

IMPORTANT NOTICE

THE ATTACHED BASE PROSPECTUS MAY ONLY BE DISTRIBUTED TO PERSONS WHO ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S (*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 disclaimer before continuing. The following disclaimer applies to the base prospectus attached to this electronic transmission and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached base prospectus (the **Base Prospectus**). In accessing the Base Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from MAR Sukuk Limited (the **Trustee**) or the Bank (as defined below) as a result of such access.

Restrictions: NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. ANY SECURITIES TO BE ISSUED 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 AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.

THE BASE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON WITHOUT THE PRIOR WRITTEN CONSENT OF THE ARRANGERS AND THE DEALERS (EACH AS DEFINED IN THE BASE PROSPECTUS) AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. DISTRIBUTION OR REPRODUCTION OF THE BASE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE SECURITIES LAWS OF OTHER JURISDICTIONS.

UNDER NO CIRCUMSTANCES SHALL THE BASE PROSPECTUS CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL.

ANY SECURITIES DESCRIBED IN THE BASE PROSPECTUS 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 UNITED KINGDOM FINANCIAL CONDUCT AUTHORITY. ACCORDINGLY, THE BASE PROSPECTUS IS NOT BEING DISTRIBUTED TO, AND MUST NOT BE PASSED ON TO, THE GENERAL PUBLIC IN THE UNITED KINGDOM.

THE DISTRIBUTION IN THE UNITED KINGDOM OF THE BASE PROSPECTUS, ANY FINAL TERMS 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 PROFESSIONALS AS DEFINED IN ARTICLE 14(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (PROMOTION OF COLLECTIVE INVESTMENT SCHEMES) (EXEMPTIONS) ORDER 2001 (THE **PROMOTION OF CISS ORDER**); (II) PERSONS FALLING WITHIN ANY OF THE CATEGORIES OF PERSONS DESCRIBED IN ARTICLE 22 (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE PROMOTION OF CISS ORDER; AND (III) ANY OTHER PERSON TO WHOM IT MAY OTHERWISE LAWFULLY BE PROMOTED.

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

Confirmation of Your Representation: By accessing the Base Prospectus you confirm to the Arrangers and the Dealers and the Trustee, as issuer of the Certificates (as defined in the Base Prospectus), that: (i) you understand and agree to the terms set out herein; (ii) you are not a U.S. person (within the meaning of Regulation S), or acting for the account or benefit of any U.S. person, and that you are not in the United States, its territories and possessions; (iii) you consent to delivery of the Base Prospectus by electronic transmission; (iv) you will not transmit the Base Prospectus (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 prior written consent of the Arrangers and the Dealers; and (v) you acknowledge that you will make your own assessment regarding any credit, investment, legal, taxation or other economic considerations with respect to your decision to subscribe or purchase any of the Certificates.

You are reminded that the Base Prospectus has been delivered to you on the basis that you are a person into whose possession the Base Prospectus 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 the Base Prospectus, electronically or otherwise, to any other person and in particular to any U.S. person or to any U.S. address. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

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

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

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

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

offering of Certificates under the Programme. To the fullest extent permitted by law, none of the Arrangers, the Dealers, their respective directors, affiliates, advisers and agents and the Delegate and the Agents accepts any responsibility for the contents of the Base Prospectus and accordingly each disclaims all and any liability whether arising in tort, contract or otherwise which it might otherwise have in respect of the Base Prospectus.

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

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

BASE PROSPECTUS



MAR SUKUK LIMITED

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

U.S.\$2,000,000,000

Trust Certificate Issuance Programme

Under the U.S.\$2,000,000,000 trust certificate issuance programme (the **Programme**) described in this Base Prospectus (the **Base Prospectus**), MAR Sukuk Limited (in its capacity as issuer and trustee, the **Trustee**), subject to compliance with all relevant laws, regulations and directives, may from time to time issue trust certificates (the **Certificates**) denominated in any currency agreed between the Trustee and the relevant Dealer(s) (as defined below). Certificates may only be issued in registered form. The maximum aggregate face amount of all Certificates from time to time outstanding under the Programme will not exceed U.S.\$2,000,000,000 (or its equivalent in other currencies, calculated as provided for in the Programme Agreement described herein), subject to increase as described herein.

The Certificates may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer(s) appointed under the Programme from time to time by the Trustee and Masraf Al Rayan (Q.P.S.C.) (the **Bank** or the **Obligor**) (each a **Dealer** and together, the **Dealers**), which appointment may be for a specific issue of Certificates or on an ongoing basis. References in this Base Prospectus 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 fulfil its obligations under the Certificates, see "Risk Factors".

Each Tranche (as defined in the terms and conditions of the Certificates (the **Conditions**)) of Certificates will be constituted by: (i) an amended and restated master trust deed (the **Master Trust Deed**) dated 19 August 2020 entered into by the Trustee, the Bank and HSBC Corporate Trustee Company (UK) Limited as delegate of the Trustee (in such capacity, the **Delegate**); and (ii) a supplemental trust deed (each a **Supplemental Trust Deed**) in relation to the relevant Tranche. Certificates of each Series confer on the holders of the Certificates from time to time (the **Certificateholders**) the right to receive payments (as more particularly described herein) arising from the assets of a trust declared by the Trustee in relation to the relevant Series (the **Trust**).

This Base Prospectus has been approved as a base prospectus by the Central Bank of Ireland, as competent authority under Regulation (EU) 2017/1129 (the **Prospectus Regulation**). The Central Bank of Ireland only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the Central Bank of Ireland should not be considered as an endorsement of the Trustee or the Bank or of the quality of the Certificates. Investors should make their own assessment as to the suitability of investing in the Certificates.

Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) for the Certificates issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list (the **Official List**) and to trading on its regulated market (the **Euronext Dublin Regulated Market**). Such approval relates only to the Certificates which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU (as amended) (each such regulated market being a **MiFID Regulated Market**) and/or which are to be offered to the public in any member state of the European Economic Area (which, for these purposes, includes the United Kingdom) (each, a **Relevant State**).

This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Certificates which are to be admitted to trading on a regulated market in a Relevant State. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

References in this Base Prospectus to Certificates being listed (and all related references) shall mean that such Certificates have been admitted to listing on the Official List and admitted to trading on the Euronext Dublin Regulated Market or, as the case may be, another MiFID Regulated Market as may be specified in the applicable final terms relating to the relevant Tranche (the **Final Terms**). The Programme provides that Certificates may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Trustee, the Bank and the relevant Dealer(s). The Trustee may also issue unlisted Certificates and/or Certificates not admitted to trading on any market.

The Certificates have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or with any securities regulatory authority of any state or other jurisdiction of the United States. Certificates may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**)) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Certificates are being offered, sold or delivered only outside the United States in offshore transactions to non-U.S. persons in accordance with Regulation S. For a description of certain restrictions on offers and sales of Certificates and on distribution of this Base Prospectus, see "*Subscription and Sale*".

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

The Bank has been assigned a long term rating of A1 with a stable outlook by Moody's Investors Service Cyprus Ltd. (**Moody's**). The Programme has been rated A1 with a stable outlook by Moody's. The State of Qatar (**Qatar**) has been assigned a credit rating of AA- with a stable outlook, Aa3 with a stable outlook and AA- with a stable outlook, by Fitch Ratings, Ltd. (**Fitch**), Moody's Deutschland GmbH (**Moody's Deutschland**) and S&P Global Ratings Europe Limited (**Standard & Poor's**), respectively.

Fitch is established in the United Kingdom. Each of Moody's, Moody's Deutschland and Standard & Poor's is established in the European Union. Each of Fitch, Moody's, Moody's Deutschland and Standard & Poor's is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such, each of Fitch, Moody's, Moody's Deutschland and Standard & Poor's is included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. A Series of Certificates to be issued under the Programme may be rated or unrated. Where a Series of Certificates is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Amounts payable on Floating Rate Certificates will be calculated by reference to one of LIBOR, EURIBOR, KIBOR, HIBOR, KLIBOR, TRLIBOR or TRYLIBOR, SIBOR, EIBOR, TIBOR, SAIBOR, CHF LIBOR or QIBOR as specified in the applicable Final Terms. As at the date of this Base Prospectus, the administrators of LIBOR, EURIBOR, SAIBOR, CHF LIBOR and SIBOR are included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the **Benchmarks Regulation**). As at the date of this Base Prospectus, the administrators of KIBOR, HIBOR, KLIBOR, TRLIBOR or TRYLIBOR, EIBOR, TIBOR and QIBOR are not included in ESMA's register of administrators under Article 36 of the Benchmarks Regulation. As far as the Trustee is aware, transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the State Bank of Kuwait, the Treasury Markets Association, the Bank Negara Malaysia, the Banks Association of Turkey, the UAE Central Bank, the JBA TIBOR Administration and the Qatar Central Bank are not currently required to obtain authorisation/registration (or, if located outside the European Union and the United Kingdom, recognition, endorsement or equivalence).

The transaction structure relating to the Certificates (as described in this Base Prospectus) has been approved by the Sharia Supervisory Board of Masraf Al Rayan (Q.P.S.C.), the Global Shariah Supervisory Committee of HSBC Bank Middle East Limited and the Global Sharia Supervisory Committee of Standard Chartered Bank. Prospective Certificateholders should not rely on such approvals in deciding whether to make an investment in the Certificates and should consult their own *Sharia* advisers as to whether the proposed transaction described in such approvals is in compliance with their individual standards of compliance with *Sharia* principles.

Arrangers and Dealers

Al Rayan Investment L.L.C.

HSBC

Standard Chartered Bank

The date of this Base Prospectus is 19 August 2020.

This Base Prospectus comprises a base prospectus for the purposes of Article 8 of the Prospectus Regulation and for the purpose of giving information with regard to the Trustee, the Bank and its subsidiaries and affiliates taken as a whole (the **Group**) and the Certificates which, according to the particular nature of the Trustee, the Bank, the Group and the Certificates, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Trustee and the Bank.

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

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

This Base Prospectus has been prepared on the basis that any Certificates with a minimum denomination of less than €100,000 (or equivalent in another currency) will (i) only be admitted to trading on a MiFID Regulated Market or (ii) only be offered to the public in a Relevant State pursuant to an exemption under Article 1(4) of the Prospectus Regulation.

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the Programme or the issue or sale of the Certificates and, if given or made, such information or representation must not be relied upon as having been authorised by the Trustee, the Bank, the Arrangers, any of the Dealers, the Delegate or the Agents (each as defined herein). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Trustee or the Bank since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented, or that there has been no adverse change in the financial position of the Trustee or the Bank since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

MiFID II product governance / target market – The Final Terms in respect of any Certificates will include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Certificates and which channels for distribution of the Certificates are appropriate. Any person subsequently offering, selling or recommending the Certificates (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, **MiFID II**) is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

In the case of any Certificates which are to be admitted to trading on a regulated market within the EEA or offered to the public in a Relevant State in circumstances which require the publication of a prospectus under the Prospectus Regulation, the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Certificates).

The distribution of this Base Prospectus and the offering or sale of the Certificates in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Trustee, the Bank, the Arrangers and the Dealers to inform themselves about and to observe any such restrictions. The

Certificates have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Certificates may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Certificates are being offered, sold or delivered only outside the United States in offshore transactions to non-U.S. persons in accordance with Regulation S. Each purchaser of the Certificates in making its purchase will be deemed to have made certain acknowledgements, representations and agreements. Prospective purchasers are hereby notified that the offer, sale or delivery of Certificates to it will be made in reliance on the exemption from the registration requirements of the Securities Act provided by Regulation S. For a description of certain restrictions on offers and sales of Certificates and on distribution of this Base Prospectus, see "*Subscription and Sale*".

This Base Prospectus 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 (as defined in the Conditions) accepts any responsibility for the contents of this Base Prospectus or for any other statement made, or purported to be made, by the Arrangers, a Dealer, the Delegate, the Agents or on its or their behalf in connection with the Trustee, the Bank or the issue and offering of the Certificates, nor is any responsibility or liability accepted by them for any acts or omissions of the Trustee, the Bank or any other person (other than the relevant Dealer) in connection with the Base Prospectus or the issue and offering of Certificates under the Programme. Each of the Arrangers, the Dealers, the Delegate and the Agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus or any such statement, including in relation to the information contained in this Base Prospectus or any other information provided by the Trustee or the Bank in connection with the Programme or the issue or offering of Certificates thereunder. Neither this Base Prospectus nor any other such statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Trustee, the Bank, the Arrangers, the Dealers, the Delegate or the Agents that any recipient of this Base Prospectus or any other such statements should purchase the Certificates. Each potential purchaser of Certificates should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Certificates should be based upon such investigation as it deems necessary. None of the Arrangers, the Dealers, the Delegate or the Agents undertakes to review the financial condition or affairs of the Trustee or the Bank during the life of the arrangements contemplated by this Base Prospectus, nor to advise any investor or potential investor in Certificates issued under the Programme of any information coming to the attention of any of the Arrangers, the Dealers, the Delegate or the Agents.

The Certificates may not be a suitable investment for all investors. Each potential investor in any Certificates must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the relevant Certificates, the merits and risks of investing in the relevant Certificates and the information contained in this Base Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Certificates and the impact such investment will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Certificates, including Certificates where the currency for any Dissolution Distribution Amount or Periodic Distribution Amount (each as defined herein) payments are different from the potential investor's currency;
- (iv) understands thoroughly the terms of the relevant Certificates and is familiar with the behaviour of financial markets; and

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

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

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

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

No comment is made or advice given by the Agents (as defined under the Conditions), the Trustee, the Bank, the Arrangers, the Dealers or the Delegate in respect of taxation matters relating to any Certificates or the legality of the purchase of the Certificates by an investor under any applicable law.

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

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

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

This Base Prospectus contains "forward-looking statements" – that is, statements related to future, not past, events. In this context, forward-looking statements often address the Bank's and the Group's expected future business and financial performance, and often contain words such as "expect", "anticipate", "intend", "may", "plan", "believe", "seek" or "will". Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For the Group, particular uncertainties that could adversely affect its future results include: the behaviour of financial markets and macro-economic conditions, including fluctuations in interest, profit and exchange rates, commodity and equity prices and the value of financial assets; continued volatility and further deterioration of the capital markets; the commercial and consumer credit environment, including credit risks and, in particular, the impact of a higher level of credit defaults arising from adverse economic conditions, the impact of provisions and impairments and concentration of the Bank's portfolio of financing and investment assets; liquidity risks, including the ability of the Bank to meet its contractual and contingent cash flow obligations or the inability to fund its operations; the impact of laws and regulation (including any change thereto) and regulatory, investigative and legal actions; strategic actions, including acquisitions and future integration of acquired businesses and government policy affecting the Bank's business activities; future financial performance of the

banking, financial services and Islamic finance industries; and numerous other matters of national, regional and global scale, including those of a political, economic, business and competitive nature. These uncertainties may cause the Bank's actual future results to be materially different than those expressed in its forward-looking statements. Although the Bank believes that the expectations, estimates and projections reflected in the Bank's forward-looking statements are reasonable, if one or more of the risks or uncertainties materialise, including those which the Bank has identified in this Base Prospectus, or if any of the Bank's underlying assumptions prove to be incomplete or inaccurate, the Bank's actual future results may be materially different than those expressed in its forward-looking statements.

The forward-looking statements in this Base Prospectus speak only as at the date of this Base Prospectus. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*". Without prejudice to any requirements under applicable laws and regulations, the Bank expressly disclaims any obligation or undertaking to disseminate after the date of this Base Prospectus any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof, or any change in events, conditions or circumstances on which any forward-looking statement is based.

CERTAIN PUBLICLY AVAILABLE INFORMATION

Certain information under the headings "*Description of Masraf Al Rayan (Q.P.S.C.)*" and "*The Qatar Banking Sector and Regulations*" has been extracted from information provided or obtained by the QCB's Quarterly Statistical Bulletin dated March 2019, the forty first Annual Report of the QCB, the QCB website, the International Monetary Fund's 2019 Article IV Consultation – staff report (IMF Country Report No. 19/192), the BP Statistical Review of World Energy, the Qatar Ministry of Development Planning and Statistics website, the World Bank – Data Bank, and, in each case, the relevant source of such information is specified where it appears under those headings. None of the Arrangers, the Dealers, the Trustee, the Delegate, the Agents nor the Bank accepts responsibility for the factual correctness of any such statistics or information but the Bank and the Trustee accept responsibility for accurately extracting and transcribing such statistics and information and believe, after due inquiry, that such statistics and information represent the most current publicly available statistics and information from such sources at the dates and for the periods with respect to which they have been presented. Without prejudice to the foregoing, the Bank and the Trustee confirm that all such third party information has been accurately reproduced and, so far as each of them is aware and has been able to ascertain from that published information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

The Trustee is a special purpose company established in the Cayman Islands. No financial statements for any period have been prepared in respect of the Trustee.

Unless otherwise indicated, the financial information herein has been derived from the unaudited interim condensed consolidated financial statements of the Bank as at, and for the six months ended, 30 June 2020 (together with the comparative financial information as at, and for the six months ended, 30 June 2019, the notes thereto and the review report in respect thereof, the **Interim Financial Statements**) and the audited consolidated financial statements of the Bank as at and for the financial year ended 31 December 2019 (together with the comparative information as at, and for the year ended, 31 December 2018, the notes thereto and the audit report in respect thereof, the **2019 Financial Statements**) and the audited consolidated financial statements of the Bank as at and for the financial year ended 31 December 2018 (together with the comparative information as at, and for the year ended, 31 December 2017, the notes thereto and the audit report in respect thereof, the **2018 Financial Statements** and together with the **2019 Financial Statements** and the Interim Financial Statements, the **Financial Statements**).

The financial information included in this Base Prospectus has been prepared in accordance with Financial Accounting Standards (**FAS**) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (**AAOIFI**). See "*Summary of Significant Differences Between the Financial Accounting Standards issued by AAOIFI and International Financial Reporting Standards*".

Presentation of Other Information

In this Base Prospectus, unless otherwise specified or the context otherwise requires, any reference to:

- **CAR** means Capital Adequacy Ratio;
- **CAGR** means compound annual growth rate;
- **GCC** means the Gulf Co-operation Council, which comprises Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE;
- **GDP** means Gross Domestic Product;
- **Government** means the government of Qatar;
- **IMF** means the International Monetary Fund;
- **OPEC** means the Organisation of Petroleum Exporting Countries;
- **PPP** means purchasing power parity;
- **QAR, QR, riyals** and **Qatari riyals** means the lawful currency for the time being of Qatar;
- **Qatar** means the State of Qatar;
- **QCB** means the Qatar Central Bank;
- **QCB Law** means the Law of the Qatar Central Bank and the Regulation of Financial Institutions (Law No. 13 of 2012);
- **QCSD** means the Qatar Central Securities Depository;
- **QFC** means the Qatar Financial Centre;
- **QFC Law** means the Law of the Qatar Financial Centre (Law No.7 of 2005)
- **QFCA** means the Qatar Financial Centre Authority;
- **QFCRA** means the Qatar Financial Centre Regulatory Authority;
- **QFMA** means the Qatar Financial Markets Authority;
- **QIA** means the Qatar Investment Authority;
- **QSE** means the Qatar Stock Exchange;
- **Tcf** means trillion cubic feet;
- **UAE** means the United Arab Emirates; and
- **U.S.\$, USD** or **U.S. dollars** means the lawful currency for the time being of the United States.

Exchange rate and rounding

The riyal currently is, and since the mid-1980s has been, pegged to the U.S. dollar at a fixed exchange rate of 3.64 riyals per U.S. dollar and, accordingly translations of amounts from riyals to U.S. dollars have been made at this exchange rate for all periods in this Base Prospectus. Translations of amounts from riyals to U.S. dollars in this Base Prospectus are solely for the convenience of the reader. Such translations should not be construed as representations that riyal amounts have been or could be converted into U.S. dollars at this or any other rate of exchange.

ALTERNATIVE PERFORMANCE MEASURES

A number of the financial measures presented by the Bank in this Base Prospectus are not defined in accordance with the IFRS accounting standards. However, the Bank believes that these measures provide useful supplementary information to both investors and the Bank's management, as they facilitate the evaluation of company performance. It is to be noted that, since not all companies calculate financial measurements in the same manner, these are not always comparable to measurements used by other companies. Accordingly, these financial

measures should not be seen as a substitute for measures defined according to the IFRS. Unless otherwise stated, the list below presents alternative performance measures, along with their reconciliation to the extent that such information is not defined according to the IFRS and not included in the Bank's financial statements incorporated by reference into this Base Prospectus:

- Earnings per share: Net Profit for the period / year attributable to the equity holders of the Bank divided by weighted average number of ordinary shares outstanding during the period / year;
- Return on average equity: Net Profit for the period / year attributable to the equity holders of the Bank divided by average shareholders' equity for the period / year;
- Return on average assets: Net Profit for the period / year attributable to the equity holders of the Bank divided by average assets for the period / year;
- Capital adequacy ratio: Tier one capital as at period / year end plus tier two capital as at period / year end divided by risk weighted assets for the period / year. The capital adequacy ratios for the years ended 31 December 2018, 31 December 2019 and the six months ended 30 June 2020 were calculated in accordance with the Basel III guidelines as issued by the QCB;
- Net financing assets to deposit ratio: Net financing assets as at period / year end divided by deposits as at period / year end;
- Liquid assets to customer deposits ratio: Sum of cash and balances with QCB, due from banks and investment securities at period / year end divided by deposits at period / year end;
- Cost to income ratio: Staff cost, depreciation and other cost for the period / year divided by total income (after deducting finance expenses and share of profit paid to URIA holders) for the period / year;
- Net profit margin: Net profit for the period / year divided by total income (after deducting finance expenses and share of profit paid to URIA holders) income for the period / year;
- Net financing to total assets ratio: Net financing assets as at the period / year end divided by total assets as at the period / year end;
- Non-performing financing ratio: Non-performing financing assets as at period / year end divided by gross financing assets as at period / year end;
- Non-performing coverage ratio: Specific provisions as at period / year end divided by non-performing financing assets as at period / year end;
- Liquidity coverage ratio: Stock of high-quality liquid assets divided by net cash outflows over the next 30 calendar days; and
- Net stable funding ratio: Available amount of stable funding divided by the required amount of stable funding.

**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**), the Trustee has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that, unless otherwise stated in the Final Terms in respect of any Certificates, the Certificates are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

VOLCKER RULE

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

NOTICE TO RESIDENTS IN THE UNITED KINGDOM

Any Certificates to be issued under the Programme which do not constitute "alternative finance investment bonds" (AFIBs) within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) (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 United Kingdom Financial Conduct Authority. Accordingly, any Certificates to be issued under the Programme must not be marketed in the United Kingdom to the general public and this Base Prospectus is not being distributed to, and must not be passed on to, the general public in the United Kingdom.

The distribution in the United Kingdom of this Base Prospectus, any Final Terms 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 United Kingdom may not receive and should not act or rely on this Base Prospectus, any Final Terms or any other marketing materials in relation to any Certificates.

Prospective investors in the United Kingdom in any Certificates are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in such Certificates and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme.

Any prospective investor intending to invest in any investment described in this Base Prospectus should consult its professional adviser and ensure that it fully understands all the risks associated with making

such an investment and that it has sufficient financial resources to sustain any loss that may arise from such investment.

NOTICE TO RESIDENTS IN THE KINGDOM OF BAHRAIN

In relation to investors in the Kingdom of Bahrain (*Bahrain*), Certificates issued in connection with this Base Prospectus 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 Bahrain where such investors make a minimum investment of at least U.S.\$100,000 or any equivalent amount in any other currency or such other amount as the CBB may determine.

This Base Prospectus 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 Base Prospectus and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Certificates may be offered, sold or made the subject of an invitation for subscription or purchase, nor will this Base Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase Certificates, whether directly or indirectly, to persons in Bahrain, other than to accredited investors (as such term is defined by the CBB) for an offer outside Bahrain.

The CBB has not reviewed, approved or registered this Base Prospectus or any related offering documents and it has not in any way considered the merits of the Certificates to be offered for investment, whether in or outside Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Base Prospectus and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Base Prospectus. No offer of Certificates will be made to the public in Bahrain and this Base Prospectus must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

NOTICE TO RESIDENTS IN SAUDI ARABIA

This Base Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority.

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

NOTICE TO RESIDENTS IN QATAR

Any Certificates to be issued under the Programme will not be offered or sold at any time, directly or indirectly, in Qatar (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Base Prospectus has not been and will not be reviewed or approved by, or registered with, the Qatar Financial Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority in accordance with their regulations or any other regulations in Qatar (including the Qatar Financial Centre). The Certificates are not and will not be traded on the Qatar Stock Exchange. The Certificates and interests therein will not be offered to investors domiciled or resident in Qatar (including the Qatar Financial Centre) and do not constitute debt financing in Qatar under the Commercial Companies Law No. (11) of 2015 or otherwise under the laws of Qatar (including the Qatar Financial Centre).

NOTICE TO RESIDENTS IN KUWAIT

Unless all necessary approvals from the Kuwait Capital Markets Authority (the *Kuwait CMA*) pursuant to Law No. 7 of 2010, and its Executive Regulations (each as amended) and the various Resolutions, Instructions and Announcements issued pursuant thereto, or in connection therewith, have been given in

relation to the marketing of, and sale of, the Certificates, the Certificates may not be offered for sale, nor sold, in Kuwait. No such approvals have been received or applied for in respect of the Certificates. Neither this Base Prospectus nor any of the information contained herein is intended to lead to the conclusion of any contract of whatsoever nature within Kuwait.

NOTICE TO RESIDENTS IN THE CAYMAN ISLANDS

No invitation, whether directly or indirectly, may be made to any member of the public in the Cayman Islands to subscribe for any Certificates issued under the Programme and this Base Prospectus 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 Base Prospectus or any document or other materials in connection therewith may not be distributed in Malaysia other than to persons falling within the categories set out in Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b), and Schedule 8 or Section 257(3) of the Capital Market and Services Act 2007 (the *CMSA*) of Malaysia, as may be amended and/or varied from time to time and subject to any amendments to the applicable laws from time to time.

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

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RISK FACTORS

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

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

Each of the Trustee and the Bank believes that the non-exhaustive list of factors described below represent the material risks inherent in investing in Certificates, but the inability of the Trustee to pay Periodic Distribution Amounts (as defined in the Conditions), Dissolution Distribution Amounts (as defined in the Conditions) or other amounts on or in connection with any Certificates may occur for other reasons which may not be considered significant risks by the Trustee and/or the Bank based on information currently available to them or which they may not currently be able to anticipate. Neither the Trustee nor the Bank represents that the statements below regarding the risks of holding any Certificates are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision. Words and expressions defined in the Conditions or "Summary of the Principal Transaction Documents" shall have the same meanings in this section.

RISKS RELATED TO THE TRUSTEE

The Trustee was incorporated under the laws of the Cayman Islands on 20 September 2016 as an exempted company with limited liability and has a limited operating history. The Trustee has not engaged, and will not engage, in any business activity other than the issuance of Certificates under the Programme, the acquisition of Trust Assets as described herein, acting in the capacity as Trustee, the issuance of shares in its capital and other related activities as required under the Transaction Documents. Because the Trustee is a Cayman Islands company, it may not be possible for Certificateholders to effect service of process on it outside the Cayman Islands. The Trustee's only material assets, which will be held on trust for Certificateholders, will be the Trust Assets in respect of each Series of Certificates issued, including the obligation of the Bank to make payments to the Trustee under the relevant Transaction Documents relating to each Series. Therefore, the Trustee is subject to the same risks that affect the Bank to the extent that those risks limit the Bank's ability to satisfy in full and on a timely basis its obligations under the Transaction Documents. The ability of the Trustee to pay amounts due on the Certificates is dependent upon receipt by the Trustee from the Bank of amounts to be paid pursuant to the relevant Transaction Documents, which may not be sufficient to meet all claims under the Certificates and the relevant Transaction Documents. See "*Risks relating to the Bank and its ability to fulfil its obligations under the Transaction Documents*".

RISKS RELATING TO THE BANK AND ITS ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE TRANSACTION DOCUMENTS

Risks relating to the emergence of the 2019 novel coronavirus COVID-19

The outbreak of communicable diseases on a global scale may affect investment sentiment and result in sporadic volatility in global capital markets. The COVID-19 outbreak is currently having an indeterminable adverse impact on the world economy. COVID-19 was first identified in Wuhan, Hubei Province, China in late 2019. In response to the rapid spread of COVID-19, the Chinese government imposed travel restrictions and quarantines to help limit risk of infection. However, while the spread of COVID-19 slowed in China in early 2020, it continued to spread in many countries around the world, leading the World Health Organisation to declare the outbreak a global pandemic on 11 March 2020.

Many of these affected countries, including the United States and countries in Europe, have been significantly impacted and have experienced high levels of deaths connected with COVID-19. In response, most affected countries, including Qatar, introduced restrictions on travel and on the freedom of movement of people. These measures, while aimed to slow the spread of COVID-19, have significantly reduced economic activity in many countries around the world. Although some countries are now starting to relax the restrictions to a certain extent, it remains unclear how long the restrictions will remain in place (or, if relaxed, whether they will need to be

reinstated following localised increases in infection rates) and what their ultimate impact will be on global and local economies, as well as on the price of oil. The economic impact of COVID-19 has already included, and may continue to result in, significant volatility in financial markets and reduced global liquidity and investment, and it may lead to lower economic growth regionally and globally.

In response to the impact of COVID-19 on their domestic economies, various governments around the world, including Qatar (see *"The Qatar Banking Sector and Regulations - Response to COVID-19"*), have announced fiscal stimulus packages and numerous central banks have cut interest rates. Specifically, on 3 March 2020, the U.S. Federal Reserve cut its target range for the federal funds rate by 0.5 per cent. to between 1.00 and 1.25 per cent. and, on 15 March 2020, the range was cut further to between 0 to 0.25 per cent. On 16 March 2020, the QCB reduced the overnight deposit interest rate from 1.50 per cent. to 1.0 per cent., the overnight lending rate from 3.50 per cent. to 2.50 per cent. and the repo rate from 1.50 per cent. to 1.0 per cent. These and any future reductions in these rates or changes in fiscal stimulus packages or QCB measures could reduce liquidity and adversely impact the Bank's financing costs, if the Bank is unable to pass these increased costs on to its customers.

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

All of these factors have the potential to impact the Bank's assessment of its expected credit losses and may therefore result in significantly increased impairment losses in future periods, at least until Qatar and other economies to which the Bank is exposed recover from the effects of COVID-19 restrictions and low oil prices. Whilst the direct and indirect impact of the COVID-19 outbreak remains uncertain, there can be no assurance that such impairment losses will not significantly increase for future periods, which in turn could have an adverse effect on the Bank's business, financial condition, results of operations or prospects.

In addition, concerns remain as to whether such policy tools available to governments and central banks will counter anticipated macro-economic risks and a prolongation of the outbreak could significantly adversely affect economic growth, affect specific industries or countries or affect the Bank's employees and business operations in affected countries.

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

Concentration risks in the Bank's financing and deposit portfolio

Concentrations in the financing and deposit portfolio of the Bank subject it to risks of default by the Bank's larger customers, from exposure to particular sectors and from withdrawal of large deposits.

The Bank's 10 largest customers represented 58.3 per cent. of the Bank's total net financing assets as at 30 June 2020. In addition, Government and Government related entities constituted 47.2 per cent. of the Bank's gross financing portfolio.

In terms of the Bank's investment portfolio concentration, as at 30 June 2020, investment in Qatar sovereign sukuk accounted for 92.1 per cent. of the Bank's total investment portfolio. In addition, as at 30 June 2020, the Bank's top ten depositors constituted 31.3 per cent. of total deposits.

In terms of the industry concentration of the Bank's deposit portfolio, as at 31 December 2019, personal and other deposits accounted for 38.2 per cent., commercial deposits accounted for 22.5 per cent. and Government and government related institutions deposits accounted for 39.3 per cent. A downturn in the fortunes of any of the Bank's depositors, the sectors in which they operate or the Qatari economy could have an adverse effect on the Bank's business, financial condition, results of operations, liquidity and prospects. See also *"- The Bank is subject*

to the risk that liquidity may not always be readily available; this risk may be exacerbated by conditions in global financial markets".

The Bank is subject to the risk that liquidity may not always be readily available; this risk may be exacerbated by conditions in global financial markets

Liquidity risk is the risk that the Bank will be unable to meet its obligations, including funding commitments, as they fall due, which in turn could have a materially adverse effect on the Bank's business, financial condition, results of operations and prospects. The Bank has historically relied substantially on retail and corporate depositors to meet most of its funding needs. Such deposits are subject to fluctuation due to certain factors outside the Bank's control, such as any possible loss of confidence and competitive pressures, which could result in a significant outflow of deposits within a short period of time. Any unexpected withdrawals of such deposits could have a material impact on the Bank's liquidity. Liquidity risk is inherent in banking operations and can be heightened by a number of enterprise specific factors, including over-reliance on a particular source of funding (including, for example, short-term and overnight funding), changes in credit ratings or market-wide phenomena such as market dislocation and major disasters. Credit markets worldwide experienced a severe reduction in liquidity and term-funding during the global financial crisis and, since then, the availability of liquidity has continued to fluctuate.

The perception of counterparty risk between banks also increased significantly during the global financial crisis and in the prevailing unstable macroeconomic climate, which led to further reductions, in common with many other banks, in the Bank's access to traditional sources of liquidity, such as the financial markets. The Bank's access to these traditional sources of liquidity has been, and may continue to be, restricted or available only at a higher cost and there can be no assurance that the QCB will continue to provide the levels of support that it has provided to date.

In addition, uncertainty or volatility in the capital and credit markets, as a result of the spread of COVID-19 or otherwise (See "*Risks relating to the emergence of the 2019 novel coronavirus COVID-19*"), may limit the Bank's ability to refinance maturing liabilities with long-term funding and increase the cost of such funding. The availability to the Bank of any additional financing it may need will depend on a variety of factors, such as market conditions, the availability of credit generally and to customers in the financial services industry specifically, and the Bank's financial condition and credit ratings.

The Bank could be adversely affected by the soundness or the perceived soundness of other financial institutions and counterparties, which could result in significant systemic liquidity problems, losses or defaults

Against the backdrop of constraints on liquidity and the high cost of funds in the interbank lending market and given the high level of interdependence between financial institutions that became increasingly evident during the global financial crisis and in the prevailing unstable macroeconomic climate in 2016, the Bank, like other financial institutions, is subject to the risk of deterioration of the commercial and financial soundness, or perceived soundness, of other financial services institutions. Within the financial services industry the default of any one institution could lead to defaults by other institutions. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions, because the commercial and financial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of, or questions about, a counterparty may lead to market-wide liquidity problems and losses or defaults by the Bank or by other institutions. This risk is sometimes referred to as **systemic risk** and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom the Bank interacts on a daily basis. Systemic risk could have a material adverse effect on the Bank's ability to raise new funding and on its business, financial condition, results of operations, liquidity and prospects.

The Bank's financial condition and operating results could be affected by market risks

The Bank's business, financial condition, results of operations, liquidity and prospects could be affected by market risks that are outside the Bank's control, including, amongst other things, prices of securities, profit and interest rates, currency exchange rates and investment and asset and liability management activities.

Fluctuations in interest rates could adversely affect the Bank's operations and financial condition in a number of different ways. Such an increase could generally decrease the value of the Bank's securities portfolio. Volatility in interest rates may result in a re-pricing gap between the Bank's profit rate sensitive assets and liabilities. As a result, the Bank may incur additional costs.

The Bank's financial condition and operating results may also be affected by changes in the market value of the Bank's securities portfolio. The Bank's income from investment activities depends on numerous factors beyond its control, such as overall market trading activity, interest rate levels (as described above), fluctuations in currency exchange rates and general market volatility. Although the Bank has risk management processes that review and monitor the market risk aspects of investment proposals and investment portfolios (which comply with QCB requirements and guidelines, including overall structure and investment limits), market price fluctuations may still adversely affect the value of the Bank's securities portfolio. See "*– Description of Masraf Al Rayan (Q.P.S.C.) – Risk Management – Market Risk*".

Market fluctuations and volatility may adversely affect the value of the Bank's positions in certain securities and make it more difficult to assess the fair value of certain of its assets

As at the date of this Base Prospectus, the prevailing unstable macroeconomic climate has prompted reduced fiscal budgets and public spending plans across the GCC economies, with particular concerns around the ongoing impact of the spread of COVID-19, volatility of global crude oil prices, the effects of the economic slowdown in emerging markets generally, and volatility in the Chinese economy in particular, and the broader impact of this unstable climate on global debt and equity markets. Moreover, market volatility and illiquidity made it difficult to value certain investment exposures. Valuations in future periods, reflecting then-prevailing market conditions, may result in significant changes in the fair values of the Bank's exposure. In addition, the value ultimately realised by the Bank may be materially different from the current or estimated fair value. Any of these factors could require the Bank to recognise valuation losses or realise impairment charges, any of which may adversely affect its business, financial condition, results of operations, liquidity and prospects.

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

The Bank's total net financing assets as at 30 June 2020 stood at QR 78.1 billion, of which 39.43 per cent. or QR 30.8 billion are exposures to real estate. As at the date of this Base Prospectus, the prevailing unstable macroeconomic climate has led to a contraction in the residential property prices and commercial property prices in the Bank's core markets. Macroeconomic and other factors could lead to a further contraction in the residential funding and commercial funding market and to decreases in residential and commercial property prices, which would impact on the Bank's profitability and, in turn, could have a material adverse effect on the Bank's business, financial condition, results of operations, liquidity and prospects. These factors could also lead to a significant slowdown in the construction sector in Qatar. See "*– A recurrence of rising inflation, or continued deflation, may impact the Bank's profitability*". Furthermore, deteriorating economic conditions in the Qatari banking sector have in the past prompted the Government to provide certain support measures relating to the Qatari commercial banking sector's real estate portfolio. Although the Bank has indirectly benefited from such measures, there is no assurance that such support from the Government will be provided again.

Market conditions may increase the risk of financing activities being impaired

The Bank is exposed to the risk that customers may not repay their financing activities according to their contractual terms and that any collateral securing the payment of these activities may be insufficient. The risk of increased impairment losses is exacerbated as a result of the spread of COVID-19 (See "*– Risks relating to the emergence of the 2019 novel coronavirus COVID-19*"). The Bank continuously reviews and analyses its financing portfolio and credit risks. The Bank's allowance for losses on financing activities is based on, among other things, its analysis of current and historical delinquency rates and the valuation of any underlying assets, as well as numerous other management assumptions. These internal analyses and assumptions may give rise to inaccurate predictions of credit performance (See "*– Description of Masraf Al Rayan (Q.P.S.C.) – Risk Management – Credit Risk*"). A material increase in financing activity losses would have a material adverse effect on the Bank's business, financial condition, results of operations, liquidity and prospects.

The Bank's ability to achieve its strategic objectives could be impaired if it is unable to maintain or obtain required licences, permits, approvals and consents

In order to carry out and expand its business, the Bank needs to maintain or obtain a variety of licences, permits, approvals and consents from regulatory, legal, administrative, tax and other authorities and agencies. The processes for obtaining these permits and approvals are often lengthy, complex, unpredictable and costly. If the Bank is unable to maintain or obtain the relevant permits and approvals, its ability to achieve its strategic objectives could be impaired, with a consequent adverse impact on the market value of any Certificates issued under the Programme, the Trustee's and the Bank's ability to perform their obligations under the Transaction Documents to which they are a party and the Bank's business, financial condition, results of operations, liquidity and prospects.

The Bank may not be successful in implementing its growth strategy or penetrating new markets

The Bank seeks to selectively expand into new business and financial services product offerings as opportunities arise. This strategy exposes the Bank to a number of risks and challenges, including, the possible failure to identify appropriate opportunities and offer attractive new products, failure to comply with new market and regulatory standards, and the need for hiring and retraining skilled personnel, each of which would have a potential adverse impact on the Bank's business, financial condition, results of operations, liquidity and prospects. In addition, the Bank may face increased costs in connection with its expansion strategy.

The Bank's growth strategy in the future may also involve strategic acquisitions and restructurings, partnerships, joint ventures and strategic business arrangements with other parties. These arrangements may not necessarily contribute to business growth and the Bank's profitability or may be unsuccessful. Furthermore, the Bank could experience difficulty in assimilating personnel, integrating operations and cultures and may not realise the anticipated synergies or efficiencies from such transactions. These difficulties could disrupt the Bank's ongoing business, distract its management and employees and increase its expenses.

The growth and diversification of the Bank's financing portfolio has increased its credit exposure and risk profile

Risks arising from adverse changes in the credit quality and recoverability of the Bank's financing portfolio, securities and amounts due from counterparties are inherent in a wide range of the Bank's businesses, principally in its financing and investment activities. Credit risks could also arise from a general further deterioration in local or global economic conditions, a deterioration in the market value, amount or type of collateral available or from systemic risks within these financial systems, which could affect the recoverability and value of the Bank's assets. The Bank's failure to maintain growth of its financing portfolio while maintaining the quality of its assets through effective risk management policies could lead to higher financing loss provisioning and result in higher levels of defaults and write-offs, which in turn could have a material adverse effect on the Bank's results of operations, business, financial condition, liquidity and prospects. See "*Description of Masraf Al Rayan (Q.P.S.C.) – Risk Management*".

On 21 March 2011, the QCB launched the Central Credit Bureau (**Credit Bureau**), the purpose of which is to collate information about customers based in Qatar and their credit history to support sustainable growth of credit in Qatar. Banks and financial institutions in Qatar rely on the credit reports of the Credit Bureau to support their risk management decisions and to monitor the ongoing financial performance of their customers as specified in the "Basel II" accord. However, as the availability of accurate and comprehensive financial and general credit information on individuals and small businesses in Qatar is limited, it is likely to be more difficult for the Bank to accurately assess the credit risk associated with such financing. As a result, retail and small business customers may be over-extended by virtue of other credit obligations of which the Bank is unaware. The Bank is therefore exposed to retail and small business credit risks that it may not be able to accurately assess and provide for. These factors may result in the Bank facing credit delinquencies in its customer financing portfolio. Although the Bank has policies to deal with problem financings, there can be no assurance that these policies will result in full or partial recovery of all amounts due.

If the Bank is unable to maintain the quality of its assets through effective risk management policies, this could lead to higher impairment losses and result in higher levels of defaults and write-offs, which in turn could have a material adverse effect on the Bank's business, financial condition, results of operations, liquidity and prospects.

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

The Bank including its subsidiaries and associates face high levels of competition for all of their products and services. Prior to the closing of the "Islamic windows" of conventional banks on 31 December 2011 as a result of new QCB regulations, the Bank competed with conventional banks with Islamic capabilities in Qatar. Competition is intensifying with international banks increasing their presence in Qatar, either directly or through strategic investments. These banks are competing against the Bank for acquiring market share in the wholesale corporate and Government sector. According to the QCB, as at 31 December 2019 there were a total of 17 banks licensed by the QCB, consisting of five domestic conventional banks, one state-owned development bank, four domestic Islamic banks and seven foreign banks. In addition to the existing retail banks in Qatar, more international banks are expected to commence business through the QFC, which would allow them to compete for large corporate and Government business (see "*The Qatar Banking Sector and Regulations - Qatar Financial Centre*").

The closing of the Islamic windows in December 2011, as well as subsequent regulations implemented to extend the ban on conventional banks operating Islamic windows to financial institutions in the QFC, were intended to drive development in the Islamic banking sector and allow Islamic banks to obtain exclusive access to Sharia-compliant customers, whilst competing with conventional banks in relation to non-Sharia-compliant customers. Should the ban on Islamic operations for conventional banks be lifted, this would substantially increase competition in the Qatari market.

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

The Bank may not be able to recruit and retain qualified and experienced personnel which could have an adverse effect on its business and its ability to implement its growth strategy

The Bank's success and ability to maintain current business levels and sustain growth will depend, in part, on the Bank's ability to continue to recruit and retain qualified and experienced banking and management personnel. The Bank could face challenges in recruiting qualified personnel to manage its business. Additionally, if the Bank continues to grow, it will need to continue to increase its number of employees. While the Bank believes that it has effective staff recruitment, training and incentive programmes in place, the Bank's failure to recruit, train and/or retain necessary personnel, or, in the light of the Bank's focus on "*Qatarisation*", the shortage of qualified Qatari or other nationals prepared to relocate to Qatar, could have a material adverse effect on its business, financial condition, results of operations, liquidity and prospects.

The loss of key personnel may adversely affect the Bank's ability to implement its strategies

The Bank's future success and growth depends to a substantial degree on its ability to retain and motivate the Bank's senior management and other key personnel. The Bank depends especially on the efforts, skill, reputation and experience of its key senior management, as well as synergies among their diverse fields of expertise and knowledge. The Bank is not insured against losses that may be incurred in the event of the loss or dismissal of its key personnel.

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

In the course of its business activities, the Bank is exposed to a variety of risks, the most significant of which are credit risk, market risk, liquidity risk, regulatory and legal risk, and operational risk. See "*Description of Masraf Al Rayan (Q.P.S.C.) – Risk Management*". The Bank's risk management techniques may not be fully effective in mitigating its exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some of the Bank's methods of managing risk are based upon its use of historical market behaviour. These methods may not predict future risk exposures, which could be significantly greater than historical measures indicate. There can be no assurance that the Bank's risk management and internal control

policies and procedures will adequately control, or protect the Bank against, all credit and other risks. In addition, certain risks could be greater than the Bank's empirical data would otherwise indicate. The Bank also cannot guarantee that all of its staff will adhere to its policies and procedures.

The Bank is susceptible to, among other things, failure of internal processes or systems, unauthorised transactions by employees and operational errors, including clerical or record keeping errors, errors resulting from faulty computer or telecommunications systems, and fraud by employees or outsiders. See "*The Bank is subject to risks relating to its information technology systems which are subject to potential cyber-attack*". The Bank's risk management and internal control capabilities are also limited by the information, tools and technologies available to the Bank. Any material deficiency in the Bank's risk management or other internal control policies or procedures may expose the Bank to significant credit, liquidity, market or operational risk, which may in turn have a material adverse effect on the Bank's business, financial condition, results of operations, liquidity and prospects.

A downgrade in the Bank's credit ratings could limit its ability to access the debt capital markets and may increase its financing costs and/or adversely affect its relationship with creditors

The Bank's credit ratings, which are intended to measure its ability to meet its debt obligations as they mature, are an important factor in determining the Bank's cost of borrowing funds. The profit rates on the debt security issuances taken out by the Bank are partly dependent on its credit ratings. As at the date of this Base Prospectus, the Bank's long-term local and foreign currency rating was assessed by Moody's at A1 with a stable outlook. A downgrade of the Bank's credit ratings, or outlook, may increase its cost of financing and materially adversely affect its business, financial condition, results of operations, liquidity and prospects.

As at 30 June 2020, 94.7 per cent. of the Bank's sukuk portfolio was rated AAA to A- and mainly represented Qatar sovereign sukuk. Any downgrading in the investments in the Bank's sukuk portfolio may expose the Bank to significant credit, liquidity, market or operational risk, which may in turn have a material adverse effect on the Bank's business, financial condition, results of operations, liquidity and prospects.

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

The Bank depends on its information technology systems to process a large number of transactions on an accurate and timely basis, and to securely store and process substantially all of the Bank's business and operating data. The proper functioning of the Bank's financial control, risk management, credit analysis and reporting, accounting, customer service and other information technology systems, as well as the communication networks between its branches and main data processing centres, are critical to the Bank's business and ability to compete effectively. The Bank's business activities would be materially disrupted if there were a partial or complete failure of any of the information technology systems or communications networks. Such failures can be caused by a variety of factors, including natural disasters, extended power outages, computer viruses, network security breaches or malicious attacks against the Bank's information technology infrastructure and data servers.

Cyber-security has become an increasingly important consideration for financial institutions. The quantity of sensitive information stored by financial institutions makes them potential targets of cyber-attacks. In common with other financial institutions, the Bank recognises the need to protect itself from the threat to security of its information and customer data from cyber-attacks. Risks to technology and cyber-security change rapidly and require continued focus and investment and the Bank acts accordingly and takes appropriate steps on an on-going basis to combat such threats and minimise such risks. Given the increasing sophistication and scope of potential cyber-attacks, it is however possible that future attacks may lead to significant breaches of security. Failure to adequately manage cyber-security risk and continually review and update current processes in response to new threats could adversely affect the Bank's reputation, business, results of operations, financial condition and prospects.

The proper functioning of the Bank's information technology systems also depends on accurate and reliable data and other system input, which are subject to human errors. Any failure or delay in recording or processing the Bank's transaction data or any breach of information security could subject it to claims for losses and regulatory fines and penalties. The Bank has implemented and tested detailed business continuity plans and processes as well as disaster recovery procedures, but there can be no assurance that these safeguards will be fully effective and any

failure may have a material adverse effect on the Bank's business, financial condition, results of operations, liquidity and prospects.

The Bank may not receive future support from the Government, or it may not receive future support that is commensurate with the support that it has received in the past

In the aftermath of the 2008 global economic crisis and its impact on the Qatari banking sector, the Government initiated several plans to support domestic banks in Qatar. See "*Description of Masraf Al Rayan (Q.P.S.C.) – Competitive Strengths – Strong Governmental support and mutually beneficial partnership with the Government*".

A significant portion of the Bank's shareholder base comprises of Qatari Government or government related entities. In addition, the Bank has a strong government related franchise with Government and government related entities accounting for 37.5 per cent. of the Bank's total deposits and 47.2 per cent. of total gross financing assets, respectively as at 30 June 2020 (see "*Risks relating to the emergence of the 2019 novel coronavirus COVID-19*"). Although the Government has supported the domestic banking industry during the recent global economic crisis, and notwithstanding the fact that the Bank is categorised as a DSIB, there can be no assurance that the Government will provide any additional support to the Bank and the domestic banking industry if another major economic disruption were to occur in the future, as the Government is currently under no legal obligation to provide such support.

In particular, it is anticipated that a fall in energy prices could prompt the Government to reduce current expenditure and investment in development projects. Any such diversion in the Government's expenditure or investment could affect the amount of business opportunities available for the Bank and therefore impact the Bank's business, financial condition, results of operations, liquidity and prospects.

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

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

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

The Government, through Qatar Holding LLC, the General Retirement and Social Insurance Authority, the Military Pension Fund and other Government and quasi-government funds, held approximately 28.9 per cent. of the Bank's share capital as at 30 June 2020. By virtue of such shareholding, the Government has the ability to influence the Bank's business through its ability to vote on corporate actions that require shareholder approval. If circumstances were to arise where the interests of the Government conflicted with the interests of the Certificateholders, the Certificateholders may be disadvantaged by such conflict.

The Bank is operating within a Sharia environment, which may impact its profitability and competitiveness due to a lack of Islamic financing products

As the Bank is governed by the Sharia Supervisory Board, the range of products and services that it can offer might be limited compared to those offered by conventional banks. This factor may limit its ability to compete

effectively with conventional banks for the business of customers who are not sensitive as to whether or not their banking arrangements are structured in a Sharia-compliant manner.

Like some conventional financial products, the structure of Islamic financial products can include the financial institution offering the products by acquiring legal title to physical assets including, for example, real estate, aircraft or ships. Whilst the risks associated with ownership of these products can be mitigated through contractual arrangements and the purchase of Islamic insurance (*takaful*), if the Bank is found to have financial liability arising from the ownership of assets comprising part of its offering of financial products, this could have a material adverse effect on the Bank's business, financial condition, results of operations, liquidity and prospects.

The Bank's financial statements are prepared in accordance with financial accounting standards issued by AAOIFI and, for matters not covered by those standards, IFRS and significant discretion is required to be exercised by management in the preparation of the Bank's financial statements

The Bank's financial statements are prepared in accordance with financial accounting standards issued by AAOIFI and, for matters not covered by those standards, IFRS. In preparing its financial statements, the Bank also takes into account Sharia rules and principles as determined by its Sharia Supervisory Board and relevant laws and instructions issued by the QCB and the provisions of the Qatar Commercial Companies Law (Qatar law No. 11/2015) (the **Commercial Companies Law**). As a result, there may be significant differences between the Bank's financial statements as currently prepared and its financial statements if they had been prepared solely in accordance with IFRS and applicable Qatari laws. For a discussion of certain differences between AAOIFI standards and IFRS, see "*Summary of Significant Differences Between the Financial Accounting Standards issued by AAOIFI and International Financial Reporting Standards*".

Both AAOIFI standards and IFRS change from time to time and these changes may have a material effect on how the Bank reports its results of operations and financial position.

In accordance with applicable accounting standards, the Bank's management is required to make a number of significant accounting estimates, assumptions and judgments in preparing the Bank's financial statements. Many of these estimates, assumptions and judgments relate to determinations as to whether or not financing advances and financial assets should be impaired. In part, the judgments are based on observable market data and the Bank's historical experience of losses in relation to assets of the type concerned. In other cases, significantly greater levels of judgment are required. The Bank's management also uses significant discretion in determining the fair value of financial instruments, particularly in cases where there is no observable market data on which to base the determination, and in determining the useful lives of fixed assets, which in turn affects the annual depreciation charges on those assets. The Bank has established detailed policies and control procedures that are intended to ensure that these significant accounting estimates, assumptions and judgments are well controlled and applied consistently. In addition, the policies and procedures are intended to ensure that the process for changing methodologies occurs in an appropriate manner. Because of the uncertainty surrounding the Bank's estimates, assumptions and judgments, the Bank cannot guarantee that it will not be required to make changes in accounting estimates or restate prior period financial statements in the future.

Risks Relating to Legal and Regulatory Compliance

The Bank is a highly regulated entity and changes to applicable laws or regulations, the interpretation or enforcement of such laws or regulations or the failure to comply with such laws or regulations could have a material adverse effect on the Bank

The Bank is subject to a number of prudential and regulatory controls designed to maintain the safety and soundness of banks, ensure their compliance with economic and other objectives and limit their exposure to risk. These regulations include Qatari laws, regulations, administrative actions and policies (particularly those of the QCB, the QFMA, the QCSD and the QSE).

These regulations may limit the Bank's ability to increase its financing operations. Changes in supervision and regulations may also increase the Bank's cost of doing business, limit the products or services offered and could have a material adverse effect on the value of its assets, financial condition, financial performance or profitability.

Increased regulations, changes in laws and regulations (such as those made pursuant to Basel II and Basel III) and the manner in which they are interpreted or enforced (such as Resolution No. (11) of 1997) may have a material adverse effect on the Bank's business, financial condition, results of operations, liquidity and prospects.

Additionally, the Government announced in 2008 its intention to establish a single financial regulator in Qatar which would regulate the banking, insurance and securities sectors. Although these plans have been postponed by the Government for the foreseeable future, the QCB, the QFCRA and the QFMA welcomed the enactment of the QCB Law (Law No. 13 of 2012), which was enacted by H.H. The Emir on 2 December 2012. The QCB Law is seen as a key step in advancing the framework for financial regulation and supervision in Qatar and expanding the ambit of regulation and supervision to cover areas requiring new and enhanced financial regulation within the State. It also lays the foundation for increased co-operation between the regulatory and supervisory bodies in Qatar as they develop and apply regulatory and supervisory policy and implement international standards and best practices to deliver the objectives of the Qatar National Vision 2030. Although at present, the Second Qatar National Development Strategy 2018-2022 focuses on increased co-ordination between regulators rather than the establishment of a single regulator, such co-ordination may change the way that current regulations are implemented or enforced. The three financial regulators in Qatar, namely QCB, QFCRA and QFMA have devised strategic plans (First Strategic Plan 2013-2016 and Second Strategic Plan 2017-2022 (the "**Strategic Plans**")) with the aim of ensuring a sound and resilient financial sector for sustainable economic growth. One of the goals of the three financial regulators under the Strategic Plans is to enhance financial sector regulation and promote regulatory cooperation which will be reinforced by close cooperation amongst the financial regulators as well as continuous interaction with the relevant government entities and ministries, as and when required. Non-compliance with regulatory guidelines could expose the Bank to potential liabilities. Although the Bank works closely with its regulators and continually monitors the situation, future changes in regulation, fiscal or other policies cannot be predicted and are beyond the control of the Bank.

Furthermore, the Bank is required to comply with applicable anti-money laundering and anti-terrorism laws and other regulations in Qatar and other jurisdictions where it has operations. In Qatar, the Bank must comply with the Anti Money Laundering Law No. 20 of 2019 read with Cabinet Resolution No. 41 of 2019 issuing the Executive Regulations in respect of the Anti Money Laundering Law No. 20 of 2019, and the QCB Anti Money Laundering and Combating Terrorism Financing Instructions for Financial Institutions issued in May 2020. To the extent the Bank may fail or be perceived to fail to comply fully with applicable laws and regulations, the regulatory agencies to whom the Bank reports have the power and authority to impose fines and other penalties on the Bank. In addition, the Bank's business and reputation could suffer if customers use the Bank for money laundering or illegal or improper purposes.

The Bank may be subject to increased capital requirements or standards due to new Governmental or regulatory requirements and changes in perceived levels of adequate capitalisation

Financial institutions have experienced, and may continue to experience, irregularity in the markets in which the Bank operates, increasing the capital requirements for the Bank's operations. It should be noted that, pursuant to QCB laws and regulations, the QCB is entitled to amend capital adequacy requirements at its sole discretion. In December 2010 the Basel Committee published a revised set of guidelines (**Basel III**), the implementation of which began on 1 January 2013. A circular concerning Basel III was issued by the QCB in August 2012 relating to Basel III's liquidity requirements. This circular mandated all national banks to submit liquidity ratio calculations in accordance with Basel III's requirements for Liquidity Coverage, Net Stable Funding and Leverage Ratios on a monthly basis, with initial reports to be submitted based on 31 August 2012 data.

In January 2014, the QCB issued circular No. 3 of 2014 to all conventional banks operating in Qatar and circular No 6 of 2014 applicable to all Islamic banks with instructions regarding the implementation of QCB Basel III capital adequacy requirements. The QCB minimum recommended capital adequacy requirements under Basel III were increased to 12.5 per cent. (including a capital conservation buffer of 2.5 per cent.). Commercial banks in Qatar are also required to maintain a minimum liquidity coverage ratio of 100 per cent. since 2018. This represents a shorter timeline than Basel III, which allowed banks until 1 January 2019 to comply with the 100 per cent. minimum liquidity coverage ratio. The QCB has undertaken extensive groundwork in order to implement QCB Basel III requirements including the initiation of a test phase.

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

In March 2015, the Bank was classified as a DSIB by the QCB and, therefore the minimum requirement, from 1 January 2018, is set at 13.5 per cent.

Requirements imposed by regulators, including capital adequacy requirements, are designed to ensure the integrity of the financial markets and to protect customers and other third parties with whom the Bank deals. These requirements are not designed to protect the holders of the Certificates. Consequently, these regulations may limit the Bank's activities, including its financing, and may increase the Bank's costs of doing business, or require the Bank to seek additional capital in order to maintain Qatari capital adequacy requirements or different varieties of funding to satisfy the Qatari liquidity requirements. In addition, a regulatory breach of guidelines in Qatar could expose the Bank to potential liability and other sanctions, including the loss of its general banking licence.

Additional capital, whether in the form of financing arrangements or additional equity, may not be available on attractive terms, or at all. Further, any such development may require the Bank to change how it conducts its business, including by reducing the risk and leverage of certain activities, or otherwise have an adverse impact on its business, the products and services it offers and the value of its assets. The Bank may become subject to mandatory guidelines and direct monitoring by the QCB should it fail to strengthen its capital position.

There can be no assurance that any of these alternative methods of raising capital would be successful in increasing the Bank's capital ratios sufficiently or within the timetable required. If the Bank is unable to increase its capital ratios sufficiently, its credit ratings may drop, its cost of funding may increase and its share price may decline.

The QCB circular on retail banking, which sets certain limits on the Bank's retail operations, may have adverse implications on the profitability of the Bank's business

On 10 April 2011 the QCB issued a circular to all banks operating in Qatar which, amongst other things, caps the loan amounts, both in real terms and as a percentage of salary, that may be made available to retail customers in Qatar. The circular also limits the repayment period and caps the interest payable (or profit rate for Islamic banks) on retail loans, and puts similar interest rate restrictions (or profit rate restrictions for Islamic banks) in place in respect of credit cards made available to retail customers. The circular only applies to transactions entered into by the Bank after 10 April 2011. This initiative was subsequently adopted by Qatari private sector companies. However, the Bank's profitability in respect of its retail operations may be adversely affected in the future as a result of this QCB circular, which in turn could have a material adverse effect on the Bank's business, financial condition, results of operations, liquidity and prospects.

Qatar has a relatively new insolvency law and there is no certainty as to how Qatari courts will construe or enforce such law in the event of a bankruptcy affecting the Bank

Qatar has adopted a bankruptcy and insolvency provisions (part of the Commercial Code No. 27 of 2006) (the **Bankruptcy Provisions**), which came into effect on 13 May 2007. The Bankruptcy Provisions are similar to those included in the Egyptian and most other GCC laws and relate largely to the declaration of bankruptcy, its effects and its administration, and include conciliation to prevent bankruptcy. However, because the Bankruptcy Provisions are relatively new and untested by Qatari courts, there is no certainty as to how Qatari courts would construe or enforce the Bankruptcy Provisions in the event of a bankruptcy affecting the Bank. There can also be no assurance that a Qatari court would compel a bankruptcy administrator to perform any of the Bank's obligations under the Transaction Documents to which it is a party during an administration period. The Bankruptcy Provisions also enable Qatari courts to defer adjudication of a company's bankruptcy if the court decides that it is possible to improve that company's financial position during a period (such period to be specified by the court) or if judged to be in the interest of the national economy. Similarly, given the lack of precedent, there is no certainty as to if and how the QCB might exercise its powers of temporary management and control under the QCB Law (including putting a financial institution into liquidation) in relation to financial institutions experiencing financial

difficulties. The QCB Law provides that the QCB may place a financial institution under interim administration or temporary management if such an institution is threatened with insolvency or at the request of such financial institution. The QCB as the interim administrator of the financial institution is entitled to take control of the assets of the financial institution and take such steps as required to protect the funds of the financial institution, the rights of the depositors, investors and customers. Following the conclusion of the interim administration, the governor of the QCB may decide to revoke the license of the financial institution and develop a plan for the liquidation of its assets and obligations. Further, the QCB shall be responsible for the implementation and supervision of the execution of the liquidation plan. There are no specific guidelines in respect of how the QCB would administer the resolution of a failing bank in Qatar.

Failure to comply with international sanctions could adversely affect the Bank

European, U.S. and other international sanctions have in the past been imposed on companies engaging in certain types of transactions with specified countries or companies or individuals in those countries. Companies operating in certain countries in the MENA region have been subject to such sanctions in the past. The terms of legislation and other rules and regulations which establish sanctions regimes are often broad in scope and difficult to interpret.

As at the date of this Base Prospectus, the Bank believes that it is not in violation of any existing European, U.S. or international sanctions. Should the Bank or its associates in the future violate any existing or further European, U.S. or international sanctions, penalties could include a prohibition or limitation on such company's ability to conduct business in certain jurisdictions or on the Bank's ability to access the U.S. or international capital markets. Any such sanction could have a material adverse effect on the Bank's business, financial condition, results of operations, liquidity and prospects.

Risks Relating to Macroeconomic, Social and Political Climate

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

Economic conditions in Qatar may deteriorate as a result of deterioration in oil, gas or related industries or due to other factors. Despite diversification efforts, the economies of Qatar and the GCC countries are dependent on oil, gas and related industries, as well as the prices and quantities of these commodities. During the second half of 2008 and the first half of 2009, the prices for both oil and gas and related products experienced significant volatility and rapid deterioration before stabilising and recovering later in 2009. In the four-year period from June 2010 to June 2014, oil prices remained relatively stable (with prices ranging between approximately U.S.\$80 and U.S.\$109 per barrel), before rapidly deteriorating to approximately U.S.\$48 per barrel in March 2017 but increasing to a monthly average of U.S.\$67.12 per barrel in January 2020.

More recently, in response to the decreasing demand for oil as a result of the spread of COVID-19, OPEC officials proposed a plan to the OPEC countries and other non-OPEC countries, including Russia, to reduce global production by 1.5 per cent. However, the parties were unable to reach agreement and the three-year partnership between OPEC and major non-OPEC providers was terminated as a result. On 7 March 2020, Saudi Arabia announced that it would raise oil output and discount its oil in April 2020. As a result of the above factors, the OPEC Reference Basket prices fell significantly from U.S.\$48.35 on 6 March 2020 to U.S.\$34.72 on 9 March 2020, a decrease of 28.2 per cent. On 30 March 2020, the OPEC Reference Basket price had fallen further to U.S.\$ 20.09, an 18-year low.

A series of meetings took place on 9 and 12 April 2020 between OPEC and non-OPEC oil producing countries participating in the Declaration of Cooperation, which culminated in an agreement to reduce their overall oil production in stages between 1 May 2020 and 30 April 2022. During the initial two-month period beginning 1 May 2020, it was agreed production would be reduced by a total of 9.70 million barrels a day, followed by a six month period starting 1 July 2020 during which production would be reduced by a total of 7.68 million barrels a day and followed by a subsequent 16 month period between 1 January 2021 and 30 April 2022 during which production will be reduced by a total of 5.76 million barrels a day. However, there can be no assurance that the agreement will be implemented by all relevant parties or achieve its stated goals or what effect the agreement will have on oil prices in the short to medium term.

The Bank's financial performance has been and will remain closely linked to the rate of economic growth of Qatar and the other countries in which the Bank operates. Consequently, volatility in oil prices and deterioration in economic conditions in Qatar due to deterioration in oil, gas or related industries or due to other factors, or any deterioration in any other country where the Bank operates, could have a materially adverse effect on many of the Bank's customers, contractual counterparties and the Bank's business, financial condition, results of operations, liquidity and prospects.

Qatar

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

The GCC

The economies of many GCC countries have expanded significantly in recent years, driven by revenues from oil and gas exports. The economies of GCC countries are dependent on oil, gas and related industries, as well as the prices and quantities of those commodities, and oil prices have experienced significant volatility from 2008 to the present. In 2003, the GCC established a customs union under which Qatar applies a common customs tariff of 5.0 per cent. to most products, with a limited number of exceptions. The GCC customs union became fully operational from 1 January 2015 and, although it is hoped that the creation of such union will assist in the establishment of free trade agreements with the European Union and the United States, there is no guarantee that these free trade agreements will be established. It is likely that if there is any sustained deterioration in the economies of these countries or a major political upheaval, this could have a material adverse effect on the Bank's business, financial condition, results of operations, liquidity and prospects.

UK

Following a referendum vote on 23 June 2016 and a formal notice given by the United Kingdom to the European Union on 29 March 2017 under Article 50 of the Treaty on European Union the United Kingdom left the European Union on 31 January 2020 at 11pm local time. At that time, the EU treaties ceased to apply to the UK. However, as part of the withdrawal agreement agreed between the UK and the EU (the "**Withdrawal Agreement**"), the UK is now in an implementation period (the "**Implementation Period**") during which EU law continues to apply in the UK, and the UK continues to be a part of the EU single market, until the end of 2020 (with a possibility of extension). The terms of the UK's exit from the EU, including the future relationship, are unclear. The Withdrawal Agreement does not in general address the future relationship between the EU and the UK, which will need to be the subject of a separate agreement which has not yet been negotiated. In addition to the economic and market uncertainty this brings there are a number of potential risks that Certificateholders should consider, including legal and regulatory uncertainty in respect of English law governed Transaction Documents. Such uncertainty and consequential market disruption may also cause investment decisions to be delayed, reduce job security and damage consumer confidence. The resulting adverse economic conditions could affect obligors' willingness or ability to meet their obligations, resulting in increased defaults in the securitised portfolio and ultimately the ability of the Bank to pay profit and repay principal to Certificateholders. While the extent and impact of these issues is not possible for the Bank to predict, Certificateholders should be aware that, given the operations of the Bank's subsidiary Al Rayan Bank PLC are focused in the UK, they could have an adverse impact on the Bank's business, financial condition, results of operations, liquidity and prospects.

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

Qatar's economy is materially affected by international oil and natural gas prices, which have fluctuated widely over the past two decades. Although over the past few years Qatar has tried to diversify away from oil and gas, the oil and gas sector contributed 83.3 per cent. and 79.1 per cent. to the annual revenues of Qatar in the fiscal

years ended 31 December 2018 and 31 December 2019, respectively. See "*Slower economic growth in the countries where the Bank operates could adversely impact the Bank*".

In the past, Qatar has been able to partially offset lower hydrocarbon prices by increasing hydrocarbon production, but the future rate of growth in Qatar's hydrocarbon production is expected to slow down. Most of Qatar's oilfields are mature and oil production has been in decline since 2011.

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

The Bank's business, financial condition, results of operations and prospects are and will continue to be affected by conditions in the global financial markets and by global economic conditions

The financial services industry generally prospers in periods of economic growth and stable geopolitical conditions and benefits from capital markets that are transparent, liquid and buoyant and experience positive investor sentiment. Whilst macroeconomic indicators have improved since the global financial crisis which occurred in the second half of 2008 and early 2009, any future increase in market volatility could result in a material reduction in the availability of financing, both for financial institutions and their customers, compelling many financial institutions to rely on central banks and governments to provide liquidity and, in some cases, additional capital. Enhanced credit risks could arise from a general deterioration in local or global economic conditions or from systemic risks within the financial systems.

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

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

Budget and spending plans are forward- looking

As at the date of this Base Prospectus, the prevailing unstable macroeconomic climate has prompted reduced fiscal budgets and public spending plans for 2019 in Qatar and across the GCC economies, with particular concerns around the ongoing impact of the volatility of global crude oil prices (see "*The Bank is dependent on the state of the Qatari economy which, in turn, is dependent on developments in international oil and gas prices*"), the effects of the economic slowdown in emerging markets generally, and volatility in the Chinese economy in particular, and the broader impact of this climate on global debt and equity markets.

Disruption to the macroeconomic environment has resulted in reduced availability of credit to financial institutions, higher credit losses and there remains an increased risk of future credit losses. The foregoing factors also affect the Bank's flexibility in planning for, or reacting to, changes in its operations and in the financial industry generally. If these levels of market disruption and volatility continue or recur, the Bank may experience reductions in business activity, increased funding costs and funding pressures, decreased asset values, credit losses, write-downs and impairment charges and lower profitability. The Bank's performance may also be affected

by future recovery rates on assets and the historical assumptions underlying asset recovery rates, which may not be as accurate given the unprecedented market volatility and disruption in recent years.

As a result of the foregoing, the Bank's business, financial condition, results of operations, liquidity and prospects could be adversely affected by conditions in the global and regional economy and financial markets and by global and regional economic conditions which may, in turn, affect the Bank's ability to perform its obligations under the relevant Transaction Documents and the Trustee's ability to perform its obligations under the Certificates.

The recent diplomatic crisis has increased tensions between Qatar and some GCC and non-GCC countries

On 5 June 2017, Saudi Arabia, the UAE, Egypt and Bahrain announced the severing of diplomatic ties with Qatar. Yemen, Jordan, Libya, Comoros, Senegal and Mauritania also joined the Saudi-led coalition shortly thereafter and several other countries including Chad, Djibouti, Maldives and Niger announced that they had downgraded their diplomatic ties with Qatar.

The severing of diplomatic ties included the withdrawal of ambassadors as well as the imposition of travel restrictions. Saudi Arabia, the UAE and Bahrain advised their citizens visiting or resident in Qatar to leave Qatar. Qatari visitors, residents and diplomats in Saudi Arabia, the UAE and Bahrain were also expelled at the same time, with a two week grace period for visitors and residents and a 48 hour grace period for Qatari diplomats.

Prior to the imposition of these restrictions, Saudi Arabia, the UAE, Bahrain and Egypt also imposed restrictions on the use of their airspace by Qatari airline carriers, which resulted in disruption to flights operating to and from Qatar. Similarly, Qatari-flagged vessels were barred entry to each of their respective ports.

Saudi Arabia, the UAE and Egypt were Qatar's leading import and export trade partners in the region, accounting for 0.9 per cent., 6.6 per cent. and 1.9 per cent., respectively, of Qatar's total exports in 2016, and 4.3 per cent., 9.1 per cent. and 1.0 per cent., respectively, of Qatar's total imports in 2016. In 2019, 1.5 per cent of Qatar's exports were to the UAE with imports being a negligible amount. Imports and exports from Saudi Arabia and the UAE were in negligible amounts. Although there are currently no publicly known direct restrictions on trade exports or imports between Qatar and the other GCC countries, trade has been impacted by the closure of airspace and ports to Qatari-flagged airlines and vessels. New trade channels and routes have been established with Turkey, Oman, Iran and India as alternatives but there can be no assurance that ongoing restrictions will not have a material adverse effect on Qatar's economy.

Despite calls from the United States, Turkey and other countries in the region to resolve the crisis diplomatically, the restrictions remain in place.

The restrictions also placed significant pressure on Qatar's financial system and the Qatari riyal, leading, among other things, to significant outflows from non-resident and private sector customer deposits. Immediately following the imposition of the restrictions, deposits amounting to nearly U.S.\$20 billion were withdrawn from the Qatari banking system. As a result, on 8 August 2017, Moody's downgraded Qatari banks' outlook to negative from stable, citing weakening operating conditions and continued funding pressures facing lenders in Qatar, amid concerns about the ability of Qatar to diversify its economy and the impact that will have on the profitability of banks. However, in October 2018, Moody's upgraded its outlook on the Qatari banking system from negative to stable, citing the resilience of the country's economy and banking system to the ongoing regional dispute. Qatar was able to offset the reduced deposits from GCC sources by increased inflows from government and related entities and thus rebalance the funding profile of the Qatari banking system.

This is not the first time a diplomatic crisis has led to increased tensions between Qatar and other GCC countries. In 2002, Saudi Arabia removed its ambassador from Qatar and diplomatic relations were only re-established in 2008 following a period of lengthy negotiations. In March 2014, Bahrain, Saudi Arabia and the UAE withdrew their ambassadors from Qatar and diplomatic ties were again only reinstated after an eight-month period of negotiations.

There can be no assurance that diplomatic ties will be reinstated or that the current crisis will not escalate and result in further restrictions imposed on Qatar. A prolonged trade and travel embargo could have a material adverse impact on the economy and political environment in Qatar, which may in turn have a material adverse effect on the Bank's business, operating results, cash flows and financial condition.

Geopolitical unrest

The Bank's business may be affected if there are geopolitical events that prevent the Bank from delivering its services. Although Qatar enjoys domestic political stability and generally healthy international relations, its proximity to several MENA countries may risk a potential spill over of socio-political unrest into Qatar. Since early 2011 there has been political unrest in a range of countries in the MENA region including Algeria, Bahrain, Egypt, Iran, Libya, Oman, Saudi Arabia, Syria, Tunisia and Yemen. This unrest, which has ranged from public demonstrations to, in extreme cases, armed conflict and civil war, in countries such as Iraq, Libya, Syria and Yemen, has given rise to increased political uncertainty across the region including recent and ongoing developments, which include acts of maritime piracy and other forms of instability in the MENA region, such as tensions between the United States, Israel and Iran. There can be no assurance that such political instability in the MENA region will not escalate in the future and affect hitherto stable countries such as Qatar, that political instability will not spread to additional countries in the MENA region, that further violent activities will not occur or that the governments of the MENA region will be successful in maintaining domestic order and stability. This unrest may result in credit becoming more expensive for certain countries in the region or limit Qatar's ability to engage in international trade. Although these events have not had a significant impact on the Bank's operations to date there can be no assurance that they will not do so in the future. It is not possible to predict the occurrence of such events or circumstances or the impact of such occurrences and no assurance can be given that the Bank would be able to sustain its current performance levels if such events or circumstances were to occur. A general downturn in Qatar or geopolitical instability in Qatar or the broader regional economy could have an adverse effect on the Bank's business, financial condition, results of operations, liquidity and prospects.

The Bank's business may be adversely affected if the Qatari Riyal/U.S. dollar peg were to be removed or adjusted

As at the date of this Base Prospectus, the Qatari Riyal, remains pegged to the U.S. dollar (U.S.\$1.00 = QR3.64. The QCB purchases the U.S. dollar at a fixed rate of QR3.6385 and sells the U.S. dollar to banks operating in Qatar at a fixed rate of QR3.6415). However, the Bank's business, financial position, financial performance and prospects could be adversely impacted in case of possible de-pegging of the Qatari Riyal and other GCC currencies from the U.S. dollar, although it would depend on the level of open positions and exposure of the Bank to the U.S. dollar. Ultimately, there can be no assurance that the Bank will be able to protect itself from any adverse effects of a currency revaluation or the de-pegging from the U.S. dollar which could have a material adverse effect on the Bank's business, financial condition, results of operations, liquidity and prospects.

RISKS RELATED TO THE CERTIFICATES

The Certificates are limited recourse obligations of the Trustee

The Certificates are not debt obligations of the Trustee, instead, each Certificate represents an undivided ownership interest in the Trust Assets relating to that Series. Recourse to the Trustee is limited to the Trust Assets of the relevant Series and the proceeds of the Trust Assets of the relevant Series are the sole source of payments on the Certificates of that Series. Upon the occurrence of a Dissolution Event, the sole rights of the Trustee and/or the Delegate (acting on behalf of the Certificateholders of the relevant Series of Certificates) will be against the Bank to: (i) pay the Exercise Price in accordance with the Purchase Undertaking and the Wakala Portfolio Principal Revenues in accordance with the Service Agency Agreement in respect of such Series, and in addition, in the case of a Wakala/Mudaraba Series only, to liquidate the relevant Mudaraba and distribute the Final Liquidation Proceeds and the applicable Mudaraba Profit (in an amount not exceeding the Mudaraba Percentage of the Required Amount) in accordance with the relevant Restricted Mudaraba Agreement; and (ii) otherwise perform its obligations under the Transaction Documents to which it is a party.

Certificateholders will have no recourse to any assets of the Trustee (other than the Trust Assets), the Delegate, any Agent or (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is party) the Bank in respect of any shortfall in the expected amounts due on the Certificates. The Bank is obliged to make certain payments under the Transaction Documents directly to the Trustee, and the Trustee and/or the Delegate will have direct recourse against the Bank to recover such payments due to the Trustee pursuant to the Transaction Documents.

After enforcing or realising the rights in respect of the Trust Assets in respect of a Series of Certificates and distributing the net proceeds of such Trust Assets in accordance with Condition 5(b), the Master Trust Deed and the Agency Agreement, the obligations of the Trustee and/or the Delegate in respect of that Series of Certificates shall be satisfied and neither the Trustee nor the Delegate nor any Certificateholder may take any further steps against the Trustee or the Bank to recover any further sums in respect of the Certificates and the right to receive any such sums unpaid shall be extinguished. Furthermore, under no circumstances shall the Trustee, the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets other than as contemplated in the Transaction Documents. The sole right of the Trustee, the Delegate and the Certificateholders against the Bank shall be to enforce the obligation of the Bank to perform its obligations under the Transaction Documents.

The Certificates may be subject to early redemption

If the amount payable in respect of the Certificates of any Series is required to be increased to include additional amounts and/or the Bank is required to pay additional amounts pursuant to the Transaction Documents, in each case as a result of certain changes affecting taxation in the Cayman Islands, Qatar or, in each case, any political subdivision or any authority thereof or therein having power to tax, the Bank may be entitled to require the Trustee to redeem all but not some only of the Certificates upon giving notice in accordance with Condition 8(b). In addition, if so provided in the applicable Final Terms, a Series may also be redeemed early at the option of the Bank pursuant to Condition 8(c). Any such early redemption feature of any Certificate is likely to limit its market value.

During any period when the Bank may elect to require the Trustee to redeem the Certificates (whether pursuant to Condition 8(b) or Condition 8(c)), the market value of those Certificates generally will not rise substantially above the Dissolution Distribution Amount payable. This also may be true prior to any other Dissolution Date.

Investors must make their own determination as to Sharia compliance

The Sharia Supervisory Board of Masraf Al Rayan (Q.P.S.C.), the Global Shariah Supervisory Committee of HSBC Bank Middle East Limited and the Global Sharia Supervisory Committee of Standard Chartered Bank have each confirmed that the Transaction Documents are, in their view, compliant with the principles of *Sharia* as applicable to, and interpreted by, them. However, there can be no assurance that the Transaction Documents or any issue and trading of Certificates will be deemed to be *Sharia*-compliant by any other *Sharia* board or *Sharia* scholars. None of the Trustee, the Bank, the Delegate, the Agents, the Arrangers or the Dealers makes any representation as to the *Sharia* compliance of any Series and potential investors are reminded that, as with any *Sharia* views, differences in opinion are possible and different *Sharia* standards may be applied by different *Sharia* boards. Potential investors should obtain their own independent *Sharia* advice as to whether the Transaction Documents and any issue of Certificates will meet their individual standards of compliance and should also make their own determination as to the future tradeability of the Certificates on any secondary market. Questions as to the *Sharia* permissibility of the Transaction Documents or the issue and the trading of the Certificates may limit the liquidity and adversely affect the market value of the Certificates.

In addition, prospective investors are reminded that the enforcement of any obligations of any of the parties under the Transaction Documents would be, if in dispute, either the subject of arbitration under English law or court proceedings under the laws of Qatar or England and Wales. In such circumstances, the arbitrator or judge (as applicable) will first apply the governing law of the relevant Transaction Document in determining the obligations of the parties.

There can be no assurance as to the impact of a change in the laws governing the Certificates or the Transaction Documents

The structure of each issue of Certificates under the Programme is based on English law and the laws of Qatar and administrative practices in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English or Qatari law or administrative practices in any such jurisdiction after the date of this Base Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Bank to make payments under the Transaction Documents to which it is a party and/or the Trustee to make payments under any Series of Certificates, or the ability of the Trustee or the

Bank to otherwise comply with their respective obligations under the Transaction Documents to which they are a party.

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

The Master Trust Deed contains provisions for calling meetings of the Certificateholders to consider and vote upon matters affecting their interests generally. In addition, the Master Trust Deed contains provisions for obtaining written resolutions on matters relating to the Certificates from holders without calling a meeting. A written resolution signed by or on behalf of the holders of not less than 75 per cent. in face amount of the Certificates of the relevant Series for the time being outstanding shall, for all purposes, take effect as an Extraordinary Resolution.

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

- (i) where the terms of the proposed resolution have been notified through the relevant clearing system(s), approval of a resolution proposed by the Trustee, the Bank and the Delegate (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures (in a form satisfactory to the Delegate) by or on behalf of the holders of not less than 75 per cent. in face amount of the Certificates of the relevant Series for the time being outstanding; and
- (ii) where electronic consent is not being sought, consent or instructions given in writing directly to the Trustee, the Bank and the Delegate (as the case may be) by accountholders in the clearing systems with entitlements to such global certificate or, where the accountholders hold such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held (directly or via one or more intermediaries), provided that the Trustee, the Bank and the Delegate (as the case may be) have obtained commercially reasonable evidence to ascertain the validity of such holding and taken reasonable steps to ensure such holding does not alter following the giving of such consent/instruction and prior to effecting such resolution.

A written resolution or an electronic consent as described above may be effected in connection with any matter affecting the interests of Certificateholders, including the modification of the Conditions, that would otherwise be required to be passed at a meeting of Certificateholders satisfying the special quorum in accordance with the provisions of the Master Trust Deed, and shall for all purposes take effect as an Extraordinary Resolution passed at a meeting of Certificateholders duly convened and held.

These provisions permit defined majorities to bind all of the Certificateholders of the relevant Series (including Certificateholders who did not attend or vote at the relevant meeting or, as the case may be, did not sign the written resolution or give their consent electronically, and including those Certificateholders who voted in a manner contrary to the majority).

The Master Trust Deed also provides that the Delegate may, without the consent or sanction of Certificateholders (i) agree to any modification of the Trust Deed, any of the other Transaction Documents or the Trustee's memorandum and articles of association that (in the opinion of the Delegate) is of a formal, minor or technical nature, or is made to correct a manifest error, or (ii)(a) give its consent under the Transaction Documents and agree to any other modification of any provisions of the Trust Deed, the Transaction Documents or the Trustee's memorandum and articles of association, or to any waiver or authorisation of any breach or proposed breach of any of the provisions of the Trust Deed or any of the other Transaction Documents or (b) determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such, provided that such modification, consent, waiver, authorisation or determination is in the opinion of the Delegate not materially prejudicial to the interests of the Certificateholders and not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 20 per cent. of the outstanding aggregate face amount of the relevant Series and, in the case of modifications referred to in paragraph (ii)(a) above, other than in respect of a matter which requires a special quorum resolution (as defined in the Master Trust Deed). Any such modification, consent, waiver, authorisation or determination may be made on such terms and subject to such conditions (if any)

as the Delegate may determine and shall be binding on the Certificateholders and, unless the Delegate agrees otherwise, shall be notified by the Trustee to the Certificateholders in accordance with Condition 17 as soon as practicable thereafter.

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

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

Credit ratings assigned to the Bank and/or the Certificates are subject to ongoing evaluations and there can be no assurance that the ratings currently assigned to the Bank and/or the Certificates will not be downgraded

The Bank has been assigned long term rating of A1 with a stable outlook by Moody's. The Certificates of each Series may be unrated or may be rated by one or more independent credit rating agencies who may also assign credit ratings to the Certificates. Any ratings of either the Bank or the Certificates may not reflect the potential impact of all the risks related to the structure, market, additional factors discussed in this Base Prospectus and other factors that may affect the value of the Certificates.

In general, European and United Kingdom regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU or the United Kingdom and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU and non-UK credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered or UK-registered credit rating agency or the relevant non-EU and non-UK rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). If the status of the rating agency rating the Certificates changes, European (including United Kingdom) regulated investors may no longer be able to use the rating for regulatory purposes and the Certificates may have a different regulatory treatment. This may result in European (including United Kingdom) regulated investors selling the Certificates which may impact the value of the Certificates and any secondary market. The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency being included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of an updated ESMA list. Where a Tranche of Certificates is rated, limited information with respect to the credit rating agencies and ratings will be disclosed in the relevant Final Terms. Certain information with respect to the credit rating agencies and ratings is set out on the cover page of this Base Prospectus. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning credit rating agency at any time. Each rating should be evaluated independently of any other rating.

Interest or profit rate risks

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

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

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

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

The Trustee will pay all amounts due on any Certificates, and the Bank will make any payments pursuant to the Transaction Documents, in the Specified Currency. If an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency, such investor may therefore bear certain exchange rate risks. These include the risk that: (i) exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency); and (ii) authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls which could adversely affect an applicable exchange rate. Any appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (a) the Investor's Currency-equivalent yield on the Certificates; (b) the Investor's Currency-equivalent value of the Dissolution Distribution Amount payable in respect of the Certificates; and (c) the Investor's Currency-equivalent market value of the Certificates.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate as well as the availability of a specified foreign currency at the time of any payment of any amounts on a Certificate. As a result, investors may receive less than expected, or no payment at all. Even if there are no actual exchange controls, it is possible that the Specified Currency for any particular Certificate would not be available at such Certificate's maturity.

The regulation and reform of "benchmarks" may adversely affect the value of Certificates linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks" (including the London interbank offered rate (**LIBOR**) and the euro interbank offered rate (**EURIBOR**)) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Certificates referencing such a benchmark.

Regulation (EU) 2016/1011 (the **Benchmarks Regulation**) applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU (which for these purposes, includes the United Kingdom). Among other things, it: (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed); and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Certificates linked to or referencing a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. The FCA has indicated through a series of announcements that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

Separately, the euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to

reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the European financial system.

It is not possible to predict with certainty whether, and to what extent, any benchmark, including LIBOR and EURIBOR, will continue to be supported going forwards. This may cause any such benchmark to perform differently than it has done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Certificates linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

Investors should be aware that, if a benchmark were discontinued or otherwise unavailable, the profit rate on Floating Rate Certificates which reference such benchmark will be determined for the relevant period by the fallback provisions applicable to such Certificates set out in the Conditions. Depending on the manner in which the profit rate is to be determined under the Conditions, this may: (i) if ISDA Determination applies, be reliant upon the provision by reference banks of offered quotations which, depending on market circumstances, may not be available at the relevant time; or (ii) if Screen Rate Determination applies, result in the Profit Rate being set by reference to a Successor Rate or an Alternative Reference Rate (both as defined in the Conditions) which may be determined by an Independent Adviser (as defined in the Conditions) or the Bank or lead to the effective application of a fixed rate based on the rate which applied in the previous period when the relevant benchmark was available, as further described below. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Certificates which reference a benchmark.

The Conditions provide for certain fallback arrangements in the event that a Benchmark Event (as defined in the Conditions) occurs, including if an original Reference Rate (as defined in the Conditions) 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 applicable Final Terms) is no longer permitted lawfully to calculate profit on any Certificates by reference to such an original Reference Rate under the Benchmarks Regulation or otherwise. 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 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 Trustee and the Bank, or the Bank (acting in good faith and in a commercially reasonable manner), as applicable. An Adjustment Spread is (i) the spread, formula or methodology which is formally recommended in relation to the replacement of the original Reference Rate with the Successor Rate by any Relevant Nominating Body (as defined in the Conditions) (which may include a relevant central bank, supervisory authority or group of central banks/supervisory authorities), (ii) if no such recommendation has been made, or in the case of an Alternative Reference Rate, the spread, formula or methodology which the Independent Adviser (following consultation with the Trustee and the Bank) 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 original Reference Rate, or (iii) if the Independent Adviser (following consultation with the Trustee and the Bank) determines that no such spread is customarily applied, the spread, formula or methodology which the Independent Adviser determines and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate, as the case may be. Accordingly, the application of an Adjustment Spread may result in the Certificates 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 (including with the application of an Adjustment Spread) will still 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.

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 the effective application of a fixed rate for Floating Rate Certificates based on the rate which was last observed on the Relevant Screen Page. 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.

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

There is no assurance that a market for the Certificates of any Series will develop or, if it does develop, that it will provide the Certificateholders with liquidity of investment or that it will continue for the life of such Certificates, and the Certificates may be sensitive to changes in the financial markets. Accordingly, a Certificateholder may not be able to find a buyer to buy its Certificates easily or at prices that will provide a desired yield. This is particularly the case should the Bank be in financial distress, which may result in any sale of the Certificates having to be at a substantial discount to their face amount or for Certificates that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Certificates generally would have a more limited secondary market and more price volatility than conventional debt securities. The market value of the Certificates may fluctuate and a lack of liquidity, in particular, can have a material adverse effect on the market value of the Certificates. Accordingly, the purchase of the Certificates is suitable only for investors who can bear the risks associated with a lack of liquidity in the Certificates and the financial and other risks associated with an investment in the Certificates. An investor in Certificates must be prepared to hold the relevant Certificates for an indefinite period of time or until their maturity. Whilst an application has been made for the listing of certain Series to be issued under the Programme on Euronext Dublin, there can be no assurance that any such listing will occur or will enhance the liquidity of the Certificates of the relevant Series.

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

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

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

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

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

Certificate held through it. While the Certificates of each Series are represented by a Global Certificate, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants, and the Trustee will discharge its payment obligations under the relevant Series of Certificates by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant clearing system and its participants in relation to payments under the relevant Series of Certificates. The Trustee has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Certificate. Holders of beneficial interests in a Global Certificate will not have a direct right to vote in respect of the Certificates so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

RISKS RELATING TO THE SUKUK ASSETS

Ownership of Wakala Assets

In order to comply with the requirements of *Sharia*, an ownership interest (the nature of such interest as more particularly described in "*Transfer of the Wakala Assets*" below and "*Summary of the Principal Transaction Documents*") in the Wakala Assets of each Series will pass to the Trustee under the relevant Supplemental Purchase Agreement or the relevant Sale Agreement, as the case may be. The Trustee will declare a trust in respect of its ownership interest in such Wakala Assets and the other relevant Trust Assets in favour of the Certificateholders of the relevant Series pursuant to the relevant Supplemental Trust Deed. Accordingly, Certificateholders will have beneficial ownership interests in the relevant Wakala Assets unless transfer of such interests in the Wakala Assets is prohibited by, or ineffective under, any applicable law (see "*Transfer of the Wakala Assets*" below).

No investigation or enquiry will be made and no due diligence will be conducted in respect of any legal documentation or contracts entered into by the Bank with its customers in relation to any Wakala Assets. The Wakala Assets will be selected by the Bank in its absolute discretion (subject to the provisions contained in the Transaction Documents) and the Certificateholders will have no ability to influence such selection. Only limited representations will be obtained from the Bank in respect of the Wakala Assets of a Series. In particular, the precise terms of such Wakala Assets or the nature of the assets leased, sold, originated or otherwise held will not be known. No steps will be taken to perfect the transfer of the title in any Wakala Assets to the Trustee or otherwise to give notice to, or obtain any acknowledgement of notification from, any lessee or obligor in respect thereof. Obligors and lessees may have rights of set off or counterclaim against the Bank in respect of such Wakala Assets. If and to the extent that a third party is able to establish a direct claim against the Trustee, the Delegate or any relevant Certificateholders in relation to any Wakala Assets, the Bank has agreed in the Master Trust Deed to indemnify the Trustee and the Delegate (on behalf of itself (where applicable) and the Certificateholders) against any liabilities in connection with such claim. If the Bank is unable to satisfy any such claims or meet its indemnity obligations, then the relevant Certificateholders may suffer losses in excess of the original face amount invested.

Transfer of the Wakala Assets

No investigation will be made to determine if any Supplemental Purchase Agreement or Sale Agreement will have the effect of transferring an ownership interest in the relevant Wakala Assets. The Master Purchase Agreement is, each Supplemental Purchase Agreement and Sale Agreement will be, governed by the laws of Qatar and, to the extent that such laws are applied in relation to any dispute, there are doubts whether an ownership interest in certain assets (in particular receivable assets such as *ijara* contracts) can be effectively transferred without notice of the transfer being given to the lessee or other obligor. In addition, the Qatari civil code requires an official date certification to be effected for a transfer of assets to be perfected. Accordingly, no assurance is given that any ownership interest in any Wakala Assets will be transferred to the Trustee.

Investment in Mudaraba Portfolio

Pursuant to the relevant Restricted Mudaraba Agreement, the Mudaraba Capital for each Wakala/Mudaraba Series will be invested in the relevant Mudaraba Portfolio with a view to earning profit therefrom, which will in turn be

applied towards payments due to Certificateholders in respect of the Certificates. If any of the risks relating to the business of the Bank mentioned above (see "*Risks relating to the Bank and its ability to fulfil its obligations under the Transaction Documents*") materialise or otherwise impact the Bank's business, the value of and profit earned from the investment in such Mudaraba Portfolio may drop which may, in turn, have a material adverse effect on the Trustee's ability to fulfil its payment obligations in respect of the Certificates. No investigation or enquiry will be made and no due diligence will be conducted in respect of any legal documentation or contracts entered into by the Bank with its customers in relation to any Mudaraba Assets. The Mudaraba Assets will be selected by the Bank in its absolute discretion (subject to the provisions contained in the Transaction Documents) and the Certificateholders will have no ability to influence such selection. Only limited representations will be obtained from the Bank in its capacity as Mudarib in respect of the Mudaraba Assets of a Wakala/Mudaraba Series. In particular, neither the precise terms nor the nature of such Mudaraba Assets will be known. Lessees and obligors may have rights of set off or counterclaim against the Bank in respect of any Mudaraba Assets.

RISK FACTORS RELATING TO ENFORCEMENT

Enforcement risk

Ultimately, the payments under the Certificates are dependent upon the Bank, the Servicing Agent and the Mudarib making payments to the Trustee in the manner contemplated under the Transaction Documents to which they are a party. If the Bank (acting in any capacity) fails to make such payments, it may be necessary to bring an action against it to enforce its obligations and/or to claim damages, as appropriate, which may be costly and time consuming. Certain of the Transaction Documents are governed by English law, with an arbitral tribunal with its seat in London having jurisdiction to settle any disputes (or, subject to the exercise of an option to litigate given to certain parties, the courts of England and Wales are stated to have jurisdiction to settle any disputes). Notwithstanding that an arbitral award may be obtained from an arbitral tribunal in London or that a judgment may be obtained in an English court, there is no assurance that the Bank has, or would at the relevant time have, assets in the United Kingdom against which such arbitral award or judgment could be enforced.

Enforcing foreign judgments and arbitral awards in Qatar

There is currently no treaty or convention for the reciprocal enforcement of judgments of the courts of Qatar and the courts of England. A judgment obtained from a court in England will be enforceable in Qatar subject to the provisions of Article 379 and 380 of the Civil and Commercial Procedure Law, which provides: (i) in the case of Article 379, that judgments and orders pronounced in a foreign country may be ordered to be executed in Qatar upon the conditions determined in that country for the execution of Qatari judgments and orders; and (ii) in the case of Article 380, that an order for execution of a foreign judgment or order will not be made unless and until the following have been ascertained, that: (a) the judgment or order was delivered by a competent court of the foreign jurisdiction in question; (b) the parties to the action were properly served with notice of proceedings and properly represented; (c) the judgment or order is one that is capable of being executed by the successful party to the proceedings in conformity with the laws of the foreign jurisdiction in question; and (d) the foreign judgment or order does not conflict with a previous judgment or order of a competent Qatari court and is not contrary to public policy or morality in Qatar.

If enforcement of a judgment were to be sought in Qatar, under current Qatari law, due to the lack of reciprocity of enforcement of judgments between the courts of Qatar and England, the Qatari courts would be unlikely to enforce such judgment without re-examining the merits of the claim (although a judgment obtained from a court in England would be admissible in evidence in any proceedings brought in Qatar to enforce such judgment) and may not observe the choice by the parties of English law as the governing law of the relevant Transaction Documents and may apply Qatari law instead.

Under the relevant Transaction Documents and the Certificates, the parties have agreed that any dispute will, subject as provided in the paragraph below, be referred to arbitration under the LCIA Arbitration Rules. Qatar is a signatory to the New York Convention on Enforcement of Foreign Arbitral Awards of 1958 with effect from 30 March 2003. The enforcement of foreign arbitral awards in Qatar is presumed to be straightforward, however, a Qatari court may refuse enforcement of an arbitral award and may consider the relevant dispute on its merits if

the subject matter of the award is not compatible with mandatory provisions of Qatari law and public policy and morals in Qatar. The parameters of enforcement are starting to be tested more regularly in the courts.

Furthermore, in February 2017, Qatar enacted Law No. (2) of 2017 promulgating the Civil and Commercial Arbitration Law (the **Arbitration Law**) which came into force in April 2017. Under Article 8 of the Arbitration Law, the court will dismiss any dispute between contracting parties which is required to be referred to arbitration pursuant to an arbitration agreement between the contracting parties. The respondent (in the dispute) is required to object to court proceedings before any other motion or statement of defence on the merits of the case is filed before the court.

Article 34 of the Arbitration Law states that an arbitration award is enforceable in Qatar regardless of the state in which such award was issued. Article 35 of the Arbitration Law specifies the limited grounds upon which the recognition and enforcement of an arbitral award may be refused irrespective of the location of the seat of arbitration, which are similar to those set out in the New York Convention on Enforcement of Foreign Arbitral Awards of 1958. The grounds on which recognition and enforcement of an arbitral award may be refused are as follows:

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

As the Qatari legal system is based on a civil code, judicial precedents in Qatar have no binding effect on subsequent decisions. In addition, there is no formal system of reporting court decisions in Qatar. As a result, any experience with and knowledge of prior rulings of the Qatari courts may not be a reliable basis from which to predict decisions that Qatari courts may adopt in the future. These factors create greater uncertainty.

Waiver of sovereign immunity

Each of the Bank, the Servicing Agent and the Mudarib has waived its rights, if any, in relation to sovereign immunity. However, there can be no assurance as to whether such waivers of immunity from execution or attachment or other legal process by the Bank under the Transaction Documents to which it is a party are valid and binding under the laws of Qatar and applicable in Qatar.

Claims for specific enforcement

In the event that the Bank fails to perform its obligations under any Transaction Document to which it is a party, the potential remedies available to the Trustee and the Delegate include obtaining an order for specific enforcement of the relevant obligations or a claim for damages. There is no assurance that any court would order specific enforcement of a contractual obligation, as this is generally a matter for the discretion of the relevant court. The amount of damages which a court may award in respect of a breach will depend upon a number of possible factors, including an obligation on the Delegate to mitigate any loss arising as a result of the breach. No assurance is provided on the level of damages which a court may award in the event of a failure by the Bank to perform its obligations as set out in the Transaction Documents to which it is a party.

ADDITIONAL RISK FACTORS

Emerging markets

Investors in emerging markets should be aware that emerging markets are subject to greater risks than more developed markets, including, in some cases, significant legal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risk involved. Investors should also note that emerging markets such as Qatar and other GCC markets are subject to rapid change and that the information set forth in this Base Prospectus may become outdated relatively quickly. Moreover, financial turmoil in any emerging market country tends to adversely affect confidence in other emerging market countries and cause investors to move their money to more developed markets. As has happened in the past, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in Qatar and the other GCC countries and adversely affect those economies. In addition, during such times, companies that operate in emerging markets can face liquidity constraints as foreign funding sources are withdrawn and this could also adversely affect the Group's business and result in a decrease in the price of the Certificates.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to investment laws and regulations, or the review of such laws and regulations by certain governmental or regulatory authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Certificates constitute legal investments for it; (ii) the Certificates can be used as collateral for various types of borrowing; and (iii) other restrictions apply to any purchase or pledge of any Certificates by the investor. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Certificates under any applicable risk-based capital or similar rules and regulations.

Sharia requirements in relation to interest awarded by an arbitrator or court

In accordance with applicable *Sharia* principles, each of the Trustee and the Delegate will waive all and any entitlement it may have to interest awarded in its favour by any arbitrator or court in connection with any dispute under any of the Transaction Documents. Should there be any delay in the enforcement of a judgment or arbitration given against the Bank, judgment interest (or equivalent interest awarded in connection with an arbitration) may well accrue in respect of that delay and, as a result of the waiver referred to above, Certificateholders will not be entitled to receive any part of such interest. Certificateholders should note that the Trust Assets specifically exclude any rights which have been expressly waived by the Trustee in any of the Transaction Documents (which, to the extent applicable, would extend to any award of interest made in favour of the Trustee by an arbitrator or court in respect of a dispute).

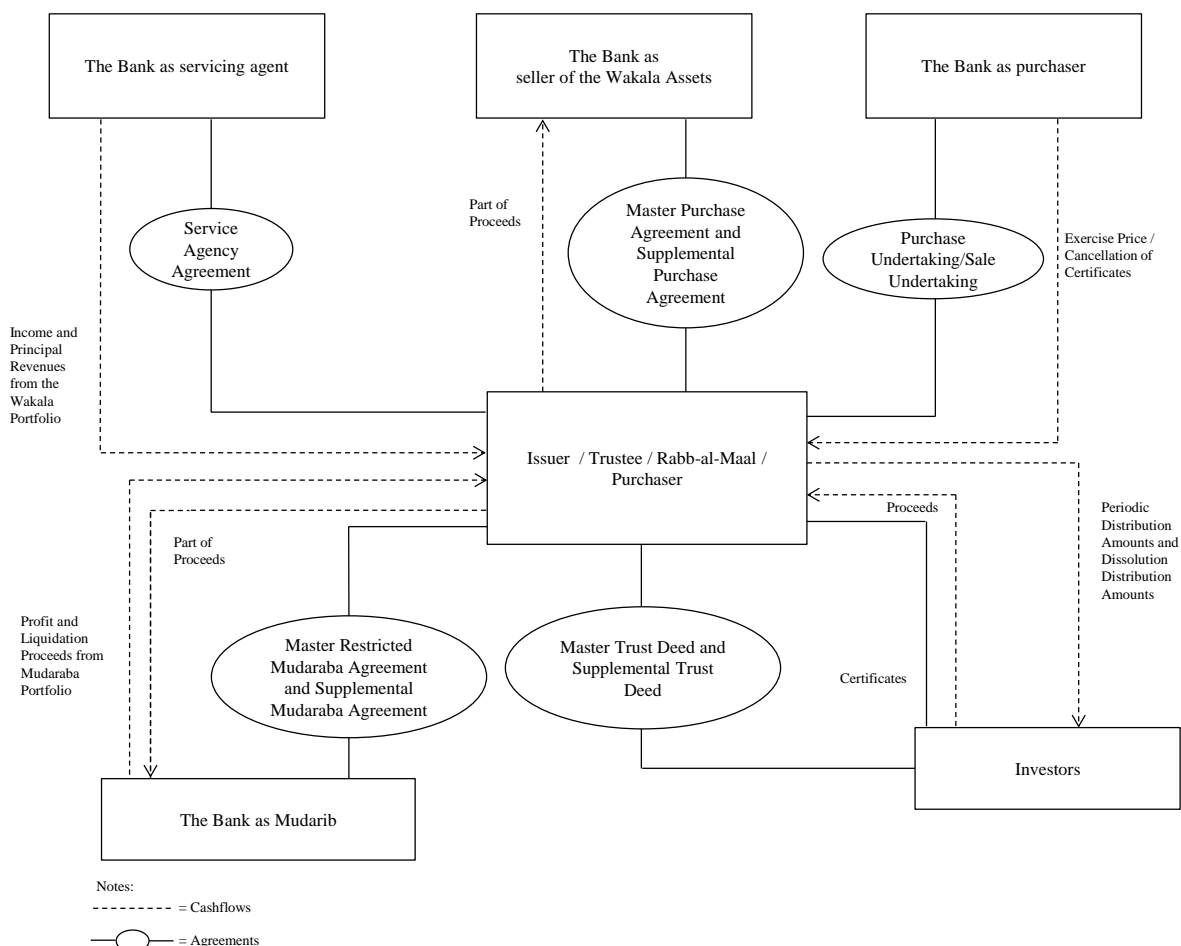
Change of tax law

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

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

STRUCTURE DIAGRAM AND CASH FLOWS

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



Principal cash flows

Payments by the Certificateholders and the Trustee

On the issue date of the first Tranche of any Series (the **Issue Date**), the Certificateholders will pay the issue price in respect of the Certificates (the **Issue Proceeds**) to the Trustee and the Trustee will pay:

- (i) (as Purchaser) in the case of a Wakala Series, the Issue Proceeds in full or, in the case of a Wakala/Mudaraba Series, the percentage specified in the applicable Final Terms of the Issue Proceeds (the **Wakala Percentage**), to or to the order of the Bank (as Seller) as the purchase price payable under the relevant Supplemental Purchase Agreement for the purchase of an initial portfolio (the **Initial Wakala Portfolio**) consisting of:
 - (a) real-estate and/or non-real estate tangible assets together with the related *ijara* (lease) contracts and the receivables payable thereunder (excluding, for the purposes of the Wakala Portfolio only, any Restricted Vehicles and any real estate assets not located in a Designated Area) (**Ijara Assets**); and
 - (b) other Sharia-compliant tangible income generating assets owned by or on behalf of the Bank (excluding, for the purposes of the Wakala Portfolio only, any Restricted Vehicles and any real estate assets not located in a Designated Area) (**Other Tangible Sharia-Compliant Assets**),

each such Ijara Asset and Other Tangible Sharia-Compliant Asset, a **Wakala Asset**; and

- (ii) (as Rabb-al-Maal) in the case of a Wakala/Mudaraba Series, the percentage specified in the applicable Final Terms of the Issue Proceeds (the **Mudaraba Percentage**), to or to the order of the Bank (as Mudarib) as the initial capital of the relevant Mudaraba (the **Mudaraba Capital**), which the Mudarib will invest in accordance with the Master Restricted Mudaraba Agreement and the relevant Supplemental Restricted Mudaraba Agreement (which includes the relevant Mudaraba Investment Plan), in an initial portfolio (the **Initial Mudaraba Portfolio**) consisting of:
- (a) Real Estate Ijara Assets;
 - (b) Non-Real Estate Ijara Assets;
 - (c) Other Tangible Sharia-Compliant Assets; and/or
 - (d) *Sharia*-compliant deposits with the Bank (**Sharia-Compliant Investments** and each such Real Estate Ijara Asset, Non-Real Estate Ijara Asset, Other Tangible Sharia-Compliant Asset and *Sharia*-Compliant Investment, a **Mudaraba Asset**),

in each case, with a view to earning profit therefrom.

Periodic Distribution Payments

On the Business Day prior to each Periodic Distribution Date (i) the Servicing Agent will pay amounts reflecting the returns (excluding any amounts in the nature of principal) generated in respect of the relevant Wakala Portfolio (the **Wakala Portfolio Income Revenues**) into the relevant Transaction Account and (ii) in the case of a Wakala/Mudaraba Series, the Mudarib will also pay, in accordance with a pre-agreed profit sharing ratio, amounts representing the Rabb-al-Maal's share of the returns (excluding any amounts in the nature of principal) generated in respect of the relevant Mudaraba Portfolio (the **Mudaraba Profit**) into the relevant Transaction Account, which, in aggregate, are intended to be sufficient to fund the Periodic Distribution Amounts payable by the Trustee under the Certificates of the relevant Series (the **Required Amount**) and shall be applied by the Trustee for that purpose.

If the Wakala Portfolio Income Revenues are greater than the Wakala Percentage of any Required Amount or, in the case of a Wakala/Mudaraba Series, the Mudaraba Profit is greater than the Mudaraba Percentage of the Required Amount, such excess returns shall be credited to a separate account by the Servicing Agent or the Mudarib, as applicable, (such account, in the case of a Wakala Portfolio being the **Wakala Reserve Collection Account** and, in the case of a Mudaraba Portfolio, being the **Mudaraba Reserve Account**).

If, in respect of any period, the Wakala Portfolio Income Revenues are insufficient to fund the Wakala Percentage of the Required Amount, the Servicing Agent shall apply amounts standing to the credit of the Wakala Reserve Collection Account towards such shortfall, and, in the case of a Wakala/Mudaraba Series, if in respect of any period the Mudaraba Profit is insufficient to fund the Mudaraba Percentage of the Required Amount, the Mudarib shall apply amounts standing to the credit of the Mudaraba Reserve Account towards such shortfall, in each case by paying an amount equal to the same into the Transaction Account. If, having applied such amounts from the Wakala Reserve Collection Account and, in the case of a Wakala/Mudaraba Series, from the Mudaraba Reserve Account there remains a shortfall between the amount standing to the credit of the Transaction Account and the Required Amount, the Servicing Agent may make *Sharia*-compliant funding available (or may procure its availability, as applicable) to the Trustee in the amount of the shortfall remaining on terms that such funding is repayable (i) from Wakala Portfolio Income Revenues received in respect of a subsequent period, or (ii) on a Dissolution Date on which the Certificates of a Series are to be redeemed (a **Liquidity Facility**).

Payment of the Dissolution Distribution Amount on the Scheduled Dissolution Date

In respect of the Scheduled Dissolution Date in relation to each Series:

- (i) the Trustee and the Delegate will have the right under the Purchase Undertaking to require the Bank to purchase all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets comprising the Wakala Portfolio for payment of the relevant Exercise Price into the Transaction Account on the Business Day immediately preceding the Scheduled Dissolution Date; and

- (ii) the Servicing Agent will be required under the terms of the Service Agency Agreement to pay an amount equal to the amount of the principal or capital revenues standing to the credit of the Principal Collection Account (as defined in the Service Agency Agreement) (the **Wakala Portfolio Principal Revenues**) into the Transaction Account on the Business Day immediately preceding the Scheduled Dissolution Date; and
- (iii) in the case of a Wakala/Mudaraba Series, the Mudarib will also be required under the Master Restricted Mudaraba Agreement and the relevant Supplemental Restricted Mudaraba Agreement to liquidate the relevant Mudaraba on the Business Day prior to the Scheduled Dissolution Date and distribute to the Trustee (as Rabb-al-Maal) the proceeds of the liquidation (in an amount not exceeding the Mudaraba Capital) and the Mudaraba Profit (in an amount not exceeding the Required Amount) realised by such liquidation by payment of the same into the Transaction Account,

and such amounts are intended to fund the Dissolution Distribution Amount payable by the Trustee under the Certificates.

Payment of the Dissolution Distribution Amount in the event of early redemption

The Trust in relation to any Series may be dissolved prior to the relevant Scheduled Dissolution Date for the following reasons: (a) following a Dissolution Event; (b) for tax reasons; (c) if so specified in the applicable Final Terms, at the option of the Bank; and (d) if so specified in the applicable Final Terms, at the option of the Certificateholders.

Early redemption following a Dissolution Event or early redemption at the option of the of Certificateholders

In respect of an early redemption following a Dissolution Event or at the option of Certificateholders, on a Dissolution Date:

- (i) the Trustee and the Delegate will have the right under the Purchase Undertaking to require the Bank to purchase all of the Trustee's rights, title, interests, benefits and entitlements in, to and under all (in the case of redemption following a Dissolution Event or where all Certificates are to be redeemed on such Dissolution Date) or (where some only of the Certificates are to be redeemed on such Dissolution Date) a portion of the Wakala Assets comprising the Wakala Portfolio corresponding to the number of Certificates to be redeemed for payment of the relevant Exercise Price into the Transaction Account on the Dissolution Event Redemption Date (in the case of redemption following a Dissolution Event) or the Business Day immediately preceding the relevant Dissolution Date (in the case of dissolution at the option of Certificateholders); and
- (ii) the Servicing Agent will be required under the terms of the Service Agency Agreement to pay an amount equal to the amount of the Wakala Portfolio Principal Revenues (or a portion thereof corresponding to the number of Certificates to be redeemed, where some only of the Certificates are to be redeemed on the relevant Dissolution Date) standing to the credit of the Principal Collection Account into the Transaction Account on the Dissolution Event Redemption Date (in the case of redemption following a Dissolution Event) or the Business Day immediately preceding the relevant Dissolution Date (in the case of dissolution at the option of Certificateholders); and
- (iii) in the case of a Wakala/Mudaraba Series, the Mudarib will also be required under the Master Restricted Mudaraba Agreement and the relevant Supplemental Restricted Mudaraba Agreement to liquidate the relevant Mudaraba (or a portion of the Mudaraba Assets comprising the Mudaraba Portfolio where some only of the Certificates are to be redeemed on the relevant Dissolution Date corresponding to the number of Certificates to be redeemed) on the Dissolution Event Redemption Date (in the case of redemption following a Dissolution Event) or the Business Day immediately preceding the relevant Dissolution Date (in the case of dissolution at the option of Certificateholders) and distribute to the Trustee (as Rabb-al-Maal) the proceeds of the liquidation (in an amount not exceeding the Mudaraba Capital) and the Mudaraba Profit (in an amount not exceeding the Mudaraba Percentage of the Required Amount) realised by such liquidation by payment of the same into the Transaction Account,

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

Early redemption for tax reasons or early redemption at the option of the Bank

In respect of an early redemption for tax reasons or an early redemption at the option of the Bank:

- (i) the Bank will have the right under the Sale Undertaking to require the Trustee to sell all of its rights, title, interests, benefits and entitlements in, to and under all or (where some only of the Certificates are to be redeemed on such Dissolution Date) a portion of the Wakala Assets (corresponding to the number of Certificates to be redeemed) comprising the Wakala Portfolio for payment of the relevant Exercise Price into the Transaction Account on the Business Day immediately preceding the relevant Dissolution Date;
- (ii) the Servicing Agent will be required under the terms of the Service Agency Agreement to pay an amount equal to the amount of the Wakala Portfolio Principal Revenues (or a portion thereof corresponding to the number of Certificates to be redeemed, where some only of the Certificates are to be redeemed on the relevant Dissolution Date) standing to the credit of the Principal Collection Account into the Transaction Account on the Business Day immediately preceding the relevant Dissolution Date; and
- (iii) in the case of a Wakala/Mudaraba Series, the Mudarib will also be required under the Master Restricted Mudaraba Agreement and the relevant Supplemental Restricted Mudaraba Agreement to liquidate the relevant Mudaraba (or a portion of the Mudaraba Assets comprising the Mudaraba Portfolio where some only of the Certificates are to be redeemed on the relevant Dissolution Date, corresponding to the number of Certificates to be redeemed) on the Business Day immediately preceding the relevant Dissolution Date and distribute to the Trustee (as Rabb-al-Maal) the proceeds of the liquidation (in an amount not exceeding the Mudaraba Capital) and the Mudaraba Profit (in an amount not exceeding the Mudaraba Percentage of the Required Amount) realised by such liquidation by payment of the same into the Transaction Account,

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

Purchase and Cancellation of Certificates

Pursuant to Conditions 8(f) and 8(g), the Bank and its subsidiaries may at any time purchase Certificates in the open market or otherwise. If the Bank elects to cancel any Certificates so purchased:

- (i) the Bank may exercise its right under the Sale Undertaking to require the Trustee to assign and/or transfer, as applicable, all of its rights, title, interests, benefits and entitlements in, to and under all or a specified portion (as applicable) of the Wakala Assets comprising the Wakala Portfolio to the Bank against delivery of the relevant Certificates for cancellation in accordance with Condition 8 and the Agency Agreement;
- (ii) the Servicing Agent will be required under the terms of the Service Agency Agreement to surrender all or a specified portion (as applicable) of the Wakala Portfolio Principal Revenues standing to the credit of the Principal Collection Account to the Bank; and
- (iii) in the case of a Wakala/Mudaraba Series, the Mudarib will also be required under the Master Restricted Mudaraba Agreement and the relevant Supplemental Restricted Mudaraba Agreement to release all or a specified portion (as applicable) of the Mudaraba Assets from the Mudaraba Portfolio to the Bank for its own account,

in each case on the relevant date specified by the Bank for cancellation.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche, the applicable Final Terms. The Trustee and any relevant Dealer(s) may agree that Certificates shall be issued in a form other than that contemplated in the Terms and Conditions of the Certificates, in which event, in the case of listed Certificates only and, if appropriate, a supplemental prospectus 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.

Seller, Obligor and Servicing Agent and, in the case of a Wakala/Mudaraba Series, Mudarib:	Masraf Al Rayan (Q.P.S.C.), incorporated in Qatar on 4 January 2006 as a Qatari shareholding company in its capacity as Seller pursuant to the Master Purchase Agreement, Obligor pursuant to the Purchase Undertaking and Servicing Agent pursuant to the Service Agency Agreement and, in the case of a Wakala/Mudaraba Series, as Mudarib pursuant to the Master Restricted Mudaraba Agreement.
Obligor Legal Entity Identifier (LEI):	254900KFL51VLXABR231
Trustee:	MAR Sukuk Limited, as issuer of the Certificates and as trustee for and on behalf of the Certificateholders, an exempted company with limited liability incorporated on 20 September 2016 in accordance with the Companies Law (2016 Revision) of the Cayman Islands and formed and registered in the Cayman Islands with company registration number 315209 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 (as defined below) to which it is a party.
Trustee Legal Entity Identifier (LEI):	5493000TGLZ3JMN09026
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 by MaplesFS Limited under the terms of a trust for charitable purposes.
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 c/o MaplesFS Limited, 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 amended and restated corporate services agreement dated 27 October 2016 made between the Trustee and the Trustee Administrator (the Corporate Services Agreement).
Arrangers:	Al Rayan Investment L.L.C. HSBC Bank plc Standard Chartered Bank
Dealers:	Al Rayan Investment L.L.C., HSBC Bank plc, Standard Chartered Bank and any other Dealer appointed from time to time either

generally in respect of the Programme or in relation to a particular Series of Certificates.

Delegate:	HSBC Corporate Trustee Company (UK) Limited (the Delegate). In accordance with the Master Trust Deed, the Trustee will, <i>inter alia</i> , unconditionally and irrevocably appoint the Delegate to be its delegate and attorney and to exercise certain present and future rights, powers, authorities and discretions vested in the Trustee by certain provisions of the Master Trust Deed in accordance with the terms of the Master Trust Deed. In particular, the Delegate shall be entitled to (and, in certain circumstances, shall, subject to being indemnified and/or secured and/or prefunded to its satisfaction, be obliged to) take enforcement action in the name of the Trustee against the Bank (in any capacity) following a Dissolution Event.
Principal Paying Agent, Registrar and Transfer Agent:	HSBC Bank plc.
Initial Programme Size:	Up to U.S.\$2,000,000,000 (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 Final Terms.
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 applicable Final Terms. The price and amount of Certificates to be issued under the Programme will be determined by the Trustee, the Bank and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.
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, (ii) the minimum denomination

of each Certificate will be at least €100,000 (or, if the Certificates are denominated in a currency other than euro, the equivalent amounts in such currency, as calculated on the Issue Date of such Series) and (iii) unless otherwise permitted by such current laws and regulations, Certificates (including Certificates denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Trustee in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA will have a minimum denomination of £100,000 (or, if the Certificates are denominated in a currency other than sterling, the equivalent amount in such currency, as calculated on the Issue Date of such Series).

Status of the Certificates:

The Certificates will represent an undivided beneficial ownership interest in the Trust Assets of the relevant Series and will be limited recourse obligations of the Trustee. Each Certificate will constitute unsecured obligations of the Trustee and shall at all times rank *pari passu* and without any preference or priority with all other Certificates of the relevant Series.

The payment obligations of the Bank (in any capacity) to the Trustee under the Transaction Documents in respect of each Series of Certificates will be direct, unconditional, unsubordinated and (subject to the negative pledge provisions described in Condition 6(b)) unsecured obligations of the Bank and shall, save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 6(b), at all times rank at least equally with all other unsecured and unsubordinated monetary obligations of the Bank, present and future.

Trust Assets:

The Trust Assets of the relevant Series will be (i) the cash proceeds of the issue of the relevant Series of Certificates, pending application thereof in accordance with the terms of the Transaction Documents; (ii) the Trustee's rights, title, interest, benefits and entitlements, present and future, in, to and under the Wakala Portfolio and, in the case of a Wakala/Mudaraba Series, the Mudaraba Portfolio; (iii) the Trustee's rights, title, interest, benefits and entitlements, present and future, in, to and under the Transaction Documents (other than in relation to the Excluded Representations (as defined in the Conditions) and the covenant given to the Trustee pursuant to Clause 13.1 of the Master Trust Deed); and (iv) all moneys standing to the credit of the relevant Transaction Account from time to time; and all proceeds of the foregoing listed (i) to (iv) (the **Trust Assets**).

Periodic Distribution Amounts:

Certificateholders are entitled to receive Periodic Distribution Amounts calculated on the basis specified in the applicable Final Terms.

Fixed Rate Certificates:

Fixed Rate Certificates will bear profit on their outstanding face amount at such fixed rate per annum and on such date or dates as may be agreed between the Trustee, the Bank and the relevant Dealer(s), calculated in accordance with such Day Count Fraction as may be agreed between the Trustee, the Bank and the relevant Dealer(s), each as more particularly described in Condition 7(a).

Floating Rate Certificates:

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

- (i) on the same basis as the floating rate under a notional profit rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 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
- (ii) on the basis of the relevant Reference Rate as adjusted for any applicable margin.

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

Such profit will be paid on such date or dates as may be agreed between the Trustee, the Bank and the relevant Dealer(s) and will be calculated on the basis of such Day Count Fraction as may be agreed between the Trustee, the Bank and the relevant Dealer(s).

Floating Rate Certificates may also have a maximum profit rate, a minimum profit rate or both.

See Condition 7(b).

Benchmark Discontinuation:

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

Negative Pledge:

The Certificates will have the benefit of a negative pledge granted by the Bank in respect of itself and its Subsidiaries, as described in Condition 6(b).

Cross-Default:

In respect of the Bank, the Certificates will have the benefit of a cross-default provision, as described in Condition 12 and paragraph (viii) of the definition of Obligor Event corresponding thereto.

**Dissolution on the Scheduled
Dissolution Date:**

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

Dissolution Distribution Amount:

In relation to each Certificate of a Series, either:

- (i) the sum of:
 - (a) the outstanding face amount of such Certificate; and

- (b) any accrued but unpaid Periodic Distribution Amounts for such Certificate; or
- (ii) such other amount specified in the applicable Final Terms as being payable upon the relevant Dissolution Date.

Early Dissolution of the Trust:

The Trust may only be dissolved (in whole or in part) prior to the Scheduled Dissolution Date upon the:

- (i) occurrence of a Dissolution Event;
- (ii) exercise of an Optional Dissolution Right (if applicable to the relevant Series);
- (iii) exercise of a Certificateholder Put Right (if applicable to the relevant Series); or
- (iv) occurrence of a Tax Event.

In each case, the Certificates of a Series will be redeemed (i) pursuant to the exercise of the Purchase Undertaking or the Sale Undertaking (as applicable) and the Service Agency Agreement whereupon the Bank will pay the relevant Exercise Price to the Trustee and receive from the Trustee all or the relevant proportion of the Wakala Assets and pay all relevant Wakala Portfolio Principal Revenues to the Trustee in accordance with the Service Agency Agreement and (ii) in the case of a Wakala/Mudaraba Series, pursuant to the Master Restricted Mudaraba Agreement and the relevant Supplemental Restricted Mudaraba Agreement whereby the Bank will liquidate all or the relevant proportion of the Mudaraba Portfolio and pay the proceeds of such liquidation (in an amount not exceeding the Mudaraba Capital) and the Mudaraba Profit (in an amount not exceeding the Mudaraba Percentage of the Required Amount) realised by such liquidation to the Trustee. The relevant Exercise Price payable under the Purchase Undertaking or the Sale Undertaking, as the case may be, together with the relevant Wakala Portfolio Principal Revenues and, in the case of a Wakala/Mudaraba Series, the proceeds from the liquidation of the relevant proportion of the Mudaraba Portfolio and the Mudaraba Profit as aforementioned will be used to fund the redemption of the Certificates of the relevant Series at an amount equal to the relevant Dissolution Distribution Amount.

Dissolution Events:

The Dissolution Events are described in Condition 12. Following the occurrence and continuation of a Dissolution Event in respect of a Series of Certificates, the Certificates may be redeemed in full at an amount equal to the relevant Dissolution Distribution Amount in the manner described in Condition 12.

Early Dissolution for Tax Reasons:

Where the Trustee has or will become obliged to pay any additional amounts in respect of the Certificates pursuant to Condition 10, or the Bank has or will become obliged to pay any additional amounts in respect of amounts payable to the Trustee pursuant to the terms of any Transaction Document, as a result of a change in, or amendment to, the laws or regulations of the Cayman Islands (in the case of a payment by the Trustee) or Qatar (in the case of a payment by the Bank) or, in each case, any political subdivision or any authority therein or thereof having power to tax or any change in the application

or official interpretation of such laws or regulations, and such obligation cannot be avoided by the Trustee or the Bank, as applicable, taking reasonable measures available to it, the Bank may in its sole discretion require the Trustee to redeem the Certificates in whole, but not in part, on a Periodic Distribution Date (in the case of a Floating Rate Certificate) or at any time (in the case of a Fixed Rate Certificate) at the relevant Dissolution Distribution Amount, as more particularly described in Condition 8(b).

Optional Dissolution Right:

If so specified in the applicable Final Terms, the Bank may, in accordance with Condition 8(c), require the Trustee to redeem all or some of the Certificates of the relevant Series at the relevant Dissolution Distribution Amount on any Optional Dissolution Date.

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

Certificateholder Put Right:

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

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

Pursuant to Condition 8(f), the Bank and/or any of its Subsidiaries may at any time purchase Certificates in the open market or otherwise. If the Bank wishes to cancel such Certificates purchased by it and/or any of its Subsidiaries, the Bank may do so in accordance with Condition 8(g).

Limited Recourse:

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

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

See further Condition 4(b).

Form and Delivery of the Certificates:

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

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 by the Trustee in respect of the Certificates are to be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Cayman Islands or Qatar or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In such event, the Trustee has agreed to pay such additional amounts as shall result in receipt by the Certificateholders of such amounts as would have been received by it had no such withholding or deduction been required, subject to and in accordance with Condition 10. If the Trustee is required to pay any additional amounts as aforesaid, the Bank has undertaken in the Purchase Undertaking to pay such additional amounts as may be necessary so that the full amount due and payable by the Trustee in respect of the Certificates is received by the Trustee for the purposes of payment to the Certificateholders in accordance with and subject to the provisions of Condition 10.

In addition, all payments by the Bank under the Transaction Documents to which it is a party are to be made without any deduction or withholding for, or on account of, any present or future taxes, levies, duties, fees, assessments or other charges of whatever nature unless required by law and without set-off or counterclaim of any kind. If any deduction or withholding is required by law, the Bank has undertaken to pay such additional amounts as shall result in receipt by the Trustee of such amounts as would have been received by it under the relevant Transaction Document had no such deduction or withholding been made.

Listing:

Application has been made to Euronext Dublin for each Tranche of the Certificates issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the Official List and to be admitted to trading on the Euronext Dublin Regulated Market. Certificates may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Trustee, the Bank and the relevant Dealer(s) in relation to the Tranche and as will be specified in the applicable Final Terms. Certificates may also be issued which are neither listed nor admitted to trading on any market.

Listing Agent:

Arthur Cox Listing Services Limited.

Certificateholder Meetings:

A summary of the provisions for convening meetings of Certificateholders to consider matters relating to their interests as such is set out in Condition 14.

Tax Considerations:

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

Governing Law and Submission to Jurisdiction:

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

Each of the Master Trust Deed, each Supplemental Trust Deed, the Agency Agreement, the Programme Agreement, any Subscription Agreement, the Service Agency Agreement, the Sale Undertaking, the Purchase Undertaking, the Master Restricted Mudaraba Agreement, any Supplemental Restricted Mudaraba Agreement and any non-contractual obligations arising out of or in connection with the same will be governed by and construed in accordance with English law. In respect of any dispute under any such Transaction Document to which it is a party or the Certificates, the parties have consented to arbitration in London under the LCIA Arbitration Rules. Any dispute may also be referred to the courts in England (which shall have exclusive jurisdiction to settle any dispute arising from such documents).

The Master Purchase Agreement and any Supplemental Purchase Agreement and any sale and/or transfer agreement (as applicable) entered into pursuant to the Purchase Undertaking or the Sale Undertaking, as the case may be, will be governed by, and construed in accordance with, the laws of Qatar. The parties thereto have consented to arbitration in London under the LCIA Arbitration Rules. Any dispute may also be referred to the courts of Qatar (which shall have exclusive jurisdiction to settle any dispute arising from such documents).

The Corporate Services Agreement and the Registered Office Terms (as defined in "*Description of the Trustee–The Administrator*") will be governed by the laws of the Cayman Islands.

Waiver of Sovereign Immunity:

The Bank has agreed in each of the Transaction Documents to which it is a party that, to the extent that it may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed to the Bank or any of its assets or revenues, it will not claim and has irrevocably and unconditionally waived such immunity in relation to any legal or arbitral proceedings or Disputes (as defined in the Conditions). In addition, the Bank has irrevocably and unconditionally consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any of its assets whatsoever of any award, order or judgment made or given in connection with any legal or arbitral proceedings or Disputes.

Transaction Documents:

The Transaction Documents in respect of a Series shall comprise the Master Trust Deed, each Supplemental Trust Deed, the Agency Agreement, the Certificates, the Service Agency Agreement, the Sale Undertaking, the Purchase Undertaking, (in respect of a Wakala/Mudaraba Series) the Master Restricted Mudaraba Agreement and any Supplemental Restricted Mudaraba Agreement, any sale and/or transfer agreement (as applicable) entered into pursuant to the Purchase Undertaking or the Sale Undertaking, as the case may be, the Master Purchase Agreement and any Supplemental Purchase Agreement.

Rating:

The Bank has been assigned long term ratings of A1 with a stable outlook by Moody's.

The Programme has been assigned a rating of A1 with a stable outlook by Moody's.

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

Fitch is established in the United Kingdom. Each of Moody's, Moody's Deutschland and Standard & Poor's is established in the European Union. Each of Fitch, Moody's, Moody's Deutschland and Standard & Poor's is registered under the CRA Regulation. As such, each of Fitch, Moody's, Moody's Deutschland and Standard & Poor's is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

A Series of Certificates to be issued under the Programme may be rated or unrated. Where a Series of Certificates is to be rated, its rating will be specified in the Final Terms.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Certificates, including in the Cayman Islands, the Dubai International Financial Centre, the EEA, Hong Kong, Kuwait, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, Malaysia, Singapore, Qatar (including the Qatar Financial Centre), the United Arab Emirates (excluding the Dubai International Financial Centre), the United Kingdom and the United States of America. See "*Subscription and Sale*".

United States Selling Restrictions:

Regulation S, Category 2.

DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the interim condensed consolidated financial statements of the Bank for the six months ended 30 June 2020, together with the review report thereon (an electronic copy of which is available at: <https://www.alrayan.com/library/assets/Gallery/FinancialStatements/EN/Masraf-Al-Rayan-FS-30-06-20-Final.pdf>);
- (b) the consolidated financial statements of the Bank for the year ended 31 December 2019, together with the audit report thereon (an electronic copy of which is available at: <https://www.alrayan.com/library/assets/Gallery/FinancialStatements/EN/Masraf-Al-Rayan-English-FS-December-2019-Issued-Final.pdf>);
- (c) the consolidated financial statements of the Bank for the year ended 31 December 2018, together with the audit report thereon (an electronic copy of which is available at: <https://www.alrayan.com/library/assets/Gallery/FinancialStatements/EN/Financials-December-2018.pdf>);
- (d) the Terms and Conditions of the Certificates contained on pages 42 to 79 (inclusive) in the base prospectus dated 11 July 2019 prepared by the Trustee and the Bank in connection with the Programme (an electronic copy of which is available at: https://www.ise.ie/debt_documents/Base%20Prospectus_ac217520-54cc-4f82-9902-d9f074b6531a.PDF); and
- (e) the Terms and Conditions of the Certificates contained on pages 40 to 73 (inclusive) in the base prospectus dated 15 May 2018 prepared by the Trustee and the Bank in connection with the Programme (an electronic copy of which is available at: https://www.ise.ie/debt_documents/Final%20Base%20Prosepectus%2015.05_bb78a199-3ad2-46f2-a039-e0eff1098cd8.PDF).

Following the publication of this Base Prospectus a supplement may be prepared by the Trustee and the Bank and approved by the Central Bank of Ireland in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

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

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 Final Terms, 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 Final Terms 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 Final Terms. Those definitions will be endorsed on the definitive Certificates. References in the Conditions to **Certificates** are to the Certificates of one Series only, not to all Certificates that may be issued under the Programme.*

MAR Sukuk Limited (in its capacity as issuer and in its capacity as trustee, the **Trustee**) has established a programme (the **Programme**) for the issuance of trust certificates (the **Certificates**) in a maximum aggregate face amount of U.S.\$2,000,000,000 (or the equivalent in other currencies calculated as described in the amended and restated programme agreement between the Trustee, Masraf Al Rayan (Q.P.S.C.) (the **Obligor**) and the Dealers named therein dated 19 August 2020 (the **Programme Agreement**)), or such other maximum aggregate face amount as increased in accordance with the terms of the Programme Agreement.

The Certificates are constituted by an amended and restated master trust deed dated 19 August 2020 between the Trustee, the Obligor and HSBC Corporate Trustee Company (UK) Limited as the Trustee's delegate (the **Delegate**, which expression shall include all persons for the time being the delegate or delegates under the Master Trust Deed) (the **Master Trust Deed**) as supplemented by a supplemental trust deed entered into on or before the date of issue of the relevant Certificates (the **Issue Date**) in respect of the relevant Tranche (the **Supplemental Trust Deed** and, together with the Master Trust Deed, the **Trust Deed**).

An amended and restated agency agreement (as amended or supplemented as at the Issue Date, the **Agency Agreement**) dated 19 August 2020 has been entered into in relation to the Certificates between the Trustee, the Obligor, the Delegate, HSBC Bank plc as principal paying agent, registrar and transfer agent and the other agents named in it. The principal paying agent, the other paying agents, the registrar, the transfer agent and the calculation agent(s) for the time being (if any) are referred to below respectively as the **Principal Paying Agent**, the **Paying Agents** (which expression shall include the Principal Paying Agent), the **Registrar**, the **Transfer Agent** (which expression shall include the Registrar) and the **Calculation Agent(s)**, and together the **Agents**.

These terms and conditions (the **Conditions**) include summaries of, and are subject to, the detailed provisions of (i) the Trust Deed, which includes the form of Certificates referred to below, (ii) the Agency Agreement and (iii) the remaining Transaction Documents (as defined below). The Certificateholders are bound by, and are deemed to have notice of, all the provisions applicable to them in the Transaction Documents. The final terms for the Certificate (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Certificate which complete these Conditions. References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on the relevant Certificate.

Copies of the Transaction Documents are available for inspection and/or collection (including by means of email distribution) by Certificateholders during usual business hours at the specified office of the Principal Paying Agent.

Each initial Certificateholder, by its acquisition and holding of its interest in a Certificate, shall be deemed to authorise and direct the Trustee, on behalf of the Certificateholders: (a) to apply the proceeds of the issue of the any Tranche of Certificates (the **Proceeds**) in accordance with the terms of the Transaction Documents; (b) to act as Purchaser pursuant to the Master Purchase Agreement and any Supplemental Purchase Agreement and, in the case of a Wakala/Mudaraba Series, as Rabb-al-Maal pursuant to the Master Restricted Mudaraba Agreement and any Supplemental Restricted Mudaraba Agreement, in each case, on its behalf (which authorisation and direction shall also apply to its successors in title) and (c) to enter into each Transaction Document to which it is a party, subject to the terms and conditions of the Trust Deed and these Conditions.

1 Interpretation

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

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

Broken Amount means the amount specified as such in the applicable Final Terms;

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

Calculation Amount means the amount specified as such in the applicable Final Terms;

Cancellation Notice means a cancellation notice given pursuant to the terms of the Sale Undertaking;

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

Certificateholder Put Exercise Notice has the meaning given to it in Condition 8(d);

Certificateholder Put Right means the right specified in Condition 8(d);

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

Corporate Services Agreement means the amended and restated corporate services agreement entered into between the Trustee and the Trustee Administrator dated 27 October 2016;

Day Count Fraction has the meaning given to it in Condition 7(h);

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

Dispute has the meaning given to it in Condition 20(b);

Dissolution Date means, as the case may be:

- (a) the Scheduled Dissolution Date;
- (b) any Early Tax Dissolution Date;
- (c) any Optional Dissolution Date;
- (d) any Certificateholder Put Right Date;
- (e) any Dissolution Event Redemption Date; or
- (f) such other date as specified in the applicable Final Terms for the redemption of Certificates and dissolution of the Trust in whole or in part prior to the Scheduled Dissolution Date;

Dissolution Distribution Amount means:

- (a) the sum of:
 - (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 applicable Final Terms as being payable upon any Dissolution Date;

Dissolution Event means a Trustee Event or an Obligor Event;

Dissolution Event Redemption Date has the meaning given to it in Condition 12(a);

Dissolution Notice has the meaning given to it in Condition 12(a)(ii);

Early Tax Dissolution Date has the meaning given to it in Condition 8(b);

Excluded Representations means any representations given by the Obligor to the Trustee and/or the Delegate pursuant to the Transaction Documents, save for the representations given in Clause 5.2(c) of the Master Purchase Agreement, Clause 3.1(e)(iii) of the Service Agency Agreement and, in respect of a Wakala/Mudaraba Series, Clause 10.2(c) of the Master Restricted Mudaraba Agreement;

Exercise Notice means an exercise notice given pursuant to the terms of the Purchase Undertaking and/or the Sale Undertaking (as the case may be);

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

Fixed Amount means the amount specified as such in the applicable Final Terms;

Fixed Rate Certificates means a Series in respect of which Fixed Periodic Distribution Provisions is specified as applicable in the applicable Final Terms;

Floating Rate Certificates means a Series in respect of which Floating Periodic Distribution Provisions is specified as applicable in the applicable Final Terms;

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

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

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

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

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

ISDA Definitions means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the applicable Final Terms;

LCIA means the London Court of International Arbitration;

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

Master Purchase Agreement means the amended and restated master purchase agreement dated 19 August 2020 between the Trustee (in its capacity as Purchaser) and the Obligor (in its capacity as Seller);

Master Restricted Mudaraba Agreement means the amended and restated master restricted mudaraba agreement dated 19 August 2020 between the Trustee (in its capacity as Rabb-al-Maal) and the Obligor (in its capacity as Mudarib);

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

- (i) whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total income (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less

than 10 per cent. of the consolidated total assets, or, as the case may be, the consolidated total income of the Obligor and its Subsidiaries taken as a whole, all as calculated respectively by reference to the latest financial statements (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited consolidated financial statements of the Obligor, provided that, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Obligor relate for the purpose of applying each of the foregoing tests, the reference to the Obligor's latest audited consolidated financial statements shall be deemed to be a reference to such financial statements as if such Subsidiary had been shown therein by reference to its then latest relevant financial statements, adjusted as deemed appropriate by the auditors of the Obligor for the time being after consultation with the Obligor; or

- (ii) to which is transferred all or substantially all of the business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Material Subsidiary, whereupon (A) in the case of a transfer by a Material Subsidiary, the transferor Material Subsidiary shall immediately cease to be a Material Subsidiary and (B) the transferee Subsidiary shall immediately become a Material Subsidiary, provided that on or after the date on which the relevant financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Material Subsidiary, shall be determined pursuant to the provisions of paragraph (i) above, and

a Certificate addressed to the Delegate signed by two directors of the Obligor certifying that in their opinion a Subsidiary is or is not or was or was not at any particular time or during a particular period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties and the Delegate shall be entitled to rely on such certificate without liability to any person;

Maximum Optional Dissolution Amount means the amount specified as such in the applicable Final Terms;

Minimum Optional Dissolution Amount means the amount specified as such in the applicable Final Terms;

Mudaraba has the meaning given to it in the Master Restricted Mudaraba Agreement;

Mudaraba Capital has the meaning given to it in the Master Restricted Mudaraba Agreement;

Mudaraba Percentage means the percentage (being no more than 49 per cent.) of the Proceeds paid to the Obligor as the initial Mudaraba Capital of the Mudaraba in accordance with the relevant Supplemental Restricted Mudaraba Agreement;

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

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

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

Obligor Event means any of the following events:

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

- (ii) **Breach of Other Obligations:** the Obligor, acting in any capacity, defaults in the performance or observance of any of its covenants and/or obligations in relation to the Certificates or under the Transaction Documents to which it is a party (other than the Programme Agreement and the Agency Agreement) and such default remains unremedied for a period of 30 days after written notice of such default shall have been given to the Obligor by the Delegate (except where such default is, in the opinion of the Delegate, not capable of remedy in which case no such notice of default shall be required); or
- (iii) **Cross-Default:** any Indebtedness of the Obligor or any of the Obligor's Material Subsidiaries (or any Guarantee given by any of them in respect of any Indebtedness) is not paid when due or, as the case may be, within any originally applicable grace period or any such Indebtedness becomes due and payable prior to its specified maturity (or, in the case of a Guarantee, is called) as a result of an event of default (however described) provided, however, that it shall not constitute an Obligor Event unless the aggregate amount (or its equivalent in U.S. dollars) of all such Indebtedness or Guarantees either alone or when aggregated with all other Indebtedness or Guarantees which shall remain unpaid or unsatisfied or is so declared or becomes due and payable or is called, or a creditor becomes entitled so to do, as the case may be, shall be more than U.S.\$10,000,000 (or its equivalent in any other currencies); or
- (iv) **Winding-up, etc.:** the Obligor or any of the Obligor's Material Subsidiaries takes any corporate action or an effective resolution is passed or legal proceedings are started (and such proceedings have not been discharged within 30 days and are not being actively contested in good faith) for its winding-up, dissolution, bankruptcy, administration or reorganisation (whether by way of voluntary arrangement, scheme of arrangement or otherwise) or for the appointment of a liquidator, receiver, administrator, administrative receiver, conservator, custodian, trustee or similar officer of it or of any substantial part or all of its revenues and assets, except for the purposes of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation: (A) on terms approved by an Extraordinary Resolution of the Certificateholders; or (B) in the case of a Material Subsidiary, whereby all or a substantial part of the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Obligor or another Subsidiary of the Obligor; or
- (v) **Ceasing of business, etc.:** the Obligor or any of the Obligor's Material Subsidiaries ceases to carry on the whole or a substantial part of its business except for the purposes of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Certificateholders or (ii) in the case of a Material Subsidiary, whereby all or a substantial part of the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Obligor or another Subsidiary of the Obligor; or
- (vi) **Insolvency, etc.:** the Obligor or any of its Material Subsidiaries is (or is deemed by a court or any applicable legislation to be) insolvent or bankrupt or unable to pay all or a material part of its debts as the same fall due, or stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, or commences negotiations with its creditors as a whole or any one or more classes of its creditors with a view to the general readjustment or rescheduling of all or a material part of its debts or proposes or makes a general assignment for the benefit of or an arrangement or a composition or conciliation with its creditors in respect of such debts; or
- (vii) **Execution, attachment etc.:** any execution, attachment, distress, sequestration or other similar legal process made pursuant to a court order or judgment or arising by virtue of any law or regulation affects the whole or a substantial part of the assets of the Obligor or any of the Obligor's Material Subsidiaries and is not discharged within 30 days; or
- (viii) **Unsatisfied judgment:** the Obligor or any of the Obligor's Material Subsidiaries fails to comply with or pay any sum which amount shall not be less than U.S.\$10,000,000 due from it under any final non-appealable judgment or any final non-appealable order made or given by any court of competent jurisdiction and such failure continues for a period of 30 days next following the service by the Delegate on the Obligor of notice requiring the same to be paid/remedied; or

- (ix) **Government intervention:** by or under the authority of any government or governmental body (acting solely in its capacity as such), (A) the management of the Obligor or any of the Obligor's Material Subsidiaries is wholly or substantially displaced or the authority of the Obligor or any of its Material Subsidiaries in the conduct of its business is wholly or substantially curtailed or (B) all or a majority of the issued shares of the Obligor or any of the Obligor's Material Subsidiaries or the whole or substantial part of their respective revenues or assets is seized, nationalised, expropriated or compulsorily acquired provided that, in the case of (A), an Obligor Event will not occur as a result of any duly authorised action taken by a government or governmental body acting solely in its capacity as a shareholder of the Obligor or any Material Subsidiary, as the case may be; or
- (x) **Unlawfulness:** the Obligor repudiates any Transaction Document to which it is a party or at any time it is or becomes unlawful for the Obligor (acting in any capacity) to perform or comply with any or all of its material obligations under or in respect of the Transaction Documents to which it is respectively a party or any of the material obligations of the Obligor (acting in any capacity) thereunder are not or cease to be legal, valid, binding and enforceable; or
- (xi) **Security Enforced:** any Security Interest present or future, created or assumed by the Obligor or any of the Obligor's Material Subsidiaries in respect of all or a material part of the property, assets or revenues of the Obligor or any of its Material Subsidiaries, as the case may be, becomes enforceable and is enforced (including the taking of possession or the appointment of a receiver, administrative receiver, manager or other similar person); or
- (xii) **Analogous Event:** any event occurs which under the laws of Qatar has an analogous effect to any of the events referred to in paragraphs (iv), (vi), and (xi) above;

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

Optional Dissolution Right means the right specified in Condition 8(c);

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

Periodic Distribution Amount has the meaning given to it in Condition 7(a) or 7(b), as applicable;

Periodic Distribution Date means the date or dates specified as such in the applicable Final Terms;

Periodic Distribution Period means the period beginning on and including the Profit Commencement Date and ending on but excluding the first Periodic Distribution Date and each successive period beginning on and including a Periodic Distribution Date and ending on but excluding the next succeeding Periodic Distribution Date;

Permitted Security Interest means:

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

amount secured has not increased and the Security Interest has not been extended to any additional assets (other than the proceeds of such assets);

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

Proceedings has the meaning given to it in Condition 20(e)(iii);

Profit Amount means:

- (i) in respect of a Return Accumulation Period, the amount of profit payable per Calculation Amount for that Return Accumulation Period and which, in the case of Fixed Rate Certificates, and unless otherwise specified in the applicable Final Terms, shall mean the Fixed Amount or Broken Amount specified in the applicable Final Terms as being payable on the Periodic Distribution Date ending the Periodic Distribution Period of which such Return Accumulation Period forms part; and
- (ii) in respect of any other period, the amount of profit payable per Calculation Amount for that period;

Profit Commencement Date means the Issue Date or such other date as may be specified in the applicable Final Terms;

Profit Period Date means each Periodic Distribution Date unless otherwise specified in the applicable Final Terms;

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

Profit Rate Determination Date means, with respect to a Profit Rate and Return Accumulation Period, the date specified as such in the applicable Final Terms or, if none is so specified (i) the first day of such Return Accumulation Period, if the Specified Currency is sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Return Accumulation Period, if the Specified Currency is neither sterling nor euro, or (iii) the day falling two TARGET Business Days prior to the first day of such Return Accumulation Period, if the Specified Currency is euro;

Purchase Agreement means the amended and restated Master Purchase Agreement as supplemented by the applicable Supplemental Purchase Agreement;

Purchase Undertaking means the amended and restated purchase undertaking dated 19 August 2020 and granted by the Obligor for the benefit of the Trustee and the Delegate;

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

Rabb-al-Maal means the Trustee in its capacity as such pursuant to the Restricted Mudaraba Agreement;

Record Date has the meaning given to it in Condition 9(a);

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

Reference Rate means one of the following benchmark rates (specified in the applicable Final Terms) in respect of the currency and period specified in the applicable Final Terms:

- (i) LIBOR;
- (ii) EURIBOR;
- (iii) KIBOR;
- (iv) HIBOR;
- (v) KLIBOR;
- (vi) TRLIBOR or TRYLIBOR;
- (vii) SIBOR;

- (viii) EIBOR;
- (ix) TIBOR;
- (x) SAIBOR;
- (xi) CHF LIBOR; and
- (xii) QIBOR

Register has the meaning given to it in Condition 2;

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

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

Relevant Indebtedness means: (i) any Indebtedness, other than Indebtedness incurred in connection with a Non-recourse Project Financing or a Securitisation, which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or are capable of being, quoted, listed, dealt in or traded on any stock exchange, over-the-counter or other securities market; and (ii) any Relevant Sukuk Obligation;

Relevant Powers has the meaning given to it in Condition 15(a);

Relevant Screen Page means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Final Terms;

Relevant Sukuk Obligation means any undertaking or other obligation, other than any undertaking or obligation incurred in connection with a Non-recourse Project Financing or a Securitisation, to pay any money given in connection with the issue of certificates, whether or not in return for consideration of any kind, which for the time being are, or are intended to be or are capable of being, quoted, listed, dealt in or traded on any stock exchange, over-the-counter or other securities market;

Relevant Time means the time specified as such in the applicable Final Terms;

Restricted Mudaraba Agreement means the amended and restated Master Restricted Mudaraba Agreement as supplemented by the applicable Supplemental Restricted Mudaraba Agreement;

Return Accumulation Period means the period beginning on (and including) the Profit Commencement Date and ending on (but excluding) the first Profit Period Date and each successive period beginning on (and including) a Profit Period Date and ending on (but excluding) the next succeeding Profit Period Date;

Sale Undertaking means the amended and restated sale undertaking dated 19 August 2020 and granted by the Trustee for the benefit of the Obligor;

Scheduled Dissolution Date means the date specified as such in the applicable Final Terms;

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

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

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

Series means a Tranche of Certificates together with any further Tranche or Tranches of Certificates which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or

terms and conditions which are the same in all respects save for the amount and date of the first payment of Periodic Distribution Amounts (as defined herein) thereon and the date from which Periodic Distribution Amounts start to accrue;

Service Agency Agreement means the amended and restated Service Agency Agreement dated 19 August 2020 between the Trustee and the Obligor (in its capacity as servicing agent);

Servicing Agent means the Obligor in its capacity as such pursuant to the Service Agency Agreement;

Specified Currency means the currency specified as such in the applicable Final Terms or, if none is specified, the currency in which the Certificates are denominated;

Specified Denominations means the amount(s) specified as such in the applicable Final Terms;

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

Supplemental Purchase Agreement means the supplemental purchase agreement to be dated the Issue Date of the relevant Series between the Trustee (in its capacity as Purchaser) and the Obligor (in its capacity as Seller) for purchase of the Initial Wakala Portfolio;

Supplemental Restricted Mudaraba Agreement means the supplemental restricted mudaraba agreement to be dated the Issue Date of the relevant Series between the Trustee (in its capacity as Rabb-al-Maal) and the Obligor (in its capacity as Mudarib) for purchase of the Initial Mudaraba Portfolio;

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

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

Tranche means Certificates which are identical in all respects (including as to listing and admission to trading);

Transaction Account means, in relation to each Series, the non-interest bearing account in London in the Trustee's name held with HSBC Bank plc and into which the Obligor will deposit all amounts due to the Trustee under the Transaction Documents, details of which are specified in the applicable Final Terms;

Transaction Documents means, in relation to each Series:

- (i) the relevant Certificates;
- (ii) the Trust Deed;
- (iii) the Agency Agreement;
- (iv) the Purchase Agreement;
- (v) the Service Agency Agreement;
- (vi) the Sale Undertaking (together with each relevant sale agreement or transfer agreement executed upon exercise of the Sale Undertaking);
- (vii) the Purchase Undertaking (together with each relevant sale agreement or transfer agreement executed upon exercise of the Purchase Undertaking); and
- (viii) in respect of a Wakala/Mudaraba Series, the Restricted Mudaraba Agreement,

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

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

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

Trustee Administrator means MaplesFS Limited;

Trustee Event means any of the following events:

- (i) **Non-Payment:** default is made in the payment of the Dissolution Distribution Amount on the date fixed for payment thereof or default is made in the payment of any Periodic Distribution Amount on the due date for payment thereof and, in the case of the Dissolution Distribution Amount, such default continues unremedied for a period of seven days and, in the case of a Periodic Distribution Amount, such default continues unremedied for a period of 14 days; or
- (ii) **Breach of Other Obligations:** the Trustee defaults in the performance or observance of or compliance with any of its other obligations or undertakings under the Transaction Documents to which it is a party and such default is not capable of remedy (in the opinion of the Delegate) or (if capable of remedy (in the opinion of the Delegate)) is not remedied within 30 days after written notice of such default shall have been given to the Trustee by the Delegate; or
- (iii) **Repudiation:** the Trustee repudiates any Transaction Document to which it is a party or does or causes to be done any act or thing evidencing an intention to repudiate any Transaction Document to which it is a party; or
- (iv) **Illegality:** at any time it is or will become unlawful or impossible for the Trustee (by way of insolvency or otherwise) to perform or comply with any or all of its obligations under the Transaction Documents or any of the obligations of the Trustee under the Transaction Documents are not or cease to be legal, valid, binding and enforceable; or
- (v) **Insolvency:** either: (a) the Trustee becomes insolvent or is unable to pay its debts as they fall due; (b) an administrator or liquidator of the whole or substantially the whole of the undertaking, assets and revenues of the Trustee is appointed (or application for any such appointment is made); (c) the Trustee takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it; or (d) the Trustee ceases or threatens to cease to carry on all or substantially the whole of its business; or
- (vi) **Winding-up:** an order or decree is made or an effective resolution is passed for the winding-up, liquidation or dissolution of the Trustee; or
- (vii) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (vi) and (vi) above.

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

Wakala Assets has the meaning given to it in the Service Agency Agreement;

Wakala Percentage means the percentage of the Proceeds used to purchase the Initial Wakala Portfolio pursuant to the relevant Supplemental Purchase Agreement;

Wakala Portfolio has the meaning given to it in the Service Agency Agreement;

Wakala Series means a Series of Certificates specified as such in the applicable Final Terms; and

Wakala/Mudaraba Series means a Series of Certificates specified as such in the applicable Final Terms.

All references to the **face amount** of a Certificate shall be deemed to include the relevant Dissolution Distribution Amount, any additional amounts (other than relating to Periodic Distribution Amounts) which may be payable under Condition 10 and any other amount in the nature of face amounts payable pursuant to these Conditions.

All references to **Periodic Distribution Amounts** shall be deemed to include any additional amounts in respect of profit distributions which may be payable under Condition 10 and any other amount in the nature of a profit distribution payable pursuant to these Conditions.

All references to **U.S.\$, U.S. dollars** and **\$** are to the lawful currency of the United States of America.

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

2 **Form, Denomination and Title**

The Certificates are issued in registered form in the Specified Denomination(s) shown in the applicable Final Terms. The Certificates may be Fixed Rate Certificates, Floating Rate Certificates or a combination of the foregoing, depending upon the profit basis specified in the applicable Final Terms.

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

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

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

In these Conditions, **Certificateholder** or **holder** means the person in whose name a Certificate is registered and capitalised terms have the meanings given to them in the applicable Final Terms, the absence of any such meaning indicating that such term is not applicable to the Certificates.

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

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

3 **Transfers**

- (a) **Transfer of Certificates:** Subject to Condition 3(e), one or more Certificates may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the certificate representing such Certificates to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Trustee) duly completed and executed and any other evidence as the Registrar or the relevant Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Certificates represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Certificates to a person who is already a holder of Certificates, a new certificate representing the enlarged holding shall only be issued against surrender of the

- certificate representing the existing holding. All transfers of Certificates and entries on the Register will be made subject to the detailed regulations concerning transfers of Certificates scheduled to the Agency Agreement. The regulations may be changed by the Trustee, with the prior written approval of the Registrar and the Delegate or by the Registrar with the prior written approval of the Delegate, provided that any such change is not materially prejudicial to the interests of the Certificateholders. A copy of the current regulations will be made available by the Registrar to any Certificateholder upon request.
- (b) **Exercise of Options or Partial Dissolution in Respect of Certificates:** In the case of an exercise of the Obligor's or the Certificateholders' option in respect of, or a partial redemption of, a holding of Certificates represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding for which no payment was made. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent.
 - (c) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 3(a) or 3(b) shall be available for delivery within five business days (or such longer period as may be required to comply with any applicable fiscal or other regulations) of receipt of the form of transfer or Certificateholder Put Exercise Notice, as the case may be, and surrender of the Certificate for exchange. Delivery of the new Certificate shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery of such form of transfer or Certificateholder Put Exercise Notice, as the case may be, and surrender of such Certificate shall have been made or, at the option of the holder making such delivery and surrender as aforesaid and as specified in the relevant form of transfer, Certificateholder Put Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance or takaful as it may specify. In this Condition 3(c), **business day** means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).
 - (d) **Transfers Free of Charge:** Transfers of Certificates on registration, transfer, exercise of an option or partial dissolution shall be effected without charge by or on behalf of the Trustee, the Registrar or the Transfer Agents, but upon payment of any stamp duty, tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security as the Trustee, the Registrar or the relevant Transfer Agent may require).
 - (e) **Closed Periods:** No Certificateholder may require the transfer of a Certificate to be registered (i) during the period of 15 days ending on (and including) the due date for payment of any Dissolution Distribution Amount or Periodic Distribution Amount or any other date on which any payment of the face amount or payment of any profit in respect of that Certificate falls due, (ii) during the period of 15 days prior to any date on which Certificates may be called for redemption pursuant to Condition 8(c), (iii) after any such Certificate has been called for redemption, or (iv) during the period of seven days ending on (and including) any Record Date.

4 Status

- (a) **Status of Certificates:** The Certificates represent an undivided beneficial ownership interest in the relevant Trust Assets and are limited recourse obligations of the Trustee. Each Certificate will constitute unsecured obligations of the Trustee and shall at all times rank *pari passu* and without any preference or priority with all other Certificates of the relevant Series.

The payment obligations of the Obligor (in any capacity) to the Trustee under the Transaction Documents in respect of each Series of Certificates are direct, unconditional, unsubordinated and (subject to the negative pledge provisions described in Condition 6(b)) unsecured obligations of the Obligor and shall, save for such exceptions as may be provided by applicable legislation and subject

to the negative pledge provisions described in Condition 6(b), at all times rank at least equally with all other unsecured and unsubordinated monetary obligations of the Obligor, present and future.

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

The proceeds of the relevant Trust Assets are the sole source of payments on the Certificates of each Series. The net proceeds of the realisation of, or enforcement with respect to, the relevant Trust Assets may not be sufficient to make all payments due in respect of the Certificates. Certificateholders, by subscribing for or acquiring the Certificates, acknowledge and agree that notwithstanding anything to the contrary contained in these Conditions or any Transaction Document:

- (i) no payment of any amount whatsoever shall be made by the Trustee or the Delegate or any directors, officers, employees or agents on their behalf except to the extent funds are available therefor from the relevant Trust Assets and further acknowledge and agree that no recourse shall be had for the payment of any amount due and owing hereunder or under any Transaction Document, whether for the payment of any fee, indemnity or other amount hereunder or any other obligation or claim arising out of or based upon the Transaction Documents, against the Trustee to the extent the Trust Assets have been exhausted, following which all obligations of the Trustee shall be extinguished;
- (ii) the Trustee may not sell, transfer, assign or otherwise dispose of the Wakala Portfolio and, in the case of a Wakala/Mudaraba Series, the Mudaraba Portfolio to a third party, and may only realise its rights, title, interests, benefits and entitlements, present and future, in, to and under the Wakala Portfolio and, in the case of a Wakala/Mudaraba Series, the Mudaraba Portfolio in the manner expressly provided in the Transaction Documents;
- (iii) if the proceeds of the Trust Assets are insufficient to make all payments due in respect of the Certificates, Certificateholders will have no recourse to any assets of the Trustee (and/or its directors, officers, shareholders or corporate services providers in their capacity as such) (other than the relevant Trust Assets), or the Trustee Administrator, the Delegate, the Agents or any of their respective directors, officers, employees, agents, shareholders or affiliates, in respect of any shortfall or otherwise;
- (iv) no Certificateholders will be able to petition for, institute or join with any other person in instituting proceedings for, the reorganisation, arrangement, liquidation, bankruptcy, winding-up or receivership or other proceedings under any bankruptcy or similar law against the Trustee, the Trustee Administrator, the Delegate, the Agents or any of their respective directors, officers, employees, agents, shareholders or affiliates as a consequence of such shortfall or otherwise;
- (v) no recourse (whether by institution or enforcement of any legal proceedings or assessment or otherwise) in respect of any breaches of any duty, obligation or undertaking of the Trustee or the Delegate arising under or in connection with the Trust Deed and the Certificates by virtue of any customary law, statute or otherwise shall be had against any shareholder, officer, employee, agent, director or corporate services provider of the Trustee or the Delegate (as applicable) in their capacity as such. The obligations of the Trustee, the Trustee Administrator and the Delegate under the Transaction Documents are corporate or limited liability obligations of the Trustee, the Trustee Administrator or the Delegate (as applicable) and no personal liability shall attach to or be incurred by the shareholders, members, officers, agents, directors or corporate services provider of the Trustee or the Delegate (as applicable) in their capacity as such, save in the case of the relevant party's wilful default or actual fraud. Reference in these Conditions to wilful default or actual fraud means a finding to such effect by a court of competent jurisdiction in relation to the conduct of the relevant party; and

- (vi) it shall not be entitled to claim or exercise any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Certificate. No collateral is or will be given for the payment obligations under the Certificates (without prejudice to the negative pledge provisions described in Condition 6(b)).

Pursuant to the terms of the Transaction Documents, the Obligor is obliged to make payments under the relevant Transaction Documents to which it is a party directly to or to the order of the Trustee. Such payment obligations form part of the Trust Assets and the Trustee and the Delegate will thereby have direct recourse against the Obligor to recover payments due to the Trustee from the Obligor pursuant to such Transaction Documents notwithstanding any other provision of this Condition 4(b). Such right of the Trustee and the Delegate shall (subject to the negative pledge provisions described in Condition 6(b)) constitute an unsecured claim against the Obligor. None of the Certificateholders, the Trustee or the Delegate shall be entitled to claim any priority right in respect of any specific assets of the Obligor in connection with the enforcement of any such claim.

5 The Trust

- (a) **Trust Assets:** Pursuant to the Trust Deed, the Trustee holds the Trust Assets for each Series upon trust absolutely for and on behalf of the Certificateholders of such Series *pro rata* according to the face amount of Certificates held by each holder. The term **Trust Assets** in respect of each Series means the following:
 - (i) the cash proceeds of the issue of Certificates, pending application thereof in accordance with the terms of the Transaction Documents;
 - (ii) the rights, title, interest, benefits and entitlements, present and future of the Trustee in, to and under, in the case of a Wakala Series, the Wakala Portfolio and, in the case of a Wakala/Mudaraba Series, the Wakala Portfolio and the Mudaraba Portfolio;
 - (iii) the rights, title, interest, benefits and entitlements, present and future of the Trustee in, to and under the Transaction Documents (excluding the Excluded Representations and the covenant given to the Trustee pursuant to Clause 13.1 of the Master Trust Deed); and
 - (iv) all moneys standing to the credit of the Transaction Account from time to time, and all proceeds of the foregoing.

See "Summary of the Principal Transaction Documents" appearing elsewhere in this Base Prospectus for more information on the Trust Assets and the Transaction Documents.

- (b) **Application of Proceeds from Trust Assets:** On each Periodic Distribution Date and on any Dissolution Date, the Principal Paying Agent shall apply the moneys standing to the credit of the relevant Transaction Account in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full):
 - (i) **first**, (to the extent not previously paid) to the Delegate in respect of all amounts owing to it under the Transaction Documents in its capacity as Delegate (including any amounts owing to the Delegate in respect of its Appointees (as defined in the Master Trust Deed)) and to any receiver, manager or administrative receiver or any other analogous officer appointed in respect of the Trust by the Delegate in accordance with the Trust Deed, in each case as notified to the Trustee and the Obligor on or before such Periodic Distribution Date or Dissolution Date, as the case may be;
 - (ii) **second**, only if such payment is due on or before a Periodic Distribution Date (to the extent not previously paid) to pay, *pro rata* and *pari passu* (A) the Trustee in respect of all amounts owing to it under the Transaction Documents in its capacity as trustee; and (B) the Trustee Administrator in respect of all amounts owing to it under the Transaction Documents, the Corporate Services Agreement in its capacity as trustee administrator and provider of registered

office services, in each case as notified to the Trustee and the Obligor on or before such Periodic Distribution Date;

- (iii) **third**, in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due but unpaid;
 - (iv) **fourth**, only if such payment is due on a Dissolution Date, in or towards payment *pari passu* and rateably of the relevant Dissolution Distribution Amount; and
 - (v) **fifth**, only on the Scheduled Dissolution Date (or any earlier date on which the Certificates are redeemed in full) and provided that all amounts required to be paid in respect of the Certificates hereunder have been discharged in full, in payment of any residual amount to the Obligor in its capacity as Servicing Agent as an incentive payment for its performance as servicing agent under the Service Agency Agreement and, in the case of a Wakala/Mudaraba Series, in its capacity as Mudarib as an incentive payment for its performance as mudarib under the Restricted Mudaraba Agreement.
- (c) **Transaction Account:** The Trustee will establish a Transaction Account in respect of each Series by no later than the relevant Issue Date. The Transaction Account shall be operated by the Principal Paying Agent on behalf of the Trustee and shall be the account into which the Obligor will deposit all amounts payable by it to the Trustee pursuant to the terms of the Transaction Documents.

6 Covenants

- (a) **Trustee Covenants:** The Trustee covenants that for so long as any Certificate is outstanding, it shall not (without the prior written consent of the Delegate):
- (i) incur any indebtedness in respect of financed, borrowed or raised money whatsoever (whether structured (or intended to be structured) in accordance with the principles of *Sharia* or otherwise), or give any guarantee or indemnity in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) except, in all cases, as contemplated in the Transaction Documents;
 - (ii) secure any of its present or future indebtedness by any lien, pledge, charge or other security interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law (if any) and other than under or pursuant to any of the Transaction Documents);
 - (iii) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its interests in any of the Trust Assets except pursuant to any of the Transaction Documents;
 - (iv) except as provided in Condition 14, amend or agree to any amendment of any Transaction Document to which it is a party (other than in accordance with the terms thereof) or its constitutional documents;
 - (v) except as provided in the Trust Deed, act as trustee in respect of any trust other than the Trust or in respect of any parties other than the Certificateholders;
 - (vi) have any subsidiaries or employees;
 - (vii) redeem any of its shares or pay any dividend or make any other distribution to its shareholders;
 - (viii) use the proceeds of the issue of the Certificates for any purpose other than as stated in the Transaction Documents;

- (ix) put to its directors or shareholders any resolution for, or appoint any liquidator for, its winding-up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; or
- (x) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party or as expressly contemplated, permitted or required thereunder or engage in any business or activity other than:
 - (A) as contemplated, provided for or permitted in the Transaction Documents;
 - (B) the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and
 - (C) such other matters which are incidental thereto.
- (b) **Obligor Negative Pledge:** The Obligor has, pursuant to the Purchase Undertaking, undertaken that, so long as any Certificate remains outstanding, the Obligor shall not, and shall procure that none of its Material Subsidiaries will, create or have outstanding any Security Interest, other than a Permitted Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness of the Obligor or any Guarantee (by the Obligor) of any Relevant Indebtedness of others, without: (i) at the same time or prior thereto according to the Certificates the same security as is created or subsisting to secure any such Relevant Indebtedness or any Guarantee in respect of such Relevant Indebtedness; or (ii) providing such other Security Interest for the Certificates as may be approved by an Extraordinary Resolution of Certificateholders.

7 Periodic Distribution Amounts

- (a) **Fixed Rate Certificates:** Each Fixed Rate Certificate bears profit on its outstanding face amount from the Profit Commencement Date at the rate per annum (expressed as a percentage) equal to the Profit Rate, such profit being payable in arrear on each Periodic Distribution Date. Each such amount of profit is referred to in these Conditions as a **Periodic Distribution Amount**. Periodic Distribution Amounts shall be distributed to Certificateholders by the Principal Paying Agent on behalf of the Trustee, *pro rata* to their respective holdings, out of amounts transferred to the Transaction Account and subject to Condition 5(b) and Condition 9.
- (b) **Floating Rate Certificates:**
 - (i) *Periodic Distribution Amounts and Periodic Distribution Dates:* Each Floating Rate Certificate bears profit on its outstanding face amount from the Profit Commencement Date at the rate per annum (expressed as a percentage) equal to the Profit Rate, such profit being payable in arrear on each Periodic Distribution Date. Each such amount of profit is referred to in these Conditions as a **Periodic Distribution Amount**. Such Periodic Distribution Date(s) is/are either shown in the applicable Final Terms as Specified Periodic Distribution Dates or, if no Specified Periodic Distribution Date(s) is/are shown in the applicable Final Terms, Periodic Distribution Date shall mean each date which falls the number of months or other period shown in the applicable Final Terms as the Periodic Distribution Period after the preceding Periodic Distribution Date or, in the case of the first Periodic Distribution Date, after the Profit Commencement Date. Periodic Distribution Amounts shall be distributed to Certificateholders by the Principal Paying Agent on behalf of the Trustee, *pro rata* to their respective holdings, out of amounts transferred to the Transaction Account and subject to Condition 5(b) and Condition 9.
 - (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such

date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Profit Rate for Floating Rate Certificates:* The Profit Rate in respect of Floating Rate Certificates for each Return Accumulation Period shall be determined in the manner specified in the applicable Final Terms and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the applicable Final Terms.

(A) ISDA Determination for Floating Rate Certificates

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

- (x) the Floating Rate Option is as specified in the applicable Final Terms;
- (y) the Designated Maturity is a period specified in the applicable Final Terms; and
- (z) the relevant Reset Date is the first day of that Return Accumulation Period unless otherwise specified in the applicable Final Terms.

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

(B) Screen Rate Determination for Floating Rate Certificates

(x) Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Profit Rate is to be determined, the Profit Rate for each Return Accumulation Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

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

(y) If the Relevant Screen Page is not available or if, paragraph (x)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if paragraph

(x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the Relevant Time, subject as provided below, the Calculation Agent shall request the principal office in the Relevant Financial Centre of each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Relevant Time on the Profit Rate Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Profit Rate for such Return Accumulation Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.

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

If the Profit Rate cannot be determined because of the occurrence of a Benchmark Event, the Profit Rate shall be calculated in accordance with the terms of Condition 7(b)(iv).

(iv) *Benchmark Replacement*

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

- (A) the Trustee and the Obligor shall use their reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine no later than five Business Days prior to the relevant Profit Rate Determination Date relating to the next succeeding Periodic Distribution Period (the **IA Determination Cut-Off Date**), a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Reference Rate and, in

either case, an Adjustment Spread for the purposes of determining the Profit Rate (or the relevant component part thereof) applicable to the Certificates;

- (B) if (A) the Trustee and the Obligor are unable to appoint an Independent Adviser; or (B) the Independent Adviser appointed by the Trustee and the Obligor fails to determine a Successor Rate or, failing which, an Alternative Reference Rate and, in either case, an Adjustment Spread in accordance with this Condition 7(b)(iv) prior to the relevant IA Determination Cut-Off Date, then the Obligor (acting in good faith and in a commercially reasonable manner) may elect to determine the Successor Rate or, failing which, an Alternative Reference Rate (as applicable) and, in either case, an Adjustment Spread itself for the purposes of determining the Profit Rate (or the relevant component part thereof) applicable to the Certificates or, if applicable, any Benchmark Amendments, to ensure the proper operation of such Successor Rate or Alternative Reference Rate and/or (in either case) the applicable Adjustment Spread (with the relevant provisions in this Condition 7(b)(iv) applying *mutatis mutandis* to allow such determinations to be made by the Obligor without consultation with the Independent Adviser);
- (C) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Periodic Distribution Periods in respect of such Certificates (subject to the subsequent operation of, and to adjustment as provided in, this Condition 7(b)(iv)). If, however, the Independent Adviser (in consultation with the Trustee and the Obligor) or the Obligor (acting in good faith and in a commercially reasonable manner) (as applicable) is unable to determine, prior to the IA Determination Cut Off Date relating to the next succeeding Interest Period, the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread;
- (D) the Adjustment Spread (or the formula or methodology for determining the Adjustment Spread), shall be applied to the Successor Rate or the Alternative Reference Rate (as the case may be);
- (E) if any Successor Rate, Alternative Reference Rate or Adjustment Spread is determined in accordance with this Condition 7(b)(iv) and the Independent Adviser (following consultation with the Trustee and the Obligor) or the Obligor (acting in good faith and in a commercially reasonable manner), as applicable, determines: (A) that amendments to these Conditions (including, without limitation, amendments to the definitions of Day Count Fraction, Business Day, Business Day Convention, Profit Rate Determination Date or Relevant Screen Page) are necessary to ensure the proper operation of such Successor Rate, Alternative Reference Rate and/or Adjustment Spread (such amendments, the **Benchmark Amendments**); and (B) the terms of the Benchmark Amendments, then, at the direction and expense of the Obligor and subject to delivery of a notice in accordance with Condition 7(b)(iv)(F): (x) the Obligor shall vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice; and (y) the Trustee, the Delegate and the Agents shall (at the Obligor's expense), without any requirement for the consent or sanction of Certificateholders, be obliged to concur with the Obligor in effecting such Benchmark Amendments, provided that none of the Trustee, the Delegate or any Agent shall be required to effect any such Benchmark Amendments if the same would impose, in its opinion, more onerous obligations upon it or expose it to any liability against which it is not adequately indemnified and/or secured and/or prefunded to its satisfaction or impose any additional duties, responsibilities or liabilities or reduce or amend its rights and/or the protective provisions afforded to it.

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

- (F) the Obligor shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable) and the specific terms of any Benchmark Amendments, give notice to the Agents and, in accordance with Condition 17, the Certificateholders confirming: (A) that a Benchmark Event has occurred; (B) the Successor Rate or Alternative Reference Rate (as applicable); (C) any applicable Adjustment Spread; and (D) the specific terms of the Benchmark Amendments (if any);
- (G) if, following the occurrence of a Benchmark Event and in relation to the determination of the Profit Rate (or the relevant component thereof) on the immediately following Profit Rate Determination Date, no Successor Rate or Alternative Reference Rate (as applicable) is determined pursuant to this provision, then the Profit Rate (or the relevant component part thereof) shall be determined as at the last preceding Profit Rate Determination Date (though substituting, where a different Margin or Maximum Profit Rate or Minimum Profit Rate is to be applied to the relevant Periodic Distribution Period from that which applied to the last preceding Periodic Distribution Period, the Margin or Maximum Rate Profit Rate or Minimum Profit Rate relating to the relevant Periodic Distribution Period, in place of the Margin or Maximum Profit Rate or Minimum Profit Rate relating to that last preceding Periodic Distribution Period). For the avoidance of doubt, this Condition 7(b)(iv)(G) shall apply to the relevant immediately following Periodic Distribution Period only and any subsequent Periodic Distribution Periods are subject to the subsequent operation of and to adjustment as provided in, this Condition 7(b)(iv); and
- (H) the Independent Adviser appointed pursuant to this Condition 7(b)(iv) shall act and make all determinations pursuant to this Condition 7(b)(iv) in good faith and the Independent Adviser shall act as an expert. In the absence of bad faith, wilful default or fraud, neither the Independent Adviser nor the Obligor shall have any liability whatsoever to the Principal Paying Agent, the Paying Agents or the Certificateholders in connection with any determination made by it or, in the case of the Independent Adviser, for any advice given to the Obligor in connection with any determination made by the Obligor pursuant to this Condition 7(b)(iv).

For the purposes of this Condition 7(b)(iv):

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:

- (A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the relevant Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) (if no such recommendation has been made, or in the case of an Alternative Reference Rate) the Independent Adviser (following consultation with the Trustee and the Obligor) 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 relevant Reference Rate; or
- (C) (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 the Obligor) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the relevant Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as the case may be); or
- (D) (if 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;

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

Benchmark Event means: (i) the relevant Reference Rate ceasing to be published or ceasing to exist; or (ii) a public statement by the administrator of the relevant Reference Rate that it has ceased or that it will cease publishing the relevant Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Rate); or (iii) a public statement by the supervisor of the administrator of the relevant Reference Rate, that the relevant Reference Rate has been or will be permanently or indefinitely discontinued; or (iv) a public statement by the supervisor of the administrator of the relevant Reference Rate as a consequence of which the relevant Reference Rate will be prohibited from being used either generally, or in respect of the Certificates; or (v) it has become unlawful for the Obligor, the Calculation Agent or any Paying Agent to calculate any payments due to be made to any Certificateholder using the relevant Reference Rate, provided that in the case of sub-paragraphs (ii), (iii) and (iv) the Benchmark Event shall occur on the date of the cessation of publication of the relevant Reference Rate, the discontinuation of the relevant Reference Rate, or the prohibition of use of the relevant Reference Rate, as the case may be, and not the date of the relevant public statement;

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 adviser 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; and

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

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

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

- (c) **Entitlement to Profit**: Profit shall cease to accumulate in respect of each Certificate on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event profit shall, subject to the terms of the Transaction Documents, continue to accumulate (both before and after judgment) at the Profit Rate in the manner provided in this Condition 7 to the Relevant Date.

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

- (i) If any Margin is specified in the applicable Final Terms (either (x) generally or (y) in relation to one or more Return Accumulation Periods), an adjustment shall be made to all Profit Rates, in the case of (x), or the Profit Rates for the specified Return Accumulation Periods, in the case of (y), calculated in accordance with Condition 7(b) by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to paragraph (ii) below.
- (ii) If any Maximum Profit Rate or Minimum Profit Rate is specified in the applicable Final Terms, then any Profit Rate shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes, **unit** means the lowest amount of such currency that is available as legal tender in the country or countries of such currency.

- (e) **Calculations:** The amount of profit payable per Calculation Amount in respect of any Certificate for any Return Accumulation Period shall be equal to the product of the Profit Rate, the Calculation Amount specified in the applicable Final Terms and the Day Count Fraction for such Return Accumulation Period, unless a Profit Amount (or a formula for its calculation) is specified in the applicable Final Terms as being applicable to such Return Accumulation Period, in which case the amount of profit payable per Calculation Amount in respect of such Certificate for such Return Accumulation Period shall equal such Profit Amount (or be calculated in accordance with such formula). Where any Periodic Distribution Period comprises two or more Return Accumulation Periods, the amount of profit payable per Calculation Amount in respect of such Periodic Distribution Period shall be the sum of the Profit Amounts payable in respect of each of those Return Accumulation Periods. In respect of any other period for which profit is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which profit is required to be calculated.
- (f) **Determination and Publication of Profit Rates, Profit Amounts and Dissolution Distribution Amounts:** The Calculation Agent shall, as soon as practicable on each Profit Rate Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Profit Amounts for the relevant Return Accumulation Period, calculate the relevant Dissolution Distribution Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Profit Rate and the Profit Amounts for each Return Accumulation Period and the relevant Periodic Distribution Date and, if required to be calculated, the relevant Dissolution Distribution Amount, to be notified to the Delegate, the Trustee, the Obligor, each of the Paying Agents, the Certificateholders and any other Calculation Agent appointed in respect of the Certificates that is to make a further calculation upon receipt of such information. If the Certificates are listed on a stock exchange and the rules of such exchange or other relevant authority so require, the Calculation Agent shall notify such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Periodic Distribution Period, if determined prior to such time, in the case of notification to such exchange of a Profit Rate and Profit Amount, or (ii) in all other cases, the fourth Business Day after such determination. To the extent that the Calculation Agent is unable to notify a stock exchange or other relevant authority (other than the stock exchange or other relevant authority in each of the United Kingdom, Luxembourg and the Republic of Ireland), the Calculation Agent shall notify the Obligor who shall perform such obligation. Where any Periodic Distribution Date or Profit Period Date is subject to adjustment pursuant to Condition 7(b)(ii), the Profit Amounts and the Periodic Distribution Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Delegate by way of adjustment) without notice in the event of an extension or shortening of the Periodic Distribution Period. If the Certificates become due and payable under Condition 12, the accrued profit and the Profit Rate payable in respect of the Certificates shall nevertheless continue to be calculated as previously in accordance with this Condition 7 but no publication of the Profit Rate or the Profit Amount so calculated need be made unless the Delegate otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of wilful default, bad faith or manifest error) be final and binding upon all parties.
- (g) **Determination or Calculation by the Delegate:** If the Calculation Agent does not at any time for any reason determine or calculate the Profit Rate for a Return Accumulation Period or any Profit Amount or Dissolution Distribution Amount, the Delegate may do so (or may appoint an agent on behalf of the Trustee to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Delegate or, as the case may be, such agent shall apply the foregoing provisions of this Condition 7(g), with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

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

Business Day means:

- (i) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in London and each Business Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (ii) if TARGET2 System is specified as a Business Centre in the applicable Final Terms, a day on which the TARGET System is open; and
- (iii) either (A) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency or (B) in the case of euro, a day on which the TARGET System is operating (a **TARGET Business Day**).

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

- (i) if **Actual/Actual** or **Actual/Actual – ISDA** is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if **Actual/365 (Fixed)** is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if **Actual/365 (Sterling)** is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 or, in the case of a Periodic Distribution Date falling in a leap year, 366;
- (iv) if **Actual/360** is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360;
- (v) if **30/360**, **360/360** or **Bond Basis** is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

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

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

where:

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

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

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

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

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

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case **D₂** will be 30;

- (vii) if **30E/360 (ISDA)** is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

D₁ is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case **D₁** will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (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 **D₂** will be 30;

- (viii) if **Actual/Actual-ICMA** is specified in the applicable Final Terms,
- (A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
- (B) if the Calculation Period is longer than one Determination Period, the sum of:
- (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

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

where:

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

Determination Date means the date(s) specified as such in the applicable Final Terms 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 applicable Final Terms and for so long as any Certificate is outstanding. Where more than one Calculation Agent is appointed in respect of the Certificates, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such, or if the Calculation Agent fails duly to establish the Profit Rate for a Return Accumulation Period or to calculate any Profit Amount or any Dissolution Distribution Amount, as the case may be, or to comply with any other requirement, the Trustee shall (with the prior approval of the Delegate) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

8 Redemption and Dissolution of the Trust

- (a) **Dissolution on the Scheduled Dissolution Date:** Unless previously redeemed, or purchased and cancelled, in full, as provided below, each Certificate shall be finally redeemed at its Dissolution Distribution Amount and the Trust shall be dissolved by the Trustee on the Scheduled Dissolution Date specified in the applicable Final Terms following the payment of all such amounts in full.
- (b) **Early Dissolution for Taxation Reasons:** If:
 - (i) (A) the Trustee has or will become obliged to pay additional amounts as described under Condition 10 as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or any political subdivision or, in each case, any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the relevant Series, and (B) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or
 - (ii) (A) the Obligor has or will become obliged to pay additional amounts to the Trustee pursuant to the terms of any Transaction Document as a result of any change in, or amendment to, the laws or regulations of Qatar or any political subdivision or, in each case, any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the relevant Series, and (B) such obligation cannot be avoided by the Obligor taking reasonable measures available to it,

(the occurrence of an event described in Condition 8(b)(i) or (ii) being a **Tax Event**), the Obligor may in its sole discretion deliver to the Trustee a duly completed Exercise Notice in accordance with the provisions of the Sale Undertaking and, on receipt of such notice, the Trustee shall, on giving not less than the minimum period nor more than the maximum period of irrevocable notice specified in the applicable Final Terms to the Delegate and the Certificateholders, redeem the Certificates in whole, but not in part, on any Periodic Distribution Date (if this Certificate is a Floating Rate

Certificate) or at any time (if this Certificate is a Fixed Rate Certificate) (such dissolution date being an **Early Tax Dissolution Date**), at their Dissolution Distribution Amount, provided that no such notice of dissolution may be given earlier than 90 days prior to the earliest date on which the Trustee or the Obligor, as the case may be, would be obliged to pay such additional amounts were a payment in respect of the Certificates (in the case of the Trustee) or to the Trustee pursuant to any Transaction Document (in the case of the Obligor) then due.

Prior to the publication of any notice of dissolution pursuant to this Condition 8(b), the Trustee or the Obligor, as the case may be, shall deliver to the Delegate:

- (aa) a certificate signed by two directors and/or Authorised Signatories of the Trustee (in the case of Condition 8(b)(i)) or the Obligor (in the case of Condition 8(b)(ii)) stating that the obligation referred to in Condition 8(b)(i) or 8(b)(ii), as the case may be, has arisen and cannot be avoided by the Trustee or the Obligor, as the case may be, taking reasonable measures available to it; and
- (bb) an opinion of independent legal advisers of recognised standing to the effect that the Trustee or the Obligor, as the case may be, has or will become obliged to pay additional amounts as a result of such change or amendment,

and the Delegate shall be entitled to accept and rely on such certificate and legal opinion as sufficient evidence of the satisfaction of the conditions precedent set out in Condition 8(b)(i) or, as the case may be, Condition 8(b)(ii) above (without liability to any person), in which event it shall be conclusive and binding on Certificateholders.

Upon expiry of any such notice given in accordance with this Condition 8(b) and payment in full of the Dissolution Distribution Amount to Certificateholders the Trustee shall be bound to dissolve the Trust.

- (c) **Dissolution at the Option of the Obligor (Optional Dissolution Right):** If Optional Dissolution Right is specified as applicable in the applicable Final Terms, the Obligor may in its sole discretion deliver to the Trustee a duly completed Exercise Notice in accordance with the provisions of the Sale Undertaking and, on receipt of such notice, the Trustee shall, on giving not less than the minimum period nor more than the maximum period of irrevocable notice specified in the applicable Final Terms to the Delegate and the Certificateholders, redeem all or, if so specified in the relevant Exercise Notice, some of the Certificates on any Optional Dissolution Date. Any such redemption of Certificates shall be at their Dissolution Distribution Amount. Any such redemption or exercise must relate to Certificates of a face amount at least equal to the Minimum Optional Dissolution Amount to be redeemed specified in the applicable Final Terms and no greater than the Maximum Optional Dissolution Amount to be redeemed specified in the applicable Final Terms.

All Certificates in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 8(c). If all (and not some only) of the Certificates are to be redeemed on any Optional Dissolution Date in accordance with this Condition 8(c), upon payment in full of the Dissolution Distribution Amount to all Certificateholders, the Trustee shall be bound to dissolve the Trust.

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

- (d) **Dissolution at the Option of Certificateholders (Certificateholder Put Right):** If Certificateholder Put Right is specified as applicable in the applicable Final Terms, the Trustee shall, at the option of the holder of any Certificate, upon the holder of such Certificate giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Trustee, redeem such Certificate on the Certificateholder Put Right Date at its Dissolution Distribution Amount. For the purposes thereof, the Trustee shall deliver to the Obligor a duly

completed Exercise Notice in accordance with the provisions of the Purchase Undertaking. If all (and not some only) of the Certificates are to be redeemed on any Certificateholder Put Right Date in accordance with this Condition 8(d), upon payment in full of the Dissolution Distribution Amount to all Certificateholders, the Trustee shall be bound to dissolve the Trust.

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

- (e) **Dissolution following a Dissolution Event:** Upon the occurrence and continuation of a Dissolution Event, the Certificates may be redeemed at the Dissolution Distribution Amount and the Trustee may be required to dissolve the Trust, in each case subject to and as more particularly described in Condition 12, as the case may be.
- (f) **Purchases:** Each of the Obligor and the Obligor's Subsidiaries may at any time purchase Certificates in the open market or otherwise at any price.
- (g) **Cancellation:** Any Certificates purchased by or on behalf of the Obligor or any of the Obligor's Subsidiaries may, at the option of the Obligor, be surrendered for cancellation by surrendering the certificate representing such Certificates to the Registrar and by the Obligor delivering to the Trustee a duly completed Cancellation Notice in accordance with the terms of the Sale Undertaking. Any Certificates so surrendered and all Certificates that are redeemed in accordance with this Condition 8 and/or Condition 12 shall be cancelled forthwith and may not be reissued or resold and the obligations of the Trustee in respect of any such Certificates shall be discharged. If all (and not some only) of the Certificates are cancelled in accordance with this Condition 8(g), the Trustee shall be bound to dissolve the Trust.
- (h) **No other dissolution:** The Trustee shall not be entitled to redeem the Certificates or dissolve the Trust other than as provided in this Condition 8 and Condition 12. Upon payment in full of all amounts due in respect of the Certificates of any Series and the subsequent dissolution of the Trust as provided in this Condition 8 and/or Condition 12 (as the case may be), the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

9 Payments

- (a) **Method of Payment:** Payments of the Dissolution Distribution Amount shall be made against presentation and surrender of the relevant Certificate at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided below.

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

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

- (b) **Payments subject to Laws:** Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 10 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant

to Sections 1471 to 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or (without prejudice to the provisions of Condition 10) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Certificateholders in respect of such payments.

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

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

- (d) **Non-Business Days:** If any date for payment in respect of any Certificate is not a business day, the holder shall not be entitled to payment until the next following business day, nor to any profit or other sum in respect of such postponed payment. In this Condition 9(d), **business day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the place in which the specified office of the Registrar is located, in such jurisdictions as shall be specified as **Financial Centres** in the applicable Final Terms and:
- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the Specified Currency, on which foreign exchange transactions may be carried on in the Specified Currency in the principal financial centre of the country of such Specified Currency; or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day.

10 Taxation

All payments in respect of the Certificates shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Cayman Islands or Qatar or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Trustee shall pay such additional amounts as shall result in receipt by the Certificateholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Certificate:

- (a) **Other connection:** the holder of which is liable to such taxes, duties, assessments or governmental charges in respect of such Certificate by reason of his having some connection with the Cayman Islands or, in the case of payments by the Obligor, Qatar other than the mere holding of the Certificate; or
- (b) **Surrender more than 30 days after the Relevant Date:** if the relevant Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting or surrendering the Certificate for payment on the last day of such period of 30 days assuming that day to have been a business day (in accordance with Condition 9(d)).

As used in these Conditions, **Relevant Date** means, in respect of any Certificate, the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Certificateholders in accordance with Condition 17 (Notices) that, upon further presentation of the Certificate being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to **Periodic Distribution Amounts** and the **Dissolution Distribution Amount** shall be deemed to include any additional amounts that may be payable under this Condition 10 or any undertaking given in addition to or in substitution for it under the Trust Deed.

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

Further, in accordance with the terms of the Master Trust Deed, the Obligor has undertaken to pay such additional amounts as may be necessary pursuant to this Condition 10 so that the full amount due and payable by the Trustee in respect of the Certificates to the Certificateholders is received by the Trustee for the purposes of payment to the Certificateholders in accordance with and subject to the provisions of this Condition 10.

11 Prescription

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

12 Dissolution Events

- (a) **Dissolution Event:** If a Dissolution Event occurs and is continuing:
- (i) the Delegate, upon receiving written notice thereof under the Trust Deed or otherwise upon becoming aware of a Dissolution Event, shall (subject to it being indemnified and/or secured and/or pre-funded to its satisfaction) promptly give notice of the occurrence of the Dissolution Event to the Certificateholders with a request to the Certificateholders to indicate to the Trustee and the Delegate in writing if they wish the Certificates to be redeemed (in whole but not in part) and the Trust to be dissolved; and
 - (ii) the Delegate in its sole discretion may, and shall if so requested in writing by the holders of at least 20 per cent. of the then aggregate face amount of the Series of Certificates outstanding or if so directed by an Extraordinary Resolution (subject, in each case, to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice (a **Dissolution Notice**) to the Trustee, the Obligor and the Certificateholders that the Certificates are immediately due and payable at the Dissolution Distribution Amount, whereupon they shall become so due and payable. A Dissolution Notice may be given pursuant to this Condition 12(a)(ii) whether or not notice has been given to Certificateholders as provided in Condition 12(a)(i).

Upon receipt of such Dissolution Notice, the Trustee (or the Delegate in the name of the Trustee) shall (x) deliver an Exercise Notice to the Obligor under the Purchase Undertaking and thereafter execute the relevant sale agreement for purchase of the Wakala Portfolio and (y) in the case of a Wakala/Mudaraba Series, give instructions to the Obligor (as Mudarib) to liquidate the Mudaraba. The Trustee (or the Delegate in the name of the Trustee) shall use the proceeds thereof to redeem the Certificates at the Dissolution Distribution Amount on the date specified in the relevant Dissolution Notice (the relevant **Dissolution Event Redemption**

Date) and the Trust shall be dissolved on the day after the last outstanding Certificate has been so redeemed in full. Upon payment in full of such amounts and dissolution of the Trust as aforesaid, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

- (b) **Enforcement and Exercise of Rights:** Upon the occurrence and continuation of a Dissolution Event, to the extent that any amount payable in respect of the Certificates of the relevant Series has not been paid in full (notwithstanding the provision of Condition 12(a)), the Trustee or the Delegate (in each case subject to it being indemnified and/or secured and/or pre-funded to its satisfaction) may (acting for the benefit of the Certificateholders) take one or more of the following steps:
 - (i) enforce the provisions of the Transaction Documents against the Obligor; and/or
 - (ii) take such other actions, steps or proceedings as the Trustee or the Delegate may consider necessary to recover amounts due to the Certificateholders.

13 Realisation of Trust Assets

- (a) Neither the Trustee nor the Delegate shall be bound in any circumstances to take any action, step or proceeding to enforce or to realise the relevant Trust Assets or take any action or steps or proceedings against the Obligor or (in the case of the Delegate) against the Trustee under any Transaction Document to which either of the Trustee or the Obligor is a party unless directed or requested to do so: (i) by an Extraordinary Resolution; or (ii) in writing by the holders of at least 20 per cent. of the then outstanding aggregate face amount of the Series of Certificates and in either case then only if it shall be indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.
- (b) No Certificateholder shall be entitled to proceed directly against the Trustee or the Obligor unless the Delegate or the Trustee, as the case may be, having become bound so to proceed, (a) fails or (b) is unable by reason of an order of a court having competent jurisdiction to do so, in each case, within a reasonable period and such failure or inability is continuing. Under no circumstances shall the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the relevant Trust Assets (other than as expressly contemplated in the Transaction Documents) and the sole right of the Delegate and the Certificateholders against the Trustee and the Obligor shall be to enforce the Trustee's and the Obligor's respective obligations under the Transaction Documents to which they are a party.
- (c) Following the enforcement, realisation and ultimate distribution of the net proceeds of the relevant Trust Assets in respect of the Certificates of the relevant Series to the Certificateholders in accordance with these Conditions and the Trust Deed, the Trustee shall not be liable for any further sums in respect of such Series and, accordingly, Certificateholders may not take any action against the Trustee, the Delegate, the Agents or any other person (including the Obligor) to recover any such sum in respect of the Certificates or the relevant Trust Assets.
- (d) Conditions 13(a), 13(b) and 13(c) are subject to this Condition 13(d). After enforcing or realising the relevant Trust Assets in respect of the Certificates of the relevant Series and distributing the net proceeds of the relevant Trust Assets in respect of the Certificates of the relevant Series in accordance with Condition 5(b), the obligations of the Trustee in respect of the Certificates of the relevant Series shall be satisfied and no Certificateholder may take any further steps against the Trustee (or any steps against the Delegate or the Agents) to recover any further sums in respect of the Certificates of the relevant Series and the right to receive from the Trustee any such sums remaining unpaid shall be extinguished. In particular, no Certificateholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Trustee.

14 Meetings of Certificateholders, Modification and Waiver

- (a) **Meetings of Certificateholders:** The Trust Deed contains provisions for convening meetings of Certificateholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed or any other Transaction Document. Such a meeting may be convened by the Trustee, the Obligor or the Delegate at any time, or by Certificateholders holding not less than 10 per cent. in face amount of the Certificates for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be one or more Eligible Persons present and holding or representing in the aggregate not less than a clear majority in face amount of the Certificates for the time being outstanding, or at any adjourned meeting one or more Eligible Persons present whatever the face amount of the Certificates so held or represented by them, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend any Dissolution Date in respect of the Certificates or any date for payment of Periodic Distribution Amounts in respect of the Certificates, (ii) to reduce or cancel the face amount of, or any premium payable on redemption of, the Certificates, (iii) to reduce the rate or rates of profit in respect of the Certificates or to vary the method or basis of calculating the rate or rates or amount of profit or the basis for calculating any Profit Amount in respect of the Certificates (other than pursuant to the operation of these Conditions), (iv) if a Minimum Profit Rate and/or a Maximum Profit Rate is shown in the applicable Final Terms, to reduce any such Minimum Profit Rate and/or Maximum Profit Rate, (v) to vary any method of, or basis for, calculating the Dissolution Distribution Amount, (vi) to vary the currency of payment or denomination of the Certificates, (vii) to modify the provisions concerning the quorum required at any meeting of Certificateholders or the majority required to pass an Extraordinary Resolution, (viii) to modify or cancel the payment obligations of the Obligor (in any capacity) and/or the Trustee under the Transaction Documents and/or the Certificates (as the case may be), (ix) to amend any of the Obligor's covenants included in the Transaction Documents, or (x) to amend the above list, in which case the necessary quorum shall be one or more Eligible Persons present and holding or representing in the aggregate not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in face amount of the Certificates for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Certificateholders (whether or not they were present and whether or not they voted at the meeting at which such resolution was passed).

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

For so long as the Certificates are represented by a Global Certificate, an Extraordinary Resolution may also be passed by Certificateholders giving electronic consent, provided that consent to such resolution is given through the relevant clearing system(s) (in a form satisfactory to the Delegate) by or on behalf of not less than 75 per cent. in face amount of the Certificates. See "Summary of Provisions relating to the Certificates while in Global Form".

- (b) **Modification of the Trust Deed or any Transaction Document:** The Delegate may (but shall not be obliged to), without the consent of the Certificateholders, (i) agree to any modification of the Trust Deed, the Transaction Documents or the Trustee's memorandum and articles of association that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error, or (ii) (A) give its consent under the Transaction Documents and agree to any other modification of any of the provisions of the Trust Deed, the Transaction Documents or the Trustee's memorandum and articles of association, or to any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or the Transaction Documents or (B) determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such, provided that such modification, consent, waiver, authorisation or determination is in the opinion of the Delegate not materially prejudicial to the interests of the Certificateholders and is not in contravention of any express

direction by Extraordinary Resolution or request in writing by the holders of at least 20 per cent. of the outstanding aggregate face amount of that Series and, in the case of modifications under paragraph (ii)(A) only, is other than in respect of a matter which requires a special quorum resolution (as defined in paragraph 7 of Schedule 3 of the Master Trust Deed). Any such modification, consent, waiver, authorisation or determination shall be binding on the Certificateholders and, unless the Delegate agrees otherwise, such modification shall be notified by the Trustee to the Certificateholders in accordance with Condition 17 as soon as practicable.

- (c) **Entitlement of the Delegate:** In connection with the exercise by it of any of its powers, trusts, authorities and discretions under these presents (including, without limitation, any modification), the Delegate shall have regard to the general interests of the Certificateholders as a class and shall not have regard to any interest arising from circumstances particular to individual Certificateholders (whatever their number) and, in particular, but without limitation, shall not have regard to the consequences of such exercise for individual Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof or taxing jurisdiction and the Delegate shall not be entitled to require, nor shall any Certificateholder be entitled to claim from the Trustee, the Delegate, the Obligor or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders except in the case of the Trustee and the Obligor, to the extent already provided for in Condition 10.

15 Delegate

- (a) **Delegation of Powers:** The Trustee will in the Trust Deed irrevocably and unconditionally appoint the Delegate to be its attorney and in its name, on its behalf and as its act and deeds, to execute, deliver and perfect all documents, and to exercise all of the present and future powers (including the power to sub-delegate), rights, authorities (including, but not limited to, the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Transaction Documents) and discretions vested in the Trustee by the Trust Deed, that the Delegate may consider to be necessary or desirable in order to, upon the occurrence of a Dissolution Event or Potential Dissolution Event, and subject to its being indemnified and/or secured and/or pre-funded to its satisfaction, exercise all of the powers, rights, authorities and discretions of the Trustee under the Purchase Undertaking and any of the other Transaction Documents and make such distributions from the relevant Trust Assets as the Trustee is bound to make in accordance with the Trust Deed (together, the **Delegation of the Relevant Powers**), provided that: (i) no obligations, duties, liabilities or covenants of the Trustee pursuant to the Trust Deed or any other Transaction Document shall be imposed on the Delegate by virtue of the Delegation; (ii) in no circumstances will such Delegation of the Relevant Powers result in the Delegate holding on trust or managing the relevant Trust Assets; and (iii) such Delegation of the Relevant Powers shall not include any duty, power, trust, right, authority or discretion to dissolve any of the trusts constituted by the Trust Deed following the occurrence of a Dissolution Event or Potential Dissolution Event or to determine the remuneration of the Delegate. The Trustee shall ratify and confirm all things done and all documents executed by the Delegate in the exercise of all or any of the Relevant Powers.

In addition to the Delegation of the Relevant Powers under the Trust Deed, the Delegate also has certain powers, rights, authorities and discretions which are vested solely in it from the date of the Master Trust Deed.

The appointment of a delegate by the Trustee is intended to be in the interests of the Certificateholders and does not affect the Trustee's continuing role and obligations as sole trustee.

- (b) **Indemnification:** The Trust Deed contains provisions for the indemnification of each of the Delegate and the Trustee in certain circumstances and for its relief from responsibility, including provisions relieving it from taking any action, step or proceeding unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, each of the Trustee and the Delegate shall be entitled

- (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Certificateholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.
- (c) **No Liability:** The Delegate makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of the Obligor or the Trustee under the Transaction Documents to which it is a party and shall not under any circumstances have any liability or be obliged to account to Certificateholders in respect of any payments which should have been paid by the Obligor or the Trustee but are not so paid and shall not in any circumstances have any liability arising from the relevant Trust Assets other than as expressly provided in these Conditions or in the Trust Deed.
- (d) **Reliance on Certificates, Reports and/or Information:** The Delegate and the Trustee may rely on any certificate, report or information of the auditors or insolvency officials (as applicable) of the Trustee or the Obligor (as applicable) or any other expert or other person called for by or provided to the Delegate or the Trustee (whether or not addressed to the Delegate or Trustee) in accordance with or for the purposes of the Trust Deed or the other Transaction Documents and such certificate, report or information may be relied upon by the Delegate and the Trustee (without liability to any person) as sufficient evidence of the facts stated therein, notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Delegate or the Trustee in connection therewith contains a monetary or other limit on the liability of the auditors or insolvency officials of the Trustee or the Obligor (as applicable) or such other expert or other person in respect thereof and notwithstanding that the scope and/or basis of such certificate, report or information may be limited by an engagement or similar letter or by the terms of the certificate, report or information itself and the Delegate or the Trustee shall not be bound in any such case to call for further evidence or be responsible for any liability or inconvenience that may be occasioned by their failure to do so.
- (e) **Proper performance of duties:** Nothing shall, in any case in which the Trustee or the Delegate has failed to show the degree of care and diligence required of it as trustee, in the case of the Trustee (having regard to the provisions of the Trust Deed conferring on it any trusts, powers, authorities or discretions) or as delegate, in the case of the Delegate (having regard to the powers, rights, authorities and discretions conferred on it by the Trust Deed and to the Relevant Powers delegated to it), respectively exempt the Trustee or the Delegate from or indemnify either of them against any Liability for gross negligence, wilful default or actual fraud of which either of them may be guilty in relation to their duties under the Trust Deed.
- (f) **Notice of Events:** Neither the Delegate nor the Trustee shall be responsible for monitoring or ascertaining whether or not a Dissolution Event or Potential Dissolution Event has occurred or exists or is continuing and, unless and until they shall have actual knowledge or shall have received express written notice to the contrary, they will be entitled to assume that no such event or circumstance exists or has occurred or is continuing (without any liability to Certificateholders or any other person for so doing).
- (g) **Delegate Contracting with the Trustee and the Obligor:** The Trust Deed contains provisions pursuant to which (i) the Delegate is entitled, *inter alia*, to enter into transactions in the ordinary course of business with the Trustee, the Obligor and/or any other party to a Transaction Document or any person or body corporate directly or indirectly associated with the Trustee, the Obligor or such other party and to accept the trusteeship of or act as delegate in relation to the issuance of any other debenture stock, debentures or securities of the Trustee, the Obligor or such other party or any person or body corporate directly or indirectly associated with the Trustee, the Obligor or such other party, and (ii) neither the Delegate nor any director or officer of any corporation being a delegate shall be accountable to the Certificateholders, the Trustee, the Obligor and/or any other party to the Transaction Documents or any person or body corporate directly or indirectly associated with the

Trustee, the Obligor or any such other person for any profit, fees, commissions, interest, discounts or share of brokerage earned, arising or resulting from any such contracts or transactions and the Delegate and any such director or officer shall also be at liberty to retain the same for its or his own benefit.

16 Replacement of Certificates

If a Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Registrar or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Trustee for the purpose and notice of whose designation is given to Certificateholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Certificate is subsequently presented for payment, there shall be paid to the Trustee on demand the amount payable by the Trustee in respect of such Certificate) and otherwise as the Trustee may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

17 Notices

Notices to the holders of Certificates shall be mailed to them at their respective addresses in the Register and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing.

The Trustee shall also ensure that notices are duly given in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system on which the Certificates are for the time being listed or by which they have been admitted to trading, including publication on the website of the relevant authority, relevant stock exchange and/or relevant quotation system if required by those rules. Any notices shall be deemed to have been given on the fourth day (being a day other than a Saturday or a Sunday) after being so mailed (or on the date of publication, or, if so published more than once or on different dates, on the date of the first publication).

So long as the Certificates are represented by a Global Certificate and such Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg, or any other clearing system, notices to the holders of the Certificates of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for mailing as required by Condition 17. Any such notice shall be deemed to have been given to the holders of the Certificates on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system.

18 Further Issues

In respect of any Series, the Trustee shall be at liberty from time to time without the consent of the Certificateholders to create and issue additional Certificates having the same terms and conditions as the outstanding Certificates of such Series or terms and conditions which are the same in all respects save for the date and amount of the first payment of the Periodic Distribution Amount and the date from which Periodic Distribution Amounts start to accrue and so that the same shall be consolidated and form a single Series with the outstanding Certificates of such Series. Any additional Certificates which are to form a single Series with the outstanding Certificates previously constituted by the Trust Deed shall be constituted by a deed supplemental to the Trust Deed. References in these Conditions to the Certificates include (unless the context requires otherwise) any other certificates issued pursuant to this Condition and forming a single series with the Certificates.

19 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Certificates under the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any person which exists or is available apart from that Act.

20 Governing Law and Dispute Resolution

- (a) **Governing Law:** The Trust Deed (including these Conditions), the Agency Agreement and the Certificates and any non-contractual obligations arising out of or in connection with the same are and shall be governed by, and construed in accordance with, English law.
- (b) **Arbitration:** Subject to Condition 20(c), any dispute, claim, difference or controversy arising out of or in connection with the Trust Deed (which includes the Certificates, these Conditions and this Condition 20(b)) (including any dispute as to the existence, validity, interpretation, performance, breach or termination of the Trust Deed or the consequence of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with it (a **Dispute**)) shall be referred to and finally resolved by arbitration in accordance with the Arbitration Rules of the LCIA (the **Rules**), which Rules (as amended from time to time) are deemed to be incorporated by reference into this Condition 20. For these purposes:
- (i) the seat of arbitration shall be London, England;
 - (ii) there shall be three arbitrators, each of whom shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions. The parties to the Dispute shall each nominate one arbitrator and both arbitrators in turn shall appoint a further arbitrator who shall be the chairman of the tribunal. In cases where there are multiple claimants and/or multiple respondents, the class of claimants jointly, and the class of respondents jointly shall each nominate one arbitrator. If one party or both fails to nominate an arbitrator within the time limits specified by the Rules, such arbitrator(s) shall be appointed by the LCIA. If the party nominated arbitrators fail to nominate the third arbitrator within 15 days of the appointment of the second arbitrator, such arbitrator shall be appointed by the LCIA; and
 - (iii) the language of the arbitration shall be English.
- (c) **Option to Litigate:** Notwithstanding the agreement described in Condition 20(b) above, the Delegate may, in the alternative and at its sole discretion, by notice in writing to the Trustee and the Obligor in accordance with the Trust Deed:
- (i) within 28 days of service of a Request for Arbitration (as defined in the Rules); or
 - (ii) if no arbitration has commenced,
- require that the Dispute be heard by a court of law. If the Delegate gives such notice, the Dispute to which such notice refers shall be determined in the manner described in Condition 20(e) and any arbitration commenced as described in Condition 20(b) will be terminated. With the exception of the Delegate and the Agents (whose costs will be borne by the Trustee, failing whom the Obligor), each of the parties to the terminated arbitration will bear its own costs in relation thereto.
- (d) **Notice to Terminate:** If any notice to terminate is given after service of any Request for Arbitration in respect of any Dispute, the Delegate must also promptly give notice to the LCIA Court and to any Tribunal (each as defined in the Rules) already appointed in relation to the Dispute that any such Dispute will be settled by the courts. Upon receipt of such notice by the LCIA Court, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate. Any such arbitrator will be deemed to be *functus officio*. The termination is without prejudice to:
- (i) the validity of any act done or order made by that arbitrator or by the court in support of that arbitration before his appointment is terminated;
 - (ii) his entitlement to be paid his proper fees and disbursements; and
 - (iii) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.
- (e) **Effect of Exercise of Option to Litigate:** If a notice is issued pursuant to Condition 20(c), the following provisions shall apply:

- (i) subject to paragraph (iii) below, the courts of England shall have exclusive jurisdiction to settle any Dispute and each of the Trustee and the Obligor have in the Master Trust Deed submitted to the exclusive jurisdiction of such courts;
 - (ii) each of the Trustee and the Obligor have agreed that the courts of England are the most appropriate and convenient courts to settle any Dispute and accordingly will not argue to the contrary; and
 - (iii) as paragraphs (i) and (ii) above are for the benefit of the Delegate for and on behalf of the Certificateholders only, notwithstanding paragraphs (i) and (ii) above, the Delegate shall not be prevented from taking proceedings relating to a Dispute (**Proceedings**) in any other courts with jurisdiction and, to the extent allowed by law, the Delegate may take concurrent Proceedings in any number of jurisdictions.
- (f) **Service of Process:** In the Trust Deed, the Trustee and the Obligor have each irrevocably appointed an agent in England to receive, for it and on its behalf, service of process in any Proceedings or Disputes in England.
- (g) **Waiver:** Under the Trust Deed, the Obligor has acknowledged that the transactions contemplated by the Trust Deed are commercial transactions and, to the extent that the Obligor may claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed to the Obligor or any of its assets or revenues, the Obligor has agreed not to claim and has irrevocably and unconditionally waived such immunity in relation to any legal or arbitral proceedings or Disputes. In addition, the Obligor has irrevocably and unconditionally consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any of its assets whatsoever of any award, order or judgment made or given in connection with any legal or arbitral proceedings or Disputes.
- (h) **Waiver of Interest:**
- (i) Each of the Trustee, the Delegate and the Obligor has irrevocably agreed in the Trust Deed that no interest will be payable or receivable under or in connection therewith and if it is determined that any interest is payable or receivable in connection therewith by a party, whether as a result of any judicial award or by operation of any applicable law or otherwise, such party has agreed to waive any rights it may have to claim or receive such interest and has agreed that if any such interest is actually received by it, it shall hold such amount in a suspense account and promptly donate the same to a registered or otherwise officially recognised charitable organisation.
 - (ii) For the avoidance of doubt, nothing in this Condition 20(h) shall be construed as a waiver of rights in respect of Periodic Distribution Amounts payable under the Certificates, Wakala Portfolio Income Revenues payable under the Service Agency Agreement, the amount of any Exercise Price payable under the Sale Undertaking and/or the Purchase Undertaking or, in the case of a Wakala/Mudaraba Series, Mudaraba Profit payable under the Restricted Mudaraba Agreement or profit of any kind howsoever described payable by the Obligor (in any capacity) or the Trustee (in any capacity) pursuant to the Transaction Documents and/or the Conditions, howsoever such amounts may be described or re-characterised by any court or arbitral tribunal.

SUMMARY OF PROVISIONS RELATING TO THE CERTIFICATES WHILE IN GLOBAL FORM

1 Initial Issue of Certificates

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

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

Certificates that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the applicable Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Certificates that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

2 Relationship of Accountholders with Clearing Systems

For so long as any of the Certificates is represented by a Global Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular face amount of such Certificates (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the face amount of such Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Trustee, the Delegate and their respective agents as the holder of such face amount of such Certificates for all purposes other than with respect to any payment on such face amount of such Certificates, for which purpose the registered holder of the relevant Global Certificate shall be treated by the Trustee, the Delegate and their respective agents as the holder of such face amount of such Certificates in accordance with and subject to the terms of the relevant Global Certificate and the expressions **Certificateholder** and **holder** and related expressions shall be construed accordingly.

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (an **Alternative Clearing System**) as the holder of a Certificate represented by a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Trustee to the registered holder of the underlying Certificates, and in relation to all other rights arising under the Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Trustee in respect of payments due on the Certificates for so long as the Certificates are represented by such Global Certificate and such obligations of the Trustee will be discharged by payment to the registered holder of the underlying Certificates, as the case may be, in respect of each amount so paid.

3 Transfers in Part

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

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

provided that, in the case of the first transfer of part of a holding pursuant to paragraph (i) above, the holder of the Certificates represented by the relevant Global Certificate has given the Registrar not less than 30

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

4 Amendment to Conditions

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

4.1 Payments

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

For the purposes of any payments made in respect of Certificates represented by a Global Certificate, the words "in the place in which the specified office of the Registrar is located" shall not apply to the definition of "business day" in Condition 9(d).

A record of each payment made will be noted on the relevant Register which shall be *prima facie* evidence that such payment has been made in respect of the Certificates.

4.2 Meetings

All holders of Certificates are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Certificates comprising such Certificateholder's holding.

4.3 Optional Dissolution Right

If any early dissolution right of the Bank is exercised in respect of some but not all of the Certificates of any Series, the rights of 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).

4.4 Certificateholder Put Right

Any early dissolution right of the Certificateholders provided for in the Conditions of any Certificates while such Certificates are represented by a Global Certificate may be exercised by the holder of the Certificate(s) in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg or any other clearing system (as the case may be).

4.5 Cancellation

Cancellation of any Certificate represented by a Global Certificate that is surrendered for cancellation (other than upon its redemption in full) will be effected by reduction in the aggregate face amount of the relevant Series of Certificates in the Register.

4.6 Notices

Notices required to be given in respect of the Certificates represented by a Global Certificate may be given by their being delivered (so long as this Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg or any other clearing system) to Euroclear, Clearstream, Luxembourg or such other clearing system, as the case may be, or otherwise to the holder of the Global Certificate,

rather than by publication as required by the Conditions, provided that such notices must also be given or published in a manner which complies with the rules and regulations of any listing authority, stock exchange, quotation system or other relevant authority on which the Certificates are for the time being listed or admitted to trading or quotation. Any such notice shall be deemed to have been given to the holders of the Certificates on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system.

5 Electronic Consent

While any Global Certificate is held on behalf of, and registered in the name of any nominee for, a clearing system, approval of a resolution proposed by the Trustee or the Delegate (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in face amount of the Certificates outstanding (an **Electronic Consent**) shall, for all purposes (including matters that would otherwise require a special quorum resolution (as defined in paragraph 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 FINAL TERMS

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

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, **MiFIDII**)]; 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 MiFIDII 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)** - [Notice to be included if classification of the Certificates is not "prescribed capital markets products", pursuant to Section 309B of the SFA].]

Final Terms

[Date]

MAR SUKUK LIMITED

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)]¹

under the U.S.\$2,000,000,000 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 Base Prospectus dated 19 August 2020 [and the supplement[s] to it dated [●] [and [●]] which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of Regulation (EU) 2017/1129 (the **Prospectus Regulation**). This document constitutes the Final Terms of the Certificates described herein [for the purposes of the Prospectus Regulation]* and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information. The Base Prospectus [and these Final Terms]** [is/are] available for viewing in accordance with the Prospectus Regulation on the website of Euronext Dublin (www.ise.ie) and during normal business hours 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 during normal business hours from the registered office of the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.]

The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date.

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Certificates (the **Conditions**) set forth in the Base Prospectus dated [●] which are incorporated by reference in the Base Prospectus dated 19 August 2020 [and the supplement(s) to it dated [●] [and [●]]] which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of Regulation (EU) 2017/1129 (the **Prospectus Regulation**). This document constitutes the Final Terms of the Certificates described herein [for the

¹ Include only for an issue of further Certificates in accordance with Condition 18.

* To be included only if the Certificates are to be admitted to trading on the regulated market, and listing on the official list, of Euronext Dublin.

** To be included only if the Certificates are to be admitted to trading on the regulated market, and listing on the official list, of Euronext Dublin.

purposes of the Prospectus Regulation]* and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information. The Base Prospectus [and these Final Terms]** [is/are] available for viewing in accordance with the Prospectus Regulation on the website of Euronext Dublin (*www.ise.ie*) and during normal business hours 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 during normal business hours from the registered office of the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.]

1	(a) Issuer and Trustee:	MAR Sukuk Limited
	(b) Trustee Legal Entity Identifier (LEI):	5493000TGLZ3JMN09026
	(c) Obligor, Servicing Agent and, in the case of a Wakala/Mudaraba Series, Mudarib:	Masraf Al Rayan (Q.P.S.C.)
2	Series Number:	[●]
	(a) Tranche Number:	[●]
	(b) Date on which the Certificates will be consolidated and form a single Series:	[The Certificates will be consolidated and form a single Series with [<i>identify earlier Tranche(s)</i>] on [<i>insert date/ the Issue Date</i>]] [Not Applicable]
3	Specified Currency:	[●]
4	Aggregate Face Amount:	[●]
	(i) Series:	[●]
	(ii) Tranche:	[●]
5	Issue Price:	[●] per cent. of the Aggregate Face Amount [plus <i>specified currency</i> ● in respect of ● days of accrued Periodic Distribution Amounts from (and including) <i>the issue date of the Original Certificates</i> to (but excluding) the Issue Date] ²
6	(a) Specified Denominations:	[●]
	(b) Calculation Amount:	[●]
7	(a) Issue Date:	[●]
	(b) Profit Commencement Date:	[[●]/Issue Date]
8	Scheduled Dissolution Date:	[●]
9	Profit Basis:	[Fixed Rate Certificates/Floating Rate Certificates] (further particulars specified at paragraph [15][16] below)
10	Dissolution Basis:	Dissolution at par
11	Change of Profit Basis:	[[<i>Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 15 and 16 below and identify there</i>]/[Not Applicable]
12	Put/Call Rights:	[Not Applicable] [Optional Dissolution Right]

* To be included only if the Certificates are to be admitted to trading on the regulated market, and listing on the official list, of Euronext Dublin.

** To be included only if the Certificates are to be admitted to trading on the regulated market, and listing on the official list, of Euronext Dublin.

² Include only for an issue of further Certificates in accordance with Condition 18.

		[Certificateholder Put Right]
13	Status	Unsubordinated
14	Date of Trustee's board approval and date of Obligor's board approval for issuance of Certificates:	● and ●, respectively
Provisions relating to profit payable		
15	Fixed Rate Periodic Distribution Provisions:	[Applicable]/[Not Applicable]
	(a) Profit Rate(s):	[●] per cent. per annum payable [annually/semi-annually/quarterly/monthly/[●]] in arrear on each Periodic Distribution Date
	(b) Periodic Distribution Date(s):	[[●] in each year up to and including the Scheduled Dissolution Date, commencing on [●]/[●]]
	(c) Fixed Amount(s):	[●] per Calculation Amount
	(d) Broken Amount(s):	[[●] per Calculation Amount, payable on the Periodic Distribution Date falling [in/on] [●]/Not Applicable]
	(e) Day Count Fraction:	[Actual/Actual] [Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual – ICMA]
	(f) Determination Date(s):	[[●] in each year/Not Applicable]
16	Floating Periodic Distribution Provisions:	[Applicable]/[Not Applicable]
	(a) Specified Periodic Distribution Dates:	[●] in each year, commencing on [●][, subject to adjustment in accordance with the Business Day Convention set out in (d) below/, not subject to adjustment, as the Business Day Convention in (d) below is specified to be Not Applicable]
	(b) Periodic Distribution Period:	[Not Applicable]/[●]
	(c) Profit Period Date	[Not Applicable]/[●]
	(d) Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]
	(e) Business Centre(s):	[●] [Not Applicable]
	(f) Manner in which the Profit Rate and the Periodic Distribution Amount are to be determined:	[Screen Rate Determination/ISDA Determination]

- (g) Party responsible for calculating the Profit Rate and the Periodic Distribution Amount (if not the Calculation Agent): [●]
- (h) Screen Rate Determination: [Applicable]/[Not Applicable]
- (i) Reference Rate: [●] month
[LIBOR/EURIBOR/KIBOR/HIBOR/
KLIBOR/TRLIBOR or TRYLIBOR/SIBOR/EIBOR/
TIBOR/SAIBOR/CHF LIBOR/QIBOR]
- (ii) Profit Rate Determination Date(s): [●]
- (iii) Relevant Screen Page: [●]
- (iv) Relevant Time: [●]
- (v) Relevant Financial Centre: [●]
- (vi) Reference Banks: [●]
- (i) ISDA Determination: [Applicable]/[Not Applicable]
- (i) Floating Rate Option: [●]
- (ii) Designated Maturity: [●]
- (iii) Reset Date: [●]
- (iv) ISDA Definitions: [●]
- (j) Margin(s): [+/-][●] per cent. per annum
- (k) Linear Interpolation: [Not Applicable/Applicable - the Profit Rate for the [long/short] [first/last] Periodic Distribution Period shall be calculated using Linear Interpolation (*specify for each short or long periodic distribution period*)]
- (l) Maximum Profit Rate: [●] per cent. per annum
- (m) Minimum Profit Rate: [●] per cent. per annum
- (n) Day Count Fraction: [Actual/Actual]
[Actual/Actual – ISDA]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360]
[360/360]
[Bond Basis]
[30E/360]
[Eurobond Basis]
[30E/360 (ISDA)]
[Actual/Actual – ICMA]

Provisions relating to dissolution

- 17 Notice periods for Condition 8(b): Minimum period: [●] days
Maximum period: [●] days
- 18 Optional Dissolution Right: [Applicable]/[Not Applicable]
- (a) Dissolution Distribution Amount: [As per Condition 1/[●]]

- (b) Optional Dissolution Date(s): [●]
- (c) Notice period: Minimum period: [●] days
Maximum period: [●] days
(N.B. When setting notice periods, the Trustee is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Trustee and the Agent)
- (d) If dissolution in part:
- (i) Minimum Optional Dissolution Amount: [Not Applicable]/[●]
- (ii) Maximum Optional Dissolution Amount: [Not Applicable]/[●]
- 19** Certificateholder Put Right: [Applicable]/[Not Applicable]
- (a) Dissolution Distribution Amount: [As per Condition 1]/[●]
- (b) Certificateholder Put Right Date(s): [●]
- (c) Notice period: Minimum period: [●] days
Maximum period: [●] days
(N.B. When setting notice periods, the Trustee is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Trustee and the Agent)
- 20** 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]/[●]

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 9(d)): [Not Applicable]/[●]

Provisions in respect of the Trust Assets

- 23** Series: [Wakala Series or Wakala/Mudaraba Series]

- | | | |
|-----------|--|---|
| (a) | Wakala Percentage: | [●] per cent. |
| (b) | Mudaraba Percentage: | [Not Applicable/[●] per cent.] |
| 24 | Trust Assets: | Condition 5(a) applies |
| 25 | (a) Details of Transaction Account: | MAR Sukuk Limited Transaction Account No: [●]
with HSBC Bank plc for Series No.: [●] |
| (b) | Supplemental Trust Deed: | Supplemental Trust Deed dated [●] between the
Trustee, the Obligor and the Delegate |
| (c) | Supplemental Purchase Agreement: | Supplemental Purchase Agreement dated [●] between
the Trustee and the Obligor |
| (d) | Supplemental Restricted Mudaraba
Agreement: | [Not Applicable/Supplemental Restricted Mudaraba
Agreement dated [●] between the Trustee and the
Obligor] |
| (e) | Declaration of Commingling of Assets: ³ | [Declaration of Commingling of Assets dated [●]
executed by the Trustee][Not Applicable] |
| (f) | Sale Agreement: ⁴ | [Sale Agreement dated [●] between the Trustee and
the Obligor][Not Applicable] |

Signed on behalf of **MAR Sukuk Limited**

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

By:

By:

Duly authorised

Duly authorised

³ Include only for an issue of further Certificates in accordance with Condition 18.

⁴ Include only for an issue of further Certificates in accordance with Condition 18.

PART B – OTHER INFORMATION

1 Listing and Admission to Trading

- (a) Listing and Admission to trading: [Application [has been][is expected to be] made by the Trustee (or on its behalf) for the Certificates to be (i) admitted to trading on [the regulated market]/[●], and (ii) admitted to listing on [the official list]/[●], of [Euronext Dublin]/[●], with effect from [●].]
- [Not Applicable.]
- (b) Estimate of total expenses related to admission to trading: [●]

2 Ratings

Ratings: The Certificates to be issued [have been/are expected to be] rated:

[Fitch: [●]]
[Moody's: [●]]
[Standard & Poor's: [●]]
[[●]: [●]]

[[●] is established in the [European Union/United Kingdom] and has applied for registration under Regulation (EC) No. 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

[[●] is established in the [European Union/United Kingdom] and is registered under Regulation (EC) No 1060/2009.]

[[●] is not established in the European Union or United Kingdom and has not applied for registration under Regulation (EC) No. 1060/2009. However, the application for registration under Regulation (EC) No. 1060/2009 of [●], which is established in the [European Union/United Kingdom], disclosed the intention to endorse credit ratings of [●].]

[[●] is not established in the European Union or United Kingdom and has not applied for registration under Regulation (EC) No. 1060/2009. The ratings [[have been]/[are expected to be]] endorsed by [●] in accordance with Regulation (EC) No. 1060/2009. [●] is established in the [European Union/United Kingdom] and registered under Regulation (EC) No. 1060/2009.]

[[●] is not established in the European Union or United Kingdom and has not applied for registration under Regulation (EC) No. 1060/2009, but it is certified in accordance with such Regulation.]

3 Interests of Natural and Legal Persons involved in the Issue

[Save for any fees payable to the [Managers/Dealer], so far as each of the Trustee and the Obligor is aware, no person involved in the issue of the Certificates has an interest material to the offer.]

4 Use of Proceeds

- (a) Use of proceeds: [See "*Use of Proceeds*" in the Base Prospectus]/[●]
(b) Estimated amount of net proceeds: [●]

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

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

6 Operational Information

- (a) ISIN Code: [●]/[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) CFI: [[See/[*include code*], 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) FISN: [[See/[*include code*], 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]
- (e) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable/give name(s), address(es) and number(s)]
- (f) Names and addresses of additional Paying Agent(s) (if any): [●]
- (g) Stabilisation Manager(s): [●]

USE OF PROCEEDS

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

- (i) in the case of a Wakala Series, towards the purchase from the Bank of the Initial Wakala Portfolio; and
- (ii) in the case of a Wakala/Mudaraba Series, the Wakala Percentage of the Issue Proceeds will be applied towards the purchase from the Bank of the Initial Wakala Portfolio and the Mudaraba Percentage of the Issue Proceeds will be paid by the Trustee (as Rabb-al-Maal) to the Mudarib as the initial Mudaraba Capital of the relevant Mudaraba and invested by the Mudarib in the Initial Mudaraba Portfolio in accordance with the relevant Restricted Mudaraba Agreement (including the relevant Mudaraba Investment Plan).

DESCRIPTION OF THE TRUSTEE

The Trustee

MAR Sukuk Limited (the **Trustee**), an exempted company incorporated in the Cayman Islands with limited liability, was incorporated on 20 September 2016 under the Companies Law (2016 Revision) of the Cayman Islands with company registration number 315209. 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 +1 345 945 7099.

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 20 September 2016.

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

So long as any of the Certificates remain outstanding, the Trustee shall not incur any other indebtedness in respect of financed, borrowed or raised money whatsoever or engage in any business or activity (other than acquiring and holding assets in connection with the Certificates, issuing the Certificates and entering into related agreements and transactions as provided for in the Transaction Documents), or, *inter alia*, redeem any of its shares or pay any dividends or make any other distribution to its shareholders, have any subsidiaries or employees, purchase, own, lease or otherwise acquire any real property (including office premises or like facilities), consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entity to any person (otherwise than as contemplated in the Transaction Documents) or issue any shares (other than such Shares as were in issue on the date hereof or as contemplated in the Transaction Documents).

The Trustee has, and will have, no significant assets other than the sum of U.S.\$250 representing the issued and paid-up share capital, such fees (as agreed) payable to it in connection with the issue of the Certificates and the acquisition of assets in connection with the Certificates, the bank account into which such paid-up share capital and fees are deposited and the Trust Assets. Save in respect of fees generated in connection with the issue of the Certificates, any related profits and proceeds of any deposits and investments made from such fees or from amounts representing the Trustee's issued and paid-up share capital, the Trustee does not expect to accumulate any surpluses.

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

Restrictions on the Offer of the Certificates

No invitation whether directly or indirectly may be made to the public in the Cayman Islands to subscribe for the Certificates unless or until the Trustee is listed on the Cayman Islands Stock Exchange.

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:

<u>Name</u>	<u>Principal Occupation</u>
Norbert Neijzen.....	Regional Head of Fiduciary at Maples Fund Services (Middle East) Limited
Stacy Bodden.....	Senior Vice President at MaplesFS Limited

The business address of Norbert Neijzen is c/o 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 Stacy Bodden is c/o 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, Uglan 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 an amended and restated 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 as published at <http://www.maplesfs.com/terms> (the Registered Office Terms). In consideration of the foregoing, the Trustee Administrator will receive various fees payable by the Trustee at rates agreed upon from time to time, plus expenses.

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

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

The Trustee Administrator's principal office is 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.

Cayman Islands Data Protection

The Cayman Islands Government enacted the Data Protection Law, 2017 of the Cayman Islands (the DPL) on 18 May 2017. The DPL 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 will 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 DPL. 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 DPL 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 DPL is the responsibility of the Ombudsman's office of the Cayman Islands. Breach of the DPL by the Trustee could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties or referral for criminal prosecution.

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

OVERVIEW

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

Based on QCB data as at 31 March 2020, the Bank ranked as the second largest Islamic bank in Qatar by total assets accounting for 24.7 per cent. of total assets of all Islamic banks in Qatar. Since its inception in 2006, the Bank's shares have been listed on the Qatar Exchange. The Bank was the second largest Islamic bank in Qatar by market capitalisation which amounted to QAR 27.5 as at 31 March 2020 (Source: Thomson Reuters).

The Bank's authorised and issued share capital was QAR 7.5 billion as at 31 December 2019. Key shareholders of the Bank include Qatar Investment Authority (15.7 per cent.) and Qatar Armed Forces Investment Portfolio (9.3 per cent.). The remaining shareholders in Qatar collectively hold 57.0 per cent. (see "*Competition and Competitive Strengths – Strong Governmental support and mutually beneficial partnership with the Government*" below for further details).

As of June 2020, the Bank operates through a network of 16 branches including the Head Office and 100 automatic teller machines (ATMs) located throughout Qatar. The Bank also operates six branches in the UK through its subsidiary, Al Rayan Bank PLC.

Since 31 December 2015, the Bank has experienced significant growth in its total assets, total income and net income. The Bank's total assets stood at QAR 106.4 billion and QAR 97.3 billion as at 31 December 2019 and 31 December 2018, respectively (3-year CAGR 5.1 per cent.). Amounts held by the Bank as unrestricted investment accounts (URIA) stood at QAR 58.1 billion and QAR 54.3 billion as at 31 December 2019 and 31 December 2018, respectively. Total deposits including URIA were stable during the last two years.

The Bank's total income amounted to QAR 5.2 billion and QAR 4.9 billion for the years ended 31 December 2019 and 31 December 2018, respectively. The Bank's net income amounted to QAR 2.2 billion and QAR 2.1 billion for the years ended 31 December 2019 and 31 December 2018, respectively.

The Bank's total capital adequacy ratio stood at 20.3 per cent. and 19.2 per cent. as at 31 December 2019 and 31 December 2018 respectively (in each case calculated in accordance with the QCB's Basel III guidelines), well above the QCB requirement of 13.5 per cent. The Bank's Additional Tier 1 capital stood at nil as at 31 December 2019 and nil at 31 December 2018. The Bank's Tier 1 capital adequacy ratio stood at 19.7 per cent. and 18.7 per cent. as at 31 December 2019 and 31 December 2018, respectively.

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

In September 2019, Moody's Investor Service Limited (**Moody's**) affirmed the Bank's long term issuer rating at A1, with a stable outlook. Moody's is established in the European Union and is registered under the CRA Regulation.

On 30 June 2020, the Bank and Al Khaliji Commercial Bank (Al Khaliji) P.Q.S.C. announced that they had entered into initial negotiations with regards to a potential merger between the two banks. Any potential merger would be subject to the completion of legal and financial due diligence processes and the approval of the QCB, the QFMA, the QSE, the Ministry of Commerce and Industry, and other relevant official bodies, as well as the approval of the shareholders of each of the banks. The discussions relating to the proposed merger are still in initial stages and there is no certainty as at the date of this Base Prospectus as to whether the merger will proceed.

Branch Network and Product Distribution

As of 30 June 2020, the Bank had a network of 16 branches including the Head Office and 100 ATMs. The Bank is also able to provide broader access to ATM banking for its customers through shared ATMs and other banks' ATMs as part of the Qatari National ATM and POS Switch network of shared ATMs.

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

- mobile and smartphone banking;
- internet banking; and
- telephone banking.

Recognising changing customer preferences and evolution in digital services, the Bank has also developed banking services on mobile phones and tablets.

Share Capital and Significant Shareholders

As at 31 December 2019, the Bank's issued and paid-up share capital comprised 7.5 billion shares with a nominal value of QAR 1 each.

The Qatari Government and government related-entities control approximately 29.8 per cent. of the total issued share capital of the Bank. As of 31 December 2019, significant shareholders, after considering both direct and indirect interests, comprised Qatar Investment Authority (15.7 per cent.) and Qatar Armed Forces Portfolio (9.3 per cent.).

Dividends are recorded and paid subject to approval from the Bank's shareholders and the Bank has a long standing history of dividend payouts. For the year ended 31 December 2019, the Bank's shareholders approved a dividend of QAR 1,687.5 million (representing a 22.5 per cent. cash dividend).

In March 2016, the QCB announced that investor holdings in publicly traded banks and financial institutions should be limited to 5 per cent. (or 10 per cent. if a waiver is granted by the QCB) with the exception of the State, Qatar Foundation for Education, Science and Community Development, and the Funds related to the General Retirement and Social Insurance Authority, Qatar Investment Authority, and Qatar Holding Company.

On 16 June 2019, upon the instructions of the QFMA and following the approval of the shareholders obtained at the Bank's extraordinary general assembly meeting held on 25 February 2019, the Bank effected a 10:1 stock split on its shares of capital stock, adjusting the nominal value to one Qatari Riyal per share (QAR 1 per share) instead of QAR 10 per share.

Awards

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

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

- Global Investor Group MENA 2019: Sukuk Fund Manager of the Year, Qatar Manager of the Year, ETF Provider of the Year
- Global Investor Group MENA Awards 2018: Asset Manager Of The Year: Qatar, ETF Provider of the Year and Best New Fund
- Wealth & Finance 2016 and 2017: Asset Manager of the Year - Qatar
- Wealth & Finance 2017: Best GCC Asset Manager

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

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

COMPETITIVE LANDSCAPE

Increased competition from Qatari and international banks

The Bank is subject to competition in Qatar from both locally incorporated and foreign banks. According to the QCB, as at 30 June 2020, there were a total of 18 banks licensed by the QCB, consisting of six domestic conventional banks, 1 state-owned development bank, four Islamic banks and seven foreign banks (Source: Qatar Central Bank).

As at 31 March 2020, Qatar National Bank was the largest bank in Qatar in terms of total assets and accounted for approximately 58.3 per cent. of the market share of all listed banks. Within the Islamic banking sector, the Bank had a market share of approximately 25.6 per cent. in terms of total assets of Qatari Islamic banks. Main competitors include Qatar Islamic Bank (**QIB**), Qatar International Islamic Bank (**QIIB**) and Barwa Bank. QIB and QIIB had market share of approximately 39.0 per cent. and 14.1 per cent., respectively, in terms of total assets of Qatari Islamic banks as at 31 March 2020 (Source: Qatar Central Bank, Financial Reports).

Although local banks generally have stronger relationships with local customers, foreign banks may have greater resources and access to cheaper funding than local banks. Foreign banks may also be able to leverage their international expertise and this may prove more attractive to key domestic companies and Governmental bodies as well as foreign companies operating in Qatar. To this extent, the Bank may be at a competitive disadvantage.

Increasing competition from entities established in the Qatar Financial Centre

The QFC has attracted new banks and financial institutions given its low-tax environment, a 100 per cent. foreign ownership structure and profit repatriation. The QFC is targeting international institutions which have expertise in banking, insurance, asset management, financial advisory services and securities and derivatives dealing, as well as Islamic finance. Current licensees of the QFC include investment banks and multinational banks. Institutions registered with the QFC undertake activities which are categorised as: (i) "regulated activities" (essentially financial services); or (ii) "non-regulated" activities (essentially activities in support of financial services). QFC-registered banks are subject to restrictions on the local banking activities they are permitted to undertake and as a result, they cannot, for example, conduct transactions with retail customers in Qatar.

STRATEGY

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

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

Qatari nationals and high net worth individuals. This enables the Bank to expand organically through a selectively built book of high quality assets.

The Bank's key strategic objectives are:

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

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

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

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

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

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

Continue to develop risk control systems and ensure corporate governance

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

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

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

COMPETITIVE STRENGTHS

Notwithstanding the competition faced by the Bank as discussed above, the Bank believes that it has a number of principal strengths which may offer it a competitive advantage, including:

Strong asset quality, earnings growth and strong capitalisation

The Bank's strong asset quality and prudent credit risk management is evident by its consistently low non-performing financing ratio (**NPF ratio**) which stood at 1.01 per cent. as at 31 December 2019, one of the lowest NPF ratios in the banking industry globally. The Bank has preserved its good asset quality through selective acquisition of its customer base and critical evaluation of credit risk while reinforcing its existing strong government and corporate relationships and diversifying sector exposure. The Bank also continues to maintain a leading position in terms of profitability with a relatively high return on average assets (**ROAA**) (two year average of 2.1 per cent. from 2018 to 2019) and healthy return on average equity (**ROAE**) (two year average of 16.1 per cent. from 2018 to 2019). As at 31 December 2019, the Bank reported ROAA and ROAE of 2.1 per cent. and 16.0 per cent., respectively, slightly below the historical average mainly due to higher impairment on financing assets in 2019 compared to 2018.

The Bank recorded net income attributable to equity shareholders of QAR 2.2 billion for the year ended 31 December 2019. During the last three years, earnings growth has been stable (CAGR of 1.6 per cent.). Further, the Bank's cost-to-income ratio (averaging 23.4 per cent. from 2018-2019) highlights the Bank's increased efficiency. As at 31 December 2019, the Bank's cost-to-income ratio stood at 22.8 per cent., the lowest among all Qatari banks.

The Bank is well-capitalised with a capital adequacy ratio of 20.3 per cent. as at 31 December 2019, exceeding the regulatory threshold of 13.50 per cent. and indicating ample room for realising the Bank strategic growth objectives.

Diversified and innovative product offering and improved geographical diversification

The Bank offers customers a comprehensive range of customised Islamic products across each of its operating segments. These include financing solutions, deposit accounts, treasury and investment products and advisory services, which the Bank provides through its dedicated relationship managers and extensive distribution network.

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

Experienced management team and commitment to corporate governance

The Bank is led by an experienced Board and senior management team. H. E. Ali Bin Ahmad Al Kuwari, Chairman of the Board, has extensive experience in the banking and corporate sector and also holds board chairmanship or membership in several high profile companies including Manateq, Qatar Development Bank, Qatar Stock Exchange, QIA, Qatar Petroleum, Milaha and Nakilat. He is Minister of Commerce and Industry and member of Supreme Council for Economic Affairs. He previously served as Group CEO of Qatar National Bank from 2013 to 2018.

Mr. Adel Mustafawi, Group CEO, has over twenty years of experience in the banking sector. Prior to joining the Bank, he held several key positions, including Treasurer of Qatar National Bank. Mr. Mustafawi is supported by an experienced management team with an understanding of markets in which the Bank operates.

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

Strong shareholding structure and likelihood of support from Qatari authorities

The Bank has a strong shareholding structure with the Qatari government and government institutions holding approximately 29.8 per cent. share ownership. The government sector not only provides funding capital in the form of deposits, which contributed 39.3 per cent. (QAR 25.8 billion) of total customer deposits as at 31 December 2019, but also contributes to its strong domestic asset base. Financing assets outstanding to the Government and Government related entities have increased from QAR 34.3 billion as at 31 December 2016 to QAR 38.6 billion as at 31 December 2019, accounting for 47.3 per cent. of total gross financing assets. Similarly, the Bank's state-linked investment securities amounted to QAR 19.3 billion as at 31 December 2019, accounting for over 90.4 per cent. of the Bank's total investment securities portfolio.

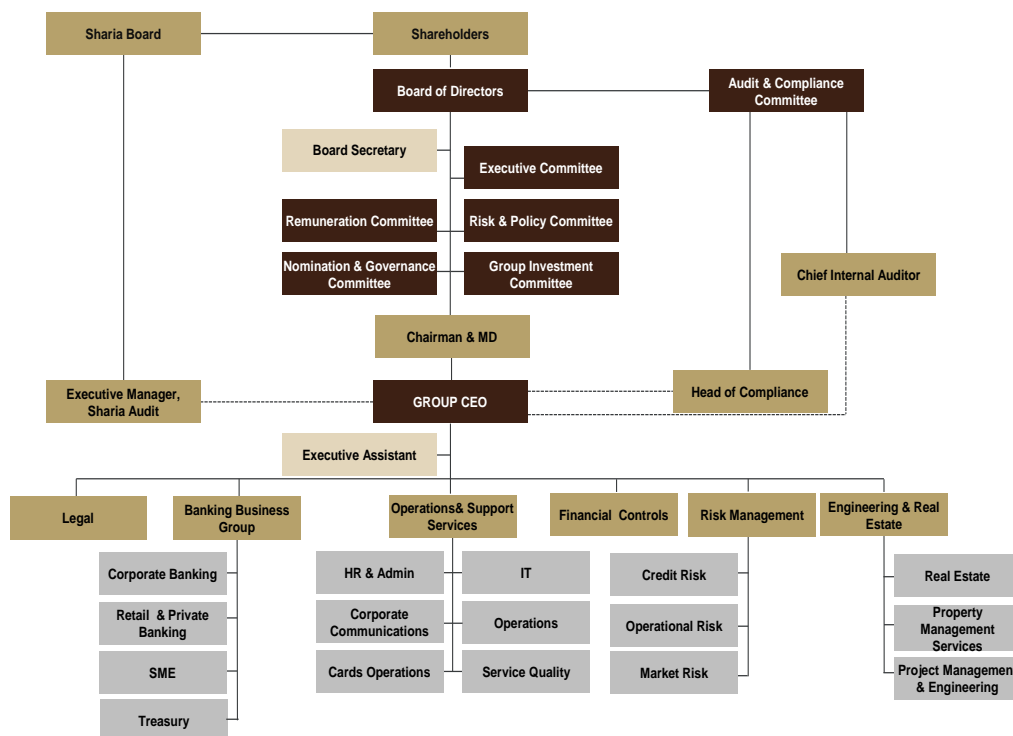
Historically, the Government, through the QCB and QIA, has taken several steps to provide capital to support the domestic commercial banking sector (see "– The Qatar Banking Sector and Regulations – Banking System"). Given the Government's significant share ownership and strong relationship, the Bank is well-positioned and likely to receive support if needed. Whilst other banks in the Qatari banking sector received direct support during the global financial crisis, the Bank's strong balance sheet and asset quality meant that the Bank did not require any such direct support.

BUSINESS ACTIVITIES

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

- Corporate Banking and SME;
- Retail and Private Banking; and
- Treasury.

Organisational Structure



Corporate Banking and SME

The Bank's Corporate Banking division is the main segment of the Bank's business (see "– *Operational Performance*") and provides a full range of Sharia-compliant financial products and services to its corporate customers which include banks and financial institutions, government and government-related entities, large corporates, real estate companies and small and medium enterprises (SMEs). Its primary activity is to provide financing services through a wide array of financing products such as project finance, working capital, syndication (through Sharia structures such as *Ijara*, *Murabaha*, *Mudaraba*, *Istisna'a*) and foreign trade finance products such as letters of credit, letters of guarantee and import financing.

This division also provides a diverse range of cash management services such as payroll, salary card, bulk cheques and cash collection and a full suite of *Sharia*-compliant trade financing products. Additionally, the Bank arranges, originates and participates in syndications and global capital markets transactions for large and sophisticated customers. Treasury and investment products are also offered to corporate clients to allow them to mitigate and manage their risk as well as to invest in a wide range of financial instruments.

Corporate Banking's principal products and services include the following financing arrangements:

Murabaha

Murabaha offers customers the ability to acquire assets over a period of time consistent with their sources of income and their financial position. Under a *Murabaha* transaction, the Bank provides the customer with the money needed to purchase an asset for business use. The customer, in conjunction with the Bank, negotiates the purchase price of the asset with the seller. The Bank purchases the asset from the seller then sells it to the customer after adding an agreed profit amount and allows the customer to pay the full amount over a period of time in instalments.

Ijara

The form of *Ijara* offered by the Bank is a finance or capital lease which enables the Bank's corporate customers to acquire an asset through a leasing arrangement. Customers contract with the Bank to make lease payments for the use of an asset which the Bank purchases. At the end of the lease period, the ownership of the asset transfers to the customer. *Ijara* financing is provided predominantly to corporate customers for the purchase or lease of properties.

Ijarah Muntahia Bittamleek

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

The Bank provides project financing or *Mudaraba* financing to customers in construction and project development industries in Qatar. The Bank may finance projects awarded to the contractor provided the project owner is a Government or quasi-Government entity, or other credit-worthy public companies. Projects financed under *Mudaraba* contracts are usually state infrastructure projects.

Musharaka

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

Istisna'a

In an *Istisna'a* financing, the Bank enters into a contract with the customer requesting the financing in order to execute a specific construction project such as a residential compound, office building, private residence or an apartment building.

As at 31 December 2019, the most popular financing methods for the Bank's customers were Murabaha and Ijara, which together represent 90.2 per cent. of the total gross financing portfolio as at that date. The table below sets out the financing methods for the Bank's customers as at 31 December 2019:

Product	Outstanding <i>(QAR'000)</i>	Proportion of portfolio <i>(%)</i>
<i>Murabaha</i>	55,138,706	67.6%
<i>Ijara</i>	18,472,205	22.6%
<i>Musharaka</i>	6,062,257	7.4%
<i>Istisna'a</i>	1,136,071	1.4%
Others	821,187	1.0
Total	81,630,426	100.0

Retail and Private Banking

Retail Banking

The Retail Banking segment provides retail customers with Islamic banking products and services which are distributed through the Bank's wide network of branches and ATMs, as well as electronic banking, internet, mobile and smartphone and telephone banking channels (see "– *Description of Masraf Al Rayan (Q.P.S.C.) – Branch Network and Product Distribution*").

In 2017, a new segment under the name of Premier Banking was launched, having a dedicated branch and team to serve consumers earning monthly income exceeding QAR 50,000. The expansion plans also included the opening of new branches and a wider distribution of ATM machines in different strategic locations all over the country.

A variety of solutions were created, allowing clients to take advantage of many products and services designed to suit all their needs. The numerous campaigns and cards products contribute to promote and build loyalty through special offerings.

Masraf Al Rayan's market share in Qatar's retail banking business has increased steadily and was 17.1 per cent. and 8.6 per cent. in terms of loans and deposits respectively as of 31 December 2019.

Total customer deposits (Personal and Others) from Retail Banking as at 31 December 2019 amounted to QAR 25.0 billion, representing 38.2 per cent. of the Bank's total customer deposits.

The existing portfolio of cards: Signature Card, Infinity Card, Premier Debit Card and Private Debit Card caters to the needs of high net worth individuals and premier banking customers. These cards offer many benefits including access to airport lounges and discounts from 120 merchants.

The principal services and products offered to Retail Banking customers include:

- non-profit-earning demand deposit accounts (or **current accounts**);
- profit-paying demand deposit accounts (or **savings accounts**);
- special accounts (e.g. kids, minor accounts);
- profit-paying term deposit accounts (with a minimum term of one month to a maximum term of 5 years);
- consumer financing services including the provision of financing for automobile, residential property, building material and share purchases through *Murabaha*, *Musawama*, *Istisna'a*, *Ijara* and *Musharaka* methods of financing; and
- electronic credit and debit cards.

Private Banking

The Bank's Private Banking segment aims to provide a high-quality service to high net worth individuals in Qatar and abroad who seek to have their wealth managed in compliance with *Sharia* principles.

The Private Banking services include investment planning, asset management, wealth protection, credit planning and management, cash management and business planning.

Private Banking offerings include all type of Islamic financing products, tailored to meet customer demands within Islamic financing structures namely Commodity *Murabaha*, *Trade Murabaha*, *Vehicle Murabaha*, *Ijara*, *Istisna'a* and *Wakala*.

Treasury

Treasury is responsible for managing liquidity and market risks within the limits approved by the Board of Directors. In addition to managing risks, this division assists in enhancing the Bank's profitability by offering Sharia-compliant treasury solutions to the Bank's customers, which include other financial institutions and corporates.

In support of the Bank's strategic objective of diversifying its funding base, Treasury seeks to secure new funding sources, broadening the overall funding base and extending the maturity profile. Additionally, Treasury actively manages the Bank's cash book and also ensures efficient and timely execution of all foreign exchange trades with its banking counterparts. Other key functions include establishing market-making capabilities, through active participation in local currency market. Further, Treasury promotes the Bank's activities in the international market by seeking new relationship with Islamic and conventional banks, actively participate in local interbank activities, fairly distribute foreign exchange volume with the Bank's main counter parties and offer Sharia-compliant solutions to Islamic institutions.

Treasury utilises advanced IT systems such as the "OPICS" system and "EQUATION" to ensure smooth execution of transactions and offers a wide range of Sharia-compliant products, including Wakala and reverse Wakala, foreign Exchange spot transactions, Islamic FX forward and swap "wa'ad based", Tawarruq, Islamic Fixed Income "Sukuk", commodity Murabaha, reverse Murabaha, cross currency swap, options, profit rate swap, special term deposits, Islamic T-Bills, structured deposits, hedging solutions, collateralised *Murabaha* (Repo) and bilateral and syndicated facilities.

Information Technology (IT)

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

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

The Bank has invested heavily in information technology and has an advanced suite of banking systems across most core banking functions. The Bank currently operates key third party software to support its different operating functions and provides a full suite of electronic and phone banking services.

Further, all customer interfaces are subjected to rigorous third party penetration testing prior to deployment and incorporate industry standard two-factor authentication to mitigate the risk of security breaches.

SUBSIDIARIES AND ASSOCIATES

The table below provides a list of the Bank's subsidiaries as at 31 December 2019:

<u>Entity's Name</u>	<u>Country of incorporation</u>	<u>Entity's activities</u>	<u>Effective percentage of ownership as of 31 December 2019</u>	<u>Entity's capital</u>
Al Rayan Investment L.L.C.	Qatar	Investment Banking	100%	USD 100 million
Al Rayan Financial Brokerage*	Qatar	Financial Brokerage	100%	QAR 50 million
Al Rayan (UK) Limited**	UK	Investment Activities	70%	GBP 100 million
Al Rayan Partners	Qatar	Real Estate Consulting	100%	QAR 10 million
Lusail Waterfront Investment Co.	Cayman Islands	Investment Activities	100%	USD 50 thousand
MAR Sukuk Limited***	Cayman Islands	Sukuk issuance	100%	USD 50 thousand

* The operations have ceased since 12 January 2017 after QFMA approved to freeze its license for two years. The freezing of the license was extended up to 10 September 2019. The Board of Directors are in the process of finalising the status of Al Rayan Financial Brokerage to comply with the QFMA requirements.

** Al Rayan (UK) Limited owns 98.3% of its subsidiary, Al Rayan Bank PLC (formerly known as Islamic Bank of Britain PLC). Effectively, the Bank owns 68.8% of Al Rayan Bank PLC. Al Rayan Bank PLC is the designated "Servicer" of Tolkien Funding Sukuk No. 1 Plc, a special purpose entity incorporated in the UK for the purpose of sukuk issuance for the benefit of Al Rayan Bank PLC.

*** MAR Sukuk Limited was incorporated in the Cayman Islands as an exempted company with limited liability for the purpose of sukuk issuance under this Programme and other activities, for the benefit of the Bank.

The table below provides a list of the Bank's associate companies as at 31 December 2019:

<u>Entity's Name</u>	<u>Country of incorporation</u>	<u>Entity's activities</u>	<u>Effective percentage of ownership as of 31 December 2019 (audited)</u>
Ci-San Trading W.L.L.	Qatar	Investing and Trading	50.00%
Kirnaf Finance Company	Saudi Arabia	Leasing	48.76%
Linc Facility Services	Qatar	Facility Management	33.50%
Damaan Insurance - Beema	Qatar	Insurance	20.00%
National Mass Housing	Oman	Real Estate Services	20.00%

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

ARI was launched in 2008 with a fully paid-up capital of USD 100 million as the Bank's fully-owned investment banking arm. ARI was the first *Sharia*-compliant institution authorised by the Qatar Financial Centre Regulatory Authority (QFCRA) in the Qatar Financial Centre. As at 30 December 2019, ARI's total assets were USD 187.7 million.

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

Asset Management Group

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

The Asset Management group launched the first *Sharia*-compliant Exchange Traded Fund in March 2018 expanding its product offering. It plans to continue to broaden its product offerings to include the other products across different assets classes such as fixed income, a money market fund and alternative investments fund.

Financial Advisory Group

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

Strategic Investments

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

Al Rayan Financial Brokerage

Al Rayan Financial Brokerage was established to buy and sell shares of locally listed companies that are either declared to be fully *Sharia*-compliant or in companies where their main line or activity of business is *Sharia*-compliant. On 28 December 2016, the QFMA approved the freezing of ARFB's license for two years. The operations of ARFB ceased from 12 January 2017.

Al Rayan Partners

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

Al Rayan Bank PLC

Al Rayan Bank PLC (formerly known as Islamic Bank of Britain) is the UK's only fully *Sharia*-compliant retail bank since its inception in 2004. Al Rayan Bank PLC offers the UK's largest range of Islamic retail banking products and services, which includes ethical, *Sharia*-compliant home and property finance; savings accounts; current accounts; commercial finance and business banking. In addition, it accredits *Sharia*-compliant pensions and investment products, which are provided by partners.

The Bank acquired a 95.0 per cent. stake in Al Rayan Bank PLC in 2014, which was increased to 98.3 per cent. immediately after the acquisition, in line with its strategy to improve geographical diversification. However, in December 2016, the Bank sold 30 per cent. of its ownership in Al Rayan (UK) Limited reducing its effective ownership in Al Rayan Bank PLC from 98.3 per cent. to 68.8 per cent. The sale was agreed pursuant to the financing arrangements the Bank had entered into at the time of acquisition under which the Bank could, at its option, sell to the Qatar Investment Authority up to 30 per cent. of the shares of Al Rayan Bank PLC.

Al Rayan Bank PLC witnessed strong asset growth and turned profitable in 2015 having sustained losses for several years prior to the Bank's acquisition. Net profit after tax for 2015 was reported at GBP 10.3 million, an increase of approximately 745 per cent. compared to GBP 1.2 million for 2014. As at 31 December 2019, Al Rayan PLC reported net profit after tax of GBP 6,111 and total assets of GBP 2,247,300.

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

In addition to the bank's branch and office network, the bank serves over 74,000 customers through a telephone-based contact centre and online and mobile banking services.

FINANCIAL REPORTING SEGMENTATION

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

- *Corporate Banking* provides an extensive range of Islamic funded and non-funded credit facilities, deposit services, investment advisory, currency exchange facilities, profit rate swaps, financing syndication and other services to corporate, commercial and multinational customers.
- *Retail Banking* provides investment accounts services, credit card and Islamic financing to customers.
- *Asset Management* has two distinct functions: firstly, the management of the Bank's portfolio of listed and private equities and funds, strategic investments, income producing instruments such as sukuks and real estate investments; and secondly, the development and operation of the Bank's investment products, asset management and investment placement business.
- *International Operations* includes financings, deposits and other products and services with corporate and individual customers in the Bank's international locations.

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

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

INVESTMENT SECURITIES

Investment securities comprise investments in debt-type and equity-type financial instruments.

Classification

Debt-type instruments are investments that have terms that provide fixed or determinable payments of profit and capital. Equity-type instruments are investments that do not exhibit features of debt-type instruments and include instruments that evidence a residual interest in the assets of an entity after deducting all its liabilities.

Debt-type instruments

Investments in debt-type instruments are classified into the following categories:

- at amortised cost; and
- at fair value through income statement.

A debt-type investment is classified and measured at amortised cost only if the instrument is managed on a contractual yield basis or the instrument is not held for trading or designated at fair value through income statement.

Debt-type investments classified and measured at fair value through income statement include investments held for trading or designated at fair value through income statement. At inception, a debt-type investment managed on a contractual yield basis, can only be designated at fair value through income statement if it eliminated an

accounting mismatch that would otherwise arise on measuring the assets or liabilities or recognising the gains or losses on them on different bases.

Equity-type investments

Investments in equity type instruments are classified into the following categories:

- at fair value through income statement; and
- at fair value through equity.

Equity-type investments classified and measured at fair value through income statement include investments held for trading or designated at fair value through income statement.

An investment is classified as held for trading if acquired or originated principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margin. Any investments that form part of a portfolio where there is an actual pattern of short-term profit taking are also classified as 'held for trading'.

Equity-type investments designated at fair value through income statement include investments which are managed and evaluated internally for performance on a fair value basis.

On initial recognition, the Bank makes an irrevocable election to designate certain equity instruments that are not designated at fair value through income statement to be classified as investments at fair value through equity.

Recognition and de-recognition

Investment securities are recognised at the trade date i.e. the date that the Bank contracts to purchase or sell the asset or at which date the Bank becomes party to the contractual provisions of the instrument. Investment securities are de-recognised when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risk and rewards of ownership.

Measurement

Initial recognition

Investment securities are initially recognised at fair value plus transaction costs, except for transaction costs incurred to acquire investments at fair value through income statement (which are charged to consolidated income statement).

Subsequent measurement

Investments at fair value through the income statement are re-measured at fair value at the end of each reporting period and the resultant re-measurement gains or losses is recognised in the consolidated income statement in the period in which they arise. Subsequent to the initial recognition, investments classified at amortised cost are measured at amortised cost using the effective profit method less any impairment allowance. All gains or losses arising from the amortisation process and those arising on de-recognition or impairment of the investments, are recognised in the consolidated income statement.

Investments at fair value through equity are re-measured at their fair values at the end of each reporting period and the resultant gain or loss, arising from a change in the fair value of investments are recognised in the consolidated statement of changes in owners' equity and presented in a separate fair value reserve within equity. When the investments classified as fair value through equity are sold, impaired, collected or otherwise disposed of, the cumulative gain or loss previously recognised in the consolidated statement of changes in equity is transferred to the consolidated income statement.

Investments which do not have a quoted market price or other appropriate methods from which to derive a reliable measure of fair value when on a continuous basis cannot be determined, are stated at cost less impairment allowance (if any).

Measurement principles

Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus capital repayments, plus or minus the cumulative amortisation using the effective profit method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. The calculation of the effective profit rate includes all fees and points paid or received that are an integral part of the effective profit rate.

Fair value measurement

Fair value is the amount for which an asset could be exchanged or an obligation settled between well informed and willing parties (seller and buyer) in an arm's length transaction. The Bank measures the fair value of quoted investments using the market closing bid price for that instrument. For unlisted investments, the Bank recognises any increase in the fair value when they have reliable indicators to support such an increase and to evaluate the fair value of these investments. These reliable indicators are limited to the most recent transactions for the specific investment or similar investments made in the market on a commercial basis between willing and informed parties.

Impairment

The Bank assesses at each consolidated statement of financial position date whether there is objective evidence that an asset is impaired. Objective evidence that financial assets (including equity-type investments) are impaired can include default or delinquency by a counterparty or investee, restructuring of financing facility or advance by the Bank on terms that the Bank would not otherwise consider, indications that a counterparty or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of counterparty or issuers in the group, or economic conditions that correlate with defaults in the group. In addition, for an investment in equity-type instruments, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Equity-type investments classified as fair value through equity

In the case of equity-type investments classified as fair value through equity and measured at fair value, a significant (where market value has declined by a minimum of 20 per cent.) or prolonged (where market value has declined for nine months at least) decline in the fair value of an investment below its cost is considered in determining whether the investments are impaired. If any such evidence exists for equity-type investments classified as fair value through equity, the cumulative loss previously recognised in the consolidated statement of changes in equity is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity-type investments are subsequently reversed through equity.

Financial assets carried at amortised cost (including investment in debt-type instruments classified as amortised cost)

For financial assets carried at amortised cost, impairment is measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective profit rate. Losses are recognised in the consolidated income statement and reflected in an allowance account. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through the consolidated income statement, to the extent of previously recognised impairment losses. The Bank considers evidence of impairment for financial assets carried at amortised cost at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. All individually significant financial assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Financial assets that are not individually significant are collectively assessed for impairment by grouping assets together with similar risk characteristics.

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

	As at 31 December 2019 (QAR '000)	As at 31 December 2018 (QAR '000)
<i>Investments classified as fair value through income statement</i>		
Investments classified as held for trading (Quoted)		
Debt type investments - Fixed Profit rate	1,881	4,372
Accrued profit receivable	11	3
	1,892	4,375
<i>Debt type investments classified at amortised cost</i>		
Fixed profit rate-Quoted	1,898,971	1,350,495
Government of Qatar Sukuk-Quoted	1,356,252	1,323,060
Government of Qatar Sukuk-Unquoted	17,750,000	16,200,000
Accrued profit receivable	252,355	219,706
Less: Allowance for impairment	35,301	(34,831)
	21,222,277	19,058,430
<i>Investments classified as fair value through equity</i>		
Equity type investments		
-Quoted	36,467	48,939
-Unquoted	118,070	95,511
Debt type investments - Fixed Profit rate	-	14,601
Accrued profit receivable	-	255
	154,537	159,306
	21,378,706	19,222,111

Risk Management

The Group is exposed to different types of risks in its normal course of business, including credit risk, liquidity risk, market risk (trading and non-trading) and operational risk. The Board mitigates these risks by implementing internal control systems that clearly determine the responsibilities of each control function in the organisation and its relationship with other departments to ensure its independence and effectiveness. The Board supports the control functions by allocating resources and clear reporting lines to the Board and to senior management. The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has delegated authority to the Executive Management to take decisions necessary to monitor and manage risks on a daily basis.

The core functions of the Group's risk management are to identify all key risks for the Group, measure these risks, mitigate risk where required and possible, manage the risk positions and determine capital allocations. The Group reviews its risk management policies and systems, if necessary, to align them with changes in markets, products and industry best practice, on an annual basis.

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

Risk Management Department

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

Policies and standards

The Group's risk management principles are laid out in a series of corporate policies, standards, guidelines, directives and procedures, all of which are reviewed on a regular basis or if necessary, to maintain their relevance

to the Group's current risk limits. The structure, limits, collateral requirements, ongoing management, monitoring and reporting of the Group's credit exposures is based on the following categories:

- setting risk appetite in line with strategic business objectives;
- identifying, measuring, mitigating (where necessary) and monitoring all material risks;
- setting parameters to keep the Group's risk profile within prescribed guidelines;
- monitoring the booked assets and assisting in structuring of transactions;
- balancing of risk and return to optimum effect; and
- interpreting and demonstrating compliance with internal and external stakeholders' requirements and expectations.

Stress testing

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

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

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

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

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

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

Related party transactions

Certain related parties (principally the significant owners and entities over which the Group and the owners exercise significant influence, directors and executive management of the Group) are customers of the Bank in the ordinary course of business. The transactions with these parties were made on substantially the same terms, including profit and commission rates and the requirements for collateral, as those prevailing at the same time for comparable transactions with unrelated parties and did not involve an amount of risk which was more than the amount of risk relating to such comparable transactions.

The following table demonstrates the Bank's related parties transactions as at and for the periods specified:

	As at and for the period ended 31 December 2019 (audited) (QAR '000)	As at and for the period ended 31 December 2018 (audited) (QAR '000)
Liabilities		
Equity of investment account holders - customer	3,167,419	3,098,096
Return on equity of investment account holders – customer	76,724	72,908

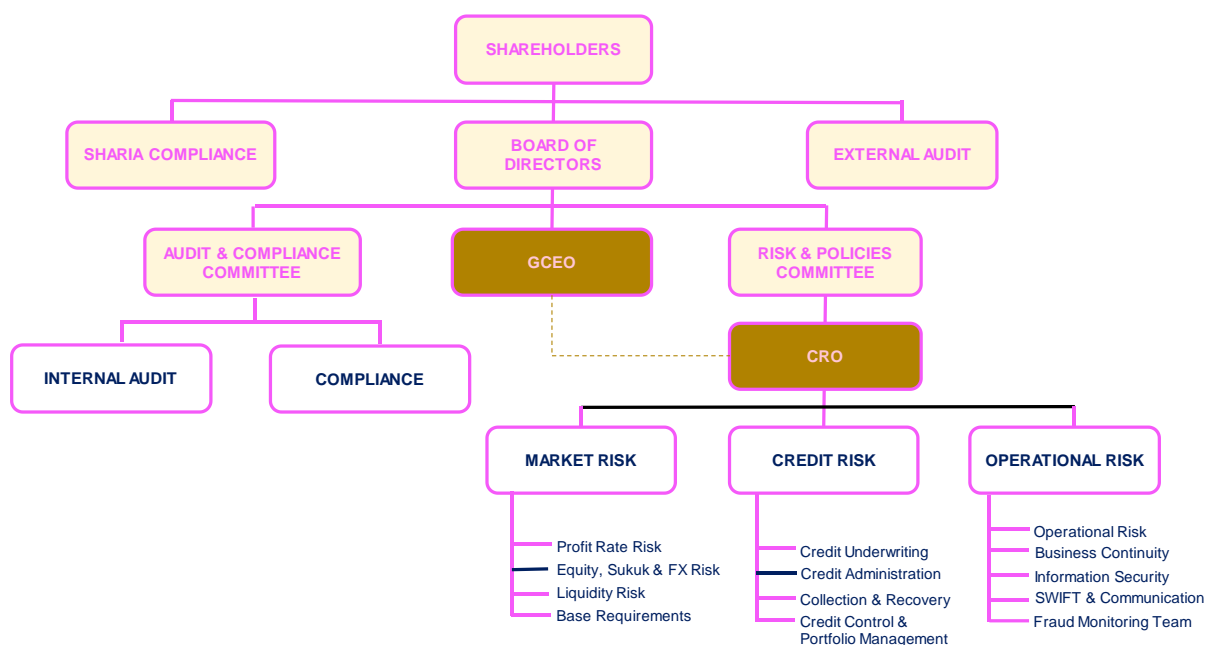
Key management personnel and their immediate relatives have transacted with the Group for the years ended 31 December 2019 and 31 December 2018 as follows:

	As at and for the period ended 31 December 2019 (audited) (QAR '000)	As at and for the period ended 31 December 2018 (audited) (QAR '000)
Financings	478	584

Key management personnel compensation for the years ended 31 December 2019 and 31 December 2018 comprised:

	As at and for the period ended 31 December 2019 (audited) (QAR '000)	As at and for the period ended 31 December 2018 (audited) (QAR '000)
Salaries and other benefits to key management	15,633	15,706
Remuneration to Board of Directors including meeting allowances	18,614	19,683

Risk management structure



Credit Risk

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

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

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

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

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

Credit risk measurement

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

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

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

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

Concentration of Financial Assets with Credit Risk Exposure by Industry Sector

The following table breaks down the Group's credit exposure at carrying amounts before taking into account collateral held or other credit enhancements, as categorised by the industry sectors of the Group's counterparties.

	Gross exposure	
	As at 31 December 2019	As at 31 December 2018
Funded and unfunded	<i>(QAR'000)</i>	
Government.....	24,512,484	25,417,764
Government agencies	32,464,231	32,559,621
Industry	616,742	1,009,393
Commercial.....	4,551,203	4,596,280
Services	11,990,321	2,620,905
Contracting.....	1,451,990	1,670,220
Real estate	19,894,920	18,622,464

Personal.....	9,331,552	9,097,528
Others.....	14,691	12,668
Contingent liabilities.....	13,070,837	15,436,965
	<u>117,898,971</u>	<u>111,043,808</u>

Credit policy

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

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

Credit is extended through four levels of the Credit Committee of the Bank which consists of the following:

- (i) Retail Credit Committee for credit facility limits up to QAR 15 million;
- (ii) Group Credit Committee for credit facility limits up to QAR 150 million;
- (iii) Executive Committee for credit facility limits up to QAR 300 million; and
- (iv) Board of Directors for credit facility limits above QAR 300 million.

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

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

Credit Risk Division

The Credit Risk Division operates by:

- (i) Determining credit types and sectors for which the Bank may extend financing.
- (ii) Establishing a limit cap for group exposure.
- (iii) Determining types of collaterals, their mechanism of evaluation, the approved professional agents which conduct the evaluation, its financing to collateral value, and taking precautionary steps to protect the bank against any such risk by obtaining property insurance and periodical evaluation of these collaterals.
- (iv) Placing conditions for approval of credit inclusive of information that must be obtained prior to granting of credit facilities, and establishing independent review of credit and conditions for rating of credit and provisioning.
- (v) Establishing the level of risk for financing as approved the Board.
- (vi) Preparing independent credit recommendations for Bank's Committee.
- (vii) Ensuring full transparent disclosure of all the information related to the client to the Credit Committee to facilitate a well advised credit decision.
- (viii) Enhancing the role of monitoring and managing credit to ensure the necessary follow up is done to complete all the documentation and collateral as per the Credit Committee recommendation to activate the limits in the internal system.

- (ix) Implementing an internal credit rating system that takes into consideration both quantitative and qualitative aspects of the client and their position in the market and the presented collaterals that would assist in taking a proper credit decision.
- (x) Implementing stress testing on the facilities provided in order to bolster the process of identifying and controlling the risks and providing the tools that would complement risk management with the objective of arriving at an overall evaluation of credit risks.

Implementation of Measures to Determine Credit Risks

The process of granting credit is set out below:

- (i) Review of credit application supported by finance request signed by the customer or the authorised signatory.
- (ii) Obtaining sufficient information in order to make a comprehensive evaluation of the client and types of risk underlying the requested facility, as well as to be able to rate the client as per the Bank's internal credit rating system.
- (iii) Acquiring knowledge of the customer's reputation, experience, market share (economic sector), and purpose of finance.
- (iv) Studying the nature of the current and future risks of the credit applicant, such as industry, market conditions and sensitivity to the economic developments, and assess the relation between associated risks and profit.
- (v) Evaluating the sources of repayment and customer's capacity to settle debts and type of acceptable collaterals.
- (vi) Obtaining all the collaterals and completing their evaluation.
- (vii) Analysing the client's financial position using updated audited financials.
- (viii) Reviewing the client's Qatar Credit Bureau report to understand the nature and volume of existing commitments with other financial institutions and client's credit history.
- (ix) Establishing credit limit caps for all on and off-balance sheet items, credit limit caps for industry, countries, and establishing credit limit caps based on the customer risk rating.
- (x) Establishing credit limit caps which can be extended for equity at one obligor level, group level, and inter-related relations level, as well as those with overlapping interests.
- (xi) Ensuring compliance to QCB regulations regarding financing.
- (xii) Approving the modus operandi of stress testing which includes policy, framework, methodology, and assuring the definition and identification of the suitable factors related to credit risk and assigning the associated responsibilities and their consequences, as well as presenting them to the specialised committees for final decisions.

Existence of Procedures to Handle and Follow-up Credit

The procedures in place for handling credit include:

- (i) Maintaining a filing system to handle customers' files and update its information and documents on periodic basis.
- (ii) Follow-up on the execution of the credit facilities to make sure that such facilities are in compliance with the procedures, policies, laws and compliance regulations namely, the client's current financial position, existence of sufficient securities with coverage suitable to the current status of the customer, and the client's utilisation of the facilities.
- (iii) Follow up on the utilisation of credit limits.
- (iv) Monitor internal credit rating of the client.

- (v) Periodic monitoring of any credit risk or defaulting sectors for business units to take the necessary action.
- (vi) Issuance of periodic reports and advising business units and senior management as needed.
- (vii) Credit Risk Administration, an independent unit, established for reviewing credit approval conditions, collaterals, facilities agreements, and all operational matters prior to releasing credit, inclusive of activating the approved limits and issuing periodic reports.
- (viii) Existence of sufficient procedures to monitor credit risks.

Risk monitoring procedures include the following:

- (i) Internal controls to make sure that any exception or deviation in the credit policy or credit procedures and credit limits and / or regulations is reported.
- (ii) A Collection Unit to detect defaulted credit at an early stage through generating a daily past dues report and advise the concerned business unit in order to avoid it in future.
- (iii) Periodic review of the delegation of authority of those authorised to sign, and the associated documentation.
- (iv) Updating the Bank's Credit Policy to develop it and improve it with the latest changes and variables to improve risk management.
- (v) Conducting a regular periodic review of all the approved credit facilities granted as per its delegation to monitor its portfolio status, exposures, credit concentrations, and sector performance. Follow up on all credit facilities, increases in limits, and follows up and monitors completion of collateralisation, and takes the necessary actions at the appropriate times.
- (vi) Risk Management establishes an area of common grounds with the business units in order to exchange information and create a risk aware culture that is aligned with the Bank's strategy.
- (vii) Continuously enhancing the risk management activities are in line with the Bank's strategy.
- (viii) Adopting and using systems to evaluate client risks in accordance with Basel guidelines and QCB regulations.

Moreover, non-active facilities are reviewed, as well as risk rating based exposures inclusive of all limits granted, and recommendations are made, if any, to the Board.

Credit Risk Provisioning (impairment)

The Group's provisioning policies and procedures are established in accordance with the QCB's specific requirements. Individual financing facilities are categorised on a sliding scale into: (i) excellent; (ii) strong; (iii) good; (iv) satisfactory; (v) adequate; (vi) marginal; (vii) vulnerable; (viii) substandard; (ix) doubtful; and (x) bad. The latter three categories are non-performing classifications and require a provision against the outstanding facility (after taking into account collateral secured against the facility). Non-performing outstanding facilities are reviewed on an individual basis and classified accordingly as:

- *Substandard*: facilities with a due payment outstanding for more than 90 days (but less than 180 days), requiring a 20 per cent. provision against the unsecured portion of such facility;
- *Doubtful*: facilities with a due payment outstanding for more than 180 days (but less than 270 days), requiring a 50 per cent. provision against the unsecured portion of such facility; and
- *Bad*: facilities with a due payment outstanding for more than 270 days, requiring a 100 per cent. provision against the unsecured portion of such facility.

The Group prepares draft provisioning requirements annually based on the QCB's categories above, which is submitted to the QCB in October of each year. The QCB has the authority to vary the draft provisions in consultation with the Group. The QCB's process of variation and consultation is applied in a consistent manner to all Qatari banks.

QCB also requires banks to calculate credit provisions as per IFRS 9 requirements. Accordingly, the bank has adopted an Expected Credit Loss (ECL) model for recognition of impairment losses on financial assets. IFRS 9 contains a "three stage" model, based on the changes observed in the credit quality of financial assets since initial recognition. As assets move through these three stages, the level of impairment losses to be recognised increases. Stage one refers to performing assets; stage two refers to performing assets but with significant increase in credit risk since initial recognition; and stage three refers to non-performing assets which will continue to be measured as Substandard, Doubtful or Bad. The ECL for stage one and stage two are computed after taking into consideration Exposure At Default (EAD), Probability of Default (PD) and Loss Given Default (LGD) of the assets with 12-month expected loss computation for Stage 1 and lifetime expected loss computation for stage two. QCB requires credit provision for impaired assets to be computed as per Substandard, Doubtful or Bad, subject to a floor of ECL as per Stage 2.

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

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

Risk Reserve

In addition to undertaking specific credit risk and impairment provisioning, the Group maintains a risk reserve in accordance with QCB requirements. In accordance with QCB regulations, a risk reserve should be created to cover contingencies on both public and private sector financing assets. The minimum risk reserve in respect of private sector financing assets is 2.5 per cent. of the Group's total private sector exposure (inside and outside Qatar) after the exclusion of the specific provisions and profit in suspense. Finance provided to, or secured by, the Ministry of Finance or finance against cash guarantees is excluded from gross direct finance. The use of the risk reserve is subject to the prior approval of the QCB.

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

	As at 31 December	
	2018	2019
	<i>(QAR'000)</i>	
Risk Reserve percentage (%)	2.5%	2.5%
Net receivables and balances from financing activities excluding Government financing and securities and cash collateralised facilities.....	62,987,809	65,450,735
Risk Reserve	1,574,695	1,636,268

Excessive Risk Concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio, with limits set on geographic and industry sector exposures. Identified concentrations of credit risks are controlled and managed accordingly.

Liquidity Risk

Liquidity risk is the risk that the Bank will be unable to meet its funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades resulting in certain sources of funding being immediately unavailable.

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For these purposes, net liquid assets includes cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks, other borrowings and commitments maturing within the next month. The Group ratio of liquid assets to customer deposits as at 31 December 2019 and 31 December 2018 was 46.5 per cent. and 38.6 per cent., respectively.

The Bank also regularly monitors its financing to deposits ratio and ensures appropriate measures are taken to comply with applicable regulatory thresholds.

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

Market Risk

Market risk is the risk that the Group's earnings or capital and its ability to meet business objectives will be adversely affected by changes in the level of volatility of market rates or prices such as profit rates, equity prices and foreign exchange rates. The Group manages its market risks within the framework defined by the QCB. Overall authority for the management of market risks and ensuring compliance with this framework rests with the Board. The Assets and Liabilities Committee (**ALCO**) is responsible for the development of detailed risk management policies (subject to review and approval by the Board of Directors) and for the day-to-day review of their implementation. In addition, the Board of Directors has set risk limits based on a number of factors, including country-based exposure limits.

Assets and liabilities profit rate gaps are reviewed on a regular basis which is used to reduce the profit rate gaps to within the limits established by the Board. The Group manages its exposure to currency exchange rate fluctuations to within the levels defined by the Board of Directors, which sets limits on currency position exposures. Positions are monitored on an ongoing basis.

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market profit rates. Profit rate risk is managed principally through monitoring profit rate gaps and by having preapproved limits for repricing bands. The ALCO is the monitoring body for compliance with these limits and is assisted by Group central Treasury in its day-to-day monitoring activities.

Separately, the Islamic Financial Services Board (**IFSB**) has issued a document on risk management guidelines for institutions (excluding insurance institutions) offering only Islamic Financial Services (**IFS**). These guidelines include sections on "Rate of Return Risk" and "Liquidity Risk" which the group adheres to.

In particular, the Group identifies as key market risks the following:

Equity Risk

To mitigate equity risk the Group follows the approved treasury policy and follows the limits set by the QCB strictly. Moreover, stress tests of the equity portfolio are performed by the Risk Management Department and equity trading book value-at-risk calculations are generated through the Oracle risk system.

Profit Rate Risk (Sukuk Book)

The Group follows the approved treasury policy based on, among other things, issuance size, ratings and sector limits. As a result, any deviation from the treasury policy has to be approved by Group Investment Committee. In addition, management action triggers and stop losses are monitored by the Market Risk Department and treasury back office, which also carry out stress tests of the sukuk portfolio.

Foreign Exchange Risk

All traders follow the approved treasury policy and board approved limits. Such internal limits are based on intra-day (followed by front and middle office) and overnight positions that are monitored by the Risk Management Department.

Operating and Other Risks

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

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

- Maintaining ISO23301 certification for business continuity management with successful periodic tests.
- Maintaining ISO27001 certification for Information security standards.
- Enhancing and practicing protection of systems, networks and applications in MAR by applying best practices for rapid cyber threat identification, protection, detection, response and recovery actions.
- Conducting internal capital adequacy assessment processes (ICAAP) in implementation of the first requirement of the second pillar of Basel II and that is to assist the Board in the continual evaluation of the risks that the Bank is exposed to.
- Preparing a Bank capital plan according to QCB guidelines.
- Developing of a recovery plan for the business continuity of the Bank and to ensure a continually viable operational financial model when faced with short liquidity or severe insufficient capital adequacy.
- Providing a complete framework for testing and to assess the results of such testing.
- Covering intolerable risks via insurance.
- Maintaining and enhancing a monitoring system for information security alerts and incidents.
- Maintaining the advanced malware protection, phishing prevention system and implementation of brand abuse protection.
- Performing regular cyber-security control assessments in line with the QCB's technical risk advisory, including the establishing of a cyber-security team.
- Maintaining the regulatory key risk indicators defined by the QCB and supporting related assessments from the Ministry and QCB.
- Implementing the mandatory controls for the SWIFT customer security program requirement to safeguard the SWIFT payment systems.
- Conducting intrusion vulnerability tests on information technology systems.
- Implementing a real time monitoring system of suspicious transaction (AML) and integrating it with SWIFT to intercept any transaction suspected of being related to money laundering while the transactions are taking place before their completion.
- Maintaining specialised system for managing operational risks (SAS) to manage operational risk indicators inclusive of analysis and follow up of incidents and operational losses.
- Establishing fraud monitoring unit to deal on a 24/7 basis with detection and prevention of fraud on ATM Cards and Credit Cards. The unit utilises a pre-emptive approach to stop suspect transactions.

- Successfully participating in a National Cyber Security Drill organised by the Ministry of Transport and Communication (MoTC/ ictQatar).

In addition, the Group has developed over-arching standards for the management of operational risk in the following areas:

- requirements for the appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

The Group is exposed to a number of other risks including organisation, regulatory and reputational risks. Organisation risk represents the aggregation of factors that may affect an organisation's human resources and cause negative effects (such as human error, attrition and employee family issues) which impact on the Group's ability to operate.

Regulatory and Legal Compliance Risk

Regulatory and legal risk is the risk of negative impact on business activities, earnings or capital, regulatory relationships or reputation as a result of failure to comply with or a failure to adapt to current and changing regulations, law, industry codes or rules, regulatory expectations, or ethical standards.

The identification and assessment of regulatory risk includes formal risk assessment activities carried out across the organisation, both at the individual business and operational level and at the enterprise level. Risk is measured through the assessment of the impact of regulatory and organisational changes, the introduction of new products and services and the acquisition or development of new lines of business. It is also measured through the testing of the effectiveness of the controls established to ensure compliance with regulatory requirements.

Litigation

In the ordinary course of business, the Group may be subject to governmental, legal and arbitration proceedings. No material provision has been made as at the date of this Base Prospectus regarding any outstanding legal proceedings against the Group.

Capital Management/Adequacy

As at 31 December 2019, the Bank's Tier 1 capital adequacy ratio was 19.7 per cent. and its total Tier 1 and 2 capital adequacy ratio was 20.3 per cent. with total Common Equity Tier 1 Capital at QAR 12.3 billion (calculated in accordance with the Basel III guidelines issued by the QCB).

The shareholders of the Bank have consistently maintained a strong level of capitalisation to support the business activities and development of the Bank. The following table shows the risk weighted values and capital charge for capital adequacy ratio purposes of the Bank as at 31 December 2019 compared with historical levels:

	As at 31 December	
	2018	2019
	<i>(QAR'000)</i>	<i>(QAR'000)</i>
Common Equity Tier 1 (CET 1) capital	11,955,147	12,251,191
Additional Tier 1 Capital.....	-	-
Total Regulatory Capital	12,293,289	12,603,520
Total Risk Weighted Assets	63,944,064	62,179,322
CET 1 Ratio	18.7%	19.7%
Total Capital Adequacy Ratio.....	19.2%	20.3%

The assessment of the various capital adequacy risks across the group is carried out in conjunction with its Internal Capital Adequacy Assessment Process (**ICAAP**) which is undertaken annually. The Bank's internal assessment process is carried out in the following six distinct stages:

- defining the Bank's vision and financial targets and formulating the Bank's risk appetite;
- formulating a capital and liquidity plan as well as a business plan for the next five years;
- formulating a group-wide recovery and resolution plan;
- evaluating material risks, calculating capital required and suggesting appropriate controls to mitigate risk;
- stress testing on current and projected risk profiles and calculating capital requirements in stress conditions; and
- annual review of the ICAAP by the external auditors prior to submission to the QCB.

Basel Capital Accords

Basel II

The Bank has discontinued Basel II reporting and migrated to Basel III, effective from March 2014 (as required under circular No. 6/2014).

Basel III

The Bank is currently compliant with Basel III, having adopted the standardised approach for credit risk, the basic indicator approach for operational risk and the standardised approach for market risk and the calculation of its capital taking into account the required regulatory deductions for investments in associates. The required capital adequacy ratio under QCB Basel III requirements is 12.5 per cent. and 10.5 per cent. under the Basel Committee on Banking Supervision Basel III requirements. In March 2015, the Bank was classified as a DSIB by the QCB and, therefore the minimum requirement, as at 1 January 2018, is set at 13.5 per cent. by the QCB. The Bank exceeds both thresholds with a capital adequacy ratio of 20.3 per cent. as at 31 December 2019.

The Bank has already implemented the following internal procedures to comply with the QCB Basel III requirements:

- capital adequacy and the use of regulatory capital are monitored by management on a regular basis following techniques based on guidelines developed by the Basel Committee and the QCB;
- Basel III returns, both at standalone and on a consolidated basis, are prepared by the financial control department; and
- the two complementary liquidity standards (Liquidity Coverage Ratio and Net Stable Funding Ratio) suggested under Basel III have been fully implemented and are regularly monitored by the ALCO.

Takaful (Islamic Insurance)

The Bank maintains insurance policies and coverage that it deems appropriate. This includes a financial institution's blanket bond covering standard risk including electronic equipment and professional indemnity cover. The Bank maintains standard property insurance for all premises. Electronic equipment is insured separately.

The Bank reviews insurance coverage on an on-going basis and believes the coverage to be in accordance with industry practice in Qatar.

Sharia Supervisory Board (SSB)

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

The current members of the SSB are as follows:

Head of the Sharia Supervisory Committee

Sh. Dr. Waleed Ben Hady

Qualifications:

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

Member

Sh. Dr. Abdul Sattar Abu Guddah

Qualifications:

PhD in Sharia and Islamic Law. Sheikh Dr. Abdul Sattar Abu Guddah has also written books and research papers in Islamic finance

Member

Sh. Dr. Mohammed Ahmeen

Qualifications:

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

The SSB is the ultimate authority on Sharia compliance for the Bank. The primary function of the SSB is (i) review of the Bank's proposed transactions and activities, (ii) the issue of resolutions and fatwas that approve or reject such proposed transactions or activities for compliance with Islamic *Sharia* principles, (iii) provide advice to all of the Bank's departments, as well as legal counsel and auditors, with regards to all of its business activities and also provides *Sharia* certificate reports on a yearly basis and (iv) deal with enquiries received from third parties regarding the Bank's business, whether such third parties are local or international and whether they are involved in the *Sharia*-compliant investment sector or not.

The Bank is bound by the resolutions and fatwas of the SSB. The SSB may reject or suspend any activity or procedure of the Bank that is not compliant with Islamic *Sharia* principles. If an investment is deemed to be non-*Sharia*-compliant, the Bank may be required to sell or otherwise dispose of its interest in such investment, with proceeds from such disposal to be donated to a designated charity acceptable to the Bank and the SSB.

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

The SSB meets once every quarter.

The *Sharia* audit department reports directly to the SSB and is responsible for monitoring the day-to-day operations of the Bank, ensuring that all activities, products and services are conducted with and offered to customers on a *Sharia*-compliant basis.

To mitigate breaches of *Sharia* principles, the Bank has implemented procedures that raise awareness and understanding of *Sharia* principles amongst its employees. Further, new products and services are subjected to vetting and approval of the SSB for compliance with *Sharia* principles before being released to the market. Should breaches of *Sharia* principles occur, these are documented and policies and procedures are amended, if necessary, to ensure that the breaches identified do not recur. *Sharia* audit department supports this process through its regular audits and quarterly reviews of the various activities of the Bank.

The Board

The Board is responsible for the overall direction, supervision and control of the Bank. The day-to-day management of the Bank is conducted by the Group Chief Executive Officer.

The principal role of the Board is to oversee the implementation of the Bank's strategic initiatives and its functions within the agreed framework in accordance with relevant statutory and regulatory structures. The Board meets at least six times a year. The Board currently comprises nine members, with the General Assembly electing seven members and the two principal founders of the Bank (namely Qatar Holding and General Retirement and Social Insurance Authority) appointing 1 member each. Directors are elected for a term of three years and may be re-elected for similar periods henceforth.

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

The members of the Board (all non executive) as at the date of this document are:

Name	Positions	Appointment/Election
H. E. Ali Bin Ahmed Al Kuwari	Chairman and Managing Director – Masraf Al Rayan (since March 2020) Other positions held: <ul style="list-style-type: none"> • Minister of Commerce and Industry (since November 2018) • Member of Supreme Council for Economic Affairs and Investment • Chairman of the board at Manateq, Qatar Development Bank, Qatar Stock Exchange and QFCA • Board member of QIA, Qatar Petroleum, QRDI, National Tourism Council, Qatar University, Milaha and Nakilat • Previously acted as Group CEO of Qatar National Bank from 2013 to 2018 	Appointed on 18 March 2020
Mr. Turki Mohammed Al Khater	Vice Chairman – Masraf Al Rayan (since May 2016) Board Member – Masraf Al Rayan (since February 2009) Other positions held: <ul style="list-style-type: none"> • Chairman – United Development Company • Board Member – Ooredoo (Qatar) • President - General Retirement and Social Insurance Authority • Chairman – Executive Committee - Masraf Al Rayan • Chairman – Risk & Policies Committee - Masraf Al Rayan 	Re-appointed on 18 March 2020

Name	Positions	Appointment/Election
Abdulrahman Mohamed Al Khayarin	Board Member – Masraf Al Rayan (since March 2020) Other Positions held: <ul style="list-style-type: none"> • Advisor to the board at Widam Food • Real Estate Expert and Ministry of Justice • Previously acted as CEO of Widam Food from 2015 to April 2019 	Elected at the general meeting on 18 March 2020
Mohammed Ibrahim Al-Abdulla	Board Member – Masraf Al Rayan (since March 2020) Other positions held: <ul style="list-style-type: none"> • Managing Director - Muntajat B.V. • Previously worked across various departments at QAPCO from 2007 to 2014 	Elected at the general meeting on 18 March 2020
Sheikh Nasser Bin Hamad Bin Nasser Al Thani	Board Member – Masraf Al Rayan (since May 2009) Other positions held: <ul style="list-style-type: none"> • Member – Executive Committee (Masraf Al Rayan) • Member – Remuneration and Compensation Committee (Masraf Al Rayan) • Member – Group Investment Committee (Masraf Al Rayan) • Board Member – Ooredoo (Oman) • Board Member – Asiacell • Board Member – Arabsat • Chief New Business Office – Ooredoo Qatar 	Re-elected at the general meeting on 18 March 2020
Mr. Abdulla Ahmed Al Maleki Al Jahni	Board Member – Masraf Al Rayan (since April 2006) Other positions held: <ul style="list-style-type: none"> • Vice Chairman of Insurance Committee – Qatar Chamber • Board Member – Qatar Business Council • Member – Audit and Compliance Committee (Masraf Al Rayan) • Chairman – Remuneration and Compensation Committee (Masraf Al Rayan) 	Re-elected at the general meeting on 18 March 2020

Name	Positions	Appointment/Election
Mr. Nasser Jaralla S. Jaralla Al Marri	Board Member – Masraf Al Rayan (since April 2016) Other positions held: <ul style="list-style-type: none"> • Acting Chairman of Financial Affairs Authority – Ministry of Defence • Chairman – Al Rayan Investment LLC • Board Member – Vodafone Qatar Q.S.C. • Board Member – United Development Company • Chairmen – Qatar Armed Forces Investment Portfolio • Member – Civilian and Military Pension Investment Committee • Member – Audit and Compliance Committee (Masraf Al Rayan) • Member – Risk and Policies Committee (Masraf Al Rayan) • Member – Group Investment Committee (Masraf Al Rayan) • Board Member of the Barzan Holding Company / Investment Arm at the Ministry of Defense 	Re-elected at the general meeting on 18 March 2020
Sheikh Ali Jassim M J Al-Thani	Board Member – Masraf Al Rayan (since April 2017) Other positions held: <ul style="list-style-type: none"> • Advisor to the CEO – Qatar Investment Authority • Member – Executive Committee (Masraf Al Rayan) • Chairman - Group Investment Committee (Masraf Al Rayan) • Board Member - Champs Elysees 26 • Board Member – Al Nuran Bank • Board Member – Hapag Lloyd 	Re-elected at the general meeting on 18 March 2020
Tamy Ahmed Al Binali	Board Member – Masraf Al Rayan (since March 2020) Other positions held: <ul style="list-style-type: none"> • Chairman of Audit and Compliance Committee (Masraf Al Rayan) 	Elected at the general meeting on 18 March 2020

Name	Positions	Appointment/Election
	<ul style="list-style-type: none"> • Member of Nomination and Governance Committee (Masraf Al Rayan) • Assistant President, Support Services, State Audit Bureau • Previously acted as COO of Qatar Central Bank 	

The Bank's code of conduct (the **Code**) covers the conduct of members of the Bank's Board. The Code binds signatories to the highest standards of professionalism and due diligence in the performance of their duties. It also covers conflicts of interest, disclosure and the confidentiality of insider information, anti-bribery and corruption. Board members are also bound by specific regulations relating to insider trading and are required to disclose details of their shareholdings in the Bank.

Certain Board members, their families and companies of which they are principal owners are customers of the Bank in the ordinary course of business. The transactions with these parties were made on the same terms, including profit rates, as those prevailing in the market at the same time for comparable transactions with unrelated parties and did not involve more than a normal amount of risk (see "*Selected Financial Information – Related party transactions*").

Senior Management

The senior management of the Bank is as follows:

Adel Mustafawi - *Group Chief Executive Officer*: Mr. Mustafawi has more than 26 years of experience in banking, investments and capital markets. In addition to his duties to the Bank, he serves as the Vice Chairman of Qatar Sports Investments and Paris Saint-Germain F.C. He is also a Board Member of Kirnaf Investment & Installment Company, Al Rayan Bank PLC and Malomatia. He holds a Bachelor's degree in Finance from University of Arizona, USA.

Ahmed Sheikh - *Chief Operating Officer*: Mr. Sheikh has over 21 years of experience in the banking sector including risk management, IT, operations, financial controls, commercial banking, private equity, real estate investments and strategic development. Prior to joining the Bank, he worked as the Executive Vice President and Head of Banking Group of Al Salam Bank – Bahrain BSC. He was also Vice Chairman and acting CEO of Bahraini Saudi Bank BSC - a subsidiary of Al Salam Bank, and a Board Member of Manara Developments Company - an Associate of Al Salam Bank. Mr. Ahmed is a Qualified Chartered Accountant –CA from South Africa.

Yaser Karim - *AGM, Head of Credit Risk*: Mr. Karim has 28 years of experience in the financial industry. He specialises in credit analysis, credit administration, credit underwriting and management of work-out situations. Mr. Karim's prior experience includes Head of Global Commercial Risk and Executive Manager of Risk in various international and regional banks. He holds an MBA in Business Administration from the University of Phoenix, Arizona, USA.

Khalid Fakhroo - *General Manager, Engineering & Real Estate*: Mr. Fakhroo has over 35 years of experience in the construction sector. Prior to joining the Bank, he worked as the senior project manager at Qatar Airways where his responsibilities included expansion and renovation of Doha International Airport. Prior to that he served for a year as Manager of Projects Department Building Affairs at the Public Works Authority and for over 20 years with the Building Engineering Department, Ministry of Municipal Affairs and Agriculture where his last position is Assistant Director for Technical Affairs. Mr. Khalid holds a Bachelor's degree in Civil Engineering from Metropolitan State University, USA.

Muhammad Tauseef Malik - *GM, Financial Controls*: Mr. Malik has over 24 years of experience in the financial industry including financial reporting and financial controls. Prior to joining the Bank, he has worked with various organisations including Al Ahli Bank and Bank Alfalah. Mr. Muhammad's qualifications include General Management Program from Harvard Business School, MBA in Banking and Finance from Al-Khair University,

Pakistan, an Islamic Finance qualification from the Chartered Institute for Securities and Investments, UK, and an ACCA Diploma on International Financial Reporting.

Nasser Raeissi - GM, HR and Administration: Mr. Raeissi has more than 25 years of experience in the banking sector. He holds a Diploma in Commerce and is a Certified Branch Manager. Prior to joining the Bank, Mr. Nasser was associated with Qatar Islamic Bank.

Howaida Abdulla Al-Mohannadi - GM, Operations: Ms. Al-Mohannadi has more than 24 years of experience in the banking industry, mainly operations. Prior to joining the Bank, she was associated with Qatar National Bank. Ms. Howaida holds a Bachelor's degree in Accounting from Qatar University, Qatar.

Mohammed Ismail Al Emadi - GM, Head of Corporate Banking: Mr. Emadi has more than 10 years of experience in Islamic banking. He has been with Masraf Al Rayan for the past 13 years with various roles in the wholesale banking group. He has a successful record in generating income and growing bank's financing book and deposits. Mr. Mohammed holds a Bachelor's degree in Business Administration and Management from George Washington University, USA.

Mahboob Haider - AGM, Head of SME: Mr. Haider has an extensive career spanning over 25 years in several industries. He started his career with Qatar Petroleum and moved to the banking sector in 1997 with Qatar Development Bank. Over the years, he has acquired extensive experience in Islamic banking, corporate & SME financing, project finance, business planning, process improvement, and asset and project management. Mr. Mehboob holds a Bachelor's degree in Industrial Engineering University of Arizona, USA.

Chidambaram Pichappan - AGM, IT Head: Mr. Pichappan has over 21 years of proven expertise in leveraging technology to drive organisation growth, performance & profitability. He is actively involved in developing and directing the Bank's overall IT strategy by working in close collaboration with other senior management and provides vision and leadership for all IT related matters. He has diverse experience in the banking industry and was the Head of Private and Business Client Asia IT at Deutsche Bank prior to joining the Bank. Mr. Chidambaram holds a Bachelor's degree in Computer Engineering with relevant certifications including PgMP, CMFAS, and CIFE.

Abdel Monem El Hassan - General Legal Counsel, Head of Legal: Mr. El Hassan has more than 41 years of experience in the legal profession. Prior to joining the Bank, Mr. El Hassan acted as the Head of Section (A) of the Legal Department of Islamic Development Bank, KSA. Mr. El Hassan holds an LLB with honors degree from University of Khartoum-Sudan and an LLM degree from University of Cambridge, UK. He has also participated in the Program of Instruction for Lawyers from Harvard Law School, USA.

Mohamed Hussein - AGM, Head of Operational Risk & Information Security: Mr. Hussein has more than 21 years of broad experience in areas such as Operational Risk, Information Security, technology Risk, Business Continuity and Disaster Recovery. His expertise and experience covers risk management within several industries, including leading financial institutions. He has also held several key positions at the national level such as Co-chairperson for Financial Sector Information Risk Executive Committee (FS-IREC) under the Qatar Computer Emergency Response Team (Q-CERT). He holds a Bachelor's degree in Computer Science and a post graduate certificate. He is also a Certified Risk and Compliance Management Professional (CRCMP).

Dareer Mohamed - Head of Compliance: Mr. Mohamed has over 26 years of professional experience and over 10 years of experience in AML, Compliance, Corporate Governance, Risk, and Financial Crimes Prevention. He has been pivotal in the development, improvement, and implementation of the Compliance and AML manuals, procedures, systems and controls of the Bank. Mr. Dareer holds a Bachelor's degree in Economics and Political Science.

Adel Attia - Chief Internal Auditor: Mr. Attia has over 28 years of post-qualification experience in banking, internal audits, risk management, corporate governance, compliance and internal control in the financial services industry, more than 13 years of which as Head of Internal Audit function of different banks. Mr. Adel joined the Bank in October 2016 having previously worked with HSBC Bank Oman, Oman International Bank, and Barclays Egypt. He has a Bachelor's degree in Management Sciences – specialist Banking from Egypt.

Hamad Hassan Aljamali - GM, Retail & Private Banking: Mr. Aljamali has 19 years of experience in the banking industry. Prior to joining the Bank, he held different roles at Qatar National Bank including AGM, SME – Group

Corporate & Institution Banking, Head of Private Banking - Asset and Wealth Management, and Head of Government – Relationship Management, Corporate Banking. Mr. Hamad holds a Bachelor's of Science in Management and Economy degree from the Qatar University.

The business address of each member of the Board and senior management is P.O. Box 28888, Grand Hamad Street, Doha, Qatar. No member of either the Board or the senior management has any actual or potential conflict of interest between his duties to the Bank and his private interests and/or other duties.

Board Committees

The Bank has the following Board Committees:

Committee	Key purposes/responsibilities
<p><i>Executive Committee</i> (Four members of the Board of Directors) The Executive Committee held 4 meetings in 2019</p>	<ul style="list-style-type: none"> • Review of the main functions of the Board. • Discussing and passing items that fall under the purview of the Board or those that develop in between Board Meetings. • Providing reports and recommendations to the Board as and when needed. • Approving financial matters as per the delegation of authority matrix • Endorse risk policy. • Recommendation to approve policies, rules, and any additions or amendments. • Approving or recommending ceilings for transactions with new banks and countries that the Bank deals with and making the necessary amendments.
<p><i>Audit and Compliance Committee</i> (Three members of the Board of Directors) The Audit and Compliance Committee held 6 meetings in 2019</p>	<ul style="list-style-type: none"> • Appoint the internal audit staff and adopt a policy for contracting the external auditors. • Supervise and monitor the independence of the external auditors and their objectivity and discuss with them the nature and scope of the audit and effectiveness in accordance with international auditing standards and international financial reporting standards. • Overseeing the accuracy and validity of the financial statements and the annual, semi-annual and quarterly reports, review the data and reports in particular with regards to their compliance with accounting, transparency, listing in the market and disclosure standards. • Coordination with the Board and senior executive management including Chief Risk Officer, Chief Information Officer and Chief Financial Officer of the Bank or designate and arrange meetings with the external auditors at least once a year.

Committee	Key purposes/responsibilities
	<ul style="list-style-type: none"> • Study any important and unusual issues included or will be included in the financial statements. • Revision of financial and internal control systems and risk management. • Discuss the internal controls system with the management and ensure the performance of the management of its duties towards the development of an effective internal controls system. • Considering the results of the investigations in the internal control issues entrusted to it by the Board of Directors. • Ensure coordination between the external and internal auditors and verify and supervise the effectiveness of the internal audit. • Review the accounting and financial policies and procedures of the Bank. • Review letter of appointment of the external auditor, his work plan and any queries he requested from Senior Management of the bank as well as the responses of the management. • Ensure prompt response to Board of Directors queries and matters raised by external auditors. • Developing rules to be approved by the Board of Directors allowing the staff of the bank to report confidentially their concerns regarding any issues that are likely to raise suspicion, and to ensure appropriate arrangements for an independent and fair investigation about these issues while preserving confidentiality and protecting the staff from any retaliation. • Oversee compliance with the rules of professional conduct. • Consider any other matters determined by the Board of Directors.
<p><i>Remuneration and Compensation Committee</i> (Three members of the Board of Directors) The Remuneration and Compensation Committee held no meetings in 2019</p>	<ul style="list-style-type: none"> • Determining the remuneration policy at the bank, including the emoluments of the Chairman and all members of the Board and the senior executive management. • Updating regulations of the rewards and compensation whenever the need arises.

Committee	Key purposes/responsibilities
	<ul style="list-style-type: none"> • Proposing remuneration of the members of the Board of Directors and executive management, taking into account the following: <ul style="list-style-type: none"> • The value of awards granted to members of the Board of Directors and executive management in similar financial institutions, local and regional. • Profits and achievements of the bank during the financial year and compare them with the results of previous years. • Economic and financial conditions during the fiscal year. • Responsibilities and scope of tasks of the Board members and senior executive management. • Observing the relevant articles in The Bank Articles of Association that determine the value of the bonuses for the members of the Board of Directors. • Proposing the bases that determine the annual bonuses for staff. • Presenting the remuneration policy and principles to Shareholders in a General Assembly Meeting for approval and public announcement.
<p><i>Risk and Policies Committee</i></p> <p>(Three members of the Board of Directors)</p> <p>The Risk and Policies Committee held 3 meetings in 2019.</p>	<p>Risk Management</p> <p>1. Operational Risk</p> <ul style="list-style-type: none"> • Review of the effectiveness of Risk Management at Bank level as a whole • Evaluating new significant risks that affect the Bank • Identifying new Strategic Risks inclusive of institutional issues such as regulatory framework, business development, and other similar issues. • Reviewing the Key Risk Indicators and identifying issues that require the attention of the Board on a quarterly basis • Review of significant operational losses • Review of all Risk Policies annually <p>2. Credit Risk</p> <ul style="list-style-type: none"> • Review of Credit Policies annually

Committee	Key purposes/responsibilities
	<ul style="list-style-type: none"> • Instituting and reviewing the Credit Authority as needed, and at least once annually • Review of and ratification of maximum counterparty limits, other financial institutions and countries, when needed and at least once annually • Review of past-dues and delinquencies to recommend suitable provisions • Review of write-off or return to profitability vs. provisioning levels • Review and monitoring of the raised legal cases and collection <p>3. Monitoring Reputational Risk and other Risks not mentioned above</p> <p>4. Policies</p> <ul style="list-style-type: none"> • Review, development, and update of policies that require Board approval
<p><i>Nominations and Governance Committee</i> (Three members of the Board of Directors)</p> <p>The Nomination and Governance Committee held 2 meetings in 2019.</p>	<ul style="list-style-type: none"> • Adoption and publication of its terms of reference showing its authority and role. • Supervise the implementation steps for the call for nominations to the Board, and consider applications received to ensure matching of applicants for membership conditions. • Determining qualifications for Board membership, including independence. • Make sure that candidates can give sufficient time to carry out their duties as members of the Board as well as their skills, knowledge and experience and professionalism, technical, academic and personality. • Consider any conditions or requirements relating to the nomination or election or appointment of Board members from Qatar Central Bank or any other authority. • Evaluate candidates for senior executive management positions, and submit recommendations to the Board of Directors. • Perform an annual self-assessment of the Board's performance. • Follow-up Board Committees' self-assessments. • Supervise Board structure and composition of its committees.

Committee	Key purposes/responsibilities
	<ul style="list-style-type: none"> • Review the annual Corporate Governance report of The Bank, and to recommend its approval by the Board. • Placing an induction program for new Members and suggesting training for them as and when required.
<p><i>Group Investment Committee</i> (Five members of the Board of Directors) The Group Investment Committee held 4 meetings during 2019.</p>	<ul style="list-style-type: none"> • To prepare, study, and develop investment policies for the Group that includes the broad lines for investment and identification of assets and prohibited investments. • Review and approve the investment activities of the Group, place limits on single transaction investments or for cumulative annual limit as per Investment Policy. • To supervise the management of the Group's investment portfolio to monitor compliance with Investment Policy. • Review investment portfolio performance by comparing actual vs. expected returns, as well as comparing it to market performance indices approved by the Board, taking into account compliance with policies and directions and risk level. • Review of periodic analysis and Management Reporting. • To approve investment sector limits. • To approve investment country limits. • To review investment strategies whenever the need arises. • Other duties and responsibilities and having authority as per Board delegation. • Preparing reports and presenting them to the Board to disclose investment decisions which were made, policies, and investments performance. • To carry out any other assignments whenever requested, as per the changes in the policies of the Board or Qatar Central Bank regulations, or QFMA regulations, or as needed as per market developments. • To approve investment deals according to the set limits by the Committee and to raise recommendations for deals with higher limits to be approved by the Board.

Committee	Key purposes/responsibilities
	<ul style="list-style-type: none"> • Invite experts and / or concerned personnel to Committee meetings to provide opinions in technical areas.

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

Employees

Overview

As at 31 December 2019, the Group employed a total of 562 members of staff (including 16 at ARI) as compared to 575 as at 31 December 2018 (including 15 at ARI).

The Bank's human resources policies aim to ensure that its staffing requirements are met through the recruitment and development of talented individuals and the implementation of tailored training and development programmes, performance appraisal and reward systems.

End of Service Benefits and Pension Fund

The Group provides a contribution to the state administered retirement fund for Qatari employees in accordance with the Retirement and Pension Law No. 24 of 2002. The resulting charge is included within "Staff Costs" under Note 28 of the 2019 Financial Statements and Note 28 of the 2018 Financial Statements. The Group has no further payment obligations once the contributions have been paid and such contributions are recognised for accounting purposes when they are due.

In addition, the Group also provides end of service benefits for employees in accordance with Qatari labour law relating to retirement and pensions, wherever required. These unfunded charges are made by the Group on the basis of employee salary and years of service accrued at the date of the relevant statement of financial position (as set out in the financial statements).

Qatarisation

As of 31 December 2019, Qatar nationals accounted for 30.4 per cent. of the Bank's employees (excluding Al Rayan Bank PLC), compared to 31.5 per cent. as at 31 December 2018.

Zakah and Social Commitments

Zakah is directly borne by the Bank's shareholders. The Bank does not collect or pay Zakah on behalf of its shareholders, in accordance with its Articles of Association.

SELECTED FINANCIAL INFORMATION

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

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

The following tables set out selected consolidated financial information of the Bank, as extracted from the Financial Statements. The ratios included herein have been prepared based on management information and information in the Financial Statements. The Bank prepares its financial statements in accordance with FAS issued by AAOIFI, and IFRS where no AAOIFI standards and guidance exist, and relevant laws and instructions issued by the QCB and the provisions of the Commercial Companies Law.

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

	As at 31 December		
	2017	2018	2019
<i>ASSETS</i>			
Cash and balances with Qatar Central Bank	2,799,819	3,026,994	3,122,860
Due from banks	3,311,900	1,512,865	6,035,090
Financing assets	72,097,080	72,515,286	74,837,309
Investment securities	23,423,469	19,222,111	21,378,706
Investment in associates	520,287	525,859	527,398
Fixed assets	159,951	188,979	227,731
Other assets	636,466	302,119	267,427
Total Assets	102,948,972	97,294,213	106,396,521
<i>LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND EQUITY</i>			
<i>LIABILITIES</i>			
Due to banks	25,123,319	16,546,010	19,367,191
Customer current accounts	6,620,840	7,268,816	7,526,683
Sukuk financing	-	1,721,339	3,333,998
Other borrowings	-	2,052,993	2,002,003
Other liabilities	1,904,529	1,931,221	1,948,849
Total Liabilities	33,648,688	29,520,379	34,178,724
Equity of Investment Account Holders	55,910,346	54,300,051	58,085,882
<i>EQUITY</i>			
Share capital	7,500,000	7,500,000	7,500,000
Legal reserve	2,065,741	2,278,783	2,496,623
Risk reserve	1,507,567	1,574,695	1,636,268
Fair value reserves	3,074	9,768	23,604
Foreign currency translation reserve	(7,519)	(13,809)	(9,703)
Other reserves	113,001	118,910	123,405
Retained earnings	2,009,007	1,808,968	2,148,999
Total Equity attributable to Equity Holders of the Bank	13,190,871	13,277,315	13,919,196
Non-controlling interests	199,067	196,468	212,719
Total Equity	13,389,938	13,473,783	14,131,915

	<u>As at 31 December</u>		
Total Liabilities, Equity of Investment Account Holders and Equity	<u>102,948,972</u>	<u>97,294,213</u>	<u>106,396,521</u>

Selected income statement (in QAR'000)

	<u>For the year ended 31 December</u>		
	<u>2017</u>	<u>2018</u>	<u>2019</u>
Net income from financing activities	3,100,667	3,538,629	3,710,384
Net income from investing activities	792,002	838,228	930,588
Total net income from financing and investing activities	<u>3,892,669</u>	<u>4,376,857</u>	<u>4,640,972</u>
Net fee and commission income	<u>273,734</u>	<u>315,138</u>	<u>388,083</u>
Net foreign exchange gain	142,527	152,479	162,380
Share of results of associates and joint ventures	28,203	21,904	19,832
Other income	9,164	7,900	9,708
Total income	<u>4,346,297</u>	<u>4,874,278</u>	<u>5,220,975</u>
Net reversals on due from banks	-	387	231
Net (impairment losses) / recoveries and reversals on financing assets	(107,818)	14,591	(54,830)
Net impairment losses on investment securities	(5,621)	(9,014)	(1,117)
Net reversals on off balance sheet exposures subject to credit risk	-	16,092	10,976
Net profit for the years	<u>2,040,737</u>	<u>2,139,509</u>	<u>2,188,109</u>

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

Income from financing activities

	<u>For the year ended 31 December</u>		
	<u>2017</u>	<u>2018</u>	<u>2019</u>
<i>Murabaha</i>	2,287,250	2,428,363	2,437,252
<i>Istisna'a</i>	57,082	69,571	68,223
<i>Ijarah</i>	542,108	783,340	949,746
<i>Musharka</i>	214,227	257,355	255,163
	<u>3,100,667</u>	<u>3,538,629</u>	<u>3,710,384</u>

Income from investing activities

	<u>For the year ended 31 December</u>		
	<u>2017</u>	<u>2018</u>	<u>2019</u>
Income from investment in debt-type instruments	701,346	728,061	804,074
Dividend income	8,125	5,718	2,528
Income from inter-bank placements with Islamic banks	71,710	87,082	113,843
Net gain / (loss) on sale of equity-type investments	(1,876)	11,489	6,895
Net gain on sale of debt-type investments	12,694	5,979	3,314
Fair value (loss) / gain on investment securities carried as fair value through income statement	3	(101)	(66)
	<u>792,002</u>	<u>838,228</u>	<u>930,588</u>

Income from Fees and Commission

	For the year ended 31 December		
	2017	2018	2019
Commission on financing activities	155,113	186,852	234,697
Commission on trade finance activities	85,599	94,026	103,134
Commission on banking services	37,935	37,856	53,387
	<u>278,647</u>	<u>318,734</u>	<u>391,218</u>
Fee and Commission Expense	<u>(4,913)</u>	<u>(3,596)</u>	<u>(3,135)</u>
Net Fee and Commission Income	<u>273,734</u>	<u>315,138</u>	<u>388,083</u>

Selected ratios

	As at and for the year ended 31 December		
	2017	2018	2019
Earnings per share (basic and diluted earnings per share (QR per share))	0.270	0.284	0.290
Return on average equity ¹	15.7	16.1	16.0
Return on average assets ²	2.1	2.1	2.1
Capital adequacy ratio ³	19.3	19.2	20.3
Net financing assets to deposit ratio ⁴	115.3	117.8	114.1
Cost to income ratio ⁵	21.3	24.1	22.8
Net profit margin ⁶	<u>74.6</u>	<u>76.7</u>	<u>75.7</u>
Total financing to total assets ratio ⁷	<u>70.0</u>	<u>74.5</u>	<u>70.3</u>
Non-performing financing ratio ⁸	0.5	0.8	1.0
Non-performing coverage ratio ⁹	48.7	50.0	43.2

⁽¹⁾ Net Profit attributable to equity holders of the bank for the year divided by average shareholders' equity for the year

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

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

⁽⁴⁾ Net financing assets as at year/period end divided by deposits as at year end

⁽⁵⁾ Staff cost, depreciation and other costs for the year divided by net income (after netting off finance expenses and share of profit paid to URIA holders) for the year

⁽⁶⁾ Net profit for the year divided by net income (after netting off finance expenses and share of profit paid to URIA holders) for the year

⁽⁷⁾ Net financing and receivables for the year divided by total assets for the year

⁽⁸⁾ Non-performing financing facilities as at year end divided by gross financing assets as at year end

⁽⁹⁾ Specific provisions as at year end divided by non-performing financing facilities as at year end

Related party transactions

Certain related parties (principally the significant owners and entities over which the Group and the owners exercise significant influence, directors and executive management of the Group) are customers of the Bank in the ordinary course of business. The transactions with these parties were made on substantially the same terms, including profit and commission rates and the requirements for collateral, as those prevailing at the same time for comparable transactions with unrelated parties and did not involve an amount of risk which was more than the amount of risk relating to such comparable transactions.

The following table demonstrates the Bank's related parties transactions as at and for the periods specified:

	As at and for the period ended 31 December 2019 (audited) (QR '000)	As at and for the period ended 31 December 2018 (audited) (QR '000)
Equity of investment account holders – customer.....	3,167,419	3,098,096
Return on equity of investment account holders – customer.....	76,724	72,908

Key management personnel and their immediate relatives have transacted with the Group during the years ended 31 December 2019 and 31 December 2018 as follows:

	As at 31 December 2019 (audited) (QR '000)	As at 31 December 2018 (audited) (QR '000)
Financings.....	478	584

Key management personnel compensation for the years ended 31 December 2019 and 31 December 2018 comprised:

	For the period ended 31 December 2019 (audited) (QR '000)	For the period ended 31 December 2018 (audited) (QR '000)
Salaries and other benefits.....	15,633	15,706
Remuneration to Board of Directors including meeting allowances.....	18,614	19,683

OPERATING PERFORMANCE

Operating Performance

Year ended 31 December 2019 compared to year ended 31 December 2018

Below is a brief discussion the Group's operating performance for the year ended 31 December 2019 compared to the year ended 31 December 2018.

Table 1: Information relating to operating segments for the year ended 31 December 2019

	Corporate Banking	Retail Segment	Asset Management	International Operations	Unallocated	Total
				<i>(QAR million)</i>		
Revenue	3,557.2	1,241.0	51.2	342.0	29.5	5,221.0
Net impairment losses	1.9	(41.5)	(1.7)	(3.4)	-	(44.7)
Profit before tax	1,792.5	786.2	28.1	30.0	(448.0)	2,188.8
Total assets	69,983.3	23,697.2	683.3	10,743.3	1,289.4	106,396.5
Total liabilities	27,373.4	2,508.2	146.8	2,485.9	1,664.4	34,178.7
Total equity of investment account holders	35,783.2	14,728.6	-	7,574.1	-	58,085.9

Source: The Bank's 2019 annual financial statements

Table 2: Information relating to operating segments for the year ended 31 December 2018

	Corporate Banking	Retail Segment	Asset Management	International Operations	Unallocated	Total
				<i>(QAR million)</i>		
Revenue	3,451.5	1,031.7	49.2	312.1	29.8	4,874.3
Net impairment losses	(30.7)	58.4	(4.4)	(1.2)	-	22.1
Profit before tax	1,769.4	779.7	26.2	29.6	(463.0)	2,141.9
Total assets	67,055.2	19,029.4	643.2	9,130.5	1,435.9	97,294.2
Total liabilities	22,892.4	2,175.2	134.2	2,681.1	1,637.5	29,520.4
Total equity of investment account holders	36,026.3	12,455.5	-	5,818.3	-	54,300.1

Source: The Bank's 2019 annual financial statements

Segmental revenue for the year ended 31 December 2019 compared to the year ended 31 December 2018

The Bank's total segmental revenue for the year ended on 31 December 2019 stood at QAR 5,221.0 million compared to QAR 4,874.3 million for the year ended on 31 December 2018, an increase of QAR 346.7 million or 7.1 per cent. year-on-year. This increase was primarily driven by the following factors:

- Revenue from Corporate Banking segment for the year ended 31 December 2019 amounted to QAR 3,557.2 million, an increase of QAR 105.7 million or 3.1 per cent. year-on-year. The key contributor was income from financing and investing activities which increased by QAR 28.7 million or 1.0 per cent. year-on-year. Another contributor was fee and commission income which increased by QAR 69.6 million or 23.6 per cent. year-on-year.
- Revenue from Retail Banking for the year ended 31 December 2019 amounted to QAR 1,241.0 million, an increase of QAR 209.3 million or 20.3 per cent. year-on-year. Increased focus on providing value-based product packages, alternative delivery channels and improving service quality helped generate more revenue from the Retail Banking clients.
- Revenue from Asset Management for the year ended 31 December 2019 amounted to QAR 51.2 million, an increase of QAR 2.0 million or 4.2 per cent. year-on-year. The increase was driven by an increase of QAR 4.4 million or 26.9 per cent. year-on-year in fee and commission income.
- Revenue from International Operations for the year ended 31 December 2019 amounted to QAR 342.0 million, an increase of QAR 29.9 million or 9.6 per cent. year-on-year. This was primarily attributable to an increase of QAR 28.7 million or 9.3 per cent. year-on-year in income from financing and investing activities.

Net profit attributable to shareholders for the year ended 31 December 2019 compared to the year ended 31 December 2018

Net profit attributable to shareholders increased by QAR 48.0 million or 2.3 per cent. year-on-year, to QAR 2,178.4 million compared to QAR 2,130.4 million in 2018. The increase in net profit was attributable to an increase in total income by QAR 346.7 million or 7.1 per cent. year-over-year driven by an increase in total income from financing and investing activities (6.0 per cent. year-on-year), and an increase in net fees and commission income (23.1 per cent. year-on-year), partly offset by a decrease in share of results of associates (9.5 per cent. year-on-year).

Total expenses increased by QAR 68.2 million or 4.8 per cent. year-over-year. The key contributors to the increase in total expenses were staff expenses and finance costs, which increased by 5.6 per cent. and 10.3 per cent. respectively. The cost-to-income ratio decreased from 24.1 per cent. in 2018 to 22.8 per cent. in 2019.

- In terms of reportable segment contribution, Corporate Banking accounted for 81.9 per cent. of total net profit before tax. On a year-on-year basis, this segment witnessed an increase of QAR 23.0 million or 1.3 per cent. year-on-year to reach QAR 1,792.5 million in 2019 due to increase in income from financing and investing activities.

Retail Banking was the second largest contributor (35.9 per cent.) to net profit before tax and increased by QAR 6.5 million or 0.8 per cent. year-on-year, to QAR 786.2 million in 2019. International Operations recorded net profit before tax of QAR 30.0 million in 2019 compared to QAR 29.6 million in 2018.

On the other hand, Asset Management recorded a net profit before tax of QAR 28.1 million in 2019 compared to QAR 26.2 million in 2018, an increase of QAR 1.9 million or 7.4 per cent. year-on-year, due to an increase in net fee and commission income.

- Total impairment on financing assets, investment securities, due from banks and off balance sheet exposures amounted to QAR 44.7 million, compared with impairment recoveries of QAR 22.1 million in 2018.
- Net profit before return to investment account holders and net recoveries / (impairment losses) for the year ended 31 December 2019 stood at QAR 3,724.5 million compared to QAR 3,446.0 million in 2018, an increase of QAR 278.5 million or 8.1 per cent. year-on-year.

FINANCIAL POSITION

As at 31 December 2019, total assets amounted to QAR 106,396.5 million, an increase of 9.4 per cent. compared to 2018, due to the increase in due from banks of QAR 4,522.2 million or 298.9 per cent. year-on-year, an increase in financing assets of QAR 2,322.0 million or 3.2 per cent. year-on-year and an increase in investments securities of QAR 2,156.6 million or 11.2 per cent. year-on-year.

The Bank reported an increase in customer deposits of QAR 4,043.7 million or 6.6 per cent. year-on-year, increase in due to banks of QAR 2,821.2 million or 17.1 per cent. year-on-year, and an increase in Sukuk financing of QAR 1,612.7 million or 93.7 per cent. year-on-year.

Recent Developments

The following information has been extracted without material adjustment from the unaudited consolidated interim financial statements of the Bank as at and for the six months ended 30 June 2020. The statements have been presented in Qatari Riyals:

Consolidated Statement of Financial Position

	As at 30 June 2020 (Reviewed)	As at 31 December 2019
<i>QAR '000s</i>		
ASSETS		
Cash and balances with Qatar Central Bank	4,789,202	3,122,860
Due from banks	4,396,958	6,035,090
Financing assets	78,103,982	74,837,309
Investment securities	20,931,079	21,378,706
Investment in associates	538,574	527,398
Fixed assets	258,010	227,731
Other assets	320,983	267,427
Total Assets	109,338,788	106,396,521
LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND EQUITY		
Liabilities		
Due to banks	20,941,525	19,367,191
Customer current accounts	8,389,207	7,526,683
Sukuk financing	3,263,580	3,333,998
Other borrowings	1,818,151	2,002,003
Other liabilities	2,403,654	1,948,849
Total Liabilities	36,816,117	34,178,724
Equity of Investment Account Holders	59,028,256	58,085,882
EQUITY		
Share capital	7,500,000	7,500,000
Legal reserve	2,496,623	2,496,623
Risk reserve	1,636,268	1,636,268
Fair value reserves	11,166	23,604
Foreign currency translation reserve	(18,713)	(9,703)
Other reserves	123,405	123,405
Retained earnings	1,545,020	2,148,999
Total Equity attributable to Equity Holders of the Bank	13,293,769	13,919,196
Non-controlling interests	200,646	212,719
Total Equity	13,494,415	14,131,915
Total Liabilities, Equity of Investment Account Holders and Equity	109,338,788	106,396,521

Interim Consolidated Income Statement

	For the six months ended 30 June 2020 (Reviewed)	For the six months ended 30 June 2019 (Reviewed)
<i>QAR '000s</i>		
Net income from financing activities.....	1,832,341	1,822,573
Net income from investing activities	482,465	442,229
Total net income from financing and investing activities	2,314,806	2,264,802
Net fee and commission income.....	126,275	179,205
Foreign exchange gain	102,422	84,388
Share of results of associates	12,348	14,879

Other income	3,327	5,068
Total Income	2,559,178	2,548,342
Staff costs	(193,141)	(193,241)
Depreciation	(12,072)	(9,140)
Other expenses.....	(134,308)	(124,188)
Finance expense.....	(373,735)	(432,621)
Total Expenses	(713,256)	(759,190)
Net reversal of impairment losses on due from banks	4	228
Net impairment losses on financing assets	(75,578)	5,763
Net (impairment) / reversal of impairment losses on investment securities.....	(11,153)	(1,312)
Net (impairment) / reversal of impairment losses on off balance sheet exposures subject to credit risk	14,018	1,065
Profit for the Period before Return to Investment Account Holders	1,773,213	1,794,896
Less: Return to investment account holders.....	(688,157)	(709,439)
Profit Before Tax for the Period	1,085,056	1,085,457
Tax expense	456	(3,469)
Net Profit for the Period	1,085,512	1,081,988
Net Profit for the Period attributable to Equity Holders of the Bank	1,083,521	1,078,106

The following is the summary of the results of operations for the six months ended 30 June 2020:

Total income from financing and investing activities

The Bank's total income from financing and investing activities increased by QAR 50.0 million or 2.2 per cent. in the six months ended 30 June 2020 compared to the corresponding period in 2019. This increase was driven by the overall increase in total financing and investment portfolios over the comparative period.

Total Expenses

Total expenses stood at QAR 713.3 million, a decrease of 6.1 per cent. compared to the corresponding period in 2019.

Net profit for the period attributable to equity holders of the Bank

Net profit for the period attributable to equity holders of the Bank increased by 0.5 per cent. year-on-year to reach QAR 1,083.5 million in the six months ended 30 June 2020. This was driven by an increase in total income from financing and investing activities by QAR 50.0 million (2.2 per cent. year-on-year) and an increase in foreign exchange gain by QAR 18.0 million (21.4 per cent. year-on-year), a decrease in return to investment account holders by QAR 21.3 million (3.0 per cent. year-on-year), which helped offset the decrease in net fee and commission income by QAR 52.9 million (29.5 per cent. year-on-year) and increase in impairment losses by QAR 78.5 million.

Financing Assets

Financing assets increased from QAR 74.8 billion as at 31 December 2019 to QAR 78.1 billion as at 30 June 2020, representing an increase of 4.4 per cent.

Investments

Total investments (includes Investment Securities and Investment in Associates) amounted to QAR 21.5 billion as at 30 June 2020, representing a decrease of 2.0 per cent. from 31 December 2019.

Total Assets

The Bank's total assets amounted to QAR 109.3 billion as at 30 June 2020, representing an increase of 2.8 per cent. from 31 December 2019. This increase was largely attributable to the increase in financing assets of QAR 3.3 billion or 4.4 per cent. year-on-year. and the increase in cash and balances with Qatar Central Bank of QAR 1.7 billion or 53.4 per cent. However, amounts due from banks declined by QAR 1.6 billion or 27.1 per cent. year-on-year.

Customer Deposits

Customer deposits (including Customer Current Accounts and Equity of Investment Account Holders) increased from QAR 65.6 billion as at 31 December 2019 to QAR 67.4 billion as at 30 June 2020, representing an increase of 2.8 per cent.

Total Equity attributable to Equity Holders of the Bank

Total equity attributable to equity holders of the Bank amounted to QAR 13.3 billion as at 30 June 2020, a decrease of 4.5 per cent. compared to 31 December 2019. This decrease was led primarily by appropriation of 2019 dividends to shareholders of QAR 1.7 billion.

Capital adequacy and ratios

The Bank's total capital adequacy as at 30 June 2020 stood at 19.70 per cent., in excess of the QCB's requirement of 14.8 per cent. The Bank's financing to deposit ratio stood at 115.9 per cent. and the Bank's non-performing financing ratio stood at 0.94 per cent.

Return on average equity at 15.9 per cent. annualised as at 30 June 2020. And return on average assets at 2.0 per cent.

The Bank's cost-to-income ratio stood at 22.7 per cent. during the six months ended 30 June 2020.

THE QATAR BANKING SECTOR AND REGULATIONS

Unless otherwise indicated, information in this section has been derived from publications of the Government, the QCB and the QFC's annual report and website.

Qatar Central Bank

The QCB was established in 1993, pursuant to Emiri Decree No. 15 of 1993. It inherited the roles of the former Qatar Monetary Authority and operates in co-ordination with the Ministry of Finance. The QCB Law, which came into force in 2013, now regulates the activities of the QCB. The QCB is managed by a board of directors and is chaired by its Governor. The board of directors includes the Deputy Governor of the QCB and at least five other members, including representatives from the Ministry of Finance and the Ministry of Commerce and Industry. The representatives of both ministries hold the rank of undersecretary or higher.

In its supervisory capacity, the QCB oversees the activities of Qatar's commercial banks (both conventional and Islamic banks), non-bank financial institutions, insurance and re-insurance companies (including insurance support service providers) (outside the QFC) with a view to minimising banking and financial risk in Qatar's financial sector. The QCB conducts regular inspections of commercial banks and non-bank financial institutions and reviews reports and other mandatory data submitted by commercial banks, including monthly capital adequacy compliance reports.

The QCB has initiated single factor stress testing of the portfolios of commercial banks in Qatar. The testing covers the four broad areas of liquidity risk, credit risk, interest rate risk and equity market risk. The results of these stress tests illustrate the possible impact of adverse financial conditions on a commercial bank's capital adequacy ratio or return on assets. Recent stress testing of commercial banks, conducted on an aggregate basis by the QCB, suggested that neither the capital adequacy ratio nor the returns on assets of Qatar's domestic banks would be significantly impaired. The International Monetary Fund's 2019 Article IV Consultation — staff report (IMF country report No. 19/146) stated that stress tests indicate the banking system can withstand severe macroeconomic shocks. It also noted that stress tests show resilience in the banking system to plausible shocks due to high capital, liquidity buffers and the QCB's facilities and pointed to continued progress in implementing Basel III and related regulations. Recently, the QCB has implemented regulations regarding non-performing loans, large exposures, country risk, money market and foreign exchange accounts, credit ratios, fixed assets for banks' use, reserve requirements and banks' investments. The QCB has the authority to impose penalties in the event that banks fail to comply with these regulations.

Following the staff visit in June 2019, the IMF concluded that "Qatar's banking sector remains healthy, reflecting high asset quality and strong capitalization". The banking system has also adjusted to the diplomatic rift, as non-resident deposits and placements have recovered. With improved banks' liquidity conditions, public-sector deposits placed in the banking system in response to the diplomatic rift have been reduced.

The QCB requires commercial banks to maintain a minimum reserve requirement of 4.50 per cent. of total deposits and a minimum capital adequacy ratio of 12.5 per cent. (including a capital conservation buffer of 2.5 per cent.). The QCB has also established the Qatar Credit Bureau, which provides analytical data and supports banks in their implementation of advanced risk management techniques outlined by Basel II and Basel III. Commencing from 2014, commercial banks in Qatar were also required to maintain a minimum liquidity coverage ratio of 60 per cent. increasing by 10 per cent. each year to reach 100 per cent. in 2018.

As at December 2019, Tier 1 capital of Qatari banks was 17.5 per cent. of risk-weighted assets and non-performing financings ("NPFs") was at 2.2 per cent. The banking system was highly profitable, with a return on assets of 1.6 per cent.

Commercial banks are required to have their annual accounts audited by the QCB's approved independent auditors and to obtain prior approval from the QCB to appoint senior management. The QCB also issues domestic currency and conducts bank clearing operations and settlements. The investment department of the QCB manages the investments of the QCB's financial reserves. These investments are primarily in the form of securities issued or guaranteed by other sovereigns with maturities of up to 10 years and are maintained at a level at least equal to 100 per cent. of the Qatari riyals issued by the QCB at any time.

The QCB, in order to ensure better regulation and risk management in the domestic Islamic and conventional banking sector, issued instructions in 2011 to conventional banks to wind up their Islamic banking operations by the end of 2011. The QCB has proposed to extend the ban on onshore banks operating Islamic windows to include financial institutions in the QFC. The QCB also imposes certain exposure limits and credit controls on commercial banks. Credit facilities in excess of 20 per cent. of any bank's capital and reserves cannot be extended to a single customer's customer group and credit and investment facilities in excess of 25 per cent. of any commercial bank's capital and reserves cannot be extended to a single customer's customer group. Credit facilities extended to a single major shareholder's customer group in any bank cannot exceed 10 per cent. of that bank's capital and reserves.

The QCB sets a maximum limit on loans and Islamic finance against transfer of salaries of QAR 2 million for Qatari citizens and QAR 400,000 for non-Qatari residents, which can be increased to QAR 1 million for government employees against a lien on end of service benefits. The QCB provides that the maximum terms on loans and Islamic finance are six years for Qatari citizens and four years for non-Qatari residents. Maximum rates of interest are set at the QCB lending rate (the "**QCB Rate**") on top of which 1.5 per cent. per annum is added for Qatari citizens and non-Qatari residents. The QCB also sets caps in relation to the amount of total monthly obligations that an individual can have against salary, which is set at 75 per cent. of the sum of basic salary and social allowance for Qatari citizens and 50 per cent. of total salary for non-Qatari residents.

The QCB regulations dictate that the maximum credit card withdrawal limit of an individual in Qatar is double his or her net total salary for both Qatari citizens and non-Qatari residents. The QCB provides that maximum rates of interest for credit cards are set at 1 per cent. monthly for Qatari citizens and non-Qatari residents. The QCB also provides that the maximum rate of interest on arrears of debt arising from credit cards is set at 0.25 per cent. monthly for Qatari citizens and for non-Qatari residents.

The QCB has specific regulations applicable to real estate financing. In cases where an individual's salary is the main source of repayment, the QCB provides that the maximum limit of total real estate finance available is 70 per cent. of the value of mortgaged properties. In addition, the maximum period permitted for repayment of the real estate finance is 20 years, including any grace period. The QCB regulations dictate that the maximum salary deductions, including instalments and other liabilities, is capped at 75 per cent. of the basic salary and social allowance for Qatari citizens, and capped at 50 per cent. of total salary for non-Qatari residents, **provided that** the salary and post retirement service dues are transferred to the bank offering the finance.

The QCB regulations also require that where real estate finance is granted to an individual whose salary is not the main source of repayment, the maximum limit of total finance available to that individual is 60 per cent. of the value of the mortgaged properties and that the maximum repayment period of that real estate finance is 15 years, including any grace period. QCB regulations also provide that these maximum limits may be increased to 70 per cent. and that the maximum period permitted for repayment be extended to 20 years, if cash is regularly transferred to the bank through a formal assignment of claims to cover the full instalment during the repayment period, including rents and other contractual incomes and revenues. The QCB has determined that financing to real estate should not exceed 150.0 per cent. of a bank's capital and reserves. The main exposure restrictions imposed by the QCB are summarised below:

Capital

Capital adequacy

- Basel III minimum ratio is 12.5 per cent. (including a 2.5 per cent. conservation buffer).
- For credit and market risk the standardised approach is to be followed.
- For operational risk, the basic indicator approach is to be followed.
- Banks are subject to a capital adequacy ratio ("**CAR**") imposed by, and calculated in accordance with, regulations of the QCB.

Credit and concentration

- Maximum limit for a single customer may not exceed 20 per cent. of a bank's capital and reserves.

- Maximum limit of credit facilities that can be granted to any major shareholder or his/her group may not exceed 10 per cent. of the bank's capital and reserves. Maximum limit of total of investment and credit concentration to a single customer is 25 per cent. of a bank's capital and reserves.
- Total real estate financing may not exceed 150 per cent. of a bank's capital and reserves.

Foreign investment

Foreign investment in Qatari banks is not permitted, save with a specific permission from the Council of Ministers. This restriction does not apply to Qatari banks listed on the QSE, although foreign investors are restricted to holding, in aggregate, not more than 49 per cent. of the shares of any company so listed, unless the memorandum and articles of association of that company state otherwise. However, a foreign investor may hold more than 49.0 per cent. of the shares of any company listed on the QSE subject to the Cabinet's approval and pursuant to a proposal from the Minister of Commerce and Industry.

Required Reserve

The QCB requires each commercial bank to maintain a minimum reserve with the QCB of 4.50 per cent. of its total deposits. The percentage is calculated on the basis of the average daily total deposits balances during the period from the 16th of each month to the 12th of the following month. The amount of reserves approved applies at the start of the 15th day of each month. The reserves are non-interest bearing and are in Qatari Riyals.

Risk Reserve

The QCB requires local banks to charge a risk reserve of a minimum of 2.5 per cent. on total credit facilities provided by the bank and its subsidiaries as determined at the end of each year. A bank may not use any portion of its risk reserve amount without the prior approval of the QCB.

The following table sets out the QCB's financial statement data as at 31 December 2019, 31 December 2018 and 31 December 2017.

	As at 31 December		
	2017	2018	2019
	<i>(in millions QAR)</i>		
Gold.....	4,528.1	4,675.5	7,485.8
Balances with Foreign Banks.....	33,793.6	49,061.5	54,652.7
Foreign Securities.....	14,166.8	54,818.0	80,266.8
IMF Reserve Position.....	0.0	553.1	511.2
SDR Holding.....	1,414.8	1,387.4	1,387.1
AMF Shares.....	357.7	349.3	347.3
Balances with Local Banks.....	110,460.7	80,193.6	65,310.7
Other Assets.....	23,684.7	41,988.5	23,174.4
Total Assets = Total Liabilities	188,406.4	233,026.9	233,136.0
Currency Issued.....	16,539.5	16,215.7	16,404.3
Due to Government.....	312.0	670.6	349.1
Capital and Reserves.....	52,031.5	143,246.0	143,246.0
Revaluation Account.....	3,655.0	1,398.5	2,414.2
Required Reserve.....	35,953.8	36,041.9	37,448.0
Deposits of Local Banks.....	10,278.0	30,608.8	18,205.0
Other Liabilities.....	69,636.6	4,845.4	15,069.2

Source: QCB December 2019 Quarterly Statistical Bulletin (figures for 2019 are preliminary figures)

Interest Rates

Prior to 2000, the QCB imposed certain ceilings on the credit and deposit interest rates offered by commercial banks. The QCB removed these restrictions in order to further liberalise the financial sector. However, in April 2011 the QCB introduced a cap on interest rates that can be charged on personal loans of 1.5 per cent. per annum over its benchmark lending rate and 1.0 per cent. per month for credit cards. Otherwise, Qatar's banking system is free from any form of interest rate ceilings.

The QCB utilises three different interest rates: a lending rate, a deposit rate and a repo rate. The lending rate applies to the lending facility through which commercial banks can obtain liquidity from the QCB. The deposit

rate applies to the deposit facility through which commercial banks can place deposits with the QCB. Both of these facilities may be rolled over to the next day, when transactions are executed electronically. The repo rate is a pre-determined interest rate set by the QCB for repo transactions entered into between the QCB and commercial banks. The overnight liquidity facility rate is used for overnight lending by the QCB to commercial banks.

Prior to July 2007, the QCB tracked the interest rates of the U.S. Federal Reserve as the Qatari riyal is pegged to the U.S. dollar. However, and especially since the global financial crisis, the QCB has not deemed it necessary to change interest rates in tandem with the U.S. Federal Reserve on all occasions in view of domestic macroeconomic conditions, in particular, trends in inflation. Although the QCB's money market rates are largely influenced by the movements in the interest rates of the U.S. Federal Reserve due to the peg on the exchange rate, the QCB acted independently in 2010 and 2011 by changing its policy rate even as the U.S. Federal Reserve continued to keep interest rates unchanged at near-zero levels. Valid from 16 March 2020 and as at the date of this Base Prospectus, the QCB deposit rate was 1 per cent., the QCB lending rate was 2.50 per cent., and the repo rate was 1 per cent.

On 6 May 2012, the QCB and Bloomberg launched the first ever Qatar Interbank Offer Rate ("**QIBOR**") fixings, in a move aimed at encouraging a more active interbank market in Qatar. QIBOR, which uses the contributed offer rates quoted by nine panel banks, is calculated by Bloomberg and published on the QCB website and Bloomberg Professional service. QIBOR fixings for eight different tenures ranging from overnight to one year are publicly available each business day making market activity transparent to other banks around the world.

Response to COVID-19

On 16 March 2020, the QCB reduced the overnight deposit interest rate from 1.50 per cent. to 1.0 per cent., the overnight lending rate from 3.50 per cent. to 2.50 per cent. and the repo rate from 1.50 per cent. to 1.0 per cent.. Additionally, the QCB has issued a number of circulars to banks as a result of the COVID-19 outbreak. The QCB has requested all banks to review and activate their business continuity plans and to evaluate such plans according to how the pandemic evolves and the potential business risks arising as a result to ensure that there are no significant interruptions to their businesses. The QCB has also required banks operating in Qatar to postpone the repayment of loan instalments and interest due on such instalments for a period of six months with effect from 16 March 2020 for impacted sectors and without imposing any delay fees or impacting the credit rating of such customers. Furthermore, a national guarantee programme was announced to support the private sector whereby banks operating in Qatar will benefit from a 100 per cent. guarantee from the Government of Qatar (acting through Qatar Development Bank) for financing provided to the private sector within the announced parameters.

Liquidity and money supply

The table below shows the trend in certain money supply indicators for the Qatari banking system for the periods indicated.

	2017	2018	2019
Money supply (M1) (<i>QAR million</i>).....	123,088	119,076	124,703
Growth rate (%).....	(4.1)	(3.3)	4.7
Money supply (M2) (<i>QAR million</i>).....	603,332	564,008	578,004
Growth rate (%).....	21.3	(6.5)	2.5
Money supply (M3) (<i>QAR million</i>).....	697,812	653,181	652,876
Growth rate (%).....	25.3	(6.4)	0

Source: QCB December 2019 Quarterly Statistical Bulletin

The QCB, on behalf of the Government, issues bonds to absorb domestic liquidity and develop a yield curve for riyal-denominated domestic bonds. The QCB has issued a number of domestic bonds since 1999. In 2011, the QCB also issued bonds amounting to QAR 50 billion (U.S.\$13.7 billion) to Qatari domestic banks, of which roughly two thirds went to Islamic banks and the rest to conventional banks. The funds so generated were transferred by the QCB to the State of Qatar's account and the State of Qatar used these funds for various governmental uses and for investment. In March 2013, the QCB launched quarterly government bond sales to help banks manage liquidity and to complement the monthly auctions of three, six and nine-month T-bills established in 2011. The QCB also prescribes reserve requirements for commercial banks to be maintained with the QCB in order to control domestic liquidity. As at July 2020, Government domestic issuance included: T-bills

denominated in local currency each month, with QAR 3 billion outstanding; QAR 46.2 billion in sukuk; and QAR 83.5 billion in Government long-term bonds, according to the QCB.

Banking System

Commercial Banks

Commercial banks in Qatar (outside the QFC) consist of 5 locally owned conventional commercial banks, 4 Islamic banks that operate according to Islamic Sharia principles, 7 foreign banks with established branches in Qatar and 1 state-owned development bank.

Commercial banks are the primary financial institutions in Qatar, providing deposit taking, credit and investment services, as well as foreign exchange and clearance services. The deposits made in Qatar's commercial banks are not insured as there is no deposit insurance scheme in Qatar.

In June 2018, Fitch revised upward Qatar's outlook to "stable" from "negative" and affirmed its long-term foreign currency issuer default rating of AA-, which was further affirmed in February 2020. The upward revision resulted from Fitch's assessment that Qatar has successfully managed the effects of the diplomatic rift and that the economy has reconfigured its supply chain and continues to grow at a steady rate. Fitch also emphasised that Qatar's sovereign net foreign assets are far above most AA and A-rated peers. In July 2018, Moody's also revised its outlook for Qatar to "stable" from "negative" and reaffirmed its long-term issuer rating of Aa3. Moody's emphasised a number of credit strengths embedded in Qatar's credit profile, including the large net asset position of Qatar's government, exceptionally high levels of per-capita income, substantial hydrocarbon reserves and relatively low fiscal and external break-even oil prices. These factors will continue to provide significant shock absorption capacity for Qatar. In December 2018, S&P Global Ratings also revised its outlook on Qatar to "stable" from "negative" due to their view that Qatar will continue to effectively mitigate the economic and financial consequences of the diplomatic rift.

The QCB requires commercial banks to maintain a CAR of 12.5 per cent. in accordance with the QCB Basel III requirements. The QCB issued a circular in January 2014 introducing new requirements in accordance with Basel III recommendations. Historically, commercial banks have complied with QCB capital adequacy requirements and, at the end of 2019, the average CAR of the sector was 18.6 per cent. compared with 18.0 per cent. in 2018, 16.8 per cent. in 2017 and 16.1 per cent. in 2016. At the end of 2019, Tier 1 average CAR for all banks was 17.5 per cent. compared to 17.0 per cent. in 2018, 16.5 per cent. in 2017 and 15.7 per cent. in 2016. Currently, Qatar's commercial banks are compliant with Basel III.

The QIA has provided financial support to Qatar's financial sector as a response to the global economic downturn and as a preventative measure to preserve the general stability in Qatar's banking sector. In early 2009, the QIA began making direct capital injections in Qatar's commercial banking sector through a plan to purchase equity ownership interests of up to 20 per cent. in the domestic banks listed on the QSE. In line with the plan, from 2009 through to 2011, the QIA through Qatar Holding LLC acquired equity positions ranging from 5 per cent. to 20 per cent. in various domestic banks, including the Commercial Bank, Qatar Islamic Bank, ABQ and Doha Bank.

In addition to the equity purchases, the QIA also assisted the banking sector by purchasing certain portions of their investment and real estate portfolios. On 22 March 2009, the QIA purchased the investment portfolios of 7 of the 9 domestic banks listed on the QSE at a total purchase price of approximately QAR 6.5 billion (U.S.\$1.8 billion) paid through a combination of cash and domestic Government bonds. This purchase price was equal to the value of such investment portfolios as registered in the records of each bank as of 28 February 2009. In an effort to further boost liquidity and encourage lending, in early June 2009, the QIA made a second round of investments and bought the real estate portfolios and investments of 9 domestic commercial banks at a sale price equivalent to the net book value of such portfolios and investments with a total ceiling amount of QAR 15.0 billion (U.S.\$4.1 billion). The total support to the banking sector, which includes purchases of investment and real estate portfolios in domestic banks as well as the equity injections, has been QAR 32.7 billion (U.S.\$9.0 billion).

The amount of credit extended by commercial banks to the private sector grew by 20 per cent. from QAR 541.2 billion at the end of 2018 to QAR 646.7 billion at the end of 2019. As at 31 December 2019, consumer credit accounted for 21.2 per cent. of total private sector credit extended by commercial banks, while credit extended to

other sectors amounted to: real estate, 22.9 per cent.; general trade, 21.0 per cent.; industry 2.7 per cent.; contractors 5.3 per cent.; services, 25.7 per cent.; and other sectors, 1.8 per cent. In the year to 31 December 2019, the amount of consumer credit increased by 7.9 per cent., credit extended to the real estate sector decreased by 1.7 per cent., credit for general trade increased by 57.3 per cent. and credit to the services sector increased by 41.3 per cent.

The level of "non-performing" commercial bank loans in Qatar in 2019 was 1.8 per cent. declining from 1.9 per cent. in 2018. Under QCB regulations, non-performing loans are determined by reference to a range of indicators, and include loans that meet one of the following conditions for at least three months: (i) the customer is not able to meet its loan repayments and the loan is past due; (ii) other credit facilities of that customer are past due; (iii) the existing credit limits granted to that customer for its other credit facilities are not renewed; or (iv) a customer exceeds its agreed credit limit by 10 per cent. or more without prior authorisation. Commercial banks in Qatar categorise non-performing loans into three groups: sub-standard, doubtful and bad. Sub-standard loans are those that have not performed for three or more months, doubtful loans are those that have not performed for six or more months, and bad loans are those that have not performed for nine or more months. The QCB also obliges national banks to form a "risk reserve" from their net profits, which should not be less than 2.5 per cent. of the total direct credit facilities granted by the bank and its branches and subsidiaries inside and outside Qatar. This figure is calculated according to each bank's consolidated balance sheet, after deduction of the specific provisions, suspended interests and deferred profits for Islamic banks, with the exception of credit facilities extended to the Ministry of Finance, credit facilities guaranteed by the Ministry of Finance and credit facilities secured by cash collateral (with a lien on cash deposits).

The following table sets out the consolidated balance sheet of commercial banks operating in Qatar as at 31 December 2019, 31 December 2018 and 31 December 2017.

	As at 31 December		
	2017	2018	2019
	<i>(in millions QAR)</i>		
Assets			
<i>Reserves</i>			
Cash	4,949.2	4,971.8	4,804.8
Balances with the QCB	45,486.3	66,315.3	55,384.3
Foreign assets:			
Cash	3,526.0	5,522.8	8,003.4
Claims on foreign banks	77,285.5	89,950.5	94,416.0
Foreign credit	90,482.1	80,531.8	74,893.7
Foreign Investment	58,801.4	59,139.7	58,960.8
Other assets	4,347.2	3,941.2	3,870.0
Domestic assets:			
Due from Banks in Qatar	48,847.2	56,015.2	65,354.9
Domestic credit	820,556.1	859,899.5	964,192.3
Domestic investments	183,695.9	165,785.4	185,120.9
Fixed assets	6,997.7	6,586.1	7,110.7
Other assets	18,665.2	19,296.7	27,442.7
Total Assets	1,363,639.8	1,417,956.0	1,549,554.5
Liabilities			
Foreign liabilities:			
Non-resident deposits	137,125.5	169,076.3	208,221.8
Due to Foreign banks	177,284.1	218,743.4	273,502.9
Debt securities	47,069.8	51,060.5	61,616.8
Other Securities	398.9	(882.0)	(4,835.3)
Domestic liabilities:			
Resident deposits	685,909.4	641,266.4	640,927.3
Due to domestic banks	37,021.3	49,097.1	63,224.0
Due to QCB	34,354.2	21,788.7	13,984.3
Debt securities	1,001.7	1,561.5	1,325.5
Margins	1,856.5	2,706.0	2,628.8
Capital accounts	146,716.3	145,499.6	155,420.8
Provisions	13,624.8	20,796.0	23,798.4
Unclassified liabilities	81,277.3	97,242.5	109,739.2
Total liabilities	1,363,639.8	1,417,956.0	1,549,554.6

Source: QCB December 2019 Quarterly Statistical Bulletin

The following table summarises the capital adequacy ratio and the ratio of non-performing loans to capital for the Qatari banking system as at 31 December 2019, 31 December 2018 and 31 December 2017.

	As at 31 December		
	2017	2018	2019
Capital adequacy ratio (per cent.).....	16.8	18.0	18.6
Non-performing loans/capital (per cent.).....	1.7	3.0	2.2

Source: QCB website — Bank's Performance Indicators.

The following table sets out the distribution of Qatari commercial bank credit facilities by economic activity as at 31 December 2019, 31 December 2018 and 31 December 2017.

	As at 31 December		
	2017	2018	2019
	<i>(in millions QAR)</i>		
Public Sector	341,561.5	318,674.7	317,484.4
Government.....	175,578.3	151,916.6	133,790.4
Government Institutions.....	146,198.5	148,299.1	170,020.5
Semi- Government Institution.....	19,784.7	18,459	13,673.6
Private Sector	478,994.6	541,224.8	646,707.9
General Trade.....	64,535.5	83,985.4	132,093.3
Industry.....	16,781.4	16,655.2	17,509.2
Contractors.....	38,314.0	35,668.8	34,168.9
Real Estate.....	147,762.8	150,255.1	147,715.5
Consumption.....	123,372.9	127,232.5	137,225.9
Services.....	78,997.4	117,723.8	166,320.8
Others Sectors.....	9,230.6	9,704.0	11,674.3
Total Domestic Credit	820,556.1	859,899.5	964,192.3
Domestic Credit /GDP (%)	135.0	123.0	144.0

Source: QCB December 2019 Quarterly Statistical Bulletin

The following table sets out the breakdown of Qatari commercial bank deposits as at 31 December 2019, 31 December 2018 and 31 December 2017.

	As at 31 December		
	2017	2018	2019
	<i>(QAR million)</i>		
Public sector:			
<i>By term and currency:</i>			
<i>In Qatari riyal</i>			
Demand deposits.....	30,569.4	23,807.4	23,346.7
Time and savings deposits.....	110,765.0	88,778.0	156,274.8
<i>In foreign currencies</i>			
Total.....	174,063.5	169,420.5	93,458.6
<i>By sector:</i>			
Government.....	94,167.6	88,502.3	74,523.3
Government institutions.....	188,805.3	163,246.6	166,790.7
Semi government institutions.....	32,425.0	30,257.0	31,766.1
Total public sector deposits	315,397.9	282,005.9	273,080.0
Private sector:			
<i>By term and currency:</i>			
<i>In Qatari riyal</i>			
Demand deposits.....	90,050.1	89,498.9	92,826.4
Time and savings deposits.....	188,752.7	189,998.5	197,518.6
<i>In foreign currencies</i>			
Total.....	91,708.7	79,763.1	77,502.3
<i>By sector:</i>			
Personal.....	170,999.4	178,953.5	199,365.7
Companies and institutions.....	199,512.1	180,307.0	168,481.5
Total private sector deposits	370,511.5	359,260.5	367,847.3
Non-resident deposits	137,125.5	169,076.3	208,221.8

	As at 31 December		
	2017	2018	2019
	(QAR million)		
Total deposits	823,034.9	810,342.7	849,149.1

Source: QCB December 2019 Quarterly Statistical Bulletin

Qatar Development Bank

Qatar Development Bank ("**QDB**") was established by the Government in 1997, with contributions from national banks under the name of Qatar Industrial Development Bank. In 2006, QDB became a government-owned bank and the following year changed its name to Qatar Development Bank. QDB's main objective is to contribute to the development and diversification of economic and industrial investments in Qatar. QDB finances small and medium sized industrial projects and provides technical assistance and advice to industrialists for the implementation of their projects. QDB also provides consultancy services and financing for projects in the education, agriculture, fisheries, healthcare, animal resources and tourism sectors. As at 31 December 2018, QDB's paid up capital was QAR 9 billion.

Qatar Financial Centre

The QFC is a financial and business centre established by the Government in 2005 with a view to attracting international financial services institutions and multinational corporations to Doha in order to grow and develop the market for financial services in the region. Unlike other financial centres in the region, the QFC is an onshore financial and business environment.

The QFC comprises: the QFC Authority (the "**QFCA**"), the QFCRA and the QFC Civil and Commercial Court and the QFC Tribunal. The QFCA determines the commercial strategy of the QFC and is responsible for legislation and compliance matters relating to the QFC legal environment. The QFCRA regulates, authorises, supervises and, when necessary, disciplines banking, securities, insurance and other financial businesses carried on in or from the QFC. The QFCRA also registers and supervises the directors and other designated officers of the businesses authorised by it. The QFCRA's regulatory approach is modelled closely on that of the UK's Financial Conduct Authority. The QFC Civil and Commercial Court has jurisdiction over civil and commercial disputes arising between: (i) entities established within the QFC; (ii) employees or contractors employed by entities established in the QFC; (iii) QFC entities and residents of the State of Qatar if they elect such jurisdiction; and (iv) QFC institutions and entities established in the QFC. The QFC Tribunal hears appeals against decisions of the QFCRA, QFCA and other QFC institutions. The Qatar International Court and Dispute Resolution Centre (QICDRC) offers international arbitration and mediation services. The QFCA, QFCRA, the QFC Civil and Commercial Court and the Tribunal are all statutory independent bodies reporting to the Council of Ministers.

Firms operating under the QFC umbrella fall into two categories: those providing financial services, which are regulated activities, and those engaged in non-regulated activities. All QFC firms must apply to the QFCA for a business licence to conduct a permitted activity in or from the QFC. Firms planning to conduct regulated activities also need to apply to the QFCRA for authorisation. The operations of the Companies Registration Office are handled by the QFCA. The QFCA imposed a tax rate of 10 per cent. on local source business profits effective 1 January 2010. QFC entities which are 90 per cent. or more owned by Qatari nationals may be exempted from this tax rate and can instead opt for a concessionary rate change which is determined by the value of the share capital.

Firms licenced by the QFCRA banking business firms are authorised to conduct banking businesses, including, amongst other things, deposit taking and credit services. Under the QFC's licensing policy, such firms are currently prohibited from conducting retail banking with, or on behalf of, retail customers unless they obtain authorisation from the QFCRA. Financial institutions authorised by the QFCRA as investment management and advisory firms will be authorised to conduct activities such as dealing in investments (as agent), managing investments and providing custody services, amongst other things (depending on the scope of authorisation).

Principal regulator and collaborative regulatory approach

Law No. 13 of 2012, which came into force in 2013, gave the Governor of the QCB ultimate responsibility for governance of the QFC. While the QFCRA continues to regulate QFC entities that offer financial services, the QCB and the QFCRA collaborate on strategic matters.

SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the principal Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the principal Transaction Documents. Copies of the Transaction Documents will be available for inspection and/or collection (including by means of email distribution) at the offices of the Principal Paying Agent (as defined in the Conditions).

Master Purchase Agreement

The Master Purchase Agreement will be entered into on 19 August 2020 between MAR Sukuk Limited (in its capacities as Trustee and as Purchaser) and the Bank (in its capacity as Seller) and will be governed by the laws of Qatar. A Supplemental Purchase Agreement between the same parties will be entered into on the Issue Date of the first Tranche of each Series and will also be governed by the laws of Qatar (the Master Purchase Agreement as supplemented by the relevant Supplemental Purchase Agreement for each Series, the **Purchase Agreement**).

Pursuant to the Purchase Agreement, the Seller will sell, transfer and assign to the Purchaser, and the Purchaser will purchase and accept the transfer and assignment from the Seller, of the Initial Wakala Portfolio together with all of the Seller's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets comprising the Initial Wakala Portfolio for an amount equal to the Wakala Percentage of the Issue Proceeds (the **Purchase Price**), which will be payable on the Issue Date of the relevant Series. The Wakala Assets which are the subject of the Purchase Agreement will consist of Income Generating Wakala Assets. The details of the Initial Wakala Portfolio purchased pursuant to the Purchase Agreement will be set out in the schedule to the relevant Supplemental Purchase Agreement.

The proportion of the Purchase Price payable in respect of each such Income Generating Wakala Assets shall be an amount in the Specified Currency equal to the Value of such asset.

For the purposes of the Purchase Agreement, the **Value** means:

- (i) in respect of any Wakala Asset, the amount in the Specified Currency (following conversion, if necessary, of any relevant amount(s) at the applicable Wakala Exchange Rate), determined by the Seller on the relevant date as being equal to the aggregate of all outstanding fixed rental instalment amounts payable by the relevant lessee or other equivalent fixed instalment amounts payable by the relevant obligor, as applicable, in each case, in the nature of capital or principal payments in respect of the relevant asset (and, in each case whether, then due and unpaid or due and payable on or after such date), each of which is payable to the Bank under the relevant contract, agreement or other document related to or otherwise in respect of that Ijara Asset or Other Tangible Sharia-Compliant Asset (in each case, whether then due and unpaid or due and payable on or after such date), as applicable;
- (ii) in respect of the relevant Initial Wakala Portfolio, the aggregate of the amounts determined under paragraph (i) above in respect of the Wakala Assets comprising the Initial Wakala Portfolio on such date; and
- (iii) in respect of each Additional Wakala Portfolio, the aggregate of the amounts determined under paragraph (i) above in respect of the Wakala Assets comprising such Additional Wakala Portfolio on such date.

The Seller will provide limited representations and warranties to the Trustee (as Purchaser) on the date of the Master Purchase Agreement, including in respect of its power to enter into the transactions contemplated by the Master Purchase Agreement. In addition, on each Issue Date, the Seller will represent and warrant to the Trustee (as Purchaser) that:

- (a) each Wakala Asset, immediately prior to its sale, assignment and/or transfer, as applicable, to the Purchaser, is owned by or on behalf of the Seller free and clear of any adverse claim (subject to certain limited exceptions) and upon the payment by or on behalf of the Purchaser of the Purchase Price therefor, the Purchaser will acquire such Wakala Asset, together with all the rights, title, interests, benefits and entitlements in, to and under such Wakala Asset, free and clear of any adverse claim (subject as aforesaid);
- (b) that each Wakala Asset is an Eligible Wakala Asset;
- (c) the Value of each Wakala Asset ascribed by the Seller is true, accurate and correct as at such date; and

- (d) that each Wakala Asset complies in all material respects with Sharia principles as laid down by the Bank's Sharia Supervisory Board.

If the Seller is in breach of any of the representations and warranties listed above, it shall be required to substitute the Wakala Asset(s) in respect of which the representations and warranties are inaccurate for new Wakala Assets in respect of which the representations and warranties can be given whereupon the Seller shall be required to deliver a substitution instruction to the Purchaser in respect of such Wakala Assets and upon delivery thereof the Servicing Agent shall (on behalf of the Purchaser) exercise the Purchaser's right under the Purchase Undertaking to require the substitution of such Wakala Assets with new Wakala Assets in respect of which such representations and warranties can be given by the Seller, subject to and in accordance with the Purchase Agreement and the Purchase Undertaking.

For these purposes:

applicable Wakala Exchange Rate means, in the case of any amount paid or payable in respect, or any face amount, principal amount or par value, of a Wakala Asset that is in a currency (the **Wakala Currency**) other than the Specified Currency, the spot rate of exchange at which the Seller is able to purchase the Specified Currency with such amount of the Wakala Currency on the date on which the Wakala Currency is required to be exchanged into the Specified Currency in accordance with the Master Purchase Agreement (or if it is not practicable to make such purchase on such date, on the immediately preceding date on which it is so practicable), without taking into account any premium or other costs of exchange;

Designated Area means:

- (i) the investment areas designated in Qatar where, pursuant to the Law No. 16 of 2018, as may be amended or supplemented from time to time, or any relevant resolution or decision issued pursuant thereto from time to time, a non-Qatari person may own freehold title and/or a 99 year usufruct right over the relevant real estate; and
- (ii) any other real estate in Qatar, from time to time, in respect of which the Trustee may own freehold title or a usufruct right under the laws of Qatar;

Eligible Wakala Asset means an Income Generating Wakala Asset:

- (i) in respect of which the lessee in respect of the related Ijara Asset or other obligor in the case of any other income generating Wakala Asset is not in breach of its payment obligations in respect of that Ijara Asset or in respect of that other income generating Wakala Asset;
- (ii) which has been acquired or originated or is held or owned by or on behalf of the Seller in a manner consistent with its usual credit and origination and/or investment policies;
- (iii) which constitutes legal, valid, binding and (subject to the laws of bankruptcy and other laws affecting the rights of creditors generally) enforceable obligations of the relevant obligor in the jurisdiction in which it is located and the jurisdiction in which any related asset is located;
- (iv) in respect of which the Seller or the Servicing Agent (as applicable) is entitled to receive all payments due or proceeds of sale (as the case may be);
- (v) which is free and clear of any adverse claim (subject to certain limited exceptions);
- (vi) in respect of which there has not occurred any event of default (howsoever described) which is subsisting nor any acceleration or analogous event; and
- (vii) which is capable of being sold, assigned and/or transferred, as applicable, by the Seller to the Purchaser in accordance with the terms set out in the Purchase Agreement or (as applicable) capable of being acquired and/or originated by the Servicing Agent in accordance with the terms set out in the Service Agency Agreement.

Ijara Asset means a Non-Real Estate Ijara Asset or a Real Estate Ijara Asset;

Income Generating Wakala Asset means:

- (i) an Ijara Asset; and/or
- (ii) any Other Tangible Sharia-Compliant Asset;

Non-Real Estate Ijara Asset means a non-real estate tangible asset (excluding, for the purposes of the Wakala Portfolio only, any Restricted Vehicles) in relation to which the Bank or any person on its behalf has entered into a Non-Real Estate Ijara Contract (and includes that Non-Real Estate Ijara Contract, the rental and all other amounts payable thereunder and all rights, title, interest, benefits and entitlements in, to and under such Non-Real Estate Ijara Contract);

Non-Real Estate Ijara Contract means (i) a lease *ijara* contract entered into by the Bank or any person as agent on its behalf (the **Non-Real Estate Ijara Lessor**) and another person (the **Non-Real Estate Ijara Lessee**) pursuant to which the Non-Real Estate Ijara Lessor leases a non-real estate tangible asset to the Non-Real Estate Ijara Lessee and in respect of which the Bank is entitled to receive the rental and all other amounts arising thereunder, including any other agreements or documents associated with that contract; or (ii) any arrangement similar in economic effect to that described in (i) above;

Real Estate Ijara Asset means a real estate asset located in a Designated Area and in relation to which the Bank or any person as agent on its behalf has entered into a Real Estate Ijara Contract (and includes any ancillary rights under such Real Estate Ijara Contract);

Real Estate Ijara Contract means (i) a lease *ijara* contract entered into by the Bank, or any person as agent on its behalf, (the **Real Estate Ijara Lessor**) and a person (the **Real Estate Ijara Lessee**) pursuant to which the Real Estate Ijara Lessor leases a real estate asset to the Real Estate Ijara Lessee, and in respect of which payments are due from the Real Estate Ijara Lessee to the Real Estate Ijara Lessor; or (ii) any arrangement similar in economic effect to that described in sub-paragraph (i) including, for the avoidance of doubt, a forward lease *ijara* contract where the relevant real estate asset has been delivered to, or for the order of, the Real Estate Ijara Lessee; and

Restricted Vehicles means an asset comprising a vehicle which, pursuant to Law No. (19) of 2007, may not be registered in the name of a foreign entity.

Service Agency Agreement

The Service Agency Agreement will be entered into on 19 August 2020 between the Trustee and the Bank (in its capacity as Servicing Agent) and will be governed by English law.

Pursuant to the Service Agency Agreement, the Trustee will appoint the Servicing Agent to provide certain services in respect of the Wakala Portfolio relating to each Series. In particular, the Servicing Agent, in relation to each Series:

- (i) shall service the Wakala Portfolio in accordance with the services plan for such Series which shall be in the form set out in the schedule to the Service Agency Agreement and scheduled to the relevant Supplemental Purchase Agreement, which will include an expected return to be generated by the Wakala Portfolio on a periodic basis (the **Expected Wakala Portfolio Return**);
- (ii) shall, in conjunction with the Mudarib in the case of any Wakala/Mudaraba Series, (A) ensure that on the Issue Date of a Series at least 51 per cent. of, and (B) use all reasonable endeavours to procure that, at all times after the Issue Date, at least 51 per cent. of, (i) in the case of a Wakala Series, the Wakala Portfolio Value, is derived from Tangible Wakala Assets or, (ii) in the case of a Wakala/Mudaraba Series, the aggregate of the Wakala Portfolio Value and the Mudaraba Portfolio Value, is derived from Tangible Wakala Assets and/or Tangible Mudaraba Assets;
- (iii) shall use all reasonable endeavours to procure that, at all times, at least 51 per cent. of the Wakala Portfolio Value is derived from Tangible Wakala Assets and if, at any time, the minimum tangibility requirements set out in this paragraph and paragraph (ii) above (the **Minimum Tangible Assets Requirement**) is not satisfied, the Servicing Agent shall (in the case of the tangibility requirement in paragraph (ii) above, in conjunction with any measures taken by the Mudarib under the Mudaraba Agreement) use all reasonable endeavours to acquire as soon as reasonably practicable thereafter (whether through the acquisition or

origination (as applicable), for and on behalf of the Trustee pursuant to paragraph (v) below, of further Tangible Wakala Assets through the utilisation of Wakala Portfolio Principal Revenues) sufficient Tangible Wakala Assets to satisfy the Minimum Tangible Assets Requirement. Should the Servicing Agent, exercising all reasonable endeavours, fail to procure satisfaction of the Minimum Tangible Assets Requirement, it shall immediately take all such steps necessary (including, without limitation, in accordance with the foregoing sentence in this paragraph (iii) and seeking guidance from the Bank's Sharia Supervisory Board) to procure the satisfaction of the Minimum Tangible Assets Requirement. If the failure to procure satisfaction of the Minimum Tangible Assets Requirement continues for whatever reason to the extent that less than 33 per cent. of the Wakala Portfolio Value is derived from Tangible Wakala Assets at any time, it shall take any such measures as advised by the Bank's Sharia Supervisory Board;

- (iv) shall use all reasonable endeavours to manage the Wakala Portfolio to ensure that the Wakala Portfolio Value is at all times at least equal to the Purchase Price paid by the Trustee (in its capacity as Purchaser) under the relevant Purchase Agreement less the Wakala Percentage of any relevant Surrender Amount;
- (v) shall use all reasonable endeavours to reinvest all Wakala Portfolio Principal Revenues standing to the credit of the Principal Collection Amount in acquiring or originating (as applicable) further Eligible Wakala Assets such that the further Eligible Wakala Assets so acquired or originated are included in the Wakala Portfolio, subject to (i) the Value of such further Eligible Wakala Assets being not less than the consideration given as the purchase price of or the amounts otherwise applied in the acquisition of such assets; and (ii) such further Eligible Wakala Assets being Eligible Wakala Assets in respect of which the Servicing Agent shall represent and warrant on the date of such acquisition or origination (as the case may be) as follows:
 - (a) each Eligible Wakala Asset being acquired, immediately prior to its acquisition, by the Servicing Agent on behalf of the Trustee, is owned by or on behalf of the Bank free and clear of any adverse claim (subject to certain limited exceptions) and upon the utilisation of Wakala Portfolio Principal Revenues in respect thereof, the Servicing Agent will, on behalf of the Trustee, acquire such Eligible Wakala Asset, together with all the rights, title, interests, benefits and entitlements in, to and under such Eligible Wakala Asset, free and clear of any adverse claim (subject as aforesaid);
 - (b) that each Wakala Asset in which Wakala Portfolio Principal Revenues are being reinvested is an Eligible Wakala Asset;
 - (c) the Value of each Eligible Wakala Asset ascribed by the Servicing Agent is true, accurate and correct as at such date;
 - (d) that it has the power and capacity to originate new Eligible Wakala Assets or (as applicable) to acquire the applicable Eligible Wakala Assets in the manner specified by the Service Agency Agreement; and
 - (e) that each such Eligible Wakala Asset complies in all material respects with Sharia principles as laid down by the Bank's Sharia Supervisory Board;
- (vi) shall do all acts and things that it considers reasonably necessary to ensure the assumption of, and compliance by each Wakala Asset obligor with its covenants, undertakings or other obligations in respect of the Wakala Assets in accordance with the relevant contractual terms;
- (vii) shall discharge or procure the discharge of all obligations to be discharged by the Bank (in whatever capacity) in respect of any of the Wakala Assets under all related contracts, it being acknowledged that the Servicing Agent may appoint one or more agents to discharge these obligations on its behalf;
- (viii) shall pay on behalf of the Trustee any actual costs, expenses, losses and taxes which would otherwise be payable by the Trustee as a result of the Trustee's ownership of the Wakala Portfolio;
- (ix) shall use all reasonable endeavours to ensure the timely receipt of all Wakala Portfolio Revenues, investigate non-payment of Wakala Portfolio Revenues and generally make all reasonable endeavours to collect or enforce the collection of such Wakala Portfolio Revenues under all related contracts as and when the same shall become due;

- (x) shall use all reasonable endeavours to ensure that the Wakala Portfolio Income Revenues are at least equal to the Expected Wakala Portfolio Return (together with any additional amounts to be paid pursuant to the Service Agency Agreement), provided that such Expected Wakala Portfolio Return shall be reduced from time upon any redemption and/or cancellation of any of the Certificates of the relevant Series in accordance with the Conditions such that the Expected Wakala Portfolio Return shall be determined by reference to the then outstanding Certificates of such Series;
- (xi) shall maintain the Collection Accounts in accordance with the terms of the Service Agency Agreement;
- (xii) shall obtain all necessary authorisations in connection with any of the Wakala Assets and its obligations under or in connection with the Service Agency Agreement;
- (xiii) ensure all Wakala Asset obligors in respect of the Tangible Wakala Assets maintain insurance in an amount not less than the Value of the relevant Tangible Wakala Assets, such that the proceeds of the insurance are paid within 30 days of the occurrence of the total loss, and fulfil all structural repair and major maintenance obligations, in respect of the relevant Tangible Wakala Assets in accordance with their applicable contractual terms;
- (xiv) in the event of the total loss of a Tangible Wakala Asset, if the insurance proceeds received by the Servicing Agent in respect of such Tangible Wakala Asset are less than the Value of such Asset (the **Total Loss Shortfall**), and if the Servicing Agent is unable to prove beyond a reasonable doubt that it has complied with its obligations relating to such insurances, including without limitation the obligation in (xiii) above, the Servicing Agent shall, on the 31st calendar day following such total loss, irrevocably and unconditionally indemnify the Trustee for the shortfall by crediting the aggregate of any such Total Loss Shortfall amounts to the Principal Collection Account;
- (xv) may provide (or may procure the provision of, as applicable) a Liquidity Facility in the circumstances and on the terms described below;
- (xvi) it will, on the same day as a substitution instruction is issued under the Service Agency Agreement or the Master Purchase Agreement, deliver a substitution notice (on behalf of the Trustee), to Masraf Al Rayan in accordance with the Purchase Undertaking; and
- (xvii) will carry out any incidental matters relating to any of the above.

The Servicing Agent shall perform its duties under the Service Agency Agreement in accordance with all applicable laws and regulations, with the degree of skill and care that it would exercise in respect of its own assets and in a manner that complies in all material respects with the Sharia principles laid down by the Bank's Sharia Supervisory Board.

The Bank shall be entitled to receive a fee for acting as Servicing Agent which will comprise a fixed fee of U.S.\$100 and may also receive incentive payments as described below.

In the Service Agency Agreement, the Trustee and the Servicing Agent agree that, in relation to each Series, (a) (provided that no Dissolution Event has occurred and is continuing) the Servicing Agent may on behalf of the Trustee at any time; and (b) (whether or not a Dissolution Event has occurred and is continuing) upon becoming aware of any default (howsoever described) in respect of any Wakala Asset shall use its reasonable endeavours to, substitute any one or more Wakala Assets (the **Substituted Wakala Assets**) as the Servicing Agent may in its absolute discretion select (subject to any Wakala Asset(s) to be substituted being the Wakala Asset(s) in respect of which a default (howsoever described) has occurred, if applicable) by delivering to the Trustee a substitution instruction in accordance with the Service Agency Agreement whereupon the Servicing Agent shall (on behalf of the Trustee) exercise the Trustee's right under the Purchase Undertaking. The substitute Wakala Asset(s) for these purposes (the **New Wakala Assets**) shall be Eligible Wakala Asset(s) of a Value not less than the value of the consideration paid for the Substituted Wakala Assets when they first became part of the Wakala Portfolio after deduction of all Wakala Portfolio Principal Revenues relating to such Substituted Wakala Assets which have been credited to the Principal Collection Account in accordance with the Service Agency Agreement, and provided further that each New Wakala Assets is a Tangible Wakala Asset. In addition, the Servicing Agent shall represent and warrant on the date on which the relevant substitution is effected that:

- (i) the New Wakala Assets, immediately prior to their assignment and/or transfer (as applicable) in accordance with the Purchase Undertaking, are owned by or on behalf of the Bank free and clear of any adverse claim (subject to certain limited exceptions) and upon the assignment and/or transfer (as applicable) of the applicable Substituted Wakala Assets therefor the Trustee will acquire such New Wakala Assets, together with all the rights, title, interests, benefits and entitlements in, to and under such New Wakala Asset, free and clear of any adverse claim (subject as aforesaid) pursuant to the provisions of the Purchase Undertaking;
- (ii) each New Wakala Asset is an Eligible Wakala Asset;
- (iii) the Value of each New Wakala Asset ascribed by the Servicing Agent is true, accurate and correct as of such date; and
- (iv) each New Wakala Asset complies in all material respects with Sharia principles as laid down by the Bank's Sharia Supervisory Board,

and any such substitution shall otherwise be undertaken on the terms and subject to the conditions of the Service Agency Agreement and the Purchase Undertaking.

The Servicing Agent will maintain, in relation to each Series, three separate book-entry ledger accounts (referred to as the **Principal Collection Account**, the **Income Collection Account** and the **Wakala Reserve Collection Account**, respectively, and, together, the **Collection Accounts**) in which all revenues from the Wakala Assets (the **Wakala Portfolio Revenues**) will be recorded.

All Wakala Portfolio Revenues relating to a Series in the nature of capital or principal payments in respect of the relevant Wakala Assets (the **Wakala Portfolio Principal Revenues**), shall be credited to the applicable Principal Collection Account and reinvested by the Servicing Agent in acquiring or originating further Eligible Wakala Assets. All Wakala Portfolio Revenues other than Wakala Portfolio Principal Revenues (the **Wakala Portfolio Income Revenues**) for that Series shall be credited to the applicable Income Collection Account.

In relation to each Series, amounts standing to the credit of the Income Collection Account will be applied by the Servicing Agent on the Business Day immediately preceding each Periodic Distribution Date in the following order of priority:

- (i) *first*, in repayment to the Servicing Agent of any amounts advanced by way of a Liquidity Facility;
- (ii) *second*, in payment to the Servicing Agent on behalf of the Trustee of any Service Agency Liabilities Amounts for the period corresponding to the Return Accumulation Period ending on that Periodic Distribution Date or any Service Agency Liabilities Amounts for any previous periods that remain unpaid;
- (iii) *third*, to pay into the Transaction Account an amount equal to the lesser of (i) the Wakala Percentage of the Required Amount payable on the immediately following Periodic Distribution Date and (ii) the balance of the Income Collection Account; and
- (iv) *fourth*, any amounts still standing to the credit of the Income Collection Account immediately following payment of all of the above amounts shall be debited from the Income Collection Account and credited to the Wakala Reserve Collection Account.

On the Business Day immediately preceding any Dissolution Date which is not a Dissolution Event Redemption Date or (in the case of a Dissolution Date which is a Dissolution Event Redemption Date) on the applicable Dissolution Event Redemption Date, the Servicing Agent shall be obliged to pay an amount in the Specified Currency (following conversion, if necessary, of any relevant amount(s) at the applicable Wakala Exchange Rate) equal to the amount of any Wakala Portfolio Principal Revenues standing to the credit of the Principal Collection Account (or in the case of a redemption of some but not all of the Certificates, a corresponding portion thereof) into the Transaction Account.

If there is a shortfall at any relevant time in relation to a Series between the amounts standing to the credit of the Transaction Account and the Required Amount payable on the immediately following Periodic Distribution Date, amounts standing to the credit of the Wakala Reserve Collection Account may be applied towards such shortfall. If a shortfall remains following such application, together with the corresponding application of any amounts standing to the credit of the Mudaraba Reserve Account in the case of a Wakala/Mudaraba Series as described

below, the Servicing Agent may also advance (or may procure the advance of, as applicable) amounts to the Trustee by way of a Liquidity Facility to ensure the Trustee receives the Required Amount on such Periodic Distribution Date to pay the relevant Periodic Distribution Amount, by paying the amounts so advanced into the Transaction Account on the Business Day immediately preceding the relevant Periodic Distribution Date. Any Liquidity Facility shall be provided on terms that it is repayable from Wakala Portfolio Income Revenues in accordance with the Service Agency Agreement or on the Dissolution Date.

The Servicing Agent will be entitled to deduct amounts standing to the credit of the Wakala Reserve Collection Account at any time and use such amounts for its own account, provided that such amounts shall be repaid by it if so required to fund any shortfall as described above.

The Servicing Agent shall keep detailed records of all movements in the Collection Accounts for each Series and, if so requested, provide the Trustee with copies of such records and any other information or details in relation to the Collection Accounts as the Trustee may reasonably request. Following payment of all amounts due and payable under the Certificates of a Series on its Dissolution Date, the Servicing Agent shall be entitled to retain any amounts that remain standing to the credit of the Wakala Reserve Collection Account for that Series for its own account as an incentive payment for acting as Servicing Agent.

The Servicing Agent will agree in the Service Agency Agreement that all payments by it under the Service Agency Agreement will be made without any deduction or withholding for or on account of tax unless required by law and without set-off or counterclaim of any kind. If there is any deduction or withholding, the Servicing Agent shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no deduction or withholding had been made. The payment obligations of the Servicing Agent under the Service Agency Agreement in relation to a Series will be direct, unconditional, unsecured and general obligations of the Bank which rank (save for such exceptions as may be provided by applicable legislation) at least *pari passu* with all other unsecured, unsubordinated monetary obligations of the Bank, present and future.

For these purposes:

applicable Wakala Exchange Rate means, in the case of any amount paid or payable in respect, or any face amount, principal amount or par value, of a Wakala Asset (including any amount of Wakala Portfolio Principal Revenues) that is in a currency (the **Wakala Currency**) other than the Specified Currency, the spot rate of exchange at which the Servicing Agent is able to purchase the Specified Currency with such amount of the Wakala Currency on the date on which the Wakala Currency is required to be exchanged into the Specified Currency in accordance with the Service Agency Agreement (or if it is not practicable to make such purchase on such date, on the immediately preceding date on which it is so practicable), without taking into account any premium or other costs of exchange;

Service Agency Liabilities Amount means, in relation to each Series, the amount of any claims, losses, costs and expenses properly incurred or suffered by the Servicing Agent or other payments made by the Servicing Agent on behalf of the Trustee as may from time to time be notified in writing by the Servicing Agent to the Trustee, in each case in providing the relevant services during the relevant period but does not include any amount due to the Servicing Agent under the Service Agency Agreement in respect of any Liquidity Facility;

Required Amount means, in relation to each Series:

- (i) in respect of an amount payable on a Periodic Distribution Date, an amount equal to the aggregate of all Periodic Distribution Amounts payable on each such Periodic Distribution Date in respect of the Certificates of such Series; or
- (ii) in respect of an amount payable on a Dissolution Date (other than a Certificateholder Put Right Date or an Optional Dissolution Date), an amount equal to the aggregate of all accrued and unpaid Periodic Distribution Amounts payable on such Dissolution Date in respect of the Certificates of such Series; or
- (iii) in relation to an amount payable on a Certificateholder Put Right Date, an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) payable on such Certificateholder Put Right Date in respect of the Certificates to be redeemed on such Certificateholder Put Right Date; or

- (iv) in relation to an amount payable on an Optional Dissolution Date, an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) payable on such Optional Dissolution Date in respect of the Certificates to be redeemed on such Optional Dissolution Date,

together with, in each case, an amount equal to the amounts payable pursuant to Conditions 5(a)(i) and 5(b)(ii) (as the case may be), in each case provided that the Bank has received notification from the relevant party by the date specified for such purpose in the Service Agency Agreement;

Surrender Amount means, in relation to a Series, the aggregate face amount of any Certificates cancelled by the Trustee pursuant to Condition 8;

Tangible Wakala Asset means an Ijara Asset or Other Tangible Sharia-Compliant Asset that is an Eligible Wakala Asset, but in all cases excluding any asset which is the subject of a forward lease contract where such asset has not been delivered;

Value means:

- (i) in respect of any Wakala Asset, the amount in the Specified Currency (following conversion, if necessary, of any relevant amount(s) at the applicable Wakala Exchange Rate) determined by the Servicing Agent on the relevant date as being equal to the aggregate of all outstanding fixed rental instalment amounts payable by the relevant lessee or other equivalent fixed instalment amounts payable by the relevant obligor, as applicable, in each case in the nature of capital or principal payments in respect of the relevant asset, each of which is payable to the Bank under or in respect of the contract relating to the relevant Ijara Asset or Other Tangible Sharia-Compliant Asset (in each case, whether then due and unpaid or due and payable on or after such date), as applicable;
- (ii) in the case of any Wakala Portfolio Principal Revenues, the amount of such Wakala Portfolio Principal Revenues standing to the credit of the Principal Collection Account on such date; and
- (iii) in respect of the relevant Wakala Portfolio, the aggregate of the amounts determined under paragraphs (i) and (ii) above in respect of the Wakala Assets and the Wakala Portfolio Principal Revenues so comprising the Wakala Portfolio on such date;

Wakala Portfolio means, in relation to each Series (i) the Initial Wakala Portfolio related to that Series, (ii) from the time of any acquisition or origination of a Wakala Asset by the Servicing Agent in accordance with the Service Agency Agreement or substitution of a Wakala Asset in accordance with the Master Purchase Agreement or the Service Agency Agreement (as applicable) and in each case the Purchase Undertaking, shall include the Eligible Wakala Asset(s) so acquired or originated (as applicable) or substituted for the relevant Wakala Asset and cease to include the Wakala Asset so substituted (but shall not include in the case of (i) or (ii) above any obligations or liabilities of the Bank in respect of any such assets accruing prior to the date upon which the relevant Wakala Asset became part of the Wakala Portfolio (other than in its capacity as Servicing Agent)), (iii) from the time of any other sale or transfer of a Wakala Asset to the Bank in accordance with the Sale Undertaking or purchase or transfer of a Wakala Asset by the Bank pursuant to the Purchase Undertaking, shall cease to include the Wakala Asset so sold, transferred or purchased and (iv) at any time, the Wakala Portfolio Principal Revenues standing to the credit of the Principal Collection Account on the relevant date; and

Wakala Portfolio Value means the Value of a Wakala Portfolio.

Master Restricted Mudaraba Agreement

The Master Restricted Mudaraba Agreement will be entered into on 19 August 2020 between the Trustee (in its capacity as Trustee and as Rabb-al-Maal) and the Bank (in its capacity as Mudarib) and will be governed by English law. A Supplemental Restricted Mudaraba Agreement between the same parties will be entered into on the Issue Date of each Wakala/Mudaraba Series which will also be governed by English law (the Master Restricted Mudaraba Agreement as supplemented by the relevant Supplemental Restricted Mudaraba Agreement for each Series, the **Restricted Mudaraba Agreement**).

Pursuant to the Restricted Mudaraba Agreement, the Rabb-al-Maal will agree that, on the Issue Date of each Wakala/Mudaraba Series, it shall invest the Mudaraba Percentage of the Issue Proceeds as the initial Mudaraba Capital relating to that Series with the Mudarib and the Mudarib agrees to invest and manage the Mudaraba

Capital, in each case, in accordance with the relevant Restricted Mudaraba Agreement (which shall include the relevant Mudaraba Investment Plan). The Mudaraba Investment Plan, in relation to each Wakala/Mudaraba Series, will specify, among other things, the expected return from the Mudaraba Assets which the parties commercially intend to achieve during the term of the Mudaraba (the **Expected Mudaraba Return**).

Pursuant to the Mudaraba Agreement, the Mudarib will unconditionally and irrevocably undertake, in relation to each Wakala/Mudaraba Series, to:

- (i) on each Issue Date of a Wakala/Mudaraba Series, invest the Mudaraba Capital of the relevant Mudaraba (and on each date on which any additional Certificates are issued, invest the Additional Mudaraba Capital) in accordance with the terms of the relevant Restricted Mudaraba Agreement, including the relevant Mudaraba Investment Plan solely in Eligible Mudaraba Assets (including an undivided ownership interest in such assets) the Value of which is (a) in the case of Tangible Mudaraba Assets, not less than and (b) in the case of Sharia-Compliant Investments, equal to, the value of the consideration given for each such asset as at the date upon which it becomes part of the Mudaraba Portfolio;
- (ii) in conjunction with the Servicing Agent, (A) ensure that on the Issue Date of a Wakala/Mudaraba Series at least 51 per cent. of, and (B) use all reasonable endeavours to procure that at all times after the Issue Date, at least 51 per cent. of, the aggregate of the relevant Mudaraba Portfolio Value and Wakala Portfolio Value is derived from Tangible Mudaraba Assets and/or Tangible Wakala Assets (the **Minimum Tangible Asset Requirement**); and if, at any time, the Minimum Tangible Asset Requirement is not satisfied, the Mudarib shall (in conjunction with any measures taken by the Servicing Agent under the Service Agency Agreement) use all reasonable endeavours to identify for investment, as soon as reasonably practicable thereafter, sufficient Tangible Mudaraba Assets to satisfy the Minimum Tangible Asset Requirement and on such identification shall promptly reinvest in the Tangible Mudaraba Assets it has so identified an amount of Mudaraba Portfolio Principal Revenues and/or to the extent that insufficient Mudaraba Portfolio Principal Revenues are then held by the Mudarib, the Sharia-Compliant Investments comprised within the Mudaraba Portfolio equal to the Value of such Tangible Mudaraba Assets;
- (iii) as soon as reasonably practicable, reinvest all Mudaraba Portfolio Principal Revenues received (if any) in relation to the Mudaraba in additional Eligible Mudaraba Assets in each case in accordance with the terms of the relevant Restricted Mudaraba Agreement, including the relevant Mudaraba Investment Plan. Such additional Eligible Mudaraba Assets will form part of the Mudaraba Portfolio of the relevant Mudaraba from the date of such investment and the value of the consideration given for such assets shall be (a) in the case of any Tangible Mudaraba Assets, not less than and (b) in the case of any Sharia-Compliant Investments, equal to the Value of such assets;
- (iv) in relation to each Mudaraba, monitor, subject to and in accordance with the usual and standard practices of the Bank from time to time, the Value and income generating properties of the Mudaraba Assets and use all reasonable endeavours to manage the Mudaraba Portfolio to ensure that the Mudaraba Portfolio Value is at all times at least equal to the Mudaraba Capital less the Mudaraba Percentage of any relevant Surrender Amount;
- (v) use all reasonable endeavours to ensure that lessees in respect of the Real Estate Ijara Assets and the Non-Real Estate Ijara Assets and other obligors in respect of Other Tangible Sharia-Compliant Assets maintain insurance in an amount not less than the Value of the relevant Tangible Mudaraba Assets comprised within the Mudaraba Portfolio and fulfil all structural repair and major maintenance obligations in respect of such Tangible Mudaraba Assets (each in accordance with the relevant contractual terms);
- (vi) in the event of the total loss of a Tangible Mudaraba Asset, if the insurance proceeds received by the Mudarib in respect of such asset are less than the Value of such Asset (the **Total Loss Shortfall**), and if the Mudarib is unable to prove beyond a reasonable doubt that it has complied with its obligations relating to such insurances, including without limitation the obligation in (v) above, the Mudarib shall indemnify the Trustee for the shortfall by crediting the aggregate of any such Total Loss Shortfall amounts to the Principal Collection Account;

- (vii) use all reasonable endeavours to ensure the timely receipt of all Mudaraba Portfolio Principal Revenues and Mudaraba Profit, if any, investigate non-payment of the same and generally make all reasonable efforts to collect or enforce the collection of such amounts in respect of all Non-Real Estate Ijara Assets, Real Estate Ijara Assets and Other Tangible Sharia-Compliant Assets as and when the same shall become due;
- (viii) it shall use all reasonable endeavours to ensure that the Mudaraba Profit received in respect of each profit distribution period is at least equal to the Expected Mudaraba Return (together with any additional amounts to be paid pursuant to the Restricted Mudaraba Agreement), provided that such Expected Mudaraba Return shall be reduced from time to time upon any redemption and/or cancellation of any of the Certificates of the relevant Series in accordance with the Conditions such that the Expected Mudaraba Return shall be determined by reference to the then outstanding Certificates of such Series;
- (ix) exercise such rights, powers and discretions as arise under any Restricted Mudaraba Agreement (together with any other incidental rights, powers, authorities and discretions), and take such action as it deems appropriate, in each case:
 - (a) in accordance with applicable laws and regulations;
 - (b) with the degree of skill and care that it would exercise in respect of its own assets; and
 - (c) in a manner that complies in all material respects with the Sharia principles laid down by the Bank's Sharia Supervisory Board
- (x) in relation to each Mudaraba, maintain separate ledger accounts (the **Mudaraba Accounts**) to record:
 - (a) any amounts received in the nature of capital or principal payments in respect of the Mudaraba Assets (**Mudaraba Portfolio Principal Revenues**);
 - (b) the amount of Mudaraba Profit for each period corresponding to a Return Accumulation Period; and
 - (c) any amount of Mudaraba Profit remaining on the Business Day immediately preceding each Periodic Distribution Date after deducting amounts payable to the Rabb-al-Maal.

In each Restricted Mudaraba Agreement, the Mudarib and the Rabb-al-Maal will acknowledge and agree in relation to each Mudaraba (a) (provided that no Dissolution Event has occurred and is continuing in respect of the relevant Wakala/Mudaraba Series) the Bank may at any time request the Mudarib to substitute and (b) (whether or not a Dissolution Event has occurred and is continuing) upon any breach of the representations and warranties given in relation to a Mudaraba Asset) the Mudarib shall so substitute and upon any default or potential default (howsoever described) in respect of any Mudaraba Asset shall use its reasonable endeavours to so substitute, any one or more of the Mudaraba Assets as the Mudarib may select (subject to any Mudaraba Asset(s) to be substituted being the Mudaraba Asset(s) in respect of which such default or potential default has occurred or the Mudaraba Asset not in compliance with such representations and warranties, if applicable). The substitute Mudaraba Asset(s) for these purposes shall be Eligible Mudaraba Assets that are Tangible Mudaraba Assets of a Value not less than the value of the consideration paid for such substituted Mudaraba Asset(s) when it or they (as applicable) first became part of the Mudaraba Portfolio, after deduction of all Mudaraba Portfolio Principal Revenues relating to such Mudaraba Asset(s) which have been credited to the relevant Mudaraba Account in accordance with the Master Restricted Mudaraba Agreement) and any such substitution shall otherwise be undertaken on the terms and subject to the conditions of the relevant Restricted Mudaraba Agreement.

In relation to each Wakala/Mudaraba Series, the amount of any profit earned from the investment of the Mudaraba Capital by the Mudarib during the relevant profit distribution period being an amount in the Specified Currency (following conversion, if necessary, of any relevant amount(s) at the applicable Mudaraba Exchange Rate) equal to all revenues earned and received in respect of the Mudaraba Assets during such profit distribution period, minus the aggregate of (a) any Mudaraba Portfolio Principal Revenues received in respect of the Mudaraba Assets during the relevant profit distribution period; (b) any costs (consisting of direct costs and allocated costs) and/or specific provisions associated with the Mudaraba Assets during the relevant profit distribution period; and (c) any taxes incurred in connection with the Restricted Mudaraba Agreement (including in connection with any transfer, sale or disposal of any Mudaraba Asset during the relevant profit distribution period) but excluding the Mudarib's

obligations (if any) to pay any taxes or additional amounts under, or in connection with, the Conditions, in each case as reflected in the Mudaraba Accounts shall constitute the **Mudaraba Profit**.

Any Mudaraba Profit in respect of a profit distribution period will be allocated between the Rabb-al- Maal and the Mudarib in accordance with a profit sharing ratio of 99 per cent. for the Rabb-al-Maal and one per cent. for the Mudarib. The Mudarib will distribute the Rabb-al-Maal's share of such Mudaraba Profit by payment of the same into the relevant Transaction Account on the date of its determination.

If, in relation to a Wakala/Mudaraba Series, the Rabb-al-Maal's share of any Mudaraba Profit to be paid by the Mudarib into the Transaction Account on any relevant determination date is greater than the Mudaraba Percentage of the Required Amount for that Series on the immediately following Periodic Distribution Date, the amount of any excess shall be retained by the Mudarib as a reserve and credited to a reserve book-entry ledger account (the **Mudaraba Reserve Account**) and the amount payable to the Transaction Account in respect of such Mudaraba Profit shall be reduced accordingly. If there is a shortfall on such date or on a Dissolution Date between the amounts standing to the credit of the Transaction Account (after payment into the Transaction Account of the Rabb-al-Maal's share of any Mudaraba Profit and any other amounts to be paid into the Transaction Account on such date in accordance with the other Transaction Documents) and the Required Amount payable on the immediately following Periodic Distribution Date or the Dissolution Date, as the case may be, amounts standing to the credit of the applicable Mudaraba Reserve Account (or a portion thereof where some only of the Certificates of a Series are to be redeemed on a Dissolution Date) may be applied towards such shortfall.

The Mudarib will be entitled to deduct amounts standing to the credit of any Mudaraba Reserve Account at any time and use such amounts for its own account, provided that such amounts shall be repaid by it if so required to fund a shortfall as described above. After all amounts due and payable under the Certificates of the relevant Wakala/Mudaraba Series have been paid in full, the Mudarib shall be entitled to retain the remaining balance (if any) of the Mudaraba Reserve Account for its own account as an incentive payment for its performance as Mudarib.

In relation to each Wakala/Mudaraba Series, where all Certificates of a Series are to be redeemed on a Dissolution Date, the relevant Mudaraba, or where some only of the Certificates of a Series are to be redeemed on a Dissolution Date, a portion of the Mudaraba Portfolio will be liquidated on the Business Day immediately preceding the relevant Dissolution Date or, where the Dissolution Date is a Dissolution Event Redemption Date, on such Dissolution Event Redemption Date by the Mudarib, and through such liquidation the Mudarib will (i) return to the Rabb-al-Maal an amount in the Specified Currency equal to the Mudaraba Portfolio Value for that Mudaraba (or the Value of the relevant portion of the Mudaraba Portfolio that is liquidated where some only of the Certificates of a Series are to be redeemed on a Dissolution Date) (provided that the Rabb-al-Maal's share of the final liquidation proceeds shall not exceed the Mudaraba Capital) and (ii) pay to the Rabb-al-Maal its share of any Mudaraba Profit realised upon such liquidation (provided that the Rabb-al-Maal's share of such Mudaraba Profit to be paid into the Transaction Account shall not be greater than the Mudaraba Percentage of the Required Amount on such date as described above) by payment of the same into the Transaction Account on the Business Day immediately preceding the Dissolution Date or, where the Dissolution Date is a Dissolution Event Redemption Date, on such Dissolution Event Redemption Date.

Following any purchase of Certificates of a Series by the Bank or any Subsidiary of the Bank pursuant to Condition 8(f), if the Bank elects to cancel such Certificates in accordance with Condition 8(g)), the Mudarib shall also liquidate a portion Mudaraba Portfolio in the manner described above and release to the Rabb-al-Maal a corresponding portion of the relevant Mudaraba Assets the Value of which shall be equal to the cancellation percentage (being the aggregate face amount of the Certificates to be cancelled divided by the aggregate face amount of the Certificates then outstanding, expressed as a percentage) of the aggregate Value of the Mudaraba Assets as the relevant Cancellation Date against the cancellation of the applicable Certificates of that Series so purchased.

The Mudarib will agree in the Restricted Mudaraba Agreement that all payments by it under the Restricted Mudaraba Agreement will be made without any deduction or withholding for or on account of tax unless required by law and without set-off or counterclaim of any kind. If there is any deduction or withholding, the Mudarib shall pay all additional amounts as will result in the receipt by the Rabb-al-Maal of such net amounts as would

have been received by it if no deduction or withholding had been made. Further, the obligations of the Mudarib in relation to a Series shall be direct, unconditional, unsubordinated and unsecured obligations of the Bank which rank (save for such exceptions as may be provided by applicable legislation) at all times at least *pari passu* with all other unsecured, unsubordinated monetary obligations of the Mudarib, present and future.

For these purposes:

applicable Mudaraba Exchange Rate means, in the case of any amount payable in respect, or any face amount or par value, of a Mudaraba Asset (including any amount of Mudaraba Portfolio Principal Revenues) that is in a currency (the **Mudaraba Currency**) other than the Specified Currency, the spot rate of exchange at which the Mudarib is able to purchase the Specified Currency with such amount of the Mudaraba Currency on the date on which the Mudaraba Currency is required to be exchanged into the Specified Currency in accordance with this Agreement, without taking into account any premium or other costs of exchange;

Eligible Mudaraba Asset means:

- (i) a Real Estate Ijara Asset, a Non-Real Estate Ijara Asset and/or any Other Tangible Sharia-Compliant Asset:
 - (a) in respect of which the relevant lessee or other obligor is not in breach of its payment obligations in respect of the relevant Real Estate Ijara Asset, Non-Real Estate Ijara Asset or Other Tangible Sharia-Compliant Asset;
 - (b) which has been acquired or originated or is held or owned by or on behalf of the Bank in a manner consistent with its usual credit and origination and/or investment policies;
 - (c) which constitutes legal, valid, binding and (subject to the laws of bankruptcy and other laws affecting the rights of creditors generally) enforceable obligations of the relevant lessee and/or obligor (as applicable) thereof in the jurisdiction in which it is located and the jurisdiction in which any related asset is located;
 - (d) in respect of which the Bank is entitled to receive all payments due or proceeds of sale (as the case may be);
 - (e) which is free and clear of any adverse claim (subject to limited exceptions); and
 - (f) in respect of which there has not occurred any event of default (howsoever described) which is subsisting, acceleration or analogous event; or
- (ii) a Sharia-Compliant Investment;

Mudaraba Portfolio means, in relation to a Mudaraba (i) the Initial Mudaraba Portfolio, (ii) from the time of any substitution of a Mudaraba Asset or investment in further Mudaraba Assets in accordance with the Restricted Mudaraba Agreement and the Mudaraba Investment Plan, shall include the Eligible Mudaraba Asset(s) substituted for the relevant Mudaraba Asset or in which the Mudarib further invests and cease to include the Mudaraba Asset so substituted, as applicable, (iii) from the time of any release of Mudaraba Assets from, or liquidation of, the Mudaraba, in each case in accordance with the Restricted Mudaraba Agreement, shall cease to include any assets released or liquidated from time to time as a result of an early redemption of the Certificates or cancellation of Certificates in accordance with the Conditions and (iv) the Mudaraba Portfolio Principal Revenues then held by the Mudarib on the relevant date;

Required Amount means, in relation to each Wakala/Mudaraba Series:

- (i) in respect of an amount payable on a Periodic Distribution Date, an amount equal to the aggregate of all Periodic Distribution Amounts payable on each such Periodic Distribution Date in respect of the Certificates of such Series; or
- (ii) in respect of an amount payable on a Dissolution Date (other than a Certificateholder Put Right Date or an Optional Dissolution Date), an amount equal to the aggregate of all accrued and unpaid Periodic Distribution Amounts payable on such Dissolution Date in respect of the Certificates of such Series; or

- (iii) in relation to an amount payable on a Certificateholder Put Right Date, an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) payable on such Certificateholder Put Right Date in respect of the Certificates to be redeemed on such Certificateholder Put Right Date; or
- (iv) in relation to an amount payable on an Optional Dissolution Date, an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) payable on such Optional Dissolution Date in respect of the Certificates to be redeemed on such Optional Dissolution Date,

together with, in each case, an amount equal to the amounts payable pursuant to Conditions 5(a)(i) and 5(a)(ii) (as the case may be), in each case provided that the Bank has received notification from the relevant party by the date specified for such purpose in the Master Restricted Mudaraba Agreement;

Tangible Mudaraba Asset means a Real Estate Ijara Asset, Non-Real Estate Ijara Asset or Other Tangible Sharia-Compliant Asset that is an Eligible Mudaraba Asset; and

Value means:

- (i) in respect of any Mudaraba Asset, the amount in the Specified Currency (following conversion, if necessary, of any relevant amount(s) at the applicable Mudaraba Exchange Rate) determined by the Mudarib on the relevant date as being equal to:
 - (a) in the case of a Real Estate Ijara Asset, Non-Real Estate Ijara Asset or Other Tangible Sharia-Compliant Asset, the aggregate of all outstanding fixed rental instalment amounts payable by the relevant lessee or other equivalent fixed instalment amounts payable by the relevant obligor, as applicable, in each case, in the nature of capital or principal payments in respect of the relevant asset, each of which is payable to the Bank under or in respect of the relevant contracts relating to the Real Estate Ijara Asset, Non-Real Estate Ijara Asset or Other Tangible Sharia-Compliant Asset (in each case, whether then due and unpaid or due and payable on or after such date), as applicable;
 - (b) in the case of a Sharia-Compliant Investment, its then outstanding face amount or par value; or
 - (c) in the case of any Mudaraba Portfolio Principal Revenues, the amount of such Mudaraba Portfolio Principal Revenues then recorded in the Principal Collection Account; and
- (ii) in respect of the relevant Mudaraba Portfolio, the aggregate of the amounts determined under paragraph (i) above in respect of the Mudaraba Assets comprising the Mudaraba Portfolio on such date.

Purchase Undertaking

The Purchase Undertaking will be executed as a deed on 19 August 2020 by the Bank in favour of the Trustee and the Delegate and will be governed by English law.

Pursuant to the Purchase Undertaking, the Bank will, in relation to each Series, irrevocably undertake in favour of the Trustee and the Delegate the right to require the Bank to purchase all of the Trustee's rights, title, interests, benefits and entitlements in, to and under:

- (i) the Wakala Assets on the Scheduled Dissolution Date, a Dissolution Event Redemption Date, and each Certificateholder Put Right Date, in each case provided that all Certificates of the relevant Series are to be redeemed in full on such date; or
- (ii) a proportion of the Wakala Assets on each Certificateholder Put Right Date on which some but not all of the Certificates a Series are to be redeemed, where such proportion of Wakala Assets to be so purchased will be equal to the proportion that the Certificates to be redeemed on the relevant Certificateholder Put Right Date, as the case may be, bear to the aggregate of all such Certificates outstanding in respect of the relevant Series on such date,

in each case, in consideration for payment by the Bank of the relevant Exercise Price.

For these purposes:

Exercise Price means, in relation to each Series, the price payable by the Bank to the Trustee in respect of the purchase by the Bank of all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets (or the relevant proportion thereof), which shall be an amount in the Specified Currency equal to the aggregate of:

- (i) the Value of the Wakala Assets (or the relevant proportion thereof) on the relevant Dissolution Event Redemption Date (in respect of the exercise of the right following the occurrence of a Dissolution Event) or the Business Day immediately preceding the Scheduled Dissolution Date or the Certificateholder Put Right Date, as the case may be;
- (ii) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the Certificates to be redeemed on such date;
- (iii) (provided that all Certificates of the relevant Series are to be redeemed on such date and only to the extent not previously satisfied in accordance with the Service Agency Agreement) an amount equal to the sum of any outstanding (i) amounts repayable in respect of any Liquidity Facility and (ii) Management Liabilities Amounts payable in respect of any distribution period (or part thereof, as applicable);
- (iv) an amount equal to the amounts payable pursuant to Conditions 5(b)(i) and 5(b)(ii) (as the case may be), in each case provided that the Bank has received notification from the relevant party by the date specified for such purpose in the Purchase Undertaking;
- (v) an amount equal to:
 - (a) (in the case of a Wakala Series) any decrease in the Value (as defined in the Service Agency Agreement) of the Wakala Assets (or the relevant proportion thereof) between the date on which such Wakala Asset(s) became part of the Wakala Portfolio and (in respect of a redemption on a Scheduled Dissolution Date or a Certificateholder Put Right Date) the Business Day immediately preceding such Scheduled Dissolution Date or Certificateholder Put Right Date or (in respect of a redemption following the occurrence of a Dissolution Event) the Dissolution Event Redemption Date, in either case as a result of (x) the application thereto of the applicable Wakala Exchange Rate on (in respect of a redemption on a Scheduled Dissolution Date or a Certificateholder Put Right Date) the Business Day immediately preceding the Scheduled Dissolution Date or Certificateholder Put Right Date or (in respect of a redemption following the occurrence of a Dissolution Event) the Dissolution Event Redemption Date and/or (y) any failure by the Servicing Agent to substitute any Wakala Assets to be purchased pursuant to an exercise of the Purchase Undertaking in accordance with the Service Agency Agreement (in each case whether or not the Servicing Agent has used its reasonable endeavours to do so as provided therein) and/or (without double counting) any failure by the Seller to substitute any Wakala Assets to be purchased pursuant to an exercise of the Purchase Undertaking which are comprised in the Initial Wakala Portfolio in accordance with the Master Purchase Agreement, in each case (in respect of a redemption following the occurrence of a Dissolution Event) on or before the Dissolution Event Redemption Date or (in respect of a redemption on a Scheduled Dissolution Date or a Certificateholder Put Right Date) on or before the Business Day immediately preceding such Scheduled Dissolution Date or Certificateholder Put Right Date; or
 - (b) (in the case of a Wakala/Mudaraba Series) the aggregate of:
 - A. any decrease in the Value (as defined in the Service Agency Agreement) of the Wakala Assets (or the relevant portion thereof) between the date on which such Wakala Asset(s) became part of the Wakala Portfolio and (in respect of a redemption on a Scheduled Dissolution Date or a Certificateholder Put Right Date) the Business Day immediately preceding such Scheduled Dissolution Date or Certificateholder Put Right Date or (in respect of a redemption following the occurrence of a Dissolution Event) the Dissolution Event Redemption Date, in either case as a result of (x) the application thereto of the applicable Wakala Exchange Rate on (in respect of a redemption on a Scheduled Dissolution Date or a Certificateholder Put Right Date) the

Business Day immediately preceding the Scheduled Dissolution Date or Certificateholder Put Right Date or (in respect of a redemption following the occurrence of a Dissolution Event) the Dissolution Event Redemption Date and/or (y) any failure by the Servicing Agent to substitute any Wakala Assets to be purchased pursuant to an exercise of the Purchase Undertaking in accordance with the Service Agency Agreement (in each case whether or not the Servicing Agent has used its reasonable endeavours to do so as provided therein) and/or (without double counting) any failure by the Seller to substitute any Wakala Assets to be purchased pursuant to an exercise of the Purchase Undertaking which are comprised in the Initial Wakala Portfolio in accordance with the Master Purchase Agreement, in each case (in respect of a redemption following the occurrence of a Dissolution Event) on or before the Dissolution Event Redemption Date or (in respect of a redemption on a Scheduled Dissolution Date or a Certificateholder Put Right Date) on or before the Business Day immediately preceding such Scheduled Dissolution Date or Certificateholder Put Right Date; and

- B. any decrease in the Value (as defined in the Master Restricted Mudaraba Agreement) of the Mudaraba Assets to be liquidated pursuant to the Restricted Mudaraba Agreement (or the relevant portion thereof) between the date on which such Mudaraba Asset(s) became part of the Mudaraba Portfolio and (in respect of a redemption on a Scheduled Dissolution Date or a Certificateholder Put Right Date) the Business Day immediately preceding the Scheduled Dissolution Date or a Certificateholder Put Right Date, as the case may be or (in respect of a redemption following the occurrence of a Dissolution Event) the Dissolution Event Redemption Date, in either case as a result of (x) the application thereto of the applicable Mudaraba Exchange Rate (in respect of a redemption on a Scheduled Dissolution Date or a Certificateholder Put Right Date) on the Business Day immediately preceding the Scheduled Dissolution Date or a Certificateholder Put Right Date, as the case may be, or (in respect of a redemption following the occurrence of a Dissolution Event) on the Dissolution Event Redemption Date and/or (y) any failure by the Mudarib to substitute any Mudaraba Assets subject to liquidation in connection with a redemption of Certificates on a Scheduled Dissolution Date, a Dissolution Event Redemption Date or a Certificateholder Put Right Date, in accordance with the Master Restricted Mudaraba Agreement (in respect of a redemption on a Scheduled Dissolution Date or a Certificateholder Put Right Date) on the Business Day immediately preceding the Scheduled Dissolution Date or Certificateholder Put Right Date, as the case may be, or (in respect of a redemption following the occurrence of a Dissolution Event) on the Dissolution Event Redemption Date (whether or not the Mudarib has used its reasonable endeavours to do so as provided therein); and
- (vi) any other amounts payable in relation to the Certificates on the relevant Dissolution Event Redemption Date, Scheduled Dissolution Date or Certificateholder Put Right Date (as applicable) as specified in the applicable Final Terms,

less any amount (other than an amount of Wakala Portfolio Principal Revenues paid pursuant to the Service Agency Agreement) in the Specified Currency standing to the credit of the Transaction Account on the date on which payment of the Exercise Price is made in accordance with the Purchase Undertaking to the extent that such amount has been so credited pursuant to any other Transaction Document (including but not limited to as a result of the payment of any Wakala Portfolio Income Revenues and/or any amounts standing to the credit of the Wakala Reserve Collection Account in each case pursuant to the Service Agency Agreement and (in the case of a Wakala/Mudaraba Series) the payment of any Mudaraba Profit and/or amounts standing to the credit of the Mudaraba Reserve Account in each case pursuant to the Master Restricted Mudaraba Agreement).

If the Trustee or the Delegate exercises its option prior to the Scheduled Dissolution Date of the relevant Series, an exercise notice will be required to be delivered by the Trustee or the Delegate under the Purchase Undertaking.

Pursuant to the Service Agency Agreement, the Servicing Agent may, from time to time, and shall in certain circumstances substitute Substituted Wakala Assets for New Wakala Assets, as more particularly described above. In addition, pursuant to the Master Purchase Agreement, the Seller shall in certain circumstances substitute Substituted Wakala Assets for New Wakala Assets, as more particularly described above. To effect such

substitution, the Bank shall irrevocably grant the right to the Trustee and the Delegate to require the Bank to purchase the New Wakala Assets against the assignment, transfer and or conveyance of all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Substituted Wakala Assets pursuant to the Purchase Undertaking, provided that certain conditions are satisfied. This right shall be exercised by the Servicing Agent, on behalf of the Trustee, delivering a substitution notice to the Bank in accordance with the Purchase Undertaking.

The Bank will undertake in the Purchase Undertaking that if it fails to pay all or part of any Exercise Price when due (the **Outstanding Exercise Price**), it will automatically continue to act as Servicing Agent in respect of the relevant Wakala Assets in accordance with the terms of the Service Agency Agreement until payment of the Outstanding Exercise Price is made by it in full.

The Bank will further undertake in the Purchase Undertaking that if the Wakala Assets Exercise Price (as defined in the Purchase Undertaking) is not paid in accordance with the provisions of the Purchase Undertaking, whether as a result of a dispute or challenge in relation to the right, title, interests, benefits and entitlements of the Trustee in, to and under the Wakala Assets or any of them, or for any reason, 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 and, accordingly, the amount payable under any such indemnity claim will equal the Wakala Assets Exercise Price.

The Bank will agree in the Purchase Undertaking that all payments by it under the Purchase Undertaking will be made without any deduction or withholding for or on account of tax unless required by law and without set-off or counterclaim of any kind. If there is any deduction or withholding, the Bank shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no deduction or withholding had been made. In addition, if additional amounts are payable by the Trustee in respect of the Certificates in accordance with Condition 10, the Bank will undertake in the Purchase Undertaking to pay to the Trustee an amount equal to such additional amounts so that the full amount which would otherwise have been due and payable under the Certificates is received by the Trustee.

Without prejudice to the negative pledge provisions contained in Condition 6(b), the payment obligations of the Bank under the Purchase Undertaking in relation to a Series will be direct, unconditional, unsubordinated and unsecured obligations of the Bank which rank (save for such exceptions as may be provided by applicable legislation) at least *pari passu* with all other unsecured, unsubordinated monetary obligations of the Bank, present and future.

In the Purchase Undertaking, the Bank will undertake to comply with Condition 6(b) and will agree that the Obligor Events applicable to it will be set out in full in the Conditions, and that the occurrence and continuation thereof shall constitute a Dissolution Event for the purposes of the Conditions and the Purchase Undertaking.

If a right granted pursuant to the Purchase Undertaking is exercised in accordance with its terms, the Trustee and the Bank will be required to enter into a sale or transfer agreement, substantially in the form set out as a schedule to the Purchase Undertaking.

Sale Undertaking

The Sale Undertaking will be executed as a deed on 19 August 2020 by the Trustee in favour of the Bank and will be governed by English law.

Pursuant to the Sale Undertaking, the Trustee will grant the right to the Bank to oblige the Trustee to sell all of its rights, title, interests, benefits and entitlements in, to and under:

- (i) the Wakala Assets on the Early Tax Dissolution Date or on an Optional Dissolution Date, in each case provided that all Certificates of the relevant Series are to be redeemed in full on such date; or
- (ii) a proportion of the Wakala Assets on each Optional Dissolution Date on which some but not all of the Certificates a Series are to be redeemed, where such proportion of Wakala Assets to be so purchased will be equal to the proportion that the Certificates to be redeemed on the relevant Optional Dissolution Date bears to the aggregate of all such Certificates outstanding in respect of the relevant Series on such date,

in each case in consideration for payment by the Bank of the relevant Exercise Price. For these purposes:

Exercise Price means, in relation to each Series (if applicable), the price payable by the Bank to the Trustee in respect of the purchase by the Bank of all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets (or the relevant portion thereof), which shall be an amount in the Specified Currency equal to the aggregate of:

- (i) the Value of the Wakala Assets (or the relevant proportion thereof) on Business Day immediately preceding the Early Tax Dissolution Date or the Optional Dissolution Date, as the case may be;
- (ii) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the Certificates to be redeemed on the Early Tax Dissolution Date or the Optional Dissolution Date, as the case may be;
- (iii) (only where no Certificate of the relevant Series remains outstanding following the exercise of the Optional Dissolution Right or following an early redemption of Certificates for tax reasons and to the extent not previously satisfied in accordance with the Service Agency Agreement) an amount equal to the sum of any outstanding (i) amounts repayable in respect of any Liquidity Facility and (ii) Service Agency Liabilities Amounts payable in respect of any relevant distribution period (or part thereof, as applicable) in respect of the Wakala Portfolio;
- (iv) an amount equal to the amounts payable pursuant to Conditions 5(b)(i) and 5(b)(ii) (as the case may be), in each case provided that the Bank has received notification from the relevant party by the date specified for such purpose in the Sale Undertaking;
- (v) an amount equal to:
 - (a) (in the case of a Wakala Series) any decrease in the Value (as defined in the Service Agency Agreement) of the Wakala Assets (or the relevant portion thereof) between the date on which the relevant Wakala Asset(s) became part of the Wakala Portfolio and the Business Day immediately preceding the relevant Early Tax Dissolution Date or Optional Dissolution Date, as the case may be, as a result of (x) the application thereto of the applicable Wakala Exchange Rate on the Business Day immediately preceding the relevant Early Tax Dissolution Date or Optional Dissolution Date, as the case may be and/or (y) any failure by the Servicing Agent to substitute any Wakala Assets in respect of which the Sale Undertaking is exercised in accordance with the Service Agency Agreement (whether or not the Servicing Agent has used its reasonable endeavours to do so as provided therein) and/or (without double counting) any failure by the Seller to substitute any Wakala Assets in respect of which the Sale Undertaking is exercised which are comprised in the Initial Wakala Portfolio in accordance with the Master Purchase Agreement, in each case on or before the Business Day immediately preceding the relevant Early Tax Dissolution Date or Optional Dissolution Date, as the case may be; or
 - (b) (in the case of a Wakala/Mudaraba Series) any decrease in the aggregate of:
 - A. in the Value (as defined in the Service Agency Agreement) of the Wakala Assets (or the relevant portion thereof) between the date on which the relevant Wakala Asset(s) became part of the Wakala Portfolio and the Business Day immediately preceding the relevant Early Tax Dissolution Date or Optional Dissolution Date, as the case may be, as a result of (x) the application thereto of the applicable Wakala Exchange Rate on the Business Day immediately preceding the relevant Early Tax Dissolution Date or Optional Dissolution Date, as the case may be and/or (y) any failure by the Servicing Agent to substitute any Wakala Assets in respect of which the Sale Undertaking is exercised in accordance with the Service Agency Agreement (whether or not the Servicing Agent has used its reasonable endeavours to do so as provided therein) and/or (without double counting) any failure by the Seller to substitute any Wakala Assets in respect of which the Sale Undertaking is exercised which are comprised in the Initial Wakala Portfolio in accordance with the Master Purchase Agreement, in each case on or before the Business Day immediately preceding the relevant Early Tax Dissolution Date or Optional Dissolution Date, as the case may be; and
 - B. any decrease in the Value (as defined in the Master Restricted Mudaraba Agreement) of the Mudaraba Assets (or the relevant portion thereof) between the date on which the relevant

Mudaraba Asset(s) became part of the Mudaraba Portfolio and the Business Day immediately preceding the relevant Early Tax Dissolution Date or Optional Dissolution Date, as the case may be, as a result of (x) the application thereto of the applicable Mudaraba Exchange Rate on the Business Day immediately preceding the relevant Early Tax Dissolution Date or Optional Dissolution Date, as the case may be, and/or (y) any failure by the Mudarib to substitute any Mudaraba Assets subject to liquidation in connection with a redemption of Certificates on an Early Tax Dissolution Date, or an Optional Dissolution Date in accordance with the Master Restricted Mudaraba Agreement on or before Business Day immediately preceding the relevant Early Tax Dissolution Date or Optional Dissolution Date, as the case may be, (whether or not the Mudarib has used its best endeavours to do so as provided therein); and

- (vi) any other amounts payable in relation to the Certificates as specified in the applicable Final Terms, less any amount (other than an amount of Wakala Portfolio Principal Revenues paid pursuant to the Service Agency Agreement) in the Specified Currency standing to the credit of the Transaction Account on the date on which payment of the Exercise Price is made in accordance with the Sale Undertaking whereby such amount has been so credited pursuant to any other Transaction Document (including but not limited to as a result of the payment of any Wakala Portfolio Income Revenues and/or any amounts standing to the credit of the Wakala Reserve Collection Account in each case pursuant to the Service Agency Agreement and (in the case of a Wakala/Mudaraba Series) the payment of any Mudaraba Profit and/or amounts standing to the credit of the Mudaraba Reserve Account in each case pursuant to the Master Restricted Mudaraba Agreement);

The rights granted under the Sale Undertaking may be exercised by serving notice on the Trustee:

- (i) following the occurrence of a Tax Event and upon satisfaction of the conditions precedent relating thereto set out in Condition 8(b), by the Obligor delivering an exercise notice to the Trustee specifying the Early Tax Dissolution Date, which must be (a) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms after the date on which the exercise notice is given and (b) if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable to the relevant Series, a Periodic Distribution Date, provided that no such exercise notice may be given earlier than 90 days prior to the earliest date on which the Trustee or the Obligor, as the case may be, would be obliged to pay the additional amounts referred to in Condition 8(b) were a payment in respect of the Certificates (in the case of the Trustee) or to the Trustee pursuant to any Transaction Document (in the case of the Obligor) then due;
- (ii) if Optional Dissolution Right is specified in the applicable Final Terms as being applicable, by the Bank delivering an exercise notice to the Trustee specifying the Optional Dissolution Date which must be (a) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms after the date on which the exercise notice is given and (b) an Optional Dissolution Date; and
- (iii) if and to the extent the Trustee has exercised its rights under Condition 18 (*Further Issues*) to issue additional Certificates in respect of a Series, to require the Trustee to accept the transfer of all of the Bank's interests, rights, benefits and entitlements in to, and under the Additional Wakala Portfolio at the Additional Assets Purchase Price, by executing a sale agreement.

For the purposes of the foregoing:

Additional Assets Exercise Notice means a notice substantially in the form set out in Schedule 3 to the Sale Undertaking.

Additional Assets Purchase Price means the amount specified as such in an Additional Assets Exercise Notice.

Additional Wakala Portfolio means in respect of the exercise of the right granted under Clause 2.1(d) of the Sale Undertaking, the Additional Wakala Portfolio specified as such is the relevant Additional Assets Exercise Notice.

Tax Event means either (i) (A) the Trustee has or will become obliged to pay additional amounts as described under Condition 10 as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or any political subdivision or, in each case, any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes

effective on or after the date on which agreement is reached to issue the first Tranche of the relevant Series, and (B) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or (ii) (A) the Obligor has or will become obliged to pay additional amounts to the Trustee pursuant to the terms of any Transaction Document as a result of any change in, or amendment to, the laws or regulations of Qatar or any political subdivision or, in each case, any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the relevant Series, and (B) such obligation cannot be avoided by the Obligor taking reasonable measures available to it.

Pursuant to Condition 8(f) and 8(g), the Bank and its subsidiaries may at any time purchase Certificates in the open market or otherwise. If the Bank chooses to cancel any Certificates so purchased, the Bank will also have the right under the Sale Undertaking to require the Trustee to transfer all of its rights, title, interests, benefits and entitlements in, to and under a portion of the Wakala Assets comprising the Wakala Portfolio to the Bank in consideration for cancellation of the relevant Certificates provided that certain conditions are satisfied, as more particularly described in the Sale Undertaking.

If a right granted pursuant to the Sale Undertaking is exercised in accordance with its terms, the Trustee and the Bank will be required to enter into a sale or transfer agreement, substantially in the form set out as a schedule to the Sale Undertaking.

Trust Deed

The Master Trust Deed will be entered into on 19 August 2020 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 Series of Certificates and shall also be governed by English law.

Upon issue of a Series of Certificates, the Master Trust Deed as supplemented by the relevant Supplemental Trust Deed shall together constitute the Trust declared by the Trustee in relation to such Series (the Master Trust Deed as supplemented by the relevant Supplemental Trust Deed for each Series being referred to herein as the **Trust Deed**).

The Trust Assets in respect of each Series shall comprise:

- (i) the cash proceeds of the issue of Certificates, pending application thereof in accordance with the terms of the Transaction Documents;
- (ii) the rights, title, interest, benefits and entitlements, present and future of the Trustee in, to and under the Wakala Portfolio and, in the case of a Wakala/Mudaraba Series, the Mudaraba Portfolio;
- (iii) the rights, title, interest, benefits and entitlements, present and future of the Trustee in, to and under the Transaction Documents (excluding the Excluded Representations (as defined in the Conditions) and the covenant given to the Trustee pursuant to Clause 13.1 of the Master Trust Deed);
- (iv) all moneys standing to the credit of the Transaction Account from time to time,

and all proceeds of the foregoing.

Pursuant to the relevant Trust Deed, the Trustee will, in relation to each Series of Certificates, amongst other things, hold the relevant Trust Assets on trust absolutely for the holders of the Certificates as beneficiaries pro rata according to the face amount of Certificates of that Series held by each Certificateholder and act as trustee in respect of the Trust Assets, distribute the income from the Trust Assets and perform its duties in accordance with the provisions of the relevant Trust Deed. Pursuant to the Master Trust Deed, the Trustee will irrevocably and unconditionally appoint the Delegate to be its attorney and in its name, on its behalf and as its act and deed to:

- (i) execute, deliver and perfect all documents; and
- (ii) exercise all of the present and future powers (including the power to sub-delegate), rights, authorities (including, but not limited to, the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Transaction Documents) and discretions vested in the Trustee by the Trust Deed and the Certificates,

that the Delegate may consider to be necessary or desirable in order to, upon the occurrence of a Dissolution Event or a Potential Dissolution Event, and subject to its being indemnified and/or secured and/or pre-funded to its satisfaction, (i) exercise all of the rights, powers, authorities and discretions of the Trustee under the Purchase Undertaking and any of the other Transaction Documents and (ii) make such distributions from the Trust Assets as the Trustee is bound to make in accordance with the Conditions and the Trust Deed (together the **Delegation of the Relevant Powers**), provided that (i) no obligations, duties, liabilities or covenants of the Trustee pursuant to the Trust Deed or any other Transaction Document shall be imposed on the Delegate by virtue of the Delegation); (ii) in no circumstances will such Delegation of the Relevant Powers result in the Delegate holding on trust or managing the Trust Assets; and (iii) such Delegation of the Relevant Powers shall not include any duty, power, trust, authority or discretion to dissolve the trusts constituted by the Trust Deed following the occurrence of a Dissolution Event or Potential Dissolution Event or to determine the remuneration of the Delegate. The Trustee will undertake in the Master Trust Deed to ratify and confirm all things done and all documents executed by the Delegate in the exercise of all or any of its powers pursuant to the Delegation.

The Delegation is to be made by the Trustee to the Delegate for the benefit of the Delegate and the Certificateholders, subject to the terms of the Conditions and the Trust Deed. Each of the Obligor and the Trustee will confirm in the Master Trust Deed that the Delegate may consult with or request and rely on (without liability to any person for so doing) the advice of any lawyer, valuer, banker, broker, accountant or other expert in exercising the rights, powers or actions delegated to it under the Master Trust Deed.

In addition to the Delegation of the Relevant Powers, certain powers, rights, authorities and discretions under the Master Trust Deed will be been vested solely in the Delegate, including, amongst other things, the power to call and conduct meetings at the request of Certificateholders, to determine the occurrence of a Dissolution Event or a Potential Dissolution Event, to waive or authorise a breach of an obligation or determine that a Dissolution Event or Potential Dissolution Event shall not be treated as such, and the power to consent to certain types of amendments to any Transaction Document or the memorandum and articles of association of the Trustee, in each case as more particularly described in the Master Trust Deed.

Pursuant to the Master Trust Deed, the Bank will agree to pay certain Liabilities incurred by the Trustee and/or the Delegate and will grant certain indemnities in favour of the Trustee and the Delegate in respect of any liabilities incurred in connection with their involvement in the Programme.

If and to the extent the Trustee has exercised its rights under Condition 18 (*Further Issues*) to issue additional Certificates in respect of a Series, on the date of issue of such additional Certificates, the Trustee will execute a Declaration of Commingling of Assets for and on behalf of the holders of the existing Certificates and the holders of such additional Certificates so issued, declaring that (i) the relevant Additional Wakala Assets transferred to the Trustee in accordance with the terms of the sale agreement pursuant to the exercise of the Sale Undertaking (in respect of the issuance of the additional Certificates) and the Wakala Assets comprised in the Wakala Portfolio immediately prior to the acquisition of the Additional Wakala Assets (in respect of the relevant Series as in existence immediately prior to the issue of such additional Certificates) and (ii) the Mudaraba Portfolio and the Additional Mudaraba Portfolio are commingled and shall collectively comprise part of the Trust Assets for the benefit of the holders of the existing Certificates and the holders of such additional Certificates as tenants in common pro rata according to the face amount of Certificates held by each Certificateholder, in accordance with the Master Trust Deed.

The Bank will further undertake in the Master Trust Deed that if the Wakala Assets Exercise Price is not paid in accordance with the provisions of the Purchase Undertaking, whether as a result of a dispute or challenge in relation to the right, title, interests, benefits and entitlements of the Trustee in, to and under the Wakala Assets or any of them, or for any other reason, the Bank shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the Certificates and, accordingly, the amount payable under any such indemnity claim will equal the Wakala Assets Exercise Price.

Agency Agreement

The Agency Agreement will be entered into on 19 August 2020 in relation to the Certificates between, amongst others, the Trustee, the Bank, the Delegate, the Principal Paying Agent and the Registrar. The Agency Agreement

will govern the arrangements between the Trustee and the agents named therein for the issuance of Certificates and the making of payments in respect thereof. The Agency Agreement will be governed by English law.

Shari'a Compliance

Each Transaction Document provides that each of MAR Sukuk Limited and Masraf Al Rayan (Q.P.S.C.) agrees that it has accepted the *Shari'a*-compliant nature of the Transaction Documents to which it is a party and, to the extent permitted by law, further agrees that:

- (a) it shall not claim that any of its obligations under the Transaction Documents to which it is a party (or any provision thereof) is *ultra vires* or not compliant with the principles of *Shari'a*;
- (b) it shall not take any steps or bring any proceedings in any forum to challenge the *Shari'a* compliance of the Transaction Documents to which it is a party; and
- (c) none of its obligations under the Transaction Documents to which it is a party shall in any way be diminished, abrogated, impaired, invalidated or otherwise adversely affected by any finding, declaration, pronouncement, order or judgment of any court, tribunal or other body that the Transaction Documents to which is a party are not compliant with the principles of *Shari'a*.

TAXATION

The following is a general description of certain Qatar, Cayman Islands and European Union tax considerations relating to the Certificates. It does not purport to be a complete analysis of all tax considerations relating to the Certificates, whether in those jurisdictions or elsewhere, nor does it address the considerations that are dependent on individual circumstances. Prospective purchasers of Certificates should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Certificates and receiving payments under the Certificates and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus 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.

Subject as set out below, no capital or stamp duties are levied in the Cayman Islands on the issue, transfer or redemption of Certificates. An instrument transferring title to any Certificates, if executed in or brought into 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 share capital. At current rates, this annual registration fee is approximately U.S.\$853.66.

Qatar

This general description of taxation in Qatar is based upon: (a) Law No. 24 of 2018 on Income Tax (the **Qatar Tax Law**) which has recently replaced Law No. 21 of the year 2009 on income tax; (b) the Cabinet Resolution No. 39 of 2019 issuing the Executive Regulations of Qatar Tax Law (the Executive Regulations of the Income Tax Law issued in June 2011 under the Previous Qatar Tax Law (the **Current Executive Regulations**)); (c) Circular No. 14 of 2019 and other circulars issued by the General Tax Authority; (d) the published practices that have been adopted and applied by the General Tax Authority in Qatar (previously the Qatar Taxes Department and Public Revenues and Taxes Department), each as in effect on the date of this Base Prospectus. This general description is subject to any subsequent change in Qatar Tax Law, regulations and practice that may come into force after such date.

Under the Qatar Tax Law, tax is imposed on income derived from a source in Qatar. Income derived from a source in Qatar includes gross income arising from an activity carried on in Qatar, contracts wholly or partially performed in Qatar and real estate situated in Qatar and gross income from shares in companies resident in Qatar including capital gains arising on the disposal of such shares. The gross income of Qatari natural persons resident in Qatar, including their shares in the profits of legal entities, is exempt from Qatar tax as is the capital gains (i) on the disposal of real estate and securities derived by natural persons, provided that the real estate and securities so disposed of do not form part of the assets of a taxable activity and (ii) arising from the revaluation of assets that are used as in-kind contribution to the capital of another shareholding company resident in Qatar provided these shares are at nominal value and are not sold for five years. Natural or legal persons deemed subject to income tax in Qatar will either pay tax at the standard rate of 10 per cent. on the net taxable income or the tax will be withheld at source from the gross payment to be made.

A withholding tax applies to certain payments made to "non-residents" (as defined in the Qatar Tax Law) in respect of activities not connected with a permanent establishment in Qatar. Particularly, the Qatar Tax Law specifies a withholding tax rate of 5 per cent. on payments of interest. The Executive Regulations provide for certain exemptions to withholding tax on interest payments. These exemptions are: (i) interest on deposits in banks

in Qatar; (ii) interest on bonds and securities issued by Qatar and public authorities, establishments, corporations and companies owned wholly or partly by Qatar; (iii) interest on transactions, facilities and loans with banks and financial institutions; and (iv) interest paid by a permanent establishment in Qatar to the head office or to an entity related to the head office outside Qatar.

The provisions of the Qatar Tax Law and the Executive Regulations apply to profit payments made under Islamic financial instruments (including sukuk and certificates).

The profit payments received by the Trustee from the Bank, acting in any capacity, under the Purchase Undertaking, the Sale Undertaking, the Service Agency Agreement or the Restricted Mudaraba Agreement will be exempt from withholding tax, under (iii) above, on the basis that the Bank qualifies as a "bank and financial institution".

There is no stamp duty, capital gains tax or sales tax applicable in Qatar (however, unless specifically exempt under the Qatar Tax Law, gains of a capital nature are treated as income and taxed at the same rate as income).

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 the Certificates, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Certificates, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Certificates, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Certificates characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional Certificates (as described under "*Terms and Conditions of the Certificates—Further Issues*") that are not distinguishable from previously issued Certificates are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Certificates, including the Certificates offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Certificates. In the event that any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Certificates, no person will be required to pay additional amounts as a result of such withholding.

The proposed financial transactions tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Certificates (including secondary market transactions) in certain circumstances. The issuance and subscription of Certificates should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Certificates where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial

institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Certificates are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement (the **Programme Agreement**) dated 19 August 2020, 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. Any such agreement will extend to those matters stated under "*Terms and Conditions of the Certificates*".

In accordance with the terms of the Programme Agreement, each of the Trustee and the Bank has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Certificates under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

General

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it shall (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Certificates or possesses or distributes this Base Prospectus, any other offering material or any Final Terms, in all cases at its own expense.

United States

The Certificates have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Certificates are being offered, sold or delivered only outside the United States in offshore transactions to non-U.S. persons in accordance with Regulation S. Until 40 days after the later of the commencement of the offering of any Tranche of Certificates and the completion of the distribution of all Certificates of the Tranche of which such Certificates are a part, an offer, delivery or sale of Certificates within the United States or to, or for the account or benefit of, U.S. persons by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Dealer has represented and agreed that, and each further Dealer appointed under the Programme will be required to represent and agree, that, it will not offer, sell or deliver Certificates (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of any Tranche of Certificates and the completion of the distribution of all Certificates of the Tranche of which such Certificates are a part, as determined and certified to the Principal Paying Agent by the relevant Dealer (or, in the case of a Tranche of Certificates sold to or through more than one Dealer, by the relevant lead manager), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Certificates during the distribution compliance period a confirmation or other notice setting out the restrictions on offers, delivery and sales of the Certificates within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Certificates are being offered and sold only outside the United States to non-U.S. persons in offshore transactions in reliance on, and in compliance with, Regulations S.

Public Offer Selling Restriction under the Prospectus Regulation

In relation to each Member State of the EEA and the United Kingdom (each a **Relevant State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms in relation thereto to the public in that Relevant State, except that it may make an offer of such Certificates to the public in that Relevant State:

- (i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

- (ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Trustee and the Bank for any such offer; or
- (iii) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of Certificates referred to above shall require the Trustee, the Bank or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression: (i) an **offer of Certificates to the public** in relation to any Certificates in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Certificates; and the expression **Prospectus Regulation** means Regulation (EU) 2017/1129.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to any Certificates which have a maturity of less than one year: (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (b) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Trustee;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Trustee and/or the Bank; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

Cayman Islands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no invitation or offer, whether directly or indirectly, to subscribe for the Certificates has been or will be made to any member of the public in the Cayman Islands.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Certificates to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Certificates to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

- (i) an **Exempt Offer** in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority (the **DFSA**) rulebook; and

- (ii) made only to persons who meet the "Professional Client" criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA rulebook.

Kingdom of Bahrain

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Certificates, except on a private placement basis, to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an **accredited investor** means:

- (i) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more excluding that person's principal place of residence;
- (ii) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (iii) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Certificates. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a **Saudi Investor**) who acquires any Certificates pursuant to an offering should note that the offer of Certificates is a private placement under Article 9 or Article 10 of the **Rules on the Offer of Securities and Continuing Obligations** as issued by the Board of the Capital Market Authority (the **CMA**) resolution number 3-123-2017 dated 27 December 2017, as amended by the Board of the CMA resolution number 1-104-2019 dated 30 September 2019 (the **KSA Regulations**), made through an authorised person licensed to carry out arranging activities by the CMA and following a notification to the CMA under Article 11 of the KSA Regulations.

The Certificates may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "Sophisticated Investors" under Article 9 of the KSA Regulations or by way of a limited offer under Article 10 of the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Certificates to a Saudi Investor will be made in compliance with Article 9 or 10 and Article 11 of the 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, but is subject to the restrictions on secondary market activity under Article 15 of the KSA Regulations. 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 an authorised person 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 Riyals 1 million or an equivalent amount; or (c) the offer of sale is otherwise in compliance with Article 15 of the KSA Regulations.

Qatar (including the Qatar Financial Centre)

This Base Prospectus is not intended to constitute an offer, sale or delivery of bonds or other debt financing instruments under the laws of the Qatar (including the Qatar Financial Centre). The Certificates have not been and will not be registered with the QSE, the QFCRA, the Qatar Financial Markets Authority, the QCB or with any other authority pursuant to any laws, regulations and rules in Qatar. The Certificates and interests therein do not constitute debt financing in Qatar under the Commercial Companies Law No. (11) of 2015 or any other laws of Qatar. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, delivered or sold, and will not offer, deliver or sell at any time, directly or indirectly, any Certificates in Qatar (including the Qatar Financial Centre), except: (a) in compliance with all applicable laws and regulations of Qatar (including the Qatar Financial Centre); and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in Qatar (including the Qatar Financial Centre). This Base Prospectus: (i) has not been, and will not be, registered with or approved by the Qatar Financial Markets

Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority and may not be publicly distributed in Qatar (including the Qatar Financial Centre); (ii) is intended for the original recipient only and must not be provided to any other person; and (iii) is not for general circulation in Qatar (including the Qatar Financial Centre) and may not be reproduced or used for any other purpose.

Kuwait

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Certificates have not been and will not be offered, sold, promoted or advertised by it in Kuwait other than in compliance with Decree Law No. 31 of 1990 and the implementing regulations thereto, as amended, and Law No. 7 of 2010 and the bylaws thereto, as amended governing the issue, offering and sale of securities.

No private or public offering of the Certificates is being made in Kuwait, and no agreement relating to the sale of the Certificates will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Certificates in Kuwait.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates, except for Certificates which are "structured products" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**) other than (a) to **professional investors** as defined in the **SFO** and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a **prospectus** as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the **C(WUMP)O**) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, in each case whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to **professional investors** as defined in the SFO and any rules made under the SFO.

Malaysia

This Base Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia under the CMSA. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Certificates have not been and will not be offered or sold, and no invitation to subscribe for or purchase the Certificates has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any one of the categories of persons specified under Schedule 6 or Section 229(1)(b) and Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3), read together with Schedule 9 or Section 257(3) of the CMSA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals, including approval from the Controller of Foreign Exchange to purchase the Certificates. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Dealers is responsible for any invitation, offer, sale or purchase of the Certificates as aforesaid without the necessary approvals being in place.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus 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 Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Certificates, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the **SFA**)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Certificates are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Certificates pursuant to an offer made under Section 275 of the SFA except:

- (a) to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law;
- (d) as specified in Section 276(7) of the SFA; or
- (e) as specified in Regulation 37A of the Securities and Futures (Offer of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

GENERAL INFORMATION

Listing of the Certificates

This Base Prospectus has been approved by the Central Bank of Ireland, as competent authority under the Prospectus Regulation. The Central Bank of Ireland only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the Central Bank of Ireland should not be considered as an endorsement of the Trustee or the Bank or of the quality of the Certificates. Investors should make their own assessment as to the suitability of investing in the Certificates.

Application has been made to Euronext Dublin for Certificates issued under the Programme during the 12 months from the date of this Base Prospectus to be admitted to the Official List and admitted to trading on the Euronext Dublin Regulated Market. The approval of the Certificates to be issued under the Programme is expected to be granted on or around 19 August 2020. It is expected that each Tranche of Certificates which is to be admitted to the Official List and to trading on the Euronext Dublin Regulated Market will be admitted separately as and when issued, subject only to the issue of a Global Certificate representing the Certificates of such Tranche. Prior to official listing and admission to trading, however, dealings will be permitted by Euronext Dublin in accordance with its rules. Transactions on the Euronext Dublin Regulated Market will normally be effected for delivery on the third working day after the day of the transaction. However, unlisted Certificates may be issued pursuant to the Programme.

Arthur Cox Listing Services Limited, at its registered office of Earlsfort Centre, Earlsfort Terrace, Dublin 2, Ireland, is acting solely in its capacity as listing agent for the Trustee in relation to the Certificates, and is not itself seeking admission of Certificates issued under the Programme to the Official List or to trading on the Euronext Dublin Regulated Market for the purposes of the Prospectus Regulation.

Authorisation

Each of the Trustee and the Bank has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Certificates (including a no-objection confirmation from the Qatar Central Bank prior to each issuance of Certificates) and the entry into and performance of the Transaction Documents to which it is a party. The update of the Programme was authorised by a resolution of the board of directors of the Trustee dated 13 August 2020 and by resolutions of the board of directors of the Bank dated 12 December 2018 and 16 April 2018.

Significant or Material Change

Save as disclosed in "*Risk Factors – Risks Relating to the Macro Economic Environment – Risks relating to the emergence of the 2019 novel coronavirus COVID-19*", there has been no significant change in the financial performance or position, or material adverse change in the financial position or prospects, of the Trustee since the date of its incorporation.

There has been no significant change in the financial performance or position of the Bank or the Group since 30 June 2020 and there has been no material adverse change in the financial position or prospects of the Bank or the Group since 31 December 2019.

Litigation

Neither the Trustee nor the Bank nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Trustee or the Bank is aware) in the 12 months preceding the date of this Base Prospectus which may have or has had in the recent past significant effects on the financial position or profitability of the Trustee, the Bank or the Group.

Clearing Systems

Certificates have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Certificates will be set out in the applicable Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.

Third Party Information

Where information in this Base Prospectus has been sourced from third parties, this information has been accurately reproduced and, as far as each of the Trustee and the Bank is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

Websites

Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference*"), the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus and has not been scrutinised or approved by the Central Bank of Ireland.

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for viewing at <https://www.alrayan.com/>:

- (i) the Master Trust Deed;
- (ii) each Final Terms and the other Transaction Documents in relation to each Series (save that such documents relating to a Series which is neither admitted to trading on a regulated market in the EEA (which, for these purposes, includes the United Kingdom) nor offered in the EEA in circumstances where a prospectus is required to be published under the Prospectus Regulation will only be available for inspection and/or collection (including by means of email distribution) 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);
- (iii) the constitutional documents of the Trustee and the Bank; and
- (iv) this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus.

The Final Terms for Certificates that are listed on the Official List and admitted to trading on the Euronext Dublin Regulated Market and, for a period of 12 months only from the date hereof, this Base Prospectus will be published on the website of Euronext Dublin (www.ise.ie).

Auditors

The auditors of the Bank are Deloitte & Touche, Qatar Branch of Al Ahli Bank – Head Office Building, Suhaim Bin Hamad Street, Al Sadd Area, P.O. Box 431, Doha, Qatar. Deloitte & Touche, Qatar Branch is a firm registered with the Ministry of Economy and Commerce, license number 12877 appearing in the public register of approved auditing firms held by the Accounts Auditors section at the Ministry of Economy and Commerce. Deloitte & Touche, Qatar Branch have audited the Bank's accounts, without qualification, in accordance with the Financial Accounting Standards issued by the AAOIFI, as at and for the financial years ended 31 December 2018 and 31 December 2019, as stated in their reports appearing therein. The interim condensed consolidated financial statements of the Bank for the six months ended 30 June 2020 have been reviewed in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" by Deloitte & Touche, Qatar Branch as stated in their report appearing herein.

Deloitte & Touche, Qatar Branch does not have a material interest in the Bank.

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

There are no material contracts entered into other than in the ordinary course of the Trustee's or the Obligor's respective business, which could result in any member of the Group being under an obligation or entitlement that

is material to the Trustee's or the Obligor's ability to meet its obligations to Certificateholders in respect of the Certificates being issued.

Dealers transacting with the Bank

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Bank and its affiliates in the ordinary course of business for which they have received, and for which they may in the future receive, fees.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank financings) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Trustee, the Bank and their affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Trustee, the Bank and their affiliates routinely hedge their credit exposure to the Trustee, the Bank and their affiliates consistent with their customary risk-management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially any Certificates issued under the Programme. Any such short positions could adversely affect future trading prices of Certificates issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN THE FINANCIAL ACCOUNTING STANDARDS ISSUED BY AAOIFI AND INTERNATIONAL FINANCIAL REPORTING STANDARDS

The consolidated financial statements have been prepared in accordance with the Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), Shari'a Rules and Principles as determined by the Shari'a Supervisory Board of the Bank and relevant laws and the applicable provisions of Qatar Central Bank (QCB). For matters for which no AAOIFI standards exist, the Group applies the relevant International Financial Reporting Standards (IFRSs).

The Consolidated Financial Statements have been prepared under the historical cost convention, except for the measurement at fair value of financial investments classified as investments at fair value through equity, investment at fair value through income statement and derivative financial instruments.

AAOIFI – FAS differs from IFRS in certain respects. Accordingly, the Bank has prepared as of the date of this Base Prospectus a narrative summary of the significant differences between FAS as applied by the Bank in the Financial Statements and IFRS in so far as they relate to the significant accounting policies adopted by the Bank.

Deloitte & Touche, Qatar Branch has not performed any audit, review or other procedures including any reconciliation in respect of the summary of differences described below.

The Bank has not performed a reconciliation of its Consolidated Financial Statements to IFRS, nor has it quantified such differences nor and neither does the Bank undertake to identify all such differences. Had the Bank undertaken any such quantification or reconciliation, other accounting and disclosure differences may have come to the Bank's attention that are not identified below.

The differences discussed below relate to the significant differences that impact amounts recorded in the Financial Statements rather than differences in presentation or disclosure.

Equity of investment account holders – Unrestricted (URIA)

The Bank accepts funds from its retail and commercial clients (depositors) in the form of saving, term and call deposits which are funds managed on the client's behalf by the Bank.

In accordance with AAOIFI – FAS 1, URIA are disclosed and presented in the statement of financial position as a separate line item between liabilities and shareholders' equity. Under IFRS, URIA would be presented on the statement of financial position as a liability.

Investment securities

Investments in equity-type instruments are classified into the following categories: 1) as investments carried at fair value through income statement or 2) at fair value through equity.

Unrealised gains or losses arising from a change in the fair value of investments classified as fair value through equity are recognised directly in the fair value reserve under shareholders' equity, which is then distributed between shareholders' equity and the unrestricted investment deposit accounts until the investment is sold, collected or otherwise disposed of or the investment is determined to be impaired. In other words, the fair value reserves attributable to shareholders are recognised under statement of changes in shareholders' equity, and the fair value reserves attributable to unrestricted investment accounts are included in the balance for unrestricted investment accounts as disclosed in Note 20 of the Financial Statements for the year ended 31 December 2019.

However, under IFRS, the unrealised gains or losses arising from a change in the fair value of investments classified as available for sale investments are recognised under the other comprehensive income statement.

THE TRUSTEE

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