IMPORTANT NOTICE

THIS OFFERING CIRCULAR MAY ONLY BE DISTRIBUTED TO PERSONS WHO ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")) AND ARE OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following notice before continuing. The following notice applies to the attached Offering Circular following this page (the “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 Offering Circular. In reading, accessing or making any other use of the Offering Circular, you agree to be bound by the following terms and conditions and each of the restrictions set out in the Offering Circular, including any modifications made to them from time to time, each time you receive any information from SNB 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 UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (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) 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 DISTRIBUTION IN THE UK OF THIS 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 (WHETHER OR NOT SUCH SECURITIES ARE AFIBS) IS BEING EFFECTED BY A PERSON WHO IS NOT AN AUTHORISED PERSON UNDER THE FSMA, ONLY THE FOLLOWING PERSONS: (I) PERSONS WHO ARE INVESTMENT PROFESSIONALS AS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE “FINANCIAL PROMOTION ORDER”); (II) PERSONS FALLING WITHIN ANY OF THE CATEGORIES OF PERSONS DESCRIBED IN ARTICLE 49 (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE FINANCIAL PROMOTION ORDER; AND (III) ANY OTHER PERSON TO WHOM IT MAY OTHERWISE LAWFULLY BE MADE IN ACCORDANCE WITH THE FINANCIAL PROMOTION ORDER, AND (B) IF THE SECURITIES ARE NOT AFIBS AND THE DISTRIBUTION IS EFFECTED BY A PERSON WHO IS AN AUTHORISED PERSON UNDER THE FSMA, ONLY THE FOLLOWING PERSONS: (I) PERSONS FALLING WITHIN ONE OF THE CATEGORIES OF INVESTMENT 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 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 EEA, by persons who are not Qualified Investors. Any investment or investment activity to which the 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 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 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 Offering Circular, you shall be deemed to have represented to the Dealers (as defined in the Offering Circular) that (1) you have understood and agree to the terms set out herein, (2) the electronic mail (or e-mail) address to which, pursuant to your request, the attached Offering Circular has been delivered by electronic transmission is not located in the United States, its territories, its possessions and other areas subject to its jurisdiction; and its possessions include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands, (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 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.

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

If you received the Offering Circular by e-mail, you should not reply by e-mail to this announcement. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected. If you receive the 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 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 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 offering circular.
None of the Arrangers, the Dealers or any of their respective affiliates accepts any responsibility whatsoever for the contents of the 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 Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Arrangers, the Dealers, the Trustee, the Bank nor any person who controls or is a director, officer, employee or agent of any Arranger, Dealer, the Trustee, the Bank nor any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from each Dealer.

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

Under the U.S.$5,000,000,000 trust certificate issuance programme (the “Programme”) described in this offering circular (the “Offering Circular”), SNB Sukuk Limited (in its capacity as issuer and trustee, as applicable, the “Trustee”), in accordance with all relevant laws, regulations and listing requirements, may from time to time issue trust 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 or 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 Offering Circular to the “relevant Dealer(s)” shall, in the case of an issue of Certificates being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe to such Certificates.

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 fulfill its obligations under the Certificates, see “Risk Factors”.

This 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”) 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 on 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 Offering Circular, see “Subscription and Sale.”

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 on or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“Regulation S”)).

Each Series of Certificates will initially be represented by a global certificate in registered form (a “Global Certificate”). Global Certificates will be deposited on the relevant issue date with, and registered in the name of a nominee for, a common depository (the “Common Depository”) on behalf of Euroclear Bank S.A./N.V. (“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 Programme is expected to be assigned ratings of “A-” by Fitch and “A-” by S&P. Certificates issued under the Programme may be rated or unrated. Where a Series (as defined in the Conditions) of Certificates is rated, such rating, and the credit rating agency issuing such rating, will be disclosed in the Pricing Supplement. Fitch is established in the UK and is registered in accordance with the UK CRA Regulation. Fitch is not established in the EEA and has not applied for registration under the EU CRA Regulation. The rating issued by Fitch has been endorsed by Fitch Ratings Ireland Limited in accordance with the EU CRA Regulation. Fitch Ratings Ireland Limited is established in the EEA and is registered under the EU CRA Regulation. As such, Fitch Ratings Ireland Limited is included on the list of credit rating agencies published by the European Securities and Markets Authority on its website (at http://www.esma.europa.eu/page/list-registered-and-certified-CRAs). Each of S&P, Moody’s and Capital Intelligence is established in the EEA and is registered under the EU CRA Regulation. As such, each of S&P, Moody’s and Capital Intelligence is included on the list of credit rating agencies published by the European Securities and Markets Authority on its website (at http://www.esma.europa.eu/page/list-registered-and-certified-CRAs). S&P is not established in the EEA and has not applied for registration under the UK CRA Regulation. The rating issued by Moody’s has been endorsed by Moody’s Investors Service Limited and has not been withdrawn. Moody’s Investors Service Limited is established in the UK and has not applied for registration under the UK CRA Regulation. The rating issued by Capital Intelligence is not certified under the UK CRA Regulation and the rating it has given to the Bank is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation.

The rating issued by Fitch has been endorsed by Fitch Ratings Ireland Limited in accordance with the EU CRA Regulation.
the EU CRA Regulation. Fitch Ratings Ireland Limited is established in the EEA and is registered under the EU CRA Regulation. As such, Fitch Ratings Ireland Limited is included on the list of credit rating agencies published by the European Securities and Markets Authority on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs). S&P is established in the EEA and is registered under the EU CRA Regulation. As such, S&P is included on the list of credit rating agencies published by the European Securities and Markets Authority on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs). S&P is not established in the UK and has not applied for registration under the UK CRA Regulation. The rating issued by S&P has been endorsed by S&P Global Ratings UK Limited and has not been withdrawn. S&P Global Ratings UK Limited is established in the UK and is registered in accordance with the UK CRA Regulation. As such, the ratings of S&P may be used for regulatory purposes in the UK in accordance with the UK CRA Regulation.

The transaction structure relating to the Certificates (as described in this Offering Circular) has been approved by The Saudi National Bank’s Shari’ah Committee, the Executive Shariah Committee of HSBC Saudi Arabia, the Shari'a Supervisory Board of Citigroup Islamic Investment Bank E.C. and the Internal Shariah Supervision Committee of Emirates NBD – Islamic. Prospective Certificateholders should not rely on such approvals in deciding whether to make an investment in the Certificates and should consult their own Shari'a advisers as to whether the proposed transaction described in such approvals is in compliance with their individual standards of compliance with Shari'a principles. None of the Trustee, the Bank, the Arrangers, the Dealers, the Delegate or any of the Agents makes any representation as to the Shari'a compliance of the Certificates and/or any trading thereof.

**Arrangers**

- HSBC
- SNB Capital

**Dealers**

- HSBC
- SNB Capital
- Emirates NBD Capital
- Mizuho Securities
- Citigroup
- Goldman Sachs International

The date of this Offering Circular is 15 November 2021.
This Offering Circular comprises admission particulars for the purpose of the ISM Rulebook. This 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 (the “UK Prospectus Regulation”), 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 Offering Circular and the relevant 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 Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This 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 relevant Pricing Supplement.

Certain information under the headings “Risk Factors”, “The Kingdom’s Banking Sector and Regulation” and “Business Description of the Bank” has been extracted from information provided by: (i) the Saudi Central Bank (“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 (“SIMAH”) 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 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.

None of the Arrangers, the Dealers, the Delegate, the Agents or any of their respective affiliates have authorised the whole or any part of this 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 Offering Circular or any responsibility for any acts or omissions of the Trustee, the Bank or any other person in connection with this Offering Circular or the issue and offering of the Certificates under the Programme.

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the Programme or the issue or sale of the Certificates and, if given or made, such information or representation must not be relied upon as having been authorised by the Trustee, the Bank, the Arrangers, the Dealers, the Delegate or the Agents (each as defined herein). Neither the delivery of this 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 Offering Circular has been most recently amended or supplemented, or that there has been no adverse change in the financial position of the Trustee or the Bank since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and the offering or sale of the Certificates in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Trustee, the Bank, the Arrangers and the Dealers to inform themselves about and to observe any such 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 Offering Circular, see “Subscription and Sale”.

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

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

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

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

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:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the relevant Certificates, the merits and risks of investing in the relevant Certificates and the information contained in this Offering Circular or any applicable supplement;
(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Certificates and the impact such investment will have on its overall investment portfolio;

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

(iv) understands thoroughly the terms of the relevant Certificates and is familiar with the behaviour of financial markets; and

(v) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

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

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

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

No advice is given by the Trustee, the Bank, the Arrangers, the Dealers, the Delegate or the Agents in respect of taxation or Shari’a matters relating to any Certificates or the legality of the purchase of the Certificates by an investor under any applicable law.

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

STABILISATION

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

**MIFID II PRODUCT GOVERNANCE/TARGET MARKET**

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

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

**UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET**

The relevant 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 Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

**NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) 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 relevant 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).
BENCHMARKS REGULATION

Profit and/or other amounts payable under the Certificates may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/2011 (the “Benchmarks Regulation”) or the Benchmarks Regulation as it forms part of domestic law by virtue of the EUWA (the “UK Benchmarks Regulation”). If any such reference rate does constitute such a benchmark, the Pricing Supplement will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmarks Regulation or the FCA pursuant to Article 36 (Register of administrators and benchmarks) of the UK Benchmarks Regulation. Administrators of certain benchmarks are not required to be registered by virtue of Article 2 of each of the Benchmarks Regulation and the UK Benchmarks Regulation and transitional provisions in the Benchmarks Regulation and the UK Benchmarks Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the Pricing Supplement. The registration status of any administrator under the Benchmarks Regulation and/or the UK Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Trustee does not intend to update the relevant Pricing Supplement to reflect any change in the registration status of the administrator.

VOLCKER RULE

The Volcker Rule, which became effective on 1 April 2014, but was subject to a conformance period for certain entities that concluded on 21 July 2015, generally prohibits “banking entities” (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in or sponsoring a “covered fund”, and (iii) entering into certain relationships with “covered funds”. The general effects of the Volcker Rule remain uncertain; any prospective investor in the Certificates and any entity that is a “banking entity” as defined under the Volcker Rule which is considering an investment in the Certificates and/or the UK Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Trustee does not intend to update the relevant Pricing Supplement to reflect any change in the registration status of the administrator.

NOTICE TO RESIDENTS IN THE UK

Any Certificates to be issued under the Programme which do not constitute “alternative finance investment bonds” (“AFIBs”) within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2010 will represent interests in a collective investment scheme (as defined in the Financial Services and Markets Act 2000, as amended (the “FSMA”)) which has not been authorised, recognised or otherwise approved by the UK Financial Conduct Authority. Accordingly, any Certificates to be issued under the Programme must not be marketed in the UK to the general public and this 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 Offering Circular, any relevant Pricing Supplement and any other marketing materials relating to the Certificates is being addressed to, or directed at: (A) if the distribution of the Certificates (whether or not such Certificates are AFIBs) is being effected by a person who is not an authorised person under
the FSMA, only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Financial Promotion Order”); (ii) persons falling within any of the categories of persons described in Article 49 (High net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Financial Promotion Order; and (B) if the Certificates are not AFIBs and the distribution is effected by a person who is an authorised person under the FSMA, only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the “Promotion of CISs Order”); (ii) persons falling within any of the categories of person described in Article 22 (High net worth companies, unincorporated associations, etc.) of the Promotion of CISs Order; and (iii) any other person to whom it may otherwise lawfully be 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 Offering Circular, any relevant 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 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 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 Offering Circular does not constitute an offer of securities in Bahrain pursuant to the terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Offering Circular and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Certificates may be offered, sold or made the subject of an invitation for subscription or purchase, nor will this Offering Circular or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase Certificates, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside the Kingdom of Bahrain.

The CBB has not reviewed, approved or registered this 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 Offering Circular and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Offering Circular. No offer of Certificates will be made to the public in the Kingdom of Bahrain and this Offering Circular must be read by the addressee only and must not be issued, passed to or made available to the public generally.
NOTICE TO RESIDENTS OF SAUDI ARABIA

This Offering Circular may not be distributed in the Kingdom of Saudi Arabia (“Saudi Arabia” or the “Kingdom”) except to such persons as are permitted under the rules and regulations issued by the Saudi Arabia Capital Markets Authority (“CMA”). Any offer of Certificates to any investor in Saudi Arabia or who is a Saudi person must be made in compliance with (a) in relation to issuances occurring prior to 1 January 2022, Article 9 or Article 10 of the Rules on the Offer of Securities and Continuing Obligations as issued by the board of the CMA pursuant to resolution number 3-123-2017 dated 9/4/1439H (corresponding to 27 December 2017) (the “Offer of Securities Rules”), as amended by the board of the CMA resolution number 1-104-2019 dated 1/2/1441H (corresponding to 30 September 2019) (the “KSA Regulations”) and Article 10 of the Offer of Securities Rules, as amended by the board of the CMA resolution number 1-7-2021 dated 1/6/1442H (corresponding to 14 January 2021) (the “2021 KSA Regulations”) and (b) in relation to issuances occurring on or after 1 January 2022, Article 8(a)(1) (including the definitions in the Glossary of Defined Terms Used in the Regulations and Rules of the CMA) or Article 9 of the 2021 KSA Regulations and Article 10 of the 2021 KSA Regulations.

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

SAMA does not make any representation as to the accuracy or completeness of this Offering Circular and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this 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 subscription of the Certificates. If you do not understand the contents of this Offering Circular, you should consult an authorised financial adviser.

NOTICE TO RESIDENTS IN THE STATE OF QATAR

Any Certificates to be issued under the Programme 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 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. 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 Offering Circular shall not be construed as an invitation to any member of the public of the Cayman Islands to subscribe for any Certificates issued under the Programme.
NOTICE TO RESIDENTS IN MALAYSIA

Any Certificates to be issued under the Programme may not be offered for subscription or purchase and no invitation to subscribe for or purchase such Certificates in Malaysia may be made, directly or indirectly, and this 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 Offering Circular.
PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

PRESENTATION OF FINANCIAL INFORMATION

Historical financial statements
On 1 April 2021, The National Commercial Bank ("NCB") and Samba Financial Group ("Samba") merged. Reflecting this fact, the financial statements relating to NCB, Samba and the Group and incorporated by reference in this Offering Circular are:

For NCB:
- the unaudited interim condensed consolidated financial statements as at and for the three-month period ended 31 March 2021 (the “NCB March 2021 Interim Financial Statements”); and
- the audited consolidated financial statements as at and for the years ended 31 December 2020 and 31 December 2019 (the “NCB Annual Financial Statements”).

For Samba:
The audited consolidated financial statements as at and for the years ended 31 December 2020 and 31 December 2019 (the “Samba Annual Financial Statements”).

As a result of the merger, Samba was not required to, and therefore did not, publish any interim financial information for the three-month period ended 31 March 2021.

For the Group:
The unaudited interim condensed consolidated financial statements as at and for the nine-month period ended 30 September 2021 (the “SNB September 2021 Interim Financial Statements”).

The NCB March 2021 Interim Financial Statements were prepared (i) in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and (ii) in compliance with the provisions of Banking Control Law, the Regulations for Companies in Saudi Arabia and bylaws of NCB.

The NCB Annual Financial Statements were prepared (i) in accordance with International Financial Reporting Standards (“IFRS”) that are endorsed in Saudi Arabia and other standards and pronouncements issued by SOCPA (collectively referred to as “IFRss 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 NCB.

The Samba Annual Financial Statements were prepared (i) in accordance with IFRSs 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 Articles of Association of Samba.

The SNB September 2021 Interim Financial Statements have been prepared in accordance with (i) IAS 34 as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and (ii) in compliance with the provisions of Banking Control Law, the Regulations for Companies in the Kingdom of Saudi Arabia and bylaws of the Bank.

Auditors and unaudited information
The NCB March 2021 Interim Financial Statements were reviewed by Ernst and Young & Co Public Accountant (Professional Limited Liability Company) (“E&Y”) and KPMG Professional Services (“KPMG”) in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial

The NCB Annual Financial Statements were audited by E&Y and KPMG in accordance with International Standards on Auditing (“ISAs”) that are endorsed in Saudi Arabia. E&Y and KPMG issued an unqualified audit report on the NCB Annual Financial Statements.

The Samba Annual Financial Statements were audited by E&Y and KPMG, certified public accountants, in accordance with ISAs that are endorsed in Saudi Arabia. E&Y and KPMG issued an unqualified audit report on the Samba Annual Financial Statements.

The SNB September 2021 Interim Financial Statements have been reviewed by E&Y and KPMG in accordance with International Standard on Review Engagements 2410. E&Y and KPMG issued an unqualified report on the SNB September 2021 Interim Financial Statements.

All information in this Offering Circular as at 31 March 2021 and 30 September 2021 or for the three month periods ended 31 March 2021 and 31 March 2020 and the nine-month periods ended 30 September 2021 and 30 September 2020 is unaudited.

Certain non-IFRS financial information

This Offering Circular includes selected consolidated ratios which have not been prepared in accordance with IFRS 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”.

Comparability of financial information

Although the SNB September 2021 Interim Financial Statements include nine months income statement and cash flow information, the first three of those months relate only to NCB which makes the information provided difficult to assess in relation to the Group and which also cannot be meaningfully compared against the comparative information for the nine-month period ended 30 September 2020 as that relates to NCB only.

Presentation Of Other Information

Currencies

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

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

Unless otherwise indicated, the financial information contained in this Offering Circular has been expressed in riyal. The Group’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 Offering Circular are solely for the convenience of the reader. The riyal has been pegged to the U.S. dollar since 1986 at a fixed rate of SAR 3.75 = US$1.00 and, unless otherwise stated, all conversions of riyal amounts to U.S. dollar amounts in this Offering Circular have been converted at this rate.
Third party and market share data

This Offering Circular contains information regarding the Group’s business and the industry in which it operates and competes, which the Group has obtained from third party sources. The Group and other institutions operating in the banking and financial services industry in Saudi Arabia make available a wide range of financial and operational information to regulatory and market bodies, including SAMA and the CMA. These bodies use certain of the data supplied to publish statistical information, amongst other matters. However, no assurance can be made that the information reported to these bodies by different market participants is, in all cases, directly comparable. Where third party information has been used in this 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 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 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 and the International Monetary Fund (the “IMF”) and the Organisation for Petroleum Exporting Countries ("OPEC"). All such statistical information may differ from that stated in other sources for a variety of reasons, including the use of different definitions and cut-off times. This data may subsequently be revised as new data becomes available and any such revised data will not be circulated by the 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/en-us/Pages/RB-NCB-Home-New.aspx. The information on this website or any other website mentioned in this Offering Circular or any website directly or indirectly linked to these websites has not been verified and is not incorporated by reference into this Offering Circular, and investors should not rely on it.

Definitions

In this Offering Circular, references to:

- a “billion” are to a thousand million;
- the “GCC” are to the Cooperation Council (comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE);
- “Government” are to the government of Saudi Arabia;
- the “MENA region” are to the Middle East and North Africa region;
- “Saudi Arabia” or “the Kingdom” are to the Kingdom of Saudi Arabia; and
- the “UAE” are to the United Arab Emirates.

In this 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 Offering Circular has been expressed in millions of riyal and rounded to one decimal place, with 0.050 being rounded up and 0.049 being rounded down. As a result of such rounding, the totals of financial statement data presented in tables in this 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 Offering Circular has been rounded to one decimal place, with 0.050 being rounded up and 0.049 being rounded down.

Dates
Certain dates in this 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 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 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 Offering Circular. The Bank has based these forward-looking statements on the current view of its management with respect to future events and financial performance. Although the Bank believes that the expectations, estimates and projections reflected in its forward-looking statements are reasonable, if one or more of the risks or uncertainties materialise, including those identified below or which the Obligor has otherwise identified in this Offering Circular, or if any of the Bank’s underlying assumptions prove to be incomplete or inaccurate, the Bank’s actual results of operation may vary from those expected, estimated or predicted. Investors are therefore strongly advised to read the sections “Risk Factors”, “Description of the Trustee”, and “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 thereof)
- credit risks, including the impact of a higher level of credit defaults arising from adverse economic conditions, the impact of provisions and impairments and concentration of the Bank’s portfolio of financing and investing assets;
- the effects of, and changes in laws, regulations or governmental policy affecting the Bank’s business activities;
- removal or adjustment of the peg between the U.S. dollar and the Saudi riyal; (ii)
- 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 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 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). All of these factors are contingencies which may or may not occur. However, should any of these factors occur, it would have the potential to materially adversely affect the Bank’s business, results of operations, financial condition and prospects and thereby affect its ability to perform its obligations in respect of the relevant Transaction Documents.

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

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

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 12 October 2021 and has no operating history. The Trustee has not as at the date of this Offering Circular engaged, and will not engage, in any business activity other than the issuance of the 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 is limited to the Trust Assets and the proceeds from the Trust Assets.

The ability of the Trustee to pay amounts due on the Certificates will be dependent upon receipt by the Trustee from the Bank of amounts to be paid under the Transaction Documents (which in aggregate may not be sufficient to meet all claims under the Certificates and the Transaction Documents). See “—Risks relating to the Bank and its ability to fulfil its obligations under the Transaction Documents”.

Prospective investors should also read the detailed information set out elsewhere in this 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 Offering Circular shall have the same meanings in this section.
Risks Relating to the Bank and its Ability to Fulfil its Obligations Under the Transactions Documents

The Group’s operations and assets are principally located in Saudi Arabia and, accordingly, the Group is exposed to general economic conditions in Saudi Arabia

The majority of the Bank’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 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 2020 (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 The General Authority for Statistics ("GASTAT"), the oil sector accounted for 40.4 per cent., 41.5 per cent. and 43.2 per cent. of the Kingdom’s real GDP and 23.2 per cent., 31.2 per cent. and 33.4 per cent. of the Kingdom’s nominal GDP in each of 2020, 2019 and 2018, respectively. In addition, oil exports accounted for 68.7 per cent., 76.6 per cent. and 78.7 per cent. of the Kingdom’s total exports by value in 2020, 2019 and 2018, respectively, and oil revenues accounted for 52.8 per cent., 64.1 per cent. and 67.5 per cent. of total Government revenue in 2020, 2019 and 2018, respectively.

International oil prices have fluctuated significantly over the past two decades, and may remain volatile in the future. For example, in 2018 and 2019 the yearly average OPEC Reference Basket price (a weighted average of prices per barrel for petroleum blends produced by the Organisation of the Petroleum Exporting Countries ("OPEC") countries) was U.S.$69.78 and U.S.$64.04, respectively. In 2020, the yearly average OPEC Reference Basket price was U.S.$41.47, reflecting a sharp drop in April 2020 (driven by OPEC actions and significantly reduced demand as a result of coronavirus disease 2019 ("COVID-19") and a slow recovery throughout the remainder of the year. In 2021, the monthly average OPEC Reference Basket price has generally trended upwards, increasing from U.S.$64.56 in January 2021 to U.S.$73.53 in July 2021. The price per barrel of Arabian Light Crude Oil (which is produced by Saudi Arabia and constitutes part of the OPEC Reference Basket) has also generally moved in line with these trends.

In 2020, both NCB and Samba increased their net impairment charges for expected credit losses, principally reflecting the impact of, and ongoing uncertainty associated with, COVID-19. For example, the aggregate impact of various COVID-19 related adjustments made by NCB contributed an additional expected credit loss ("ECL") of SAR 884 million during the year 2020. In Samba’s case, in 2020 it charged an amount of SAR 1,400 million to the statement of consolidated income on account of provision for credit impairment which was net of recoveries of amounts previously provided and net of direct write-offs. This charge was 26.8 per cent. higher than the SAR 1,103 million charged in 2019.

The impact of COVID-19 on the Kingdom’s economy has had, and may continue to have, an adverse effect on the Group’s credit risk profile. The Group conducts regular stress tests of its customer financing portfolio under scenarios of differing severity in order 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 these events and a material increase in loan losses could have a material adverse effect on the Group, in particular 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.
In addition, any sustained downturn in oil 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 “—The Kingdom’s economy remains dependent on its oil revenue”).

COVID-19 adversely impacted the two banks that merged to form the Group and may continue to adversely impact the Group

COVID-19 was first identified in China at the end of 2019. COVID-19 spread rapidly and was declared by the World Health Organisation to be a global pandemic in March 2020.

In response to COVID-19, governments around the world (including in the Kingdom) imposed restrictions on travel and on the freedom of movement of people. These measures significantly reduced economic activity in many countries in 2020 and into 2021. Restrictive measures continue to different degrees in different countries and the ongoing and longer-term social, economic and political consequences of COVID-19 on global and regional economies are still largely uncertain. In addition, while the Kingdom has administered enough vaccinations to fully vaccinate 66.7 per cent. of the population according to Reuters on 2 November 2021, how the vaccination drive will continue to progress in the Kingdom is unclear and difficult to predict.

In its April 2021 World Economic Outlook Growth Projections, the International Monetary Fund (the “IMF”) estimated that global real GDP had declined by 3.3 per cent. in 2020 and that real GDP in the Kingdom had declined by 4.1 per cent.

Principally in response to the impact of COVID-19, NCB increased its net impairment charge for expected credit losses by SAR 531 million, or 37.4 per cent., in 2020 compared to 2019 and Samba increased its provision for credit impairment, net of recoveries, by SAR 297 million, or 26.9 per cent., in 2020 compared to 2019. In the three months ended 31 March 2021, NCB reduced its net impairment charge for expected credit losses by SAR 116 million, or 29.4 per cent., compared to the corresponding period in 2020.

Given the inability to predict the duration of the current precautionary and preventive measures undertaken by Kingdom authorities to prevent the spread of the COVID-19 pandemic, it is difficult for the Group to determine the size and extent of the overall financial impact at this stage. The Group is cognisant of both the micro and macroeconomic challenges that COVID-19 has posed, the effects of which may be felt for some time, and is closely monitoring its exposures at a granular level. This includes reviewing specific economic sectors, regions, counterparties and collateral protection and taking appropriate customer credit rating actions and initiating the restructuring of loans, where required. The Group has also revised certain inputs and assumptions used for the determination of ECLs. In addition, the Group has conducted additional stress tests, considered additional risk management practices and commenced a review of credit exposure concentrations to manage potential business disruption due to the COVID-19 pandemic.

However, the COVID-19 pandemic and its effects may last for an extended period of time, and could result in significant and continued market volatility, exchange trading suspensions and closures, declines in global financial markets, higher default rates, and a substantial economic downturn or recession among other outcomes. Any or all of the foregoing factors could impair the Group’s ability to maintain operational standards and may disrupt the operations of the Group’s clients and service providers, adversely affect the value and liquidity of the Group’s investments, and negatively impact the Group’s performance and any investment in the Certificates. The extent to which COVID-19 will affect the Group’s business will depend on future developments, which are highly uncertain and cannot be predicted.

Should the COVID-19 outbreak continue to cause disruption to economic activity globally in 2021, there could be an adverse impact on the Group’s financial assets. There could also be an adverse impact on the Group’s income due to lower lending and transaction volumes and potentially higher credit losses. Other potential risks
include credit rating migration which could negatively impact the Group’s risk-weighted assets and capital position, and potential liquidity stress due, among other factors, to increased customer drawdowns, notwithstanding the significant initiatives that governments and central banks have put in place to support funding and liquidity. In addition, lower interest rates globally could negatively impact the Group’s net interest income.

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

The MENA region is subject to a number of geopolitical and security risks. Since 2011 there has been significant political and social unrest in a number of countries in the MENA region, including Tunisia, Algeria, Egypt, Libya, Bahrain, Kuwait, Lebanon, Jordan, Iraq, Yemen and Syria. This unrest has ranged from public demonstrations to armed conflict, civil war, foreign military intervention and the overthrow of existing leadership.

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 by the Al-Houthi rebels in Yemen since 2017, and, while the majority of these missile attacks were successfully intercepted by the Kingdom’s defence systems, there can be no assurance that the conflict in Yemen will not continue or re-escalate. Additionally, in September 2019, the Abqaiq processing facility and the Khurais oil field in the Kingdom were damaged in a major act of sabotage which resulted in the temporary interruption of the Kingdom’s oil and gas production. The Al-Houthi rebels claimed responsibility for the act of sabotage, although this claim has not been verified and has been disputed.

In addition, the Kingdom has experienced occasional terrorist attacks and other disturbances in recent years, including incidents in Jeddah, Medina and Qatif in July 2016, oil tanker sabotage and drone strikes on a crude oil pipeline in May 2019, apparent drone attacks on the Abqaiq processing facility and the Khurais oil field in September 2019, an explosion caused by a projectile which resulted in a fire in a fuel tank at a Saudi Aramco petroleum products distribution terminal in the north of Jeddah in November 2020 and, in March 2021, a drone attack on a Saudi Aramco refinery in Riyadh.

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

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 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 and prospects.

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 30 September 2021, and in Pakistan through its 84.51 per cent. shareholding in Samba Bank Limited (“SBL”) as at 30 September 2021 (see “Business Description of the Bank—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. 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 or prospects.

The Group may incur higher than expected costs related to the merger and the anticipated revenue and cost synergies may not be as high as expected

On 1 April 2021, NCB and Samba merged. The Group has incurred and expects to continue to incur legal, accounting, financing and transaction fees and other costs (including integration costs that were anticipated to be approximately SAR 1.1 billion at the time of the merger) related to the merger. Some of these costs may be higher than anticipated, for example if the steps required to integrate the two banks prove to be more complex than expected.

The Bank believes that the merger will achieve significant cost savings for the Group. While the Bank believes that the synergies of the merger have been reasonably estimated, unanticipated events, integration challenges, liabilities, tax impacts or unknown pre-existing issues may arise or become apparent which could result in the merger being more complex, time-consuming and/or costly than anticipated, the costs of integration being higher than the realisable benefits and/or the synergies being lower than expected.

Although the Bank believes that the elimination of duplicative costs, as well as the realisation of other efficiencies related to the integration of the businesses, will more than offset these integration costs (as well as the other costs related to the merger), this net benefit may not be achieved within the expected timetable or at all. In addition, some of these costs could be higher than anticipated, which could reduce the net benefits of the merger and adversely affect the Group’s business, results of operations, financial condition and prospects.

In addition, other risks associated with the merger include the fact that some of Samba’s agreements (for example, agreements related to loans, debt instruments, IT systems and electronic payments) provide its counterparties with the right to terminate the agreements, demand prepayment or claim monetary amounts as a result of the merger. To the extent any such agreements are terminated, this may have an adverse effect on the Bank. In addition, the ongoing integration process is likely to lead to an enhanced level of operational risk, including in relation to fraud, operational errors and clerical and record-keeping errors and any increase in staff turnover as a result of the merger is likely to lead to higher end of service payments, which may also adversely affect the Bank and its results of operations.

The Group has only six months’ operating history in its current form

On 25 October 2021, the Group published its unaudited interim condensed consolidated financial statements as at, and for the nine-month period ended, 30 September 2021. Although the SNB September 2021 Interim Financial Statements include nine months’ income statement and cash flow information, the first three of those months relate only to NCB which makes the information provided difficult to assess in relation to the Group and which also cannot be meaningfully compared against the comparative information for the nine-month period ended 30 September 2020 as that related entirely to NCB.
Reflecting the fact that the merger was effective on 1 April 2021, the SNB September 2021 Interim Financial Statements are the only available source of financial information in relation to the Group, which means that it is also not possible to provide meaningful historical comparisons for financial data relating to the Group that has been included in this Offering Circular as at, and for the nine or three months ended 30 September 2021. Although past performance is not necessarily an accurate indicator of future performance, the absence of historical financial data relating to the Group makes it more difficult to assess the Group’s future 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 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 counterparties 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 non-performing loans; and
- require an increase in the Group’s provisions for the impairment of loans, securities and other credit exposures.

As at 30 September 2021, the Group’s total financing and advances to customers (its “customer financing portfolio”) amounted to SAR 503,696 million, its NPFAs amounted to SAR 8,084 million and its ECL in respect of its financing and advances (its “ECL allowance”) amounted to SAR 10,871 million.

The Group’s non-performing financing and advances coverage ratio (calculated by dividing its ECL allowance by its NPFAs) was 134 per cent. as at 30 September 2021. The Group’s non-performing financing and advances ratio (calculated by dividing its NPFAs by its customer financing portfolio) was 1.58 per cent. as at 30 September 2021.

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 the Saudi Central Bank (“SAMA”). However, as a result of adverse economic and political developments in recent years (including the impact of COVID-19 since early 2020), 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 further 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 has increased the level of the Group’s credit risk and its enlarged customer financing portfolio will require regular monitoring by management. 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. In particular, 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 Saudi Arabia

The Group’s customer financing portfolio and investment securities portfolio are geographically concentrated in the Kingdom. Based on management financial information, these portfolios together aggregated SAR 739,479 million, or 82.0 per cent. of the Group’s total assets, as at 30 September 2021. As at 30 September 2021, a significant portion of the Group’s customer financing portfolio and 73.0 per cent. of its investment securities portfolio were based in Saudi Arabia.

The Group’s customer deposits aggregated SAR 589,190 million, or 79.4 per cent. of its total liabilities, as at 30 September 2021. These deposits are principally sourced in Saudi Arabia.

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 Saudi Arabia and, accordingly, the Group is exposed to general economic conditions in the Saudi Arabia” and “—The Group operates in a region that is subject to ongoing political and security concerns”.

The Group has significant customer and sector concentrations

The Group’s customer financing portfolio is concentrated in a small number of industry sectors, including financing and advances to the manufacturing sector, the commerce sector, the building and construction sector, the electricity, water and gas sector, and the health services sector. In addition, consumer loans and credit card advances accounted for a significant portion of the Group’s customer financing portfolio as at the same date.

Within its customer financing and investment securities portfolios, the Group’s exposure to the Government and quasi-Government entities accounts for a certain portion of the customer financing portfolio. 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.

As a result, 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:

- a significant decline in real estate values or a sustained downturn in the construction industry, which could weaken the credit quality of the Group’s building and construction borrowers and could also reduce the value of the real estate collateral which the Group holds;
• 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; and

• 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.

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.”

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 30
September 2021, the Group had SAR 92,765 million in contingent liabilities and commitments outstanding,
equal to 15.6 per cent. of its combined customer financing portfolio and contingent liabilities.

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 that became most evident during the
global financial crisis of 2008 to 2010, 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. As was experienced in 2008 and 2009, 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 as a result of their credit, trading, clearing
or other relationships. Even the perceived lack of creditworthiness of, or questions about, a counterparty may
lead to market-wide liquidity problems and losses or defaults by the 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 as a result 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 such funding gap. This risk is inherent in banking operations and can be heightened by a number of enterprise-specific factors, including over-reliance on a particular source of funding (including, for example, 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. Credit markets worldwide experienced a severe reduction in liquidity in the final quarter of 2008 and the first half of 2009. Since then, financial institutions have continued to experience periods of reduced liquidity.

The perception of counterparty risk between banks has also increased significantly since the final quarter of 2008, which has led at times to reductions in certain traditional sources of liquidity, such as the fixed income securities markets, asset sales and redemption of investments. The Group’s access to these traditional sources of liquidity may 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.”

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 30 September 2021, 79.5 per cent. of the Group’s 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 fall significantly, the Group’s large depositors (including the Government and quasi-Governmental depositors) may start to withdraw part or even all of their deposits with it.

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

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 sources of funding from more expensive sources 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 the benchmark interest rates, prices of securities or commodities and currency exchange rates. In particular, an increase in the 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 the benchmark interest rates may result in a pricing gap between the Group’s rate-sensitive assets and liabilities. The 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 the 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. In particular, the Group provides personal financing and real estate financing on a fixed profit rate basis over the term of the advance (which, as at 30 September 2021, was for an average of 55 months for personal finance and 240 months for real estate finance). 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.”) is more exposed to changes in market conditions. 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.

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 enable them to manage, modify or reduce current and future risks and to take advantage of price differentials or anticipated market movements. As at 30 September 2021, these derivative contracts had a notional amount of SAR 648,332 million and a net negative fair value of SAR 276 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, may not always accurately predict future risk exposures which could be significantly greater than historical measures indicate. In addition, certain risks could be greater than the Group’s empirical data would otherwise indicate.

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

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. This risk may be enhanced during the integration period following the merger as the two merged banks’ different risk management systems are aligned. 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”) related 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 a large number 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”. 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

In particular, in common with other financial institutions based in Saudi Arabia, the wider GCC and globally, 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 amongst 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 have a number of adverse effects on the Group, including 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

As at 30 September 2021, the Group’s tier 1 capital adequacy ratio (calculated according to Basel III standards for Pillar 1) was 18.2 per cent. and its total capital adequacy ratio was 19.1 per cent. The Group has been designated as a domestically systemic important bank (“D-SIB”) with an additional common equity tier 1 D-SIB surcharge of 1.5 per cent. Accordingly, the Group’s total minimum Pillar 1-based capital requirement as at 30 September 2021 was 12.26 per cent., which also included a capital conservation buffer of 2.5 per cent. and a countercyclical capital buffer of 0.26 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 2021 and beyond would be likely to reduce the Group’s capital adequacy ratios and any losses experienced by it in future periods would likely 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 as a result of new guidelines issued by the Basel Committee on Banking Supervision. 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 a number of 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 Law on the Treatment of Systemically Important Financial Institutions, issued on 11 December 2020 which 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 systematically important. As such, the Bank has been determined by SAMA to be a systemically important financial institution. 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 Bank and its subsidiaries and increase their cost of doing business. Changes in these laws and regulations (such as those pursuant to Basel III) 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 addition, a breach of regulatory guidelines could expose the Bank and/or its subsidiaries to potential liabilities, sanctions and reputational damage. Although the Group works closely with its regulators and, in particular, continually monitors compliance with SAMA and the Capital Markets Authority (“CMA”) regulations and policy, future changes in regulation, fiscal or other policies cannot be predicted and are beyond its control.

In order to carry out and expand its businesses, it is necessary for 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, 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 light of regulatory and market developments. The Bank’s ability to comply with all such applicable laws and rules is driven by the robustness of its IT, compliance, audit and reporting systems and procedures, as well as its 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 26 commercial banks operating in Saudi Arabia, of which 11 are local banks incorporated in Saudi Arabia. The remaining 15 are branches of foreign banks licenced to operate in the Saudi Arabia.

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 50.44 per cent. of the Bank’s shares as at 30 September 2021 through the Public Investment Fund (the “PIF”) (the sovereign wealth fund of Saudi Arabia) and the General Organisation for Social Insurance (the “GOSI”), 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 the Certificates) 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 is controlled by certain principal shareholders whose interests may not be aligned with the interests of Certificateholders
The Bank’s principal shareholders, the PIF and the GOSI, together held 50.44 per cent. of the Bank’s shares as at 30 September 2021, giving the Government an indirect majority shareholding in the Bank. As a result, the Bank’s principal shareholders, acting together or with other shareholders, have the ability to significantly influence the Bank’s business through their ability to control decisions and actions that require shareholder approval. Accordingly, the Government could cause the Bank to pursue transactions, make dividend payments or other distributions or payments to shareholders or undertake other actions to implement the policy of the
Government. If circumstances were to arise where the interests of the Bank’s principal shareholders conflict with the interests of the Bank’s creditors (including the 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 and its interpretations as issued by the International Accounting Standards Board (“IASB”) endorsed in the Kingdom and with the other standards and pronouncements that are endorsed by SOCPA.

Management has identified certain accounting policies in the notes to its financial statements as being significant because they require management’s judgment to ascertain the valuations of assets, liabilities, commitments and contingencies. These are described in note 3 to the audited annual financial statements of NCB for the year ended 31 December 2020. See also note 2.5 to the unaudited interim condensed consolidated financial statements of SNB for the nine-month period ended 31 September 2021.

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 merger has been accounted for using the acquisition method under IFRS 3 “Business Combinations” with SNB being the acquirer and Samba being the acquiree. As required by IFRS 3, the Group is in the process of allocating the purchase consideration to the identifiable assets and liabilities. A provisional purchase price allocation has been included in the SNB September 2021 Interim Financial Statements. Subsequent adjustments during the measurement period will occur as the Group completes its estimation of fair values of assets acquired and liabilities assumed. The accounting for the fair value of the acquired Samba financial assets and liabilities is provisional due to the inherent complexity and judgement associated with identifying intangible assets, and determining the fair value of identified intangible assets and on-balance sheet items. Any adjustments to the provisional purchase price allocation will be finalised within 12 months of the date of the merger, as allowed by IFRS 3.

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 suitably qualified and experienced personnel. Although the Group attempts to structure its compensation packages appropriately in order to attract and retain experienced personnel, there is significant competition in the Saudi banking industry for personnel with relevant expertise due to the disproportionately 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 as a result 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.

Furthermore, the Government has introduced a number of initiatives, which require private sector entities to employ a certain proportion of Kingdom nationals among their employees. As at 30 September 2021, the Bank’s Saudisation level was 98.8 per cent., and the Bank strives to encourage and increase the employment of young Kingdom nationals. However, if further changes are implemented to the Government’s Saudisation policies (for example, through the Fiscal Balance Program 2020), such changes may adversely affect the Bank’s ability to recruit foreign employees in the future.

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 also 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, whether or not valid, 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 as a whole. 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. All of these products are reviewed and approved by the Bank’s independent Shariah Supervisory Board (the “Shariah Board”). In doing so, each member of the Shariah Board 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 Board-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 assessed “A-” with a stable outlook by Standard & Poor’s on 30 September 2021, “A-” with a stable outlook by Fitch on 30 September 2021, “A1” with a stable outlook by Moody’s on 9 November 2021 and “A+” with a negative outlook by Capital Intelligence on 30 September 2021. 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 the Bank’s 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 each of Moody’s and Capital Intelligence, the Bank’s ratings depend on Saudi Arabia’s sovereign ratings and the potential weakening of Saudi Arabia’s capacity to provide support to the Bank.

For example, Standard & Poor’s notes that a downgrade of the Bank’s rating could occur if Standard & Poor’s were to lower its Saudi Arabia rating and this was coupled with a significant decline in the Bank’s capitalisation or asset quality. Moody’s and Fitch also note that a sovereign downgrade could result in downward pressure on the Bank’s rating. Saudi Arabia has been assigned the following credit ratings: A1 (stable outlook) by Moody’s, A (stable outlook) by Fitch and A- (stable outlook) by Standard & Poor’s. 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”.

**Risks Relating To The Economic, Political And Regulatory Environment In The Kingdom**

**The Kingdom’s economy remains dependent on its oil revenue**

Saudi Arabia’s economy remains dependent upon oil revenue. According to OPEC data, global proven crude oil reserves stood at 1,549 billion barrels at the end of 2020, compared to 1,546 billion barrels recorded at the end of 2019 and 1,495 billion barrels recorded at the end of 2018. Proven crude oil reserves in OPEC member countries was 1,237 billion barrels at the end of 2020 compared to 1,233 billion barrels at the end of 2019 and 1,183 billion barrels at the end of 2018. At the end of 2020, global proven natural gas reserves were 206.7 billion standard cubic metres compared to 207.6 billion standard cubic metres at the end of 2019 and 203.0 billion standard cubic metres at the end of 2018. Proven natural gas reserves in OPEC member countries stood at 73.7 billion standard cubic metres at the end of 2020 compared to 74.8 billion standard cubic metres at the end of 2019 and 72.7 billion standard cubic metres at the end of 2018.

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 have fluctuated significantly over the past two decades. During the second half of 2008, world oil prices fell approximately 76 per cent., as the OPEC Reference Basket price collapsed from its peak level of U.S.$140 that it had reached in July 2008 to approximately U.S.$33 on 24 December 2008. In the following years, oil prices gradually rose and by 2013, the price of the OPEC Reference Basket recorded an annual average of U.S.$105.87 per barrel. Thereafter, international oil prices witnessed a significant decline from mid-2014, with the OPEC Reference Basket price declining from a monthly average of U.S.$107.89 in June 2014 to a monthly average of U.S.$26.50 in January 2016, before partially recovering to a monthly average of U.S.$77.18 per barrel in September 2018. Oil prices have continued to be volatile in recent years, with the annual OPEC Reference Basket price averaging U.S.$64.04 for 2019 and U.S.$41.47 for 2020 (when it was significantly impacted by COVID-19 as discussed below). The monthly 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 generally moved in line with these trends.

On 14 September 2019, the Abqaiq processing facility and the Khurais oil field in the Kingdom were damaged in a major act of sabotage. This resulted in the temporary interruption of the Kingdom’s production by an
estimated 5.7 million barrels of crude oil per day, 2.0 billion cubic feet of associated gas, 1.3 billion cubic feet
of dry gas, 500 million cubic feet of ethane and 0.5 million barrels of gas liquids.

On 6 March 2020, OPEC members and certain non-OPEC oil producing countries participating in the
Declaration of Cooperation, including Russia, failed to reach an agreement to extend the voluntary crude oil
production adjustments due to expire on 31 March 2020. Subsequently, the Kingdom adjusted its crude oil
export prices and increased its crude oil sale allocations for April 2020. The Government also instructed Saudi
Aramco to evaluate its requirements and increase its maximum sustained daily production capacity from 12
million barrels to 13 million barrels.

These events, combined with the global challenges posed by the COVID-19 pandemic, caused a sharp drop in
oil prices. The OPEC Reference Basket price reached U.S.$34.71 per barrel on 9 March 2020 and had further
fallen to U.S.$16.85 per barrel by 1 April 2020, compared to a monthly average of U.S.$66.48 per barrel in
December 2019. In mid-April 2021, the countries participating in the Declaration of Cooperation agreed to
reduce their overall oil production in stages between 1 May 2020 and 30 April 2022. These measures, together
with the gradual easing of restrictions on travel imposed around the world to combat the COVID-19 pandemic,
helped prices to generally recover in 2020 and into 2021, with the monthly average OPEC Reference Basket
price being U.S.$73.89 in September 2021. Factors that may affect the price of oil include, but are not limited
to:

(i) economic and political developments in oil-producing regions, particularly in the Middle East;

(ii) global and regional supply and demand, and expectations regarding future supply and demand, for oil
products;

(iii) the ability of members of OPEC and other crude oil-producing nations to agree upon and maintain specified
global production levels and prices;

(iv) the impact of international environmental regulations designed to reduce carbon emissions;

(v) other actions taken by major crude oil-producing or consuming countries;

(vi) prices and availability of alternative fuels and new technologies using alternative fuels;

(vii) the impact of COVID-19 or other pandemic diseases; and

(viii) global weather and environmental conditions.

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 and results of operations.

**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. Measures taken include the National Transformation Program 2020 and Saudi Vision
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. The implementation of these and other similar measures, in whole or in part, may have a disruptive effect and consequently may have an adverse effect on the Kingdom’s economic and financial condition.

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 Programmes (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 or further 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.

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 a number of states of the European Union. To the extent that there is a slowdown in the economies of any of these countries, this may have a negative impact on 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 which, in turn, 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.

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 Kingdom’s banking regulatory environment is continually evolving and may change in a manner that is adverse to the Group

The Bank falls under the supervision of SAMA, which regulates the banking sector in the Kingdom. The Bank operates in compliance with SAMA rules, regulations and guidelines, which from time to time may be amended in accordance with economic and political developments in the country. SAMA operates to a standard expected of international regulators and generally follows the recommendations of the Basel Committee. The Group’s business could be directly affected by future changes to the Kingdom’s banking regulatory policies, laws and regulations, such as those affecting the extent to which the Bank can engage in specific businesses, as well as changes to other governmental policies. The Bank cannot provide any assurance that such changes will not adversely affect the Group’s business, results of operations, financial condition or prospects nor that it will be able to adapt to all such changes on a timely basis. Failure to comply with the rules, regulations and guidelines of SAMA could have a material adverse effect on 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 required by the Ministry of Human Resources and Social Development to ensure that a certain percentage of their staff are Saudi nationals. 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. Failing to achieve the stipulated percentage 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, including, in particular, the construction and contracting 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.

There is uncertainty regarding the future development of the Kingdom’s banking sector

The growth rate of the Kingdom’s banking sector may not be as high and sustainable as it has been in previous years. While it is expected that the banking sector will expand and its number of customers may increase with the growth of the Kingdom’s economy, population and demographic changes and potential legal and other reforms, the impact on the Kingdom’s banking sector of certain trends and events, such as the pace of economic growth in the Kingdom, is currently not clear. In addition to the potential impact due to COVID-19, lower oil
prices in 2020 have exerted fiscal and economic pressures on the Kingdom’s economy and, in turn, the Kingdom’s private sector, including the banking sector. The challenging operating environment may result in a reduction in customers’ deposits, and a rise in the levels of non-performing loans while limiting loan growth. Lending opportunities may diminish with higher levels of sovereign debt issuance. Net income may also decrease due to the increase in total operating expenses on account of higher impairment charges. Credit conditions for the banks may deteriorate leading to increased non-performing loans, credit losses and a decline in profitability. Any slowdown in the growth and development of the banking sector in the Kingdom will have an adverse impact on the Group’s own growth and, in turn, on its business, results of operations, financial condition or prospects.

Any alteration to, or abolition of, the foreign exchange “peg” of the Saudi 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 Saudi riyal or other such currencies

The Group maintains its accounts and reports its results in Saudi riyal. The Saudi 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: the State of Qatar; the United Arab Emirates; the Sultanate of Oman; and the Kingdom of 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, results of operations, financial condition or prospects.

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

Statistics contained in this document, including in relation to GDP, money supply, inflation and indebtedness of the Government, have been obtained from, amongst other sources, GASTAT, SAMA, the Ministry of Finance, the Ministry of Economy and Planning and 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 Offering Circular and actual results, and between statistics included in this Offering Circular and corresponding data previously published by or on behalf of the bodies listed above. Consequently, the statistical data contained in this Offering Circular should be treated with caution by prospective investors.
Risks relating to the Certificates

Limitations relating to the indemnity provisions in the Purchase Undertaking and the Master Trust Deed

The Bank has undertaken in the Purchase Undertaking and the Master Trust Deed that, in relation to any Series: (i) if, at the time of delivery of an exercise notice in accordance with the provisions of the Purchase Undertaking, the Bank (acting in any capacity) holds any rights, title, interests, benefits or entitlement in or is in actual or constructive possession, custody or control of all or any part of the relevant Wakala Assets, Certificateholder Put Right Wakala Assets or the Tangibility Event Put Right Wakala Assets, as the case may be; and (ii) if, following delivery of an exercise notice in accordance with the provisions of the Purchase Undertaking, the relevant Exercise Price, Certificateholder Put Right Exercise Price or Tangibility Event Put Right Exercise Price, as the case may be, is not paid in accordance with the provisions of the Purchase Undertaking for any reason whatsoever, the Bank shall (as an independent, severable and separately enforceable obligation) fully indemnify (on an after Tax basis) the Trustee for the purpose of redemption in full of the outstanding Certificates, Certificateholder Put Right Certificates or Tangibility Event Put Right Certificates in respect of which the exercise notice is delivered and, accordingly, the amount payable under any such indemnity claim will equal the relevant Exercise Price, Certificateholder Put Right Exercise Price or Tangibility Event Put Right Exercise Price, as the case may be.

Subject to the satisfaction of the conditions set out in the above paragraph, if the Bank fails to pay the relevant Exercise Price, Certificateholder Put Right Exercise Price or Tangibility Event Put Right Exercise Price in accordance with the Purchase Undertaking, the Delegate may, subject to the matters set out in Condition 13(b) (Enforcement and Exercise of Rights) and the terms of the Master Trust Deed, seek to enforce, inter alia, the provisions of the Purchase Undertaking and the Master Trust Deed against the Bank by commencing arbitral proceedings. See further "Risk Factors – Risks Relating to the Sukuk Assets – There are uncertainties around the choice of English law as the governing law of certain Transaction Documents and around enforcing arbitral awards in the Kingdom".

However, investors should note that, in the event that the Bank (acting in any capacity) does not hold any rights, title, interests, benefits or entitlement in or have actual or constructive possession, custody or control of all or any part of the relevant Wakala Assets comprising the Wakala Portfolio at the time of delivery of the exercise notice in accordance with the provisions of the Purchase Undertaking (for any reason whatsoever, including because the legal nature of such interest as the Bank may have in the Wakala Assets does not amount to rights, title, interests, benefits or entitlement or possession, custody or control in the view of a court or arbitral tribunal), the condition in (i) as described above will not be satisfied and, therefore, no amounts will be payable by the Bank under the separate indemnity provisions. For the avoidance of doubt, limited investigation has been or will be made by the Trustee, the Arrangers, the Dealers or the Delegate as to whether the Bank has or will continue to hold any rights, title, interests, benefits or entitlement in or remain in actual or constructive possession, custody or control of all or any part of the Wakala Assets comprising the Wakala Portfolio.

Accordingly, in such event, the Delegate (on behalf of the Certificateholders) may be required to establish that there has been a breach of contract by the Bank in order to prove for damages. Such breach of contract may be due to: (a) a breach by the Bank of the requirement to purchase the Trustee's interests, rights, title, benefits and entitlements in, to and under the relevant Wakala Assets, Certificateholder Put Right Wakala Assets or the Tangibility Event Put Right Wakala Assets, as the case may be on the relevant Scheduled Dissolution Date or Dissolution Date pursuant to the provisions of the Purchase Undertaking; and/or (b) a breach by the Bank (acting in its capacity as Wakeel pursuant to the provisions of the Wakala Agreement) of its undertaking to maintain rights, title, interests, benefits or entitlement in or actual or constructive possession, custody or control of all of the Wakala Assets.
As a result, the Delegate (on behalf of the Certificateholders) may not be able to recover, or may face significant challenges in recovering, an amount equal to the relevant Exercise Price, Certificateholder Put Right Exercise Price and Tangibility Event Put Right Exercise Price and, in turn, the amount payable to the Certificateholders upon redemption.

**The Certificates are limited recourse obligations of the Trustee**

The Certificates of a Series are not debt obligations of the Trustee, instead, each Certificate represents an undivided ownership interest in the Trust Assets relating to that Series. Recourse to the Trustee is limited to the Trust Assets of the relevant Series and the proceeds of the Trust Assets of the relevant Series are the sole source of payments on the Certificates of that Series. Upon the occurrence of a Dissolution Event, or in the case of any other dissolution pursuant to the Conditions, the sole rights of the Trustee and/or the Delegate (acting on behalf of the Certificateholders of the relevant Series of Certificates) will be against the Bank to perform its obligations under the Transaction Documents to which it is a party.

Certificateholders will have no recourse to any assets of the Trustee (other than the Trust Assets), the Delegate or any Agent in respect of any shortfall in the expected amounts due on the Certificates. The Bank is obliged to make certain payments under the Transaction Documents to which it is a party directly to the Trustee, and the Trustee and/or the Delegate will have direct recourse against the Bank to recover such payments due to the Trustee pursuant to the Transaction Documents. In addition, no Certificateholder shall be entitled to proceed directly against the Trustee or the Bank 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 in respect of a Series of Certificates and distributing the net proceeds of such Trust Assets in accordance with Condition 5(b) (*Application of Proceeds from Trust Assets*), the Master Trust Deed and the Agency Agreement, the obligations of the Trustee and/or the Delegate in respect of that Series of Certificates shall be satisfied and neither the Trustee nor the Delegate nor any Certificateholder may take any further steps against the Trustee to recover any further sums in respect of the Certificates and the right to receive any such sums unpaid shall be extinguished. Furthermore, under no circumstances shall the Trustee, the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets other than as contemplated in the Purchase Undertaking and the sole right of the Trustee and the Delegate and, through the Delegate, the Certificateholders of the relevant Series of Certificates against the Obligor shall be to enforce the obligation of the Obligor to pay the relevant exercise price under the Purchase Undertaking and otherwise perform its obligations under the Transaction Documents to which it is a party in accordance with the terms thereof. 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.

**The Certificates may be subject to early redemption**

If the amount payable in respect of the Certificates of any Series is required to be increased to include additional amounts and/or the Bank is required to pay additional amounts pursuant to the Transaction Documents to which it is a party, in each case as a result of certain changes affecting taxation in a Relevant Jurisdiction, the Bank shall be entitled to require the Trustee to redeem the Certificates in whole, but not in part, upon giving notice in accordance with Condition 9(b) (*Early Dissolution for Tax Reasons*). In addition, if so provided in the relevant Pricing Supplement, a Series may also be redeemed early at the option of the Bank pursuant to Condition 9(c) (*Dissolution at the Option of the Obligor (Optional Dissolution Right)*). The Trustee may also exercise its Clean Up (Call) Right to redeem the Certificates early (in whole but not in part) if 75 per cent. of
the Certificates of the relevant Series then outstanding have been redeemed in accordance with Condition 9(e) 
(Dissolution at the Option of the Certificateholders (Tangibility Event Put Right)). Any such early redemption 
feature of any Certificate is likely to limit its market value.

During any period when the Bank elects to require the Trustee to redeem the Certificates (whether pursuant to 
Condition 9(b) (Early Dissolution for Tax Reasons), Condition 9(c) (Dissolution at the Option of the Obligor 
(Optional Dissolution Right)) or Condition 9(e) (Dissolution at the Option of the Certificateholders (Tangibility 
Event Put Right))), the market value of those Certificates generally will not rise substantially above the 
Dissolution Distribution Amount payable. This also may be true prior to any other Dissolution Date.

In the case of Certificates with an optional dissolution feature pursuant to Condition 9(c) (Dissolution at the 
Option of the Obligor (Optional Dissolution Right)), the Bank may elect to require the Trustee to redeem such 
Certificates when its cost of financing is lower than the Profit Rate on the Certificates. At those times, an 
investor generally would not be able to re-invest the redemption proceeds at an effective profit rate as high as 
the Profit Rate on the Certificates being redeemed and may only be able to do so at a significantly lower rate. 
Prospective investors should consider re-investment risk in light of other investments available at that time.

If a Tangibility Event occurs, the Certificateholders will be notified that: (a) a Tangibility Event has occurred, 
together with an explanation of the reasons for, and evidence of, such occurrence; (b) as determined in 
consultation with The Saudi National Bank’s Shari’ah Committee, the Certificates shall only be tradeable in 
accordance with the Shari’ah principles of debt trading; (c) on the date falling 15 days following the Tangibility 
Event Put Right Date (or, if such date is not a business day, the next following business day (being, for this 
purpose, a day on which the stock exchange on which the Certificates have been admitted to trading is open for 
business)), the Certificates will be delisted from any stock exchange (if any) on which the Certificates have 
been admitted to trading; and (d) the Tangibility Event Put Right Period, during which period the Holder of any 
Certificates shall have the option to require the redemption of all or any of its Certificates. Upon receipt of such 
notice, the Certificateholders may elect to redeem all or any of their Certificates in accordance with the 
Conditions. Accordingly, a Tangibility Event may have a significant adverse effect on the liquidity and market 
value of the Certificates.

**Investors must make their own determination as to Shari’ah compliance**

The Saudi National Bank’s Shari’ah Committee, the Executive Shariah Committee of HSBC Saudi Arabia, the 
Shari’a Supervisory Board of Citi Islamic Investment Bank E.C. and the Internal Shariah Supervision 
Committee of Emirates NBD – Islamic have each confirmed that the Transaction Documents and the issue and 
trading of the Certificates of any Series are, in their view, in compliance with Shari’a principles as applicable 
to, and interpreted by, them. However, there can be no assurance that the Transaction Documents or the issue 
and trading of the Certificates of any Series will be deemed to be Shari’a compliant by any other Shari’a board 
or Shari’a scholars. None of the Trustee, the Bank, the Arrangers, the Dealers, the Delegate or the Agents makes 
any representation as to the Shari’a compliance of the Transaction Documents or the issue and trading of the 
Certificates of any Series and potential investors are reminded that, as with any Shari’a views, differences in 
opinion are possible. Potential investors should not rely on the above pronouncements in deciding whether to 
make an investment in the Certificates and should obtain their own independent Shari’a advice as to whether 
the Transaction Documents, the Certificates and the issue and trading of the Certificates will meet their 
individual standards of compliance with Shari’a principles, and should also make their own determination as 
to the future tradability of the Certificates on any secondary market. In addition, none of the Delegate, the 
Arrangers, the Dealers or the Agents will have any responsibility for monitoring or ensuring compliance with 
any Shari’a principles of debt trading referred to in Condition 9(e) (Dissolution at the Option of the 
Certificateholders (Tangibility Event Put Right)) nor shall any of them be liable to any Certificateholder or any 
other person in respect thereof. Questions as to the Shari’a permissibility of the Transaction Documents or the
issue and trading of the Certificates of any Series may limit the liquidity and adversely affect the market value of the Certificates.

In addition, prospective investors are reminded that the enforcement of any obligations of any of the parties under the Transaction Documents would be, if in dispute, the subject of arbitration under the Rules. In such circumstances, the arbitrator should apply 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 Saudi Arabian law and administrative practices in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English or Saudi Arabian law or administrative practices in any such jurisdiction after the date of this Offering Circular, nor can any assurance be given as to whether any such change could adversely affect the ability of the Bank to make payments under the Transaction Documents to which it is a party and/or the Trustee to make payments under any Series of Certificates, or the ability of the Trustee or the Bank to otherwise comply with their respective obligations under the 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. In addition, the Master Trust Deed contains provisions for obtaining written resolutions on matters relating to the Certificates from holders without calling a meeting. A written resolution signed by or on behalf of the holders of not less than 75 per cent. in aggregate face amount of the Certificates of the relevant Series for the time being outstanding shall, for all purposes, take effect as an Extraordinary Resolution.

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

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

(b) 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 account holders hold such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held (directly or via one or more intermediaries). For the purposes of establishing the entitlement to give any such consent or instruction, the Trustee, the Bank and the Delegate (as the case may be) shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the “relevant clearing system”) and, in the case of (b) above, the relevant clearing system and the account holder identified by the relevant clearing system for the purposes of (b) above.

A written resolution or an electronic consent as described above may be effected in connection with any matter affecting the interests of Certificate holders, including the modification of the Conditions, that would otherwise be required to be passed at a meeting of Certificate holders 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 Certificate holders duly convened and held.

These provisions permit defined majorities to bind all of the Certificate holders of the relevant Series (including Certificate holders who did not attend or vote at the relevant meeting, Certificate holders who did not sign a written resolution, Certificate holders who do not participate in any electronic consents sought by the Trustee as well as Certificate holders who voted in a manner contrary to the majority).

The Master Trust Deed also provides that the Delegate may (or in the case of paragraph (b) shall), without the consent or sanction of Certificate holders (a) agree to any modification of the Trust Deed (including the Conditions) or any other Transaction Document or the Trustee’s memorandum and articles of association that (in the opinion of the Delegate) is of a formal, minor or technical nature, or is made to correct a manifest error, (b) agree to any modification to the Trust Deed (including the Conditions) or any other Transaction Document to effect any Benchmark Amendments (in the circumstances and as set out in Condition 8(c) (Periodic Distribution Amounts – Benchmark Discontinuation)), or (c)(i) give its consent under the Transaction Documents and agree to any other modification of the Trust Deed (including the Conditions) or any other Transaction Document or the Trustee’s memorandum and articles of association, or to any waiver or authorisation of any breach or proposed breach of any of the provisions of the Trust Deed or any of the other Transaction Documents or (ii) determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such, provided in each case that such modification, consent, waiver, authorisation or determination is in the opinion of the Delegate not materially prejudicial to the interests of the Certificate holders and not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 20 per cent. of the aggregate face amount of the Certificates of the relevant Series then outstanding and, in the case of modifications referred to in paragraph (c)(i) above, other than in respect of a matter which requires a special quorum resolution (as defined in the Master Trust Deed). Any such modification, consent, waiver, authorisation or determination may be made on such terms and subject to such conditions (if any) as the Delegate may determine and shall be binding on the Certificate holders and shall be notified by the Trustee to the Certificate holders in accordance with Condition 18 (Notices) as soon as practicable thereafter.

The Delegate may request that the Certificate holders 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 Certificate holders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes any action on behalf of Certificate holders. 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.
Credit Ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Bank, the Programme or the Certificates. The ratings may not reflect the potential impact of all risks related to the transaction structure, the market, the additional factors discussed above, or any other factors that may affect the value of the 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.

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 EU and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction may also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU third country rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, 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. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Offering Circular.

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

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

Interest or profit rate risks

Investment in Fixed Rate Certificates involves the risk that if market interest or profit rates subsequently increase above the Profit Rate paid on the Fixed Rate Certificates, this will adversely affect the value of the Fixed Rate Certificates.

Certificates with variable Profit Rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

The Certificates may be subject to exchange rate risks and exchange controls

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

The Trustee will pay all amounts due on any Certificates, and the Bank will make any payments pursuant to the Transaction Documents to which it is a party, in the Specified Currency. If an investor’s financial activities are denominated principally in a currency or currency unit (the “Investor’s Currency”) other than the Specified Currency, such investor may therefore bear certain exchange rate risks. These include the risks that: (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. Even if there are no actual exchange controls, it is possible that the Specified Currency for any particular Certificate would not be available at such Certificate’s maturity.

A secondary market may not develop or be maintained for the Certificates

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

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

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

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

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

Each Series of Certificates issued under the Programme will be represented on issue by a Global Certificate that may be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg. Except in the limited circumstances described in each Global Certificate, investors will not be entitled to receive Certificates in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the 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 relevant 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 in the relevant Pricing Supplement (the "equivalent amount") in achieving objectives set out in the Sustainable Finance Framework (as defined in "Use of proceeds" below). See "Use of proceeds".

The Bank will exercise its judgement and sole discretion in determining the businesses and projects that will be financed 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 consult with its legal or other advisers before making an investment in Sustainable Certificates. In particular, no assurance is given by the Bank, the Trustee, the Arrangers, the Dealers or any other person that the use of the equivalent amount for any Eligible Sustainable Projects (as defined in "Use of proceeds" below) will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply. In 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". Any failure by the Bank to use the equivalent amount as stated or to provide the reports will not constitute a dissolution event under Condition 13 (Dissolution Events) of the Certificates with respect to Sustainable Certificates but 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 assets.

Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green" or an equivalently labelled project or as to what precise attributes are required for a particular project to be defined as "green" or such other equivalent
label 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.

The EU’s regulation on the establishment of a framework to facilitate sustainable investment (the "EU Taxonomy"), which is subject to a phased implementation, may provide some definition for such topics in the European Union. However, the full scope and applicability of the EU Taxonomy, as well as exactly when it will take effect, remains uncertain. Accordingly, no assurance is or can be given (whether by the Bank, the Trustee, the Arrangers, the Dealers or any other person) to investors that: (a) any projects or uses the subject of, or related to, any Eligible Sustainable Projects will meet any or all investor expectations regarding such "green" or other equivalently labelled performance objectives; (b) any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Sustainable Projects; or (c) the Sustainable Finance Framework will be aligned with the EU Taxonomy or any other present or future sustainability framework or guidelines.

The Sustainable Finance Framework is intended to be aligned with the ICMA Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines published by the International Capital Markets Association from time to time (the "ICMA Principles"), which as at the date of this Offering Circular are the Green Bond Principles 2021 (https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/), the Social Bond Principles 2021 (https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Social-Bond-Principles-June-2021-140621.pdf) and the Sustainability Bond Guidelines 2021 (https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Sustainability-Bond-Guidelines-June-2021-140621.pdf). The Bank has appointed S&P Global to assess its Sustainable Finance Framework and its alignment with the ICMA Principles, and to issue an opinion in respect thereof. This opinion will be published on the Bank’s website. None of the Bank, the Trustee, the Arrangers, the Dealers or any other person makes any representation or gives any assurance as to the Sustainable Finance Framework’s compliance or alignment with the ICMA Principles. Furthermore, none of the Sustainable Finance Framework, the ICMA Principles or any associated reports, verification assessments or the contents of the above websites are incorporated in or form part of this Offering Circular.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Bank) which may 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 Sustainable Financing Register) and in particular with any of the businesses and projects funded with the equivalent amount to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Offering Circular. Any such opinion or certification is not, nor should it be deemed to be, a recommendation by the Bank, the Trustee, the Arrangers or any other person to buy, sell or hold Sustainable Certificates. Any such opinion or certification is only current as at the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such 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 opinions and certifications are not currently subject to any specific regulatory or other regime or oversight.

If Sustainable Certificates are at any time listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Bank, the Trustee, the Arrangers, the Dealers or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own bylaws or other governing rules or investment portfolio mandates, in particular
with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any of the businesses and projects funded with the proceeds from any Sustainable Certificates. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Bank, the Trustee, the Arrangers, the Dealers or any other person that any such listing or admission to trading will be obtained in respect of any Sustainable Certificates or, if obtained, that any such listing or admission to trading will be maintained during the life of the Sustainable Certificates concerned.

While it is the Bank's intention to apply the equivalent amount and obtain and publish the relevant reports and opinions in, or substantially in, the manner described in "Use of proceeds", there can be no assurance (whether by the Bank, the Trustee, the Arrangers, the Dealers or any other person) that the Bank will be able to do this. Nor can there be any assurance that any Eligible Sustainable Projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Bank.

Any such event as described in the last sentence of the preceding paragraph or failure by the Bank to apply the equivalent amount for any Eligible Sustainable Projects or to obtain and publish any such reports and opinions, will not give rise to any claim in contract of a holder of Sustainable Certificates against the Bank, the Trustee, any Manager or any other person. The withdrawal of any such report or opinion, or any report, assessment, opinion or certification attesting that the Bank is not complying in whole or in part with any matters for which that report, assessment, opinion or certification is reporting, assessing, opining or certifying, and/or Sustainable Certificates no longer being listed or admitted to trading on any stock exchange or securities market, as aforesaid, may have a material adverse effect on the value of Sustainable Certificates concerned and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

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" below. While the Bank intends to place 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 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.

No Arranger or Dealer makes any representation as to (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 green, social and/or sustainability criteria, as applicable or (iii) the characteristics of relevant Eligible Sustainable Projects or businesses to whom the proceeds of such Certificates are to be allocated, including their green, social and/or sustainability characteristics, as applicable. No Dealer involved in the issue of a specific Tranche of such Certificates has undertaken, nor is responsible for, any assessment of or due diligence in respect of the Sustainable Finance Framework, the Eligible Projects or the eligibility criteria, any verification of whether the Eligible Sustainable Projects meet the eligibility criteria, or the monitoring of the use of proceeds. Investors should refer to the Banks’s website, annual report and second-party opinion for information and should determine for themselves the relevance of the information contained in this Offering Circular regarding the use of proceeds and its investment in any Sustainable Certificates should be based upon such investigation as it deems necessary.
Risks related to Certificates which are linked to “benchmarks”

The regulation and reform of benchmarks may adversely affect the value of Certificates referencing such benchmarks

Reference rates and indices, including profit rate benchmarks, which are used to determine the amounts payable under financial instruments or the value of such financial instruments (“Benchmarks”), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation, could have a material adverse effect on any Certificates referencing or linked to such Benchmark.

Investors should be aware that, if a benchmark were discontinued or otherwise unavailable, the rate of profit on Floating Rate Certificates which reference such benchmark will be determined for the relevant period by the fall-back provisions applicable to such Certificates set out in the Conditions. Where Screen Rate Determination not Referencing SOFR or SONIA is specified as the manner in which the Profit Rate in respect of Floating Rate Certificates is to be determined, the Conditions provide that the Profit Rate shall be determined by reference to the Relevant Screen Page (or its successor or replacement). In circumstances where such original Reference Rate is discontinued, neither the Relevant Screen Page, nor any successor or replacement may be available. Where the Relevant Screen Page is not available, and no successor or replacement for the Relevant Screen Page is available, the Conditions provide for the Profit Rate to be determined by the Calculation Agent by reference to quotations from banks communicated to the Calculation Agent. Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of such original Reference Rate), the Profit Rate may ultimately revert to the Profit Rate applicable as at the last preceding Profit Rate Determination Date before the original Reference Rate was discontinued. Uncertainty as to the continuation of the Original Reference Rate, the availability of quotes from reference banks, and the rate that would be applicable if the Original Reference Rate is discontinued may adversely affect the value of, and return on, the Floating Rate Certificates.

Where the relevant Pricing Supplement specifies that paragraph (2) of Condition 8(c) (Periodic Distribution Amounts – Benchmark Discontinuation) is applicable, the Conditions provide for certain fallback arrangements in the event that a Benchmark Event occurs, including if an original Reference Rate and/or any page on which an original Reference Rate may be published, becomes unavailable, or if the Bank, the Calculation Agent, any Paying Agent or any other party responsible for the calculation of the Profit Rate (as specified in the relevant Pricing Supplement) is no longer permitted lawfully to calculate profit on any Certificates by reference to such an original Reference Rate.

Such fallback arrangements include the possibility that the Profit Rate could be set by reference to a Successor Rate or an Alternative Reference Rate, with or without the application of an Adjustment Spread (as defined in the Conditions) and may include amendments to the Conditions to ensure the proper operation of the successor or replacement benchmark, all as determined by an Independent Adviser, acting in good faith and following consultation with the Bank, or the Bank (acting in good faith and in a commercially reasonable manner), as applicable. The application of an Adjustment Spread may result in the Conditions performing differently (which may include payment of a lower Profit Rate) than they would do if the original Reference Rate were to continue to apply in its current form. If no Adjustment Spread can be determined, a Successor Rate or Alternative Reference Rate may nonetheless be used to determine the Profit Rate. The use of a Successor Rate or Alternative Reference Rate to determine the Profit Rate is also likely to result in any Certificates linked to or referencing an original Reference Rate performing differently (which may include payment of a lower Profit Rate) than they would if the original Reference Rate were to continue to apply in its current form.
Furthermore, if a Successor Rate, Alternative Reference Rate or Adjustment Spread is determined by the
Independent Adviser or the Bank, the Conditions provide that the Bank may vary the Trust Deed, the Agency
Agreement and the Conditions, as necessary to ensure the proper operation of such Successor Rate or
Alternative Reference Rate, without any requirement for consent or approval of the Certificateholders.

In addition, the market (if any) for Certificates linked to any such Successor Rate or Alternative Reference Rate
may be less liquid than the market for Certificates linked to the original Reference Rate. Prospective investors
should note that neither the Bank nor any Independent Adviser appointed pursuant to the Conditions shall, in
the absence of bad faith, wilful default or fraud have any liability whatsoever to the Delegate, the Principal
Paying Agent, the Paying Agents, or the Certificateholders for any determination made by it pursuant to the
Conditions.

The choice of replacement benchmark is uncertain and could result in the use of risk free rates such as SOFR
(see “—The market continues to develop in relation to risk free rates (including SONIA and SOFR) as reference
rates for Floating Rate Certificates” below) and/or in the replacement Benchmark being unavailable or
indeterminable.

In the case of Floating Rate Certificates which reference SOFR where paragraph (2) of Condition 8(c) (Periodic
Distribution Amounts – Benchmark Discontinuation) is specified as applicable in the relevant Pricing
Supplement where the Bank determines that a SOFR Benchmark Event and its related Benchmark Replacement
Date have occurred, a Benchmark Replacement (as determined in accordance with paragraph (2) of Condition
8(c) (Periodic Distribution Amounts – Benchmark Discontinuation)) will replace the then-current Benchmark
for all purposes relating to such Certificates in respect of all determinations on such date and for all
determinations on all subsequent dates. Such Benchmark Replacement may result in the Certificates behaving
differently (which may include payment of a lower Profit Rate).

Where ISDA Determination is specified as the manner in which the Profit Rate in respect of Floating Rate
Certificates is to be determined, the Conditions provide that the Profit Rate in respect of the Certificates shall
be determined by reference to the relevant Floating Rate Option in the 2006 ISDA Definitions. Where the
Floating Rate Option specified is an “IBOR” Floating Rate Option, the Profit Rate may be determined by
reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If the
relevant IBOR is permanently discontinued and the relevant screen rate or quotations from banks (as applicable)
are not available, the operation of these provisions may lead to uncertainty as to the Profit Rate that would be
applicable, and may, adversely affect the value of, and return on, the Floating Rate Certificates.

The Bank may be unable to appoint an Independent Adviser or the Independent Adviser may not be able to
determine a Successor Rate or Alternative Reference Rate in accordance with the terms and conditions of
the Certificates

Where the Bank is unable to appoint an Independent Adviser in accordance with paragraph (1) of Condition
8(c) (Periodic Distribution Amounts – Benchmark Discontinuation) or the Independent Adviser appointed by
the Bank fails to determine a Successor Rate or, failing which, an Alternative Reference Rate and (in either
case) the applicable Adjustment Spread, prior to the relevant IA Determination Cut-off Date, the Bank (acting
in good faith and in a commercially reasonable manner) may determine a Successor Rate or, failing which an
Alternative Reference Rate and, in either case, an Adjustment Spread, by no later than five Business Days prior
to the Profit Rate Determination Date relating to the next Periodic Distribution Period for which the Profit Rate
(or any component part thereof) is to be determined by reference to the original Reference Rate.

Where the Bank has been unable to appoint an Independent Adviser or, the Independent Adviser has failed, to
determine a Successor Rate or Alternative Reference Rate in respect of any given Periodic Distribution Period,
it will continue to attempt to appoint an Independent Adviser in a timely manner before the next succeeding
Profit Rate Determination Date and/or to determine a Successor Rate or Alternative Reference Rate to apply the next succeeding and any subsequent Periodic Distribution Periods, as necessary.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Reference Rate is determined, the ultimate fallback for the purposes of the calculation of the Profit Rate for the relevant immediately following Periodic Distribution Period may result in the Profit Rate for the last preceding Periodic Distribution Period being used. This may result in Certificates linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Profit Rate) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Reference Rate could be determined. If the Bank is unable to appoint an Independent Adviser or, the Independent Adviser (or the Bank) fails to determine a Successor Rate or Alternative Reference Rate for the life of the relevant Certificates, the initial Profit Rate, or the Profit Rate for the last preceding Periodic Distribution Period, will continue to apply to maturity. This will result in the Floating Rate Certificates, in effect, becoming fixed rate Certificates. Due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates, the involvement of an Independent Adviser and the potential for further regulatory developments there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

The market continues to develop in relation to risk free rates (including SONIA and SOFR) as reference rates for Floating Rate Certificates

Investors should be aware that the market continues to develop in relation to risk-free rates, such as the Sterling Overnight Index Average ("SONIA") and the Secured Overnight Financing Rate ("SOFR"), as reference rates in the capital markets for sterling or U.S. dollar bonds, as applicable, and their adoption as alternatives to the relevant interbank offered rates. In addition, market participants and relevant working groups are still exploring alternative reference rates based on risk-free rates, including various ways to produce term versions of certain risk-free rates (which seek to measure the market’s forward expectation of an average of these reference rates over a designated term, as they are overnight rates) or different measures of such risk-free rates. For example, on 2 March 2020, the Federal Reserve Bank of New York, as administrator of SOFR, began publishing the SOFR Compounded Index and on 3 August 2020, the Bank of England, as the administrator of SONIA, began publishing the SONIA Compounded Index.

The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the Conditions and used in relation to Certificates that reference such risk-free rates issued under this Programme. The Trustee may in the future also issue Certificates referencing SONIA or SOFR that differ materially in terms of profit determination when compared with any SONIA or SOFR referenced Certificates issued by it under this Programme. The development of risk-free rates for the international debt capital markets could result in reduced liquidity or increased volatility, or could otherwise affect the market price of any Certificates that reference a risk-free rate issued under this Programme from time to time.

In addition, the manner of adoption or application of risk-free rates in the international debt capital markets may differ materially compared with the application and adoption of risk-free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, sukuk loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Certificates referencing such risk-free rates.

The use of risk-free rates as reference rates in the international debt capital markets is nascent, and may be subject to change and development in terms of the methodology used to calculate such rates, the development of rates based on risk-free rates and the development and adoption of market infrastructure for the issuance and trading of sukuk referencing risk-free rates. In particular, investors should be aware that several different methodologies have been used in sukuk linked to such risk-free rates issued to date and no assurance can be
given that any particular methodology, including the compounding formula in the terms and conditions of the Certificates, will gain widespread market acceptance. In addition, the methodology for determining any overnight rate index used to determine the Profit Rate in respect of certain Certificates could change during the life of such Certificates.

Certificates referencing risk-free rates may also have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for sukuk referencing such risk-free rates, such as the spread over the index reflected in profit rate provisions, may evolve over time, and trading prices of such Certificates may be lower than those of later-issued indexed debt securities as a result. Further, if the relevant risk-free rates do not prove to be widely used in securities like the Certificates, the trading price of such Certificates linked to such risk-free rates may be lower than those of Certificates referencing indices that are more widely used. Investors in such Certificates may not be able to sell such Certificates at all or may not be able to sell such Certificates at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk.

Certain administrators of risk-free rates have published hypothetical and actual historical performance data. Hypothetical data inherently includes assumptions, estimates and approximations and actual historical performance data may be limited in the case of certain risk-free rates. Investors should not rely on hypothetical or actual historical performance data as an indicator of the future performance of such risk-free rates.

Investors should consider these matters when making their investment decision with respect to any Certificates which reference SONIA or SOFR.

Risk-free rates differ from interbank offered rates in a number of material respects and have a limited history

Risk-free rates may differ from interbank offered rates in a number of material respects, including (without limitation) by being backwards-looking in most cases, calculated on a compounded or weighted average basis, risk-free, overnight rates and, in the case of SOFR, secured, whereas such interbank offered rates are generally expressed on the basis of a forward-looking term, are unsecured and include a risk-element based on interbank financing. As such, investors should be aware that risk-free rates may behave materially differently to interbank offered rates as reference rates for the Certificates.

SONIA and SOFR are, in the case of SONIA, recently reformed and in the case of SOFR, newly established risk-free rates. Therefore, such risk-free rates offered as alternatives to interbank offered rates also have a limited history. For that reason, future performance of such rates may be difficult to predict based on their limited historical performance. The level of such rates during the term of the Certificates may bear little or no relation to historical levels. Prior observed patterns, if any, in the behaviour of market variables and their relation to such rates such as correlations, may change in the future. For example, since publication of SOFR began, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmarks or other market rates.

Furthermore, profit on Certificates which reference a backwards-looking risk-free rate is only capable of being determined immediately prior to the relevant Periodic Distribution Payment Date. It may be difficult for investors in Certificates which reference such risk-free rates to reliably estimate the amount of profit which will be payable on such Certificates, and some investors may be unable or unwilling to trade such Certificates without changes to their IT systems, both of which could adversely impact the liquidity of such Certificates. Further, in contrast to Certificates linked to interbank offered rates, if Certificates referencing backwards-looking SONIA or SOFR become due and payable or are otherwise redeemed early on a date which is not a Periodic Distribution Date, the final Profit Rate payable in respect of such Certificates shall be determined by reference to a shortened period ending immediately prior to the date on which the Certificates become due and payable or are scheduled for redemption.
Any of the administrators of SONIA or SOFR may make changes that could change the value of SONIA or SOFR or discontinue SONIA or SOFR, respectively.

As SONIA and SOFR are published and calculated by third parties based on data received from other sources, the Trustee and the Bank have no control over their determination, calculation or publication. There can be no guarantee that SONIA and/or SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in Floating Rate Certificates linked to or which reference SONIA or SOFR (or that any applicable benchmark fallback provisions provided for in the Conditions will provide a rate which is economically equivalent for Certificateholders). The Bank of England or the Federal Reserve Bank of New York (or their successors) as administrators of SONIA or SOFR, respectively, may make methodological or other changes that could change the value of these risk-free rates and/or indices, including changes related to the method by which such rates and/or indices are calculated, eligibility criteria applicable to the transactions used to calculate such rates and/or indices, or timing related to the publication of SONIA or SOFR. In addition, an administrator may alter, discontinue or suspend calculation or dissemination of SONIA or SOFR, in which case a fallback method of determining the profit rate on the Certificates will apply in accordance with the Conditions (see “The regulation and reform of benchmarks may adversely affect the value of Certificates referencing such benchmarks”). An administrator has no obligation to consider the interests of Certificateholders when calculating, adjusting, converting, revising or discontinuing any such risk-free rate. If the manner in which such risk-free rate is calculated is changed, that change may result in a reduction of the amount of profit payable on such Certificates and the trading price of such Certificates.

Risks Relating to Certificates Denominated in Renminbi

Set out below is a description of the principal risks which may be relevant to an investor in Certificates denominated in Renminbi:

Renminbi is not completely freely convertible; there are significant restrictions on remittance of Renminbi into and outside the People’s Republic of China (“PRC”) and this may adversely affect the liquidity of Certificates denominated in Renminbi.

Renminbi is not completely freely convertible at present. The government of the PRC (the “PRC Government”) continues to regulate conversion between Renminbi and foreign currencies.

However, there has been significant reduction in control by the PRC Government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

Remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

Although on 1 October 2016, Renminbi was added to the Special Drawing Rights basket created by the IMF and policies for further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies were issued, there is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of
Renminbi outside the PRC and the ability of the Trustee and the Obligor to source Renminbi to finance their obligations under Certificates denominated in Renminbi.

**There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Certificates denominated in Renminbi and the Trustee’s and the Obligor’s ability to source Renminbi outside the PRC to service such Certificates**

As a result of the restrictions imposed by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited.

Whilst the People’s Bank of China (the “PBOC”) has established Renminbi clearing and settlement mechanisms for participating banks in various countries, through settlement agreements on the clearing of Renminbi business (the “Settlement Agreements”) with financial institutions in a number of financial centres and cities (each, a “Renminbi Clearing Bank”), the current size of Renminbi-denominated financial assets outside the PRC is limited.

There are restrictions imposed by the PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. The Renminbi Clearing Banks only have access to onshore liquidity support from the PBOC for the purpose of squaring open positions of participating banks for limited types of transactions, and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the Renminbi Clearing Banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreements will not be terminated or amended in the future, which will have the effect of restricting the availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of Certificates denominated in Renminbi. To the extent the Trustee and/or the Obligor is required to source Renminbi outside the PRC to service Certificates denominated in Renminbi, there is no assurance that the Trustee and/or the Obligor will be able to source such Renminbi on satisfactory terms, if at all.

**An investment in Certificates denominated in Renminbi is subject to exchange rate risks**

The value of Renminbi against the U.S. dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions and by many other factors. In August 2015, the PBOC implemented changes to the way it calculates the midpoint against the U.S. Dollar to take into account market-maker quotes before announcing the daily midpoint. This change, amongst others that may be implemented, may increase the volatility in the value of the Renminbi against other currencies. In May 2017, the PBOC further decided to introduce counter-cyclical factors to offset the market pro-cyclicality, so that the midpoint quotes could adequately reflect the PRC’s actual economic performance. However, the volatility in the value of the Renminbi against other currencies still exists. All payments of profit and principal with respect to Certificates denominated in Renminbi will be made in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments in U.S. dollar or other foreign currency terms may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of an investment in Certificates denominated in Renminbi in U.S. dollar or other applicable foreign currency terms will decline.
An investment in Certificates denominated in Renminbi is subject to interest or profit rate risks

The PRC Government has gradually liberalised the regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions. Certificates denominated in Renminbi may carry a fixed profit rate. Consequently, the trading price of such Certificates will vary with fluctuations in Renminbi interest rates. If a holder of Certificates denominated in Renminbi tries to sell such Certificates before their maturity, they may receive an offer that is less than the amount invested.

Payments for Certificates denominated in Renminbi will only be made to investors in the manner specified for such Certificates in the Conditions

Investors may be required to provide certification and other information (including Renminbi account information) in order to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in a number of financial centres and cities. Except in the limited circumstances stipulated in Condition 10(f) (Renminbi Currency Event) (as set out in the Renminbi provisions below), all Renminbi payments to investors in respect of Certificates denominated in Renminbi will be made solely: (i) for so long as such Certificates are represented by a Global Certificate held with the common depositary, for Euroclear and Clearstream, Luxembourg or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing Euroclear and Clearstream, Luxembourg rules and procedures or those of such alternative clearing system; or (ii) for so long as such Certificates are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. Other than as described in the Conditions, the Trustee and/or the Obligor cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

Investors may be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong.

Gains on the transfer of Certificates denominated in Renminbi may become subject to income taxes under PRC tax laws

Under the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules, as amended from time to time, any gain realised on the transfer of Certificates denominated in Renminbi by non-PRC resident enterprise or individual holders may be subject to PRC enterprise income tax (“EIT”) or PRC individual income tax (“IIT”) if such gain is regarded as income derived from sources within the PRC. The PRC Enterprise Income Tax Law levies EIT at the rate of 20 per cent. of the gains derived by such non-PRC resident enterprise or individual Certificateholder from the transfer of Certificates denominated in Renminbi but its implementation rules have reduced the enterprise income tax rate to 10 per cent. The PRC Individual Income Tax Law levies IIT at a rate of 20 per cent. of the gains derived by such non-PRC resident or individual Certificateholder from the transfer of Certificates denominated in Renminbi.

However, uncertainty remains as to whether the gain realised from the transfer of Certificates denominated in Renminbi by non-PRC resident enterprise or individual holders would be treated as income derived from sources within the PRC and become subject to the EIT or IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules. According to the arrangement between the PRC and Hong Kong, for avoidance of double taxation, Certificateholders who are residents of Hong Kong, including enterprise Certificateholders and individual Certificateholders, will not be subject to EIT or IIT on capital gains derived from a sale or exchange of the Certificates.
Therefore, if non-PRC enterprise or individual resident holders are required to pay PRC income tax on gains derived from the transfer of Certificates denominated in Renminbi, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC enterprise or individual resident holders of Certificates denominated in Renminbi reside that reduces or exempts the relevant EIT or IIT, the value of their investment in Certificates denominated in Renminbi may be materially and adversely affected.

**Investment in Certificates denominated in Renminbi may be subject to PRC tax**

In considering whether to invest in the Certificates denominated in Renminbi, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdictions. The value of the Certificateholders’ investment in the Certificates denominated in Renminbi may be materially and adversely affected if the Certificateholder is required to pay PRC tax with respect to acquiring, holding or disposing of and receiving payments under those Certificates.

**Risks relating to the Sukuk Assets**

**Ownership of Wakala Assets**

The Shari’a analysis is as follows: an ownership interest in the Wakala Assets comprised within the relevant Wakala Portfolio should pass to the Trustee under the Master Purchase Agreement, as supplemented by the relevant Supplemental Purchase Agreement (together, the “Purchase Agreement”). The Trustee will declare a trust in respect of the Wakala Assets and the other Trust Assets in favour of the Certificateholders of the relevant Series pursuant to the Master Trust Deed, as supplemented by the relevant Supplemental Trust Deed. Accordingly, from a Shari’a perspective, Certificateholders should, through the ownership interest obtained by the Trustee pursuant to the terms of the Purchase Agreement, have an undivided ownership interest in the relevant Wakala Assets.

Limited investigation and enquiry will be made and limited due diligence will be conducted in respect of any Wakala Assets. The Wakala Assets will be selected by the Bank, and none of the Certificateholders, the Trustee or the Delegate will have any ability to influence such selection. Only limited representations will be obtained from the Bank in respect of the Wakala Assets (such representations not forming part of the Trust Assets) and the precise terms or the nature of the Wakala Assets sold or held will not be disclosed (including whether there are any restrictions on transfer of, or any further obligations required to be performed by the Bank to give effect to the title in, such Wakala Assets). As such, no investigation has been or will be made as to whether any interest in any Wakala Assets may be transferred as a matter of the law governing the Transaction Documents, the law of the jurisdiction where such Wakala Assets are located or any other relevant law and no investigation will be made to determine if any Purchase Agreement will have the effect of transferring an interest in the relevant Wakala Assets. No steps (including registration, if necessary) are intended to be taken to perfect the legal title in the Wakala Assets with any relevant regulatory authority in Saudi Arabia or otherwise give notice to any lessee or obligor in respect thereof and limited investigation will be made as to whether the Bank holds any rights, title, interests, benefits or entitlement in or is in actual or constructive possession, custody or control of any of the Wakala Assets at any time. Therefore, Certificateholders shall not have any legal interest in any Wakala Assets which require perfection in order to legally transfer any ownership interest therein.

Further, although the Shari’a analysis is such that an ownership interest in the Wakala Assets should pass to the Trustee under the Purchase Agreement, the Certificateholders will not have any rights of enforcement as against the Wakala Assets and their rights are limited to enforcement against the Bank of its obligation to purchase all (or the applicable portion thereof, as the case may be) of the Wakala Assets pursuant to the terms of the Transaction Documents.
However, the Bank has covenanted in the Purchase Undertaking and the Master Trust Deed that, subject to satisfaction of certain conditions as described above (see “Limitations relating to the indemnity provisions in the Purchase Undertaking and the Master Trust Deed”) if the relevant Exercise Price, Certificateholder Put Right Exercise Price or Tangibility Put Right Exercise Price, as the case may be, is not paid in accordance with the Purchase Undertaking for any reason whatsoever, the Bank shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates or the relevant Certificates to be redeemed on the relevant date, as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the Exercise Price, the Certificateholder Put Right Exercise Price or the Tangibility Event Put Right Exercise Price, as the case may be.

If the Bank fails to purchase all (or the applicable portion thereof, as the case may be) of the Wakala Assets in accordance with the Purchase Undertaking, the Delegate (on behalf of the Certishateholders) may, subject to the matters set out the Conditions and the terms of the Master Trust Deed, seek to enforce, inter alia, the provisions of the Purchase Undertaking and the Master Trust Deed against the Bank by commencing arbitration proceedings to be administered by the LCIA pursuant to the rules of the LCIA. The LCIA should respect the choice of English law as the governing law of the Purchase Undertaking and the Master Trust Deed. See ”–Risks relating to Enforcement – There are uncertainties around the choice of English law as the governing law of certain Transaction Documents and around enforcing arbitral awards in the Kingdom”.

In addition, the obligors in respect of the Wakala Assets may have rights of set-off or counterclaim against the Bank in respect of such assets. Further, to the extent that a third party is able to establish a direct claim against the Trustee, the Delegate or any Certificateholders on the basis of legal or beneficial ownership of any Wakala Assets, the Bank has agreed in the Master Trust Deed to indemnify the Trustee and the Delegate (on behalf of itself (where applicable) and the Certificateholders) against any such liabilities. However, if the Bank is unable to meet its indemnity obligations in relation to any such claims, for example, due to such obligations failing to comply with AAOIFI Shari’ah Standards as reasonably determined by The Saudi National Bank’s Shari’ah Committee, then the relevant Certificateholders may suffer losses in excess of the original face amount invested.

Risks relating to Enforcement

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

The Certificates and the Transaction Documents (other than the Master Purchase Agreement, each Supplemental Purchase Contract, each Sale Agreement entered into pursuant to the Purchase Undertaking and each Sale Agreement entered into pursuant to the Sale and Substitution Undertaking, together the “Saudi Law Transaction Documents”) are expressed to be governed by English law, and provide for the resolution of disputes through arbitration in London under the LCIA Arbitration Rules. 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.

Saudi Arabia is a party to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the “New York Convention”). Any foreign arbitral award, including an LCIA award, should therefore be enforceable in Saudi Arabia in accordance with the terms of the New York Convention, subject to filing a legal action for recognition and enforcement of foreign arbitral awards with the Enforcement Departments of the General Courts. Under 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 Departments of the General Courts (which have jurisdiction over commercial disputes) 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 Shari’a, they would not be enforced by the Enforcement Departments of the General Courts.

The courts and judicial committees of Saudi Arabia may not recognise the choice of English law or the submission to arbitration in the Certificates and the Transaction Documents and may elect to apply the laws of Saudi Arabia instead. Accordingly, in any proceedings relating to the Certificates in Saudi Arabia, Shari’a, as interpreted in Saudi Arabia, 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.

In addition to the above, courts in Saudi Arabia may not enforce a foreign judgment without re-examining the merits of the claim. Moreover, provisions of foreign law which are deemed contrary to public policy, order or morals in Saudi Arabia (including Shari’a law and principles), or to any mandatory law of, or applicable in, Saudi Arabia, are unlikely to be enforceable in Saudi Arabia.

Saudi Arabian government authorities and state-owned companies are required to work to select Saudi Arabia as the seat of arbitration at the Saudi Centre of Commercial Arbitration in contracts entered into by them with foreign investors pursuant to the High Order No. 28004 dated 22/5/1440H (corresponding to 25/1/2019) (“High Order 28004”). While the High Order 28004 appears to be advisory in nature and does not impose a hard obligation on such authorities and companies to so comply, Saudi Arabian courts might take a contrary view and in turn deem the selection of a seat of arbitration outside Saudi Arabia as void. It is noteworthy that the High Order 28004 does not clarify whether it would apply to wholly or partially owned state-owned companies.

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.

There are uncertainties around the choice of the Committee for the Resolution of Securities Disputes to hear certain disputes

Certain of the Transaction Documents are expressed to be governed by Saudi law and provide for the resolution of disputes through proceedings before the Committee for the Resolution of Securities Disputes (the “CRSD”). However, whilst the CRSD is responsible for the settlement of disputes arising under the Capital Market Law and its implementing regulations, under Saudi Arabian law, only a court in its application of the law will finally determine the appropriate adjudicating forum for the dispute, notwithstanding the contractual election of the parties to an agreement. There is therefore a risk that other courts or judicial committees will have jurisdiction to hear relevant disputes. Any provision in an agreement that purports to preclude any party from invoking the
jurisdiction of a particular Saudi Arabian court or judicial committee where the parties have referred a dispute to any other Saudi Arabian court or judicial committee may not be enforceable.

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

The Saudi Law Transaction Documents will be governed by, and will be construed in accordance with, the laws of Saudi Arabia. Prospective Certificateholders should note that the various courts and judicial committees of Saudi Arabia applying Saudi law, and, in particular, the relevant principles of Islamic law are generally construed and applied pursuant to the teachings of the Hanbali school of jurisprudence, which may interpret or enforce, or reinterpret, any Saudi Law Transaction Document other than in accordance with its terms. 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. Accordingly, it is uncertain exactly how and to what extent the Transaction Documents to which the Bank is a party (or any of them), would be enforced by the CRSD and the Appeal Panel or any other adjudicatory authority 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 or otherwise of the Certificates and the Transaction Documents with Shari’a principles (see “-Investors must make their own determination as to Shari’a compliance” below). Prospective Certificateholders should also note that although The Saudi National Bank’s Shari’ah Committee has approved the transaction structure relating to the Certificates (as described in this Offering Circular), and each of the Executive Shariah Committee of HSBC Saudi Arabia, the Shari’a Supervisory Board of Citi Islamic Investment Bank E.C. and the Internal Shariah Supervision Committee of Emirates NBD – Islamic have confirmed that the Certificates and the Transaction Documents are in compliance with Shari’a principles, such approvals and confirmations 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.

Courts and judicial committees in Saudi Arabia may not give effect to unilateral promises

Under Islamic law there are different opinions amongst scholars with respect to the enforceability of a unilateral promise which can be divided into three distinct positions: (i) a unilateral promise will be enforceable in all circumstances; (ii) a unilateral promise will not be enforceable in any circumstances; and (iii) a unilateral promise will be enforceable where a breach would cause harm to the promisee. In addition, the absence of both a doctrine of binding precedent in Saudi Arabia and a public centralised index of previous judgments of courts and judicial committees allow judges notable interpretative discretion and thus render it difficult to predict which of the above positions would be followed by a court or judicial committee in Saudi Arabia. As a result, such a unilateral promise may not create an obligation which would be enforceable before the courts and judicial committees of Saudi Arabia. The Purchase Undertaking is a unilateral promise from the Bank to the Trustee and the Delegate. Accordingly, prospective Certificateholders should be aware that its terms may not be enforceable before the courts and judicial committees of Saudi Arabia and, as a consequence, Certificateholders may not receive the relevant Dissolution Amounts due to them under the Certificates.
There are concerns as to the effectiveness under Saudi Arabian law of any transfer of an interest in an asset in Saudi Arabia, or on the return of investment of any activity in Saudi Arabia, to a Saudi Arabian company on behalf of foreign nationals unless a corporate presence is formed in Saudi Arabia and the relevant licensing requirements have been met.

The Foreign Investment Law issued under Royal Decree No. M/1 dated 5/1/1421H (corresponding to 10/4/2000) and the Anti-Cover Up Regulations issued in the Official Gazette on 28/5/1425H (corresponding to 16/7/2004) prohibit Saudi Arabian companies from doing business in Saudi Arabia on behalf of foreign nationals unless a corporate presence is formed in Saudi Arabia and the relevant licensing requirements have been met. The Trustee and the Bank could be interpreted as contravening this prohibition by entering into the Wakala Agreement and the other Transaction Documents to which they are each a party. Moreover, under the Saudi Arabian Foreign Ownership and Investment in Real Estate Regulations issued under Royal Decree No. M/15 dated 17/4/1421H (corresponding to 19/7/2000), any transfer of an interest in real estate to non-Saudi persons under any of the Transaction Documents, shall be void and not effective under Saudi Arabian law unless such non-Saudi persons establish a corporate presence in Saudi Arabia and obtain the relevant licences.

On the basis of the foregoing, prospective Certificateholders should note that there is uncertainty as to the effectiveness under Saudi Arabian law of any transfer of an interest in an asset in Saudi Arabia pursuant to the Transaction Documents relating to a Series, or on the return of investment of any activity in Saudi Arabia, absent compliance with the matters specified above. As a result, if the Bank fails to comply with its obligations under the Transaction Documents, a Saudi Arabian court or judicial or administrative tribunal or government authority may characterise the transactions contemplated by the Transaction Documents as an unlawful investment which is void as a result of non-compliance with any of the matters specified above. If that is the case, a Saudi Arabian court or judicial or administrative tribunal is likely to require that the Bank return to the Trustee the relevant Issue Proceeds less any Wakala Portfolio Income Revenues and/or Wakala Portfolio Principal Revenues 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 Obligor Events

Prospective Certificateholders should note that the courts and judicial committees of Saudi Arabia may not give effect to any of the Obligor Events (as set out in the Purchase Undertaking) other than those Obligor 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 the 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 to pay a penalty rather than a genuine estimate of loss incurred, such provision would not be enforced in Saudi Arabia. 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.

Compliance with bankruptcy law in Saudi Arabia may affect the Bank’s ability to perform its obligations under the Transaction Documents to which it is a party

A new bankruptcy law promulgated pursuant to Royal Decree No. M/50 dated 28/05/1439H (corresponding to 13/02/2018) (the “Bankruptcy Law”) created general bankruptcy procedures.

If the Bank’s insolvency satisfied the eligibility conditions for such bankruptcy procedures, 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. 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 and, therefore, there can be no assurance that Certificateholders will receive repayment 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 preventative settlement or financial restructuring process being instigated. This is based on article 23 of the Bankruptcy Law, which states that contracts should continue during preventative settlement or financial restructuring processes and any condition to the contrary is 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 preventative settlement fails to comply with its obligations in the period after the commencement of preventative settlement.

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.

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

The laws of Saudi Arabia do not recognise the concept of a trust or beneficial interests. 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 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 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 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 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 Wakala Agreement, the Purchase Undertaking and/or the Sale and Substitution Undertaking are, and payments by the Trustee in respect of the Certificates could become, subject to taxation in Saudi Arabia. The Wakala Agreement requires the Wakeel (as defined therein), each of the Purchase Undertaking and the Sale and Substitution Undertaking requires the Bank, and the Master Trust Deed requires the Bank to pay additional amounts in the event that any withholding or deduction 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 Amounts. Condition 11 (Taxation) provides that the Trustee is required to pay additional amounts in respect of any such withholding or deduction 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 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 11 (Taxation) in respect of any withholding 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 Offering Circular shall be incorporated in, and form part of, this Offering Circular:

a) the unaudited interim condensed consolidated financial information for the nine month period ended 30 September 2021 of the Group together with the review report thereon (an electronic copy of which is available at:  https://www.alahli.com/en-us/Investor_Relation/Documents/SNB-3Q-2021-Financial-Statements-English.pdf);

b) the consolidated financial statements for the year ended 31 December 2020 of NCB together with the audit report thereon (an electronic copy of which is available at:  https://www.alahli.com/ar-sa/personal-banking/credit-cards/Documents/YE-2020-Financials-Eng.pdf);

c) the consolidated financial statements for the year ended 31 December 2020 of Samba together with the audit report thereon (an electronic copy of which is available at: https://www.samba.com/en/Images/Financial_Statements_2020.pdf);

d) the consolidated financial statements for the year ended 31 December 2019 of NCB together with the audit report thereon (an electronic copy of which is available at: https://www.alahli.com/ar-sa/Investor_Relation/Documents/YE_2019_NCB_Financials-English.pdf); and


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

The Documents Incorporated by Reference shall be incorporated in, and form part of, this 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 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 Offering Circular. Those parts of the documents incorporated by reference in this Offering Circular which are not specifically incorporated by reference in this Offering Circular are either not relevant for prospective investors in the Certificates to be issued under the Programme or the relevant information is included elsewhere in this Offering Circular. Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

Copies of the documents incorporated by reference in this Offering Circular may be obtained from the registered office of the Trustee and from the specified office of the Principal Paying Agent during usual business hours and will be available for viewing on the Bank’s website at https://www.alahli.com/en-us/Investor_Relation/Pages/default.aspx and at https://www.samba.com/en/about-us/investor-relations/Financial-reports.aspx.
STRUCTURE DIAGRAM AND CASH FLOWS

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

Structure Diagram

Payments by the Certificateholders and the Trustee

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

(a) an amount as specified in the relevant Pricing Supplement, which shall be equal to no less than 55 per cent. of the aggregate face amount of the relevant Certificates, to the Bank (in its capacity as Seller) as the purchase price payable for the purchase from the Bank of all its rights, title, interests, benefits and entitlements, present and future, in, to and under certain assets (in the case of the first Tranche of the relevant Series of Certificates, the “Initial Assets” or, in the case of each subsequent Tranche of such Series, the “Additional Assets”) which are further described below; and

(b) the remaining portion of the proceeds of the relevant Issue Price as specified in the relevant Pricing Supplement, which shall be no more than 45 per cent. of the aggregate face amount of the relevant Certificates (the “Murabaha Investment Amount”) to purchase certain Shari’a compliant commodities (the “Commodities”) through the Trustee’s commodity agent for the purpose of selling such Commodities to the Bank (in its capacity as Commodity Buyer) on a deferred payment basis for a deferred payment price comprised of the Murabaha Investment Amount together with the Murabaha

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Profit Amount specified in an offer notice (the “Deferred Payment Price”) payable in instalments on each Periodic Distribution Date and the relevant Dissolution Date(s) pursuant to a murabaha contract (the “Murabaha Contract”) (such sale of Shari’a compliant commodities by the Trustee to the Commodity Buyer, the “Commodity Murabaha Investment”).

In relation to a Series, the Initial Assets, if applicable, the Additional Assets and, if applicable, each Commodity Murabaha Investment and all other rights arising under or with respect thereto (including the right to receive payment of profit, rental, Deferred Payment Price and any other amounts due in connection therewith) and, at any time, the Wakala Portfolio Principal Revenues (as defined below) standing to the credit of the Principal Collection Account (as defined below) on the relevant date, shall comprise the “Wakala Portfolio” in respect of such Series, and the Eligible Assets comprised in such Wakala Portfolio from time to time, the “Wakala Assets”. The Bank (in its capacity as Seller) shall be required to represent on each date it sells any Initial Assets or Additional Assets to the Trustee that such assets are “Eligible Assets” (as defined in “Summary of the Principal Transaction Documents”).

The aggregate consideration payable by the Trustee to the Bank in respect of its purchase of the Initial Assets or the Additional Assets, as the case may be, on any Issue Date and the proceeds of any on-sale of Commodities by the Bank, shall in each case be used and applied solely for or in connection with the Islamic finance business of the Bank.

**Periodic Distribution Payments**

In relation to a Series, the Wakeel will record: (a) all revenues from the Wakala Portfolio (including all profit, rental and other amounts (other than Wakala Portfolio Principal Revenues)) received in respect of the Wakala Assets and, if applicable, all instalments of the Murabaha Profit Amount comprising the Deferred Payment Price payable in respect of the Commodity Murabaha Investment (the “Wakala Portfolio Income Revenues”) in a book-entry ledger account (the “Income Collection Account”); and (b) all revenues from the Wakala Portfolio in the nature of capital or principal received in respect of the Wakala Assets (the “Wakala Portfolio Principal Revenues” and, together with the Wakala Portfolio Income Revenues, the “Wakala Portfolio Revenues”) in a book-entry ledger account (the “Principal Collection Account”).

On each Wakala Distribution Determination Date, the Wakeel shall pay into the relevant Transaction Account amounts standing to the credit of the Income Collection Account (after deducting any amounts (i) repayable to the Bank or any relevant third party in respect of any Liquidity Facility (as defined below) and (ii) payable in respect of any claims, losses, costs or expenses properly incurred or suffered by the Wakeel or other payments made by the Wakeel on behalf of the Trustee in providing the services to the Trustee pursuant to the Wakala Agreement (the “Wakala Liabilities Amount”)), which is intended to fund an amount equal to the aggregate of the Periodic Distribution Amount and any other amounts payable by the Trustee under the Certificates of the relevant Series on the immediately following Periodic Distribution Date (the “Required Amount”) and such Required Amount will be applied by the Trustee for that purpose.

In the event that the Wakala Portfolio Income Revenues are greater than the Required Amount (after deducting the amounts referred to above), the amount of any excess shall be credited by the Wakeel to a separate book-entry ledger account (the “Reserve Account”). If the amount standing to the credit of the Transaction Account on a Wakala Distribution Determination Date is insufficient to fund the Required Amount, the Wakeel shall apply amounts standing to the credit of the Reserve Account towards such shortfall, by paying an amount equal to such shortfall (or such lesser amount as is then standing to the credit of the Reserve Account) into the Transaction Account. If having applied such amounts from the Reserve Account, there remains a shortfall, the Bank may, in its sole discretion, provide either:

(a) *Shari’a* compliant funding to the Trustee itself; or
(b) procure the provision to the Trustee of Shari’a compliant funding from a third party to be paid to the Trustee,

in each case, in an amount equal to the shortfall remaining (if any) on terms that such funding is repayable from Wakala Portfolio Income Revenues received in respect of a subsequent period or on the relevant Dissolution Date on which the Certificates of the relevant Series are redeemed in full (each a “Liquidity Facility”).

**Dissolution Payments**

On the Payment Business Day prior to the relevant Scheduled Dissolution Date in relation to each Series:

(a) the aggregate amounts of Deferred Payment Price then outstanding, if any, shall become immediately due and payable; and

(b) the Trustee will have the right under the Purchase Undertaking to require the Bank to purchase all of its rights, title, interests, benefits and entitlements, present and future, in, to and under Wakala Assets at the relevant Exercise Price,

and such amounts are intended to fund the relevant Dissolution Distribution Amount payable by the Trustee under the Certificates of the relevant Series on the Scheduled Dissolution Date.

The Certificates in relation to any Series may be redeemed in whole or in part, as the case may be, prior to the relevant Scheduled Dissolution Date for the following reasons, in the case of each of (ii) and (iii), if so specified in the relevant Pricing Supplement: (i) for taxation reasons; (ii) at the option of the Bank; (iii) at the option of the Certificateholders; (iv) upon the occurrence of a Tangibility Event, at the option of the Certificateholders; (v) upon the exercise of the Clean Up (Call) Right and (vi) following a Dissolution Event.

In the case of each of (i), (ii) and (v) above, on the Payment Business Day prior to the relevant Dissolution Date:

(a) the aggregate amounts (or the applicable portion thereof) of the Deferred Payment Price then outstanding, if any, shall become immediately due and payable; and

(b) the Bank will have the right under the Sale and Substitution Undertaking to require the Trustee to sell all (or the applicable portion thereof, as the case may be) of the Trustee’s rights, title, interests, benefits and entitlements, present and future, in, to and under the Wakala Assets at the relevant Exercise Price or Optional Dissolution Exercise Price, as the case may be,

and such amounts are intended to fund the relevant Dissolution Amount payable by the Trustee under the Certificates of the relevant Series on the relevant Dissolution Date.

In the case of each of (iii), (iv) and (vi), such redemption of the Certificates shall be funded in a similar manner as for the payment of the relevant Dissolution Distribution Amount on the Scheduled Dissolution Date save for, on (or, in the case of (iii) and (iv) above, the Payment Business Day prior to) the relevant Dissolution Date:

(a) the aggregate amounts (or the applicable portion thereof) of Deferred Payment Price then outstanding, if any, shall become immediately due and payable; and

(b) the Trustee having the right under the Purchase Undertaking to require the Bank to purchase all (or the applicable portion thereof, as the case may be) of its rights, title, interests, benefits and entitlements, present and future, in, to and under the Wakala Assets at the relevant Exercise Price, Certificateholder Put Right Exercise Price or Tangibility Event Put Right Exercise Price, as the case may be.

*For Shari’a reasons, the Optional Dissolution Right and the Certificateholder Put Right cannot both be specified as applicable in the relevant Pricing Supplement in respect of any single Series.*
OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche, the relevant 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 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 Sukuk Limited, an exempted company with limited liability incorporated on 12 October 2021 under the Companies Act (As Revised) of the Cayman Islands with company registration number 382174 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) 549300NDOY781U1WVO54

Ownership of the Trustee
The authorised share capital of the Trustee is U.S.$50,000 consisting of 50,000 shares of U.S.$1.00 each, of which 250 shares are fully paid up and issued. The Trustee’s entire issued share capital is held on trust for charitable purposes by MaplesFS Limited under the terms of a share declaration of trust dated 11 November 2021 (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 11 November 2021 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”).

Arrangers
HSBC Bank plc and SNB Capital Company (the “Arrangers”).

Dealers
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, inter alia, 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 relevant 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.

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

Issue Price
Certificates may be issued at any price on a fully-paid basis, as specified in the relevant Pricing Supplement. The price and amount of Certificates to be issued under the Programme will be
Denomination of Certificates

The Certificates will be issued in such denominations as may be agreed between the Trustee, the Bank and the relevant Dealer(s), save that (i) the minimum denomination of each Certificate will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Specified Currency; and (ii) unless otherwise permitted by such current laws and regulations, Certificates (including Certificates denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Trustee in the UK or whose issue otherwise constitutes a contravention of Section 19 of the FSMA will have a minimum denomination of £100,000 (or, if the Certificates are denominated in a currency other than sterling, the equivalent amount in such currency, as calculated on the Issue Date of such Series).

Status of the Certificates

The Certificates will represent an undivided ownership interest in the Trust Assets of the relevant Series and will be limited recourse obligations of the Trustee. Each Certificate will constitute direct, unconditional, unsubordinated and unsecured obligations of the Trustee and shall at all times rank pari passu (save for certain obligations required to be preferred by law) equally with all other unsecured obligations and without any preference or priority with all other Certificates of the relevant Series.

The payment obligations of the Bank (in any capacity) to the Trustee under the Transaction Documents to which it is a party in respect of each Series of Certificates will be direct, unconditional, unsubordinated and (subject to the negative pledge provisions described in Condition 7 (Obligor Negative Pledge)) unsecured obligations of the Bank and (save for certain obligations required to be preferred by law and subject to the negative pledge provisions described in Condition 7 (Obligor Negative Pledge)) shall at all times rank at least equally with all other unsecured obligations (other than subordinated obligations, if any) of the Bank from time to time outstanding.

Trust Assets

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

Periodic Distribution Amounts
Certificateholders are entitled to receive Periodic Distribution Amounts calculated on the basis specified in the Conditions and the relevant Pricing Supplement.

Fixed Rate Certificates
Fixed Rate Certificates will bear profit on their outstanding face amount at such fixed rate per annum and on such date or dates as may be agreed between the Trustee, the Bank and the relevant Dealer(s), calculated in accordance with such Day Count Fraction as may be agreed between the Trustee, the Bank and the relevant Dealer(s), each as more particularly described in Condition 8(a) (Fixed Rate Certificates).

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

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

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

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

Such profit will be paid on such date or dates as may be agreed between the Trustee, the Bank and the relevant Dealer(s) and will be calculated on the basis of such Day Count Fraction as may be agreed between the Trustee, the Bank and the relevant Dealer(s). Floating Rate Certificates may also have a maximum profit rate, a minimum profit rate or both.

See Condition 8(b (Floating Rate Certificates).

Benchmark Discontinuation
In the event that a Benchmark Event occurs, such that any profit rate (or any component part thereof) cannot be determined by reference to the original benchmark or screen rate (as applicable) specified in the relevant Pricing Supplement, then the Bank may (subject to certain conditions) be permitted to substitute such benchmark and/or screen rate (as applicable) with a successor, replacement or alternative benchmark and/or screen rate (with consequent amendment to the terms of such Series of Certificates
and, potentially, the application of an Adjustment Spread (which could be positive, negative or zero)). See paragraph (2) of Condition 8(c) (Periodic Distribution Amounts – Benchmark Discontinuation) for further information.

**SOFR Benchmark Discontinuation**

In the event that a SOFR Benchmark Event occurs, such that the relevant benchmark (or any component part thereof) cannot be determined by reference to the original benchmark specified in the relevant Pricing Supplement, then the Bank may (subject to certain conditions) be permitted to substitute such benchmark with an alternative benchmark (with consequent amendment to the terms of such Series of Certificates). See paragraph (2) of Condition 8(c) (Periodic Distribution Amounts – Benchmark Discontinuation) for further information.

**Negative Pledge**

The Certificates will have the benefit of a negative pledge as described in Condition 7 (Obligor Negative Pledge).

**Cross-Acceleration**

In respect of the Bank, the Certificates will have the benefit of a cross-acceleration provision, as described in Condition 13 (Dissolution Events) and paragraph (c) of the definition of Obligor Event corresponding thereto.

**Dissolution on the Scheduled Dissolution Date**

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

**Dissolution Distribution Amount**

In relation to each Certificate of a Series, either:

(a) the sum of:

   (i) the outstanding face amount of such Certificate; and

   (ii) any accrued but unpaid Periodic Distribution Amounts for such Certificate; or

(b) such other amount specified in the relevant Pricing Supplement as being payable upon the relevant Dissolution Date.

**Early Dissolution**

The Certificates may be redeemed, in whole or (to the extent specified in the Conditions and the relevant Pricing Supplement) in part, prior to the Scheduled Dissolution Date upon the:

(a) occurrence of a Tax Event;

(b) exercise of an Optional Dissolution Right (if so specified in the relevant Pricing Supplement);

(c) exercise of a Certificateholder Put Right (if so specified in the relevant Pricing Supplement);

(d) exercise of a Tangibility Event Put Right;

(e) exercise of a Clean Up (Call) Right; or

(f) occurrence of a Dissolution Event,
in each case, at the relevant Dissolution Distribution Amount on the relevant Dissolution Date.

Dissolution Events

The Dissolution Events are described in Condition 1 (Interpretation). Following the occurrence and continuation of a Dissolution Event in respect of a Series of Certificates, the Certificates may be redeemed in whole, but not in part, at the relevant Dissolution Distribution Amount on the Dissolution Event Redemption Date in the manner described in Condition 13 (Dissolution Events).

Early Dissolution for Tax Reasons

Where the Trustee has or will become obliged to pay any additional amounts in respect of the Certificates pursuant to Condition 11 (Taxation), or the Bank has or will become obliged to pay any additional amounts in respect of amounts payable to the Trustee pursuant to the terms of any Transaction Document, as a result of a change in, or amendment to, the laws or regulations of any Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations, and such obligation cannot be avoided by the Trustee or the Bank, as applicable, taking reasonable measures available to it, the Bank may in its sole discretion require the Trustee to redeem the Certificates in whole, but not in part, on a Periodic Distribution Date (in the case of a Floating Rate Certificate) or at any time (in the case of a Fixed Rate Certificate) at the relevant Dissolution Distribution Amount, as more particularly described in Condition 9(b) (Early Dissolution for Taxation Reasons).

Optional Dissolution Right

If so specified in the relevant Pricing Supplement, the Bank may, in accordance with Condition 9(c) (Dissolution at the Option of the Obligor (Optional Dissolution Right)), require the Trustee to redeem the Certificates of the relevant Series, in whole or in part, as the case may be, at the relevant Dissolution Distribution Amount on any Optional Dissolution Date.

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

Certificateholder Put Right

If so specified in the relevant Pricing Supplement, Certificateholders may elect to redeem their Certificates on any Certificateholder Put Right Date(s) specified in the relevant Pricing Supplement at an amount equal to the relevant Dissolution Distribution Amount in accordance with Condition 9(d) (Dissolution at the Option of Certificateholders (Certificateholder Put Right)).

Tangibility Event Put Right:

Upon the occurrence of a Tangibility Event, the Certificateholders may redeem all or part of a Series of Certificates in the circumstances set out in Condition 9(e) (Dissolution at the Option of the Certificateholders (Tangibility Event Put Right)). If, pursuant to such Condition, all of a Series
of Certificates are redeemed, the Trust in respect of such Series of Certificates shall be dissolved.

If a Tangibility Event occurs, the Certificates will be delisted from any stock exchange (if any) on which the Certificates have been admitted to trading, see Condition 9(e) (Dissolution at the Option of the Certificateholders (Tangibility Event Put Right)).

Clean Up (Call) Right:

If 75 per cent. or more of the aggregate face amount of Certificates of a Series then outstanding have been redeemed pursuant to Condition 9(e) (Dissolution at the Option of the Certificateholders (Tangibility Event Put Right)), the Trustee shall, upon receipt of a duly completed Exercise Notice from the Bank pursuant to the Sale and Substitution Undertaking, on giving not less than the Minimum Notice Period nor more than the Maximum Notice Period to the Delegate and the Certificateholders in accordance with Condition 18 (Notices) (such notice to be given within 30 days of the Tangibility Event Put Right Date or, if earlier, the redemption date), redeem the Certificates in whole, but not in part, at their Dissolution Distribution Amount on the Clean Up Call Dissolution Date.

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

Pursuant to Condition 9(g) (Purchases), the Bank and/or any of its Subsidiaries may at any time purchase Certificates in the open market or otherwise. If the Bank wishes to cancel such Certificates purchased by it and/or any of its Subsidiaries, the Bank may do so in accordance with Condition 9(h) (Cancellation).

Limited Recourse

Each Certificate of a particular Series will represent an undivided ownership interest in the Trust Assets for such Series. No payment of any amount whatsoever shall be made in respect of the Certificates except to the extent that funds for that purpose are available from the relevant Trust Assets.

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

See further Condition 4(b) (Limited Recourse and Agreement of Certificateholders).

Form and Delivery of the Certificates

The Certificates will be issued in registered form only. The Certificates of each Series will be represented on issue by interests in a Global Certificate, which will be deposited with, and registered in the name of a nominee for, a Common Depositary for Euroclear and Clearstream, Luxembourg.

Individual Certificates evidencing holdings of Certificates will be issued in exchange for interests in the relevant Global
Certificate only in certain limited circumstances described under “Summary of Provisions relating to the Certificates while in Global Form”.

Clearance and Settlement

Holders of the Certificates must hold their interest in the relevant Global Certificate in book-entry form through Euroclear and/or Clearstream, Luxembourg. Transfers within and between each of Euroclear or Clearstream, Luxembourg will be in accordance with 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 11 (Taxation).

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 11 (Taxation), 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 11 (Taxation).

The Transaction Documents provide that payments thereunder by the Bank shall be made without any withholding, retention or deduction for, or on account of, any present or future taxes, levies, imposts, duties, fees, assessments or other governmental charges of any nature, unless such withholding, retention or deduction is required by law and without set-off or counterclaim of any kind. If any such withholding, retention or deduction is required by law, the Transaction Documents provide for the payment by the Bank of all additional amounts as will result in the receipt by the Trustee or the Delegate, as applicable, of such net amounts as would have been receivable by it if no such withholding, retention or deduction had been made.

Listing and Admission to Trading

Application has been made to the London Stock Exchange for the Certificates to be issued under the Programme 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 relevant 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.

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 (Meetings of Certificateholders, Modification and Waiver).

Certificateholder Meetings

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 (other than the Master Purchase Agreement, each Supplemental Purchase Agreement and each sale agreement or new asset sale agreement entered into pursuant to the Purchase Undertaking or the Sale and Substitution Undertaking, as the case may be) and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, English law. In respect of any dispute under any such Transaction Document to which it is a party, the Bank has agreed to arbitration in London under the Rules.

The Master Purchase Agreement, each Supplemental Purchase Agreement and each sale agreement entered into pursuant to the Purchase Undertaking or the Sale and Substitution Undertaking, as the case may be, will be governed by, and construed in accordance with, the laws of Saudi Arabia. In respect of any dispute thereunder, the parties have agreed to submit to the Saudi Arabia Committee for the Resolution of Securities Disputes and the Appeal Panel.

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 Purchase Agreement, each Supplemental Purchase Agreement, the Wakala Agreement, the Purchase Undertaking, the Sale and Substitution Undertaking, each sale agreement entered into pursuant to the Purchase Undertaking or the Sale and Substitution Undertaking, as the case may be, and the Master Murabaha Agreement (together with all documents, notices of request to purchase, offer notices, acceptances, notices and confirmations delivered or entered into as contemplated by the Master Murabaha Agreement in connection with the relevant Series).

Ratings

The Programme is expected to be assigned ratings of “A-” by Fitch and “A-” by S&P. 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 relevant Pricing Supplement. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning credit 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), the UK and the United States of America. See “Subscription and Sale”.

United States Selling Restrictions

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

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

SNB Sukuk Limited (in its capacity as issuer and in its capacity as trustee, as applicable, the “Trustee”) has established a programme (the “Programme”) for the issuance of trust certificates (the “Certificates”) in a maximum aggregate face amount of U.S. $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 “Obligor”) and the Dealer named therein dated 15 November 2021 (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 15 November 2021 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 15 November 2021 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 pricing supplement for this Certificate (or the relevant provisions thereof) is set out in Part A of the Pricing Supplement attached to or endorsed on this Certificate which complete these Conditions. References to the “relevant 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 and/or collection by Certificateholders from the registered office of the Trustee and the specified office of the Principal Paying Agent during usual business hours; or (2) will, at the option of the Principal Paying Agent, be available by email at a Certificateholder’s request (subject to provision of proof of holding satisfactory to the Principal Paying Agent and the Obligor), 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; and (b) to enter into, and perform its obligations under and in connection with, each Transaction Document to which it is a party, subject to the provisions of the Trust Deed and these Conditions.

1 Interpretation

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

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

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

“Business Day” has the meaning given to it in Condition 8(h) (Definitions);

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

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

“Certificateholder” or “holder” has the meaning given to it in Condition 2 (Form, Denomination and Title);

“Certificateholder Put Exercise Notice” has the meaning given to it in Condition 9(d) (Dissolution at the Option of Certificateholders (Certificateholder Put Right));

“Certificateholder Put Right” means the right exercisable by Certificateholders pursuant to Condition 9(d) (Dissolution at the Option of Certificateholders (Certificateholder Put Right));

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

“Certificateholder Put Right Exercise Price” has the meaning given to it in the Purchase Undertaking;

“Clean Up Call Dissolution Date” has the meaning given to it in Condition 9(e) (Dissolution at the Option of the Certificateholders (Tangibility Event Put Right));

“Clean Up (Call) Right” has the meaning given to it in Condition 9(e) (Dissolution at the Option of the Certificateholders (Tangibility Event Put Right));

“Corporate Services Agreement” means the corporate services agreement entered into between the Trustee and the Trustee Administrator dated 11 November 2021;

“Day Count Fraction” has the meaning given to it in Condition 8(h) (Definitions);

“Deferred Payment Price” has the meaning given to it in the Master Murabaha Agreement;

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

“Delisting Notice” has the meaning given to it in Condition 9(e) Dissolution at the Option of the Certificateholders (Tangibility Event Put Right));

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

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

(a) the Scheduled Dissolution Date;
(b) any Early Tax Dissolution Date;
(c) any Optional Dissolution Date;
(d) any Certificateholder Put Right Date;
(e) any Tangibility Event Put Right Date;
(f) any Clean Up Call Dissolution Date; or
(g) any Dissolution Event Redemption Date;

“Dissolution Distribution Amount” means, in relation to each Certificate:

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

(b) such other amount specified in the relevant Pricing Supplement as being payable upon any Dissolution Date;

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

“Dissolution Event Redemption Date” has the meaning given to it in Condition 13(a) (Dissolution Events);

“Dissolution Notice” has the meaning given to it in paragraph (ii) of Condition 13(a) (Dissolution Events);

“Early Tax Dissolution Date” has the meaning given to it in Condition 9(b) (Early Dissolution for Taxation Reasons);

“Excluded Representations” means any representations given by the Obligor to the Trustee and/or the Delegate pursuant to the Transaction Documents;

“Exercise Notice” means an exercise notice given pursuant to the terms of the Purchase Undertaking and/or the Sale and Substitution Undertaking, as the context so requires;

“Exercise Price” has the meaning given to it in the Purchase Undertaking or the Sale and Substitution Undertaking, as the context so requires;

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

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

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

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

“Indebtedness” means any indebtedness, present or future, of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

(a) amounts raised by acceptance under any acceptance credit facility;
(b) amounts raised under any note purchase facility;
(c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
(d) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and

(e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing,

and for the avoidance of doubt “Indebtedness” shall be deemed to include any debt or other financing arrangement issued (or intended to be issued) in compliance with the principles of Shari’a, whether entered into directly or indirectly by the Obligor or a member of the Group, as the case may be;

“ISDA Benchmarks Supplement” means the Benchmarks Supplement (as amended and updated as at the date of issue of the first Tranche of the Certificates of the relevant Series (as specified in the relevant Pricing Supplement) as published by the International Swaps and Derivatives Association, Inc.;

“ISDA Definitions” means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Certificates of the relevant Series (as specified in the relevant Pricing Supplement) and, if specified in the relevant Pricing Supplement, as supplemented by any applicable supplement to the ISDA Definitions) as published by the International Swaps and Derivatives Association, Inc.;

“LCIA” means the London Court of International Arbitration;

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

“Master Murabaha Agreement” means the master murabaha agreement dated 15 November 2021 between the Trustee, the Obligor and the Delegate;

“Master Purchase Agreement” means the master purchase agreement dated 15 November 2021 between the Trustee and the Obligor;

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

(a) whose total assets or gross revenues (or, where the Subsidiary in question prepares consolidated financial statements, whose total consolidated assets or gross consolidated revenues, as the case may be) represents not less than 10 per cent. of the total consolidated assets or the gross consolidated revenues of the Obligor and its Subsidiaries, all as calculated by reference to the then latest audited financial statements (or consolidated accounts, as the case may be) of such Subsidiary and the then latest audited or reviewed consolidated financial statements of the Obligor; or

(b) to which is transferred all or substantially all of the assets and undertakings of a Subsidiary which immediately prior to such transfer is a Material Subsidiary;

“Maximum Optional Dissolution Amount” means the amount specified as such in the relevant Pricing Supplement;

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

“Murabaha Instalment Profit Amount” has the meaning given to it in the Master Murabaha Agreement;

“Murabaha Percentage” means the percentage specified as such in the relevant Pricing Supplement, which shall be no more than 45 per cent.;
“Murabaha Profit Amount” has the meaning given to it in the Master Murabaha Agreement;

“Non-recourse Project, Securitisation or Asset Financing” means any securitisation of existing or future assets and/or revenues or financing of all or part of the costs of the acquisition, construction or development of any project or asset, provided that (i) any Security Interest given by the Obligor, or the relevant Material Subsidiary of the Obligor is limited solely to assets and/or revenues that are the subject of the securitisation, the project or the asset (as applicable), (ii) the Person or Persons participating in such securitisation or providing such financing expressly agrees to limit their recourse to the project or asset (as applicable) so securitised or financed and the revenues derived from such project or asset (as applicable) as the principal source of repayment for the moneys advanced and (iii) there is no other recourse to the Obligor, or the relevant Material Subsidiary of the Obligor in respect of any default by any Person under the securitisation or financing;

“Obligor Event” means any of the following events:

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

(b) the Obligor (acting in any capacity) does not perform or comply with any one or more of its covenants or other obligations in the Transaction Documents to which it is a party and (except in any case where, in the opinion of the Delegate, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by the Trustee (or the Delegate) on the Obligor of written notice requiring the same to be remedied, provided that the failure by the Obligor (acting in its capacity as Wakeel) to comply with its obligations in clause 3.1.3(ii) of the Wakala Agreement shall not constitute an Obligor Event; or

(c) (i) any Indebtedness or Sukuk Obligation of the Obligor or any of its Material Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period, (ii) any such Indebtedness or Sukuk Obligation becomes due and payable prior to its stated maturity by reason of default, event of default or the like (however described) or (iii) the Obligor or any of its Material Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness or Sukuk Obligation, provided that the amount of Indebtedness and/or Sukuk Obligation referred to in (i) and/or (ii) above and/or the amount payable under any Guarantee referred to in (iii) above individually or in the aggregate exceeds U.S.$50,000,000 (or its equivalent in any other currency or currencies); or

(d) any order is made by any competent court or resolution passed for the winding-up, liquidation or dissolution of the Obligor or any Material Subsidiary of the Obligor, save in connection with a Permitted Reorganisation; or

(e) the Obligor or any of its Material Subsidiaries ceases or threatens to cease to carry on the whole or a substantial part of its business, save in connection with a Permitted Reorganisation, or the Obligor or any of its Material Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed by a court of competent jurisdiction unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

(f) court or other formal proceedings are initiated against the Obligor or any of its Material Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an
application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Obligor or any of its Material Subsidiaries or, as the case may be, in relation to the whole or a substantial part of the undertaking, assets or revenues of any of them, or an encumbrancer takes possession of the whole or a substantial part of the undertaking, assets or revenues of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking, assets or revenues of any of them and in any case (other than the appointment of an administrator) is not discharged within 30 days; or

(g) the Obligor or any of its Material Subsidiaries (i) declares a moratorium in respect of any of its Indebtedness or Sukuk Obligations or any Guarantee of any Indebtedness or Sukuk Obligation given by it, (ii) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium), (iii) makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors), or (iv) any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors) save, in all cases, in connection with a Permitted Reorganisation; or

(h) any event occurs which under the laws of Saudi Arabia or any other relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (d) to (g) above; or

(i) at any time it is or becomes unlawful for the Obligor to perform or comply with any or all of its material obligations under or in respect of any of the Transaction Documents to which it is a party or any of the material obligations of the Obligor thereunder are not or cease to be legal, valid, binding or enforceable; or

provided, however, that in the case of the occurrence of any of the events described in paragraph (b) the Delegate shall have certified in writing to the Trustee and the Obligor that such event is, in its opinion, materially prejudicial to the interests of the Certificateholders. For the purposes of this definition, “substantial part” means at least 15 per cent. of the total assets of the Obligor and its subsidiaries, taken as a whole.

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

“Optional Dissolution Exercise Price” has the meaning given to it in the Sale and Substitution Undertaking;

“Optional Dissolution Right” means the right exercisable by the Trustee upon instruction from the Obligor pursuant to Condition 9(c) (Dissolution at the Option of the Obligor (Optional Dissolution Right));

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

“Periodic Distribution Amount” means the amount of profit payable to Certificateholders in accordance with Condition 8 (Periodic Distribution Amounts);

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

“Periodic Distribution Period” means the period beginning on and including the Profit Commencement Date and ending on but excluding the first Periodic Distribution Date and each successive period beginning on and including a Periodic Distribution Date and ending on but excluding the next succeeding Periodic Distribution Date unless otherwise specified in the relevant Pricing Supplement;
“Permitted Reorganisation” means:

(a) any disposal by any Subsidiary of the whole or a substantial part of its business, undertaking or assets to the Obligor or any wholly owned Subsidiary of the Obligor;

(b) any amalgamation, consolidation or merger of a Subsidiary with any other Subsidiary or any other wholly owned Subsidiary of the Obligor; or

(c) any amalgamation, consolidation, restructuring, merger or reorganisation on terms previously approved by an Extraordinary Resolution of Certificateholders;

“Permitted Security Interest” means any Security Interest:

(a) created or outstanding with the approval of an Extraordinary Resolution;

(b) arising by operation of law, provided either that such Security Interest is discharged within 30 days of arising or does not materially impair the business of the Obligor or, as the case may be, a Material Subsidiary of the Obligor and has not been enforced against the assets to which it attaches;

(c) on assets or property existing at the time the Obligor or, as the case may be, a Material Subsidiary of the Obligor acquired such assets or property, provided that such Security Interest was not created in contemplation of such acquisition and does not extend to other assets or property (other than proceeds of such acquired assets or property) and further provided that the maximum amount of Relevant Indebtedness or Relevant Sukuk Obligation thereafter secured by such Security Interest does not exceed the purchase price of such asset or property or the Relevant Indebtedness or Relevant Sukuk Obligation incurred solely for the purpose of financing the acquisition of such asset or property;

(d) securing the Relevant Indebtedness or Relevant Sukuk Obligation of a Person and/or its Subsidiaries existing at the time that such Person is acquired by or merged into or consolidated with the Obligor or, as the case may be, a Material Subsidiary of the Obligor, provided that such Security Interest was not created in contemplation of such acquisition, merger or consolidation and does not extend to any other assets or property of the Obligor or, as the case may be, a Material Subsidiary of the Obligor; or

(e) created in connection with any Non-recourse Project, Securitisation or Asset Financing;

“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 Amount” means:

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

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

“Profit Commencement Date” means the Issue Date or such other date as may be specified in the relevant Pricing Supplement;
“Profit Period Date” means each Periodic Distribution Date unless otherwise specified in the relevant Pricing Supplement;

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

“Profit Rate Determination Date” means, with respect to a Profit Rate and Periodic Distribution Period, the date specified as such in the relevant Pricing Supplement or, if none is so specified (a) the first day of such Periodic Distribution Period, if the Specified Currency is sterling or (b) the day falling two Business Days for the Specified Currency prior to the first day of such Periodic Distribution Period, if the Specified Currency is neither sterling nor euro, (c) the day falling two TARGET Business Days prior to the first day of such Periodic Distribution Period, if the Specified Currency is euro (d) (where SOFR Benchmark is specified hereon as the Reference Rate and where Simple SOFR Average is specified as applicable hereon or where SOFR Lag, SOFR Observation Shift or SOFR Lockout is specified as applicable hereon to determine Compounded Daily SOFR or where Compounded SOFR Index is specified as applicable hereon) the fourth U.S. Government Securities Business Day prior to the last day of each Periodic Distribution Period, and (e) (where SOFR Benchmark is specified hereon as the Reference Rate and where SOFR Payment Delay is specified as applicable hereon to determine Compounded Daily SOFR) the Periodic Distribution Period Date at the end of each Periodic Distribution Period, provided that the Periodic Distribution Period Date with respect to the final Periodic Distribution Period will be the U.S. Government Securities Business Day immediately following the relevant SOFR Rate Cut-Off Date;

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

“Purchase Undertaking” means the purchase undertaking dated 15 November 2021 executed by the Obligor in favour of the Trustee and the Delegate;

“Record Date” has the meaning given to it in Condition 10(a) (Method of Payment);

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

“Reference Rate” means one of the following benchmark rates (specified in the relevant Pricing Supplement) in respect of the currency and period specified in the relevant Pricing Supplement:

(a) EURIBOR;
(b) KIBOR;
(c) HIBOR;
(d) KLIBOR;
(e) TRLIBOR or TRYLIBOR;
(f) SIBOR;
(g) EIBOR;
(h) TIBOR;
(i) SAIBOR;
(j) BBSW;
(k) BKBM;
(l) MIBOR;
(m) PRIBOR;
(n) QIBOR;
(o) CAD LIBOR;
(p) NZD LIBOR;
(q) DKK LIBOR;
(r) SEK LIBOR
(s) AUD LIBOR
(t) SOFR Benchmark;
(u) SONIA

“Register” has the meaning given to it in Condition 2 (Form, Denomination and Title);

“Relevant Date” has the meaning given to it in Condition 11 (Taxation);

“Relevant Financial Centre” means the financial centre specified as such in the relevant Pricing Supplement and, if no such financial centre is specified, the financial centre most closely connected with the relevant Reference Rate provided that, in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland, in each case as is selected by the Bank;

“Relevant Indebtedness” means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, sukuk certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

“Relevant Jurisdiction” has the meaning given to it in Condition 11 (Taxation);

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

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

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

“Required Amount” has the meaning given to it in the Wakala Agreement;

“Sale and Substitution Undertaking” means the sale and substitution undertaking dated 15 November 2021 executed by the Trustee in favour of the Obligor;

“Scheduled Dissolution Date” means the date specified as such in the relevant Pricing Supplement;
“Security Interest” means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

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

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

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

“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; “Sukuk Obligation” means any undertaking or other obligation to pay money given in connection with the issue of certificates whether or not in return for consideration of any kind; “Supplemental Purchase Agreement” has the meaning given to it in the Master Purchase Agreement;

“TARGET Business Day” has the meaning given to it in Condition 8(h) (Definitions);

“TARGET Settlement Day” means any day on which TARGET2 is open for the settlement of payments in euro;

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

“Tangibility Event” means, if, at any time, following the Issue Date of the first Tranche of a Series, the Tangibility Ratio in respect of such Series falls below 33 per cent.;

“Tangibility Event Delisting Date” means the date falling 15 days following the Tangibility Event Put Right Date (or, if such date is not a business day, the next following business day (being, for this purpose, a day on which the stock exchange on which the Certificates have been admitted to trading is open for business));

“Tangibility Event Put Notice” has the meaning given to it in Condition 9(e) (Dissolution at the Option of the Certificateholders (Tangibility Event Put Right));

“Tangibility Event Put Right” means the right exercisable by Certificateholders pursuant to Condition 9(e) (Dissolution at the Option of the Certificateholders (Tangibility Event Put Right));

“Tangibility Event Put Right Date” shall be a date falling not less than 75 days following the expiry of the Tangibility Event Put Right Period;

“Tangibility Event Put Right Exercise Price” has the meaning given to it in the Purchase Undertaking;

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

“Tangibility Ratio” has the meaning given to it in the Wakala Agreement;

“Tranche” means Certificates which are identical in all respects (including as to listing and admission to trading);
“Transaction Account” means, in relation to each Series, the non-interest bearing account maintained in London in the Trustee’s name held with Citibank, N.A., London Branch, details of which are specified in the relevant Pricing Supplement;

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

(a) the Trust Deed;
(b) any Declaration of Commingling of Assets;
(c) the Agency Agreement;
(d) the Purchase Agreement;
(e) the Wakala Agreement;
(f) the Sale and Substitution Undertaking (together with each relevant sale agreement executed upon exercise of the Sale and Substitution Undertaking);
(g) the Purchase Undertaking (together with each relevant sale agreement executed upon exercise of the Purchase Undertaking); and
(h) the Master Murabaha Agreement (together with all documents, notices of request to purchase, offer notices, acceptances, notices and confirmations delivered or entered into as contemplated by the Master Murabaha Agreement in connection with the relevant Series),

each as may be amended, restated and/or supplemented from time to time;

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

“Trustee Administrator” means MaplesFS Limited;

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

“Trustee Event” means any of the following events:

(a) default is made in the payment of the Dissolution Distribution Amount or any Periodic Distribution Amount and, in the case of the Dissolution Distribution Amount, such default continues for a period of seven days from the due date for payment and, in the case of a Periodic Distribution Amount, such default continues for a period of 14 days from the due date for payment; or

(b) the Trustee (acting in any capacity) does not perform or comply with any one or more of its covenants or other obligations under these Conditions or any of the Transaction Documents to which it is a party and (except in any case where, in the opinion of the Delegate, such failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days following the service by the Delegate on the Trustee of written notice requiring the same to be remedied; or

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

(d) the Trustee is adjudicated or found bankrupt or insolvent or to be unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a substantial part of (or a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the
benefit of any creditors in respect of any of its debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or a particular type of) the debts of the Trustee; or

(e) an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Trustee, or the Trustee shall apply or petition for a winding-up or administration order in respect of itself or cease or through an official action of its board of directors threaten to cease to carry on all or substantially all of its business or operations; or

(f) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order: (i) to enable the Trustee lawfully to enter into, exercise its rights and perform and comply with its obligations under the Certificates and the Transaction Documents to which it is a party; (ii) to ensure that those obligations are legally binding and enforceable; or (iii) to make the Certificates and the Transaction Documents to which it is a party admissible in evidence in the courts of the Cayman Islands is not taken, fulfilled or done except that, provided no other Dissolution Event has occurred, the non-registration of legal title to the Wakala Assets in the name of the Trustee will not constitute a Trustee Event for these purposes; or

(g) the Trustee repudiates or does or causes to be done any act or thing evidencing an intention to repudiate these Conditions or any (or any part of any) Transaction Document to which it is a party; or

(h) at any time it is or becomes unlawful for the Trustee to perform or comply with any one or more of its obligations under or in respect of any of the Certificates or the Transaction Documents to which it is a party or any of the obligations of the Trustee thereunder cease to be legal, valid, binding and enforceable; or

(i) any event occurs which under the laws of the Cayman Islands or any other relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (c), (d) or (e) above.

For the purpose of paragraph (a) above, all amounts payable in respect of the Certificates shall be considered due and payable (including for the avoidance of doubt any amounts calculated as being payable under Condition 8 (Periodic Distribution Amounts), Condition 9 (Redemption and Dissolution of the Trust), Condition 11 (Taxation) and Condition 13 (Dissolution Events)) notwithstanding that the Trustee has at the relevant time insufficient funds or relevant Trust Assets to pay such amounts (whether as a result of the application of Condition 5(b) (Application of Proceeds from Trust Assets) or otherwise);

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

“Wakala Agreement” means the wakala agreement dated 15 November 2021 between the Trustee and the Wakeel;

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

“Wakala Percentage” means the percentage specified as such in the relevant Pricing Supplement, which shall be no less than 55 per cent;

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

“Wakala Portfolio Revenues” has the meaning given to it in the Wakala Agreement; and

“Wakeel” means the Obligor in its capacity as wakeel pursuant to the Wakala Agreement.

All references to the “face amount” of a Certificate shall be deemed to include, as applicable, the relevant Dissolution Distribution Amount, any additional amounts (other than relating to Periodic Distribution Amounts)
which may be payable under Condition 11 (Taxation) and any other amount in the nature of face amounts payable pursuant to these Conditions.

All references to “Periodic Distribution Amounts” shall be deemed to include, as applicable, any additional amounts in respect of profit distributions which may be payable under Condition 11 (Taxation) and any other amount in the nature of a profit distribution payable pursuant to these Conditions.

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

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

2 Form, Denomination and Title

The Certificates are issued in registered form in the Specified Denomination(s) shown in the relevant Pricing Supplement. The Certificates may be Fixed Rate Certificates, Floating Rate Certificates or a combination of the foregoing, depending upon the Profit Basis specified in the relevant Pricing Supplement.

Certificates are represented by registered certificates (“Registered Certificates”) and, save as provided in Condition 3(a) (Transfer of Certificates), 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 UK 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(e) (Closed Periods), 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 the Registrar to any Certificateholder upon request.

(b) **Exercise of Early Dissolution Rights**: In the case of an exercise of the Obligor’s or the Certificateholders’ early dissolution right in respect of a holding of Certificates represented by a single Registered Certificate, a new Registered Certificate shall be issued to the holder to reflect the exercise of such early dissolution right or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an early dissolution right resulting in Certificates of the same holding having different terms, separate Registered Certificates shall be issued in respect of those Certificates of that holding that have the same terms. New Registered Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent.

(c) **Delivery of New Registered Certificates**: Each new Registered Certificate to be issued pursuant to Conditions 3(a) (Transfer of Certificates) or 3(b) (Exercise of Early Dissolution Rights) shall be available for delivery within five business days (or such longer period as may be required to comply with any applicable fiscal or other regulations) of receipt of the form of transfer, Certificateholder Put Exercise Notice or Tangibility Event Put Right Exercise Notice, as the case may be, and surrender of the Registered Certificate for exchange. Delivery of the new Registered Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery of such form of transfer, Certificateholder Put Exercise Notice or Tangibility Event Put Right Exercise Notice, as the case may be, and surrender of the Registered Certificate for exchange. Delivery of the new Registered Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery of such form of transfer, Certificateholder Put Exercise Notice or Tangibility Event Put Right Exercise Notice, as the case may be, and surrender of such Registered Certificate shall have been made or, at the option of the holder making such delivery and surrender as aforesaid and as specified in the relevant form of transfer, Certificateholder Put Exercise Notice or Tangibility Event Put Right Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Registered Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance or takaful as it may specify. In this Condition 3(c) (Delivery of New Registered Certificates), “business day” means a day, other than a Saturday or a Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) **Transfers Free of Charge**: Transfers of Certificates and Registered Certificates on registration, transfer or exercise of an early dissolution right shall be effected without charge by or on behalf of the Trustee, the Obligor, the Registrar or the Transfer Agents, but upon payment by the transferee of any 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).

(e) **Closed Periods**: No Certificateholder may require the transfer of a Certificate to be registered (i) during the period of 15 days ending on (and including) the due date for payment of any Dissolution Distribution
Amount or Periodic Distribution Amount or any other date on which any payment of the face amount or payment of any profit in respect of that Certificate falls due, (ii) during the period of 15 days prior to any date on which Certificates may be called for redemption by the Obligor at its option pursuant to Condition 9(c) (Dissolution at the Option of the Obligor (Optional Dissolution Right)), (iii) after any such Certificate has been called for redemption, or (iv) during the period of seven days ending on (and including) any Record Date.

4 Status

(a) **Status of Certificates**: The Certificates represent an undivided ownership interest in the relevant Trust Assets and are limited recourse obligations of the Trustee. The Certificates will constitute direct, unconditional, unsubordinated and unsecured obligations of the Trustee and shall at all times rank *pari passu* (save for certain obligations required to be preferred by law) equally with all other unsecured obligations and without any preference or priority among themselves.

The payment obligations of the Obligor (in any capacity) under the Transaction Documents to which it is a party are direct, unconditional, unsubordinated and (subject to the negative pledge provisions described in Condition 7 (Obligor Negative Pledge) unsecured obligations of the Obligor and (save for certain obligations required to be preferred by law and subject to the negative pledge provisions described in Condition 7 (Obligor Negative Pledge)), shall at all times rank at least equally with all other unsecured obligations (other than subordinated obligations, if any) of the Obligor from time to time outstanding.

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

The proceeds of the realisation of, or enforcement with respect to, the Trust Assets are the sole source of payments on the Certificates. Such proceeds may not be sufficient to make all payments due in respect of the Certificates. Certificateholders, by subscribing for or acquiring the Certificates, 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 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 Trust Assets are insufficient to make all payments due in respect of the Certificates, Certificateholders will have no recourse to any assets of the Trustee (and/or its directors, officers, shareholders or corporate services providers in their capacity as such) (other than the Trust Assets in the manner and to the extent contemplated by the Transaction Documents), or the Trustee Administrator, the Delegate or any of their respective directors,
officers, employees, agents, shareholders or affiliates, in each case in respect of any shortfall or otherwise;

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

(v) no recourse (whether by institution or enforcement of any legal proceedings or assessment or otherwise) in respect of any breaches of any duty, obligation or undertaking of the Trustee or the Delegate arising under or in connection with the Trust Deed and the Certificates by virtue of any customary law, statute or otherwise shall be had against any shareholder, officer, employee, agent, director or corporate services provider of the Trustee 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; and

(vi) it shall not be entitled to claim or exercise any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Certificate. No collateral is or will be given for the payment obligations under the Certificates (without prejudice to the negative pledge provisions described in Condition 7 (Obligor Negative Pledge).

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 paragraph (b) of Condition 14 (Realisation of Trust Assets) will thereby have direct recourse against the Obligor to recover payments due to the Trustee from the Obligor pursuant to such Transaction Documents notwithstanding any other provision of this Condition 4(b) (Limited Recourse and Agreement of Certificateholders). Such right of the Trustee and the Delegate shall (subject to the negative pledge provisions described in Condition 7 (Obligor Negative Pledge) constitute an unsecured claim against the Obligor. None of the Certificateholders, the Trustee or the Delegate shall be entitled to claim any priority right in respect of any specific assets of the Obligor in connection with the enforcement of any such claim.

5 The Trust

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

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

(ii) any and all of the rights, title, interest, benefits and entitlements, present and future of the Trustee in, to and under the Wakala Portfolio;
(iii) any and all of the rights, title, interest, benefits and entitlements, present and future of the Trustee in, to and under the Transaction Documents (other than in relation to the Excluded Representations and the covenant given to the Trustee pursuant to clause 13.1 of the Master Trust Deed);

(iv) any and all moneys standing to the credit of the Transaction Account from time to time; and

(v) all proceeds of the foregoing.

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

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

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

(ii) second, only if such payment is 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 Dissolution Date, in or towards payment pari passu and rateably of the relevant Dissolution Distribution Amount; and

(iv) fourth, only if such payment is made on a Dissolution Date on which all Certificates of the relevant Series are redeemed in full and provided that all amounts required to be paid in respect of such Certificates have been discharged in full, in payment of any residual amount to the Obligor in its capacity as Wakeel as an incentive payment for its performance as wakeel under the Wakala Agreement.

(c) Transaction Account: The Trustee will establish a Transaction Account in London in respect of each Series prior to the relevant Issue Date. The Transaction Account shall be operated by the Principal Paying Agent on behalf of the Trustee and shall be the account into which the Obligor will deposit all amounts payable by it to the Trustee pursuant to the terms of the Transaction Documents.

6 Trustee Covenants

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

(a) incur any indebtedness in respect of financed, borrowed or raised money whatsoever (whether structured (or intended to be structured) in accordance with the principles of 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 provided in the Transaction Documents;
(b) grant or permit to be outstanding any lien, pledge, charge or other security interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law (if any) 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 interest in any of the Trust Assets except pursuant to any of the Transaction Documents;

(d) except as provided in Condition 15 (Meetings of Certificateholders, Modification and Waiver), amend or agree to any amendment of any Transaction Document to which it is a party (other than in accordance with the terms thereof) or its constitutional documents;

(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 the 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 to which it is a party 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 Obligor Negative Pledge

So long as any Certificate remains outstanding, the Obligor shall, and shall procure that none of its Material Subsidiaries will, create or permit to subsist any Security Interest other than a Permitted Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or Relevant Sukuk Obligation or any Guarantee of Relevant Indebtedness or Relevant Sukuk Obligation without (a) at the same time or prior thereto securing the Certificates equally and rateably therewith or (b) providing such other security for the Certificates as either (i) the Delegate shall in its absolute discretion deem not materially less beneficial to the interests of Certificateholders; or (ii) may be approved by an Extraordinary Resolution.
8 Periodic Distribution Amounts

(a) Fixed Rate Certificates: Each Fixed Rate Certificate bears profit on its outstanding face amount from the Profit Commencement Date at the rate per annum (expressed as a percentage) equal to the Profit Rate, such profit being payable in arrear on each Periodic Distribution Date, provided that if the Specified Currency is Renminbi or Hong Kong dollars and any Periodic Distribution Date falls on a day which is not a Business Day, the Periodic Distribution Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Periodic Distribution Date shall be brought forward to the immediately preceding Business Day. The amount of profit payable shall be determined in accordance with Condition 8(f) (Calculations).

(b) Floating Rate Certificates

(i) Periodic Distribution Amounts and Periodic Distribution Dates: Each Floating Rate Certificate bears profit on its outstanding face amount from the Profit Commencement Date at the rate per annum (expressed as a percentage) equal to the Profit Rate, such profit being payable in arrear on each Periodic Distribution Date, provided that if the Specified Currency is Renminbi or Hong Kong dollars and any Periodic Distribution Date falls on a day which is not a Business Day, the Periodic Distribution Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Periodic Distribution Date shall be brought forward to the immediately preceding Business Day, subject to Condition 4(b) (Limited Recourse and Agreement of Certificateholders). The amount of profit payable shall be determined in accordance with Condition 8(f) (Calculations). Such Periodic Distribution Date(s) is/are either shown in the relevant Pricing Supplement as Specified Periodic Distribution Dates or, if no Specified Periodic Distribution Date(s) is/are shown in the relevant Pricing Supplement, “Periodic Distribution Date” shall mean each date which falls the number of months or other period shown in the relevant Pricing Supplement as the Periodic Distribution Period after the preceding Periodic Distribution Date or, in the case of the first Periodic Distribution Date, after the Profit Commencement Date.

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

(iii) Profit Rate for Floating Rate Certificates: The Profit Rate in respect of Floating Rate Certificates for each Periodic Distribution Period shall be determined in the manner specified in the relevant Pricing Supplement and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Pricing Supplement.
(A) ISDA Determination for Floating Rate Certificates

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

(x) the Floating Rate Option is as specified in the relevant Pricing Supplement;

(y) the Designated Maturity is a period specified in the relevant Pricing Supplement; and

(z) the relevant Reset Date is the first day of that Periodic Distribution Period unless otherwise specified in the relevant Pricing Supplement.

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

The definition of “Fallback Observation Day” in the ISDA Definitions shall be deemed deleted in its entirety and replaced with the following: “‘Fallback Observation Day’ means, in respect of a Reset Date and the Calculation Period (or any Compounding Period included in that Calculation Period) to which that Reset Date relates, unless otherwise agreed, the day that is five Business Days preceding the related Payment Date.”

(B) Screen Rate Determination for Floating Rate Certificates

(I) Where Screen Rate Determination not referencing SONIA or SOFR is specified in the relevant Pricing Supplement as the manner in which the Profit Rate is to be determined:

(x) the Profit Rate for each Periodic Distribution Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

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

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

(z) Subject to Condition 8(c) (Periodic Distribution Amounts – Benchmark Discontinuation) below, if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Profit Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered at the Relevant Time on the relevant Profit Rate Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Relevant Financial Centre inter-bank market, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Relevant Time, on the relevant Profit Rate Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the Relevant Financial Centre inter-bank market, provided that, if the Profit Rate cannot be determined in accordance with the foregoing provisions of this paragraph (z), the Profit Rate shall be determined as at the last preceding Profit Rate Determination Date (though substituting, where a different Margin or Maximum Profit Rate or Minimum Profit Rate is to be applied to the relevant Periodic Distribution Period from that which applied to the last preceding Periodic Distribution Period, the Margin or Maximum Profit Rate or Minimum Profit Rate relating to the relevant Periodic Distribution Period, in place of the Margin or Maximum Profit Rate or Minimum Profit Rate relating to that last preceding Periodic Distribution Period).

(II) Where Screen Rate Determination Referencing SOFR is specified in the relevant Pricing Supplement as the manner in which the Profit Rate is to be determined:

(x) the Profit Rate for each Periodic Distribution Period will, subject to Condition 8(c) (Periodic Distribution Amounts – Benchmark Discontinuation) and as provided below, be equal to the relevant SOFR Benchmark plus or minus the Margin (if any, as indicated in the relevant Pricing Supplement), all as determined by the Calculation Agent on the relevant Profit Rate Determination Date. The “SOFR Benchmark” will be determined based on Simple SOFR Average, Compounded SOFR Average or SOFR Index Average, as follows (subject in each case to Condition 8(c) (Periodic Distribution Amounts – Benchmark Discontinuation)):
(1) If Simple SOFR Average ("**Simple SOFR Average**") is specified hereon as the manner in which the SOFR Benchmark will be determined, the SOFR Benchmark specified hereon for each Periodic Distribution Period shall be the arithmetic mean of the SOFR reference rates for each day during the Periodic Distribution Period, as calculated by the Calculation Agent, and where, if applicable and as specified hereon, the SOFR reference rate on the SOFR Rate Cut-Off Date shall be used for the days in the period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the Periodic Distribution Period Date.

(2) If Compounded SOFR Average ("**Compounded SOFR Average**") is specified hereon as the manner in which the SOFR Benchmark will be determined, the SOFR Benchmark for each Periodic Distribution Period shall be equal to the compounded average of daily SOFR reference rates for each day during (x) where SOFR Observation Lag, SOFR Payment Delay or SOFR Lockout is specified as applicable hereon to determine Compounded SOFR Average, the relevant Periodic Distribution Period or (y) where SOFR Observation Shift is specified as applicable hereon to determine Compounded SOFR Average, the SOFR Observation Period, in each case as calculated by the Calculation Agent in accordance with one of the formulas references below depending upon which is specified as applicable hereon.

(i) **SOFR Observation Lag:**

\[
\left( \prod_{i=1}^{d} \left( 1 + \frac{\text{SOFR}_{i-\text{USBD}} \times n_i}{360} \right) \right)^{360/d} - 1
\]

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded upwards) and where:

- "**SOFR}_{i-\text{USBD}}" for any U.S. Government Securities Business Day “i” in the relevant Periodic Distribution Period, is equal to the SOFR reference rate for the U.S. Government Securities Business Day falling the number of Lookback Days prior to that U.S. Government Securities Business Day “i”;

- "**Lookback Days**" means such number of U.S. Government Securities Business Days as specified hereon;

- "**d**" means the number of calendar days in the relevant Periodic Distribution Period;

- "**d_o**" for any Periodic Distribution Period, means the number of U.S. Government Securities Business Days in the relevant Periodic Distribution Period;

- “i” means a series of whole numbers ascending from one to d_o, representing each relevant U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant Periodic Distribution Period; and
“ni” for any U.S. Government Securities Business Day “i” in the relevant Periodic Distribution Period, means the number of calendar days from (and including) such U.S. Government Securities Business Day “i” up to (but excluding) the following U.S. Government Securities Business Day for which SOFRi-xUSBD applies.

(ii) SOFR Observation Shift:

$$\left( \prod_{i=1}^{d_o} \left( 1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded upwards) and where:

“SOFRi” for any U.S. Government Securities Business Day “i” in the relevant SOFR Observation Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day “i”;

“SOFR Observation Period” means, in respect of each Periodic Distribution Period, the period from (and including) the date falling the number of SOFR Observation Shift Days prior to the first day of the relevant Periodic Distribution Period to (but excluding) the date falling the number of SOFR Observation Shift Days prior to the Periodic Distribution Period Date for such Periodic Distribution Period;

“SOFR Observation Shift Days” means the number of U.S. Government Securities Business Days as specified hereon;

“d” means the number of calendar days in the relevant SOFR Observation Period;

“do” for any SOFR Observation Period, means the number of U.S. Government Securities Business Days in the relevant SOFR Observation Period;

“i” means a series of whole numbers ascending from one to do, representing each U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant SOFR Observation Period; and

“ni” for any U.S. Government Securities Business Day “i” in the relevant SOFR Observation Period, means the number of calendar days from (and including) such U.S. Government Securities Business Day “i” up to (but excluding) the following U.S. Government Securities Business Day for which SOFR applies.
SOFR Payment Delay:

\[
\left( \prod_{i=1}^{d_0} \left( 1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}
\]

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded upwards) and where:

“SOFR\textsubscript{i}” for any U.S. Government Securities Business Day “i” in the relevant Periodic Distribution Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day “i”;

“Periodic Distribution Date” shall be the number of Periodic Distribution Delay Days following each Periodic Distribution Period Date; provided that the Periodic Distribution Date with respect to the final Periodic Distribution Period will be the Scheduled Dissolution Date or the relevant Optional Dissolution Date;

“Periodic Distribution Delay Days” means the number of Business Days as specified hereon;

“d” means the number of calendar days in the relevant Periodic Distribution Period;

“d_0” for any Periodic Distribution Period, means the number of U.S. Government Securities Business Days in the relevant Periodic Distribution Period;

“i” means a series of whole numbers ascending from one to do, representing each relevant U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant Periodic Distribution Period; and

“n_i” for any U.S. Government Securities Business Day “i” in the relevant Periodic Distribution Period, means the number of calendar days from (and including) such U.S. Government Securities Business Day “i” up to (but excluding) the following U.S. Government Securities Business Day for which SOFR, applies.

For the purposes of calculating Compounded SOFR Average with respect to the final Periodic Distribution Period where SOFR Payment Delay is specified hereon, the SOFR reference rate for each U.S. Government Securities Business Day in the period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the Scheduled Dissolution Date or the relevant Optional Dissolution Date, as applicable, shall be the SOFR reference rate in respect of such SOFR Rate Cut-Off Date.

SOFR Lockout:
\[
\left( \prod_{i=1}^{d_o} \left( 1 + \frac{\text{SOFR}_i \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}
\]

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded upwards) and where:

“\text{SOFR}_i\)” for any U.S. Government Securities Business Day “i” in the relevant Periodic Distribution Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day “i”, except that the SOFR for any U.S. Government Securities Business Day “i” in respect of the period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the Periodic Distribution Period Date for such Periodic Distribution Period shall be the SOFR reference rate in respect of such SOFR Rate Cut-Off Date;

“d” means the number of calendar days in the relevant Periodic Distribution Period;

“d_o” for any Periodic Distribution Period, means the number of U.S. Government Securities Business Days in the relevant Periodic Distribution Period;

“i” means a series of whole numbers ascending from one to d_o, representing each relevant U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant Periodic Distribution Period; and

“n_i” for any U.S. Government Securities Business Day “i” in the relevant Periodic Distribution Period, means the number of calendar days from (and including) such U.S. Government Securities Business Day “i” up to (but excluding) the following U.S. Government Securities Business Day for which SOFR applies.

(3) If SOFR Index Average (“\text{SOFR Index Average}”) is specified as applicable hereon, the SOFR Benchmark for each Periodic Distribution Period shall be equal to the value of the SOFR reference rates for each day during the relevant Periodic Distribution Period as calculated by the Calculation Agent as follows:

\[
\left( \frac{\text{SOFR Index}_{\text{End}}}{\text{SOFR Index}_{\text{Start}}} - 1 \right) \times \left( \frac{360}{d_c} \right)
\]

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded upwards) and where:

“\text{SOFR Index}”, with respect to any U.S. Government Securities Business Day, means:
the SOFR Index value as published on the SOFR Administrator’s Website at the SOFR Index Determination Time on such U.S. Government Securities Business Day, provided that:

1) if the value specified above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have not occurred, the “SOFR Index Average” shall be calculated on any Periodic Distribution Determination Date with respect to a Periodic Distribution Period, in accordance with the Compounded SOFR Average formula described above in paragraph (B)(II)(2)(ii) Condition 8(b) (Floating Rate Certificates) “SOFR Observation Shift”, and the term “SOFR Observation Shift Days” shall mean five U.S. Government Securities Business Days; or

2) if the value specified above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in paragraph (1) of Condition 8(c) (Benchmark Discontinuation) or paragraph (2) of Condition 8(c) (Benchmark Discontinuation) shall apply as specified hereon;

“SOFR IndexEnd” means the SOFR Index value on the date that is the number of SOFR IndexEnd Days specified hereon prior to the Periodic Distribution Period Date for such Periodic Distribution Period (or in the final Periodic Distribution Period, the Scheduled Dissolution Date);

“SOFR IndexStart” means the SOFR Index value on the date that is the number of SOFR IndexEnd Days specified hereon prior to the first day of the relevant Periodic Distribution Period;

“SOFR Index Determination Time” means, in relation to any U.S. Government Securities Business Day, approximately 3:00 p.m. (New York City time) on such U.S. Government Securities Business Day;

“SOFR Observation Period” means, in respect of each Periodic Distribution Period, the period from (and including) the date falling the number of SOFR Observation Shift Days prior to the first day of the relevant Periodic Distribution Period to (but excluding) the date falling the number of SOFR Observation Shift Days prior to the Periodic Distribution Period Date for such Periodic Distribution Period;

“SOFR Observation Shift Days” means the number of U.S. Government Securities Business Days as specified hereon; and

“d,” means the number of calendar days in the applicable SOFR Observation Period.

(III) Where Screen Rate Determination Referencing SONIA is specified in the relevant Pricing Supplement as the manner in which the Profit Rate is to be determined:

(1) If SONIA Compounded Index Rate is specified hereon as being applicable, the Profit Rate for each Periodic Distribution Period will, subject to
Condition 8(c) (Benchmark Discontinuation), be the SONIA Compounded Index Rate as follows, plus or minus (as indicated hereon) the Margin.

For the purposes of this paragraph (III)(x)(1):

“SONIA Compounded Index Rate” means with respect to a Periodic Distribution Period, the rate of return of a daily compound profit investment during the Observation Period corresponding to such Periodic Distribution Period (with the daily Sterling overnight reference rate as reference rate for the calculation of profit) and will be calculated by the Calculation Agent on the Periodic Distribution Determination Date, as follows, and the resulting percentage will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded upwards)

\[
\left( \frac{\text{SONIA Compounded Index}_{\text{END}}}{\text{SONIA Compounded Index}_{\text{START}}} - 1 \right) \times \left( \frac{365}{d} \right)
\]

provided, however, that and subject to paragraph (1) of Condition 8(c) (Benchmark Discontinuation), if the SONIA Compounded Index Value is not available in relation to any Periodic Distribution Period on the Relevant Screen Page for the determination of either or both of SONIA Compounded Index \(_{\text{START}}\) and SONIA Compounded Index \(_{\text{END}}\), the Profit Rate shall be calculated for such Periodic Distribution Period on the basis of the SONIA Compounded Daily Reference Rate as set out in paragraph (III)(x)(2) as if SONIA Compounded Daily Reference Rate with Observation Shift had been specified hereon and the “Relevant Screen Page” shall be deemed to be the “Relevant Fallback Screen Page” as specified hereon,

where:

“\(d\)” means the number of calendar days in the relevant Observation Period;

“London Business Day”, means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

“Observation Period” means, in respect of a Periodic Distribution Period, the period from (and including) the date falling “\(p\)” London Business Days prior to the first day of such Periodic Distribution Period (and the first Observation Period shall begin on and include the date which is “\(p\)” London Business Days prior to the Issue Date) and ending on (but excluding) the date which is “\(p\)” London Business Days prior to the Periodic Distribution Date for such Periodic Distribution Period (or the date falling “\(p\)” London Business Days prior to such earlier date, if any, on which the Certificates become due and payable);

“\(p\)” means, for any Periodic Distribution Period the whole number specified hereon (or, if no such number is so specified, five London Business Days) representing a number of London Business Days;
“SONIA Compounded Index” means the index known as the SONIA Compounded Index administered by the Bank of England (or any successor administrator thereof);

“SONIA Compounded Index\textsuperscript{Start}” means, in respect of a Periodic Distribution Period, the SONIA Compounded Index Value on the date falling “p” London Business Days prior to (i) the first day of such Periodic Distribution Period, or (ii) in the case of the first Periodic Distribution Period, the Issue Date;

“SONIA Compounded Index\textsuperscript{End}” means the SONIA Compounded Index Value on the date falling “p” London Business Days prior to (i) in respect of a Periodic Distribution Period, the Periodic Distribution Date for such Periodic Distribution Period, or (ii) if the Certificates become due and payable prior to the end of a Periodic Distribution Period, the date on which the Certificates become so due and payable; and

“SONIA Compounded Index Value” means in relation to any London Business Day, the value of the SONIA Compounded Index as published by authorised distributors on the Relevant Screen Page on such London Business Day or, if the value of the SONIA Compounded Index cannot be obtained from such authorised distributors, as published on the Bank of England’s Website at www.bankofengland.co.uk/boeapps/database/ (or such other page or website as may replace such page for the purposes of publishing the SONIA Compounded Index) on such London Business Day.

(2) If SONIA Compounded Daily Reference Rate is specified hereon as being applicable, the Profit Rate for each Periodic Distribution Period will, subject to Condition 8(c) (Benchmark Discontinuation), be equal to the SONIA Compounded Daily Reference Rate as follows, plus or minus (if any) (as indicated in the relevant Pricing Supplement) the Margin.

“SONIA Compounded Daily Reference Rate” means, in respect of a Periodic Distribution Period, the rate of return of a daily compound profit investment (with the daily Sterling overnight reference rate as reference rate for the calculation of profit) and will be calculated by the Calculation Agent on the Periodic Distribution Determination Date, as follows, and the resulting percentage will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded upwards),

$$\left[ \prod_{i=1}^{d} \left( 1 + \frac{SONIA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

Where:

“London Business Day”, “Observation Period” and “p” have the meanings set out under paragraph (III)(x)(1) of Condition 8 (Periodic Distribution Amounts);

“d” is the number of calendar days in the relevant:
(i) Observation Period where Observation Shift is specified hereon; or

(ii) Periodic Distribution Period where Lag is specified hereon;

“\(d_o\)” is the number of London Business Days in the relevant:

(i) Observation Period where Observation Shift is specified hereon; or

(ii) Periodic Distribution Period where Lag is specified hereon;

“\(i\)” is a series of whole numbers from one to \(d_o\), each representing the relevant London Business Day in chronological order from, and including, the first London Business Day in the relevant:

(i) Observation Period where Observation Shift is specified hereon; or

(ii) Periodic Distribution Period where Lag is specified hereon;

“\(n_i\)”, for any London Business Day “\(i\)”, means the number of calendar days from and including such London Business Day “\(i\)” up to but excluding the following London Business Day;

“\(SONIA_i\)” means, in relation to any London Business Day the SONIA reference rate in respect of:

(i) that London Business Day “\(i\)” where Observation Shift is specified hereon; or

(ii) the London Business Day (being a London Business Day falling in the relevant Observation Period) falling “\(p\)” London Business Days prior to the relevant London Business Day “\(i\)” where Lag is specified hereon; and

the “SONIA reference rate”, in respect of any London Business Day, is a reference rate equal to the daily SONIA rate for such London Business Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page on the next following London Business Day or, if the Relevant Screen Page is unavailable, as published by authorised distributors on such London Business Day or, if SONIA cannot be obtained from such authorised distributors, as published on the Bank of England’s Website at www.bankofengland.co.uk/boeapps/database/ (or such other page or website as may replace such page for the purposes of publishing the SONIA reference rate)

(3) Subject to paragraph (1) of Condition 8(c) (Benchmark Discontinuation) where SONIA is specified as the Reference Rate hereon and either (i) SONIA Compounded Daily Reference Rate is specified hereon, or (ii) the SONIA Compounded Index Rate is specified hereon and paragraph (iii)(x)(2) of Condition 8 (Periodic Distribution Mounts) applies, if, in respect of any London Business Day, the SONIA reference rate is not available on the Relevant Screen Page or Relevant Fallback Screen Page as applicable, (or as otherwise provided in the relevant definition thereof), such Reference Rate shall be:
1. the Bank of England’s Bank Rate (the “Bank Rate”) prevailing at close of business on the relevant London Business Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five days on which the SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate, or

2. if such Bank Rate is not available, the SONIA reference rate published on the Relevant Screen Page (or as otherwise provided in the relevant definition thereof) for the first preceding London Business Day on which the SONIA reference rate was published on the Relevant Screen Page (or as otherwise provided in the relevant definition thereof),

and, in each case, SONIA shall be interpreted accordingly.

(4) If the Profit Rate cannot be determined in accordance with the foregoing provisions, but without prejudice to Condition 8(c) (Benchmark Discontinuation), the Profit Rate shall be (i) that determined as at the last preceding Periodic Distribution Determination Date (though substituting, where a different Margin or Maximum Profit Rate or Minimum Profit Rate is to be applied to the relevant Periodic Distribution Period from that which applied to the last preceding Periodic Distribution Period, the Margin or Maximum Profit Rate or Minimum Profit Rate relating to the relevant Periodic Distribution Period, in place of the Margin or Maximum Profit Rate or Minimum Profit Rate relating to that last preceding Periodic Distribution Period) or (ii) if there is no such preceding Periodic Distribution Determination Date, the initial Profit Rate which would have been applicable to such Series of Certificates for the first Periodic Distribution Period had the Certificates been in issue for a period equal in duration to the scheduled first Periodic Distribution Period but ending on (and excluding) the Profit Commencement Date (but applying the Margin and any Maximum Profit Rate or Minimum Profit Rate applicable to the first Periodic Distribution Period).

(iv) Linear Interpolation: Where Linear Interpolation is specified as applicable in respect of a Periodic Distribution Period in the relevant Pricing Supplement, the Profit Rate for such Periodic Distribution Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the relevant Pricing Supplement) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the relevant Pricing Supplement), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Periodic Distribution Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Periodic Distribution Period, provided however that, if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it, in consultation with the Trustee and the Obligor, determines appropriate.
“Applicable Maturity” means, (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate and (b) in relation to ISDA Determination, the Designated Maturity.

(c) **Benchmark Discontinuation**

(1) **Independent Advisor**

This paragraph (1) of Condition 8(c) *(Benchmark Discontinuation)* shall apply unless paragraph (2) of Condition 8(c) *(Benchmark Discontinuation)* is specified as applicable herein.

Notwithstanding the other provisions of this Condition 8 *(Periodic Distribution Amounts)*, if a Benchmark Event occurs in relation to the relevant Reference Rate specified in the relevant Pricing Supplement when any Profit Rate (or the relevant component part thereof) remains to be determined by reference to such Reference Rate, then the Trustee and the Obligor will apply the following provisions:

(i) the Obligor shall use its reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine no later than five Business Days prior to the relevant Profit Rate Determination Date relating to the next succeeding Periodic Distribution Period (the “IA Determination Cut-Off Date”), a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Reference Rate and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with paragraph (v) of paragraph (1) of Condition 8(c) *(Benchmark Discontinuation)*) for the purposes of determining the Profit Rate (or the relevant component part thereof) applicable to the Certificates;

(ii) if (A) the Obligor is unable to appoint an Independent Adviser in accordance with this Condition 8(1)(c); or (B) the Independent Adviser appointed by the Obligor fails to determine a Successor Rate or, failing which, an Alternative Reference Rate and, in either case, an Adjustment Spread in accordance with this paragraph (1) of Condition 8(c) *(Benchmark Discontinuation)* prior to the relevant IA Determination Cut-Off Date, then the Obligor (acting in good faith and in a commercially reasonable manner) may elect to determine the Successor Rate or, failing which, an Alternative Reference Rate (as applicable) and, in either case, an Adjustment Spread itself for the purposes of determining the Profit Rate (or the relevant component part thereof) applicable to the Certificates or, if applicable, any Benchmark Amendments, to ensure the proper operation of such Successor Rate or Alternative Reference Rate and/or (in either case) the applicable Adjustment Spread (with the relevant provisions in this paragraph (1) of Condition 8(c) *(Benchmark Discontinuation)* applying mutatis mutandis to allow such determinations to be made by the Obligor without consultation with the Independent Adviser, by no later than five Business Days prior to the Profit Rate Determination Date relating to the next Periodic Distribution Period for which the Profit Rate (or any component part thereof) is to be determined by reference to the original Reference Rate. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Periodic Distribution Period only and any subsequent Period Distribution Periods are subject to the subsequent operation of, and to adjustment as provided, in paragraph (i) above;

(iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Periodic Distribution Periods in respect of such Certificates (subject to the subsequent operation of, and to adjustment as provided in, this paragraph (1) Condition 8(c) *(Benchmark Discontinuation)*);
(iv) the Adjustment Spread (or the formula or methodology for determining the Adjustment Spread), shall be applied to the Successor Rate or the Alternative Reference Rate (as the case may be); if the Independent Adviser (following consultation with the Obligor) or the Obligor, as applicable, is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread;

(v) if any Successor Rate, Alternative Reference Rate or Adjustment Spread is determined in accordance with this paragraph (1) of Condition 8(c) (Benchmark Discontinuation) and the Independent Adviser (following consultation with the Obligor) or the Obligor, as applicable, determines in good faith: (A) that amendments to these Conditions and/or any of the Transaction Documents (including, without limitation, amendments to the definitions of Day Count Fraction, Business Day, Business Day Convention, Profit Rate Determination Date or Relevant Screen Page) are necessary to ensure the proper operation of such Successor Rate, Alternative Reference Rate and/or Adjustment Spread (such amendments, the “Benchmark Amendments”); and (B) the terms of the Benchmark Amendments, then, at the direction and expense of the Obligor and subject to delivery of a notice and certificate in accordance with paragraph (1)(vi) of this Condition 8(c) (Benchmark Discontinuation): (x) the Obligor shall vary these Conditions and/or any of the Transaction Documents to give effect to such Benchmark Amendments with effect from the date specified in such notice; and (y) the Delegate and the Agents shall (at the Obligor’s expense), without any requirement for the consent or sanction of Certificateholders, be obliged to concur with the Trustee and the Obligor in effecting such Benchmark Amendments (including, inter alia, by the execution of a deed supplemental to or amending the Trust Deed), provided that neither the Delegate nor any Agent shall be obliged so to concur if doing so would impose, in its opinion, more onerous obligations upon it or expose it to any liability against which it is not adequately indemnified and/or secured and/or prefunded to its satisfaction or impose any additional duties, responsibilities or liabilities or reduce or amend its rights and/or the protective provisions afforded to it.

(vi) the Obligor shall promptly, following the determination of any Successor Rate, Alternative Reference Rate (as applicable) and the specific terms of any Benchmark Amendments, give notice to the Delegate, the Agents and, in accordance with Condition 18 (Notices), the Certificateholders confirming: (A) that a Benchmark Event has occurred; (B) the Successor Rate or, as the case may be, the Alternative Reference Rate; (C) the applicable Adjustment Spread and (D) the specific terms of the Benchmark Amendments (if any). Such notice shall be irrevocable and shall specify the effective date on which such changes take effect.

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

(A) confirming: (1) that a Benchmark Event has occurred; (2) the Successor Rate or, as the case may be, the Alternative Reference Rate; (3) the applicable Adjustment Spread and (4) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this paragraph (1) of Condition 8(c) (Benchmark Discontinuation); and

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

Notwithstanding any other provision of this Condition 8 (Periodic Distribution Amounts), if following the determination of any Successor Rate, Alternative Reference Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent’s opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 8 (Periodic Distribution Amounts), the Calculation Agent shall promptly notify the Trustee and the Obligor thereof and the Trustee and the Obligor shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, wilful default or fraud) to make such calculation or determination for any reason, it shall notify the Trustee and the Obligor thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default or fraud) shall not incur any liability for not doing so;

(vii) if, following the occurrence of a Benchmark Event and in relation to the determination of the Profit Rate (or the relevant component thereof) on the immediately following Profit Rate Determination Date, no Successor Rate or Alternative Reference Rate (as applicable) is determined pursuant to this provision, then the Profit Rate (or the relevant component part thereof) shall be determined as at the last preceding Profit Rate Determination Date (though substituting, where a different Margin or Maximum Profit Rate or Minimum Profit Rate is to be applied to the relevant Periodic Distribution Period from that which applied to the last preceding Periodic Distribution Period, the Margin or Maximum Profit Rate or Minimum Profit Rate relating to the relevant Periodic Distribution Period, in place of the Margin or Maximum Profit Rate or Minimum Profit Rate relating to that last preceding Periodic Distribution Period). If there has not been a first Periodic Distribution Date, the Profit Rate shall be determined using the Reference Rate last displayed on the relevant Screen Page prior to the relevant Profit Rate Determination Date. For the avoidance of doubt, this paragraph (vii) of paragraph (1) of Condition 8(c) (Benchmark Discontinuation) shall apply to the relevant immediately following Periodic Distribution Period only and any subsequent Periodic Distribution Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 8(1)(c);

(viii) the Independent Adviser appointed pursuant to this Condition 8(1)(c) shall act and make all determinations pursuant to this paragraph (1) of Condition 8(c) (Benchmark Discontinuation) in good faith and in a commercially reasonable manner and the Independent Adviser shall act as an expert. In the absence of bad faith, wilful default or fraud, neither the Independent Adviser nor the Obligor shall have any liability whatsoever to the Fiscal Agent, the Paying Agents or the Certificateholders in connection with any determination made by it or, in the case of the Independent Adviser, for any advice given to the Obligor in connection with any determination made by the Obligor pursuant to this paragraph (1) of Condition 8(c) (Benchmark Discontinuation); and
(ix) without prejudice to the obligations of the Obligor under paragraphs (i), (ii), (iii), (iv) and (v) of paragraph (1) of Condition 8(c) (Benchmark Discontinuation), the original Reference Rate and the fallback provisions provided for in paragraph (iii)(B) of Condition 8(b) (Floating Rate Certificates) will continue to apply unless and until a Benchmark Event has occurred.

(2) Benchmark Discontinuation (SOFR)

This Condition 8(c) (Benchmark Discontinuation) shall only apply where paragraph (2) of Condition 8(c) (Benchmark Discontinuation) is specified as applicable hereon.

(i) If the Obligor determines on or prior to the relevant Reference Time that a SOFR Benchmark Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Certificates in respect of all determinations on such date and for all determinations on all subsequent dates.

(ii) In connection with the implementation of a Benchmark Replacement, the Obligor will have the right to make Benchmark Replacement Conforming Changes from time to time. The Delegate and each of the Agents shall, at the direction and expense of the Obligor effect such consequential amendments to the Master Trust Deed, Agency Agreement and these Conditions as may be required to give effect to this paragraph (2) of Condition 8(c) (Benchmark Discontinuation), provided that neither the Delegate nor any Agent shall be obliged so to concur if doing so would impose, in its opinion, more onerous obligations upon it or expose it to any liability against which it is not adequately indemnified and/or secured and/or prefunded to its satisfaction or impose any additional duties, responsibilities or liabilities or reduce or amend its rights and/or the protective provisions afforded to it. Certificateholders’ consent shall not be required in connection with effecting any such changes, including the execution of any documents or any steps to be taken by any of the Delegate or the Agents (if required). Further, none of the Delegate, the Calculation Agent, the Paying Agents, the Registrars or the Transfer Agents shall be responsible or liable for any determinations, decisions or elections made by the Obligor with respect to any Benchmark Replacement or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard.

(iii) Any determination, decision or election that may be made by the Trustee, the Obligor or any of their respective designees pursuant to this paragraph (2) of Condition 8(c) (Benchmark Discontinuation), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection (i) will be conclusive and binding absent manifest error, (ii) will be made in the sole discretion of the Obligor, and (iii) notwithstanding anything to the contrary in the documentation relating to the Certificates, shall become effective without consent from the holders of the Certificates or any other party.

(iv) The Obligor shall promptly, following the determination of any Benchmark Replacement, Benchmark Replacement Adjustment and the specific terms of any Benchmark Replacement Conforming Changes, determined under this paragraph (2) of Condition 8(c) (Benchmark Discontinuation), give notice to the Certificateholders. Such notice shall be irrevocable and shall specify the effective date on which such changes take effect.

No later than notifying the Certificateholders of the same, the Obligor shall deliver to the Delegate, the Calculation Agent and the Paying Agents a certificate signed by two authorised signatories of the Obligor:
confirming: (1) that a SOFR Benchmark Event has occurred; (2) the relevant Benchmark Replacement and, (3) where applicable, any Benchmark Replacement Adjustment and/or the specific terms of any relevant Benchmark Replacement Conforming Changes, in each case as determined in accordance with the provisions of this paragraph (2) of Condition 8(c) (Benchmark Discontinuation); and

(B) certifying that the relevant Benchmark Replacement Conforming Changes are necessary to ensure the proper operation of such Benchmark Replacement and/or Benchmark Replacement Adjustment.

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

Notwithstanding any other provision of this Condition 8 (Periodic Distribution Amounts), if following the determination of any Benchmark Replacement, Benchmark Replacement Adjustment and the specific terms of any Benchmark Replacement Conforming Changes, in the Calculation Agent’s opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this paragraph (2) of Condition 8(c) (Benchmark Discontinuation), the Calculation Agent shall promptly notify the Trustee and the Obligor thereof and the Trustee and the Obligor shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, wilful default or fraud) to make such calculation or determination for any reason, it shall notify the Trustee and the Obligor thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default or fraud) shall not incur any liability for not doing so.

(v) The following defined terms shall have the meanings set out below for the purpose of this paragraph (2) of Condition 8(c) (Benchmark Discontinuation):

“Benchmark” means, initially, the relevant SOFR Benchmark specified hereon; provided that if the Obligor determines Replacement Date have occurred with respect to the relevant SOFR Benchmark (including any daily published component used in the calculation thereof) or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement;

“Benchmark Replacement” means the first alternative set forth in the order below that can be determined by the Obligor as of the Benchmark Replacement Date:

(1) the sum of:

(i) the alternate reference rate that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof); and

(ii) the Benchmark Replacement Adjustment;
the sum of:

(i) the ISDA Fallback Rate; and

(ii) the Benchmark Replacement Adjustment; or

the sum of:

(i) the alternate reference rate that has been selected by the Obligor for the then-current Benchmark (including any daily published component used in the calculation thereof) giving due consideration to any industry-accepted reference rate as a replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) for U.S. dollar-denominated Floating Rate Certificates at such time; and

(ii) the Benchmark Replacement Adjustment;

“Benchmark Replacement Adjustment” means the first alternative set forth in the order below that can be determined by the Obligor or any of their respective designees as of the Benchmark Replacement Date:

(1) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(2) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or

(3) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Obligor giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark (including any daily published component used in the calculation thereof) with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated Floating Rate Certificates at such time;

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of profit, rounding of amounts or tenors, and other administrative matters) the Obligor decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Obligor decides that adoption of any portion of such market practice is not administratively feasible or if the Obligor determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Obligor determines is reasonably necessary);

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

(1) in the case of sub-paragraph (1) or (2) of the definition of “SOFR Benchmark Event”, the later of:

(i) the date of the public statement or publication of information referenced therein; and

(ii) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or

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in the case of sub-paragraph (3) of the definition of “SOFR Benchmark Event”, the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

“ISDA Definitions” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

“ISDA Fallback Adjustment” means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;

“ISDA Fallback Rate” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark (including any daily published component used in the calculation thereof) for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

“Reference Time” with respect to any determination of the Benchmark means (1) if the Benchmark is the SOFR Benchmark, the SOFR Determination Time (where Simple SOFR Average or Compounded SOFR Average is specified as applicable hereon) or SOFR Index Determination Time (where SOFR Index Average is specified as applicable hereon), or (2) if the Benchmark is not the SOFR Benchmark, the time determined by the Obligor after giving effect to the Benchmark Replacement Conforming Changes;

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

“Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meaning set out below:

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

(i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or

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

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

(iv) (if the Independent Adviser (following consultation with the Trustee and the Obligor) determines that there is no such industry standard) the Independent Adviser (following consultation with the Trustee and the Obligor) or the Obligor (as applicable) determines (acting in good faith and in a commercially reasonable manner) in their sole discretion to be appropriate, having regard to the objective, so far as is reasonably practicable in the circumstances and solely for the purposes of this sub-paragraph (iv) only, of reducing or eliminating any economic prejudice or benefit (as the case may be) to the Certificateholders;

“Alternative Reference Rate” means an alternative benchmark or screen rate which the Independent Adviser (following consultation with the Trustee and Obligor) determines, in accordance with this paragraph (1) of Condition 8(c) (Benchmark Discontinuation), is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest or profit (or the relevant component part thereof) in the same Specified Currency as the Certificates;

“Benchmark Amendments” has the meaning given to it in paragraph (1)(v) of Condition 8(c) (Benchmark Discontinuation);

“Benchmark Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof): (i) the relevant Reference Rate (or such component) ceasing to be published as a result of such benchmark ceasing to be calculated or administered for a period of at least 5 Business Days or ceasing to exist; or (ii) a public statement or publication of information by the administrator of the relevant Reference Rate (or such component) that it has ceased or that it will cease publishing the relevant Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Rate); or (iii) a public statement or publication of information by the supervisor of the administrator of the relevant Reference Rate (or such component), that the relevant Reference Rate (or such component) has been or will be permanently or indefinitely discontinued; or (iv) a public statement by the supervisor of the administrator of the relevant Reference Rate (or such component) as a consequence of which the relevant Reference Rate (or such component) will be prohibited from being used either generally, or in respect of the Certificates or that its use will be subject to restrictions or adverse consequences; or (v) a public statement by the supervisor of the administrator of the relevant Reference Rate (or such component) that the relevant Reference Rate is (or such component) is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market or the methodology to calculate such Reference Rate has materially changed; or (vi) it has become unlawful for the Obligor, the Trustee, the Calculation Agent or any Paying Agent or any other party to calculate any payments due to be made to any Certificateholder using the relevant Reference Rate; provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the relevant Reference Rate (or such component) or the discontinuation of the relevant Reference Rate (or such component), as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of the prohibition of use of the relevant Reference Rate (or such component) and (c) in the case of sub-paragraph (v) above, on the date with effect from which the relevant Reference Rate (or such component) will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement. The occurrence of a Benchmark Event shall be determined by the Trustee and the Obligor and promptly notified to the Delegate, the Calculation Agent and the Paying Agents. For the
avoidance of doubt, neither the Delegate, the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination;

“Bloomberg Screen SOFRRate Page” means the Bloomberg screen designated “SOFRRATE” or any successor page or service.

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

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

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

“Reuters Page USDSOFR=” means the Reuters page designated “USDSOFR=” or any successor page or service;

“SOFR” means, in respect of any U.S. Government Securities Business Day, the reference rate determined by the Calculation Agent in accordance with the following provision:

(i) the Secured Overnight Financing Rate published at the SOFR Determination Time as such reference rate is reported on the Bloomberg Screen SOFRRate Page; the Secured Overnight Financing Rate published at the SOFR Determination Time as such reference rate is reported on the Reuters Page USDSOFR=; or the Secured Overnight Financing Rate published at the SOFR Determination Time on the SOFR Administrator’s Website;

(ii) if the reference rate specified in (i) above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have not occurred, the SOFR reference rate shall be the reference rate published on the SOFR Administrator’s Website for the first preceding U.S. Government Securities Business Day for which SOFR was published on the SOFR Administrator’s Website; or

(iii) if the reference rate specified in (i) above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in paragraph (1) of Condition 8(c) (Benchmark Discontinuation) or paragraph (2) of Condition 8(c) (Benchmark Discontinuation) shall apply as specified hereon;

“SOFR Administrator’s Website” means the website of the Federal Reserve Bank of New York (currently, being https://www.newyorkfed.org/markets/reference-rates/sofr-averages-and-index), or any successor source;

“SOFR Benchmark Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

(i) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to
provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

“SOFR Benchmark Transition Event” means the occurrence of a SOFR Benchmark Event with respect to the then-current SOFR Benchmark;

“SOFR Determination Time” means approximately 3:00 p.m. (New York City time) on the immediately following U.S. Government Securities Business Day;

“SOFR Rate Cut-Off Date” means the date that is a number of U.S. Government Securities Business Days prior to the end of each Periodic Distribution Period, the Scheduled Dissolution Date or the relevant Optional Redemption Date, as applicable, as specified hereon;

“U.S. Government Securities Business Day” means any day except for a Saturday, a Sunday or a day on which the 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; and

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

(d) **Entitlement to Profit:** Profit shall cease to accumulate in respect of any Certificate on any Dissolution Date or other due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event profit shall continue to accumulate (both before and after judgment) at the Profit Rate in the manner provided in this Condition 8 (Periodic Distribution Amounts) to the earlier of (i) the Relevant Date; or (ii) the date on which the relevant Exercise Price or, if all of the Certificates of a Series are being redeemed, Optional Dissolution Exercise Price, Certificateholder Put Right Exercise Price or Tangibility Event Put Right Exercise Price, as applicable, has been paid and (in respect of such redemption in whole) a sale agreement has been executed in accordance with the terms of the Purchase Undertaking or the Sale and Substitution Undertaking, as the case may be.

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

(i) If any Margin is specified in the relevant Pricing Supplement (either (x) generally or (y) in relation to one or more Periodic Distribution Periods), an adjustment shall be made to all Profit Rates, in the case of (x), or the Profit Rates for the specified Periodic Distribution Periods, in the case of (y), calculated in accordance with Condition 8(b) (Floating Rate Certificates) by adding
(if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to paragraph (ii) below.

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

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

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

(g) **Publication of Profit Rates, Profit Amounts and Dissolution Distribution Amounts:** The Calculation Agent shall, as soon as practicable on each Profit Rate Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Profit Amounts for the relevant Periodic Distribution Period, calculate the Dissolution Distribution Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Profit Rate and the Profit Amounts for each Periodic Distribution Period and the relevant Periodic Distribution Date and, if required to be calculated, the relevant Dissolution Distribution Amount, to be notified to the Delegate, the Trustee, the Obligor, each of the Paying Agents, the Certificateholders, any other Calculation Agent appointed in respect of the Certificates that is to make a further calculation upon receipt of such information and, if the Certificates are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Periodic Distribution Period, if determined prior to such time, in the case of notification to such exchange of a Profit Rate and Profit Amount, or (ii) in all other cases, the fourth Business Day after such determination. To the extent that the Calculation Agent is unable to notify a stock exchange or other relevant authority, the Calculation Agent shall notify the Obligor who shall perform such obligation. Where any Periodic Distribution Date or Periodic Distribution Period Date is subject to adjustment pursuant to paragraph (ii) of Condition 8(b) (Floating Rate Certificates), the Profit Amounts and the Periodic Distribution Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent
of the Delegate by way of adjustment) without notice in the event of an extension or shortening of the
Periodic Distribution Period. If the Certificates become due and payable under Condition 13 (Dissolution
Events), the accrued profit and the Profit Rate payable in respect of the Certificates shall nevertheless
continue to be calculated as previously in accordance with this Condition 8 (Periodic Distribution
Amounts) but no publication of the Profit Rate or the Profit Amount so calculated need be made unless
the Delegate otherwise requires. The determination of any rate or amount, the obtaining of each
quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the
absence of wilful default, bad faith or manifest error) be final and binding upon all parties.

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

“Business Day” means:

(i) in the case of a currency other than euro or Renminbi, and unless the relevant Pricing Supplement
specifies that the Floating Rate Certificate Provisions apply and the Reference Rate is SOFR
Benchmark or SONIA, a day (other than a Saturday or a Sunday) on which commercial banks
and foreign exchange markets settle payments in such currency in London and each Business
Centre (other than the TARGET System) specified in the relevant Pricing Supplement;

(ii) in the case of Renminbi, a day in which banks and foreign exchange markets are open for business
and settlement of Renminbi payments in Hong Kong;

(iii) if the relevant Pricing Supplement specifies that the Floating Rate Certificate Provisions apply
and the Reference Rate is SOFR Benchmark, day which is a U.S. Government Securities Business
Day and is not a legal holiday in New York and is not a date on which banking institutions in
those cities are authorised or required by law or regulation to be closed;

(iv) if the relevant Pricing Supplement specifies that the Floating Rate Certificate Provisions apply
and the Reference Rate is SONIA, any day on which commercial banks are open for general
business (including dealing in foreign exchange and foreign currency deposits) in London;

(v) if the TARGET System is specified as a Business Centre in the relevant Pricing Supplement, a
day on which the TARGET System is open; and

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

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

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

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

(iv) if “Actual/360” is specified in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 360;

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

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

where:

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

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

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

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

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

\(D_2\) is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31; and \(D_2\) will be 30;

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

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

where:

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

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

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

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

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

\(D_2\) is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case \(D_2\) will be 30;
(vii) if “30E/360 (ISDA)” is specified in the relevant Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

- \(Y_1\) is the year, expressed as a number, in which the first day of the Calculation Period falls;
- \(Y_2\) is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- \(M_1\) is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
- \(M_2\) is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- \(D_1\) is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case \(D_1\) will be 30; and
- \(D_2\) is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Scheduled Dissolution Date or (ii) such number would be 31, in which case \(D_2\) will be 30;

(viii) if “Actual/Actual-ICMA” is specified in the relevant Pricing Supplement:

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

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

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

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

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

“Determination Date” means the date(s) specified as such in the relevant Pricing Supplement or, if none is so specified, the Periodic Distribution Date(s);

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

9 Redemption and Dissolution of the Trust

(a) Dissolution on the Scheduled Dissolution Date: Unless previously redeemed, or purchased and cancelled, in full, as provided below, each Certificate shall be finally redeemed at its Dissolution Distribution Amount on the Scheduled Dissolution Date specified in the relevant Pricing Supplement and following the payment of all such amounts in full and the execution of a sale agreement pursuant to the Purchase Undertaking, the Trustee shall be bound to dissolve the Trust. In the case of Fixed Rate Certificates where the Specified Currency is Renminbi or Hong Kong dollars, if the Scheduled Dissolution Date falls on a day which is not a Business Day, the Scheduled Dissolution Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Scheduled Dissolution Date shall be brought forward to the immediately preceding Business Day.

(b) Early Dissolution for Taxation Reasons: If:

(i) (A) the Trustee has or will become obliged to pay additional amounts as described under Condition 11 (Taxation) as a result of any change in, or amendment to, the laws or regulations of any Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the relevant Series, and (B) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or

(ii) (A) the Trustee has received notice from the Obligor that the Obligor has or will become obliged to pay additional amounts to the Trustee pursuant to the terms of any Transaction Document as a result of any change in, or amendment to, the laws or regulations of any Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the relevant Series, and (B) such obligation cannot be avoided by the Obligor taking reasonable measures available to it,

(the occurrence of an event described in paragraph (i) of Condition 9(b) (Early Dissolution for Taxation Reasons) or (ii) being a “Tax Event”), the Trustee shall, upon receipt of a duly completed Exercise Notice from the Obligor in accordance with the Sale and Substitution Undertaking, on giving not less than the minimum period nor more than the maximum period of irrevocable notice specified in the relevant Pricing Supplement to the Delegate and the Certificateholders, redeem the Certificates in whole, but not in part, on any Periodic Distribution Date (if this Certificate is a Floating Rate Certificate) or at any time (if this Certificate is a Fixed Rate Certificate) (such dissolution date being an “Early Tax Dissolution Date”), at their Dissolution Distribution Amount, provided that no such notice of dissolution may be given earlier than 90 days prior to the earliest date on which the Trustee or the Obligor, as the case may be, would be obliged to pay such additional amounts were a payment in respect of the Certificates (in the case of the Trustee) or to the Trustee pursuant to any Transaction Document (in the case of the Obligor) then due.
Prior to the publication of any notice of dissolution pursuant to this Condition 9(b) (Early Dissolution for Taxation Reasons), the Trustee or the Obligor, as the case may be, shall deliver to the Delegate:

(aa) a certificate signed by two directors and/or Authorised Signatories of the Trustee (in the case of paragraph (i) of Condition 9(b) (Early Dissolution for Taxation Reasons)) or the Obligor (in the case of paragraph (ii) of Condition 9(b) (Early Dissolution for Taxation Reasons)) stating that the obligation referred to in paragraph (i) of Condition 9(b) (Early Dissolution for Taxation Reasons) or paragraph (ii) of Condition 9(b) (Early Dissolution for Taxation Reasons), as the case may be, has arisen and cannot be avoided by the Trustee or the Obligor, as the case may be, taking reasonable measures available to it; and

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

and the Delegate shall be entitled to accept and rely on (without liability to any person) such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in Condition paragraph (i) of Condition 9(b) (Early Dissolution for Taxation Reasons) or, as the case may be, paragraph (ii) of Condition 9(b) (Early Dissolution for Taxation Reasons) above, in which event it shall be conclusive and binding on Certificateholders.

Upon expiry of any such notice given in accordance with this Condition 9(b) (Early Dissolution for Taxation Reasons) and payment in full of the Dissolution Distribution Amount to Certificateholders, the Trustee shall be bound to dissolve the Trust.

(c) Dissolution at the Option of the Obligor (Optional Dissolution Right): If Optional Dissolution Right is specified as applicable in the relevant Pricing Supplement, the Trustee shall, upon receipt of a duly completed Exercise Notice from the Obligor in accordance with the Sale and Substitution Undertaking, on giving not less than the minimum period nor more than the maximum period of irrevocable notice specified in the relevant Pricing Supplement to the Delegate and the Certificateholders, redeem the Certificates in whole or, if so specified in the relevant Pricing Supplement, in part on any Optional Dissolution Date. Any such redemption of Certificates shall be at their Dissolution Distribution Amount. Any such redemption or exercise must relate to Certificates of a face amount at least equal to the Minimum Optional Dissolution Amount to be redeemed specified in the relevant Pricing Supplement and no greater than the Maximum Optional Dissolution Amount to be redeemed specified in the relevant Pricing Supplement.

All Certificates in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 9(c) (Dissolution at the Option of the Obligor (Optional Dissolution Right)).

In the case of a partial redemption, the notice to Certificateholders shall also specify the face amount of Certificates drawn and the holder(s) of such Certificates to be redeemed, which shall have been drawn in such place and in such manner as the Trustee and the Delegate deem appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

If all (and not some only) of the Certificates are to be redeemed in accordance with this Condition 9(c) (Dissolution at the Option of the Obligor (Optional Dissolution Right)), upon payment in full of the Dissolution Distribution Amount to all Certificateholders, the Trustee shall be bound to dissolve the Trust.

The Optional Dissolution Right and the Certificateholder Put Right may not both be specified in the relevant Pricing Supplement in respect of any Series.
(d) Dissolution at the Option of Certificateholders (Certificateholder Put Right): If Certificateholder Put Right is specified as applicable in the relevant Pricing Supplement, the Trustee shall, at the option of the holder of any Certificate, upon the holder of such Certificate giving not less than the minimum period nor more than the maximum period of notice specified in the relevant Pricing Supplement to the Trustee, redeem such Certificate on the Certificateholder Put Right Date at its Dissolution Distribution Amount. For the purposes thereof, the Trustee shall deliver to Obligor a duly completed Exercise Notice in accordance with the provisions of the Purchase Undertaking. If the Certificates are to be redeemed in whole, but not in part, on any Certificateholder Put Right Date in accordance with this Condition 9(d) (Dissolution at the Option of Certificateholders (Certificateholder Put Right)), upon payment in full of the Dissolution Distribution Amount to all Certificateholders, the Trustee shall be bound to dissolve the Trust.

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

The Certificateholder Put Right and the Optional Dissolution Right may not both be specified in the relevant Pricing Supplement in respect of any Series.

(e) Dissolution at the Option of the Certificateholders (Tangibility Event Put Right)

If a Tangibility Event occurs, upon receipt of a Tangibility Event Notice from the Obligor in accordance with the Wakala Agreement, the Trustee shall promptly give notice to the Certificateholders and the Delegate (a “Delisting Notice”) in accordance with Condition 18 (Notices) specifying:

(i) that a Tangibility Event has occurred, together with an explanation of the reasons for, and evidence of, such occurrence;

(ii) that, as determined in consultation with The Saudi National Bank’s Shari’a Committee, the Certificates shall only be tradeable in accordance with the Shari’a principles of debt trading;

(iii) that, on the Tangibility Event Delisting Date, the Certificates will be delisted from any stock exchange (if any) on which the Certificates have been admitted to trading; and

(iv) the Tangibility Event Put Right Period, during which period the holder of any Certificates shall have the option to require the redemption of all or any of its Certificates.

Upon receipt of the Delisting Notice, any Certificateholder may exercise its option within the Tangibility Event Put Right Period to require the redemption of all or any of its Certificates.

If any Certificateholder exercises its option to redeem its Certificates in accordance with this Condition 9(e) (Dissolution at the Option of the Certificateholders (Tangibility Event Put Right)), the Trustee shall deliver to Obligor a duly completed Exercise Notice in accordance with the provisions of the Purchase Undertaking and redeem such Certificates on the Tangibility Event Put Right Date at their Dissolution Distribution Amount. If all (and not some only) of the Certificates are to be redeemed on any Tangibility Event Put Right Date in accordance with this Condition 9(e) (Dissolution at the Option of the Certificateholders (Tangibility Event Put Right)), upon payment in full of the Dissolution Distribution Amount to all Certificateholders, the Trustee shall be bound to dissolve the Trust.

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

If 75 per cent. or more of the aggregate face amount of Certificates then outstanding have been redeemed pursuant to this Condition 9(e) (Dissolution at the Option of the Certificateholders (Tangibility Event Put Right)), the Trustee shall, upon receipt of a duly completed Exercise Notice from the Obligor pursuant to the Sale and Substitution Undertaking, on giving not less than 30 days nor more than 60 days to the Delegate and the Certificateholders in accordance with Condition 18 (Notices) (such notice to be given within 30 days of the Tangibility Event Put Right Date), redeem the Certificates in whole, but not in part, at their Dissolution Distribution Amount on the date specified in such notice (such notice shall be irrevocable and shall oblige the Trustee to redeem the Certificates on such date (the "Clean Up Call Dissolution Date") (the "Clean Up (Call) Right").

(f) Dissolution following a Dissolution Event: Upon the occurrence of a Dissolution Event, the Certificates may be redeemed at their Dissolution Distribution Amount. For the purposes thereof, the Trustee may deliver to the Obligor a duly completed Exercise Notice in accordance with the Purchase Undertaking and, following the payment of all such amounts in full, the Trustee shall dissolve the Trust, in each case subject to and as more particularly described in Condition 13 (Dissolution Events).

(g) Purchases: Each of the Obligor and/or any Subsidiary of the Obligor may at any time purchase Certificates at any price in the open market or otherwise. Any Certificates held by the Obligor or any of the Obligor’s Subsidiaries shall not entitle the holder to exercise any voting rights and shall not be deemed to be outstanding for the purposes of calculating quorums, meetings or for passing Extraordinary Resolutions for the purposes of Condition 15(a) (Meetings of Certificateholders).

(h) Cancellation: All Certificates purchased by or on behalf of the Obligor or any of the Obligor’s Subsidiaries may be surrendered for cancellation by surrendering the Registered Certificate representing such Certificates to the Registrar and by the Obligor delivering to the Trustee a duly completed Cancellation Notice in accordance with the terms of the Trust Deed. Any Certificates so surrendered, together with all Certificates that are redeemed in accordance with this Condition 9 (Redemption and Dissolution of the Trust) and/or Condition 13 (Dissolution Events), shall be cancelled forthwith and may not be held, reissued or resold and the obligations of the Trustee in respect of any such Certificates shall be discharged. If all (and not some only) of the Certificates are cancelled in accordance with this Condition 9(h) Cancellation), the Trustee shall be bound to dissolve the Trust.

(i) No other dissolution: The Trustee shall not be entitled to redeem the Certificates or dissolve the Trust other than as provided in this Condition 9 (Redemption and Dissolution of the Trust) and Condition 13 (Dissolution Events). Upon payment in full of all amounts due in respect of the Certificates of any Series, the Trustee shall be bound to dissolve the Trust. Upon such dissolution, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable, and the Trustee shall have no further obligations, in respect thereof.

10 Payments

(a) Method of Payment: Payments of the Dissolution Distribution Amount shall be made against presentation and (if no further payment falls to be made in respect of the Certificates represented thereby) surrender of the relevant Registered Certificate at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided below.
Payments of Periodic Distribution Amounts in respect of each Certificate shall be made to the person shown on the Register (or, in the case of a Certificate held by two or more persons, to the person whose name appears first in the Register) at the close of business on the fifteenth day before the due date for payment thereof (the “Record Date”).

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

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

(b) Payments subject to Laws: Payments are subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 11 (Taxation) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or (without prejudice to the provisions of Condition 11 (Taxation)), any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Certificateholders in respect of such payments.

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

Notice of any such change or any change of any specified office shall promptly be given by the Trustee to the Certificateholders.

(d) 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 10(d) (Dissolution at the Option of Certificateholders (Certificateholder Put Right)), “Payment Business Day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the place in which the specified office of the Registrar is located, in such jurisdictions as shall be specified as Financial Centres in the relevant Pricing Supplement and:
(i) (in the case of a payment in a currency other than euro and Renminbi) 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

(iii) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

(e) **Renminbi Account**

All payments in respect of any Certificate in Renminbi will be made solely by credit to a registered Renminbi account maintained by or on behalf of the payee at a bank in Hong Kong in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to the settlement of Renminbi in Hong Kong).

(f) **Renminbi Currency Event**

If the Specified Currency of the Certificate is Renminbi and a Renminbi Currency Event, as determined by the Trustee or (if applicable) the Obligor acting in good faith, exists on a date for payment of any Dissolution Distribution Amount or Periodic Distribution Amount (in whole or in part) in respect of any Certificate, the Trustee’s obligation to make a payment in Renminbi under the terms of the Certificates may be replaced by an obligation to pay such amount (in whole or in part) in the Relevant Currency and converted using the Spot Rate for the relevant Determination Date as promptly notified to the Trustee, the Obligor and the Paying Agents.

Upon the occurrence of a Renminbi Currency Event, the Trustee shall give notice as soon as practicable to the Certificateholders in accordance with Condition 18 (**Notices**) and to the Delegate stating the occurrence of the Renminbi Currency Event, giving details thereof and the action proposed to be taken in relation thereto.

In such event, any payment of U.S. dollars will be made by transfer to a U.S. dollar-denominated account maintained by the payee with, or by a U.S. dollar-denominated cheque drawn on, a bank in New York City; and the definition of “Payment Business Day” shall mean any day which (subject to Condition 12 (**Prescription**)) is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in: (A) in the case of Certificates in definitive form only, the relevant place of presentation; and (B) London and New York City.

For the purpose of this Condition 10 (**Payments**):

“**Determination Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and in the principal financial centre of the country of the relevant Specified Currency;

“**Determination Date**” means the day which is two Determination Business Days before the due date of the relevant payment under the Certificates, other than where the Trustee or (if applicable) the Obligor properly determines that a Renminbi Currency Event has occurred at any time during the period from and including 10:01 a.m. (Hong Kong time) on the second Determination Business Day preceding the original due date to and including 11:59 p.m. (Hong Kong time) on the original due date, in which case the “**Determination Date**” will be the Determination Business Day immediately following the date on which the determination of the occurrence of a Renminbi Currency Event has been made;
“Governmental Authority” means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;

“Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“Relevant Currency” means United States dollars;

“Renminbi Currency Events” means any one of Renminbi Illiquidity, Renminbi Non-Transferability and Renminbi Inconvertibility;

“Renminbi Illiquidity” means the general Renminbi exchange market in Hong Kong becomes illiquid as a result of which it is impossible for the Trustee to obtain sufficient Renminbi in order to satisfy its obligation to pay principal or profit (in whole or in part) in respect of the Certificates, as determined by the Trustee acting in good faith and in a commercially reasonable manner following consultation with two independent foreign exchange dealers of international repute active in the Renminbi exchange market in Hong Kong selected by the Trustee;

“Renminbi Inconvertibility” means the occurrence of any event that makes it impossible for the Trustee to convert any amount due in respect of the Certificates into Renminbi on any payment date in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Trustee to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Trustee, due to an event beyond its control, to comply with such law, rule or regulation);

“Renminbi Non-Transferability” means the occurrence of any event that makes it impossible for the Trustee to transfer Renminbi (a) between accounts inside Hong Kong, (b) from an account inside Hong Kong to an account outside Hong Kong (including where the Renminbi clearing and settlement system for participating banks in Hong Kong is disrupted or suspended) or (c) from an account outside Hong Kong to an account inside Hong Kong, other than where such impossibility is due solely to the failure of the Trustee to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Trustee, due to an event beyond its control, to comply with such law, rule or regulation); and

“Spot Rate” means the spot CNY/U.S.$ exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Determination Business Days, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent shall determine the Spot Rate at or around 11:00 a.m. (Hong Kong time) on the Determination Date as the most recently available CNY/U.S. dollar official fixing rate for settlement in two Determination Business Days reported by the State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 10 (Payments) by the
Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Trustee, the Obligor, the Agents and all Certificateholders.

11 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, impost(s), 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 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, impost(s), duties, fees, assessments or governmental charges in respect of such Certificate by reason of his having some connection with a Relevant Jurisdiction other than the mere holding of the Certificate; or

(b) **Surrender more than 30 days after the Relevant Date**: in respect of which the Registered Certificate representing it is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting or surrendering such Registered Certificate for payment on the last day of such period of 30 days assuming that day to have been a Payment Business Day (in accordance with Condition 10(d) (Payment only on a Payment Business Day)).

As used in these Conditions:

“**Relevant Date**” means, in respect of any Certificate, the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Certificateholders in accordance with Condition 18 (Notices) that, upon further presentation of the Registered Certificate representing such Certificate being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation; and

“**Relevant Jurisdiction**” means the Cayman Islands or Saudi Arabia or any political subdivision or authority 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 11 (Taxation) or any undertaking given in addition to or in substitution for it under the Trust Deed.

The Transaction Documents provide that payments thereunder by the Obligor shall be made without any withholding, retention or deduction for, or on account of, any present or future taxes, levies, impost(s), duties, fees, assessments or other governmental charges of any nature, unless such withholding, retention or deduction is required by law and without set-off or counterclaim of any kind. If any such withholding, retention or deduction is required by law, the Transaction Documents provide for the payment by the Obligor of all additional amounts as will result in the receipt by the Trustee or the Delegate, as applicable, of such net amounts as would have been receivable by it if no such withholding, retention or deduction had been made.

Further, in accordance with the terms of the Master Trust Deed, the Obligor has unconditionally and irrevocably undertaken to (irrespective of the payment of any fee), as a continuing obligation, in the event that the Trustee fails to comply with any obligation to pay additional amounts pursuant to this Condition 11...
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 11 (Taxation).

12 **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.

13 **Dissolution Events**

(a) **Dissolution Event:** Upon the occurrence of a Dissolution Event:

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

(ii) the Delegate in its sole discretion may, and if so requested in writing by the holders of at least 20 per cent. of the then aggregate face amount of the Series of Certificates outstanding or if so directed by an Extraordinary Resolution shall, (subject, in each case, to being indemnified and/or secured and/or pre-funded to its satisfaction) give notice (a "Dissolution Notice") to the Trustee, the Obligor and the Certificateholders that the Certificates are immediately due and payable at the Dissolution Distribution Amount, whereupon they shall become so due and payable. A Dissolution Notice may be given pursuant to this paragraph (ii) of Condition 13(a) (Dissolution Event) whether or not notice has been given to Certificateholders as provided in paragraph (i) of Condition 13(a) (Dissolution Event).

Upon receipt of such Dissolution Notice, the Trustee (or the Delegate in the name of the Trustee) shall deliver an Exercise Notice to the Obligor under the Purchase Undertaking. The Trustee (or the Delegate in the name of the Trustee) shall use the proceeds thereof and the aggregate amount of the Deferred Payment Price then outstanding to redeem the Certificates at the Dissolution Distribution Amount on the date specified in the relevant Dissolution Notice (the relevant "Dissolution Event Redemption Date") and the Trust shall be dissolved on the day after the last outstanding Certificate has been so redeemed in full. Upon payment in full of such amounts and dissolution of the Trust as aforesaid, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

(b) **Enforcement and Exercise of Rights:** If, following the occurrence of a Dissolution Event, any amount payable in respect of the Certificates of the relevant Series has not been paid in full (notwithstanding the provisions of Condition 13(a) (Dissolution Event)), the Trustee or the Delegate (subject in either case to it being indemnified and/or secured and/or pre-funded to its satisfaction) may (acting for the benefit of the Certificateholders), failing which the Certificateholders (subject to paragraph (b) of Condition 14 (Realisation of Trust Assets)) may, take one or more of the following steps:

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

14 Realisation of Trust Assets

(a) Neither the Trustee nor the Delegate shall be bound in any circumstances to take any action or step or institute any proceedings to enforce or to realise the relevant Trust Assets or take any action or step or institute any proceedings against the Obligor or (in the case of the Delegate) against the Trustee under any Transaction Document to which either of the Trustee or the Obligor is a party unless directed or requested to do so: (i) by an Extraordinary Resolution; or (ii) in writing by the holders of at least 20 per cent. of the aggregate face amount of the Series of Certificates for the time being outstanding and, in each case, only if it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

(b) No Certificateholder shall be entitled to proceed directly against the Trustee or the Obligor unless the Delegate or the Trustee, as the case may be, having become bound so to proceed (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. Under no circumstances shall the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the relevant Trust Assets (other than as expressly contemplated in the Transaction Documents) and the sole right of the Delegate and the Certificateholders against the Trustee and the Obligor shall be to enforce the Trustee’s and the Obligor’s respective obligations under the Certificates and the Transaction Documents to which they are a party.

(c) Paragraphs (a) and (b) of Condition 14 (Realisation of Trust Assets) are subject to this paragraph (c) of Condition 14 (Realisation of Trust Assets). 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) (Application of Proceeds from Trust Assets), 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 the Delegate to recover any further sums in respect of the Certificates and the right to receive from the Trustee any such sums remaining unpaid shall be extinguished. In particular, no Certificateholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Trustee.

15 Meetings of Certificateholders, Modification and Waiver

(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 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 Eligible Persons present and holding or representing in the aggregate more than 50 per cent. in face amount of the Certificates for the time being outstanding, or at any adjourned meeting one or more Eligible Persons present (whatever the face amount of the Certificates so held or represented by them), unless the business of such meeting includes consideration of proposals which would have the effect of inter alia: (i) modifying any date for payment in respect of the Certificates, (ii) reducing or cancelling or varying the method for calculating the face amount of, or any amount or premium payable or due in respect of, the Certificates, (iii) reducing the rate or rates of profit in respect of the Certificates or varying the method or basis of calculating the rate or rates or amount of
profit or the basis for calculating any Profit Amount in respect of the Certificates (in each case, other than as provided for in these Conditions (including Condition 8(c) (Benchmark Discontinuation) and the relevant Pricing Supplement), (iv) if a Minimum Profit Rate and/or a Maximum Profit Rate is shown in the relevant Pricing Supplement, reducing any such Minimum Profit Rate and/or Maximum Profit Rate, (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) (Application of Proceeds from Trust Assets), or (x) amending the above list, in which case the quorum shall be one or more Eligible Persons present and holding or representing in the aggregate not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in 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.

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) **Modification of the Trust Deed or any Transaction Document:** The Delegate may (but shall not be obliged to) (and, in the case of paragraph (ii) below, shall), without the consent or sanction of the Certificateholders, (i) agree to any modification of the Trust Deed (including these Conditions) or any other Transaction Document or the Trustee’s memorandum and articles of association that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error, (ii) agree to any modification to the Trust Deed (including the Conditions) or any other Transaction Document to effect any Benchmark Amendments (in the circumstances and as set out in Condition 8(c) (Benchmark Discontinuation) or (iii) (A) give its consent under the Transaction Documents and agree to any other modification of the Trust Deed (including these Conditions) or any other Transaction Document or the Trustee’s memorandum and articles of association, or to any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or the Transaction Documents or (B) determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such, provided in the case of paragraph (iii) that such modification, consent, waiver, authorisation or determination is in the opinion of the Delegate not materially prejudicial to the interests of the Certificateholders and is not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 20 per cent. of the aggregate face amount of the Certificates of that Series then outstanding and, in the case of modifications under paragraph (iii)(A) only, is other than in respect of a
matter which requires a special quorum resolution (as defined in paragraph 7 of Schedule 3 of the Master Trust Deed). Any such modification, consent, waiver, authorisation or determination shall be binding on all Certificateholders and shall be notified by the Trustee to the Certificateholders in accordance with Condition 18 (Notices) as soon as practicable thereafter.

(c) **Entitlement of the Delegate**: In connection with the exercise by it of any of its powers, trusts, authorities and discretions (including, without limitation, those referred to in this Condition 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 11 (Taxation).

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

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

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

(b) **Indemnification**: The Trust Deed contains provisions for the indemnification of each of the Delegate and the Trustee in certain circumstances and for its relief from responsibility, including provisions
relieving 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 lawyer, valuer, banker, broker, accountant (including auditors), surveyor, auctioneer, tax adviser, rating agency, insolvency official or other expert appointed by the Trustee, the Obligor, the Delegate or an Agent or otherwise and shall not be responsible for any Liability occasioned by so acting or relying notwithstanding that such advice, opinion or information may contain a cap or other limitation (monetary or otherwise) on the liability of any party and notwithstanding that the scope and/or basis of such advice, opinion, certificate or report may be limited by an engagement or similar letter or by the terms of the certificate or report itself and the Delegate or the Trustee shall not in any case be required to call for further evidence or be responsible for any Liability or inconvenience that may be occasioned by its failure to do so.

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

(f) **Notice of Events:** Neither the Delegate nor the Trustee shall be bound to take any steps to ascertain whether any Dissolution Event or Potential Dissolution Event has 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 holders of Certificates 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 holders of the Certificates are duly given in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system on which the Certificates are for the time being listed and/or admitted to trading including publication on the website of the relevant authority, relevant stock exchange and/or relevant quotation system if required by those rules or regulations. If in the opinion of the Delegate any such publication is not practicable, notice required to be given pursuant to these Conditions shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any notices shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing (or on the date of publication, or, if so published more than once or on different dates, on the date of the first publication).

So long as the Certificates are represented by a Global Certificate and such Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg, or any other clearing system, notices to the holders of the Certificates of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for mailing as required by Condition 18 (Notices). 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.

19 Further Issues

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

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) (Arbitration)) (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 resolved by arbitration with seat (or legal place) in London, England conducted in the English language by three arbitrators pursuant to the rules of the London Court of International Arbitration ("LCIA") (such arbitration to also be administered by the LCIA in accordance with those rules) save that, unless the parties agree otherwise, the third arbitrator, who shall act as presiding arbitrator of the tribunal, shall be nominated by the two arbitrators nominated by or on behalf of the parties and shall be a retired member of the judiciary of the Senior Courts of England and Wales or a Queen’s Counsel of at least 15 years’ standing. The arbitrators nominated by the parties to the Dispute shall each be English-law qualified and have at least 15 years’ practicing experience. 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.

(c) Consolidation: Where disputes arise out of or in connection with the Certificates which, in the absolute discretion of the first arbitral tribunal to be appointed in any of the disputes, are so closely connected that it is expedient for them to be resolved in the same proceedings, that arbitral tribunal shall have the power to order that the proceedings to resolve that dispute shall be consolidated with those to resolve any of the other disputes (whether or not proceedings to resolve those other disputes have yet been instituted), provided that no date for the final hearing of the first arbitration has been fixed. If that arbitral tribunal so orders, the parties to each dispute which is a subject of its order shall be treated as having consented to that dispute being finally decided:

(i) by the arbitral tribunal that ordered the consolidation unless the LCIA decides that that arbitral tribunal would not be suitable or impartial; and

(ii) in accordance with the procedure, at the seat and in the language specified in the relevant agreement under which the arbitral tribunal that ordered the consolidation was appointed, save as otherwise agreed by all parties to the consolidated proceedings or, in the absence of any such agreement, ordered by the arbitral tribunal in the consolidated proceedings.

This paragraph shall apply even where powers to consolidate proceedings exist under any applicable arbitration rules (including those of an arbitral institution) and, in such circumstances, the provisions of this paragraph (c) shall apply in addition to those powers.

(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 and if it is determined that any interest is payable or receivable in connection with the Trust Deed by any of the Trustee, the Delegate or the Obligor, whether as a result of any 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(d) (Waiver of Immunity) shall be construed as a waiver of rights in respect of Wakala Portfolio Revenues, Required Amounts, Periodic Distribution Amounts, Dissolution Distribution Amounts, Exercise Price, Certificateholder Put Right Exercise Price, Tangibility Event Put Right Exercise Price, Optional Dissolution Exercise Price, Deferred Payment Price, Murabaha Instalment Profit Amounts, Murabaha Profit Amounts or profit or principal of any kind howsoever described payable by the Obligor (in any capacity) or the Trustee (in any capacity) pursuant to the Transaction Documents and/or these Conditions, howsoever such amounts may be described or re-characterised by any court or arbitral tribunal.

(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 11th Floor, 200 Aldersgate Street, London EC1A 4HD 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 for all purposes other than with respect to any payment on such face amount of such Certificates, in accordance with and subject to the terms of the relevant Global Certificate and the expressions “Certificateholder” and “holder” and related expressions shall be construed accordingly.

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

3 Exchange for Definitives

Interests in a Global Certificate will be exchangeable in whole but not in part (free of charge) for definitive Certificates of a particular Series only upon the occurrence of an Exchange Event. The Trustee will promptly give notice to the Certificateholders in accordance with Condition 18 (Notices) 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 (Notices) 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 Offering Circular. The following is a summary of certain of those provisions:

4.1 Payments

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

For the purposes of any payments made in respect of Certificates represented by a Global Certificate, the words “in the place in which the specified office of the Registrar is located” shall not apply to the definition of Payment Business Day in Condition 10(d) (Payment only on a Payment Business Day).

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

4.2 Meetings

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

4.3 Delegate’s Powers

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 Optional Dissolution Right

If any early dissolution right of the Bank is exercised in respect of some but not all of the Certificates of any Series, the rights of accountholders with a clearing system in respect of the Certificates will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg or any other clearing system (as the case may be).
4.5 Certificateholder Put Right and Tangibility Event Put Right
Any early dissolution right of the Certificateholders provided for in Condition 9(d) (Dissolution at the Option of Certificateholders (Certificateholder Put Right)) or Condition 9(e) (Dissolution at the Option of the Certificateholders (Tangibility Event Put Right)) of any Certificates while such Certificates are represented by a Global Certificate may be exercised by the holder of the Certificate(s) in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg or any other clearing system (as the case may be).

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

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

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

6 Further Issues
Pursuant to the Agency Agreement, the Principal Paying Agent shall arrange that, where a further Tranche is issued which is intended to form a single Series with an existing Tranche at a point after the Issue Date of the further Tranche, the Certificates of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Certificates of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series.
FORM OF 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 (THE “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 (“COBS”), 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 (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 manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

[Notification under Section 309b(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (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.)

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”.

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Prospectus Regulation or to supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer.
SNB Sukuk Limited

Legal Entity Identifier (LEI): 549300NDOY781U1WVO54

Issue of [Aggregate Face Amount of Tranche] [Title of Certificates] [to be consolidated and form a single series with the existing] [Aggregate Face Amount of Tranche] [Title of Certificates] issued on [●] (the “Original Certificates”) under the U.S.$5,000,000,000 Trust Certificate Issuance Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Certificates set forth in the Offering Circular dated 15 November 2021 [and the supplement[s] to it dated [●] [and [●]] (the “Offering Circular”). This document constitutes the Pricing Supplement of the Certificates described herein and must be read in conjunction with the Offering Circular in order to obtain all the relevant information. [The Offering Circular is available for viewing 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 an offering circular with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Certificates (the “Conditions”) set forth in the Offering Circular dated [original date] [and the supplement[s] to it dated [●] [and [●]] which are incorporated by reference in the Offering Circular dated [●] (the “Offering Circular”). This document constitutes the Pricing Supplement of the Certificates described herein and must be read in conjunction with the 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 Offering Circular dated [original date] [and the supplement(s) to it dated [●]]. The 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 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: [●]
(ii) Tranche: [●]

2 Include only for an issue of further Certificates in accordance with Condition 19.
Issue Price: [●] per cent. of the Aggregate Face Amount [plus [Specified Currency] [●] in respect of [●] days of Periodic Distribution Amounts from (and including) [the issue date of the Original Certificates] to (but excluding) the Issue Date]°

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

(a) Issue Date: [●]
(b) Profit Commencement Date: [[●]/Issue Date]

Scheduled Dissolution Date: [●]

Profit Basis: [Fixed Rate Certificates/Floating Rate Certificates] (further particulars specified at paragraph [15][16] below)

Dissolution Basis: Dissolution at par

Change of Profit Basis: [[Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 15 and 16 below and identify there]/Not Applicable]

Put/Call Rights: [Not Applicable]

[Optional Dissolution Right]

[Certificateholder Put Right]

Status: Unsubordinated

Date of Trustee’s board approval and date of Obligor’s board approval for issuance of Certificates: [●] and [●], respectively

Provisions relating to profit payable

Fixed Periodic Distribution Provisions: [Applicable]/[Not Applicable]

(a) Profit Rate(s): [●] per cent. per annum payable [annually/semi-annually/quarterly/monthly/[●]] in arrear on each Periodic Distribution Date

(b) Periodic Distribution Date(s): [[●] in each year up to and including the Scheduled Dissolution Date, commencing on [●]/[●]]

(c) Fixed Amount(s): [●] per Calculation Amount

(d) Broken Amount(s): [[●] per Calculation Amount, payable on the Periodic Distribution Date falling [in/on] [●]/Not Applicable]

(e) Day Count Fraction: [Actual/Actual]

[Actual/Actual – ISDA]

[Actual/365 (Fixed)]

[Actual/365 (Sterling)]

[Actual/360]

° Include only for an issue of further Certificates in accordance with Condition 19.
Bond Basis
30E/360
Eurobond Basis
30E/360 (ISDA)
Actual/Actual – ICMA

(f) Determination Date(s): [[●] in each year/Not Applicable]

16 Floating Periodic Distribution Provisions: [Applicable]/[Not Applicable]

(a) Periodic Distribution Period(s): [●] 4

[The end date of each Periodic Distribution Period shall be subject to adjustment in accordance with the Business Day Convention specified in paragraph [15(f)] below/ Not subject to any adjustment]

(b) Specified Periodic Distribution Dates: [●] in each year, commencing on [●][, subject to adjustment in accordance with the Business Day Convention set out in (f) below/, not subject to adjustment, as the Business Day Convention in (d) below is specified to be Not Applicable]

(c) First Periodic Distribution Date [●][, subject to adjustment in accordance with the Business Day Convention specified in (d) below/, not subject to any adjustment]

(d) Profit Period Date: [Not Applicable/[●] 5]

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

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

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

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

(i) Screen Rate Determination not referencing SOFR or SONIA: [Applicable]/[Not Applicable]

(i) Reference Rate: [●] month

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4 Periodic Distribution Periods should be specified explicitly where the Reference Rate is SOFR Benchmark and the SOFR Benchmark is Compounded SOFR Average: SOFR Payment Delay.

5 Profit Period Dates should be specified explicitly where the Reference Rate is SOFR Benchmark and the SOFR Benchmark is Compounded SOFR Average: SOFR Payment Delay.
<table>
<thead>
<tr>
<th>Requirement</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(ii) Profit Rate Determination Date(s):</td>
<td>[●]</td>
</tr>
<tr>
<td>(iii) Relevant Screen Page:</td>
<td>[●]</td>
</tr>
<tr>
<td>(iv) Relevant Time:</td>
<td>[●]</td>
</tr>
<tr>
<td>(v) Relevant Financial Centre:</td>
<td>[●]</td>
</tr>
<tr>
<td>(j) Screen Rate Determination Referring SOFR</td>
<td>[Applicable]/[Not Applicable]</td>
</tr>
<tr>
<td>(i) Profit Rate Determination Date(s):</td>
<td>[[●] U.S. Government Securities Business Days prior to each Periodic Distribution Period Date][6][The Periodic Distribution Period Date at the end of each Periodic Distribution Period; except in respect of the final Periodic Distribution Period, for which the Profit Rate Determination Date will be the SOFR Rate Cut-off Date][7]</td>
</tr>
<tr>
<td>(ii) SOFR Benchmark</td>
<td>[Not Applicable/Simple SOFR Average/Compounded SOFR Average/SOFR Index Average][8]</td>
</tr>
<tr>
<td>(iii) Compounded SOFR Average:</td>
<td>[Not Applicable/SOFR Observation Lag/SOFR Observation Shift/SOFR Payment Delay/SOFR Lockout][9]</td>
</tr>
</tbody>
</table>

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6 To be included where the Reference Rate is SOFR Benchmark and the SOFR Benchmark is Compounded SOFR Average: SOFR Observation Shift, SOFR Lockout or SOFR Observation Lag. Where the Principal Paying Agent is appointed as Calculation Agent, it will normally require that this period (and, where applicable, any Lookback Days/SOFR Observation Shift Days or SOFR Rate Cut-Off Date) is at least 5 U.S. Government Securities Business Days.

7 Only applicable where the Reference Rate is SOFR Benchmark and the SOFR Benchmark is the Compounded SOFR Average: SOFR Payment Delay.

8 Only applicable where the Reference Rate is SOFR Benchmark.

9 Only applicable in the case of Compounded SOFR Average.

10 Only applicable in the case of SOFR Observation Lag.

11 Only applicable in the case of SOFR Observation Shift or SOFR Index Average.

12 Only applicable in the case of SOFR Payment Delay.
(vii) SOFR Rate Cut-Off Date: [Not Applicable/The day that is the [●] U.S. Government Securities Business Day(s) prior to the end of each Periodic Distribution Period]13

(viii) SOFR Index Start Days: [Not Applicable/[●] U.S. Government Securities Business Day(s)]14

(ix) SOFR Index End Days: [Not Applicable/[●] U.S. Government Securities Business Day(s)]15

(x) D: [365/360/[●]]16

(xi) Fallback Provisions: [Condition 8(c)(1) (Independent Adviser)]17 [Condition 8(c)(2) Benchmark Discontinuation (SOFR)]

(k) Screen Rate Determination Referring SONIA: [Applicable]/[Not Applicable]

(i) Reference Rate: [SONIA Compounded Index Rate / SONIA Compounded Daily Reference Rate [with Observation Shift] / [with Lag] where “p” is: [specify number] London Business Days [being no less than 5 London Business Days]]

(ii) Profit Rate Determination Date(s): The date which is [“p”] London Business Days prior to each Periodic Distribution Date18

(iii) Relevant Screen Page: [[Bloomberg Screen Page : SONCINDX]19 / see pages of authorised distributors for SONIA Compounded Index Rate] or [Bloomberg Screen Page : SONIO/N Index]20 / SONIA Compounded Daily Reference Rate as applicable][●]

(iv) Relevant Fallback Screen Page: [[Bloomberg Screen Page : SONIO/N Index] / see pages of authorised distributors for SONIA Compounded Daily Reference Rate as applicable] [●]21

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

(i) Floating Rate Option: [●]

(ii) Designated Maturity: [●]

(iii) Reset Date: [●]

(iv) ISDA Definitions: [●]

13 Only applicable in the case of Simple SOFR Average, Compounded SOFR Average: SOFR Payment Delay or Compounded SOFR Average: SOFR Lockout.

14 Only applicable in the case of SOFR Index Average.

15 Only applicable in the case of SOFR Index Average.

16 “D” will normally be 360.

17 To be included in all cases except where the parties have agreed, in respect of an issuance where the Reference Rate is SOFR Benchmark, to the inclusion of the Benchmark Discontinuation (SOFR) fallback provisions instead.

18 The Profit Rate Determination Date should match the last day of the Observation Period.

19 Where SONIA Compounded Index Rate applies.

20 Where SONIA Compounded Daily Reference Rate applies.

21 Only applicable in the case of SONIA Compounded Index Rate.
(v) ISDA Benchmarks Supplement: [Applicable]/[Not Applicable]

(m) Margin(s): [+/-][●] per cent. per annum

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

(o) Maximum Profit Rate: [●] per cent. per annum

(p) Minimum Profit Rate: [●] per cent. per annum

(q) Day Count Fraction: [Actual/Actual]
[Actual/Actual – ISDA]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360]
[360/360]
[Bond Basis]
[30E/360]
[Eurobond Basis]
[30E/360 (ISDA)]
[Actual/Actual – ICMA]

Provisions relating to dissolution

17 Notice periods for Condition 9(b):
Minimum period: [30] / [●] days
Maximum period: [60] / [●] days

18 Optional Dissolution Right22:
[Applicable]/[Not Applicable]

(a) Dissolution Distribution Amount:
[As per Condition 1]/[[●] per Calculation Amount]

(b) Optional Dissolution Date(s):
[●]

(c) Notice period:
Minimum period: [30] / [●] days
Maximum period: [60] / [●] days

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

(d) Dissolution in part:
[Applicable]/[Not Applicable]

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22 “Optional Dissolution Right” and “Certificateholder Put Right” may not both be specified as “Applicable” in the same Pricing Supplement.
(e) If dissolution in part:

(i) Minimum Optional Dissolution Amount: [Not Applicable]/[●]

(ii) Maximum Optional Dissolution Amount: [Not Applicable]/[●]

19 Certificateholder Put Right:

(a) Dissolution Distribution Amount: [As per Condition 1]/[[●] per Calculation Amount]

(b) Certificateholder Put Right Date(s): [●]

(c) Notice period:

Minimum period: [30] / [●] days
Maximum period: [60] / [●] days

(N.B. When setting notice periods, the Trustee is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days’ notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Trustee and the Agent)

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

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

General provisions applicable to the Certificates

21 Form of Certificates:

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

22 Financial Centre(s) relating to payment (Condition 10(d)):

[Not Applicable]/[●]

Provisions in respect of the Trust Assets

23 Series:

(a) Wakala Percentage: [●] per cent.

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

24 Trust Assets:

Condition 5(a) applies

25 (a) Details of Transaction Account: SNB Sukuk Limited Transaction Account No: [●] with [●] for Series No.: [●]

(b) Supplemental Trust Deed: Supplemental Trust Deed dated [●] between the Trustee, the Obligor and the Delegate

(c) Supplemental Purchase Agreement: Supplemental Purchase Agreement dated [●] between the Trustee and the Obligor
(d) Declaration of Commingling of Assets:[^23]

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

(e) [Notice of Request to Purchase and Offer Notice]:

[Notice of Request to Purchase dated [●] from the Obligor to the Trustee and Offer Notice dated [●] from the Trustee to the Obligor][Not Applicable]

[^23]: Include only for an issue of further Certificates in accordance with Condition 19.
Signed on behalf of
SNB Sukuk Limited

By: .................................................................
Duly authorised

Signed on behalf of
The Saudi National Bank

By: .................................................................
Duly authorised

The Saudi National Bank

By: .................................................................
Duly authorised

The Saudi National Bank

By: .................................................................
Duly authorised

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:

[Fitch: [●]]
[S&P: [●]]
[[●]: [●]]

[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.]
3 Relevant Benchmark

[[EURIBOR]|[specify benchmark]] is provided by [[administrator legal name]]. As at the date hereof, [[administrator legal name][appears][does not appear]] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of Regulation (EU) 2016/1011 (the “EU Benchmark Regulation”). [[As far as the Trustee is aware, as at the date hereof, [specify benchmark] does not fall within the scope of Regulation (EU) 2016/1011 (the “EU Benchmark Regulation”).][Not Applicable]]

[[EURIBOR]|[specify benchmark]] is provided by [[administrator legal name]]. [As at the date hereof, [administrator legal name][appears][does not appear]] in the register of administrators and benchmarks established and maintained by the Financial Conduct Authority pursuant to Article 36 of Regulation (EU) 2016/1011 as it forms part of domestic law in the UK by virtue of the EUWA (the “UK Benchmarks Regulation”). [[As far as the Trustee is aware, as at the date hereof, [specify benchmark] does not fall within the scope of Regulation (EU) 2016/1011 as it forms part of domestic law in the UK by virtue of the EUWA (the “UK Benchmarks Regulation”), the transitional provisions in Article 51 of the UK Benchmarks Regulation apply such that [administrator legal name] [is/are] not currently required to obtain authorisation or registration (or, if located outside the UK, recognition, endorsement or equivalence)].]

4 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/[●]].

5 Sustainable Certificates

Sustainable Certificates: [Yes]/[No]
6 Indication of profit or return
(Fixed Rate Certificates only):

[●] per cent. per annum

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

7 Operational Information

(a) ISIN Code:

[●]/[Until the Certificates are consolidated, become fungible with and form a single series with the Original Certificates, the Certificates will have the temporary ISIN [●]. After that, the Certificates will have the same ISIN as the Original Certificates, which is [●].

(b) Common Code:

[●]/[Until the Certificates are consolidated, become fungible with and form a single series with the Original Certificates, the Certificates will have the temporary Common Code [●]. After that, the Certificates will have the same Common Code as the Original Certificates, which is [●].

(c) FISN:

[[See/[[include code]24, 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]25, 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)]

(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):

[●]

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

25 The actual code should only be included where the Trustee is comfortable that it is correct.
8 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]

9 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].
USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Certificates will be applied by the Trustee pursuant to the terms of the relevant Transaction Documents in the following proportion: (a) the Wakala Percentage of the aggregate face amount of the Certificates of such Tranche towards the purchase of the Eligible Assets from the Bank pursuant to the relevant Purchase Agreement; and (b) the Murabaha Percentage of the aggregate face amount of the Certificates of such Tranche towards the purchase of Commodities to be sold to the Bank pursuant to the Master Murabaha Agreement.

Save in respect of Sustainable Certificates, the amounts so received by the Bank will be applied by it for its general corporate purposes, or as otherwise described in the relevant Pricing Supplement.

In respect of Sustainable Certificates, an amount at least equal to the equivalent amount will be applied by the Bank to finance and/or refinance, in whole or in part, Eligible Sustainable Projects as set out in the Bank’s Sustainable Finance Framework summarised under “Business Description of the Bank—Sustainable Finance Framework” and to be published on its website.

See further “Risk Factors—Risks Relating to the Certificates—The use of proceeds of any issue of Certificates identified as Sustainable Certificates in the relevant pricing supplement may not meet investor expectations or requirements or be suitable for an investor's investment criteria”.

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DESCRIPTION OF THE TRUSTEE

The Trustee

The Trustee, an exempted company incorporated in the Cayman Islands with limited liability, was incorporated on 12 October 2021 under the Companies Act (As Revised) of the Cayman Islands with company registration number 382174. 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 12 October 2021.

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:

<table>
<thead>
<tr>
<th>Name</th>
<th>Principal Occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Olena Mykhailenko</td>
<td>Vice President, Middle East at Maples Fund Services (Middle East) Limited</td>
</tr>
<tr>
<td>Linval Stewart</td>
<td>Vice President at MaplesFS Limited</td>
</tr>
</tbody>
</table>

The business address of Olena Mykhailenko 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 Linval Stewart 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**

**National Commercial Bank (NCB)**

The following information has been extracted from, and should be read in conjunction with, and is qualified in its entirety by reference to, the NCB March 2021 Interim Financial Statements and the NCB Annual Financial Statements.

**Consolidated statement of financial position**

The table below shows NCB’s interim condensed consolidated statement of financial position as at 31 March 2021 and consolidated statement of financial position as at 31 December in each of 2020 and 2019.

<table>
<thead>
<tr>
<th></th>
<th>As at 31 March</th>
<th>As at 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td>2021</td>
<td>2020</td>
</tr>
<tr>
<td>Cash and balances with SAMA</td>
<td>48,343</td>
<td>56,824</td>
</tr>
<tr>
<td>Due from banks and other financial institutions, net...</td>
<td>14,030</td>
<td>13,637</td>
</tr>
<tr>
<td>Investments, net...</td>
<td>149,662</td>
<td>144,853</td>
</tr>
<tr>
<td>Financing and advances, net...</td>
<td>356,720</td>
<td>346,708</td>
</tr>
<tr>
<td>Positive fair value of derivatives, net...</td>
<td>6,280</td>
<td>7,898</td>
</tr>
<tr>
<td>Investments in associates, net...</td>
<td>442</td>
<td>442</td>
</tr>
<tr>
<td>Property, equipment and software, net...</td>
<td>5,870</td>
<td>5,842</td>
</tr>
<tr>
<td>Right of use assets, net...</td>
<td>1,491</td>
<td>1,525</td>
</tr>
<tr>
<td>Other assets...</td>
<td>16,733</td>
<td>21,717</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>599,571</strong></td>
<td><strong>599,446</strong></td>
</tr>
<tr>
<td><strong>Liabilities and equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to banks and other financial institutions...</td>
<td>72,372</td>
<td>75,028</td>
</tr>
<tr>
<td>Customers’ deposits...</td>
<td>419,430</td>
<td>416,419</td>
</tr>
<tr>
<td>Debt securities issued...</td>
<td>2,101</td>
<td>1,773</td>
</tr>
<tr>
<td>Negative fair value of derivatives, net...</td>
<td>6,748</td>
<td>9,744</td>
</tr>
<tr>
<td>Other liabilities...</td>
<td>14,734</td>
<td>16,267</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>515,385</strong></td>
<td><strong>519,231</strong></td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity attributable to equity holders of the Bank</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital...</td>
<td>30,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Treasury shares...</td>
<td>(275)</td>
<td>(371)</td>
</tr>
<tr>
<td>Statutory reserve...</td>
<td>28,370</td>
<td>28,370</td>
</tr>
<tr>
<td>Other reserves (cumulative changes in fair value)...</td>
<td>619</td>
<td>1,676</td>
</tr>
<tr>
<td>Employees’ share based payments reserve...</td>
<td>152</td>
<td>243</td>
</tr>
<tr>
<td>Retained earnings...</td>
<td>17,699</td>
<td>14,401</td>
</tr>
<tr>
<td>Proposed dividend...</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Foreign currency translation reserve...</td>
<td>(5,292)</td>
<td>(5,109)</td>
</tr>
<tr>
<td><strong>Equity attributable to shareholders of the Bank</strong></td>
<td><strong>71,273</strong></td>
<td><strong>69,210</strong></td>
</tr>
<tr>
<td>Tier 1 sukuk...</td>
<td>12,188</td>
<td>10,200</td>
</tr>
<tr>
<td><strong>Equity attributable to equity holders of the Bank</strong></td>
<td><strong>83,461</strong></td>
<td><strong>79,410</strong></td>
</tr>
</tbody>
</table>
Non-controlling interests ............................................ 725 805 900
Total equity ............................................................ 84,186 80,215 69,343
Total liabilities and equity ...................................... 599,571 599,446 506,819

Interim condensed consolidated statement of income

The table below shows NCB’s interim condensed consolidated statement of income for each of the three-month periods ended 31 March 2021 and 31 March 2020.

<table>
<thead>
<tr>
<th>Three months ended 31 March</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SAR million)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special commission income</td>
<td>4,901</td>
<td>5,042</td>
</tr>
<tr>
<td>Special commission expense</td>
<td>(722)</td>
<td>(884)</td>
</tr>
<tr>
<td><strong>Net special commission income</strong></td>
<td><strong>4,179</strong></td>
<td><strong>4,158</strong></td>
</tr>
<tr>
<td>Fee income from banking services, net</td>
<td>621</td>
<td>480</td>
</tr>
<tr>
<td>Exchange income, net</td>
<td>326</td>
<td>314</td>
</tr>
<tr>
<td>Income/(loss) from fair value through income statement (FVIS) financial instruments, net</td>
<td>254</td>
<td>(23)</td>
</tr>
<tr>
<td>Gains/income on non-FVIS financial instruments, net</td>
<td>610</td>
<td>513</td>
</tr>
<tr>
<td>Other operating expenses, net</td>
<td>(218)</td>
<td>(136)</td>
</tr>
<tr>
<td><strong>Total operating income</strong></td>
<td><strong>5,772</strong></td>
<td><strong>5,306</strong></td>
</tr>
<tr>
<td>Salaries and employee-related expenses</td>
<td>(866)</td>
<td>(908)</td>
</tr>
<tr>
<td>Rent and premises related expenses</td>
<td>(89)</td>
<td>(83)</td>
</tr>
<tr>
<td>Depreciation/amortisation of property, equipment, software, right of use assets</td>
<td>(230)</td>
<td>(226)</td>
</tr>
<tr>
<td>Other general and administrative expenses</td>
<td>(436)</td>
<td>(475)</td>
</tr>
<tr>
<td><strong>Total operating expenses before expected credit losses</strong></td>
<td><strong>(1,621)</strong></td>
<td><strong>(1,692)</strong></td>
</tr>
<tr>
<td>Net impairment charge for expected credit losses</td>
<td>(280)</td>
<td>(396)</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>(1,901)</strong></td>
<td><strong>(2,088)</strong></td>
</tr>
<tr>
<td>Income from operations, net</td>
<td>3,871</td>
<td>3,218</td>
</tr>
<tr>
<td>Other non-operating (expenses), net</td>
<td>(55)</td>
<td>(7)</td>
</tr>
<tr>
<td><strong>Net income for the period before zakat and income tax</strong></td>
<td><strong>3,816</strong></td>
<td><strong>3,211</strong></td>
</tr>
<tr>
<td>Zakat and income tax expense</td>
<td>(391)</td>
<td>(340)</td>
</tr>
<tr>
<td><strong>Net income for the period</strong></td>
<td><strong>3,425</strong></td>
<td><strong>2,871</strong></td>
</tr>
<tr>
<td>Net income for the period attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity holders of the Bank</td>
<td>3,408</td>
<td>2,834</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>17</td>
<td>37</td>
</tr>
<tr>
<td><strong>Net income for the period</strong></td>
<td><strong>3,425</strong></td>
<td><strong>2,871</strong></td>
</tr>
</tbody>
</table>
### Consolidated statement of income

The table below shows NCB’s consolidated statement of income for each of the years ended 31 December 2020 and 31 December 2019.

<table>
<thead>
<tr>
<th>Year ended 31 December</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SAR million)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special commission income</td>
<td>19,441</td>
<td>21,117</td>
</tr>
<tr>
<td>Special commission expense</td>
<td>(2,754)</td>
<td>(4,735)</td>
</tr>
<tr>
<td><strong>Net special commission income</strong></td>
<td>16,687</td>
<td>16,382</td>
</tr>
<tr>
<td>Fee income from banking services, net</td>
<td>2,260</td>
<td>1,920</td>
</tr>
<tr>
<td>Exchange income, net</td>
<td>1,205</td>
<td>1,062</td>
</tr>
<tr>
<td>Income from fair value through income statement (FVIS) financial instruments, net</td>
<td>816</td>
<td>940</td>
</tr>
<tr>
<td>Gains/income on non-FVIS financial instruments, net</td>
<td>973</td>
<td>471</td>
</tr>
<tr>
<td>Other operating (expenses), net</td>
<td>(483)</td>
<td>(200)</td>
</tr>
<tr>
<td><strong>Total operating income</strong></td>
<td>21,458</td>
<td>20,575</td>
</tr>
<tr>
<td>Salaries and employee-related expenses</td>
<td>(3,550)</td>
<td>(3,550)</td>
</tr>
<tr>
<td>Rent and premises related expenses</td>
<td>(341)</td>
<td>(355)</td>
</tr>
<tr>
<td>Depreciation/amortisation of property, equipment, software, right of use assets</td>
<td>(900)</td>
<td>(866)</td>
</tr>
<tr>
<td>Other general and administrative expenses</td>
<td>(1,706)</td>
<td>(1,527)</td>
</tr>
<tr>
<td><strong>Total operating expenses before expected credit losses</strong></td>
<td>(6,497)</td>
<td>(6,298)</td>
</tr>
<tr>
<td>Net impairment charge for expected credit losses</td>
<td>(1,951)</td>
<td>(1,420)</td>
</tr>
<tr>
<td><strong>Total operating expenses, net</strong></td>
<td>(8,448)</td>
<td>(7,718)</td>
</tr>
<tr>
<td>Income from operations, net</td>
<td>13,010</td>
<td>12,857</td>
</tr>
<tr>
<td>Other non-operating (expenses) income, net</td>
<td>(77)</td>
<td>62</td>
</tr>
<tr>
<td><strong>Net income for the year before zakat and income tax</strong></td>
<td>12,933</td>
<td>12,919</td>
</tr>
<tr>
<td>Zakat and income tax expense</td>
<td>(1,373)</td>
<td>(1,435)</td>
</tr>
<tr>
<td><strong>Net income for the year</strong></td>
<td>11,560</td>
<td>11,484</td>
</tr>
<tr>
<td><strong>Net income for the year attributable to:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity holders of the Bank</td>
<td>11,440</td>
<td>11,401</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>120</td>
<td>83</td>
</tr>
<tr>
<td><strong>Net income for the year</strong></td>
<td>11,560</td>
<td>11,484</td>
</tr>
</tbody>
</table>
## Interim condensed consolidated statement of comprehensive income

The table below shows NCB’s interim condensed consolidated statement of comprehensive income for each of the three-month periods ended 31 March 2021 and 31 March 2020.

<table>
<thead>
<tr>
<th>Three months ended 31 March</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SAR million)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net income for the period</strong></td>
<td>3,425</td>
<td>2,871</td>
</tr>
<tr>
<td><strong>Other comprehensive income/(loss)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Items that cannot be reclassified to the consolidated statement of income in subsequent periods:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net movement in fair value through other comprehensive income in equity instruments</td>
<td>336</td>
<td>(468)</td>
</tr>
<tr>
<td><strong>Items that are or may be reclassified to the consolidated statement of income in subsequent periods:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation reserve (loss)</td>
<td>(273)</td>
<td>(296)</td>
</tr>
<tr>
<td><strong>FVOCI debt instruments:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net change in fair values</td>
<td>(847)</td>
<td>(3,012)</td>
</tr>
<tr>
<td>Transfers to the consolidated statement of income</td>
<td>(489)</td>
<td>(212)</td>
</tr>
<tr>
<td><strong>Cash flow hedges:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective portion of changes in fair values</td>
<td>(59)</td>
<td>3</td>
</tr>
<tr>
<td>Transfers to the consolidated statement of income</td>
<td>(4)</td>
<td>(24)</td>
</tr>
<tr>
<td><strong>Total other comprehensive income/(loss)</strong></td>
<td>(1,336)</td>
<td>(4,009)</td>
</tr>
<tr>
<td><strong>Total comprehensive income/(loss) for the period</strong></td>
<td>2,089</td>
<td>(1,138)</td>
</tr>
<tr>
<td><strong>Attributable to:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity holders of the Bank</td>
<td>2,169</td>
<td>(1,059)</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(80)</td>
<td>(79)</td>
</tr>
<tr>
<td><strong>Total comprehensive income/(loss) for the period</strong></td>
<td>2,089</td>
<td>(1,138)</td>
</tr>
</tbody>
</table>
Consolidated statement of comprehensive income

The table below shows NCB’s consolidated statement of comprehensive income for each of the years ended 31 December 2020 and 31 December 2019.

<table>
<thead>
<tr>
<th>Years ended 31 December</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(SAR million)</td>
<td></td>
</tr>
<tr>
<td>Net income for the year</td>
<td>11,560</td>
<td>11,484</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that cannot be reclassified to the consolidated statement of income in subsequent years:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net movement in fair value through other comprehensive income in equity instruments and actuarial valuation (losses)</td>
<td>(46)</td>
<td>(239)</td>
</tr>
<tr>
<td>Items that are or may be reclassified to the consolidated statement of income in subsequent periods</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net movement in foreign currency translation reserve (losses)</td>
<td>(630)</td>
<td>(348)</td>
</tr>
<tr>
<td>FVOCI debt instruments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net change in fair values</td>
<td>1,364</td>
<td>1,931</td>
</tr>
<tr>
<td>Net amounts transferred to the consolidated statement of income</td>
<td>(492)</td>
<td>(218)</td>
</tr>
<tr>
<td>Cash flow hedges:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective portion of changes in fair values</td>
<td>17</td>
<td>92</td>
</tr>
<tr>
<td>Net amounts transferred to the consolidated statement of income</td>
<td>(32)</td>
<td>(61)</td>
</tr>
<tr>
<td>Total other comprehensive income</td>
<td>181</td>
<td>1,157</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>11,741</td>
<td>12,641</td>
</tr>
<tr>
<td>Attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity holders of the Bank</td>
<td>11,836</td>
<td>12,633</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(94)</td>
<td>8</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>11,742</td>
<td>12,641</td>
</tr>
</tbody>
</table>
**Interim condensed consolidated statement of cash flows**

The table below summarises NCB’s interim condensed consolidated statement of cash flows for each of the three-month periods ended 31 March 2021 and 31 March 2020 (extracts).

<table>
<thead>
<tr>
<th></th>
<th>Three months ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>(SAR million)</td>
<td></td>
</tr>
<tr>
<td>Net cash used in operating activities</td>
<td>(8,493)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(4,520)</td>
</tr>
<tr>
<td>Net cash from/(used in) financing activities</td>
<td>2,326</td>
</tr>
<tr>
<td>Cash and cash equivalents at 1 January</td>
<td>41,892</td>
</tr>
<tr>
<td>Cash and cash equivalents at 31 March</td>
<td>31,158</td>
</tr>
</tbody>
</table>
**Consolidated statement of cash flows**

The table below summarises NCB’s consolidated statement of cash flows for each of the years ended 31 December 2020 and 31 December 2019 (extracts).

<table>
<thead>
<tr>
<th>Years ended 31 December</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SAR million)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>20,555</td>
<td>40,072</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(10,664)</td>
<td>(11,652)</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>(42)</td>
<td>(15,079)</td>
</tr>
<tr>
<td>Cash and cash equivalents at 1 January</td>
<td>32,675</td>
<td>19,792</td>
</tr>
<tr>
<td>Cash and cash equivalents at 31 December</td>
<td>41,892</td>
<td>32,675</td>
</tr>
</tbody>
</table>
Samba Financial Group (Samba)

The following information has been extracted from, and should be read in conjunction with, and is qualified in its entirety by reference to, the Samba Annual Financial Statements. As a result of the merger, Samba was not required to, and did not, prepare or publish any interim condensed consolidated financial statements for the three-month period ended 31 March 2021.

Consolidated statement of financial position

The table below shows Samba’s consolidated statement of financial position as at 31 December in each of 2020 and 2019.

<table>
<thead>
<tr>
<th>Assets</th>
<th>As at 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>(SAR million)</td>
<td></td>
</tr>
<tr>
<td>Cash and balances with Central Banks</td>
<td>22,854</td>
</tr>
<tr>
<td>Due from banks and other financial institutions, net</td>
<td>3,664</td>
</tr>
<tr>
<td>Investments, net</td>
<td>101,225</td>
</tr>
<tr>
<td>Derivatives</td>
<td>6,890</td>
</tr>
<tr>
<td>Loans and advances, net</td>
<td>156,024</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>3,412</td>
</tr>
<tr>
<td>Other assets</td>
<td>2,876</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>296,945</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and equity</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to banks and other financial institutions</td>
<td>21,549</td>
<td>15,647</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>207,706</td>
<td>180,166</td>
</tr>
<tr>
<td>Term loan</td>
<td>2,160</td>
<td>2,168</td>
</tr>
<tr>
<td>Debt securities in issue</td>
<td>5,589</td>
<td>3,746</td>
</tr>
<tr>
<td>Derivatives</td>
<td>4,423</td>
<td>3,457</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>7,468</td>
<td>8,895</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>248,895</strong></td>
<td><strong>214,079</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Equity</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity attributable to equity holders of the Bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Statutory reserve</td>
<td>19,399</td>
<td>18,348</td>
</tr>
<tr>
<td>General reserve</td>
<td>130</td>
<td>130</td>
</tr>
<tr>
<td>Fair value and other reserves</td>
<td>2,421</td>
<td>2,752</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>6,927</td>
<td>3,697</td>
</tr>
<tr>
<td>Proposed dividend</td>
<td>—</td>
<td>1,394</td>
</tr>
<tr>
<td>Description</td>
<td>2021</td>
<td>2020</td>
</tr>
<tr>
<td>-----------------------------------------------------</td>
<td>-------</td>
<td>-------</td>
</tr>
<tr>
<td>Treasury stocks</td>
<td>(919)</td>
<td>(962)</td>
</tr>
<tr>
<td>Total equity attributable to equity holders of the Bank</td>
<td>47,958</td>
<td>45,359</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>92</td>
<td>90</td>
</tr>
<tr>
<td>Total equity</td>
<td>48,050</td>
<td>45,449</td>
</tr>
<tr>
<td>Total liabilities and equity</td>
<td>296,945</td>
<td>259,528</td>
</tr>
</tbody>
</table>
**Consolidated statement of income**

The table below shows Samba’s consolidated statement of income for each of the years ended 31 December 2020 and 31 December 2019.

<table>
<thead>
<tr>
<th>Year ended 31 December</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(SAR million)</td>
<td></td>
</tr>
<tr>
<td>Special commission income</td>
<td>7,445</td>
<td>8,427</td>
</tr>
<tr>
<td>Special commission expense</td>
<td>(1,773)</td>
<td>(2,050)</td>
</tr>
<tr>
<td>Net special commission income</td>
<td>5,672</td>
<td>6,377</td>
</tr>
<tr>
<td>Fee and commission income, net</td>
<td>1,252</td>
<td>1,268</td>
</tr>
<tr>
<td>Exchange income, net</td>
<td>329</td>
<td>307</td>
</tr>
<tr>
<td>Income from investments held at FVIS, net</td>
<td>385</td>
<td>204</td>
</tr>
<tr>
<td>Trading income net</td>
<td>249</td>
<td>170</td>
</tr>
<tr>
<td>Gains on FVOVI debt, net</td>
<td>1,373</td>
<td>78</td>
</tr>
<tr>
<td>Other operating income, net</td>
<td>165</td>
<td>196</td>
</tr>
<tr>
<td><strong>Total operating income</strong></td>
<td>9,425</td>
<td>8,600</td>
</tr>
<tr>
<td>Salaries and employee-related expenses</td>
<td>(1,562)</td>
<td>(1,488)</td>
</tr>
<tr>
<td>Rent and premises related expenses</td>
<td>(311)</td>
<td>(334)</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(229)</td>
<td>(204)</td>
</tr>
<tr>
<td>Other general and administrative expenses</td>
<td>(1,006)</td>
<td>(852)</td>
</tr>
<tr>
<td><strong>Total operating expenses before credit impairment provision</strong></td>
<td>(3,108)</td>
<td>(2,878)</td>
</tr>
<tr>
<td>Provision for credit impairment, net of recoveries</td>
<td>(1,400)</td>
<td>(1,103)</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>(4,508)</td>
<td>(3,981)</td>
</tr>
<tr>
<td>Net income for the year before zakat and income tax</td>
<td>4,917</td>
<td>4,619</td>
</tr>
<tr>
<td>Zakat for the year</td>
<td>(611)</td>
<td>(577)</td>
</tr>
<tr>
<td>Current and deferred tax for the year</td>
<td>(102)</td>
<td>(52)</td>
</tr>
<tr>
<td><strong>Net income for the year</strong></td>
<td>4,204</td>
<td>3,990</td>
</tr>
<tr>
<td><strong>Net income for the year attributable to:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity holders of the Bank</td>
<td>4,201</td>
<td>3,984</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td><strong>Net income for the year</strong></td>
<td>4,204</td>
<td>3,990</td>
</tr>
</tbody>
</table>
### Consolidated statement of comprehensive income

The table below shows Samba’s consolidated statement of comprehensive income for each of the years ended 31 December 2020 and 31 December 2019.

<table>
<thead>
<tr>
<th>Years ended 31 December</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(SAR million)</td>
<td></td>
</tr>
<tr>
<td><strong>Net income for the years after zakat and taxation</strong></td>
<td>4,204</td>
<td>3,990</td>
</tr>
<tr>
<td><strong>Other comprehensive income for the years - items that will not be reclassified subsequently to the statement of consolidated income:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>FVOCI financial assets – Equities:</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in fair values</td>
<td>(685)</td>
<td>544</td>
</tr>
<tr>
<td>Changes due to remeasurements of defined employee benefit obligation</td>
<td>(109)</td>
<td>(115)</td>
</tr>
<tr>
<td><strong>Other comprehensive income for the years - items that will be reclassified subsequently to the statement of consolidated income:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange differences on translation of foreign operations</td>
<td>(7)</td>
<td>(48)</td>
</tr>
<tr>
<td><strong>FVOCI debt financial assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net change in fair values</td>
<td>1,721</td>
<td>2,083</td>
</tr>
<tr>
<td>Transfers to the statement of consolidated income</td>
<td>(1,373)</td>
<td>(78)</td>
</tr>
<tr>
<td>Changes in allowance for expected credit losses</td>
<td>26</td>
<td>33</td>
</tr>
<tr>
<td><strong>Cash flow hedges:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net changes in fair values</td>
<td>335</td>
<td>122</td>
</tr>
<tr>
<td>Transfers to the statement of consolidated income</td>
<td>(180)</td>
<td>(34)</td>
</tr>
<tr>
<td><strong>Other comprehensive (loss)/income for the years</strong></td>
<td>(272)</td>
<td>2,507</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the years</strong></td>
<td>3,932</td>
<td>6,497</td>
</tr>
<tr>
<td><strong>Attributable to:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity holders of the Bank</td>
<td>3,929</td>
<td>6,500</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>3</td>
<td>(3)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,932</td>
<td>6,497</td>
</tr>
</tbody>
</table>
Consolidated statement of cash flows
The table below summarises Samba’s consolidated statement of cash flows for each of the years ended 31 December 2020 and 31 December 2019 (extract).

<table>
<thead>
<tr>
<th>Years ended 31 December</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SAR million)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>17,610</td>
<td>1,660</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(14,387)</td>
<td>(16,557)</td>
</tr>
<tr>
<td>Net cash from financing activities</td>
<td>343</td>
<td>2,536</td>
</tr>
<tr>
<td>Cash and cash equivalents at 1 January</td>
<td>11,555</td>
<td>23,916</td>
</tr>
<tr>
<td>Cash and cash equivalents at 31 December</td>
<td>15,121</td>
<td>11,555</td>
</tr>
</tbody>
</table>
The Group

The following information has been extracted from, and should be read in conjunction with, and is qualified in its entirety by reference to, the Group’s unaudited interim condensed consolidated financial statements for the nine month period ended 30 September 2021.

Interim condensed consolidated statement of financial position

The table below shows the Group’s interim condensed consolidated statement of financial position as at 30 September 2021.

<table>
<thead>
<tr>
<th>As at 30 September 2021 (SAR million)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
</tr>
<tr>
<td>Cash and balances with SAMA</td>
</tr>
<tr>
<td>Due from banks and other financial institutions, net</td>
</tr>
<tr>
<td>Investments, net</td>
</tr>
<tr>
<td>Financing and advances, net</td>
</tr>
<tr>
<td>Positive fair value of derivatives, net</td>
</tr>
<tr>
<td>Investments in associates, net</td>
</tr>
<tr>
<td>Property, equipment and software, net</td>
</tr>
<tr>
<td>Goodwill</td>
</tr>
<tr>
<td>Intangible assets</td>
</tr>
<tr>
<td>Right of use assets, net</td>
</tr>
<tr>
<td>Other assets</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
</tr>
</tbody>
</table>

| **Liabilities and equity**            |
| **Liabilities**                       |
| Due to banks and other financial institutions | 104,105 |
| Customers’ deposits                   | 589,190 |
| Debt securities issued                | 7,093  |
| Negative fair value of derivatives, net | 10,530 |
| Other liabilities                     | 31,280 |
| **Total liabilities**                 | 742,198 |

| **Equity**                            |
| **Equity attributable to equity holders of the Bank** |
| Share capital                          | 44,780 |
| Share premium                          | 63,702 |
| Treasury shares                        | (2,140) |
As at 30 September 2021

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory reserve</td>
<td>28,370</td>
</tr>
<tr>
<td>Other reserves (cumulative changes in fair value)</td>
<td>1,079</td>
</tr>
<tr>
<td>Employees share based payments reserve</td>
<td>318</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>16,863</td>
</tr>
<tr>
<td>Foreign currency translation reserve</td>
<td>(5,454)</td>
</tr>
<tr>
<td><strong>Equity attributable to shareholders of the Bank</strong></td>
<td>147,518</td>
</tr>
<tr>
<td>Tier 1 sukuk</td>
<td>12,188</td>
</tr>
<tr>
<td><strong>Equity attributable to shareholders of the Bank</strong></td>
<td>159,706</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>816</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>160,522</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>902,720</td>
</tr>
</tbody>
</table>
Interim condensed consolidated statement of income

The table below shows the Group’s interim condensed consolidated statement of income for each of (i) the nine-month period ended 30 September 2021 (being the period from the date of the merger on 1 April 2021) and (ii) the comparative period in 2020 (which shows the statement of income for NCB only).

<table>
<thead>
<tr>
<th>Nine months ended 30 September</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SAR million)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special commission income</td>
<td>18,486</td>
<td>14,633</td>
</tr>
<tr>
<td>Special commission expense</td>
<td>(2,442)</td>
<td>(2,320)</td>
</tr>
<tr>
<td>Net special commission income</td>
<td>16,044</td>
<td>12,313</td>
</tr>
<tr>
<td>Fee income from banking services, net</td>
<td>2,241</td>
<td>1,538</td>
</tr>
<tr>
<td>Exchange income, net</td>
<td>1,045</td>
<td>920</td>
</tr>
<tr>
<td>Gain from fair value through income statement (FVIS) financial instruments, net</td>
<td>1,443</td>
<td>567</td>
</tr>
<tr>
<td>Gains/income on non-FVIS financial instruments, net</td>
<td>887</td>
<td>727</td>
</tr>
<tr>
<td>Other operating expenses, net</td>
<td>(587)</td>
<td>(357)</td>
</tr>
<tr>
<td>Total operating income</td>
<td>21,073</td>
<td>15,708</td>
</tr>
<tr>
<td>Salaries and employee-related expenses</td>
<td>(3,202)</td>
<td>(2,655)</td>
</tr>
<tr>
<td>Rent and premises related expenses</td>
<td>(373)</td>
<td>(245)</td>
</tr>
<tr>
<td>Depreciation/amortisation of property, equipment, software, right of use assets</td>
<td>(836)</td>
<td>(659)</td>
</tr>
<tr>
<td>Amortisation of intangible assets</td>
<td>(586)</td>
<td>—</td>
</tr>
<tr>
<td>Other general and administrative expenses</td>
<td>(2,055)</td>
<td>(1,302)</td>
</tr>
<tr>
<td>Total operating expenses before expected credit losses</td>
<td>(7,052)</td>
<td>(4,861)</td>
</tr>
<tr>
<td>Net impairment charge for expected credit losses</td>
<td>(3,412)</td>
<td>(1,603)</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>(10,464)</td>
<td>(6,464)</td>
</tr>
<tr>
<td>Income from operations, net</td>
<td>10,610</td>
<td>9,244</td>
</tr>
<tr>
<td>Other non-operating income/(expenses), net</td>
<td>(68)</td>
<td>(76)</td>
</tr>
<tr>
<td>Net income for the period before zakat and income tax</td>
<td>10,541</td>
<td>9,168</td>
</tr>
<tr>
<td>Zakat and income tax expense</td>
<td>(1,153)</td>
<td>(979)</td>
</tr>
<tr>
<td>Net income for the period</td>
<td>9,388</td>
<td>8,189</td>
</tr>
<tr>
<td>Net income for the period attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity holders of the Bank</td>
<td>9,311</td>
<td>8,080</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>77</td>
<td>109</td>
</tr>
<tr>
<td>Net income for the period</td>
<td>9,388</td>
<td>8,189</td>
</tr>
</tbody>
</table>
**Interim condensed consolidated statement of comprehensive income**

The table below shows the Group’s interim condensed consolidated statement of comprehensive income for each of (i) the nine-month period ended 30 September 2021 (being the period from the date of the merger on 1 April 2021) and (ii) the comparative period in 2020 (which shows the interim condensed statement of comprehensive income for NCB only).

<table>
<thead>
<tr>
<th>Nine months ended 30 September</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SAR million)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net income for the period</strong></td>
<td>9,388</td>
<td>8,189</td>
</tr>
<tr>
<td><strong>Other comprehensive income/(loss)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Items that cannot be reclassified to the consolidated statement of income in subsequent periods:</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net movement in fair value through other comprehensive income in equity instruments</td>
<td>986</td>
<td>2</td>
</tr>
<tr>
<td><em>Items that are or may be reclassified to the consolidated statement of income in subsequent periods:</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation reserve (loss)</td>
<td>(499)</td>
<td>(733)</td>
</tr>
<tr>
<td><strong>FVOCI debt instruments:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net change in fair values</td>
<td>(818)</td>
<td>476</td>
</tr>
<tr>
<td>Transfers to the consolidated statement of income</td>
<td>(576)</td>
<td>(279)</td>
</tr>
<tr>
<td><strong>Cash flow hedges:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective portion of changes in fair values</td>
<td>(163)</td>
<td>13</td>
</tr>
<tr>
<td>Transfers to the consolidated statement of income</td>
<td>(28)</td>
<td>(23)</td>
</tr>
<tr>
<td><strong>Total other comprehensive loss</strong></td>
<td>(1,098)</td>
<td>(544)</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the period</strong></td>
<td>8,290</td>
<td>7,645</td>
</tr>
<tr>
<td><strong>Attributable to:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity holders of the Bank</td>
<td>8,369</td>
<td>7,797</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(79)</td>
<td>(152)</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the period</strong></td>
<td>8,290</td>
<td>7,645</td>
</tr>
</tbody>
</table>
Interim condensed consolidated statement of cash flows

The table below summarises the Group’s interim condensed consolidated statement of cash flows for each of (i) the nine-month period ended 30 September 2021 (which, for the period from 1 January 2021 to 31 March 2021, only comprises the cash flows of NCB) and (ii) the comparative period in 2020 (which shows only the cash flows of NCB for the entire period) (extracts).

<table>
<thead>
<tr>
<th>Nine months ended 30 September</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SAR million)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash (used in)/from operating activities</td>
<td>(4,278)</td>
<td>3,433</td>
</tr>
<tr>
<td>Net cash from/(used in) investing activities</td>
<td>8,731</td>
<td>(7,921)</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>(5,145)</td>
<td>(459)</td>
</tr>
<tr>
<td>Cash and cash equivalents at 1 January 2021</td>
<td>41,892</td>
<td>32,675</td>
</tr>
<tr>
<td>Cash and cash equivalents at 30 September 2021</td>
<td>40,887</td>
<td>26,989</td>
</tr>
</tbody>
</table>

Selected Consolidated Ratios

The table below shows selected consolidated ratios for the Group as at and for the nine-month period ended 30 September 2021 (being the period from the date of the merger on 1 April 2021).

<table>
<thead>
<tr>
<th>Performance measures</th>
<th>As at/nine months ended 30 September 2021 (per cent.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on average assets</td>
<td>1.65</td>
</tr>
<tr>
<td>Return on average equity</td>
<td>10.93</td>
</tr>
<tr>
<td>Cost to income ratio</td>
<td>33.46</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial ratios</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net special commission income margin</td>
<td>3.3</td>
</tr>
<tr>
<td>Commission yield</td>
<td>3.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Asset quality</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NPFA ratio</td>
<td>1.58</td>
</tr>
<tr>
<td>NPFA coverage ratio</td>
<td>134.48</td>
</tr>
<tr>
<td>Liquidity coverage ratio</td>
<td>252.8</td>
</tr>
<tr>
<td>Loans to deposits ratio</td>
<td>80.50</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other ratios</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Core equity tier 1 capital adequacy ratio</td>
<td>16.41</td>
</tr>
<tr>
<td>Tier 1 capital adequacy ratio</td>
<td>18.2</td>
</tr>
<tr>
<td>Total capital adequacy ratio</td>
<td>19.1</td>
</tr>
<tr>
<td>Leverage ratio</td>
<td>12.89</td>
</tr>
</tbody>
</table>

Notes:
1. Net income for the nine-month period ended 30 September 2021 attributable to equity holders of the Bank (annualised) divided by with average total assets calculated as the sum of total assets as at 31 December 2020 and 30 September 2021 divided by two.
2. Net income for the nine-month period ended 30 September 2021 attributable to equity holders of the Bank (annualised) less cost of perpetual sukuk divided by average equity attributable to equity holders of the Bank as at 30 September 2021 with average equity attributable to equity holders of the Bank calculated as the sum of equity attributable to equity holders of the Bank as at 31 December 2020 and 30 September 2021 divided by two.
3. Total operating expenses before expected credit loss divided by total operating income.
4. Net special commission income for the nine-month period ended 30 September 2021 (annualised) 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 as at 31 December 2020 and 30 September 2021 divided by two. Interest earning assets comprise reverse repo, due from banks, financing and advances and investments.
5. Special commission income for the nine-month period ended 30 September 2021 (annualised) 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 as at 31 December 2020 and 30 September 2021 divided by two. Interest earning assets comprise reverse repo, due from banks, financing and advances and investments.

(6) Non-performing financing and advances as a percentage of total financing and advances as at 30 September 2021.

(7) ECLs in respect of financing and advances as a percentage of non-performing financing and advances as at 30 September 2021.

(8) High liquid asset divided by net cash outflow.

(9) Financing and advances, net divided by total customers’ deposits, debt securities issued, perpetual sukuk, SAMA free deposits and term loan.

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

(11) Calculated in accordance with the requirements of Basel III as adopted by SAMA.

For the purposes of these Certificates, “annualised” means dividing it by nine months and multiplied by twelve months.
Funding

Sources of funding
The Group’s principal source of funding is its customers’ deposits. In addition, the Group’s funding comprises its debt securities issued and the interbank deposits accepted by it.

The Group also has access to a pool of unencumbered and liquid securities in the form of fixed income debt securities, mutual fund and equity securities that it can access to meet liquidity needs, in addition to its cash balances and placements with central banks and other financial institutions.

The Group’s customers’ deposits were SAR 589 billion, or 79.4 per cent. of its total liabilities, as at 30 September 2021. The Group continues to diversify its long-term deposit base. The issue of the Certificates is also intended to diversify the Group’s sources of funding.

The table below shows the Group’s funding in the form of amounts due to banks and other financial institutions, debt securities issued and customers’ deposits as at 30 September 2021.

<table>
<thead>
<tr>
<th></th>
<th>As at 30 September 2021 (SAR million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to banks and other financial institutions</td>
<td>104,105</td>
</tr>
<tr>
<td>Debt securities issued</td>
<td>7,093</td>
</tr>
<tr>
<td>Customers’ deposits</td>
<td>589,190</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>440,167</td>
</tr>
<tr>
<td>Time</td>
<td>120,959</td>
</tr>
<tr>
<td>Other</td>
<td>28,064</td>
</tr>
<tr>
<td>Total funding</td>
<td>700,388</td>
</tr>
</tbody>
</table>

Maturity profile of funding
The maturity profile of the Group’s funding is only published in its annual financial statements.

A significant proportion of the Group’s funding is short term in nature. See “Risk Factors—Risks relating to the Bank and its ability to fulfil its obligations under the Transaction Documents—The Group is subject to the risk that liquidity may not always be readily available”. The issue of the Certificates is intended to help the Group diversify its sources of funding and to extend the average maturity of its funding base.

Given the state-run and oil-driven nature of the domestic economy, the Group’s deposit base is, at least in the near future, expected to remain concentrated by depositor type, namely cash-rich Government and quasi-Government entities. See “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”.
Customers’ Deposits
The Group’s customers’ deposits principally comprise current account deposits which amounted to 74.7 per cent. of its total customers’ deposits as at 30 September 2021.

The Group’s current accounts typically do not pay special commission and amounts may be withdrawn from these accounts at any time without notice. The Group’s time accounts do pay special commission and amounts can be withdrawn from these accounts at their maturity.

The Group believes that its current accounts are diversified and sticky in nature, and constitute a stable and secure source of low cost funding.

The Group accepts deposits in both riyal and a range of other currencies.

Geographical Breakdown of Customers’ Deposits
The geographical split of Group’s customers’ deposits is only published in its annual financial statements, although the Group’s customers’ deposits are geographically concentrated in Saudi Arabia.

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 is subject to the risk that liquidity may not always be readily available”.

Lending
Financing and advances
The Group’s financing and advances, net was SAR 504 billion as at 30 September 2021. The table below shows the breakdown of the Group’s financing and advances, net as at 30 September 2021.

<table>
<thead>
<tr>
<th></th>
<th>Retail</th>
<th>Corporate</th>
<th>International</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(SAR million)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performing</td>
<td>245,679</td>
<td>222,813</td>
<td>20,660</td>
<td>14,487</td>
<td>503,639</td>
</tr>
<tr>
<td>Non-performing</td>
<td>810</td>
<td>6,136</td>
<td>1,137</td>
<td>—</td>
<td>8,083</td>
</tr>
<tr>
<td>Total</td>
<td>246,489</td>
<td>228,949</td>
<td>21,797</td>
<td>14,487</td>
<td>511,722</td>
</tr>
<tr>
<td>Allowance for financing losses</td>
<td>(1,770)</td>
<td>(7,955)</td>
<td>(1,104)</td>
<td>(41)</td>
<td>(10,870)</td>
</tr>
<tr>
<td>Purchased or originated credit impaired</td>
<td>10</td>
<td>2,834</td>
<td>—</td>
<td>—</td>
<td>2,844</td>
</tr>
<tr>
<td>Financing and advances, net</td>
<td>244,729</td>
<td>223,828</td>
<td>20,693</td>
<td>14,446</td>
<td>503,696</td>
</tr>
</tbody>
</table>

The Group’s financing and advances are principally denominated in riyal. The Group believes that there is only limited structural cross-currency exposure as the majority of its assets and liabilities are match-funded in currency terms. In addition, the Group hedges a part of its currency exposure through the use of derivative contracts.

The majority of the loans within the Group’s financing and advances contain terms permitting it to adjust the special commission rate payable by the customer upon any change in the relevant interbank benchmark rate.

Distribution of financing and advances by maturity
A distribution of the Group’s financing and advances by maturity is only published in its annual financial statements.
Sectoral and geographical breakdowns of financing and advances

The sectoral breakdown of the Group’s financing and advances is only published in its annual financial statements, although the Group’s financing and advances are concentrated on the retail sectors, which together comprised 48.6 per cent. of its financing and advances as at 30 September 2021.

The geographical breakdown of the Group’s financing and advances is only published in its annual financial statements, although the Group’s financing and advances are geographically concentrated in Saudi Arabia. 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”.

See also “Risk Management—Credit Risk” for a discussion of the Group’s loan origination and monitoring procedures, its loan classification system, collateral policy and an analysis of its non-performing loans and provisioning and write-off policies.

Investment Securities Portfolio

The Group’s investment securities portfolio, which is reflected in its statement of financial position as investments, net, comprises fixed rate securities, floating rate securities, equity and other securities which are held either as FVIS, FVOCI or at amortised cost. The securities are issued by both domestic and international issuers. The Group invests in these securities both to generate returns (as interest, dividend and capital gains) and to provide an additional source of liquidity when needed.

As at 30 September 2021, the Group’s investment securities portfolio amounted to SAR 236 billion and included a large portfolio of Saudi government bonds, sukuk and treasury bills, a significant portfolio of other investment grade fixed income securities, and small portfolios of non-investment grade fixed income securities and funds and equity securities.

The Group’s investment securities portfolio is geographically concentrated in Saudi Arabia, which comprised 73.0 per cent. of the Group’s investment securities portfolio as at 30 September 2021.

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”.

Capital Adequacy

Capital adequacy, financial leverage and the use of various levels of regulatory capital are monitored regularly by the Group’s management and are also governed by guidelines of the Basel Committee on Banking Supervision (the “Basel Committee”) as adopted by SAMA.

The SAMA Basel III framework consists of three pillars:

- pillar 1, which provides a framework for measuring capital requirements for credit, operational and market risks;
- pillar 2, which relates to the supervisory review process and emphasises the importance of the internal capital adequacy assessment process (“ICAAP”) performed by banks; and
- pillar 3, which aims to complement the pillar 1 and pillar 2 capital adequacy requirements by requiring banks to provide a consistent and understandable disclosure framework which facilitates comparison, thus enhancing the safety and soundness of the banking industry in Saudi Arabia.
Under the Basel III framework, the minimum requirements for capital are underpinned by a leverage ratio that serves as a backstop to the risk-based capital measures. There are also buffer requirements in the form of a capital conservation buffer, a counter-cyclical capital buffer and an additional surcharge for banks designated as D-SIBs.

A key objective for the Group is to maximise shareholders’ value with optimal levels of risk, whilst maintaining a strong capital base to support the development of its business and comply with externally imposed capital requirements. The Group adheres to SAMA's requirements by monitoring its capital adequacy and adopting both a capital forecasting process that ensures that pro-active action is taken where necessary and a strategy that ensures that a sufficient capital buffer above minimum required levels is maintained at all times.

As at 30 September 2021, the Group’s tier 1 capital adequacy ratio (calculated according to Basel III standards for pillar 1) was 18.2 per cent. and its total capital adequacy ratio was 19.1 per cent. The Group has been designated as a D-SIB with an additional common equity tier 1 D-SIB surcharge of 1.5 per cent. Accordingly, the Group’s total minimum pillar 1-based capital requirement as at 30 September 2021 is 12.26 per cent., which also includes a capital conservation buffer of 2.5 per cent. and a countercyclical capital buffer of 0.3 per cent.

The table below shows the composition of the Group’s regulatory capital and its capital ratios as at 30 September 2021 determined in accordance with Basel III as implemented in Saudi Arabia.

<table>
<thead>
<tr>
<th></th>
<th>As at 30 September 2021 (SAR million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk-weighted assets</td>
<td></td>
</tr>
<tr>
<td>Credit risk</td>
<td>592,986</td>
</tr>
<tr>
<td>Operational risk</td>
<td>55,418</td>
</tr>
<tr>
<td>Market risk</td>
<td>23,531</td>
</tr>
<tr>
<td>Total pillar-1 risk-weighted assets</td>
<td>671,935</td>
</tr>
<tr>
<td>Core capital (tier 1)</td>
<td>122,425</td>
</tr>
<tr>
<td>Supplementary capital (tier 2)</td>
<td>5,904</td>
</tr>
<tr>
<td>Core and supplementary capital (tier 1 and tier 2)</td>
<td>128,329</td>
</tr>
<tr>
<td>Capital adequacy ratio (pillar 1) (per cent.)</td>
<td></td>
</tr>
<tr>
<td>Core capital (tier 1 ratio)</td>
<td>18.2</td>
</tr>
<tr>
<td>Core and supplementary capital (tier 1 and tier 2 ratios)</td>
<td>19.1</td>
</tr>
</tbody>
</table>

The Bank is also required by SAMA to maintain a leverage ratio (calculated in accordance with the Basel III leverage ratio and disclosure requirements ) of at least 3.0 per cent. The Bank’s leverage ratio was 12.89 per cent. as at 30 June 2021.
BUSINESS DESCRIPTION OF THE BANK

Overview

The Bank is the bank resulting from the merger between NCB and Samba. The merger was effective on 1 April 2021 when all of the assets and liabilities of Samba were transferred to NCB, Samba was liquidated and NCB was renamed The Saudi National Bank.

The strategic rationale for the merger had four key elements:

- **New Saudi banking champion and regional powerhouse**: The Bank is the largest bank in the Kingdom and one of the largest banks in the Middle East based on total assets, net financing and advances and total customers’ deposits as at 30 September 2021, with the anticipated scale and efficiency gains of the merger being expected to enable improved returns and productivity;

- **Best in class complementary proposition and reach**: NCB and Samba were largely aligned across sectors and products, meaning that the Bank will (i) be one of the leading retail, treasury and global markets banking franchises in the Kingdom, (ii) benefit from a superior corporate banking proposition, and (iii) be one of the largest asset managers and brokerage and investment banks in the Kingdom in terms of assets under management. As a result, the Bank’s competitive position will benefit from multi-channel distribution (an increased number of branches, automated teller machines (“ATMs”) and point of sale (“POS”) terminals) and enhanced reach in the Kingdom, as well as internationally;

- **Well-diversified franchise and robust balance sheet to pursue accelerated growth**: The Bank is expected to benefit from a balanced business model (with accelerated income growth anticipated across the retail, corporate, treasury, capital markets and international segments), improved liquidity and solid capital position. This is expected to enable the Bank to (i) increase its ability to drive the Kingdom’s Vision 2030 agenda by accelerating growth in the retail and SME banking markets, (ii) strengthen its leadership in the wholesale banking market, (iii) invest in digital innovation and analytics, (iv) become a prominent talent hub by attracting, retaining and developing high-calibre, professional and highly skilled employees and offering world-class training and development programmes and rewarding career opportunities, and (v) drive international growth; and

- **Significant value creation potential**: The Bank is incurring one-time cash integration costs, but expects to benefit from substantial cost and revenue synergies by leveraging best practices from both NCB and Samba. This will be achieved by natural attrition of human capital as well as by decommissioning legacy technology, utilising economies of scale, enhancing productivity, increased cross-selling across retail and wholesale operating segments and improving the Bank’s operating model.

The Bank and its subsidiaries (together, the “Group”) provide both conventional and Shari’a-compliant banking services. The Group also provides non-special commission-based banking products in compliance with Shari’a rules, which are approved and supervised by the Shariah Board. The principal business groups through which the Group conducts its operations are Retail Banking, Wholesale Banking (which includes corporate, treasury and global markets), SNB Capital, and International (see “—Business”). Conventional products offered by the Bank include (among others) deposits, term loans, trade financing, structured solutions, cash management, foreign exchange and money remittance. The Bank’s Islamic financing products span all business groups, including most wholesale banking products and most of the retail products offered by its branch network. The primary Islamic modes used include tawarruq, murabaha, ijara, istisna and wakala. These products are supervised by the Shariah Board (see “—Business—Islamic Banking—Shariah Board.”)
As at 30 September 2021, the Bank operated through 502 domestic branches, which is the largest banking sector branch network in the Kingdom, five overseas branches (in Abu Dhabi, Bahrain, Dubai, Qatar and Singapore), as well as 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, Pakistan, which provides Shari’a-compliant banking services in Pakistan. The Bank’s other principal subsidiary is SNB Capital which provides corporate finance, investment banking, asset management and brokerage services in the Kingdom. On 1 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 3,111 ATMs, 181,260 POS terminals and 131 QuickPay remittance centres, in each case as at 30 September 2021.

As at 30 September 2021, the Bank had 10,197 employees throughout the Kingdom.

As at 30 September 2021, the principal shareholder of the Bank was the Government through the PIF, which owns 37.2 per cent. of the Bank’s shares and the GOSI, which owns 13.2 per cent. of the Bank’s shares.

As at 30 September 2021, the Group had total assets of SAR 903 billion, total customer deposits of SAR 589 billion and total equity of SAR 161. As at 30 September 2021, the Group’s tier 1 and total capital adequacy ratios, calculated in accordance with Basel III as implemented in Saudi Arabia, were 18.2 per cent. and 19.1 per cent., respectively. In the nine months ended 30 September 2021, the Group had total operating income of SAR 21,074 million and net income for the period after Zakat and income tax of SAR 9,388 million.

As at the date of this Offering Circular, the Bank’s long-term corporate ratings were “A-” with a stable outlook from Standard & Poor’s, “A-” with a stable outlook from Fitch, “A1” with a stable outlook from Moody’s and “A+” with a negative 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. The Bank’s head office and registered office 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 and the switchboard telephone number is +966 9 2000 1000.

The National Commercial Bank

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.

As a result of the Gulf crisis in 1990, NCB embarked upon a major rationalisation programme, which involved an increase in capital, a reduction of the workforce and a reorganisation of its core banking businesses. In addition, a major upgrade of NCB’s information technology (“IT”) infrastructure took place with the opening of a new computer centre in Jeddah and a new dealing room for its treasury, which was the largest in the Middle East at the time.

On 1 July 1997, pursuant to Cabinet Resolution No. 186 of 30 March 1997 and Royal Decree No. M/19 of 31 March 1997, NCB converted from a general partnership into a Saudi Joint Stock Company. 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 GOSI.

In 2004, NCB announced that it would make its entire branch network in the Kingdom Shari’a-compliant and, since 2006, only Shari’a-compliant products and services have been offered through its branches in the Kingdom.

In line with regulations of the CMA, in April 2007, NCB transferred its wealth management, asset management, brokerage and investment banking activities to NCBC, a then newly-formed subsidiary.

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 30 September 2021) through additional capital subscriptions.

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

**Samba Financial Group**

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 2007, in compliance with CMA regulations, Samba established Samba Capital and transferred its investment banking, asset management and brokerage activities to it. In 2008, Samba acquired a majority shareholding in Crescent Commercial Bank in Pakistan, now branded as Samba Bank Limited.

**The Merger**

The merger became effective on 1 April 2021 with the transfer of all of the assets and liabilities of Samba to NCB and the subsequent liquidation of Samba. Following the merger, the Bank has embarked on an integration programme, which is being led by a specially formed Integration Management Office (“IMO”). The IMO, which was established on 18 October 2020, is responsible for master planning, synergy management overseeing communications, branding, marketing and culture change and management. The IMO meets weekly with the work stream leads to oversee the planning and execution of the merger across the organisation and ensure that the merger is working seamlessly across all work streams. The integration work streams are retail, wholesale and seven control and support functions. Additionally, there is a monthly meeting with SAMA to share the latest updates on the merger and ask for any additional support.

As at 30 September 2021, the following key milestones had been achieved:
• the Bank’s Board of Directors (the “Board”), its senior management and the members of all Board and senior management committees have been appointed;
• all 72 Samba branches were made interoperable with those of NCB by April 2021, ahead of the targeted date which was June 2021;
• all finance and risk modules were consolidated within the first month of the IMO being established;
• the key risk, governance and procurement policies of the two banks had been harmonised;
• human resource systems migration to the Bank’s systems had been achieved;
• all customer applications and systems had been rebranded and the integration of the enterprise systems of the two banks had been completed;
• Samba’s QuickPay customers were migrated in three weeks;
• accounts had been opened for approximately 639 thousand of Samba’s 1.29 million retail customers;
• 92 per cent. of Samba’s wholesale customers had been migrated; and
• Samba’s financial institutions and trade finance businesses had been migrated.

The integration process is expected to be completed before the end of 2021. The principal ongoing activities include rebranding all customer touchpoints to the SNB brand, optimising the operating model and the physical footprint, integrating the remaining business and support IT systems and completing customer data migration. On 1 July 2021, the investment banking subsidiaries of both banks merged.

The Bank’s target is to achieve or exceed approximately SAR 800 million in cost synergies by 2023, principally through natural human capital attrition, optimisation of technology and operational efficiencies from combined control and support functions. As at 30 September 2020, 39 per cent. of its targeted cost synergies had been realised. SNB is still assessing the potential revenue synergies resulting from a larger balance sheet and enhanced market position. The Bank’s estimate of the total costs of the integration exercise is approximately SAR 1.1 billion to be spent in 2021 and 2022.

**Competition And Competitive Strengths**

**Competition**

Based on the Saudi Central bank’s website, there are 26 commercial banks operating in the Kingdom, of which 11 are local banks incorporated in the Kingdom. Of the remaining 15 operating banks, six are branches of banks based in countries of the GCC other than the Kingdom and seven are international banks. Four other international banks have been licensed but are yet to commence operations under their licences and two other banks have been licensed to provide digital banking services but are yet to commence operations under their licences. All 11 Saudi banks provide a broad range of retail and wholesale banking products and services. Four banks 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. Both consumer and corporate banking markets in the Kingdom consist of a range of local and international participant banks. 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 British Bank.

The merger of NCB and Samba resulted in the Bank having the largest corporate lending book, the largest investment portfolio, the most assets and the most customer deposits in the Kingdom as at 30 September 2021.
based on the published financial statements of 10 of the 11 local banks in the Kingdom. As at 30 September 2021, the Bank has:

- a 26.26 per cent. market share in performing financing with its closest competitor at 22.5 per cent.;
- a 22.4 per cent. market share in performing commercial financing with its closest competitor at 13.9 per cent.;
- a 36.9 per cent. market share in investment portfolios with its closest competitor at 12.9 per cent.;
- a 30.6 per cent. market share of total assets with its closest competitor at 19.8 per cent.; and
- a 28.6 per cent. market share in total customer deposits with its closest competitor at 23.2 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 the Treasury Group and new residential financing products for the Retail Bank and working with the Wholesale Bank to provide advice on the financing of Madinah Airport in 2012, the world’s first Shari’a-compliant airport financing. Additionally, the Bank has recently approved the first Islamic double wa’ad repurchase transaction, in which corporate clients will be offered collateralised lending options and the Bank will be able to capitalise on its position as a Saudi government bond primary dealer.

**Broad distribution**: the Bank has the second largest banking sector branch network in the Kingdom (with 502 branches as at 30 September 2021 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 and the GOSI, owns 50.44 per cent. of the Bank’s shares as at 30 September 2021, 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 Middle East and North Africa (“MENA”) region and significant experience in leading international financial institutions.

**Large, stable customer base**: the Bank has an existing customer base of approximately 10 million customers as at 30 September 2021, which provides the Bank with access to a large and stable deposit base with a variety of maturity and re-pricing profiles. The Bank is able to capitalise on this strong customer base to cross-sell products and services across its financing, investment and takaful businesses.

**Strong capitalisation**: The Group’s tier 1 capital adequacy ratio and total capital adequacy ratio are strong, at 18.2 per cent. and 19.1 per cent., respectively, as at 30 September 2021, which exceeds the minimum Pillar 1-based capital ratio requirement of 12.3 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 both 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 loans to deposit ratios (in the range of 76.4 per cent. to 80.5 per cent. in the last five years). As at 30 September 2021, 52 per cent. of the Group’s funding (total equity, customers’ deposits and interbank borrowing and debt securities issued) was from relatively low cost and stable call and current customers’ deposits. The proportion of its low cost deposits was 80.0 per cent. of its total deposits as at 30 September 2021. The Group benefits from a stable and substantial balance of non-interest bearing deposits. These deposits are primarily sourced from retail, 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 net loans/customers’ deposits (including perpetual sukuk as permitted by SAMA) ratio was 80.5 per cent. as at 30 September 2021, which provides it with scope to further expand its loan book before it reaches the regulatory maximum loans to deposits ratio of 90.0 per cent.

**Brand Equity**: the Bank believes that its new brand will 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**: Following the merger, the Bank benefits from Samba’s well-established corporate banking business, with particular 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. 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 franchise have enabled the development of long-lasting and deep relationships with corporate clients across the Kingdom.

The addition of Samba’s wholesale business has resulted in a more balanced portfolio, with the Group’s wholesale banking reporting segment generating 52.8 per cent. of its net income before zakat and income tax in the nine months ended 30 September 2021.

The Group’s retail, capital market, international and other reporting segments contributed 42.0 per cent., 8.0 per cent., 3.3 per cent. and minus 6.0 per cent., respectively, in the same period.
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 revolves around the retail banking and wholesale banking businesses with well laid-down strategies to drive the overall strategic aspirations.

For the retail banking business, the strategy is to:

- grow current accounts with a key focus on improving the product and coverage value proposition of the high net worth segment;
- continue to grow residential financing by strengthening channel partnerships and digitising the customer journey;
- grow the business banking business by expanding the Bank’s coverage and digitising service and product journeys;
- expand the branch network in a lean manner by increasing the mix of small and lean branches over the next three to five years;
- digitise all sales journeys and underpin with advanced analytics and digital marketing;
- continue to improve customer experience, with a focus on upskilling staff and the application of technologies such as artificial intelligence, robo-advisory and robotics process automation; and
- optimise operating costs through digitalisation and by commissioning targeted cost reduction projects.

For the wholesale banking business, the strategy is to:

- continue optimising the cost of funds by tapping a diversified investor base and international markets;
- maintain its leading position as a market maker of SAR-based derivatives;
- achieve the leading position in global transaction banking in the Kingdom and compete with regional institutions such as First Abu Dhabi Bank PJSC and Emirates NBD Bank PJSC;
- generate greater value out of the Bank’s loan book through optimal pricing, capturing ancillary revenue and maximising return on capital;
- maintain the liquidity and yields of the Bank’s investment book;
- foster a “One SNB” culture where the focus is on cross-selling the Bank’s products to corporate clients in order to achieve higher quality ancillary revenues; and
- leverage the Bank’s international branches in serving new segments of wholesale clients, such as non-bank financial institutions and Saudi corporates with overseas operations.

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 eligible green projects or eligible social projects 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 in 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 MSMEs, 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.

In the event that 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 SNB’s website.

The Bank has appointed S&P Global to provide an external review on its Sustainable Finance Framework and confirm its alignment with the ICMA Green Bond Principles published by the International Capital Markets Association from time to time (which, as at the date of this Offering Circular, are the Green Bond Principles 2021 and other relevant benchmarks. This opinion will also be made available on the Bank’s website.

None of the Sustainable Finance Framework or the ICMA Green Bond Principles 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 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 relevant 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 document as at the date of this Offering Circular. Percentage figures refer to the Bank’s or relevant subsidiary’s effective ownership share.

In addition, the Bank has one significant associate, AlAhli Takaful Company P.J.S.C. ("ATC"), five overseas branches (in Abu Dhabi, Bahrain, Dubai, Qatar and Singapore) and two representative offices overseas (in Seoul and Shanghai). ATC recently announced its entry into a binding agreement to merge with Arabian Shield Cooperative Insurance Company. Upon completion of the merger, ATC’s assets and liabilities will be transferred to Arabian Shield.

Shareholders

The table below shows the shareholders which owned more than 5.0 per cent. of the Bank’s share capital as at 30 September 2021.

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Number of shares</th>
<th>Percentage of issued share capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>PIF</td>
<td>1,667,159,400</td>
<td>37.23</td>
</tr>
<tr>
<td>GOSI</td>
<td>591,543,800</td>
<td>13.21</td>
</tr>
<tr>
<td>Remaining shareholders</td>
<td>2,219,296,800</td>
<td>49.56</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,478,000,000</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Each of the PIF and the GOSI is a Government-controlled entity, giving the Government an indirect holding of 50.44 per cent. of the Bank’s shares as at 30 September 2021.

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 Board, to individuals and high net worth customers in the Kingdom. The retail business also provides business banking services to clients owning micro and small business.

• **Wholesale:** The wholesale business provides banking services including both conventional and *Shari’a*-compliant credit-related and financing products and deposit taking to corporate clients in the Kingdom. In addition, the Bank’s international branches in Singapore and the UAE also serve its corporate clients and contribute to the Bank’s liability base by attracting international depositors. The wholesale business also includes the Group’s global markets function which provides a full range of treasury and correspondent banking products and services, including money market and foreign exchange, to the Group’s clients, and its transaction banking function which offers clients cash management and trade finance products both digitally and physically. The wholesale business also carries out investment and trading activities (local and international) and manages the Bank’s interest-bearing liabilities, 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 shares brokerage services (local, regional and international).

• **International:** The international business comprises banking services provided outside the Kingdom, including TFKB and SBL.

The table below shows certain income statement and statement of financial position financial data for each of the Group’s reporting segments as at, and for the nine months ended, 30 September 2021.

<table>
<thead>
<tr>
<th>Segment</th>
<th>Retail</th>
<th>Wholesale</th>
<th>Capital Markets</th>
<th>International</th>
<th>Other</th>
<th>Total (per cent.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total operating income</td>
<td>44.3</td>
<td>46.0</td>
<td>6.0</td>
<td>4.3</td>
<td>—</td>
<td>100.0</td>
</tr>
<tr>
<td>Net income(1)</td>
<td>42.0</td>
<td>52.8</td>
<td>8.0</td>
<td>3.3</td>
<td>(6.0)</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Note:
(1) Net income for the period before zakat and income tax.

**Retail**

*Overview*

NCB’s retail banking business focused on the provision of private, affluent banking and mass consumer banking services and also catered to the needs of the Kingdom’s large expatriate labour market through its growing remittance business which is offered via standalone branded centres called “QuickPay”.

Samba’s retail banking business offered a wide spectrum of personal banking products to individuals and private banking services to high net worth clients. It also offered remittance services.

Following the merger, the Bank’s retail banking business, which is headed by the CEO of Retail Banking and accounted for 44.3 per cent. of the Group’s total operating income and 42.0 per cent. of its net income before zakat and income tax in the nine months ended 30 September 2021, comprises:

• consumer banking, which delivers sales and service through the branch network, manages the complete product suite of liabilities, residential finance, personal finance, cards and auto lease, and delivers banking services to business banking customers;
• high net worth banking, which delivers sales, service and advice 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 integration of the two retail banks is currently being progressed by a dedicated team. A sequential migration of Samba customers and accounts to SNB is being pursued, as opposed to a one-off single process integration. Migration is well underway with over 50 per cent. of Samba retail customers migrated as at 24 October 2021 and the migration of the entire Samba customer base is expected to be completed towards the end of 2021.

Personal banking is highly competitive in the Kingdom, with the Bank’s main competitors being Al Rajhi Bank, Bank Albilad, Saudi British 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 30 September 2021, the Bank was the second largest local bank in the Kingdom in terms of consumer financing and had a 28.4 per cent. market share of total performing consumer financing among local banks in the Kingdom (source: published financial statements of 10 of the 11 local banks in the Kingdom).

**Consumer and business banking**

The Bank’s consumer and business banking customers are served through its branch network and alternative channels. As at 30 September 2021, the Bank had the second largest banking branch network in the Kingdom at 502 branches. Since 2006, the former NCB branches have offered only Shari’a-compliant products and services while the former Samba branches all offered both conventional and Shari’a-compliant products. Following the merger, the Bank aims to achieve a fully Islamic retail bank with its integration approach focusing on migrating conventional products to Islamic alternatives. The Bank anticipates that overlapping branches will be replaced by new branches in high transaction zones and, in accordance with the Bank’s lean branch strategy, these new branches will be smaller with a lower head count and lower operating expenses.

In the three months to 30 September 2021, the Bank conducted approximately 99 per cent. of its financial transactions with its retail customers through the following alternative distribution channels: ATMs, telephone and internet banking, mobile phone systems, 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.

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 Mastercard as well as the full range of classic, gold, titanium and platinum cards.
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 micro and small business with turnovers up to SAR 40 million per year (“SMEs”). 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 Kafalah 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 Bank’s private banking offering was strengthened by the merger as Samba was the first bank to introduce private banking in the Kingdom in the early 1970s and, until the merger, had remained a leader in the private banking industry (for example, it was awarded Best Private Bank in Saudi Arabia 2019 by Global Finance) and a premier provider of personalised banking and wealth management services. The private banking service leverages the expertise of the Group in order 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, an exclusive debit card, 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 in order 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), an exclusive fees-free credit card and, in the case of platinum and gold members, a dedicated relationship manager who can also be reached through the Bank’s digital channels and wealth manager.

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 a dedicated relationship manager, who caters 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 30 September 2021, the Bank had 131 QuickPay remittance centres, which represented a market share of 19.2 per cent. of the distribution market in the Kingdom, which served a total of over 2.4 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**

NCB’s corporate banking business focused on the provision of a wide range of corporate banking services to companies with a turnover in excess of SAR 40 million as well as specialised finance to high value clients and trade finance and treasury services. It serviced more than 6,600 customers and it had the largest portfolio of corporate loans in the Kingdom at the time of the merger.

Samba’s corporate banking business offered Islamic banking, investment banking, loan syndication, project finance, cash management, trade, electronic banking and risk management solutions to all types of corporate clients, ranging from Government and public sector organisations, financial institutions, leading private sector companies and global corporations to mid-sized enterprises. It serviced more than 6,600 customers at the time of the merger.

As part of the integration effort, operating models have been aligned across all divisions in the Bank’s wholesale business with data migration expected to be completed before the end of 2021.

Following the merger, the Bank’s wholesale business, which is headed by the CEO of Wholesale Banking and accounted for 46.0 per cent. of the Group’s total operating income and 53.0 per cent. of its net income before zakat and income tax in the nine months ended 30 September 2021, comprises three coverage areas: global and large corporates, corporate and commercial banking, and institutional and international, and three product areas: Group treasury, global markets, and global transaction banking, each of which is described further below. These coverage and product areas are supported by (i) a wholesale operations unit that encompasses all operational functions across the wholesale business including corporate operations, lending operations, trade operations and treasury operations and also provides customer service and support to all areas within the wholesale business, and (ii) a wholesale strategy and analytics unit that is responsible for strategy development, strategy execution and customer analytics and assists with portfolio attribution and performance management across all coverage and product areas.

The wholesale business services more than 10,000 corporate customers across various sectors and has seven 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 banking portfolio is the largest among all banks in the Kingdom in terms of assets and it has around 90 per cent. penetration of the top 100 Saudi companies.

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 enhancing
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.

Global and large corporates
The global and large corporates coverage business services clients that generate sales turnover of SAR 1.2 billion and above. Reflecting the Bank’s value focused strategy, a global corporates division has been established to service the Bank’s top 50 to 70 clients with the objective of being closer to the customer through relationship managers dedicated to each customer. The remaining clients are serviced by the large corporates division. A third division, corporate finance, is also part of the global and large corporates coverage business and offers clients specialised financing products.

The global and large corporates coverage business offers a wide range of corporate banking services, as well as trade finance and global market services (both conventional and Shari’a-compliant solutions). Through its corporate finance division, the global and large corporates coverage business 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 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 and commercial banking
The corporate and commercial banking coverage area is divided into a corporate division, which services medium and large corporate clients that generate an annual sales turnover between SAR 200 million and SAR 1.2 billion, and a commercial division, which provides coverage to clients that generate sales turnover between SAR 40 million and SAR 200 million. The corporate and commercial banking coverage area also manages the Bank’s existing and prospective impaired corporate loans and works 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 corporate 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 customers. It also offers dividend distribution, business-to-business solutions, escrow and cash collection services and a payroll and card service. The division currently services over 1,500 customers, including both borrowing and non-borrowing relationships.

The commercial division currently services approximately 1,500 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 in this segment, such as standby LCs, documentary LCs and all types of letters of guarantee. Cash management (point of sale, dividend distribution and SwiftNet services), and global markets (hedging of interest rate and currency exposures and structured deposits) products are also available when needed.

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 (the “SIDF”), 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 customers of up to SAR 15 million
will receive a guarantee from the Kafala Programme, covering up to 90 per cent. of the financing amount. As at 30 September 2021, the Bank had provided approximately 27 per cent. of the total Kafala funds outstanding.

The Bank also has a commercial real estate finance programme which supports SME clients by enabling them to purchase constructed commercial properties within urbanised areas through a Shari’a-compliant finance product. Business activities for which this finance is available include various industries, construction and contracting, transportation, services and medical facilities.

**Institutional and international**

The institutional and international coverage area provides coverage to approximately 518 bank and non-bank financial institutions and to more than 3,000 public sector entities, including Government and quasi-Governmental entities. It also manages the Bank’s international branches and representative offices and 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 institutional and international coverage area is also 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 branches in Abu Dhabi, Bahrain, Dubai, Qatar and Singapore and its representative offices in Seoul and Shanghai.

**Group treasury**

The Bank’s Group treasury product area is responsible for:

- managing the Bank’s liquidity and ensuring that the Bank is able to meet its financial obligations at all times. This includes overseeing all short-term funding sources, pricing and managing all short-term and long-term loans, monitoring the liquidity of the Group and ensuring its compliance with regulatory ratios; and
- managing the Bank’s fixed income and equity investments portfolios. In so doing, 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 moves, enhance yields/income and contribute to the maintenance of adequate liquidity coverage within defined risk limits.

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 the Treasury Group.

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 Board. The Bank’s risk group closely monitors the investment portfolios to ensure they remain well within the risk limits. For a breakdown of the Bank’s funding, see “—Funding, lending, investment securities, capital adequacy and related parties—Funding”.

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 Treasury 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, providing competitive market quotes for banks and financial institutions within defined profit and risk parameters, analysing the client’s commission rate exposure and providing case-by-case solutions and managing 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, 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.

**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, (b) trade finance responsibilities that look after clients’ overall trade utilisation, and (c) trade and cash management product development. The department 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.

**SNB Capital**

On 9 July 2021, NCBC and Samba capital merged to form SNB Capital. SNB Capital is the Kingdom’s largest investment bank in terms of revenue and the region’s largest asset manager in terms of assets under management.

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 located 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 30 September 2021, SNB Capital’s client assets
under management stood at SAR 248.8 billion of assets, positioning SNB Capital as the Kingdom’s largest asset manager.

**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 IPOs, rights issues and private placements), debt capital markets, mergers and acquisitions and debt advisory services. In the first nine months of 2021, SNB Capital successfully closed the following transactions: Saudi Arabia’s U.S.$5 billion sovereign bond, NCB’s U.S.$1.25 billion Tier 1 perpetual sukuk, Standard Chartered Bank’s U.S.$1 billion sukuk and First Abu Dhabi Bank’s U.S.$500 million sukuk.

**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 30 September 2021, SNBC was the Kingdom’s leading broker with a market share of 20.9 per cent. according to 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 Bank’s international business accounted for 4.3 per cent. of the Group’s total operating income and 3.3 per cent. of its net income before zakat and income tax in the nine months ended 30 September 2021.

**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 316 branches in Turkey as at 30 September 2021 and its alternative distribution channels include ATMs, POS, telephone banking and online banking.
TFKB is the second largest participation bank in Turkey and the twelfth largest bank in Turkey.

TFKB is well capitalised, with a total capital adequacy ratio of 17.2 per cent. as at 30 September 2021. As at 30 September 2021, TFKB’s total assets amounted to TRY 84 billion (SAR 35.3 billion) and its net income for the year ended 31 December 2020 was TRY 676 million (SAR 364 million). As at the same date, its total capital adequacy ratio was 16.64 per cent., which was 2.48 per cent. higher due to certain forbearances adopted by the Turkish regulator in light of the COVID-19 pandemic which will expire at the end of September 2021.

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 41 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.

SBL is well capitalised, with a common equity tier 1 ratio of 17.4 per cent. and a total capital adequacy ratio of 18.2 per cent. as at 31 December 2020. As at the same date, SBL’s total assets amounted to PKR 158,996 million (SAR 3,720 million) and its net income after tax for the year ended 31 December 2020 was PKR 1,012 million (SAR 23.7 million).

Subsidiaries and Associates

In addition to TFKB, SBL and SNB Capital, the Bank also has a number of other subsidiaries and associates, including:

**REDCO**

Real Estate Development Company ("REDCO") is a wholly-owned subsidiary of the Bank. Its 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.

**ATC**

ATC, in which the Bank owns 30.0 per cent. of the issued share capital, is listed on the Tadawul and provides takaful insurance products within the Kingdom. The remaining shares in ATC are held by prominent local investors and global leading insurance and technical specialists, including FWU AG Germany, VHV Germany and the International Financial Corporation. ATC recently announced its entry into a binding agreement to merge with Arabian Shield Cooperative Insurance Company. Upon completion of the merger, ATC’s assets and liabilities will be transferred to Arabian Shield.

**Islamic Banking**

**Shariah Board**

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

The Bank offers a programme for qualifying new scholars to join Shari’a committees in financial institutions. To date, seven Islamic banking experts have graduated from the programme, with new candidates joining. The Bank also hosts an international Islamic finance programme sponsored by King Abdulaziz University in cooperation with the Islamic Development Bank and the Saudi-Spanish Centre for Islamic Finance and Economy. 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.

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 the Internal Audit Group audits and corrective actions are reported to senior executive management and the Audit Committee.

The Internal Audit Group comprises a number of specialised divisions: Wholesale Banking Audit, Retail Banking Audit, Control and Support Services Audit, Technology Audit and Audit Quality Assurance. In order 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. 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 the 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, as a result of its non-compliance with the rules and regulations and regulatory and ethical standards applicable to its banking activities.

The Bank’s Compliance Group is an independent function at the first managerial level of executive management reporting directly to the Managing Director and Group 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 as a result 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 is also using 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 Group 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 Group 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**

Following the merger, the Bank’s IT division begin to deploy the IT integration delivery model. Since July 2020, both NCB and Samba had collaborated on the target IT stack for the merged bank and begun high-level planning for IT migration, in addition to conducting cross IT due diligence for each bank.

The Bank owns and operates two data centres in the Jeddah metropolitan area 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.

The Bank has recently completed a comprehensive plan intended to further modernise its technology platform and data centres. It has introduced a new core banking information system that replaces many of the Bank’s existing software systems and provides 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.

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 “Risk Group”). 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 Managing Director and Group Chief Executive Officer (the “GCEO”) 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 Committee and a member of the following management-level committees: Higher Management Committee, ALCO, Credit and Remedial Management Committee, Information Security Committee, Business Continuity Committee and Micro, Small and Medium Enterprises Committee (see “Management and Employees—Corporate Governance—Management Committees”). The GCRO also acts as the Secretary to the Risk committee of the Board.

Risk Organisational Structure

The organisational structure of the Bank’s Risk Group is built around its responsibilities of managing different types of risks, including credit, market, liquidity and operational risks. Each risk management activity is governed by a specific policy in order to assess and control the risks. The Risk Group comprises five departments: retail risk, wholesale risk, enterprise risk management, operational risk and information security.

Retail risk management

Retail risk management is responsible for:

- consumer credit risk management and developing and maintaining the Bank’s retail credit policies. Each consumer finance product has risk managers responsible for the credit risk management of the respective products;
- leading and guiding the development of risk analysis and portfolio monitoring to facilitate the accurate assessment of potential risks to enable the development and/or amendments of appropriate credit policies and standards; and
- providing recommendations and support that drive the collections to meet and exceed credit costs and NPL targets and at the same time ensuring that the collections operation is within the approved governance.

Wholesale risk management

Wholesale risk management is responsible for:

- managing credit exposure relating to the Bank’s wholesale financing and investment activities by monitoring credit limits, entering into collateral arrangements with customers and counterparties in appropriate circumstances and managing duration and exposure limits;
managing, monitoring, measuring, analysing and reporting market risks related to proprietary investments and trading book positions covering interest rate, foreign exchange, equities and commodities related instruments, in addition to monitoring 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 and risk limits and guidelines approved by the Board in line with the Bank’s risk appetite;

- ensuring compliance with both internal and regulatory requirements with respect to market and liquidity risks and related reporting requirements;

- ensuring that appropriate credit policies are maintained at a high level of standards and applied consistently across the Group, working closely with business units on amendments to, and adoption of new, credit policies and ensuring the full understanding and proper implementation of these policies; and

- enhancing the existing monitoring and reporting activities carried out by business and risk units by providing the business and risk personnel managing an account with insights generated from early warning signals in relation to potential or emerging credit deterioration.

Enterprise risk management

Enterprise risk management is responsible for the Bank-wide independent risk management practice and has an integral role in the financial planning and budgeting process concerning key risk metrics and is instrumental in setting the risk appetite statement for the Group and business groups. Its key functions include risk capital management and analytics, regulatory analytics and credit portfolio management and it also develops and manages all credit rating models and scorecards that are essential for credit risk management in the Bank.

Operational risk management

Operational risk management 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.

Information security risk management

Information security risk management 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 also manages the external partners engaged by the Bank to monitor global information security threats.

There are four main risk categories to which the Bank is exposed: credit risk, market risk, liquidity risk and operational risk. The Bank is also exposed to a range of other risks, including strategic risk, reputational risk, Shari’a product-related risks and remuneration governance risk.

Credit Risk

Credit risk is the risk that a customer or counterparty of the Bank fails to meet its obligations in accordance with the relevant agreed terms causing the Bank to incur a financial loss. The Bank manages credit exposure relating to its financing and limited trading activities by monitoring credit limits, entering into collateral arrangements with customers and counterparties in appropriate circumstances and by managing the duration and exposure limits.
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 broad 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 credit risk function manages the overall risk profile of the retail finance business. It has overall responsibility for establishing retail credit policies and managing the quality of the retail credit portfolios. It utilises a set of sophisticated analytical tools to measure and quantify the credit risks contained within the portfolios, which thereafter serve as one of the key pillars in making credit risk decisions. It also develops collections strategies and tools and provides support to the collections services function regarding the management of past due accounts and recovery of written-off accounts.

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 wholesale credit risk. In addition, the manual covers (i) 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 carefully screened target markets or an appropriate set of risk acceptance criteria, such as real estate financing, project finance and SME finance and (ii) credit procedures which are mainly addressed through credit bulletins and appendices approved by the Head of Wholesale Credit Risk and, when the process are substantially controlled by whole risk management, the Head of Wholesale Risk. Procedures that are substantially controlled by other business or support units are written by those units and reviewed by other stakeholders, including Corporate 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 defines the processes covered by policy documents and contains broad process descriptions and responsibilities, 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 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 and score cut-offs; and

- the retail finance collections policy defines the collections policies and strategies covering both the collections and recovery functions. It also includes the discretionary authorities afforded to the collections management team to maximise recoverability. Collections and recoveries functions are essential to retail financing operations because of the key contribution they play in preserving the quality of the retail asset portfolio, controlling past due bucket inventories and minimising credit losses.

**Credit Risk Assessment and Monitoring Tools**

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, would 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 (“TM”) and an appropriate set of risk acceptance criteria (“RAC”) to determine the type of client/segment and type of exposure. The RAC include (i) macroeconomic risk (which is carefully assessed through the annual review of industry trends and short and medium terms 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. 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 of 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 rating agencies. In addition to the rating models and scorecards, the Bank has also implemented loss given default (“LGD”) 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 the 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.
Credit risk mitigation

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.

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 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 in order to mitigate credit risk.

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. This process is designed to:

- highlight potential and actual problem credits for attention and action;
- categorise problems by severity of actual and potential risk of loss;
- enable the reporting of problem credits to senior management for review and approval at intervals that are set according to severity of the classification; and
- provide a common language and methodology across all divisions and regions for identifying and managing problem credits.

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

The first two categories, which are Standard and Special Mention, are for performing assets and the remaining three categories, which are Substandard, Doubtful and Loss, are for non-performing exposures.

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.

A restructuring occurs on a transitional 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.

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.
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/trustee’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 various risk management policies, which define the various limits which the Bank should maintain for its investment and trading portfolios.

In particular, in relation to special commission rate risk, the Board directs and oversees the ALM 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 interest rate gap limit and the dollar value of a basis point (DV01) limit.

The Group Treasury is responsible for the day-to-day execution of special commission rate strategy. The 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 interest rates. The Group Treasury manages special commission rate risk through:

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

Special commission rate risk is calculated and reported to the ALCO on a monthly basis. This is further discussed and monitored through the ALCO process. The measures and methodologies used to manage special commission rate risk include measuring 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, measuring maturity mismatches and conducting sensitivity analyses, reporting to ALCO on a range of defined measures and using hedging where considered appropriate.

Liquidity Risk

Liquidity risk is the risk that the Bank will be unable to meet its funding requirements under normal and stressed circumstances. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to be less readily available.

Liquidity 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 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 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:
ensure 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;

recognise the Bank’s financial 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

ensure that profitable business opportunities can be pursued in all market environments for an extended period without liquidating assets at undesirable 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**: comprehensive analysis is conducted on all major currencies in which the Bank is active to ensure adequate coverage. The main ratios considered are FX position and the liquidity coverage 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 bonds and Government and other investment grade securities);

- **funding concentration**: the ALCO monitors funding concentrations (including both current 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), maturity and currency;

- **intraday liquidity**: intraday liquidity is managed through ongoing cash flow and position monitoring. The Bank’s limit is built into the SAMA 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 makes MCO assumptions by different time buckets and by currency, taking into account 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;

- **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. The Group Treasury monitors the liquidity position through daily cash flow reports, taking into account all known cash flows resulting from all known 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; 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 ensures effective balance sheet management and optimisation of profitability by accurately incorporating an appropriate market access premium into pricing that aligns with the Bank’s strategic goals through the annual review budgetary process. The main objective of the FTP is to compute the total cost of liquidity consumed by all business activities for given maturities.

**Liquidity risk management**

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 or all of its activities on time and at a reasonable cost. In essence, it combines early warning procedures and preparation for potential high severity/low probability liquidity risk.

The ALCO sets the broad framework for the Group Treasury in seeking to ensure that the Bank is constantly able to meet its financial commitments. An ALCO meeting is held every month to handle, consider and address any issues relating to maturity mismatches, commission rate risk/sensitivity and yield/cost analysis. Key features of the Bank’s ongoing liquidity risk mitigation plan are as below:

- the Bank maintains a minimum of liquid assets to manage unforeseen conditions;

- the Bank manages its liquidity and cash flow dynamically through various money market instruments such as interbank placements, repo and long-term debt products, and hybrid structures;

- ALCO is informed of any significant changes made to the pricing strategy and environment;

- diversification of the depositor base is achieved by reducing dependence on large depositors and maintaining a mix of deposits; and

- a periodic review of the investment book liquidity profile under different market conditions is undertaken.
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 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 SAS Operational Risk Monitor is used to collect operational risk losses within the Bank. The tool is considered to be the industry’s prime tool for operational risk losses collection. From this system, the Bank is able to 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; 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.

Disaster Recovery And Business Continuity Plan

The Bank’s business continuity management (“BCM”) plan is compliant with SAMA’s guidelines, Basel principles of business continuity and ISO-22301 (a business continuity standard from the International Organization for Standardization).
The BCM plan has been implemented and maintained Bank-wide, focusing on Jeddah, Riyadh and Dammam, where most of the essential business functions are conducted. In the event of a service disruption at any branch, a cluster of branches in the disrupted branch’s vicinity become its contingency branches. An offline process has also been put in place for the continuity of branch operations in case of computer system failure, where selected transactions such as cash deposits, cash withdrawals and cheque clearances are processed manually within defined limits. The BCM process at the Bank involves:

- conducting business impact analysis and risk assessment;
- developing, testing and maintaining business continuity plans, incident management plans and incident response plans;
- establishing and maintaining business continuity centres for businesses to continue with their work during any disruptions;
- training and educating staff on their roles and responsibilities to ensure business continuity;
- conducting business continuity awareness campaigns to embed BCM practices within the Bank’s culture; and
- developing and implementing preventive and corrective action plans for continuous improvement.
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 SNB’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 GCEO, 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 GCEO, 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 Articles of Association, the Board comprises 11 members (the “Directors”), including the Chairman and the GCEO.

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 matters reserved to the shareholders pursuant to the Articles of Association of the Bank or the law. Any resolution that requires clearance from the General Assembly of Shareholders must be approved in accordance with certain prescribed procedures including obtaining clearance from the Saudi Ministry of Commerce and SAMA. 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.

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. In addition, a quarterly risk report is presented to the Bank’s Board Risk committee.

Board of Directors

The table below shows the members of the Bank’s first Board, all of whom were appointed on 1 April 2021.

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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</thead>
<tbody>
<tr>
<td>Ammar Abdulawahed Al Khudairy</td>
<td>Chairman</td>
</tr>
<tr>
<td>Yazeed Abdulrahman Al Humaid</td>
<td>Vice Chairman</td>
</tr>
<tr>
<td>Saeed Bin Mohammed Al Ghamdi</td>
<td>Managing Director and Group Chief Executive Officer</td>
</tr>
<tr>
<td>Rashid Ibrahim Sharif</td>
<td>Board Member</td>
</tr>
<tr>
<td>Ibrahim Saad Al Mojel</td>
<td>Board Member</td>
</tr>
<tr>
<td>Abdulrahman Alodan</td>
<td>Board Member</td>
</tr>
<tr>
<td>Sheila Alrowaili</td>
<td>Board Member</td>
</tr>
<tr>
<td>Saud Bin Sulaiman Aljuhani</td>
<td>Board Member</td>
</tr>
</tbody>
</table>
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.

**Ammar Abdulawahed Al-Khudairy Chairman**

Eng. Al-Khudairy was appointed the Chairman of the Bank in April 2021, after the merger. Previously, he was the Chairman of Samba Financial Group, a position he held since January 2019. Prior to Samba, he held leadership roles in Riyadh Bank, United Saudi Bank and Banque Saudi Fransi. In addition, Eng. Al Khudairy served as a board member from 2015 to 2018, as Chairman of the audit committee from 2015 to 2018 and as the interim managing director/CEO from October 2017 to March 2018 at Banque Saudi Fransi.

Eng. Al Khudairy’s expertise, which spans over 30 years in the financial sector, is focused on corporate banking, project finance, corporate finance, M&A and asset management. Eng. Al Khudairy has also served in various public and private board memberships, including: Chairman of Goldman Sachs Saudi Arabia, Chairman of Morgan Stanley Saudi Arabia, SAVOLA, Kingdom Holdings, Herfy, Al Tayyar and Allianz Saudi Arabia, Deputy Chairman of SPIMACO and board member of Almarai. He founded and chairs Amwal AlKhaleej and Amwal Capital Partners, an alternative assets’ management business based in Riyadh and in DIFC. He has also served as a director in government related entities, including the Economic Cities Authority and Real Estate Development Fund.

Eng. Al-Khudairy has a master’s degree in engineering administration and a bachelor’s degree in civil engineering from George Washington University, United States.

**Yazeed Abdulrahman Al Humaid Vice Chairman**

Mr. Al-Humaid is the chief administrative officer of the PIF. Prior to the merger, he was Deputy Chairman of Samba. He was previously an auditor and 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-Humaid acts as a consultant to His Excellency the Chairman of the CMA and to His Excellency the Chairman of the PIF. He is also a board member of the Saudi Civil Aviation Holding Company and a member of its executive and investment committees, the head of the audit committee of flyadeal and a member of the audit committee of Saudi Airlines.

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

**Saeed Bin Mohammed Al Ghamdi, Managing Director and Group Chief Executive Officer**

Mr. Al Ghamdi is currently the Managing Director and Group Chief Executive Officer of the Bank.

Prior to the merger, Mr. Al Ghamdi was the Chief Executive Officer of NCB and a Board member at NCB. Mr. Al Ghamdi was later appointed as the Chairman of the Board of Directors from May 2018 up to March 2021.

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 engineering from King Fahd University for Petroleum and Minerals, Saudi Arabia.

**Rashid Ibrahim Sharif**

Mr. Sharif is a member of the Executive Committee, a member of the Risk Committee and a non-executive Board member and a representative of the PIF, where he is Head of General Directorate for Investments in Local Companies. Prior to the merger, Mr. Sharif was a Board member at NCB.

Mr. Sharif holds a bachelor’s degree in finance from King Fahd University for Petroleum and Minerals, Saudi Arabia.

**Ibrahim Saad Al-Mojel**

Prior to the merger, Dr. Al Mojel was a Board member at Samba. Dr. Al Mojel previously 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 is currently a board member of Tadeen Arabia Company, Alraedah Investment and Wadi Taybah Company.

Dr. Al-Mojel holds a PhD in engineering and administrative science, two master’s degrees in engineering and administrative science and electrical engineering from Stanford University in the United States and a bachelor’s degree in mathematics and electrical engineering from Vanderbilt University, United States.

**Abdulrahman Muhammed Alodan**

Mr. Alodan is a director of Komate Industrial Company and the owner and director of Security House Trading. He previously held a number of positions at Riyad Bank between 2000 and 2014, including IT adviser to the deputy CEO in 2013 and 2014. Prior to Riyad Bank, he held various positions with United Saudi Bank, SAMA and Saudi Aramco.

In addition, Mr. Alodan is currently a director in Tawuniya and the Saudi Exchange (Tadawul) and is a member of the Founding Committee for the SMEs Bank.

Mr. Alodan holds a bachelor’s degree in computer science from Jacksonville University, United States and a master’s degree in computer science from Florida Institute of Technology, United States.

**Sheila Othayeb Alrowaili**

Ms. Alrowaili is the CEO of Wisayah Invest Management Company. Previously, she held various positions at Saudi Aramco between 1998 and 2019, including director of the global market analysis department in 2018 and 2019.

Ms. Alrowaili is currently a director of Wisayah Invest Management Company, Hasanah Investment Management Company and Saudi Aramco for Investment Management.

Ms. Alrowaili holds a bachelor’s degree in interior architecture from King Faisal University, Saudi Arabia and MBAs from the American University of Beirut, Lebanon and Massachusetts Institute of Technology, United States.

**Saud Bin Sulaiman Aljuhani**

Prior to the merger, Mr. Aljuhani was a Board member at NCB. Mr. Aljuhani is a member of the Bank’s Risk Committee and a non-executive Board member representing the GOSI. Mr. Aljuhani is also the Assistant Governor for Insurance Affairs – Pension at GOSI.
Mr. Aljuhani holds a bachelor’s degree in Management Information Systems from King Fahd University, Saudi Arabia, and both a diploma and a higher diploma in economics from the University of Manchester, United Kingdom.

Ziyad Mohamed Al-Tunsi
Prior to the merger, Mr. Al-Tunsi was a Board member at NCB. Mr. Al-Tunsi is a member of the Nomination, Remuneration and the Executive Committee. He is an independent Board member and is the CEO of Al-Faisaliah Group.

Mr. Al-Tunsi holds a bachelor’s degree in business administration from King Saud University, Saudi Arabia, a master’s degree in international securities, investment and banking from the University of Reading, United Kingdom, an executive education degree in corporate financial strategy in global markets from INSEAD, France, and an executive education degree in private equity and venture capital from Harvard Business School, United States.

Abdullah Abdulrahman AlRowais
Prior to the merger, Mr. AlRowais was a Board member at Samba. Mr. AlRowais is the Chairman of the Audit Committee. Mr. AlRowais is head of Mobily’s internal audit function and was previously an internal auditor at the SAMA and an assistant general auditor at Saudi Aramco. Mr AlRowais sits on the boards of Alinma Tokio Marine and Deutsche Gulf Finance and their respective audit committees.

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

Zaid Abdul Rahman Al-Gwaiz
Prior to the merger, Mr. Al-Gwaiz was a Board member at NCB. Mr. Al-Gwaiz is Chairman of the Risk Committee and a member of the Executive Committee. He is an independent Board member and is a Board member of numerous shareholding companies.

Mr. Al-Gwaiz holds a bachelor’s degree in financial accounting from King Saud University, Saudi Arabia.

Senior Management

The Bank’s senior 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 senior 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 senior management.
Name                                      Title
------------------------------------------------------------------------------
Saeed Al Ghamdi                            Managing Director and Group Chief Executive Officer
Talal Al Khereji                          CEO of Wholesale Banking
Majed Al Ghamdi                           CEO of Retail Banking
Ahmad Al Dhabi                            Group Chief Financial Officer
Naif Al Bashir                            Group Chief Risk Officer
Mutlaq Al Anezi                          Group Chief Human Resources Officer
Shujaat Nadeem                            Group Head, International
Saleh                                     Group Chief Technology Officer
Suliman Al Obaid                         Group Chief Digital and Administrative Officer
Waleed Abdulshakoor                      Group Chief Legal Counsel
Fuad Al Harbi                            Group Chief Compliance Officer
Abdulaziz Al Shushan                     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.

Saeed Mohammed Al Ghamdi
See “—Board of Directors” above.

Talal Al Khereji, CEO of Wholesale Banking
Following the merger, Mr. Al Khereji was appointed CEO of Wholesale Banking. He was previously the Deputy CEO of NCB. He is a member of the Higher Management Committee, the Credit and Remedial Management Committee, the Micro, Small and Medium Enterprises Committee and the ALCO.

Mr. Al Khereji has more than 24 years’ banking experience, having begun his career in 1995 at the Investment Management Department of SAMA. He was a member of the advisory group that designed and implemented SAMA investment policy under which the foreign exchange reserves were managed. His role included tactical asset allocation, investment research, proprietary fund management and fund manager selection/supervision. When Mr. Al Khereji joined NCB in 2003, his roles included heading the Assets and Liabilities Management Department of the Treasury. He also served as NCB’s ALCO Secretary until his appointment as Head of Treasury in July 2009. He has also chaired the Treasurers’ Committee in the Kingdom of Saudi Arabia for two consecutive years. In his role as Deputy CEO of NCB, he oversaw four critical banking functions, namely the Retail Banking Group, the Corporate Banking Group, the Treasury Group and QuickPay.

Mr. Al Khereji holds a master’s degree in international business from Edmund A. Walsh School of Foreign Service, Georgetown University, United States.

Majed Al Ghamdi, CEO Retail Bank
Following the merger, Mr. Majed Al Ghamdi was appointed CEO of Retail Banking. He was previously the Head of NCB’s Corporate Banking Group. He is a member of the Higher Management Committee, the ALCO,
the Credit and Remedial Management Committee, the Operational Risk Committee and the Micro, Small and Medium Enterprises Committee. He is also a board member and Chairman of the Credit Committee at TFKB.

Mr. Al Ghamdi has more than 15 years’ banking experience, having begun his career with NCB in risk management. He assumed several positions and tasks in the Risk Group and was Head of NCB’s Comprehensive Risk Management from 2014 until 2018 when he was appointed Head of NCB’s Corporate Banking Group where he oversaw divisions including specialised finance, institutional banking, corporate banking, commercial banking, business banking, cash and trade, private asset and performance analysis.

Mr. Al Ghamdi holds a master’s degree in risk management from New York University, United States, and a bachelor’s degree in industrial engineering from King Abdulaziz University. He has also attended the advanced management program at Harvard University, United States, and the executive development program at Wharton School of Business, United States.

Ahmad Al Dhabi, Chief Financial Officer
Mr. Al Dhabi is the Chief Financial Officer (appointed 2021). He joined NCB in 2012 and, during his years in NCB, he progressed through various roles within the Finance group. In April 2021, Mr. Al Dhabi was also appointed as Chairman of the Audit Committee in NCB Capital and a Board Member in AlTamayuz Academy. Prior to that, he spent several years working in industry, including investment banking at Gulf One Capital, telecommunications at Ericsson and aviation at National Air Services.

Mr. Al Dhabi holds a bachelor’s degree in accounting from King Abdulaziz University, Saudi Arabia, and a master’s degree in finance from the University of Portsmouth, United Kingdom.

Naif Al Bashir, Group Chief Risk Officer
Following the merger, Mr. Al Bashir was appointed Group Chief Risk Officer. He had previously been Chief Risk Officer at NCB since 2015 and Risk Committee secretary since 2018. He also chairs the Operational Risk Committee and is a Member of the Higher Management Committee, the ALCO, the Credit Committee and the Information Security Committee.

Mr. Al Bashir holds a bachelor’s degree in Management Information Systems from California University, United States.

Mutlaq Al Anezi, Group Chief Human Resources Officer
Following the merger, Mr. Al Anezi was appointed Group Chief Human Resources Officer. He had previously been Head of the Human Resources Group at NCB since 2018.

Mr. Al Anezi holds a master’s degree in humanities and fine arts from Murray State University, United States.

Shujaat Nadeem, Group Head, International
Following the merger, Dr. Nadeem was appointed Group Head, International. He was previously Deputy CEO for Business at Samba. He is a member of the Higher Management Committee and the ALCO.

Dr. Nadeem joined Samba in 2003 as Treasurer. He is the Chairman of Samba Bank Pakistan. He also served as the Chairman of Samba Global Markets Limited where he was responsible for managing Samba’s proprietary investment portfolio and for all of Samba Global Markets’ activities. Dr. Nadeem’s career before Samba was with Citigroup, where he held senior positions in the United States, the United Kingdom and the MENA region. He holds a Ph.D., as well as a master’s degree and bachelor’s degree from Massachusetts Institute of Technology.
Saleh, Group Chief Technology Officer
Mr. Saleh is currently the Group Chief Technology Officer of the Bank since April 2021, in which he leads the IT merger and transformation between NCB and Samba. He is a member of the Higher Management Committee, the Compliance Committee, the Purchasing Committee and the Business Continuity Committee.

Mr. Saleh joined NCB in 2009 as the Head of NCB IT, Project Management Office and in 2013, he was promoted as the Chief Information Officer at NCB.

Mr. Saleh started his career with vast experiences in technology across several industries, investments, banking, oil field, tourism in the United Kingdom and MENA region.

Mr. Saleh holds a bachelor’s degree in computer engineering from King Fahd University of Petroleum and Minerals in Dhahran, Saudi Arabia and has completed the Advance Management Program at Harvard Business School.

Suliman Al Obaid, Chief Administrative Officer
Following the merger, Mr. Al Obaid was appointed as the Chief Administrative Officer, leading the strategy and execution of key initiatives for the Bank such as the Brand Launch, Centralisation of Archiving, Expansion of ATMs & branches network, marketing campaigns including digital marketing, cost optimisation and efficiency exercises.

Mr. Al Obaid has implemented several best practices and standards in the Bank. He is a seasoned banker and business oriented professional with more than 24 years of experience.

Prior to the merger, he was the Chief Operating Officer at Samba where he led the main bank projects, core banking system replacement, IT and operations restructuring, banking processes reengineering, strategic business initiatives support and implementation, IT strategy review and implementation.

Mr. Al Obaid has previously worked at The Saudi Investment Bank as the Chief Operating Officer and at Al-Rajhi Bank.

Mr. Al Obaid holds a bachelor’s degree in information technology from King Saud University, Saudi Arabia.

Waleed 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 Procurement Committee, the Employee Grievance Committee and the Compliance 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 Legal in 2009. Over his tenure with the Legal department, he has accumulated extensive experience in legal specialties such as adjudication, contracts and general consultancy. His key achievements in consultancy and litigation include winning important local cases, leading to awards in favour of NCB totalling more than SAR 15 billion.

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

Fuad Al-Harbi, Group Chief Compliance Officer
Following the merger, Mr. Al-Harbi was appointed Group Chief Compliance Officer. He had previously been Head of the Compliance Division at NCB since 2013. He was also the Chairman of the Compliance Committee. In 2018, he headed SAMA’s Chief Compliance Officers’ Committee for banks operating in the Kingdom. Mr. Al Harbi is a Fellow of the Arab Academy for Banking and Financial Sciences.
Mr. Al-Harbi has more than 26 years’ experience in accounting, control and compliance, and anti-money laundering. He began his career at Thebes 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. Al-Harbi holds a bachelor’s degree in accounting from King Saud University, Saudi Arabia.

Abdulaziz Al Shushan, Group Chief Audit Officer
Prior to the merger, Mr. Al Shushan served as the Chief Audit Executive for Samba and prior to that, he was the Chief Audit Executive at Al Rajhi Bank and AlBilad Bank.

Mr. Al Shushan has more than 20 years of experience, primarily in internal auditing across several industries covering Oil & Gas, Telecommunications, and Banking. He has also served as the Head of Internal Audit for different listed and non-listed companies.

Mr. Al Shushan holds a Certified Internal Auditor certification from the Institute of Internal Auditors (IIA-USA) and has earned other professional certifications such as Certified Information Systems Auditor (CISA), and Certified Information Systems Security Professional (CISSP).

Mr. Al Shushan holds a bachelor’s degree in accounting and management information systems from King Fahd University of Petroleum and Minerals, Saudi Arabia, and a master’s degree in business administration from the same university.

Corporate Governance

Board Committees
The Bank has four 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, settlement, social responsibility, purchasing and remedial decisions within the authority delegated to it by the Board.

The Executive Committee consists of five members, namely the Chairman, three Board members and the GCEO. It is chaired by the Chairman and may also be chaired by the GCEO. The Committee meets when required. The Committee quorum is at least three members, whether in person or by proxy, including the Chairman. Absent members may vote by proxy. The decisions and discussions of the Committee must be recorded in minutes to be signed by the Chairman and the members.

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 at least four Board members and the GCEO. The majority of the members are non-executive. The Committee meets when required and at least twice yearly. The Committee quorum is a majority of the members. The decisions and recommendations of the Committee are passed by the majority of votes of members present. In case of a tie, the Chairman has a casting vote.

**Nomination and Remuneration Committee (the “NRC”)**

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

Among other responsibilities, it ensures through annual skills audits that the Board comprises individuals who are best able to discharge the responsibilities of directors having regard to the law and the highest standards of governance and support the Board in setting an appropriate succession policy.

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 at least three non-executive Board members and must include two independent non-Board members. The Chairman of the Board may not chair the NRC.

The GCEO and the Head of Human Resources Group may be invited to attend meetings without exercising voting rights. The NRC must meet at least twice each year. The NRC quorum is a majority of the members. The decisions and recommendations of the NRC are passed by the majority of votes of members present. In case of a tie, the Chairman has a casting vote.

**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 five members appointed by the General Assembly every three years. The Committee meets at least once every three months and whenever else required by invitation from the Chairman or at the request of two members. The Committee quorum is three members, including the Chairman.

**Management Committees**

The Bank has 10 management-level committees.

**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: GCEO (Chairman), CEO of Wholesale Banking, CEO of Retail Banking, Group Chief Financial Officer, Group Chief Risk Officer, Group Chief Human Resources Officer, Group Chief Technology Officer, Group Chief Digital & Administrative Officer and Head of Strategy Finance and Control (Secretary).
Information Security Committee
This committee meets on a quarterly basis 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: GCEO (Chairman), CEO of Wholesale Banking, CEO of Retail Banking, Group Chief Risk Officer, Group Chief Technology Officer, Group Chief Compliance Officer and Chief Information Security 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 takes into account interest rate risk, hedging and return strategy for the Bank to ensure the optimal balance sheet structure is achieved. Its membership is: GCEO (Chairman), CEO of Wholesale Banking, CEO of Retail Banking, Group Chief Financial Officer, Group Chief Risk Officer, Head of Group Treasury, Head of Global Markets and Head of Treasury & Market 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: GCEO, CEO of Wholesale Banking, CEO of Retail Banking, Group Chief Financial Officer, Group Chief Risk Officer, Head of Wholesale Risk, Head of Retail Risk and Head of Enterprise Risk Management (Member and Secretary).

Purchasing Committee
This committee meets on a weekly basis 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), Group Chief Financial Officer, Group Chief Technology Officer, Group Chief Digital & Administrative Officer, COO of Wholesale, COO of Retail and Head of Procurement (Secretary).

Customer Care Committee
This committee meets on a quarterly basis to oversee customer care performance and the execution of strategic customer journey initiatives. Its membership is: CEO of Retail Banking (Chairman), CEO of Wholesale Banking, Group Chief Digital & Administrative Officer, Head of Customer Service and Support and Head of Customer Care (Member and Secretary).

Compliance Committee
The primary purpose of this committee is 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: Group Chief Compliance Officer (Chairman), Group Chief Legal Counsel, COO of Wholesale, COO of Retail, Head of Operational Risk and Head of AML (Member and Secretary).

Micro, Small and Medium Enterprises Committee
The purpose of this committee is 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 of Wholesale Banking (Chairman), CEO of Retail Banking, Group Chief Risk Officer, Head of Retail Banking, Head of Corporate and Commercial, Head of Business Banking and Head of Commercial Banking (Member and Secretary).
Operational Risk Committee
The primary purpose of this committee is 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: Group Chief Risk Officer (Chairman), Group Chief Technology Officer, Group Chief Compliance Officer, Group Chief Financial Officer, COO of Wholesale, COO of Retail and Head of Operational Risk (Member and Secretary).

Business Continuity Committee
The purpose of this committee is 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: Group Chief Administrative Officer (Chairman), Group Chief Risk Officer, Group Chief Technology Officer, Group Chief Compliance Officer, Group Chief HR Officer, Group Chief Financial Officer, COO of Wholesale, COO of Retail, Chief Information Security Officer, Head of Administrative Services and Head of Business Continuity Management (Secretary).

Employees
As at 30 September 2021, the Bank employed 10,055 employees, 98.8 per cent. of which were Kingdom citizens.

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

According to SAMA’s website, there are 26 commercial banks operating in the Kingdom, of which 11 are incorporated in the Kingdom. Of the remaining 15 operating banks, six are branches of banks based in countries of the GCC other than the Kingdom (namely Emirates NBD, National Bank of Bahrain, National Bank of Kuwait, First Abu Dhabi Bank, Bank Muscat and Qatar National Bank) and nine are international banks (namely J.P.Morgan Chase, N.A., BNP Paribas, Deutsche Bank, T.C. Ziraat Bankası, MUFG Bank Ltd A.S., National Bank of Pakistan, Industrial and Commercial Bank of China, Credit Suisse and Standard Chartered Bank). Trade Bank of Iraq, Bank of China Limited, Banque Misr and National Bank of Iraq have been licensed but are yet to commence operations under their licences. In addition, two digital banks, STC Bank and Saudi Digital Bank, have been licensed to operate but have not yet commenced operations. Apart from Gulf International Bank Saudi Arabia, all of the 11 Saudi operating banks are publicly-listed joint stock companies and their shares are traded on the Tadawul.

All 11 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 banks provide a combination of Shari’a-compliant and conventional banking products and services.

In addition to the commercial banks, there are a number of state-run credit institutions, including the Saudi Industrial Development Fund, the Real Estate Development Fund, the Saudi Arabian Agricultural Bank, the Saudi Credit & Saving Bank and the PIF, which provide funds for targeted sectors. In addition, 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 any of these entities.

As at 31 August 2021, there were 1,964 bank branches, 16,834 ATMs and 879,518 points of sale terminals in the Kingdom (source: SAMA August 2021 Monthly Statistics).

Key highlights of the trends and outlook for the banking industry in the Kingdom are as follows:

- liquidity and funding is expected to remain solid against a backdrop of limited growth;
- a move towards digitisation with the rising sophistication and education of an increasingly young Saudi population, simultaneously driving demand for retail banking services in the Kingdom;
- fee-based services and products for retail markets are proliferating, the focus being turned to non-funded business volumes and cross-selling opportunities; and
- Islamic banking continues to be an area of growth.

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 a number of banking licences to branches of foreign banks. In May 2020, GIB converted its branch into a locally incorporated bank jointly owned by the PIF and GIB.

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

Following the licence granted to GIB in 2000, SAMA granted licences to operate branches in the Kingdom to Emirates NBD, National Bank of Bahrain, National Bank of Kuwait, Muscat Bank, J.P. Morgan Chase, N.A., BNP Paribas, Deutsche Bank, National Bank of Pakistan, T.C. Ziraat Bankası A.Ş, Industrial and Commercial Bank of China, Qatar National Bank, First Abu Dhabi Bank, MUFG Bank Ltd., Credit Suisse Bank and Standard Chartered Bank. 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) 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 in September 2021, the CMA has licensed at least 116 entities to conduct various types of securities business in the Kingdom, although a number of those licensed entities have not yet commenced business.

Corporate Banking Segment

The majority of commercial banking assets in the Kingdom are loans to businesses and, as at 31 August 2021, banks’ claims on the private sector constituted SAR 1,956 billion equal to 62.8 per cent. of total commercial banks’ assets (source: SAMA, August 2021 Monthly Statistics). This has been driven by the strong 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 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 the prevailing level of oil prices pose challenges to the Saudi economy, leading to both Government spending growth 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 reform and stabilisation programmes being implemented to reduce the economy’s dependency on oil-related revenues.

Personal Banking Segment

Consumer lending increased from SAR 333 billion at the end of 2019 to SAR 365 billion at the end of 2020 and was SAR 394 billion as at 30 June 2021 (source: SAMA, August 2021 Monthly Statistics). Historically, growth in consumer finance has been driven by several factors, including:

- economic growth coupled with favourable consumer demographics;
- growth of the credit card market;
- product innovation and a rapidly expanding range of product and service offerings; and
- the creation of SIMAH (as defined below).
The value of the credit card loans market was SAR 18.2 billion as at 30 June 2021 (source: SAMA, August 2021 Monthly Statistics), down from SAR 18.4 billion as at 31 December 2020 and SAR 19.1 billion as at 31 December 2019. The decline in the credit card loan market in 2021 is likely due to the COVID-19 pandemic and the related quarantine measures taken by the Government. The majority of personal lending is tied to electronic salary assignment, thereby enhancing asset quality and effectively reducing the risk associated with personal lending which, coupled with higher margins than in corporate lending, has made personal finance a particularly attractive segment for banks in the Kingdom.

The Saudi Credit Bureau

The Saudi Credit Bureau ("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 a number of initiatives and projects to further its strategies to provide an effective information infrastructure to enhance the ability of assessing and managing risks. For example, SIMAH established an information centre developed to international specifications (TIER IV) and published a procedural manual as part of a “Know Your Rights” campaign to increase credit awareness among all segments of society. A number of SIMAH’s projects were acknowledged by the G-20 based on an initiative of the Financial Stability Board (of which SAMA is a member), aimed at helping financial institutions to evaluate risks in a systematic and effective manner and put regulatory and operational requirements in place, and develop products and services, to ensure stability and efficiency of the financial sector.

Islamic Finance

Islamic finance has been a growth area for the Saudi financial economy.

The Islamic banking industry in the Kingdom encompasses a blend of institutions ranging from dedicated Islamic banks to conventional banks offering Islamic banking products services through separate divisions or windows. Many banks in the Kingdom have Shari’a committees which provide independent opinions on the extent of compliance with Shari’a principles. 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 a large number of banks.
The Islamic banking segment is expected to continue to grow with credit demand anticipated from corporate and consumer segments. It is also expected to be accompanied by an increase in innovative Islamic product offerings and growing awareness and demand within the general public for sophisticated Shari’ah-compliant solutions.

**Treasury**

The treasury activities of banks in the Kingdom have increased over the past few years as the financial markets have become more sophisticated with the increased use of financial instruments. Capable banks in the Kingdom are able to offer their customers structured products that make use of derivatives and that are also Shari’ah-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 7,827 at 31 December 2018, 8,389 at 31 December 2019 and 8,689 at 31 December 2020.

As a response to the Government’s drive to develop an efficient capital markets platform, a number of banks, including the Bank, embarked on providing corporate finance and equity and debt capital markets advisory services to companies. Since 2003, a number of IPOs have been effected, 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, a number of banks in the Kingdom have 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.

**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, leasing and real estate companies, insurance companies, money exchange companies and credit information companies in Saudi Arabia.

SAMA was established pursuant to Royal Decree No. 30/4/1/1046 dated 25/07/1371H (corresponding to 20 April 1952), which was replaced by Royal Decree No. M/36 dated 11/4/1442H (corresponding to 26 November 2020), which changed the name 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 co-operative insurance companies and the self-employment professions relating to the insurance industry;
• 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 are further underpinned by the Responsible Lending Principles for Individual Consumers (issued by SAMA under Circular No. 46538/99 dated 02/09/1439H (corresponding to 17 May 2018), as amended by SAMA’s Circular No. 40694/1 dated 09/09/1439H (corresponding to 24 May 2018)) which aim to:
(i) encourage responsible lending that meets the actual needs of consumers, especially those related to owning housing and assets rather than consumer purposes;

(ii) enhance financial inclusion by providing adequate financing for all segments of society, taking into account reasonable deductible ratios that the consumer can afford; and

(iii) focus on ensuring fairness and competitiveness among creditors to make sure that their procedures and mechanisms are effective and efficient.

The Responsible Lending Principles for Individual Consumers apply to all creditors and finance activities directed at consumers, encompassing all credit products and programmes designed for individuals, including, among others, personal finance, vehicle finance, credit cards and real estate finance.

In April 2018, SAMA issued the Debt Collection Regulations and Procedures for Individual Consumers applying to banks and finance companies under SAMA’s supervision which set out debt collection procedures in relation to consumers, procedures for dealing with defaulting retail consumers as well as controls governing the communication with retail consumers and their guarantors in order to enable creditors to follow clear and specific procedures while protecting the rights of all relevant parties.

Further consumer protection legislation which supplements the Principles issued by SAMA (the Regulations for Issuance and Operations of Credit and Charge Cards) relates to the issuance and operation of credit and charge cards issued by banks, finance companies and other card issuers supervised by SAMA.

The consumer protection legislation has also been extended to cover finance companies pursuant to the Regulations for Consumer Finance (the “RCF”). The RCF contain a number of provisions relating to the protection of consumer rights, including:

- allowing customers to partially or fully repay their remaining finance facilities at any time during the relevant financing period;
- unifying management fees 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 RCF aim to ensure that consumer finance contracts have enhanced levels of disclosure and transparency and to enable customers to be better informed of their rights and obligations under their financings. Pursuant to the RCF, consumer finance contracts should set out, among other things:

- details of the financing, including the total cost of the financing;
- the calculation method for determining profit;
- all charges, commission and administration fees;
- the consequences of delays in payment of instalments; and
- the procedure for exercising a customer’s right of withdrawal, early settlement or termination.

Additionally, SAMA has published consumer protection regulations applying to insurance (the Insurance Consumer Protection Principles) as well as numerous circulars supplementing and detailing the various consumer protection regulations described above.

In order to deal with consumer complaints and monitor the performance and adherence of financial institutions to the Principles, SAMA has also established a dedicated Consumer Protection Department.
Real Estate Financing and Finance Leasing

In August 2012, the Saudi Council of Ministers issued a package of legislation approved by Royal Decrees in relation to the finance industry, including real estate financing (the “Real Estate Finance Law”), leasing (the “Finance Lease Law”) and supervision of financial companies (the “Financial Companies Control Law”), in each case, as further described below. In February 2013, SAMA issued the implementing regulations of these laws.

Real Estate Finance Law

This law provides the regulatory architecture for the authorisation and licensing of banks and finance companies to enter the real estate market. In particular:

- banks may own real estate for the purposes of real estate finance – a key feature of Islamic financing products;
- the Government publicises real estate market activity and financiers are granted access to courts and notary registers; and
- 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 the 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 Financial Lease Law set out the rights and obligations of the lessor and lessee in a finance lease, outline rules relating to assignment of rights, instalment payments and ownership rights of the relevant parties and specify the requirements for establishing a company that registers finance leases and the requirements for such companies to register finance leases.

Financial Companies Control Law

This law provides a regulatory and supervisory framework for Shari’a-compliant finance companies to provide SAMA approved forms of financing, including real estate financing.

The Implementing Regulations of the Financial Companies Control Law set out SAMA’s rules and requirements for licensing finance companies and contain corporate governance requirements, internal auditing requirements and other rules which the finance companies must comply with in order to maintain their licence.
Capital Markets Authority

The CMA was established by 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”). 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 of these 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 Kingdom’s 2030 vision executive programmes) were enacted, including achieving the strategic objectives and initiatives of the second strategic pillar with respect to developing an advanced capital market.

Through the 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 composed of 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 in accordance with Article 20 of 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, time deposits and margins of letters of credit and guarantee (excluding all types of repo deposits).

In addition to the statutory deposit, each bank in the Kingdom is also required to maintain a liquid reserve of at least 20 per cent. of its total deposit liabilities. The liquid reserve must comprise cash, gold or assets which can be converted into cash within a period not exceeding 30 days in order to comply with the requirements of the BCL.

Previously, the BCL set a maximum limit on the amount of financial liability that a bank may incur in respect of any one person. This was replaced by the SAMA Rules on Large Exposures of Banks 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 its total eligible capital;
- in the case of companies, 15 per cent. of its total eligible capital; and
- in the case of individuals, 5 per cent. of its 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, the level of a bank’s exposure to a single customer 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.

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. All banks
in the Kingdom are now in compliance with IFRS and the Accounting Standards for Commercial Banks issued by SAMA. The banks also prepare their financial statements to comply with the BCL and the companies law promulgated under Royal Decree No. M/3 dated 28/1/1437H (corresponding to 10 November 2015) (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 also have to submit quarterly, semi-annual and annual reports to SAMA. These reports are comprehensive and deal with matters such as the maturity schedule of credit facilities, risk concentrations, large exposures, foreign exchange exposure, analysis of specific loan loss reserves and a calculation of the relevant bank’s risk asset based capital adequacy.

Banks are required to submit their audited consolidated annual financial statements to SAMA within six months of each financial year end and listed banks are required to report within three months in accordance with the CMA Rules on the Offer of Securities and Continuing Obligations. Annual consolidated financial statements have to be audited by at least two independent joint auditors. The published audited consolidated financial statements of banks in the Kingdom are required to be compliant with IFRS as modified by SAMA for the accounting of Zakat and income taxes, which requires adoption of all IFRS as issued by the IASB except for the application of International Accounting Standard (IAS) 12, “Income Taxes” and IFRIC 21, “Levies” so far as these relate to Zakat and income tax. As per the SAMA Circular No. 381000074519 dated 11 April 2017 and subsequent amendments relating to the accounting for Zakat and income tax, the Zakat and income tax are to be accrued on a quarterly basis through shareholders' equity under retained earnings. The consolidated financial statements are also required to comply with the BCL and the Companies Law. Listed joint stock companies have to 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” 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 and the Kingdom has put into place a comprehensive legislative and regulatory framework that deals with money laundering and terrorist financing, with the first regulations on customer identification procedure dating back to 1975.

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). 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. In 2008, SAMA revised the rules by adding additional requirements and providing
guidelines on dealing with non-resident individuals, entities and multi-lateral organisations. A fourth update of these rules was issued during 2012 in which, among other changes, SAMA made certain additions to the list of specified legal entities subject to KYC requirements and account operating controls and increased the KYC required information for corporate clients to identify their beneficial owners.

The Kingdom’s existing AML regime was overhauled by SAMA in May 2003 with its issue of Rules Governing Anti-Money Laundering and Combating Terrorist Financing (SAMA No. BCI/122: dated 27 May 2003) (the “AML/CTF Rules”). The AML/CTF Rules govern, among other things, the reporting of suspicious transactions, transaction monitoring, customer and transaction profiling, risk assessment, control systems, compliance programmes, reviews and audits, KYC policies and standards and record retention. The AML/CTF Rules have subsequently been updated in line with SAMA’s continued efforts to further improve and refine the AML/CTF Rules and cope with the local, regional and global developments.

In August 2003, the Kingdom updated its existing AML statutes with the enactment of the Anti-Money Laundering Law (pursuant to Royal Decree No. M/39 dated 24 August 2003) and its implementing regulations (the “AML Law”), providing an up-to-date statutory basis for money laundering and terrorist financing offences. A Financial Intelligence Unit was also established, enabling a greater international exchange of financial information in cases of suspected money laundering and terrorist financing amongst law enforcement agencies and regulators.

In November 2005, SAMA issued a circular (SAMA No. 35185/MAT/539: dated 22 November 2005) requiring all banks and financial institutions operating in the Kingdom to strictly comply with the provisions of the AML Law. 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 amended require entities undertaking securities business to comply with the AML Law.

In December 2008, the Board of the CMA issued the Anti-Money Laundering and Counter-Terrorist Financing Rules pursuant to its Resolution Number 1-39-2008, dated 03/12/149H (corresponding to 1 December 2008), as amended. The first update of the Anti-Money Laundering and Counter-Terrorist Financing Rules was issued in February 2012.

In April 2012, Saudi Arabia updated its existing AML Law and Implementing Rules (pursuant to Royal Decree No. M/31 dated 11/05/1433H), and in April 2013, SAMA issued a circular (SAMA No. 34100074807MAT, dated 15/06/1434H) requiring all banks and financial institutions operating in the Kingdom to strictly comply with the updated AML Law and Implementing Rules.

In October 2017, the existing Anti-Money Laundering Law and Implementing Rules were replaced by the Anti-Money Laundering Law and Implementing Rules issued pursuant to Royal Decree No. M/20 dated 05/02/1439H (corresponding to 25 October 2017).

In September 2018, the FATF and the MENA-FATF jointly conducted an assessment of the Kingdom’s anti-money laundering and counter-terrorism financing system The key findings, priority actions and recommendations for the Kingdom’s AML/CFT 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 and CTF measures.
Independent Auditors
As a measure of prudence, SAMA requires all banks in the Kingdom to be audited jointly by two independent 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:

<table>
<thead>
<tr>
<th>Classification</th>
<th>Defined as</th>
<th>Reserve requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>No problems</td>
<td>1 per cent. of outstanding</td>
</tr>
<tr>
<td>IA (special mention)</td>
<td>Potential weakness</td>
<td>1 per cent. of outstanding</td>
</tr>
<tr>
<td>II (sub-standard)</td>
<td>Inadequate capacity to pay and/or profit or principal overdue by more than 90 days</td>
<td>25 per cent. of outstanding</td>
</tr>
<tr>
<td>III (doubtful)</td>
<td>Full collection questionable and/or overdue by more than 180 days</td>
<td>50 per cent. of outstanding</td>
</tr>
<tr>
<td>IV (loss)</td>
<td>Uncollectible and/or overdue by more than 360 days</td>
<td>100 per cent. of outstanding</td>
</tr>
</tbody>
</table>

All banks in the Kingdom also calculate impairment provisions on the basis of IFRS 9 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 has to be disclosed to determine the sensitivity to commission rate risk.

Capital Adequacy
The GCC has introduced a common standard for capital adequacy based on BIS 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 four risk groups carrying varying risk weights according to the risk assessment of the counterparty. There are also two levels of country risk, one for the GCC and member countries of the OECD and others that have special lending arrangements with the IMF under its general agreement to borrow, considered a preferred risk. All other countries are considered full risk. In contrast, BIS only counts Kingdom risk and not all of the GCC at par with the OECD. The other major difference is that the GCC standards account for mortgage loans as 100 per cent. risk as opposed to 50 per cent. under BIS standards.

Deposit liabilities of banks are limited to 15 times capital and reserves. In cases where this ratio is exceeded, banks have to place interest-free deposits of half the excess amount with SAMA. Furthermore, 25 per cent. of
net profits (after deduction of Zakat liabilities) have to be transferred to statutory reserves until the reserve balance equals paid-up capital.

SAMA has successfully implemented the Basel Committee on Banking Supervision rules and standards in their entirety, on a timely basis and in a prudent and conservative manner. As a result of such implementation, the Kingdom’s banking sector has reported among the strongest capital adequacy ratios, leverage ratios and liquidity ratios in the GCC and the MENA region.

**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 cyclicality of regulatory capital. It introduces new leverage and liquidity ratio requirements and capital buffers to promote the build-up of capital.

SAMA has introduced the main elements of the Basel III Framework, including 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 standardized approach for measuring counterparty credit risk exposures and capital requirements for bank exposures to central counterparties.

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:

- common equity Tier 1 must be at least 4.5 per cent. of risk-weighted assets at all times;
- Tier 1 Capital must be at least 6.0 per cent. of risk-weighted assets at all times; and
- Total Capital (Tier 1 Capital plus Tier 2 Capital) must be at least 8.0 per cent. of risk-weighted assets at all times.

**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 has injected SAR 50 billion as at June 2021 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 intends 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 aims at supporting and enabling the private sector to promote economic growth through a package of measures as set out below.

**Supporting SMEs Finance**

The purpose of the programme is to mitigate the impacts of precautionary coronavirus measures on the small and mid-size enterprises (“SME”) sector, specifically by reducing the burden of cash flow fluctuations, supporting working capital, enabling the sector to grow, contributing to supporting economic growth and maintaining employment. The programme consists of three basic elements as follows:

1. **Deferred Payments Programme**

Depositing approximately SAR 50 billion for banks and financing companies to delay the payment of the dues of the financial sector (banks and finance companies) from SMEs for a period of six months as of the relevant due dates. Since its launch, this programme assisted over 107,000 contracts with a total value of SAR 174 billion and the injection was increased from the original allocation of SAR 30 billion due to demand. This programme has been extended until 31 December 2021.

2. **Guaranteed Facility Programme**

Providing concessional finance of approximately SAR 1.1 billion for SMEs by granting loans from banks and finance companies to the SME sector to support business continuity and sector growth in a way that contributes to supporting economic growth and maintaining employment levels in these enterprises. Since its launch, the number of relevant financing contracts totalled more than 1,100. The programme has been extended until 14 March 2022.

3. **Loan Guarantee Programme**

Depositing an amount of SAR 22.8 million (as at June 2020) to enable banks and insurance companies to relieve SMEs from the finance costs of the Kafala Programme for the purpose of minimising finance costs for eligible entities during 2020 and to support finance expansion. Since its launch, the number of relevant financing contracts has totalled more than 2,000.

**Supporting Fees of POS and E-Commerce**

From March 2020, this was accomplished by supporting payment fees of all stores and entities in the private sector for a period of six months with a total amount exceeding SAR 800 million. SAMA paid these fees to payment service providers participating in the national system. SAMA stated that, since its launch in mid-March to the end of June 2020, the number of stores which benefited from this programme amounted to 130,000 merchants with POS and 3,600 electronic stores. The number of transactions exempted from fees reached 248 million for POS and 25 million for e-commerce. The value of these transactions exceeded SAR 36 billion for POS and SAR 5 billion for e-commerce. The amount of fees supported by SAMA totalled SAR 327 million.

**Supporting Institutions Affected by the Precautionary Measures**

As regards institutions affected by the precautionary measures implemented in the cities of Makah and Medina, SAMA is now co-ordinating with banks and finance companies to facilitate finance repayments of such institutions.

The accounting impact on NCB (in 2020) and the Group (for the nine months ended 30 September 2021) of the above programmes in terms of their credit facilities was assessed and treated in accordance with the
requirements of IFRS 9 as a modification in terms of arrangement. This resulted in total modification losses amounting to SAR 757 million, out of which SAR 296 million was recorded during the nine-month period ended 30 September 2021 (nine-month period ended 30 September 2020: SAR 330 million). In addition, during the nine-month period ended 30 September 2021, SAR 460 million (nine-month period ended 30 September 2020: SAR 125 million) was recognised in the statement of income relating to unwinding of modification losses.

The Group continues to believe that in the absence of other factors, participation in the deferment payments programme on its own, is not considered a significant increase in credit risk for the assessment of ECL on its MSME portfolio.

In order to compensate the costs incurred in 2020, NCB received profit free deposits from SAMA with varying maturities and, in 2021, the Group acquired additional profit free deposits as part of the merger. The total of these deposits, which qualified as government grants, amounted to SAR 12 billion as at 30 September 2021.

Management has determined, based on a communication from SAMA, that the government grant primarily relates to compensation for the modification loss incurred on the deferral of payments. The benefit of the subsidised funding rate was accounted for on a systematic basis, in accordance with government grant accounting requirements. Management has exercised certain judgements in the recognition and measurement of this grant income. In 2020, total income of SAR 780 million was recognised in NCB’s statement of income. During the nine-month period ended 30 September 2021, total income of SAR 79 million (nine-month period ended 30 September 2020: SAR 495 million) was recognised in the Group’s statement of income with respect to related deposits.

As at 30 September 2021, the accounting impact of the Bank’s participation in SAMA’s facility guarantee programmes was immaterial.

During 2020, NCB recognised reimbursement from SAMA for the forgone POS and e-commerce service fees of SAR 269 million.
SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the principal Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the principal Transaction Documents. Copies of the Transaction Documents will be available for inspection and/or collection as set out under “General Information – Documents Available. Words and expressions defined elsewhere in this Offering Circular shall have the same meanings in this section.

Master Purchase Agreement, as supplemented by each Supplemental Purchase Agreement

The Master Purchase Agreement will be entered into on 15 November 2021 between the Trustee (in its capacity as purchaser, the “Purchaser”) and the Bank (in its capacity as seller, the “Seller”) and will be governed by Saudi Arabian law. A Supplemental Purchase Agreement between the same parties will be entered into on the Issue Date of each Tranche and will also be governed by Saudi Arabian law.

Pursuant to each Supplemental Purchase Agreement, the Seller will irrevocably and unconditionally sell, transfer and assign to the Purchaser, and the Purchaser will purchase from the Seller all of: (i) (on the issue date of the first Tranche of a Series) the relevant Initial Assets and (ii) (on each date on which any additional Certificates are issued) the relevant Additional Assets, in each case, together with all of the Seller’s rights, title, interests, benefits and entitlements, present and future, in, to and under such Initial Assets or Additional Assets, as the case may be.

Wakala Agreement

The Wakala Agreement will be entered into on 15 November 2021 between the Trustee and the Bank (in its capacity as wakeel, the “Wakeel”) and will be governed by English law.

Pursuant to the Wakala Agreement, the Trustee will appoint the Wakeel to service the Wakala Portfolio relating to each Series. In particular, the Wakeel will, in relation to each Series, undertake to perform, amongst other things, the following services (the “Services”) on behalf of the Trustee, during the Wakala Ownership Period:

(a) it will service the Wakala Portfolio in accordance with the wakala services schedule (the “Wakala Services Schedule”) (the form of which is set out in the Schedule to the Wakala Agreement), which shall be completed by the Wakeel at the time of issue of the first Tranche of the relevant Series upon receipt from the Trustee of the relevant Supplemental Purchase Agreement;
(b) if the Trustee issues an additional Tranche, it shall as soon as practicable after such issuance amend the Wakala Services Schedule for that Series to take into account the issuance of such additional Tranche;
(c) it shall ensure that, at all times on or following the Issue Date of the first Tranche of a Series, the Tangibility Ratio shall be more than 50 per cent. and if, at any time, the Tangibility Ratio falls:
   (i) to 50 per cent. or less (but is 33 per cent. or more), the Wakeel shall take any and all steps as may be required by The Saudi National Bank’s Shari’ah Committee to ensure such Tangibility Ratio is restored to more than 50 per cent. within the time period determined by The Saudi National Bank’s Shari’ah Committee; and
   (ii) below 33 per cent. (such event, being a “Tangibility Event”), within 10 Business Days of the Wakeel becoming aware of the occurrence of the Tangibility Event, the Wakeel shall send a Tangibility Event Notice notifying the Trustee and the Delegate of such occurrence and requesting the Trustee to promptly deliver a notice to the Certificateholders (a “Delisting Notice”) in accordance with Condition 18 (Notices), specifying:
(A) that a Tangibility Event has occurred, together with an explanation of the reasons for, and evidence of, such occurrence;

(B) that, as determined in consultation with The Saudi National Bank’s Shari’ah Committee, the Certificates shall only be tradeable in accordance with the Shari’a principles of debt trading;

(C) that, on the Tangibility Event Delisting Date, the Certificates will be delisted from any stock exchange (if any) on which the Certificates have been admitted to trading; and

(D) the Tangibility Event Put Right Period, during which period any Certificateholder shall have the option to require the redemption of all or any of its Certificates.

For the avoidance of doubt, the parties acknowledge that a failure by the Wakeel to comply with the above obligations shall not constitute a Dissolution Event;

(d) if at any time there are Wakala Portfolio Principal Revenues, to the extent that the Bank has Eligible Assets available for sale to the Trustee, the Wakeel may notify the Trustee:

(i) that there are amounts standing to the credit of the Principal Collection Account which can be used by the Trustee for the purposes of purchasing the Eligible Assets as selected by the Bank (the “New Wakala Assets”) (for a purchase price not greater than the Value of such Eligible Assets) (the “New Wakala Asset Purchase Price”); and

(ii) of the details and Value of such proposed Eligible Assets;

(e) it shall do all acts and things (including execution of such documents, issue of notices and commencement of any proceedings) that it considers (and without the need for the consent of the Trustee) reasonably necessary to ensure the assumption of, and compliance with, by each Asset Obligor, its covenants, undertakings and other obligations under the Asset Contract to which it is a party in accordance with the terms thereof and applicable law;

(f) it shall discharge or procure the discharge of all obligations to be discharged by the Bank (in whatever capacity) in respect of all Asset Contracts relating to the Wakala Assets of each Series, it being acknowledged that the Wakeel may appoint one or more agents to discharge these obligations on its behalf;

(g) it shall pay on behalf of the Trustee any actual costs, expenses, actual losses and taxes which would otherwise be payable by the Trustee as a result of the Trustee’s ownership of the Wakala Portfolio, and such actual costs, expenses, actual losses and taxes shall be reimbursed in accordance with the terms of the Wakala Agreement;

(h) it shall use all reasonable endeavours to ensure the timely receipt of all Wakala Portfolio Revenues (free and clear of, and without withholding, retention or deduction for, taxes), investigate non-payment of Wakala Portfolio Revenues and generally make all reasonable efforts to collect or enforce the collection of such Wakala Portfolio Revenues as and when the same shall become due so that the Wakala Portfolio Income Revenues in respect of each Wakala Distribution Period are at least equal to the expected return to be generated by the Wakala Portfolio on a periodic basis and shall record such Wakala Portfolio Revenues in the Collection Accounts in accordance with the terms of the Wakala Agreement;

(i) it shall maintain the Collection Accounts in accordance with the terms of the Wakala Agreement;

(j) it shall obtain all necessary licences, authorisations and consents in connection with any of the Wakala Assets and its obligations under or in connection with the Wakala Agreement;
(k) if any Wakala Asset comprised in the Wakala Portfolio of the relevant Series ceases to be an Eligible Asset (the occurrence of such event or circumstance being an "Impaired Wakala Asset Event"), it shall:

(i) notify the Trustee of such event and provide details of the relevant Impaired Wakala Assets; and (ii) notify the Trustee of the availability (if any), together with all necessary details, of any Eligible Assets available for sale to the Trustee in replacement of the relevant Impaired Wakala Asset(s), to enable the Trustee to exercise its right under the Purchase Undertaking in respect of such Impaired Wakala Asset(s), provided that any such substitution shall otherwise be undertaken in accordance with, and subject to, the conditions of the Wakala Agreement and the Purchase Undertaking; and

(l) it shall carry out any incidental matters relating to any of the above.

The Wakeel shall provide the Services in accordance with all applicable laws and regulations and with the degree of skill and care that it would exercise in respect of its own assets and shall service the Wakala Portfolio relating to each Series in accordance with Shari’a principles as laid down by The Saudi National Bank’s Shari’ah Committee.

Upon receipt of the notification from the Wakeel referred to in paragraph (d) above, the Trustee shall pay, or procure the payment by the Wakeel of, the New Wakala Asset Purchase Price to, or to the order of, the Obligor against the sale, transfer, assignment and conveyance to, or for the benefit of, the Trustee of all of the Obligor’s rights, title, interests, benefits and entitlements, present and future, in, to and under the New Wakala Assets. Such New Wakala Assets so acquired by or on behalf of the Trustee shall form part of the Wakala Portfolio, in respect of which the Bank and the Wakeel shall provide certain representations and warranties on the date of such acquisition as set out in the Wakala Agreement. Each of the Trustee, the Wakeel and the Obligor agrees that the payment of the New Wakala Assets Purchase Price referred to above shall be effected by the creation of a ledger entry by the Wakeel (on behalf of the Trustee) debiting the amount of the New Wakala Asset Purchase Price from the Principal Collection Account which shall satisfy in full the Trustee's obligation under the relevant provision of the Wakala Agreement.

The Wakeel undertakes, in relation to each Series, that it shall maintain rights, title, interests, benefits or entitlement in or actual or constructive possession, custody or control of all of the Wakala Assets comprising the Wakala Portfolio during the Wakala Ownership Period.

The parties to the Wakala Agreement have agreed and confirmed that the Wakeel shall have no investment agency responsibilities, and shall not undertake any investment activities (including any discretionary investment responsibilities with respect to monies received by it pursuant to the Transaction Documents or any discretionary substitution of a Wakala Asset), and shall not undertake any investment activities, in each case with respect to its appointment as agent of the Trustee under the Wakala Agreement and is not permitted to trade in the Wakala Assets save, in all cases, as provided for in the Transaction Documents.

The Wakeel shall be entitled to receive a fee for acting as Wakeel which will comprise a fixed fee of U.S.$100 (the receipt and adequacy of which will be acknowledged by the Wakeel under the Wakala Agreement) and may also receive incentive payments as described below.

In relation to each Series, the Wakeel will maintain the Income Collection Account, the Principal Collection Account and the Reserve Account in its books (each of which shall be denominated in the Specified Currency) in which all Wakala Portfolio Revenues will be recorded. All Wakala Portfolio Revenues in relation to each Series will be recorded:

(a) to the extent that any such amounts comprise Wakala Portfolio Income Revenues, in the Income Collection Account; and

(b) to the extent that any such amounts comprise Wakala Portfolio Principal Revenues, in the Principal Collection Account.
Amounts standing to the credit of the Income Collection Account relating to each Series will be applied by the Wakeel on each “Wakala Distribution Determination Date” (being the Payment Business Day immediately prior to the relevant Periodic Distribution Date under the Certificates of the relevant Series) in the following order of priority:

(a) first, in repayment to the Bank or any relevant third party of any amounts advanced by it to the Trustee by way of a Liquidity Facility;

(b) second, in payment to the Wakeel of any due but unpaid Wakala Liabilities Amounts in respect of the Wakala Distribution Period ending immediately before the immediately following “Wakala Distribution Date” (being the date which corresponds with the relevant Periodic Distribution Date under the Certificates of the relevant Series) and (if applicable) any Wakala Liabilities Amounts for any previous Wakala Distribution Period that remain unpaid;

(c) third, in payment into the relevant Transaction Account of an amount equal to the lesser of the Required Amount payable on the immediately following Periodic Distribution Date and the balance of the Income Collection Account; and

(d) fourth, in the case of any amounts still standing to the credit of the Income Collection Account immediately following payment of all of the above amounts by debiting from the Income Collection Account and crediting to the Reserve Account such amounts.

If, there is a shortfall on a Wakala Distribution Determination Date (after payment into the Transaction Account of the relevant amount as described above) between (i) the amount standing to the credit of the Transaction Account; and (ii) the Required Amount payable on the immediately following Periodic Distribution Date (the difference between such amounts being referred to as a “Shortfall”), amounts standing to the credit of the Reserve Account (if any) shall be applied by the Wakeel by payment into the Transaction Account of an amount equal to the Shortfall (or such lesser amount as is then standing to the credit of the Reserve Account). If, following payment of amounts standing to the credit of the Reserve Account as described above, a Shortfall remains on any Wakala Distribution Determination Date, the Bank may either (A) provide Shari’a compliant funding to the Trustee itself, or (B) procure the provision to the Trustee of Shari’a compliant funding from a third party, in each case, to the extent necessary to ensure that the Trustee receives, on each Wakala Distribution Determination Date, the Required Amount payable by it in accordance with the Conditions of the relevant Series on the immediately following Periodic Distribution Date, by payment of the same into the Transaction Account and on terms that such funding is to be settled (i) from Wakala Portfolio Income Revenues, or (ii) on the relevant Dissolution Date (such funding in relation to a Series, a “Liquidity Facility”).

The Wakeel will be entitled to deduct amounts standing to the credit of the Reserve Account at any time during the Wakala Ownership Period and to use such amounts for its own account, provided that such amounts shall be repaid by it if so required to fund a Shortfall.

The Wakeel has agreed in the Wakala Agreement that all payments by it under the Wakala Agreement must be made in the Specified Currency and without any withholding, retention or deduction for, or on account of, any taxes unless required by law and without set-off or counterclaim of any kind. If there is any such withholding, retention or deduction, the Wakeel will pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been receivable by it if no withholding, retention or deduction had been made.

The Wakeel has undertaken in the Wakala Agreement that any payment obligations of the Wakeel under the Wakala Agreement will be direct, unconditional, unsubordinated and (subject to the negative pledge provisions described in Condition 7 (Obligor Negative Pledge)) unsecured obligations of the Wakeel and shall (save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions...
described in Condition 7 (Obligor Negative Pledge)), at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Wakeel from time to time outstanding.

**Purchase Undertaking**

The Purchase Undertaking will be executed as a deed on 15 November 2021 by the Bank in favour of the Trustee and the Delegate, and will be governed by English law.

In relation to each Series, the Bank will irrevocably grant to the Trustee and the Delegate (in each case, for and on behalf of the Certificateholders) each of the following rights:

(a) provided that a Dissolution Event has occurred and is continuing, to require the Bank to purchase on the Dissolution Event Redemption Date all of the Trustee’s rights, title, interests, benefits and entitlements, present and future, in and under the Wakala Assets comprised in the Wakala Portfolio applicable to such Series at the Exercise Price specified in the relevant Exercise Notice;

(b) to require the Bank to purchase, on the Scheduled Dissolution Date, all of the Trustee’s rights, title, interests, benefits and entitlements, present and future, in and under the Wakala Assets comprised in the Wakala Portfolio applicable to such Series at the Exercise Price specified in the relevant Exercise Notice;

(c) provided that (i) Certificateholder Put Right is specified as applicable in the relevant Pricing Supplement (and Optional Dissolution Right is specified as not applicable in each relevant Pricing Supplement) and (ii) one or more Certificateholders have exercised the Certificateholder Put Right in accordance with the Conditions, to require the Bank to purchase on the Certificateholder Put Right Date all of the Trustee’s rights, title, interests, benefits and entitlements, present and future, in and under the applicable portion of the Wakala Assets at the Certificateholder Put Right Exercise Price specified in the relevant Exercise Notice; and

(d) provided that (i) a Tangibility Event has occurred and (ii) one or more Certificateholders have exercised the Tangibility Event Put Right in accordance with the Conditions, to require the Obligor to purchase on the Tangibility Event Put Right Date all of the Trustee’s rights, title, interests, benefits and entitlements, present and future, in and under the Tangibility Event Put Right Wakala Assets at the Tangibility Event Put Right Exercise Price specified in the relevant Exercise Notice; and

(e) provided that the Trustee has received notice, or otherwise becomes aware, of the occurrence of an Impaired Wakala Asset Event in accordance with the terms of the Purchase Undertaking or the Wakala Agreement, to require the Bank to assign, sell, transfer and convey to the Trustee on the substitution date all of the Bank’s rights, title, interests, benefits and entitlements, present and future, in and under the new Wakala Assets against the assignment, transfer and/or conveyance to the Bank of all of the Trustee’s rights, title, interests, benefits and entitlements, present and future, in and under the Impaired Wakala Assets, subject to certain conditions set out in the Purchase Undertaking,

in each case, on an “as is” basis but free and clear of any adverse claim (without any warranty express or implied and if any warranty is implied by law, it shall be excluded to the fullest extent permitted by law) and otherwise on the terms and subject to the conditions of the Purchase Undertaking.

The Bank has covenanted and undertaken in the Purchase Undertaking that:

(a) if, at the time of delivery of an Exercise Notice in accordance with the provisions of the Purchase Undertaking, the Bank (acting in any capacity) holds any rights, title, interests, benefits or entitlement in or is in actual or constructive possession, custody or control of all or any part of the Wakala Assets
comprising the Wakala Portfolio, the Certificateholder Put Right Wakala Assets or the Tangibility Event Put Right Wakala Assets, as the case may be; and

(b) if, following delivery of an Exercise Notice in accordance with the provisions of the Purchase Undertaking, the relevant Exercise Price, Certificateholder Put Right Exercise Price or Tangibility Event Put Right Exercise Price, as the case may be, is not paid in accordance with the provisions of the Purchase Undertaking for any reason whatsoever,

the Bank shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates or the relevant Certificates to be redeemed on the Certificateholder Put Right Date or the Tangibility Event Put Right Date, as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the Exercise Price, the Certificateholder Put Right Exercise Price or the Tangibility Event Put Right Exercise Price, as the case may be.

Following payment in full of an amount equal to the Exercise Price, the Certificateholder Put Right Exercise Price or the Tangibility Event Put Right Exercise Price, as the case may be, in accordance with the Purchase Undertaking, the Bank will irrevocably undertake to enter into a Sale Agreement with the Trustee.

The Bank has agreed in the Purchase Undertaking that all payments by it under the Purchase Undertaking must be made in the Specified Currency and without any withholding, retention or deduction for, or on account of, any taxes unless required by law and without set-off or counterclaim of any kind. If there is any such withholding, retention or deduction, the Bank will pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been receivable by it if no withholding, retention or deduction had been made.

The Bank has undertaken in the Purchase Undertaking that any payment obligations of the Bank under the Purchase Undertaking are and will be direct, unconditional, unsubordinated and (subject to the negative pledge provisions described in Condition 7 (Obligor Negative Pledge)) unsecured obligations of the Bank and shall (save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 7 (Obligor Negative Pledge)), at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Bank from time to time outstanding.

**Sale and Substitution Undertaking**

The Sale and Substitution Undertaking will be executed as a deed on 15 November 2021 by the Trustee in favour of the Bank and will be governed by English law.

In relation to each Series, the Trustee will irrevocably grant to the Bank each of the following rights:

(a) provided that a Tax Event has occurred, to require the Trustee to sell, assign, transfer and convey to the Bank on the Early Tax Dissolution Date specified in the Exercise Notice all of the Trustee’s rights, title, interests, benefits and entitlements, present and future, in, to and under the Wakala Assets comprised in the Wakala Portfolio applicable to such Series at the Exercise Price specified in the relevant Exercise Notice;

(b) provided that Optional Dissolution Right is specified as applicable in each relevant Pricing Supplement (and Certificateholder Put Right is specified as not applicable in each relevant Pricing Supplement), to require the Trustee to sell, assign, transfer and convey to the Bank on the Optional Dissolution Date all of the Trustee’s rights, title, interests, benefits and entitlements, present and future, in, to and under the applicable portion of the Wakala Assets at the Optional Dissolution Exercise Price specified in the relevant Exercise Notice;
(c) following delivery of the Registered Certificate representing the cancelled Certificates to the Registrar for cancellation pursuant to Condition 9(g) (Purchases), to require the Trustee to assign, transfer and convey to the Bank on the cancellation date all of the Trustee’s rights, title, interests, benefits and entitlements, present and future, in, to and under the cancellation Wakala Assets subject to certain conditions set out in the Sale and Substitution Undertaking;

(d) to require the Trustee to assign, transfer and convey to the Bank on the substitution date all of the Trustee’s rights, title, interests, benefits and entitlements, present and future, in, to and under, the substituted Wakala Assets against the sale, assignment, transfer and conveyance to the Trustee of all of the Bank’s rights, title, interests, benefits and entitlements, present and future, in, to and under, the new Wakala Assets subject to certain conditions set out in the Sale and Substitution Undertaking; and

(e) if 75 per cent. or more of the aggregate face amount of Certificates of a Series have been redeemed pursuant to Condition 9(e) (Dissolution at the Option of the Certificateholders (Tangibility Event Put Right)), to require the Trustee to sell, assign, transfer and convey to the Bank on the Clean Up Call Dissolution Date all of the Trustee’s rights, title, interests, benefits and entitlements, present and future, in, to and under the Wakala Assets comprised in the Wakala Portfolio applicable to such Series at the Exercise Price specified in the relevant Exercise Notice,

in each case, on an “as is” basis but free and clear of any adverse claim (without any warranty express or implied and if any warranty is implied by law, it shall be excluded to the fullest extent permitted by law) and otherwise on the terms and subject to the conditions of the Sale and Substitution Undertaking.

Master Murabaha Agreement

The Master Murabaha Agreement will be entered into on 15 November 2021 between the Trustee (in its capacity as seller, the “Commodity Seller”), the Bank (in its capacity as buyer, the “Commodity Buyer”) and the Delegate and will be governed by English law.

Pursuant to the Master Murabaha Agreement, and in connection with each relevant Tranche of Certificates, the Commodity Seller may enter into a Commodity Murabaha Investment with the Commodity Buyer using a portion of the issue proceeds of the relevant Tranche as specified in the relevant Pricing Supplement (being no more than 45 per cent. of the aggregate face amount of the Certificates of that Tranche). In accordance with the Master Murabaha Agreement, on receipt of a duly completed Notice of Request to Purchase from the Commodity Buyer, the Commodity Seller (acting through the Commodity Agent) may purchase the relevant Commodities on the relevant Issue Date from a commodity supplier on a spot basis at the relevant Commodity Purchase Price.

Upon completion of the purchase of the Commodities by the Commodity Seller and the Commodity Seller gaining title thereto and (actual or constructive) possession thereof, the Commodity Seller may deliver to the Commodity Buyer a duly completed Offer Notice by no later than 1.00 p.m. (London time) (or such other time as may be agreed in writing by the Commodity Buyer and the Commodity Seller) on the relevant Issue Date.

Provided that the Commodity Buyer has received the Offer Notice delivered to it in accordance with the terms of the Master Murabaha Agreement and wishes to enter into a Murabaha Contract, the Commodity Buyer will accept the terms of, countersign and deliver to the Commodity Seller such Offer Notice and purchase the relevant Commodities acquired by the Commodity Seller for the relevant Deferred Payment Price, in each case no later than 2.00 p.m. (London time) (or such other time as may be agreed between the Commodity Buyer and the Commodity Seller) on the relevant Issue Date.

As soon as the Commodity Buyer has accepted the Commodity Seller’s offer by countersigning the relevant Offer Notice, a Murabaha Contract shall be created between the Commodity Seller and the Commodity Buyer
upon the terms of the Offer Notice and incorporating the terms and conditions set out in the Master Murabaha Agreement and ownership of and all risks in and to the relevant Commodities shall immediately pass to and be vested in the Commodity Buyer, together with all rights and obligations relating thereto.

The Commodity Buyer will agree in the Master Murabaha Agreement that all payments by it under the Master Murabaha Agreement must be made in the Specified Currency and without any withholding, retention or deduction for, or on account of, any taxes unless required by law and without set-off or counterclaim of any kind and, in such case, the Commodity Buyer will pay all additional amounts as will result in the receipt by the Commodity Seller of such net amounts as would have been receivable by it if no withholding, retention or deduction had been made.

The Commodity Buyer has undertaken in the Master Murabaha Agreement that any payment obligations of the Commodity Buyer under the Master Murabaha Agreement will be direct, unconditional, unsubordinated and (subject to the negative pledge provisions described in Condition 7 (Obligor Negative Pledge)) unsecured obligations of the Commodity Buyer and shall (save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 7 (Obligor Negative Pledge)), at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Commodity Buyer from time to time outstanding.

**Trust Deed**

The Master Trust Deed will be entered into on 15 November 2021 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 Certificates, pending application thereof in accordance with the terms of the Transaction Documents;
(b) any and all of the rights, title, interest, benefits and entitlements, present and future of the Trustee in, to and under the Wakala Portfolio;
(c) any and all of the rights, title, interest, benefits and entitlements, present and future of the Trustee in, to and under the Transaction Documents (excluding the Excluded Representations and the covenant given to the Trustee pursuant to clause 13.1 of the Master Trust Deed);
(d) all moneys standing to the credit of the Transaction Account from time to time; and
(e) all proceeds of the foregoing.

Pursuant to the relevant Trust Deed, the Trustee will, in relation to each Series of Certificates, amongst other things, hold the relevant Trust Assets on trust absolutely for the Certificateholders of such Series pro rata according to the face amount of Certificates of that Series held by each Certificateholder and act as trustee in respect of the Trust Assets, distribute the income from the Trust Assets and perform its duties in accordance with the provisions of the relevant Trust Deed. Pursuant to the Master Trust Deed, the Trustee will, by way of security for the performance of all covenants, obligations and duties of the Trustee to the Certificateholders
under the relevant Trust Deed, irrevocably and unconditionally appoint the Delegate to be its delegate and attorney and in its name, on its behalf and as its act and deed to:

(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 Purchase Undertaking and any of the other Transaction Documents and (ii) make such distributions from the Trust Assets as the Trustee is bound to make in accordance with the Conditions and the Trust Deed (together the “Delegation” of the “Relevant Powers”), provided that (i) no obligations, duties, liabilities or covenants of the Trustee pursuant to the Trust Deed or any other Transaction Document shall be imposed on the Delegate by virtue of the Delegation; (ii) in no circumstances will such Delegation of the Relevant Powers result in the Delegate holding on trust or managing the Trust Assets; and (iii) such Delegation of the Relevant Powers shall not include any duty, power, trust, authority or discretion to dissolve the trusts constituted by the Trust Deed following the occurrence of a Dissolution Event or Potential Dissolution Event or to determine the remuneration of the Delegate. The Trustee has undertaken in the Master Trust Deed to ratify and confirm all things done and all documents executed by the Delegate in the exercise of all or any of its powers pursuant to the Delegation.

The Delegation is to be made by the Trustee to the Delegate for the benefit of the Delegate and the Certificateholders, subject to the terms of the Conditions and the Trust Deed.

In addition to the Delegation of the Relevant Powers, certain powers, rights, authorities and discretions under the Master Trust Deed will be vested solely in the Delegate, including, amongst other things, the power to call and conduct meetings at the request of Certificateholders, to determine whether a certain event is, in its opinion, materially prejudicial to the interests of the holders of the Certificates so as to qualify as a Trustee Event or Obligor Event, and the powers set out in Condition 13 (Dissolution Events) to decide, pursuant to the provisions therein, whether the Certificates should become immediately due and payable subject to and in accordance with Condition 13 (Dissolution Events) and the power to consent to certain types of amendments to any Transaction Document or the memorandum and articles of association of the Trustee, in each case as more particularly described in the Master Trust Deed.

The Bank has covenanted and undertaken in the Master Trust Deed, among other things, as follows:

(a) to comply with and perform and observe all provisions of the Conditions which are expressed to be applicable to it including, without limitation, the negative pledge provisions described in Condition 7 (Obligor Negative Pledge); and

(b) that it shall forthwith notify the Delegate and the Trustee in writing of any Dissolution Event (and the steps, if any, being taken to remedy it) and/or Potential Dissolution Event and Tangibility Event (and provide a description of such Tangibility Event), in each case promptly upon becoming aware of its occurrence.

The Bank has acknowledged in the Master Trust Deed that the Obligor Events applicable to it are set out in full in the Conditions, that it is fully aware of and understands the terms thereof and that the occurrence thereof shall constitute a Dissolution Event for the purposes of the Conditions.

The Bank has also covenanted and undertaken in the Master Trust Deed that:
(a) if, at the time of delivery of an Exercise Notice in accordance with the provisions of the Purchase Undertaking or the Sale and Substitution Undertaking, as the case may be, the Bank (acting in any capacity) holds any rights, title, interests, benefit or entitlement in or is in actual or constructive possession, custody or control of all or any part of the Wakala Assets comprising the Wakala Portfolio, the Certificateholder Put Right Wakala Assets, the Tangibility Event Put Right Wakala Assets or the Optional Dissolution Wakala Assets, as the case may be; and

(b) if, following delivery of an Exercise Notice in accordance with the provisions of the Purchase Undertaking or the Sale and Substitution Undertaking, as the case may be, the relevant Exercise Price, Certificateholder Put Right Exercise Price, Tangibility Event Put Right Exercise Price or Optional Dissolution Exercise Price, as the case may be, is not paid in accordance with the provisions of the Purchase Undertaking or the Sale and Substitution Undertaking (as the case may be) for any reason whatsoever,

the Bank shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates, the Certificateholder Put Right Certificates the Tangibility Event Put Right Certificates or the Optional Dissolution Certificates, as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the relevant Exercise Price, the Certificateholder Put Right Exercise Price, the Tangibility Event Put Right Exercise Price or the Optional Dissolution Exercise Price, as the case may be.

Payment of an amount equal to the Exercise Price, the Certificateholder Put Right Exercise Price, the Tangibility Event Put Right Exercise Price or the Optional Dissolution Exercise Price, as the case may be, into the Transaction Account in accordance with the Purchase Undertaking or the Sale and Substitution Undertaking, as the case may be, shall (i) evidence the acceptance by the Bank of the Exercise Notice delivered in accordance with the provisions of the Purchase Undertaking and the conclusion of the transfer of the Trustee's title, rights, benefits and entitlements in, to and under the Wakala Assets comprising the Wakala Portfolio, the Certificateholder Put Right Wakala Assets, the Tangibility Event Put Right Wakala Assets or the Optional Dissolution Wakala Assets, as the case may be, and (ii) constitute full discharge of the obligation of the Bank to pay the Exercise Price, the Certificateholder Put Right Exercise Price, the Tangibility Event Put Right Exercise Price or the Optional Dissolution Exercise Price, as the case may be, to the Trustee (for the benefit of the Certificateholders).

Following payment in full of an amount equal to the Exercise Price, the Certificateholder Put Right Exercise Price, the Tangibility Event Put Right Exercise Price or the Optional Dissolution Exercise Price, as the case may be, in accordance with the Purchase Undertaking or the Sale and Substitution Undertaking, as the case may be, the Bank will irrevocably undertake to enter into a Sale Agreement with the Trustee.

The Bank has also covenanted and undertaken in the Master Trust Deed that if, in relation to a Murabaha Contract, the outstanding Deferred Payment Price is not paid on the relevant Dissolution Date in accordance with the provisions of the Master Murabaha Agreement for any reason whatsoever, the Bank shall (as an independent, severable and separately enforceable obligation) fully indemnify (on an after Tax basis) the Trustee for the purpose of redemption of the outstanding Certificates of such Series, and the amount payable under any such indemnity claim will equal the Commodity Purchase Price.

In addition, in the event that the Trustee fails to comply with any obligation to pay additional amounts pursuant to Condition 11 (Taxation), the Bank has covenanted and undertaken in the Master Trust Deed that it will unconditionally and irrevocably (irrespective of the payment of any fee), as a continuing obligation, pay to or to the order of the Delegate (for the benefit of the Certificateholders) such net amounts as are necessary so that the amount receivable by the Delegate (after any withholding, retention or deduction for or on account of tax)
equals any and all additional amounts required to be paid by it in respect of the Certificates pursuant to Condition 11 (Taxation).

If and to the extent the Trustee has exercised its rights under Condition 19 (Further Issues) to issue additional Certificates in respect of a Series, on the date of issue of such additional Certificates, the Trustee will execute a Declaration of Commingling of Assets for and on behalf of the holders of the existing Certificates and the holders of such additional Certificates so created and issued, declaring that the relevant Additional Assets (as defined in the relevant Declaration of Commingling of Assets) and the Wakala Assets comprised in the Wakala Portfolio as in existence immediately prior to the creation and issue of such additional Certificates and, if applicable, each Commodity Murabaha Investment made pursuant to the Master Murabaha Agreement (and all rights arising under or with respect thereto) in respect of the relevant Series, are commingled and shall collectively comprise part of the Trust Assets for the benefit of the holders of the existing Certificates and the holders of such additional Certificates as tenants in common pro rata according to the face amount of Certificates held by each Certificateholder, in accordance with the Master Trust Deed.

**Agency Agreement**

The Agency Agreement will be entered into on 15 November 2021 in relation to the Certificates between, amongst others, the Trustee, the Bank, the Delegate, the Principal Paying Agent and the Registrar. The Agency Agreement will govern the arrangements between the Trustee and the agents named therein for the issuance of Certificates and the making of payments in respect thereof. The Agency Agreement will be governed by English law.

**Shari’a Compliance**

Each Transaction Document to which it is a party provides that each of SNB Sukuk Limited and The Saudi National Bank agrees that it has accepted the Shari’a compliant nature of the Transaction Documents to which it is a party and, to the extent permitted by law, further agrees that:

(a) it shall not claim that any of its obligations under the Transaction Documents to which it is a party (or any provision thereof) is ultra vires or not compliant with the principles of Shari’a;

(b) it shall not take any steps or bring any proceedings in any forum to challenge the Shari’a compliance of the Transaction Documents to which it is a party; and

(c) none of its obligations under the Transaction Documents to which it is a party shall in any way be diminished, abrogated, impaired, invalidated or otherwise adversely affected by any finding, declaration, pronouncement, order or judgment of any court, tribunal or other body that the Transaction Documents to which it is a party are not compliant with the principles of Shari’a.

For these purposes:

“Asset Contract” means a Financing Contract and/or any other contract, agreement, or document evidencing or otherwise related to or associated with a Wakala Asset, as the case may be;

“Asset Obligor” means a Lessee, an Other Tangible Asset Obligor and/or any other person that is a party to an Asset Contract (other than Bank or any party acting on behalf of the Bank) obliged to make payments thereunder, as the context so requires;
“Certificateholder Put Right Exercise Price” means, in relation to each Series, an amount equal to the aggregate of:

(a) the aggregate face amount of the relevant Certificates to be redeemed on the Certificateholder Put Right Date; plus
(b) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the relevant Certificates; plus
(c) if all of the Certificates of a Series are being redeemed, to the extent not previously satisfied in accordance with the Wakala Agreement, an amount equal to the sum of any outstanding (i) amounts repayable in respect of any Liquidity Facility; and (ii) due but unpaid Wakala Liabilities Amounts; plus
(d) without double counting, if all of the Certificates of a Series are being redeemed, an amount representing any amounts payable by the Trustee (in any capacity) under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate pursuant to paragraph (i) of Condition 5(b) (Application of Proceeds from Trust Assets)); plus
(e) without double counting, any other amounts payable in relation to the relevant Certificates as specified in the relevant Pricing Supplement; less
(f) if a Commodity Murabaha Investment forms part of the relevant Series, the applicable portion of the aggregate amounts of Deferred Payment Price outstanding on the Certificateholder Put Right Date which has been paid into the Transaction Account in accordance with the terms of the Master Murabaha Agreement;

“Eligible Asset” means a Financing Asset or an Other Tangible Asset:

(a) in respect of which: (i) the Bank is generating cashflows under the related Asset Contract relating to an activity which does not conflict with the principles of Shari’a; and (ii) the relevant Asset Obligor under the related Asset Contract is not in breach of its payment obligations in respect of that Asset Contract;
(b) which is held or owned by the Seller in a manner consistent with its usual credit and origination and/or investment policies as approved by The Saudi National Bank’s Shari’ah Committee;
(c) in respect of which the obligations contained in the related Asset Contract entered into by the Asset Obligor thereof constitute legal, valid, binding and (subject to the laws of bankruptcy and other laws affecting enforceability generally) enforceable obligations of the Asset Obligor under the governing law of that Asset Contract and any related transaction documents and in the jurisdiction in which such Asset Obligor is located;
(d) in respect of which the Seller is entitled to receive all payments due;
(e) in respect of which there has not occurred any acceleration or analogous event;
(f) in respect of which there has not occurred any total loss or destruction or expropriation; and
(g) in respect of which the Seller’s rights, title, interests, benefits and entitlements, present and future, therein are capable of being sold, transferred and assigned by the Seller to the Purchaser in accordance with all applicable laws, its own terms and the terms set out in the Master Purchase Agreement;

“Exercise Price” means, in relation to each Series, an amount equal to the aggregate of:

(a) the aggregate face amount of the Certificates then outstanding on the relevant Dissolution Date; plus
(b) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the Certificates; plus
(c) to the extent not previously satisfied in accordance with the Wakala Agreement, an amount equal to the sum of any outstanding (i) amounts repayable in respect of any Liquidity Facility; and (ii) due but unpaid Wakala Liabilities Amounts; plus

(d) without double counting, an amount representing any amounts payable by the Trustee (in any capacity) under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate pursuant to paragraph (i) of Condition 5(b) (Application of Proceeds from Trust Assets)); plus

(e) without double counting, any other amounts payable on redemption of the Certificates as specified in the relevant Pricing Supplement; less

(f) if a Commodity Murabaha Investment forms part of the relevant Series, the aggregate amounts of Deferred Payment Price outstanding on the relevant Dissolution Date which have been paid into the Transaction Account in accordance with the terms of the Master Murabaha Agreement;

“Financing Asset” means a Real Estate Financing Asset or a Non-Real Estate Financing Asset, as the case may be;

“Financing Contract” means a Real Estate Financing Contract or a Non-Real Estate Financing Contract, as the case may be;

“Lessee” means a Real Estate Financing Lessee or a Non-Real Estate Financing Lessee, as the case may be;

“Non-Real Estate Financing Asset” means a tangible asset, other than a Real Estate Financing Asset, in relation to which the Bank or any person on its behalf has entered into a Non-Real Estate Financing Contract; provided, however, that such tangible asset is in existence on the date on which it becomes part of the relevant Wakala Portfolio;

“Non-Real Estate Financing Contract” means (a) an ijara contract entered into by the Bank or any person on its behalf (the “Non-Real Estate Financing Lessor”) and another person (the “Non-Real Estate Financing Lessee”) pursuant to which the Non-Real Estate Financing Lessor leases a tangible asset (other than a real estate asset) to the Non-Real Estate Financing Lessee, and in respect of which lease payments are due from the Non-Real Estate Financing Lessee to the Non-Real Estate Financing Lessor, including any other agreements or documents associated with that contract; or (b) any arrangement similar in economic effect to that described in item (a);

“Optional Dissolution Exercise Price” means, in relation to each Series, an amount equal to the aggregate of:

(a) the aggregate face amount of the relevant Certificates to be redeemed on the Optional Dissolution Date; plus

(b) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the relevant Certificates; plus

(c) if all of the Certificates of a Series are being redeemed, to the extent not previously satisfied in accordance with the Wakala Agreement, an amount equal to the sum of any outstanding (i) amounts repayable in respect of any Liquidity Facility; and (ii) due but unpaid Wakala Liabilities Amounts; plus

(d) without double counting, if all of the Certificates of a Series are being redeemed, an amount representing any amounts payable by the Trustee (in any capacity) under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate pursuant to paragraph (i) of Condition 5(b) (Application of Proceeds from Trust Assets)); plus

(e) without double counting, any other amounts payable in relation to the relevant Certificates as specified in the relevant Pricing Supplement; less
(f) if a Commodity Murabaha Investment forms part of the relevant Series, the applicable portion of the aggregate amounts of Deferred Payment Price outstanding on the Optional Dissolution Date which has been paid into the Transaction Account in accordance with the terms of the Master Murabaha Agreement;

“Real Estate Financing Asset” means a real estate asset located in Saudi Arabia in relation to which the Bank or any person on its behalf has entered into a Real Estate Financing Contract; provided, however, that such real estate asset is in existence on the date on which it becomes part of the relevant Wakala Portfolio;

“Real Estate Financing Contract” means (a) an ijara contract entered into by the Bank or any person on its behalf (the “Real Estate Financing Lessor”) and another person (the “Real Estate Financing Lessee”) pursuant to which the Real Estate Financing Lessor leases a real estate asset located in Saudi Arabia to the Real Estate Financing Lessee, and in respect of which payments are due from the Real Estate Financing Lessee to the Real Estate Financing Lessor, including any other agreements or documents associated with that contract; or (b) any arrangement similar in economic effect to that described in item (a);

“Tangibility Event Put Right Exercise Price” means, in relation to each relevant Series, an amount equal to the aggregate of:

(a) the aggregate face amount of the Tangibility Event Put Right Certificates; plus
(b) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the Tangibility Event Put Right Certificates; plus
(c) if all of the Certificates of a Series are being redeemed, to the extent not previously satisfied in accordance with the Wakala Agreement, an amount equal to the sum of any outstanding (i) amounts repayable in respect of any Liquidity Facility; and (ii) due but unpaid Wakala Liabilities Amounts; plus
(d) without double counting, if all of the Certificates of a Series are being redeemed, an amount representing any amounts payable by the Trustee (in any capacity) under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate pursuant to paragraph (i) of Condition 5(b) (Application of Proceeds from Trust Assets)); plus
(e) without double counting, any other amounts payable in relation to the Tangibility Event Put Right Certificates as specified in the relevant Pricing Supplement; less
(f) if a Commodity Murabaha Investment forms part of the relevant Series, the Tangibility Event Put Right Proportion of the aggregate amounts of Deferred Payment Price outstanding on the Tangibility Event Put Right Date which has been paid into the Transaction Account in accordance with the terms of the Master Murabaha Agreement;

“Wakala Distribution Period” means, in relation to a Series, the period beginning on (and including) the Issue Date of the first Tranche of such Series and ending on (but excluding) the first Wakala Distribution Date and each successive period beginning on (and including) a Wakala Distribution Date and ending on (but excluding) the next succeeding Wakala Distribution Date, each such period also being a Periodic Distribution Period; and

“Wakala Ownership Period” means, in relation to each Series, the period commencing on the Issue Date of the first Tranche of such Series and ending on the date on which all of the Certificates of that Series are redeemed in full.
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 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 income tax consequences of an investment in the Certificates. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor’s particular circumstances and does not consider tax consequences other than those arising under Cayman Islands law.

Under existing Cayman Islands laws, payments on Certificates to be issued will not be subject to taxation in the Cayman Islands and no withholding will be required on the payments to any holder of the Certificates, nor will gains derived from the disposal of the Certificates be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance or gift tax. On 21 October 2021, the Trustee received an undertaking from the Governor in Cabinet of the Cayman Islands, pursuant to the Tax Concessions Act (As Revised) of the Cayman Islands, that for a period of 20 years from the date of grant of that undertaking no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Trustee or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable on or in respect of the shares, debentures or other obligations (which includes the Certificates) of the Trustee or by way of the withholding in whole or part of any relevant payment as defined in the Tax Concessions Act (As Revised). No capital or stamp duties are levied in the Cayman Islands on the issue or redemption of Certificates. However, an instrument transferring title to any Certificates, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty. An annual registration fee is payable by the Trustee to the Cayman Islands Registrar of Companies which is calculated by reference to the nominal amount of its authorised capital. At current rates, this annual registration fee is U.S.$853.66. The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

Saudi Arabia

Unless otherwise stated, capitalised terms in this sub-section shall have the meanings given to them in “Taxation—Saudi Arabia—General” below.

The statements herein regarding taxation/Zakat are based on the Kingdom’s laws in effect as of the date of this 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 29 July 2004), as amended from time to time (collectively the “Income Tax Law”), and the Zakat Collection Regulations issued pursuant to Royal Decree No. 17/04/28/8634 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 the Value
Added Tax Law promulgated under Royal Decree No. M113 dated 2/11/1438H (Corresponding to 25 July 2017) and its implementing regulations notified under the GAZT Board of Directors Resolution No. 3839 dated 14/12/1438H (corresponding to 5 September 2017), as amended from time to time, with the most recent being a Royal Order (A/638) issued on 15/10/1441H (corresponding to 7 June 2020) ratifying the amendment, with effect from 1 July 2020G, of Article 2 of the Value Added Tax (“VAT”) Law, increasing the VAT rate from 5 per cent. to 15 per cent. (the “KSA VAT Law”)

The following summary is a general description of certain Saudi Arabian tax and Zakat considerations relating to the Certificates. It does not purport to be a comprehensive description of all the tax and Zakat considerations which may be relevant for a decision to subscribe for, purchase, own or dispose of the Certificates and does not purport to deal with the tax and Zakat consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules.

Prospective purchasers of the Certificates are advised to consult their own Saudi Arabian tax and Zakat advisers concerning the overall tax and Zakat consequences of their ownership of the Certificates.

Overview of Saudi Tax and Zakat

Corporate Income Tax

Persons Subject to Taxation include a Resident capital company owned by non-GCC persons and a non-Resident who carries out business in the Kingdom through a Permanent Establishment (other than a Permanent Establishment of GCC persons that meet the conditions set out under Article 2(4) of the Zakat Regulations) are subject to corporate income tax in the Kingdom.

As per the Income Tax Law, Persons Subject to Taxation are subject to 20 percent corporate income tax (other than legal entities Resident in the Kingdom which are engaged in oil and hydrocarbon) in the Kingdom on their gross income, less deduction of allowable costs and certain other tax adjustments.

However, legal entities Resident in the Kingdom (other than legal entities Resident in the Kingdom which are engaged in oil and hydrocarbon and natural gas production), which are owned jointly by GCC persons and non-GCC persons are subject to corporate income tax in respect of the share of their profit attributable to the ownership percentage held by non-GCC persons and Zakat on the ownership percentage held by GCC persons.

Non-GCC natural persons Resident in the Kingdom who are not performing commercial activities in the Kingdom (as defined in Article 1 of the Income Tax Law and Article 2 of the By-laws to the Income Tax Law) are not currently subject to corporate income tax in the Kingdom.

In determining the tax or Zakat profile of a legal entity Resident in the Kingdom, the GAZT applies a “look-through” approach to determine whether the up-stream shareholding structure at any point exists outside of the GCC. However, the “look-through” approach only applies to shareholders that are GCC Resident persons. Therefore, the percentage of the share capital of a legal entity Resident in 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.

Finally, as per the Income Tax Law, legal entities Resident in the Kingdom which are engaged in oil and hydrocarbon and natural gas production are subject to corporate income tax in the Kingdom at levels either between 50 per cent. and 85 per cent. (in the case of oil and hydrocarbon production) depending on the level of total capital investment of such entity or 20 per cent. (in the case of natural gas production) on their gross income, less deduction of allowable costs and certain other tax adjustments, regardless of their shareholders being GCC and/or non-GCC persons.
Resident companies engaged in oil and hydrocarbons production activities as well as engaged in related downstream activities are subject to 20 percent corporate income tax on their profits attributable to downstream activities for the first five years starting from 1 January 2020 if certain conditions are fulfilled.

**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.

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 Arabian Monetary Authority) and Zakat payers who are engaged in the Kingdom in non-financing activities. Persons Subject to Zakat (as defined below) include companies that are owned by GCC persons and/or a Permanent Establishment of GCC Persons in the Kingdom (meeting the conditions set out under Article 2(4) of the Zakat Regulations).

This section broadly covers the Zakat consequences of investment in Certificates by investors who are engaged in non-financing activities in the Kingdom. In general, Zakat on Zakat payers engaged in non-financing activities is currently levied on the higher of the adjusted Zakatable profits and the Zakat base. Zakat base, in general, comprises equity, provisions, loans and credit balances (subject to certain conditions) reduced by certain deductible long-term investments, fixed assets etc. plus/minus adjusted profit (loss) for the year for Zakat purposes. The Zakat rate on the Zakat base is 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 the Hijri financial year. The Zakat rate on adjusted net profit is 2.5 per cent. regardless of the financial year (Gregorian or Hijri) followed by the Zakat payer.

Under Article 5(4) of the Zakat Regulations which are in effect as of the date of this Offering Circular in the Kingdom, receivable loans, subordinated/additional financing and equivalents provided to the investee are not considered as valid deductible investments for Zakat purposes. Therefore, investments in Certificates (whether short term or long term) are not deductible from the Zakat base of the Certificateholders for Zakat purposes.

**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 percent to 20 percent depending on the nature of the underlying payment. Income earned by Certificate holders from their investments in the Certificates in substance a financing activity and as such it should be considered akin to a Loan Charge as per Article 5(1) of the By-laws to Income Tax Law.

A Loan Charge paid to non-Residents attracts 5 percent 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 Offering Circular, no effective tax treaty between Saudi Arabia and the Cayman Islands is in place. Moreover, as of the date of this Offering Circular, the Kingdom had double tax treaties that are currently or about to be effective with 51 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 or deduction for, or on account of, any present or future Taxes (as defined in the Conditions), unless the withholding or deduction of the Taxes is required by law and, in such case, provide for the payment by the Bank of additional amounts so that the full amount which would otherwise have been due and payable is received by the Trustee. In addition, Condition 13 (Taxation) provides that all payments by the Trustee in respect
of the Certificates shall be made without withholding or deduction for, or on account of, any present or future Taxes, unless the withholding or deduction of the Taxes is required by law. In such event, the Trustee shall pay additional amounts so that the full amount which otherwise would have been due and payable under the Certificates is received by the parties entitled thereto, subject to certain exceptions described in Condition 13 (Taxation). The Trust Deed provides that, in the event that the Trustee fails to comply with any obligation to pay additional amounts pursuant to Condition 13 (Taxation), the Bank will pay to the Delegate (for the benefit of the Certificateholders) an amount equal to the liability of the Trustee in respect of any and all additional amounts required to be paid by it in respect of the Certificates pursuant to those provisions.

Value Added Tax (“VAT”)

Saudi Arabia introduced VAT with effect from 1 January 2018 pursuant to ratifying the GCC Framework Agreement with the remaining GCC member states. The VAT legislation was implemented in Saudi Arabia in line with the GCC Framework Agreement.

All goods and services supplied within or imported into Saudi Arabia are subject to VAT, unless they are classified as exempt or outside the scope for VAT purposes. Certain supplies are prescribed to be subject to VAT at a zero rate (including qualifying medicines and medical goods, exports, international transportation etc.). From 1 July 2020, the standard rate of VAT was increased from five per cent to fifteen per cent and is applicable on all the standard-rated taxable supplies made in Saudi Arabia.

Certain financial services, including those where the consideration payable in respect of the services is by way of an implicit margin or spread (including but not limited to interest, spread, margin or other implicit margin), are treated as exempt supplies from a Saudi Arabian VAT perspective. Further, the exemption also applies to the issue or transfer of a debt security, equity security, or any other transferable document recognising an obligation to pay a monetary amount to the bearer.

“Capital certificate” is not a defined term for Saudi Arabian VAT purposes, but is akin in nature to a debt security and should be exempt for Saudi Arabian VAT purposes where the supply is made by a registered taxpayer in Saudi Arabia as a part of its regular economic activity. However, the issue of securities by persons residing outside Saudi Arabia would be outside the scope of VAT in Saudi Arabia. Any additional fee, such as an administration charged in relation to the issue of a security, would be treated as consideration for a taxable supply subject to VAT where the supply is made in Saudi Arabia. Such an additional fee could be subject to VAT under a reverse charge mechanism if it is received by a VAT-registered taxpayer in Saudi Arabia from a supplier located outside Saudi Arabia.

Profits generated by holding the Certificate or trading gains from its sale should be treated as VAT-exempt or outside the scope of VAT (depending on the client-specific circumstances of the transaction) for Saudi Arabian VAT purposes. The VAT exemption does not apply to fees charged by brokers or other intermediary parties for their services.

Further, should certain services be subject to Saudi Arabian VAT, supplies that are not related to Saudi Arabian real estate services may qualify zero rating if supplied to a Saudi Arabian non-resident who benefits from the service outside of Saudi Arabia, subject to the fulfilment of the relevant conditions as mentioned in Article 33 of the Saudi Arabian VAT implementing regulations. Otherwise, the services would be subject to VAT at the standard rate of 15%.

The precise reporting requirements related to the various payments and receipts associated with the aforementioned transactions will depend on the residence of the Certificate holders, their types of activity and whether they are registered for Saudi Arabian VAT purposes. However, with the exception of explicit fees or charges, any trading gains should not be subject to VAT charge as they should either be treated as outside the scope or exempt for the purposes of Saudi Arabian VAT.
Real Estate Transaction Tax ("RETT")

Pursuant to the Royal Decree No. (A/84) dated 1 October 2020, new rules were announced treating certain supplies of real estate as exempt from Saudi Arabian VAT and implementing RETT at the rate of 5%. The tax base for RETT should be the value agreed upon between the parties, or the value of the property, provided that it is not less than the fair market value at the date of disposal. This law became effective from 4 October 2020.

Specifically, the supply of real estate in Saudi Arabia that results in the transfer of legal ownership or possession will be VAT-exempt. Further, RETT at 5% will be imposed on certain real estate transactions. As explained above, the transactions under consideration refer to any legal act transferring ownership or possession of Saudi Arabian real estate, including - but not limited to - contracts intended for transferring the right of usage or the right to a long-term lease. As an example, this would include the transfer of shares in a so-called “real estate company”. The term “real estate company” is not defined in the RETT Regulations. However, the guidelines on RETT issued by ZATCA clarify that a company will be considered as a “real estate company” if the real estate assets constitute more than 50% by value of the assets or capital. The guidelines further clarify that the rationale behind this principle is that the transfer of shares in a real estate company is, in effect, an indirect transfer of ownership of the real estate assets of such a company.

RETT would not be applicable if the underlying real estate is located outside Saudi Arabia.

Each real estate transaction must be registered with ZATCA and RETT accounted for by the seller on each transaction separately. Certain real estate transactions are exempt from RETT, for example: disposals related to family or charitable endowments; dividing property for inheritance purposes; gifts between relatives up to second degree; disposals by a government entity acting in its capacity as a public authority, or a government agency or legal public body for public benefit; temporary disposals for the purpose of a guarantee for financing or credit or transferring between a fund and custodian; a contribution for shares, provided the shares are not disposed of within five years; disposals if one of the parties is a foreign government, international organization, diplomatic or military body, or mission or a member of the diplomatic, consular or military corps accredited in Saudi Arabia, provided reciprocity applies.

Capital Gains Tax ("CGT")

According to Article 2 of the Income Tax Law, Persons Subject to Taxation (as defined below) 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 (other than Permanent Establishment of a GCC person as defined under Article 2 of the Zakat Regulations, the treatment of which is discussed in “—Zakat” above).

Further, Article 1(2) of the By-Laws to the Income Tax Law defined the applicable tax on such a Person as to being subject to the following:

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

(b) capital gains tax, if the income is derived from disposal of fixed and traded assets, or from disposal of shares in a resident company under 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. corporate income tax in
the Kingdom 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 if the following conditions are met:

- The disposal is carried out in accordance with the regulations of a stock exchange in the Kingdom or the disposal is carried out outside of the Kingdom, but such securities are also traded on Tadawul; and
- The investor did not hold the securities before the effective date of the Income Tax Law (i.e., 30 July 2004).

The above exemption provided in the Income Tax Law is not applicable to the Certificates, as the Certificates will not be listed on a stock exchange in the Kingdom and, therefore, the exemption is not considered in the below taxation summary.

Capital gains realised from disposal of the Certificates by (a) a Resident Certificateholder, (b) a non-resident Certificateholder with a Permanent Establishment for tax purposes (if such gain is attributed to such Permanent Establishment’s activities) and (c) a Permanent Establishment of a Certificateholder that is a GCC person as defined under Article 2 of the Zakat Regulations (if such gain is attributed to the 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**

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 under Article 5(4) of the Zakat Regulations which is in effect as of the date of this Offering Circular in the Kingdom, investment in Sukuk (whether short term or long term) are not deductible from the Zakat base of the Certificateholders for Zakat purposes.

*Legal Entities Resident in Saudi Arabia 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 Saudi Arabia*

Certificateholders that are GCC natural persons and Resident in the Kingdom are not subject to Zakat in the Kingdom as per the Zakat Regulations in respect of any income received in the nature of a Loan Charge or capital gains realised in respect of the Certificates, unless such Certificateholder’s investment in the Certificates is connected to such Certificateholder’s business activity in the Kingdom. If such payment is connected to such Certificateholder’s business activity in the Kingdom, such amounts generally will be subject to Zakat in the Kingdom.

(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).

Certificateholders Resident in the Kingdom and engaged in oil and hydrocarbon and natural gas production in the Kingdom are subject to corporate income tax in the Kingdom. Any income received in the nature of a Loan Charge or capital gains realised in respect of the Certificates is subject to corporate income tax on the gross income, less deduction of allowable costs and certain other tax adjustments between 50 to 85 per cent. (in the case of oil and hydrocarbon production) or 20 per cent. (in the case of natural gas production).

Certificateholders that are non-GCC natural persons and Resident in the Kingdom are not subject to income tax, be it by way of withholding or by way of direct corporate income tax, in respect of any income received in the nature of a Loan Charge or capital gains realised in respect of the Certificates unless such Certificateholder’s investment in the Certificates is connected to such Certificateholder’s business activity in the Kingdom. If such payment is connected to such Certificateholder’s business activity in the Kingdom (including on capital gains realised from disposal of Certificates), such amounts generally will be subject to 20 per cent. corporate income tax in the Kingdom.

(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 or deduction is required by applicable law to be made in respect of payments made by it to the Trustee, or by the Trustee to Certificateholders, which are intended to fund Periodic Distribution Amounts and Dissolution Distribution Amounts.

Generally, the capital gains arising from the disposal of Certificates will be subject in the Kingdom to 20 per cent. capital gains tax provided that the resulting capital gain is considered to be a source of income in the Kingdom.

Certificateholders, be it natural persons or legal entities, that are not Resident in the Kingdom (whether such Certificateholders are GCC persons or non-GCC persons) with a Permanent Establishment in the Kingdom for tax purposes as defined in Article 4 of the Income Tax Law (other than Permanent Establishment of a GCC person as defined under Article 2 of the Zakat Regulations) will be subject to corporate income tax on the income earned by the Permanent Establishment in the nature of a Loan Charge or capital gains realised from the disposal of Certificates if such a Loan Charge or capital gains realised from the disposal of Certificates is attributable to the Permanent Establishment’s activities in the Kingdom. A non-resident GCC person with a Permanent Establishment in Saudi Arabia will be
subject to income tax unless such person qualifies as a Zakat payer under Article 2 of the Zakat Regulations. If such person qualifies as a Zakat payer, such person will be subject to Zakat on the payment received as Loan Charge or capital gains realised from the disposal of Certificates if such a Loan Charge or capital gains realised from the disposal of Certificates is attributable to the Permanent Establishment’s activities in the Kingdom.

The income earned by the Permanent Establishment in the nature of a Loan Charge or capital gains realised from the Certificates is subject to 20 per cent. corporate income tax (provided that such income from the Certificates is attributable to the Permanent Establishment). Furthermore, any transfer of the profit to the head office of the Permanent Establishment will be considered to be a distribution of profit and will be subject to a 5 per cent. WHT.

(D) Other Taxes

(1) Inheritance Tax

Currently, there is no inheritance or other taxes of a similar nature in the Kingdom.

(2) Residency

Certificateholders will not be deemed to be Resident, domiciled or carrying on business in the Kingdom solely by holding any Certificates.

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:

(a) 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

(b) 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:

(a) it is formed in accordance with the Saudi Arabian Companies Regulations; or

(b) 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 2 of the Zakat Regulations, are:

(a) Saudi and GCC nationals residing in the Kingdom, carrying on business activity in the Kingdom.
(b) Companies (listed and unlisted) Resident in the Kingdom in respect of shares owned by GCC persons, as well as anyone who carries on business activity under a license issued by a competent governmental or administrative authority in accordance with rules established by the authority.

(c) Companies (listed) Resident in the Kingdom in respect of shares owned by Non-GCC persons, other than the founders and their assigns, in accordance with the memorandum of association or statutory documents, and the shareholders of Saudi governmental authorities, bodies and institutions.

(d) Effective 1 January 2020, Resident listed companies (and their Resident investees) with respect to shares owned directly or indirectly by person engaged in oil and hydrocarbon production.

(e) Permanent Establishment of GCC persons as per Article 2(4) of the Zakat Regulations.

The following shall be excluded from the provisions of Article 2(4):

(a) Resident capital companies, in respect of the shares directly/indirectly owned by Zakat payers engaged in the production of oil and hydrocarbons, whether natural or legal persons, resident or non-resident.

(b) A Zakat payer who is not subject to levy of Zakat per a decision from GAZT.

“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) of the Income Tax Law) is considered to have a Permanent Establishment in the Kingdom.

“Permanent Establishment of GCC persons” is subject to Zakat provided at least two of the following three conditions are met in respect of the central management of such Permanent Establishment (as set out under Article 2(4) of the Zakat Regulations):

(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 Permanent Establishment’s business is mainly (i.e. 50 per cent. of its revenues) generated from 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 passthru payments”) to persons that fail to meet certain certification, reporting, or related requirements. The Trustee may be a foreign financial institution for these purposes. A number of jurisdictions (including the Cayman Islands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Certificates, 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 passthrough payments are published in the U.S. Federal Register and Certificates characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthrough payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Certificates (as described under “Terms and Conditions of the Certificates— Condition 19 (Further Issues)”) that are not distinguishable from previously issued Certificates are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Certificates, including the Certificates offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Certificates. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Certificates, no person will be required to pay additional amounts as a result of the withholding.
SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement (the “Programme Agreement”) dated 15 November 2021, 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 completion of the distribution of all Certificates of the Tranche of which such Certificates are a part, as determined and certified as provided below, within the United States or to, or for the account or benefit of, U.S. persons.

The Certificates are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. Each Dealer who purchases Certificates of a Tranche (or in the case of a sale of a Tranche of Certificates issued to or through more than one Dealer, each of such Dealers as to the Certificates of such Tranche to be purchased by or through it or, in the case of a syndicated issue, the relevant Lead Manager) shall determine and certify to the Principal Paying Agent the completion of the distribution of the Certificates of such Tranche.

On the basis of such notification or notifications, the Principal Paying Agent has agreed to notify such Dealer/Lead Manager of the end of the distribution compliance period with respect to such Tranche. Each Dealer has also agreed that, at or prior to confirmation of sale of Certificates, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Certificates from it during the distribution compliance period a confirmation or notice to substantially the following effect:

“The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Securities as determined and certified by the relevant Dealer, in the case of a non-syndicated issue, or the Lead Manager, in the case of a syndicated issue, and except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S.”

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Certificate, and it and they have complied and will comply with the offering restrictions requirement of Regulation S.
In addition, until 40 days after the commencement of the offering of the Certificates, an offer or sale of the Certificates within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

**UK**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Certificates which have a maturity of less than one year: (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (b) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Trustee;

(b) 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

(c) 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 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.

**Singapore**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Certificates or caused such Certificates to be made the subject of an invitation for subscription or purchase, and will not offer or sell such Certificates or cause such Certificates to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Certificates, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Where Certificates are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Certificates pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA;

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

**Singapore SFA Product Classification:** In connection with Section 309B(1)(c) of the SFA and the CMP Regulations 2018, unless otherwise specified in the relevant 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 to (a) “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made thereunder, or (b) in circumstances which do not result in the document being a “prospectus” as defined in the Companies Winding Up and Miscellaneous Provisions Ordinance (Cap. 32) of Hong Kong (the “Companies Ordinance”) or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and

(b) it has not issued or had in its possession, for the purposes of issue, whether in Hong Kong or elsewhere, and will not issue or have in its possession 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 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

Each Dealer has represented and agreed, each further Dealer appointed under the Programme will be required to represent and agree, and any investor in Saudi Arabia or who is a Saudi person (a “Saudi Investor”) who acquires any Certificates pursuant to an offering should note, that any offer of Certificates to any investor in Saudi Arabia or who is a Saudi person will be made in compliance with (a) in relation to issuances occurring prior to 1 January 2022, Article 9 or Article 10 of the KSA Regulations and Article 10 of the 2021 KSA Regulations and (b) in relation to issuances occurring on or after 1 January 2022, Article 8(a)(1) (including the definitions in the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority) or Article 9 of the 2021 KSA Regulations and Article 10 of the 2021 KSA Regulations.

Each offer of Certificates shall not therefore constitute a “public offer”, an “exempt offer” or a “parallel market offer” pursuant to the KSA Regulations or the 2021 KSA Regulations, but is subject to the restrictions on secondary market activity under Article 15 of the KSA Regulations and, in relation to issuances after 1 January 2022, to the restrictions set out in Article 14 of the 2021 KSA Regulations. Until 1 January 2022, any Saudi Investor who has acquired Certificates pursuant to a private placement under Article 9 or Article 10 of the KSA Regulations may not offer or sell those Certificates to any person unless the offer or sale is made through a capital market institution appropriately licensed by the CMA and: (a) the Certificates are offered or sold to a sophisticated investor (as defined in Article 9 of the KSA Regulations); (b) the price to be paid for the Certificates in any one transaction is equal to or exceeds Saudi Riyal 1 million or an equivalent amount; or (c) the offer of sale is otherwise in compliance with Article 15 of the KSA Regulations. If the requirement in (b) cannot be fulfilled because the price of the Certificates being offered or sold to the transferee has declined since the date of the original private placement, the transferor may offer or sell the Certificates to the transferee if their purchase price during the period of the original private placement was equal to or exceeded Saudi Riyal 1 million or an equivalent amount and if that requirement cannot be fulfilled, a transferor may offer or sell the Certificates if it sells its entire holding of such Certificates to one transferee.

On or after 1 January 2022, any Saudi Investor who has acquired Certificates pursuant to a private placement under Article 8 of the KSA Regulations may not offer or sell those Certificates to any person unless the offer or sale is made through a capital market institution appropriately licensed by the CMA and: (a) the Certificates are offered or sold to an institutional or qualified investor (as defined in the Glossary); (b) the price to be paid for the Certificates in any one transaction does not exceed Saudi Riyals 200,000 or an equivalent amount; or (c)
the offer or sale is otherwise in compliance with Article 14 of the 2021 KSA Regulations. If the requirement in (b) cannot be fulfilled because the price of the Certificates being offered or sold to the transferee has increased since the date of the original private placement, the transferor may offer or sell the Certificates to the transferee if their purchase price during the period of the original private placement did not exceed Saudi Riyal 200,000 or an equivalent amount and if that requirement cannot be fulfilled, a transferor may offer or sell the Certificates if it sells its entire holding of such Certificates to one transferee.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Certificates to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Certificates to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

(a) an “Exempt Offer” in accordance with the Markets Rules (MKT Module) of the Dubai Financial Services Authority (the “DFSA”) rulebook; and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA rulebook.

Kingdom of Bahrain

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Certificates except on a private placement basis to persons in the Kingdom of Bahrain who are “accredited investors”.

For this purpose, an “accredited investor” means:

(a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.$1,000,000 or more (excluding that person’s principal place of residence);

(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; or

(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).

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 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.

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 relevant Pricing Supplement issued in respect of the issue of Certificates to which it relates or in a supplement to this 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 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 Offering Circular or any other offering material or any relevant Pricing Supplement, in any country or jurisdiction where action for that purpose is required.
GENERAL INFORMATION

Admission to Trading

Application has been made to the London Stock Exchange for Certificates issued under the Programme during the 12 months from the date of this 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 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 of the Programme was authorised by a resolution of the board of directors of the Trustee dated 11 November 2021 and a resolution of the board of directors of the Bank dated 29 September 2021.

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 30 September 2021 and there has been no material adverse change in the prospects of the Bank or the Group since 31 December 2020.

Litigation

Neither the Trustee nor the Bank nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Trustee or the Bank is aware) in the 12 months preceding the date of this Offering Circular which may have or has had in the recent past significant effects on the financial position or profitability of the Trustee, the Bank or the Group.

Clearing Systems

Certificates 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 relevant Pricing Supplement.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the relevant Pricing Supplement.

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Documents Available

For the 12 months following the date of this 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 and the Obligor):

(a) each relevant 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 such Certificate and such holder must produce evidence satisfactory to the Trustee and the Principal Paying Agent as to its holding of the relevant Certificate and identity);

(b) the constitutional documents of the Trustee and the Bank;

(c) (i) the NCB Annual Financial Statements; and the Samba Annual Financial Statements, in each case, together with the audit reports thereon and the notes thereto and (ii) the NCB March 2021 Interim Financial Statements and the SNB September 2021 Interim Financial Statements, in each case, together with the review reports thereon and the notes thereto;

(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 audit or review reports thereon and the notes thereto; and

(e) this Offering Circular together with any supplement to this Offering Circular or further Offering Circular.

Independent Auditors

The joint auditors of the Bank are E&Y and KPMG. The business address of E&Y 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 KPMG is 9th Floor, Tower B, Zahran Business Centre, Prince Sultan Street, P.O. Box 55078, Jeddah 21534, Kingdom of Saudi Arabia. E&Y and KPMG are independent auditors regulated by and registered to practice as auditors with the SOCPA in Saudi Arabia.

The Audited Financial Statements were jointly audited by E&Y and PricewaterhouseCoopers Public Accountants, in each case without qualification, in accordance with the International Standards on Auditing as endorsed in the Kingdom, as stated in their respective audit reports incorporated by reference herein.

The SNB September 2021 Interim Financial Statements have not been audited but have been jointly reviewed by E&Y and KPMG in accordance with the International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom, as stated in their review report incorporated by reference herein.

With respect to the SNB September 2021 Interim Financial Statements, E&Y and KPMG have jointly reported that they have applied limited procedures in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Auditor of the Entity" as endorsed in the Kingdom. However, their review report dated 24 October 2021, incorporated by reference herein, states that they did not audit and they do not express any audit opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

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 Cayman Islands Government enacted the Data Protection Act (As Revised) of the Cayman Islands (the “DPA”) on 18 May 2017 which was brought into force on 30 September 2019. The DPA introduces legal requirements for the Trustee based on internationally accepted principles of data privacy.

Prospective investors should note that, by virtue of making investments in the Certificates and the associated interactions with the Trustee and its affiliates and/or delegates, or by virtue of providing the Trustee with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals may be providing the Trustee and its affiliates and/or delegates (including, without limitation, the Trustee Administrator) with certain personal information which constitutes personal data within the meaning of the 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. 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.
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