.

The Group seeks to manage the credit exposure relating to its trading activities by monitoring credit limits, entering into master netting agreements and collateral arrangements with counterparties in appropriate circumstances, and limiting the duration of exposure. In certain cases, the Group may also close out transactions or assign them to other counterparties to mitigate credit risk. The Group's credit risk for derivatives represents the potential cost to replace the derivative contracts if counterparties fail to fulfil their obligation and the Group assesses counterparties using the same techniques as for its financing activities to control the level of credit risk taken.

Credit risk governance

Credit risk is managed through a Board-approved framework of policies and procedures covering the approval, measurement and management of credit risk. All credit limits are approved within a defined credit approval authority framework. The Bank manages its credit exposures following the principle of diversification across products, country limits, industries, client and customer segments, and through continuous assessment of the counterparties' creditworthiness.

- **Wholesale credit** - The wholesale credit risk function principally comprises (i) undertaking independent reviews and approval of corporate credit proposals and (ii) developing and maintaining the Bank's credit policy. The wholesale credit risk function, led by the Head of Wholesale Credit Risk, includes senior credit officers based regionally with industry specialisations. These senior officers fulfil an essential role in the risk approval and control process given their expertise and independence from business line management. They objectively scrutinise and approve credit proposals within limits set by the Bank's credit policy. The approval of the Executive Committee and/or the Board is required to extend facilities to customers above certain risk-based thresholds and to fulfil certain governance requirements.
- **Retail credit** - The retail risk function is led by the Head of Retail Risk Management who, with the support of a team of four department heads (being the heads of the secured credit policy, the unsecured credit policy, portfolio and strategy and quality and governance departments), manages the overall risk profile of the retail finance business.

Credit risk policy standards

The Bank has two main credit risk management policies:

Wholesale credit policy manual

The wholesale credit policy manual covers core credit policies for identifying, measuring, approving, managing and reporting credit risk, including Islamic banking risks, in the wholesale bank business. In addition, within the wholesale credit policy manual, the specialised corporate banking credit policy manual covers:

- credit programmes used to approve a series of credit proposals where the facility type and associated risks are homogenous in character or for transaction types that require a specific set of target markets or risk acceptance criteria, such as real estate financing and project finance; and

- credit procedures which are mainly addressed through credit bulletins and appendices approved by the Head of Wholesale Credit Risk when the processes are substantially controlled by Wholesale Risk Management. Procedures that are substantially controlled by other business or support units are written by those units and reviewed by other stakeholders, including Wholesale Credit Risk Management.

Under the wholesale credit policy manual, the financial institutions credit policy is a specialised policy designed to be consistent with sound and prudent bank lending practices in use elsewhere in the world. The manual's purpose is to provide all personnel with a comprehensive understanding of how credit to financial institutions and countries' respective government entities/sovereign exposure is to be extended by the Bank.

Retail credit policies

The retail credit policies comprise the following:

- the retail credit policy is the core credit policy for identifying, measuring, approving and reporting credit risk for the retail financing portfolio. It provides the definition of processes covered by policy documents, broad process descriptions and responsibilities, and the definition of risk measurement and credit decision-making approaches (for example, scoring). It also includes the discretionary credit authorities granted to senior risk officers for credit decision making. The retail credit policy is owned by the Retail Risk Management division and approved by the Board;
- the credit policy manual defines detailed credit policies for auto leases, credit cards, personal finance, and residential finance at the product level, including authorities at the operational level, product level portfolio management and processes, risk acceptance criteria and score cut-offs. The development, approval and custodianship of the credit policy manual remains with the Retail Risk Management division. Any amendment to, or addition of, policies is communicated through credit bulletins to all stakeholders and incorporated in the credit policy manual on its annual revision. The credit policy manual is approved annually upon expiry; and
- the retail finance collections policy defines the collections policies, strategies and governance covering both the collections and recovery functions. Collections and recoveries functions are essential to consumer finance operations because they are crucial in preserving the quality of the retail asset portfolio, controlling past-due bucket inventories, and minimising credit losses. The policy covers the collections strategy and guidelines from early- to late-stage collections and post write-off recovery. It also covers the tracking mechanism and dashboard required to measure the effectiveness and efficiency of the collections processes and outlines the delegation of authority granted to the Collections Head for activity-based discretionary authority through an authority matrix, financial concessions through negotiated settlement discounts, and re-aging and forbearance schemes. The document also sets the governance framework to manage third-party collections agencies through the Bank's various units and departments.

Credit risk assessment and monitoring tools

The table below shows the Bank's maximum exposure to credit risk without taking account of any collateral or other credit enhancements as at 31 December in each of 2024, 2023 and 2022.

	As at 31 December 2024	As at 31 December 2023	As at 31 December 2022
		<i>(SAR million)</i>	
Due from banks and other financial institutions, net.....	21,088	34,563	16,497

	As at 31 December 2024	As at 31 December 2023	As at 31 December 2022
		<i>(SAR million)</i>	
Investments.....	261,821	239,665	230,659
Financing and advances, net.....	654,252	601,527	545,311
Other assets – margin deposits against derivatives and repos....	7,008	2,775	3,557
Total assets	944,170	878,531	796,024
Contingent liabilities and commitments, net.....	148,327	170,008 ⁽¹⁾	88,671
Derivatives – positive fair value of derivatives, net.....	27,375	21,304	20,574
Total maximum credit exposure	1,119,872	1,069,843⁽²⁾	905,270

Notes:

- (1) This figure is derived from the comparative financial information as at 31 December 2023 in the 2024 Financial Statements. In the 2023 Financial Statements, the figure was SAR 96,749 million as at 31 December 2023.
- (2) This figure is derived from the comparative financial information as at 31 December 2023 in the 2024 Financial Statements. In the 2023 Financial Statements, the figure was SAR 996,584 million as at 31 December 2023.

The Bank strives to maintain the credit quality of its financing assets through effective risk management practices to manage loss provisioning, defaults and write-offs which, in turn, help the Bank to achieve its financial targets within the overall strategy. The Bank has distinct risk assessment and monitoring tools both for corporate and retail risk management. The key features of the credit risk assessment and monitoring tools are:

- **target market and risk acceptance criteria:** when originating a credit relationship and during regular reviews of the relationship, the Bank sets a carefully screened target market and an appropriate set of risk acceptance criteria to determine the type of client/segment and type of exposure. The principle of overall risk acceptance considers, among other things, two important risk factors, namely (i) macroeconomic risk (which is carefully assessed through the annual review of industry trends and short and medium term impact assessments are also conducted by the Bank's economics department) and (ii) concentration risk, which is relevant in the corporate credit portfolio and is managed through specific guidelines that focus on maintaining a diversified portfolio to avoid excessive concentration of risk implemented through customer and sector limit structures. The Bank's risk and business functions conduct alignment review sessions to continuously monitor the portfolio and segment limits and concentrations. Further, all interrelated companies controlled by the same management and/or ownership structure are treated as one entity/group;
- **monitoring and early warning:** the Bank's exposures are continuously monitored through a set of triggers and early-warning signals aimed at detecting adverse symptoms that could result in deterioration of credit risk quality. The triggers and early-warning systems are supplemented by facility utilisation and collateral valuation monitoring together with market intelligence to enable timely corrective action by management;
- **risk assessment tools:** these are used to measure and manage the risk in all the Bank's portfolios. Exposures to both corporate and retail customers are subject to risk rating models and scorecards which

have been developed by the Bank independently. Corporate relationships are assessed by using the obligor risk rating models and scorecards, while retail customers are assessed by employing both application and behavioural scorecards. For investments and financial institutions, the Bank employs external ratings provided by S&P, Moody's and Fitch. In addition to the rating models and scorecards, the Bank has also implemented loss given default models both for corporate and retail; and

- **risk-based pricing:** the Bank has implemented risk-adjusted return on capital ("**RAROC**") as an important assessment tool. Particularly for corporate financing, the relationship RAROC is estimated at origination and forms a part of the credit evaluation. In addition, on an ex-post basis, the relationship RAROC is measured and communicated to all relationship managers to help them assess their respective clients on an ongoing basis.

See note 32.2(a) to the 2024 Financial Statements and note 33.2(a) to the 2023 Financial Statements for tables that set out information about the credit quality of the Bank's financial assets measured at amortised cost and FVOCI debt investments as at 31 December in each of 2024, 2023 and 2022. In addition, the same note contains tables analysing the ageing of the Bank's performing financing and advances as at the same dates.

Credit risk mitigation

The Bank uses a wide variety of techniques to optimise the credit risk on its lending. One important credit risk mitigation technique is accepting guarantees and collateral with the appropriate coverage.

The Bank ensures that its collateral held is sufficiently liquid, legally effective and regularly valued. The method and frequency of revaluation depend on the nature of the collateral involved. The types of collateral that are acceptable to the Bank include time and other cash deposits, financial guarantees, equities, real estate, other fixed assets and salary assignment in the case of individuals.

The Bank's collateral is held mainly against commercial and individual financings and is managed against relevant exposures at its net realisable values. The Bank monitors the market value of its collateral and requests additional collateral in accordance with the underlying agreements. Whenever possible, financings are secured by acceptable forms of collateral to mitigate credit risk.

The Bank's policy is to lend against the cash flow of an operating commercial entity as the first and primary source of repayment. Collateral and guarantees provided by the customer are considered only as a secondary source for repayment.

Management of restructured exposures

As part of its ongoing credit risk management, the Bank has adopted restructuring as a remedial management tool to manage clients that are experiencing difficulties in meeting their financial commitments. The Bank manages its restructuring activities through Board-approved policy standards.

A restructuring or forbearance occurs on a transactional basis when:

- a counterparty is experiencing financial difficulties in meeting its financial commitments; and
- the Bank grants a concession that it would not otherwise consider.

The following circumstances qualify as financial difficulties that could potentially trigger a restructuring:

- the counterparty is currently past due on any of its material exposures;
- the counterparty is not currently past due, but it is more probable that the counterparty will be past due on any of its material exposures in the foreseeable future without the concession;
- the counterparty's outstanding securities have been delisted;

- the Bank forecasts that all the counterparty's committed/available cash flows will be insufficient to service all of its loans or debt securities;
- the counterparty is in non-performing status or would be categorised as non-performing without the concession; and
- the counterparty cannot obtain funds from other sources.

Concessions are special contractual terms and conditions provided by the Bank to a counterparty facing financial difficulties. The main characteristic of these concessions is that the Bank would not extend loans or grant commitments to the counterparty on such terms and conditions under normal market conditions. When a borrower is assessed as experiencing financial difficulties, examples of potential concessions are:

- extending the loan term/tenor;
- rescheduling the due dates of principal or interest/profit payments;
- granting new or additional periods of non-payment (grace period);
- reducing the interest rate, resulting in an effective interest rate below the current interest rate that counterparties with similar risk characteristics could obtain from the Bank or other institutions in the market;
- capitalising arrears;
- forgiving, deferring or postponing principal, interest or relevant fees;
- changing an amortising loan to an interest payment only loan;
- releasing collateral or accepting lower levels of collateralisation;
- allowing the conversion of debt to equity of the counterparty;
- deferring recovery/collection actions for extended periods of time; and
- easing of covenants.

The following policy rules generally apply with respect to restructurings:

- the restructuring may apply to single payment or multiple payment obligations being extended for more than 90 days beyond the maximum period approved for the facility;
- the restructuring requires the approval of senior credit officers, corporate region heads, and business division heads as per the policy defined approval matrix;
- a formal assessment of the performance standing of the obligation/obligor should be completed and signed by the approvers; and
- in the case of a non-performing financing, the restructuring does not automatically ensure an upward reclassification, which should only be made if and when there is sufficient evidence of adherence to the payment terms of the restructuring agreement. Such evidence would include at least 12 months of timely repayments of both principal and commission/interest under the restructuring agreement.

Classification of financings and advances

Credit classifications are standard categories that indicate the degree of risk in individual credit exposures. The purpose of the classification process is to establish a consistent approach to problem recognition, labelling, remediation, and the setting of provisions for credit exposures that are managed on a judgmental basis. All

obligors are classified into five categories. Each category implies a certain level of severity of the credit position and risk to the Bank's capital.

The Bank has adopted SAMA definitions of these categories to communicate classification categories to internal and external parties. The starting two categories, which are Standard and Special Mention, are for performing loans/assets, while the remaining three categories, Substandard, Doubtful and Loss, are against non-performing exposures. For information on the Group's performing and non-performing financing and advances as at 31 December in each of 2024, 2023 and 2022, see note 7.1 to each of the Financial Statements.

The definitions of each category are:

Standard – No Evidence of Weakness

Loans/assets in this category are performing and have sound fundamental characteristics such as the borrower's overall financial conditions, resources and cash flows, credit history and primary or secondary sources of repayment. The Standard classification should be given to all loans that exhibit neither actual nor potential weaknesses. Standard loans/assets are considered as "performing" credits.

Special Mention – Evidence of Weakness

A Special Mention loan/asset is defined as having potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may, at some future date, result in the deterioration of the repayment prospects for the loan/asset. These loans/assets are normally current and up to date in terms of principal and commission income payments.

Substandard – Potential Loss

Loans in this category have well-defined weaknesses, where the current financial soundness and paying capacity of the obligor is not assured. Orderly repayment of the debt may be in jeopardy. A Substandard loan/asset is inadequately protected by future cash flows, the obligor's current net worth or by the collateral pledged, if any. An important indicator is that a portion of commission/income or principal or both are already more than, or are likely to become, 90 days past due. The 90 days past due rule will generally apply unless the Bank has strong documentary evidence to support a different classification.

Doubtful – Value Impaired

An asset classified Doubtful has all the weaknesses inherent in one classified Substandard with the added characteristic that the weaknesses make collection or liquidation of the principal and contractual commission/income in full, based on currently existing facts, conditions, and values, highly questionable and improbable. An important indicator is that a portion of commission/income or principal or both already are more than or likely to become 180 days past due. The 180 days past due rule will generally apply unless the Bank has strong documentary evidence to support a different classification.

Loss

A loan/asset classified as Loss is considered uncollectable in the ordinary course of business. The Loss category does not mean that the asset has absolutely no recovery or salvage value, but rather that it is prudent to establish a provision for the entire loan not covered by collateral. Loans/assets where principal or commission/income are past due for more than 360 days should be included in this classification. The 360 days past due rule will generally apply unless the Bank has strong documentary evidence to support a different classification.

Market risk

Market risk is the risk that changes in market prices, such as special commission rate, credit spreads (not relating to changes in the obligor's credit standing), equity prices and foreign exchange rates, will affect the Bank's

income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Bank separates its exposure to market risk between trading and banking books. The trading book includes positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis. Market risk on banking book positions mainly arises from the special commission rate, foreign currency exposures and equity price changes.

Overall authority for market risk is vested in the Board. The Risk Group is responsible for the development of detailed risk management policies (subject to review and approval by the Board) and for the day-to-day review of their implementation.

The principal tool used to measure and control market risk exposure within the trading book is Value at Risk (“**VaR**”). The VaR of a trading position is the estimated loss that will arise on the position over a specified time period (or holding period) from an adverse market movement with a specified probability (or confidence level). The Bank’s VaR model is based upon a 99 per cent. confidence level and is computed daily (i.e. with a one-day holding period), except for FVIS investments which are computed monthly. The model computes volatility and correlations using relevant historical market data.

The Bank uses VaR limits for total market risk embedded in its trading activities including derivatives related to foreign exchange and special commission rates. The overall structure of VaR limits is subject to review and approval by the Board. VaR limits are allocated to the trading book. The daily reports of utilisation of VaR limits are submitted to senior management and regular summaries about various risk measures are submitted to the Board Risk Committee.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based gives rise to certain limitations, including:

- a one-day holding period assumes that it is possible to hedge or dispose of positions within a one-day horizon. This is considered to be a realistic assumption in most cases but may not be the case in situations in which there is severe market illiquidity for a prolonged period;
- a 99 per cent. confidence level does not reflect losses that may occur beyond this level. Even within the model used there is a 1 per cent. probability that losses could exceed the VaR;
- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day;
- the use of historical data as a basis for determining the possible range of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature; and
- the VaR measure is dependent upon the Bank's position and the volatility of market prices. The VaR of an unchanged position reduces if the market price volatility declines and vice versa.

The limitations of the VaR methodology are recognised by supplementing VaR limits with other position and sensitivity limit structures, including limits to address potential concentration risks within each trading book. In addition, the Bank uses stress tests to model the financial impact of exceptional market scenarios on individual trading book and the Bank's overall trading position.

Note 33.1 to the 2024 Financial Statements and note 34.1 to the 2023 Financial Statements contain tables showing the VaR arising from special commission rate, foreign currency exposure and equity exposure held at FVIS in each of 2024 and 2023 and in each of 2023 and 2022, respectively.

Special commission rate risk

Special commission rate risk is the risk to earnings or capital attributed to the movement of interest rates. It generally arises from:

- repricing risk – a timing mismatch in the maturity and repricing of assets and liabilities and off-balance sheet short and long term positions;
- basis risk – hedging exposure to one special commission rate with exposure to another rate which reprices under slightly different conditions;
- yield curve risk – changes in the slope and the shape of the yield curve; and
- option risk – options, including embedded options.

Special commission rate risk governance

The Board directs and oversees the asset and liability management activities, including special commission rate risk, to maximise shareholder value, and protect the Bank from significant financial losses. The Board Risk Committee provides oversight to the ALCO, which has overall responsibility for special commission rate risk monitoring and management to optimise the Bank's earnings and net asset values and sets the DV01 limit.

Group Treasury is responsible for the day-to-day execution of the special commission-rate strategy. Group Treasury's task is to protect the Bank's earnings from adverse movements in special commission rates and to enhance net special commission income through appropriate action and anticipation of the extent of directional shifts in special commission rates. Group Treasury manages special commission rate risk through:

- clear definition of authorised investments, permissible hedging and position-taking strategies with Group Treasury appointed as the execution body;
- identification of the frequency and methodology for measuring special commission rate risk; and
- the setting of quantitative limits in line with the risk appetite.

Special commission rate risk policy standards

The asset-liability management policy sets out guidelines on the governance and management of the asset-liability structure and the key components of asset and liability management as they relate to the Bank. One of the primary business objectives underpinning the asset and liability management policy is to consider special commission rate risk/hedging/return strategy for the Bank to ensure the optimisation of its balance sheet structure.

Special commission rate risk assessment and monitoring tools

Special commission rate risk is calculated and reported to the ALCO monthly. The measures and methodologies used to manage special commission rate risk include:

IRRBB – Interest Rate Risk in the Banking Book – which refers to the current or prospective risk to the Bank's capital and earnings and economic value arising from an adverse movement in special commission rates that affect the Bank's banking book position. It is an important tool for the Bank to identify, measure, monitor and control special commission rate sensitive assets, liabilities and off-balance sheet items that can adversely affect the Bank's financial position.

Maturity/repricing schedule – the Bank measures maturity mismatch by creating a schedule that distributes assets and liabilities into time buckets according to their final maturity (if fixed rate) or time remaining to their next repricing (if they are floating rate). Sensitivity analysis is utilised to assess the impact of special commission rate movements on the Bank's net earnings and capital at risk. Assets and liabilities that do not

have contractual re-pricing intervals or maturities are assigned to re-pricing buckets based on the Bank's assessment.

Interest rate limits – the Bank has a monitoring process for special commission rate exposure.

Interest rate risk mitigation – earning sensitivity to a parallel shift in the yield curve is calculated and reported to ALCO monthly.

DV01 – is calculated and reported to ALCO monthly.

Hedging – is used as appropriate to manage interest rate risk.

Note 33.2.1 to the 2024 Financial Statements and note 34.2.1 to the 2023 Financial Statements contain tables showing (i) the Bank's sensitivity due to reasonably possible changes in special commission rates in each of 2024 and 2023 and in each of 2023 and 2022, respectively, and (ii) the special commission rate sensitivity of the Bank's assets, liabilities and off-statement of financial position items as at 31 December in each of 2024 and 2023 and as at 31 December in each of 2023 and 2022, respectively.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank manages exposure to the effects of fluctuations in prevailing foreign currency exchange rates on its consolidated financial position and cash flows. The Board has set limits on positions by currency. Positions are monitored daily and hedging strategies are used to ensure positions are maintained within established limits.

Note 33.2.2 to the 2024 Financial Statements and note 34.2.2 to the 2023 Financial Statements contain further information on the Bank's significant net exposures in foreign currencies and its exposure to currency risk, as at 31 December in each of 2024 and 2023 and as at 31 December in each of 2023 and 2022, respectively.

Equity price risk

Equity price risk is the risk that the fair value of equities decreases because of changes in the levels of equity index and the value of individual stocks. Note 33.2.3 to the 2024 Financial Statements and note 34.2.3 to the 2023 Financial Statements contain further information on the Bank's exposure to equity price risk as at 31 December in each of 2024 and 2023 and as at 31 December in each of 2023 and 2022, respectively.

Liquidity risk

The Bank defines liquidity risk as a scenario when it cannot meet its net funding requirements as they fall due, which can be caused by systemic and/or idiosyncratic events. In accordance with the Banking Control Law and the regulations issued by SAMA, the Bank maintains a statutory deposit with SAMA of 7 per cent. of average demand deposits and 4 per cent. of average savings and time deposits. In addition to the statutory deposit, the Bank also maintains liquid reserves of not less than 20 per cent. of the deposit liabilities, in the form of cash, Saudi Government bonds or assets which can be converted into cash within a period not exceeding 30 days.

Liquidity risk management policy

The Bank's liquidity risk is managed through an approved policy to ensure that the Bank maintains a strong liquidity position, making it more resilient to short-term and long-lasting funding shocks and enabling the Bank to manage and maintain liquidity within the approved risk appetite. The policy defines the Bank's objectives for managing liquidity risk and sets conditions for the calculation of the minimum size of the liquidity buffer and the funding needed to support an adequate liquidity buffer. The policy's objective is to strike a prudent balance between liquidity and profitability for all currencies to maintain a strong liquidity position, which would

sustain the confidence of investors, regulators and rating agencies and improve both funding costs and availability. The policy has the following objectives:

- ensuring the Bank’s ability to generate or obtain cash or cash equivalent (collateral) in a timely and cost-efficient manner so that obligations can be met as they become due in both normal and stressed periods;
- knowing the Bank’s position at any point in time, by currency and by maturity, to replace maturing obligations when they fall due, fund assets at appropriate maturities and rates, and support credit ratings and the Bank’s profitability; and
- ensuring that profitable business opportunities can be pursued in all market environments for an extended period without liquidating assets at undesirable times or terms or raising additional unsecured funding on an unreasonable scale.

Asset liability management (“ALM”) policy

The purpose of the ALM policy is to set out the governance and management of the asset-liability structure and the critical components of ALM as they are relevant to the Bank. The ALM policy is designed to assist in optimising the balance sheet structure and ensure that banking operations are conducted in line with the Bank’s strategy, risk appetite, prudential controls and limits as defined within the budget process. The primary objectives underpinning the ALM policy are:

- linking liquidity, funding, and capital strategy to short-term and long-term liquidity needs and cash flow requirements, including considering the impact of financial distress, disturbance or significant financial loss situations; and
- considering interest rate risk/hedging/return strategy for the Bank to ensure an optimal balance sheet structure within the Bank.

A vital component of the ALM policy is liquidity management, which focuses on the prudent management of the asset-liability structure from a solvency standpoint and ensuring the continued viability and funding of the Bank in a time of crisis.

Liquidity management practices within the Bank

The Bank manages its liquidity risks through well-established policies, processes and tools that meet the necessary regulatory requirements and industry best practices. Liquidity risk management at the Bank involves forecasting funding requirements and maintaining sufficient capacity to meet the Bank’s needs and accommodate fluctuations in asset and liability levels due to changes in business operations or unanticipated events. The major liquidity risk assessment and monitoring tools employed at the Bank are:

- **balance sheet analysis by currency:** a comprehensive analysis is conducted on all major currencies in which the Bank is active to ensure adequate coverage. The main ratios considered include the loans to deposits ratio (both simple and regulatory), the Basel III recommended liquidity coverage ratio and net stable funding ratio, and the statutory liquidity ratio;
- **liquidity cushion:** in addition to diversifying the Bank’s asset book, the investment portfolio provides an avenue to allocate the Bank’s assets towards a high proportion of readily marketable securities (including Government debt and Government and other investment grade securities). This approach is commensurate with the High Quality Liquid Assets calculations for the Basel III liquidity coverage ratio;
- **funding concentration:** the ALCO monitors funding concentrations (including current, call and time deposits) to ensure there is no excessive reliance on a particular product or a few customers without proper safeguards. Liability diversification is also examined through the nature of the fund provider (that

is, individuals, corporations and financial institutions), funding instruments (secured and unsecured and foreign exchange swaps and spot), maturity and currency;

- **intraday liquidity:** Group Treasury manages intraday liquidity efficiently through ongoing cash flow and position monitoring in conjunction with the relevant wholesale operations teams. The Bank's limit with SAMA is built into the electronic funds transfer system to include a maximum short position that is sufficient to accommodate intraday movements. This is done to safeguard the Bank from mismatches occurring during the clearing time when receipts and payments are staggered over several hours. The system includes all interbank, customer and SAMA-specific SAR credits and debits to provide a clear picture of the Bank's position on a real-time basis;
- **maximum cumulative outflow:** maximum cumulative outflow ("MCO") analyses the Bank's balance sheet maturities and estimates cumulative net cash outflows. The Bank has in place MCO assumptions by different time buckets and by currency, considering the current market depth and its ability to tap the market through various instruments. These assumptions are intended to control the absolute level of liquidity shortfalls at different periods of time for each significant individual currency in which the Bank operates. The MCO provides a useful analysis to ascertain the Bank's liquidity position based on expected inflows and outflows. The Bank intends to continue to enhance the MCO process and institute MCO limits and targets, as appropriate, to manage and report absolute level of liquidity shortfalls at various tenors;
- **collateral management:** the Bank manages its collateral positions through active margining and overall margin maintenance in compliance with Basel recommendations;
- **monitoring of liquidity positions:** a Bank-wide liquidity risk management framework is in place to monitor and manage the liquidity position across various horizons. Group Treasury monitors the liquidity position through daily cash flow reports, considering all known cash flows resulting from all known contractual commitments. The report is prepared for all major currencies to assess the adequacy of the liquidity position by ensuring future cash flows are only mismatched to the extent that it would not interrupt normal business operations. The Finance Group produces an analysis that breaks down various assets and liabilities, including the off-balance sheet items. The output allows multiple comparisons of the key balance sheet items to identify any problems before they arise;
- **stress testing:** the Bank runs scenario tests to forecast different situations from a liquidity standpoint, including LCR and NSFR stress scenarios. The results help in recognising the potential liquidity sources and strains and are used to adjust the liquidity management strategies, policies and positions appropriately to ensure the current exposures remain within the Bank's established liquidity risk tolerance; and
- **funds transfer pricing:** funds transfer pricing ("FTP") is an internal measurement and allocation process that assigns a profit contribution value to funds raised and lent or invested by the Bank. The Bank's FTP framework aims to ensure effective balance sheet management and optimisation of profitability by accurately incorporating liquidity premium into pricing. The main objective of the FTP is to compute the total cost of liquidity consumed by all business activities for given maturities. The FTP framework implements a methodology for computing the FTP components (that is, the base rate and liquidity premium) across different tenors and for major currencies. Governance around the computation and usage of FTP has been laid down by the Bank's FTP policy to ensure the framework is robust and effective. FTP has been adopted in portfolio performance and pricing of prospective relationships through an account profitability model.

Note 34 to the 2024 Financial Statements and note 35 to the 2023 Financial Statements provide analyses of (i) the Bank's consolidated financial liabilities based on contractual undiscounted repayment obligations and (ii) the Bank's consolidated assets and liabilities analysed according to when they are expected to be recovered or settled, in each case as at 31 December in each of 2024 and 2023 and as at 31 December in each of 2023 and 2022, respectively.

CAPITAL ADEQUACY

The table below shows the composition of the Group's regulatory capital and its capital ratios as at 31 December in each of 2024, 2023 and 2022, determined in accordance with (i) Basel III as implemented in Saudi Arabia (in the case of the regulatory capital and capital ratios as at 31 December 2022) and (ii) Basel IV as implemented in Saudi Arabia (in the case of the regulatory capital and capital ratios as at 31 December in each of 2024 and 2023).

	As at 31 December 2024	As at 31 December 2023	As at 31 December 2022
		<i>(SAR million)</i>	
Risk-weighted assets			
Credit risk.....	684,824	646,192	619,906
Operational risk.....	39,310	37,283	61,289
Market risk.....	30,196	20,381	14,887
Total pillar 1 risk-weighted assets.....	754,330	703,856	696,082
Common Equity Tier 1 Capital (CET1)	132,620	121,993	111,851
Core capital (tier 1).....	153,045	136,385	127,339
Supplementary capital (tier 2).....	4,059	5,352	5,213
Core and supplementary capital (tier 1 and tier 2)	157,104	141,737	132,552
		<i>(per cent.)</i>	
Capital adequacy ratio (pillar 1)			
Common Equity Tier 1 Capital (CET1) ratio	17.6	17.3	16.1
Core capital (tier 1 ratio).....	20.3	19.4	18.3
Core and supplementary capital (tier 1 and tier 2 ratios)	20.8	20.1	19.0

Contingency funding plan

To mitigate the risk of, and effectively prepare for, a funding crisis, a contingency funding plan ("CFP") has been established by the Bank. The CFP is the compilation of policies, procedures and action plans for assessing and responding to severe disruptions to the Bank's ability to fund some of or all its activities in a timely manner and at a reasonable cost. In essence, it combines early warning indicators and advance preparation for potential high severity/low probability liquidity risk. The CFP framework aims to ensure that the Bank is resilient to funding shocks, continues to operate, as normally as possible, during a funding crisis to protect its franchise value, does not need forced additional funding or equity at an unacceptable cost and is able to return to a business as normal position as soon as possible.

Operational risk

Operational risk is identified as the risk of loss (direct, indirect and near misses) resulting from inadequate or failed internal processes, human behaviour, systems or external events.

Operational risk governance

The Board approves, monitors and reviews the operational risk appetite, framework, policies and practices, ensuring proper development, implementation and maintenance of a fully integrated framework into the Bank's overall risk management processes.

Business group heads are actively involved in evaluating exposure to operational risks associated with their business through the Operational Risk Committee (“**ORC**”). A network of divisional operational risk managers within business units assists management with the monitoring and mitigation of operational risks. Material operational risks are addressed to the senior management of the individual business units, escalated to the operational risk department and to the ORC when necessary.

Operational risk policy standards

The operational risk policy document describes the proposed governance structure, rules and responsibilities for managing operational risk as a distinct category at the Bank level and across its divisions and business units. The policy provides a consistent approach to managing operational risk across the organisation and a high-level overview of roles and responsibilities related to operational risk management to ensure that gaps and overlaps in activities are avoided and that key tasks are performed and undertaken most efficiently.

Operational risk assessment and monitoring tools

The principal operational risk assessment and monitoring tools used by the Bank are:

- **system and loss data collection** – the Statistical Analysis System (“**SAS**”) Operational Risk Monitor is used to collect operational risk losses within the Bank. The tool is the industry's prime tool for operational risk losses collection. From this system, the Bank can record and consider major operational risks and incidents and effectively determine the appropriate measures to mitigate and manage the exposure to these risks. Recorded events are rigorously monitored and analysed for further escalation. As a result, a comprehensive loss data collection for managing, tracking and reporting risk information is effectively in place;
- **risk and control self-assessment** (“**RCSA**”) – a qualitative and quantitative risk assessment is conducted within the Bank using an identified universe of operational risks in the RCSA framework. The assessment is conducted at the business unit level and is subject to treatment and escalation to group heads, which set out the operational risk exposure that the Bank is willing to tolerate. The Operational Risk department conducts the RCSA exercise across the Bank covering both core and support functions to ensure an active comprehensive operational risk register for the Bank is held; and
- **key risk indicators** – to ensure that the Bank is compliant with Basel III requirements, the operational risk department uses its risk management and control system to provide a reliable and effective reporting mechanism. Key risk indicators (“**KRIs**”) are used as a monitoring tool to provide early warnings of operational problems or highlight failures. KRI reports generated by businesses are reviewed quarterly and monitored by the operational risk department for effective management.

Business Continuity Management

The Bank has established a Business Continuity Management (“**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.

In 2017, SAMA issued its BCM Framework. The Bank complies with this framework and participates in the BCM regulatory committee which was set up by SAMA.

The Bank’s Business Continuity Committee charter was approved by its Board. The committee has executive management representation. It leads the BCM programme, reviews the programme performance on a periodic basis, approves key initiatives and supports continued improvements.

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.

Enterprise risk management

Enterprise risk management (“**ERM**”) acts as the independent risk management practice within the Risk Group and assumes the role of an overarching risk function in the Bank. ERM regularly partners with the frontline business groups, other risk management units, and the Finance Group to fulfil enterprise-wide risk objectives. Key functions pertaining to ERM include:

Risk appetite and strategy – ERM plays an important role in contributing to the overall strategy and business plan of the Group. Based on the Group’s strategy and the business plan, ERM is responsible for setting the risk appetite statement with targets and tolerances for key risk parameters. Upon approval from the Board’s Risk Committee, these targets are cascaded to business groups and product levels. Subsequently, ERM conducts periodic monitoring of the risk appetite parameters and syndicates appropriately with business groups before reporting to the Board Risk Committee.

Risk capital analytics – ERM is responsible for estimating the Bank’s regulatory capital on a periodic basis. Regulatory capital is estimated on a consolidated basis in line with SAMA guidelines. As part of its risk capital function, ERM is also responsible for the ICAAP, the internal liquidity adequacy assessment process and Pillar 2 risk assessment every quarter. In addition to the capital computation, ERM has also adopted the approach to optimal usage of capital by employing a RAROC framework as a performance evaluation tool – both at the business level and at the transaction level. RAROC is considered an essential directional tool to aid business decisions to ensure optimal usage of risk capital on a sustainable basis.

Stress testing – ERM is responsible for Group-wide stress testing quarterly as part of its sound internal risk management practices as well as to comply with semi-annual SAMA requirements. The Bank’s stress testing framework is comprehensive in nature and considers all Group portfolios and major risks under different stressed scenarios to assess the resilience of capital adequacy, liquidity and other key indicators. Further, the stress testing framework, in conjunction with the ICAAP, supplements the forward-looking capital assessment guidance.

Risk tools –ERM is responsible for developing and maintaining rating/scoring models as well as other applicable risk assessment and monitoring tools (such as loss given default, credit conversion factor and RAROC models). These tools are employed by the frontline business groups and credit risk units to assess and

monitor risk on an ongoing basis. All risk rating and scoring models are subject to a model governance policy and undergo periodic internal validation and comprehensive external validation, as and when deemed necessary.

Credit concentration risk management – ERM has established a credit concentration risk management framework that facilitates effective management of credit concentration at the Bank-wide level. The framework defines concentration risk as any single credit exposure or group of exposures with the potential to produce losses large enough to threaten the Bank’s ability to maintain its financial performance. The framework aims to identify, assess, control, and mitigate concentration risk by:

- setting parameters which identify sources of concentration risk;
- determining measurement methods and acceptable levels of concentration;
- establishing concentration risk monitoring and reporting mechanisms; and
- developing a mitigation plan to treat deviations of acceptable concentration levels in light of the Bank’s strategy and future plans.

The main objective of the credit concentration policy is to maintain well-diversified financing and investment portfolios. This entails determining adequate compensation for acceptable concentration levels.

Concentration risk parameters are defined in parallel with the Bank’s overall strategy, risk appetite and normal course of credit risk management. These parameters include, but are not limited to, business segments, economic sectors, loan products, lending currencies and maturities.

The Bank carries out regular analysis of its portfolio and exposures and takes the results of these analyses into account when setting limits for identified material concentration parameters, thresholds or similar concepts for concentration risk management. Subsequently, limits are monitored against actual exposures through:

- collecting and aggregating input data relevant to identified concentration parameters;
- analysing data and measuring the current concentration levels against the approved concentration limits;
- reporting the status of the credit portfolio in comparison to the concentration limits;
- assessing the results of the report and analysing the rationale of the movements within the portfolio; and
- determining whether any actions are needed in cases of breaches or non-breaches.

The credit concentration risk management policy ensures that a corrective action plan is communicated to an adequate level of authority. The aim is to instil accountability and enforceability of action plans in a timely manner.

Information Security Management

The Information Security Management division protects and secures the Bank’s systems, media and facilities that process and maintain information vital to its operations. It maintains effective security programmes adequate to the operational complexity of the Bank and ensures the safety and privacy of customers’ financial information. It comprises the following departments which are responsible for carrying out the core security functions in the Bank.

Information Security Governance, Risk & Compliance manages all elements and functions related to the governance of information security within the Bank, in addition to assessing and monitoring the cyber security risks impacting the confidentiality, integrity and availability of the Bank’s critical information assets. This

department is also responsible for ensuring compliance with applicable national and international cyber security regulations.

Cybersecurity Fraud is responsible for leading cyber fraud assessment and cyber fraud investigation to reduce the Bank's cyber fraud risk and to optimise its cyber security strategy. This includes leading the development, implementation and maintenance of the necessary controls (at the process, people and technology level) and training required to protect the Bank from cyber fraud by preventing, monitoring, detecting, investigating, responding to and reporting on cyber fraud.

Cyber Security Intelligence is responsible for protecting the Bank from cyber threats through constant monitoring of the Bank's network, identifying any suspicious activities and taking all necessary actions to maintain the highest levels of protection of the Bank's critical information assets. This includes the activities associated with threat management and security architecture review.

Information Protection Office is responsible for defining the required guidelines and standards to maintain the confidentiality of the Bank's critical information assets during the various phases of the information lifecycle following a structured approach for information classification. In addition, it evaluates and tests controls to prevent leakage of information using various techniques and latest technologies.

Identity & Access Management is responsible for ensuring that access to critical information is provided based on need-to-know only and with the least privilege to maintain the confidentiality, integrity and availability of the Bank's critical information assets.

***Shari'a* product-related risks**

Shari'a-compliant risk mitigation techniques are applied to all *Shari'a* products, which are inspected in light of the following risks:

Credit risk – which arises from receivables associated with sales contracts such as Murabaha, Istisnaa and Tawaruq contracts, or lease receivables associated with Ijara contracts (whether it is an Ijara of an existing asset or an Ijara of an asset to be provided in the future), or investment in sukuk held in the banking book. This risk is mitigated by detailed analysis in accordance with the Bank's standard process, documentation establishing the Bank's claim and collateral if required.

Equity investment risk – which is the risk of entering into a partnership to participate in business activity under agreed conditions. The Bank is exposed to this risk in its equity investments based on Musharaka or Mudaraba agreed conditions, and under Islamic private equity investments. The Bank recognises that these equity investments could give rise to volatility in earnings as they are profit-sharing investments and do not constitute a fixed return. They could also expose the Bank to a capital impairment risk in the event of losses.

Market risk – which is the risk of loss either on-balance sheet or off-balance sheet arising from movements in market prices of tradable or leased assets. This risk arises from the volatility of market values of specific assets such as the market value of a Murabaha purchased asset before concluding the Murabaha contract, and the Ijara purchased assets before concluding the Ijara contract or if the Ijara is terminated early due to the lessee's default. The Bank seeks to mitigate market risks using *Shari'a*-compliant techniques such as Khiyar Ashart (where the Bank will return the purchased commodity to the vendor if the client breaks the agreement to buy it) and obligated promise (where the loss will move to be an obligation on the client to pay the loss caused by market movements), and insurance on the purchased assets (for example insurance on LCs and leased assets) and securing its market risk in retail and corporate products by taking Dhaman jeddiyah from clients.

***Shari'a* non-compliance risk** – which is the risk that arises from the Bank's failure to comply with the *Shari'a* rules and principles prescribed by its Shariah Committee. *Shari'a* compliance is critical to the Bank's operations and is considered as falling within a higher priority category than other identified risks. To mitigate this risk,

the Bank undertakes *Shari'a* reviews to ensure that activities carried out do not contravene the *Shari'a* and that all *Shari'a* products are compliant with *Shari'a* rules.

Displaced commercial risk (“DCR”) – which refers to the market pressure to pay returns that exceeds the rate that has been earned on the assets financed by unrestricted investment account holders, depositors and investors, when the return on assets is underperforming as compared with the profit rate offered by competitor Islamic banks in Saudi Arabia. As a result of DCR and low profits, customers will typically shift their deposits and investments to other banks paying better returns.

Due to the unique characteristics of *Shari'a* products, the Bank recognises the overlapping nature and transformation of risks that exist between these risks. The Bank continually seeks to enhance its risk management and reporting processes to measure and control these risks and hold adequate capital against these risks to the extent required.

The Bank also recognises the reputational risk that might arise from failures in governance, or non-fulfilment of market promises, or *Shari'a* non-compliance of its products and services, which could adversely impact its market position, profitability, and liquidity.

Remuneration governance and risk

The Board oversees the Bank’s subsidiaries and affiliates through representation in their boards of directors. The election and removal of the Bank’s representatives in the boards of its subsidiaries and affiliates is approved by the Board.

The Board’s Nomination and Remuneration Committee (“**NRC**”) comprises at least three non-executive Directors. Its key remuneration functions are to:

- make recommendations to the Board that promote appropriate remuneration policies and practices for the Bank and ensure that these remuneration policies and practices are in the interest of the shareholders and do not induce participation in taking high-risk transactions to achieve short-term profits;
- co-ordinate with the Bank’s human resources team to develop a succession and replacement policy and ensure the compliance of the executive management with such policy;
- make recommendations to the Board in respect of the remuneration of senior executives in accordance with the approved policy;
- review the structure of the executive management and provide recommendations regarding changes that may be made to such structure;
- ensure a regular review of the Bank’s compensation policy, and assess its effectiveness in achieving the set objectives;
- recommend for Board approval the amounts required for the payment of short-term incentives and bonuses; and
- review the long-term incentive plans and the participation of executives in those plans and make appropriate recommendations to the Board.

The Bank’s compensation policy covers all compensation elements: basic salary; fixed allowances; job-based allowances; employee benefits; recognition schemes and variable pay, both short- and long-term. The key determinants of compensation include job grade, individual performance, business and corporate performance, risk alignment, compensation and market conditions, and regulatory requirements.

The Bank's material risk takers are the employees whose roles entail risk-taking that may lead to material loss including, but not limited to, those in businesses such as Treasury, Retail and Corporate banking. The Bank's material risk controllers are the employees whose faulty actions, lack of due diligence or negligence in duly controlling risk taken may lead to material loss, including, but not limited to, those in control and support functions, while senior management are those executive persons, including an executive director, having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly.

Remuneration and risk

The purpose of the compensation risk alignment framework is to ensure that variable compensation for material risks is aligned to the risk profile of the Bank. To achieve this, the Bank considers both quantitative measures and qualitative measures in the risk assessment process. The Bank undertakes risk assessment to review financial and operational performance against the business strategy and risk performance prior to the distribution of variable pay. Variable pay takes into account the performance of the Bank which is considered within the context of the Bank's risk management framework.

Ex-ante adjustments are applied before variable compensation is awarded and variable compensation is adjusted for risk if the performance outcomes achieved are outside acceptable bounds of the risk appetite set by the Bank's management. The Bank also uses an ex-post risk assessment framework to back-test actual performance against risk assumptions.

Linking and adjusting remuneration to performance

The Bank aims to foster a high-performance culture by ensuring that employees are provided with clear performance objectives, ongoing coaching and feedback, professional development and recognition for superior work. The performance of all employees is assessed periodically against agreed performance goals and the performance management system requires line managers to assess each employee's contribution as well as their compliance with risk management processes and controls, teamwork, and behavioural competencies.

The short-term variable pay of senior managers and material risk-takers and controllers is administered under a bonus deferral scheme as part of the Bank's risk-aligned compensation plan, duly approved by the Board. Under this plan, a percentage of the bonus amounts is deferred for a number of years, depending on the position's long-term impact on the Bank. Deferred bonuses vest in cash, on a pro rata basis, over the vesting period, and are subject to forfeiture performance criteria.

MANAGEMENT AND EMPLOYEES

The Board is the ultimate decision-making forum of the Group. The members of the Board are under a duty to provide effective governance and supervise the Senior Management on behalf of the Bank's shareholders and to balance the interest of its diverse constituencies, including its customers, employees, suppliers and local communities.

The Board, directly and through its committees, and the Chairman of the Board, provide direction to the Group's management, generally through the CEO, to pursue the best interests of the Group. The Board has the highest authority in managing the affairs of the Group. The Board can delegate some of its decision-making authority and responsibilities to the CEO, other executive members, or one or more of its committees. The Board or its committees meet at least every quarter.

The members of the Board and the Bank's senior management team have extensive knowledge of the banking sector in the Kingdom and the wider MENA region and many have significant experience in leading financial institutions.

In accordance with the Companies Law and the Bank's Bylaws, the Board comprises 11 members (the "Directors").

All decisions taken by the Board are in accordance with the authority delegated to it by the shareholders. The Board is responsible for taking all the decisions of the Bank other than those reserved to the shareholders pursuant to the Bylaws of the Bank or the law. Any resolution that requires approval from the General Assembly of Shareholders must be approved in accordance with certain prescribed procedures including obtaining approval from the regulatory authorities. Accordingly, the shareholders do not independently influence the Board except through voting during a General Assembly meeting. Board members are appointed for three-year terms, which are staggered, and all Board members nominated by the shareholders must be approved by SAMA prior to the General Assembly meeting.

The Board exercises control and oversight over the Bank's subsidiaries both by having members of its senior management team on the boards and in board-level committees of the subsidiaries and by institutionalising a governance arrangement with the Group's control functions. Board members of the subsidiaries receive regular reports to enable them to exercise effective oversight.

Board of directors

The table below shows the members of the Bank's Board.

Name	Title
Saeed Mohammed Al Ghamdi	Chairman
Yazeed Abdulrahman Al Humied	Vice Chairman
Rashed Ibrahim Sharif	Board Member
Tareq Abdulrahman Al-Sadhan	Board Member
Ammr Khaled Kurdi	Board Member
Ibrahim Saad Al Mojel	Board Member
Faisal Omar Al Saggaf	Board Member
Ziad Mohammed Al-Tunsi	Board Member
Deemah Yahya Al Yahya	Board Member

Name	Title
Abdullah Abdulrahman AlRowais	Board Member
Huda Mohammed Bin Ghoson	Board Member

The business address of each of the directors is The Saudi National Bank, The Saudi National Bank Tower, King Fahd Road, 3208 Al Aqeeq District, Unit No. 778, Riyadh 13519 – Additional No. 6676, Saudi Arabia. There are no potential conflicts of interest between the duties owed to the Bank by the persons listed above and their private interests or other duties.

Saeed Mohammed Al Ghamdi, Chairman

Mr. Al Ghamdi was appointed as the Chairman of the Board in March 2023.

Mr. Al Ghamdi joined NCB in March 2013 as the Chief Executive Officer and a board member of NCB. He was appointed as the Chairman of NCB's board from May 2018 up to March 2021. Following the merger, Mr. Al Ghamdi was appointed as the Managing Director and CEO of the Bank from April 2021 until March 2023.

Mr. Al Ghamdi began his career in 1987 with the Ministry of Defense and Aviation and moved to Al Rajhi Bank in 1991, where he progressed in a number of roles until he joined NCB.

Mr. Al Ghamdi is currently the Chairman of Jabal Omar Development Company and Manga Production. He is also currently a Board member of Misk Foundation.

Mr. Al Ghamdi holds a bachelor's degree in computer science and engineering from King Fahd University for Petroleum and Minerals, Saudi Arabia.

Yazeed Abdulrahman Al Humied, Vice Chairman

Mr. Al Humied is the Vice Chairman and Deputy Governor, Head of MENA Investments of the PIF. Prior to the merger, he was Vice Chairman of Samba. He was previously a consultant with PricewaterhouseCoopers, a consultant with the House of National Consulting and a senior specialist and a manager in the mergers and acquisitions department of the CMA.

Mr. Al Humied is the Chairman of the Board at National Security Services Company and the Vice Chairman at Saudi Telecom Company, Saudi Egyptian Investment Company and Saudi Tadawul Group Holding Co., and a board member of a number of other companies.

Mr. Al Humied holds a bachelor's degree in business administration and accounting from King Saud University, Saudi Arabia.

Rashed Ibrahim Sharif

Mr. Sharif is a non-executive Board member. He is also the Chief Executive Officer of SNB Capital and a board member of AVILEASE and NEOM Tech and Digital Company.

Prior to the merger, Mr. Sharif was a Board member and Vice Chairman at NCB. He was previously Chief Executive Officer at Riyadh Capital and also had roles at the Capital Markets Authority, Bank Abilad and Saudi Industrial Development Fund.

Mr. Sharif holds a master's degree in business administration from Prince Sultan University, Saudi Arabia and a bachelor's degree in finance management from King Fahd University for Petroleum and Minerals, Saudi Arabia.

Tareq Abdulrahman Al-Sadhan

Mr. Tareq Al Sadhan is the CEO of the Bank and a Board member. He was appointed to his position as CEO in May 2024.

Mr. Tareq Al Sadhan has more than 25 years of experience in the public and private sectors, which includes auditing and taxes businesses, administrative and financial consultancies, and banking operations. He has held numerous leaderships positions in multiple organisations, the last of which was the Chief Executive Officer of Riyad Bank.

He holds a master's degree in Executive Business Administration from the Ecole Nationale Des Ponts University, France and a bachelor's degree in Accounting from King Saud University, Saudi Arabia. He is a fellow of the Saudi Organization for Chartered and Professional Accountants and the American Institute of Certified Public Accountants.

Ammr Khaled Kurdi

Dr. Kurdi is currently a non-executive Board member. He is currently the Assistant Governor for Financial Sustainability & Risk Management at the General Organization for Social Insurance (GOSI). He is also a member of the Board audit committee in several Saudi Arabian companies (including Saudi Telecom Company and Saudi Electricity Company) and the Board investment committee in AlTawuniya Company for Cooperative Insurance in Saudi Arabia.

He has previously held a large number of other Board audit committee memberships, and Board memberships, at Saudi public and private companies and has also been an advisory board member to the Saudi Ministry of Energy and an IFRS conversion convergence committee member for SOCPA. His previous senior roles include Chief Financial Officer at AlTawuniya Company for Cooperative Insurance and Saudi Arabian Amiantit Company, Chief Corporate Services Officer at Saudi Arabian Industrial Investment Company and Professor & Chief Audit Executive at King Fahd University of Petroleum and Minerals.

Dr. Kurdi holds a PhD in accounting from the University of North Texas, United States, a master's degree in accounting from the University of Arizona, United States, and a bachelor's degree in science in accounting from King Fahd University of Petroleum and Minerals, Saudi Arabia.

Ibrahim Saad Al Mojel

Dr. Al Mojel is a non-executive Board member. Prior to the merger, he was a Board member at Samba. Dr. Al Mojel is currently Chairman of the Board of The Special Integrated Logistics Zone Company and a board member of a number of other companies.

Dr. Al Mojel was previously the Chief Executive Officer of the Industrial Development Fund, and he held several key positions as an engineer at Saudi Aramco where he was, at various times, the secretary of the local committee of power strategies, a member of the planning department, a public investment manager, head of the direct investment department and chief executive officer of the investment department.

Dr. Al Mojel holds a PhD in operations research and two master's degrees in engineering and business management and in electrical engineering from Stanford University, United States, and a bachelor's degree in mathematics in electrical engineering from Vanderbilt University, United States.

Faisal Omar Al Saggaf

Mr. Al Saggaf is a non-executive Board member.

Mr. Alsaggaf is currently a Board member at several public and private companies in Saudi Arabia, in addition to The Real Estate Development Fund.

He previously worked for Samba, Saudi Hollandi Bank and Saudi Business Machines before joining NCB where he multiple senior roles including Chief Executive Officer.

Mr. Al Saggaf holds a bachelor's degree in economics and a master's degree in business administration from Harvard University, United States.

Ziad Mohammed Al-Tunsi

Mr. Al-Tunsi is an independent Board member. Prior to the merger, Mr. Al-Tunsi was a Board member at NCB. Mr. Al-Tunsi is the CEO of Al-Faisaliah Group. He is also the Chairman of the Board of a number of companies and a board member of other companies operating across a range of industries.

He previously held a number of roles at Al Faisaliah Holding Group and before that was an investment adviser in private banking at Samba.

Mr. Al-Tunsi holds a bachelor's degree in business administration from King Saud University, Saudi Arabia, and a master's degree in securities and investment services from the University of Reading, United Kingdom.

Deemah Yahya Al Yahya

Mrs. AlYahya is an independent Board member. She is currently Secretary General of the Digital Cooperation Organization, the founder of WomenSpark, a non-governmental organisation, a board member of SAIP (Saudi Authority for Intellectual Property), SCAI (The Saudi Company for Artificial Intelligence) and SAFCSPP (The Saudi Federation for Cyber Security and Programming) and a commissioner in the Broadband Commission for Sustainable Development.

Mrs. AlYahya has previously been a member of multiple company boards inside and outside Saudi Arabia. She has also previously worked at Samba Financial Group, Tadawul, the Saudi Ministry of Foreign Affairs and Microsoft.

Mrs. AlYahya holds a bachelor's degree in computer science from King Saud University, Saudi Arabia.

Abdullah Abdulrahman AlRowais

Mr. AlRowais is an independent Board member. Prior to the merger, Mr. AlRowais was a Board member at Samba. Mr. AlRowais is head of Mobily's internal audit function. He is currently a board member at Saudi Tourism Authority, Bawan Co. and ACWA Power and a member of the audit committee at a number of other companies.

He was previously an internal auditor at the SAMA and an assistant general auditor at Saudi Aramco.

Mr. AlRowais holds a master's degree in computer science and information systems from the University of Detroit, United States, and a bachelor's degree in accounting from King Saud University, Saudi Arabia.

Huda Mohammed Bin Ghoson

Ms. Bin Ghoson is an independent Board member. She is also a board member of BUPA Arabia for Cooperative Insurance Co.

Previously she was a Senior Executive at Saudi Aramco.

Ms. Bin Ghoson holds a bachelor's degree in English literature from King Saud University, Riyadh, and a master's degree in business administration from the American University of Washington, United States.

Executive top management

The Bank's executive top management team is responsible for managing the Bank's day-to-day activities in accordance with the business and operational strategies set by the Board of Directors. The main objectives of the executive top management team are:

- translating strategic and business plans into a corporate strategy and performance targets;
- allocating resources to drive business performance against agreed plans;
- managing business risk effectively, and balancing risk and reward within agreed guidelines; and
- managing the talent pool for sustainable business performance.

The table below shows the members of the Bank's executive top management team.

Name	Title
Tareq Abdulrahman AlSadhan	Chief Executive Officer
Mazen Mohammed Khalefah	Acting Head of Group Strategy and Innovation
Nasser Sulaiman Al Fraih	Head of Corporate Business Group
Fawaz Abdullah AlThumairi	Head of Treasury Business Group
Saud Abdulaziz Bajbair	Head of Retail Business Group
Saleh Mohammed Saleh	Head of Group Shared Services
Salman Mohammad Syed	Acting Group Chief Financial Officer
Hasan Faisal Hammad	Group Chief Human Resources Officer
Abdulaziz Fashed AlFayez	Group Chief Risk Officer
Waleed Hassan Abdulshakoor	Group Chief Legal Counsel
Fuad Abdullah Alharbi	Group Chief Compliance Officer
Ali Mushabbab Alqahtani	Group Chief Audit Officer

The business address of each of the members of senior management is The Saudi National Bank, The Saudi National Bank Tower, King Fahd Road, 3208 Al Aqeeq District, Unit No. 778, Riyadh 13519 – Additional No. 6676, Saudi Arabia. There are no potential conflicts of interest between the duties owed to the Bank by the persons listed above and their private interests or other duties.

Tareq Abdulrahman AlSadhan, Chief Executive Officer

See “—Board of Directors” above.

Mazen Mohammed Khalefah, Acting Head of Group Strategy and Innovation

Mr. Khalefah joined SNB in 2025 and has over 20 years' experience in the banking industry, including three years at the Saudi Central Bank. He is member of the Higher Management Committee, the Information Technology Committee, the Data Management & Governance Committee and the Micro, Small and Medium Enterprises Committee.

He holds a bachelor's degree in industrial engineering.

Nasser Sulaiman AlFraih, Head of Corporate Business group

Mr. AlFraih is the Head of Corporate Business Group. He is a member of the Higher Management Committee, the ALCO, the Credit and Remedial Management Committee, the Compliance Committee and the Micro, Small and Medium Enterprises Committee.

Prior to his current role, Mr. AlFraih held a number of key functions and leadership positions within the Bank, including Group Head of Institutional and International, overseeing the sales and client coverage mandates within the Treasury and Global Markets business and managing the portfolio of client exposures to rates, commodities and foreign exchange across the Wholesale and Retail Banks.

Mr. AlFraih holds a master's degree in engineering management from The George Washington University, United States, and a bachelor's degree in business information technology from Virginia Tech, United States.

Fawaz Abdullah AlThumairi, Head, Head of Treasury Business Group

Mr. Al Thumairi was appointed Head of Treasury Business Group in December 2022. He oversees the Bank's balance sheet and investment books across a wide range of asset classes. He is also a member of the Higher Management Committee and the ALCO.

Mr. AlThumairi has more than 15 years' banking experience, having begun his career with Samba where he held several positions in investment, asset and liability management and trading within the Treasury Group between 2008 and 2011. Mr. AlThumairi joined NCB in January 2012 as Head of Derivative Trading, was then appointed as Head of Trading in 2013, where he was in charge of building a substantial portfolio across different asset classes, including foreign exchange, rates, derivatives, commodities and structured solutions. In 2020, Mr. AlThumairi was appointed Head of Principal Strategy overseeing NCB's investment books including asset allocation, fixed income, equity and alternative investments. Between April 2021 and November 2022, Mr. AlThumairi served as the Head of the Global Transaction Banking Group at SNB and his mandate included growing SNB's portfolios in trade finance and cash management.

Mr. AlThumairi holds a bachelor's degree in management information systems from King Fahd University of Petroleum and Minerals, Saudi Arabia.

Saud Abdulaziz Bajbair, Head of Retail Business Group

Mr. Bajbair was appointed Head of Retail Business Group in December 2022. He is a member of the Higher Management Committee, the ALCO, the Credit and Remedial Management Committee, the Compliance Committee and the Micro, Small and Medium Enterprises Committee.

Mr. Bajbair has more than 20 years' experience in retail banking and distribution. He served as the Bank's Head of Retail Network Group and Head of Retail Strategy & Analytics prior to his appointment as Group Head of Retail Business. He held several senior roles at NCB including Head of Branch Banking Division, Head of Consumer Finance Division, Head of Real Estate & Personal Finance Division, Head of Quality and Customer Care Department and Head of Performance Development Unit.

Mr. Bajbair holds a bachelor's degree in systems engineering from King Fahd University of Petroleum and Minerals, Saudi Arabia.

Saleh Mohammed Saleh, Head of Group Shared Services

Mr. Saleh is currently the Head of Group Shared Services, having previously been Group Chief Technology & Digital Officer. He is currently the Chairman of the Business Continuity Committee and a member of the Higher Management Committee, the Compliance Committee, the Information Technology Committee, the Data Management & Governance Committee and the Employee Grievances Study and Dismissal Support Committee.

Mr. Saleh has 24 years of experience in information technology, project management and quality management systems. He started his career working in the technology field across several industries, namely investments, banking, oil field and tourism, in the United Kingdom and the MENA region. Mr. Saleh joined NCB in 2008 as the Head of its IT Project Management Office and, in 2013, he was promoted to Chief Information Officer.

Mr. Saleh holds a bachelor's degree in computer engineering from King Fahd University of Petroleum and Minerals, Saudi Arabia.

Salman Mohammad Syed, Acting Group Chief Financial Officer

Mr. Syed has over 30 years of experience in fields that include financial analysis and financial control, including working in Ernst & Young and PricewaterhouseCoopers. He joined the Bank in 2011 and held various positions including his current role, Acting Group Chief Financial Officer, and Head of Wholesale Finance.

Mr. Syed holds an MBA degree from Northeastern University in Boston.

Hasan Faisal Hammad, Group Chief Human Resources Officer

Mr. Hammad has been the Group Chief Human Resources Officer since February 2024. He oversees the talent acquisition, talent management and support, total rewards and organisational development, business partnerships and SNB Academy. Mr. Hammad is a member of the Higher Management Committee, the Business Continuity Committee and the Employee Grievances Study and Dismissal Support Committee.

Mr. Hammad has more than 20 years' banking experience, including in Human Resources and Corporate Banking. He held several leadership positions at the Bank, including Head of Reward and Performance, Head of Business Partnerships and Country Head of Business Banking in Corporate Banking.

Mr. Hammad has a bachelor's degree in management and a master's degree in executive business administration from King Fahd University of Petroleum and Minerals, Saudi Arabia.

Abdulaziz Fashed AlFayez, Group Chief Risk Officer

Mr. AlFayez was appointed Group Chief Risk Officer and Risk Committee Secretary in April 2023. He had previously been a Senior Executive in Group Risk since November 2022. He also chairs the Information Security Committee, the ORC and the Counter-Fraud Governance Committee and is a Member of the Higher Management Committee, the ALCO, the Credit and Remedial Management Committee, the Compliance Committee, the Information Technology Committee, the Micro, Small and Medium Enterprises Committee, the Data Management & Governance Committee and the Business Continuity Committee.

Mr. AlFayez has more than 23 years' experience in the banking industry in corporate and institutional banking, financial restructuring and remedial, and global corporates. He held several senior executive roles at NCB including, Executive Vice President/Country Head – Global Banking Division, Executive Vice President/Country Head Corporate Banking Division, Country Head – Financial Restructuring Department, Senior Vice President/ Chief Corporate Banker – Institutional Banking Division, Corporate Banking, SME Medium Enterprises and Economic and Research Department.

Mr. AlFayez holds an MBA in finance from Imperial College Business School, United Kingdom, and a bachelor's degree in civil engineering from Imperial College of Science, Technology and Medicine, United Kingdom.

Waleed Hassan Abdulshakoor, Group Chief Legal Counsel

Following the merger, Mr. Abdulshakoor was appointed Group Chief Legal Counsel. He had previously been Head of the Legal and Counselling Group at NCB since 2009. He is the Chairman of the Purchasing Committee and the Employee Grievances Study and Dismissal Support Committee.

Mr. Abdulshakoor has more than 30 years' experience in advocacy and legal consultancy. He began his career in 1990 as a legal researcher with NCB and held increasingly responsible positions before becoming the Head of the Legal and Counselling Group in 2009. He has accumulated extensive experience in legal specialities such as adjudication, contracts and general consultancy.

Mr. Abdulshakoor holds a bachelor's degree in law from King Abdulaziz University, Saudi Arabia.

Fuad Abdullah Alharbi, Group Chief Compliance Officer

Following the merger, Mr. Alharbi was appointed Group Chief Compliance Officer. He had previously been Head of the Compliance Division at NCB since 2013. He is a member of the Compliance Committee, the Information Technology Committee, the Data Management & Governance Committee, the Information Security Committee, the Counter-Fraud Governance Committee and the Business Continuity Committee.

Mr. Alharbi has more than 27 years' experience in accounting, control and compliance, and anti-money laundering. He began his career at Taiba Real Estate Investment and Development Company, becoming Head of Accounting. He joined NCB in 1997, holding various positions and co-founding the Compliance Department where he held several roles until he was appointed head in 2013.

Mr. Alharbi holds a bachelor's degree in accounting from King Saud University, Saudi Arabia.

Ali Mushabbab Alqahtani, Group Chief Audit Officer

Mr. Alqahtani was appointed as the Group Chief Audit Officer in May 2024. He is responsible for the Internal Audit function, providing audit assurance on governance, risk management and the control environment across the Bank. He is a member of the Compliance Committee and the Counter-Fraud Governance Committee and is the Secretary to the Audit Committee

Mr. Alqahtani has 18 years of experience in the banking industry and specialises in strategic audit planning, risk management, financial analysis, and regulatory compliance. He held various roles within NCB since joining it in 2016. Prior to this, he spent eight years in the audit and risk functions within Saudi Hollandi Bank.

Mr. Alqahtani holds a master's degree in business administration from Al Yamama University, Saudi Arabia.

Corporate governance

Board Committees

The Bank has five Board level committees.

Executive Committee

The primary purpose of the Executive Committee is to exercise oversight and management responsibility of the Bank's business operations and make prompt decisions on pressing issues in relation to its businesses. The Executive Committee also takes credit and debt settlement, corporate responsibility, purchasing and corrective measures within the authority delegated to it by the Board.

The Executive Committee consists of between three and five members, and is currently chaired by the Chairman of the Board. The Committee meets when required and at least six times a year.

Risk Committee

The primary purpose of the Risk Committee is overseeing risk management within the Bank. The committee's competencies include:

- developing a strategy and comprehensive policies for risk management;
- determining and maintaining an acceptable level of risk;

- regularly reassessing the Bank’s ability to take risks and be exposed to such risks; and
- reviewing the organisational structure for risk management and providing recommendations regarding the same for approval by the Board.

The Risk Committee consists of between three and five Board members. The majority of the members are non-executive (and the Chairman of the Committee must be a non-executive). The Committee meets when required and at least four times a year.

Nomination and Remuneration Committee (the “NRC”)

The primary purpose of the NRC is to support and advise the Board on matters concerning compensation, nomination and human resources.

The NRC also makes recommendations to the Board that promote appropriate remuneration policies and practices that are in the interest of the shareholders and do not induce participation in taking high-risk transactions to achieve short-term profits. It also makes recommendations to the Board in respect of the remuneration of its members, the Board committee members and the senior executives in accordance with the approved policy.

The NRC consists of between three and five members including two independent members. The Chairman of the Board may not chair the NRC, whilst the CEO and Group Chief Human Resources Officer can be invited to attend in a non-voting capacity. The NRC meets when required and at least twice each year.

Audit Committee

The primary purpose of the Audit Committee is to assist the Board in monitoring:

- the integrity of the Bank’s financial statements and systems of internal control for financial reporting;
- the Bank’s compliance with legal and regulatory requirements; and
- the qualification, independence and performance of the Bank’s external auditors.

The Audit Committee consists of between three and five members. The Committee meets at least once every three months and whenever else required by invitation from the Chairman or at the request of a Committee member, senior management member or internal or external auditor.

Shariah Committee

The Shariah Committee consists of a minimum of three members and a maximum of five members, with at least two thirds of the membership being independent members. The Shariah Committee holds its meetings periodically, at least one meeting every three months.

The Shariah Committee’s roles and responsibilities include supervising the extent of compliance of Islamic banking transactions with the provisions and principles of the *Shari’a*, issuing decisions on *Shari’a* related matters, studying the legal issues related to the structures and mechanisms of Islamic banking services and products and their implementation, and all agreements and contracts and their implementation.

Management Committees

The Bank’s management-level committees include:

Higher Management Committee

The Higher Management Committee (the “HMC”) meets monthly and monitors the Bank’s financial performance and the key performance indicators of the front-line business, control and support functions, including digitalisation, customer experience and integration. The HMC also oversees the execution of any

strategic initiatives and resolves issues escalated by other committees. Its membership is: CEO (Chairman), Head of Retail Business Group, Head of Corporate Business Group, Head of Treasury Business Group, Head of Institutional and International, Head of Group Shared Services (“GCOO”), Group Chief Human Resources Officer, GCRO, Head of Group Strategy and Innovation and Group Chief Financial Officer (Member and Secretary).

Asset and Liability Committee

The ALCO meets monthly and has oversight of the treasury function, including liquidity, funding and the capital strategy reconciling it to the short- and long-term liquidity needs and cash flows requirements. In its oversight, the ALCO considers interest rate risk, hedging and return strategy for the Bank to ensure the optimal balance sheet structure is achieved. Its membership is: CEO (Chairman), GCRO, Head of Retail Business Group, Head of Corporate Business Group, Head of Group Strategy and Innovation, Group Chief Financial Officer, Head of Institutional and International, Head of Treasury Business Group and Head of Treasury Risk (Member and Secretary).

Credit and Remedial Management Committee

This committee meets monthly and takes credit and remedial decisions and monitors credit and collection activities, whilst ensuring compliance with approved limits. It also makes recommendations to the Board on the credit policy and supports the formulation and review of credit policies. Its membership is: CEO (Chairman), GCRO, Head of Retail Business Group, Head of Corporate Business Group, Group Chief Financial Officer, Head of Institutional and International and Head of Enterprise Risk Management (Member and Secretary).

Compliance Committee

This committee meets quarterly to ensure full compliance with all applicable regulatory requirements and ethical standards and monitor the performance of the compliance and anti-money laundering activities. Its membership is: CEO (Chairman), Head of Retail Business Group, Head of Corporate Business Group, GCRO, GCOO, Group Chief Compliance Officer Group Chief Audit Officer and Head of Control and Support Compliance (Member and Secretary).

Information Technology Committee

This committee meets quarterly to make recommendations and take decisions regarding IT priorities, initiatives, funding, risk, security and regulations. It provides strategic direction for IT across the business and oversees the Bank’s IT governance structure and processes. Its membership is: CEO (Chairman), GCRO, GCOO, Group Chief Financial Officer, Group Chief Compliance Officer, Chief Information Security Officer, Chief Technology Officer and Head of Technology and Support.

Micro, Small and Medium Enterprises Committee

This committee meets monthly to oversee financial activities of micro, small and medium enterprises with the aim of effectively increasing targeted financing for the sector. Its membership is: CEO (Chairman), Head of Corporate Business Group, Head of Retail Business Group, GCRO, Head of Business Banking and Head of Commercial Banking (Member and Secretary).

Data Management & Governance Committee

This committee meets quarterly to provide strategic direction to the Bank’s data initiatives and provide key decisions in matters related to data initiatives. Its membership is: CEO (Chairman), GCRO, GCOO, Group Chief Financial Officer, Group Chief Compliance Officer, Chief Information Security Officer, Chief Technology Officer and Head of Enterprise Data Management (Member and Secretary).

Purchasing Committee

This committee meets weekly to oversee the tendering and procurement practices of the Bank and to review and approve purchases in accordance with the Bank's delegation of authority matrix. Its membership is: Group Chief Legal Counsel (Chairman), Chief Technology Officer, Head of Branch Banking, Head of Administration, Head of Cost Management and Head of Procurement (Secretary).

Information Security Committee

This committee meets quarterly to ensure the information security management policy is defined, its respective governance and strategy are established and defined and that all information security-related activities are executed and managed efficiently and diligently across the Bank. Its membership is: GCRO (Chairman), Group Chief Compliance Officer, Chief Technology Officer and Chief Information Security Officer (Member and Secretary).

Operational Risk Committee

This committee meets quarterly to provide oversight and facilitate the activities for evaluating exposure to operational risk as well as directing and co-ordinating the principal measures for intervention, mitigation and transfer of risk across businesses. Its membership is: GCRO (Chairman), Head of Control and Support Compliance Advisory, Head of Branch Banking, Head of Operations and Head of Operational Risk (Member and Secretary).

Counter-Fraud Governance Committee

This committee meets quarterly to provide oversight and facilitate the evaluation of the Bank's exposure to fraud risk. It also ensures that the Bank's counter-fraud strategy initiates, implements, maintains, monitors and improves its counter-fraud controls in accordance with the Counter-Fraud Framework issued by the Saudi Central Bank. Its membership is: GCRO (Chairman), Chief Technology Officer, Group Chief Compliance Officer, Group Chief Audit Officer (Permanent Observer), Chief Information Security Officer, Head of Operational Risk, Head of Counter Fraud (Operational), Head of Operations and Head of Cyber Fraud Management (Secretary).

Business Continuity Committee

This committee meets quarterly to oversee and ensure the creation and implementation of safeguard measures across the organisation to address any potential risks which could affect normal business operations. Its membership is: GCOO (Chairman), GCRO, Group Chief Financial Officer, Group Chief Human Resources Officer, Group Chief Compliance Officer, Chief Information Security Officer, Head of Branch Banking, Head of Operations and Head of Administration (Member and Secretary).

Employee Grievance Study and Dismissal Support Committee

This committee meets when needed to review and make fair decisions in relation to escalated employee grievances and make final decisions in relation to certain employee dismissal cases. Its membership is: Group Chief Legal Counsel (Chairman), GCOO, Group Chief Human Resources Officer and Manager, Shared Services (Secretary).

Employees

As at 31 December 2024, the Bank had 8,318 employees, 99.3 per cent. of which were citizens of the Kingdom.

The Bank has a structured approach to the acquisition and development of talent to meet the needs of the business. Critical positions are systematically identified and comprehensive succession plans and individual development plans are aligned to ensure that a capable and high-performing talent pipeline is maintained. Development activities are focused upon the continuous improvement of employees' behavioural as well as

technical capability with clarity provided through well-defined career plans leading through to senior executive roles. Training is an important component of the Bank's strategic aim of attracting and retaining highly qualified and motivated personnel. To that end, the Bank has an extensive training programme for its new and existing employees designed to equip them with the skills and know-how necessary to perform their functions with efficiency and to enhance their internal promotion opportunities.

The Bank manages the performance of its employees, managers and senior executives through a systematic performance management system with measurable metrics for performance rewards. Rewards vary based on the employee's performance.

THE KINGDOM'S BANKING SECTOR AND REGULATIONS

General

Based on SAMA's website, there are 37 commercial banks licensed to operate in the Kingdom, of which seven are still to commence business, although all seven are currently in a pilot phase of operation. Of the 30 operating licensed banks, 11 are incorporated in the Kingdom, seven are branches or subsidiaries of banks based in other GCC countries (namely Emirates NBD, National Bank of Bahrain, National Bank of Kuwait, Bank Muscat, Qatar National Bank, First Abu Dhabi Bank and Sohar International Bank), 10 are international banks (namely Deutsche Bank, BNP Paribas, J.P. Morgan Chase, N.A., National Bank of Pakistan, T.C. Ziraat Bankası A.Ş., Industrial and Commercial Bank of China, MUFG Bank, Ltd., UBS AG (previously Credit Suisse), Standard Chartered Bank and National Bank of Iraq) and two (D360 Bank and STC Bank) are digital banks.

Of the operating banks incorporated in the Kingdom, 10 are publicly listed joint stock companies and their shares traded on Tadawul (Gulf International Bank Saudi Arabia is not listed on Tadawul).

All 11 local operational banks provide a broad range of retail and wholesale banking products and services. Al Rajhi Bank, Bank Albilad, Bank AlJazira and Alinma Bank provide *Shari'a*-compliant products and services only. The remaining banks provide a combination of *Shari'a*-compliant and conventional banking products and services.

In addition to the commercial banks, there are state-run credit institutions, including the Saudi Industrial Development Fund, the Real Estate Development Fund and the Saudi Arabian Agricultural Bank. The 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 either of these entities.

As at 31 December 2024, there were 1,905 bank branches, 15,075 ATMs and 1,981,111 point of sale terminals in the Kingdom (source: SAMA December 2024 Monthly Statistics).

According to SAMA's 2024 Financial Stability Report:

- Saudi Arabian banking sector assets and credit continued to grow in 2023, driven primarily by corporate credit which outpaced the growth in household credit, and asset quality remained high, with a low level of non-performing loans and a sufficiently high level of provisioning coverage in 2023;
- banks in Saudi Arabia continued to maintain sound credit underwriting standards and to adhere to SAMA's requirements for responsible lending, credit risk management and loan to value;
- liquidity remained adequate in 2023 with continued growth in the deposit base and a notable shift to time and savings deposits which reinforced the stickiness of deposits and was supported by other sources of long-term funding;
- the Saudi Arabian banking sector had a solid prudential liquidity position, with the liquidity coverage ratio and the net stable funding ratio above SAMA's regulatory minimum requirements as at 31 December 2023; and
- the Saudi Arabian banking sector remained well capitalised, with the capital adequacy ratio increasing as growth in equity exceeded the growth rate of risk-weighted assets, driven by factors such as improved profitability and greater capital issuances throughout 2023.

History

Prior to 1976, a number of wholly foreign-owned banks operated branches and subsidiaries in the Kingdom.

In 1976, the Government issued a directive requiring all banks operating within the Kingdom 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 the Kingdom in over 40 years, in connection with changes in GCC countries' policies concerning cross-border banking. The new entrant was Gulf Investment Bank (“GIB”), an offshore bank based in Bahrain and owned by the six GCC states. GIB had been active in the Kingdom for many years but having a branch in the Kingdom allowed it to compete at close hand. SAMA has since granted banking licences to several branches of foreign banks, including the operating foreign banks listed above. In May 2020, GIB converted its branch into a locally incorporated bank jointly owned by the PIF and GIB. In June 2019, Alawal Bank and Saudi British Bank merged to form Saudi Awwal Bank and, in April 2021, NCB and Samba merged to form the Bank.

There are also non-bank competitors in brokerage and personal finance. The Kingdom's 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.

The Government also developed the capital markets sector in the Kingdom with the enactment of the Capital Market Law (issued by Royal Decree No. M/30 dated 2/6/1424H (corresponding to 31 July 2003)) as amended by Royal Decree No. M/16 dated 19/1/1441H (corresponding to 18 September 2019) (the “CML”) which also established the CMA. In line with the Government's overall desire to develop and boost the capital markets in the Kingdom, the CMA has encouraged the participation of foreign investment banks. According to its website, the CMA has licensed 192 capital market institutions, although many of those have not yet commenced business.

Corporate Banking Segment

The majority of commercial banking assets in the Kingdom are loans to the private sector and, as at 31 December 2024, banks' claims on the private sector constituted 63.5 per cent. of total commercial banks' assets compared to 58.8 per cent. as at 31 December 2019 (source: SAMA, December 2024 Monthly Statistics). The proportionate growth in claims on the private sector has been driven by the economic growth and increased investment within the Kingdom in various sectors such as electricity, water and health services, building and construction, commercial and Government projects in oil and gas, infrastructure and education. Government stimulus to the economy has also contributed to the growth in corporate assets.

Though commercial mortgages are a lucrative business in developed countries, banks in the Kingdom have not been very active in this product due to legal and operational hurdles. However, financing is provided for real estate development purposes, which does not fall under commercial mortgages.

Investment banking activities have been growing rapidly in the Kingdom. Project finance has also been a strong growth area with several projects being financed in recent years. While volatility in oil prices may pose challenges to the Saudi economy at times of prolonged low prices, leading to both changes in Government spending and weaker GDP growth, project finance is nonetheless expected to continue to be a strong area for banking business as a result of planned investments in infrastructure and industry in line with the Saudi Vision 2030 programmes being implemented to reduce the economy's dependence on oil-related revenue.

Personal Banking Segment

Personal loans increased from SAR 1,023 billion at the end of 2021 to SAR 1,165 billion at the end of 2022, SAR 1,243 billion at the end of 2023 and SAR 1,366 billion as at 31 December 2024 (source: SAMA, December

2024 Monthly Statistics). Personal loans principally include retail real estate lending, consumer lending, residential mortgage lending and credit card loans.

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 the Saudi Credit Bureau (“SIMAH”).

Most 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.

Retail real estate lending

Retail real estate lending increased from SAR 446 billion at the end of 2021 to SAR 550 billion at the end of 2022, SAR 607 billion at the end of 2023 and SAR 681 billion at 31 December 2024 (source: SAMA, January 2025 Monthly Statistics).

Consumer lending

Consumer lending increased from SAR 428 billion at the end of 2021 to SAR 452 billion at the end of 2022, but then fell to SAR 442 billion at the end of 2023 and were SAR 471 billion at 31 December 2024 (source: SAMA, December 2024 Monthly Statistics).

Residential mortgage lending for individuals

In 2021, 201,481 contracts for residential mortgage lending for individuals provided by banks were entered into with SAR 153 billion advanced during the year. In 2022, 154,392 contracts were entered into and SAR 120 billion was advanced during the year. In 2023, 102,853 contracts were entered into and SAR 78 billion was advanced during the year. In 2024, 122,302 contracts were entered into and SAR 91 billion was advanced during the year (source: SAMA, December 2024 Monthly Statistics).

Credit card loans

Credit card loans increased from SAR 19 billion at the end of 2021 to SAR 23 billion at the end of 2022, SAR 27 billion at the end of 2023 and SAR 31 billion at the end of 2024 (source: SAMA, December 2024 Monthly Statistics). The credit card market is expected to continue to grow due to increasing use of electronic forms of payment within Saudi Arabia.

The Saudi Credit Bureau

In 1998, SAMA and the domestic banks operating in the Kingdom conducted a study regarding establishing a centre or a company to provide credit information. As a result, SIMAH was established in 2002 and began operating in 2004. In 2008, the Council of Ministers issued a decision approving the Credit Information Law (issued pursuant to Royal Decree No. M/37 dated 5/7/1429H (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 the Kingdom and offers consumer credit information services to its members in the Kingdom. SIMAH aggregates credit-related information among participating members to provide credit providers with credit risk information.

In 2015, SIMAH introduced several 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 since 2000. The Kingdom is one of the largest and fastest growing markets for Islamic banking in the world.

The Islamic banking industry in the Kingdom encompasses a blend of institutions of different categories, ranging from fully dedicated Islamic banks to conventional banks offering Islamic banking products and services through separate divisions or windows. Many banks in the Kingdom have *Shari’a* boards opining as to the application of *Shari’a* principles in financing structures and approving all Islamic products. Currently, a wide range of *Shari’a*-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’a*-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. The main product offerings include ijara 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’a*-compliant solutions. In recent years, there have been several large size Islamic project finance transactions attracting participation from numerous 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 public awareness and demand for sophisticated *Shari’a*-compliant solutions.

Treasury

The treasury activities of banks in the Kingdom have increased as the financial markets have become more sophisticated with the increased use of financial instruments. Capable banks in the Kingdom can offer their customers structured products that make use of derivatives that are also *Shari’a*-compliant.

Investment Banking and Asset Management

Brokerage services activity flourished between 2003 and 2006, when Tadawul peaked to all-time highs. The level of the Tadawul All Share Index was 11,282 as at 31 December 2021, 10,478 as at 31 December 2022, 11,967 as at 31 December 2023 and 12,036 as at 31 December 2024.

As a response to the Government's drive to develop an efficient capital markets platform, several 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 taken place, several of which were Government initiatives.

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, several banks in the Kingdom 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 (previously Saudi Arabian Monetary Authority)

Overview and Functions

The Saudi Central Bank ("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 services 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 April 1952) and renamed by Royal Decree No. M/36 dated 11/4/1442H (corresponding to 26 November 2020) 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 the Kingdom'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 issued pursuant to Royal Decree No. M/5 dated 22/02/1386H (corresponding to 12 June 1966), as amended by Royal Decree No. M/2 dated 6/1/1391H (corresponding to 3 March 1971) (the "BCL"), aims to protect banks, customers' deposits and shareholders and secure adequate liquidity levels. The law prohibits banks from undertaking certain activities that might cause damage to their shareholders and customers. In addition, the law 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 the Kingdom 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 the Kingdom'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 inclusion, thereby meeting SAMA's strategic objective for financial consumer protection in the Kingdom. 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 licensed banking institutions to undertake any outsourced activities. The Principles are binding on all licensed banking institutions, complementary to the instructions and internal regulations issued by any licensed banking institution 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 23/5/1377H (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);
- Banking Control Law issued by Royal Decree No. M/5 dated 22/02/1386H (corresponding to 12/06/1966G); 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 provisions relating to the protection of consumer rights, including:

- requirements for financial institutions to develop appropriate data protection and information privacy mechanisms, including suitable control systems;
- unifying fees, commissions and administrative charges across all banks in the Kingdom;
- 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 “**Finance 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 – a key feature of Islamic financing products;
- the Government publicises real estate market activity and financiers are granted access to courts and notary registers;
- 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 borrowers through one of the authorised credit bureaus.

The Implementing Regulations of the Real Estate Finance Law define the role of finance companies, set out the requirements for entering into and registering a real estate finance lease, set out SAMA’s requirements for licensing re-finance companies and set out the rules governing the activities of re-finance companies. In June 2020, SAMA issued guidelines on the provision of real-estate financing products to individuals. These guidelines set out the minimum requirements on financiers providing real-estate financing products to individuals.

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’a*-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.

Finance 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 Finance 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 CML. The CMA is a governmental organisation with financial, legal and administrative independence.

The CMA regulates the Kingdom's capital markets. It issues the required rules and regulations for the implementation of the provisions of the CML 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 committees are quasi-judicial bodies authorised to adjudicate disputes and violations in respect of the CML and the rules and regulations of the CMA, including the Tadawul.

In 2016, the Financial Leadership Program 2020 (the "**Programme**") was launched, under which a set of initiatives on the Financial Sector Development Program (i.e. one of the Saudi Vision 2030 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 Programme, 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 Programme 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 Programme also has a focus on developing a regulatory environment for the Kingdom's 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 through 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.

Formation of The Saudi Stock 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 Stock 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.

Based on data published by the World Federation of Exchanges, the Saudi Exchange was the 12th largest stock market by market capitalisation as at 31 December 2024 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 CML.

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 of LCs and guarantees (excluding all types of repo deposits).

In addition to the statutory deposit, each bank in the Kingdom 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 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 on 1 July 2015. Under the new 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 counterparty bank is/ are classified as a "Domestically Systemically Important Bank" or a "Globally Systemically 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 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 capital.

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 loaned by a bank and the categories of loans 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 the Kingdom, which essentially comply with IFRS Accounting Standards. All banks in the Kingdom are now in compliance with IFRS Accounting Standards that are endorsed in the Kingdom 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 1/12/1443H (corresponding to 30 June 2022) (the "**Companies Law**") in the Kingdom.

Reporting Requirements

Banks are required to submit monthly statements of the consolidated financial position of their domestic and foreign branches. Banks must also 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 Rules on the Offer of Securities and Continuing Obligations. Annual consolidated financial statements must be audited by at least two independent joint auditors. The published audited consolidated financial statements of banks in the Kingdom are required to adopt all IFRS Accounting Standards as endorsed in the Kingdom 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 must publish quarterly financial statements as their stocks are listed on Tadawul. However, 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 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 banks in the Kingdom, which 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

The Kingdom 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 the Kingdom was the first Arab country to join the Financial Action Task Force (the “**FATF**”). On a regional level, the Kingdom 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, the Kingdom has put into place a relatively comprehensive legislative and regulatory framework that deals with money laundering and terrorist financing. The Kingdom implemented its first customer identification procedure in 1975.

The Kingdom 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 being in May 2023) amending, among other matters, 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, the existing Anti-Money Laundering Law and its implementing rules were replaced by: (i) the Anti-Money Laundering Law and its implementing regulations issued pursuant to Royal Decree No. M/20 dated 05/02/1439H (corresponding to 25 October 2017) and (ii) 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 (AML/CTF) Guide setting out the requirements of the updated AML Law for financial institutions and requiring all financial institutions operating in the Kingdom 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 October 2020, SAMA issued its Counter Fraud Framework to combat financial fraud in banks operating in the Kingdom. The framework aims to institutionally tackle fraud, bribery and corruption by requiring all banks operating in the Kingdom to implement and comply with specified controls as minimum standards.

In September 2018, the FATF and the MENA-FATF jointly assessed the Kingdom’s anti-money laundering and counter-terrorism financing system. The key findings, priority actions and recommendations for the Kingdom’s AML/CTF regime of this assessment were discussed in June 2018 in the joint plenary meeting of the MENA-FATF in Paris. The assessment report of the Kingdom can be found on the websites of MENA-FATF and FATF. In January 2020, a follow-on report was published analysing the Kingdom’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 the Kingdom 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/CTF measures. The Kingdom 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 the Kingdom 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 table below shows the classifications and the reserves required for prudential regulation purposes:

Classification	Defined as	Reserve requirement
Current	No problems	1 per cent. of outstanding
IA (special mention)	Potential weakness	1 per cent. of outstanding
II (sub-standard)	Inadequate capacity to pay and/or profit or principal overdue by more than 90 days	25 per cent. of outstanding
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

All banks in the Kingdom also calculate impairment provisions in accordance with IFRS 9 as adopted in the Kingdom on a forward-looking “Expected Credit Loss” basis.

Liquidity

Banks in the Kingdom are required to maintain liquid assets of at least 20 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 must be disclosed to determine the sensitivity to commission rate risk.

Capital Adequacy

The GCC has introduced a common standard for capital adequacy based on the Bank for International Settlements capital adequacy standards. The GCC standard applicable in the Kingdom recommends a minimum 8 per cent. ratio of capital to risk weighted assets, including off-balance sheet risk. Assets are categorised into defined 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, considered a preferred risk. All other countries are considered full risk. In contrast, BIS only counts Saudi Arabian 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 must place interest-free deposits of half the excess amount with SAMA. Furthermore, 25 per cent. of net profits (after deduction of zakat liabilities) must 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 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 cyclicalities 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 in 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 bank 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, will be phased out;
- Tier 3 capital instruments to cover market risks are eliminated; and
- to improve market discipline, the transparency of the capital base will be 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 the Kingdom are:

- CET1 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.

Treatment of Systemically Important Financial Institutions Law (“SIFI Law”)

The SIFI Law relates to the treatment of systemically important financial institutions (“**SIFIs**”). As at the date of this Base Offering Circular, the implementing regulations to the SIFI Law which will contain detailed provisions have not yet been issued. Therefore, there is 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 (being SAMA and the CMA in relation to financial institutions regulated by each entity) 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 Base Offering Circular, the Bank has not been deemed to be a systematically important financial institution by the relevant regulator.

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 institutions 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);

- 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 subject to 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 in distress 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.
- 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 license 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.

In light of the uncertainty as to whether the Bank will be classified by SAMA as a 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 holders of Certificates issued under the Programme:

- conversion of the Certificates into equity; or
- write-down or write-off of the value of the Certificates.

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 banks and financing companies to delay the payment of dues to the financial sector (banks and finance companies) from micro, small and medium enterprises for defined periods. This programme was completed in March 2022. Other guaranteed support included a guaranteed facility programme and a loan guarantee programme, both also aimed at supporting the micro, small and medium enterprise sector.

In addition, SAMA provided support to payment service providers to enable them to forego fees of payment services transactions for a limited period.

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 24 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);
- (d) any and all moneys standing to the credit of the Transaction Account of the relevant Series from time to time, and
- (e) 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 24 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 24 April 2025 between the Bank (as the Mudareb) and SNB Tier 1 Sukuk 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 The Saudi National Bank's *Shari'a* 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 SNB Tier 1 Sukuk Limited and The Saudi National 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. The Trustee has obtained 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 28 March 2025 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 face 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 sub-section shall have the meanings given to them in "General" below.

The statements herein regarding taxation/Zakat are based on the Kingdom'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 No. 1535 dated 11/6/1425H (corresponding to 28 July 2004), as amended from time to time (collectively the "**Income Tax Law**"), and the Zakat Collection Regulations issued pursuant to Royal Decree No. 17/04/28/8634 dated 29/06/1370H (corresponding to 7 April 1951) and the Implementing Zakat Regulations under Ministerial Resolution No. 2216 dated 7/7/1440H (corresponding to 14 March 2019) ("**Zakat Regulations**") and new Zakat Regulations issued through MR 1007 dated 19/8/1445H, published on 11/9/1445H (corresponding to 21 March 2024), as amended from time to time ("**New Zakat Regulations**"). The New Zakat Regulations are effective

(and replace the Zakat Regulations under Ministerial Resolution No. 2216) and applies to financial years starting on or after 1 January 2024.

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

According to the Income Tax Law, a resident company in the Kingdom with foreign (i.e., non-GCC) ownership (on its foreign partner or shareholder's share, as the case may be) and a non-resident who carries on business in the Kingdom through a Permanent Establishment (as defined below), is subject to corporate income tax in the Kingdom at the rate of 20 per cent (if it is not engaged in oil and hydrocarbon production activities).

Resident companies wholly owned by GCC Persons (in addition to persons subject to Zakat listed below under the sub-section entitled "*Zakat*") are subject to Zakat instead of corporate income tax.

Resident companies jointly owned by GCC and non-GCC Persons are subject to corporate income tax in respect of the share of their taxable profit attributable to the ownership (legal or beneficial) percentage held by non-GCC Persons and Zakat on the ownership percentage held by GCC Persons.

Shares held by GCC Persons in a resident company are subject to Zakat and not income tax. In determining the tax/Zakat profile of a Saudi tax/Zakat resident company, ZATCA applies a "look-through" approach to determine whether the up-stream shareholding structure at any point exists outside of the GCC (i.e., at the ultimate shareholder level). 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 the Kingdom 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.

Zakat

Zakat is an obligation imposed on Muslims by the *Shari'a* law to pay a fixed percentage of their wealth for the relief of poverty.

The Zakat implementing regulations of the Kingdom were issued by Ministerial Resolution No. 2216 dated 7/7/1440 in the Hijri calendar (corresponding to 14 March 2019) and became effective for financial years starting 1 January 2019. However, recently, new Zakat implementing regulations under MR 1007 dated 19/8/1445H, published on 11/9/1445H (corresponding to 21 March 2024) ("**New Zakat Regulations**") were issued which will be effective for financial years starting 1 January 2024. The Zakat payers have the option to apply the new Zakat Regulations retrospectively subject to fulfilment of some conditions.

Zakat is a religious levy subject to varying interpretations and complex computation rules. Separate rules are applicable for the calculation of Zakat by Zakat payers who are engaged in the Kingdom in financing activities (licensed by the Saudi Central Bank) and Zakat payers who are engaged in the Kingdom in non-financing activities.

According to the Zakat Regulations under Ministerial Resolution No. 2216, Zakat is assessed on/applicable to:

- GCC persons resident in the Kingdom;
- resident companies wholly owned by GCC persons and on the ownership (legal or beneficial) percentage held by GCC persons with respect to a resident company jointly owned by GCC and non-GCC persons;
- GCC persons carrying out activities in the Kingdom through a Permanent Establishment for Zakat purposes as defined under Chapter 1—Article 2(4) of the Zakat Regulations (except for non-resident GCC persons who do not meet certain conditions, as mentioned below, in which case they would be subject to corporate income tax); and
- resident companies listed on a financial market in the Kingdom, on the shares held by GCC persons and non-GCC persons (except for ownership by founder shareholders and those considered founder shareholders based on the articles of association or other legal documents), and on the shares held by government entities.

Notwithstanding the above, Zakat is not assessed/applicable to:

- (a) resident companies operating in the oil and hydrocarbon production sector; and
- (b) any entity (or Zakat payer) for which ZATCA (or the Ministry of Finance) issues a decision to exempt from Zakat.

Based on exclusion (a) set forth above, resident companies operating in the oil and hydrocarbon production sector should continue to be subject to corporate income tax (and not Zakat).

For completeness, as per the Zakat Regulations, a Permanent Establishment of GCC persons in the Kingdom is subject to Zakat, provided that at least two of the following three conditions are met in respect of the central management of such Permanent Establishment (as set out under Chapter 1—Article 2(4)):

- (a) board of directors' ordinary meetings which are held regularly and where main policies and decisions relating to management and running of the Permanent Establishment's business are held in and made from the Kingdom;
- (b) senior executive decisions relating to the Permanent Establishment's functions such as executive directors'/deputies' decisions are made in the Kingdom; and
- (c) the GCC person's business is mainly (i.e., 50 per cent. of its revenues) generated from the Kingdom.

There are certain rules that apply to the method of calculating the Zakat liability. In general, based on regulations effective until 31 December 2023, Zakat on Zakat payers engaged in non-financing activities is currently levied on the higher of the adjusted Zakatable profits or the Zakat base (following a Hijri year) which, in general, comprises equity, loans and credit balances (subject to certain conditions), provisions and adjusted net profit or loss for Zakat purposes, reduced by, among other items, certain deductible long-term investments and fixed assets. The Zakat rate on the Zakat base is approximately 2.578 per cent. if a Zakat payer is following the Gregorian financial year and 2.5 per cent. if a Zakat payer is following a Hijri financial year. The Zakat rate on Zakatable profit is 2.5 per cent. regardless of the financial year (Gregorian or Hijri) followed by the Zakat payer.

GCC individuals resident in the Kingdom for tax/Zakat purposes should, in principle, be subject to Zakat in the Kingdom if they carry out activities in the Kingdom.

According to the new Zakat Regulations effective 1 January 2024, Zakat is assessed on/applicable to:

- Saudi residents who engage in activities under a license in the Kingdom.

- Sole proprietorships owned by Saudis and established in the Kingdom in accordance with relevant regulations and rules.
- Companies owned by Saudis and established in the Kingdom in accordance with relevant regulations and rules, including the share of the Saudi partner in foreign companies.
- Financing funds licensed by the Capital Market Authority.
- State-owned companies and companies owned by the Public Investment Fund in accordance with the provisions of relevant ministerial decisions.
- 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.

Notwithstanding the above, Zakat is not assessed/applicable to:

- (a) Taxpayers under the income tax law, and shares subject to income tax for legal persons.
- (b) Resident financial companies regarding shares directly or indirectly owned by individuals engaged in the production of oil and hydrocarbon materials, whether natural or juridical persons, residents, or non-residents, except for shares directly or indirectly owned by individuals engaged in the production of oil and hydrocarbon materials in financial companies listed on the Saudi financial market and shares of these companies directly or indirectly owned in financial companies.
- (c) Entities engaged in public benefit activities, subject to an annual application submitted to ZATCA within 180 days from the end of the zakat year, in accordance with specific conditions and criteria.

Based on exclusion (b) set forth above, resident companies operating in the oil and hydrocarbon production sector should continue to be subject to corporate income tax (and not Zakat).

For completeness, as per the Zakat Regulations, a Permanent Establishment of Saudi persons in the Kingdom is subject to Zakat, provided that at least two of the following three conditions are met in respect of the central management of such Permanent Establishment:

- (a) Holding regular meetings of the board of directors in the Kingdom, which are held regularly and by any means, during which major policies and decisions related to the management of the institution and the conduct of its business are made.
- (b) Making top-level executive decisions related to managing the institution's functions in the Kingdom, such as decisions made by the CEO and their deputies.
- (c) Having most of the institution's revenue generated in the Kingdom.

There are certain rules that apply to the method of calculating the Zakat liability. In general, Zakat on Zakat payers engaged in non-financing activities is currently levied on the higher of the adjusted Zakatable profits or the Zakat base (following a Hijri year) which, in general, comprises equity, loans and credit balances (subject to certain conditions), provisions and adjusted net profit or loss for Zakat purposes, reduced by, among other items, certain deductible long-term investments and fixed assets. The Zakat base is computed based on minimum and maximum base rules, ensuring that the Zakat liability is not less than a specified minimum amount and does not exceed a specified maximum amount. The Zakat rate on the Zakat base is 2.5 per cent. for the Hijri year. If the Zakat fiscal year of the taxpayer's accounts differs from the Hijri year, Zakat shall be calculated based on the actual days. This approximates to 2.578 per cent. for the Gregorian year. The Zakat rate on Zakatable profit is 2.5 per cent. regardless of the financial year (Gregorian or Hijri) followed by the Zakat payer.

Saudi individuals' resident in the Kingdom for tax/Zakat purposes should, in principle, be subject to Zakat in the Kingdom if they carry out activities in the Kingdom.

As per the new Zakat Regulations, receivable loans, subordinated/additional financings, and equivalents provided to the investee may be considered as deductible, subject to fulfilment of certain conditions. Furthermore, as per Ministerial Resolution No. 58705 dated 21/09/1444H (corresponding to 12 April 2023G), (Article 55 of the new Zakat Regulations) sukuk and bonds are allowed as deductions from the Zakat base of the investors provided that following conditions are met:

- the issuer of such bonds, sukuk and other non-governmental debt securities elects to treat them as capital and does not change this treatment until their maturity; and
- the investor holds such non-governmental debt securities for non-trading purposes.

Furthermore, with the new Zakat Regulations, charity associations, entities wholly owned by Awqaf and non-profit organizations are exempt from Zakat subject to certain conditions.

Special Zakat Rules for Financing Activities

Special Zakat rules (*Zakat Calculation for Financing Companies*) were issued pursuant to Ministerial Decision No. 2215 dated 07/07/1440H (corresponding to 14 March 2019G), which are made Part 1 of Chapter 7 of the new Zakat Regulations. These are applicable to resident Zakat payers engaged in financing activities, such as banking and finance lease activities, and which are licenced by the Saudi Central Bank, and direct or indirect financing funds licensed by the CMA. Zakat base is determined as a percentage of the source of funds available to the entity. These Zakat rules are based on a peculiar method, which is applied in computing the Zakat base, by calculating the Zakatable / Non-Zakatable assets and sources of funds largely based on the 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 Zakat payer as per their financial statements.

Special Zakat Rules for Investment Funds

Special Zakat Rules for Investment Funds were issued pursuant to MR No. 29791 dated 09/05/1444H (corresponding to 3 December 2022G) (*Zakat Collection Rules for Investments Funds*), which are made Part 3 of Chapter 7 of the new Zakat Regulations. These rules are effective from 1 January 2023.

Under the Special Zakat Rules for Investment Funds:

- (a) Investment funds are not subject to Zakat but are required to register and submit Zakat base calculation (information declaration to ZATCA);
- (b) The following are exempted from Zakat based on Article 2 of the fund Zakat Rules:
 - Owner of the unit in a financing investment fund;
 - Owner of the unit, who owns the entire fund either directly or indirectly and has submitted a consolidated zakat returns with the fund.

Under the Special Zakat Rules for Investment Funds, investments in investment funds are deductible from the Zakat base of unitholders, provided that:

- (a) such investments are held for non-trading purposes;

- (b) calculation of Zakat on such investments is performed in accordance with paragraph 3 below and is set out either (i) in unitholders' audited financial statements or (ii) a certificate is prepared in accordance with the Special Zakat Rules and approved by a chartered accountant licensed in the Kingdom; and
- (c) Zakat on such investment is calculated by the following formula: the fund's zakat base \times percentage of the unitholders' share in such fund \times applicable Zakat rate.

As at the date of this Base Offering Circular, subject to any changes to tax and Zakat regulations or Certificateholders being otherwise notified, the Bank intends to treat its obligations in connection with each Series of Certificates as capital/equity for Zakat purposes for so long as they are outstanding.

Prospective investors are advised to consult their own Zakat and tax advisers to understand the implications of the Zakat and tax laws and regulations prior to an investment in the Certificates.

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 57 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 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. 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, 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

According to Article 2 of the Income Tax Law, Persons Subject to Taxation include non-residents in the Kingdom with taxable income generated from sources in the Kingdom and without a Permanent Establishment for tax purposes in the Kingdom.

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:

- WHT, if the income generated is stipulated under Article 68 of the Income Tax Law (as discussed in “*Withholding Tax*” and “*Certain tax and Zakat implications for Certificateholders—Certificateholders who are not Resident in the Kingdom*”); and
- 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 the general provisions of the Income Tax Law.

Based on the above, if the sale of the Certificates by the Certificateholders is considered a source of income in the Kingdom, 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.

Capital gains realised from disposal of securities (such as the Certificates) traded inside or outside the Kingdom are exempt from tax in the Kingdom subject to certain conditions, however, this exemption is not applicable to the Certificates, as the Certificates will not be listed on Tadawul in the Kingdom.

Capital gains realised from disposal of the Certificates by (a) a Resident Certificateholder and (b) a non-resident Certificateholder with a Permanent Establishment for tax purposes (if such gain is attributed to such Permanent Establishment’s activities) will not be subject to capital gains tax. However, such gains will be included in the total income of such Certificateholders subject to corporate income tax or Zakat in the Kingdom.

Certain tax and Zakat implications for Certificateholders

(A) *Certificateholders who are GCC persons and Resident in the Kingdom*

Legal entities Resident in the Kingdom and wholly owned by GCC persons

All income in the nature of a Loan Charge or capital gains realised in respect of the Certificates will be part of such Certificateholder’s Saudi Arabian reportable gross income subject to Zakat. This summary does not consider the extent to which such Certificateholder would be liable to Zakat as a consequence of acquiring, holding or disposing of its Certificates. It should be noted that as per the new Zakat Regulations, sukuk and bonds are allowed as deductions from the Zakat base of the investors provided that: (i) such sukuk and bonds are for non-trading purposes and (ii) the relevant issuer or obligor has treated such sukuk and bonds as capital for Zakat purposes. The treatment adopted by the relevant issuer or obligor cannot be changed during the term of the relevant sukuk and bond.

Legal Entities Resident in the Kingdom but not Wholly Owned by GCC Persons

Certificateholders that are legal entities Resident in the Kingdom owned jointly by GCC persons and non-GCC persons are subject to Zakat and corporate income tax in the Kingdom, based on the percentage of shares held by GCC and non-GCC shareholders, respectively in respect of any income received in the nature of Loan Charge or capital gains realised in respect of the Certificate.

Certificateholders that are GCC Natural Persons and Resident in the Kingdom

GCC natural persons resident in the Kingdom for tax purposes should in principle be subject to Zakat in the Kingdom if they carry out activities under a license/applicable rules and regulations in the Kingdom; however, if these Certificateholders do not perform any activity in the Kingdom (other than holding the Certificates), Zakat compliance/administration is not currently enforced by ZATCA for such individuals (unless they carry out such activities through a license as required under applicable laws and regulations).

(B) *Certificateholders who are Non-GCC persons and Resident in the Kingdom*

Certificateholders that are non-GCC persons and Resident in the Kingdom will be subject to corporate income tax in the Kingdom.

Income in the nature of a Loan Charge or capital gains realised in respect of the Certificates will be part of such Certificateholder's Saudi Arabian reportable gross income, subject to 20 per cent corporate income tax (other than in respect of persons engaged in oil and hydrocarbon and natural gas production where the prescribed income tax rates for such activities will be applicable).

Certificateholders that are non-GCC natural persons and Resident in the Kingdom, who receive income in the nature of a Loan Charge or capital gains realised in respect of the Certificates and these incomes are connected to business activity in the Kingdom, such amounts generally will be subject to 20 per cent corporate income tax in the Kingdom. For Certificateholders that are non-GCC natural persons and Resident in the Kingdom are not engaged in any business activity, the current practice of the Zakat, Tax and Customs Authority is not clear as to whether these Certificateholders are subject to Saudi Arabian income tax. Such prospective Certificateholders are therefore advised to consult their own tax/zakat advisers as to the applicable tax/zakat laws in respect of acquiring, holding and/or disposing of Certificates and/or receiving any payments thereunder.

(C) *Certificateholders who are not Resident in the Kingdom*

Certificateholders, either natural persons or legal entities, that are not Resident and do not have a permanent establishment in the Kingdom, (whether such Certificateholders are GCC persons (other than the Kingdom) or non-GCC persons), *prima facie*, should not be subject to Saudi Arabian tax since any payment (i.e., a Loan Charge) flows from a non-Resident entity (i.e., the Trustee) to Certificateholders that are non-Resident.

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 Certificate) in respect of the Certificates (as provided by the Terms and Conditions of the Certificates) to Certificateholders that are resident outside the Kingdom are subject to WHT at a rate of 5 per cent in the Kingdom. In a few limited instances, Certificateholders may claim a refund of the WHT where a double tax treaty is in place between the Kingdom and the country in which the Certificateholder 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.

Non-resident entities having a Permanent Establishment in Saudi Arabia are subject to Saudi Arabian corporate income tax at the rate of 20 per cent in respect of any profit payments received or gain realised in respect of the Certificates and attributable to such Permanent Establishment, but will not be subject

to Zakat (unless they are GCC Persons and fulfil the conditions of persons subject to Zakat as per new Zakat Regulations).

General

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 and the United Arab Emirates.

“**GCC person**” means (a) a citizen of any of the member country of the Cooperation Council of the Arab States of the Gulf (namely, the Kingdom, 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 or any governmental department or ministry, public entity, or other corporate person or entity formed in the Kingdom (Article 1 of the Income Tax Law).

The concept of Residency in the Kingdom 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 the Kingdom for a taxable year if he/she meets either of the two following conditions:
 - (i) he/she has a permanent place of abode in the Kingdom and is physically residing in the Kingdom for a period, in aggregate, of not less than 30 days during the taxable year; or
 - (ii) he/she is physically residing in the Kingdom for a period of not less than 183 days in the taxable year.

For the purposes of this paragraph, residence in the Kingdom 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 the Kingdom.

- (b) a company is considered resident in the Kingdom during the taxable year if it meets either of the following conditions:
 - (i) it is formed in accordance with the Saudi Arabian Companies Regulations; or

- (ii) its central management is located in the Kingdom.

“**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 on non-GCC shares (owned directly or indirectly);
- (b) a Resident non-GCC natural person who does business in the Kingdom;
- (c) a non-Resident who does business in the Kingdom through a Permanent Establishment;
- (d) a non-Resident, on income subject to tax from sources within the Kingdom;
- (e) a person engaged in the field of natural gas investment;
- (f) a person engaged in the production of oil and hydrocarbon products; and
- (g) persons subject to taxation also include a resident capital company in respect of those shares owned directly or indirectly by persons operating in oil and hydrocarbon production. 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.

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) The Saudi resident person who carries out an activity under a license in KSA.
- (b) Saudi-owned sole proprietorship that is established in KSA in accordance with the applicable rules and Regulations.
- (c) Saudi-owned company established in KSA in accordance with the relevant applicable rules and Regulations and the Saudi share in the resident companies, in addition to share of government authorities and establishments and their equivalents.
- (d) Finance funds licensed by CMA.
- (e) State-owned companies and resident companies owned by the Public Investment Fund in accordance with the controls included in the relevant Royal Orders and Ministerial Resolutions.
- (f) The share of the non-Saudi shareholder in resident companies listed on the Saudi Exchange (Tadawul). With exception of the shares of non-Saudi founders in accordance with the articles of association or relevant regulatory documents.

Note: The following are not subject to provisions of the new Zakat Regulations (Article 6):

- (a) Income Zakat payers and shares of legal persons that are subject to income tax.
- (b) Resident capital companies for shares owned directly or indirectly by the shareholder engaged in the production of oil and hydrocarbons, whether they are natural or legal persons, residents or non-residents; except for shares owned directly or indirectly by persons working in production of oil and hydrocarbon

in capital companies listed in the Saudi exchange market, and shares of these companies owned directly or indirectly in capital companies.

“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 the Kingdom through a licensed branch (as defined in Article 4(b) 4 of the Income Tax Law) is considered to have a Permanent Establishment in the Kingdom.

“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 24 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.

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 closing 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 Law No. 7 of 2010 Concerning the Establishment of the Capital Markets Authority and Regulating of Securities Activities and its executive bylaws (each as amended) (the “**CML Rules**”) and unless all necessary approvals from the State of 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 MAS. 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 Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (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.

United Arab Emirates (excluding the Dubai International Financial Centre and the 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 the Certificates have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates (excluding the Dubai International Financial Centre and the Abu Dhabi Global Market) other than in compliance with any laws applicable in the United Arab Emirates (excluding the Dubai International Financial Centre and the Abu Dhabi Global Market) governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Certificates to 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.

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.

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, from time to time.

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.

Although HSBC Bank plc is appointed as Arranger and 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 relating to the issuance of any Certificates under the Programme, including offering and related applications to the CMA.

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 to which it is a party. The establishment and the periodic update of the Programme was authorised by a resolution of the board of directors of the Trustee dated 15 April 2025 and a resolution of the board of directors of the Bank dated 11 November 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 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 applicable Pricing Supplement.

Documents Available

For the 12 months following the date of this Base Offering Circular, physical 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 Trustee 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):

- (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 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 Ernst & Young Professional Services (Professional LLC) (“**EY**”) and Deloitte and Touche & Co. - Chartered Accountants (“**Deloitte**”). The business address of EY is King’s Road Tower – 13th Floor, King Abdulaziz Road (Malek Road), P. O. Box 1994, Jeddah 21441, Kingdom of Saudi Arabia and the business address of Deloitte is Metro Boulevard – Al-Aqiq, King Abdullah Financial District, P.O. Box 213, Riyadh 11411, Kingdom of Saudi Arabia. EY and Deloitte are independent auditors regulated by and registered with the SOCPA to practice as auditors in Saudi Arabia.

The 2024 Financial Statements were jointly audited by EY and Deloitte, 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 EY and KPMG Professional Services (“**KPMG**”), 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 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

The Trustee has certain duties under the Data Protection Act (As Revised) of the Cayman Islands (the “DPA”) based on internationally accepted principles of data privacy.

Prospective investors should note that, by virtue of making investments in the Certificates and the associated interactions with the Trustee and its affiliates and/or delegates, or by virtue of providing the Trustee with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals may be providing the Trustee and its affiliates and/or delegates (including, without limitation, the Trustee Administrator) with certain personal information which constitutes personal data within the meaning of the DPA. The Trustee shall act as a data controller in respect of this personal data and its affiliates and/or delegates, such as the Trustee Administrator, may act as data processors (or data controllers in their own right in some circumstances).

For further information on the application of the DPA to the Trustee, please refer to the Privacy Notice (a copy of which may be requested from the Trustee Administrator by email at dubai@maples.com), which provides an outline of investors’ data protection rights and obligations as they relate to the investment in the Certificates. Oversight of the DPA is the responsibility of the Ombudsman’s office of the Cayman Islands. Breach of the DPA by the Trustee could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties or referral for criminal prosecution.

Dealers transacting with the Bank

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Bank and its affiliates in the ordinary course of business for which they have received, and for which they may in the future receive, fees.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank financings) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Trustee, the Bank and their affiliates, including, without limitation, the Certificates. 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

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