First tier dollar Sukuk

Sharia Committee Decision Number: (137/97) 19-09-2024

TYPE OF RESOLUTION:	Approved unanimously
PRODUCT RELATED:	Tier 1 Sukuk

In the name of Allah, the Most Gracious, the Most Merciful

All praise is due to Allah, the Cherisher of the world

Peace and blessings be upon the Prophet of Allah, on his family and all his companions

US$ Additional Tier 1 Capital Sukuk Programme (the "Programme") for The Saudi Investment Bank

The Shariah Committee of The Saudi Investment Bank (the "Shariah Committee") has reviewed the below described structure, mechanism and documentation for the proposed issuance of additional tier 1 capital certificates (the "Certificates") in series (each a "Series") through a special purpose company (the "Issuer" or the "Trustee", where applicable) under the Programme established by the Saudi Investment Bank and the Trustee, and which is based on a Mudaraba sukuk structure. It is noted that the proceeds of such issuance(s) of Certificates will be invested in the Saudi Investment Bank's fully Shariah-compliant financial and investment business activities carried out through the general mudaraba pool. The Shariah Committee has also reviewed Memo No. (152) presented by the Shariah department, which details the structure of the Certificates being one of the components to support the tier 1 capital in USD in accordance with the requirements of Basel standards for capital adequacy.

Except where defined herein, defined terms used in this pronouncement have the meanings given to them in the Transaction Documents and the Base Offering Circular prepared in connection with the Programme.

I. Structure and Mechanism

Issuance of Certificates

.1In relation to each Series and pursuant to one of more tranches under a Series (each a "Tranche"), the Issuer (in its capacity as issuer of the Certificates), will issue the Certificates (which shall be perpetual and accordingly not have a pre-defined redemption date) to investors (the "Certificateholders") and collect the proceeds therefrom (the "Proceeds").

.2The Issuer (as Trustee for and on behalf of the Certificate holders) will, pursuant to a master trust deed (the "Master Trust Deed") as supplemented for each Tranche by a supplemental trust deed (each a "Supplemental Trust Deed"), declare a trust in favour of the Certificate holders over (i) the Proceeds, pending application thereof in accordance with the terms of the transaction documents, (ii) any and all of its rights, title, interests, benefits and entitlements, present and future, in, to and under the assets from time to time constituting the Mudaraba Assets, (iii) any and all of its rights, title, interests, benefits and entitlements, present and future, in, to and under the Transaction Documents, (iv) any and all moneys from time to time standing to the credit of the transaction account opened by the Trustee in its name

(“Transaction Account”) and all proceeds of the foregoing (together, the “Trust Assets"). The Certificates will represent an undivided ownership interest in the Trust Assets.

.3The Trustee, may from time to time, create and issue additional Certificates to be constituted by a Supplemental Trust Deed (each an “Additional Tranche”) having the same terms and conditions as the outstanding Certificates, and so that the same shall be consolidated and form a single series with the outstanding Certificates. In the case of an Additional Tranche, any Additional Mudaraba Capital and the Mudaraba Capital as in existence immediately prior to the issue of the additional Certificates will be commingled pursuant to a declaration of commingling of assets (the “Declaration of Commingling of Assets”).

Mudaraba Agreement

.4Pursuant to a master mudaraba agreement (the “Master Mudaraba Agreement”) as supplemented for each Tranche by a supplemental mudaraba agreement (each a “Supplemental Mudaraba Agreement” and together with the Master Mudaraba Agreement, the “Mudaraba Agreement”) between The Saudi Investment Bank (as “Mudareb”) and the Trustee (as “Rab-al-Maal”), on the issue date of each Series a mudaraba will be constituted (the “Mudaraba”) into which the Proceeds will be contributed by the Trustee as the Initial Mudaraba Capital for investment in accordance with the terms of the Mudaraba Agreement.

.5In respect of each Series, the Mudaraba shall commence on the date of the payment of the Initial Mudaraba Capital to the Mudareb by the Rab-al-Maal (being the Issue Date) and shall end on the date on which the Certificates of such Series are redeemed in full, following the actual liquidation of the relevant Mudaraba in accordance with the terms of the Mudaraba Agreement (the “Mudaraba End Date”) or (if earlier), and in the case of a Write-down in whole only, on the Non-Viability Event Write-down Date. The Mudaraba Agreement shall therefore not have a pre-defined termination date.

.6The Mudaraba Capital in respect of each Mudaraba will, pursuant to the investment plan set out in the Mudaraba Agreement, be invested, on an unrestricted co-mingling Mudaraba basis, by the Mudareb in The Saudi Investment Bank’s fully Shariah-compliant financial and investment business activities carried out through the General Mudaraba Pool in accordance with the Investment Plan.

.7The Mudaraba Capital shall, following investment of the Mudaraba Capital of the relevant Mudaraba in the General Mudaraba Pool (in accordance with the Investment Plan), constitute pro rata undivided assets in the General Mudaraba Pool (the Mudaraba Assets), as the Mudaraba Capital will be co-mingled with the other Shariah-compliant assets of The Saudi Investment Bank on the date of commencement of the Mudaraba.

Profit Sharing Arrangements& Payment of Mudaraba Profit

.8In respect of each Mudaraba, the profit (if any) generated from the Mudaraba (the “Mudaraba Profit”), will be distributed by the Mudareb, between the Rab-al-Maal and the Mudareb in accordance with the following agreed profit sharing ratio:

a. ninety-nine per cent. (99%) payable to the Rab-al-Maal (the “Rab-al-Maal Mudaraba Profit”); and

b. one per cent. (1%) payable to the Mudareb.

.9The Trustee will utilise the Rab-al-Maal Mudaraba Profit received from each Mudaraba to pay the periodic distribution amounts to the Certificateholders of the relevant Series pursuant to the terms of the Certificates.

.10The Rab-al-Maal agrees that the distribution of the Mudaraba Profit and, as a result, the payment of Rab-al-Maal Mudaraba Profit by the Mudareb, are at the sole discretion of the Mudareb which may elect to not distribute the Mudaraba Profit (and, as a result, not pay the Rab-al-Maal Mudaraba Profit to the Rab-al-Maal) (in whole or in part) on any Mudaraba Profit Distribution Date (other than any Mudaraba

End Date) (a "Non-Payment Election"). The Mudareb may not, however, make a Non-Payment Election once the Trustee has given notice to the Certificateholders regarding the liquidation of the relevant Mudaraba.

.11In addition to the above, the Mudareb shall not pay Mudaraba Profit (and as a result, Rab-al-Maal Mudaraba Profit) or Final Mudaraba Profit (and as a result, Rab-al-Maal Final Mudaraba Profit) on any relevant Mudaraba Profit Distribution Date or Mudaraba End Date (as the case may be), in each case in respect of the Mudaraba of the relevant Series and as a result thereof the Trustee shall not pay the relevant Periodic Distribution Amounts on the corresponding Periodic Distribution Date if:

a. the amount equal to the then applicable Periodic Distribution Amount in respect of the relevant Series to be paid by the Mudareb out of the relevant Rab-al-Maal Mudaraba Profit or Rab-al-Maal Final Mudaraba Profit, as applicable, when aggregated with any distributions or amounts payable by The Saudi Investment Bank (whether as Mudareb or otherwise) on the same date (or otherwise due and payable on such date) on any other obligations in respect of Pari Passu Obligations and Junior Obligations, exceeds The Saudi Investment Bank's Distributable Profits (including consolidated retained earnings and reserves after the transfer of any amounts to non-distributable reserves; all as calculated by the Mudareb on its most recent consolidated financial statements); or

b. The Saudi Investment Bank (in its capacity as Mudareb or otherwise) is on the relevant Mudaraba Profit Distribution Date or Mudaraba End Date (as the case may be), in breach of (or such payment would cause a breach of) the Applicable Regulatory Capital Requirements (including any payment restrictions due to a breach of any capital buffers imposed on the Mudareb by the Financial Regulator); or

c. the Financial Regulator requires (i) The Saudi Investment Bank not to pay the relevant Rab-al-Maal Mudaraba Profit Amount or (ii) the Trustee not to pay the relevant Periodic Distribution Amount to Certificateholders,

)each a "Non-Payment Event.("

Consequences of Non-Payment Event or a Non-Payment Election

.12If Rab-al-Maal Mudaraba Profit is not paid by the Mudareb on the relevant Mudaraba Profit Distribution Date as a result of either (i) a Non-Payment Event having occurred, or (ii) save in the case of Rab-al-Maal Mudaraba Profit payable on the Mudaraba End Date (Rab-al-Maal Final Mudaraba Profit), the Mudareb having made a Non-Payment Election, the Rab-al-Maal (and the Certificateholders) shall have no right to claim for payment of any such Rab-al-Maal Mudaraba Profit or corresponding Periodic Distribution Amount. In respect to each Mudaraba, any profit for the relevant period which is not paid to the Rab-al-Maal in such circumstances shall be credited to the reserve account of that Mudaraba (the Mudaraba Reserve, as defined below).

.13If the Rab-al-Maal Mudaraba Profit is not paid by the Mudareb on the relevant Mudaraba Profit Distribution Date as a result of a Non-Payment Event or (save in the case of Rab-al-Maal Final Mudaraba Profit) a Non-Payment Election, The Saudi Investment Bank shall be prevented from declaring or paying distributions, dividends, profit and/or any other payment on, and (directly or indirectly) redeeming, purchasing, cancelling, reducing or otherwise acquiring, any ordinary shares or securities issued directly or indirectly by The Saudi Investment Bank which rank junior to or pari passu to the Relevant Obligations, unless or until (i) the next following payment of Rab-al-Maal Mudaraba Profit or (ii) (as the case may be) payment of the Rab-al-Maal Final Mudaraba Profit, has been made in full (or an amount equal to those amounts has been duly set aside or provided in full for the benefit of the Rab-al-Maal) with respect to the relevant Series affected by such Non-Payment Election or Non-Payment Event.

Mudaraba Reserve

.14If, in respect of a Mudaraba, the relevant Rab-al-Maal Mudaraba Profit or the Rab-al-Maal Final Mudaraba Profit (as applicable) payable to the Rab-al-Maal on any Mudaraba Profit Distribution Date or the Mudaraba End Date, as the case may be, is greater than the then applicable Periodic Distribution Amount, the amount of any excess shall be credited to a reserve recorded by the Mudareb through a book-entry ledger account (in respect of each Mudaraba, the "Mudaraba Reserve") and the proposed payment

of the Rab-al-Maal Mudaraba Profit or the Rab-al-Maal Final Mudaraba Profit (as applicable) shall be reduced accordingly.

.15If, in respect of a Mudaraba, the relevant Rab-al-Maal Mudaraba Profit or the Rab-al-Maal Final Mudaraba Profit (as applicable) payable to the Rab-al-Maal on any Mudaraba Profit Distribution Date or the Mudaraba End Date, as the case may be, is less than the then applicable Periodic Distribution Amount, the Mudareb (a) first, shall utilise any amount available in the relevant Mudaraba Reserve to make payments to the Rab-al-Maal in order to cover such shortfall; and (b) second, may (at its sole discretion) elect (but shall not be obliged) to make one or more payments from its own cash resources in order to cover such shortfall.

Final Liquidation of the Mudaraba

.16Subject to certain conditions, the Mudareb may (in its sole discretion) liquidate the relevant Mudaraba with respect to any Series, in whole but not in part, in the following circumstances:

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

b. on any date on or after the date of the relevant Supplemental Mudaraba Agreement if, as a result of a Tax Law Change, the Mudareb or the Trustee would be required to pay any additional amounts and/or taxes under the Master Mudaraba Agreement or the Certificates (and such requirement cannot be avoided by the Mudareb or the Trustee (as the case may be) taking reasonable measures available to it); or

c. on any date on or after the date of the relevant Supplemental Mudaraba Agreement if a regulatory capital event occurs (where The Saudi Investment Bank is notified in writing by the Financial Regulator to the effect that the outstanding face amount of the Certificates is excluded (in full or in part) from The Saudi Investment Bank's consolidated Tier 1 capital) (a "Capital Event").

.17Any such liquidation will be subject to certain conditions, including that with respect to the relevant Series, in the case of a final actual liquidation in whole, the liquidation proceeds shall be at least equal to the Required Liquidation Amount (such requirement being referred to as the Liquidation Condition). The Required Liquidation Amount being equal to the sum of:

a. the face amount of the outstanding Certificates of the relevant Series (being the Mudaraba Capital);

b. provided that a Non-Payment Event has not occurred, the Final Mudaraba Profit for the relevant Mudaraba; and

c. any amounts that remains outstanding for recovery by the Mudareb.

.18If the Mudareb, in its sole discretion, were to exercise its option to liquidate the Mudaraba with respect to a Series in whole and based on the constructive liquidation of the relevant Mudaraba Assets:

a. the Liquidation Proceeds which would be generated on such liquidation are less than the relevant Required Liquidation Amount with respect to such Series, the Mudareb acknowledges that it will have breached the Liquidation Condition and that as a result of such breach the Rab-al-Maal will have suffered a loss in an amount equal to the difference between (i) the Liquidation Proceeds and (ii) the Required Liquidation Amount (the "Shortfall"); or

b. the Liquidation Proceeds which would be generated on such liquidation are equal to or greater than the Required Liquidation Amount with respect to such Series, the Mudareb shall liquidate the relevant Mudaraba and pay the Required Liquidation Amount to the Rab-al-Maal on the Mudaraba End Date of the relevant Series. Any Liquidation Proceeds remaining after such payment together with the balance of

any amounts standing to the credit of the relevant Mudaraba Reserve shall be paid to the Mudareb as an incentive fee for its performance under the Mudaraba Agreement;

.19 In the circumstances set out in paragraph 18(a) above, the Mudareb shall either:

a. continue investing the outstanding Mudaraba Capital of the relevant Series in the Mudaraba of that Series, and accordingly the Mudareb shall not proceed with the final actual liquidation of that Mudaraba; or

b. proceed with the final actual liquidation of the Mudaraba of that Series and indemnify the Rab-al-Maal in respect of the Shortfall, and accordingly the Mudareb shall transfer funds into the Transaction Account of the relevant Series in an amount sufficient to ensure that the Liquidation Proceeds, together with the amount so transferred, are equal to the Required Liquidation Amount .

c. As the discretion to liquidate the relevant Mudaraba in the latter case rests solely with the Mudareb and the Mudareb is not obliged by the Trustee to liquidate if the final actual liquidation indicates that there is a Shortfall, the covering of the Shortfall provided by the Mudareb to the Trustee is not deemed to be a guarantee.

.20 Upon final actual liquidation in whole of the Mudaraba of the relevant Series, the Trustee shall apply any amounts received by it in its capacity as Rab-al-Maal, towards the redemption amount payable to the relevant Certificateholders of that Series pursuant to the terms of the Certificates.

General Provisions of the Mudaraba Agreement and the Conditions

.21 For the avoidance of doubt, the Rab-al-Maal acknowledges that there is no guarantee of any return from any Mudaraba Assets. If the Rab-al-Maal suffers a loss as a result of any breach by the Mudareb of any of its obligations under the Mudaraba Agreement or through the Mudareb's gross negligence, wilful misconduct or fraud, the Mudareb shall fully indemnify, and pay on demand, the Rab-al-Maal for such loss. Any other losses are to be borne solely by the Rab-al-Maal.

Write-down at the Point of Non-Viability

The relevant obligations of the Mudareb under the Mudaraba Agreement shall be subject to write-down (in whole or in part, as applicable) if a Non-Viability Event shall occur in the future.

A Non-Viability Event in relation to a Series shall occur if the Financial Regulator has notified The Saudi Investment Bank in writing that it has determined that The Saudi Investment Bank is, or will become, non-viable without: (i) a Write-down of the Certificates; or (ii) a public sector injection of capital.

Following a Non-Viability Event, the Mudareb will notify the Rab-al-Maal in accordance with the terms of the Mudaraba Agreement and the Rab-al-Maal, in its capacity as the Trustee, will then notify the Certificateholders (a "Non-Viability Notice"). A write-down will occur on the date specified in the Non-Viability Notice such that in relation to any Series (i) in the case of a write-down in whole only, the Mudaraba Agreement will be automatically terminated in respect of that Series; and (ii) in the case of a write-down in part only, the Mudaraba Capital of that Series shall be reduced in proportion to the face amount of the relevant Certificates that are to be written-down. In the case of (i) above, the Rab-al-Maal, Certificateholders and the Delegate shall not be entitled to any claim for any amounts in connection with the relevant Mudaraba Assets of that Series. In the case of (ii) above, the Rab-al-Maal, Certificateholders and the Delegate shall not be entitled to any claim for any amounts in connection with the relevant Mudaraba Assets of that Series that relate to the proportion of the Mudaraba Capital that has been reduced.

II. Transaction Documentation:

e. The key documents relating to the Programme are as follows:

.1 Base Offering Circular;

.2Programme Agreement;

.3Master Trust Deed;

.4Agency Agreement; and

.5Master Mudaraba Agreement.

III. Shariah Approval

The Shariah Committee, having reviewed the structure, mechanism, and documentation as set out above, hereby rules that the structure and documentation is in compliance with the principles of Shariah. The Certificates may be purchased by any interested party. The Certificateholders may sell their interest in the secondary market at the prevailing prices (which could be at par or a premium or a discount).

Allah knows best